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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 Code: 737)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

Highlights

- Profit attributable to owners of the Company was HK$504 million or HK17.01 cents per share
- Interim dividend of HK17 cents per share
- Aggregate daily toll revenue of all toll expressways increased 3% to RMB9.8 million and aggregate daily traffic rose 8% to 375,000 vehicles
- GS Superhighway and Phase I West achieved historical high daily traffic
- Construction of Phase II West currently planned to be completed by the end of June 2010
- Construction of Phase III West has commenced on 28 December 2009, with planned completion by the end of 2013
- Net cash on hand for HHI (not including jointly controlled entities) of about HK$2,699 million as at 31 December 2009

GROUP RESULTS

The Board of Directors (the "Board") of Hopewell Highway Infrastructure Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2009.

For the six months ended 31 December 2009, the performance of the Group by its operating segment is reported as follows:

	Six months ended 31 December			
	2008		**2009**	
	Turnover HK$ million	Results HK$ million	**Turnover HK$ million**	**Results HK$ million**
Guangzhou-Shenzhen Superhighway	889	510	**909**	**515**
Phase I of the Western Delta Route	42	12	**46**	**18**
Net toll revenue/Net profit of toll expressways	931	522	**955**	**533**
Corporate results:				
Other income (including bank deposit interest income)		110		**7**
General and administrative expenses		(23)		**(17)**
Finance costs		(14)		**(9)**
Income tax expenses		(0)		**(0)**
		73		**(19)**
Net exchange loss		(7)		**(1)**
Profit for the period		588		**513**
Non-controlling interests		(9)		**(9)**
Profit attributable to owners of the Company		579		**504**

The aggregate net toll revenue of the two expressway projects proportionately shared by the Group for the six months ended 31 December 2009 recorded an increase of 3% to HK$955 million from HK$931 million of the last corresponding period. Growth was driven by the increase in demand for passenger and freight transportation along with strong car sales and recovering economy of the People's Republic of China ("the PRC"), as the impact of the financial tsunami subsided. Among the aggregate net toll revenue proportionately shared by the Group, Guangzhou-Shenzhen Superhighway ("GS Superhighway") and Phase I of the Western Delta Route ("Phase I West") contributed 95% (or HK$909 million) and 5% (or HK$46 million) respectively.

The aggregate net profit of toll expressways (excluding exchange difference) increased 2% from HK$522 million to HK$533 million, mainly due to a rise in aggregate net toll revenue of both expressway projects proportionately shared by the Group by HK$24 million.

The profit attributable to owners of the Company decreased 13% from HK$579 million to HK$504 million for the period under review, mainly attributable to the net effect of the increase in the aggregate net profit of toll expressways and the drop in interest income on bank deposits of the Group due to the fall in interest rate and bank balance.

Condensed Consolidated Statement of Comprehensive Income

During the six months ended 31 December 2009, the consolidated toll expressway operation expenses and general and administrative expenses increased 21% from HK$126 million to HK$152 million from the last corresponding period, mainly attributable to some engineering works such as improvement of road safety facilities, upgrading of toll plazas, enhancement of toll collection system and road surface maintenance performed during the period.

The increase in consolidated depreciation and amortization charges of 7% from HK$150 million to HK$160 million was in line with the increase in aggregate daily traffic of GS Superhighway and Phase I West by 8% to 375,000 vehicles.

As the Group (not including joint venture companies) had no corporate debt throughout both six months ended 31 December 2008 and 2009, the consolidated finance costs comprised mainly finance costs of the joint venture companies proportionately shared by the Group. The consolidated finance costs decreased 61% from HK$95 million to HK$37 million for the six months ended 31 December 2009 mainly due to the drop in interest rate of the USD bank loans of a joint venture company.

DIVIDEND

The Board has declared an interim dividend of HK17 cents per ordinary share in respect of the financial year ending 30 June 2010 (30 June 2009: HK17 cents). The interim dividend will be paid on or about 26 February 2010 to those shareholders as registered at the close of business on 25 February 2010.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Friday, 19 February 2010 to Thursday, 25 February 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the 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, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 18 February 2010.

BUSINESS REVIEW

As the impact of the financial tsunami gradually subsided, the global financial market and economy have regained stability. From the recent economic data, the series of economic stimulus measures launched by the Government of the PRC have been gaining success. The Gross Domestic Product ("GDP") growth in the PRC in year 2009 achieved 8.7% and most industries have been recovering from economic difficulties. The automobile production and sales industries in the PRC have achieved impressive results under the major support from national policies. The drop in import and export trades narrowed. Import and export trades have rebounded to grow since November and December 2009 respectively. All these lead to an increase in demand for passenger and freight transportation in the PRC. The GS Superhighway and Phase I West of the Group have benefited as a result. The traffic and toll revenue of the resilient Class 1 small cars for both GS Superhighway and Phase I West have shown strong growth and recorded historical high levels.

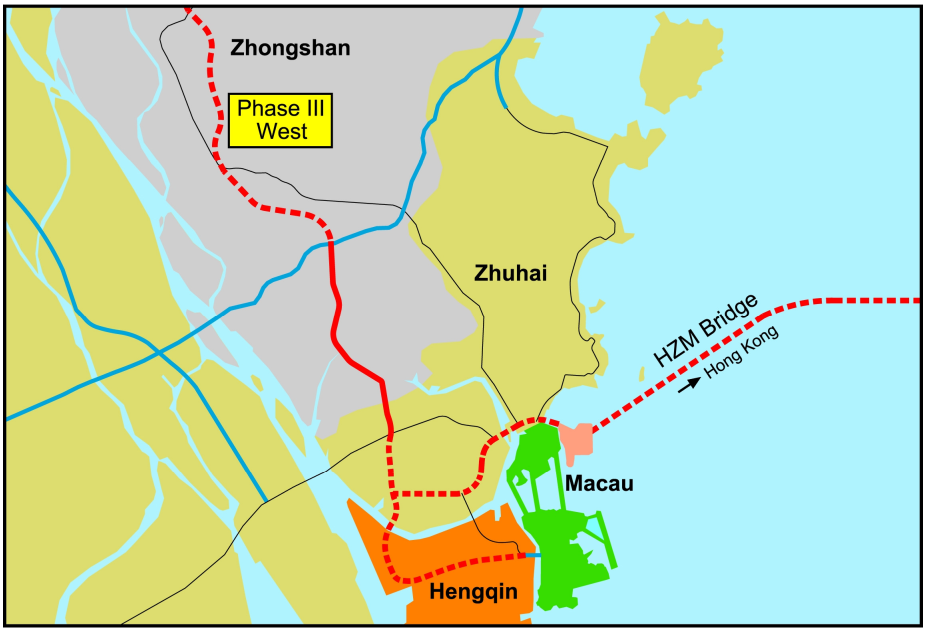
The automobile production and sales industries in the PRC are the beneficiaries of numerous national policies, including the reduction of automobile sales tax, subsidies on the purchase of new automobiles on a trade-in basis, incentive schemes to encourage automobiles purchases in rural areas, the imposition of fuel tax to replace road maintenance fee and cancellation of toll charging on grade 2 toll roads. Such measures have stimulated strong growth in car production and car sales. Both figures for the full year of 2009 exceeded 13.6 million cars and set historical high levels; the PRC has surpassed the United States as the country with the highest domestic sales volume of local-made cars in the world. The continuous flourishing development of the automobile market has increased the number of road users which is beneficial to the development of the expressway sector.

For the six months ended 31 December 2009, the aggregate average daily traffic of GS Superhighway and Phase I West recorded an increase of 8% to 375,000 vehicles and their aggregate average daily toll revenue increased 3% to RMB9.8 million. The aggregate total toll revenue amounted to RMB1,804 million.

According to the current construction progress, Phase II of the Western Delta Route ("Phase II West") is planned to be completed and operational before the end of June 2010. The opening of Phase II West will help enlarge the Group's toll revenue base. The project approval of Phase III of the Western Delta Route ("Phase III West") from the National Development and Reform Commission was obtained in December 2009. On 28 December 2009, a groundbreaking ceremony was held. Phase III West is planned to be completed and operational by the end of year 2013. Upon its completion, the Western Delta Route will become the main artery within the expressway network on the western bank of the Pearl River Delta (the "PRD") region, linking Guangzhou, Foshan, Zhongshan, Zhuhai and Macau. It will be directly connected to various major expressways along the route, including Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Second Ring Road, Jiangmen-Zhongshan Expressway, Xiaolan Highway in Zhongshan and Western Coastal Expressway. It will also link with the expressways leading to Hengqin (the third State-level strategic new zone after Shanghai's Pudong district and Tianjin's Binhai area) in Zhuhai and the Hong Kong-Zhuhai-Macau Bridge (the "HZM Bridge"), forming a strategic expressway network with comprehensive coverage of cities on the western bank of the PRD region and providing convenient access to Macau and Hong Kong.

The HZM Bridge project started construction on 15 December 2009 and is expected to be completed and operational in year 2015. Vehicles traveling across the HZM Bridge will be able to reach cities on the western bank of the PRD region through the Western Delta Route.

Western Delta Route and Highway Network to HZM Bridge, Hengqin, Zhuhai and Macau



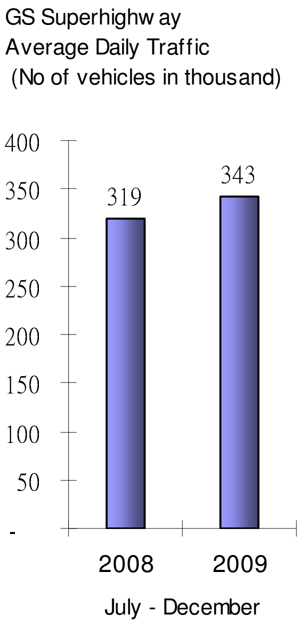
In response to increasing operating costs, the Group has continuously adopted effective measures to control costs and enhance the operating efficiency of the joint venture companies. At present, measures in place include promoting staff productivity, strengthening energy savings and containing the rise in administrative expenses. Meanwhile, the Group also reduced finance costs by choosing financial products with lower interest rates offered by PRC banks to refinance loans borrowed by the joint venture companies.

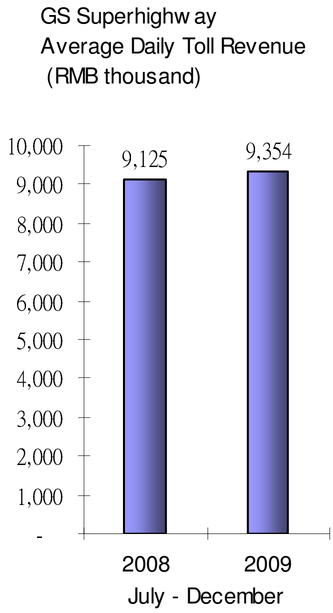
The tax holiday for the enterprise income tax for GS Superhighway expired at the end of year 2009. The applicable tax rate in year 2010 will increase to 22% from the level of 10% in year 2009 and will be 24% in year 2011. As to Phase I West, its tax holiday will expire at the end of year 2010 and the applicable tax rate in year 2011 will increase to 24% from 11% in year 2010. From year 2012 onwards, the applicable tax rate will rise to 25% and last until the end of the contractual operation periods of the joint venture companies of GS Superhighway and Phase I West. Phase II West will be exempted from the enterprise income tax since its commencement of operation in year 2010 until the end of year 2012. The applicable tax rate from year 2013 to the end of year 2015 will be 12.5%. From year 2016 onwards, the applicable tax rate will rise to 25% and last until the end of the contractual operation period of the joint venture company.

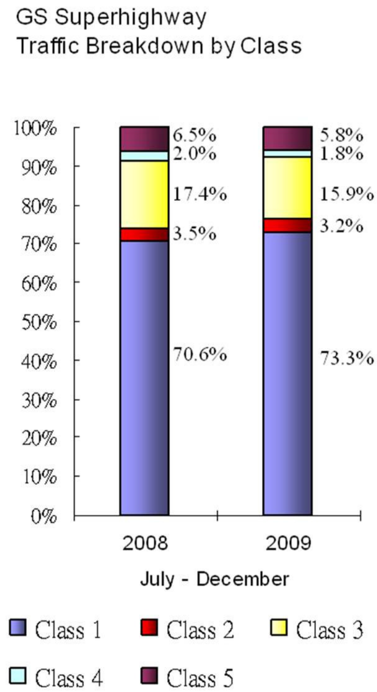
Guangzhou-Shenzhen Superhighway

GS Superhighway is one of the busiest expressways in the country and until now, it remains the only expressway connecting four major cities, namely Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, the average daily toll revenue of GS Superhighway rose 3% to RMB9.35 million, rebounded to a level comparable to that of 2006. The total toll revenue in the six months under review amounted to RMB1,721 million. The average daily traffic increased 8% to 343,000 vehicles as compared with that of last year. In the fourth quarter of year 2009, the average daily traffic grew 11% to 346,000 vehicles as compared with that of last year, which is better than all other quarters in the year.

On 30 September 2009, GS Superhighway recorded the historical high daily traffic of 486,000 vehicles. Based on the traffic data collected in the peak hours between 9:00 to 21:00 on the day, and the hourly throughput capacity indicator being 2,000 vehicles per hour per lane, GS Superhighway's overall utilization was 55% and only two sections, totalled 15 km or about 12% of the whole length, namely the section between Humen Bridge and Changhu Expressway as well as the section between Shenzhen Airport and Jihe Expressway, exceeded 80% utilization for less than 4 hours. The Group is confident that GS Superhighway is far from reaching capacity and still has room to grow in the future.

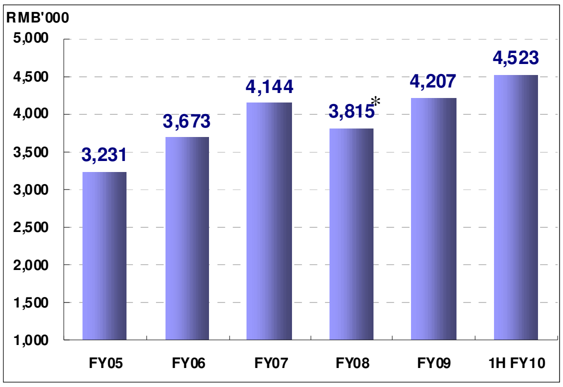




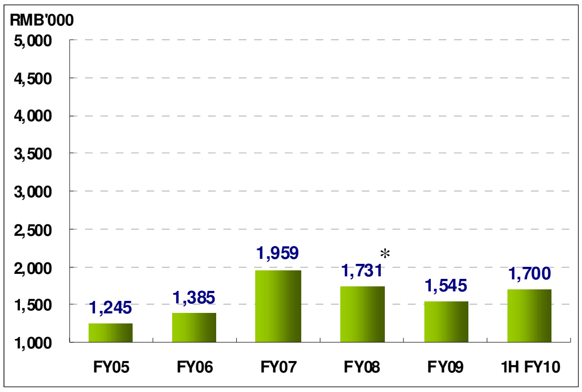


Benefiting from the major stimulus measures from national policies on the automobile production and sales industries, the sales of passenger cars (according to PRC definition, passenger cars include sedan, SUV, MPV and cross-typed passenger cars) recorded a dramatic growth. The traffic and toll revenue of the resilient Class 1 small cars have shown strong growth and reached historical high levels. They made up 73.3% of total traffic on GS Superhighway. Given the higher proportion from Class 1 vehicles, the average toll revenue per car per km dropped 3% to RMB0.94 per car per km in the period under review from RMB0.97 per car per km in the same period of the previous year. Meanwhile, in tandem with the gradual improvement on import and export trades of Guangdong Province, the traffic and toll revenue of Class 4 and Class 5 commercial vehicles (mainly trucks) have rebounded from the trough at the beginning of the year to a level comparable to that of year 2008.

Class 1 – Average Daily Toll Revenue (FY05~1H FY10)



Class 4 & 5 – Average Daily Toll Revenue (FY05~1H FY10)



** part of GS Superhighway closed for maintenance in phases during October 2007 to July 2008*

The section between Guangqing interchange and Cencun interchange of Guangzhou Northern Ring Road connecting to GS Superhighway, was closed for maintenance from 18 July to 9 November 2009, during which only slight impact on the traffic and toll revenue of GS Superhighway was observed. The road section has been re-opened and GS Superhighway's traffic has returned to its normal level.

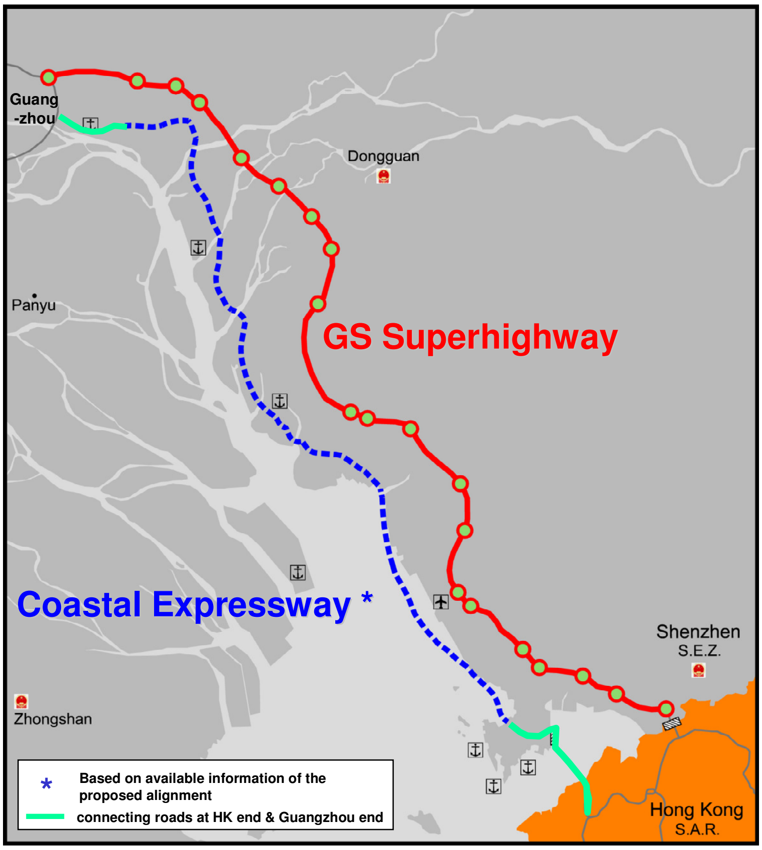
A recent analysis of GS Superhighway daily traffic profile reflects a gradual growth of traffic volume during non-peak hours from the night to early morning. The trend indicates a possibility of gradual spread of traffic to various time periods within a day. This will enhance GS Superhighway's overall traffic throughput.

According to the media, the relevant authorities in the PRC and Hong Kong are actively studying to introduce a short-term quota for cross-border private cars in year 2010. Private cars registered in Hong Kong will be granted one-off cross-border licenses to cross the border at Shenzhen Bay Port. The Group believes that GS Superhighway will benefit from such arrangements.

The feasibility study on widening GS Superhighway to a dual ten-lane expressway is being fine-tuned. Upon completion, an application will be submitted to the authorities for approval by the joint venture company according to the relevant regulations. Meanwhile, the joint venture company is actively considering to start widening works earlier at certain road sections with heavy traffic, including the section in Dongguan connecting Changhu Expressway and Humen Bridge, to relieve traffic pressure and sustain smooth traffic.

It was also reported that the construction works of the 59 km Guangzhou and Dongguan sections as well as the 30 km Shenzhen section of Guangzhou-Shenzhen Coastal Expressway ("Coastal Expressway") are planned to be completed by the end of year 2010 and in year 2012 respectively. The Group will continue to pay attention on its progress. Moreover, there is a common misconception that the travel distance between Hong Kong and Guangzhou taking Coastal Expressway is shorter than taking GS Superhighway. In fact, the reported length of 89 km of Coastal Expressway refers only to the middle part of the route between Hong Kong and Guangzhou. If one includes the connecting roads at both ends, i.e. the Hong Kong-Shenzhen Western Corridor and connecting roads to the highway networks in Hong Kong and that to Guangzhou Ring Road, the total travel distance from Hong Kong to Guangzhou taking Coastal Expressway is comparable to that taking GS Superhighway.

Coastal Expressway – Comparable Travel Distance to GS Superhighway

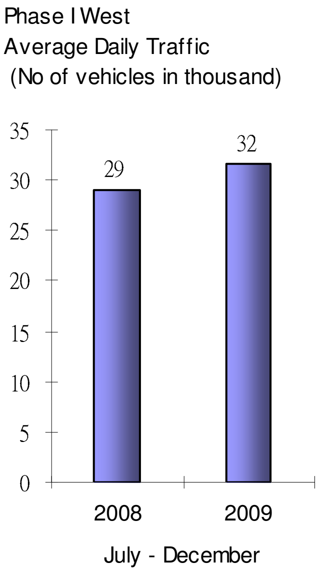


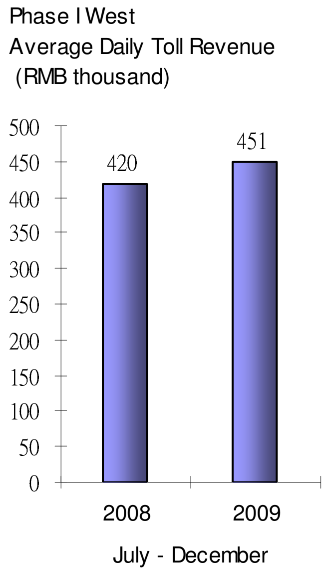
Phase I of the Western Delta Route

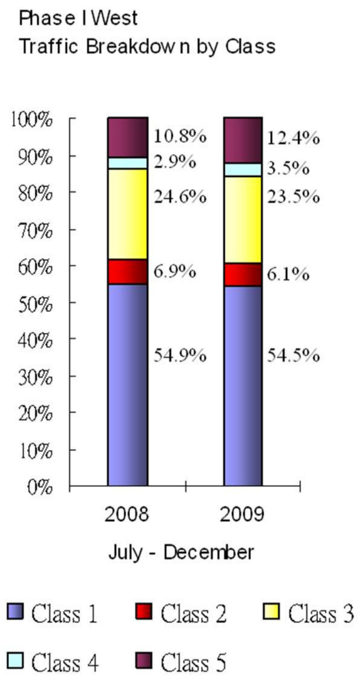
The Western Delta Route is scheduled to be built in three phases, namely Phase I West, Phase II West and Phase III West. Its first phase, Phase I West, commenced operation in April 2004. Phase I West is a 14.7 km closed expressway with a total of 6 lanes in dual directions connecting to Guangzhou East-South-West Ring Road ("ESW Ring Road") to the north, and National Highway 105 and Bigui Road of Shunde to the south. Currently, it is the only expressway linking Guangzhou and Shunde. In its first full year of operation from July 2004 to June 2005, Phase I West made profits and generated positive cash flow. It has maintained good performance over the years, growing steadily in traffic and toll revenue.

In the period from 18 July to 9 November 2009, the section between Guangqing interchange and Cencun interchange of Guangzhou Northern Ring Road was closed for maintenance, during which some vehicles had to take a detour at ESW Ring Road, resulting in traffic congestion at the section linking ESW Ring Road and Phase I West. The maintenance works at Guangzhou Northern Ring Road were completed, and thus the road section connecting Phase I West to enter into or exit from ESW Ring Road has resumed smooth traffic. Besides, from mid-August 2009 to the end of March 2010, a local bridge close to the Sanshan Container Port in Foshan, namely Sanshanxi West Bridge, has been closed for maintenance. Most trucks are being diverted to Phase I West according to instructions from the traffic police, resulting in an increase in traffic of Phase I West.

During the period under review, Phase I West's average daily traffic grew 9% to 32,000 vehicles as compared with that of last year. The average daily toll revenue rose 7% to RMB451,000. The daily traffic and toll revenue also recorded historical highs. The increase was mainly driven by the strong economic growth of Foshan and the temporary closure of the Foshan local bridge for maintenance. The total toll revenue for the six months under review amounted to RMB83 million.







According to the media, for the purpose of carrying out maintenance works at the Yajisha Bridge of ESW Ring Road, a one-year traffic control measure to prohibit large trucks (mainly loaded Class 5 trucks) over 15 tons from using a section of that road has been imposed on 9 January 2010. It is estimated that the corresponding impact on Phase I West will be minimal.

The Guangzhou South Railway Station, which is the largest high-speed railway station in Asia and situated in the proximity of Phase I West, commenced operation in January 2010. Phase II West is scheduled to be completed and operational before the end of June 2010. In addition, Foshan was one of the top three cities with the highest GDP growth in the PRD region in year 2009 and continues to show robust economic growth. All these advantageous factors are expected to contribute to the continuous traffic and revenue growth of Phase I West.

Phase II of the Western Delta Route

Phase II West is a 46 km closed expressway with a total of 6 lanes in dual directions. It is connected to Phase I West in Shunde at the northern end and extends southwards to Shaxi in Zhongshan, linking National Highway 105, Xiaolan Highway and the new Qijiang Highway (both currently under construction). Upon completion, Phase I West and Phase II West will be the only expressways directly linking Guangzhou to the downtown of Zhongshan. According to current construction progress, Phase II West will be completed and operational before the end of June 2010 as planned.

As the prices of construction materials in the PRC have started to fall since mid 2008, the local banks in the PRC have also cut its lending interest rates since September 2008 and the Group has adopted effective measures to control construction costs, the final construction cost of Phase II West is estimated to be lower than the budgeted cost of RMB7,200 million.

Based on the annual toll revenue for the first full year of operation of GS Superhighway and Phase I West, the Group targets at achieving a breakeven of cash flow for Phase II West in its first full year of operation. Preliminary estimation suggests that if Phase II West's annual toll revenue for its first full year of operation amounts to RMB6.5 million per km, cash flow breakeven will be achieved. If it is over RMB9.5 million per km, profits will be attained. During the period under review, the annualized toll revenue for Phase I West amounted to RMB11.2 million per km.

Phase III of the Western Delta Route

Phase III West is a 38 km closed expressway with a total of 6 lanes in dual directions. It is connected to Phase II West in Zhongshan at its northern end and extends southwards to the highway network in Zhuhai, providing a direct access to Zhuhai, Hengqin (the State-level strategic new zone) and Macau.

The project approval of Phase III West by the National Development and Reform Commission was obtained in December 2009. The currently planned total investment for Phase III West is about RMB5,600 million. The capital requirement for the project is maintained at the level of 35% of total investment amount as it is a sino-foreign joint venture tolled expressway project. The groundbreaking ceremony of Phase III West was held on 28 December 2009. Phase III West is planned to be completed and operational by the end of year 2013.

The Group will endeavour to expedite the construction of Phase II West and Phase III West to have them completed earlier. Upon the completion of all three phases of the Western Delta Route, it will become the main artery within the regional expressway network on the western bank of the PRD region linking Guangzhou, Foshan, Zhongshan, Zhuhai, Hengqin and Macau. It is also directly connected with various major expressways along the route including Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Second Ring Road, Jiangmen-Zhongshan Expressway, Western Coastal Expressway and expressways linking Hengqin and the HZM Bridge. It will form a strategic expressway network with comprehensive coverage as well as a direct and convenient access to cities on the western bank of the PRD region, providing convenient access to Macau and Hong Kong.

Further to the promulgation of the PRD Reform and Development Plan (2008-2020) by the National Development and Reform Commission in December 2008 to enhance the integration, optimization and acceleration of the economic development of the western bank of the PRD region, the State Council approved the overall development plan for Hengqin on 14 August 2009. Hengqin, which is situated adjacent to Macau, has been positioned as a State-level strategic new zone where a central financial and business district will be built. Thus, its construction and development will be expedited. In addition, the HZM Bridge started construction on 15 December 2009 and is expected to be completed and operational in year 2015. Vehicles will be able to get access to and from the HZM Bridge, Hengqin and Macau through the Western Delta Route. The Group believes that the Western Delta Route will benefit from the economic and transportation integration between Guangdong, Hong Kong and Macau.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had no corporate debt outstanding as at 31 December 2009 (30 June 2009: nil). The Group's debt balance comprised solely its proportionate share of project loans from its PRC joint venture companies. The Group's total debt to total assets ratio and gearing ratio (net debt to equity attributable to owners of the Company) were 38% (30 June 2009: 37%) and 34% (30 June 2009: 30%) respectively. The gearing structure is set out below:

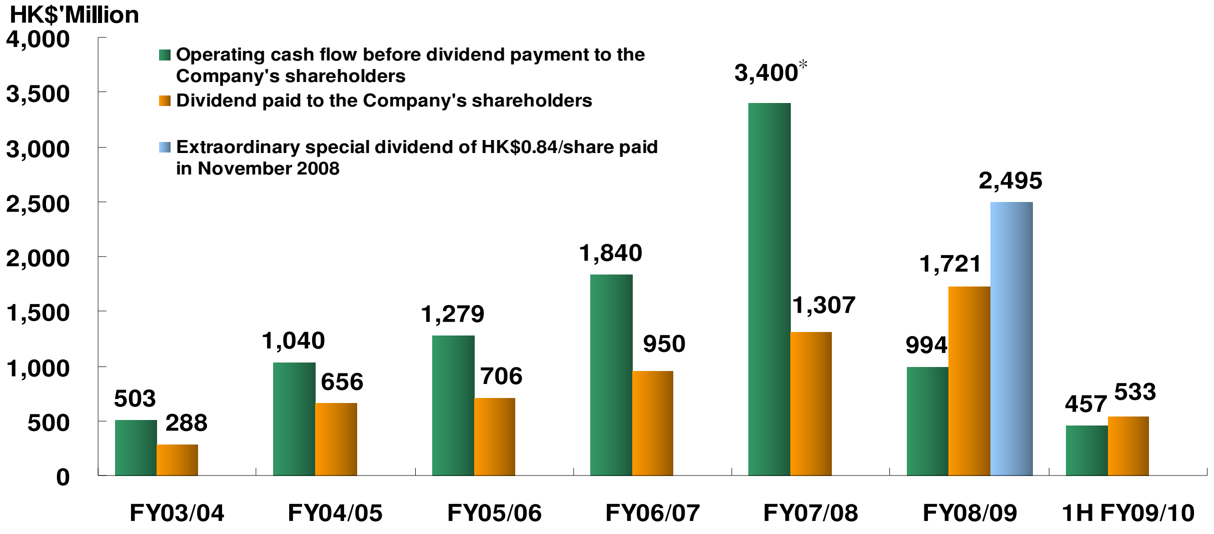
	30 June 2009 HK$ million	**31 December 2009 HK$ million**
Total debt		
- Company and subsidiaries	0	**0**
- Joint venture companies	5,379	**5,710**
Net debt (Note)	2,482	**2,848**
Total assets	14,588	**14,924**
Equity attributable to owners of the Company	8,341	**8,321**
Total debt / Total assets ratio	37%	**38%**
Gearing ratio	30%	**34%**

Note: Net debt is defined as total debt less bank balances and cash together with pledged bank balances and deposits.

The cash balance as at 31 December 2009 of HK$2,699 million and about 60% thereof will be used for capital contributions for Phase II West and Phase III West. In the absence of new project commitment, the remaining cash balance could be maintained till the completion of Phase III West in 2013.

In addition, the Group has an undrawn 5-year committed and unsecured syndicated bank revolving credit and term loan facility of HK$3,600 million obtained in October 2005. The major source of cash inflow of the Group is the dividends receivable from its joint venture companies. The major cash outflow is the dividends payable to the shareholders of the Company. The net operating cash inflow before dividend payment to the Company's shareholders (excluding the cash inflow of the joint venture companies proportionately shared by the Group) amounted to approximately HK$457 million for the six months ended 31 December 2009 (year ended 30 June 2009: HK$994 million). In view of the strong financial position, the Board set the target dividend payout ratio of the Company as 100%. Subsequent to the Company's IPO in August 2003, the Company has accumulated a cash surplus (the operating cash inflow less the dividends paid by the Company and proceeds from the IPO) of approximately HK$857 million. Based on the current operating cash flow, this target payout ratio is sustainable.

Operating Cash Flow to Dividend Payment



* Including cash inflow of approximately HK$1.6 billion from the disposal of the Group's entire interest in ESW Ring Road

As at 31 December 2009, the bank balances and cash of the Group amounted to HK$2,699 million (30 June 2009: HK$2,775 million) and of the joint venture companies proportionately shared by the Group amounted to HK$163 million (30 June 2009: HK$122 million). The bank balances and cash of the Group together with the committed undrawn banking facility totalling HK$6,299 million (30 June 2009: HK$6,375 million). In addition to the stable cash dividends received and receivable from GS Superhighway JV (from which the Group had received cash dividends of HK$475 million, HK$1,065 million, HK$614 million and HK$1,048 million for the six months ended 31 December 2009 and the years ended 30 June 2009, 2008 and 2007 respectively), the Group has sufficient financial resources to cater for its recurring operating activities, present and potential investment activities.

As at 31 December 2009, the bank balances and cash of the Group amounted to HK$2,699 million (30 June 2009: HK$2,775 million) with 99.99% (30 June 2009: 69%) was denominated in HKD and 0.01% (30 June 2009: 31%) was demoniated in USD.

The project loans of the joint venture companies proportionately shared by the Group have been well serviced by the cash flow of the respective joint venture companies. Interest coverage (EBITDA to finance costs ratio) of GS Superhighway JV and West Route JV for the six months ended 31 December 2009 were 45.8 times (year ended 30 June 2009: 16.8 times) and 4.1 times (year ended 30 June 2009: 9.9 times) respectively.

As at 31 December 2009, the bank and other borrowings of the joint venture companies proportionately shared by the Group amounted to approximately HK$5,565 million (30 June 2009: HK$5,238 million) with the following profile:

(a) 99.9% (30 June 2009: 99.9%) was bank loans and 0.1% (30 June 2009: 0.1%) was other loan; and
(b) 49% (30 June 2009: 53%) was denominated in USD; 45% (30 June 2009: 40%) was denominated in RMB and 6% (30 June 2009: 7%) was denominated in HKD.

The net current assets of the Group decreased 5% from approximately HK$2,182 million as at 30 June 2009 to approximately HK$2,074 million as at 31 December 2009.

Debt Maturity Profile
The maturity profile of bank and other borrowings of the joint venture companies proportionately shared by the Group as at 31 December 2009 as compared to that as at 30 June 2009 is shown as follows:

	30 June 2009		**31 December 2009**	
	HK$ million	%	**HK$ million**	**%**
Repayable within 1 year	344	6%	**459**	**8%**
Repayable between 1 to 5 years	1,350	26%	**1,365**	**25%**
Repayable beyond 5 years	3,544	68%	**3,741**	**67%**
	5,238	100%	**5,565**	**100%**

Other than the above, the Company and its subsidiaries had no corporate debt outstanding both as at 30 June and 31 December 2009. All of the bank borrowings of the joint venture companies are from banks in PRC and are carrying interest at floating interest rates. In the absence of new project commitment, the bank borrowings of the joint venture companies proportionately shared by the Group will not exceed HK$7,600 million in 2013 following the completion of Phase II West and Phase III West.

In June and August 2009, West Route JV had successfully refinanced the project loans for Phase I West with long-term loans that has revolving facility at lower interest rate from a bank in PRC. The refinancing helps reduce finance costs and the new bank loans are more flexible and effective in cash management as well as more responsive to interest rate changes. In addition, West Route JV continues to finance its payment of construction costs of Phase II West by 6-month commercial bills, which saved finance costs.

Interest Rate and Exchange Rate Exposures
The Group closely monitors its interest rate and foreign exchange exposure. The use of financial instrument is strictly controlled. At present, neither the Group nor the joint venture companies have any financial derivative instruments to hedge the interest rate or foreign currency exchange rate exposure.

Treasury Policies

The Group continues to adopt prudent and conservative treasury policies in financial and funding management. Its liquidity and financial resources are reviewed on a regular basis to minimize the cost of funding and enhance the return on financial assets. All of its cash are generally placed in short-term deposits denominated mainly in HKD. The Group has not invested in any financial derivative instruments or accumulators.

Capital Commitments

As at 31 December 2009, the Group had agreed, subject to approval of relevant authorities, to make additional capital contributions to West Route JV for development of Phase II West of approximately RMB402,500,000 (30 June 2009: RMB402,500,000) before the end of 30 June 2010.

As at 31 December 2009, the Group had agreed, subject to approval of relevant authorities, to make capital contributions to West Route JV for development of Phase III West of approximately RMB980,000,000 (30 June 2009: RMB980,000,000). It is currently planned that the Group will make its capital contribution for Phase III West before the end of 30 June 2010, 2011 and 2012 in the proportion of 20%, 50% and 30% respectively.

As at 31 December 2009, GS Superhighway JV and West Route JV had outstanding commitments, of which 48% and 50% respectively, are proportionately shared by the Group in respect of the acquisition of property and equipment, and construction of the Phase II West which are contracted but not provided for. The Group's share of these commitments amounted to approximately HK$525,000,000 (30 June 2009: HK$520,766,000).

Pledge of Assets

As at 31 December 2009, certain assets of the joint venture companies of the Group were pledged to banks to secure banking facilities granted to the joint venture companies. The carrying amounts of these assets proportionately shared by the Group are analyzed as follows:

	30 June 2009 HK$ million	**31 December 2009 HK$ million**
Concession intangible assets	6,597	**6,403**
Property and equipment	665	**559**
Bank balances and deposits	119	**162**
Inventories	2	**2**
Other receivables, deposits and prepayments	73	**40**
	7,456	**7,166**

As at 30 June 2009, the toll expressway of GS Superhighway JV and 26% of the toll expressway and the land use rights of West Route JV in respective of Phase I West, collectively classified as concession intangible assets, together with the toll collection right of GS Superhighway JV and 26% of the toll collection right of Phase I West were pledged to banks to secure banking facilities granted to the respective joint venture company. As at 31 December 2009, the toll expressway of GS Superhighway classified as concession intangible assets and certain bank balances and deposits of West Route JV in respective of Phase I West, together with the toll collection right of GS Superhighway JV and 42.2% of the toll collection right of Phase I West were pledged to banks to secure banking facilities granted to the respective joint venture company.

Contingent Liabilities
As at 31 December 2009, there was no material contingent liabilities for the Group.

Material Acquisition or Disposal
During the six months ended 31 December 2009, there was no material acquisition or disposal of the Company's subsidiaries or associated companies.

OTHER INFORMATION

Review of Interim Results
The unaudited interim results of the Group for the six months ended 31 December 2009 have been reviewed by the Audit Committee and auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Employees and Remuneration Policies
As at 31 December 2009, the Group, excluding the joint venture companies, employed 35 employees. We offer competitive remuneration packages to employees based on the prevailing market practices and individual performance. The Group also provides share option schemes and share award schemes for the purposes of recognizing contributions by, and giving incentives to, the employees. In addition, discretionary bonuses will be granted to employees based on both individual and Group business performance. The Group also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members.

On top of offering competitive remuneration packages, the Group also invests in human capital development by providing relevant training programs to enhance employee productivity. In July 2009, the Group hired 5 high potential graduates under an 18-month Management Trainee Program. They will be equipped with the essential business knowledge and management skills through the thoughtfully planned job rotations within our core-business units. In-house training programs are designed after taking into account employees' knowledge and skill gaps identified during performance appraisals. The overall training objectives are to enhance employees' personal productivity, prepare for their future roles and thereby contribute to the business success. Programs such as presentation skills workshop, year-end performance review training, computer application skills training, finance knowledge training programme, English business writing skills training and race discrimination ordinance seminar were organized during the period.

Besides, various staff events were organized during the period under review, such as Christmas party, and staff recreation and sports events, to build closer relationship across levels within the organization.

Purchase, Sale or Redemption of Securities
There was no purchase, sale or redemption by the Company or any of its subsidiaries of securities of the Company during the six months ended 31 December 2009.

Corporate Governance
During the period under review, the Company has complied with all code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Model Code for Securities Transactions
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Company's Directors and relevant employees who are or may be in possession of unpublished price sensitive information. Based on the specific enquiry made, all Directors have confirmed that they have complied fully with the Model Code throughout the period under review.

By Order of the Board
Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 4 February 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 31 December 2009

	NOTES	Six months ended 31 December 2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**
Toll revenue		931,265	**955,098**
Revenue on construction		539,293	**469,321**
Turnover	3	1,470,558	**1,424,419**
Other income and other expense	4	122,916	**18,626**
Construction costs		(539,293)	**(469,321)**
Provision for resurfacing charges		(5,686)	**(9,478)**
Toll expressway operation expenses		(79,676)	**(112,263)**
Depreciation and amortization charges		(150,112)	**(159,995)**
General and administrative expenses		(46,443)	**(39,906)**
Finance costs	5	(95,131)	**(36,996)**
Profit before tax		677,133	**615,086**
Income tax expenses	6	(89,159)	**(102,431)**
Profit for the period	7	587,974	**512,655**
Other comprehensive income for the period:			
Exchange differences arising on translation to presentation currency		(7,999)	**9,426**
Total comprehensive income for the period		579,975	**522,081**
Profit for the period attributable to:			
Owners of the Company		579,033	**503,683**
Non-controlling interests		8,941	**8,972**
		587,974	**512,655**
Total comprehensive income attributable to:			
Owners of the Company		571,034	**513,109**
Non-controlling interests		8,941	**8,972**
		579,975	**522,081**
		HK Cents	**HK Cents**
Earnings per share	9		
Basic		19.50	**17.01**
Diluted		19.50	**17.01**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	30 June 2009 (audited) HK$'000	**31 December 2009 (unaudited) HK$'000**
ASSETS		
Non-current Assets		
Property and equipment	189,401	**185,584**
Concession intangible assets	11,279,829	**11,614,455**
Balances with jointly controlled entities	141,062	**145,442**
	11,610,292	**11,945,481**
Current Assets		
Inventories	2,370	**1,807**
Deposits and prepayments	15,192	**34,913**
Other receivables	62,666	**31,330**
Other receivable from a jointly controlled entity	-	**48,160**
Pledged bank balances and deposits of jointly controlled entities	118,927	**162,489**
Bank balances and cash		
- The Group	2,775,222	**2,699,092**
- Jointly controlled entities	3,136	**785**
	2,977,513	**2,978,576**
Total Assets	14,587,805	**14,924,057**
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	296,169	**296,169**
Share premium and reserves	8,044,836	**8,024,817**
Equity attributable to owners of the Company	8,341,005	**8,320,986**
Non-controlling interests	47,930	**54,790**
Total Equity	8,388,935	**8,375,776**
Non-current Liabilities		
Other payables	39,732	**46,250**
Bank and other loans of jointly controlled entities	4,893,801	**5,105,480**
Balance with a joint venture partner	141,010	**145,389**
Resurfacing obligations	8,421	**17,933**
Deferred tax liabilities	320,307	**329,043**
	5,403,271	**5,644,095**
Current Liabilities		
Other payables, accruals and deposits received	387,443	**376,617**
Bank loans of jointly controlled entities	344,344	**459,359**
Other interest payable	3,604	**5,559**
Tax liabilities	32,029	**34,448**
Resurfacing obligations	28,179	**28,203**
	795,599	**904,186**
Total Liabilities	6,198,870	**6,548,281**
Total Equity and Liabilities	14,587,805	**14,924,057**

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 December 2009

1. BASIS OF PREPARATION

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

The Company's functional currency is Renminbi ("RMB"). The condensed consolidated financial statements are presented in Hong Kong dollars ("HKD") as the Company considers that HKD is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2009 except for the matters described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards and amendments issued by the IASB and the following interpretations developed by the International Financial Reporting Interpretation Committee (collectively referred to as the "new IFRSs"), which are effective for the Group's financial year beginning on 1 July 2009.

IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 39 (Amendment)	Eligible Hedged Items
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 3 (Revised)	Business Combinations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
IFRSs (Amendments)	Improvements to IFRSs issued in May 2008
IFRSs (Amendments)	Improvements to IFRSs issued in April 2009 except for the improvements that are effective for annual periods on or after 1 January 2010

IAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

IFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally to the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The predecessor standard, IAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of IFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 (see note 3 to the condensed consolidated financial statements).

No prior period adjustment is required as the adoption of the new IFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods.

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

IFRSs (Amendments)	Improvements to IFRSs issued in April 2009 that are effective for annual periods on or after 1 January 2010[1]
IAS 24 (Revised)	Related Party Disclosures[2]
IAS 32 (Amendment)	Classification of Rights Issues[3]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[6]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
IFRS 9	Financial Instruments[5]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Amendments that are effective for annual periods beginning on or after 1 January 2010, as appropriate
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 January 2010
[5] Effective for annual periods beginning on or after 1 January 2013
[6] Effective for annual periods beginning on or after 1 July 2010

The Company anticipates that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

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

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Toll revenue before business tax	960,074	**984,642**
Business tax	(28,809)	**(29,544)**
	931,265	**955,098**
Revenue on construction	539,293	**469,321**
	1,470,558	**1,424,419**

In the prior periods, the Group had only one business segment, namely the construction under service concession, development, operation and management of toll expressways in the PRC through its jointly controlled entities established in the PRC. Accordingly, no business and geographical segments were presented. As set out in note 2, the Group has adopted IFRS 8 with effect from 1 July 2009. Information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of performance focuses more specifically on individual toll expressways projects operated and managed by the Group. Accordingly, amounts reported for the prior period have been restated to conform to the requirements of IFRS 8. The Group's reportable segments under IFRS 8 are therefore as follows:

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

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

Segment revenue and results

	Six months ended 31 December			
	2008		**2009**	
	Segment revenue HK$'000	Segment results HK$'000	**Segment revenue HK$'000**	**Segment results HK$'000**
GS Superhighway	888,700	510,442	**909,456**	**514,909**
Phase I West	42,565	11,971	**45,642**	**18,412**
Total segment revenue/profit	931,265	522,413	**955,098**	**533,321**
Other income		109,982		**6,554**
Corporation general and administrative expenses		(22,725)		**(17,244)**
Corporative finance costs		(14,244)		**(9,158)**
Corporative income tax expense		(75)		**(76)**
Net exchange loss		(7,377)		**(742)**
Profit for the period		587,974		**512,655**

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

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

Reconciliation from segment revenue to turnover

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Segment revenue (net toll revenue)	931,265	**955,098**
Revenue on construction	539,293	**469,321**
Turnover	1,470,558	**1,424,419**

4. OTHER INCOME AND OTHER EXPENSE

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Interest income from:		
Loan made by the Group to a jointly controlled entity	99	**-**
Bank deposits	68,811	**3,975**
Imputed interest income on interest-free registered capital contributions made by the Group to a jointly controlled entity	19,854	**4,254**
Net exchange loss	(7,377)	**(742)**
Rental income	1,960	**2,712**
Management fee income from jointly controlled entities	315	**651**
Others	13,360	**7,776**
	97,022	**18,626**
Fair value adjustment on interest-free registered capital contributions made by a joint venture partner to a jointly controlled entity	25,894	**-**
	122,916	**18,626**

5. FINANCE COSTS

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Interest on bank loans	112,799	**73,776**
Imputed interest on:		
Interest-free registered capital contributions made by a joint venture partner	13,732	**4,254**
Other interest-free loan	185	**198**
	126,716	**78,228**
Other financial expenses	6,687	**6,194**
	133,403	**84,422**
Less: Amounts included in toll expressway construction costs (note)	(38,272)	**(47,426)**
	95,131	**36,996**

Note: Borrowing costs capitalized during the period arose on bank borrowings by applying a capitalization rate of 5.184% (six months ended 31 December 2008: 7.047%) per annum to expenditure on the toll expressway construction costs.

6. INCOME TAX EXPENSES

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
The tax charge comprises:		
PRC Enterprises Income Tax		
- The Group	75	**25,127**
- Jointly controlled entities	55,140	**68,757**
Deferred taxation	33,944	**8,547**
	89,159	**102,431**

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

The PRC Enterprise Income Tax charge of the Group for the six months ended 31 December 2009 included an amount of approximately HK$25,051,000 (six months ended 31 December 2008: nil) representing the withholding tax imposed on dividends declared during the period by a jointly controlled entity of the Group which the corresponding amount had already been provided for deferred tax in prior period under undistributed earnings of PRC jointly controlled entities.

The PRC Enterprise Income Tax charge of the jointly controlled entities represents the Group's proportionate share of the provision for the PRC Enterprise Income Tax of 廣深珠高速公路有限

公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") amounting to approximately HK$66,802,000 (six months ended 31 December 2008: HK$54,285,000), and 廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") amounting to approximately HK$1,955,000 (six months ended 31 December 2008: HK$855,000), which are calculated at 10% (six months ended 31 December 2008: 9%) of the estimated taxable profit for the period.

7. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Profit for the period has been arrived at after charging (crediting):		
Amortization of concession intangible assets	137,449	**146,241**
Depreciation of property and equipment	12,663	**13,754**
Gain on disposal of property and equipment	(37)	**(3)**

8. DIVIDENDS

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Dividends paid and recognized as distribution during the period:		
Special dividend paid of nil (six months ended 31 December 2008: HK84 cents per share for the year ended 30 June 2009)	2,495,202	**-**
Final dividend for the year ended 30 June 2009 paid of HK18 cents per share (six months ended 31 December 2008: HK13 cents per share for the year ended 30 June 2008)	386,162	**533,104**
Special final dividend for the year ended 30 June 2009 paid of nil (six months ended 31 December 2008: HK28 cents per share for the year ended 30 June 2008)	831,734	**-**
	3,713,098	**533,104**

A special dividend out of the share premium reserve in respect of the year ended 30 June 2009 of HK84 cents per share was paid to the shareholders on 14 November 2008.

Subsequent to the interim period end, the directors have declared that an interim dividend in respect of the year ending 30 June 2010 of HK17 cents per share (six months ended 31 December 2008: an interim dividend of HK17 cents per share for the year ended 30 June 2009) totalling approximately HK$503,487,000 (six months ended 31 December 2008: HK$503,487,000) shall be paid to the shareholders of the Company whose names appear on the Register of Members on 25 February 2010.

9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2008	**2009**
	HK$'000	**HK$'000**
Earnings for the purposes of basic and diluted earnings per share	579,033	**503,683**

	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,969,584,932	**2,961,690,283**
Effect of dilutive potential ordinary shares:		
Unvested shares awarded	366,065	**-**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,969,950,997	**2,961,690,283**

The weighted average number of ordinary shares shown above had been arrived at after deducting the shares held by HHI Employee's Share Award Scheme Trust.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the shares for each of the six months ended 31 December 2008 and 2009.

10. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities as at 31 December 2009 amounted to approximately HK$14,019,871,000 (30 June 2009: HK$13,792,206,000). The Group's net current assets as at 31 December 2009 amounted to approximately HK$2,074,390,000 (30 June 2009: HK$2,181,914,000).

As at the date of this announcement, the Board comprises six Executive Directors namely, Sir Gordon Ying Sheung WU (Chairman), Mr. Eddie Ping Chang HO (Vice Chairman), Mr. Thomas Jefferson WU (Managing Director), Mr. Alan Chi Hung CHAN (Deputy Managing Director), Mr. Cheng Hui JIA and Mr. Alan Ming Fai TAM and five Independent Non-Executive Directors namely, Mr. Philip Tsung Cheng FEI, Mr. Lee Yick NAM, Mr. Kojiro NAKAHARA, Dr. Gordon YEN and Professor Chung Kwong POON.

** for identification only*