

2006 in Review

- Overall turnover up 1.4%; like-for-like turnover up 8.3%
- Profit excluding asset value changes and prior year tax provision up 17.8%
- Full-year dividends up 11.1%

Key Financial Data	2006	2005	Change %
Consolidated income statement (HK\$ million)			
Turnover	1,268	1,250	1.4
Finance costs	163	214	23.8
Profit excluding asset value changes ¹ and prior year tax provision	755	641	17.8
Underlying profit attributable to shareholders ²	1,012	1,005	0.7
Profit attributable to shareholders	3,099	4,121	(24.8)
Consolidated balance sheet (HK\$ million)			
Total assets	36,253	33,991	6.7
Shareholders' funds	27,828	24,667	12.8
Adjusted shareholders' funds ³	30,729	27,134	13.2
Consolidated cash flow statement (HK\$ million)			
Net cash from operating activities	918	841	9.2
Net cash from investing activities	175	2,394	(92.7)
Net cash used in financing activities	(2,110)	(1,855)	(13.7)
Net (decrease) increase in cash and cash equivalents	(1,017)	1,380	N/A
Per share data			
Earnings per share, based on:			
Profit excluding asset value changes ¹ and prior year tax provision			
Basic (HK cents)	71.60	60.94	17.5
Diluted (HK cents)	71.53	60.90	17.5
Underlying profit attributable to shareholders ²			
Basic (HK cents)	96.03	95.60	0.4
Diluted (HK cents)	95.94	95.54	0.4
Profit attributable to shareholders			
Basic (HK cents)	293.96	391.87	(25.0)
Diluted (HK cents)	293.70	391.62	(25.0)
Shareholders' returns:			
Dividend per share (HK cents)	50.00	45.00	11.1
Shareholders' returns per share (HK\$) (Note 1)	1.60	3.25	(50.8)
Total shareholders' returns per share (HK\$) (Note 2)	3.81	4.83	(21.1)
Assets value:			
Net assets value per share (HK\$)	26.37	23.42	12.6
Adjusted net assets value per share ³ (HK\$)	29.12	25.76	13.0
Net debt per share (HK\$)	2.31	2.75	16.0
Share information			
Number of shares in issue at year end (million)	1,055	1,053	0.2
Weighted average number of shares (million)	1,054	1,052	0.2
Highest share price (HK\$)	23.95	20.50	16.8
Lowest share price (HK\$)	18.60	14.40	29.2
Closing price at year end (HK\$)	20.35	19.20	6.0

Key Financial Data <i>continued</i>	2006	2005	Change %
Investments in listed securities			
Total return (dividends received plus capital value growth)	57.3%	31.6%	81.3
Financials			
Average finance costs	4.9%	3.6%	(36.1)
Net debt to equity	7.9%	10.7%	26.2
Net interest coverage (times)	6.9x	4.6x	50.0
Floating rate debt (% on total debt)	64.7%	49.8%	29.9
Average debt maturity	5.0 years	5.2 years	(3.8)
Bank facilities : capital market issuance	25% : 75%	47% : 53%	N/A

Key Operating Data	2006	2005	Change %
Investment property value (HK\$ million)	32,473	29,815	8.9
Office	11,876	10,646	11.6
Retail	9,062	8,582	5.6
Residential	6,206	6,060	2.4
Hennessy Centre (Note 3)	4,900	4,061	20.7
Others	429	466	(7.9)
Occupancy at year end			
Office	97%	95%	2.1
Retail	99%	99%	–
Residential	92%	89%	3.4
Property expenses (HK\$ million)	240	237	(1.3)
Property expenses as a percentage of turnover	19%	19%	–

- Notes: (1) Shareholders' return per share represents growth in share price plus dividend received per share
(2) Total shareholders' return per share represents the growth in adjusted net assets value per share plus dividend received per share
(3) Hennessy Centre was vacant as at 30 September 2006 in preparation for redevelopment and was valued as such for 2006 year end

In preparing the Group's 2006 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 independent professional valuer. Fair value changes on investment properties and related deferred tax were recognised through income statement. Revaluation changes on owner-occupied properties and related deferred tax arising thereon were taken to equity. Deferred tax on fair value gain 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 gain 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 and prior year tax provision" 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, recovery and prior year tax provision.

- Adjustment to underlying profit relating to asset value changes comprised realised gains on disposal of available-for-sale investments and investment properties and recognition of a recovery item totalling HK\$257 million.
- Excluded HK\$2,030 million unrealised fair value gain on the investment properties portfolio net of deferred tax and minority interests, and HK\$57 million on unrealised fair value gain included in an associate.
- Adjusted for HK\$2,901 million being the cumulative deferred tax provided on fair value gain on the investment and owner-occupied properties attributable to shareholders as at 31 December 2006.