

Swire Pacific is one of the leading companies in Hong Kong with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial. The group's operations are predominantly in Greater China where the name Swire or 太古 has been established for over 130 years. Swire Pacific is deeply committed to Hong Kong where our subsidiaries, associates and jointly controlled companies employ over 43,000 staff. Globally we employ over 70,000 staff.

# Delivering Value

We are committed to see that our affairs are conducted with high ethical standards which is a key component to our long-term success. This reflects our belief that in achieving our business objectives, it is imperative that we act with high standards of probity, transparency and accountability, and with dignity, respect and in a socially responsible manner within the communities in which we operate.

We focus on the long-term development of businesses where we can create shareholder value in accordance with the return appropriate to that business. In this respect, we are well placed to contribute and benefit from the growth of Mainland China where we will leverage our industry-specific experience and focus on our core strengths.

The group's total net assets employed increased by HK\$20.8 billion during 2006 to HK\$127.0 billion at the year-end. Profit attributable to the Company's shareholders in the year was HK\$22.6 billion, against HK\$18.8 billion in 2005.

The Property Division employed HK\$96.3 billion (76%) of the group's net assets at the year-end and generated profits of HK\$17.0 billion giving an average return on equity attributable to the Company's shareholders of 23.7%. The division's profit on an underlying basis was HK\$3.1 billion against HK\$2.7 billion in 2005 and average return on equity attributable to the Company's shareholders was 3.7% compared with 3.9%.

Assets employed by the Aviation Division increased by HK\$1.5 billion at the year-end to HK\$19.9 billion. Profits attributable to the Company's shareholders in the year were HK\$3.6 billion achieving an average return on equity attributable to the Company's shareholders of 18.8% or 11.9% excluding a gain of HK\$1.3 billion arising from the shareholding realignment of Dragonair and Cathay Pacific.

The other divisions have total assets employed increased by HK\$1.4 billion to HK\$10.9 billion at the year-end and earned profits attributable to the Company's shareholders for the year of HK\$1.8 billion giving an average return on equity attributable to the Company's shareholders of 21.8%.

The group overall achieved an average return on equity attributable to the Company's shareholders of 21.6%, consistent with 2005. On an underlying basis the group's average return was 7.5% against 9.1% in 2005.