

T*urboJET, the Group's shipping investment arm, is one of the largest high-speed ferry operators in Asia.*



Shipping



Macau tourism rebounded in 2000 and the Group's shipping joint venture, Shun Tak – China Travel Shipping Investments Ltd., recorded a significant increase in total passenger traffic between Hong Kong and Macau.



A modern high-speed TurboJET vessel on the popular Hong Kong – Macau route.

Shun Tak – China Travel Shipping Investments Ltd. (ST-CTS), the Group's 71% owned shipping joint venture with China Travel International Investment Hong Kong Limited, owns and operates high-speed passenger ferry services between Hong Kong / Kowloon and Macau, Guangzhou and Shenzhen, under the trade name TurboJET. ST-CTS is one of the largest high-speed ferry operators in Asia.

The Group's shipping operation maintained its market leadership on the Hong Kong – Macau passenger ferry route during the year, a position it has enjoyed for more than three decades. For the year ended 31st December, 2000, ST-CTS accounted for approximately 92% of the total passenger traffic on the Hong Kong – Macau route.

As a result of the gradual economic recovery in the Southeast Asian region, together with improvements in Macau's social order since its reversion to Chinese sovereignty, Macau tourism rebounded

significantly during the year. The total number of passengers on the Hong Kong – Macau route increased to approximately 9.8 million in 2000, representing an impressive rise of 11.6% over the previous year. Passenger traffic on the Shenzhen and Guangzhou routes also increased by approximately 4.9% in the same period.

In June 2000, ST-CTS inaugurated a charter service arrangement with Sociedade de Turismo e Diversões de Macau, S.A.R.L. to provide a low-fare passenger ferry service between Kowloon and Macau for one year from 1st July, 2000. The arrangement serves to promote Macau tourism, as well as to provide a stable income for the Group's Kowloon – Macau route.

With a view to satisfying market demand, ST-CTS reconfigured its passenger ferries serving the Hong Kong – Macau route in March 2000, increasing economy class capacity by more than a third. ST-CTS continued to achieve synergistic benefit from its merger in June 1999. The company has achieved satisfactory cost savings

during the year from improved operation efficiency, as a result of steps such as rationalising the sailing schedule, standardising work procedures and removal of overlapping application of resources.

After careful consideration and with approval from the Government of HKSAR, ST-CTS discontinued its Hong Kong inner harbour Central – Tuen Mun and Central – Tai O routes in view of unsatisfactory passenger volume. This lack of market demand was mainly due to increased competition from road transport and changes in market condition. The vessels used on these routes were re-deployed to other routes to achieve better operating efficiency.

ST-CTS will continue to seek and implement effective marketing campaigns and improvements in its operation efficiency in order to enhance the quality of services and profitability of all its routes. The Group believes that ST-CTS will also continue to benefit from the upturn in tourism to Hong Kong and Macau.



Passengers travelling in the super class compartment of a TurboJET vessel.