

Hopewell Highway Infrastructure Limited

合和公路基建有限公司

FY2009/10 Annual Results

2009/10 財政年度全年業績

31 August 2010

Presentation slides are available in www.hopewellhighway.com

Group Messages 集團信息

- **Entering a new phase**
昂然邁進新階段
- **Strong and solid financial position for future investments**
具備穩健的財務實力投資新項目
- **Poised to grow with the Pearl River Delta economy**
緊貼珠江三角洲的經濟發展

Key Highlights 摘要

- **GS and Phase I West average daily traffic ↑ 12% to 383k vehicles**
廣深高速和西綫 I 期的合計日均車流量上升12%至 38.3萬架次
 - ◆ **Resilient Class 1 small cars, Classes 4 & 5 trucks recovering**
一類小車迅速回復，四及五類貨車正在回升
- **Phase II West opened on 25 Jun 2010. Total cost of approx. RMB7 billion is below budget**
西綫 II期於2010年6月25日開始營運。總成本約人民幣 70億元，低於預算的數字
- **Phase III West started construction in Dec 2009 and planned to complete by end of 2013**
西綫 III期已於2009年12月動工及計劃於2013年底前完工
- **The first non-financial institution to issue RMB corporate bonds in HK, Jul 2010**
成為首家於香港發行人民幣企業債券的非金融機構 (2010年7月)
- **HHI's net cash on hand approx. HK\$2.5 billion or HK\$0.8/share (excluding JV Companies) as of 30 Jun 2010**
於2010年6月30日合和公路基建持有手頭淨現金約港幣 25億元或每股港幣 0.8元 (不包括合營企業)

05	Financial Highlights 財務摘要
07	HHI Results 合和公路基建業績
08	<i>Profit attributable to Owners of the Company</i> 公司股東應佔溢利
09	<i>HHI Dividend History</i> 合和公路基建的股息
10	Operation Highlights 營運摘要
12	<i>GS Superhighway</i> 廣深高速公路
16	<i>Phase I West</i> 西綫 I 期
17	<i>Phase II West</i> 西綫 II 期
20	Macro Statistics: Car Population & Sales 宏觀數據：汽車數目及銷售量
23	Measures to Lower Operating Costs & Finance Costs 減低營運成本和財務成本的措施
24	The First Non-financial Institution to issue RMB Corp Bonds in HK 成為首家於香港發行人民幣企業債券的非金融機構
25	Cash Management 現金管理
26	Major Projects Plan 主要項目計劃
27	Future Project: Phase III West 未來項目：西綫 III 期
29	Construction Timeline & Major Projects Plan 工程進度時間表及主要項目計劃
31	Others 其他

Financial Highlights 財務摘要

(HK\$'M) (港幣百萬元)	Year ended		% change
	30.6.2009	30.6.2010	
Net toll revenue 淨路費收入	1,809	1,940	+7%
EBIT of toll expressways 收費高速公路除利息及稅項前溢利	1,332	1,355	+2%
Profit attributable to owners of the Co. 公司股東應佔溢利	1,059	956	-10%

- **Net toll revenue ↑ 7% because** 淨路費收入上升7%，由於

 - ◆ **PRC strong car sales and recovering economy after financial tsunami**
中國汽車銷售強勁及金融海嘯後經濟復蘇
 - → **rise in demand for passenger and freight transportation**
客貨運輸需求上升
- **EBIT of toll expressways ↑ 2%**
收費高速公路除利息及稅項前溢利上升2%
- **Profit attributable to owners of the Company ↓ 10% mainly because**
公司股東應佔溢利下跌 10%，主要由於

 - ◆ **Growth of toll revenue offset by rise in tax rate**
稅率增加抵銷了路費收入的增長
 - ◆ **Fall in interest income due to drop in interest rate and bank balance**
息率及銀行結餘下降導致利息收入減少

Financial Highlights (cont'd)

財務摘要 (續)

	Year ended		% change
	30.6.2009	30.6.2010	
EPS (HK cents) 每股溢利 (港仙)	35.72	32.28	-10%
DPS (HK cents) 每股股息 (港仙)	Interim 中期: 17	Interim 中期: 17	
	Extraordinary Special Interim: 84 非經常特別中期	Extraordinary Special Interim: - 非經常特別中期	
	Final 末期: 18	Final 末期: 15	
	Total 合計: 119	Total 合計: 32	

HK\$'M 港幣(百萬元)	Net Toll Revenue 淨路費收入		EBIT 除利息及稅項前溢利		Results 業績		
	2009	2010	2009	2010	2009	2010	% chng 轉變(%)
For the year ended 30-Jun 截至6月30日止年度							
GS Superhighway ^{N1} 廣深高速公路	1,727	1,851	1,276	1,296	1,000	980	
Phase I West 西綫 I 期	82	88	56	59	23	35	
Phase II West 西綫 II 期	-	1	-	0	-	(2)	
Net Toll Rev./EBIT/Net Profit of toll expys 收費公路之淨路費收入/除利息及稅項前溢利/淨溢利	1,809	1,940	1,332	1,355	1,023	1,013	-1%
		+7%		+2%			
Corporate results: 公司層面業績							
Interest income from bank deposits 來自銀行存款的利息收入					72	9	
Other income ^{N2} 其他收入					58	4	
General and administrative expenses 一般行政費用					(46)	(40)	
Finance costs ^{N3} 財務成本					(28)	(12)	
Income tax expenses 所得稅開支					(0)	(0)	
					56	(39)	
Net exchange loss 淨匯兌虧損					(2)	(1)	
Profit for the year 本年度溢利					1,077	973	
Minority interests 少數股東權益					(18)	(17)	
Profit attributable to owners of the Company 公司股東應佔溢利					1,059	956	-10%

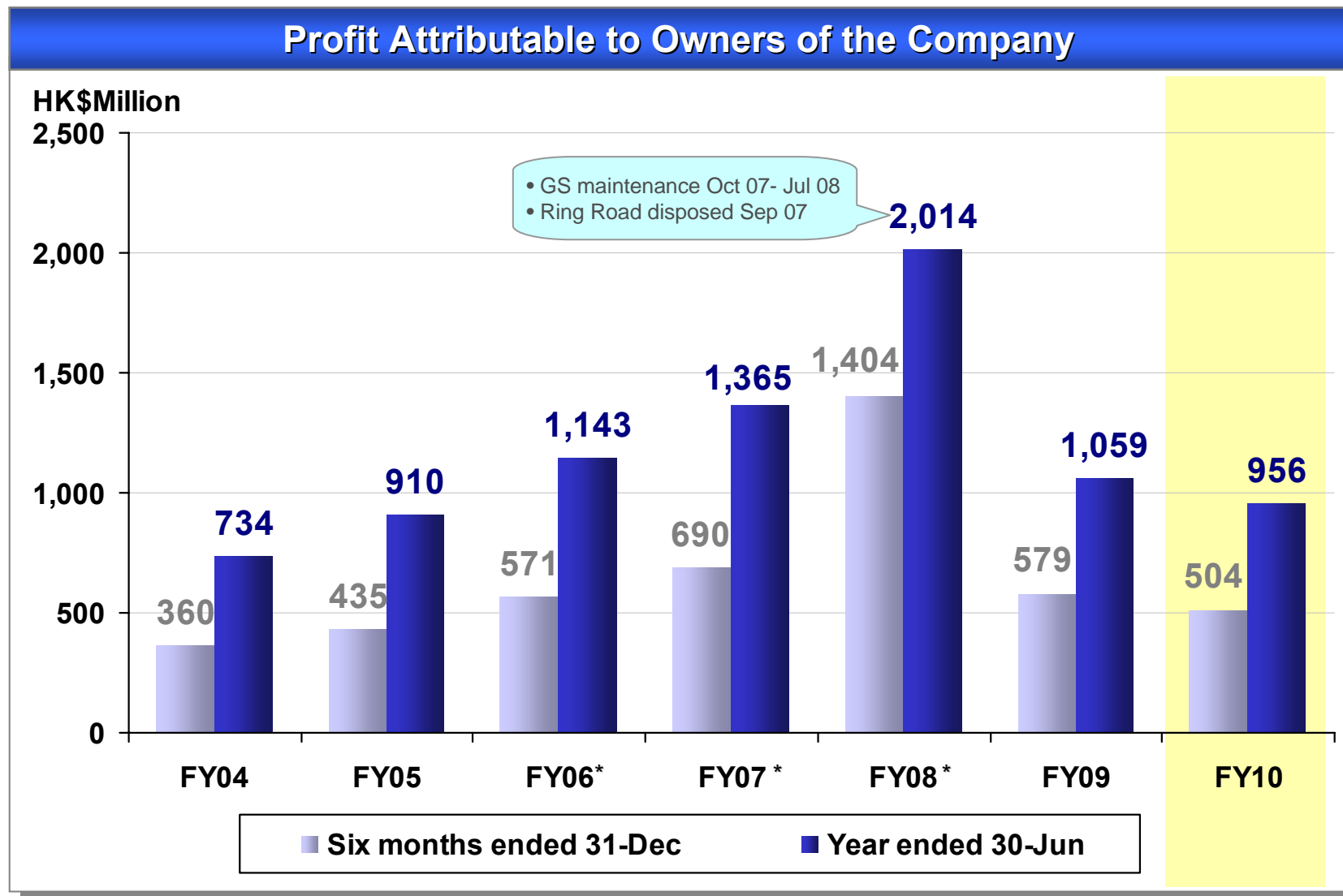
N1: excl. exchange difference from USD & HKD loans

N2: incl. notional interest income: FY10 nil (FY09 \$55m)

N3: incl. notional interest expenses: FY10 nil (FY09 \$16m)

Profit Attributable to Owners of the Company

公司股東應佔溢利



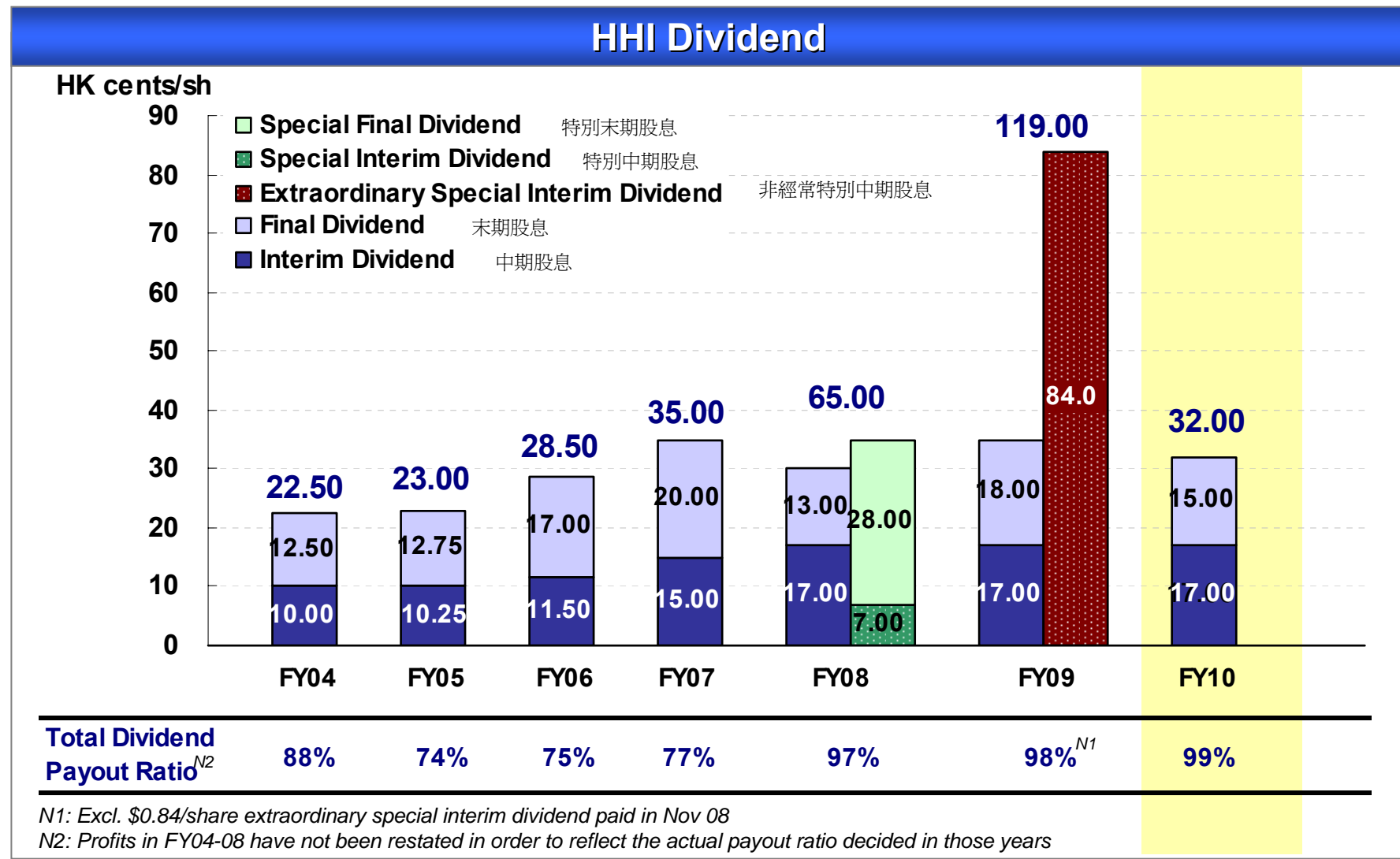
Note: Figures in FY04-08 have been restated

* Incl. exchange gain of \$439m, \$236m & \$146m in FY08, FY07 & FY06 respectively

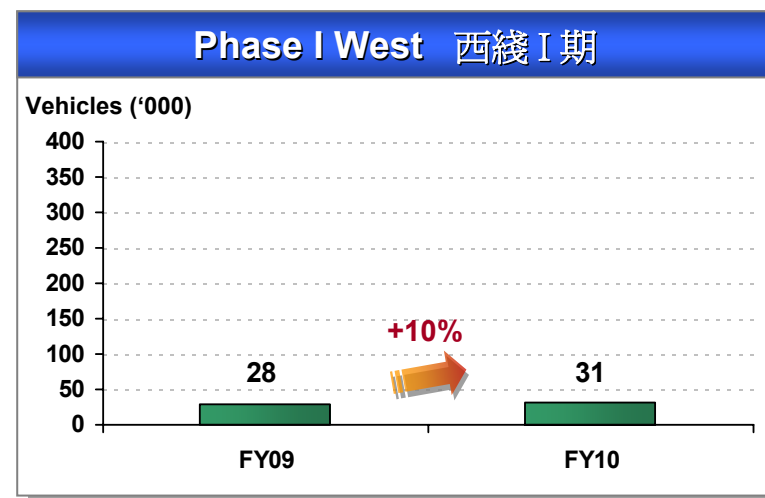
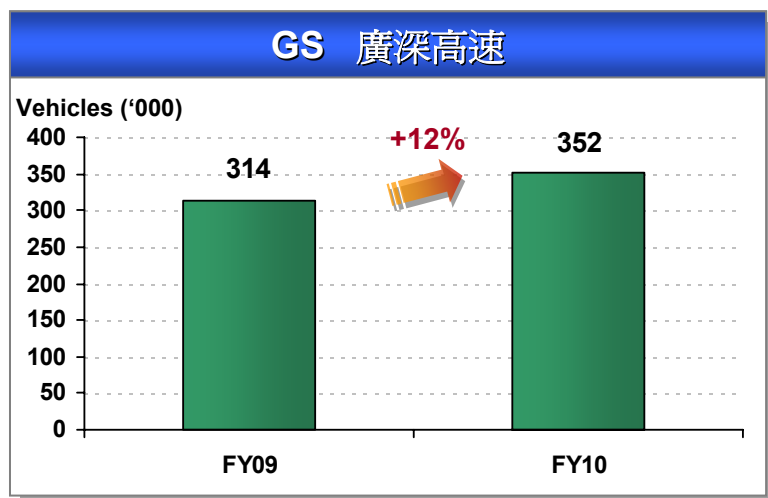
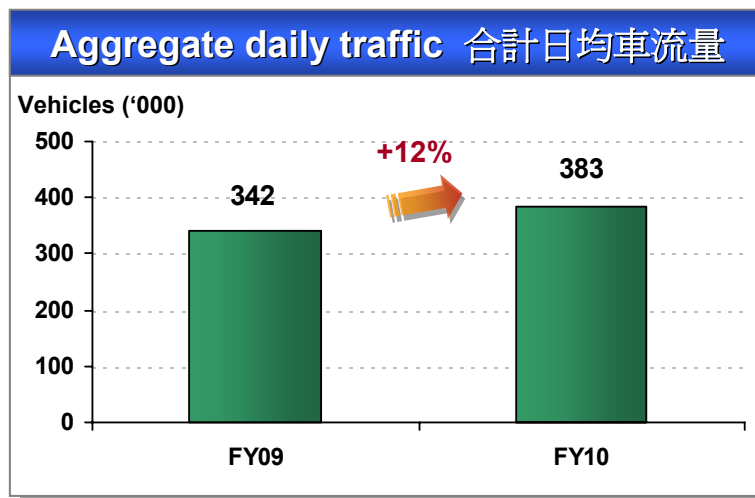
● **Target 100% dividend payout ratio, in light of HHI's strong financial position**

由於合和公路基建的財政狀況強勁，目標派息比率為100%

● **100% target dividend payout sustainable** 100%目標派息比率可以持續

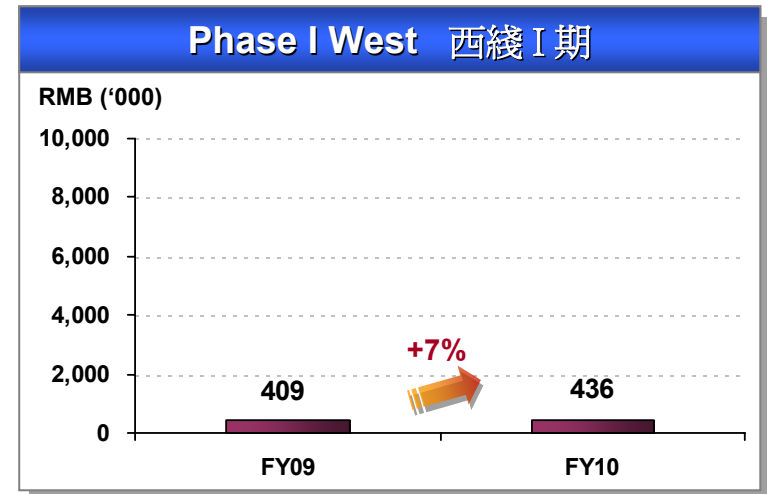
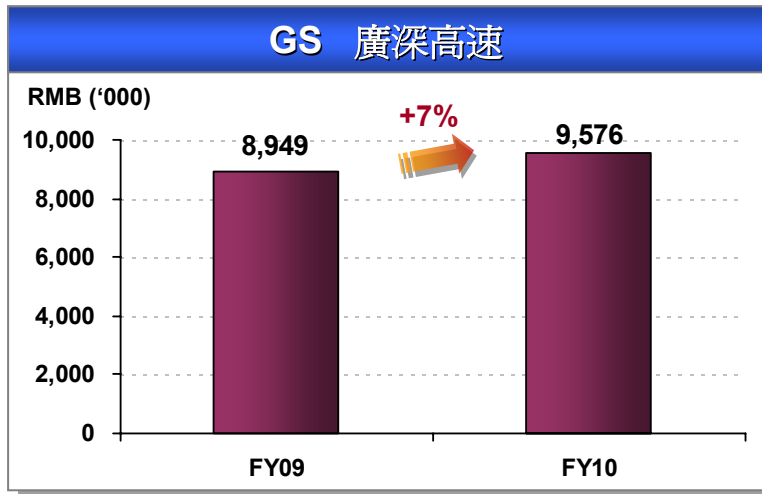
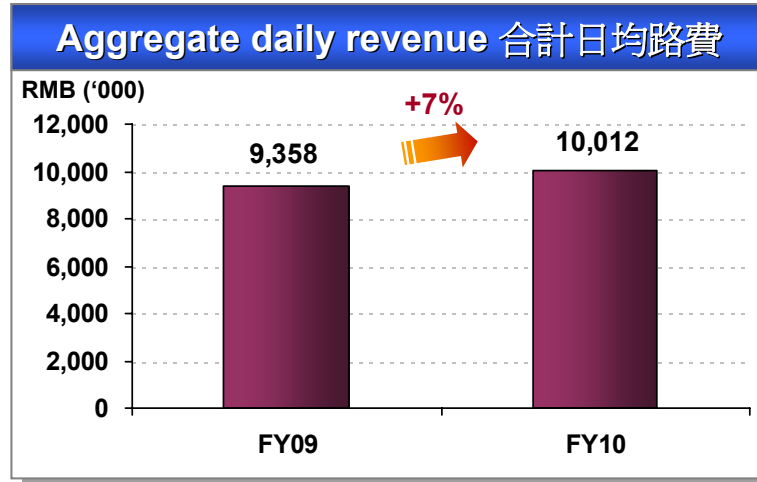


- Aggregate average daily traffic of GS and Phase I West ↑ 12% to 383k vehicles
廣深高速和西綫 I 期的合計日均車流量 ↑ 12% 至 38.3 萬架次



Operation Highlights 營運摘要

- Aggregate average daily toll of GS and Phase I West ↑ 7% to RMB10 million
廣深高速和西綫 I 期的合計日均路費收入 ↑ 7% 至人民幣 1,001 萬元



GS Superhighway – Continued to Grow

廣深高速公路：持續增長

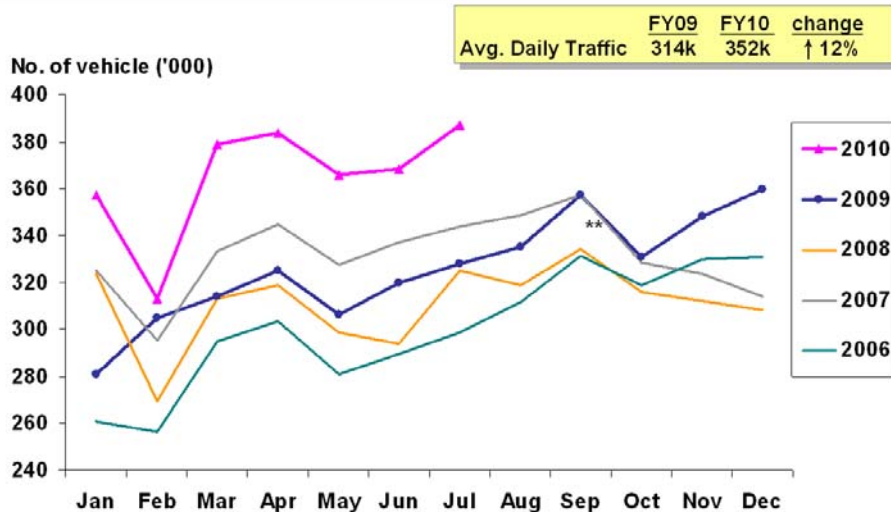
Benefiting from strong growth of passenger cars in PRC

受惠於中國乘用車的強勁增長

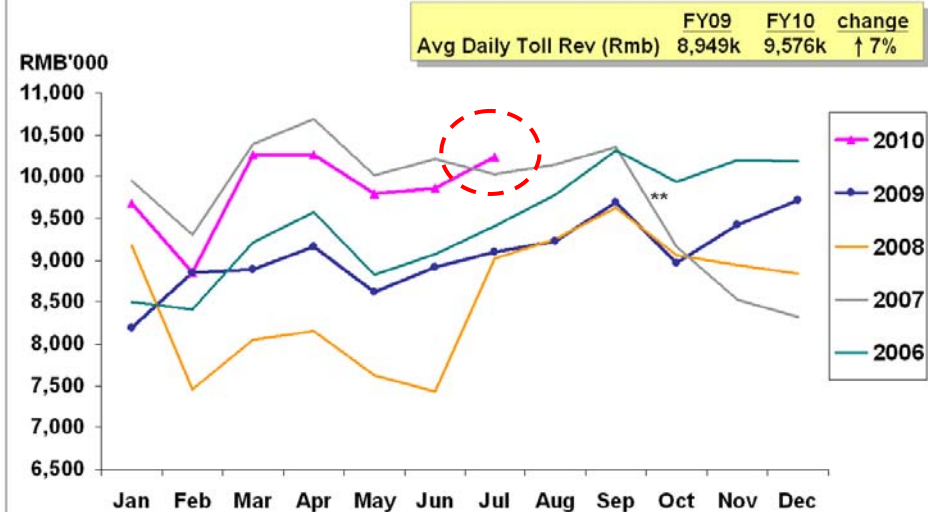
Jul 2010 average daily toll revenue exceeded 2007 level

2010年7月的日均路費收入已超越2007年水平

GS Superhighway – Average Daily Traffic



GS Superhighway – Average Daily Toll Revenue



* Chinese New Year in 2010 started on 14 Feb 2010 (2009 started on 26 Jan 2009)

** The Xintang to Dongguan section (approximately 22.2km) were closed for maintenance 18 Oct 2007 ~ 9 Jul 2008

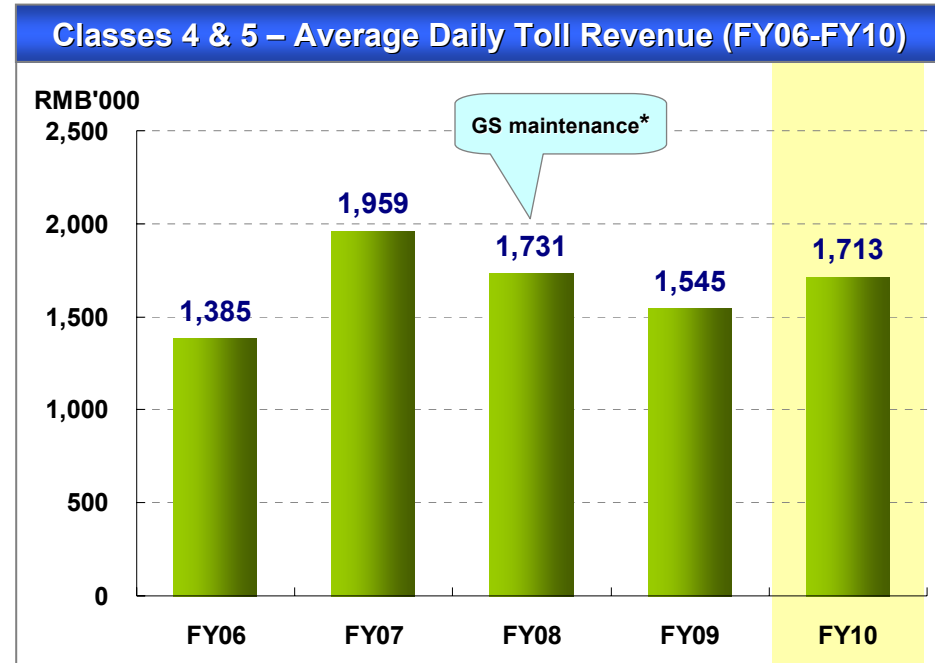
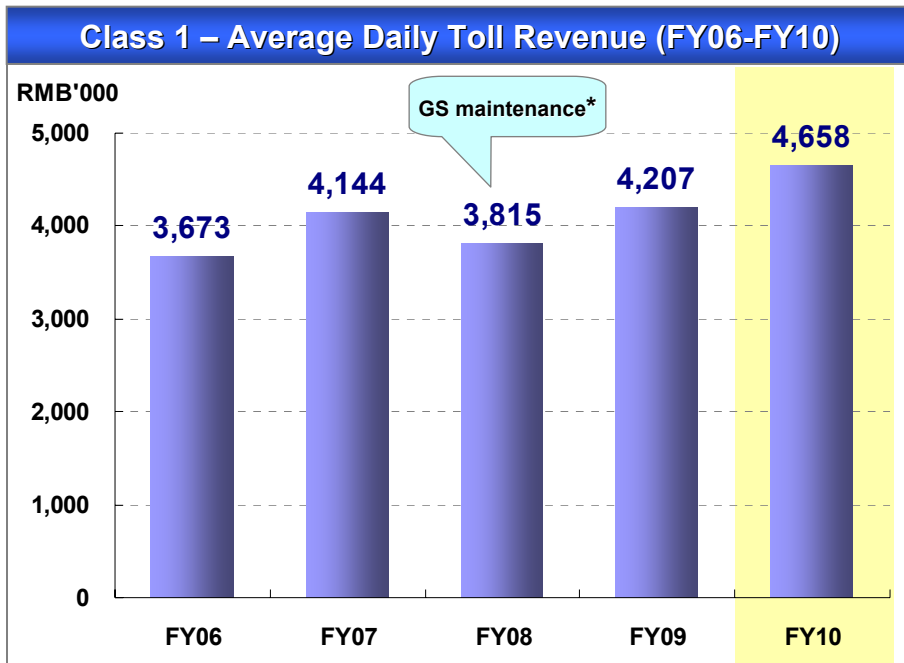
* Chinese New Year in 2010 started on 14 Feb 2010 (2009 started on 26 Jan 2009)

** The Xintang to Dongguan section (approximately 22.2km) were closed for maintenance 18 Oct 2007 ~ 9 Jul 2008

GS Superhighway – Class 1, 4 & 5 Vehicles

廣深高速公路：一、四及五類車

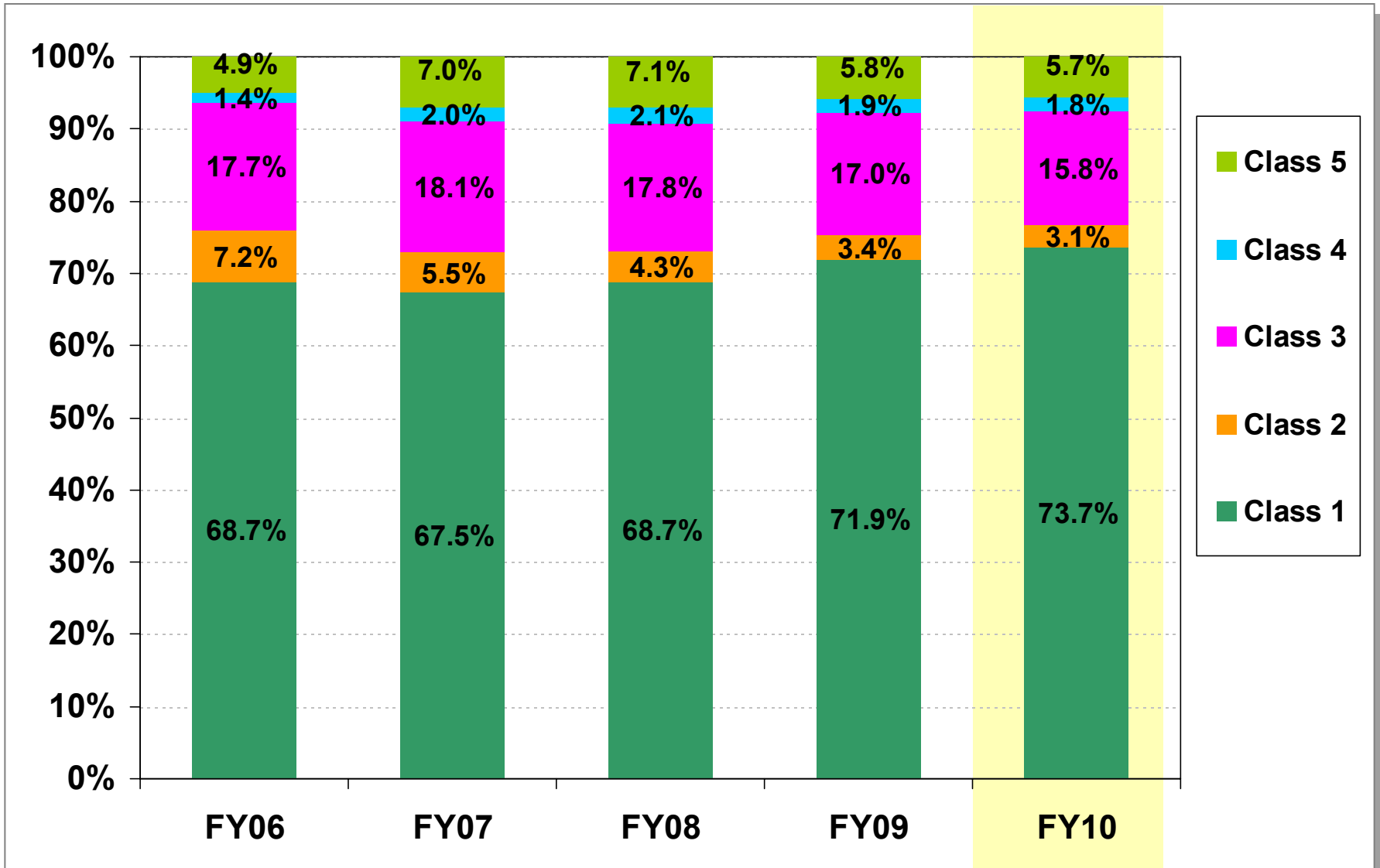
- Class 1 – resilient with steady growth in traffic and toll**
 一類車迅速回復，車流及路費收入錄得穩健的增長
- Classes 4 & 5 – traffic and toll rebounded to 2008’s level from the trough in early 2009** 四及五類車的車流及路費收入已從2009年初的低谷反彈至2008年的水平
 – benefited from the improvement in Guangdong imports and exports 受惠於廣東省進出口貿易改善



* Xintang to Dongguan section (approx. 22.2km) of GS closed for maintenance in phases during Oct07-Jul08

GS Superhighway – Traffic by Class of Vehicles

廣深高速公路 - 按車輛類別劃分的車流

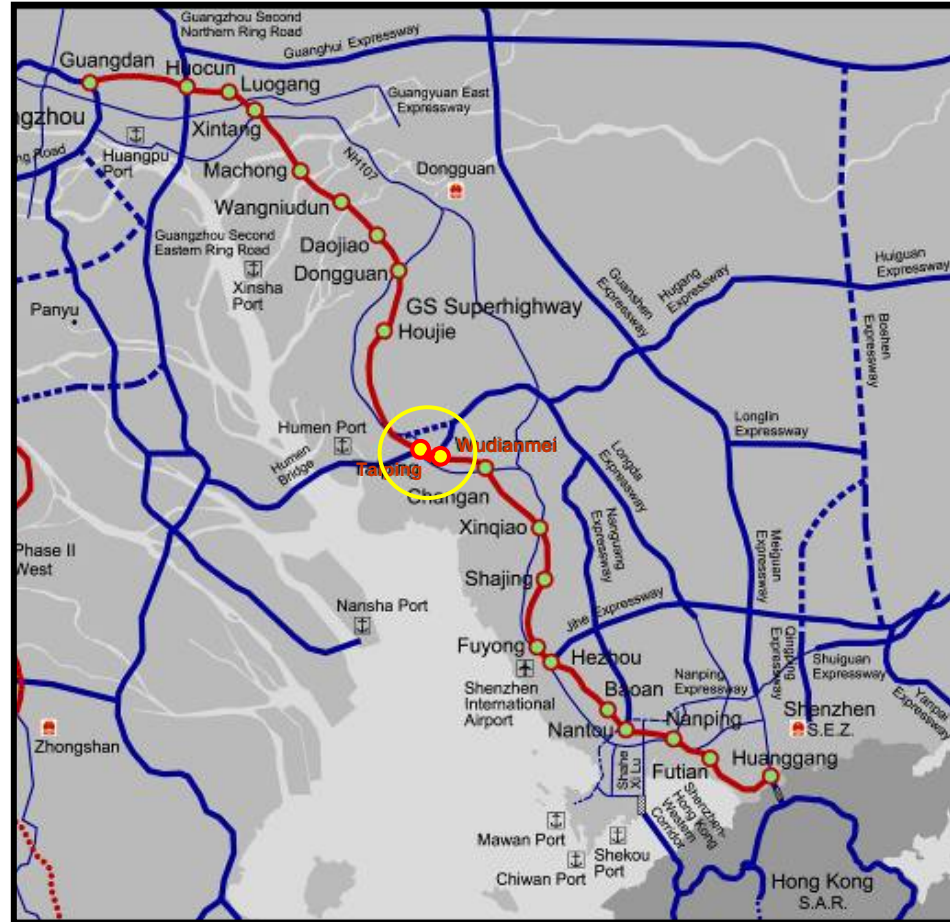


GS Superhighway

– Widening of Wudianmei & Taiping Section

廣深高速公路 - 五點梅至太平段的擴寬工程

- **3.5km busier section between Wudianmei and Taiping**
 五點梅至太平之間3.5公里較繁忙的路段
- **Expand to 10 lanes in dual directions**
 擴建至雙向共十車道
- **Started in Jul 2010 and plan to complete in 3Q2011**
 已於2010年7月動工，並計劃於2011年第3季完工
- **Keep all 6 lanes open during widening works**
 在擴寬工程期間，仍保持六車道行車



Phase I West – Growing in FY10

西綫 I 期：在2010財政年度錄得增長

● Growth slowed in Apr–Jun 2010 as:-

於2010年4月至6月的增長放緩，由於

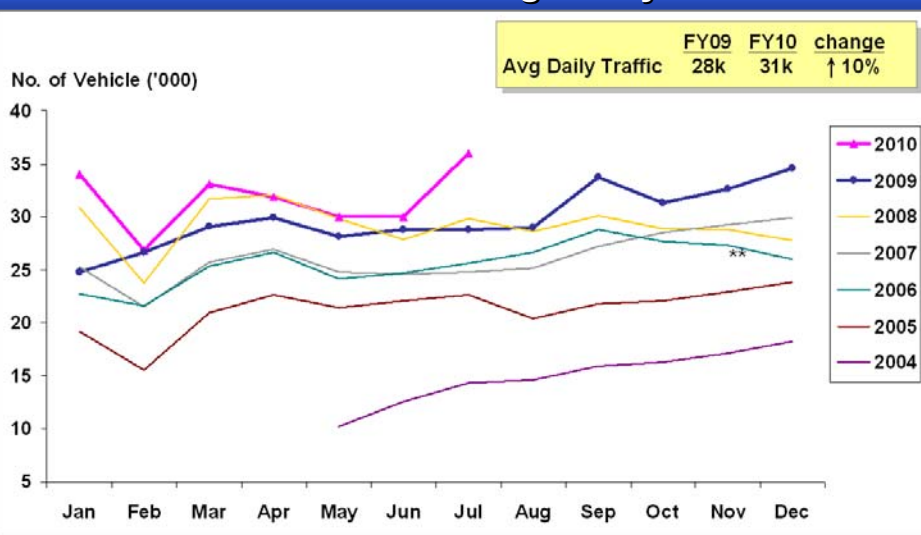
- ◆ some trucks returned to Foshan local bridge after its maintenance completed (mid-Aug 2009 – end Mar 2010)

佛山地方橋樑於2009年8月中至2010年3月底的維修工程完成後，部分貨車返回該橋樑

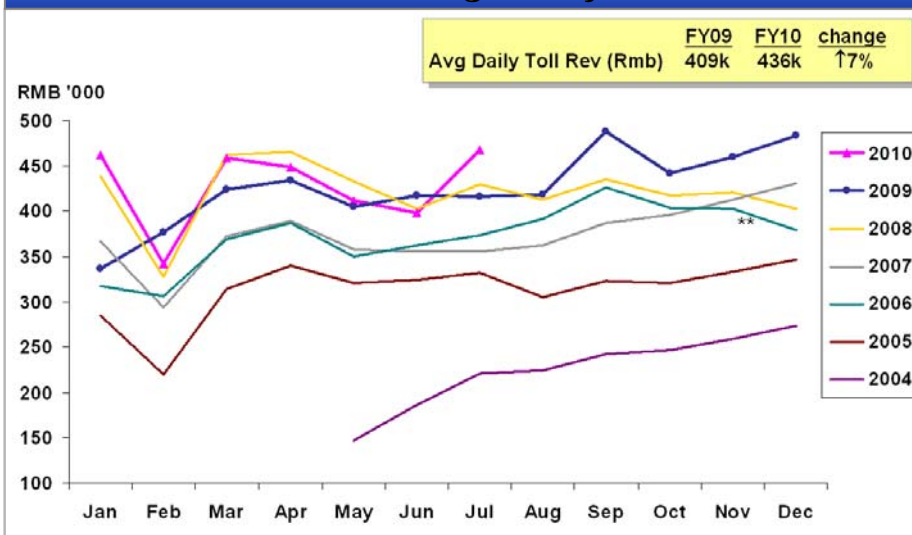
● Phase II West opening synergy: Jul 2010 avg. daily traffic ↑ 21% vs Jun 2010; avg. daily toll ↑ 17% vs Jun 2010

西綫 II 期通車後帶來協同效應，2010年7月西綫 I 期的日均車流量及日均路費收入，較2010年6月分別上升21%及17%

Phase I West – Average Daily Traffic



Phase I West – Average Daily Toll Revenue



* Chinese New Year in 2010 started on 14 Feb 2010 (2009 started on 26 Jan 2009)

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

* Chinese New Year in 2010 started on 14 Feb 2010 (2009 started on 26 Jan 2009)

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

Phase II West – Opened on 25 Jun 2010

西綫 II 期：於2010年6月25日通車

Since opening up to late Aug 2010:

自通車起至2010年8月末：

◆ **Average daily traffic** ↑ to 38,000 vehicles from 17,000 vehicles

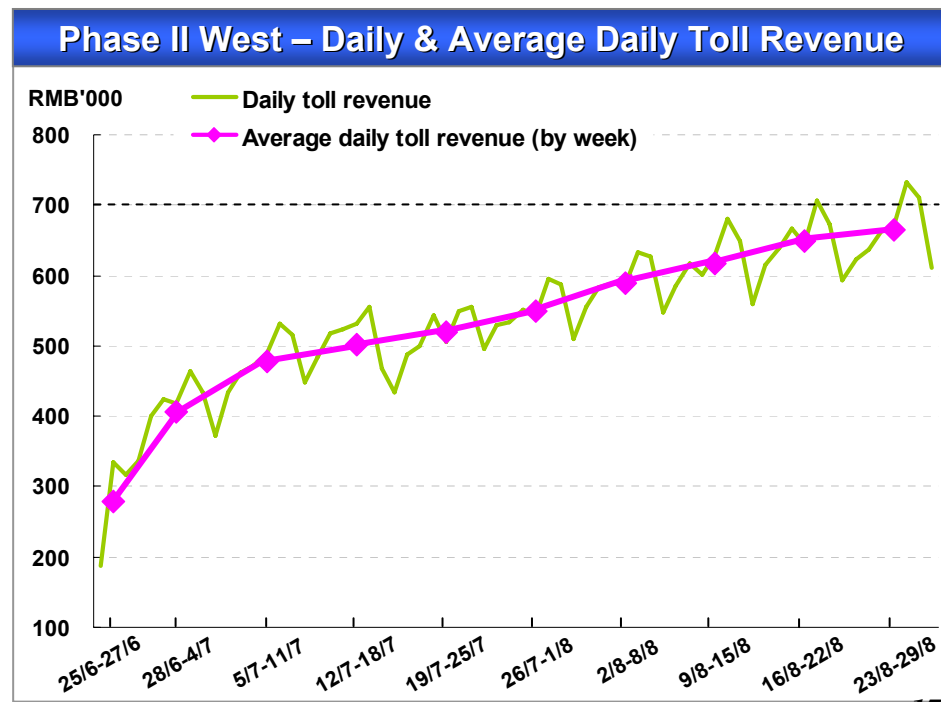
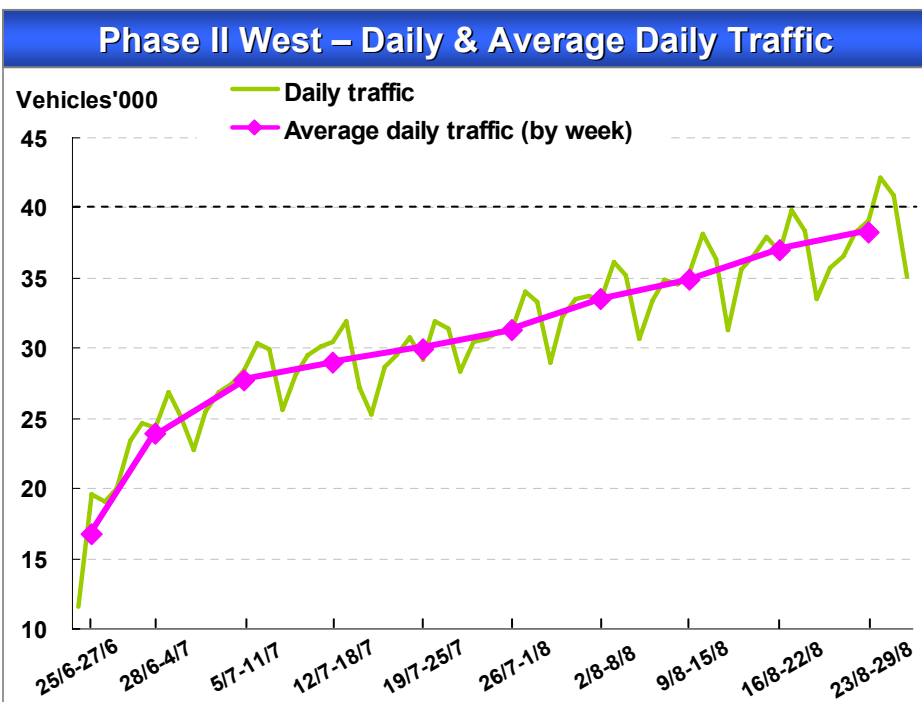
日均車流量由17,000架次上升至 38,000架次

◆ **Average daily toll** ↑ to RMB660,000 from RMB280,000

日均路費收入由人民幣28萬元上升至人民幣 66萬元

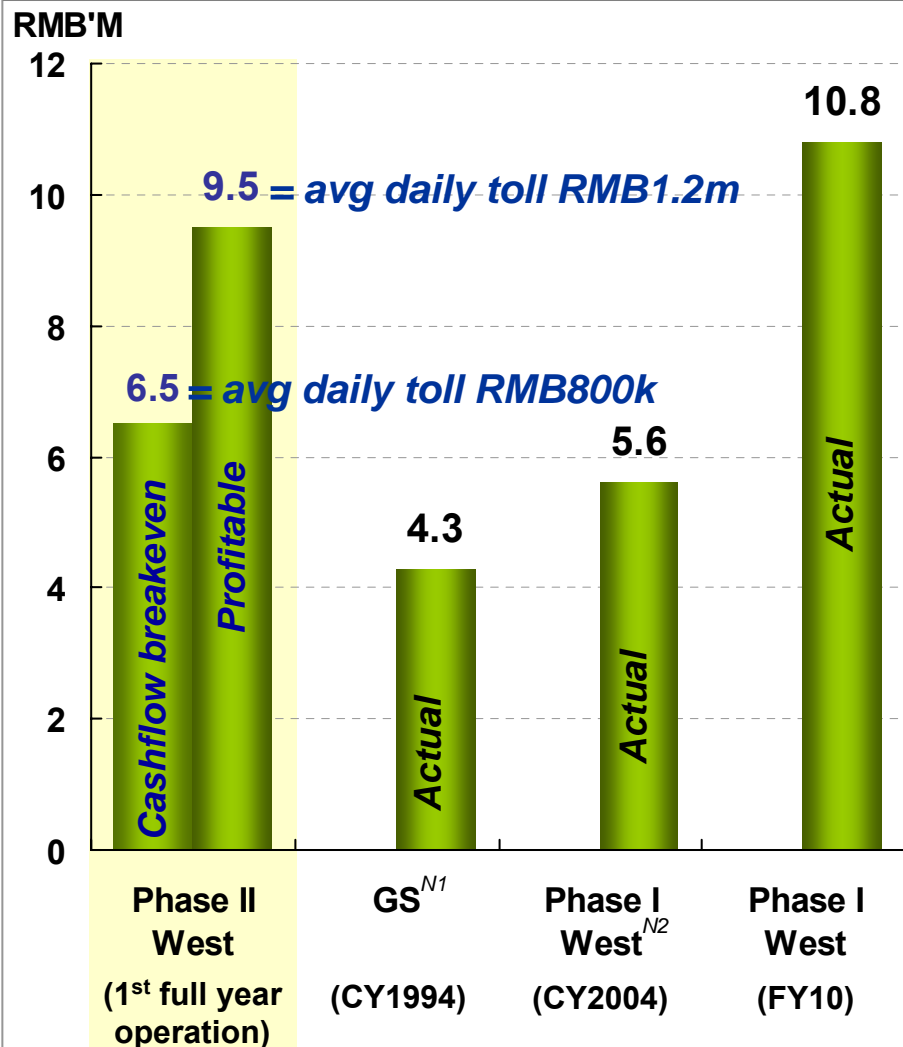
Total cost of approx. Rmb7 billion lower than budgeted Rmb7.2 billion

總成本約人民幣70億元，低於預算的人民幣 72億元



Annual Toll Revenue/km

全年的每公里路費收入



N1: Annualised figure for CY94 (GS started operation on 18.7.94)

N2: Annualised figure for CY04 (Phase I West started operation on 30.4.04)

Highlights 重點

- **Target: cashflow breakeven in first full year of operation**

目標: 在第一年全年營運達到現金流平衡

- **Cashflow breakeven if achieve approx. RMB6.5m/km annual toll revenue* (average daily toll revenue approx. RMB800,000)**

假如達到全年每公里約人民幣650萬元路費收入(日均路費收入約人民幣80萬元), 將可達致現金流平衡

- **Annualised toll/km in Jul 2010 (about RMB4m/km) close to the level of GS in 1st year (RMB4.3m/km)**

於2010年7月營運的折合全年路費收入為每公里約人民幣400萬元, 已接近廣深高速首年每公里人民幣430萬元的水平

* Based on preliminary estimation

Factors to Boost Traffic of Phases I & II West^{N1}

有助增加西綫 I 及 II 期車流的因素

- Foshan's strong economic growth**

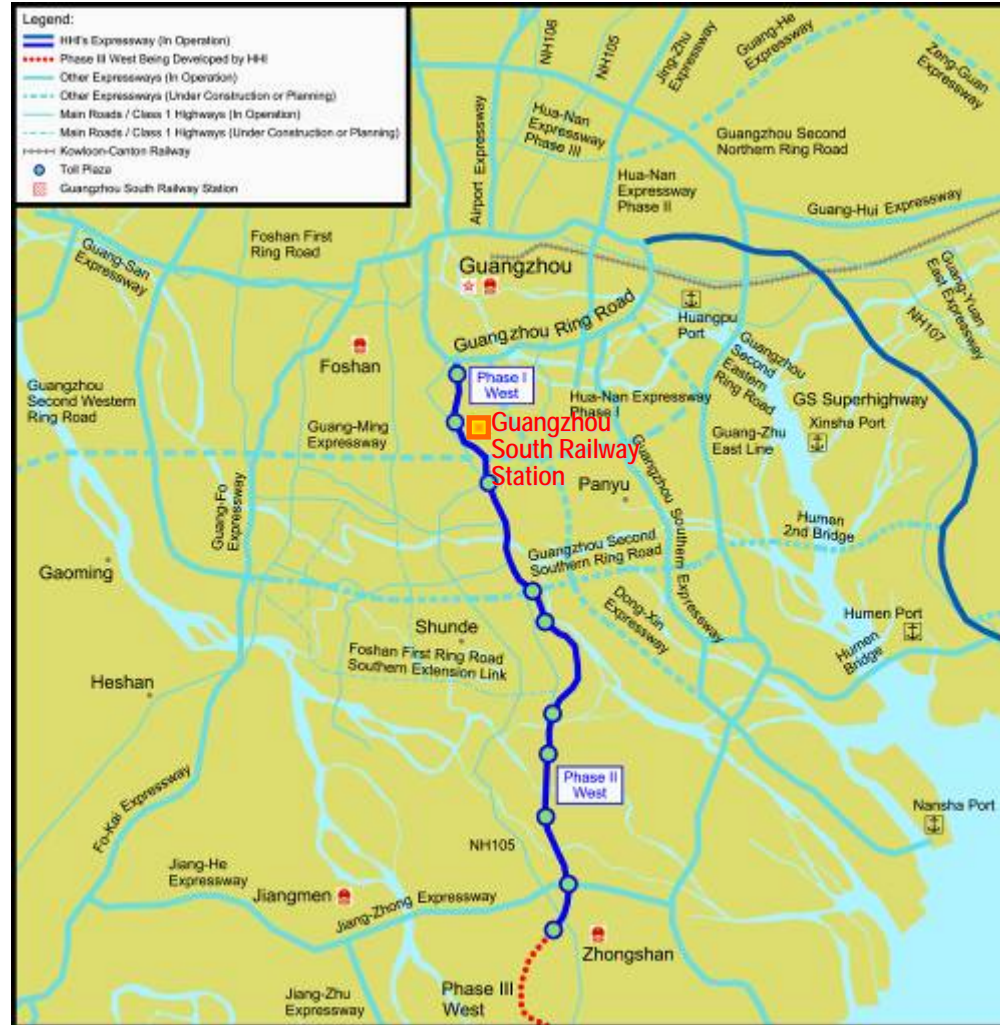
佛山強勁的經濟增長

- Guangzhou South Railway Station (Asia's largest high-speed rail station) near Phase I West started operation Jan 2010**

鄰近西綫 I 期之廣州南站〔亞洲最大的高速鐵路車站〕已於2010年1月開始營運

- Development of new town surrounding Guangzhou South Railway Station**

廣州南站週邊新城區的開發



N1: Phases I & II West shorten travel time between Guangzhou and Zhongshan to around 30 minutes from over 1 hour via local roads

China – World’s Largest Vehicle Sales Market in 2009

2009年中國成爲世界最大汽車銷售市場

Motor Vehicle* Sales 2009

Ranking	Country	<u>2009</u> Total Vehicle Sales
1	China	13.6m
2	U.S.A.	10.6m

Motor Vehicle* Sales 2008

Ranking	Country	<u>2008</u> Total Vehicle Sales (in unit)
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



China 2008: 9.4m
(+7% yoy)

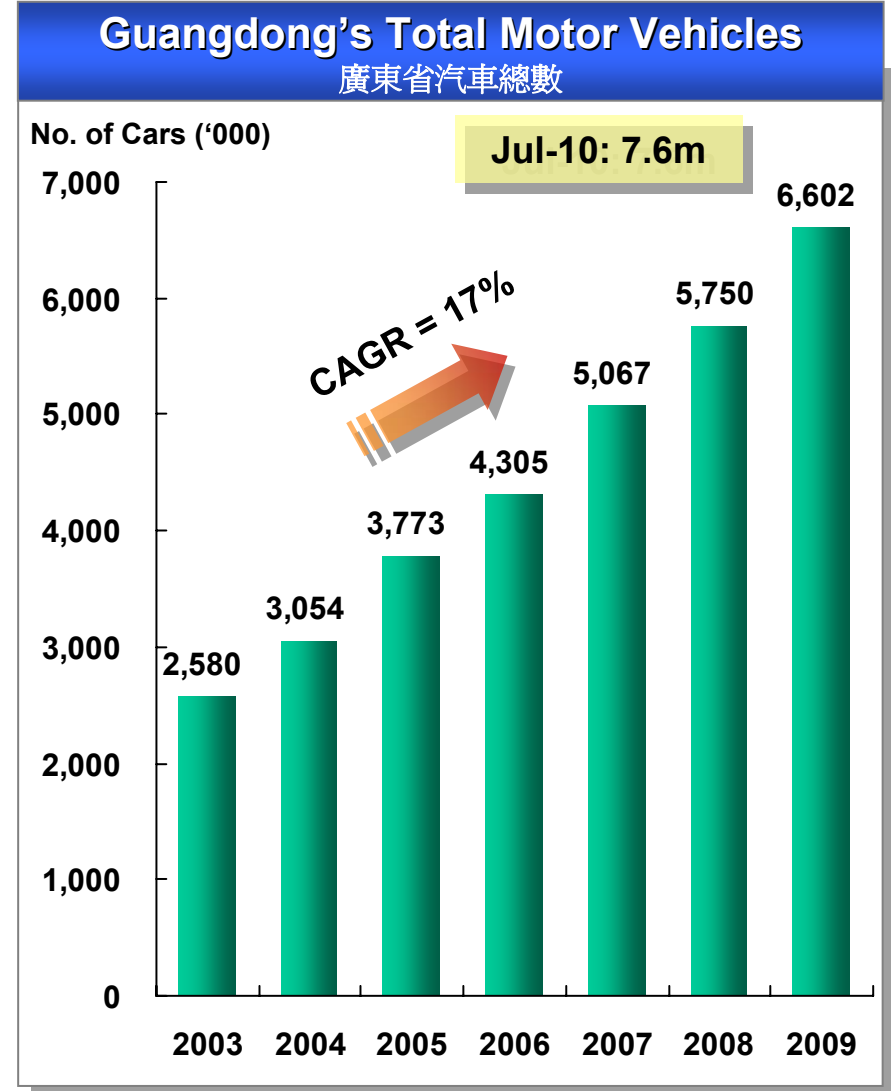
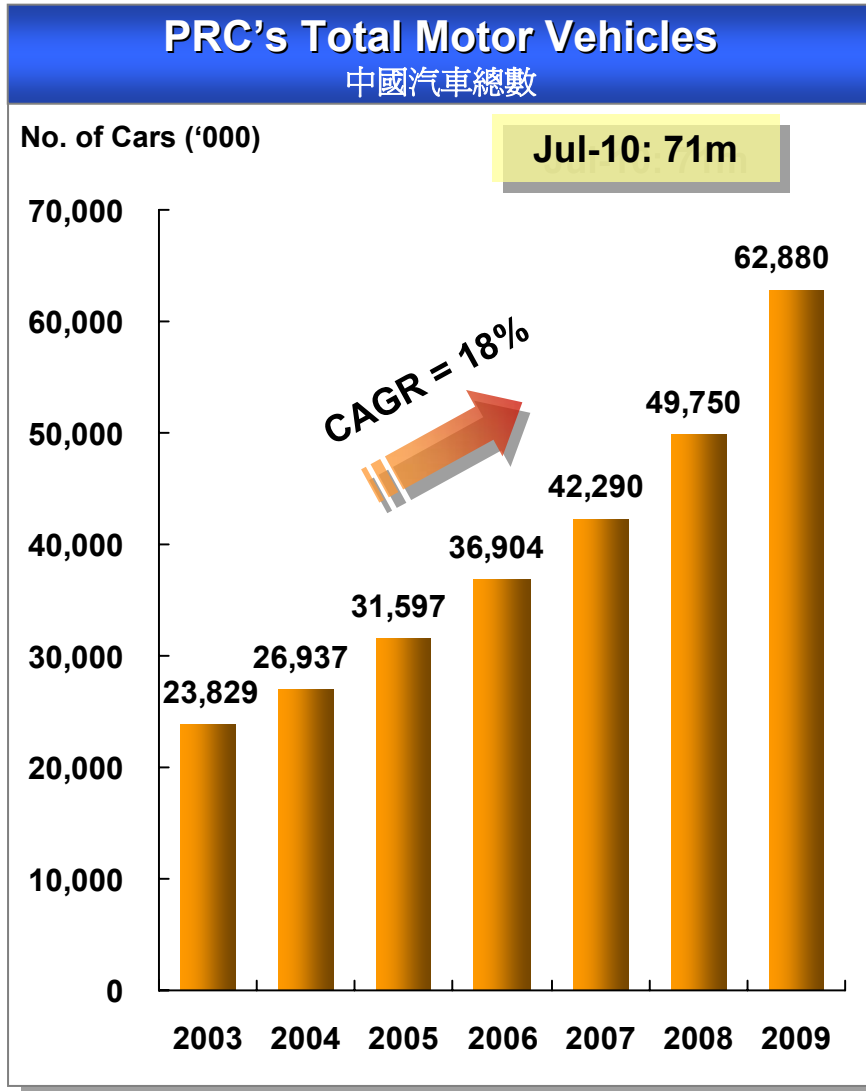
China 1994: 1.6m

* Incl. passenger & commercial vehicles but excl. motorcycles

Source: CEIC, Thomson Reuters & various car manufacturer associations

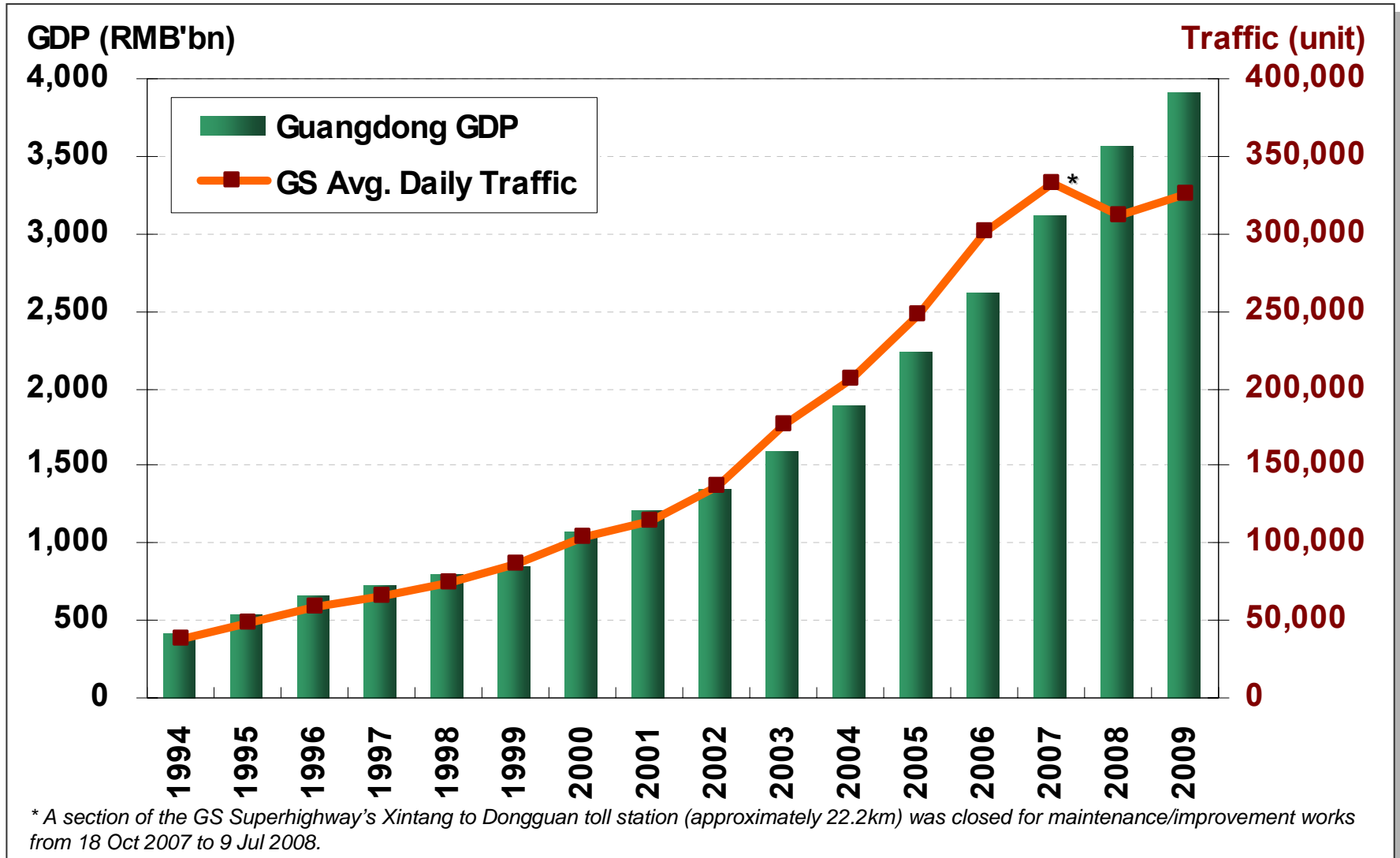
Strong Growth in PRC and Guangdong Car Population

中國及廣東省汽車數目增長強勁



Strong Correlation between Guangdong GDP and GS Traffic

廣東省本地生產總值與廣深的車流量關係密切



Measures to Lower Operating Costs & Finance Costs

減低營運成本和財務成本的措施

Operating Costs Control 控制營運成本

- **Increase staff productivity**
增加員工生產力
- **Enhance energy saving**
提升各項節能
- **Control administrative expenses**
控制行政開支

Finance Costs Reduction 減低財務成本

- **Refinanced Phase I West loan at lower interest rate**
- interest rate reduced from 5.35% to 4.37%
西綫 I期以更低利率再融資：利率由5.35%減低至4.37%
- **Finance the payment of Phase II West construction costs by 6-month commercial bills to save interest cost**
西綫 II期的工程成本以6個月商業票據的方式付款，以節省利息成本

The First Non-financial Institution to Issue RMB Corporate Bonds in HK, July 2010

成為首家於香港發行人民幣企業債券的非金融機構 (2010年7月)

- **Issue size of RMB1.38b; interest rate 2.98% per annum; due in Jul 2012**
發行金額為人民幣13.8億元；年息率為2.98厘；2012年7月到期
- **Received overwhelming market response**
市場的反應熱烈
- **Helps diversify financing sources**
有助拓展融資渠道
- **Provide funds for Phase III West capital injection in RMB with approval obtained**
提供了可用於已獲批向西綫 III期項目投入資本金所需的人民幣資金
 - **Plan to make further capital injection in RMB in 4Q 2010***
計劃於2010年第4季以人民幣進一步投入資金
- **Started to receive dividend from PRC JVs in RMB since Apr 2010**
自2010年4月開始從中國合營企業收取人民幣股息
 - **RMB accounted for approx. 12% total cash of HHI corporate level (30.6.10)**
於2010年6月30日，合和公路基建層面的總現金約有12%是人民幣



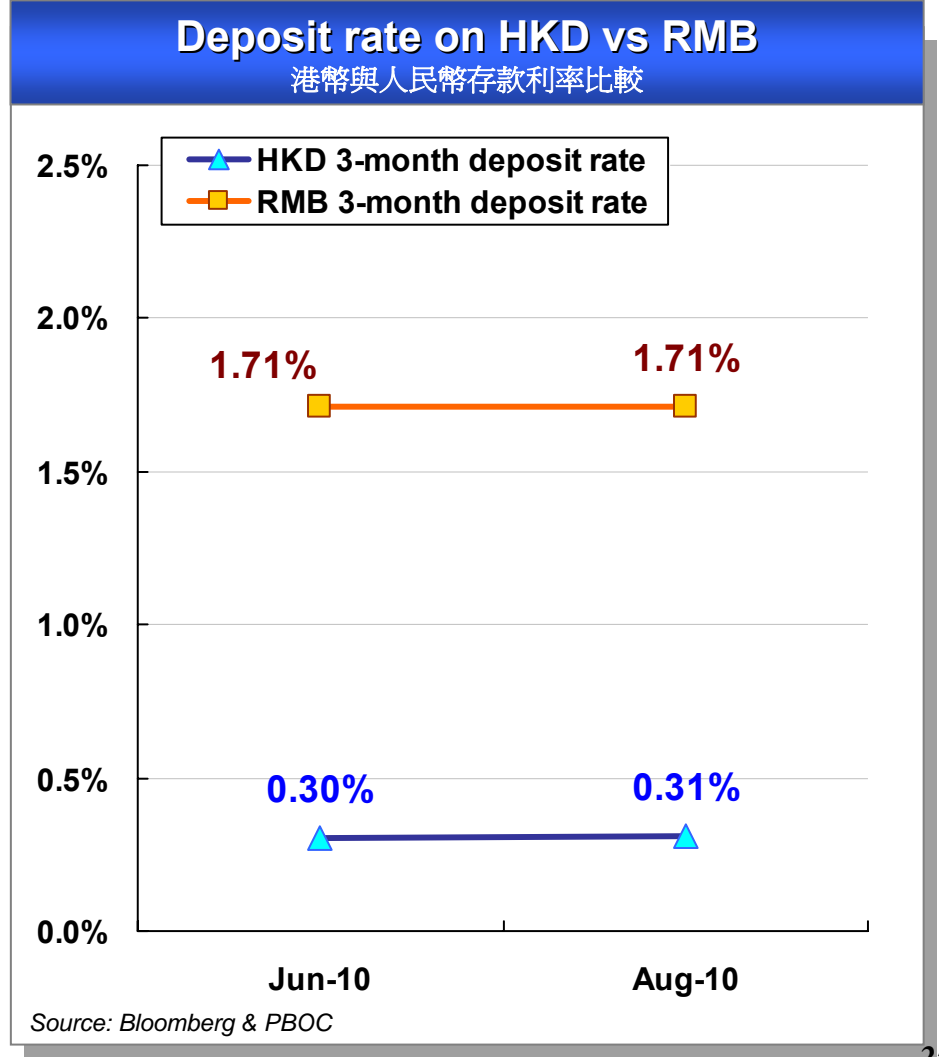
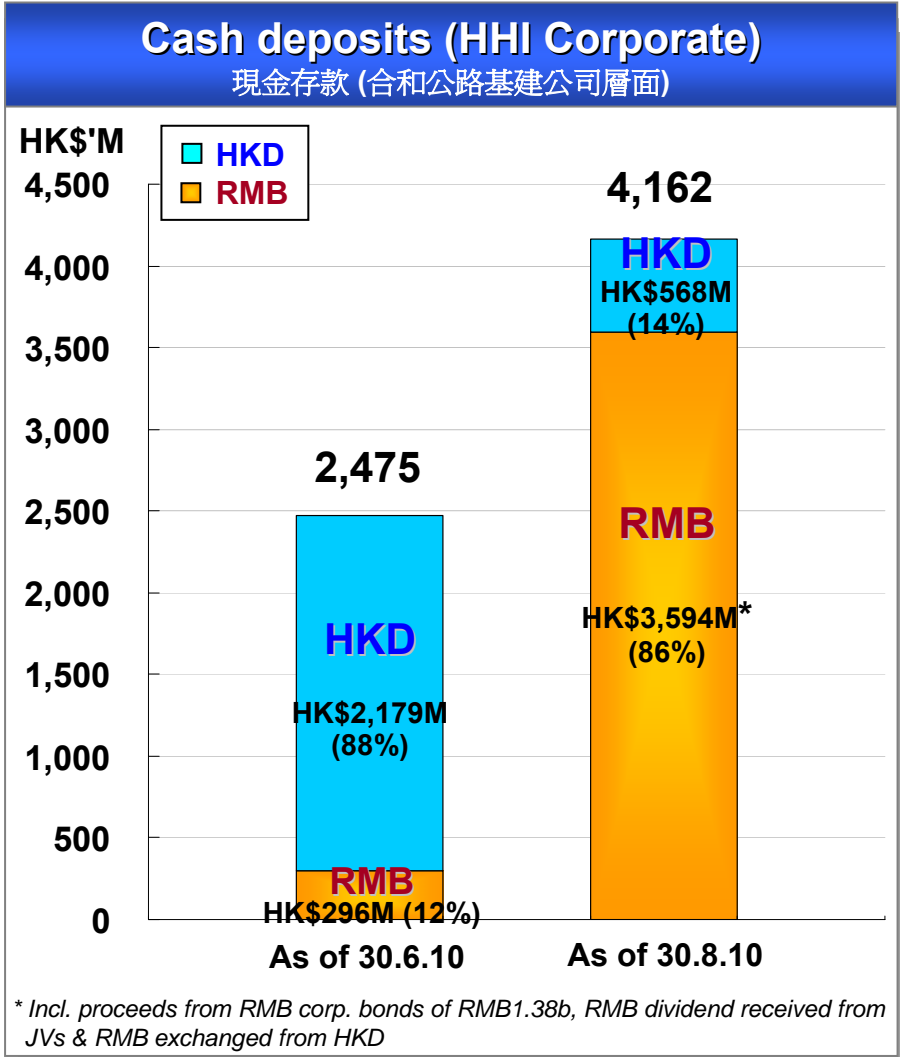
Ceremony



* First capital injection in RMB was made in Jun 2010

Cash Management 現金管理

- **Hold RMB cash to match RMB-based operations** 持有人民幣現金以配合人民幣為主的業務
- **Higher deposit rate on RMB** 人民幣的存款利率較高
- **Increasing RMB cash deposits** 增加人民幣現金存款



Major Projects Plan 主要項目計劃

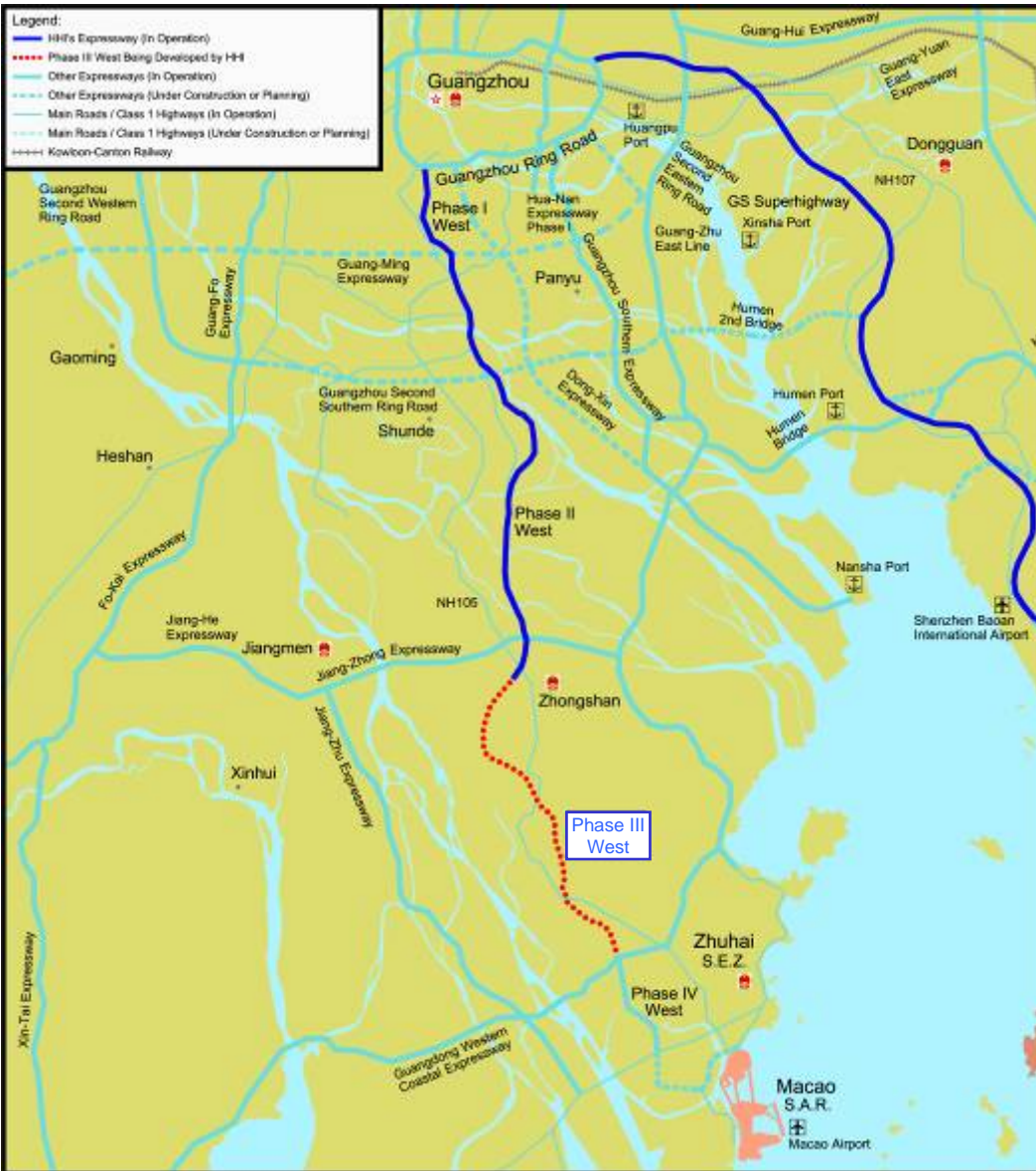
Projects 項目	Description 詳情	Current Planned Investment* 現計劃的投資額*	Current Planned# Construction Start / Completion Date 現計劃#工程開始/完工期
Phase III West 西綫 III期 (HHI: 50%)	Zhongshan - Zhuhai expressway of approx. 38km 中山至珠海約38公里的高速公路	Approx. RMB5.6b (Equity/Debt: 35%/65%) 約人民幣 56億元 (股本/債務: 35%/65%)	Construction start: Dec 2009 工程開始：2009年12月 Completion: by end of 2013 完工：2013年底前
GS Expansion 廣深高速擴寬工程 (HHI: 48%)	◆ Expansion from current dual 3 to dual 5 lanes 由現時雙向3車道擴寬至雙向5車道 ▪ Feasibility study in progress 可行性研究報告正在進行中	Approx. RMB7.0b (Equity/Debt: 0%/100%) 約人民幣 70億元 (股本/債務: 0%/100%)	No timetable yet 暫未有時間表

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

Present planning, subject to change

Future Project: Phase III West

未來項目：西綫 III 期



Note: All subject to govt. approval

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

^ Subject to approval by PRC Government

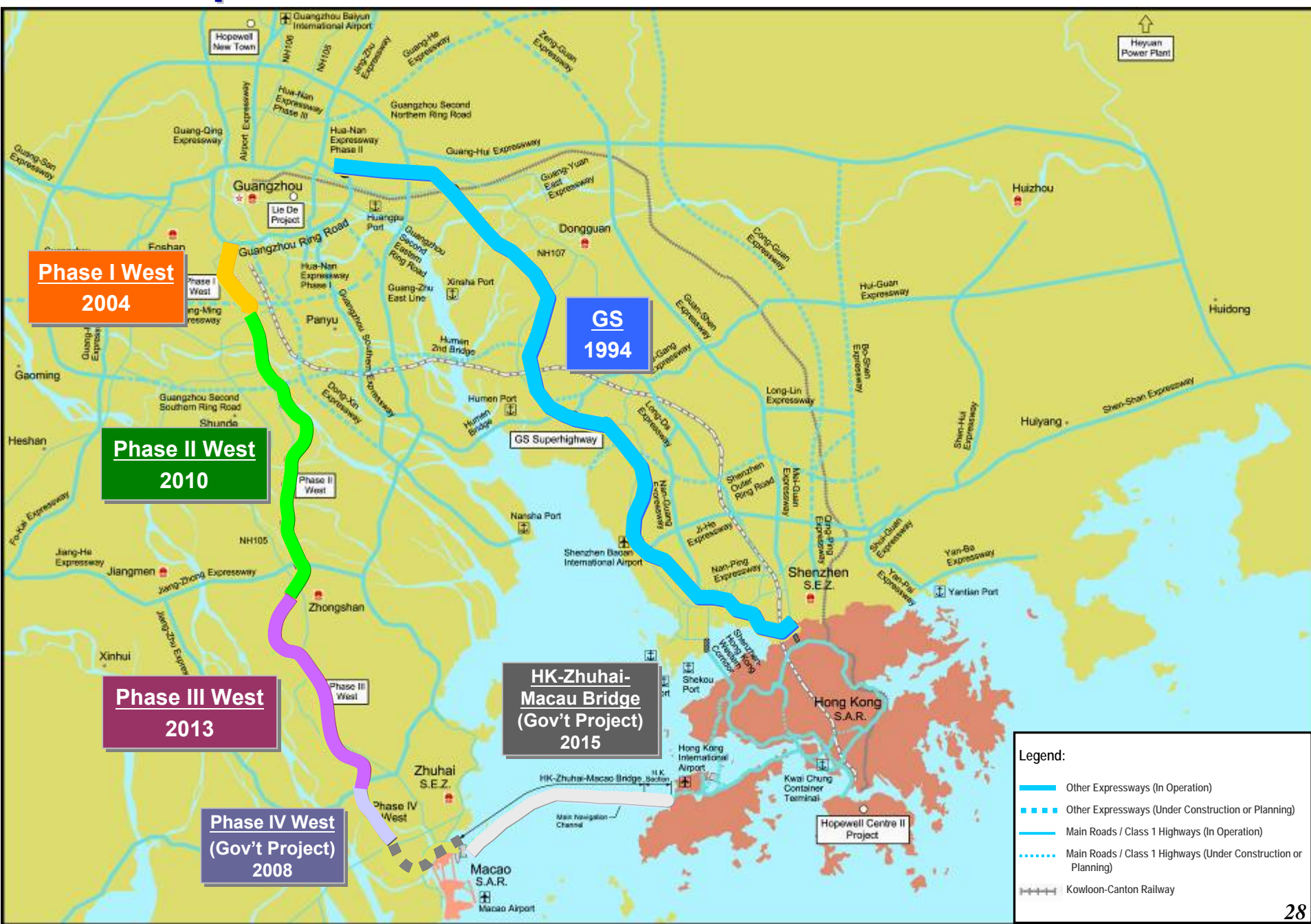
Highlights 重點

- Started construction in Dec 2009
已於2009年12月動工
- Planned completion by end-2013
計劃於2013年底前竣工
- Signed RMB3.93b 18-year project loan agreement with 7 PRC banks in April 2010
於2010年4月與7家內地銀行簽訂人民幣39.3億元的18年項目貸款協議

Project Description 項目詳情

- Route 位置:** Zhongshan - Zhuhai 中山市至珠海市
- Length 長度:** approx. 38km 約38公里
- JV Partners:** Guangdong Provincial Highway Construction Co Ltd (same as GS Superhighway)
合營夥伴 廣東省公路建設有限公司 (與廣深高速相同)
- Planned Investment*^** (35% equity, HHI & PRC partner each to contribute RMB980 million)
計劃投資額 約人民幣56億元 (股本35%, 合和公路基建及中方各投資人民幣9.8億元)

The Complete Network - 2016 完整的道路網絡-2016

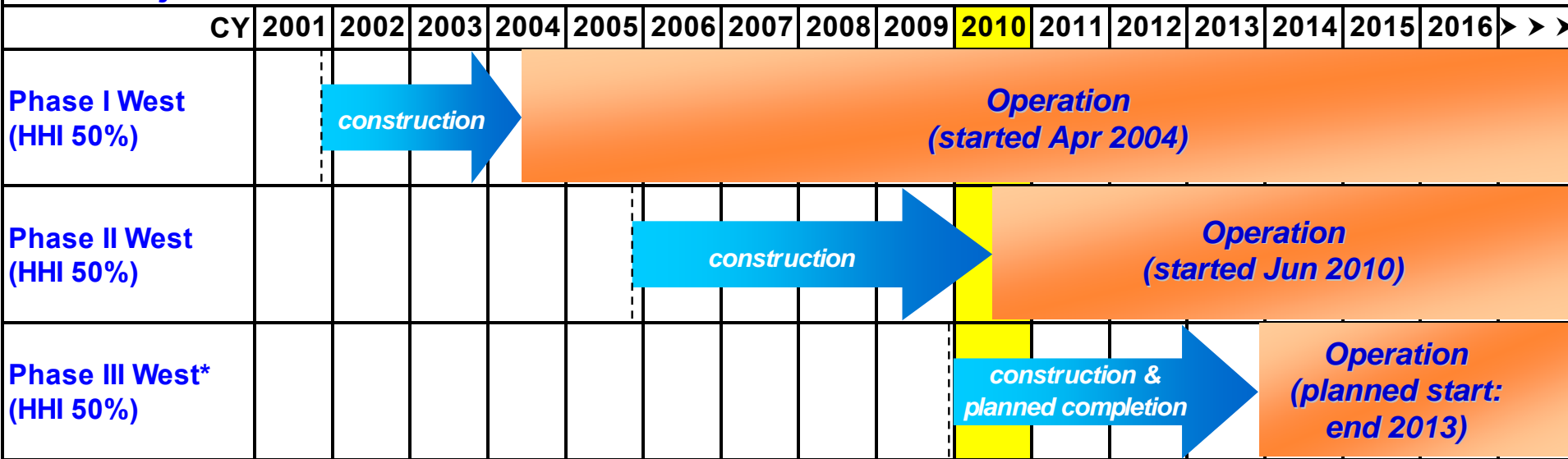


Construction Timeline 工程進度時間表

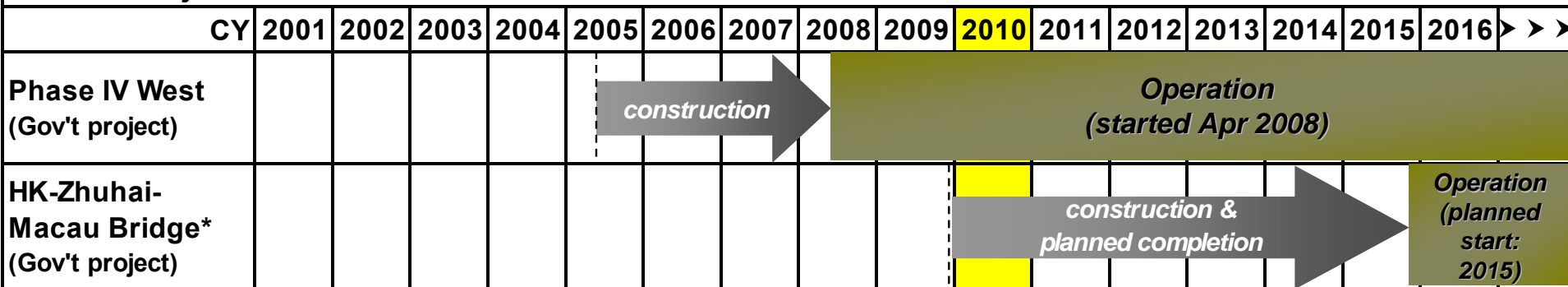
When Phase III West is completed, total length of toll expressways invested by HHI will be expanded by about 20% to around 220km

當西綫III期完工時，合和公路基建投資的收費高速公路總長度將會擴展約20%至約220公里

HHI's Projects



Non-HHI Projects



* Present planning, subject to change

Major Projects Plan 主要項目計劃



Projects	Planned Investment ^{N1}	Interest	Equity required	HHI's Planned Equity Portion ^{N1}	HHI's Equity Portion Outstanding ^{N1}	HHI's Planned Equity Injection ^{N1}	
	RMB'm					%	%
Phase II West 西綫II期	7,000	50%	35%	1,260 ^{N4}	403	403	-
Phase III West 西綫III期	5,600 ^{N3}	50%	35%	980	784	490	294
GS expansion 廣深高速擴寬	7,000	48% ^{N2}	0%	-	-	-	-
Total 合計	19,600			2,240	1,187	893	294

N1: Present planning, subject to change; incl. finance cost

N2: 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

N3: Subject to approval by PRC Government

N4: Based on total budgeted cost of RMB7.2b (subject to Govt approval). Currently estimated total cost of RMB7b is lower than budget

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

1) **net cash of approx. \$2.5 billion on hand (approx. \$0.8 per share) as of 30 Jun 2010 (excluding JV Companies)**

於2010年6月30日的手頭淨現金約港幣 25億元 (約每股港幣0.8元) (不包括合營企業)

2) **Healthy cashflow**

強勁的現金流

3) **Proceeds from RMB1.38 billion Corporate Bonds**

來自人民幣13.8億元企業債券所得的款項

Step-up of PRC Income Tax in CY2010[^]

中國利得稅在2010年增加

- Rise in GS income tax rate from 10% (2009) to 22% (2010)**

廣深高速的利得稅率上升，由2009年10%上升至2010年22%

- Affects both FY10 and FY11**

將影響2010及2011財政年度

Income Tax Rate	GS Superhighway	Phase I West	Phase II West	Sino-foreign JV in PRC
CY2008	9% *	9% *	n/a	18%
CY2009	10%* FY10	10%* FY10	n/a FY10	20%
CY2010	22%	11%*		22%
CY2011	24%	24%	0% *	24%
CY2012				
CY2013				
CY2014	25% (until end of JV)	25% (until end of JV)	12.5% *	25%**
CY2015				
CY2016 onwards			25% (until end of JV)	

* Enjoying tax holiday

** Previous terminal tax rate was 18%

[^] Announced in Mar 2007 and effective from 1 Jan 2008

Short Term Quotas for Cross-border Vehicles

短期跨境車輛配額

May 2010 2010年5月	Private Cars 私家車	Trucks 貨車	Others 其他	Total 總數
Vehicles with cross-boundary license 持有跨境車牌的車輛	24,000	15,200	1,000	40,200
As a % of total licensed vehicles 持有跨境車牌的車輛佔香港已領牌車輛的比重 (%)	6%	14%	1%	7%
Licensed vehicles in HK 香港已領牌的車輛	400,421	108,084	83,005	591,510

- Hong Kong and PRC relevant authorities now studying feasibility of introducing one-off cross-border license for HK private vehicles first**
 香港和中國有關政府部門正研究先向香港私家車發出一一次性出入境短期過境牌照的可行性
- Shenzhen Bay Port as pilot location**
 以深圳灣口岸為試點
- Will benefit GS Superhighway**
 將有利廣深高速公路

~ Presentation End ~

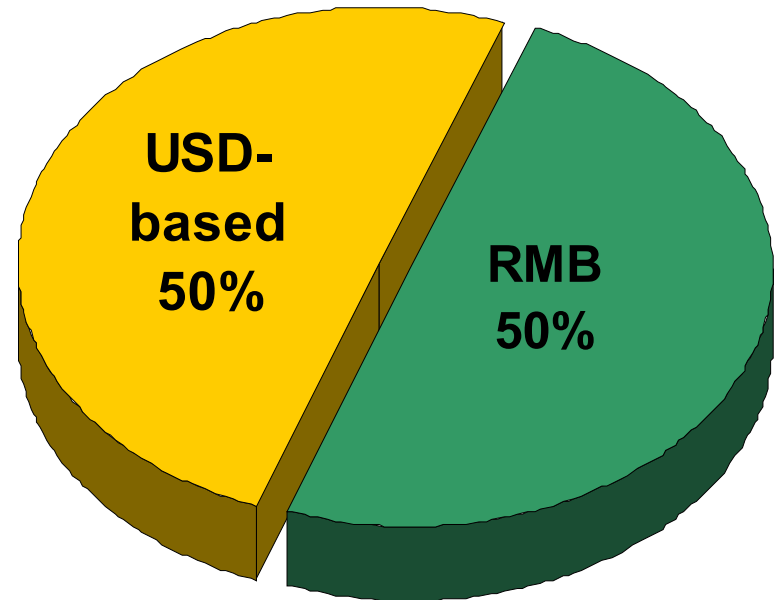


Supplementary Information (Analyst Meeting)

Breakdown of HHI's Proportionate Share of Project Loans by Currency

- **USD-based loans: 50%**
 - USD loans: 45%
 - HKD loans: 5%
- **RMB loans: 50%**

Breakdown of HHI's Proportionate Share of Project Loans by Currency



As at 30 Jun 2010

Consolidated Balance Sheet Highlights

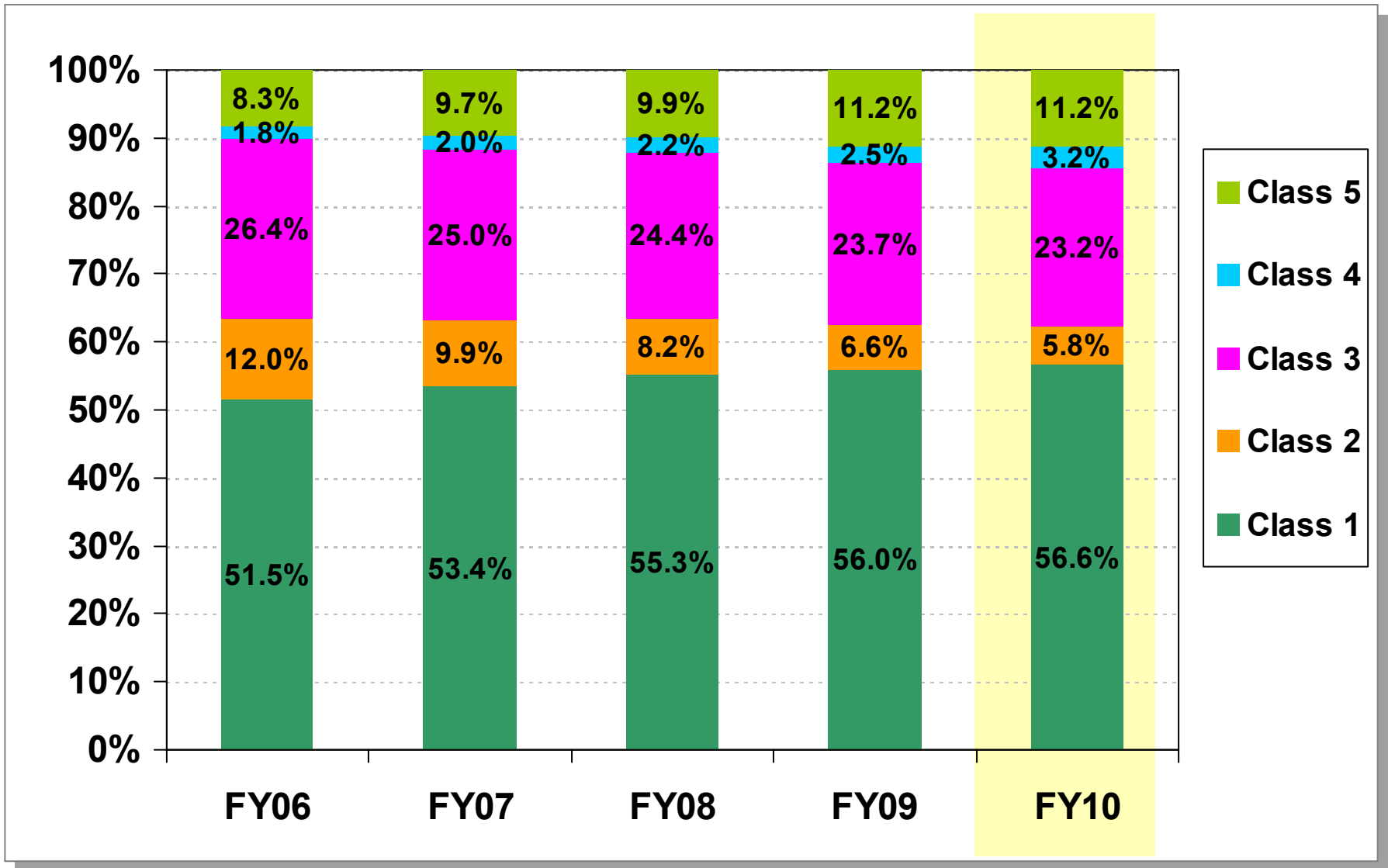
As at	30.06.09	30.06.10		As at	30.06.09	30.06.10
	HK\$'M	HK\$'M			HK\$'M	HK\$'M
Bank balances and cash ^{N1}	2,897	2,865		Prop. share of JV debt ^{N2}	5,379	6,465
HHI corp	2,775	2,475	2,179	HHI corp debt	0	0
- USD	853	0		JV debt	5,238	5,916
- HKD	1,921	2,179		- USD	2,800	2,666
- RMB	0	296		- HKD	332	320
JV	122	390		- RMB	2,106	2,930
				JV other debt	141	549
Property & equipment	189	307		Other payables	820	1,276
Concession intangible assets	11,280	12,574		Total liabilities	6,199	7,741
Other assets	222	347		Equity attributable to owners of the Co.	8,341	8,300
				Minority interests	48	52
Total assets	14,588	16,093		Total equity & liabilities	14,588	16,093
					30.06.09	30.06.10
Total debt / total assets					37%	40%
Net debt ^{N3} / equity attributable to owners of the Co.					30%	43%

N1: Included pledged bank deposits \$122M (30.6.10) and \$119M (30.6.09)

N2: HHI's proportionate share of joint venture's debts. Majority of the debt has long maturity of over 5 years

N3: Net debt refers to total debt less bank balances and cash together with pledged bank balances and deposits

Phase I West – Traffic by Class of Vehicles



Phase II West



Project Description

Route:	Shunde - Zhongshan
Length:	45.5km
Type:	3 x 3 closed system expressway
JV Partners:	Guangdong Provincial Highway Construction Co Ltd (same as GS Superhighway)
Total Investment*	Approx. RMB7.0 billion (35% equity)
Opening:	25 Jun 2010

* incl. finance cost

Coastal Expressway

– Comparable Travel Distance to GS Superhighway

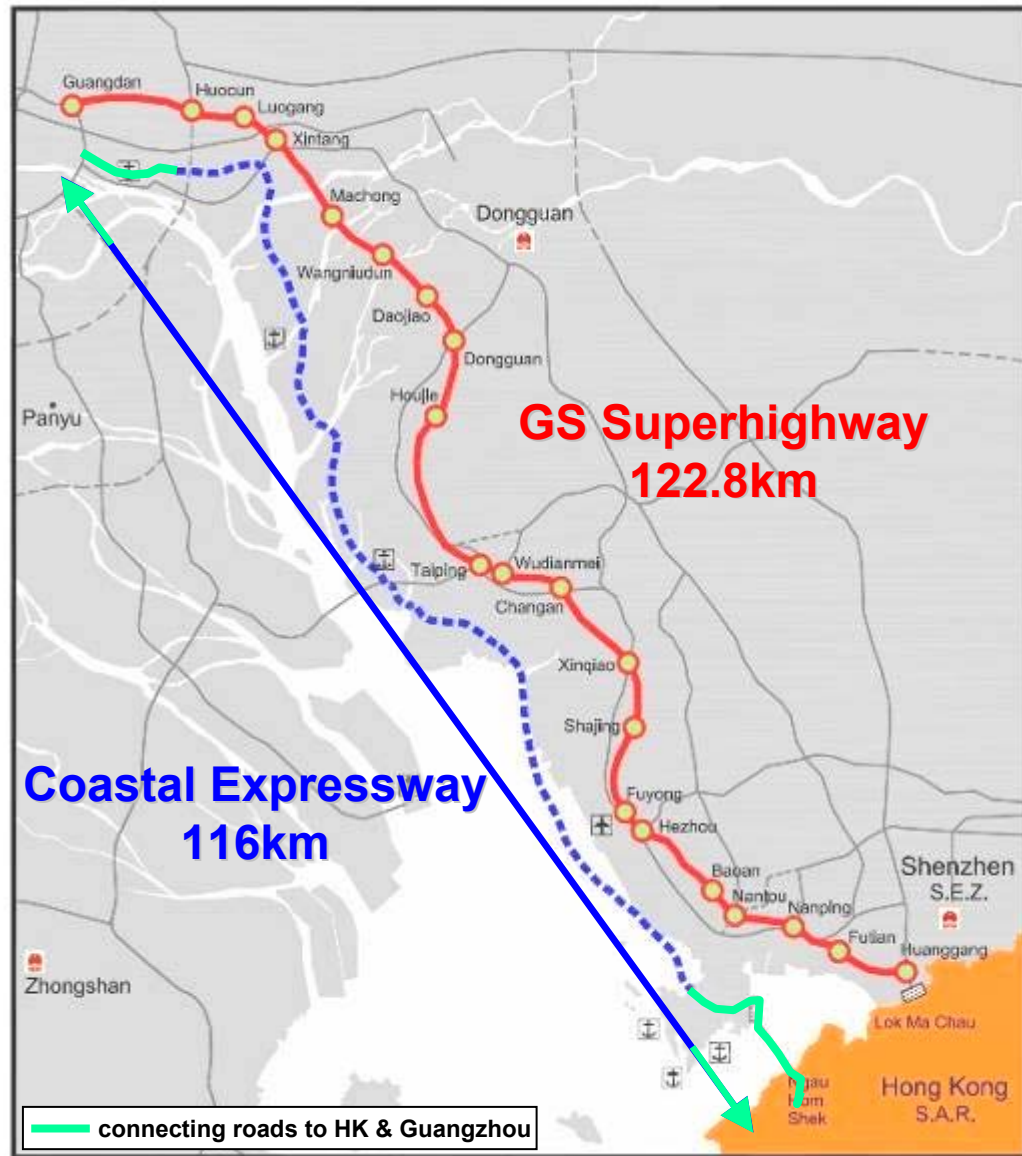
- Reported 89km Coastal Expressway: middle part of the route between HK and Guangzhou

- Travel via Coastal Expressway: around 116km

- Including connecting roads to HK and Guangzhou
- Comparable to GS

- Completion dates*:

- Guangzhou and Dongguan sections (59km): end-2010
- Shenzhen section (30km): 2012



* Source: Media reports

~ **End** ~