



Accelerate Country's Advancement

Our investments in infrastructure projects span Hong Kong, Macau and Mainland China, operating vital utility services and infrastructure facilities. We bring warmth and light to million of homes; we facilitate high mobility of people and goods; we accelerate the advancement of our country.



Infrastructure

The operating performance of infrastructure division, including energy, roads, water and ports businesses, provided a sustainable contribution to the Group in FY2006.

During the period under review, the performance of the energy business was stable and presented a solid contribution. The combined electricity sales of Zhujiang Power Plants in FY2006 increased slightly by 1%. Aggregate sales revenue for the year grew by 5% as benefited not only by rise in electricity sales but also a tariff increment introduced in May 2005. In FY2006, the total fuel costs of Zhujiang Power Plants increased approximately by 6% which was due to the increase in coal price. Increase in both sales volume and tariffs, together with tight cost control, led to a slight improvement in overall profitability of Zhujiang Power Plants.

With an 11% increase in electricity sales, the overall performance of Macau Power continued to be satisfactory but its contribution to the Group's profit remains stable as a result of profit control scheme restrictions.

The overall performance of road business recorded a strong growth during the period under review. Performance of projects within the Pearl River Delta region was outstanding. Average daily traffic flow of Guangzhou City Northern Ring Road increased by 13% in FY2006. The contribution from Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) increased significantly in FY2006 as benefited by the strong economic development of the Pearl River Delta region and the opening of a connecting expressway in November 2005. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway was up 14% during the period under review.



In FY2006, Wuhan Airport Expressway and Tangjin Expressway (Tianjin North Section) posted a moderate growth in contribution.

The Group continues to consolidate its portfolio and divest investments generating lower than expected returns. During FY2006, the Group's interests in Roadway No. 1906 (Qingcheng Section) and Hui-Ao Roadway were disposed of.

Commencement of operations of Tianjin Tanggu Water Plant and Shanghai SCIP Water Treatment Plants in early 2005 and the strong performance of Chongqing Water Plant made an increase in profit contribution from water business. Meanwhile, performance of other water projects in Mainland China was satisfactory in FY2006.

The average daily water sales volume of Macau Water Plant increased by 6% year-on-year. However, the contribution from Macau Water Plant was affected by the increase in raw water tariff due to the seasonal salinity problem in early 2006. On the other hand, to cope with the increasing water demand, Macau Water Plant had scheduled an expansion of its existing treatment capacity.

As a result of the introduction of new shipping lines and the volume increase of existing major customers, Xiamen New World Xiangyu Terminals Co., Ltd. recorded a 16% volume growth to 736,000 TEUs in FY2006.



Due to the cessation of the coal business since March 2005, the contribution from Tianjin Orient Container Terminals Co., Ltd. (“TOCT”), operator of four container berths and one coal berth in Tianjin Xingang, was negatively affected. To improve its handling capacity and overall competitiveness, TOCT decided to convert the existing coal berth into a container handling facility. Major equipment and construction contracts have been signed and the conversion is expected to complete by early 2007.

In November 2005, NWS Holdings Limited (“NWSH”) invested in 18% interest in Tianjin Five Continents International Container Terminal Co., Ltd. which handled 831,000 TEUs in its first few months of operation.

