

Three-year Rolling Projection of Net Revenue and Operating Costs 2006/07**Net Revenue Statement for the period ended****Budget 2006/07****HK\$'000**

	Planning Year Ended Jul-08	Planning Year Ended Jul-09	Planning Year Ended Jul-10
Net Operating Profit/(Loss) before tax per Operating Accounts	363,723	487,271	620,476
Add :			
Depreciation	220,878	227,523	238,851
Notional adjustment for lost revenue	-	-	-
Disallowed interest	25,717	24,232	22,493
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	83,389	55,142	19,942
- Hedging cost/benefit	(10,568)	(1,482)	-
- Commitment fee	671	746	918
- Agency fee	250	250	250
- Other financial expenses	-	-	-
- Amortization of front-end fee and others	4,804	3,541	1,292
Others	-	-	-
sub-total	325,141	309,952	283,746
Sub-total	688,864	797,223	904,222
Less :			
Disallowed income	(323)	(370)	(420)
Asset Replacement	(2,861)	(3,202)	(1,341)
Interest Expenses after refinancing	(9,038)	-	-
Others	-	-	-
sub-total	(12,222)	(3,572)	(1,761)
Sub-total	676,642	793,651	902,461
Other Adjustments	-	-	-
Adjusted Net Revenue for year	676,642	793,651	902,461
Minimum Net Revenue	1,623,000	1,876,000	2,028,000
Upper Net Revenue	2,061,000	2,369,000	2,562,000
Maximum Net Revenue	2,223,000	2,551,000	2,760,000

Net Revenue Statement for the period ended
Budget 2006/07
HK\$'000

		Planning Year Ended Jul-08	Planning Year Ended Jul-09	Planning Year Ended Jul-10
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	83,389	55,142	19,942
Actual hedging cost/benefit already deducted from the Operating Account	b	(10,568)	(1,482)	-
	c=a+b	<u>72,821</u>	<u>53,660</u>	<u>19,942</u>
Notional weighted average loan outstanding under 1993 loan facility	d	143,611	-	-
Actual weighted average loan outstanding under 2002 loan facility	e	1,441,267	955,700	345,611
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility	f=c*(d/e)	7,256	-	-
Actual commitment fee already deducted from the Operating Account	g	671	746	918
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	4,804	3,541	1,292
	k=sum of (f to j)	<u>12,981</u>	<u>4,537</u>	<u>2,460</u>
Actual bank interest payable already deducted from the Operating Account	a	83,389	55,142	19,942
Notional weighted average loan outstanding under 1993 loan facility	d	143,611	-	-
Actual weighted average loan outstanding under 2002 loan facility	e	1,441,267	955,700	345,611
Actual weighted average HIBOR plus margin payable under 1993 loan facility	l	6.50%	6.50%	0.06500071
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	m	5.77% 0.77%	5.77% 0.77%	5.77% 0.77%
Notional bank interest payable for 1993 loan facility	n=a*(d/e)*(l/m)	9,360	-	-
Actual hedging cost/benefit already deducted from the Operating Account	b	(10,568)	(1,482)	-
Notional weighted average loan outstanding under 1993 loan facility	d	143,611	-	-
Actual weighted average loan outstanding under 2002 loan facility	e	1,441,267	955,700	345,611
Notional hedging cost/benefit for 1993 loan facility	o=b*(d/e)	(1,053)	-	-
Commitment fee as per 1993 loan facility	p	-	-	-
Financial fee as per 1993 loan facility	q	651	-	-
Security fee as per 1993 loan facility	r	80	-	-
	s=n+o+p+q+r	<u>9,038</u>	-	-
Interest Expense after refinancing for the purpose of Net Revenue determination	the lower of k or s	<u>9,038</u>	-	-

Operating Accounts for the period ended

HK\$'000		Planning Year Ended Jul-08	Planning Year Ended Jul-09	Planning Year Ended Jul-10
Income				
Tolls		811,464	929,340	1,045,235
Advertising		5,120	5,219	5,230
Insurance claims		-	-	-
Others		20,555	20,818	21,111
Total Income		<u>837,139</u>	<u>955,377</u>	<u>1,071,576</u>
Operating Expenditure				
Staff Cost - Direct				
Salaries	- Traffic	23,294	24,107	24,949
	- Engineering	15,218	15,744	16,301
On costs	- Traffic	1,895	1,971	2,043
	- Engineering	1,182	1,232	1,282
Staff Cost - Indirect				
Salaries	- Administration	14,148	14,649	15,162
On costs	- Administration	977	1,043	1,105
Total Staff Costs		<u>56,714</u>	<u>58,746</u>	<u>60,842</u>
Maintenance Costs				
Tunnel	- Routine	7,576	8,066	8,586
	- Major	3,488	3,756	4,052
Buildings etc	- Routine	769	825	888
	- Major	841	912	988
Vehicles		2,089	2,257	2,497
Total Maintenance Costs		<u>14,763</u>	<u>15,816</u>	<u>17,011</u>
Rates		34,844	40,304	45,686
Utility Expenses		7,658	7,943	8,217
Insurance (including minor deductibles)		20,243	20,944	21,681
Professional fees		6,054	6,254	6,459
Others		8,322	8,517	7,878
Depreciation		220,878	227,523	238,851
		<u>297,999</u>	<u>311,485</u>	<u>328,772</u>
Total expenditure		<u>369,476</u>	<u>386,047</u>	<u>406,625</u>
Operating Profit/(Loss)		<u>467,663</u>	<u>569,330</u>	<u>664,951</u>
Interest Expenses				
	- Project Finance	88,791	59,309	21,982
	- Hedging Costs/(Benefit)	(10,568)	(1,482)	-
	- Others (Shareholders Loan Interest)	25,717	24,232	22,493
		<u>103,940</u>	<u>82,059</u>	<u>44,475</u>
Net Operating Profit/(Loss) before tax as Per Profit & Loss Account		<u>363,723</u>	<u>487,271</u>	<u>620,476</u>

Annual Budget of Operating Costs and Net Revenue 2006/07

Operating Accounts for the period ended		Budget
HK\$'000		Year Ended
		Jul-07
Income		
Tolls		746,385
Advertising		4,860
Insurance claims		-
Others		20,319
Total Income		771,564
Operating Expenditure		
Staff Cost - Direct		
Salaries	- Traffic	22,507
	- Engineering	14,709
On costs	- Traffic	1,833
	- Engineering	1,145
Staff Cost - Indirect		
Salaries	- Administration	13,666
On costs	- Administration	944
Total Staff Costs		54,804
Maintenance Costs		
Tunnel	- Routine	7,191
	- Major	3,238
Buildings etc	- Routine	723
	- Major	773
Vehicles		1,921
Total Maintenance Costs		13,846
Rates		29,811
Utility Expenses		7,402
Insurance (including minor deductibles)		19,569
Professional fees		5,858
Others		8,155
Depreciation		200,008
		270,803
Total expenditure		339,453
Operating Profit/(Loss)		432,111
Interest Expenses		
	- Project Finance	113,455
	- Hedging Costs/(Benefit)	(13,978)
	- Others (Shareholders Loan Interest)	27,082
		126,559
Net Operating Profit/(Loss) before tax		305,552
as Per Profit & Loss Account		305,552

Net Revenue Statement for the period ended
Budget 2006/07
HK\$'000

Net Operating Profit/(Loss) before tax per Operating Accounts

Add:

Depreciation

Notional adjustment for lost revenue

Disallowed interest

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

- Hedging cost/benefit

- Commitment fee

- Agency fee

- Other financial expenses

- Amortization of front-end fee and others

Others

sub-total

Sub-total

Less:

Disallowed income

Asset Replacement

Interest Expenses after refinancing

Others

sub-total

Sub-total

Other Adjustments

Adjusted Net Revenue for year

Minimum Net Revenue

Upper Net Revenue

Maximum Net Revenue

	Budget Year Ended Jul-07
Net Operating Profit/(Loss) before tax per Operating Accounts	305,552
Add:	
Depreciation	200,008
Notional adjustment for lost revenue	-
Disallowed interest	27,082
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	106,676
- Hedging cost/benefit	(13,978)
- Commitment fee	731
- Agency fee	250
- Other financial expenses	-
- Amortization of front-end fee and others	6,112
Others	-
sub-total	326,881
Sub-total	632,433
Less:	
Disallowed income	(314)
Asset Replacement	(11,016)
Interest Expenses after refinancing	(47,364)
Others	-
sub-total	(58,694)
Sub-total	573,739
Other Adjustments	-
Adjusted Net Revenue for year	573,739
Minimum Net Revenue	1,549,000
Upper Net Revenue	1,983,000
Maximum Net Revenue	2,143,000

Net Revenue Statement for the period ended
Budget 2006/07
HK\$'000

Interest Expenses after refinancing

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

		Budget Year Ended Jul-07
Actual bank interest payable already deducted from the Operating Account	a	106,676
Actual hedging cost/benefit already deducted from the Operating Account	b	(13,978)
	c=a+b	92,698
Notional weighted average loan outstanding under 1993 loan facility	d	803,194
Actual weighted average loan outstanding under 2002 loan facility	e	1,848,817
Bank interest payable and hedging cost/benefit adjusted by the notional weighted average loan outstanding under 1993 loan facility	f=c*(d/e)	40,271
Actual commitment fee already deducted from the Operating Account	g	731
Actual agency fee already deducted from the Operating Account	h	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	6,112
	k=sum of (f to j)	47,364
Actual bank interest payable already deducted from the Operating Account	a	106,676
Notional weighted average loan outstanding under 1993 loan facility	d	803,194
Actual weighted average loan outstanding under 2002 loan facility	e	1,848,817
Actual weighted average HIBOR plus margin payable under 1993 loan facility	l	6.50%
Actual weighted average interest rate (i.e. HIBOR plus interest margin) payable under 2002 loan facility	m	5.77%
		0.77%
Notional bank interest payable for 1993 loan facility	n=a*(d/e)*(l/m)	52,207
Actual hedging cost/benefit already deducted from the Operating Account	b	(13,978)
Notional weighted average loan outstanding under 1993 loan facility	d	803,194
Actual weighted average loan outstanding under 2002 loan facility	e	1,848,817
Notional hedging cost/benefit for 1993 loan facility	o=b*(d/e)	(6,073)
Commitment fee as per 1993 loan facility	p	-
Financial fee as per 1993 loan facility	q	1,563
Security fee as per 1993 loan facility	r	192
	s=u+o+p+q+r	47,889
Interest Expense after refinancing for the purpose of Net Revenue determination	the lower of k or s	47,364