

## *Infrastructure Division*

*The Group's infrastructure-related investments are fully operational and are contributing a steady source of recurrent earnings to the Group. The Western Harbour Tunnel has started to make a positive contribution to the Group whilst all other projects are operating within expectations.*

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### SHENZHEN KAIFENG TERMINAL

Shenzhen Kaifeng Terminal started operations in January 1994 and is continuing to make good progress. 643,745 TEUs were handled in 2001, representing an increase of 43% compared to 450,139 TEUs in 2000. The increase can be attributed to the opening of its third berth in November 2000, with additional quay side cranes and yard cranes. To strengthen the supervision in the port and improve the management of the terminal, a CCTV system was installed to conduct real-time round the clock supervision.

Subsequent to the year end, in February 2002, the Company changed its name to Chiwan Container Terminal Co., Ltd.

During the year, the Group equity accounted for HK\$17.3 million (2000: HK\$14.4 million) in profits after tax from this investment. The operations of the terminal will certainly benefit from the PRC's entry into the WTO in the years ahead.

### ASIA AIRFREIGHT TERMINAL

Asia Airfreight Terminal commenced operations at the Hong Kong International Airport in July 1998 and continues to operate profitably during the year. The Group equity accounted for its share of profit after tax amounting to HK\$21.6 million in 2001 (2000: HK\$19.4 million).



Construction of Western By Pass at Asia Airfreight Terminal

In recognition of its efforts, Asia Airfreight Terminal won three awards during the year, namely "Preferred Supplier 2001", "Aviation Purchasing, Group Handling" and "Aviation Purchasing, Supplier of the Year" in the 2001 Qantas Supplier Assessment Programme presented by Qantas Airways Limited.

### WESTERN HARBOUR TUNNEL

Western Harbour Tunnel commenced operations in April 1997. The performance of the tunnel was in line with expectations and has started making a positive contribution to the Group. As at 31 December 2001, the Group equity accounted for its share of profits from the tunnel amounting to HK\$12.6 million. With the completion of the residential and commercial properties in the area, such as Island Harbourview, Park Avenue and Olympian City, the traffic flow along the Western Harbour Tunnel is expected to continue to increase gradually, thereby bringing increased earnings in future years.



New berth at Shenzhen Kaifeng Terminal, Shekou, Shenzhen, PRC

### HU-NING EXPRESSWAY (SHANGHAI SECTION)

In December 2001, the Group sold its 19.6% interest in Hu-Ning Expressway (Shanghai Section) and its ancillary facilities for a total consideration of US\$56 million.

### CROSS HARBOUR TUNNEL

In April 1999, the management, operation and maintenance contract for the Cross Harbour Tunnel was awarded to a joint venture company, formed by the shareholders of the Western Harbour Tunnel, named Hong Kong Tunnels and Highways Management Company Limited in which the Group has a 15% interest. The term of the original contract was for two years and the contract has expired in

2001. In September 2001, the joint venture successfully secured an extension of the management contract granted by the Government for another year. This investment will help to diversify the Group's earnings stream as well as better utilize the Group's management expertise in infrastructure-related businesses.

As at 31 December 2001, the gross asset value of the Group's infrastructure investments was approximately HK\$596 million (2000: HK\$903 million) comprising HK\$427 million (2000: HK\$374 million) and HK\$169 million (2000: HK\$529 million) of assets located in Hong Kong and the PRC, respectively.