

- **Group turnover up 1.2%**
- **Profit excluding asset value changes up 17.6%**
- **Positive office rental reversions translated into earnings growth**
- **Outlook remains positive with steady rental growth expected across commercial and residential sectors**

	Six months ended		Change (%)
	30 June 2006 HK\$M	30 June 2005 HK\$M	
Turnover – Overall	620	613	1.2
– Excluding Entertainment Building ¹	620	575	7.9
Profit attributable to shareholders	1,519	2,562	(40.7)
Underlying profit attributable to shareholders ²	620	364	70.3
Profit excluding asset value changes ³	428	364	17.6
	HK cents	HK cents	
Earnings per share, based on:			
Underlying profit attributable to shareholders ²	58.8	34.7	69.5
Profit excluding asset value changes ³	40.7	34.7	17.3
	At 30 June 2006 HK\$M	At 31 December 2005 HK\$M	
Shareholders' funds	25,830	24,667	4.7
Adjusted shareholders' funds ⁴	28,482	27,134	5.0
	HK\$	HK\$	
Net assets value per share	24.49	23.42	4.6
Adjusted net assets value per share ⁴	27.01	25.76	4.9

In preparing the Group's 2006 interim financial statements under the Hong Kong Financial Reporting Standards, the fair value model for investment properties has been adopted. Accordingly such properties were recorded at their fair values, as determined by an in-house professional valuer and endorsed by an independent professional valuer (2005 year-end: at fair value determined by an independent professional valuer). Fair value changes on investment properties and related deferred tax were recognised through profit and loss. Revaluation changes on owner-occupied properties and related deferred tax arising thereon were taken to equity. Deferred tax on fair value gains has to be provided for despite no capital gains tax liability will be crystallised on disposal of those properties at the value included in the financial statements. In light of the above, management has presented other indicators for assessing the performance of the Group: (i) "Underlying profit attributable to shareholders", effectively arrived at by adjusting for the unrealised fair value changes on investment properties and the related deferred tax on the profit figure. On the same basis, cumulative deferred tax provided on the fair value gains on investment and owner-occupied properties have been added back to the shareholders' funds when computing "Adjusted shareholders' funds" and "Adjusted net assets value per share", (ii) "Profit excluding asset value changes" was arrived at after further adjusting "Underlying profit attributable to shareholders" for aggregate of realised gain/loss on disposal of investment properties and available-for-sale investments, impairment, reversal and recovery.

1. Entertainment Building was disposed of at 2005 year-end.
2. Excluded HK\$870 million unrealised fair value gains on the investment property portfolio net of deferred tax and minority interests, and HK\$29 million on unrealised fair value gains included in an associate.
3. Asset value changes comprised recognition of a recovery item and realised gains on available-for-sale investments totalling HK\$192 million.
4. Adjusted for HK\$2,652 million being the cumulative deferred tax provided on the fair value gains on the investment and owner-occupied properties attributable to shareholders as at 30 June 2006.