

Three-year Rolling Projection of Net Revenue and Operational Costs 2005/06

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended
Budget 2005/06
HK\$'000

	Planning Year Ended Jul-07	Planning Year Ended Jul-08	Planning Year Ended Jul-09
Net Operating Profit/(Loss) before tax per Operating Accounts	493,852	592,813	765,270
Add :			
Depreciation	202,073	221,182	227,905
Notional adjustment for lost revenue	-	-	-
Disallowed interest	54,134	50,559	45,330
Actual Interest Expense payable by the Franchisee in accordance with the Facilities Agreement date 16th August 2002 and already deducted from the Operating Account			
- Bank interest payable	93,294	64,016	31,286
- Hedging cost/benefit	(8,033)	(6,932)	(992)
- Commitment fee	820	940	1,105
- Agency fee	250	250	250
- Other financial expenses	-	-	-
- Amortization of front-end fee and others	4,093	4,093	4,093
Others	-	-	-
sub-total	346,631	334,108	308,977
Sub-total	840,483	926,921	1,074,247
Less :			
Disallowed income	(42)	(48)	(55)
Asset Replacement	(4,168)	(2,625)	(814)
Interest Expenses after refinancing	(43,847)	(8,548)	-
Others	-	-	-
sub-total	(48,057)	(11,221)	(869)
Sub-total	792,426	915,700	1,073,378
Other Adjustments	-	-	-
Adjusted Net Revenue for year	792,426	915,700	1,073,378
Minimum Net Revenue	1,549,000	1,623,000	1,876,000
Upper Net Revenue	1,983,000	2,061,000	2,369,000
Maximum Net Revenue	2,143,000	2,223,000	2,551,000

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended
Budget 2005/06
HK\$'000

		Planning Year Ended Jul-07	Planning Year Ended Jul-08	Planning Year Ended Jul-09
Interest Expenses after refinancing (Pursuant to Clause 12F(e) and (d) of the Project Agreement)				
Actual bank interest payable already deducted from the Operating Account	a	93,294	64,016	31,286
Actual hedging cost/benefit already deducted from the Operating Account	b	(8,033)	(6,932)	(992)
	c=a+b	<u>85,261</u>	<u>57,084</u>	<u>30,294</u>
Notional weighted average loan outstanding under 1993 loan facility	d	803,194	143,611	-
Actual weighted average loan outstanding under 2002 loan facility	e	1,770,278	1,211,408	593,673
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility	f=c*(d/e)	38,684	6,767	-
Actual commitment fee already deducted from the Operating Account	g	820	940	1,105
Actual agency fee already deducted from the Operating Account	h	250	250	250
Actual other financial expense already deducted from the Operating Account	i	-	-	-
Amortization of actual front-end fee and other costs of refinancing capitalized already deducted from the Operating Account	j	-	-	-
	k=sum of (f to j)	<u>43,847</u>	<u>12,050</u>	<u>4,093</u>
Actual bank interest payable already deducted from the Operating Account	a	93,294	64,016	31,286
Notional weighted average loan outstanding under 1993 loan facility	d	803,194	143,611	-
Actual weighted average loan outstanding under 2002 loan facility	e	1,770,278	1,211,408	593,673
Actual weighted average HIBOR plus margin payable under 1993 loan facility	l	6.00%	6.00%	6.00%
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	m	5.27%	5.27%	5.27%
		0.77%	0.77%	0.77%
Notional bank interest payable for 1993 loan facility	n=a*(d/e)*(l/m)	48,192	8,640	-
Actual hedging cost/benefit already deducted from the Operating Account	b	(8,033)	(6,932)	(992)
Notional weighted average loan outstanding under 1993 loan facility	d	803,194	143,611	-
Actual weighted average loan outstanding under 2002 loan facility	e	1,770,278	1,211,408	593,673
Notional hedging cost/benefit for 1993 loan facility	o=b*(d/e)	(3,645)	(822)	-
Commitment fee as per 1993 loan facility	p	-	-	-
Financial fee as per 1993 loan facility	q	1,560	650	-
Security fee as per 1993 loan facility	r	192	80	-
	s=n+o+p+q+r	<u>46,299</u>	<u>8,548</u>	<u>-</u>
Interest Expense after refinancing for the purpose of Net Revenue determination	the lower of k or s	<u>43,847</u>	<u>8,548</u>	<u>-</u>

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-07	Planning Year Ended Jul-08	Planning Year Ended Jul-09
Income				
Tolls		975,089	1,067,562	1,226,057
Advertising		3,780	3,780	3,780
Insurance claims		-	-	-
Others		14,579	14,984	15,239
Total Income		993,448	1,086,326	1,245,076
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	22,763	23,447	24,152
	- Engineering	14,828	15,274	15,717
On costs	- Traffic	1,781	1,831	1,887
	- Engineering	1,212	1,262	1,318
Staff Cost - Indirect				
Salaries	- Administration	13,741	14,150	14,576
On costs	- Administration	893	921	979
Total Staff Costs		55,218	56,885	58,629
Maintenance Costs				
Tunnel	- Routine	7,342	6,227	6,588
	- Major	2,318	2,493	2,968
Buildings etc	- Routine	519	491	529
	- Major	65	70	76
Vehicles		1,940	2,116	2,271
Total Maintenance Costs		12,184	11,397	12,432
Rates		42,692	47,023	54,429
Utility Expenses		7,896	8,132	8,382
Insurance (including minor deductibles)		21,260	21,902	22,561
Professional fees		5,781	5,945	6,122
Others		7,976	8,169	8,329
Depreciation		202,073	221,182	227,905
		287,678	312,353	327,728
Total expenditure		355,080	380,635	398,789
Operating Profit/(Loss)		638,368	705,691	846,287
Interest Expenses				
	- Project Finance	98,415	69,251	36,679
	- Hedging Costs/(Benefit)	(8,033)	(6,932)	(992)
	- Others (Shareholders Loan Interest)	54,134	50,559	45,330
		144,516	112,878	81,017
Net Operating Profit/(Loss) before tax as Per Profit & Loss Account		493,852	592,813	765,270

Three-year Rolling Projection of Net Revenue and Operational Costs 2004/05

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended
Budget 2004/2005
HK\$'000

	Planning Year Ended Jul-06	Planning Year Ended Jul-07	Planning Year Ended Jul-08
Net Operating Profit/(Loss) before tax per Operating Accounts	<u>341,823</u>	<u>443,955</u>	<u>528,943</u>
Add :			
Depreciation	178,732	201,301	219,943
Notional adjustment for lost revenue			
Disallowed interest	57,473	55,506	52,549
Actual Interest Expense payable by the Franchisee in accordance with the Facilities Agreement date 16th August 2002 and already deducted from the Operating Account			
- Bank interest payable	110,552	87,520	62,141
- Hedging cost/benefit	3,319	(2,103)	(3,287)
- Commitment fee	617	764	854
- Agency fee	250	250	250
- Other financial expenses	-	-	-
- Amortization of front-end fee and others	4,104	4,104	4,104
Others	-	-	-
sub-total	<u>355,047</u>	<u>347,342</u>	<u>336,554</u>
Sub-total	<u>696,870</u>	<u>791,297</u>	<u>865,497</u>
Less :			
Disallowed income	-	-	-
Asset Replacement	(4,264)	(1,849)	(1,261)
Interest Expenses after refinancing	(78,131)	(42,509)	(8,287)
Others	-	-	-
sub-total	<u>(82,395)</u>	<u>(44,358)</u>	<u>(9,548)</u>
Sub-total	<u>614,475</u>	<u>746,939</u>	<u>855,949</u>
Other Adjustments	-	-	-
Adjusted Net Revenue for year	<u>614,475</u>	<u>746,939</u>	<u>855,949</u>
Minimum Net Revenue	1,455,000	1,549,000	1,623,000
Upper Net Revenue	1,881,000	1,983,000	2,061,000
Maximum Net Revenue	2,039,000	2,143,000	2,223,000

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended
Budget 2004/2005
HK\$'000

		Planning Year Ended Jul-06	Planning Year Ended Jul-07	Planning Year Ended Jul-08
Interest Expenses after refinancing (Pursuant to Clause 12F(a) and (d) of the Project Agreement)				
Actual bank interest payable already deducted from the Operating Account	a	110,552	87,520	62,141
Actual hedging cost/benefit already deducted from the Operating Account	b	3,319	(2,103)	(3,287)
	c=a+b	113,871	85,417	58,854
Notional weighted average loan outstanding under 1993 loan facility	d	1,489,070	803,194	143,611
Actual weighted average loan outstanding under 2002 loan facility	e	2,317,670	1,834,822	1,299,187
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility	f=c*(d/e)	73,160	37,391	6,506
Actual commitment fee already deducted from the Operating Account	g	617	764	854
Actual agency fee already deducted from the Operating Account	h	250	250	250
Actual other financial expense already deducted from the Operating Account	i	-	-	-
Amortization of actual front-end fee and other costs of refinancing capitalized already deducted from the Operating Account	j	-	-	-
	k=sum of (f to j)	4,104	4,104	4,104
		78,131	42,509	11,714
Actual bank interest payable already deducted from the Operating Account	a	110,552	87,520	62,141
Notional weighted average loan outstanding under 1993 loan facility	d	1,489,070	803,194	143,611
Actual weighted average loan outstanding under 2002 loan facility	e	2,317,670	1,834,822	1,299,187
Actual weighted average HIBOR plus margin payable under 1993 loan facility	l	5.50%	5.50%	5.50%
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	m	4.77%	4.77%	4.77%
		0.77%	0.77%	0.77%
Notional bank interest payable for 1993 loan facility	n=a*(d/e)*(1/m)	81,898	44,175	7,920
Actual hedging cost/benefit already deducted from the Operating Account	b	3,319	(2,103)	(3,287)
Notional weighted average loan outstanding under 1993 loan facility	d	1,489,070	803,194	143,611
Actual weighted average loan outstanding under 2002 loan facility	e	2,317,670	1,834,822	1,299,187
Notional hedging cost/benefit for 1993 loan facility	o=b*(d/e)	2,132	(921)	(363)
Commitment fee as per 1993 loan facility	p	-	-	-
Financial fee as per 1993 loan facility	q	1,560	1,560	650
Security fee as per 1993 loan facility	r	192	192	80
	s=o+p+q+r	85,782	45,006	8,287
Interest Expense after refinancing for the purpose of Net Revenue determination	the lower of k or s	78,131	42,509	8,287

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-06	Planning Year Ended Jul-07	Planning Year Ended Jul-08
Income				
Tolls		830,260	931,218	1,013,969
Advertising		6,465	6,072	6,072
Insurance claims		-	-	-
Others		4,783	4,897	5,017
Total Income		841,508	942,187	1,025,058
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	21,940	22,290	22,650
	- Engineering	14,502	14,742	14,970
On costs	- Traffic	1,776	1,810	1,831
	- Engineering	1,212	1,224	1,255
Staff Cost - Indirect				
Salaries	- Administration	13,687	13,917	14,143
On costs	- Administration	916	941	962
Total Staff Costs		54,033	54,924	55,811
Maintenance Costs				
Tunnel	- Routine	6,207	5,720	5,846
	- Major	5,383	5,632	8,744
Buildings etc	- Routine	996	404	433
	- Major	74	783	774
Vehicles		2,330	2,511	2,691
Total Maintenance Costs		14,990	15,050	18,488
Rates		36,000	40,736	44,502
Utility Expenses		7,133	7,234	7,340
Insurance (including minor deductibles)		19,216	19,511	19,819
Professional fees		5,577	5,663	5,765
Others		7,689	7,772	7,836
Depreciation		178,732	201,301	219,943
		254,347	282,217	305,205
Total expenditure		323,370	352,191	379,504
Operating Profit/(Loss)		518,138	589,996	645,554
Interest Expenses				
	- Project Finance	115,523	92,638	67,349
	- Hedging Costs/(Benefit)	3,319	(2,103)	(3,287)
	- Others (Shareholders Loan Interest)	57,473	55,506	52,549
		176,315	146,041	116,611
Net Operating Profit/(Loss) before tax as Per Profit & Loss Account		341,823	443,955	528,943

Three-year Rolling Projection of Net Revenue and Operational Costs 2003/04

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended

HK\$'000	Planning Year Ended Jul-05	Planning Year Ended Jul-06	Planning Year Ended Jul-07
Net Operating Profit/(Loss) before tax per Operating Accounts	<u>(55,813)</u>	<u>73,680</u>	<u>244,926</u>
Add :			
Depreciation	157,120	168,434	180,710
Notional adjustment for lost revenue	-	-	-
Disallowed interest	443,320	487,394	535,455
Actual Interest Expense payable by the Franchisee in accordance with the Facilities Agreement date 16th August 2002 and already deducted from the Operating Account			
- Bank interest payable	127,341	105,293	76,582
- Hedging cost/benefit	7,972	6,137	711
- Commitment fee	585	734	986
- Agency fee	250	250	250
- Other financial expenses	-	-	-
- Amortization of front-end fee and others	4,104	4,104	4,104
Others	-	-	-
sub-total	<u>740,692</u>	<u>772,346</u>	<u>798,798</u>
Sub-total	<u>684,879</u>	<u>846,026</u>	<u>1,043,724</u>
Less :			
Disallowed income	(278)	(353)	(432)
Asset Replacement	(4,034)	(1,936)	(3,548)
Interest Expenses after refinancing	(116,916)	(80,257)	(44,008)
Others	-	-	-
sub-total	<u>(121,228)</u>	<u>(82,546)</u>	<u>(47,988)</u>
Sub-total	563,651	763,480	995,736
Other Adjustments	-	-	-
Adjusted Net Revenue for year	<u>563,651</u>	<u>763,480</u>	<u>995,736</u>
Minimum Net Revenue	1,190,000	1,455,000	1,549,000
Upper Net Revenue	1,570,000	1,881,000	1,983,000
Maximum Net Revenue	1,711,000	2,039,000	2,143,000

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended

HK\$'000

	Planning Year Ended Jul-05	Planning Year Ended Jul-06	Planning Year Ended Jul-07
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Interest Expenses after refinancing

(Pursuant to Clause 12F(a) and (d) of the Project Agreement)

Actual bank interest payable already deducted from the Operating Account	a	127,341	105,293	76,582
Actual hedging cost/benefit already deducted from the Operating Account	b	7,972	6,137	711
	c=a+b	135,313	111,430	77,293

Notional weighted average loan outstanding under 1993 loan facility	d	2,202,956	1,489,070	803,194
Actual weighted average loan outstanding under 2002 loan facility	e	2,662,059	2,207,393	1,605,476

Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility	f=c*(d/e)	111,977	75,169	38,668
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Actual commitment fee already deducted from the Operating Account	g	585	734	986
Actual agency fee already deducted from the Operating Account	h	250	250	250
Actual other financial expense already deducted from the Operating Account	i	-	-	-
Amortization of actual front-end fee and other costs of refinancing capitalized already deducted from the Operating Account	j	4,104	4,104	4,104
	k=sum of (f to j)	116,916	80,257	44,008

Actual bank interest payable already deducted from the Operating Account	a	127,341	105,293	76,582
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Notional weighted average loan outstanding under 1993 loan facility	d	2,202,956	1,489,070	803,194
Actual weighted average loan outstanding under 2002 loan facility	e	2,662,059	2,207,393	1,605,476

Actual weighted average HIBOR plus margin payable under 1993 loan facility	l	5.51%	5.50%	5.50%
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Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	m	4.78%	4.77%	4.77%
		0.77%	0.77%	0.77%

Notional bank interest payable for 1993 loan facility	n=a*(d/e)*(l/m)	121,461	81,899	44,176
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Actual hedging cost/benefit already deducted from the Operating Account	b	7,972	6,137	711
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Notional weighted average loan outstanding under 1993 loan facility	d	2,202,956	1,489,070	803,194
Actual weighted average loan outstanding under 2002 loan facility	e	2,662,059	2,207,393	1,605,476

Notional hedging cost/benefit for 1993 loan facility	o=b*(d/e)	6,597	4,140	356
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Commitment fee as per 1993 loan facility	p	-	-	-
Financial fee as per 1993 loan facility	q	1,560	1,560	1,560
Security fee as per 1993 loan facility	r	192	192	192
	s=n+o+p+q+r	129,810	87,791	46,284

Interest Expense after refinancing for the purpose of Net Revenue determination

the lower of k or s		116,916	80,257	44,008
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Western Harbour Tunnel Company Limited

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-05	Planning Year Ended Jul-06	Planning Year Ended Jul-07
Income				
Tolls		810,953	979,865	1,189,700
Advertising		8,904	8,994	9,084
Insurance claims		-	-	-
Others		4,625	4,767	4,922
Total Income		824,482	993,626	1,203,706
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	22,120	22,339	22,557
	- Engineering	14,772	14,923	15,079
On costs	- Traffic	1,594	1,621	1,639
	- Engineering	1,114	1,136	1,148
Staff Cost - Indirect				
Salaries	- Administration	13,758	13,897	14,041
On costs	- Administration	913	942	949
Total Staff Costs		54,271	54,858	55,413
Maintenance Costs				
Tunnel	- Routine	6,248	5,928	6,087
	- Major	2,310	2,063	3,484
Buildings etc	- Routine	690	585	615
	- Major	573	133	6
Vehicles		2,204	2,403	2,574
Total Maintenance Costs		12,025	11,112	12,766
Rates		35,351	43,407	53,314
Utility Expenses		7,032	7,098	7,168
Insurance (including minor deductibles)		19,143	19,334	19,522
Professional fees		4,375	4,417	4,465
Others		7,684	7,727	7,766
Depreciation		157,120	168,434	180,710
		230,705	250,417	272,945
Total expenditure		297,001	316,387	341,124
Operating Profit/(Loss)		527,481	677,239	862,582
Interest Expenses				
	- Project Finance	132,002	110,028	81,490
	- Hedging Costs/(Benefit)	7,972	6,137	711
	- Others (Shareholders Loan Interest)	443,320	487,394	535,455
		583,294	603,559	617,656
Net Operating Profit/(Loss) before tax as Per Profit & Loss Account		(55,813)	73,680	244,926

Three-year Rolling Projection of Net Revenue and Operational Costs 2002/03

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended

HK\$'000	Planning Year Ended Jul-04	Planning Year Ended Jul-05	Planning Year Ended Jul-06
Net Operating Profit/(Loss) before tax per Operating Accounts	<u>385,458</u>	<u>596,820</u>	<u>860,459</u>
Add :			
Depreciation	148,891	159,628	170,865
Notional adjustment for lost revenue	-	-	-
Disallowed interest	30,961	31,731	32,048
Others	-	-	-
sub-total	<u>179,852</u>	<u>191,359</u>	<u>202,913</u>
Sub-total	<u>565,310</u>	<u>788,179</u>	<u>1,063,372</u>
Less :			
Disallowed income	(610)	(762)	(951)
Asset Replacement	(13,807)	(4,205)	(175)
Others	-	-	-
sub-total	<u>(14,417)</u>	<u>(4,967)</u>	<u>(1,126)</u>
Sub-total	550,893	783,212	1,062,246
Other Adjustments	-	-	-
Adjusted Net Revenue for year	<u>550,893</u>	<u>783,212</u>	<u>1,062,246</u>
Minimum Net Revenue	880,000	1,190,000	1,455,000
Upper Net Revenue	1,202,000	1,570,000	1,881,000
Maximum Net Revenue	1,321,000	1,711,000	2,039,000

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-04	Planning Year Ended Jul-05	Planning Year Ended Jul-06
Income				
Tolls		896,437	1,067,042	1,289,300
Advertising		9,358	9,631	8,858
Insurance claims		-	-	-
Others		5,459	4,664	4,782
Total Income		<u>911,254</u>	<u>1,081,337</u>	<u>1,302,940</u>
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	21,993	22,058	22,132
	- Engineering	14,736	14,783	14,818
On costs	- Traffic	1,675	1,690	1,692
	- Engineering	1,136	1,171	1,181
Staff Cost - Indirect				
Salaries	- Administration	14,094	14,128	14,166
On costs	- Administration	894	934	964
Total Staff Costs		<u>54,528</u>	<u>54,764</u>	<u>54,953</u>
Maintenance Costs				
Tunnel	- Routine	5,871	6,040	6,218
	- Major	8,966	811	298
Buildings etc		525	497	510
Vehicles		2,019	2,135	2,223
Total Maintenance Costs		<u>17,381</u>	<u>9,483</u>	<u>9,249</u>
Rates		39,293	47,718	58,269
Utility Expenses		7,141	7,163	7,188
Insurance (including minor deductibles)		16,564	16,605	16,650
Professional fees		5,593	5,603	5,618
Others		6,670	6,678	6,687
Depreciation		148,891	159,628	170,865
		<u>224,152</u>	<u>243,395</u>	<u>265,277</u>
Total expenditure		<u>296,061</u>	<u>307,642</u>	<u>329,479</u>
Operating Profit/(Loss)		615,193	773,695	973,461
Interest Expenses				
	- Project Finance	202,391	153,912	87,646
	- Hedging Costs/(Benefit)	(3,617)	(8,768)	(6,692)
	- Others (Shareholders Loan Interest)	30,961	31,731	32,048
		<u>229,735</u>	<u>176,875</u>	<u>113,002</u>
Net Operating Profit/(Loss) before tax as Per Profit & Loss Account		<u>385,458</u>	<u>596,820</u>	<u>860,459</u>

Three-year Rolling Projection of Net Revenue and Operational Costs 2001/02

Western Harbour Tunnel Company Limited

Net Revenue Statement for the period ended

HK\$'000	Planning Year Ended Jul-03	Planning Year Ended Jul-04	Planning Year Ended Jul-05
Net Operating Profit/(Loss) per Operating Accounts	<u>309,648</u>	<u>506,069</u>	<u>733,284</u>
Add :			
Depreciation	138,697	149,089	160,261
Notional adjustment for lost revenue	-	-	-
Disallowed interest	28,822	29,873	30,092
Others	-	-	-
sub-total	<u>167,519</u>	<u>178,962</u>	<u>190,353</u>
Sub-total	<u>477,167</u>	<u>685,031</u>	<u>923,637</u>
Less :			
Disallowed income	(609)	(742)	(891)
Asset Replacement	(8,387)	(2,804)	(8,984)
Others	-	-	-
sub-total	<u>(8,996)</u>	<u>(3,546)</u>	<u>(9,875)</u>
Sub-total	468,171	681,485	913,762
Other Adjustments	-	-	-
Adjusted Net Revenue for year	<u>468,171</u>	<u>681,485</u>	<u>913,762</u>
Minimum Net Revenue	794,000	880,000	1,190,000
Upper Net Revenue	1,106,000	1,202,000	1,570,000
Maximum Net Revenue	1,221,000	1,321,000	1,711,000

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-03	Planning Year Ended Jul-04	Planning Year Ended Jul-05
Income				
Tolls		846,293	1,022,186	1,213,019
Advertising		8,126	8,456	8,764
Insurance claims		-	-	-
Others		15,844	5,194	5,277
Total Income		<u>870,263</u>	<u>1,035,836</u>	<u>1,227,060</u>
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	23,024	23,717	24,012
	- Engineering	15,524	15,994	16,200
On costs	- Traffic	1,659	1,722	1,896
	- Engineering	1,139	1,205	1,356
Staff Cost - Indirect				
Salaries	- Directors	-	-	-
Salaries	- Administration	15,593	16,053	16,236
	- Others	-	-	-
Directors Fees		-	-	-
On costs	- Directors	-	-	-
On costs	- Administration	856	1,019	1,080
	- Others	-	-	-
Total Staff Costs		<u>57,795</u>	<u>59,710</u>	<u>60,780</u>
Maintenance Costs				
Tunnel	- Routine	11,204	9,780	10,973
	- Major	-	-	-
Buildings etc		652	960	679
Vehicles		2,479	2,648	2,812
Total Maintenance Costs		<u>14,335</u>	<u>13,388</u>	<u>14,464</u>
Rates		37,222	45,557	54,552
Utility Expenses		7,050	7,273	7,501
Insurance (including minor deductibles)		6,380	6,425	6,464
Professional fees		5,618	5,792	5,997
Others		7,334	7,521	7,850
Depreciation		138,697	149,089	160,261
		<u>202,301</u>	<u>221,657</u>	<u>242,625</u>
Total expenditure		<u>274,431</u>	<u>294,755</u>	<u>317,869</u>
Operating Profit/(Loss)		<u>595,832</u>	<u>741,081</u>	<u>909,191</u>
Interest Expenses				
	- Project Finance	251,769	204,875	145,815
	- Hedging Costs/(Benefit)	5,593	264	-
	- Others (Shareholders Loan Interest)	28,822	29,873	30,092
		<u>286,184</u>	<u>235,012</u>	<u>175,907</u>
Net Operating Profit/(Loss) as Per Profit & Loss Account		<u>309,648</u>	<u>506,069</u>	<u>733,284</u>

Three-year Rolling Projection of Net Revenue and Operational Costs 2000/01

Western Harbour Tunnel Co Ltd

Net Revenue Statement for the period ended

HK\$'000	Planning Year Ended Jul-02	Planning Year Ended Jul-03	Planning Year Ended Jul-04
Net Operating Profit/(Loss) per Operating Accounts	<u>4,720</u>	<u>101,626</u>	<u>282,298</u>
Add :			
Depreciation	130,889	138,989	148,718
Disallowed interest	<u>27,665</u>	<u>31,547</u>	<u>34,762</u>
sub-total	<u>158,554</u>	<u>170,536</u>	<u>183,480</u>
Sub-total	<u>163,274</u>	<u>272,162</u>	<u>465,778</u>
Less :			
Disallowed income	(595)	(661)	(820)
Asset Replacement	<u>(1,791)</u>	<u>(3,045)</u>	<u>(245)</u>
sub-total	<u>(2,386)</u>	<u>(3,706)</u>	<u>(1,065)</u>
Sub-total	<u>160,888</u>	<u>268,456</u>	<u>464,713</u>
Adjusted Net Revenue for year	<u>160,888</u>	<u>268,456</u>	<u>464,713</u>
Minimum Net Revenue	713,000	794,000	880,000
Upper Net Revenue	1,016,000	1,106,000	1,202,000
Maximum Net Revenue	1,128,000	1,221,000	1,321,000

Western Harbour Tunnel Co Ltd

Operating Accounts for the period ended

HKS'000

		Planning Year Ended Jul-02	Planning Year Ended Jul-03	Planning Year Ended Jul-04
Income				
Tolls		594,051	663,315	815,352
Advertising		8,039	8,127	8,456
Insurance claims		-	-	-
Others		26,831	23,156	19,066
Total Income		<u>628,921</u>	<u>694,598</u>	<u>842,874</u>
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	24,604	25,393	26,197
	- Engineering	12,399	12,792	13,199
On costs	- Traffic	1,730	1,821	1,878
	- Engineering	896	1,006	1,061
Staff Cost - Indirect				
Salaries	- Directors	-	-	-
Salaries	- Administration	15,127	15,605	16,111
	- Others	-	-	-
Directors Fees		-	-	-
On costs	- Directors	-	-	-
On costs	- Administration	801	923	1,134
	- Others	-	-	-
Total Staff Costs		<u>55,557</u>	<u>57,540</u>	<u>59,580</u>
Maintenance Costs				
Tunnel	- Routine	4,259	4,542	4,829
	- Major	-	-	-
Buildings etc		382	405	417
Vehicles		2,430	2,639	2,817
Total Maintenance Costs		<u>7,071</u>	<u>7,586</u>	<u>8,063</u>
Rates		25,715	28,907	36,048
Utility Expenses		7,607	7,841	8,084
Insurance (including minor deductibles)		3,901	4,037	4,155
Professional fees		2,334	2,402	2,484
Others		7,906	8,069	8,262
Depreciation		130,889	138,989	148,718
		<u>178,352</u>	<u>190,245</u>	<u>207,751</u>
Total expenditure		<u>240,980</u>	<u>255,371</u>	<u>275,394</u>
Operating Profit/(Loss)		<u>387,941</u>	<u>439,227</u>	<u>567,480</u>
Interest Expenses				
	- Project Finance	357,354	306,202	250,420
	- Hedging Costs/(Benefit)	(1,798)	(148)	-
	- Others (Shareholders Loan Interest)	27,665	31,547	34,762
		<u>383,221</u>	<u>337,601</u>	<u>285,182</u>
Net Operating Profit/(Loss) as Per Profit & Loss Account		<u>4,720</u>	<u>101,626</u>	<u>282,298</u>

Three-year Rolling Projection of Net Revenue and Operational Costs 1999/2000

Western Harbour Tunnel Co Ltd

Net Revenue Statement for the period ended

HK\$'000	Planning Year Ended Jul-01	Planning Year Ended Jul-02	Planning Year Ended Jul-03
Net Operating Profit/(Loss) per Operating Accounts	<u>(2,838)</u>	<u>103,076</u>	<u>225,208</u>
Add :			
Depreciation	124,315	131,140	139,344
Notional adjustment for lost revenue	-	-	-
Disallowed interest	24,172	27,013	29,777
Others	-	-	-
sub-total	<u>148,487</u>	<u>158,153</u>	<u>169,121</u>
Sub-total	<u>145,649</u>	<u>261,229</u>	<u>394,329</u>
Less :			
Disallowed income	(1,631)	(1,796)	(2,001)
Asset Replacement	(4,137)	(4,479)	(610)
Others	-	-	-
sub-total	<u>(5,768)</u>	<u>(6,275)</u>	<u>(2,611)</u>
Sub-total	139,881	254,954	391,718
Other Adjustments	-	-	-
Adjusted Net Revenue for year	<u>139,881</u>	<u>254,954</u>	<u>391,718</u>
Minimum Net Revenue	506,000	713,000	794,000
Upper Net Revenue	768,000	1,016,000	1,106,000
Maximum Net Revenue	865,000	1,128,000	1,221,000

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-01	Planning Year Ended Jul-02	Planning Year Ended Jul-03
Income				
Tolls		614,952	684,348	770,080
Advertising		8,456	8,713	9,006
Insurance claims		-	-	-
Others		26,389	29,991	33,544
Total Income		649,797	723,052	812,630
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	24,439	25,164	25,912
	- Engineering	12,462	12,836	13,227
On costs	- Traffic	1,632	1,882	1,976
	- Engineering	832	989	1,097
Staff Cost - Indirect				
Salaries	- Directors	-	-	-
Salaries	- Administration	15,079	15,529	15,991
	- Others	-	-	-
Directors Fees		-	-	-
On costs	- Directors	-	-	-
On costs	- Administration	745	930	1,112
	- Others	-	-	-
Total Staff Costs		55,189	57,330	59,315
Maintenance Costs				
Tunnel	- Routine	6,558	7,060	7,635
	- Major	-	-	-
Buildings etc		228	250	271
Vehicles		2,149	2,392	2,661
Total Maintenance Costs		8,935	9,702	10,567
Rates		26,477	29,663	33,631
Utility Expenses		8,243	8,487	8,745
Insurance (including minor deductibles)		4,999	5,156	5,344
Professional fees		3,759	3,921	4,046
Others		10,108	10,348	10,610
Depreciation		124,315	131,140	139,344
		177,901	188,715	201,720
Total expenditure		242,025	255,747	271,602
Operating Profit/(Loss)		407,772	467,305	541,028
Interest Expenses				
	- Project Finance	372,984	335,338	286,117
	- Hedging Costs/(Benefit)	13,454	1,878	(74)
	- Others (Shareholders Loan Interest)	24,172	27,013	29,777
		410,610	364,229	315,820
Net Operating Profit/(Loss) as Per Profit & Loss Account		(2,838)	103,076	225,208

Three-year Rolling Projection of Net Revenue and Operational Costs 1998/99

Western Harbour Tunnel Co Ltd

Net Revenue Statement for the period ended

HK\$'000	Planning Year Ended Jul-00	Planning Year Ended Jul-01	Planning Year Ended Jul-02
Net Operating Profit/(Loss) per Operating Accounts	<u>(98,330)</u>	<u>(12,600)</u>	<u>89,287</u>
Add :			
Depreciation	120,202	128,255	134,453
Notional adjustment for lost revenue	-	-	-
Disallowed interest	252,611	279,709	310,472
Others	-	-	-
Sub-total	<u>274,483</u>	<u>395,364</u>	<u>534,212</u>
Less :			
Disallowed income	(2,088)	(2,294)	(2,532)
Asset Replacement	(13,355)	(493)	(388)
Others	-	-	-
Sub-total	<u>259,040</u>	<u>392,577</u>	<u>531,292</u>
Other Adjustments	-	-	-
Adjusted Net Revenue for year	<u>259,040</u>	<u>392,577</u>	<u>531,292</u>
Minimum Net Revenue	253,000	506,000	713,000
Upper Net Revenue	354,000	768,000	1,016,000
Maximum Net Revenue	354,000	865,000	1,128,000

Western Harbour Tunnel Co Ltd

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-00	Planning Year Ended Jul-01	Planning Year Ended Jul-02
Income				
Tolls		827,667	915,126	1,014,110
Advertising		11,995	15,858	20,587
Insurance claims		-	-	-
Others		15,615	17,526	19,339
Total Income		<u>855,277</u>	<u>948,510</u>	<u>1,054,036</u>
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	29,772	31,261	32,834
	- Engineering	16,947	17,796	18,688
On costs	- Traffic	1,671	1,781	1,945
	- Engineering	1,128	1,212	1,584
Staff Cost - Indirect				
Salaries	- Directors	-	-	-
	- Administration	15,632	16,295	16,987
	- Others	-	-	-
Directors Fees		-	-	-
On costs	- Directors	-	-	-
	- Administration	785	909	1,077
	- Others	-	-	-
Total Staff Costs		<u>65,935</u>	<u>69,254</u>	<u>73,115</u>
Maintenance Costs				
Tunnel	- Routine	7,840	8,794	9,650
	- Major	-	-	-
Buildings etc		567	398	448
Vehicles		2,281	2,622	2,993
Total Maintenance Costs		<u>10,688</u>	<u>11,814</u>	<u>13,091</u>
Rates		25,659	28,454	31,621
Utility Expenses		13,391	14,045	14,755
Insurance (including minor deductibles)		4,747	4,986	5,244
Professional fees		4,052	4,420	4,688
Others		17,413	18,444	19,339
Depreciation		120,202	128,255	134,453
		185,464	198,604	210,100
Total expenditure		<u>262,087</u>	<u>279,672</u>	<u>296,306</u>
Operating Profit/(Loss)		593,190	668,838	757,730
Interest Expenses				
	- Project Finance	432,908	401,729	357,971
	- Hedging Costs/(Benefit)	6,001	-	-
	- Others (Shareholders Loan Interest)	252,611	279,709	310,472
		<u>691,520</u>	<u>681,438</u>	<u>668,443</u>
Net Operating Profit/(Loss) as Per Profit & Loss Account		<u>(98,330)</u>	<u>(12,600)</u>	<u>89,287</u>

Three-year Rolling Projection of Net Revenue and Operational Costs 1997/98

Western Harbour Tunnel Co Ltd

HK\$ '000	Forecast Year Ended 1999	Forecast Year Ended 2000	Forecast Year Ended 2001
Net Revenue Statement for the period ended			
Net Operating Profit / (Loss) per Operating Accounts	(295,033)	(240,927)	(181,301)
Add :			
Depreciation	127,767	141,435	155,848
Notional adjustment for lost revenue	-	-	-
Disallowed interest	251,736	292,956	329,868
Others	-	-	-
	379,503	434,391	485,716
Less :			
Disallowed income	(2,048)	(2,655)	(2,985)
Asset replacements	(4,711)	(5,874)	(6,542)
Others	-	-	-
	(6,759)	(8,529)	(9,527)
Other Adjustments	(5,611)	(6,032)	(6,484)
Adjusted Net Revenue for year	72,100	178,903	288,403
Minimum Net Revenue	201,000	253,000	506,000
Upper Net Revenue	297,000	354,000	768,000
Maximum Net Revenue	297,000	354,000	865,000

Western Harbour Tunnel Co Ltd

Operating Accounts

HKS '000	Y.E. 31 July 1999	Y.E. 31 July 2000	Y.E. 31 July 2001
Income			
Tolls	716,408	873,802	979,323
Advertising	6,000	6,000	6,000
Others	7,929	8,842	9,776
Total Income	730,337	888,644	995,099
Operating Expenses			
Staff Cost - Direct			
Salaries	- Traffic (23,849)	(25,635)	(27,562)
	- Engineering (16,768)	(18,024)	(19,376)
On Costs	- Traffic (7,909)	(8,507)	(9,141)
	- Engineering (4,691)	(5,043)	(5,420)
	(53,217)	(57,209)	(61,499)
Staff Cost - Indirect			
Salaries	- Administration (11,164)	(12,009)	(12,905)
Directors' Fees	(1,152)	(1,248)	(1,332)
On Costs	- Administration (5,239)	(4,891)	(5,271)
	(17,555)	(18,148)	(19,508)
Total Staff Costs	(70,772)	(75,357)	(81,007)
Maintenance Costs			
Tunnel	- Routine (16,090)	(17,931)	(18,171)
Building etc	(1,891)	(2,035)	(2,188)
Vehicles	(2,523)	(2,848)	(3,112)
Total Maintenance Costs	(20,504)	(22,814)	(23,471)
Rates	(21,910)	(26,659)	(29,853)
Utility and Communication	(23,235)	(26,427)	(30,176)
Legal & Professional	(5,739)	(6,168)	(6,630)
Administrative Expenses	(26,620)	(29,741)	(32,457)
Dépreciation	(127,767)	(141,435)	(155,848)
Total Operating Expenditure	(296,547)	(328,601)	(359,442)
Operating Profit / (Loss)	433,790	560,043	635,657
Interest Expenses			
Finance Charges	(476,078)	(490,047)	(464,980)
Hedging (Cost)/Benefit	(1,009)	(17,967)	(22,110)
Shareholders Loan Interest	(251,736)	(292,956)	(329,868)
Net Finance Charges	(728,823)	(800,970)	(816,958)
Net Operating Profit / (Loss) as per Profit and Loss Account	(295,033)	(240,927)	(181,301)

Annual Operating Cost and Net Revenue Budgets (1997/98 – 2005/06)

WESTERN HARBOUR TUNNEL COMPANY LIMITED
BUDGETED OPERATING ACCOUNTS
FOR THE YEAR ENDED

	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income									
Tolls	863,668	705,829	681,292	741,720	694,020	579,891	548,067	724,956	419,597
Advertising	4,555	8,736	5,695	8,139	8,038	7,801	7,783	8,743	2,500
Others	14,311	4,709	5,451	13,746	25,487	25,952	23,134	13,246	3,419
	<u>882,534</u>	<u>719,274</u>	<u>692,438</u>	<u>763,605</u>	<u>727,545</u>	<u>613,644</u>	<u>578,984</u>	<u>746,945</u>	<u>425,516</u>
Operating expenditure									
Staff cost - direct									
Salaries									
- Traffic	22,094	21,592	21,895	21,926	22,357	23,841	23,722	28,357	22,183
- Engineering	14,396	14,265	14,628	14,683	15,073	12,011	12,102	16,445	15,370
On costs									
- Traffic	1,731	1,745	1,576	1,644	1,554	1,539	1,489	1,509	7,354
- Engineering	1,181	1,186	1,072	1,085	1,031	793	733	1,036	4,338
Staff cost - indirect									
Salaries									
- Administration	13,338	13,476	13,626	14,046	15,144	14,665	14,622	14,915	10,242
Directors fees	-	-	-	-	-	-	-	-	1,080
On costs									
- Administration	865	845	847	790	716	695	612	691	8,538
	<u>53,605</u>	<u>53,109</u>	<u>53,644</u>	<u>54,174</u>	<u>55,875</u>	<u>53,544</u>	<u>53,280</u>	<u>62,953</u>	<u>69,105</u>
Maintenance									
Tunnel									
- Routine	9,151	6,434	5,895	5,846	4,840	6,508	6,136	7,258	10,426
- Major	4,563	3,879	5,678	2,195	-	-	-	-	-
Buildings etc									
- Routine	571	813	572	486	495	360	217	350	1,439
- Major	561	790	119	-	-	-	-	-	-
Vehicles	1,803	2,148	2,024	2,049	2,281	2,236	2,021	2,015	2,174
	<u>16,649</u>	<u>14,064</u>	<u>14,288</u>	<u>10,576</u>	<u>7,616</u>	<u>9,104</u>	<u>8,374</u>	<u>9,623</u>	<u>14,039</u>
Rates	30,422	26,899	26,255	26,999	26,796	19,922	16,538	15,320	12,766
Utility Expense	7,671	7,025	6,956	7,114	6,838	7,378	8,004	8,824	14,220
Insurance	20,638	18,913	18,944	16,494	4,793	3,749	4,438	4,477	3,796
Professional fees	5,631	7,770	7,440	8,584	5,456	6,233	5,694	5,247	5,746
Others	7,795	7,598	7,659	6,764	7,224	7,700	9,525	16,898	21,570
Depreciation	177,579	167,068	146,833	137,092	130,448	124,187	116,318	110,550	114,227
	<u>249,736</u>	<u>235,273</u>	<u>214,087</u>	<u>203,047</u>	<u>181,555</u>	<u>169,169</u>	<u>160,517</u>	<u>161,316</u>	<u>172,325</u>
Total expenditure	<u>319,990</u>	<u>302,446</u>	<u>282,019</u>	<u>267,797</u>	<u>245,046</u>	<u>231,817</u>	<u>222,171</u>	<u>233,892</u>	<u>255,469</u>
Operating profit/(loss)	<u>562,544</u>	<u>416,828</u>	<u>410,419</u>	<u>495,808</u>	<u>482,499</u>	<u>381,827</u>	<u>356,813</u>	<u>513,053</u>	<u>170,047</u>
Interest expenses									
- Project finance	124,621	134,705	150,270	152,439	296,478	396,209	395,182	450,081	421,760
- Hedging costs/(benefit)	(5,423)	5,161	10,418	71,825	18,933	2,801	24,972	(70)	12,375
- Others (shareholders loan interest)	56,532	58,538	30,239	28,825	26,350	24,231	22,377	226,958	207,847
	<u>175,730</u>	<u>198,404</u>	<u>190,927</u>	<u>253,089</u>	<u>341,761</u>	<u>423,241</u>	<u>442,531</u>	<u>676,969</u>	<u>641,982</u>
Net operating profit/(loss) before tax as per Profit & Loss Account	<u>386,814</u>	<u>218,424</u>	<u>219,492</u>	<u>242,719</u>	<u>140,738</u>	<u>(41,414)</u>	<u>(85,718)</u>	<u>(163,916)</u>	<u>(471,935)</u>

WESTERN HARBOUR TUNNEL COMPANY LIMITED
BUDGETED NET REVENUE STATEMENT
FOR THE YEAR ENDED

	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net operating profit/(loss) before tax per operating accounts	386,814	218,424	219,492	242,719	140,738	(41,414)	(85,718)	(163,916)	(471,935)
Add:									
Depreciation	177,579	167,068	146,833	137,092	130,448	124,187	116,318	110,550	114,227
Disallowed interest	56,532	58,538	30,239	28,825	26,350	24,231	22,377	226,958	207,847
Actual interest expense payable by the Franchisee in accordance with the Facilities Agreement date 16th August 2002 and already deducted from the operating account									
- Bank interest payable	119,655	129,833	145,514	-	-	-	-	-	-
- Hedging cost/benefit	(5,423)	5,161	10,418	-	-	-	-	-	-
- Commitment fee	661	517	614	-	-	-	-	-	-
- Agency fee	250	251	250	-	-	-	-	-	-
- Amortisation of front-end fee and others	4,093	4,104	4,104	-	-	-	-	-	-
Sub-total	740,161	583,896	557,464	408,636	297,536	107,004	52,977	173,592	(149,861)
Less:									
Disallowed income	(38)	-	(212)	(123)	(500)	(586)	(1,472)	(1,828)	(1,037)
Asset replacements	(9,665)	(9,190)	(1,393)	(1,468)	(4,243)	(3,211)	(2,993)	(13,170)	(16,052)
Interest expenses after refinancing	(79,922)	(114,826)	(154,249)	-	-	-	-	-	-
Other adjustments	(89,625)	(124,016)	(155,854)	(1,591)	(4,743)	(3,797)	(4,465)	(14,998)	(17,089)
Adjusted net revenue for year	650,536	459,880	401,610	407,045	292,793	103,207	48,512	158,594	(191,950)
Minimum net revenue	1,455,000	1,190,000	880,000	794,000	713,000	506,000	253,000	201,000	154,000
Upper net revenue	1,881,000	1,570,000	1,202,000	1,106,000	1,016,000	768,000	354,000	297,000	242,000
Maximum net revenue	2,039,000	1,711,000	1,321,000	1,221,000	1,128,000	865,000	354,000	297,000	242,000


		2005/06	2004/05	2003/04
		HK\$'000	HK\$'000	HK\$'000
Interest Expenses after refinancing (Pursuant to Clause 12F(a) and (d) of the Project Agreement)				
Actual bank interest payable already deducted from the Operating Account	a	119,655	129,833	145,514
Actual hedging cost/benefit already deducted from the Operating Account	b	(5,423)	5,161	10,418
	c=a+b	114,232	134,994	155,932
Notional weighted average loan outstanding under 1993 loan facility	d	1,489,070	2,202,956	2,852,708
Actual weighted average loan outstanding under 2002 loan facility	e	2,270,490	2,704,636	2,979,799
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility	f=c*(d/e)	74,918	109,954	149,281
Actual commitment fee already deducted from the Operating Account	g	661	517	614
Actual agency fee already deducted from the Operating Account	h	250	251	250
Actual other financial expense already deducted from the Operating Account	i	-	-	-
Amortization of actual front-end fee and other costs of refinancing capitalized already deducted from the Operating Account	j	4,093	4,104	4,104
	k=sum of (f to j)	79,922	114,826	154,249
Actual bank interest payable already deducted from the Operating Account	a	119,655	129,833	145,514
Notional weighted average loan outstanding under 1993 loan facility	d	1,489,070	2,202,956	2,852,708
Actual weighted average loan outstanding under 2002 loan facility	e	2,270,490	2,704,636	2,979,799
Actual weighted average HIBOR plus margin payable under 1993 loan facility	l	6.00%	5.51%	5.50%
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	m	5.27%	4.80%	4.87%
		0.77%	0.79%	0.87%
Notional bank interest payable for 1993 loan facility	n=a*(d/e)*(l/m)	89,344	121,464	157,329
Actual hedging cost/benefit already deducted from the Operating Account	b	(5,423)	5,161	10,418
Notional weighted average loan outstanding under 1993 loan facility	d	1,489,070	2,202,956	2,852,708
Actual weighted average loan outstanding under 2002 loan facility	e	2,270,490	2,704,636	2,979,799
Notional hedging cost/benefit for 1993 loan facility	o=b*(d/e)	(3,557)	4,204	9,974
Commitment fee as per 1993 loan facility	p	-	-	-
Financial fee as per 1993 loan facility	q	1,560	1,560	1,430
Security fee as per 1993 loan facility	r	192	192	192
	s=n+o+p+q+r	87,539	127,420	168,925
Interest Expense after refinancing for the purpose of Net Revenue determination	the lower of k or s	79,922	114,826	154,249

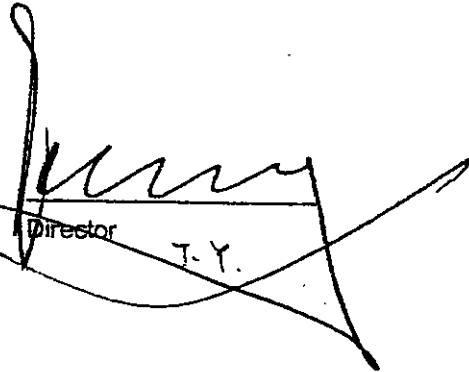
Net Revenue Statement 2003/04

WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 2004

	2004 HK\$'000	2003 HK\$'000
Net operating profit for the year	223,771	158,902
Add:		
Depreciation	146,576	137,042
Disallowed interest	30,238	29,744
	<u>400,585</u>	<u>325,688</u>
Less:		
Disallowed income	(11)	(114)
Asset replacements	(944)	(479)
	<u>(955)</u>	<u>(593)</u>
	<u>399,630</u>	<u>325,095</u>
Other adjustments	58	(51)
Net revenue for the year	<u>399,688</u>	<u>325,044</u>


Director V.Y.


Director T.Y.

Appendix

WESTERN HARBOUR TUNNEL COMPANY LIMITED

**INTEREST EXPENSE AFTER REFINANCING
FOR THE YEAR ENDED 31ST JULY 2004**

	Note	2004 HK\$'000	2003 HK\$'000
Actual bank interest payable already deducted from the Operating Account	1	41,343	73,482
Actual hedging cost/benefit already deducted from the Operating Account	1	78,391	72,566
		<u>119,734</u>	<u>146,048</u>
Notional weighted average loan outstanding under 1993 loan facility	2	2,852,708	3,429,047
Notional weighted average loan outstanding under 1993 loan facility subject to no greater than actual weighted average loan outstanding under 2002 loan facility	4	2,852,708	3,205,562
Actual weighted average loan outstanding under 2002 loan facility	3	<u>2,869,146</u>	<u>3,205,562</u>
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility subject to no greater than actual weighted average loan outstanding under 2002 loan facility	5	119,048	146,048
Actual charges already deducted from the Operating Account			
Commitment fee	6	832	443
Agency fee	6	250	229
Other financial expense	6	-	-
Amortisation of refinancing costs capitalised	6	4,164	3,804
		<u>124,294</u>	<u>150,524</u>
Actual bank interest payable already deducted from the Operating Account	1	41,343	73,482
Notional weighted average loan outstanding under 1993 loan facility	2	2,852,708	3,429,047
Actual weighted average loan outstanding under 2002 loan facility	3	<u>2,869,146</u>	<u>3,205,562</u>
Actual weighted average HIBOR plus margin payable under 1993 loan facility	8	2.0710%	3.1054%
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	7	<u>1.4410%</u>	<u>2.4754%</u>
Notional bank interest payable for 1993 loan facility		59,078	98,610
Actual hedging cost/benefit already deducted from the Operating Account	1	78,391	72,566
Notional weighted average loan outstanding under 1993 loan facility	2	2,852,708	3,429,047
Actual weighted average loan outstanding under 2002 loan facility	3	<u>2,869,146</u>	<u>3,205,562</u>
Notional hedging cost/benefit for 1993 loan facility		77,942	77,625
Financial fee under the 1993 loan facility	9	1,444	1,158
Security fee under the 1993 loan facility	10	195	181
		<u>79,581</u>	<u>78,964</u>
		<u>138,659</u>	<u>177,574</u>
Interest Expenses after refinancing for the purpose of Net Revenue determination		<u>124,294</u>	<u>150,524</u>

Net Revenue Statement 2002/03

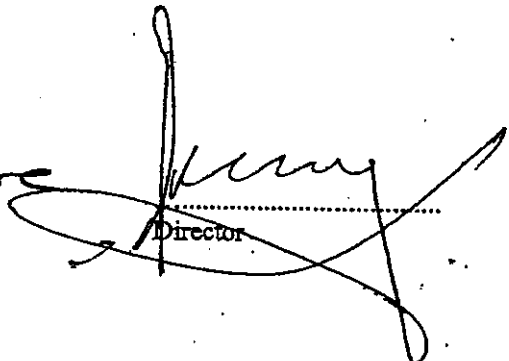
WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 2003

	2003 HK\$'000	2002 HK\$'000
Net operating profit	158,902	145,173
Add:		
Depreciation	137,042	129,802
Disallowed interest	29,744	25,963
	<hr/> 325,688	<hr/> 300,938
Less:		
Disallowed income	(114)	(205)
Asset replacements	(479)	(1,200)
	<hr/> 325,095	<hr/> 299,533
Other adjustments	(51)	(128)
Net revenue for the year	<hr/> <hr/> 325,044	<hr/> <hr/> 299,405



Director



Director

WESTERN HARBOUR TUNNEL COMPANY LIMITED

ADJUSTED NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 2003

	HK\$'000
Net revenue for the year	<u>325,044</u>
Add:	
Actual Interest Expense payable by the Franchisee in accordance with the Facilities Agreement dated 16th August 2002 and already deducted from the Operating Account (for the period 28/8/2002 to 31/7/2003)	
Bank interest payable	73,482
Hedging cost/benefit	72,566
Commitment fee	443
Agency fee	229
Amortisation of front-end fee and other costs of refinancing capitalised	<u>3,804</u>
	<u>150,524</u>
Adjusted net revenue before Interest Expense	475,568
Less:	
Interest Expense after refinancing (Appendix)	<u>(150,524)</u>
Adjusted net revenue for the year	<u><u>325,044</u></u>

Clare Moore

Director


Director

APPENDIX

WESTERN HARBOUR TUNNEL COMPANY LIMITED

INTEREST EXPENSE AFTER REFINANCING
FOR THE YEAR ENDED 31ST JULY 2003

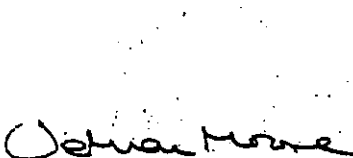
	Note	HK\$'000	HK\$'000
Actual bank interest payable already deducted from the Operating Account	1	73,482	
Actual hedging cost/benefit already deducted from the Operating Account	1	72,566	
		<u>146,048</u>	
Notional weighted average loan outstanding under 1993 loan facility	2	3,429,047	
Notional weighted average loan outstanding under 1993 loan facility subject to no greater than actual weighted average loan outstanding under 2002 loan facility	4	3,205,562	
Actual weighted average loan outstanding under 2002 loan facility	3	<u>3,205,562</u>	
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility subject to no greater than actual weighted average loan outstanding under 2002 loan facility	5		146,048
Actual charges already deducted from the Operating Account			
Commitment fee	6		443
Agency fee	6		229
Other financial expense	6		-
Amortisation of actual front-end fee and other costs of refinancing capitalised	6		3,804
			<u>150,524</u>
Actual bank interest payable already deducted from the Operating Account	1	73,482	
Notional weighted average loan outstanding under 1993 loan facility	2	3,429,047	
Actual weighted average loan outstanding under 2002 loan facility	3	<u>3,205,562</u>	
Actual weighted average HIBOR plus margin payable under 1993 loan facility	8	3.1054%	
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	7	2.4754%	
Notional bank interest payable for 1993 loan facility			98,610
Actual hedging cost/benefit already deducted from the Operating Account	1	72,566	
Notional weighted average loan outstanding under 1993 loan facility	2	3,429,047	
Actual weighted average loan outstanding under 2002 loan facility	3	<u>3,205,562</u>	
Notional hedging cost/benefit for 1993 loan facility			77,625
Commitment fee as per 1993 loan facility			1,158
Financial fee under the 1993 loan facility	9		181
Security fee under the 1993 loan facility	10		-
			<u>177,574</u>
Interest Expense after refinancing for the purpose of Net Revenue determination			<u>150,524</u>

Net Revenue Statement 2001/02

WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 2002

	2002 HK\$'000	2001 HK\$'000
Net operating profit	145,173	26,728
Add: Depreciation	129,802	123,428
Disallowed interest	25,963	23,513
	<u>300,938</u>	<u>173,669</u>
Less: Disallowed income	(205)	(718)
Asset replacements	(1,200)	(608)
	<u>299,533</u>	<u>172,343</u>
Other adjustments	(128)	(144)
Adjusted net revenue for the year	<u><u>299,405</u></u>	<u><u>172,199</u></u>


Director


Director

Net Revenue Statement 2000/01

WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 2001

	2001 HK\$'000	2000 HK\$'000
Net operating profit/(loss)	26,728	(77,694)
Add: Depreciation	123,428	115,955
Disallowed interest	23,513	22,150
	<u>173,669</u>	<u>60,411</u>
Less: Disallowed income	(718)	(651)
Asset replacements	(608)	(915)
	<u>172,343</u>	<u>58,845</u>
Other adjustments	(144)	13
Adjusted net revenue for the year	<u><u>172,199</u></u>	<u><u>58,858</u></u>

Clara Moore
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Director

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Director

Net Revenue Statement 1999/2000

WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 2000

	2000 HK\$'000	1999 HK\$'000
Net operating loss	(77,694)	(178,783)
Add: Depreciation	115,955	108,448
Disallowed interest	22,150	20,041
	<u>60,411</u>	<u>(50,294)</u>
Less: Disallowed income	(651)	(817)
Asset replacements	(915)	(1,212)
	<u>58,845</u>	<u>(52,323)</u>
Other adjustments	13	(16)
Adjusted net revenue/(deficit) for the year	<u>58,858</u>	<u>(52,339)</u>

Clara Moore
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Director

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Director

Net Revenue Statement 1998/99

WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 1999

	1999 HK\$'000	1998 HK\$'000
NET OPERATING LOSS	(178,783)	(424,920)
ADD: DEPRECIATION	108,448	101,219
DISALLOWED INTEREST	20,041	119,624
	<u>(50,294)</u>	<u>(204,077)</u>
LESS: DISALLOWED INCOME	(817)	(1,154)
ASSET REPLACEMENTS	(1,212)	(1,337)
	<u>(52,323)</u>	<u>(206,568)</u>
OTHER ADJUSTMENTS	(16)	(1,522)
ADJUSTED NET DEFICIT FOR THE YEAR	<u>(52,339)</u>	<u>(208,090)</u>



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Net Revenue Statement 1997/98

WESTERN HARBOUR TUNNEL COMPANY LIMITED

NET REVENUE STATEMENT
FOR THE YEAR ENDED 31ST JULY 1998

	1998 HK\$'000
NET OPERATING LOSS	(424,920)
ADD: DEPRECIATION	101,219
DISALLOWED INTEREST	119,624
	<u>(204,077)</u>
LESS: DISALLOWED INCOME	(1,154)
ASSET REPLACEMENTS	(1,337)
	<u>(206,568)</u>
OTHER ADJUSTMENTS	(1,522)
ADJUSTED NET DEFICIT FOR THE YEAR	<u>(208,090)</u>


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Director


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Director

