

YEAR 2009 IN REVIEW

Overview of the Group's Financial Performance

TURNOVER	2009 HK\$ million	2008 HK\$ million	CHANGE HK\$ million	CHANGE %
Office sector	747	720 ¹	27	+3.8
Retail sector	648	626 ¹	22	+3.5
Residential sector	285	292	(7)	-2.4
	1,680	1,638	42	+2.6

- Group turnover rose by 2.6%
- Retail sector remained virtually fully let at 99%
- Office and Residential sectors' occupancy are 89% (91% on committed basis) and 92% respectively

PROFIT INDICATORS	2009 HK\$ million	2008 HK\$ million	CHANGE HK\$ million	CHANGE %
Recurring Underlying Profit	1,110	1,066	44	+4.1
Underlying Profit	1,113	1,201	(88)	-7.3
Statutory Profit	2,716	1,594	1,122	+70.4

- Recurring Underlying Profit increased, reflecting improvements in gross profit generated from our core leasing activities
- Underlying Profit change reflected smaller financial investment returns during the year
- Statutory Profit increased due to higher valuation of the Group's investment properties

Recurring Underlying Profit

This is a performance indicator of the Group's core property investment business. It is arrived at by excluding from Underlying Profit gains/losses from disposal of assets, impairment, reversal, recovery and tax provisions for prior year(s).

Underlying Profit

This is arrived at by excluding from Statutory Profit unrealised fair value changes on investment properties and related deferred tax. As a property investor, the Group's results are principally derived from the rental revenues on its investment properties. The inclusion of the unrealised fair value change on investment properties in the consolidated income statement causes an increase in fluctuation in earnings and poses limitation on the use of the unadjusted earning figures, financial ratios, trends and comparison against prior period(s). Besides, deferred tax on such fair value changes has to be provided for despite the fact that no capital gain tax liability will arise in Hong Kong on disposal of the Group's investment properties. Accordingly, both of these two items are excluded in arriving at the Underlying Profit.

Statutory Profit

This is the profit attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

ASSET VALUE INDICATORS	2009 HK\$ million	2008 HK\$ million	CHANGE HK\$ million	CHANGE %
Total assets	43,848	41,536	2,312	+5.6
Shareholders' funds	33,668	31,469	2,199	+7.0
Adjusted Shareholders' Funds	37,057	34,660	2,397	+6.9

- Shareholders' funds mainly attributable to the increase in valuation of the Group's investment properties and the profits from our core leasing activities

Adjusted Shareholders' Funds

This is arrived at by adding back the Group's share of cumulative deferred tax on property revaluation to shareholders' funds figure. Deferred tax on property revaluation has to be provided for despite the fact that no capital gains tax liability will arise in Hong Kong on disposal of properties.

¹ Prior year figure has been reclassified to conform to current year presentation.

Key Financial Data

PER SHARE DATA	2009	2008	CHANGE %
Earnings per share, based on:			
Recurring Underlying Profit			
Basic (HK cents)	106.09	102.57	+3.4
Diluted (HK cents)	106.05	102.56	+3.4
Underlying Profit			
Basic (HK cents)	106.38	115.56	-7.9
Diluted (HK cents)	106.34	115.55	-8.0
Statutory Profit			
Basic (HK cents)	259.60	153.37	+69.3
Diluted (HK cents)	259.50	153.36	+69.2
Shareholders' returns:			
Dividends per share (HK cents)	68.00	68.00	-
Shareholders' return per share (HK\$)	10.21	(9.11)	n/m
Total shareholders' returns per share (HK\$)	2.66	0.10	n/m
Assets value:			
Net assets value per share (HK\$)	32.05	30.23	+6.0
Adjusted net assets value per share (HK\$)	35.27	33.29	+5.9
Net debt per share (HK\$)	1.82	1.96	-7.1

FINANCIAL DATA	2009	2008	CHANGE
Average finance costs	3.1%	4.4%	-1.3pp
Net debt to equity	5.1%	5.9%	-0.8pp
Net interest coverage (times)	11.7x	10.2x	+1.5x
Floating rate debt (% on total debt)	64.9%	59.5%	+5.4pp
Average debt maturity	3.4 years	3.9 years	n/a
Bank facilities: Capital market issuance	37.2% : 62.8%	24.9% : 75.1%	n/a

Non-financial Performance

GOVERNANCE

- Recognitions by industry for excellence in corporate governance including the Gold Award (Non-Hang Seng Index Large Market Capitalisation Category) in the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance Disclosure Awards 2009
- Top 5 Best Corporate Governance Practices in Asia Pacific Award for 2009: IR Global Rankings

ENVIRONMENT

- Hennessy Centre redevelopment is the first Hong Kong building pre-certified at the highest Platinum level for the United States Green Building Council's Leadership in Energy and Environmental Design standard (LEED Platinum)
- The project is also pre-certified at the top level in Hong Kong's Building Environmental Assessment Method (BEAM)

COMMUNITY

- A constituent member of the FTSE4Good Global Index, one of the best known indices to track responsible business practices around the world

n/a – not applicable

n/m – not meaningful

pp – percentage point