

Other Businesses

Other Hong Kong Properties

Plaza Hollywood registered turnover growth of 6% to HK\$277 million, resulting from favourable rental growth in both new lettings and renewals. Average occupancy was maintained at nearly 100% throughout 2006.

Property sales revenue was insignificant during the year due to low sale activities.

Towers 1, 2, 3 and 5 of Bellagio in Sham Tseng, with a total of 1,641 units, were completed in early 2006 and cumulative sales have reached 1,378 units (or 84%) by the end of 2006 to realise HK\$5.7 billion of proceeds. Sorrento was all sold by the end of 2006 to realise HK\$6.2 billion of proceeds.

60 Victoria Road, Kennedy Town, is 100%-owned by listed subsidiary Harbour Centre Development. Construction was completed in August 2006. Virtually all of the 73 units have been sold, to realise proceeds of HK\$278 million.

Balance Sheet (Extract)

As at December 31, 2006

	HK\$ Million
Properties	14,371
Interest in Sorrento and Bellagio	354*
Property inventory and development	1,080
Second mortgage debtors	24
Net current assets	42
Other non-current liabilities	(144)
**Net business assets (before debt)	15,727

* Including 1/3 interest in Bellagio and 40% interest in Sorrento, of which 20% held through Harbour Centre Development Limited, a 67%-owned subsidiary

** Excluding deferred tax on revaluation of investment properties

Property List

	Project Nature	GFA (sq ft)	% Owned	Status
Wharf T&T Square [†]	Office/Retail	395,000	100%	For Lease
1 Plantation Road	Residential	97,000	100%	For Lease
Mountain Court	Residential	49,900	100%	For Lease
Chelsea Court	Residential	43,000	100%	For Lease
77 Peak Road	Residential	32,000	100%	For Lease
Strawberry Hill - various units	Residential	22,300	100%	For Lease/Sale
Gough Hill Residences	Residential	32,900 [#]	100%	For Sale
Bellagio Towers 1,2,3 & 5	Residential	1,591,800 [#]	33%	For Sale
Kowloon Godown	Industrial-Office/Retail	1,575,200	100%	Under Planning
Cable TV Tower South	Industrial	584,600	100%	Under Planning
Yau Tong Godown	Retail/Residential	255,752	100%	Under Planning
Yau Tong JV Project	Retail/Residential	5,823,000	15.6%	Under Planning

[†] Formerly known as World Trade Square [#] Partly sold

Leasing activities for the Peak Portfolio remained strong during 2006, underpinned by strong demand from the continual inflow of expatriates. Average occupancy at Mountain Court, Chelsea Court and 1 Plantation Road was over 90% at the end of 2006, with favourable rental reversion achieved.

Gough Hill Residences, which comprises of five deluxe houses, was completed in October 2006. Given the superb location and quality built, two houses were promptly sold at an average of HK\$28,000 per square foot in 2006, realising proceeds of HK\$446 million. Another two houses were sold in March 2007 at HK\$30,000 per square foot.

The Group is actively seeking opportunities to dispose of its non-core assets.

Marco Polo Hotels

Currently, Marco Polo Hotels boasts a portfolio of 11 hotels in the Asia Pacific Region.

The three hotels in Harbour City performed strongly during 2006. Total hotel and club revenue increased by 15% to HK\$944 million, on the back of a 20% growth in average room rates and higher occupancy at 90%.

The five-star deluxe Marco Polo Shenzhen was opened in September 2006. It is ideally located in the heart of the new Futian Central Business District (福田中央商務區) to capture the growing demand for first-class accommodation from local and foreign businessmen. Marco Polo Xiamen performed solidly during 2006 with strong brand recognition within its operating region.

Marco Polo Parkside in Beijing is superbly located only 600 metres from the 2008 Beijing Olympic Village, with easy access to the Beijing subway system and all major public transportation modes. It is scheduled to open in June 2007. Management contract of the previously Marco Polo Xidan, Beijing was terminated in March 2007.

The Group's five-star deluxe Marco Polo hotel in Wuhan is being fitted out at Wuhan Times Square and is scheduled to open in early 2008. Another new deluxe Marco Polo hotel will be built at the No.11 Dong Da Jie site in Chengdu to be opened in 2010.

Marco Polo Plaza, Cebu, opened in April 2006. Omni Saigon Hotel in Vietnam and Marco Polo Davao in the Philippines are reputable with clear leading position in their respective cities.

Marco Polo hotels in Asia

Country	City	Hotel
China	Hong Kong	Marco Polo Hongkong Hotel Gateway Prince
	Beijing	Marco Polo Parkside (opening 2007)
	Chengdu	Marco Polo (opening 2010)
	Shenzhen	Marco Polo Shenzhen
	Wuhan	Marco Polo (opening 2008)
	Xiamen	Marco Polo
The Philippines	Cebu	Marco Polo Plaza
	Davao	Marco Polo
Vietnam	Ho Chi Minh City	Omni Saigon Hotel

i-CABLE

During 2006, subscription growth and business performance were under tremendous competitive pressure that hurt profitability. Total revenue rose by 4% to HK\$2,548 million and profit before taxation dipped by 26% to HK\$210 million, as a result of escalating programming cost and keener marketing and pricing strategies.

Intense competition from rival operators impacted on CABLE TV's performance and total revenue from Pay TV grew by 1% and operating profit decreased by 26% to HK\$248 million. With a more flexible marketing approach, i-CABLE was able to overcome new threats from the competition to report a 7% growth in Pay TV subscribers to 786,000 at the end of 2006.

On the programming front, the news platform continued to serve the public as the strongest and most comprehensive source of news and public affairs information in town. Plans are in hand to further enhance the Finance and Information Channel. The movie platform was strengthened with the addition of HMC showcasing Hollywood blockbusters from major studios. A second channel (HMC2) will be launched in the first quarter of 2007 to enrich movie choice. In 2007, i-CABLE will carry the prestigious US PGA Tour exclusively, and offer other international sporting events including the US NBA tournament, top European soccer tournaments.

On the new market front, three movies from i-CABLE's film production subsidiary, Sundream Motion Pictures Limited, were released in 2006 and returned satisfactory box office results.

The Internet & Multimedia segment continued to report steady growth in terms of subscription and profit as the market consolidated. Turnover rose by 7% to HK\$596 million and operating profit grew by 66% to HK\$129 million.

i-CABLE's Broadband subscribers grew by 2% year-on-year to 328,000 at the end of 2006, attributable to service enhancement through network upgrade, bundling strategies and the continued introduction of value-added services. Wholesale voice lines, meanwhile, climbed to 168,000, compared with 120,000 a year ago.

Wharf T&T

During 2006, Wharf T&T group suffered from a slower growth in market share and cutthroat commitments previously made to customers in 2005. Accordingly, turnover from the Wharf T&T group in 2006 plunged by 6% to HK\$1,384 million with operating profit skidded by 162% to become an operating loss amounted to HK\$64 million. Cashflow position, nevertheless, remained healthy with an inflow of HK\$52 million (2005: HK\$94 million).

Despite weak overall market sentiment affecting market share growth, the effort to integrate the operations of Wharf T&T and COL made good progress. The Group began to benefit from the synergy and the new ICT value propositions.

The fixed line installed base grew by 39,000 or 7% to 562,000, representing an overall market share of 13%. Business lines grew by 18,000 or 5% to 355,000 (for a 17% market share) while residential lines grew by 21,000 or 11% to 207,000 (for a 10% market share). Total outgoing IDD volume (including wholesale and retail) increased by 14% to 638 million minutes (2005: 558 million).

Growth of Pay TV/Broadband Subscribers and Fixed Line Installment

