Hopewell Highway Infrastructure Limited

合 和 公 路 基 建 有 限 公 司*

(incorporated in the Cayman Islands with limited liability)

Stock Codes: 737 (HKD counter) and 80737 (RMB counter)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Highlights

1H FY18

- Net profit grew 34% yoy to RMB359 million mainly due to net exchange gain
- GS Superhighway maintained stable growth
- Western Delta Route ("WDR") recorded strong growth with net profit rising 25% yoy to RMB64 million (HHI's share)
- Net exchange gain on RMB appreciation of RMB47 million (HHI's share) (1H FY17: Net exchange loss of RMB49 million)
- West Route JV utilised surplus cash to prepay bank loan principal of RMB460 million as at 31 December 2017 (JV company level)
- Strong financial position with HHI corporate level net cash of RMB417 million or RMB0.14 per share as at 31 December 2017

* *For identification purpose only*

GROUP RESULTS

The Board is pleased to announce that the Group's unaudited interim results for the six months ended 31 December 2017 presented in RMB (million) were as follows:

RMB million	Six months ended 31 December									
	2016					**2017**				
	Net toll revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results	**Net toll revenue**	**EBITDA**	**Depreciation and amortisation**	**Interest and tax**	**Results**
HHI's share										
Project contributions:										
GS Superhighway [Note 1]	791	662	(228)	(160)	274	**782**	**662**	**(236)**	**(165)**	**261**
Western Delta Route	301	253	(107)	(95)	51	**340**	**289**	**(118)**	**(107)**	**64**
Total	1,092	915	(335)	(255)	325	**1,122**	**951**	**(354)**	**(272)**	**325**
YoY change						**+3%**	**+4%**	**+6%**	**+7%**	**0%**
Corporate results:										
Bank deposits interest income					14					**10**
Other income					-					**1**
General and administrative expenses and depreciation					(18)					**(19)**
Finance costs					-					**-**
Sub-total					(4)					**(8)**
Profit before net exchange (loss)/ gain (after deduction of related income tax)					321					**317**
YoY change										**-1%**
Net exchange (loss) / gain (after deduction of related income tax)					(49)					**47**
Profit for the period					272					**364**
Profit attributable to non-controlling interests					(5)					**(5)**
Profit attributable to owners of the Company					267					**359**
YoY change										**+34%**

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

During the period under review, the Group's share of the aggregate net toll revenue of its expressway projects increased by 3% from RMB1,092 million to RMB1,122 million. Though GS Superhighway stable growth has been maintained, pursuant to the joint venture agreement, the Group's profit-sharing ratio in the GS Superhighway JV adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period, i.e. 30 June 2027. The GS Superhighway's net toll revenue shared by the Group decreased slightly by 1% from RMB791 million to RMB782 million. The Western Delta Route continued to record strong growth, with a 13% increase in net toll revenue to RMB340 million. The GS Superhighway and Western Delta Route contributed 70% (RMB782 million) and 30% (RMB340 million) respectively to the Group's share of aggregate net toll revenues.

With healthy core operation, the Group's share of the aggregate EBITDA of toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 4% from RMB915 million to RMB951 million. The rise in the Western Delta Route's toll revenue led to a 14% growth in its EBITDA from RMB253 million to RMB289 million, which offset the impact on EBITDA from the Group's profit-sharing ratio adjustment in the GS Superhighway JV.

The Group's share of depreciation and amortisation charges of the GS Superhighway JV increased by 4% from RMB228 million to RMB236 million as a result of persistent growth in its full-length equivalent traffic and completion of additional improvement works, but partly offset by the impact from the Group's profit-sharing ratio adjustment in the GS Superhighway JV. With healthy growth in full-length equivalent traffic of the Western Delta Route, its depreciation and amortisation charges also increased. Hence, the Group's share of aggregate depreciation and amortisation charges increased by 6% to RMB354 million.

The increase in interest expenses of the GS Superhighway JV as a result of an additional 8-year bank loan of RMB2 billion (JV company level) drawn in August 2016 to reimburse past capital expenditure funded by its shareholders and the rise of US interest rate by 0.25% each in March, June and December 2017, had been slightly offset by the impact from the Group's profit-sharing ratio adjustment in the GS Superhighway JV. During the period under review, the West Route JV utilised its surplus cash on hand to prepay bank loan principals of RMB460 million (JV company level) by end of December 2017. Thus, the interest expenses of the West Route JV fell 15% to RMB81 million.

The EIT rate applicable to the GS Superhighway JV is 25% since 2012 and until the expiry of its contractual operation period on 30 June 2027. With reference to the financial statements prepared under International Financial Reporting Standards, the West Route JV first turned profitable in FY16 and had generated sufficient profit thereafter to offset against its accumulated losses, which turned to positive retained profits by end of FY17. Hence, EIT provision of RMB26 million was provided for at the applicable rate of 25% during the period under review.

As a result of the impact from the Group's profit-sharing ratio adjustment in the GS Superhighway JV and the rise in finance costs, its net profit decreased by 5% to RMB261 million. Due to the continuous growth in toll revenue and traffic of the Western Delta Route, net profit shared by the Group increased 25% to RMB64 million from RMB51 million during the period under review. Overall, the aggregate net profit of the toll expressway projects (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) maintained at RMB325 million.

The interest income at corporate level decreased from RMB14 million to RMB10 million, resulting in an increase in loss from RMB4 million to RMB8 million at the corporate level.

The Group's profit before net exchange loss/gain (after deduction of the related income tax) decreased by 1% from RMB321 million to RMB317 million. This was mainly due to the impact from the Group's (1) profit-sharing ratio adjustment in the GS Superhighway JV, (2) EIT provision made for the West Route JV and (3) the increased loss at the corporate level. However, a net exchange gain shared by the Group (mainly arisen on the GS Superhighway JV's US Dollar and HK Dollar loans) amounted to RMB47 million has been recorded during the period under review, as compared to a net exchange loss of RMB49 million in the last corresponding period. As a result, the profit attributable to owners of the Company increased by 34% from RMB267 million to RMB359 million or RMB11.64 cents per share.

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

HHI Corporate Level

	30 June 2017	**31 December 2017**		30 June 2017	**31 December 2017**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	469	**417**	Other liabilities	11	**14**
Other assets	7	**8**			
Dividend receivable from GS Superhighway JV		**24**			
	476	**449**		11	**14**
			Net assets value of HHI corporate	465	**435**

Share of JV Companies
GS Superhighway JV (HHI's shared portion)

	30 June 2017	**31 December 2017**		30 June 2017	**31 December 2017**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	379	**184**	Bank loans		
Concession intangible assets	4,870	**4,484**	- USD	1,240	**1,105**
Property & equipment	208	**196**	- HKD	140	**119**
Other assets	27	**23**	- RMB	900	**788**
			Other liabilities	647	**665**
	5,484	**4,887**		2,927	**2,677**
			Net assets value of GS Superhighway JV	2,557	**2,210**

West Route JV (HHI's shared portion)

	30 June 2017	**31 December 2017**		30 June 2017	**31 December 2017**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	61	**37**	Bank loans	3,718	**3,488**
Concession intangible assets	6,231	**6,142**	Other liabilities	274	**316**
Property & equipment	225	**211**			
Other assets	10	**12**			
	6,527	**6,402**		3,992	**3,804**
			Net assets value of West Route JV	2,535	**2,598**

	30 June 2017	**31 December 2017**		30 June 2017	**31 December 2017**
	RMB million	**RMB million**		RMB million	**RMB million**
			Total liabilities	6,930	**6,495**
			Equity attributable to owners of the Company	5,526	**5,207**
			Non-controlling interests	31	**36**
Total Assets Note 1	12,487	**11,738**	**Total Equity & Liabilities**	12,487	**11,738**
			Total net assets	5,557	**5,243**

Note 1: Excluding elimination of the Group's balance with JV company prepared under proportionate consolidation method.

BUSINESS REVIEW

During the period under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 7% yoy to RMB13.5 million and the aggregate total toll revenue amounted to RMB2,488 million.

With the support of a healthy economic environment in the PRD region, the traffic of the GS Superhighway continued to maintain a stable growth. During the period under review, its average daily toll revenue increased by 5% yoy to RMB9.7 million. Meanwhile, the average daily full-length equivalent traffic grew by 7% yoy to 106,000 vehicles.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route amounted to RMB3.8 million and 52,000 vehicles with strong yoy growth of 13% and 12% respectively. Most of the maintenance and upgrading works on National Highway 105 and local roads nearby were finished by the third quarter of 2017 and the positive impact from these works had diminished thereafter. On the other hand, the implementation of truck restriction measures on Foshan Ring Road due to its upgrade works since 1 August 2017, diverted trucks to travel on the Western Delta Route and supported its growth. Such upgrade works are expected to be completed by the end of 2019.

The Group’s shared aggregate net toll revenue increased by 3% yoy to RMB1,122 million during the period under review, owing to the adjustment of profit sharing ratio from 48% to 45% in the GS Superhighway JV starting from 1 July 2017. The contribution from the GS Superhighway and the Western Delta Route were 70% and 30% respectively, compared to 73% and 27% during the same period in FY17.

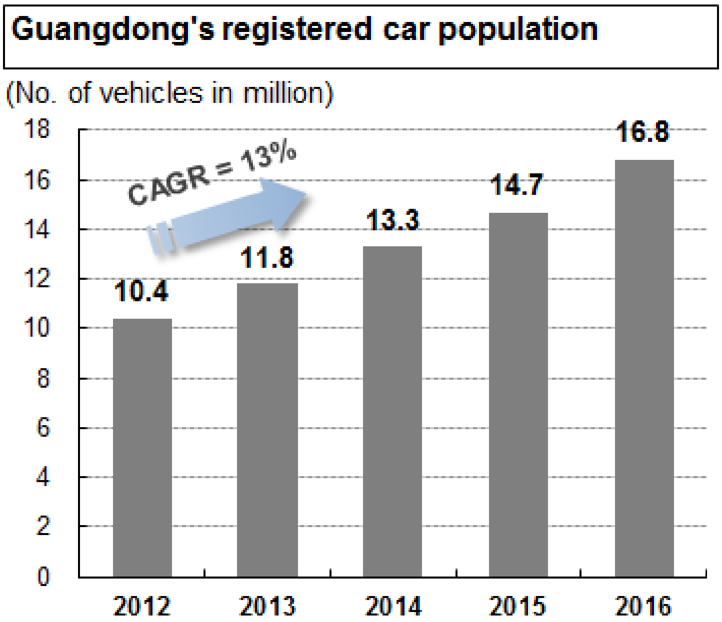
Financial Year	*1H 2017*	***1H 2018***	*% Change*
At JV company level			
GS Superhighway			
Average Daily Toll Revenue# (RMB ’000)	9,225	**9,719**	+5%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	99	**106**	+7%
Western Delta Route			
Average Daily Toll Revenue# (RMB ’000)	3,373	**3,802**	+13%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	46	**52**	+12%

Including tax

* Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the period under review. It can better reflect road usage as it takes into account total travelling distance by all vehicles on the expressway and is a standard operational statistic used throughout the industry

Economic Environment

From 2012 to the end of 2016, total length of expressways in Guangdong reached 7,683 km with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was caused by growing registered car population, which achieved a compound annual growth of 13% during the same period and grew by 14% yoy to a record high of 16.8 million vehicles at the end of 2016. The growth rate of toll road supply is far lagging behind the demand in Guangdong. Healthy economic development and rising registered car population that generate sustainable demand for road usage will continue to support the growth of the GS Superhighway and Western Delta Route.



The economic development in the Guangdong-Hong Kong-Macao Bay Area ("Bay Area") will be further boosted in the coming years. The GS Superhighway and the Western Delta Route, which connect most of the populous cities in the Bay Area, are expected to benefit from the fostered economic development.

Latest Update in Toll Road Industry

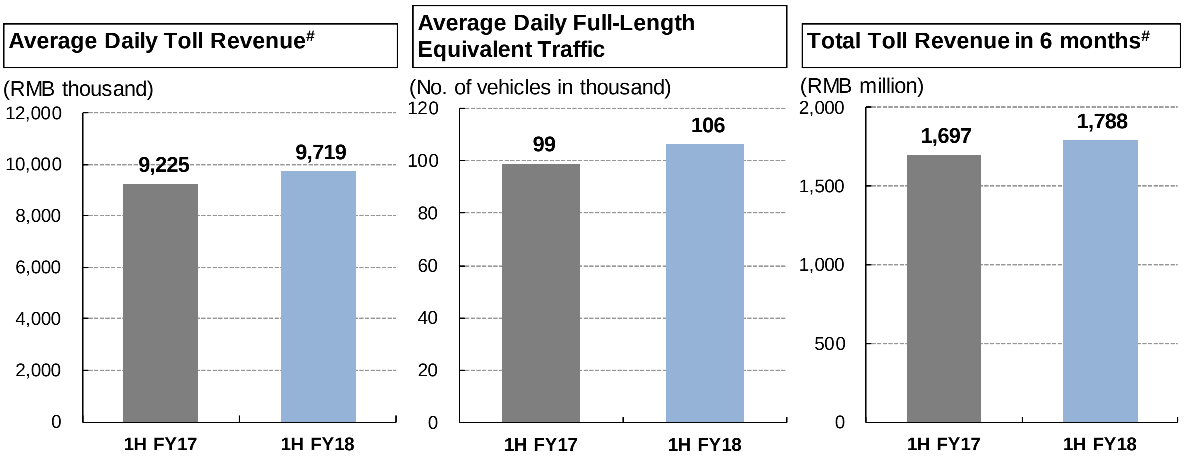
Toll discount for trucks on state-owned expressways

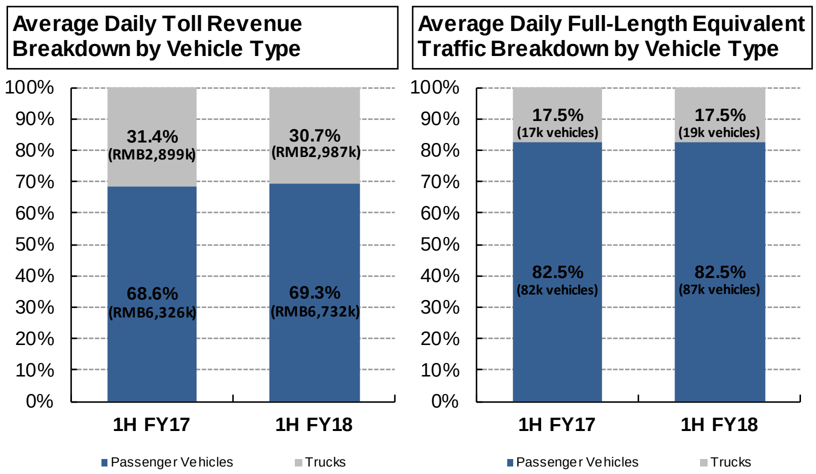
Two major state-owned toll road investors and operators in Guangdong Province, namely Guangdong Provincial Communication Group Company Limited and Guangdong Nanyue Transportation Investment and Construction Company Limited, jointly announced on 29 June 2017 that their 43 state-owned expressways in Guangdong would offer 15% toll discount for trucks using Guangdong Unitoll Card for toll payments starting from 1 July 2017 in order to lower the cost of the logistics industry. The toll discount for trucks is not applicable to the GS Superhighway and the Western Delta Route.

Guangzhou-Shenzhen Superhighway

The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. The solid economic environment in these three PRD cities supported the stable growth of traffic on the GS Superhighway. Their GDP growth in the first three quarters of 2017 was maintained at 7.3%-8.8%. During the period under review, the GS Superhighway's average daily toll revenue increased by 5% yoy to RMB9.7 million. Its total toll revenue amounted to RMB1,788 million. The average daily full-length equivalent traffic rose by 7% yoy to 106,000 vehicles. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.3% and 82.5% of the GS Superhighway's toll revenue and full-length equivalent traffic volume respectively.

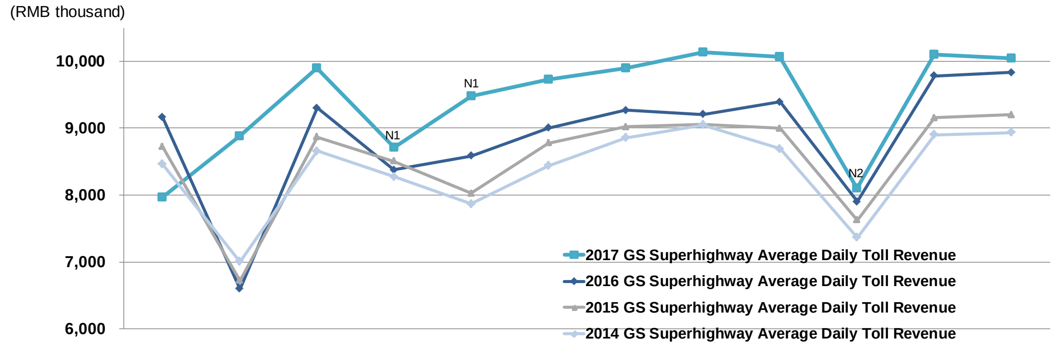
The implementation of traffic restriction measures in the peripheral area of Shenzhen Bay border crossing due to road network upgrade works since mid-October 2016 has diverted some passenger cars to travel on the GS Superhighway and resulted in minimal positive impact so far. One year after the start of the aforesaid works, the impact from such works had diminished. The date of the withdrawal of traffic restriction measures is yet to be announced.





Including tax

GS Superhighway Average Daily Toll Revenue (Monthly)

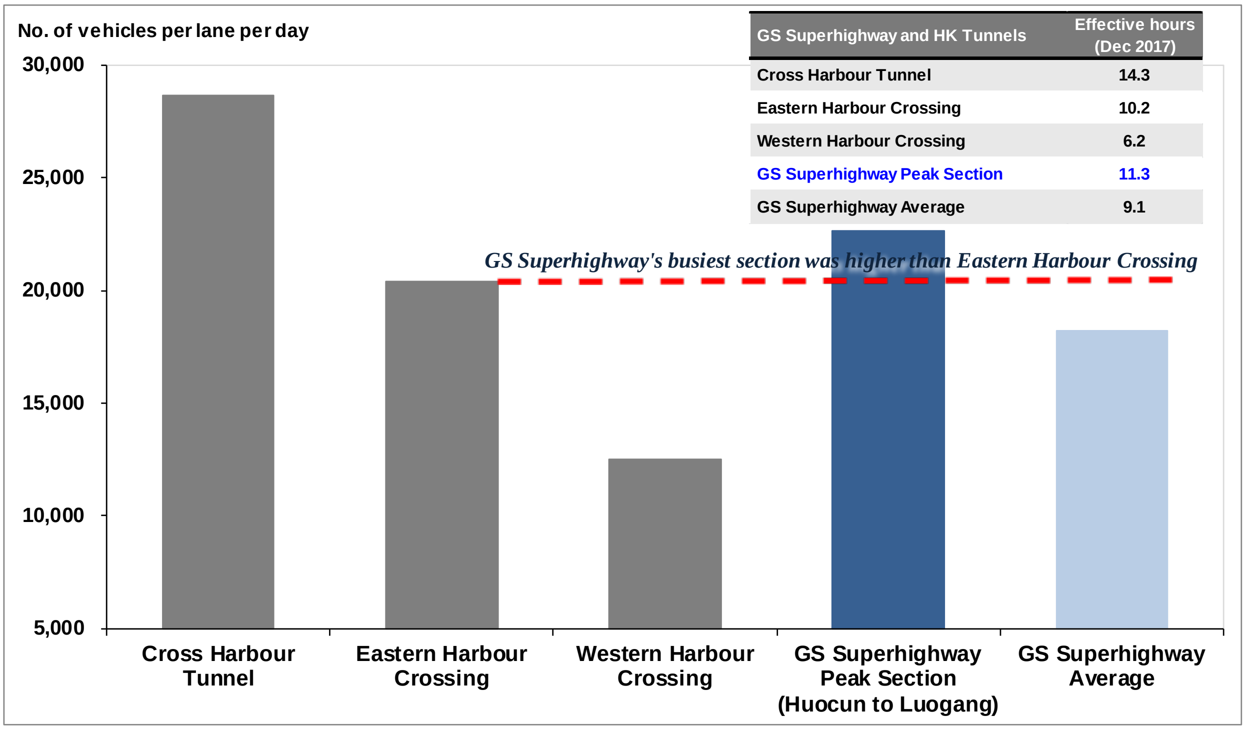


	Jan + Feb (Lunar New Year)	Mar	Apr (Ching Ming Festival)	May (Labour Holiday)	Jun	Jul	Aug	Sep + Oct (National Holiday)	Nov	Dec	CY Yearly Average	yoy change 1HCY	yoy change 2HCY
2014	7,770	8,657	8,276	7,868	8,438	8,857	9,046	8,017	8,903	8,933	8,384	-5%	-6%
2015	7,774	8,867	8,505	8,025	8,775	9,017	9,057	8,300	9,153	9,202	8,567	+2%	+2%
2016	7,921	9,303	8,374	8,584	9,002	9,266	9,204	8,634	9,779	9,831	8,875	+3%	+4%
2017	8,402	9,899	8,708	9,479	9,726	9,896	10,130	9,068	10,096	10,047	9,419	+7%	+5%
2016 vs 2015 yoy	+2%	+5%	-2%	+7%	+3%	+3%	+2%	+4%	+7%	+7%	+4%		
2017 vs 2016 yoy	+6%	+6%	+4%	+10%	+8%	+7%	+10%	+5%	+3%	+2%	+6%		

N1: April: one more day of toll-free holiday in 2017 compared to 2016; May: one less day of toll-free holiday in 2017 compared to 2016
N2: October: one more day of toll-free holiday in 2017 compared to 2016

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

GS Superhighway – Average Daily Cross Sectional Traffic Per Lane and Effective Hour



GS Superhighway and HK Tunnels	Effective hours (Dec 2017)
Cross Harbour Tunnel	14.3
Eastern Harbour Crossing	10.2
Western Harbour Crossing	6.2
GS Superhighway Peak Section	11.3
GS Superhighway Average	9.1

Remarks:
1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane
2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway
3) Average daily traffic of HK tunnels (November 2017): Cross Harbour Tunnel 115,000, Eastern Harbour Crossing 82,000, Western Harbour Crossing 75,000
4) Average daily traffic of GS Superhighway (December 2017)

The GS Superhighway JV has been making incessant progress in enhancing its operational efficiency and its capability to cope with the increasing traffic by installing automated equipment at the toll lanes and entry lanes. Currently, approximately 77% of all the toll lanes at entrances to the GS Superhighway are equipped with ETC or automatic card-issuing machines. The usage of ETC toll lanes has been in a gradually increasing trend.

Western Delta Route

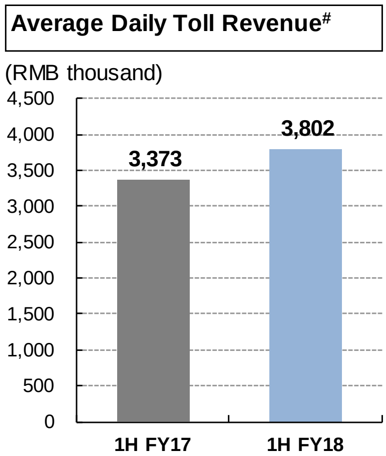
The Western Delta Route was developed in three phases and it was fully opened to traffic on 25 January 2013. It is a 97.9-km closed expressway with a total of 6 lanes in dual directions that runs from north to south along the central axis of western PRD and connects four major cities – Guangzhou, Foshan, Zhongshan and Zhuhai. It is the only main expressway artery between the city centres of Guangzhou and Zhuhai, and offers the most convenient access to Hengqin, Macao and Hong Kong through its connection with Second Hengqin Bridge, the Zhuhai Link Road and the forthcoming HZM Bridge respectively.

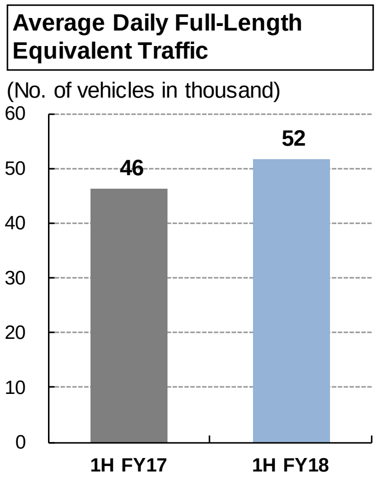
During the period under review, its average daily toll revenue and average daily full-length equivalent traffic achieved 13% and 12% yoy growth to RMB3.8 million and 52,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB700 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 66.7% and 79.3% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively, compared to 69.5% and 81.7% in the last corresponding period. The higher growth in average daily toll revenue compared to average daily full-length equivalent traffic growth was mainly because the average daily full-length equivalent traffic growth of trucks was stronger than that of passenger vehicles, as a result of the Foshan Ring Road upgrading works with traffic restriction measures implemented as described below. During the first three quarters of 2017, the economy of the four main cities alongside the Western Delta Route namely Guangzhou, Foshan, Zhongshan and Zhuhai stayed healthy with GDP growth of 7.3%-9.2%, which supported its continuous growth.

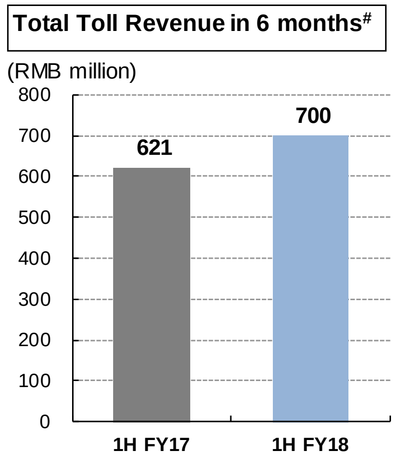
Most of the maintenance and upgrading works on National Highway 105 and local roads nearby that caused diversion of traffic onto the Western Delta Route since mid-August 2016 were completed by the third quarter of 2017, and corresponding traffic restriction measures were removed. As a result, the positive impacts from such maintenance and upgrading works had diminished.

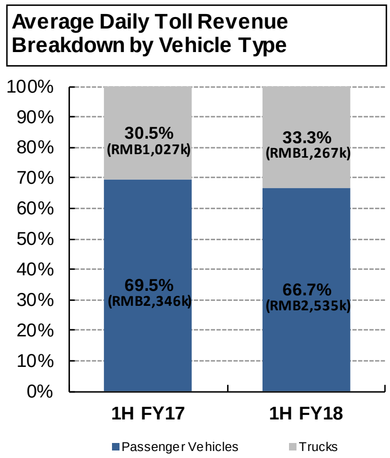
Foshan Ring Road, a major local road of Foshan city which is close to the northern end of the Western Delta Route, is scheduled to be upgraded into several toll expressways. The construction works are being carried out from late June 2017 to the end of 2019. Traffic restriction measures are implemented on some sections and all trucks are forbidden during the construction period from 1 August 2017 to 30 December 2018. It is observed that some trucks have been diverted onto the Western Delta Route since the implementation of such measures.

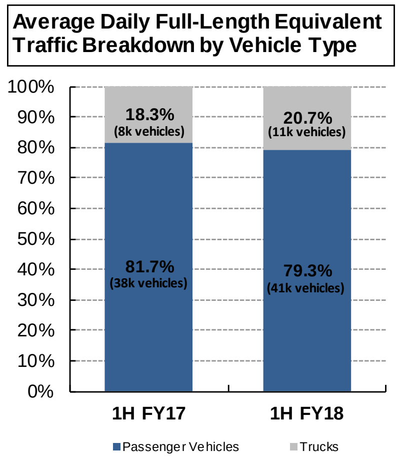
The eastbound of a bridge section on the Western Coastal Expressway, which connects to the southern end of the Western Delta Route, had been closed for urgent repair works from late August 2017 to the end of January 2018. It resulted in slightly negative impact on the traffic of the Western Delta Route during such period.







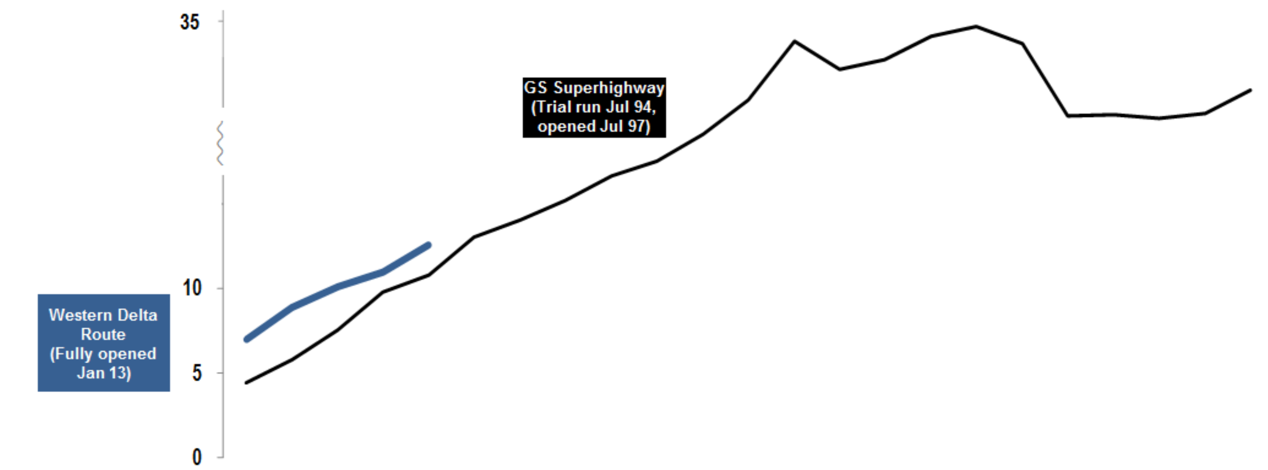




Including tax

Western Delta Route — Annual Toll Revenue* Per Km

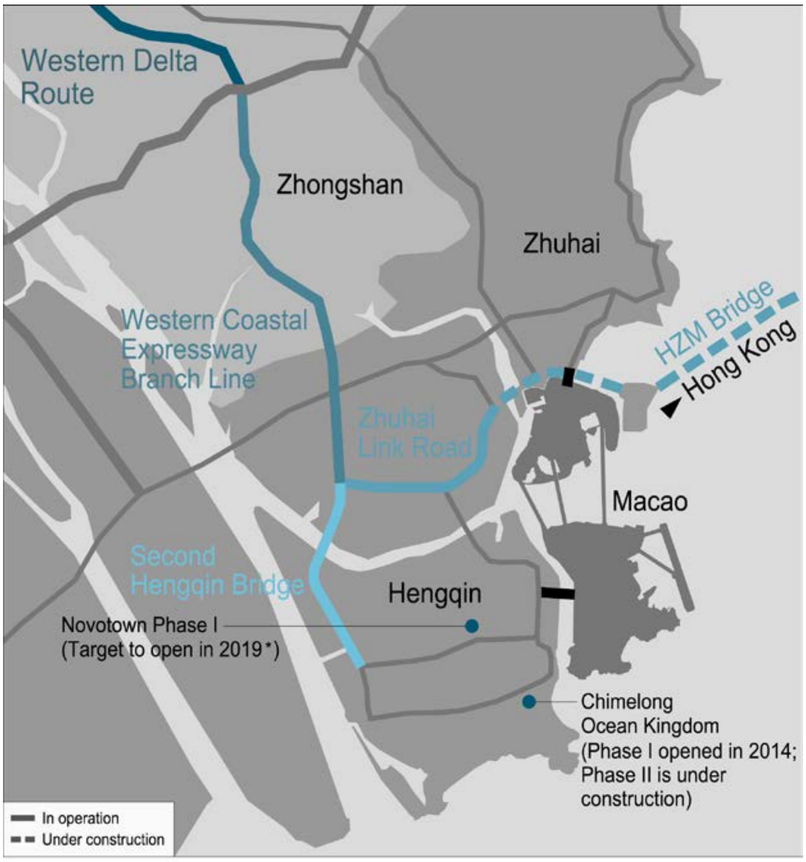
(RMB million)



Opening Year / RMB 'm	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23
GS Superhighway (FY95)	4.4	5.8	7.5	9.8	10.8	13.1	14.4	15.4	17.2	20.6	24.2	26.2	29.8	26.0	26.6	28.5	30.1	29.5	25.7	25.8	25.2	25.9	27.3
Western Delta Route (FY13)	7.0	9.3	10.1	11.0	12.6																		

* Including tax

The Western Delta Route is located at the heart of western PRD and runs along its central axis. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and will link up with not only the soon-to-open HZM Bridge, but also the Guangzhou-Zhongshan-Jiangmen Expressway, Humen Second Bridge and Shenzhen-Zhongshan Corridor to form a comprehensive regional expressway network.



* According to media

Besides, the soon-to-open HZM Bridge will provide a convenient link between Hong Kong and western PRD. As a result, traffic flow in western PRD, in particular the related feeder traffic, will be boosted subsequent to the opening of the HZM Bridge. It is expected that this will provide impetus to the traffic growth of the Western Delta Route.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's debt balance comprises its share of the non-recourse bank loans of its JV companies, whereas the Group has no debt at corporate level. The total debt to 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 31 December 2017 were shown below. The Group's net cash on hand (excluding JV companies), amounted to RMB417 million.

HHI Corporate Level

	30 June 2017	**31 December 2017**		30 June 2017	**31 December 2017**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash			**Corporate debt**		
- Bank balances and cash	469	**417**	**- Bank loan**	-	**-**
	469	**417**		-	**-**
Net cash on hand : RMB417 million (30 June 2017: RMB469 million)					

Share of JV Companies

	30 June 2017	**31 December 2017**		30 June 2017	**31 December 2017**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash			**Bank loans**		
- Bank balances and cash	440	**221**	**- GS Superhighway**	2,280	**2,012**
			- Western Delta Route	3,718	**3,488**
	440	**221**		5,998	**5,500**
Net debt *Note 1*: **RMB5,279 million (30 June 2017: RMB5,558 million)**					

Note 1: Total debt less bank balances and cash

	30 June 2017	**31 December 2017**
	RMB million	**RMB million**
Total debt		
- Company and subsidiaries	-	**-**
- Share of JV companies *Note 1*	6,399	**5,914**
Net debt *Note 2*	5,490	**5,275**
Total assets (including share of JV companies' total assets) *Note 3*	12,881	**12,143**
Equity attributable to owners of the Company	5,526	**5,207**
Total debt to total assets ratio	50%	**49%**
Gearing ratio	99%	**101%**

Note 1: The Group's share of JV companies' debt is defined as bank and other loans together with balance with JV partner.

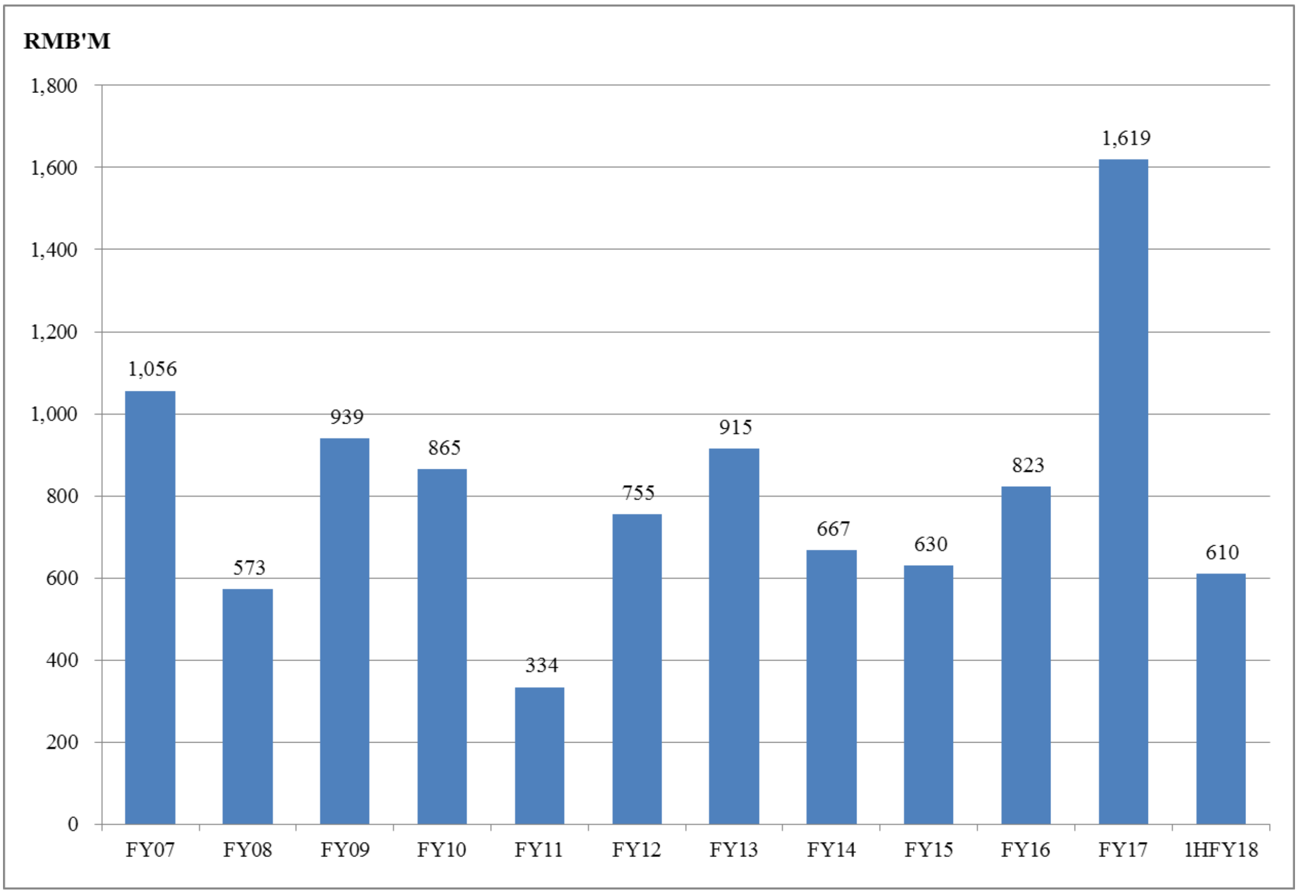
Note 2: Net debt is defined as total debt (including share of JV companies) less total bank balances and cash (including share of JV companies).

Note 3: Concession intangible assets are not valued at market price but are booked at historical cost less amortisation / depreciation.

The major source of the Group's cash inflow during the period under review was dividend received from the GS Superhighway JV. On the other hand, its major cash outflow was the payment of dividend to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

Given no debt at the corporate level, the Group enjoys a strong and solid financial position. As at 31 December 2017, HHI corporate level net cash on hand (excluding JV companies) amounted to RMB417 million (30 June 2017: RMB469 million), or RMB0.14 per share (30 June 2017: RMB0.15 per share), whereas available banking facilities amounted to HKD500 million (or RMB416 million).

***Cash Dividend (Net of Tax) from the GS Superhighway JV to the Group** (RMB million)*



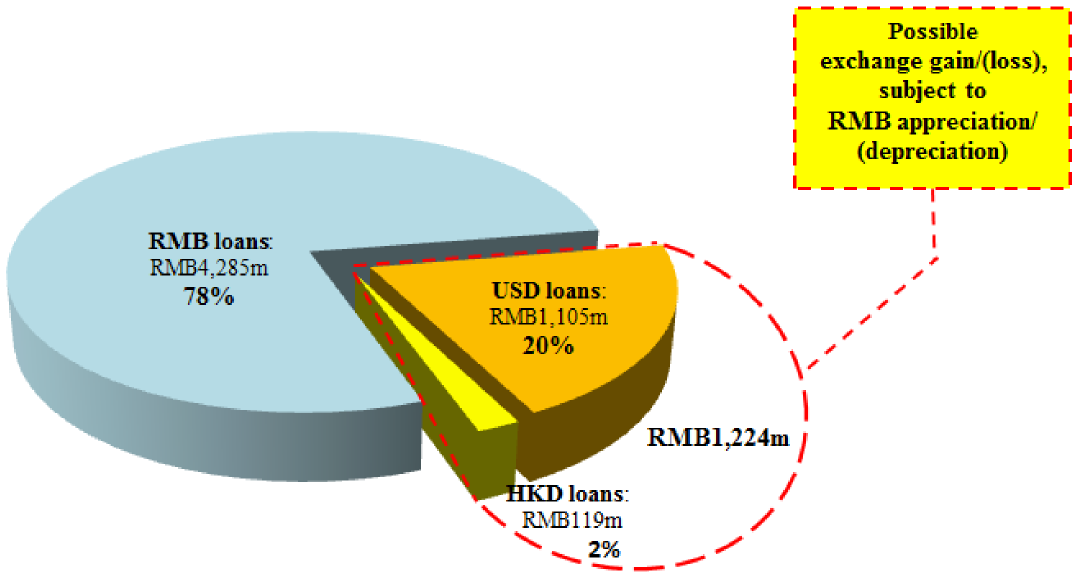
As at 31 December 2017, 99.7% (30 June 2017: 99.8%) of the Group's bank balances and cash (excluding JV companies) on hand were denominated in RMB and 0.3% (30 June 2017: 0.2%) in HK Dollar. The bank balances and cash on hand of the JV companies shared by the Group amounted to RMB221 million (30 June 2017: RMB440 million). The Group received cash dividend from the GS Superhighway JV of RMB610 million during the period under review. In August 2016, the GS Superhighway JV entered into agreement with the bank for the additional 8-year bank loan facility of RMB2 billion to reimburse past capital expenditure funded by its shareholders. Subsequently, the GS Superhighway JV distributed dividend of RMB912 million (net of tax) to the Group out of this loan. The reduction in the cash dividend during FY08 and FY11 were mainly brought about by the repatriation of registered capital by the GS Superhighway JV to the Group and the intercompany borrowings provided by the GS Superhighway JV to the West Route JV respectively. Cash dividend from the GS Superhighway JV restored to their normal levels since FY12. Cash dividend increased during FY13 as a result of the full repayment of intercompany borrowings by the West Route JV to the GS Superhighway JV in December 2012, and the GS Superhighway JV's distribution of a dividend of RMB351 million to the Group out of these funds. As at 31 December 2017, the after-tax cash dividend receivable for the calendar year 2016 from the GS Superhighway JV to the Group had been all distributed.

Bank and Other Borrowings

As at 31 December 2017, the Group had no debt at the corporate level, whereas the total bank and other borrowings of the JV companies shared by the Group (including US Dollar bank loans of equivalent to RMB1,105 million, HK Dollar bank loan of equivalent to RMB119 million, RMB bank loans of RMB4,276 million and RMB other borrowing of RMB9 million), amounted to approximately RMB5,509 million (30 June 2017: RMB6,007 million) with the following profile:

(a) 99.8% (30 June 2017: 99.9%) consisted of bank loans and 0.2% (30 June 2017: 0.1%) of other loan; and
(b) 78% (30 June 2017: 77%) was denominated in RMB; 20% (30 June 2017: 21%) was denominated in US Dollar and 2% (30 June 2017: 2%) was denominated in HK Dollar.

Breakdown of HHI's Share of JV Loans[Note 1] by Currency **(As at 31 December 2017)**



Note 1: Represent the Group's share of JV companies' bank loans of RMB5,500 million and other borrowings of RMB9 million.

Debt Maturity Profile

As at 31 December 2017, the maturity profile of the bank and other borrowings of the JV companies shared by the Group (whereas the Group had no debt at corporate level) were shown below, together with the corresponding figures as at 30 June 2017:

HHI Corporate Level

	30 June 2017		**31 December 2017**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	-	-	**-**	**-**

Share of JV Companies

	30 June 2017		**31 December 2017**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	172	3%	**159**	**3%**
Repayable between 1 and 5 years	2,316	38%	**2,328**	**42%**
Repayable beyond 5 years	3,519	59%	**3,022**	**55%**
	6,007	100%	**5,509**	**100%**

As at 31 December 2017, 55% (30 June 2017: 59%) of the bank loans and other borrowings of the JV companies shared by the Group were repayable beyond 5 years.

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 minimise its funding costs and enhance return on its financial assets. Most of the Group’s cash is placed in deposits denominated in RMB. Holding RMB suits the Group’s PRC-based operations, and it can earn higher interest income from RMB deposits than HK Dollar deposits. As at 31 December 2017, 99.7% of the Group’s bank balances and cash (excluding JV companies) were denominated in RMB and 0.3% were denominated in HK Dollar. The Group’s overall treasury yield on bank deposits was 2.98% during the period under review, compared to 2.07% in 1HFY17.

Contingent Liabilities
The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702,000,000 when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

Except for the above, the Group had no other material contingent liability as at 31 December 2017.

Material Acquisition or Disposal
The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the period ended 31 December 2017. However, please note that as announced by the Company in the Joint Announcement on "(1) Major Transaction for Hopewell Holdings Limited in relation to the proposed disposal of approximately 66.69% of the issued shares of Hopewell Highway Infrastructure Limited to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd and (2) possible unconditional mandatory cash offer by CLSA Limited for and on behalf of Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd to acquire all the issued shares of Hopewell Highway Infrastructure Limited (other than those already owned and/or agreed to be acquired by Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd and/or parties acting in concert with it)" issued on 29 December 2017, Hopewell Holdings Limited, our ultimate holding company, had conditionally agreed to dispose of all its stake in our company to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd, a wholly owned subsidiary of Shenzhen Investment Holdings Co., Ltd. Completion of the disposal is yet to take place.

OTHER INFORMATION

Review of Interim Results

The Audit Committee of the Company had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the Group's unaudited interim results for the six months ended 31 December 2017.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2017, the Group, excluding its JV companies, had 28 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group arranged birthday parties, staff outing, Christmas party, annual dinners and Employee Assistance Programme for employees, which were delivered by professionals who shared their experiences and methods to handle stress. The Group also invests in human capital development by providing relevant training programs to enhance employee productivity. In collaboration with Independent Commission Against Corruption, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kind of seminars and workshops for the employees to enhance their awareness of corporate governance.

The Group's training programs are designed to support its employees' continuous learning and development and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their career development plan in order to prepare their future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programs, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training, educational sponsorships and examination leave.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2017.

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment will in the long term serve to enhance shareholders' value. The Board has set up procedures on corporate governance that comply with the requirements of the CG Code.

During the period under review, the Company 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 which are explained 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 the 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.

Model Code for Securities Transactions

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

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

Hong Kong, 13 February 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 31 December 2017

		Six months ended 31 December			
	NOTES	2016 (unaudited) RMB'000	**2017 (unaudited) RMB'000**	2016 (unaudited) HK$'000	**2017 (unaudited) HK$'000**
				(FOR INFORMATION PURPOSE ONLY)	
Other income and other expense	4	13,496	**24,163**	15,599	**28,437**
Depreciation		(99)	**(72)**	(115)	**(84)**
General and administrative expenses		(18,175)	**(18,801)**	(21,003)	**(22,007)**
Finance costs	5	(12)	**(11)**	(14)	**(12)**
Share of results of joint ventures	6	290,853	**381,088**	334,478	**449,346**
Profit before tax		286,063	**386,367**	328,945	**455,680**
Income tax expense	7	(14,194)	**(22,153)**	(16,301)	**(26,125)**
Profit for the period		271,869	**364,214**	312,644	**429,555**
Other comprehensive income (expense)					
Item that will not be reclassified to profit or loss:					
Exchange (loss) gain arising on translation to presentation currency		-	**-**	(296,598)	**268,003**
Item that may be reclassified subsequently to profit or loss:					
Exchange gain (loss) arising on translation of foreign operations		1,127	**(7,419)**	-	**-**
Total comprehensive income for the period		272,996	**356,795**	16,046	**697,558**
Profit for the period attributable to:					
Owners of the Company		267,457	**358,852**	307,581	**423,202**
Non-controlling interests		4,412	**5,362**	5,063	**6,353**
		271,869	**364,214**	312,644	**429,555**
Total comprehensive income for the period attributable to:					
Owners of the Company		268,584	**351,433**	12,581	**689,607**
Non-controlling interests		4,412	**5,362**	3,465	**7,951**
		272,996	**356,795**	16,046	**697,558**
		RMB Cents	**RMB Cents**	HK Cents	**HK Cents**
Earnings per share	9				
Basic		8.68	**11.64**	9.98	**13.73**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTES	30 June 2017 (audited) RMB'000	**31 December 2017 (unaudited) RMB'000**	30 June 2017 (audited) HK$'000	**31 December 2017 (unaudited) HK$'000**
				(FOR INFORMATION PURPOSE ONLY)	
ASSETS					
Non-current Assets					
Interests in joint ventures	10	5,171,922	**4,903,392**	5,958,054	**5,888,974**
Investment	11	4,785	**4,785**	5,513	**5,747**
Property and equipment		283	**95**	325	**113**
		5,176,990	**4,908,272**	5,963,892	**5,894,834**
Current Assets					
Deposits and prepayments		941	**1,088**	1,084	**1,307**
Interest and other receivables		1,662	**1,433**	1,915	**1,721**
Bank balances and cash		469,067	**416,740**	540,365	**500,505**
		471,670	**419,261**	543,364	**503,533**
Total Assets		5,648,660	**5,327,533**	6,507,256	**6,398,367**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	270,603	**270,603**	308,169	**308,169**
Share premium and reserves		5,255,732	**4,936,782**	6,058,169	**5,945,900**
Equity attributable to owners of the Company		5,526,335	**5,207,385**	6,366,338	**6,254,069**
Non-controlling interests		30,826	**36,188**	35,511	**43,462**
Total Equity		5,557,161	**5,243,573**	6,401,849	**6,297,531**
Non-current Liability					
Deferred tax liability	13	80,215	**69,681**	92,408	**83,687**
Current Liability					
Payables and accruals		11,284	**14,279**	12,999	**17,149**
Total Liabilities		91,499	**83,960**	105,407	**100,836**
Total Equity and Liabilities		5,648,660	**5,327,533**	6,507,256	**6,398,367**
Cash and cash equivalents		469,067	**416,740**	540,365	**500,505**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 31 December 2017

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	The People's Republic of China ("PRC") statutory reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 2016 (audited)	270,603	4,646,724	114,710	(794,833)	2,435,416	6,672,620	46,554	6,719,174
Exchange gain arising on translation of foreign operations	-	-	-	1,127	-	1,127	-	1,127
Profit for the period	-	-	-	-	267,457	267,457	4,412	271,869
Total comprehensive income for the period	-	-	-	1,127	267,457	268,584	4,412	272,996
Dividends recognised as distribution during the period (Note 8)	-	(1,541,965)	-	287,703	(246,840)	(1,501,102)	-	(1,501,102)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(21,738)	(21,738)
As at 31 December 2016 (unaudited)	270,603	3,104,759	114,710	(506,003)	2,456,033	5,440,102	29,228	5,469,330
As at 1 July 2017 (audited)	**270,603**	**3,104,759**	**114,710**	**(499,337)**	**2,535,600**	**5,526,335**	**30,826**	**5,557,161**
Exchange loss arising on translation of foreign operations	**-**	**-**	**-**	**(7,419)**	**-**	**(7,419)**	**-**	**(7,419)**
Profit for the period	**-**	**-**	**-**	**-**	**358,852**	**358,852**	**5,362**	**364,214**
Total comprehensive (expense) income for the period	**-**	**-**	**-**	**(7,419)**	**358,852**	**351,433**	**5,362**	**356,795**
Change in profit sharing of a joint venture	**-**	**-**	**(7,121)**	**-**	**-**	**(7,121)**	**-**	**(7,121)**
Dividends recognised as distribution during the period (Note 8)	**-**	**(387,790)**	**-**	**80,724**	**(356,196)**	**(663,262)**	**-**	**(663,262)**
As at 31 December 2017 (unaudited)	**270,603**	**2,716,969**	**107,589**	**(426,032)**	**2,538,256**	**5,207,385**	**36,188**	**5,243,573**

For the purpose of presenting the condensed consolidated statement of changes in equity of the Group in Renminbi ("RMB") (the presentation currency of the Group), the equity transactions and accumulated earnings denominated in Hong Kong Dollar ("HKD") are translated at the exchange rates at the transaction dates. Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period. Subsequent to the change in functional currency of the Company, the exchange differences recognised in translation reserve represented translation of its foreign operations.

The special final dividend for the year ended 30 June 2017 of RMB10 cents (2016: for the year ended 30 June 2016 of RMB40 cents) per share amounting to approximately RMB307,066,000 (2016: RMB1,254,262,000) was distributed from the share premium arisen at the time before the change in functional currency of the Company from HKD to RMB. Accordingly, the share premium and the corresponding translation reserve had been debited by RMB387,790,000 (2016: RMB1,541,965,000) and credited by RMB80,724,000 (2016: RMB287,703,000) respectively.

Pursuant to the joint venture agreement of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV"), the Group’s profit-sharing ratio in the GS Superhighway JV adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period, i.e. 30 June 2027. Accordingly, the Group’s share of the reserves attributable to the GS Superhighway JV had been adjusted.

(FOR INFORMATION PURPOSE ONLY)

	Attributable to owners of the Company							
	Share capital	Share premium	PRC statutory reserves	Translation reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2016 (audited)	308,169	4,338,962	110,708	455,551	2,573,558	7,786,948	54,328	7,841,276
Exchange loss on translation to presentation currency	-	-	-	(295,000)	-	(295,000)	(1,598)	(296,598)
Profit for the period	-	-	-	-	307,581	307,581	5,063	312,644
Total comprehensive (expense) income for the period	-	-	-	(295,000)	307,581	12,581	3,465	16,046
Dividends recognised as distribution during the period (Note 8)	-	(1,434,336)	-	-	(294,039)	(1,728,375)	-	(1,728,375)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(25,175)	(25,175)
As at 31 December 2016 (unaudited)	308,169	2,904,626	110,708	160,551	2,587,100	6,071,154	32,618	6,103,772
As at 1 July 2017 (audited)	**308,169**	**2,904,626**	**110,708**	**348,527**	**2,694,308**	**6,366,338**	**35,511**	**6,401,849**
Exchange gain on translation to presentation currency	**-**	**-**	**-**	**266,405**	**-**	**266,405**	**1,598**	**268,003**
Profit for the period	**-**	**-**	**-**	**-**	**423,202**	**423,202**	**6,353**	**429,555**
Total comprehensive income for the period	**-**	**-**	**-**	**266,405**	**423,202**	**689,607**	**7,951**	**697,558**
Change in profit sharing of a joint venture	**-**	**-**	**(6,864)**	**(15,183)**	**-**	**(22,047)**	**-**	**(22,047)**
Dividends recognised as distribution during the period (Note 8)	**-**	**(361,032)**	**-**	**-**	**(418,797)**	**(779,829)**	**-**	**(779,829)**
As at 31 December 2017 (unaudited)	**308,169**	**2,543,594**	**103,844**	**599,749**	**2,698,713**	**6,254,069**	**43,462**	**6,297,531**

The translation reserve represented (i) the accumulated net exchange difference arising on translation of foreign operations (i.e. operations with functional currency of RMB) to the presentation currency of the Group before the change in functional currency of the Company from HKD to RMB; and (ii) the accumulated net exchange difference arising on translation of the condensed consolidated financial statements denominated in RMB, the functional currency of the Company, to the presentation currency of the Group after the change in functional currency of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Six Months Ended 31 December 2017

	Six months ended 31 December			
	2016 (unaudited) RMB'000	**2017 (unaudited) RMB'000**	2016 (unaudited) HK$'000 (FOR INFORMATION PURPOSE ONLY)	**2017 (unaudited) HK$'000**
Net cash used in operating activities	(15,868)	**(15,814)**	(17,563)	**(18,486)**
INVESTING ACTIVITIES				
Purchase of property and equipment	(6)	**(75)**	(7)	**(86)**
Proceeds on disposals of property and equipment	-	**319**	-	**376**
Dividends received (net of PRC withholding tax)	1,395,217	**610,410**	1,623,651	**709,504**
Interest received	13,052	**10,842**	15,122	**12,691**
Net cash from investing activities	1,408,263	**621,496**	1,638,766	**722,485**
FINANCING ACTIVITIES				
Dividends paid to:				
- owners of the Company	(1,534,735)	**(660,428)**	(1,728,375)	**(779,965)**
- non-controlling interests of a subsidiary	(21,738)	**-**	(25,175)	**-**
Net cash used in financing activities	(1,556,473)	**(660,428)**	(1,753,550)	**(779,965)**
Net decrease in cash and cash equivalents	(164,078)	**(54,746)**	(132,347)	**(75,966)**
Cash and cash equivalents at 1 July	652,435	**469,067**	761,392	**540,365**
Effect of foreign exchange rate changes	34,348	**2,419**	(45,707)	**36,106**
Cash and cash equivalents at 31 December	522,705	**416,740**	583,338	**500,505**

Note: Cash and cash equivalents comprise cash at banks and cash on hand, and deposits with banks subjected to insignificant risk of change in value, and with a maturity of three months or less from date of placing.

1. BASIS OF PREPARATION

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

The Company's functional currency and presentation currency are RMB. The presentation of HKD amounts in these condensed consolidated financial statements is for information purpose only.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as describe below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

IFRS 12 (Amendments)	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle
IAS 7 (Amendments)	Disclosure Initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the other amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements while the application of IAS 7 (Amendments) will have impact to the disclosures in the consolidated financial statements for the year ending 30 June 2018.

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"), depreciation and amortisation, interest and tax, and segment results, 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")
- Western Delta Route

Starting from the year ended 30 June 2017, the management simplified internal report to chief operating decision maker to reflect full operation of Western Delta Route as a whole instead of separated as Phases I, II and III of the Western Delta Route. The comparative figures have been restated for consistent presentation purpose.

Information regarding the above segments is reported below.

Segment revenue and results

	Six months ended 31 December									
	2016 (Restated)					**2017**				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	**Segment revenue RMB'000**	**EBITDA RMB'000**	**Depreciation and amortisation RMB'000**	**Interest and tax RMB'000**	**Segment results RMB'000**
GS Superhighway	791,466	662,516	(227,918)	(160,304)	274,294	**781,739**	**661,816**	**(236,322)**	**(164,969)**	**260,525**
Western Delta Route	301,472	252,345	(106,637)	(94,924)	50,784	**339,797**	**289,188**	**(117,607)**	**(107,471)**	**64,110**
Total	1,092,938	914,861	(334,555)	(255,228)	325,078	**1,121,536**	**951,004**	**(353,929)**	**(272,440)**	**324,635**
Corporate interest income from bank deposits					13,909					**10,623**
Other income					-					**868**
Corporate general and administrative expenses and depreciation					(18,274)					**(18,873)**
Corporate finance costs					(12)					**(11)**
Corporate income tax expense					-					**(60)**
Net exchange (loss) gain (net of related income tax) (Note)					(48,832)					**47,032**
Profit for the period					271,869					**364,214**
Profit for the period attributable to non-controlling interests					(4,412)					**(5,362)**
Profit for the period attributable to owners of the Company					267,457					**358,852**

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the net exchange gain (net of related income tax) of a joint venture of RMB34,360,000 (six months ended 31 December 2016: net exchange loss (net of related income tax) of RMB48,419,000) and the net exchange gain of the Group of RMB12,672,000 (six months ended 31 December 2016: net exchange loss of RMB413,000).

(FOR INFORMATION PURPOSE ONLY)

	Six months ended 31 December									
	2016 (Restated)					**2017**				
	Segment revenue HK$'000	EBITDA HK$'000	Depreciation and amortisation HK$'000	Interest and tax HK$'000	Segment results HK$'000	**Segment revenue HK$'000**	**EBITDA HK$'000**	**Depreciation and amortisation HK$'000**	**Interest and tax HK$'000**	**Segment results HK$'000**
GS Superhighway	907,062	759,386	(261,098)	(183,803)	314,485	**922,203**	**780,687**	**(278,901)**	**(194,613)**	**307,173**
Western Delta Route	345,506	289,632	(122,078)	(108,871)	58,683	**400,912**	**340,897**	**(138,896)**	**(126,678)**	**75,323**
Total	1,252,568	1,049,018	(383,176)	(292,674)	373,168	**1,323,115**	**1,121,584**	**(417,797)**	**(321,291)**	**382,496**
Corporate interest income from bank deposits					16,078					**12,428**
Other income					-					**1,016**
Corporate general and administrative expenses and depreciation					(21,118)					**(22,091)**
Corporate finance costs					(14)					**(12)**
Corporate income tax expense					-					**(70)**
Net exchange (loss) gain (net of related income tax) (Note)					(55,470)					**55,788**
Profit for the period					312,644					**429,555**
Profit for the period attributable to non-controlling interests					(5,063)					**(6,353)**
Profit for the period attributable to owners of the Company					307,581					**423,202**

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the net exchange gain (net of related income tax) of a joint venture of HK$40,795,000 (six months ended 31 December 2016: net exchange loss (net of related income tax) of HK$54,991,000) and the net exchange gain of the Group of HK$14,993,000 (six months ended 31 December 2016: net exchange loss of HK$479,000).

The segment revenue represents the Group's share of the joint ventures' toll revenue received and receivable (net of value-added 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, depreciation and amortisation, and interest and tax represent the Group's share of joint ventures' EBITDA, depreciation and amortisation, and interest and tax from the operations of toll expressways in the PRC before net exchange gain/loss, 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/loss (net of related income tax) 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 and the undistributed earnings of the joint ventures; 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 condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 31 December			
	2016	**2017**	2016	**2017**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Total segment results	325,078	**324,635**	373,168	**382,496**
Add:				
Net exchange (loss) gain (net of related income tax)	(48,419)	**34,360**	(54,991)	**40,795**
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	14,194	**22,093**	16,301	**26,055**
Share of results of joint ventures as presented in condensed consolidated statement of profit or loss and other comprehensive income	290,853	**381,088**	334,478	**449,346**

4. OTHER INCOME AND OTHER EXPENSE

	Six months ended 31 December			
	2016	**2017**	2016	**2017**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Interest income from bank deposits	13,909	**10,623**	16,078	**12,428**
Net exchange (loss) gain	(413)	**12,672**	(479)	**14,993**
Dividend income from investment	-	**600**	-	**703**
Gain on disposal of property and equipment	-	**128**	-	**152**
Others	-	**140**	-	**161**
	13,496	**24,163**	15,599	**28,437**

5. FINANCE COSTS

The amount represents the bank charges for both periods.

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 31 December			
	2016	**2017**	2016	**2017**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
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	334,647	**428,582**	384,671	**505,376**
Amortisation of additional cost of investments in joint ventures	(43,794)	**(47,494)**	(50,193)	**(56,030)**
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(22,549)	**(23,956)**	(25,853)	**(28,256)**
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	22,549	**23,956**	25,853	**28,256**
	290,853	**381,088**	334,478	**449,346**

7. INCOME TAX EXPENSE

	Six months ended 31 December			
	2016	**2017**	2016	**2017**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	72,422	**32,687**	84,379	**37,993**
Deferred tax	(58,228)	**(10,534)**	(68,078)	**(11,868)**
	14,194	**22,153**	16,301	**26,125**

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

The EIT charge of the Group for the six months ended 31 December 2017 included an amount of RMB32,627,000 (approximately HK$37,923,000) (six months ended 31 December 2016: RMB72,422,000 (approximately HK$84,379,000)) representing the 5% withholding tax imposed on dividends declared during the period by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior periods in respect of undistributed earnings of a joint venture.

8. DIVIDENDS

	Six months ended 31 December			
	2016	**2017**	2016	**2017**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Dividends paid and recognised as distribution during the period:				
Final dividend for the year ended 30 June 2017: RMB11.6 cents (equivalent to HK13.58986 cents) (six months ended 31 December 2016: for the year ended 30 June 2016 paid of RMB8.2 cents (equivalent to HK9.54840 cents)) per share	246,840	**356,196**	294,039	**418,797**
Special final dividend for the year ended 30 June 2017: RMB10 cents (equivalent to HK11.71540 cents) (six months ended 31 December 2016: for the year ended 30 June 2016 paid of RMB40 cents (equivalent to HK46.57760 cents)) per share	1,254,262	**307,066**	1,434,336	**361,032**
	1,501,102	**663,262**	1,728,375	**779,829**

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2017.

As at 4 January 2017, the Directors declared that an interim dividend in respect of the year ended 30 June 2017 of RMB8.6 cents (equivalent to HK9.59416 cents) per share amounting to approximately RMB265,025,000 (approximately HK$295,662,000) was paid to the shareholders of the Company whose names appear on the register of members on 19 January 2017.

9. EARNINGS PER SHARE

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

	Six months ended 31 December			
	2016	**2017**	2016	**2017**
	RMB'000	**RMB'000**	HK$'000	**HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Earnings for the purposes of basic earnings per share	267,457	**358,852**	307,581	**423,202**

	Six months ended 31 December 2016 Number of shares	**2017 Number of shares**
Number of ordinary shares for the purpose of basic earnings per share	3,081,690,283	**3,081,690,283**

No diluted earnings per share have been presented as there was no potential ordinary shares in issue during both periods.

10. INTERESTS IN JOINT VENTURES

	30 June 2017 RMB'000	**31 December 2017 RMB'000**	30 June 2017 HK$'000	**31 December 2017 HK$'000**
			(FOR INFORMATION PURPOSE ONLY)	
Unlisted investments:				
At cost				
Cost of investment in a joint venture	2,020,789	**2,020,789**	2,327,949	**2,426,968**
Additional cost of investments	2,520,218	**2,520,218**	2,903,291	**3,026,782**
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 (net of dividend received)	1,636,243	**1,415,207**	1,884,952	**1,699,664**
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(358,032)	**(381,988)**	(412,452)	**(458,767)**
Less: Accumulated amortisation of additional cost of investments	(1,434,039)	**(1,481,533)**	(1,652,013)	**(1,779,322)**
	4,385,179	**4,092,693**	5,051,727	**4,915,325**
At amortised cost				
Registered capital contribution, at nominal amount	2,449,500	**2,449,500**	2,821,824	**2,941,850**
Fair value adjustment on initial recognition	(2,020,789)	**(2,020,789)**	(2,327,949)	**(2,426,968)**
Accumulated imputed interest income recognised by the Group	358,032	**381,988**	412,452	**458,767**
	786,743	**810,699**	906,327	**973,649**
	5,171,922	**4,903,392**	5,958,054	**5,888,974**

11. INVESTMENT

The investment represents interest in unlisted limited company incorporated in the PRC and is classified as available-for-sale financial asset. It is measured at cost less impairment at the end of the reporting period.

12. SHARE CAPITAL

	Number of shares	Nominal amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 July 2016, 31 December 2016, 30 June 2017, 1 July 2017 and 31 December 2017	10,000,000,000	1,000,000

	Number of shares	Nominal amount	
		HK$'000	Equivalent to RMB'000
Issued and fully paid:			
As at 1 July 2016, 31 December 2016, 30 June 2017, 1 July 2017 and 31 December 2017	3,081,690,283	308,169	270,603

Share Option Scheme

There were no share options granted, forfeited, vested, or outstanding in both periods presented.

Share Award Scheme

There were no awarded shares granted, forfeited, vested or outstanding in both periods presented.

13. DEFERRED TAX LIABILITY

The amount represents the deferred tax liability associated with the undistributed earnings of the joint ventures.

14. CONTINGENT LIABILITY

The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702,000,000 when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

15. RELATED PARTY TRANSACTIONS

Save as disclosed in note 14 to the condensed consolidated financial statements, during the six months ended 31 December 2017, the Group paid rental, air-conditioning, management fee and car parking charges to fellow subsidiaries amounting to RMB688,000 (approximately HK$806,000) (six months ended 31 December 2016: RMB696,000 (approximately HK$804,000)).

16. FAIR VALUE

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. EVENTS AFTER THE REPORTING PERIOD

As announced by the Company in the joint announcement on " (1) Major Transaction for Hopewell Holdings Limited in relation to the proposed disposal of approximately 66.69% of the issued shares of Hopewell Highway Infrastructure Limited to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd and (2) possible unconditional mandatory cash offer by CLSA Limited for and on behalf of Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd to acquire all the issued shares of Hopewell Highway Infrastructure Limited (other than those already owned and/or agreed to be acquired by Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd and/or parties acting in concert with it) " issued on 29 December 2017, Hopewell Holdings Limited, the ultimate holding company, had conditionally agreed to dispose of all its stake in the Company to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), a wholly owned subsidiary of Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司). Completion of the disposal is yet to take place.

APPENDIX- CONDENSED CONSOLIDATED FINANCIAL INFORMATION (PREPARED UNDER PROPORTIONATE CONSOLIDATION METHOD)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For The Six Months Ended 31 December 2017
(FOR INFORMATION PURPOSE ONLY)

	Six months ended 31 December			
	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
Toll revenue	1,092,938	**1,121,536**	1,252,568	**1,323,115**
Revenue on construction	38,144	**34,932**	42,568	**41,953**
Turnover	1,131,082	**1,156,468**	1,295,136	**1,365,068**
Other income and other expense (Note i)	(16,164)	**104,294**	(17,852)	**123,383**
Construction costs	(38,144)	**(34,932)**	(42,568)	**(41,953)**
Provision for resurfacing charges	(16,839)	**(20,401)**	(19,302)	**(24,073)**
Toll expressway operation expenses	(143,840)	**(134,805)**	(164,383)	**(159,247)**
General and administrative expenses	(59,197)	**(56,466)**	(67,812)	**(66,642)**
Depreciation and amortisation charges	(334,654)	**(354,001)**	(383,291)	**(417,881)**
Finance costs (Note ii)	(133,524)	**(127,031)**	(152,999)	**(149,824)**
Profit before tax	388,720	**533,126**	446,929	**628,831**
Income tax expense	(116,851)	**(168,912)**	(134,285)	**(199,276)**
Profit for the period	271,869	**364,214**	312,644	**429,555**
Profit for the period attributable to:				
Owners of the Company	267,457	**358,852**	307,581	**423,202**
Non-controlling interests	4,412	**5,362**	5,063	**6,353**
	271,869	**364,214**	312,644	**429,555**

Notes:

(i) Other income and other expense

	Six months ended 31 December			
	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
Interest income from bank deposits	15,164	**13,232**	17,517	**15,486**
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	11,274	**11,978**	12,926	**14,128**
Net exchange (loss) gain	(64,972)	**58,486**	(73,800)	**69,386**
Rental income	12,121	**9,216**	13,855	**10,891**
Others	10,249	**11,382**	11,650	**13,492**
	(16,164)	**104,294**	(17,852)	**123,383**

(ii) Finance costs

	Six months ended 31 December			
	2016 RMB'000	**2017 RMB'000**	2016 HK$'000	**2017 HK$'000**
Interest on bank loans	121,889	**114,706**	139,659	**135,286**
Imputed interest on:				
Interest-free registered capital contributions made by a joint venture partner	11,274	**11,978**	12,926	**14,128**
Others	275	**275**	315	**325**
	133,438	**126,959**	152,900	**149,739**
Other financial expenses	86	**72**	99	**85**
	133,524	**127,031**	152,999	**149,824**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017
(FOR INFORMATION PURPOSE ONLY)

	30 June 2017 RMB'000	**31 December 2017 RMB'000**	30 June 2017 HK$'000	**31 December 2017 HK$'000**
ASSETS				
Non-current Assets				
Property and equipment	432,935	**406,712**	498,741	**488,461**
Concession intangible assets	11,101,501	**10,625,955**	12,788,929	**12,761,772**
Balance with a joint venture	393,372	**405,350**	453,164	**486,825**
Investment	4,785	**4,785**	5,513	**5,747**
	11,932,593	**11,442,802**	13,746,347	**13,742,805**
Current Assets				
Inventories	1,115	**802**	1,285	**963**
Deposits and prepayments	1,611	**2,270**	1,855	**2,727**
Interest and other receivables	35,966	**34,602**	41,433	**41,557**
Other receivable from a joint venture	-	**24,463**	-	**29,380**
Pledged bank balances and deposits of joint ventures	434,191	**211,256**	500,188	**253,718**
Bank balances and cash				
- The Group	469,067	**416,740**	540,365	**500,505**
- Joint ventures	6,431	**10,480**	7,409	**12,586**
	948,381	**700,613**	1,092,535	**841,436**
Total Assets	12,880,974	**12,143,415**	14,838,882	**14,584,241**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	**270,603**	308,169	**308,169**
Share premium and reserves	5,255,732	**4,936,782**	6,058,169	**5,945,900**
Equity attributable to owners of the Company	5,526,335	**5,207,385**	6,366,338	**6,254,069**
Non-controlling interests	30,826	**36,188**	35,511	**43,462**
Total Equity	5,557,161	**5,243,573**	6,401,849	**6,297,531**
Non-current Liabilities				
Bank and other loans of joint ventures	5,834,763	**5,349,272**	6,721,647	**6,424,476**
Balance with a joint venture partner	393,322	**405,299**	453,106	**486,764**
Resurfacing obligations	179,787	**200,189**	207,115	**240,426**
Deferred tax liabilities	248,998	**239,703**	286,846	**287,884**
Other non-current liabilities	39,409	**38,313**	45,400	**46,014**
	6,696,279	**6,232,776**	7,714,114	**7,485,564**
Current Liabilities				
Provision, other payables, accruals and deposits received	387,056	**433,883**	445,889	**521,094**
Bank loans of joint ventures	171,771	**159,303**	197,880	**191,322**
Other interest payable	6,523	**6,867**	7,514	**8,247**
Tax liabilities	62,184	**67,013**	71,636	**80,483**
	627,534	**667,066**	722,919	**801,146**
Total Liabilities	7,323,813	**6,899,842**	8,437,033	**8,286,710**
Total Equity and Liabilities	12,880,974	**12,143,415**	14,838,882	**14,584,241**

GLOSSARY

"Average daily full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the period under review
"Average daily toll revenue"	average daily toll revenue including tax
"1H FY15"	the first half of FY15
"1H FY16"	the first half of FY16
"1H FY17"	the first half of FY17
"1H FY18"	the first half of FY18
"2H FY17"	the second half of FY17
"2H FY18"	the second half of FY18
"Board"	the board of Directors of the Company
"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
"CY"	calendar year
"Director(s)"	director(s) of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EIT"	enterprise income tax
"FY07"	the financial year ended 30 June 2007
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ended 30 June 2012
"FY13"	the financial year ended 30 June 2013
"FY14"	the financial year ended 30 June 2014
"FY15"	the financial year ended 30 June 2015
"FY16"	the financial year ended 30 June 2016
"FY17"	the financial year ended 30 June 2017
"FY18"	the financial year ending 30 June 2018
"FY19"	the financial year ending 30 June 2019
"GDP"	gross domestic product
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge
"JV/JVs"	joint venture/ventures
"km"	kilometre
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao"	the Macao Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"PBOC"	The People's Bank of China

"Western Coastal Expressway Branch Line"	A non-HHI project owned by Guangdong Provincial Highway Construction Company Limited (the joint venture partner for WDR) and Guangdong Communication Enterprise Investment Company Limited
"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
"The Belt and Road initiative"	The Silk Road Economic Belt and the 21st-Century Maritime Silk Road
"United States" or "US" or "USA"	the United States of America
"USD" or "US Dollar(s)"	United States Dollars, the lawful currency of the United States
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"Western Delta Route" or "WDR"	the route for a network of toll expressways in the western PRD, linking Guangzhou to Zhuhai
"yoy" or "YoY"	year-on-year

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