Hopewell Highway Infrastructure Limited
合 和 公 路 基 建 有 限 公 司*
(incorporated in the Cayman Islands with limited liability)
Stock Codes: 737 (HKD counter) and 80737 (RMB counter)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

Highlights

- Profit attributable to owners of the Company was RMB310 million
- An interim dividend of RMB10 cents per share (about HK12.34 cents per share)
- Placed 120 million RMB-traded new Shares in October 2012 and became the first listed company in the world to offer both RMB-traded Shares and HKD-traded Shares under the "Dual Tranche, Dual Counter" model
- Phase III West commenced operation on 25 January 2013, completing the Western Delta Route and creating synergy with Phase I West and Phase II West
- Impact of the Tariff Proposal on GS Superhighway has stabilised. Holiday Toll-free Policy would reduce aggregate annual toll revenue of GS Superhighway, Phase I West and Phase II West by 3% to 3.5%
- Phase II West's average daily traffic and average daily toll revenue continued to grow, increasing by 30% and 29% respectively, approaching the profit breakeven level
- Net cash on hand at HHI corporate level (excluding JV companies) totalled approximately RMB547 million as at 31 December 2012
- Change of presentation currency in presenting the operating results and financial positions of HHI to RMB and declaring dividend in RMB

* *For identification purpose only*

GROUP RESULTS

Change of presentation currency from HK Dollars to RMB

The Company's functional currency has been RMB since FY09, whereas its consolidated financial statements have been presented in HK Dollars. This was because the Directors considered that the HK Dollar was the appropriate presentation currency, since the Company's shares are listed on the Stock Exchange.

However, since the further relaxation of RMB trade and transactions between the PRC and Hong Kong in 2010, the Group has been receiving RMB dividends directly from the GS Superhighway JV and West Route JV. Moreover, the Company issued two tranches of RMB corporate bonds in Hong Kong in July 2010 and May 2011; it advanced RMB shareholder's loans to the West Route JV in respect of Phase II West and Phase III West and it raised a RMB1,600 million bank loan facility from a bank in Hong Kong in May 2012. It also placed 120 million RMB-traded shares of the Company on the RMB counter of the Stock Exchange on 29 October 2012. The Directors therefore consider it is now more appropriate to use RMB for presenting the Group's operating results and financial positions, and to declare dividends in RMB.

As a result, the following condensed consolidated interim financial statements for the six months ended 31 December 2012 are presented in RMB, whereas the comparative figures for the six months ended 31 December 2011 have been restated to align with the change in presentation currency. The change in presentation currency and translation of the comparative amounts from HK Dollars to RMB has no material impact on the Group's condensed consolidated interim financial statements for the period concerned. The condensed consolidated interim financial statements presented in HK Dollars on pages 34 to 45 have also been prepared for reference purposes only. The Group's financial summary presented in RMB since its listing on the Stock Exchange in August 2003 can be referred to in the Appendix on pages 46 to 47.

The Board is pleased to announce that the Group's unaudited interim results for the six months ended 31 December 2012 presented in RMB were as follows:

	Six months ended 31 December					
	2011			**2012**		
	Net toll revenue RMB million	EBIT RMB million	Results RMB million	**Net toll revenue RMB million**	**EBIT RMB million**	**Results RMB million**
Project contributions:						
GS Superhighway (Note)	876	613	425	**745**	**453**	**306**
Phase I West	37	23	16	**40**	**26**	**17**
Phase II West	89	49	(19)	**115**	**60**	**(10)**
Net toll revenue/EBIT/Net profit of projects	1,002	685	422	**900**	**539**	**313**
Year-on-year change				**-10%**	**-21%**	**-26%**
Corporate results:						
Bank deposits interest income			44			**41**
Interest income from loans made by the Group to a jointly controlled entity			14			**3**
Other income			1			**1**
General and administrative expenses			(21)			**(19)**
Finance costs			(26)			**(30)**
Income tax expenses			(5)			**(3)**
			7			**(7)**
Profit before net exchange gain (after deduction of related income tax)			429			**306** **-29%**
Net exchange gain (after deduction of related income tax)			47			**10**
Profit for the period			476			**316**
Portion attributable to non-controlling interests			(8)			**(6)**
Profit attributable to owners of the Company			468			**310** **-34%**

Note: Excluding exchange differences on US Dollar and HK Dollar loans, and related income tax expenses.

The Group's proportionate share of the aggregate net toll revenue of its expressway projects fell by approximately 10% to RMB900 million during the six months ended 31 December 2012, compared to RMB1,002 million for the same period in 2011. This was mainly due to a decline in the toll revenue of the GS Superhighway of approximately 15% period-on-period since the implementation of the Guangdong Province Toll Roads Special Clean-up Implementation Proposal ("Tariff

Proposal") on 1 June 2012. However, that was partly offset by strong growth in the toll revenue of Phase II West. The toll revenue of Phase I West rebounded as a result of the removal of traffic restrictions prohibiting trucks weighing more than 15 tons from using the Yajisha Bridge on the Guangzhou East-South-West Ring Road between July 2011 and December 2011. The growth in the traffic and toll revenue of Phase II West remained strong. The Group's proportionate share of the toll revenue of Phase I West and Phase II West increased by 7% and 29% respectively. The GS Superhighway, Phase I West and Phase II West contributed 83% (RMB745 million), 4% (RMB40 million) and 13% (RMB115 million) respectively to the Group's total proportionate share of aggregate net toll revenues.

The depreciation charges of the GS Superhighway JV and West Route JV increased as a result of the rise in traffic volume and the additional depreciation charges on assets capitalised upon the completion of certain road expansion and improvement works. During the period under review, the operating expenses also increased due to the expenditure on non-recurring improvement works on GS Superhighway and the increased staff costs of the two JV companies. The aggregate EBIT of toll expressways (excluding an exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans and related income tax expenses) declined by 21% period-on-period, from RMB685 million to RMB539 million.

Taking into account a slight increase in finance costs and a marginal increase in the Enterprise Income Tax ("EIT") rate payable by the GS Superhighway JV and the West Route JV in respect of Phase I West from 24% in 2011 to 25% in 2012, the aggregate net profit of the three projects (excluding an exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans and related income tax expenses) dropped by 26%, from RMB422 million to RMB313 million, period-on-period.

The traffic and toll revenue of Phase II West have grown strongly ever since it opened on 25 June 2010. The Group's proportionate share of Phase II West's EBITDA grew by 26% to RMB92 million during the period under review. Despite the increased finance costs of Phase II West, its results improved from a net loss of RMB19 million to a net loss of RMB10 million. The finance costs of Phase II West are set to increase since the Company advanced a total of RMB1,000 million to West Route JV, comprising RMB780 million advanced in December 2012 and RMB220 million in January 2013, for repayment of the intercompany loan to the GS Superhighway JV and interest incurred, and settlement of the outstanding project costs. The average daily toll revenue of Phase II West has exceeded RMB1.3 million since August 2012 (except for October 2012, due to the Holiday Toll-free Policy), thus approaching its RMB1.5 million profit breakeven level.

The Group's profit before the net exchange gain (after deduction of related income tax) fell by 29%, from RMB429 million to RMB306 million. This was attributable to a drop in net toll revenue and reduced interest income on a shareholder's loan to Phase III West after the West Route JV repaid RMB500 million to the Company. Together with the decline in the net exchange gain on the

GS Superhighway JV's loans denominated in US Dollars and HK Dollars as a result of the RMB's moderate appreciation of 0.6% during the period under review, the profit attributable to owners of the Company declined by 34%, from RMB468 million to RMB310 million.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

During the six months ended 31 December 2012, the Group's consolidated operating, general and administrative expenses increased by 13%, from RMB155 million to RMB175 million, period-on-period. This was mainly attributable to expenditure on non-recurring improvement works on the GS Superhighway and the increased staff costs of the two JV companies.

Consolidated depreciation and amortisation charges increased from RMB196 million to RMB219 million period-on-period. This was the result of the growth in traffic volume, especially a surge in the traffic volume on Phase II West, and the additional depreciation charge on assets capitalised upon the completion of certain road expansion and improvement works.

The Group's total consolidated finance costs rose by 7%, from RMB110 million to RMB118 million. That was because the overall finance cost for bank loan facilities arranged in May 2012 and drawn in June 2012 to refinance the RMB1,380 million corporate bonds matured in July 2012 was higher than the finance cost for corporate bonds, as well as a slight increase in the interest expenses of Phase II West. Since Phase III West was completed and opened on 25 January 2013, its interest expenses will be recorded for the first time in the statement of comprehensive income for the second half of FY13.

The tax concessions for both the GS Superhighway and Phase I West were adjusted following the PRC's 2008 tax reform, and their EIT rates have increased incrementally to 25%. The rates applicable to the GS Superhighway and Phase I West rose from 24% in 2011 to 25% in 2012. The EIT rate for the GS Superhighway and Phase I West will remain at 25% from 2012 until the expiry of their contractual operation periods. The increases in the EIT liabilities of the JV companies did not significantly impact the Group's results during the period under review. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 will be 12.5%, and this will rise to 25% from 2016 until the expiry of its contractual operation period. Phase III West is exempt from EIT from 2013 to 2015. Its applicable rate from 2016 to 2018 will be 12.5%, and this will rise to 25% from 2019 until the expiry of its contractual operation period.

DIVIDEND

The Board has declared an interim dividend of RMB10 cents (about HK12.34 cents at the exchange rate of RMB1: HK$1.234) per share in respect of the financial year ending 30 June 2013 (30 June 2012: HK18 cents) to be paid on Friday, 12 April 2013 to the shareholders of the Company whose name appear on the Company's Register of Members at the close of business on Friday, 8 March 2013. This represents a payout ratio of 99.5% of the Company's profit attributable to owners of the Company. The interim dividend will be payable in cash in RMB or HK Dollars, or a combination of these currencies, at the exchange rate of RMB to HKD as published by The People's Bank of China on Thursday, 21 February 2013 and shareholders will be given the option of electing to receive the interim dividend in either RMB or HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 27 March 2013. **If no dividend election is made by a shareholder, such shareholder will receive the interim dividend in HK Dollars.**

CLOSURE OF REGISTER

To ascertain shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed for one day on Friday, 8 March 2013, on which date no transfer of shares of the Company will be effected. To qualify for the interim dividend, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 7 March 2013.

BUSINESS REVIEW

During the period under review, the aggregate average daily traffic volume on the GS Superhighway, Phase I West and Phase II West increased by 10% to 548,000 vehicles, while their aggregate average daily toll revenue decreased by 10% to RMB10.44 million. Their combined toll revenue amounted to RMB1,921 million. The decline in toll revenue was mainly due to a fall in the toll revenue of the GS Superhighway following the implementation of the Tariff Proposal in June 2012, but it was partly offset by the strong growth of Phase II West's toll revenue.

The average daily toll revenue of the GS Superhighway dropped by 15% to RMB8.7 million during the six months under review. Although its toll revenue fell after the implementation of the Tariff Proposal in June 2012, the effect of this policy on GS Superhighway has stabilised within two months from the commencement of the implementation and is in line with the estimate contained in the voluntary joint announcement issued by the Company and HHL on 31 May 2012. The average daily toll revenue of the GS Superhighway has been picking up after a drop, increasing from RMB8.3 million in June 2012 to around RMB9 million since August 2012 (except for October 2012, due to the Holiday Toll-free Policy). The average daily traffic of Class 1 small cars grew continuously during the period under review. The traffic of Classes 4 and 5 commercial trucks also continued to grow, due to greater price sensitivity to the tariff cut implemented since 1 June 2012. This policy had minimal impact on Phase I West and Phase II West.

Phase I West recorded stable growth and Phase II West maintained strong growth during the period under review. The average daily traffic volume and average daily toll revenue of Phase I West grew by 14% and 7%, and they amounted to 41,000 vehicles and RMB451,000 respectively. During the same period, the average daily traffic and average daily toll revenue of Phase II West were 76,000 vehicles and RMB1,286,000 respectively, representing growth of 30% and 29%. The average daily toll revenue of Phase II West has remained above RMB1.3 million since August 2012 (except for October 2012, due to the Holiday Toll-free Policy), thereby approaching the RMB1.5 million profit breakeven level. The portion of toll revenue derived from Phase I West and Phase II West rose to 17% of the Group's proportionately shared aggregate toll revenue, compared to 12% during the same period in FY12.

The Group's revenue base was further enlarged when Phase III West commenced operation on 25 January 2013. Completion of all three phases of the Western Delta Route has added fresh momentum to the growth of toll revenue and traffic, and it has created synergy with Phase I West and Phase II West.

Despite the slowdown in China's economic growth since the first quarter of 2012, due to weakened global demand, its national GDP still grew by a steady 7.8% over the year. Guangdong's imports and exports also showed signs of regaining growth momentum in the second half of 2012, and they grew by 7.7% during the year as a whole. National car sales increased by a modest 4% with around

19.3 million vehicles sold in 2012. China remained the world's largest market for domestic vehicle sales for the fourth consecutive year. According to the media, more than one million vehicles were newly registered in Guangdong Province in 2012. As a result, the total car ownership of Guangdong increased from 9.1 million vehicles in 2011 to over 10 million vehicles in 2012. These factors will increase the economic momentum of the PRC and Guangdong, and they will in turn benefit the Group's expressways.

Opening of Phase III West

Phase III West was completed and commenced operation on 25 January 2013, earlier than originally scheduled. Together with Zhuhai's existing expressway networks, it is now the most direct and convenient link between the city centres of Zhongshan and Zhuhai, and road users can travel to and fro the town centres of these two cities via Phase III West without making any detours. The completion of Phase III West also marks the completion of the entire Western Delta Route, which has become the main artery of a regional expressway network that covers the most prosperous cities on the PRD's western bank, including Guangzhou, Foshan, Shunde, Zhongshan and Zhuhai. It will also offer direct access to Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge, which is targeted to be opened by the end of 2016 as reported by the media. The Western Delta Route provides the most direct and convenient route for road users to and fro the town centres of Guangzhou and Zhuhai, and it has substantially reduced the travelling time between them from more than two hours by existing local roads to approximately one hour.

Completion of the Western Delta Route also marks the completion of the PRD expressway network that the Group proposed in the late 1970s, with its vision of the potential that could be unleashed in Guangdong and particularly the PRD region following the PRC's economic reforms in the 1970s. This strategic network consists of the GS Superhighway, the Western Delta Route, the Humen Bridge and the Guangzhou East-South-West Ring Road. The high-quality and well-connected expressways initiated by the Company have helped to boost the economic growth of the cities along these routes.

The completion of all three phases of the Western Delta Route in January 2013 has enlarged the Group's revenue base. The synergy between Phase I West, Phase II West and Phase III West will further stimulate the growth of traffic and toll revenue of the Western Delta Route. Based on the annual toll revenues the GS Superhighway, Phase I West and Phase II West recorded during their first full year of operation, the Group estimates that Phase III West may achieve cash flow breakeven (after taking interest expense payments into account) once its average daily toll revenue reaches RMB800,000 (equal to annual toll revenue of RMB7.6 million per kilometre).

Further Notice on the Revised Tariffs for Certain Routes

As reported in the Company's Annual Report 2011/12, the JV companies received the notice from the Guangdong Provincial Communications and Transportation Bureau and the Price Control Administration of Guangdong Province on 26 July 2012 that all toll expressways in Guangdong Province must revert certain toll charges that had been revised in accordance with the Tariff Proposal ("Revised Toll Charges") to their previous levels before the implementation of Tariff Proposal ("Original Toll Charges") if those Revised Toll Charges are higher than the Original Toll Charges. This requirement was implemented at all the expressways in Guangdong in three stages between August and December 2012. The GS Superhighway, Phase I West and Phase II West implemented the requirement since 1 December 2012. Its impact on the toll revenue of the Group's expressways has been minimal.

Implementation of the Holiday Toll-free Policy

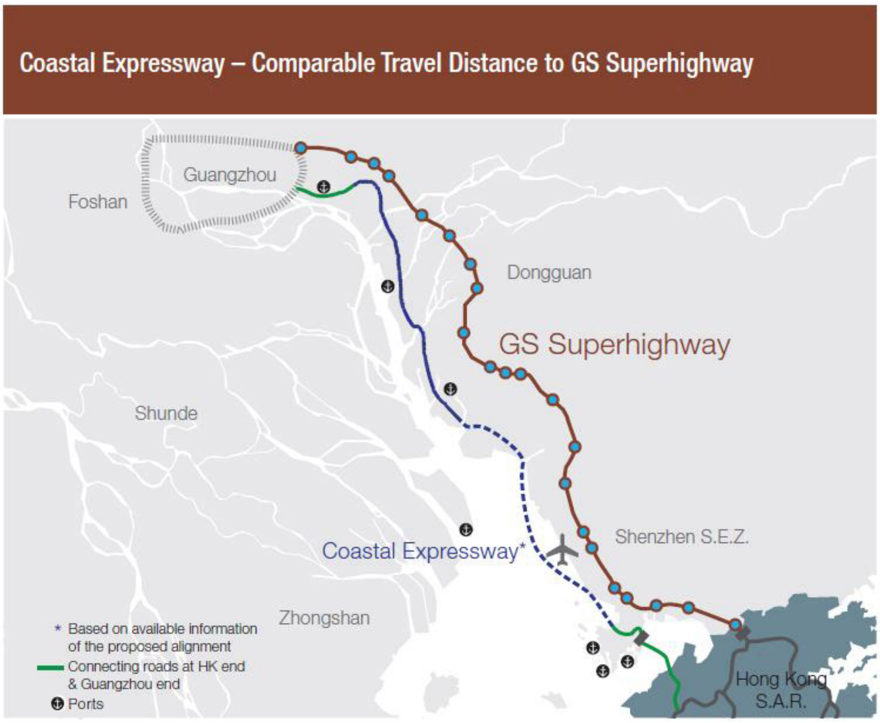
As the Company announced on 14 August 2012, the State Council issued the Notice Regarding the Holiday Toll-free Policy ("Notice") on 2 August 2012. The Notice stipulates that small passenger vehicles with 7 or fewer seats should be entitled to use the relevant toll roads free of charge during the four major statutory holidays including Lunar New Year, the Ching Ming Festival, Labour Day and National Day, as well as the prescribed rest days immediately before and/or after these statutory holidays. In addition, vehicles carrying dangerous goods and trucks weighing over 15 tons were prohibited to travel on the expressways in Guangdong from 07:00 to 21:00. The GS Superhighway, Phase I West and Phase II West implemented this policy during the National Day holidays from 30 September 2012 to 7 October 2012 during the period under review and during the Chinese New Year holidays from 9 February 2013 to 15 February 2013. Small cars with 7 or fewer seats were exempted from the toll charges on the Group's expressways. Comparing the statistics during those two periods with the relevant statutory holidays the previous year, it is estimated the aggregate annual toll revenues of the GS Superhighway, Phase I West and Phase II West would be reduced by 3% to 3.5% as a result of the policy, which is in line with the figures disclosed in the announcement dated 14 August 2012.

Partial Opening of a Parallel Road

A 41-kilometre stretch of the 59-kilometre Guangzhou-Dongguan section of the Coastal Expressway was opened in mid-January 2012. Between July and December 2012, the average daily traffic volume of the GS Superhighway increased by 6%. The impact of the opening of this 41-kilometre section of the Coastal Expressway on the GS Superhighway's traffic was immaterial. In fact, the GS Superhighway remains a more competitive option for road users. Its strategic geographical location provides convenient access to populous downtown areas and major expressways, while the Coastal Expressway is designed to connect ports along the eastern shore of the PRD, and it mainly serves trucks destined for those ports. Thus, they attract different target customers. Together with Guangdong's continuous economic growth, the Group believes the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region.

According to the latest media reports, the remaining 18 kilometres of the Coastal Expressway's Guangzhou-Dongguan section will be opened before mid-2013, and the 30-kilometre Shenzhen section is scheduled for completion by the third quarter of 2013. Thus, the Coastal Expressway will be completely opened by the third quarter of 2013. The Group will continue to monitor its progress.

There are two misconceptions concerning the GS Superhighway and the Coastal Expressway. The first is that the travelling distance between Hong Kong and Guangzhou is longer via the GS Superhighway than via the Coastal Expressway, and the second is that the GS Superhighway tariff is higher than that of the Coastal Expressway. If one includes the connecting roads at both ends of the Coastal Expressway, i.e. the Hong Kong-Shenzhen Western Corridor and the connecting roads to Hong Kong's highway networks and to Guangzhou Ring Road, the total travelling distances from Hong Kong to Guangzhou via the GS Superhighway and Coastal Expressway are almost the same. More specifically, when we compare the entire length of the Coastal Expressway from its starting point to the ending point with that of the corresponding section of the GS Superhighway, i.e. the section between Huochun and Nantou, the travelling distances via both routes are also nearly the same. Besides, following the implementation of the Tariff Proposal in June 2012, the tariff rate for all expressways in Guangdong with 6 or more lanes has been made the same. Thus, there is no difference between the tariff rates of the GS Superhighway and that of the Coastal Expressway.



Launch of the First RMB-traded Share Placing Under "Dual Tranche, Dual Counter" Model

Responding to the market's strong interest in its shares and RMB investment products, HHI placed 120,000,000 RMB-traded new Shares at RMB3.22 on the Stock Exchange on 29 October 2012 (under stock code 80737)(the "Placing"), thus becoming the first listed company in the world to offer both RMB-traded Shares and HKD-traded Shares under the "Dual Tranche, Dual Counter" model. This pioneering placing has enhanced the average daily trading volume of the Company's shares, which increased 134% during the 3-month period after the Placing (from 25 October 2012 to 24 January 2013) compared to the 3-month period before the Placing (from 23 July 2012 to 22 October 2012) and broadened its shareholder base. Moreover, it has helped to increase the Company's funding sources and raised long-term capital in RMB, which benefits the Company's development of PRC projects. The net proceeds from the Placing of approximately RMB375 million are being used for the Group's general working capital.

Operating Environment

Nine cities in the Pearl River Delta Region – namely Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, Jiangmen and Zhaoqing – began to recognise each other's annual tickets at the end of December 2012. This means vehicles bearing annual tickets issued by one of the nine cities no longer need to pay any fee for an entry ticket when they cross the boundaries between them. The change will lower overall transportation costs and increase the traffic on roads within the PRD region, thereby boosting inter-city traffic along the GS Superhighway and the Western Delta Route.

The Guangdong Government is currently studying the implementation of a toll-by-weight system on the PRD region's expressways. Those expressways in which the Group has invested may benefit from such an initiative, since it will reduce the number of overloaded trucks.

The Ministry of Public Security's revised regulation concerning applications for driving licences and their use ("機動車駕駛証申領和使用規定") came into force on 1 January 2013. Under the new requirements, drivers of passenger coaches or trucks carrying dangerous goods should not drive for more than four hours and must take a rest not shorter than 20 minutes for every such interval. It also provides for more-stringent penalties when drivers commit traffic offences, such as drink driving, drug driving, serious speeding and illegal stops by passenger coaches on expressways, which may result in the cancellation of the driver's licence. This revised regulation implies that traffic safety is of increasing concern of the PRC Government, who is now paying more attention to the issue. It is expected that this revised regulation will help to increase the road safety awareness of drivers and reduce the number of traffic accidents.

With around 2 million vehicles, Guangzhou has the second-highest car-ownership figure in Guangdong. Since 1 July 2012, the city capped the increase in the ownership of small and mediumsized passenger vehicles at 120,000 per year, on a trial basis for one year. The policy aims to enhance the transportation system of Guangzhou by relieving traffic congestion in its downtown districts. According to the media, more than one million vehicles were newly registered in Guangdong Province in 2012. As a result, the total car ownership of Guangdong increased from 9.1 million vehicles in 2011 to over 10 million vehicles in 2012.

In December 2012, the Guangzhou Municipal Government announced the implementation of restrictions on trucks that are not registered in Guangzhou and which weigh 15 tons or above. Such vehicles have been prohibited from travelling on the Guangzhou Ring Road between 07:00 and 20:00 since 10 January 2013 for a one-year period. The Group will continue to monitor the situation and its impact on the Group's expressways.

During the past three years, the Municipal Governments of Guangzhou, Dongguan, Shenzhen and Foshan have announced new regulations regarding the erection of billboards along expressways in order to minimise distractions to drivers and standardise the operation and management of the industry. In a province-wide campaign, all illegal and expired billboards will be demolished and the locations for billboard erection will be re-planned. Since revenue from advertising billboards contributes an insignificant amount to the Group's income, the impact of the new requirements is negligible.

The first phase of the cross-border Ad-hoc Quota Trial Scheme for private cars was launched in late March 2012. Under the scheme, Hong Kong private cars with five seats or less can be driven into Guangdong Province via Shenzhen Bay Port and remain in Guangdong for up to seven days. As of 31 December 2012, over 700 drivers had brought their private cars from Hong Kong to China under the scheme. The Group's expressways may benefit from it in the longer term, as more travellers are allowed to drive their cars across the border.

Sustained Efforts to Enhance Operational Efficiency

Automation

The GS Superhighway JV and West Route JV have installed automated equipment to increase the operational efficiency of their toll expressways and contain increasing operating costs. Electronic toll collection ("ETC") lanes have been installed at nearly every entrance and exit on the Group's expressways, and this has reduced the average length of time vehicles spend at them. The GS Superhighway has 68 ETC lanes, the highest number on any toll expressway in Guangdong Province. Meanwhile, a total of 24 ETC lanes have been installed on the Western Delta Route. Since the number of Guangdong Unitoll Cards users has been growing in the past few years, the use of ETC lanes has been increasing significantly. This trend looks set to continue in the future. In addition, 80 automatic card-issuing machines have been installed and have gone into operation at entrances to the GS Superhighway. Of these, 19 are installed at entrances to the Western Delta Route. ETC lanes and automatic card issuing machines have now been installed at about 60% and

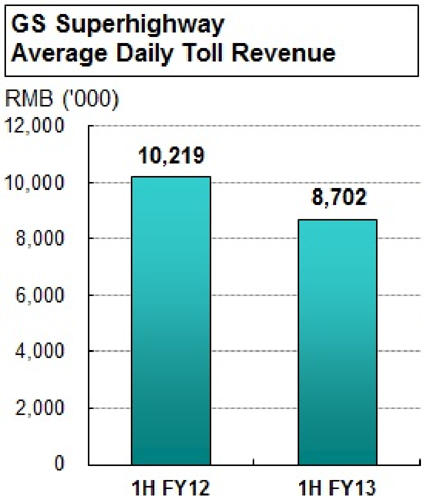
50% of all the toll lanes at entrances to the GS Superhighway and Western Delta Route, respectively. These automated facilities help to keep the number of toll collection staff at a reasonable level and control the JV companies' operating cost.

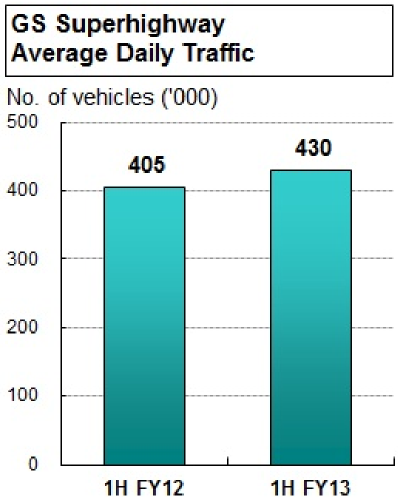
Strengthened Monitoring of Toll Integration

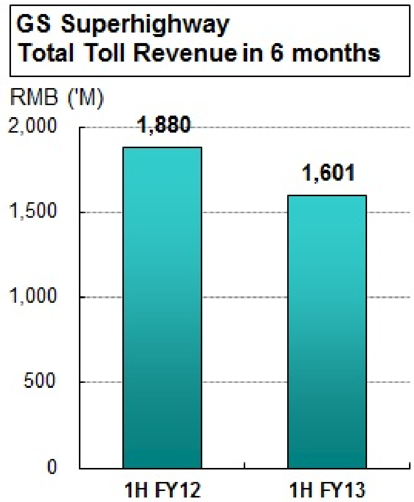
The GS Superhighway, Phase I West, Phase II West and Phase III West have formed parts of Guangdong's toll integration network since 2005, 2010 and 2013 respectively. As reported in Annual Report 2011/12, the Group has entered into a conditional agreement to become a shareholder of Guangdong Unitoll Collection Incorporated ("Guangdong Unitoll"), which operates the clearing house that centralises and manages data on daily toll revenues collected by all the expressways in Guangdong for settlement via its toll integration network. This will enable the Group to communicate better and more closely with Guangdong Unitoll, so as to monitoring its operations and development plans better. The relevant government authority has approved the transaction in January 2013. After the completion of the transaction and certain restructuring of Guangdong Unitoll, the Company will hold 2% shareholding in Guangdong Unitoll.

Guangzhou-Shenzhen Superhighway

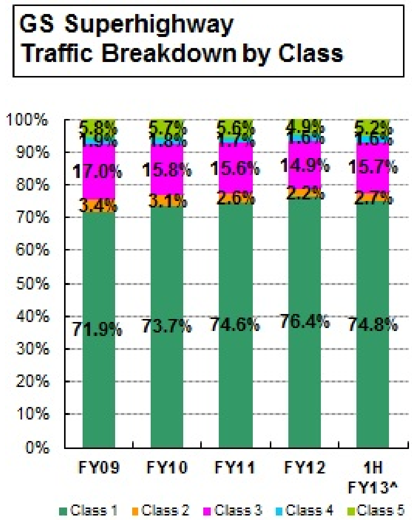
The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, its average daily toll revenue decreased by 15% year-on-year to RMB8.7 million, whereas its total toll revenue amounted to RMB1,601 million. Meanwhile, its average daily traffic volume increased by 6% to 430,000 vehicles.

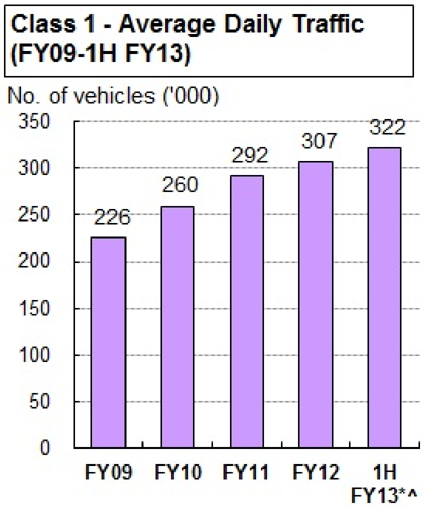


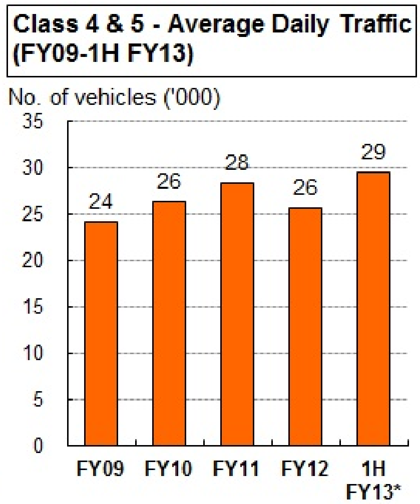


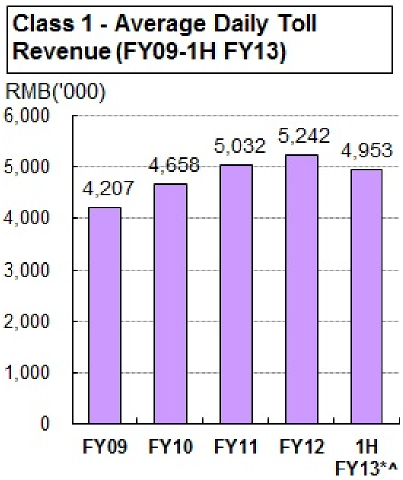


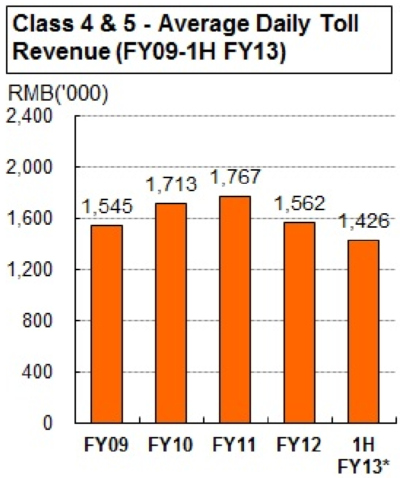
The decline in toll revenue since the implementation of the Tariff Proposal on 1 June 2012 has been in line with the forecast in the Company's announcement dated 31 May 2012. Despite this fall, the policy's impact on the GS Superhighway has stabilised within two months from the commencement of the implementation. The average daily toll revenue of the GS Superhighway has been picking up after a drop, increasing from RMB8.3 million in June 2012, to around RMB9 million since August 2012 (except for October 2012, due to the Holiday Toll-free Policy). The average daily traffic of all classes of vehicles of the GS Superhighway recorded growth during the six months under review following the implementation of the Tariff Proposal on 1 June 2012. The traffic of Classes 3, 4 and 5 vehicles continued to grow due to greater price sensitivity. Their average daily traffic recorded a year-on-year growth of 10% during the six months ended 31 December 2012. However, the average toll revenue per vehicle per kilometre dropped 11% from RMB0.89 to RMB0.79, mainly due to the reduced tariffs for Classes 2 to 5 vehicles.











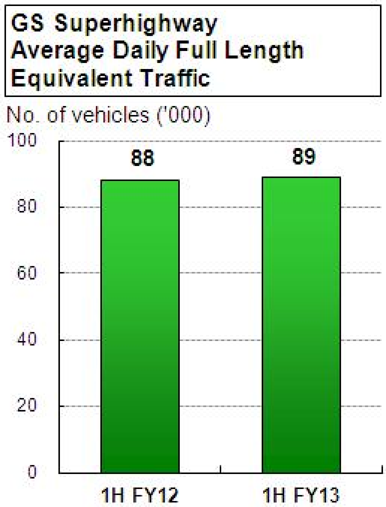
** Tariff cut was implemented since 1 June 2012*

^ Holiday Tol1-free Policy was implemented from 30 September 2012 to 7 October 2012

Driven by the continuous growth in passenger car sales in Guangdong, the traffic of Class 1 small cars continued to grow. The implementation of the Holiday Toll-free Policy during the National Day holidays was the main reason for the decrease in its average daily toll revenue during the period under review. Under this policy, small cars with 7 or fewer seats were exempted from toll charges. In addition, the average travelling distance of Class 1 small cars also decreased in the same period. Class 1 small cars accounted for 74.8% of the GS Superhighway's total traffic volume and contributed 56.9% to its total toll revenue.

The average daily traffic volume of Classes 4 and 5 commercial trucks also continued to grow, due to greater price sensitivity concerning the tariff cut implemented on 1 June 2012. However, the average daily toll revenue dropped due to the tariff cut.

Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the period under review. This is a standard operational statistic used throughout the industry, and it is also commonly used in presentations to reflect road usage. During the period under review, despite the increased traffic resulting from the implementation of the tariff cut since 1 June 2012, the average daily full-length equivalent traffic of the GS Superhighway remained at a similar level of 89,000 vehicles as the previous year. This indicates there is still room for traffic growth for the GS Superhighway.



As discussed earlier in the section headed "Partial Opening of a Parallel Road", the impact on the GS Superhighway of the opening of the 41-kilometre stretch of the Guangzhou-Dongguan section of the Coastal Expressway has been minimal. Between July and December 2012, the average daily traffic volume of the GS Superhighway increased by 6%, year-on-year. The GS Superhighway is comparable in length and it charges the same tariff rate as the Coastal Expressway. However, they have different target customers and the GS Superhighway offers a number of competitive advantages, such as convenient access to populous downtown areas, well-equipped facilities and high-quality services. All these factors, together with Guangdong's continuous economic growth, lead the Group to believe that the GS Superhighway will remain a more competitive of the two, as well as the main traffic artery on the eastern bank of the PRD region. According to the media, the entire Coastal Expressway will be fully completed by the third quarter of 2013.

A new entry/exit of the Changhu Expressway connecting directly to Xinluen and the GS Superhighway was opened in January 2013. The new connection provides an alternative entry/exit for the by-pass traffic between Taiping interchange of the GS Superhighway and Changhu Expressway, and it will help to ease the pressure of traffic on the section of the GS Superhighway between the Taiping and Wudianmei interchanges during peak hours.

Following the inauguration of the second runway of Shenzhen Baoan International Airport in 2011, the airport will be further expanded by the opening of a new passenger terminal in 2013. This will be located near the GS Superhighway's Hezhou interchange. The Hezhou interchange will be reconfigured to provide a smooth and convenient connection with the new passenger terminal and its access road. Construction work on this is now in progress, and certain entrance and exit plazas of the Hezhou interchange are being closed in phases between January and August 2013 to facilitate it. Vehicles travelling to and fro the Hezhou interchange currently need to enter and exit via adjacent interchanges of the GS Superhighway, including the Fuyong interchange and Baoan interchange. The temporary closure of the Hezhou interchange is having a minimal impact on the GS Superhighway, which will benefit from the expansion of Shenzhen Baoan International Airport and the increased volume of passengers and freight that it will entail.

The GS Superhighway Guangzhou toll station has been reconstructed and reconfigured to facilitate the merger of the toll networks in Guangdong's Central District and Guangzhou District, and some toll plazas on it were removed during the second quarter of 2012. Besides reducing the number of stops required for the toll collection process and thus increasing throughput, the reconfiguration has helped to reduce GS Superhighway's operating costs. The merger of the province's toll networks has also greatly boosted the efficiency of its expressway transportation system, thus benefiting all its users.

The GS Superhighway JV has been making continuous progress in increasing its operational efficiency and its ability to cope with increasing traffic by installing automated equipment. ETC lanes or automatic card-issuing machines have now been installed at around 60% of all the toll lanes at the entrances to the GS Superhighway, and it becomes the expressway with the highest number of ETC lanes in Guangdong. These help to maintain the number of toll collectors it needs at a reasonable level, and they also help to control GS Superhighway JV's operating costs.

In addition, the GS Superhighway is fully illuminated, it has more than 160 traffic surveillance cameras monitoring its entire main alignment, and 5 traffic police stations, 4 service areas and petrol stations are in operation along its route. Moreover, it has a fleet of more than 60 patrol vehicles and towing vehicles, plus a professional patrol and rescue team consisting of more than 200 staff members who provide highly efficient services in the event of vehicle breakdowns and accidents. All these facilities ensure that users of the GS Superhighway enjoy a safe, convenient and comfortable journey.

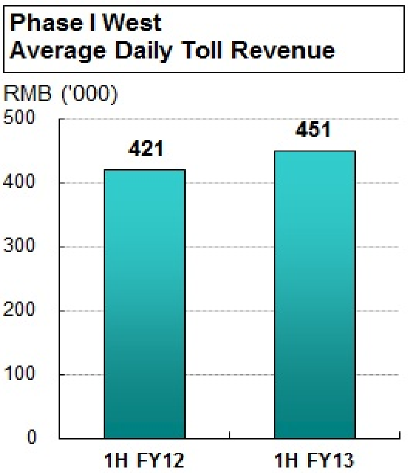
The GS Superhighway JV has also put a lot of effort into environmental protection. All the light bulbs at its toll plazas have now been replaced with energy-saving lights, including LEDs to reduce energy consumption. All T8 fluorescent light tubes at the management centre and staff living areas have been replaced with more energy-efficient T5 tubes. Following the satisfactory outcome of a pilot project to install LED lights along a 10-kilometre test section of the main alignment, the GS Superhighway has proceeded to install LED lights along its entire main alignment. This task is expected to be completed in March 2013 and around 60% of the expressway alignment have been replaced with LED lights up to January 2013.

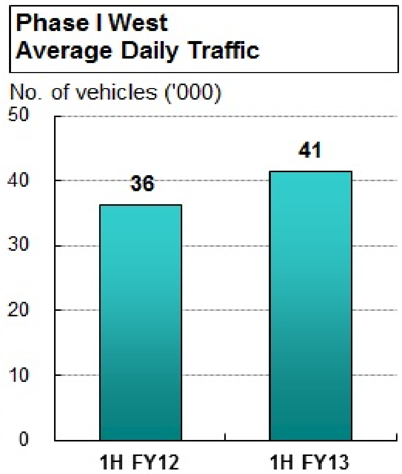
Moreover, the GS Superhighway JV has installed weighing equipment at 30 toll lanes. This helps to identify overloaded green-lane trucks that are not entitled to toll exemption more efficiently and effectively.

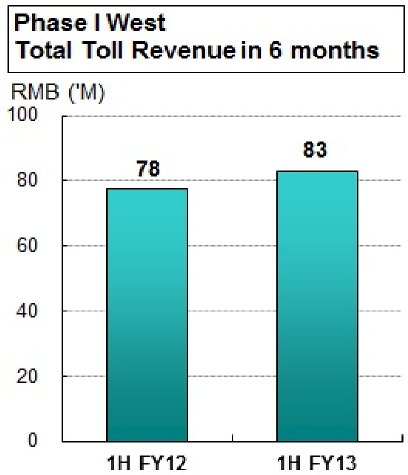
Phase I of the Western Delta Route

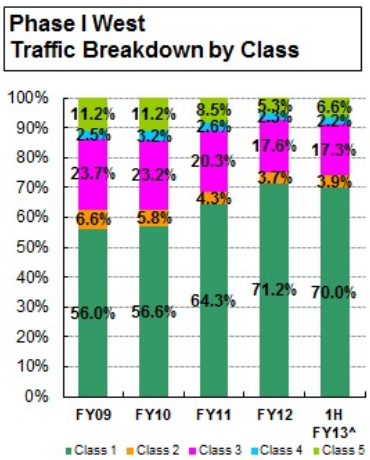
Phase I West is a 14.7-kilometre closed expressway with a total of six lanes in dual directions. It connects with the Guangzhou East–South–West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. Phase I West and Phase II West form the main expressway between Guangzhou and downtown Zhongshan. Between them they have reduced the travelling time between the two cities from one hour via local roads to approximately 30 minutes. The synergies between the two phases and the economic growth of Foshan have resulted in the stable growth of Phase I West’s traffic volume and toll revenue.

During the period under review, Phase I West’s average daily traffic volume increased by 14% year–on-year to 41,000 vehicles, whereas its average daily toll revenue increased by 7% to RMB451,000. Its total toll revenue for the period amounted to RMB83 million.



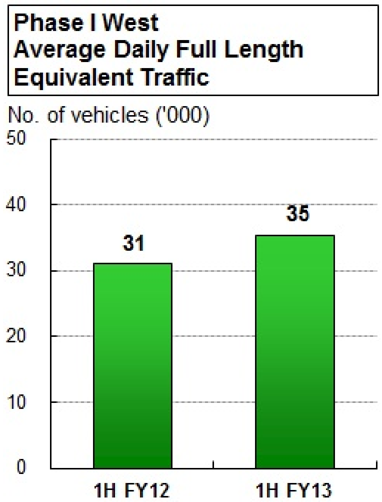






^ *Holiday Tol1-free Policy was implemented from 30 September 2012 to 7 October 2012*

Between July and December 2011, restrictions on trucks weighing more than 15 tons were intensified at Yajisha Bridge on the Guangzhou East-South-West Ring Road. The average daily traffic and average daily toll revenue of Phase I West have rebounded since these restrictions were lifted in December 2011, from 35,000 vehicles and RMB409,000 in August 2011 to 44,000 vehicles and RMB469,000 in December 2012. The traffic and toll revenue of Class 1 small cars continued to grow during the period under review, and they accounted for 70% of the total traffic volume of Phase I West. The traffic and toll revenue for Classes 4 and 5 vehicles rebounded, and thus the average toll revenue per vehicle per kilometre of Phase I West increased by 4%, from RMB0.8 to RMB0.83, year-on-year. However, they had not returned to the levels seen before the intensified restriction measures at Yajisha Bridge. This was mainly due to the removal of the toll station on National Highway 105 near Phase I West's Bijiang interchange in January 2012 and the fact that the section between Guangzhou and Bijiang on National Highway 105 has been toll free since then. Some trucks travelling to and from Guangzhou that previously used Phase I West now divert to National Highway 105. The average daily full-length equivalent traffic on Phase I West amounted to 35,000 vehicles during the period under review, a 14% growth, year-on-year.



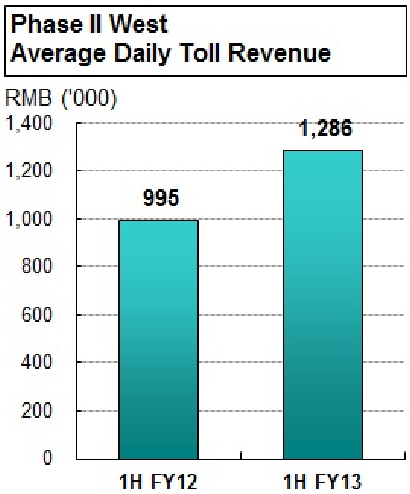
The opening of Phase III West on 25 January 2013 marked the completion of the entire Western Delta Route. The synergy between its three phases will further boost the growth of Phase I West's traffic volume and toll revenue.

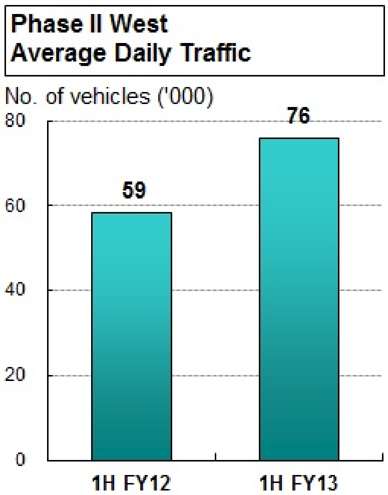
In December 2012, the Guangzhou Municipal Government announced the imposition of restrictions on trucks not registered in Guangzhou and weighing 15 tons or above. They have been prohibited from travelling on the Guangzhou Ring Road between 07:00 and 20:00 for a period of one year, commencing 10 January 2013. The Group will continue to monitor this situation and its impact on Phase I West.

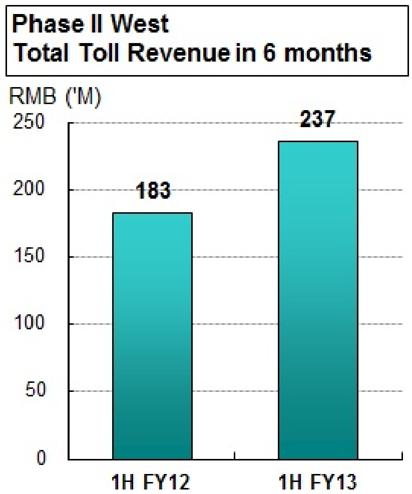
Phase II of the Western Delta Route

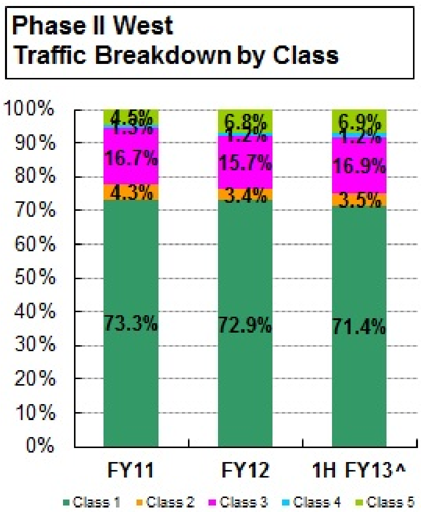
A 45.5-kilometre closed expressway with a total of six lanes in dual directions, Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also inter-connected with National Highway 105, Guangzhou Southern Second Ring Road, Jiangmen-Zhongshan Expressway and Xiaolan Highway (which has been partially opened).

Phase II West's traffic volume and toll revenue have continued to grow strongly ever since it opened in June 2010. During the period under review, its average daily traffic volume rose by 30% to 76,000 vehicles, whereas its average daily toll revenue grew by 29% to RMB1,286,000. Its total toll revenue for the period under review amounted to RMB237 million. Class 1 small cars were the main contributors which accounted for 71.4% of the total traffic volume. The traffic of Classes 3 and 5 vehicles also grew strongly during the period under review, thus the average toll revenue per vehicle per kilometre increased by 2% period-on-period, from RMB0.79 to RMB0.81. The average daily full-length equivalent traffic on Phase II West during the period under review was 33,000 vehicles, representing period-on-period growth of 26%.

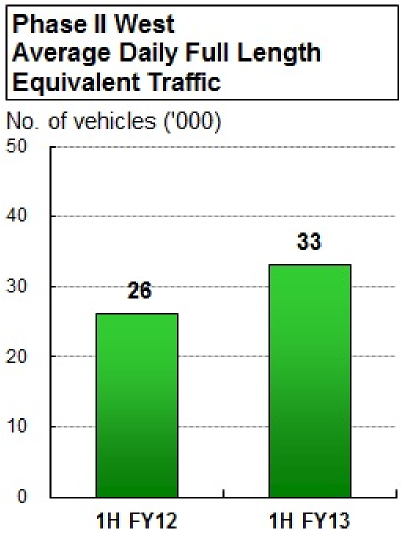








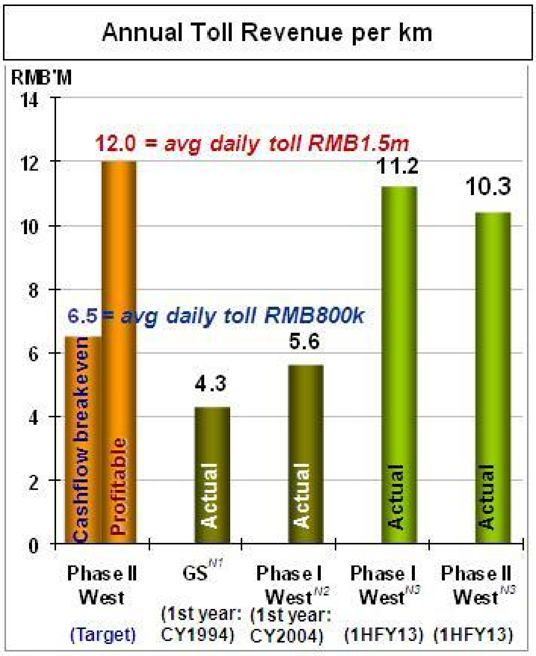
^ *Holiday Tol1-free Policy was implemented from 30 September 2012 to 7 October 2012*



A direct connection to Zhongshan downtown that links with the southern end of Phase II West was opened on 28 April 2012. This provides a faster and more convenient route that enables vehicles to reach downtown Zhongshan directly through the Zhongshan West Interchange without making a detour. This enhanced connectivity with downtown Zhongshan and its western district will encourage more drivers heading there to take Phase II West, thus further boosting the growth of its traffic and toll revenue.

As Phase III West opened on 25 January 2013, the entire Western Delta Route is now fully completed. The synergy between its three phases will further boost the growth of Phase II West's traffic volume and toll revenue.

By the second half of FY11, Phase II West's toll revenue had achieved the Group's target of operating cash flow breakeven (after taking interest expense payments into account) i.e. average daily toll revenue of RMB800,000 during its first year of operation. In fact, Phase II West has continued to exceed this target, and it recorded a net cash inflow (from operations and after taking interest expense payments into account) and a 26% increase in EBITDA during the period under review. As Phase II West's operating performance continued to improve, the loss it recorded during the period decreased. With the momentum of economic growth in the surrounding regions and Phase II West's improved connectivity, the Group expects it to achieve a profit (i.e. an average daily toll revenue exceeding RMB1.5 million) in 2014. Since August 2012, Phase II West's average daily toll revenue has exceeded RMB1.3 million (except during October 2012, when the Holiday Toll-free Policy was implemented), approaching the RMB1.5 million profit breakeven level. With the opening of Phase III West on 25 January 2013 and its synergy with Phase II West, the Group expects that Phase II West will become profitable sooner than originally expected.



N1: Annualized figure for CY94 (GS started operation on 18.7.94)
N2: Annualized figure for CY04 (Phase I West started operation on 30.4.04)
N3: Annualized figure

The relevant PRC authorities are currently processing the West Route JV's application to increase the investment in Phase II West to RMB7,200 million. Once approval has been obtained, additional registered capital can be injected into the West Route JV and additional project loans can be borrowed. To settle the outstanding project payments for Phase II West and use its internal resources efficiently, the Company advanced shareholder's loans of a total of RMB1,000 million to the West Route JV in December 2012 and January 2013 as interim financing for Phase II West. This enabled the West Route JV to repay in December 2012 the intercompany borrowings of RMB731 million that the GS Superhighway JV previously provided, together with the interest incurred. The GS Superhighway JV subsequently paid RMB351 million in dividends to the Company from the funds provided by this repayment.

Phase III of the Western Delta Route

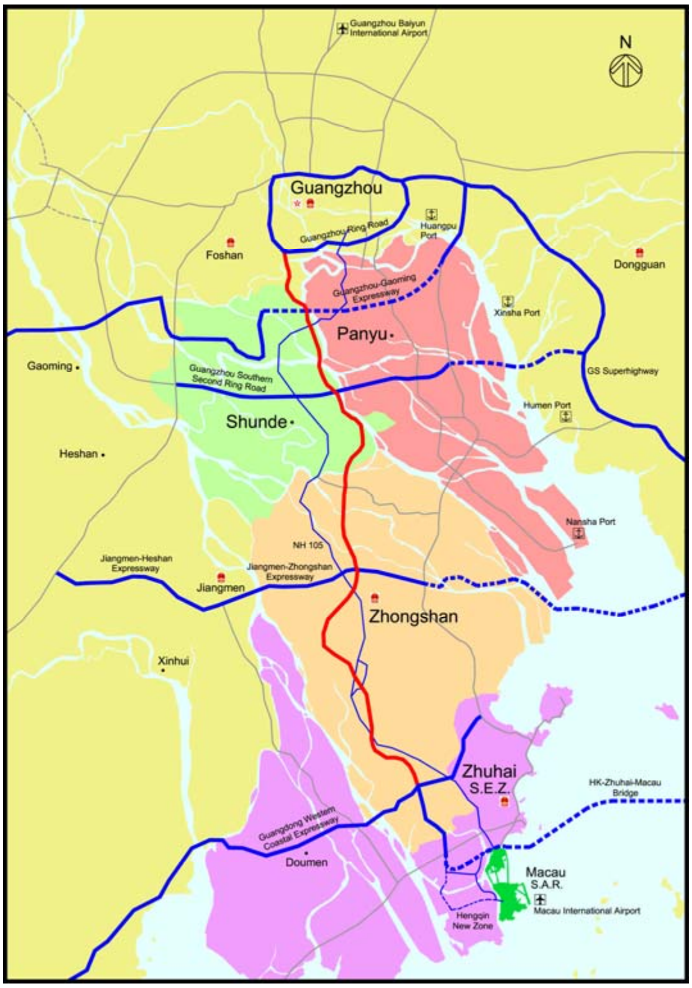
A 37.7-kilometre closed expressway with a total of six lanes in dual directions, Phase III West is connected to Phase II West at Zhongshan to the north, and it extends southwards to link with the Zhuhai expressway network, thus providing direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau, and a connection to the forthcoming HZM Bridge.

Phase III West commenced operation on 25 January 2013, earlier than originally scheduled. It provides the most direct and convenient expressway link between the town centres of Zhongshan and Zhuhai. Road users can now travel to and fro the town centres of these two cities via Phase III West without making any detour.

Phase III West – A Direct Route Connecting Town Centres of Zhongshan and Zhuhai

The entire Western Delta Route, with a total length of 97.9 kilometres, has now been completed, providing new momentum for the growth in the Group's revenue and expanding the total length of the toll expressways in which the Company has invested by 20%, to around 220 kilometres. It forms the main artery of a regional expressway network that covers the most prosperous cities on the PRD's western bank, including Guangzhou, Foshan, Shunde, Zhongshan and Zhuhai. It also offers direct access to Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge, which targets to be opened by the end of 2016 as reported by the media. The Western Delta Route is also the most direct and convenient route for road users travelling to and fro Guangzhou and Zhuhai, and it has substantially reduced the travelling time between the two cities from more than two hours via existing local roads to approximately one hour. As the central axis lying at the heart of the western bank of the PRD region, the Western Delta Route is also well connected with the region's expressway network, including the Guangzhou Ring Road, Guangzhou–Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan–Jiangmen Expressway, Western Coastal Expressway, and the expressway that will link Hengqin and the HZM Bridge.

Completion of the entire Western Delta Route



Based on the annual toll revenues of the GS Superhighway, Phase I West and Phase II West during their first full year of operation, the Group estimates that Phase III West's toll revenue will achieve operating cash flow breakeven (after taking interest expense payments into account) once its average daily toll revenue reaches RMB800,000 (the equivalent of annual toll revenue of RMB7.6 million per kilometre). The completion of all three phases of the Western Delta Route in January 2013 has enlarged the Group's revenue base, while the synergy created between Phase I West, Phase II West and Phase III West will further stimulate the Western Delta Route's traffic and toll revenue growth.

The Western Delta Route runs through the most prosperous cities on the western bank of the PRD region, including Foshan, Shunde, Zhongshan and Zhuhai. Foshan is Guangdong’s third-largest economic region, with a GDP amounting to RMB671 billion in 2012, following closely behind Guangzhou and Shenzhen. Shunde, which is entirely connected from north to south by the Western Delta Route, is Foshan’s most prosperous district. In addition, Zhongshan’s GDP leaped by 11% in 2012 compared with Guangdong’s moderate 8.2% GDP growth during the year.

The entire Guangzhu Light Rail was fully completed upon the opening of the remaining section to Gongbei in December 2012. Although it provides an alternative way for passengers to travel between Guangzhou and Zhuhai, its operating mode is different to that of the Western Delta Route, and each attracts a different category of travellers. Unlike the Western Delta Route, which facilitates all-weather, 24-hour point-to-point freight and passenger transportation, Guangzhou Light Rail has fixed routes and fixed schedules to specific destinations. Similarly, the Guangzhou-Shenzhen Railway runs near the GS Superhighway. Over the last 19 years, the traffic and toll revenue of the GS Superhighway have grown continuously while the Guangzhou-Shenzhen Railway has expanded from its originally one railway line to four railway lines plus one high-speed railway line. The Group therefore believes the full opening of the Guangzhou Light Rail will have a minimal impact on the Western Delta Route.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's debt balance consisted of the Company's RMB corporate bonds, the Group's bank loans and its proportionate share of the non-recourse project loans of its PRC JV companies. As at 31 December 2012, its total debt to total assets ratio and gearing ratio (net debt to equity attributable to owners of the Company) were as below. The Group's net cash on hand (excluding JV companies) amounted to RMB547 million. The Group's net cash on hand, together with the loan receivable from West Route JV amounted to RMB1,357 million.

HHI Corporate Level — As at 31 December 2012

	RMB million		RMB million
Bank balances and cash & shareholder's loans to JV company		Corporate debt	
- Bank balances and cash	2,225	- RMB corporate bonds	600
- The Company's shareholder's loans to JV company (Note 1)	810	- RMB bank loan	1,000
		- HKD bank loans	78
	3,035		1,678

Net cash (Note 2): RMB547 million

Net cash and the Company's shareholder's loans to JV company: RMB1,357 million

Proportionate Share of JV Companies — As at 31 December 2012

	RMB million		RMB million
Bank balances and cash		Total debt (Note 3)	
- Bank balances and cash	305	- GS Superhighway	1,987
		- Phase I West	389
		- Phase II West	2,354
		- Phase III West	1,876
	305		6,606

Net debt: RMB6,301 million

Note 1: The Company's shareholder's loans were made to the JV company for Phase II West and Phase III West as interim financing due to inability of the JV company to borrow from PRC banks for Phase II West under prevailing regulations.

Note 2: Net cash is defined as bank balances and cash less corporate debt.

Note 3: Total debt included bank loans, other loans and the shareholder's loans to Phase II West and Phase III West proportionately shared by the Group which would be totally eliminated on consolidation.

	30 June 2012 RMB million	**31 December 2012 RMB million**
Total debt		
- Company and subsidiaries (including RMB corporate bonds and bank loans)	3,038	*(Note 2)* **1,678**
- JV companies	5,980	**6,201**
Net debt *(Note 1)*	4,870	**5,349**
Total assets	17,624	*(Note 2)* **16,818**
Equity attributable to owners of the Company	7,282	**7,585**
Total debt / total assets ratio	51%	*(Note 2)* **47%**
Gearing ratio	67%	**71%**

Note 1: Net debt is defined as total debts less bank balances and cash, together with pledged bank balances and deposits for HHI corporate level & proportionate share of JV companies.

Note 2: Taking account of repayment of RMB1,380 million corporate bonds by the Company in July 2012.

The major sources of the Group's operating cash inflow during the period under review were the dividends received from the GS Superhighway JV, including dividend received from the GS Superhighway JV of RMB351 million after the West Route JV repaid the intercompany borrowings in respect of Phase II West of RMB731 million to the GS Superhighway JV. On the other hand, its major operating cash outflow was the payment of dividends to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

As at 31 December 2012, the Group's bank balances and cash on hand (excluding JV companies) amounted to RMB2,225 million (30 June 2012: RMB3,756 million), or RMB0.72 per share (30 June 2012: RMB1.27 per share). The decline in the Group's bank balances and cash on hand was the net effect of the repayment of RMB1,380 million corporate bonds in July 2012, the advance of a RMB780 million shareholder's loan to West Route JV in December 2012 as interim financing for Phase II West, the receipt of net proceeds of RMB375 million from the placement of RMB-traded shares in October 2012, and a dividend received from the GS Superhighway JV of RMB351 million in December 2012. The Group's net cash on hand (excluding JV companies) amounted to RMB547 million (30 June 2012: RMB718 million), (after netting off the Company's RMB corporate bonds and the Group's bank loans), or RMB0.18 per share (30 June 2012: RMB0.24 per share). In addition, the Group had loan receivables from West Route JV of RMB780 million, due to interim financing for Phase II West, and RMB30 million in respect of Phase III West, as further described below. The Group's net cash on hand and the loan receivable from West Route JV amounted to RMB1,357 million. The net cash on hand, together with the healthy cashflow and stable cash dividends from the Company's toll expressway projects in the PRC, will provide the financial resources for the Company's future projects.

Group Financing

The relevant PRC authorities are currently processing the West Route JV's application to increase the investment in Phase II West to RMB7,200 million. Once approval is obtained, additional registered capital will be injected into the West Route JV and additional project loans will be borrowed. To settle the outstanding project payments for Phase II West and make efficient use of the Company's internal resources, the Company targeted to advance shareholder's loans not exceeding a total of RMB1,500 million (of which RMB1,000 million had been advanced as of 31 January 2013) to the West Route JV as interim financing for Phase II West. The Company will continue to provide financial support to the West Route JV until the increase in project cost of the Phase II West has been approved and project bank loans could be obtained for this purpose. The Company advanced shareholder's loans of RMB780 million and RMB220 million in December 2012 and January 2013 respectively, a total of RMB1,000 million. In December 2012, West Route JV used this funding to repay in full the intercompany borrowings of RMB731 million that had previously been provided by the GS Superhighway JV, and to settle the outstanding project payment of Phase II West. As at 31 January 2013, the estimated outstanding project payment for Phase II West amounted to not more than RMB500 million, which would be fully covered by the Company's shareholder's loans.

The planned total investment for Phase III West is currently RMB5,600 million. The project is adequately funded by registered capital, available banking facilities and shareholder's loans. As of 31 December 2012, the Group had contributed the full amount of registered capital (a total of RMB980 million), and it had advanced shareholder's loans totalling RMB530 million to the West Route JV in order to maintain the progress of Phase III West's construction. The outstanding amount of the shareholder's loans was RMB30 million, as of 31 January 2013, following the West Route JV's repayment of RMB500 million to the Company during FY12. As of 31 January 2013, the estimated outstanding project payment for Phase III West amounted to approximately RMB300 million to RMB500 million , which would be fully covered by an available PRC bank loan.

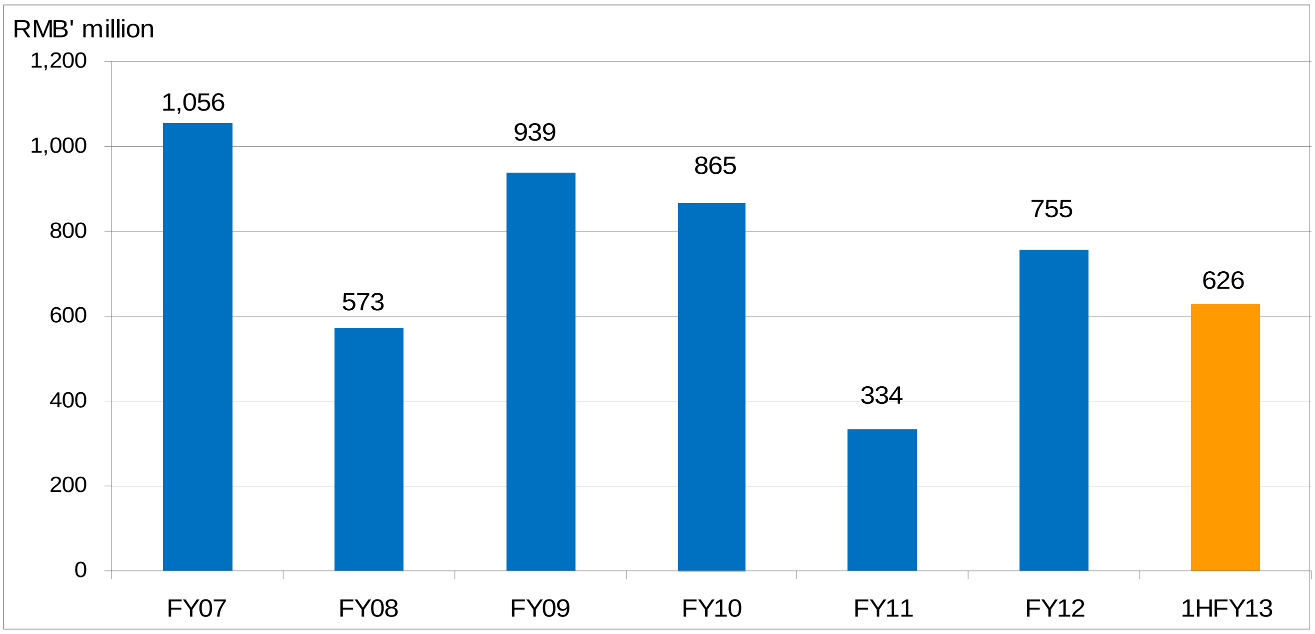
The Group has fulfilled the remaining funding requirements for the West Route JV. No further finance will be needed in respect of this before 2015, given that the Company signed a RMB1,600 million loan facility agreement in May 2012 (which will mature in May 2015) and issued RMB600 million corporate bonds in May 2011 (which will mature in May 2014).

As of 31 January 2013 (JV Level)	**Planned investment RMB million**	**Estimated Outstanding Project Payment RMB million**	**Available Funding RMB million**	
Phase II West	7,200	Not more than 500	500	Shareholder's loan
Phase III West	5,600	300 – 500	567	Bank loans

Taking into account the outstanding balance of the shareholder's loan to Phase III West of RMB30 million, as well as the shareholder's loans advanced and planned totalling RMB1,500 million for Phase II West, the Group's exposure in the Western Delta Route will increase from 18% to 26% of the total investment in the project.

The Group's bank balances and cash on hand will be sufficient to provide further shareholder's loans for Phase II West and Phase III West, if needed. Together with the stable cash dividends from the Group's toll expressways, these will also provide sufficient financial resources for future projects. In view of the Company's strong financial position, it is currently considering to prepay part of the RMB1,600 million bank loan facility (of which RMB1,000 million has been drawn as of 31 December 2012) in June 2013.

Cash Dividends from the GS Superhighway JV



As at 31 December 2012, 99.9% (30 June 2012: 99.9%) of the Group's bank balances and cash on hand were denominated in RMB and 0.1% (30 June 2012: 0.1%) in HK Dollars. The bank balances and cash on hand of the JV companies proportionately shared by the Group amounted to RMB305 million (30 June 2012: RMB392 million). The Group received cash dividends of RMB626 million, RMB755 million, RMB334 million, RMB865 million, RMB939 million, RMB573 million and RMB1,056 million from the GS Superhighway JV during the six months ended 31 December 2012, FY12, FY11, FY10, FY09, FY08 and FY07, respectively. The reductions in the cash dividends from the GS Superhighway JV during FY11 and FY08 were mainly brought about by the intercompany borrowings provided by the GS Superhighway JV to the West Route JV in respect of Phase II West and the repayment of registered capital injected by the Group to the GS Superhighway JV, respectively. The cash dividends from the GS Superhighway JV were restored in FY12. There was an increase in cash dividends during the current interim period due to the full repayment of intercompany borrowings by the West Route JV in respect of Phase II West to the GS

Superhighway JV in December 2012 and the GS Superhighway JV's distribution of a dividend of RMB351 million to the Company out of these funds during the period under review. The cash dividends received and receivable from the GS Superhighway JV make the Group confident that it has sufficient financial resources for its recurring operational activities, as well as its existing and potential investment activities. In anticipation of the full repayment on schedule of the existing bank loans of the GS Superhighway JV in 2019, the Group expects that the GS Superhighway JV's cash flow and the amount of cash dividends the Group receives from it will increase substantially thereafter.

In view of its current operating cash flow and strong financial position, the Board believes that the Group's target payout ratio of around 100% is sustainable.

Bank and Other Borrowings

As at 31 December 2012, the total bank and other borrowings of the JV companies proportionately shared by the Group, together with the RMB corporate bonds and RMB term loan raised by the Company and the Group's short-term bank loans, amounted to approximately RMB7,605 million (30 June 2012: RMB8,762 million) with the following profile:

(a) 92% (30 June 2012: 77%) consisted of bank loans and 8% (30 June 2012: 23%) of other loans (including RMB corporate bonds with a total value of RMB600 million (30 June 2012: RMB1,980 million)). The fall in the percentage of other loans was due to the repayment of the Company's RMB1,380 million corporate bonds due; and

(b) 23% (30 June 2012: 21%) was denominated in US Dollars; 73% (30 June 2012: 76%) was denominated in RMB and 4% (30 June 2012: 3%) was denominated in HK Dollars. The decrease in the percentage of RMB borrowings was due to the Company's repayment of RMB1,380 million corporate bonds in July 2012.

The Group's net current assets decreased by 23%, from approximately RMB1,656 million as at 30 June 2012 to approximately RMB1,269 million as at 31 December 2012. This decline was the net effect of the repayment of RMB1,380 million corporate bonds by the Company in July 2012, the advance of a RMB780 million shareholder's loan by the Group to the West Route JV in respect of Phase II West for the purpose of fully repaying the GS Superhighway's inter-company borrowings of RMB731 million and the payment of the outstanding project costs for Phase II West, and the issue of the Company's RMB-traded shares with net proceeds of RMB375 million in October 2012.

Debt Maturity Profile

As at 31 December 2012, the maturity profile of the bank and other borrowings of the JV companies proportionately shared by the Group, RMB corporate bonds and RMB term loan raised by the Company, together with the Group's short-term bank loans, were as shown below, together with the corresponding figures as at 30 June 2012:

	30 June 2012		**31 December 2012**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year (Note 1)	1,745	20%	**406**	**5%**
Repayable between 1 and 5 years (Note 2)	3,151	36%	**3,263**	**43%**
Repayable beyond 5 years	3,866	44%	**3,936**	**52%**
	8,762	100%	**7,605**	**100%**

Note 1: RMB corporate bonds with a total value of RMB1,380 million matured in July 2012.

Note 2: RMB corporate bonds with a total value of RMB600 million will mature in May 2014, and the RMB term loan of RMB1,000 million will become due in May 2015.

Interest Rate and Exchange Rate Exposure

The Group closely monitors its exposure to interest rates and foreign currency exchange rates and strictly controls its use of financial instruments. At present, neither the Group nor its JV companies has any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

Treasury Policies

The Group continues to adopt prudent and conservative treasury policies in its financial and funding management. Its liquidity and financial resources are reviewed on a regular basis, with a view to minimising its funding costs and enhancing the return on its financial assets. Most of the Group's cash is placed in deposits denominated in RMB. Holding RMB suits the Group's PRC-based operations, and it can earn higher interest income from RMB deposits than HK Dollar deposits. The percentage of cash the Group held in RMB bank deposits was maintained at 99.9% as at 31 December 2012. It has therefore maintained the proportion of its RMB bank deposits to that of its HK Dollar deposits. Although there were two cuts in RMB deposit interest rates in the PRC in June and July 2012, the RMB deposit interest rate rose in Hong Kong during the period under review. Therefore, the Group's overall treasury yield improved to 3.25%, compared to 3.18% during the same period in 2011. The Group will continue to strengthen its treasury management and evaluate the options available for improving the yields on its substantial cash-deposit portfolio.

Capital and Other Commitments

As at 31 December 2012, the Group had agreed, subject to approval by the relevant authorities, to make additional capital contributions of approximately RMB402.5 million (30 June 2012: RMB402.5 million) to the West Route JV for the development of Phase II West. It currently plans, subject to the approval by the relevant authorities, to make these capital contributions during FY13.

As at 31 December 2012, the Group's proportionate share of the GS Superhighway JV and the West Route JV were 48% and 50% respectively. Its outstanding and unfulfilled commitments in relation to the acquisition of property and equipment for both the GS Superhighway and Phase I West and the construction of Phase III West amounted to approximately RMB220 million (30 June 2012: RMB419 million) in aggregate.

As at 31 December 2012, a deposit of RMB1 million had been paid in respect of the acquisition of equity interest of an unlisted entity in the PRC and the Group had agreed, subject to the approval of relevant authorities, to make an additional capital contribution of RMB3.615 million to the investment. Subsequent to the end of the current interim period and after completion of certain restructuring procedures of the investment, the Group will hold 2% equity interest in the investment.

Pledge of Assets

As at 31 December 2012, the Group's JV companies pledged certain assets to banks in order to secure the banking facilities granted to them. The carrying amounts of these assets proportionately shared by the Group were as follows:

	30 June 2012 RMB million	**31 December 2012 RMB million**
Concession intangible assets	5,996	**5,899**
Property and equipment	206	**208**
Inventories	2	**2**
Interest and other receivables	56	**16**
Bank balances and deposits	282	**222**
	6,542	**6,347**

In addition to the above, 100% of the toll collection rights of the GS Superhighway and Phase II West, and 53.4% of the toll collection rights of Phase I West were pledged to banks to secure banking facilities granted to their respective JV companies.

Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the six months ended 31 December 2012.

OTHER INFORMATION

Review of Interim Results

The Group's unaudited interim results for the six months ended 31 December 2012 have been reviewed by the Audit Committee and the auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2012, the Group, excluding the joint venture companies, had 28 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practices. The Group has arranged stress management workshops and Employees Assistance Program for employees, which were delivered by professionals who shared their experiences and methods handling stress. The Group also invests in human capital development by providing relevant training programmes to enhance employee productivity. In collaboration with Independent Commission Against Corruption, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kinds of seminars and workshops for the employees to enhance their awareness towards corporate governance.

The Group's training programmes are designed and tailor-made to increase the knowledge of its employees and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their individual interests in order to prepare their future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programmes, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training and educational sponsorships. During the period, the Group organised a number of seminars on subjects like counseling and crisis management, MPF investment management, cross-border insurance arrangement, by external consultants or service providers to enhance employees' general knowledge in the topics concerned.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2012.

Corporate Governance

During the period under review, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules except for the deviation from code provisions A.5.1 and A.6.7 of the Corporate Governance Code, with explanation described below.

Code Provision A.5.1

The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size and composition. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Chairman and/or the Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provision A.6.7

Mr. Philip Tsung Cheng FEI, who was an Independent Non-Executive Director and retired at the conclusion of the annual general meeting of the Company held on 18 October 2012, was unable to attend the aforesaid annual general meeting as he was on an overseas engagement. However, all other Independent Non-Executive Directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Directors and an employees' share dealing rules ("Share Dealing Rules") on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of unpublished price sensitive information. Having made specific enquiry with Directors and the relevant employees, all of them have confirmed that they have fully complied with the Model Code and the Share Dealing Rules respectively throughout the period under review.

On behalf of the Board
Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 21 February 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Six Months Ended 31 December 2012

	NOTES	Six months ended 31 December 2011 (unaudited) RMB'000	**2012 (unaudited) RMB'000**	2011 (unaudited) HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2012 (unaudited) HK$'000**
Toll revenue		1,002,096	**900,474**	1,224,420	**1,110,852**
Revenue on construction		870,994	**671,555**	1,073,935	**835,414**
Turnover	3	1,873,090	**1,572,029**	2,298,355	**1,946,266**
Other income	4	139,771	**80,383**	170,527	**99,329**
Construction costs		(870,994)	**(671,555)**	(1,073,935)	**(835,414)**
Provision for resurfacing charges		(9,946)	**(11,325)**	(12,154)	**(13,974)**
Toll expressway operation expenses		(100,820)	**(124,745)**	(123,389)	**(154,234)**
Depreciation and amortisation charges		(196,074)	**(218,885)**	(239,546)	**(270,156)**
General and administrative expenses		(54,024)	**(50,423)**	(65,957)	**(62,157)**
Finance costs	5	(110,249)	**(117,576)**	(134,515)	**(144,932)**
Profit before tax		670,754	**457,903**	819,386	**564,728**
Income tax expenses	6	(195,071)	**(142,444)**	(238,535)	**(175,662)**
Profit for the period	7	475,683	**315,459**	580,851	**389,066**
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Exchange gain arising on translation to presentation currency		-	-	211,800	**177,711**
Item that may be subsequently reclassified to profit or loss:					
Exchange gain arising on translation of foreign operations		3,292	**576**	-	-
Total comprehensive income for the period		478,975	**316,035**	792,651	**566,777**
Profit for the period attributable to:					
Owners of the Company		467,527	**309,845**	570,886	**382,141**
Non-controlling interests		8,156	**5,614**	9,965	**6,925**
		475,683	**315,459**	580,851	**389,066**
Total comprehensive income for the period attributable to:					
Owners of the Company		470,819	**310,421**	782,686	**558,574**
Non-controlling interests		8,156	**5,614**	9,965	**8,203**
		478,975	**316,035**	792,651	**566,777**
		RMB Cents	**RMB Cents**	HK Cents	**HK Cents**
Earnings per share	9				
Basic and diluted		15.79	**10.32**	19.28	**12.72**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	30 June 2012 (audited) RMB'000	**31 December 2012 (unaudited) RMB'000**	30 June 2012 (audited) HK$'000	**31 December 2012 (unaudited) HK$'000** (FOR INFORMATION PURPOSE ONLY)
ASSETS				
Non-current Assets				
Property and equipment	310,987	**313,714**	379,404	**390,260**
Concession intangible assets	12,787,518	**13,255,928**	15,600,772	**16,490,375**
Balance with a jointly controlled entity	245,777	**253,360**	299,848	**315,180**
Loans to a jointly controlled entity (note i)	-	**390,000**	-	**485,160**
Other deposit	-	**1,000**	-	**1,244**
	13,344,282	**14,214,002**	16,280,024	**17,682,219**
Current Assets				
Inventories	2,008	**1,910**	2,450	**2,377**
Deposits and prepayments	17,448	**11,300**	21,287	**14,057**
Interest and other receivables	95,831	**44,304**	116,913	**55,115**
Loans to a jointly controlled entity (note i)	16,664	**16,399**	20,330	**20,400**
Pledged bank balances and deposits of jointly controlled entities	282,077	**221,652**	344,134	**275,735**
Bank balances and cash				
- The Group	3,755,752	**2,225,078**	4,582,018	**2,767,996**
- Jointly controlled entities	110,245	**83,672**	134,499	**104,088**
	4,280,025	**2,604,315**	5,221,631	**3,239,768**
Total Assets	17,624,307	**16,818,317**	21,501,655	**20,921,987**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	260,941	**270,603**	296,169	**308,169**
Share premium and reserves	7,021,242	**7,314,370**	8,588,095	**9,127,537**
Equity attributable to owners of the Company	7,282,183	**7,584,973**	8,884,264	**9,435,706**
Non-controlling interests	55,335	**53,827**	67,508	**66,961**
Total Equity	7,337,518	**7,638,800**	8,951,772	**9,502,667**
Non-current Liabilities				
Bank loan of the Group	1,000,000	**1,000,000**	1,220,000	**1,244,000**
Bank and other loans of jointly controlled entities	5,416,871	**5,599,343**	6,608,583	**6,965,584**
Balance with a joint venture partner	245,728	**253,311**	299,788	**315,118**
Balance with a jointly controlled entity (note ii)	14,620	**-**	17,836	**-**
Corporate bonds	600,000	**600,000**	732,000	**746,400**
Resurfacing obligations	57,360	**68,306**	69,979	**84,973**
Deferred tax liabilities	327,762	**323,092**	399,870	**401,926**
	7,662,341	**7,844,052**	9,348,056	**9,758,001**
Current Liabilities				
Provision, other payables, accruals and deposits received	760,305	**822,189**	927,572	**1,022,803**
Balance with a joint venture partner	10,000	**20,035**	12,200	**24,924**
Balance with a jointly controlled entity (note ii)	239	**-**	292	**-**
Bank loans				
- The Group	58,033	**77,894**	70,800	**96,900**
- Jointly controlled entities	307,226	**328,094**	374,816	**408,149**
Corporate bonds	1,380,000	**-**	1,683,600	**-**
Other interest payable	27,997	**29,886**	34,157	**37,179**
Tax liabilities	80,648	**57,367**	98,390	**71,364**
	2,624,448	**1,335,465**	3,201,827	**1,661,319**
Total Liabilities	10,286,789	**9,179,517**	12,549,883	**11,419,320**
Total Equity and Liabilities	17,624,307	**16,818,317**	21,501,655	**20,921,987**

Cash and cash equivalents represented by:				
Pledged bank balances and deposits of jointly controlled entities	258,077	**197,652**	314,854	**245,879**
Bank balances and cash				
- The Group	3,265,752	**1,625,127**	3,984,218	**2,021,657**
- Jointly controlled entities	110,245	**83,672**	134,499	**104,088**
	3,634,074	**1,906,451**	4,433,571	**2,371,624**

Notes:

(i) Reconciliation of loans to a jointly controlled entity

	30 June 2012 (audited) RMB'000	**31 December 2012 (unaudited) RMB'000**	30 June 2012 (audited) HK$'000	**31 December 2012 (unaudited) HK$'000**
Principal amount of loans from the Group to a jointly controlled entity	30,000	**810,000**	36,600	**1,007,640**
Interest receivable for loans from the Group to a jointly controlled entity	3,328	**2,798**	4,060	**3,480**
Less: Elimination of the Group's proportionate share of the corresponding amount of the jointly controlled entity	(16,664)	**(406,399)**	(20,330)	**(505,560)**
	16,664	**406,399**	20,330	**505,560**
Analysed for reporting purpose:				
Non-current assets	-	**390,000**	-	**485,160**
Current assets	16,664	**16,399**	20,330	**20,400**
	16,664	**406,399**	20,330	**505,560**

(ii) Reconciliation of balance with a jointly controlled entity

	30 June 2012 (audited) RMB'000	**31 December 2012 (unaudited) RMB'000**	30 June 2012 (audited) HK$'000	**31 December 2012 (unaudited) HK$'000**
Loans from a jointly controlled entity to another jointly controlled entity	365,500	**-**	445,910	**-**
Interest payable for loans from a jointly controlled entity to another jointly controlled entity	5,983	**-**	7,299	**-**
Less: Elimination of the Group's proportionate share of the corresponding amounts of the jointly controlled entities	(356,624)	**-**	(435,081)	**-**
	14,859	**-**	18,128	**-**
Analysed for reporting purpose:				
Non-current liabilities	14,620	**-**	17,836	**-**
Current liabilities	239	**-**	292	**-**
	14,859	**-**	18,128	**-**

Loans from a jointly controlled entity to another jointly controlled entity represented 50% proportionately shared by the Group in respect of the loans made by 廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") to 廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") with the principal amounts of RMB731,000,000 as at 30 June 2012. The amounts have been fully repaid in December 2012.

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Company's functional currency is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in prior financial years was Hong Kong dollars ("HKD"). Starting from 1 July 2012, the Group has changed its presentation currency for the preparation of its condensed consolidated financial statements from HKD to RMB as a result of that the Group has been receiving RMB dividends directly from both of the GS Superhighway JV and the West Route JV. Moreover, the Company raised funding in recent years were mostly in RMB and placed 120 million RMB-traded shares of the Company on the RMB counter of the Stock Exchange on 29 October 2012. Accordingly, the directors of the Company consider that it is more appropriate to use RMB as the presentation currency in presenting the operating results and financial positions of the Group. The presentation of HKD amounts in these condensed consolidated financial statements is for information purpose only.

For the purpose of presenting the condensed consolidated financial statements of the Group in HKD, the assets and liabilities for the condensed consolidated statement of financial position are translated into HKD at the closing rate at the date of the condensed consolidated statement of financial position. Income and expenses for the condensed consolidated statement of profit or loss and other comprehensive income are translated at the average exchange rates for the month of the transactions, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. The share capital, and the share premium and reserves are translated at the exchange rate at the date when the amount was determined (i.e. the rate at the date of transaction for an item measured in terms of the historical cost). The non-controlling interests for the condensed consolidated statement of financial position are translated into HKD at the closing rate at the date of the condensed consolidated statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements for the six months ended 31 December 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012, except for the change of presentation currency of the Group from HKD to RMB as explained in note 1.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRSs 2009 - 2011 Cycle[1]
IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities[2]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]

IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[2]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.

Except IFRS 10, IFRS 11 and IFRS 12 in which the effects have been described in the Group's annual financial statements for the year ended 30 June 2012, the directors of the Company anticipate that the application of other new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the Group's proportionate share of the jointly controlled entities' toll revenue received and receivable from the operations of toll expressways in the PRC, net of business tax, and revenue on construction and is analysed as follows:

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
Toll revenue before business tax	1,032,912	**928,329**	1,262,073	**1,145,215**
Business tax	(30,816)	**(27,855)**	(37,653)	**(34,363)**
	1,002,096	**900,474**	1,224,420	**1,110,852**
Revenue on construction	870,994	**671,555**	1,073,935	**835,414**
	1,873,090	**1,572,029**	2,298,355	**1,946,266**

The Group's operating segments, based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment, are as follows:

- Guangzhou-Shenzhen Superhighway ("GS Superhighway")
- Phase I of the Western Delta Route ("Phase I West")
- Phase II of the Western Delta Route ("Phase II West")

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

Segment revenue and results

	Six months ended 31 December					
	2011			**2012**		
	Segment revenue RMB'000	Earnings before interest and tax ("EBIT") RMB'000	Segment results RMB'000	**Segment revenue RMB'000**	**EBIT RMB'000**	**Segment results RMB'000**
GS Superhighway	875,675	613,305	424,527	**745,494**	**452,795**	**306,063**
Phase I West	37,597	23,495	16,222	**40,215**	**25,858**	**17,004**
Phase II West	88,824	48,643	(19,094)	**114,765**	**59,976**	**(10,531)**
Total	1,002,096	685,443	421,655	**900,474**	**538,629**	**312,536**
Corporate interest income from bank deposits			44,411			**41,436**
Corporate interest income from loans made by the Group to a jointly controlled entity			14,211			**3,129**
Other income			726			**697**
Corporate general and administrative expenses			(20,876)			**(19,110)**
Corporate finance costs			(26,663)			**(29,964)**
Corporate income tax expenses			(4,737)			**(2,949)**
Net exchange gain, net of related income tax expenses			46,956			**9,684**
Profit for the period			475,683			**315,459**

	Six months ended 31 December					
	2011			**2012**		
	Segment revenue HK$'000	EBIT HK$'000	Segment results HK$'000	**Segment revenue HK$'000**	**EBIT HK$'000**	**Segment results HK$'000**
GS Superhighway	1,069,929	749,704	519,120	**919,640**	**558,158**	**377,266**
Phase I West	45,938	28,696	19,829	**49,614**	**31,885**	**20,962**
Phase II West	108,553	59,456	(23,306)	**141,598**	**73,960**	**(13,029)**
Total	1,224,420	837,856	515,643	**1,110,852**	**664,003**	**385,199**
Corporate interest income from bank deposits			54,043			**50,950**
Corporate interest income from loans made by the Group to a jointly controlled entity			17,294			**3,882**
Other income			881			**855**
Corporate general and administrative expenses			(25,923)			**(23,496)**
Corporate finance costs			(32,447)			**(36,837)**
Corporate income tax expenses			(6,055)			**(3,629)**
Net exchange gain, net of related income tax expenses			57,415			**12,142**
Profit for the period			580,851			**389,066**

All of the segment revenue reported above is earned from external customers.

Segment result represents the profit earned or loss incurred by each segment without allocation of corporate interest income (from bank deposits and loans made by the Group to a jointly controlled entity), other income (excluding interest income from bank deposits of jointly controlled entities, rental income and other income derived from jointly controlled entities), corporate general and administrative expenses, corporate finance costs, corporate income tax expenses and net exchange gain, net of related income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Reconciliation from segment revenue to turnover

	Six months ended 31 December			
	2011 RMB'000	**2012 RMB'000**	2011 HK$'000	**2012 HK$'000**
Segment revenue - net toll revenue	1,002,096	**900,474**	1,224,420	**1,110,852**
Revenue on construction	870,994	**671,555**	1,073,935	**835,414**
Turnover	1,873,090	**1,572,029**	2,298,355	**1,946,266**

4. OTHER INCOME

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
Interest income from:				
Bank deposits	45,519	**42,447**	55,404	**52,200**
Loans made by the Group to a jointly controlled entity	14,211	**3,129**	17,294	**3,882**
Imputed interest income on interest-free registered capital contributions to a jointly controlled entity	5,829	**7,583**	7,058	**9,356**
Net exchange gain	61,378	**12,944**	75,050	**16,227**
Rental income	1,976	**3,876**	2,419	**4,797**
Management fee income from jointly controlled entities	726	**697**	881	**855**
Advertising income	4,127	**2,892**	5,063	**3,582**
Others	6,005	**6,815**	7,358	**8,430**
	139,771	**80,383**	170,527	**99,329**

5. FINANCE COSTS

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
Interest on:				
Bank loans	99,803	**153,582**	121,979	**189,392**
Corporate bonds	25,418	**6,040**	30,932	**7,415**
Loans made by the Group to a jointly controlled entity	7,105	**1,565**	8,647	**1,941**
Loans made by a jointly controlled entity to another jointly controlled entity	390	**410**	476	**505**
Loans made by a joint venture partner to a jointly controlled entity	-	**461**	-	**569**
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	5,828	**7,583**	7,057	**9,356**
Other interest-free loan	198	**211**	243	**261**
	138,742	**169,852**	169,334	**209,439**
Other financial expenses	1,253	**1,890**	1,525	**2,324**
	139,995	**171,742**	170,859	**211,763**
Less: Amounts included in toll expressway construction costs	(29,746)	**(54,166)**	(36,344)	**(66,831)**
	110,249	**117,576**	134,515	**144,932**

6. INCOME TAX EXPENSES

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")				
- The Group	20,533	**28,063**	25,077	**34,895**
- A jointly controlled entity	164,505	**117,668**	200,947	**145,092**
- Refund of EIT of a jointly controlled entity recognised in prior year	(1,810)	**-**	(2,232)	**-**
Deferred taxation	11,843	**(3,287)**	14,743	**(4,325)**
	195,071	**142,444**	238,535	**175,662**

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong.

The EIT charge of the Group for the six months ended 31 December 2012 included an amount of RMB25,114,000 (approximately HK$31,266,000) (six months ended 31 December 2011: RMB16,320,000 (approximately HK$19,951,000)) representing the withholding tax imposed on dividends declared during the period by a jointly controlled entity of the Group which the corresponding amount had already been provided for deferred tax in prior period in respect of undistributed earnings of PRC jointly controlled entities.

The EIT charge of a jointly controlled entity represents the Group's proportionate share of the provision for the EIT of GS Superhighway JV amounting to RMB117,668,000 (approximately HK$145,092,000) (six months ended 31 December 2011: RMB164,505,000 (approximately HK$200,947,000)), which is calculated at 25% (six months ended 31 December 2011: 24%) of the estimated taxable profit for the period. No provision for the EIT of West Route JV has been made as West Route JV has no assessable profit during both periods presented.

7. PROFIT FOR THE PERIOD

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
Profit for the period has been arrived at after charging:				
Amortisation of concession intangible assets	179,067	**198,963**	218,768	**245,576**
Depreciation of property and equipment	17,007	**19,922**	20,778	**24,580**

8. DIVIDENDS

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
Dividends paid and recognised as distribution during the period:				
Final dividend for the year ended 30 June 2012 paid of HK16.00 cents (approximately RMB12.95 cents) per share (six months ended 31 December 2011: HK18.00 cents (approximately RMB14.88 cents) per share for the year ended 30 June 2011)	440,582	**383,427**	533,104	**473,870**

Subsequent to the interim period end, the directors have declared that an interim dividend in respect of the year ending 30 June 2013 of RMB10.00 cents (approximately HK12.34 cents) per share (six months ended 31 December 2011: an interim dividend of HK18.00 cents (approximately RMB14.66 cents) per share for the year ended 30 June 2012) amounting to approximately RMB308,169,000 (approximately HK$380,281,000) (six months ended 31 December 2011: HK$533,104,000 (approximately RMB434,124,000)) shall be paid to the shareholders of the Company whose names appear on the Register of Members on 8 March 2013.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 31 December			
	2011	**2012**	2011	**2012**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
Earnings for the purposes of basic and diluted earnings per share	467,527	**309,845**	570,886	**382,141**

	Six months ended 31 December	
	2011	**2012**
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,961,690,283	**3,003,429,413**

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the shares during both periods presented.

10. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities as at 31 December 2012 amounting to RMB15,482,852,000 (approximately HK$19,260,668,000) (30 June 2012: RMB14,999,859,000 (approximately HK$18,299,828,000)). The Group's net current assets as at 31 December 2012 amounting to RMB1,268,850,000 (approximately HK$1,578,449,000) (30 June 2012: RMB1,655,577,000 (approximately HK$2,019,804,000)).

APPENDIX

The financial summary of the Group presented in RMB since its listing on the Stock Exchange in August 2003.

10-Year Financial Summary

Consolidated Results (in RMB million)*(1)*

	Year ended 30 June									Six months ended 31 December
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2012**
Net toll revenue	1,324	1,613	1,801	2,026	1,601	1,593	1,706	1,934	1,949	900
Profit before tax	821	1,059	1,329	1,554	2,343	1,114	1,112	1,250	1,220	458
Income tax expenses	(24)	(71)	(121)	(161)	(417)	(165)	(256)	(368)	(369)	(142)
Profit for the year / period	797	988	1,208	1,393	1,926	949	856	882	851	316
Profit for the year attributable to:										
Owners of the Company	**781**	**969**	**1,187**	**1,367**	**1,909**	**933**	**841**	**866**	**836**	**310**
Non-controlling interests	16	19	21	26	17	16	15	16	15	6
Profit for the year / period	**797**	**988**	**1,208**	**1,393**	**1,926**	**949**	**856**	**882**	**851**	**316**

Consolidated Statement of Financial Position (in RMB million)*(2)*

	As at 30 June									As at 31 December
	2004	2005	2006	2007	2008	2009	2010	2011	2012	**2012**
Property and equipment	28	69	101	152	162	167	268	271	310	314
Concession intangible assets	12,036	11,815	11,372	11,469	9,113	9,910	10,963	11,908	12,788	13,256
Balance with and loans to a jointly controlled entity	1,156	1,166	1,200	786	467	124	155	193	246	643
Bank deposits	-	-	-	-	-	-	-	490	-	-
Other deposit	-	-	-	-	-	-	-	-	-	1
Current assets	2,772	3,140	3,692	4,436	5,582	2,626	2,645	3,020	4,280	2,604
Total assets	**15,992**	**16,190**	**16,365**	**16,843**	**15,324**	**12,827**	**14,031**	**15,882**	**17,624**	**16,818**
Current liabilities	467	486	545	616	603	702	1,696	1,087	2,624	1,335
Non-current liabilities	5,833	5,681	5,338	5,700	4,518	4,765	5,053	7,424	7,662	7,844
Total liabilities	**6,300**	**6,167**	**5,883**	**6,316**	**5,121**	**5,467**	**6,749**	**8,511**	**10,286**	**9,179**
Non-controlling interests	34	35	37	43	45	42	45	50	55	54
Equity attributable to owners of the Company	**9,658**	**9,988**	**10,445**	**10,484**	**10,158**	**7,318**	**7,237**	**7,321**	**7,283**	**7,585**

Consolidated Statement of Cash Flows (in RMB million)

	Year ended 30 June									Six months ended 31 December
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
Net cash from operating activities	1,328	1,374	1,517	1,758	1,213	1,357	1,261	1,335	1,322	620
Net cash from (used in) investing activities	(3,026)	1,448	884	(106)	1,325	(1,023)	(1,682)	(1,850)	(868)	(1,025)
Net cash from (used in) financing activities	1,914	(1,066)	(1,004)	(742)	(700)	(3,283)	(78)	936	770	(1,323)
Net increase (decrease) in cash and cash equivalents	216	1,756	1,397	910	1,838	(2,949)	(499)	421	1,224	(1,728)
Cash and cash equivalents at the beginning of year /period	195	411	2,168	3,482	4,213	5,462	2,531	2,001	2,411	3,634
Effect of foreign exchange rate changes	-	1	(83)	(179)	(576)	18	(31)	(11)	(1)	-
Effect of profit sharing of a jointly controlled entity	-	-	-	-	(13)	-	-	-	-	-
Cash and cash equivalents at the end of year / period	411	2,168	3,482	4,213	5,462	2,531	2,001	2,411	3,634	1,906

Per Share Basis

	Year ended 30 June									Six months ended 31 December
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
Basic earnings per share (RMB cents)	27.1	33.5	40.0	46.0	64.3	31.5	28.4	29.2	28.2	10.3
Dividend per share (RMB cents)										
- Interim	10.7	10.9	12.0	15.1	15.9	15.0	15.0	13.6	14.7	10.0
- Final	13.3	13.6	17.5	19.5	11.4	15.9	13.1	14.9	13.0	
- Special	-	-	-	-	31.2	73.9	-	-	-	
Net asset value per share (RMB)	3.4	3.5	3.5	3.5	3.4	2.5	2.4	2.5	2.5	2.5

Financial Ratios

	As at 30 June									As at 31 December
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
Gearing ratio (Net debt(3) to equity) attributable to owners of the Company	54%	36%	18%	14%	0%	30%	43%	57%	67%	71%
Return on equity attributable to owners of the Company	8%	10%	12%	13%	17%	13%	12%	12%	12%	8%(5)
Dividend payout ratio	89%	73%	74%	75%	91%	98%(4)	99%	98%	98%	99.5%

Notes:

(1) For the purpose of presenting the consolidated results in RMB, income and expenses are translated at the average exchange rates for the month of the transactions, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used.

(2) For the purpose of presenting the consolidated statement of financial position in RMB, the assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position. The share capital, and the share premium and reserves are translated at the exchange rate at the date when the amount was determined (i.e. the rate at the date of transaction for an item measured in terms of the historical cost). The non-controlling interests are translated at the closing rate at the date of the consolidated statement of financial position.

(3) Net debt is defined as total debt (including bank and other loans of jointly controlled entities, balance with a joint venture partner and RMB corporate bonds) less the bank balances and cash together with pledged bank balances and deposits exceeded total debt as at the reporting date.

(4) Excluding extraordinary special dividend of RMB73.9 cents per share.

(5) Annualised figures

GLOSSARY

"1H FY12"	the first half of FY12
"1H FY13"	the first half of FY13
"Board"	the board of Directors
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHI"	Hopewell Highway Infrastructure Limited
"Director(s)"	director(s) of the Company
"EBIT"	earnings before interest and taxation
"EBITDA"	earnings before interest taxation depreciation and amortisation
"EIT"	Enterprise Income Tax
"FY07"	the financial year ended 30 June 2007
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ended 30 June 2012
"FY13"	the financial year ending 30 June 2013
"GDP"	Gross Domestic Product
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"HZM Bridge"	the Hong Kong-Zhuhai-Macau Bridge
"JCE/JCEs"	the jointly controlled entity/entities
"JV"	joint venture
"km"	kilometre
"Listing Rules"	the Rules Governing the Listing of Securities on Stock Exchange
"Macau"	the Macau Special Administrative Region of PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Phase I West"	Phase I of Western Delta Route
"Phase II West"	Phase II of Western Delta Route
"Phase III West"	Phase III of Western Delta Route
"PRC" or "China"	the People's Republic of China
"PRD"	Pearl River Delta
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States"	the United States of America
"US$" or "US Dollar(s)"	United States Dollars, the lawful currency of the United States
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"Western Delta Route"	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West

As at the date of this announcement, the Board comprises six Executive Directors namely, Sir Gordon Ying Sheung WU (Chairman), Mr. Eddie Ping Chang HO (Vice Chairman), Mr. Thomas Jefferson WU (Managing Director), Mr. Alan Chi Hung CHAN (Deputy Managing Director), Mr. Cheng Hui JIA and Mr. Alan Ming Fai TAM; and four Independent Non-Executive Directors namely, Mr. Kojiro NAKAHARA, Professor Chung Kwong POON, Mr. Yuk Keung IP and Mr. Brian David Man Bun LI.