

A photograph of a highway toll plaza with multiple lanes, cars, and a large gantry structure in the background. The scene is viewed from the driver's perspective inside a car, with the steering wheel and dashboard visible in the foreground.

# Hopewell Highway Infrastructure Limited

合和公路基建有限公司

## FY2008/09 Interim Results

2008/09 財政年度中期業績

26 February 2009

## Group Messages 集團信息

- **Strengthen existing base, build for the future**  
鞏固現有根基，建設將來
- **Strong, solid financial position for future investments**  
有穩健的財務實力投資新項目
- **Focus on traffic management to improve service quality and efficiency**  
專注於交通管理以提升服務質素及效率
- **Quality upcoming projects to enhance shareholder value**  
計劃中的優質項目將提高股東價值

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# Financial Highlights 財務摘要

	Six months ended		% change
	31.12.07 (restated) <sup>N3</sup>	31.12.08	
<b>Net toll revenue (HK\$'M)</b> 淨路費收入 (港幣百萬元)	<b>924</b>	<b>931</b>	<b>+1%</b>
<b>Recurring profit<sup>M1</sup> (HK\$'M)</b> 經常溢利 <sup>M1</sup> (港幣百萬元)	<b>563</b>	<b>579</b>	<b>+3%</b>
<b>Net profit (HK\$'M)</b> 淨溢利 (港幣百萬元)	<b>1,404</b>	<b>579</b>	<b>-59%</b>
<b>EPS (HK cents)</b> 每股溢利 (港仙)	<b>47.27</b>	<b>19.50</b>	<b>-59%</b>
<b>DPS (HK cents)</b> 股息 (港仙)	<b>Interim 中期:</b>	<b>17</b>	<b>Interim 中期:</b> <b>17</b>
	<b>Special Interim:</b> 特別中期	<b>7</b>	<b>Special Interim<sup>N2</sup>:</b> 特別中期 <sup>N2</sup> <b>-</b>
	<b>Total 合計:</b>	<b>24</b>	<b>Total 合計:</b> <b>17</b>

N1: Profit attributable to equity holders of the Company ex-exceptional items 不包括特殊項目的公司股權持有人應佔溢利

N2: Special dividend of \$0.84/share had been paid in Nov 08 每股港幣84仙的特別股息已於2008年11月派發

N3: Profit has been restated to reflect IFRIC 12 adoption 溢利已被重列以反映 IFRIC 12的採納

# Financial Highlights (cont'd) 財務摘要 (續)

- **Aggregate average daily traffic: 348k**  
合計日均車流量為 34.8萬架次
- **HHI's net cash on hand approx. HK\$2.9 billion or \$1/share (excluding JV Entity)**  
合和公路基建持有手頭淨現金約港幣 29億元或每股港幣1元 (不包括合營企業)
- **GS Xintang to Dongguan section maintenance completed and reopened on 9 Jul 2008**  
廣深高速公路新塘至東莞段的維修改善工程已於2008年7月9日完工並重開
  - ◆ **Daily traffic & toll revenue gradually rebounding to a level comparable to that of 2006**  
日均車流量及路費收入已逐漸回升至接近2006年的水平
- **Phase II & III West currently planned construction timetable and total investment announced in Sep 2008**  
已於2008年9月公布西綫 II期和 III期現計劃的施工時間表和總投資額

# Financial Highlights (cont'd)

財務摘要(續)

- **Special dividend HK\$0.84/share announced in Oct 2008 and paid in Nov 2008**

於2008年10月宣布特別股息為每股港幣0.84元及已於2008年11月派發

- ◆ **↑ Return on Equity in low interest rate environment**

於低息環境下，提升股東權益回報率

- ◆ **Over-capitalized given large amount of funds**

持有大量資金致資本過剩

# Group Results 集團業績

HK\$'M 港幣(百萬元)	six months ended		
	31.12.07 (restated <sup>N1</sup> )	31.12.08	% Change
<b>Net toll revenue 淨路費收入</b>	<b>924</b>	<b>931</b>	<b>1%</b>
Exchange gain/(loss) 匯兌盈利/(虧損)	152	(7)	
Construction revenue 建築收入	367	539	
Other revenue 其他收入	175	130	
<b>Sub-total 小計</b>	<b>1,618</b>	<b>1,593</b>	<b>-2%</b>
Toll opex 收費公路營運費用	(99)	(80)	
Construction costs 建築成本	(367)	(539)	
Provision for resurfacing charges 重鋪路面費用撥備	(13)	(6)	
Depn & amortn exp 折舊及攤銷費用	(168)	(150)	
General & admin exp 一般行政費用	(82)	(46)	
Gain on disposal of a jointly controlled entity 出售共同控制個體之盈利	974	-	
<b>EBIT 除利息及稅項前溢利</b>	<b>1,862</b>	<b>772</b>	<b>-59%</b>
Finance costs 財務成本	(148)	(95)	
Tax expenses 稅項開支	(301)	(89)	
<b>Profit for the period 本期溢利</b>	<b>1,413</b>	<b>588</b>	
<b>Attributable to 撥歸:</b>			
Minority interests 少數股東權益	9	9	
<b>Equity holders of the Co. 公司股權持有人</b>	<b>1,404</b>	<b>579</b>	<b>-59%</b>
	1,413	588	
<b>Recurring profit<sup>N2</sup> 經常溢利</b>	<b>563</b>	<b>579</b>	<b>3%</b>

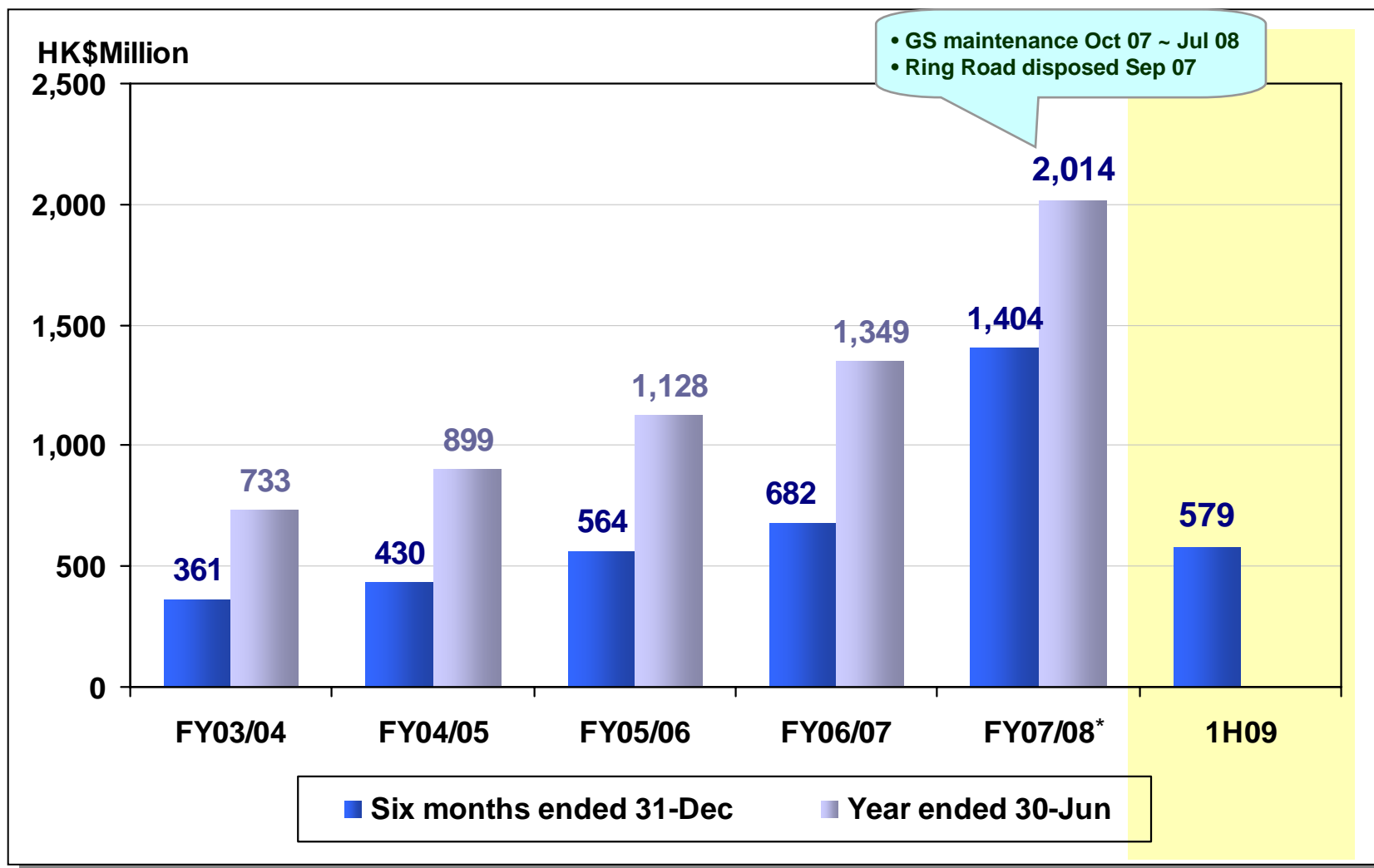
Note: HHI's profit sharing ratio in GS has been adjusted from 50% to 48% since 1 Jul 2007 pursuant to the JV contract

N1: Reflects IFRIC 12 which was adopted effective from 1.7.2008

N2: Ex-exceptional profit attributable to equity holders

# Profit Attributable to Equity Holders of the Co.

公司股權持有人應佔溢利



\* Figures have been restated to reflect IFRIC 12 adoption



# Company Dividend History 公司股息

■ Target 100% dividend payout ratio, in light of HHI's strong financial position

由於合和公路基建擁有強勁的財政狀況，目標派息比率100%

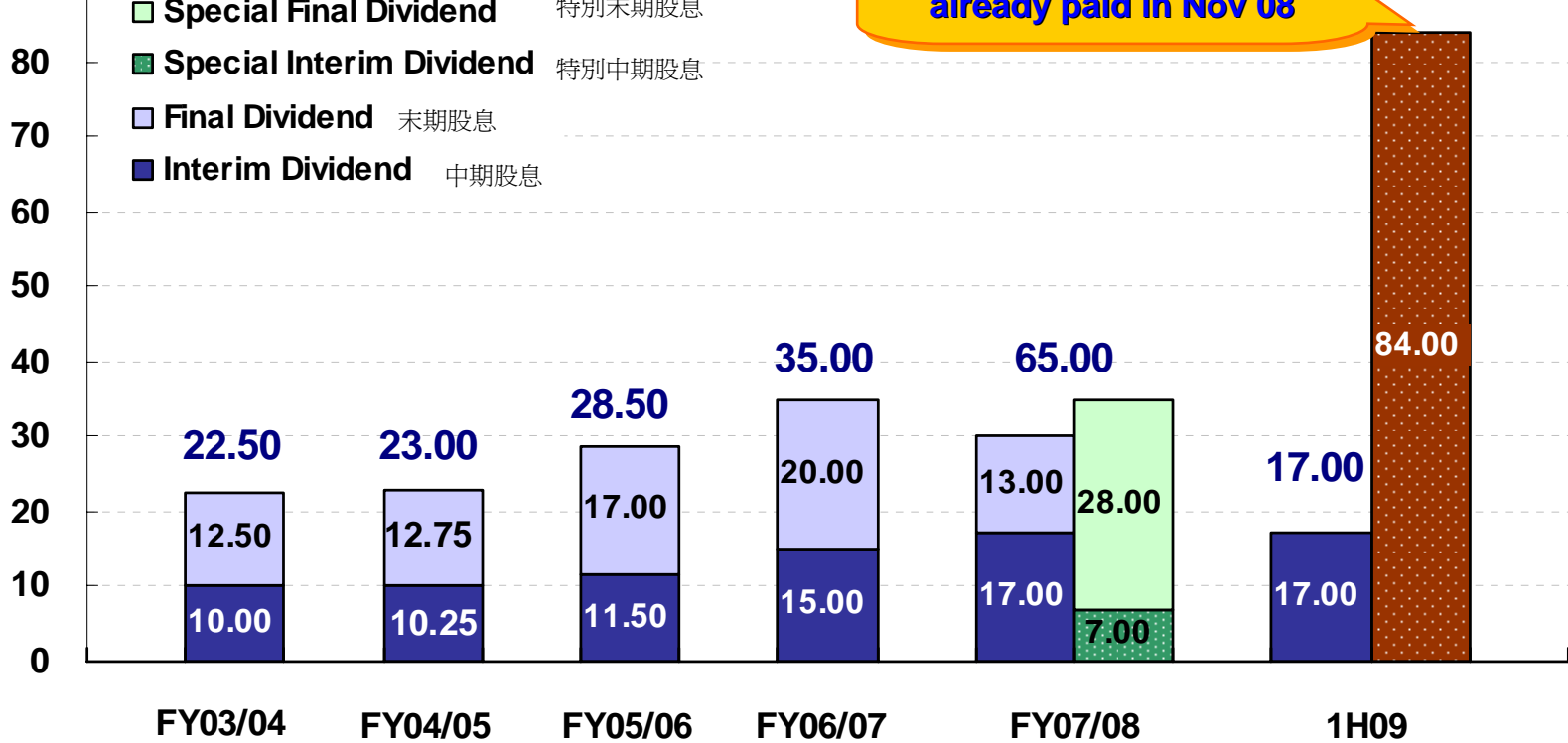
## Company Dividend

HK cents/sh

90

- Special Final Dividend 特別末期股息
- Special Interim Dividend 特別中期股息
- Final Dividend 末期股息
- Interim Dividend 中期股息

**\$0.84/share special dividend already paid in Nov 08**



**Total Dividend Payout Ratio**

88%

74%

75%

77%

97%

87%#

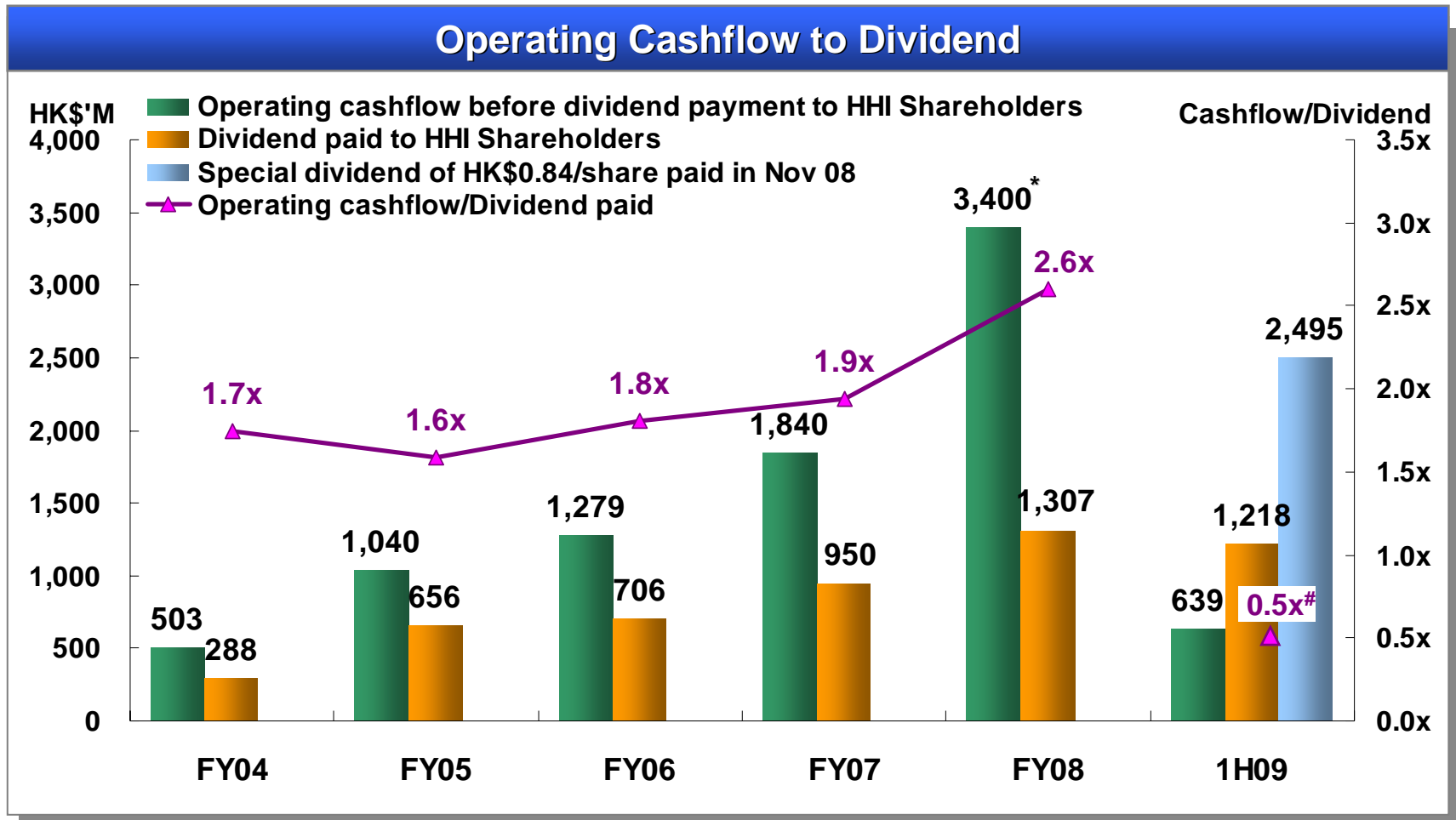
# Excl. \$0.84/share paid in Nov 08

# Operating Cashflow to Dividend History – HHI Corp. Level

合和公路基建公司層面的營運現金流對比股息

■ **100% dividend payout sustainable** 能持續的100%派息比率

■ **Accumulated approx. HK\$2.1 billion from FY04~FY07** 由2004年~2007年財政年度累積約港幣 21億元



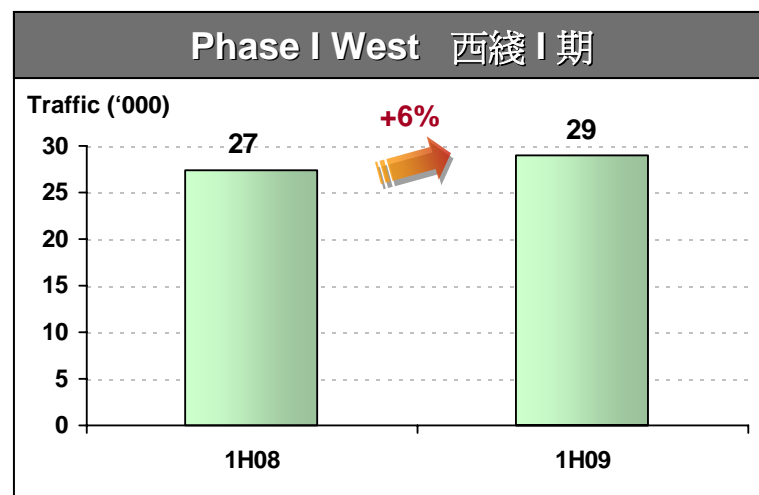
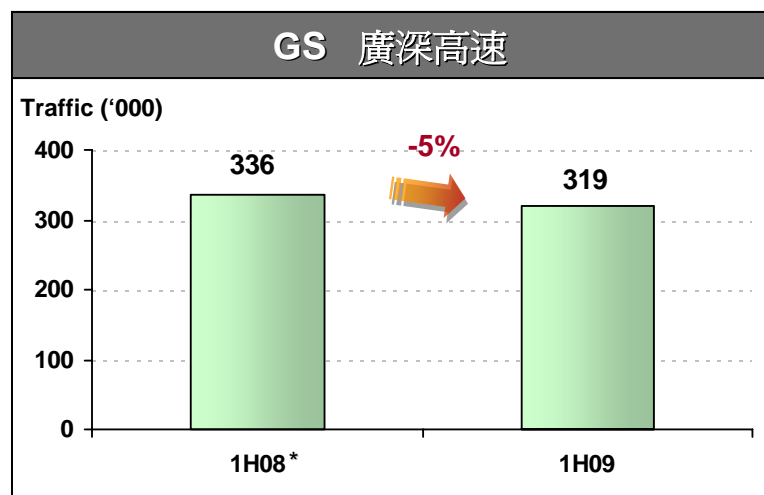
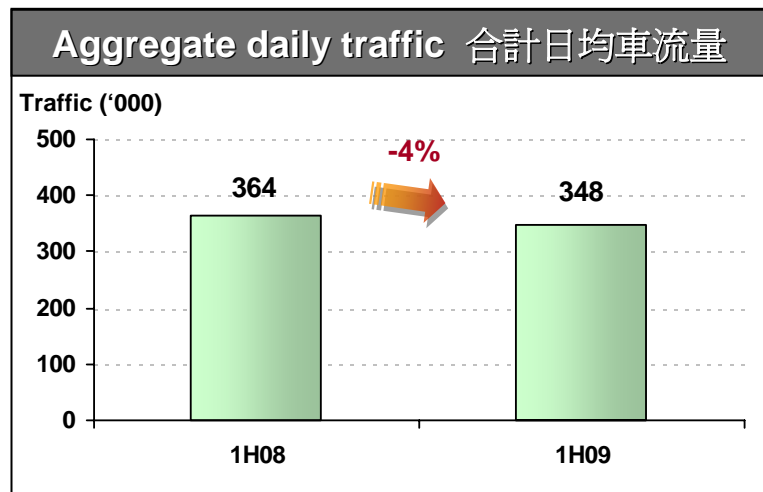
\* Include cashflow of approx. \$1.6b from sale of ESW Ring Road (completed Sep 07)

# Excludes HK\$0.84/share special dividend paid in Nov 08

# Operation Highlights 營運摘要

- Aggregate average daily traffic of the Group's toll expressways ↓ 4% to 348k vehicles

集團旗下的收費高速公路合計日均車流量 ↓ 4% 至 34.8萬架次

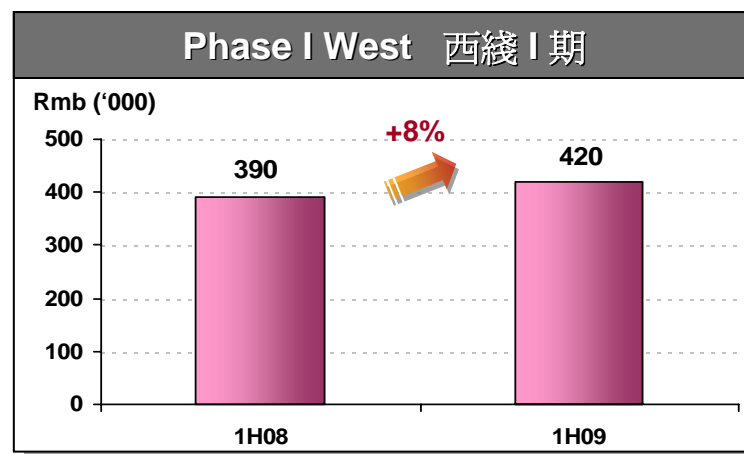
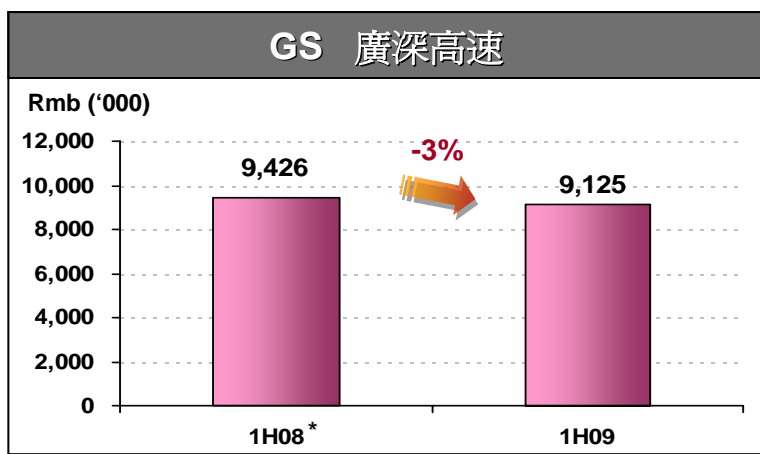
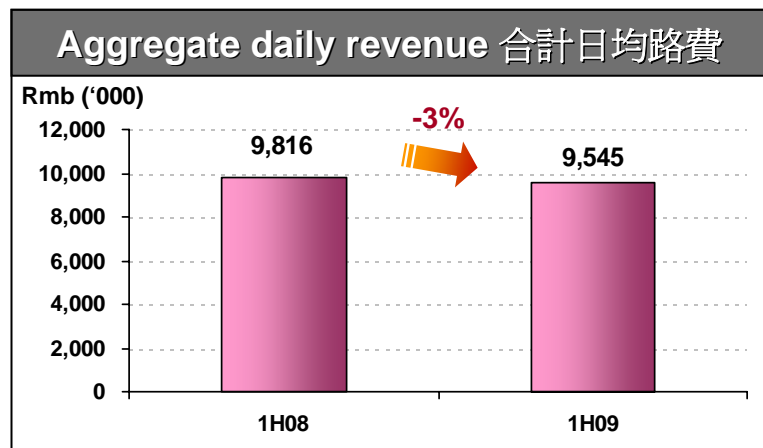


\* A section of the GS Superhighway in the South bound lanes of Xintang to Dongguan toll station (approximately 22.2km) was closed for maintenance/improvement works from 18 Oct 2007 to 10 Jan 2008. The north bound lanes of this section were closed for such work from 18 Feb 2008 to 9 Jul 2008.

# Operation Highlights 營運摘要

- Aggregate average daily toll of the Group's toll expressways ↓ 3% to Rmb9.5 million

集團旗下的收費高速公路合計日均路費收入 ↓ 3% 至人民幣 950萬元



\* A section of the GS Superhighway in the South bound lanes of Xintang to Dongguan toll station (approximately 22.2km) was closed for maintenance/improvement works from 18 Oct 2007 to 10 Jan 2008. The north bound lanes of this section were closed for such work from 18 Feb 2008 to 9 Jul 2008.

# GS Superhighway – Recovering after Maintenance (Oct 2007 ~ Jul 2008) Completed

廣深高速公路 – 維修工程(2007年10月至2008年7月)完工後正逐漸恢復

● **Traffic and toll gradually rebounding to near 2006 levels. Slower-than-expected recovery due to:** 車流量及路費收入正逐漸回升至接近2006年的水平，回升速度較預期慢，因為：

◆ **Global economic downturn and significant slowdown in Guangdong’s imports & exports growth since 4Q2008**

自2008年第4季開始，全球經濟轉差和廣東省進出口增長大幅放緩

◆ **Green lane policy (Jan 2008 ~ now)**

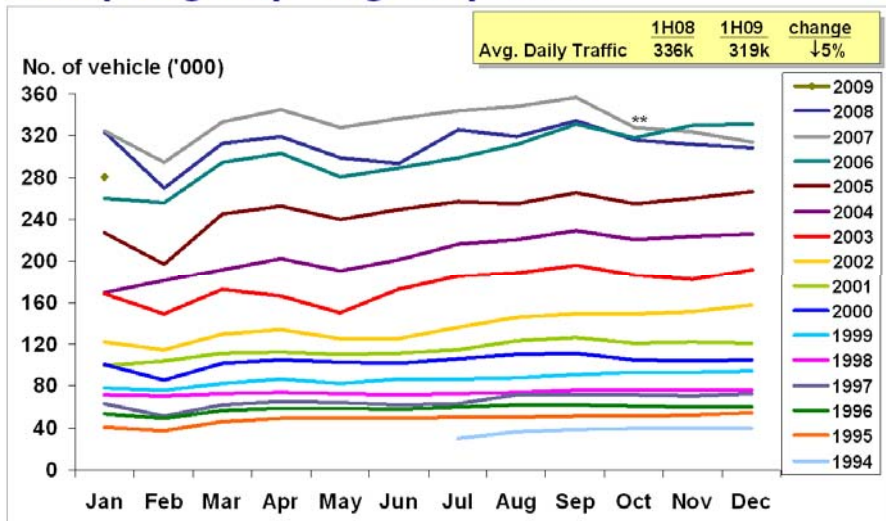
綠色通道政策 (2008年1月至現在)

◆ **Diversion from new parallel roads nearby**

周邊新建成的平行路造成分流

● **Traffic trend has now stabilised** 車流現已回復穩定趨勢

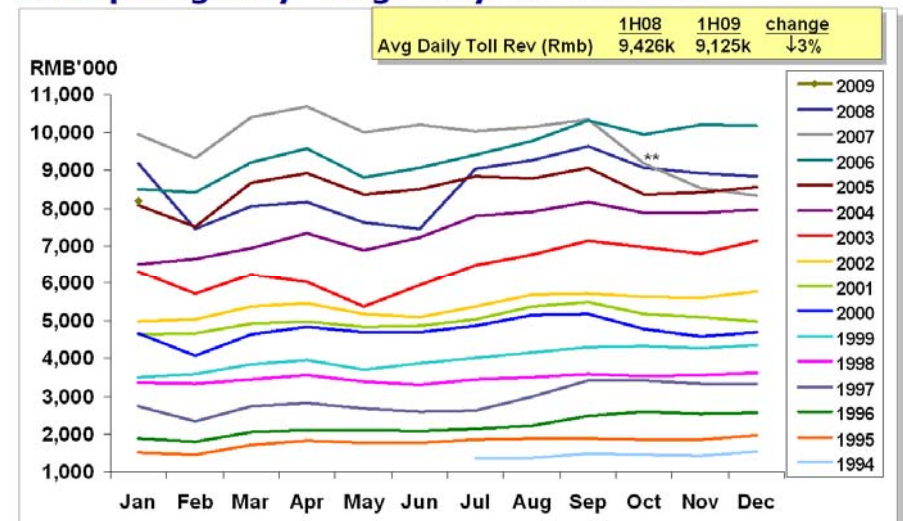
GS Superhighway – Avg. Daily Traffic



\* Chinese New Year in 2009 started on 26 Jan 2009 (2008 started on 7 Feb 2008)

\*\* The South and North bound lanes of Xintang to Dongguan toll station (approximately 22.2km) of the GS Superhighway were closed for maintenance/improvement works from 18 Oct 2007 to 10 Jan 2008 and 18 Feb 2008 to 9 Jul 2008 respectively.

GS Superhighway – Avg. Daily Toll Revenue



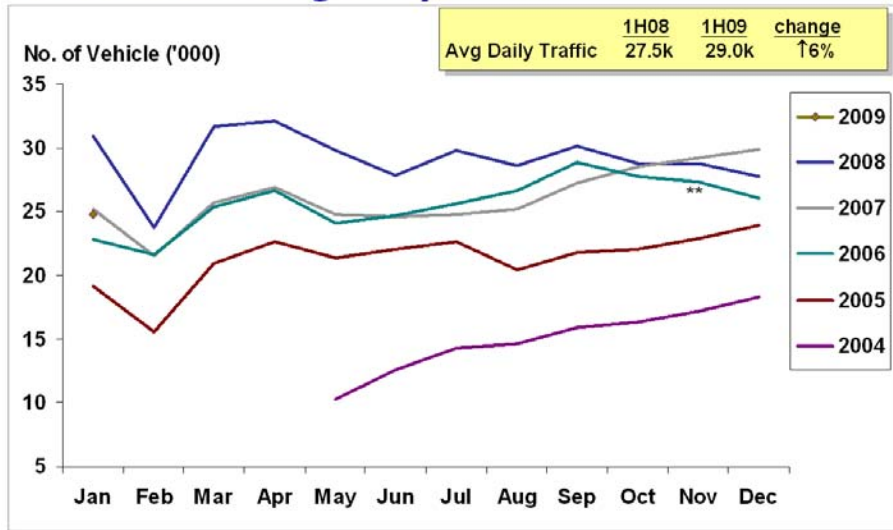
\* Chinese New Year in 2009 started on 26 Jan 2009 (2008 started on 7 Feb 2008)

\*\* The South and North bound lanes of Xintang to Dongguan toll station (approximately 22.2km) of the GS Superhighway were closed for maintenance/improvement works from 18 Oct 2007 to 10 Jan 2008 and 18 Feb 2008 to 9 Jul 2008 respectively.

# Phase I West 西綫I期

- **Growth has slowed mainly because:** 增長放緩，主要因為：
  - ◆ **Significant slowdown in Guangdong's imports & exports growth**  
廣東省進出口增長大幅放緩
  - ◆ **ESW Ring Road became toll-free from Sep 2007, resulted in a higher base for comparison** 東南西環高速公路自2007年9月起免收費造成基數較高
  
- **New Connecting roads expected to boost traffic** 新的連接道路預期有助增長車流
  - ◆ **Phase II West 西綫II期**
  - ◆ **Others e.g. Guangzhou-Gaoming Expressway** 其他例如廣明高速公路
    - **planned completion in next few years** 計劃於未來數年建成

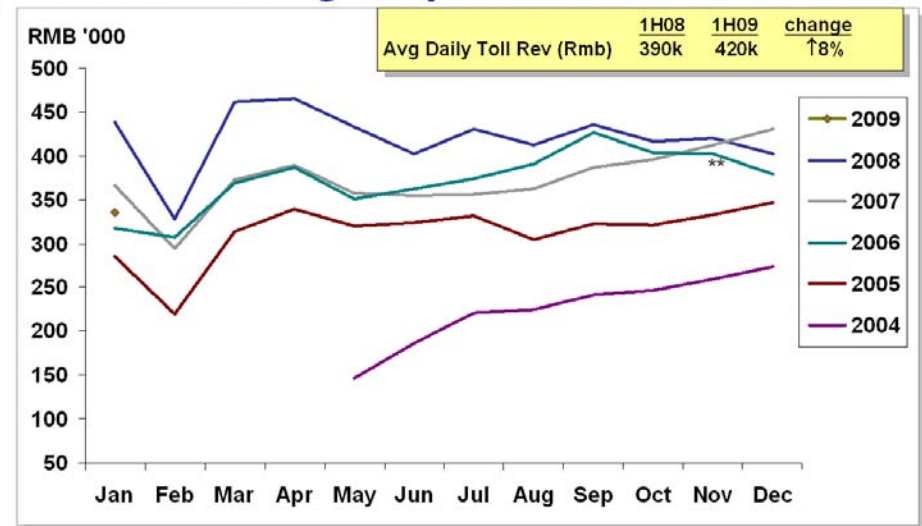
### Phase I West – Avg. Daily Traffic



\* Chinese New Year in 2009 started on 26 Jan 2009 (2008 started on 2 Feb 2008)

\*\* Growth slowed because of opening of a local toll-free road in Foshan parallel to Phase I West in Nov 06

### Phase I West – Avg. Daily Toll Revenue



\* Chinese New Year in 2009 started on 26 Jan 2009 (2008 started on 7 Feb 2008)

\*\* Growth slowed because of opening of a local toll-free road in Foshan parallel to Phase I West in Nov 06

# Major Projects Plan 主要項目計劃

<b>Projects</b> 項目	<b>Description</b> 描述	<b>Current Planned Investment*</b> 現計劃的投資額*	<b>Current Planned# Construction Start / Completion Date</b> 現計劃#工程開始/完工日期
<b>Phase II West</b> 西綫II期 (HHI: 50%)	<b>Shunde – Zhongshan expressway of approx. 46km</b> 順德至中山約46公里的高速公路	<b>Approx. Rmb7.2b (Equity/Debt: 35%/65%)</b> 約人民幣 72億元 (股本 / 債務: 35%/65%)	<b>Completion: FY2010</b> 完工：2010財政年度
<b>Phase III West</b> 西綫III期 (HHI: 50%)	<b>Zhongshan – Zhuhai expressway of approx. 38km</b> 中山至珠海約38公里的高速公路	<b>Approx. Rmb5.6b (Equity/Debt: 35%/65%)</b> 約人民幣 56億元 (股本/債務: 35%/65%)	<b>Construction start: 2010</b> 工程開始：2010年  <b>Completion: Approx. 3~4 years</b> 完工：約 3~4年
<b>GS Expansion</b> 廣深高速擴闊 (HHI: 48%)	<b>Expansion from current dual 3 to dual 5 lanes</b> 由現時雙向3車道擴闊至雙向5車道	<b>Approx. Rmb7b (Equity/Debt: 0%/100%)</b> 約人民幣70億元 (股本/債務: 0%/100%)	<b>No timetable yet</b> 暫未有時間表

\* Present planning, subject to change; incl. finance cost 現時的計劃，或按情況改變；包括財務成本

# Present planning, subject to change 現時的計劃，或按情況改變

# Major Projects Plan 主要項目計劃

Projects	Planned Investment <sup>^</sup> Rmb'm	Interest %	Equity required %	HHI's Planned Equity Portion <sup>^</sup> Rmb'm	HHI's Equity Portion Outstanding <sup>^</sup> Rmb'm	HHI's Planned Equity Injection <sup>^</sup> Rmb'm		
						FY09	FY10	FY11
Phase II West 西綫II期	7,200 <sup>^^</sup>	50%	35%	1,260	499			
Phase III West 西綫III期	5,600 <sup>^^</sup>	50%	35%	980	980			
GS expansion 廣深高速擴闊	7,000	48% <sup>#</sup>	0%	-	-			
<b>Total</b> 合計	<b>19,800</b>			<b>2,240</b>	<b>1,479</b>	<b>96</b>	<b>746</b>	<b>637</b>

<sup>^</sup> Present planning, subject to change; incl. finance cost

<sup>#</sup> HHI's interest in GS: 50% for 1 Jul 97 - 30 Jun 07, 48% for 1 Jul 07 - 30 Jun 17, 45% for 1 Jul 17 - 30 Jun 27

<sup>^^</sup> Subject to approval by PRC Government

## ● Sufficient funding for new projects from: 擁有充足資金發展新項目:

- 1) **net cash of approx. \$2.9 billion on hand (approx. \$1 per share) as of 31 Dec 08 (excluding JV Entity)**

於2008年12月31日的手頭淨現金約港幣 29億元 (約每股港幣 1元)(不包括合營企業)

- 2) **Healthy cashflow (please refer to slide p.10)**

強健的現金流 (請參考第10頁)

- 3) **HK\$3.6 billion 5-year committed syndicated bank loan facility available and undrawn**

港幣36億元的5年期已承諾的銀團貸款尚未使用

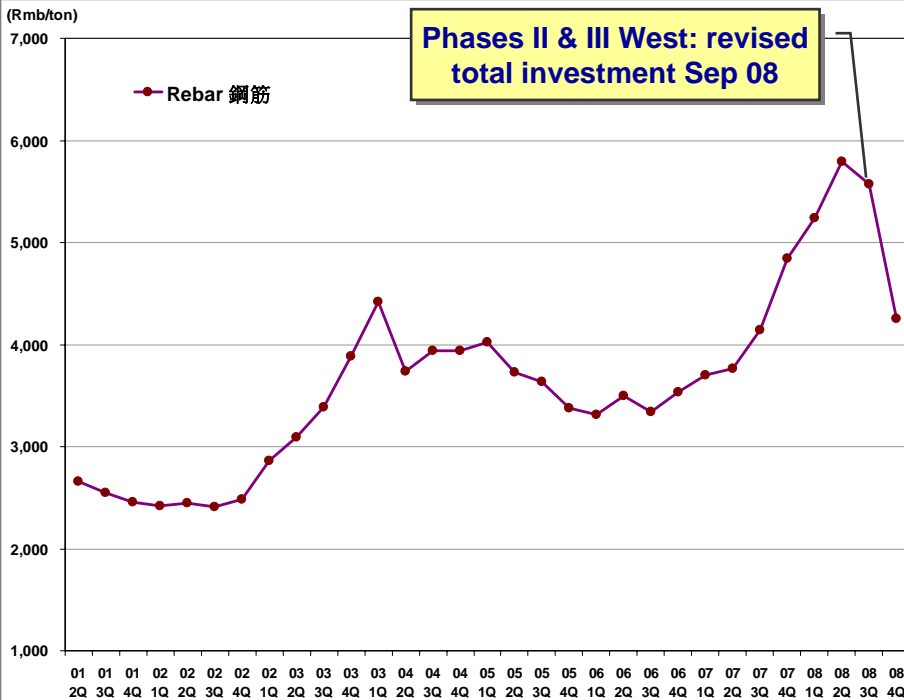


# Drop in Construction Material Prices Lowers Costs for Phases II & III West

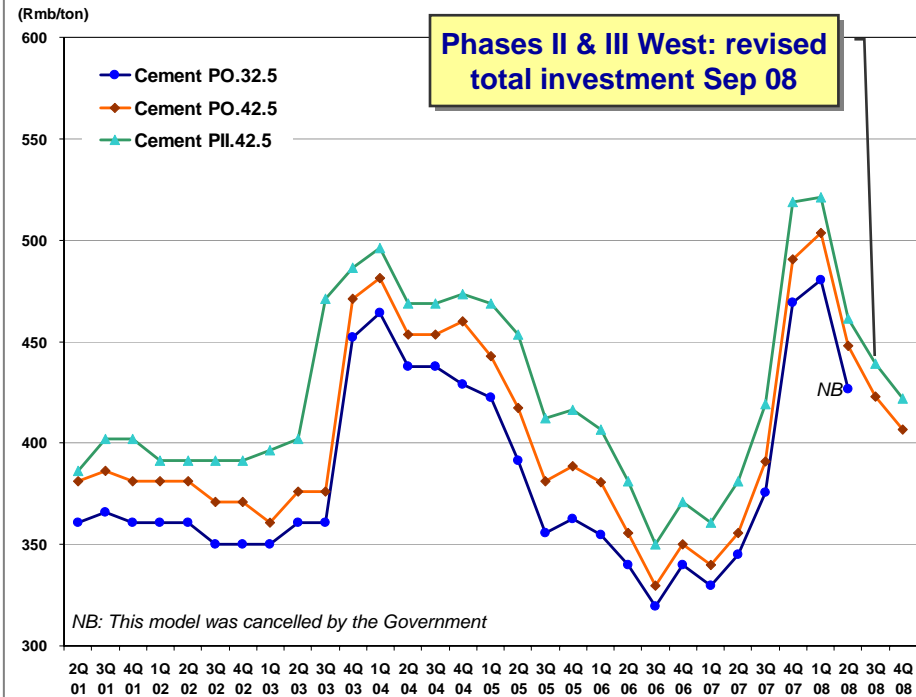
建材價格回落有助降低西綫II期及III期投資額

- Steel & cement prices ↓ compared to Sep 2008 when Phases II & III West's revised total investments were announced**  
 鋼筋及水泥的價格較2008年9月西綫 II期及III期修訂的總投資公布時已回落
- Total costs within budget if steel & cement prices remain at the current levels**  
 如鋼筋及水泥的價格維持在目前的水平，總成本將較預算為低

### Steel Price Trend



### Cement Price Trend

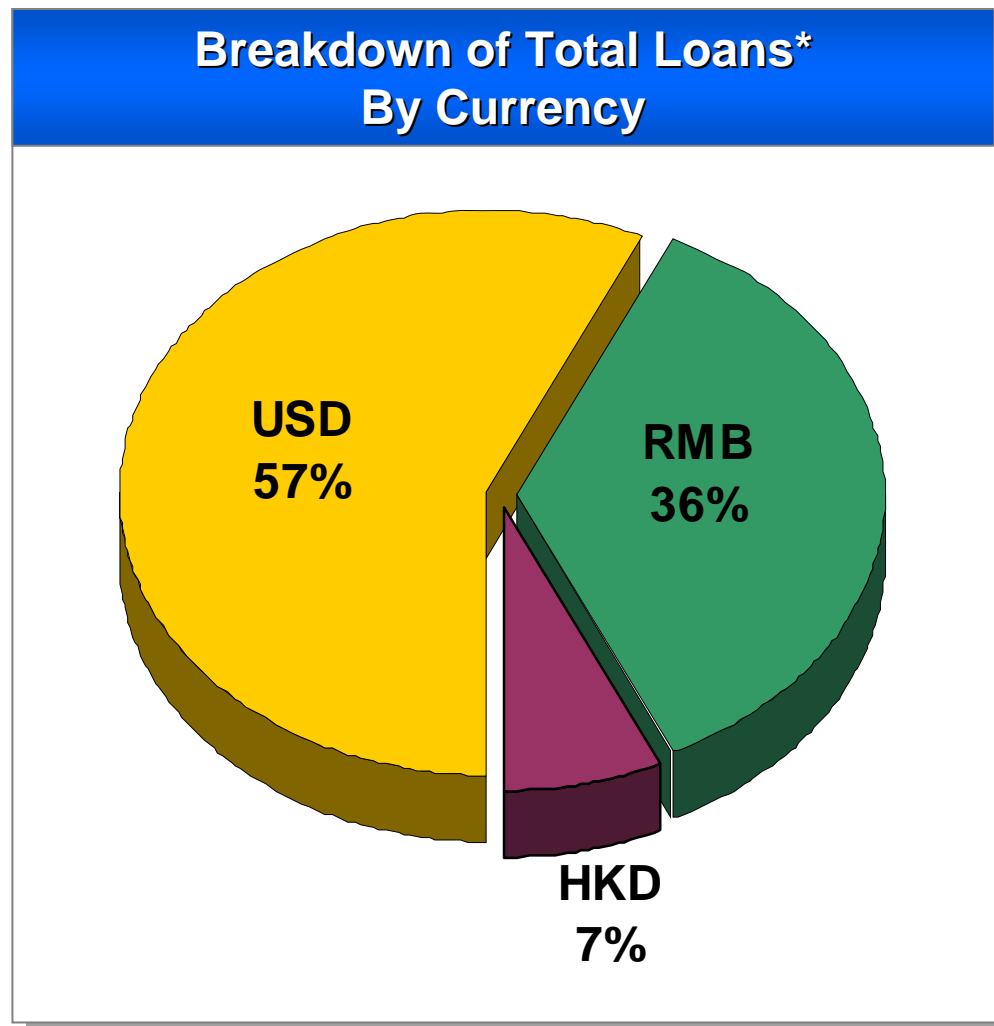


Source: Guangzhou Statistics Dept

# Breakdown of Total Loans by Currency

按貨幣劃分的總貸款分析

- **USD loans: 57%**  
美元貸款：57%
- **HKD loans: 7%**  
港幣貸款：7%
- **RMB loans: 36%**  
人民幣貸款：36%

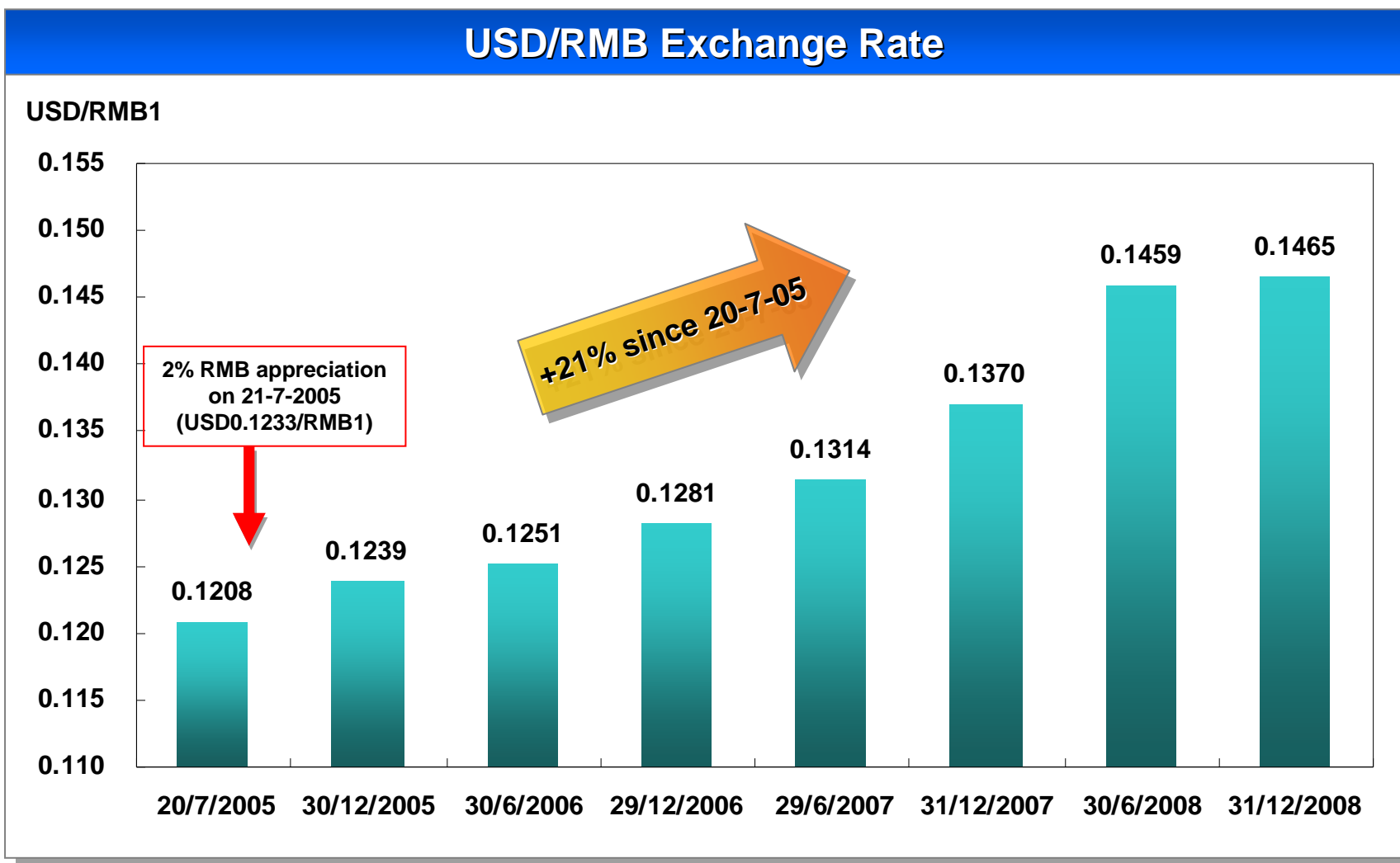


As at 31 Dec 2008

\* Proportionate share of JV loans

# USD:RMB Exchange Rate Movement

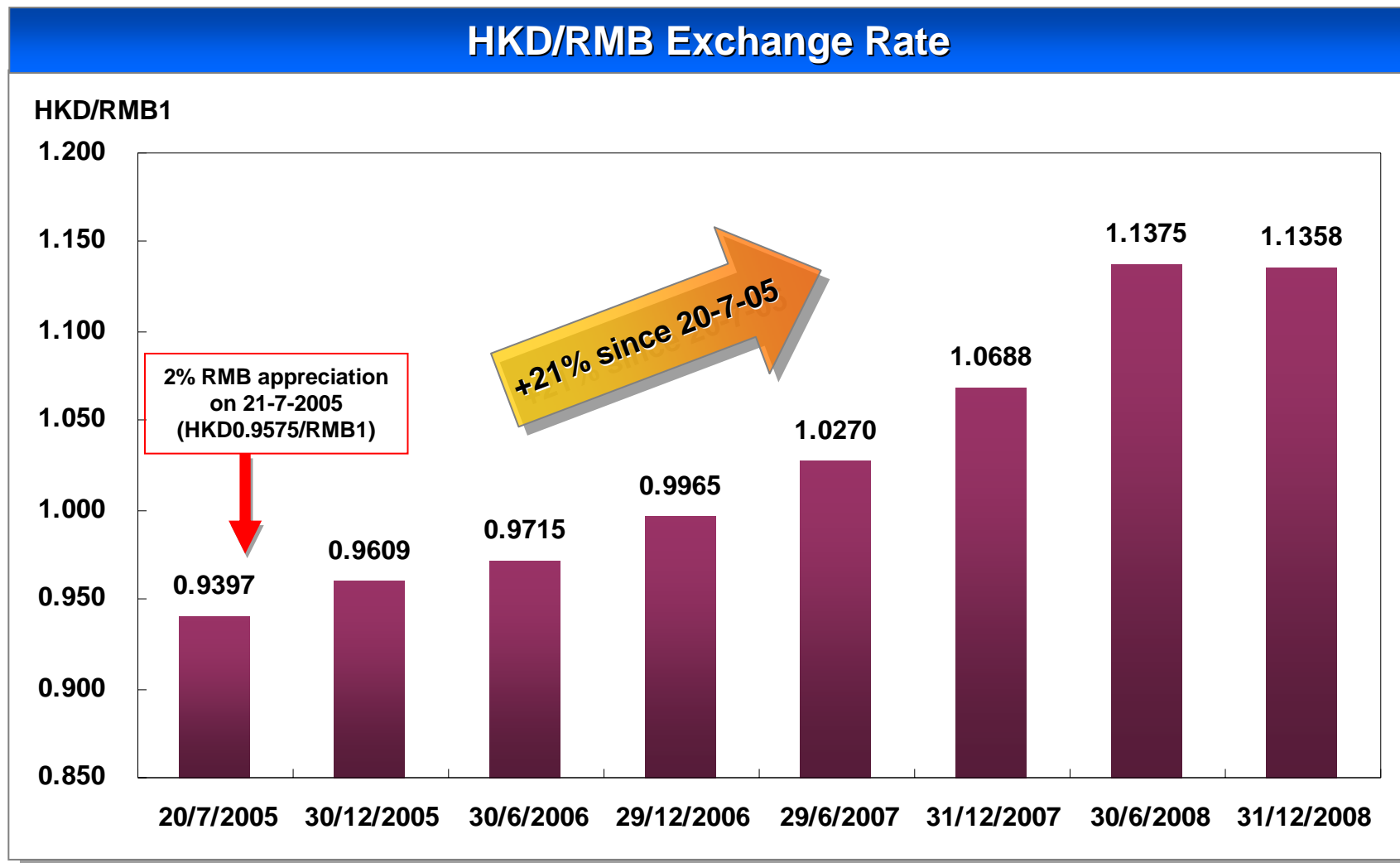
美元兌人民幣的匯率走勢



Source: Bloomberg

# HKD:RMB Exchange Rate Movement

港元兌人民幣的匯率走勢



Source: Bloomberg

# Strong Net Cash Position 充裕的淨現金狀況

## Cash Balance (Reported)

現金結餘 (財務報告中的)

As at 31/12/08 (HK\$'M)	HHI
<b>HHI Corp. Level (net cash)</b> 合和公路基建公司層面(淨現金)	<b>2,923</b>
<b>HHI Jointly Controlled Entities</b> 合和公路基建的共同控制個體	<b>144</b>
<b>Total Cash (Reported)</b> 合計現金 (財務報告中的)	<b>3,068</b>

## HHI Corp. Level Usable Cash Balance

合和公路基建公司層面可動用的現金結餘

As at 31/12/08 (HK\$'M)	HHI
<b>HHI Corp. Level usable cash</b> 合和公路基建公司層面可動用的現金	<b>2,923</b>

## Available Committed Banking Facilities

已承諾的銀行備用信貸額

As at 31/12/08 (HK\$'M)	HHI
<b>HHI Corp. Level</b> 合和公路基建公司層面	<b>3,600</b>

**HHI Corp Level Total cash  
+ Available Committed  
Banking Facilities:  
HK\$6,523 million**

# Consolidated Balance Sheet Highlights

## 綜合資產負債表摘要

As at	30.06.08 HK\$'M	31.12.08 HK\$'M	As at	30.06.08 HK\$'M	31.12.08 HK\$'M
Bank balances and cash <sup>(1)</sup>	6,237	3,068	Prop. share of JV debt <sup>(2)</sup>	5,071	5,485
HHI	5,997	2,923	HHI corp debt	0	0
JV	240	144	JV bank loans	4,711	5,011
			JV other debt	360	474
Property & equipment	184	180	Other payables	752	673
Concession intangible assets	10,362	10,765	<b>Total liabilities</b>	<b>5,823</b>	<b>6,158</b>
Other assets	640	582	<b>Equity attr. to shareholders of Co.</b>	<b>11,550</b>	<b>8,389</b>
<b>Total assets</b>	<b>17,423</b>	<b>14,594</b>	<b>Minority interests</b>	<b>51</b>	<b>48</b>
				<b>30.06.08</b>	<b>31.12.08</b>
Total debt / total assets				29%	38%
Net debt <sup>(3)</sup> / equity attributable to equity holders of the Co.				0%	29%

Notes: (1) Included pledged bank deposits \$139M (31.12.08) and \$235M (30.6.08)

(2) HHI's proportionate share of joint venture's debts. Majority of the debt has long maturity of over 5 years

(3) Net debt refers to total debt less bank balances and cash together with pledged bank balances and deposits

# Safe and Steady Treasury Policy

穩健的財資政策

- **Prudent and conservative approach on treasury policies**

採取審慎及保守的財資政策

- **Cash on hand: all bank deposits**

手頭現金：全是銀行存款

- **No investment in accumulator**

沒有曾投資於累計股票期權

# Active Traffic Management

## 積極的交通管理

- **Intelligent traffic management system commenced operation Jan 2009**

於2009年1月開始使用全智能交通監控系統

- **Strengthened traffic monitoring and control**

加強全線交通監控功能

- **Improve efficiency in handling emergency**

提高交通事故處理的效率

- ◆ **to minimize congestion and casualties caused by traffic accidents**

減低交通事故造成的交通堵塞及傷亡

- **Organized an event to promote traffic safety**

- ◆ **jointly with Traffic Management Department of Guangdong Provincial Public Security Bureau in Jul 2008**

於2008年7月與廣東省公安廳交通管理局合辦大型的交通安全推廣活動





# China – World's 2<sup>nd</sup> Largest Vehicle Sales Market in 2008

2008年中國為世界第二大汽車銷售市場

### World Motor Vehicle\* Sales in Major Countries

Ranking	Country	2008 Total Vehicle Sales
1	U.S.A.	13,491,900
2	China	9,380,500
3	Japan	5,082,200
4	Germany	3,425,606
5	Russia	3,200,000
6	Brazil	2,820,350
7	France	2,573,713
8	U.K.	2,485,257
9	Italy	2,421,459
10	India	2,349,653

(in unit)

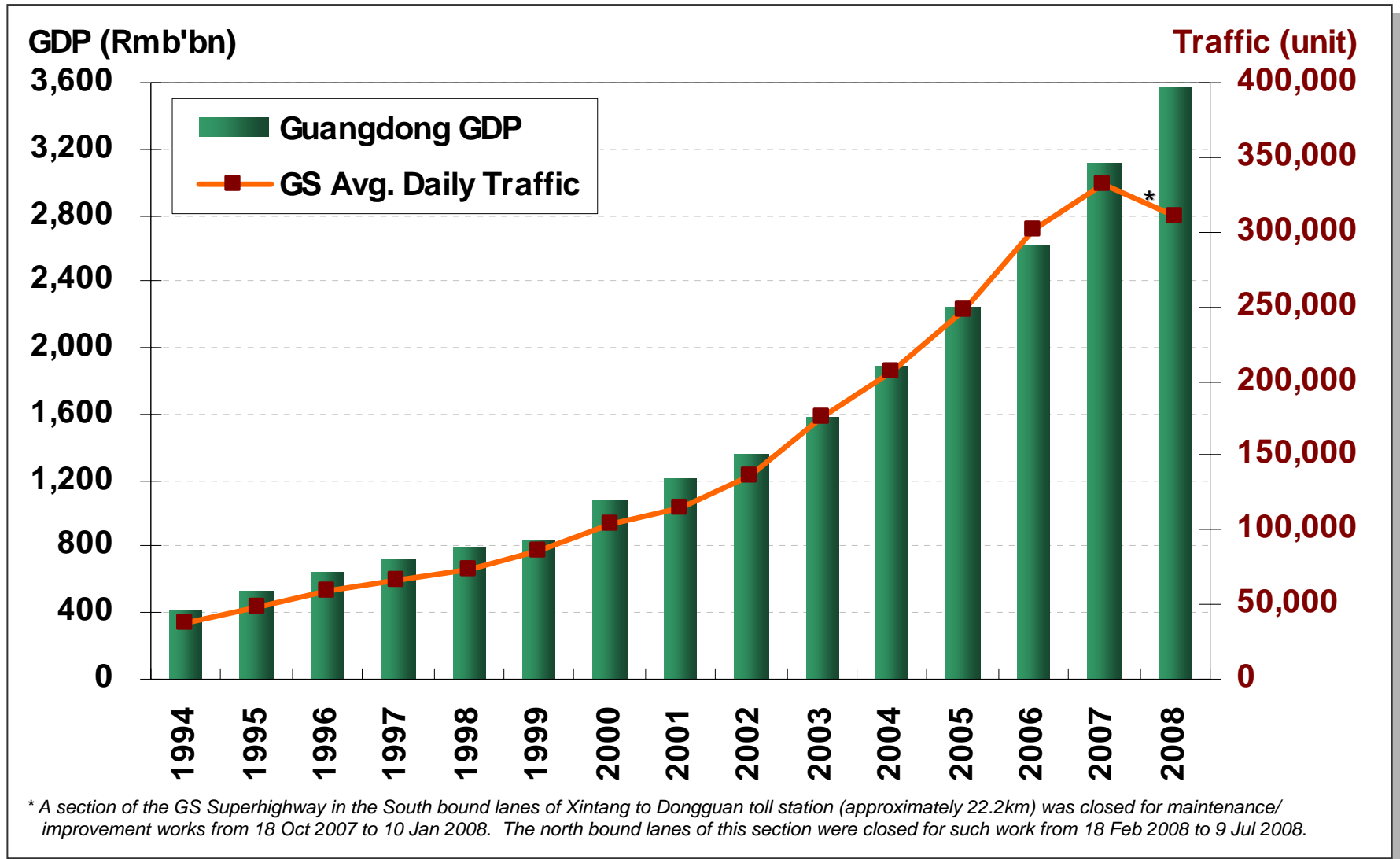
China 2008: 9.4m  
(+7% yoy)

China 1994:  
1.6m

Source: CEIC, Thomson Reuters & various car manufacturer associations  
\* Total vehicles incl. passenger & commercial vehicles but excl. motorcycles

# Strong Correlation between Guangdong GDP and GS Traffic

廣東省本地生產總值與廣深的車流量有密切關係



Source: GD Statistical Yearbooks, PGOGP, CEIC and Company data

**~ Presentation End ~**

## Supplementary Info (Analyst Meeting)

**GS Superhighway**

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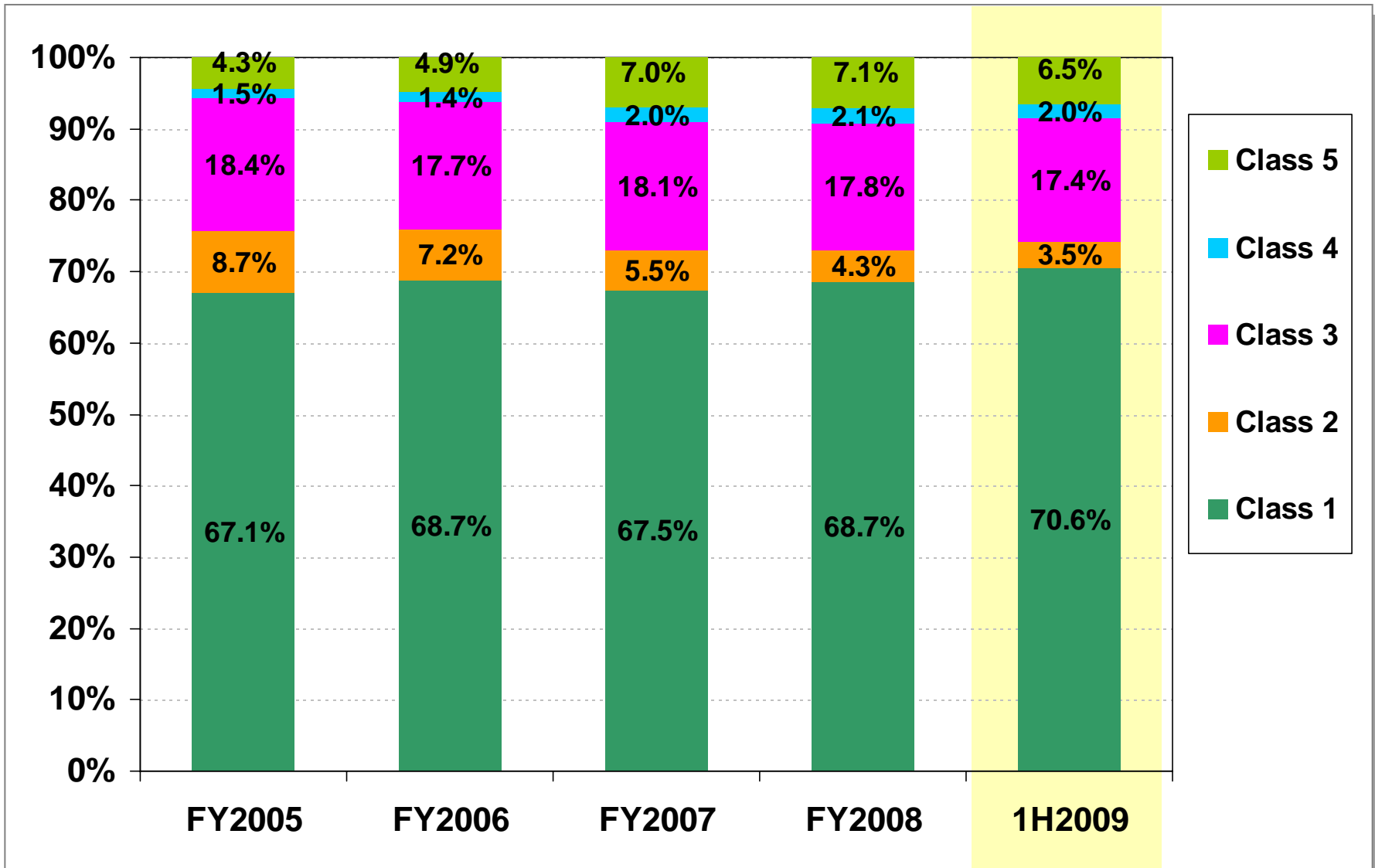
**Phase I West**

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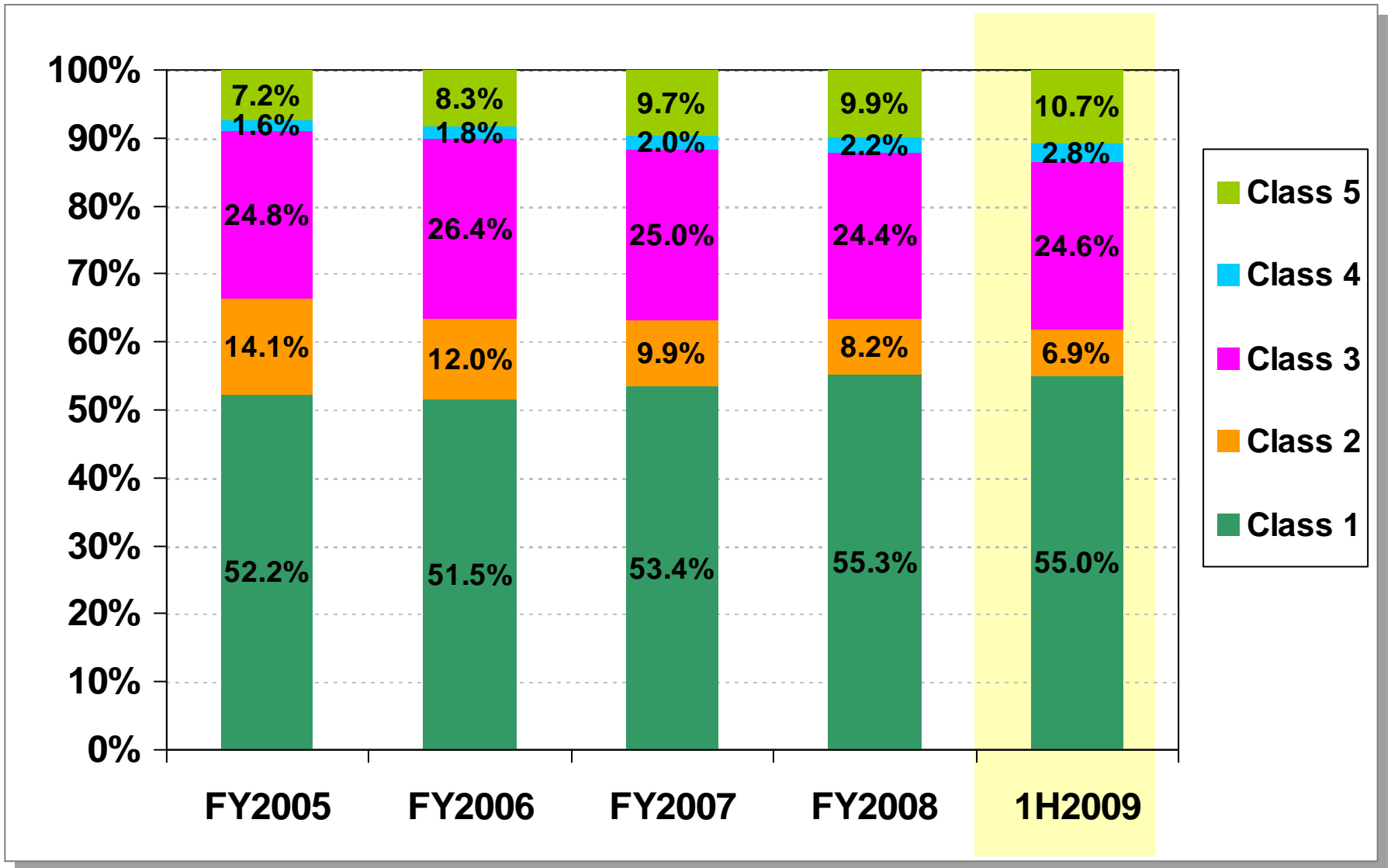
**Future Projects**

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# GS Superhighway – Traffic by Class of Vehicles

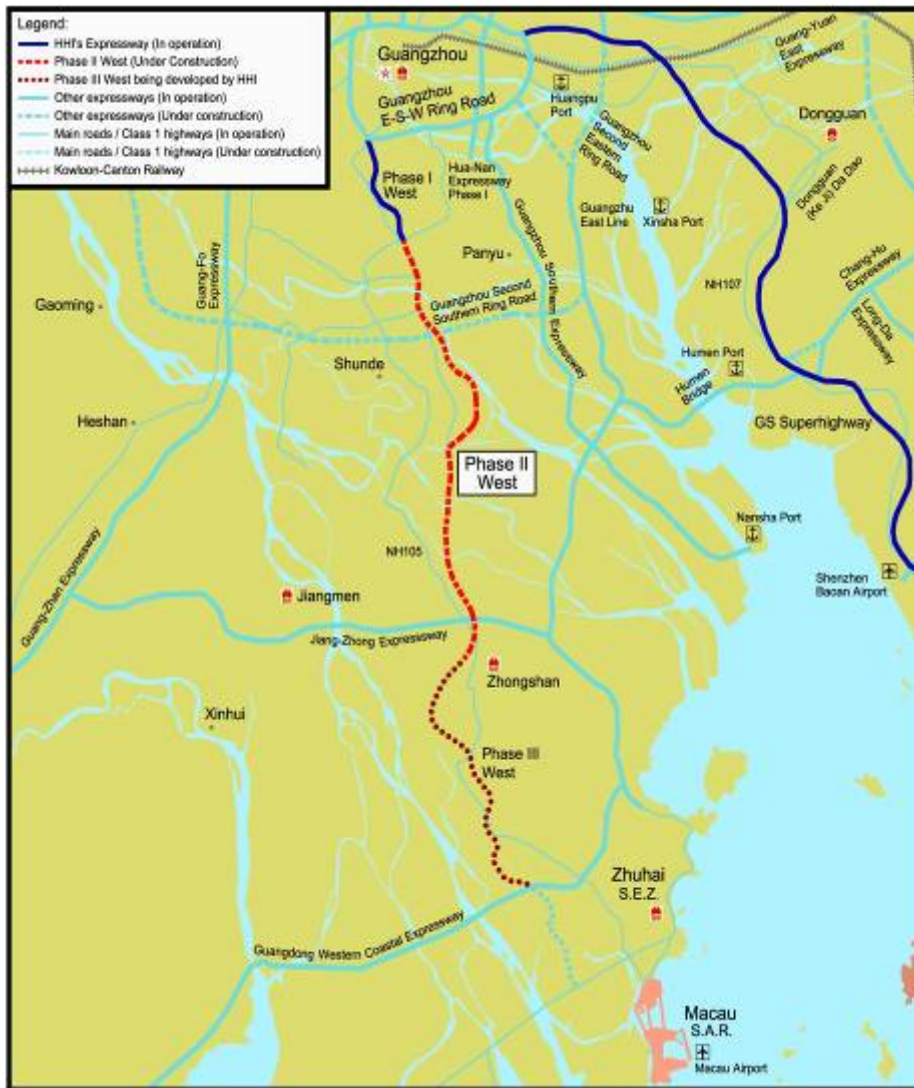


# Phase I West – Traffic by Class of Vehicles



# Future Projects

## Phase II West



### Project Description

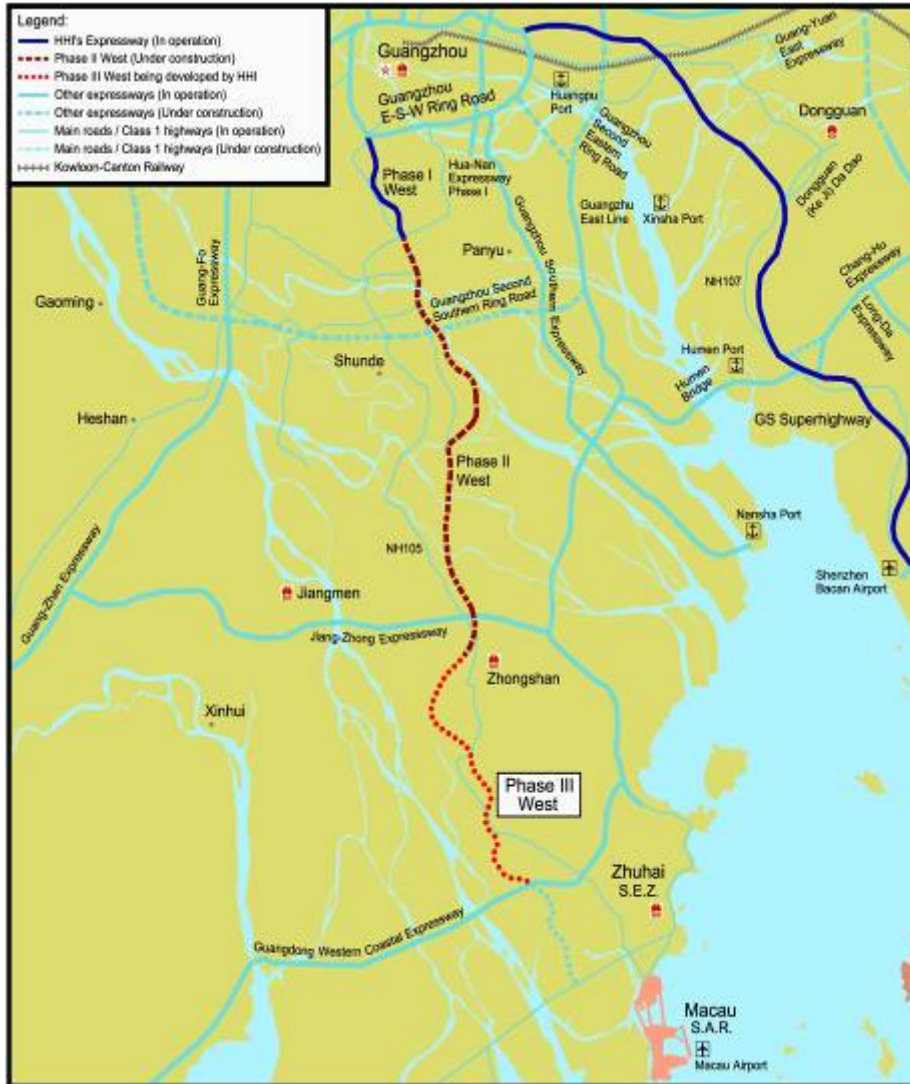
<b>Route:</b>	<b>Shunde - Zhongshan</b>
<b>Length:</b>	<b>approx. 46km</b>
<b>JV Partners:</b>	<b>Guangdong Provincial Highway Construction Co Ltd (same as GS Superhighway)</b>
<b>Planned Investment * ^</b>	<b>Approx. Rmb 7.2 billion (35% equity, HHI &amp; PRC partner each to contribute Rmb1,260 million)</b>
<b>Progress:</b>	<b>Under construction</b>
<b>Currently Planned Completion:</b>	<b>FY2010</b>

\* Present planning, subject to change, incl. finance cost

^ Subject to approval by PRC Gov't

# Future Projects

## Phase III West (subject to govt. approval)



### Project Description

<b>Route:</b>	<b>Zhongshan - Zhuhai</b>
<b>Length:</b>	<b>approx. 38km</b>
<b>JV Partners:</b>	<b>Guangdong Provincial Highway Construction Co Ltd (same as GS Superhighway)</b>
<b>Planned Investment*^</b>	<b>Approx. Rmb 5.6 billion (35% equity, HHI &amp; PRC partner each to contribute Rmb980 million)</b>
<b>Planned Construction Start*</b>	<b>2010</b>
<b>Planned Completion</b>	<b>Approx. 3~4 years</b>

**Note: All subject to govt. approval**

\* Present planning, subject to change, incl. finance cost

^ Subject to approval by PRC Gov't



~ **End** ~