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## 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)

### FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014

#### FINANCIAL HIGHLIGHTS

(in million RMB dollars, unless otherwise stated)

For the year ended 30 June	2013	2014	% Change
Net toll revenue	1,803	<b>1,916</b>	+6%
EBITDA of toll expressways	1,545	<b>1,627</b>	+5%
Profit attributable to owners of the Company	601	<b>553</b>	-8%
EPS (RMB cents)	19.75	<b>17.94</b>	-9%
Interim DPS (RMB cents/HK cents)	10.00/12.3394	<b>9.80/12.4590</b>	-2%
Final DPS (RMB cents/HK cents)	9.00/11.3122	<b>8.10/10.1806</b>	-10%
Total DPS (excluding special DPS) (RMB cents/HK cents)	19.00/23.6516	<b>17.90/22.6396</b>	-6%
Special final DPS (RMB cents/HK cents)	10.00/12.5691	-	-
Net Assets per share (RMB) (as of 30 June)	2.46	<b>2.35</b>	-4%

#### CHAIRMAN'S STATEMENT

I am pleased to report the Group's results for the financial year ended 30 June 2014. The Group's share of the aggregate net toll revenue rose by approximately 6% to RMB1,916 million, compared to the previous year. This was mainly due to the fact that the toll revenue of Phase II West continued to grow robustly and became profitable since the first half of FY14, and the uptake in toll revenue of Phase III West with its first full-year operation. The toll revenue of GS Superhighway edged up 0.4% mainly due to the full opening of the Coastal Expressway on 28 December 2013.

The aggregate EBITDA of toll expressways (excluding an exchange gain on GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax expenses) increased by 5%, from RMB1,545 million to RMB1,627 million. The Group's net profit from its toll road projects decreased by 8% from RMB581 million to RMB535 million. Meanwhile, the profit attributable to owners of the Company declined by 8%, from RMB601 million to RMB553 million. Basic earnings per share for the year decreased by 9% from the previous year's RMB19.75 cents to RMB17.94 cents.

### **Final Dividend**

The Board has proposed a final dividend of RMB8.1 cents (equivalent to HK10.1806 cents at the exchange rate of RMB1:HK\$1.25687) per share for the year ended 30 June 2014. Together with an interim dividend of RMB9.8 cents per share that has already been paid, the total regular dividends for the year will amount to RMB17.9 cents per share. This represents a decrease of 6% on the last financial year's total regular dividends of RMB19 cents per share (excluding a special final dividend of RMB10 cents per share). It represents a regular dividend payout ratio of 99.8% of the Company's profit attributable to owners of the Company and will be 2.8% higher than that of the previous year.

Subject to shareholders' approval at the 2014 Annual General Meeting to be held on Tuesday, 21 October 2014, the proposed final dividend will be paid on Tuesday, 25 November 2014 to shareholders who were registered at the close of business on Monday, 27 October 2014.

If the proposed final dividend is approved by the shareholders at the 2014 Annual General Meeting, it 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 Tuesday, 26 August 2014 and shareholders will be given the option of electing to receive the final 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 Thursday, 13 November 2014. **If no dividend election is made by a shareholder, such shareholder will receive the final dividend in HK Dollars.**

### **Closure of Register**

To ascertain shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Monday, 27 October 2014, if and only if the proposed final dividend is approved by the shareholders at the 2014 Annual General Meeting. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the proposed final 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 Friday, 24 October, 2014.

To ascertain shareholders' eligibility to attend and vote at the 2014 Annual General Meeting to be held on Tuesday, 21 October 2014, the Register of Members of the Company will be closed from Wednesday, 15 October 2014 to Tuesday, 21 October 2014, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the 2014 Annual General Meeting, 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 Tuesday, 14 October 2014.

### **Prospects**

During the year under review, the effect of financial crisis gradually subsided and confidence was restored. The US Federal Reserve decided to diminish the scale of its bond-buying programme and would also maintain low interest rates while the global economic conditions continued to improve.

The economic agenda for China in the coming years has been set by the new Chinese leadership. In the course of undertaking a series of structural reforms, the economy maintained a slower paced but sustainable growth. The national GDP of China and Guangdong grew by 7.4% and 7.5% respectively in the first half of 2014. The PRC Central Government currently targets a GDP growth of over 7% for 2014 to maintain labour market stability. The national car sales volume maintained its growth momentum during the first half of 2014. According to the latest statistics, car sales increased by 8% to around 12 million vehicles during the first half of 2014. Class 1 small car traffic in Guangdong continued to increase, due to the healthy growth of passenger car sales. The Group's expressways will benefit under the healthy economic backdrop.

The 89-km Coastal Expressway has been fully opened since 28 December 2013. An 18-km stretch of its Guangzhou-Dongguan section was toll-free since the full opening but resumed tolling starting from 1 August 2014. The Group believes the diversion impact from the full opening of the Coastal Expressway on the GS Superhighway has fully been realised and will continue to monitor the situation. At the same time, the Group sees the GS Superhighway will remain competitive as it offers convenient access to populous downtown areas and major expressways.

The Western Delta Route is the most direct and convenient expressway artery in the regional expressway network that covers the most prosperous cities on the PRD's western bank, including Guangzhou, Foshan, Zhongshan and Zhuhai. It offers convenient access to the Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge, which is expected to be completed by the end of 2016.

The Group has a sound financial plan and enjoys a strong and solid financial position with net cash on hand amounted to RMB116 million as of 30 June 2014. The Group has well-arranged financial resources for the funding requirements of West Route JV, which are sufficiently funded by the Group's net cash on hand, available committed undrawn banking facilities and stable cash dividends from GS Superhighway JV. Nevertheless, the Group is currently exploring opportunities to lower the overall finance costs of its PRC JV companies and will continue to strengthen its financial position.

### **Change of Director**

Mr. Alan Ming Fai TAM resigned as an Executive Director of the Company with effect from 8 November 2013 due to his transfer to Hopewell Holdings Limited, the holding company of the Company, and he is now involved primarily in project management and construction cost control. I would like to take this opportunity to thank Mr. Alan Ming Fai TAM for his valuable contribution to the Company during his tenures of office.

### **Appreciation**

I would like to take this opportunity to thank the Group's Managing Director, my fellow Directors, the management team and all staff members for their hard work, dedication and commitment during the past year. I would also like to thank all our shareholders, financiers and business partners for their continuous support and confidence in the Group, which contributed greatly towards the Group's success during the past year.

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE  
*Chairman*

Hong Kong, 26 August 2014

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

During the year under review, the aggregate average daily traffic volume on the GS Superhighway, Phase I West, Phase II West and Phase III West increased by 11% to 613,000 vehicles, while their aggregate average daily toll revenue increased by 6% to RMB11.2 million. The growth in toll revenue was mainly due to the robust growth of Phase II West and the uptake in Phase III West after its opening on 25 January 2013. The combined toll revenue of the Group's four projects amounted to RMB4,078 million.

Despite a decline of 5% in the average daily toll revenue of the GS Superhighway in the second half of FY14 which resulted mainly from the full opening of the Coastal Expressway on 28 December 2013, it edged up 0.4% to RMB8.7 million in FY14. However, the average daily traffic of the GS Superhighway grew by 4% during the year to 444,000 vehicles and continued to reach historical high level, mainly driven by a 5% growth of Class 1 small cars.

The opening of Phase III West in January 2013 marked the completion of the entire Western Delta Route. During the year under review, the Western Delta Route continued to grow and its total toll revenue accounted for 23% of the Group's shared aggregate toll revenue, compared to 18% in FY13.

Phase I West recorded healthy growth and Phase II West maintained robust growth, attributed to the synergy created with each other and Phase III West after its opening in January 2013. During the year under review, the average daily traffic and average daily toll revenue of Phase I West grew by 15% and 10%, amounted to 49,000 vehicles and RMB499,000 respectively. The average daily traffic and average daily toll revenue of Phase II West were 100,000 vehicles and RMB1,559,000, representing growth of 26% and 20% respectively. Phase II West became profitable since the first half of FY14.

Phase III West's traffic and toll revenue have been ramping up steadily. Its average daily traffic and average daily toll revenue grew by 47% and 49% to 20,000 vehicles and RMB434,000 respectively as compared to the period from 25 January to 30 June in 2013. In July 2014, the average daily traffic and average daily toll revenue of Phase III West reached 25,000 vehicles and RMB559,000, continued to rise by 44% and 49% year-on-year respectively.

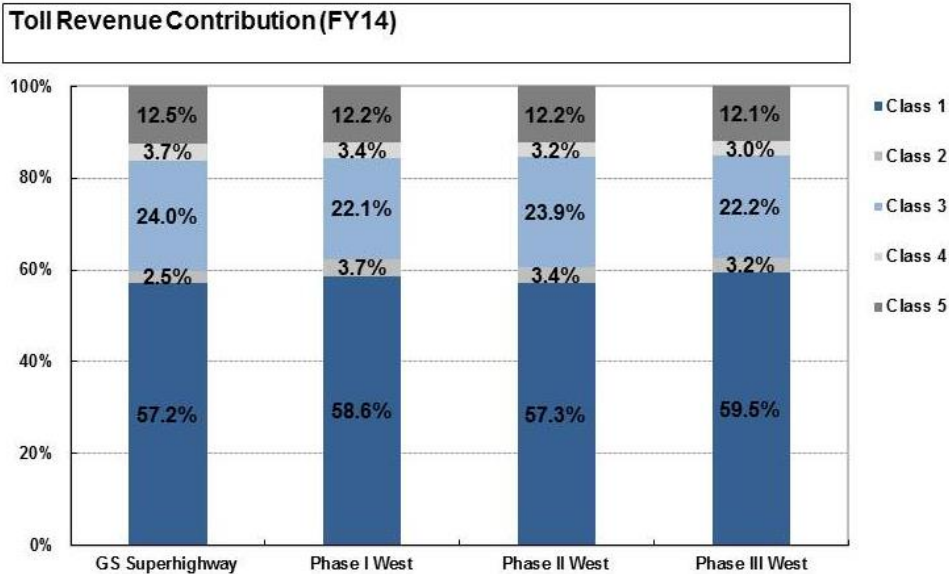
Financial Year	2013	2014	% Change
<b><i>GS Superhighway (at JV company level)</i></b>			
Average Daily Traffic (No. of vehicles '000)	427	<b>444</b>	+4%
Average Daily Toll Revenue (RMB '000)	8,651	<b>8,682</b>	+0.4%
<b><i>Phase I West (at JV company level)</i></b>			
Average Daily Traffic (No. of vehicles '000)	42	<b>49</b>	+15%
Average Daily Toll Revenue (RMB '000)	453	<b>499</b>	+10%
<b><i>Phase II West (at JV company level)</i></b>			
Average Daily Traffic (No. of vehicles '000)	79	<b>100</b>	+26%
Average Daily Toll Revenue (RMB '000)	1,303	<b>1,559</b>	+20%
<b><i>Phase III West (at JV company level)</i></b>			
Average Daily Traffic (No. of vehicles '000)	14*	<b>20</b>	+47%
Average Daily Toll Revenue (RMB '000)	291*	<b>434</b>	+49%

\* Phase III West opened on 25 January 2013. Average daily figures are based on the period from 25 January 2013 to 30 June 2013.

## **Economic Environment**

The economic agenda for China in the coming years has been set by the new Chinese leadership. In the course of undertaking a series of structural reforms, the economy maintained a slower paced but sustainable growth. The national GDP of China and Guangdong grew by 7.4% and 7.5% respectively in the first half of 2014. As the core economic region of the Guangdong Province, the PRD region's economy also posted a strong growth. In the first half of 2014, the GDP of three main cities namely Guangzhou, Dongguan and Shenzhen, where the GS Superhighway passes through, recorded 8.3%, 7.5% and 8.0% growth respectively, while the GDP of Foshan, Zhongshan and Zhuhai, where the Western Delta Route passes through, grew by 7.7%, 7.6% and 9.8% respectively. The growth of the above six cities (except Dongguan) outstripped the average of the province and altogether they contributed around 72% to Guangdong's GDP. The total car ownership of Guangdong grew 13% and reached a new record high of 11.8 million vehicles at the end of 2013, in which 71% was accounted for the aforesaid six cities. The prosperous economic development and the rising car ownership in these cities will continue to stimulate demand for transportation, thus further propelling the growth of the Group's expressways.

During 2013, driven by the demand in passenger cars, China has recorded a double-digit growth in car sales with around 22 million vehicles sold and remained as the world’s largest vehicle sales market for the fifth consecutive year. Looking into 2014, car sales during the first half of the year increased by 8% to around 12 million vehicles. The market outlook for the whole year remains healthy. The China Association of Automobile Manufacturers expects the market to expand by 8% to 10% with total sales of around 24 million vehicles in 2014. Given that Class 1 small cars contributed over 50% to the toll revenue of our expressway projects, the Company believes that the GS Superhighway and the Western Delta Route will continue to benefit from the robust growth of PRC’s passenger car sales market.

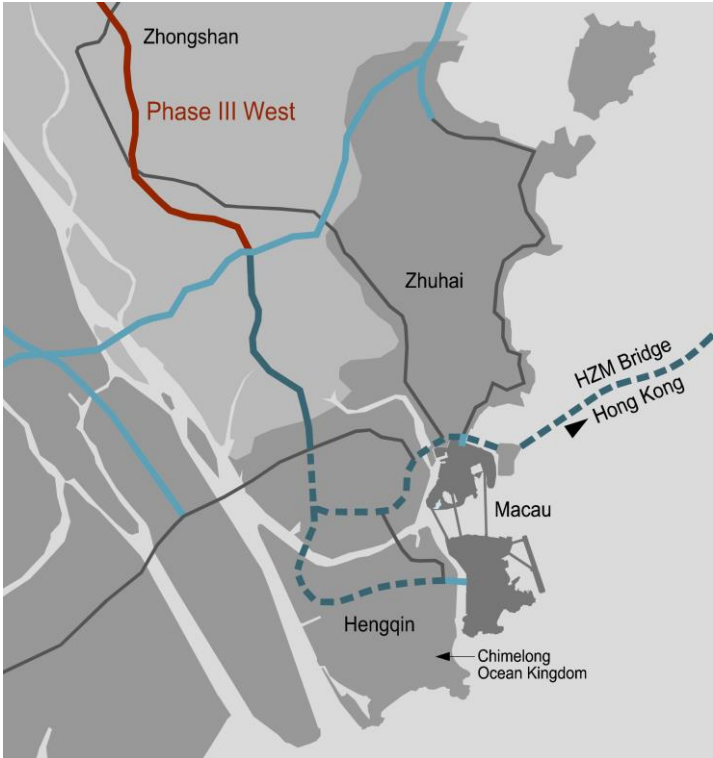


**Growth potential of the Western Delta Route**

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprised of Phase I West, Phase II West and Phase III West. It is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Macau and Hong Kong. The Twelfth Five-year Plan (2011-2015) of Guangzhou, Foshan, Zhongshan and Zhuhai have revealed a medium term economic plan, targeting on an average annual GDP growth rate of 11.0%, 10.0%, 11.0% and 14.9% respectively. The future healthy economic development of the four main cities on the western bank of the PRD region will create greater demand for transportation along the Western Delta Route.

The Western Delta Route runs along the central axis and locates at the heart of the western bank of the PRD region. It is well connected with the existing Guangzhou Ring Road, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway and will link up with the forthcoming Guangzhou-Gaoming Expressway, HZM Bridge, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will be completed by 2016, 2016, 2018 and 2020 respectively, according to the media reports) to form a comprehensive regional expressway network. With reference to the experience of the GS Superhighway, good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

The HZM Bridge is planned to be opened by the end of 2016 according to the media reports. Cities on the western bank of the PRD region will fall into a 3-hour commuting radius from Hong Kong. The cross border tourism and freight transport between the western bank of the PRD region and Hong Kong will be stimulated due to more convenient land transport and shorter travelling time. The travelling time between Hong Kong and Zhuhai will be substantially shortened to around 30 minutes via the HZM Bridge in the future instead of spending as much as 4 hours by land or over 1 hour by sea. With reference to the opening of the Hong Kong-Shenzhen Western Corridor in 2007, the number of cross-border license for private cars was increased to meet the enlarged capacity of the border crossings. It is expected that more private car cross-border licenses will be issued for the new HZM Bridge border crossing in the long term. The HZM Bridge's opening will foster the region's economic development and integration.





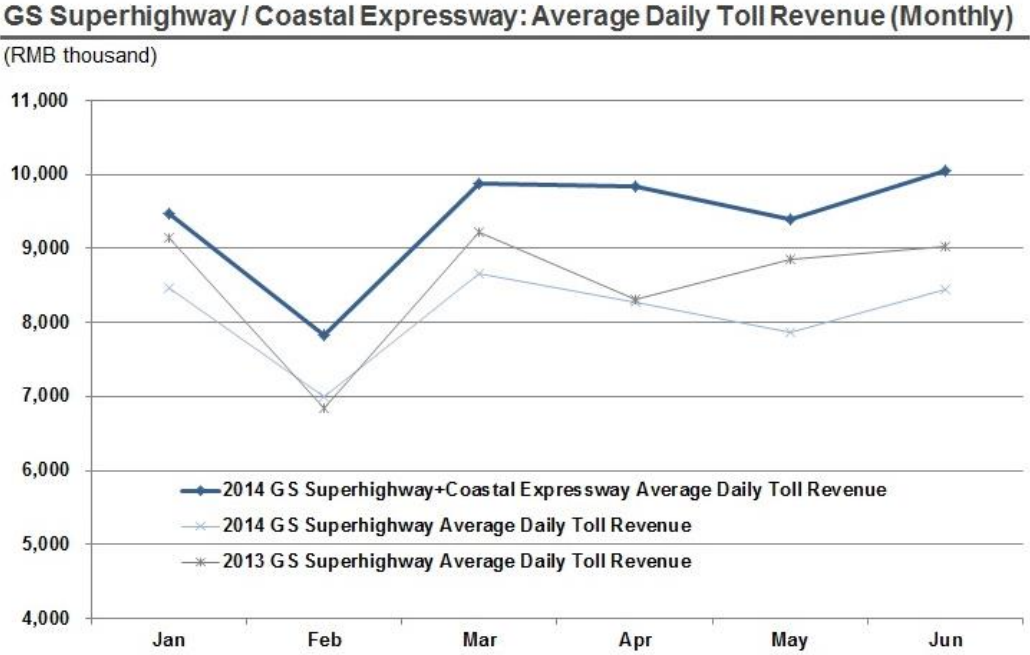
Hengqin in Zhuhai has become China's third State-level Strategic New Zone after Shanghai's Pudong District and Tianjin's Binhai area. It is being positioned as a new growth hub focusing on the development of business services, tourism, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. Media reports the total investments of ongoing projects reached over RMB250 billion as of January 2014. The first phase of Chimelong International Ocean Tourist Resort, one of the Hengqin's signature projects comprised of Chimelong Ocean Kingdom, Hengqin Bay Hotel and International Circus Town with investment of over RMB20 billion, was officially opened on 29 March 2014. The Chimelong Ocean Kingdom started off with receiving around 500,000 visitors during the Lunar New Year holidays (trial opening period), creating a boost to the tourism in Hengqin and Zhuhai. This world-class marine park with resorts and hotels facilities aims to attract more than 20 million tourists a year from around the world according to the media. The first China International Circus Festival was held in Hengqin from 20 November to 1 December 2013. It will be a sustainable event held every two years thereafter. In addition, a 5-square-kilometre Guangdong-Macao Co-operation Industrial Park was established as a platform for stepping up regional co-operation and development. The Macao Trade and Investment Promotion Institute has recently recommended 33 qualified post-screening projects to be developed in the park. Most projects concentrate on cultural, creative and tourism industries and the total estimated project investment amounted to RMB140 billion. Macau will also increase leisure facilities notably with the expansion and construction of new gaming resorts and hotels starting in 2015. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin and Macau, will benefit from the increase in passenger flows and the demand for transportation brought along by the development of the region.

### **Full Opening of a Parallel Road**

The 89-km Coastal Expressway has been fully opened on 28 December 2013 which led to a half-year impact on the FY14 results of the Company. The GS Superhighway's average daily toll revenue dropped by 5% year-on-year in the second half of FY14, mainly due to the full opening of the Coastal Expressway. The Group believes the diversion impact from the full opening of the Coastal Expressway on the GS Superhighway has fully been realised.

An 18-km stretch of the Guangzhou-Dongguan section of the Coastal Expressway was toll-free since its opening but such section resumed tolling starting from 1 August 2014. During 1 to 15 August 2014, the average daily toll revenue and average daily traffic of the GS Superhighway decreased by 5% and 1% year-on-year respectively. The Group will continue to monitor the situation.

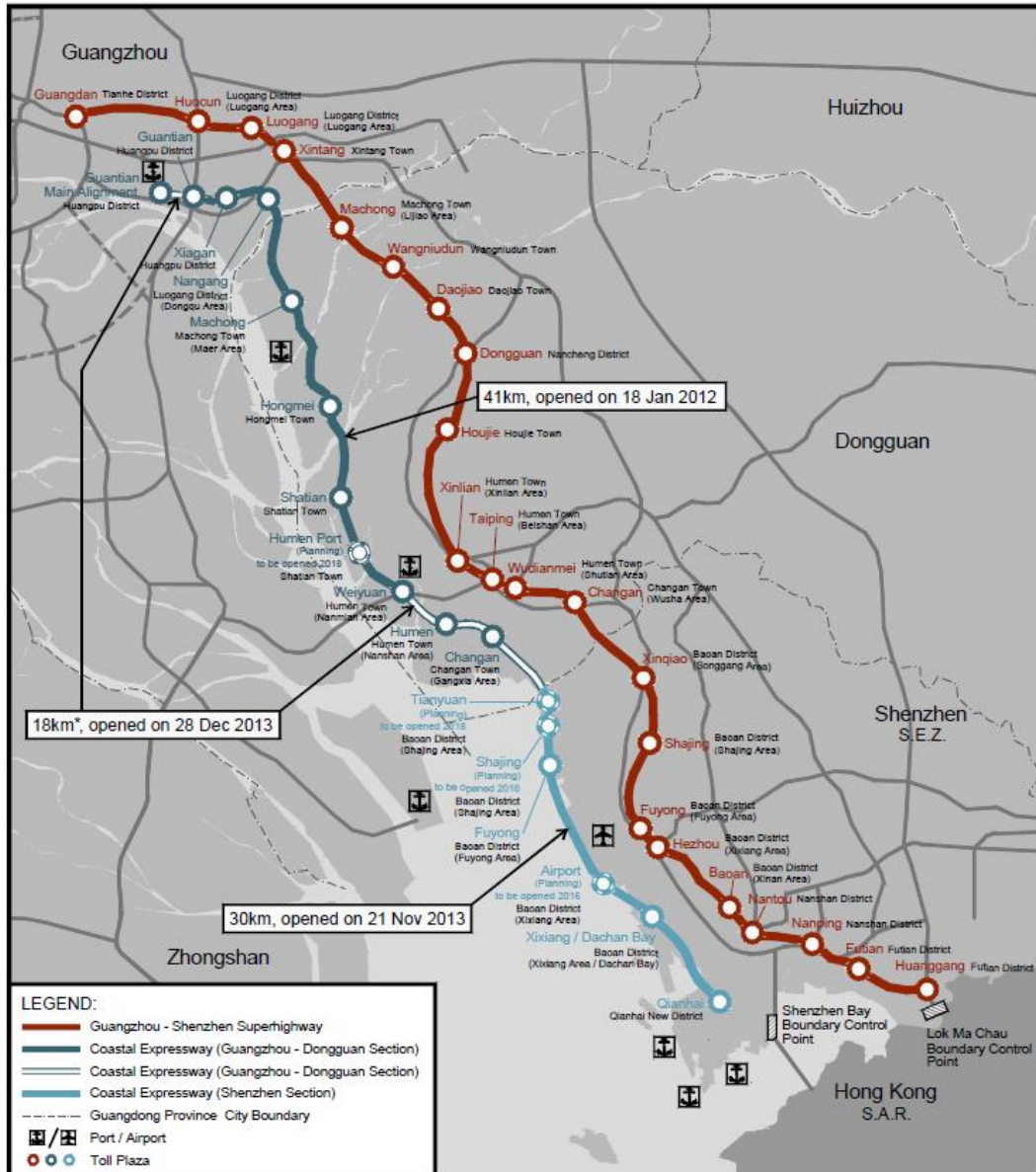
Based on the average daily toll revenue, the market comprising the GS Superhighway and the Coastal Expressway grew around 10%. This will be further supported by the solid demand for toll road usage in Guangdong Province. During January 2014 to June 2014, the provincial freight traffic and passenger traffic both increased by 11% year-on-year. 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.



There are two misconceptions concerning the GS Superhighway and the Coastal Expressway. The first is that the travelling distance between Hong Kong and Guangzhou via the GS Superhighway is longer than that via the Coastal Expressway. The second is that the GS Superhighway’s 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 distance from Hong Kong to Guangzhou via the GS Superhighway or the Coastal Expressway differs by about 5%. More specifically, when one compares the entire length of the Coastal Expressway (from its starting point to its 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. Moreover, the tariff rate for all expressways in Guangdong with 6 or more lanes has been the same since the Tariff Proposal’s implementation in June 2012. Thus, there is no difference between the tariff rates of the GS Superhighway and the Coastal Expressway.



In fact, the GS Superhighway remains a more competitive option for road users. Its strategic geographical location offers convenient access to populous downtown areas and major expressways, whereas the Coastal Expressway is designed mainly to connect ports along the eastern shore of the PRD and to serve trucks destined for them. Thus, it attracts different target customers. Moreover, the GS Superhighway is well-equipped with professional patrol and rescue team which provides prompt and efficient service along the entire expressway. The Hezhou interchange has been reopened since 15 November 2013 after reconstruction. The GS Superhighway has therefore become the most convenient hub for traffic between downtown Shenzhen and Shenzhen Baoan International Airport.



\* Toll free since the full opening of the Coastal Expressway on 28 December 2013 and resumed tolling starting 1 August 2014.

## Toll Road Policies

### Guangdong Tariff Proposal

The tariff rate for all expressways in Guangdong was standardised since the implementation of the Tariff Proposal on 1 June 2012. One year after the implementation of the Tariff Proposal, the average daily toll revenue of the GS Superhighway returned to a positive year-on-year growth of 6% during the first half of FY14, which indicated that the policy impact was subdued. However, mainly affected by the full opening of the Coastal Expressway, the average daily toll revenue recorded a drop of 5% year-on-year in the second half of FY14. The impact of the Tariff Proposal on Phase I West and Phase II West was insignificant, as they have implemented the new tariff since opening.

### ***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 relevant toll roads free of charge during the four major statutory holidays, namely Lunar New Year, Ching Ming Festival, Labour Day and National Day, as well as the prescribed rest days immediately before and/or after these statutory holidays. During the year under review, the GS Superhighway, Phase I West, Phase II West and Phase III West implemented this policy during the aforesaid four major statutory holidays for a total of 20 days, comparing to 21 days in FY13. Small cars with 7 or fewer seats were exempted from toll charges on the Group’s expressways during the holidays. When comparing to the year without this policy (i.e. FY12), the aggregate annual toll revenues of the GS Superhighway, Phase I West and Phase II West in FY14 were reduced by less than 3% as a result of such policy, similar to its impact in FY13.

### ***Regulation on the Administration of Toll Roads (Amendment Proposal)***

On 8 May 2013, the Ministry of Transport proposed amendments to the existing Regulation on the Administration of Toll Roads and invited opinions from the public and other relevant industries. Among other matters, the draft amendments included proposed compensation terms for the operators of toll roads suffering from losses of revenue as a result of the Central Government’s implementation of the toll-free policy in the form of an extension of their toll collection periods. No additional information has been released since then. The Company will closely monitor the latest developments concerning the amendments.

### ***National integration on Electronic Toll Collection (“ETC”) network***

According to the media, the Ministry of Transport directed the expressways in all provinces in the PRC to form a nationwide inter-connecting ETC network by the end of 2015. Upon completion, the electronic payment card issued by different provinces can be commonly used in all ETC toll lanes in every expressway in PRC. The detailed implementation schedule in Guangdong has yet been released.

### ***Guangdong Province Toll Integration and Toll-by-weight Scheme***

According to the Guangdong Provincial Government’s requirements, the province’s 4 toll integration sub-districts namely the Eastern, Western, Northern and Central Districts, in which the GS Superhighway and Western Delta Route are located, were integrated into a unified toll network on 29 June 2014. After the implementation of Guangdong toll integration, all adjacent expressways in the province are physically connected without toll stations in-between, and every vehicle travelling on expressways in Guangdong only needs to take one entry ticket (with radio frequency identification technology) at an expressway’s entrance and pay all the toll charges for its entire trip at any other expressway’s exit, without needing to stop when it travels on a series of

connecting expressways. The toll revenues collected by all the expressways in Guangdong will be settled via Guangdong Unitoll Collection Incorporated, which is the clearing house that centralises and manages toll data on a daily basis, by means of the toll integration settlement network. The integration measures will boost the efficiency of the province's toll expressways by shortening the time spent on collecting tolls and help to smooth the flow of traffic.

The toll-by-weight scheme was also implemented for trucks on all expressways in the Central District on 29 June 2014 simultaneously, following its implementation in the Northern District in 2009 and the Eastern and Western Districts in 2011. The tariff rates for passenger cars and normally loaded commercial trucks will remain unchanged under the toll-by-weight scheme. Preferential arrangements will be made for unloaded and lightly-loaded trucks, for which the tariff rate will be one class lower. On the other hand, an additional toll based on the ratio of overloaded weights will be charged for overloaded trucks. Based on the data in July 2014, the impact of the toll-by-weight scheme on the toll revenue of the GS Superhighway and Western Delta Route is neutral. Toll revenue from trucks in July 2014 rose slightly compared to the original tariff scheme and such increase accounted for less than 0.5% of the total toll revenue. Nevertheless, this scheme can help reduce the number of overloaded trucks and the damages so caused to the expressways.

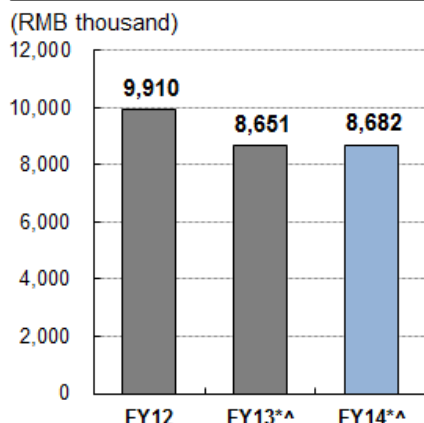
### **Truck restriction in Guangzhou**

In December 2012, the Guangzhou Municipal Government announced the restriction measure for trucks that are not registered in Guangzhou and weighing 15 tons or above to prohibit them from travelling on the Guangzhou Ring Road between 07:00 and 20:00. After a one-year trial period from January 2013 to January 2014, this restriction measure has been further extended for an additional five years since February 2014. The measure had insignificant impact on the Group's expressways ever since it was in force.

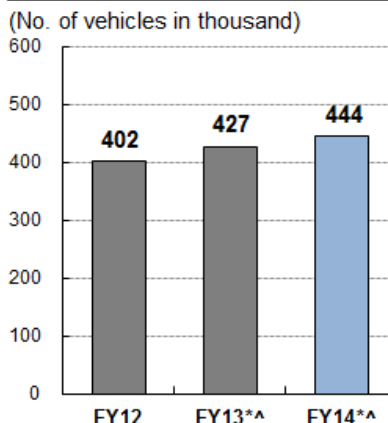
### **Guangzhou-Shenzhen Superhighway**

The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. During the year under review, its average daily toll revenue increased by 0.4% year-on-year to RMB8.7 million, whereas its total toll revenue amounted to RMB3,169 million. Although the average daily toll revenue regained growth momentum and returned to a 6% year-on-year growth during the first half of FY14, it dropped by 5% to RMB8.1 million in the second half of FY14 after the full opening of the Coastal Expressway on 28 December 2013. Meanwhile, despite the fact that the average daily traffic during the second half of FY14 recorded minimal growth of 0.1% year-on-year to 423,000 vehicles, it still increased by 4% year-on-year to 444,000 vehicles in FY14.

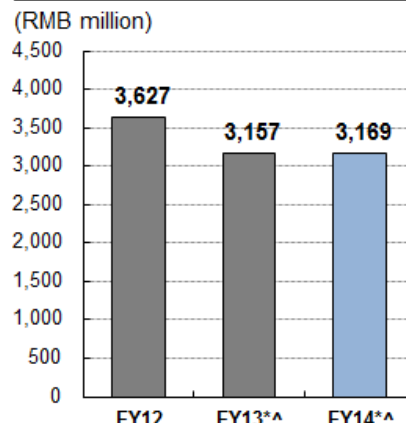
**GS Superhighway Average Daily Toll Revenue**



**GS Superhighway Average Daily Traffic**



**GS Superhighway Annual Toll Revenue**

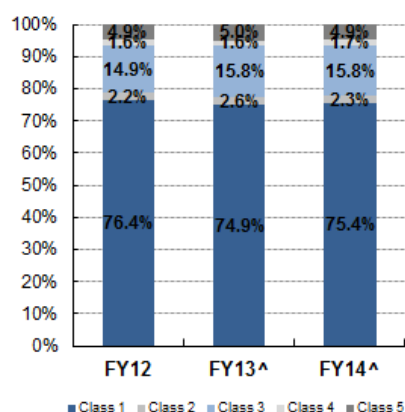


\* Guangdong Tariff Proposal was implemented since 1 June 2012.

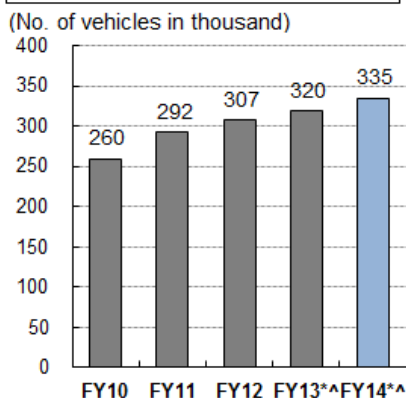
^ Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

Class 1 small car traffic has benefited from the unremitting growth of passenger car sales in Guangdong. It continued to grow by 5% year-on-year and reached a historical high level, accounting for 75.4% of the GS Superhighway's total traffic volume. The average daily toll revenue of Class 1 small car increased by 1% to RMB5 million, contributing 57.2% to the total toll revenue. The average daily traffic and average daily toll revenue of Classes 4 and 5 also grew 3% and 2% respectively. The average toll revenue per vehicle per km fell by 2%, from RMB0.79 to RMB0.77.

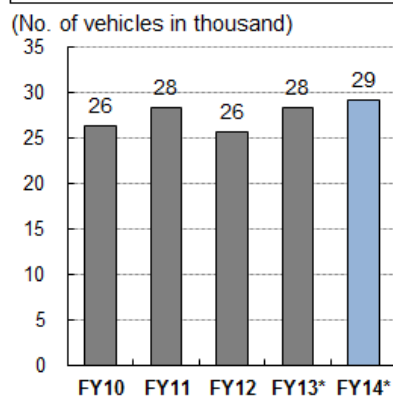
**GS Superhighway Traffic Breakdown by Class**



**Class 1 - Average Daily Traffic (FY10-FY14)**

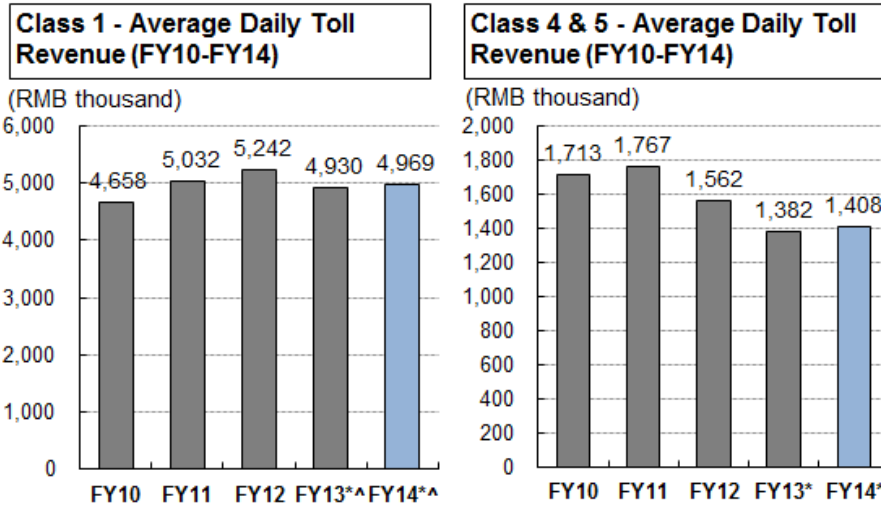


**Class 4 & 5 - Average Daily Traffic (FY10-FY14)**



\* Guangdong Tariff Proposal was implemented since 1 June 2012.

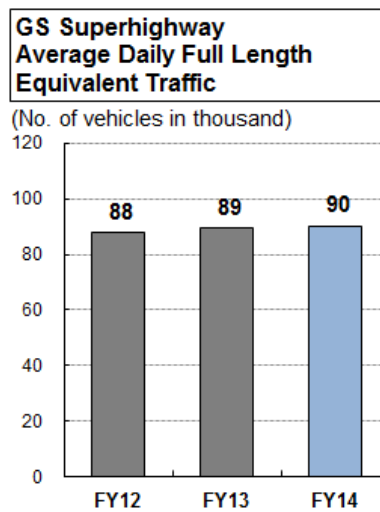
^ Holiday Toll-free Policy was implemented for a total of 20 days in FY14.



\* Guangdong Tariff Proposal was implemented since 1 June 2012.

<sup>^</sup> Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

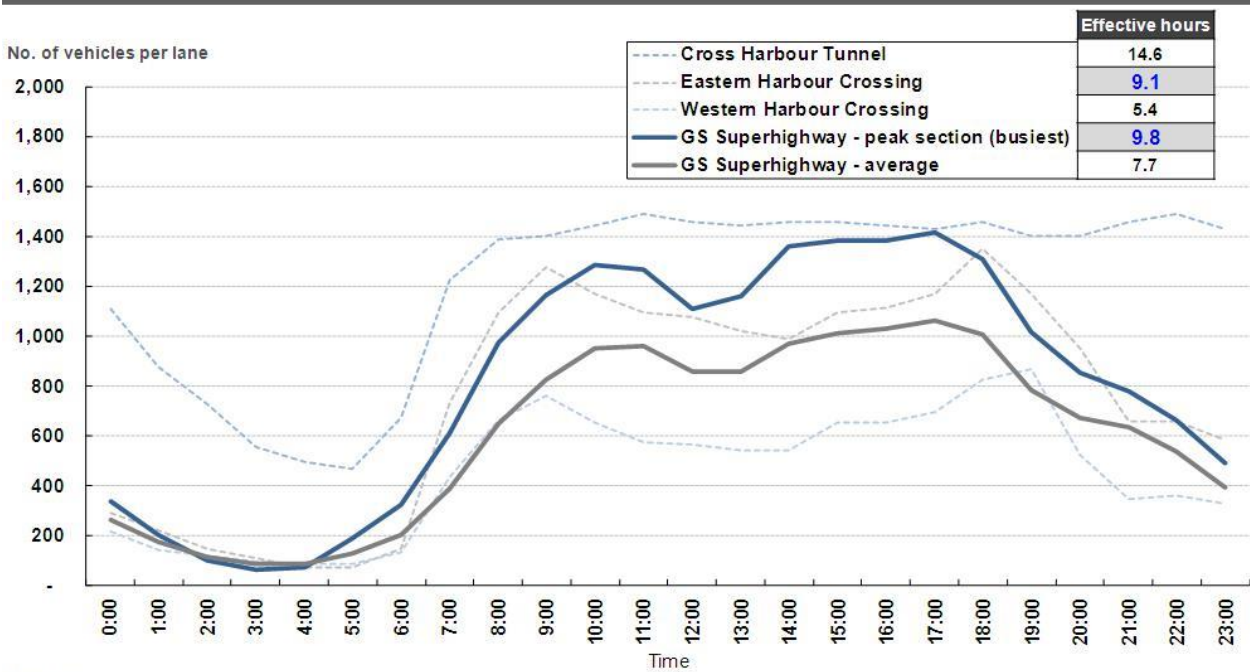
During the year under review, the average daily full-length equivalent traffic volume for the GS Superhighway increased by 1% year-on-year to 90,000 vehicles. This indicates there is still room for traffic to grow on the GS Superhighway.





With reference to the chart below, comparing the cross sectional traffic volume (per lane) of the GS Superhighway with that of the Eastern Harbour Crossing in Hong Kong, its busiest section was similar to the Eastern Harbour Crossing while its average of all sections was lower than that.

**GS Superhighway vs Tunnels in Hong Kong**  
**- Average Daily Cross Sectional Traffic (per lane)-**



Remarks:  
 \* **Data being processed, only for demonstration purpose**  
 1) Effective hour = average daily cross sectional traffic per lane / 2000 vehicles per hour  
 2) Average daily traffic distribution pattern of HK tunnels reference to "The Annual Traffic Census - 2013", Transport Department, The Government of HKSAR  
 3) Average daily traffic of HK tunnels (Dec 13): Cross Harbour Tunnel 117,000, Eastern Harbour Crossing 73,000, Western Harbour Crossing 65,000  
 4) Average daily traffic of GS Superhighway (Mar 14)

As mentioned earlier in the section headed "Full Opening of a Parallel Road", the Group believes the diversion impact from the full opening of the Coastal Expressway on the GS Superhighway has fully been realised. In fact, the GS Superhighway is comparable in length and it charges the same tariff as the Coastal Expressway. However, the two expressways have different target customers, and the GS Superhighway offers a number of competitive advantages, such as convenient access to populous downtown areas and major expressways, well-equipped facilities, efficient patrol and rescue team and high-quality services. Together with the continuous growth of Guangdong's economy, these factors lead the Group to believe that the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region.

Shenzhen Baoan International Airport was expanded by the opening of a new passenger terminal located near the Hezhou interchange on 28 November 2013. GS Superhighway's Hezhou interchange has been reopened on 15 November 2013, after a temporary closure for reconstruction since January 2013, to capture the traffic to and fro Shenzhen Baoan International Airport directly through its connection with a smooth and convenient local road. Not only this temporary closure had a minimal impact on the GS Superhighway, but also the Hezhou interchange has since then become the most convenient expressway hub for traffic between downtown Shenzhen and

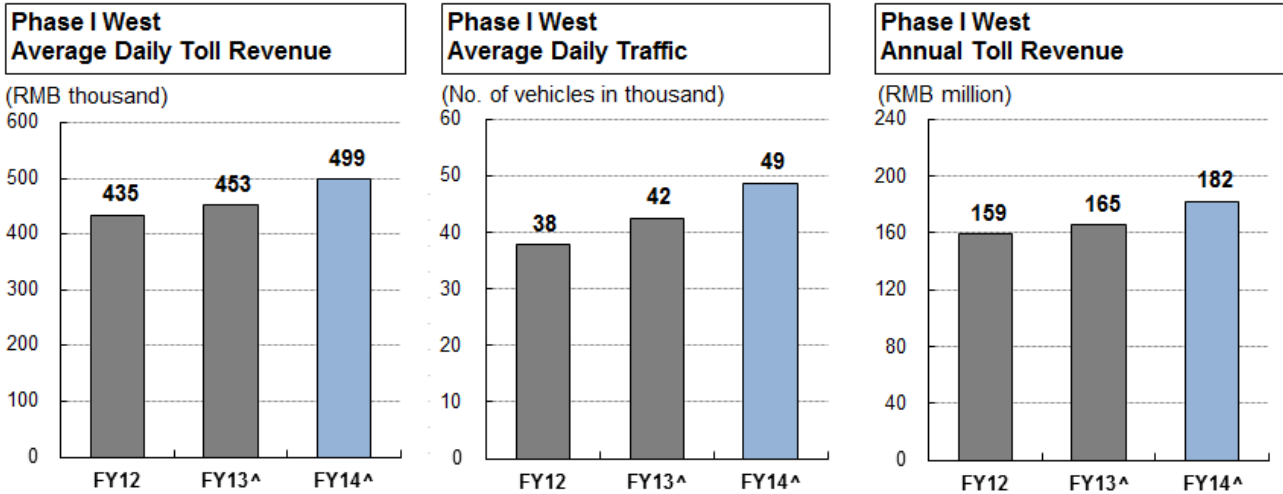
the airport, and the GS Superhighway will benefit from the increased volume of passengers and freight arising thereafter.

The GS Superhighway JV has been making incessant progress in increasing its operational efficiency and its ability to cope with increasing traffic by installing automated equipment in the toll lanes or entry lanes. Currently, around 60% of all the toll lanes at entrances to the GS Superhighway have ETC or automatic card-issuing machines. Furthermore, energy-saving LED lights were also installed at the toll plazas and along its entire main alignment in order to reduce energy consumption and lower operating cost.

**Phase I of the Western Delta Route**

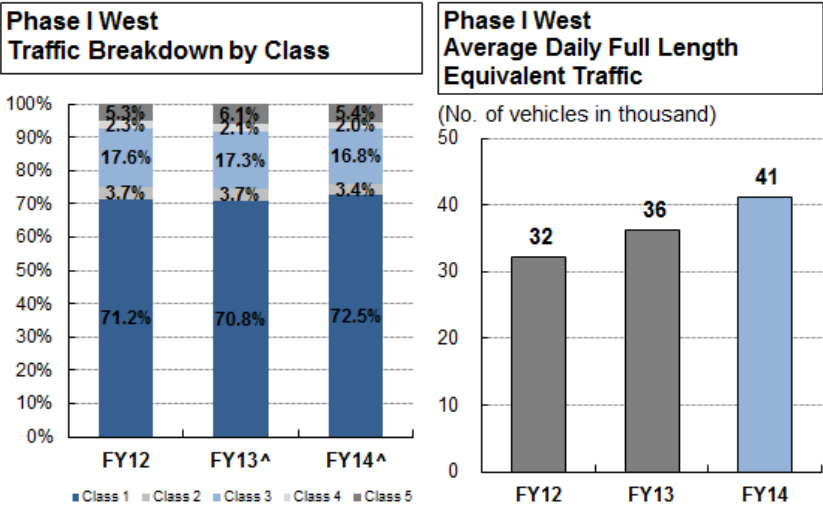
Phase I West connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. As the northern part of the Western Delta Route, Phase I West’s synergy with Phase II West and Phase III West as well as the on-going economic growth of Guangzhou and Foshan will continue to drive the growth of its traffic volume and toll revenue.

The traffic volume and toll revenue of Phase I West grew steadily, mainly driven by a strong rise in the number of Class 1 small cars. During the year under review, its average daily traffic increased by 15% year-on-year to 49,000 vehicles, whereas its average daily toll revenue increased by 10% to RMB499,000. Its total toll revenue for the year amounted to RMB182 million.



<sup>^</sup> Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

The traffic and toll revenue for Class 1 small cars continued to grow, accounted for 72.5% of Phase I West’s total traffic volume. The average daily full-length equivalent traffic on Phase I West amounted to 41,000 vehicles, which represents a growth of 14%.



<sup>^</sup> Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

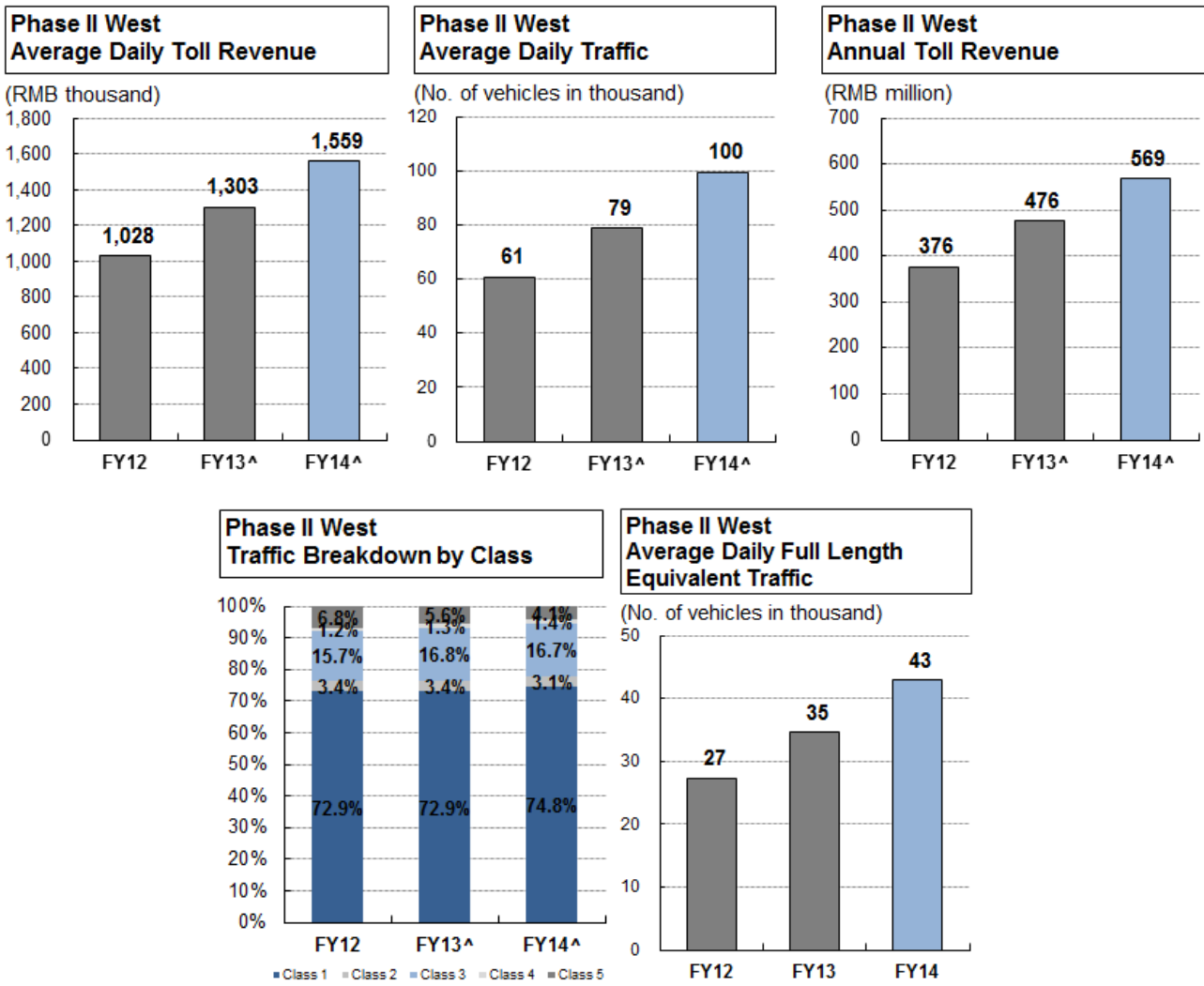
A new interchange constructed by Guangzhou-Gaoming Expressway will be connected with Phase I West between its Shizhou and Bijiang interchanges in 2015. This new connection will help to bring in traffic from Foshan to the Western Delta Route.

The Guangzhou Municipal Government announced the imposition of restrictions on trucks not registered in Guangzhou and weighing 15 tons or above in December 2012. Such vehicles have been prohibited from travelling on the Guangzhou Ring Road between 07:00 and 20:00 for one year commencing 10 January 2013. After the one-year trial period, the restriction measure has been extended for an additional five years since 25 February 2014. Its impact on Phase I West has been minimal. The Guangzhou Municipal Government is also considering the imposition of other traffic restrictions on vehicles not registered in Guangzhou during busy hours. However, the date and details of their implementation have not yet been announced. The Group will continue to monitor the situation, and it is believed that the impact on Phase I West will be minimal.

**Phase II of the Western Delta Route**

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 interconnected with National Highway 105, Guangzhou Southern Second Ring Road and Jiangmen-Zhongshan Expressway, and it has a direct connection to downtown Zhongshan at its southern end. The healthy economic development of cities alongside will further boost the growth of Phase II West’s traffic volume and toll revenue.

The traffic volume and toll revenue of Phase II West have continued to grow robustly ever since it opened in June 2010. During the year under review, its average daily traffic rose by 26% to 100,000 vehicles, whereas its average daily toll revenue grew by 20% to RMB1,559,000 and it became profitable since the first half of FY14. Its total toll revenue for the year amounted to RMB569 million. Class 1 small cars, the main driving force, recorded strong growth and contributed 74.8% to the total traffic volume. The average daily full-length equivalent traffic on Phase II West amounted to 43,000 vehicles, representing a year-on-year growth of 24%.



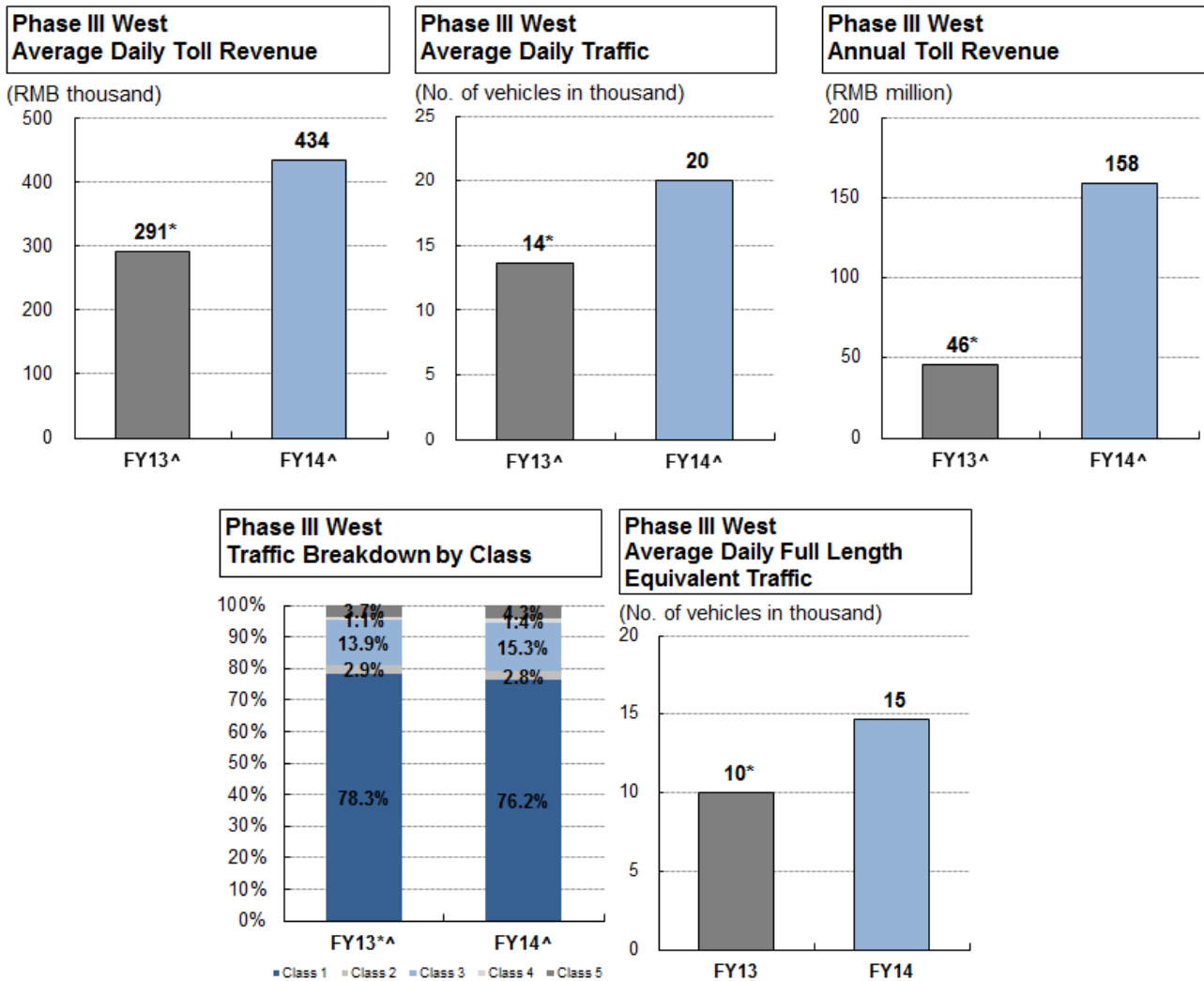
<sup>^</sup> Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

**Phase III of the Western Delta Route**

Phase III West is connected to Phase II West at Zhongshan to the north and extends southwards to link with the Zhuhai expressway network, thus providing a direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau and the HZM Bridge which is under construction. It provides the most direct and convenient expressway link between the city centres of Zhongshan and Zhuhai. The completion of the Western Delta Route enhanced connectivity and

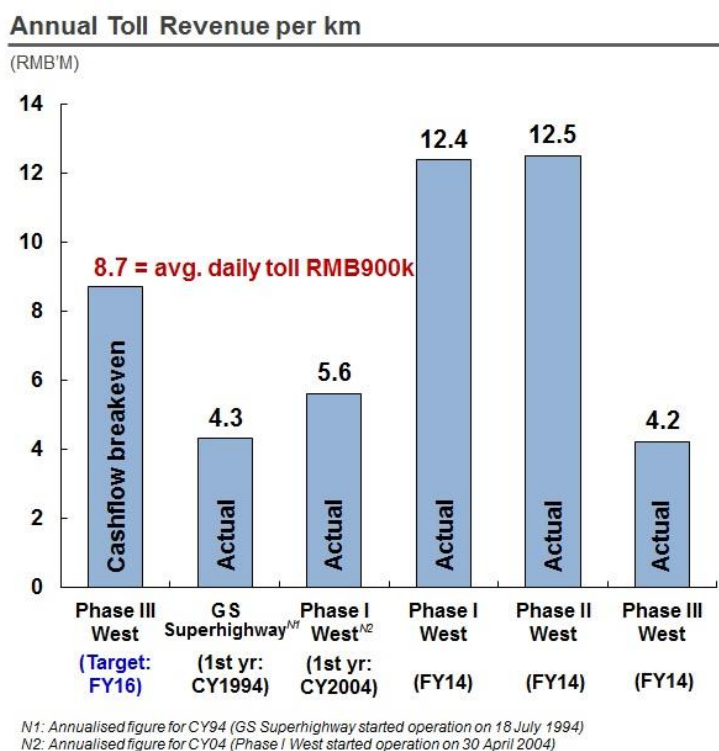
the synergy between Phase I West, Phase II West and Phase III West. It is expected to stimulate a persistent growth of Phase III West’s traffic volume and toll revenue.

The traffic volume and toll revenue of Phase III West have been ramping up steadily. During the year under review, its average daily traffic and average daily toll revenue amounted to 20,000 vehicles and RMB434,000, rose by 47% and 49% respectively when comparing to the period since its opening from 25 January to 30 June in 2013. Its total toll revenue for the year amounted to RMB158 million. The average daily full-length equivalent traffic on Phase III West amounted to 15,000 vehicles. In July 2014, Phase III West’s average daily traffic went up further by 44% year-on-year to 25,000 vehicles, bringing its average daily toll revenue to a new level at RMB559,000, which represents a year-on-year growth of 49%.



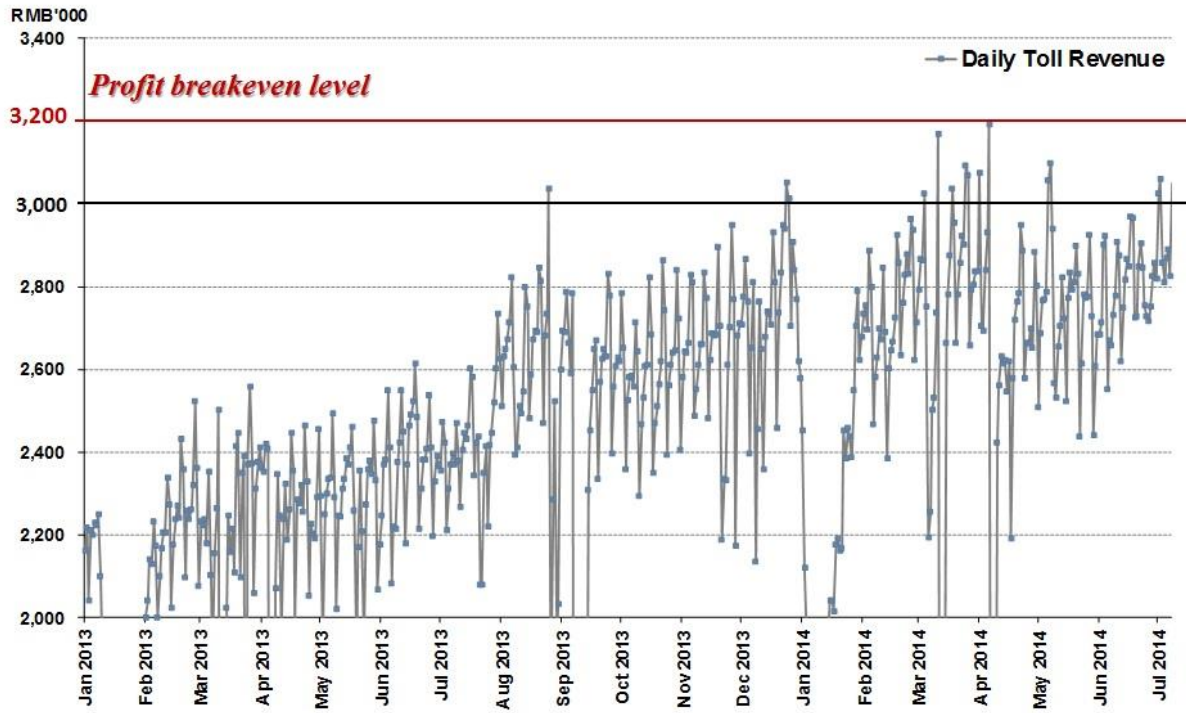
\* Phase III West was opened on 25 January 2013.  
<sup>^</sup> Holiday Toll-free Policy was implemented for a total of 13 days in FY13 and a total of 20 days in FY14.

Phase III West's performance is expected to improve along with its traffic and toll revenue ramp-up. Based on the annual toll revenues and expenses of the GS Superhighway, Phase I West and Phase II West during their first full year of operation and the actual performance of Phase III West, the Group expects that Phase III West's toll revenue may achieve its operating cash flow breakeven target (after taking interest expense payments into account) in FY16 when its average daily toll revenue reaches RMB900,000 (the equivalent of annual toll revenue of RMB8.7 million per km).



After the opening of Phase III West in the second half of FY13, the Western Delta Route continued to maintain its positive operating cash flow (after taking interest expense payments into account) and is targeted to achieve profit breakeven in the second half of FY15 when its average daily toll revenue reaches RMB3.2 million for a full month. Its daily toll revenue has exceeded RMB3 million for several days in 2014 so far.

### Western Delta Route (Phases I, II and III West): Daily Toll Revenue\*



\* Data from 25 January 2013 (when Phase III West commenced operation) to 31 July 2014; Holiday Toll-free Policy was implemented during 9-15 February 2013, 4-6 April 2013, 29 April-1 May 2013, 1-7 October 2013, 31 January-6 February 2014, 5-7 April 2014 and 1-3 May 2014

## Financial Review

The Group's performance for the year ended 30 June 2014 presented in RMB were as follows:

RMB million	Year ended 30 June							
	2013				2014			
	Net toll revenue	EBITDA	EBIT	Results	Net toll revenue	EBITDA	EBIT	Results
Project contributions:								
GS Superhighway <sup>(Note 1)</sup>	1,470	1,272	912	616	1,475	1,266	882	591
Western Delta Route	333	273	180	(35)	441	361	226	(56)
- Phase I West	80	64	51	34	88	66	49	33
- Phase II West	231	193	126	(20)	276	233	152	8
- Phase III West <sup>(Note 2)</sup>	22	16	3	(49)	77	62	25	(97)
<b>Net toll revenue/EBITDA/EBIT/ Net profit of projects</b>	1,803	1,545	1,092	581	1,916	1,627	1,108	535
Year-on-year change					+6%	+5%	+1%	-8%
Corporate results:								
Bank deposits interest income				71				42
Interest income from loans made by the Group to a JV company				35				63
Other income				1				2
General and administrative expenses				(43)				(38)
Finance costs				(60)				(35)
Income tax expenses				(9)				(10)
<b>Sub-total</b>				(5)				24
<b>Profit before net exchange gain (after deduction of related income tax)</b>				576				559
Year-on-year change								-3%
Net exchange gain (after deduction of related income tax)				36				5
<b>Profit for the year</b>				612				564
Profit attributable to non-controlling interests				(11)				(11)
<b>Profit attributable to owners of the Company</b>				601				553
Year-on-year change								-8%

Note 1: Excluding exchange differences on US Dollar and HK Dollar loans, and related income tax expenses.

Note 2: Phase III West was opened on 25 January 2013.



The Group's share of the aggregate net toll revenue of its expressway projects increased by approximately 6% from RMB1,803 million to RMB1,916 million for the year ended 30 June 2014. This was mainly due to the fact that the toll revenue of Phase II West continued to grow robustly with its average daily toll revenue exceeding its profit breakeven level of RMB1.5 million and became profitable since the first half of FY14, and the uptake in toll revenue of Phase III West for its first full-year operation (opened on 25 January 2013). The GS Superhighway's toll revenue returned to growth, with an increase of approximately 6% year-on-year in the first half of FY14. However, being mainly affected by the full opening of the Coastal Expressway on 28 December 2013, GS Superhighway's toll revenue declined by 5% year-on-year in the second half of FY14 and resulted in a slight positive growth of 0.4% for the full year of FY14. The GS Superhighway, Phase I West, Phase II West and Phase III West contributed 77% (RMB1,475 million), 5% (RMB88 million), 14% (RMB276 million) and 4% (RMB77 million) respectively to the Group's share of aggregate net toll revenues.

The Group's share of operating expenses of its expressway projects increased as a result of the first full-year operation of Phase III West and the increased staff costs of the two PRC JV companies. The GS Superhighway's toll revenue was offset by the increased staff cost and as a result, the EBITDA of GS Superhighway slightly dropped by 0.5% from RMB1,272 million to RMB1,266 million. However, the increase in operating expenses of the Western Delta Route were fully offset by the rise in its net toll revenue, resulting in a 32% EBITDA growth from RMB273 million to RMB361 million. Phase II West recorded a growth in EBITDA by 21% from RMB193 million to RMB233 million, whereas the uptake in Phase III West recorded a EBITDA growth from RMB16 million to RMB62 million. Thus, the aggregate EBITDA of toll expressways (excluding an exchange gain on GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax expenses) increased by 5%, from RMB1,545 million to RMB1,627 million.

The Group's share of depreciation charges for GS Superhighway JV and West Route JV also increased, mainly due to the rise in traffic volume and the first full-year operation of Phase III West. The aggregate EBIT of toll expressways (excluding an exchange gain on GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax expenses) increased slightly by 1% from RMB1,092 million to RMB1,108 million.

The EIT rate applicable for both GS Superhighway and Phase I West is 25% since 2012 and until the expiry of their contractual operation periods. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 is 12.5%, and it 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 it will rise to 25% from 2019 until the expiry of its contractual operation period.

The traffic and toll revenue of Phase II West have been growing strongly ever since it opened on 25 June 2010 and became profitable since the first half of FY14. Phase II West made a profit of RMB8 million as compared to a loss of RMB20 million of the previous year. However, the increased operating expenses (mainly staff cost) and depreciation of GS Superhighway has led to a 4% year-on-year decrease in its net profit to RMB591 million. In addition, due to the completion and opening of Phase III West, interest expenses in connection therewith started charging to the statement of profit or loss since the second half of FY13. This resulted in a net loss of RMB97 million in FY14 for Phase III West compared to a net loss of RMB49 million in FY13. Therefore, the aggregate net profit of the four projects (excluding an exchange gain on GS Superhighway JV's US Dollar and HK Dollar loans as well as related income tax expenses) fell by 8%, to RMB535 million from RMB581 million.

The Company advanced a shareholder's loan of RMB1,000 million to West Route JV for financing Phase II West in December 2012 and January 2013. The shareholder's loan was partly used to repay an intercompany loan to GS Superhighway JV and the interest incurred, and partly used to settle outstanding project payments of Phase II West, thus, the Company's total interest income (including bank deposits and loans made to a JV company) amounted to RMB105 million for the year. Moreover, the Company prepaid RMB500 million loan drawn under the RMB1,600 million bank loan facility of the Company in June 2013, reducing the outstanding loan under the facility to RMB500 million, and repaid the RMB600 million corporate bonds in May 2014, resulting in a decrease in finance costs from RMB60 million to RMB35 million. As a result, the net interest income at corporate level increased from RMB46 million to RMB70 million. Taking into account the increase in net interest income, the corporate results improved from a loss of RMB5 million to a profit of RMB24 million.

The Group's profit before the net exchange gain (after deduction of related income tax) fell by 3%, from RMB576 million to RMB559 million. This was mainly attributable to the increased depreciation charges and the net loss generated by Phase III West following its first full-year operation which offset the rise in net toll revenue. A decline in the net exchange gain on GS Superhighway JV's loans denominated in US Dollars and HK Dollars as a result of devaluation in RMB in the second half of FY14 by 1%, only a slight appreciation in RMB by 0.4% was recorded for the full year of FY14. Thus, the profit attributable to owners of the Company decreased by 8% from RMB601 million to RMB553 million.

The financial position of the Group comprised the assets and liabilities of HHI corporate level and the Group's share of assets and liabilities of its two PRC JV companies, namely GS Superhighway JV and West Route JV.

### HHI Corporate Level

	30 June 2013	30 June 2014		30 June 2013	30 June 2014
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	1,480	814	RMB corporate bonds	600	-
The Company's shareholder's loan to JV company <sup>(Note1)</sup>	1,030	1,000	RMB bank loan	500	500
Other assets	34	16	HKD bank loan	102	198
			Other liabilities	12	10
	2,544	1,830		1,214	708
Net assets value of HHI Corporate	1,330	1,122			

### Share of JV Companies

#### GS Superhighway JV (HHI's shared portion)

	30 June 2013	30 June 2014		30 June 2013	30 June 2014
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	176	133	Bank loans		
Concession intangible assets	6,231	5,920	- USD	1,625	1,411
Property & equipment	230	224	- HKD	208	184
Other assets	62	67	Other loan	5	7
			Other liabilities	736	691
	6,699	6,344		2,574	2,293
Net assets value of GS Superhighway JV	4,125	4,051			

#### West Route JV (HHI's shared portion)

	30 June 2013	30 June 2014		30 June 2013	30 June 2014
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	187	68	Bank loans	4,011	3,988
Concession intangible assets	6,830	6,726	Shareholder's loan from the Company <sup>(Note1)</sup>	515	500
Property & equipment	267	245	Shareholder's loan from PRC JV partner	20	-
Other assets	280	302	Other liabilities	852	740
	7,564	7,341		5,398	5,228
Net assets value of West Route JV	2,166	2,113			
	30 June 2013	30 June 2014		30 June 2013	30 June 2014
	RMB million	RMB million		RMB million	RMB million
			<b>Total liabilities</b>	9,186	8,229
			Equity attributable to owners of the Company	7,571	7,236
			Non-controlling interests	50	50
<b>Total Assets</b>	16,807	15,515	<b>Total Equity &amp; Liabilities</b>	16,807	15,515
<b>Total net assets</b>	7,621	7,286			

Note 1: The Company's shareholder's loan was made to West Route JV for Phase II West as interim financing due to inability of West Route JV to borrow from PRC banks for Phase II West before the official approval for its increased investment.

### ***Impact of New International Financial Reporting Standard (“IFRS”)***

IFRS 11 “Joint Arrangements” was adopted for the current financial year which replaced International Accounting Standard 31 “Interests in Joint Ventures”. In prior years, the results, financial position and cash flows of the Group’s two JV companies, namely GS Superhighway JV and West Route JV, were accounted for using proportionate consolidation method. Under IFRS 11, the results, financial position and cash flows of the Group’s two JV companies are required to account for using the equity method and the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the last corresponding year and the consolidated statement of financial position as at 30 June 2013 have been restated to reflect the change in accounting for the Group’s investments in two JV companies. The change has no impact on the profit attributable to owners of the Company and the total equity of the Group. The consolidated financial information prepared under proportionate consolidation method has also been presented in the Appendix on pages 54 to 56 for reference purpose.

### ***Sound Financial Plan***

Further capital expenditure of the Company will not be more than RMB289 million, which is lower than the previous estimate of not more than RMB383 million as disclosed in the FY14 interim report. This is attributable to the reduction of the planned total investment cost for Phase II West from RMB7,200 million to RMB7,080 million as a result of the saving in land costs. The amount is sufficiently funded by the Group’s net cash on hand (excluding JV companies) amounted to RMB116 million and the available committed undrawn banking facilities of RMB582 million as at 30 June 2014. Together with the stable cash dividends from the Group’s toll expressway – GS Superhighway, the Group enjoys a strong financial position with sufficient financial resources for its projects.

The majority of the Group’s JV companies’ bank loans were repayable beyond 5 years and thus the risk of refinancing the bank loans is relatively low. This also enhances the flexibility and sufficiency to support funding arrangement. Moreover, the Group is currently exploring opportunities to lower the overall finance cost of the JV companies.

### ***Liquidity and Financial Resources***

The Group’s debt balance comprised of the Group’s bank loans, and its share of the non-recourse project loans of its JV companies. The total debt to total assets (including share of total assets of JV companies) ratio and gearing ratio (net debt to equity attributable to owners of the Company) as at 30 June 2014 were shown below. The Group’s net cash on hand (excluding JV companies), together with the shareholder’s loan receivable from West Route JV amounted to RMB1,116 million.

## HHI Corporate Level

As at 30 June 2014

	RMB million		RMB million
<b>Bank balances and cash and shareholder's loans to JV company</b>			
		<b>Corporate debt</b>	
– Bank balances and cash	814	– RMB bank loan	500
– Company's shareholder's loan to JV company <sup>(Note 1)</sup>	1,000	– HKD bank loan	198
	1,814		698
Net cash <sup>(Note 2)</sup> : RMB116 million			
Net cash and the Company's shareholder's loan to JV company: RMB1,116 million			

## Share of JV Companies

As at 30 June 2014

	RMB million		RMB million
<b>Bank balances and cash</b>			
		<b>Bank loans and shareholder's loan<sup>(Note 3)</sup></b>	
– Bank balances and cash	201	– GS Superhighway	1,595
		– Western Delta Route	4,488
		Phase I West	307
		Phase II West	2,318
		Phase III West	1,863
	201		6,083
Net debt: RMB5,882 million			

*Note 1: The Company's shareholder's loan was made to West Route JV for Phase II West as interim financing due to inability of West Route JV to borrow from PRC banks for Phase II West before the official approval for its increased investment.*

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

*Note 3: Including bank loans and the shareholder's loans to Phase II West shared by the Group.*

	<b>As at 30 June</b>	
	2013 RMB million	2014 RMB million
Total debt		
- Company and subsidiaries (including RMB corporate bonds and bank loans)	1,202	<i>(Note 1)</i> <b>698</b>
- Share of JV companies	6,217	<b>5,937</b>
Net debt <sup>(Note 2)</sup>	5,576	<b>5,620</b>
Total assets (including share of JV companies' total assets)	16,284	<b>15,013</b>
Equity attributable to owners of the Company	7,571	<b>7,236</b>
Total debt/total assets ratio	46%	<b>44%</b>
Gearing ratio	74%	<b>78%</b>

*Note 1: Taking account of repayment of RMB600 million corporate bonds by the Company in May 2014.*

*Note 2: Net debt is defined as total debt less bank balances and cash, together with pledged bank balances and deposits for HHI corporate level and share of JV companies.*

The major source of the Group's cash inflow during the year was dividends received from GS Superhighway JV. On the other hand, its major cash outflow was the payment of dividends to the Company's shareholders and repayment of RMB600 million corporate bonds in May 2014. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

The Group enjoys a strong and solid financial position. As at 30 June 2014, the Group's bank balances and cash on hand (excluding JV companies) amounted to RMB814 million (30 June 2013: RMB1,480 million), or RMB0.26 per share (30 June 2013: RMB0.48 per share). After netting off the Group's bank loans totaled RMB698 million, the Group's net cash on hand (excluding JV companies) amounted to RMB116 million (30 June 2013: RMB278 million) or RMB0.04 per share (30 June 2013: RMB0.09 per share). The drop in net cash was mainly due to the payment of a special final dividend in respect of FY13. As at 30 June 2014, the net cash on hand of RMB116 million, together with available committed undrawn banking facilities of RMB582 million, the healthy cash flow and stable cash dividends from the Company's toll expressway project - GS Superhighway JV will provide sufficient financial resources for shareholder's loans to be provided by the Company to Phase II West and Phase III West of not more than RMB289 million (as further described below). Nevertheless, the Group is currently exploring opportunities to lower the overall finance costs of its PRC JV companies.

### ***Group Financing***

The relevant PRC authorities are still processing West Route JV's application to increase its investment in Phase II West to RMB7,080 million (as compared with the previous estimate of RMB7,200 million mainly due to the saving of land costs). Once approval is obtained, additional registered capital will be injected into West Route JV by the PRC partner and the Company on a 50:50 basis and additional project bank loans can be borrowed. To settle the outstanding project payments for Phase II West and make efficient use of the Company's internal resources, a shareholder's loan of RMB1,000 million was advanced by the Company to West Route JV as interim financing for Phase II West and remained outstanding as of 30 June 2014. The Company will continue to provide financial support to West Route JV until Phase II West's increased investment is approved and additional project bank loans can be obtained. In December 2012, West Route JV used the shareholder's loan provided by the Company to repay in full the intercompany borrowings of RMB731 million to GS Superhighway JV, and to settle the outstanding project payments of Phase II West. As at 30 June 2014, the estimated outstanding project payments for Phase II West amounted to not more than RMB320 million, which will fully be covered by available shareholder's loans from the Company and the PRC partner on a 50:50 basis.

The planned total investments for Phase III West increased from RMB5,600 million to RMB6,150 million, mainly because the land costs were higher than planned. The project is adequately funded by registered capital, available banking facilities and shareholder's loans. The Group had contributed the full amount of registered capital (a total of RMB980 million) and advanced shareholder's loan totalling RMB530 million to West Route JV as interim financing for Phase III West. Such shareholder's loan had been fully repaid by West Route JV, RMB500 million in FY12 and the remaining balance of RMB30 million in the first half of FY14. As at 30 June 2014, the estimated outstanding project payments for Phase III West amounted to not more than RMB457 million (based on the planned total investment cost of RMB6,150 million), which will be funded by the available PRC project bank loan and the shareholder's loans by the Company and the PRC partner on a 50:50 basis.

The Group has well-arranged financial resources for the funding requirements of West Route JV, given that the Company signed a RMB1,600 million bank loan facility agreement in May 2012 (which will mature in May 2015 and of which RMB500 million was outstanding and RMB300 million was undrawn as at 30 June 2014); signed a HK\$300 million or RMB equivalent 240 million bank loan facility agreement in June 2013 (which will mature in June 2016 and of which HK\$248 million or RMB equivalent 198 million was drawn as at 30 June 2014) and also renewed a HK\$300 million or RMB equivalent 240 million bank loan facility agreement in March 2014 (which will mature in February 2016 and the whole amount was undrawn as at 30 June 2014 ).

30 June 2014 (JV level)	Planned Investment RMB million	Estimated outstanding project payments RMB million	Available Funding <sup>(Note 2)</sup> RMB million	The Group's injection RMB million
Phase II West	7,080 <sup>(Note 1)</sup>	Not more than 320	320 Shareholder's loan <sup>(Note 3)</sup>	Not more than 160
Phase III West	6,150	Not more than 457	200 PRC bank loans	-
			257 Shareholder's loan <sup>(Note 3)</sup>	Not more than 129
<b>Total</b>				Not more than 289

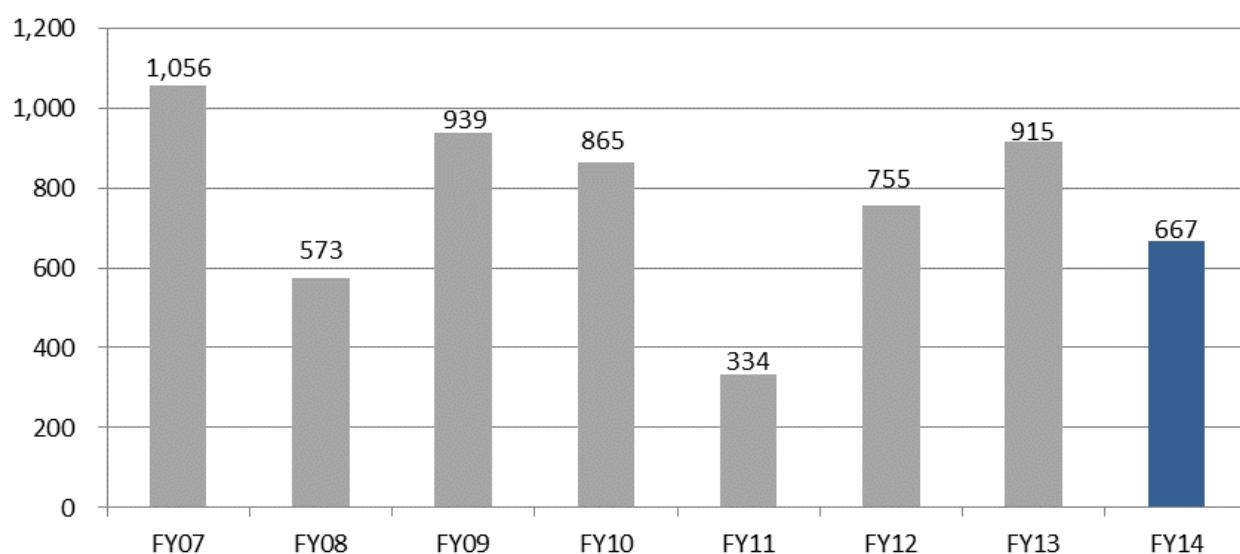
Note1: Previous estimate was RMB7,200 million

Note2: Current planning, subject to change

Note3: Will be funded by the Company and the PRC partner on a 50:50 basis

Further capital expenditure of the Company will be not more than RMB289 million, which is for the Phase II West and the Phase III West. This is sufficiently funded by the Group's net cash on hand (excluding JV companies) of RMB116 million and available committed undrawn banking facilities of RMB582 million. Together with the stable cash dividends from the Group's toll expressway - GS Superhighway, they will also provide sufficient financial resources for the Group.

#### Cash Dividends (Net of Tax) from the GS Superhighway JV (RMB million)



As at 30 June 2014, 99.9% (30 June 2013: 99.9%) of the Group's bank balances and cash (excluding JV companies) on hand were denominated in RMB and 0.1% (30 June 2013: 0.1%) in HK Dollars. The bank balances and cash on hand of the JV companies shared by the Group amounted to RMB201 million (30 June 2013: RMB363 million). The Group received cash dividends from GS Superhighway JV of RMB667 million during FY14. The reductions in the cash dividends during FY11 and FY08 were mainly brought about by the intercompany borrowings provided by GS Superhighway JV to West Route JV in respect of Phase II West and the repatriation of registered capital by GS Superhighway JV to the Company respectively. The cash dividends from GS Superhighway JV were restored to their normal levels in FY12. The cash dividends increased during FY13 as a result of the full repayment of intercompany borrowings by West Route JV in



respect of Phase II West to GS Superhighway JV in December 2012, and GS Superhighway JV's distribution of a dividend of RMB351 million to the Company out of these funds. The cash dividends received and receivable from 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 view of its current operating cash flow and strong financial position, the Board believes that the Group's target payout ratio of around 100% on full-year basis is sustainable.

### ***Bank and Other Borrowings***

As at 30 June 2014, the total bank and other borrowings of the JV companies shared by the Group (including US Dollars bank loans of equivalent to RMB1,411 million, HK Dollars bank loan of equivalent to RMB184 million, RMB bank loans of RMB3,988 million and RMB other borrowing of RMB7 million but excluding shareholder's loan), together with the RMB500 million term loan raised by the Company and the Group's HK Dollars bank loan of equivalent to RMB198 million, amounted to approximately RMB6,288 million (30 June 2013: RMB7,051 million (including the Company's RMB corporate bonds with a total value of RMB600 million which were mature in May 2014)) with the following profile:

- (a) 99.9% (30 June 2013: 91%) consisted of bank loans and 0.1% (30 June 2013: 9%, including the Company's RMB corporate bonds which were mature in May 2014) of other loans; and
- (b) 23% (30 June 2013: 23%) was denominated in US Dollars; 71% (30 June 2013: 73%) was denominated in RMB and 6% (30 June 2013: 4%) was denominated in HK Dollars.

### ***Debt Maturity Profile***

As at 30 June 2014, the maturity profile of the bank and other borrowings of the JV companies shared by the Group (excluding shareholder's loan), RMB term loan raised by the Company, together with the Group's bank loans, were shown below, together with the corresponding figures as at 30 June 2013:

## HHI Corporate Level

	As at 30 June			
	2013		2014	
	RMB million	%	RMB million	%
Repayable within 1 year <sup>(Note 1)</sup>	702	58%	500	72%
Repayable between 1 and 5 years <sup>(Note 1)</sup>	500	42%	198	28%
	1,202	100%	698	100%

## Share of JV Companies

	As at 30 June			
	2013		2014	
	RMB million	%	RMB million	%
Repayable within 1 year	252	4%	281	5%
Repayable between 1 and 5 years	1,755	30%	2,102	38%
Repayable beyond 5 years	3,842	66%	3,207	57%
	5,849	100%	5,590	100%

Note 1: RMB corporate bonds with a total value of RMB600 million was mature in May 2014, and the RMB term loan of RMB500 million will become due in May 2015.

As at 30 June 2014, 57% (30 June 2013: 66%) of the bank and other borrowings of the JV companies shared by the Group (excluding shareholder's loans) were repayable beyond 5 years and thus the risk of refinancing the bank and other borrowings is relatively low.

### **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 returns 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 30 June 2014. It has therefore maintained a large proportion of its RMB bank deposits to that of its HK Dollar deposits. There were two cuts in RMB deposit interest rates in the PRC in June and July 2012 respectively. The time deposits which were secured prior to the rate cuts and subject to higher interest rates matured during FY13 gradually. As a result, the Group's overall treasury yield on bank deposits dropped to 3.01%, compared to 3.18% during FY13. 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 30 June 2014, the Group had agreed, subject to the approval by the relevant authorities, to make additional capital contributions of approximately RMB402.5 million (30 June 2013: RMB402.5 million) to West Route JV for the development of Phase II West.

### ***Pledge of Assets***

As at 30 June 2014, 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 shared by the Group were as follows:

	<b>As at 30 June</b>	
	2013 RMB million	<b>2014 RMB million</b>
Concession intangible assets	5,767	<b>5,585</b>
Property and equipment	230	<b>224</b>
Inventories	2	<b>1</b>
Interest and other receivables	58	<b>64</b>
Bank balances and deposits	328	<b>198</b>
	6,385	<b>6,072</b>

In addition to the above, 100% of the toll collection rights of GS Superhighway, Phase II West and Phase III 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 30 June 2014, 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 year ended 30 June 2014.

## **OTHER DISCLOSURES**

### **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 year ended 30 June 2014.

### **Review of Annual Results**

The annual results of the Group for the year ended 30 June 2014 have been reviewed by the Audit Committee of the Company.

### **Compliance with the CG Code**

Throughout the year ended 30 June 2014, the Company has complied with all the code provisions as set out in the CG Code except for the deviation from code provisions A.5.1 and A.5.6 of the CG 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, composition and diversity. 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.5.6**

The Company does not consider it necessary to have a policy concerning diversity of board members. Board appointments are based on merit, in the context of the skills, experience and expertise that the selected candidates will bring to the Board. While the Company is committed to equality of opportunity in all aspects of its business and endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives, the Company does not consider a formal board diversity policy will provide measurable benefits to enhance the effectiveness of the Board.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2014

	NOTES	2013 RMB'000 (restated)	2014 RMB'000	2013 HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	2014 HK\$'000
Other income	4	109,798	<b>107,398</b>	136,456	<b>135,712</b>
Depreciation		(547)	<b>(160)</b>	(673)	<b>(202)</b>
General and administrative expenses		(42,708)	<b>(38,306)</b>	(53,018)	<b>(48,414)</b>
Finance costs	5	(60,523)	<b>(35,164)</b>	(75,129)	<b>(44,431)</b>
Share of results of joint ventures	6	652,720	<b>575,589</b>	812,000	<b>726,559</b>
Profit before tax		658,740	<b>609,357</b>	819,636	<b>769,224</b>
Income tax expenses	7	(46,468)	<b>(45,702)</b>	(57,853)	<b>(57,709)</b>
Profit for the year	8	612,272	<b>563,655</b>	761,783	<b>711,515</b>
Other comprehensive income (expense)					
Item that will not be reclassified to profit or loss:					
Exchange gain (loss) arising on translation to presentation currency		-	-	319,728	<b>(104,514)</b>
Item that may be subsequently reclassified to profit or loss:					
Exchange gain (loss) arising on translation of foreign operations		3,608	<b>(5)</b>	-	-
Total comprehensive income for the year		615,880	<b>563,650</b>	1,081,511	<b>607,001</b>
Profit for the year attributable to:					
Owners of the Company		600,744	<b>552,825</b>	747,430	<b>697,840</b>
Non-controlling interests		11,528	<b>10,830</b>	14,353	<b>13,675</b>
		612,272	<b>563,655</b>	761,783	<b>711,515</b>
Total comprehensive income attributable to:					
Owners of the Company		604,352	<b>552,820</b>	1,064,969	<b>595,856</b>
Non-controlling interests		11,528	<b>10,830</b>	16,542	<b>11,145</b>
		615,880	<b>563,650</b>	1,081,511	<b>607,001</b>
Earnings per share	10	RMB cents	<b>RMB cents</b>	HK cents	<b>HK cents</b>
Basic and diluted		19.75	<b>17.94</b>	24.57	<b>22.64</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	2013 RMB'000 (restated)	2014 RMB'000	2013 HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	2014 HK\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Interests in joint ventures	6,255,942	<b>6,130,731</b>	7,901,255	<b>7,657,283</b>
Loans to a joint venture	1,000,000	-	1,263,000	-
Investment	4,785	<b>4,785</b>	6,044	<b>5,977</b>
Property and equipment	427	<b>369</b>	540	<b>461</b>
	<u>7,261,154</u>	<u><b>6,135,885</b></u>	<u>9,170,839</u>	<u><b>7,663,721</b></u>
<b>Current Assets</b>				
Deposits and prepayments	3,908	<b>3,617</b>	4,936	<b>4,517</b>
Dividend and other receivables	176,328	<b>172,740</b>	222,701	<b>215,752</b>
Loans to a joint venture	30,000	<b>1,000,000</b>	37,890	<b>1,249,000</b>
Interest receivable from a joint venture	15,612	<b>1,708</b>	19,718	<b>2,134</b>
Bank balances and cash	1,480,436	<b>813,601</b>	1,869,790	<b>1,016,188</b>
	<u>1,706,284</u>	<u><b>1,991,666</b></u>	<u>2,155,035</u>	<u><b>2,487,591</b></u>
<b>Total Assets</b>	<u>8,967,438</u>	<u><b>8,127,551</b></u>	<u>11,325,874</u>	<u><b>10,151,312</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	270,603	<b>270,603</b>	308,169	<b>308,169</b>
Share premium and reserves	7,300,132	<b>6,965,425</b>	9,253,670	<b>8,729,630</b>
Equity attributable to owners of the Company	7,570,735	<b>7,236,028</b>	9,561,839	<b>9,037,799</b>
Non-controlling interests	49,860	<b>49,780</b>	62,973	<b>62,176</b>
<b>Total Equity</b>	<u>7,620,595</u>	<u><b>7,285,808</b></u>	<u>9,624,812</u>	<u><b>9,099,975</b></u>
<b>Non-current Liabilities</b>				
Bank loans	500,000	<b>198,479</b>	631,500	<b>247,900</b>
Deferred tax liabilities	132,673	<b>133,136</b>	167,566	<b>166,287</b>
	<u>632,673</u>	<u><b>331,615</b></u>	<u>799,066</u>	<u><b>414,187</b></u>
<b>Current Liabilities</b>				
Payables and accruals	9,385	<b>8,771</b>	11,853	<b>10,956</b>
Interest payable	1,500	<b>96</b>	1,894	<b>120</b>
Bank loans	101,821	<b>500,000</b>	128,600	<b>624,500</b>
Corporate bonds	600,000	-	757,800	-
Tax liabilities	1,464	<b>1,261</b>	1,849	<b>1,574</b>
	<u>714,170</u>	<u><b>510,128</b></u>	<u>901,996</u>	<u><b>637,150</b></u>
<b>Total Liabilities</b>	<u>1,346,843</u>	<u><b>841,743</b></u>	<u>1,701,062</u>	<u><b>1,051,337</b></u>
<b>Total Equity and Liabilities</b>	<u>8,967,438</u>	<u><b>8,127,551</b></u>	<u>11,325,874</u>	<u><b>10,151,312</b></u>
Time deposits with original maturity over three months	-	<b>749,994</b>	-	<b>936,743</b>
Cash and cash equivalents	1,480,436	<b>63,607</b>	1,869,790	<b>79,445</b>
<b>Total bank balances and cash</b>	<u>1,480,436</u>	<u><b>813,601</b></u>	<u>1,869,790</u>	<u><b>1,016,188</b></u>

## Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2014

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Company's functional currency and presentation currency are Renminbi ("RMB"). The presentation of Hong Kong Dollar ("HKD") amounts in these consolidated financial statements is for information purpose only.

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new or revised IFRSs issued by the International Accounting Standards Board.

IFRSs (Amendments)	Annual Improvements to IFRSs 2009 - 2011 Cycle
IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures

Except as described below, the application of the above new or revised IFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

## **Impact of the application of IFRS 11**

IFRS 11 replaces IAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, SIC-Int 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers", has been incorporated in IAS 28 (Revised 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, joint arrangements are classified as joint operations and joint ventures, determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 had three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The Directors concluded that the Group's investments in Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") and Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV"), which were classified as jointly controlled entities under IAS 31 and were accounted for using the proportionate consolidation method, should be classified as joint ventures under IFRS 11 and accounted for using the equity method. The change in accounting of the Group's investments in GS Superhighway JV and West Route JV has been applied in accordance with the relevant transitional provisions set out in IFRS 11. The initial investments as at 1 July 2012 for the purposes of applying the equity method are measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. Also, the Directors performed an impairment assessment on the initial investment as at 1 July 2012 and concluded that no impairment loss is required. Comparative amounts for the year ended 30 June 2013 and as at 30 June 2013 have been restated to reflect the change in accounting for the Group's investments in GS Superhighway JV and West Route JV.

## **Impact of the application of IFRS 12**

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.



***Summary of the effect of the above changes in accounting policy***

The effect of the change in the Group's accounting policy described above on the results of the Group for the preceding year by line items presented in the consolidated statement of profit or loss and other comprehensive income is as follows:

	For the year ended 30 June 2013 <u>(originally stated)</u> RMB'000	<u>Adjustments</u> RMB'000	For the year ended 30 June 2013 <u>(restated)</u> RMB'000
Toll revenue	1,803,100	(1,803,100)	-
Revenue on construction	683,120	(683,120)	-
Other income	201,029	(91,231)	109,798
Construction costs	(683,120)	683,120	-
Provision for resurfacing charges	(22,651)	22,651	-
Toll expressway operation expenses	(215,721)	215,721	-
Depreciation and amortisation charges	(453,741)	453,194	(547)
General and administrative expenses	(102,381)	59,673	(42,708)
Finance costs	(299,471)	238,948	(60,523)
Share of results of joint ventures	-	652,720	652,720
Income tax expenses	(297,892)	251,424	(46,468)
Profit for the year	<u>612,272</u>	<u>-</u>	<u>612,272</u>

(FOR INFORMATION PURPOSE ONLY)

	For the year ended 30 June 2013 <u>(originally stated)</u> HK\$'000	<u>Adjustments</u> HK\$'000	For the year ended 30 June 2013 <u>(restated)</u> HK\$'000
Toll revenue	2,244,122	(2,244,122)	-
Revenue on construction	861,893	(861,893)	-
Other income	250,679	(114,223)	136,456
Construction costs	(861,893)	861,893	-
Provision for resurfacing charges	(28,188)	28,188	-
Toll expressway operation expenses	(268,440)	268,440	-
Depreciation and amortisation charges	(565,023)	564,350	(673)
General and administrative expenses	(127,253)	74,235	(53,018)
Finance costs	(373,276)	298,147	(75,129)
Share of results of joint ventures	-	812,000	812,000
Income tax expenses	(370,838)	312,985	(57,853)
Profit for the year	<u>761,783</u>	<u>-</u>	<u>761,783</u>

The effect of the change in the Group's accounting policy described above on the financial position of the Group as at the end of the immediate preceding financial year, i.e. 30 June 2013 by line items presented in the consolidated financial position, is as follows:

	As at 30 June 2013 (originally stated) RMB'000	<u>Adjustments</u> RMB'000	As at 30 June 2013 (restated) RMB'000
Interests in joint ventures	-	6,255,942	6,255,942
Property and equipment	497,179	(496,752)	427
Concession intangible assets	13,060,456	(13,060,456)	-
Balance with a joint venture	260,944	(260,944)	-
Loans to a joint venture			
- non-current portion	500,000	500,000	1,000,000
Investment	4,785	-	4,785
Inventories	1,853	(1,853)	-
Deposits and prepayments	6,654	(2,746)	3,908
Dividend and other receivables	85,565	90,763	176,328
Loans to a joint venture			
- current portion	15,000	15,000	30,000
Interest receivable from a joint venture	7,806	7,806	15,612
Pledged bank balances and deposits of joint ventures	328,394	(328,394)	-
Bank balances and cash of the Group	1,480,436	-	1,480,436
Bank balances and cash of joint ventures	34,674	(34,674)	-
Bank loan of the Group			
- non-current portion	(500,000)	-	(500,000)
Bank and other loans of joint ventures			
- non-current portion	(5,597,060)	5,597,060	-
Balance with a joint venture partner			
- non-current portion	(260,895)	260,895	-
Resurfacing obligations	(80,011)	80,011	-
Deferred tax liabilities	(325,723)	193,050	(132,673)
Other non-current liabilities	(51,488)	51,488	-
Provision, payables, accruals and deposits received	(707,387)	698,002	(9,385)
Balance with a joint venture partner			
- current portion	(106,595)	106,595	-
Bank loans of the Group			
- current portion	(101,821)	-	(101,821)
Bank loans of joint ventures			
- current portion	(252,053)	252,053	-
Corporate bonds	(600,000)	-	(600,000)
Interest payable	(8,690)	7,190	(1,500)
Tax liabilities	(71,428)	69,964	(1,464)
Total effects on net assets	<u>7,620,595</u>	<u>-</u>	<u>7,620,595</u>

## (FOR INFORMATION PURPOSE ONLY)

	As at 30 June 2013 (originally stated) HK\$'000	<u>Adjustments</u> HK\$'000	As at 30 June 2013 (restated) HK\$'000
Interests in joint ventures	-	7,901,255	7,901,255
Property and equipment	627,937	(627,397)	540
Concession intangible assets	16,495,355	(16,495,355)	-
Balance with a joint venture	329,572	(329,572)	-
Loans to a joint venture			
- non-current portion	631,500	631,500	1,263,000
Investment	6,044	-	6,044
Inventories	2,341	(2,341)	-
Deposits and prepayments	8,405	(3,469)	4,936
Dividend and other receivables	108,068	114,633	222,701
Loans to a joint venture			
- current portion	18,945	18,945	37,890
Interest receivable from a joint venture	9,859	9,859	19,718
Pledged bank balances and deposits of joint ventures	414,762	(414,762)	-
Bank balances and cash of the Group	1,869,790	-	1,869,790
Bank balances and cash of joint ventures	43,793	(43,793)	-
Bank loan of the Group			
- non-current portion	(631,500)	-	(631,500)
Bank and other loans of joint ventures			
- non-current portion	(7,069,087)	7,069,087	-
Balance with a joint venture partner			
- non-current portion	(329,510)	329,510	-
Resurfacing obligations	(101,053)	101,053	-
Deferred tax liabilities	(411,388)	243,822	(167,566)
Other non-current liabilities	(65,029)	65,029	-
Provision, payables, accruals and deposits received	(893,431)	881,578	(11,853)
Balance with a joint venture partner			
- current portion	(134,629)	134,629	-
Bank loans of the Group			
- current portion	(128,600)	-	(128,600)
Bank loans of joint ventures			
- current portion	(318,342)	318,342	-
Corporate bonds	(757,800)	-	(757,800)
Interest payable	(10,976)	9,082	(1,894)
Tax liabilities	(90,214)	88,365	(1,849)
Total effects on net assets	<u>9,624,812</u>	<u>-</u>	<u>9,624,812</u>

The Group has not early applied the following new or revised IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRSs 2010 - 2012 Cycle <sup>3</sup>
IFRSs (Amendments)	Annual Improvements to IFRSs 2011 - 2013 Cycle <sup>2</sup>
IFRS 9	Financial Instruments <sup>7</sup>
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities <sup>1</sup>
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations <sup>4</sup>
IFRS 14	Regulatory Deferral Accounts <sup>5</sup>
IFRS 15	Revenue from Contracts with Customers <sup>6</sup>
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants <sup>4</sup>
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions <sup>2</sup>
IAS 27 (Amendments)	Equity Method in Separate Financial Statements <sup>4</sup>
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
IFRIC 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>5</sup> Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2018.

The Directors are in the process of assessing the impact of IAS 38 (Amendments) on amortisation of concession intangible assets held by joint ventures of the Group. Other than the above, the Directors anticipate that the application of the other new or revised IFRSs will have no material impact on the results and the financial positions of the Group.

### 3. SEGMENT INFORMATION

The Group's reportable and operating segments are determined based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information reported to the chief operating decision maker, including segment revenue, earnings before interest, tax, depreciation and amortisation ("EBITDA"), earnings before interest and tax ("EBIT") and segment result, is more specifically focused on individual toll expressways projects jointly operated and managed by the Group and the relevant joint venture partner. Accordingly, the Group's reporting and operating segments under IFRS 8 "Operating Segments" are therefore 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")
- Phase III of the Western Delta Route ("Phase III West")

Information regarding the above segments is reported below.

#### Segment revenue and results

	2013				2014			
	Segment revenue RMB'000	EBITDA RMB'000	EBIT RMB'000	Segment result RMB'000	Segment revenue RMB'000	EBITDA RMB'000	EBIT RMB'000	Segment result RMB'000
GS Superhighway	1,470,113	1,271,947	912,240	615,823	<b>1,475,348</b>	<b>1,265,785</b>	<b>881,564</b>	<b>590,782</b>
Phase I West	80,180	64,151	51,180	34,027	<b>88,268</b>	<b>65,846</b>	<b>49,121</b>	<b>32,966</b>
Phase II West	230,665	192,675	125,616	(19,852)	<b>275,949</b>	<b>233,324</b>	<b>152,176</b>	<b>8,570</b>
Phase III West	22,142	16,219	2,762	(49,155)	<b>76,868</b>	<b>61,824</b>	<b>24,661</b>	<b>(97,304)</b>
<b>Total</b>	<b>1,803,100</b>	<b>1,544,992</b>	<b>1,091,798</b>	<b>580,843</b>	<b>1,916,433</b>	<b>1,626,779</b>	<b>1,107,522</b>	<b>535,014</b>
Corporate interest income from bank deposits				71,319				<b>41,755</b>
Corporate interest income from loans made by the Group to a joint venture				35,048				<b>63,048</b>
Other income				1,312				<b>2,021</b>
Corporate general and administrative expenses				(43,255)				<b>(38,466)</b>
Corporate finance costs				(60,523)				<b>(35,164)</b>
Corporate income tax expenses				(8,828)				<b>(10,199)</b>
Net exchange gain (net of related income tax expenses) (note)				36,356				<b>5,646</b>
Profit for the year				612,272				<b>563,655</b>
Profit for the year attributable to non-controlling interests				(11,528)				<b>(10,830)</b>
Profit for the year attributable to owners of the Company				600,744				<b>552,825</b>

Note: Net exchange gain (net of related income tax expenses) is composed of the Group's share of the exchange gain (net of related income tax expenses) of a joint venture of RMB5,072,000 (2013: RMB35,152,000) and the net exchange gain of the Group of RMB574,000 (2013: RMB1,204,000).

## (FOR INFORMATION PURPOSE ONLY)

	2013				2014			
	Segment revenue HK\$'000	EBITDA HK\$'000	EBIT HK\$'000	Segment result HK\$'000	Segment revenue HK\$'000	EBITDA HK\$'000	EBIT HK\$'000	Segment result HK\$'000
GS Superhighway	1,829,348	1,582,756	1,134,983	766,170	<b>1,862,523</b>	<b>1,597,614</b>	<b>1,112,583</b>	<b>745,679</b>
Phase I West	99,793	79,830	63,675	42,336	<b>111,378</b>	<b>82,990</b>	<b>61,887</b>	<b>41,500</b>
Phase II West	287,137	239,889	156,392	(24,720)	<b>348,130</b>	<b>294,246</b>	<b>191,868</b>	<b>10,615</b>
Phase III West	27,844	20,426	3,501	(61,732)	<b>96,940</b>	<b>77,980</b>	<b>31,102</b>	<b>(122,806)</b>
Total	<u>2,244,122</u>	<u>1,922,901</u>	<u>1,358,551</u>	722,054	<u><b>2,418,971</b></u>	<u><b>2,052,830</b></u>	<u><b>1,397,440</b></u>	<u><b>674,988</b></u>
Corporate interest income from bank deposits				88,340				<b>52,800</b>
Corporate interest income from loans made by the Group to a joint venture				43,846				<b>79,627</b>
Other income				1,624				<b>2,553</b>
Corporate general and administrative expenses				(53,691)				<b>(48,616)</b>
Corporate finance costs				(75,129)				<b>(44,431)</b>
Corporate income tax expenses				(10,989)				<b>(12,878)</b>
Net exchange gain (net of related income tax expenses) (note)				45,728				<b>7,472</b>
Profit for the year				761,783				<b>711,515</b>
Profit for the year attributable to non-controlling interests				(14,353)				<b>(13,675)</b>
Profit for the year attributable to owners of the Company				<u>747,430</u>				<u><b>697,840</b></u>

Note: Net exchange gain (net of related income tax expenses) is composed of the Group's share of the exchange gain (net of related income tax expenses) of a joint venture of HK\$6,740,000 (2013: HK\$44,222,000) and the net exchange gain of the Group of HK\$732,000 (2013: HK\$1,506,000).

The segment revenue represents the Group's share of the joint ventures' toll revenue received and receivable (net of business tax) from the operations of toll expressways in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. All of the segment revenue reported above is earned from external customers.

The EBITDA and EBIT represent the Group's share of joint ventures' EBITDA and EBIT from the operations of toll expressways in the PRC before net exchange gain, based on the profit-sharing ratios specified in the relevant joint venture agreements.

The segment results represent (i) the Group's share of joint ventures' results from the operations of toll expressways in the PRC before net exchange gain (net of related income tax expenses) based on the profit-sharing ratios specified in the relevant joint venture agreements, (ii) net of the withholding tax attributed to the dividend received from a joint venture and the undistributed earnings of a joint venture and (iii) amortisation of additional cost of investment in joint ventures. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The total segment results can be reconciled to the share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income as follows:

	<u>2013</u> RMB'000	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Total segment results	580,843	<b>535,014</b>	722,054	<b>674,988</b>
Add:				
Net exchange gain (net of related income tax expenses)	35,152	<b>5,072</b>	44,222	<b>6,740</b>
Withholding tax attributed to the dividend received from a joint venture and the undistributed earnings of a joint venture	37,640	<b>35,503</b>	46,864	<b>44,831</b>
Less:				
Others	<u>(915)</u>	<u>-</u>	<u>(1,140)</u>	<u>-</u>
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	<u>652,720</u>	<u><b>575,589</b></u>	<u>812,000</u>	<u><b>726,559</b></u>

### Other segment information

#### 2013

	<u>GS</u> <u>Superhighway</u> RMB'000	<u>Phase I</u> <u>West</u> RMB'000	<u>Phase II</u> <u>West</u> RMB'000	<u>Phase III</u> <u>West</u> RMB'000	<u>Segment</u> <u>total</u> RMB'000	<u>Elimination</u> RMB'000 (Note i)	<u>Unallocated</u> RMB'000	<u>Consolidated</u> <u>total</u> RMB'000
Amounts included in the measure of segment profit or loss:								
Depreciation and amortisation	359,707	12,971	67,059	13,457	453,194	(453,194)	547	547
Interest income	(11,493)	(166)	(389)	(441)	(12,489)	12,489	(106,367)	(106,367)
Interest expenses	19,071	17,153	145,468	51,917	233,609	(233,609)	54,586	54,586
Income tax expenses	<u>277,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,346</u>	<u>(277,346)</u>	<u>46,468</u>	<u>46,468</u>

#### 2014

	<u>GS</u> <u>Superhighway</u> RMB'000	<u>Phase I</u> <u>West</u> RMB'000	<u>Phase II</u> <u>West</u> RMB'000	<u>Phase III</u> <u>West</u> RMB'000	<u>Segment</u> <u>total</u> RMB'000	<u>Elimination</u> RMB'000 (Note i)	<u>Unallocated</u> RMB'000	<u>Consolidated</u> <u>total</u> RMB'000
Amounts included in the measure of segment profit or loss:								
Depreciation and amortisation	384,221	16,725	81,148	37,163	519,257	(519,257)	160	160
Interest income	(1,834)	(210)	(492)	(995)	(3,531)	3,531	(104,803)	(104,803)
Interest expenses	14,944	16,155	143,606	121,965	296,670	(296,670)	31,828	31,828
Income tax expenses	<u>275,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,838</u>	<u>(275,838)</u>	<u>45,702</u>	<u>45,702</u>

(FOR INFORMATION PURPOSE ONLY)

2013

	<u>GS</u> <u>Superhighway</u> HK\$'000	<u>Phase I</u> <u>West</u> HK\$'000	<u>Phase II</u> <u>West</u> HK\$'000	<u>Phase III</u> <u>West</u> HK\$'000	<u>Segment</u> <u>total</u> HK\$'000	<u>Elimination</u> HK\$'000 (Note i)	<u>Unallocated</u> HK\$'000	<u>Consolidated</u> <u>total</u> HK\$'000
Amounts included in the measure of segment profit or loss:								
Depreciation and amortisation	447,773	16,155	83,497	16,925	564,350	(564,350)	673	673
Interest income	(14,195)	(206)	(487)	(554)	(15,442)	15,442	(132,186)	(132,186)
Interest expenses	23,705	21,339	181,112	65,233	291,389	(291,389)	67,702	67,702
Income tax expenses	<u>345,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,108</u>	<u>(345,108)</u>	<u>57,853</u>	<u>57,853</u>

2014

	<u>GS</u> <u>Superhighway</u> HK\$'000	<u>Phase I</u> <u>West</u> HK\$'000	<u>Phase II</u> <u>West</u> HK\$'000	<u>Phase III</u> <u>West</u> HK\$'000	<u>Segment</u> <u>total</u> HK\$'000	<u>Elimination</u> HK\$'000 (Note i)	<u>Unallocated</u> HK\$'000	<u>Consolidated</u> <u>total</u> HK\$'000
Amounts included in the measure of segment profit or loss:								
Depreciation and amortisation	485,031	21,103	102,378	46,878	655,390	(655,390)	202	202
Interest income	(2,313)	(264)	(621)	(1,272)	(4,470)	4,470	(132,427)	(132,427)
Interest expenses	18,864	20,387	181,253	153,908	374,412	(374,412)	40,219	40,219
Income tax expenses	<u>348,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,040</u>	<u>(348,040)</u>	<u>57,709</u>	<u>57,709</u>

Note:

- (i) The above other segment information, included in the measure of segment profit or loss, represents the Group's share of depreciation and amortisation, interest income, interest expenses and income tax expenses of the joint ventures. Such amounts relating to the joint ventures are eliminated under equity method of accounting to reconcile from "Segment total" to "Consolidated total".

**Geographical information**

The operations of the Group's joint ventures are located in the PRC. All of the joint ventures' revenue from external customers was generated from the services provided in the PRC and the location of the non-current assets excluding interests in joint ventures, loans to a joint venture and investment amounting to RMB369,000 (approximately HK\$461,000) (2013: RMB427,000 (approximately HK\$540,000)) are in Hong Kong.

**Segment assets and liabilities**

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to chief operating decision maker for the purpose of resource allocation and performance assessment.



#### 4. OTHER INCOME

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Interest income from:				
Bank deposits	71,319	<b>41,755</b>	88,340	<b>52,800</b>
Loans made by the Group to a joint venture	35,048	<b>63,048</b>	43,846	<b>79,627</b>
Net exchange gain	1,204	<b>574</b>	1,506	<b>732</b>
Management fee income from joint ventures	2,227	<b>2,021</b>	2,764	<b>2,553</b>
	<u>109,798</u>	<u><b>107,398</b></u>	<u>136,456</u>	<u><b>135,712</b></u>

#### 5. FINANCE COSTS

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Interests on:				
Bank loans	43,934	<b>23,624</b>	54,512	<b>29,833</b>
Corporate bonds	10,652	<b>8,204</b>	13,190	<b>10,386</b>
	<u>54,586</u>	<u><b>31,828</b></u>	<u>67,702</u>	<u><b>40,219</b></u>
Other financial expenses	5,937	<b>3,336</b>	7,427	<b>4,212</b>
	<u>60,523</u>	<u><b>35,164</b></u>	<u>75,129</u>	<u><b>44,431</b></u>

## 6. SHARE OF RESULTS OF JOINT VENTURES

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	727,347	<b>654,127</b>	904,883	<b>825,714</b>
Amortisation of additional costs of investments in joint ventures	(74,627)	<b>(78,538)</b>	(92,883)	<b>(99,155)</b>
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(30,333)	<b>(32,254)</b>	(37,750)	<b>(40,700)</b>
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	30,333	<b>32,254</b>	37,750	<b>40,700</b>
	<u>652,720</u>	<u><b>575,589</b></u>	<u>812,000</u>	<u><b>726,559</b></u>

## 7. INCOME TAX EXPENSES

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	51,123	<b>45,239</b>	63,848	<b>57,212</b>
Deferred taxation	(4,655)	<b>463</b>	(5,995)	<b>497</b>
	<u>46,468</u>	<u><b>45,702</b></u>	<u>57,853</u>	<u><b>57,709</b></u>

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 year ended 30 June 2014 included an amount of RMB35,040,000 (approximately HK\$44,334,000) (2013: RMB42,295,000 (approximately HK\$52,859,000)) representing the 5% withholding tax imposed on dividends declared during the year by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior years in respect of undistributed earnings of a joint venture.

The income tax expenses for the year can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Profit before tax	<u>658,740</u>	<u>609,357</u>	<u>819,636</u>	<u>769,224</u>
Tax at normal PRC income tax rate of 25% (2013: 25%)	164,685	<b>152,339</b>	204,909	<b>192,306</b>
Effect of different tax rates on income tax expenses	(15,627)	<b>(12,794)</b>	(19,407)	<b>(16,166)</b>
Tax effect of income not taxable for tax purposes	(2,694)	<b>(3,894)</b>	(3,342)	<b>(4,927)</b>
Tax effect of expenses not deductible for tax purposes	25,644	<b>18,445</b>	31,829	<b>23,305</b>
Tax effect of share of results of joint ventures	(163,180)	<b>(143,897)</b>	(203,000)	<b>(181,640)</b>
Deferred tax on undistributed earnings of a joint venture	(4,655)	<b>463</b>	(5,995)	<b>497</b>
Withholding tax on earnings distributed by a joint venture	<u>42,295</u>	<u>35,040</u>	<u>52,859</u>	<u>44,334</u>
Income tax expenses	<u>46,468</u>	<u>45,702</u>	<u>57,853</u>	<u>57,709</u>

## 8. PROFIT FOR THE YEAR

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Profit for the year has been arrived at after charging:				
Auditor's remuneration	1,291	<b>1,269</b>	1,602	<b>1,602</b>
Directors' remuneration	19,973	<b>15,921</b>	24,797	<b>20,139</b>
Other staff costs	<u>12,669</u>	<u>12,782</u>	<u>15,728</u>	<u>16,138</u>
Total staff costs	<u>32,642</u>	<u>28,703</u>	<u>40,525</u>	<u>36,277</u>
Depreciation of property and equipment	<u>547</u>	<u>160</u>	<u>673</u>	<u>202</u>

## 9. DIVIDENDS

	<u>2013</u> RMB'000	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Dividends paid and recognised as a distribution during the year:				
Interim dividend paid of RMB9.8 cents (equivalent to HK12.4590 cents ) (2013: RMB10 cents (equivalent to HK12.3394 cents)) per share	308,169	<b>302,006</b>	380,262	<b>383,948</b>
Final dividend for the year ended 30 June 2013 paid of RMB9 cents (equivalent to HK11.3122 cents) (2013: year ended 30 June 2012 paid of HK16 cents(approximately RMB12.95 cents)) per share	383,427	<b>277,352</b>	473,870	<b>348,607</b>
Special final dividend for the year ended 30 June 2013 paid of RMB10 cents (equivalent to HK12.5691 cents) (2013: Nil) per share	-	<b>308,169</b>	-	<b>387,341</b>
	<u>691,596</u>	<u><b>887,527</b></u>	<u>854,132</u>	<u><b>1,119,896</b></u>
Final dividend proposed of RMB8.1 cents (equivalent to HK10.1806 cents) (2013: final dividend proposed of RMB9 cents (equivalent to HK11.3122 cents) and special final dividend proposed of RMB10 cents (equivalent to HK12.5691 cents)) per share	<u>585,521</u>	<u><b>249,617</b></u>	<u>735,948</u>	<u><b>313,735</b></u>

A final dividend in respect of the year ended 30 June 2014 of RMB8.1 cents (equivalent to HK10.1806 cents) per share is proposed by the Board of Directors. The dividends are subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

## 10. 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:

	<u>2013</u> RMB'000 (restated)	<u>2014</u> RMB'000	<u>2013</u> HK\$'000 (restated) (FOR INFORMATION PURPOSE ONLY)	<u>2014</u> HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>600,744</u>	<u>552,825</u>	<u>747,430</u>	<u>697,840</u>
			<u>2013</u> Number of shares	<u>2014</u> Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share			<u>3,042,238,228</u>	<u>3,081,690,283</u>

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 for shares for years ended 30 June 2013 and 30 June 2014.

## 11. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities as at 30 June 2014 amounted to RMB7,617,423,000 (approximately HK\$9,514,162,000) (2013, as restated: RMB8,253,268,000 (approximately HK\$10,423,878,000)). The Group's net current assets as at 30 June 2014 amounted to approximately RMB1,481,538,000 (approximately HK\$1,850,441,000) (2013, as restated: RMB992,114,000 (approximately HK\$1,253,039,000)).

## APPENDIX

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS PREPARED UNDER PROPORTIONATE CONSOLIDATION METHOD

*For the year ended 30 June 2014*

(FOR INFORMATION PURPOSE ONLY)

	2013 RMB'000	2014 RMB'000	2013 HK\$'000	2014 HK\$'000
Toll revenue	1,803,100	<b>1,916,433</b>	2,244,122	<b>2,418,971</b>
Revenue on construction	683,120	<b>52,538</b>	861,893	<b>65,620</b>
Turnover	2,486,220	<b>1,968,971</b>	3,106,015	<b>2,484,591</b>
Other income	201,029	<b>165,995</b>	250,679	<b>210,039</b>
Construction costs	(683,120)	<b>(52,538)</b>	(861,893)	<b>(65,620)</b>
Provision for resurfacing charges	(22,651)	<b>(25,131)</b>	(28,188)	<b>(31,699)</b>
Toll expressway operation expenses	(215,721)	<b>(234,692)</b>	(268,440)	<b>(296,472)</b>
Depreciation and amortisation charges	(453,741)	<b>(519,417)</b>	(565,023)	<b>(655,592)</b>
General and administrative expenses	(102,381)	<b>(103,845)</b>	(127,253)	<b>(131,374)</b>
Finance costs	(299,471)	<b>(347,961)</b>	(373,276)	<b>(439,193)</b>
Profit before tax	910,164	<b>851,382</b>	1,132,621	<b>1,074,680</b>
Income tax expenses	(297,892)	<b>(287,727)</b>	(370,838)	<b>(363,165)</b>
Profit for the year	612,272	<b>563,655</b>	761,783	<b>711,515</b>
Profit for the year attributable to:				
Owners of the Company	600,744	<b>552,825</b>	747,430	<b>697,840</b>
Non-controlling interests	11,528	<b>10,830</b>	14,353	<b>13,675</b>
	612,272	<b>563,655</b>	761,783	<b>711,515</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PREPARED UNDER  
PROPORTIONATE CONSOLIDATION METHOD

As at 30 June 2014

(FOR INFORMATION PURPOSE ONLY)

	<u>2013</u> RMB'000	<u>2014</u> RMB'000	<u>2013</u> HK\$'000	<u>2013</u> HK\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property and equipment	497,179	<b>468,970</b>	627,937	<b>585,743</b>
Concession intangible assets	13,060,456	<b>12,645,704</b>	16,495,355	<b>15,794,484</b>
Balance with a joint venture	260,944	<b>277,071</b>	329,572	<b>346,062</b>
Loans to a joint venture (note i)	500,000	-	631,500	-
Investment	4,785	<b>4,785</b>	6,044	<b>5,977</b>
	<u>14,323,364</u>	<u><b>13,396,530</b></u>	<u>18,090,408</u>	<u><b>16,732,266</b></u>
<b>Current Assets</b>				
Inventories	1,853	<b>1,320</b>	2,341	<b>1,649</b>
Deposits and prepayments	6,654	<b>5,206</b>	8,405	<b>6,502</b>
Interest and other receivables	85,565	<b>93,999</b>	108,068	<b>117,405</b>
Loans to a joint venture (note i)	22,806	<b>500,854</b>	28,804	<b>625,567</b>
Pledged bank balances and deposits of joint ventures	328,394	<b>197,439</b>	414,762	<b>246,601</b>
Bank balances and cash				
- The Group	1,480,436	<b>813,601</b>	1,869,790	<b>1,016,188</b>
- Joint ventures	34,674	<b>3,784</b>	43,793	<b>4,726</b>
	<u>1,960,382</u>	<u><b>1,616,203</b></u>	<u>2,475,963</u>	<u><b>2,018,638</b></u>
<b>Total Assets</b>	<u>16,283,746</u>	<u><b>15,012,733</b></u>	<u>20,566,371</u>	<u><b>18,750,904</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	270,603	<b>270,603</b>	308,169	<b>308,169</b>
Share premium and reserves	7,300,132	<b>6,965,425</b>	9,253,670	<b>8,729,630</b>
Equity attributable to owners of the Company	7,570,735	<b>7,236,028</b>	9,561,839	<b>9,037,799</b>
Non-controlling interests	49,860	<b>49,780</b>	62,973	<b>62,176</b>
<b>Total Equity</b>	<u>7,620,595</u>	<u><b>7,285,808</b></u>	<u>9,624,812</u>	<u><b>9,099,975</b></u>
<b>Non-current Liabilities</b>				
Bank loan of the Group	500,000	<b>198,479</b>	631,500	<b>247,900</b>
Bank and other loans of joint ventures	5,597,060	<b>5,308,698</b>	7,069,087	<b>6,630,564</b>
Balance with a joint venture partner	260,895	<b>277,021</b>	329,510	<b>345,999</b>
Resurfacing obligations	80,011	<b>100,682</b>	101,053	<b>125,752</b>
Deferred tax liabilities	325,723	<b>318,980</b>	411,388	<b>398,405</b>
Other non-current liabilities	51,488	<b>38,156</b>	65,029	<b>47,657</b>
	<u>6,815,177</u>	<u><b>6,242,016</b></u>	<u>8,607,567</u>	<u><b>7,796,277</b></u>

	<u>2013</u> RMB'000	<u>2014</u> RMB'000	<u>2013</u> HK\$'000	<u>2014</u> HK\$'000
<b>Current Liabilities</b>				
Provision, other payables, accruals and deposits received	707,387	<b>568,451</b>	893,431	<b>709,996</b>
Balance with a joint venture partner	106,595	<b>69,160</b>	134,629	<b>86,381</b>
Bank loans				
- The Group	101,821	<b>500,000</b>	128,600	<b>624,500</b>
- Joint ventures	252,053	<b>281,516</b>	318,342	<b>351,613</b>
Corporate bonds	600,000	-	757,800	-
Other interest payable	8,690	<b>7,203</b>	10,976	<b>8,996</b>
Tax liabilities	71,428	<b>58,579</b>	90,214	<b>73,166</b>
	<u>1,847,974</u>	<u><b>1,484,909</b></u>	<u>2,333,992</u>	<u><b>1,854,652</b></u>
<b>Total Liabilities</b>	<u>8,663,151</u>	<u><b>7,726,925</b></u>	<u>10,941,559</u>	<u><b>9,650,929</b></u>
<b>Total Equity and Liabilities</b>	<u>16,283,746</u>	<u><b>15,012,733</b></u>	<u>20,566,371</u>	<u><b>18,750,904</b></u>

Notes:

(i) Reconciliation of loans to a joint venture

	<u>2013</u> RMB'000	<u>2014</u> RMB'000	<u>2013</u> HK\$'000	<u>2014</u> HK\$'000
Principal amount of loans from the Group to a joint venture	1,030,000	<b>1,000,000</b>	1,300,890	<b>1,249,000</b>
Interest receivable for loans from the Group to a joint venture	15,612	<b>1,708</b>	19,718	<b>2,134</b>
Less: Elimination of the Group's proportionate share of the corresponding amounts of a joint venture	<u>(522,806)</u>	<u><b>(500,854)</b></u>	<u>(660,304)</u>	<u><b>(625,567)</b></u>
	<u>522,806</u>	<u><b>500,854</b></u>	<u>660,304</u>	<u><b>625,567</b></u>

Analysed for reporting purpose:

Non-current assets	500,000	-	631,500	-
Current assets	<u>22,806</u>	<u><b>500,854</b></u>	<u>28,804</u>	<u><b>625,567</b></u>
	<u>522,806</u>	<u><b>500,854</b></u>	<u>660,304</u>	<u><b>625,567</b></u>



## GLOSSARY

“2014 Annual General Meeting”	the annual general meeting of the Company to be held at Auditorium, 3/F., Kowloonbay International Trade and Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Tuesday, 21 October 2014 at 10:00 a.m.
“Board”	the board of Directors
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Coastal Expressway”	Guangzhou-Shenzhen Coastal Expressway
“Company” or “HHI”	Hopewell Highway Infrastructure Limited
“Director(s)”	director(s) of the Company
“DPS”	dividend per share
“EBIT”	earnings before interest and tax
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIT”	Enterprise Income Tax
“EPS”	earnings per share
“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 ended 30 June 2013
“FY14”	the financial year ended 30 June 2014
“FY15”	the financial year ending 30 June 2015
“FY16”	the financial year ending 30 June 2016
“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
“HHL”	Hopewell Holdings Limited
“HK\$”, “HKD” or “HK Dollar(s)”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HZM Bridge”	the Hong Kong-Zhuhai-Macau Bridge
“JV”	joint venture
“km”	kilometre

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mainland China”	the PRC, excluding Hong Kong and Macau
“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)”	US 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 five 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) and Mr. Cheng Hui JIA and three Independent Non-executive Directors namely, Professor Chung Kwong POON, Mr. Yuk Keung IP and Mr. Brian David Man Bun LI.*