

Delivering Value

Swire Pacific Limited is one of Hong Kong's leading listed companies with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial. The company's operations are predominantly in the Greater China region where the name Swire or 太古 in Chinese, has been established for over 130 years. Underpinned by a strong financial base the company seeks long-term sustainable growth and returns which exceed the cost of capital.

The Property Division employed HK\$78,092 million of the company's total assets employed of HK\$106,220 million as of the end of 2005. Profits attributable to the Company's shareholders on these assets were HK\$12,684 million giving an average return on equity attributable to the Company's shareholders of 21.8%. Excluding the valuation gains on investment properties and the associated deferred tax on these gains, the underlying profits of the division were HK\$2,674 million giving an underlying average return on equity attributable to the Company's shareholders of 3.9% in 2005.

Assets employed attributable to the Aviation Division amounted to HK\$18,431 million. Profits attributable to the Company's shareholders were HK\$1,928 million giving an average return on equity attributable to the Company's shareholders of 10.8%.

The other three divisions have total assets employed of HK\$9,531 million and earned profits attributable to the Company's shareholders of HK\$4,029 million. These included a non-recurring profit of HK\$2,270 million from the disposal of the group's interest in an associated company. The three divisions combined achieved an average return on equity attributable to the Company's shareholders of 48.4% after non-recurring gains and 24.4% before such gains in 2005.

The group overall achieved an average return on equity attributable to the Company's shareholders of 21.6% in 2005, compared to 26.7% in 2004. Excluding the valuation gains on investment properties and the deferred tax on these gains, the group's underlying average return was 9.1% in 2005 against 8.4% in 2004.

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