

Chairman's Message



Financial Position

2008/2009 Performance

Both the daily traffic throughput and the market share for the year ended 31 July 2009 decreased over the same period of last year. The daily traffic throughput fell 1,985 and the average daily traffic throughput was 46,943 trips per day. Our market share decreased from 21% to 20%. Total cross harbour traffic fell 2% due to the poor economic environment.

Financial Position

Despite the reduced traffic, toll revenue rose by 1%. Toll revenue for the year ended 31 July 2009 was HK\$859 million, an increase of HK\$7 million compared to last year. Other income reached HK\$52 million during 2008/2009, including from telecommunications network providers and advertising sites rental.

Bank finance charges decreased by HK\$38 million to HK\$77 million for the year ended 31 July 2009 due to reduced bank loan balance and lower interest rate. The operating cash exceeded the operating cost, bank finance charges and scheduled loan repayments and as a result, the Company's financial

position is healthy. To combat the volatility of interest rates, the Company entered into interest rate swap agreements to convert part of its bank loan from floating interest rate to fixed rate. As at 31 July 2009, the outstanding bank loan was HK\$2,028 million and the remaining unused banking facilities were HK\$672 million. An after-tax profit of HK\$404 million for the year was 15% up compared to HK\$352 million for the year ended 31 July 2008. The increase was mainly due to lower bank finance charges, improved toll income and lower operating costs.

Traffic Improvement

Traffic accessibility to WHC from Kowloon Station of MTR was greatly improved after the re-arrangement of road marking at Jordan Road eastbound junction of Lin Cheung Road. New road markings at the West Kowloon Highway southbound near Olympian City, which gives clear indication to motorists, is also beneficial to the tunnel traffic. Furthermore, openings of commercial and residential properties at Kowloon Station and in the near future the entire Route 8 are expected to contribute to a

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growth of the overall throughput of WHC by stimulating the demand for crossing harbour by road.

The Management maintained close liaison with the Government to improve the accessibility to the Tunnel. Certain projects, such as the Central Wanchai Bypass and West Kowloon Cultural District, will definitely provide benefits to the Tunnel in the long run and relieve the congestion of cross-harbour tunnels. The Board really appreciates all these efforts which will allow the public to have a more convenient cross-harbour tunnel service.

Marketing Highlights

With support of taxi and goods vehicle counterparts, the midnight empty taxi promotion and the midnight goods vehicle promotion were extended to 31 January 2010. Moreover, joint promotions with stakeholders also received positive responses over the year. Furthermore, outdoor advertising and fees for permitting telecommunication services operation continued to provide convenience to motorists as well as generate stable income for the Company.

Charity and Community

Being a responsible corporate citizen, the Company continued supporting various community activities in the field of sports and recreation, education, social care and corporate sponsorship. To help nurture talent in society, the Company not only offered scholarships to qualified students of The University of Hong Kong, but also provided summer intern vacancies to undergraduates so that they could gain more work experience. Moreover, the Company sponsored various promotion channels, such as

billboards, for non-profit making organizations to convey positive messages to the public for a harmonious society.

Service Commitment

WHTCL is committed to being a leading tunnel operator providing safe and quality services to the public. We promise we will achieve our service targets to offer tunnel services of excellent quality to our customers and operate the Tunnel in the most efficient manner.



Prospect

With excellent operational performance and customer service, an improving road network, and development of the West Kowloon and Western district of Hong Kong, I am confident of the prospect of the Company in the years ahead.

On behalf of the Board, I give my thanks to the whole management team and all the staff for their dedication and efforts throughout the year.

Vernon Moore

Chairman