

Transportation, Infrastructure & Logistics



Transport International continues to provide quality service with its expert staff and updated bus fleet.



Control room equipped with advanced technology to monitor the traffic flow and ensure smooth operation of Route 3 (CPS).

Franchised Bus Operation

Transport International Holdings Limited (TIH) (formerly known as The Kowloon Motor Bus Holdings Limited), a publicly-listed company mainly engaged in franchised public bus operations in Hong Kong, is 33.3 per cent owned by the Group. TIH faced another challenging year in 2005. It experienced a 20 per cent drop in net profit to HK\$584.2 million due mainly to the upsurge in oil prices and increased competition from new railways. On a positive note, the company has successfully renewed the franchise for operating franchised public bus services in Hong Kong until 1 July 2017. Revenue and earnings of its non-franchised transport operations in Hong Kong also showed healthy growth, and the results of its joint ventures on the Mainland were encouraging.

RoadShow Holdings Limited, 73 per cent owned by TIH, is a publicly-listed company engaged in providing multi-media services in the out-of-home media market. The Group had an effective interest of about 25.6 per cent in the company as at 30 June 2006.

Toll Road

The Group owns 70 per cent of the **Route 3 (CPS) Company Limited**, which has a 30-year build-operate-transfer franchise on the dual three-lane north-south expressway between Yuen Long and Ting Kau running from 1995 to 2025.

The 3.8-kilometre Tai Lam Tunnel and 6.3-kilometre Tsing Long Highway provide a direct link from Lok Ma Chau and northwest New Territories to the container ports in Kwai Chung, Hong Kong International Airport, Disney theme park and the urban areas. The route reduces congestion on Tuen Mun Road and the Tolo Highway and offers a faster, safer, more convenient link for commuters.

The company recorded higher revenue during the year, which was partially offset by increased interest expense. Average traffic volume remained steady during the year under review.

Transport Infrastructure Management

The Group owns the **Wilson Group**, a prominent player in Hong Kong's parking, tunnel, bridge and toll road management business.

Parking

Wilson Parking continues to be preeminent among Hong Kong's parking operators, with 254 sites and 77,000 bays. Superior performance and a record of excellent service enabled the company to win a number of new public and private parking contracts. Wilson Parking has raised efficiency and honed its competitive edge by introducing more automation to its already sophisticated operations. The company's high-tech operational support centre is capable of closely monitoring and controlling its car parks, and a new car park information management system with state-of-the-art telemetry and software permits timely performance measurement and strict quality assurance.

Tunnel, bridge and toll road management

The Wilson Group manages and maintains the Route 3 (CPS) – the Tai Lam Tunnel and Tsing Long Highway linking the northwest and southwest New Territories. Its subsidiary Tsing Ma Management oversees the Tsing Ma Control Area, ensuring safe and smooth passage on the vital road link between Hong Kong International Airport and the urban areas. The Wilson Group's professional management of transport infrastructure and related security during the December 2005 World Trade Organization conference in Hong Kong won high praise from government officials.

The Wilson Group is committed to fully utilizing the latest smart technologies with its partners and clients in transport control and management. Its Autotoll subsidiary introduced electronic road toll collection with windscreen-mounted tags to Hong Kong, and the company reached an agreement with Guangdong's sole electronic toll collector, whereby customers will be able to use Autotoll to pay road tolls in Guangdong. The Wilson Group also won the contract to provide the latest user-friendly and versatile parking solutions at Hong Kong International Airport.

Port Business

The Group increased its stake in the **River Trade Terminal Company Limited** to 50 per cent in the year under review. The facility occupies a 65-hectare site in Tuen Mun with 3,000 metres of quay front, and provides container handling, storage and other port-related services. It handled over two million TEUs in 2005. The company has been steadily expanding its market share in river trade with measures to enhance operational efficiency.

The **Hoi Kong Container Services Company Limited** and **Faith and Safe Transportation Company Limited** are 50 per cent owned by the Group. The two companies provide comprehensive midstream service and yard storage, and are among the largest midstream operators in Hong Kong.



Wilson Group employs most advanced technology and professional expertise in the management of its transport infrastructure.

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Benefited by mainland's robust economy, occupancy of the Airport Freight Forwarding Centre continued to rise during the year.

Air Transport & Logistics Business

The **Airport Freight Forwarding Centre Company Limited** operates a world-class air freight facility at Hong Kong International Airport with over 1.3 million square feet of warehouse space for tenants. Occupancy continued to rise during the year, fuelled by the mainland's thriving economy and brisk trade.

Sun Hung Kai Logistics Holdings Limited and **Expresslink Logistics Limited** are Group subsidiaries offering comprehensive air cargo support services like storage, loading and unloading, collection and delivery, palletization and containerization.

The **Hong Kong Business Aviation Centre Limited** holds the franchise to serve private aircraft flying in or out of Hong Kong. The centre handled over 2,000 flights last year. To meet the rising demand, it has recently signed an agreement with Hong Kong Airport Authority to construct a second hangar, with completion target in 2007. The Group owns 35 per cent of the company.

Waste Management

The Group remains active in environmental protection through its 20 per cent stakes in both **Green Valley Landfill Limited** and **South China Transfer Limited**, working towards a cleaner, greener Hong Kong.

Green Valley operates a 100-hectare landfill site in Tseung Kwan O, which the company built to handle 43 million tonnes of waste. South China built and operates the territory's largest refuse transfer station, on the reclaimed area adjacent to the Stonecutters Island. The station processes about 2,600 tonnes of waste daily.

Both companies are cooperating closely with the government to limit the overall amount of refuse created in the territory following the introduction of the Construction Waste Charging Scheme at the end of 2005, helping preserve the local environment.

Other Investment Holdings

The Group has a 19.9 per cent interest in **USI Holdings Limited**, a publicly-listed company in the property and apparel businesses. The company's 2005 net profit rose strongly to HK\$368.5 million, as a result of good property sales and an upward revaluation of investment property values.

The Group sold its 50 per cent interest in **New-Alliance Asset Management (Asia) Limited** to its joint-venture partner Alliance Capital Management LP, generating a substantial profit.