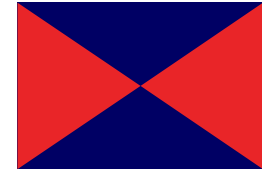


WHARF

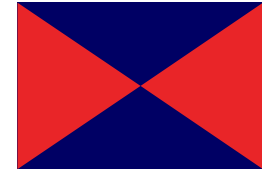
**2005 Annual Results**

# 2005 Results



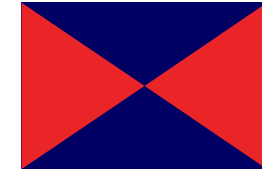
- ❖ **All core businesses operated well and turned in solid performances in their respective sectors in 2005.**
- ❖ **Turnover \$12.5B, up 5%**
- ❖ **Profit attributable to shareholders \$13.9B, up 10%**
- ❖ **Before property revaluation, net profit \$4.5B, up 20%; EPS up 20%**
- ❖ **Full year DPS 80 cents, up 16%; dividend yield 2.9% p.a.**

# 2005 Results



- ❖ **Borrowing costs rose (as interest rate rose) and property development profit declined but were more than offset by operating and other gains.**
- ❖ **In the immediate term, rental reversion will fuel the Group's growth.**
- ❖ **In the medium term, new investments across all core sectors will start to contribute to new growth.**
- ❖ **The Group is in good financial position and will continue to look for other new investment opportunities.**

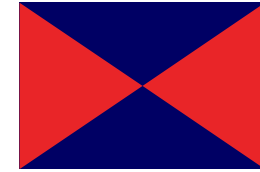
# Results Highlights



- ❖ Profit attributable to shareholders:
- ❖ Revaluation surplus (net of tax & MI):
- ❖ Net profit excluding revaluation surplus:
- ❖ Earnings per share:
- ❖ EPS (Excl. revaluation surplus):
- ❖ FY05 dividend per share:

<b>31-12-05 (HKD)</b>	<b>31-12-04 (Restated) (HKD)</b>	<b>% Changes</b>
<b>\$13,888M</b>	<b>\$12,677M</b>	<b>+10%</b>
<b>\$9,389M</b>	<b>\$8,937M</b>	<b>+5%</b>
<b>\$4,499M</b>	<b>\$3,740M</b>	<b>+20%</b>
<b>\$5.67</b>	<b>\$5.18</b>	<b>+10%</b>
<b>\$1.84</b>	<b>\$1.53</b>	<b>+20%</b>
<b>¢ 80.00</b>	<b>¢ 68.75</b>	<b>+16%</b>

# Results Highlights



❖ **Borrowing Costs:**

❖ **Average Interest Rate:**

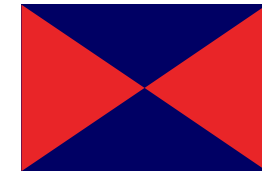
❖ **Interest Cover:**

❖ **Net Debt:**

❖ **Debt to Shareholders' Equity:**

<b>31-12-05 (HKD)</b>	<b>31-12-04 (Restated) (HKD)</b>	<b>% Changes</b>
<b>\$562M</b>	<b>\$239M</b>	<b>+135%</b>
<b>3.56%</b>	<b>1.56%</b>	<b>+128%</b>
<b>11.5</b>	<b>23.9</b>	
<b>\$16.1B</b>	<b>\$14.1B</b>	<b>+14%</b>
<b>24.6%</b>	<b>25.6%</b>	

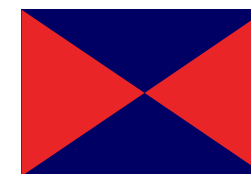
# Business Performance



	<i>Revenue</i>			<i>Segment Profit</i>		
	<b>31-12-05 (HK\$M)</b>	<b>31-12-04 (HK\$M)</b>	<b>% Changes</b>	<b>31-12-05 (HK\$M)</b>	<b>31-12-04 (HK\$M)</b>	<b>% Changes</b>
<i>Property Investment</i>	<b>5,073</b>	<b>4,645</b>	<b>+9%</b>	<b>3,465</b>	<b>3,108</b>	<b>+11%</b>
<i>CME</i>	<b>3,937</b>	<b>3,823</b>	<b>+3%</b>	<b>486</b>	<b>456</b>	<b>+7%</b>
<i>Logistics</i>	<b>3,534</b>	<b>3,347</b>	<b>+6%</b>	<b>1,935</b>	<b>1,840</b>	<b>+5%</b>

**Solid performance in all 3 core sectors.**

# Property Investment

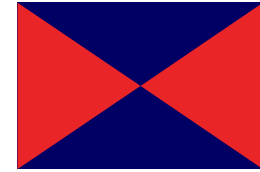


## Harbour City

	<i>Revenue</i>			<i>Occupancy</i>
	<b>31-12-05 (HK\$M)</b>	<b>31-12-04 (HK\$M)</b>	<b>% Changes</b>	<b>%</b>
<i>Retail</i>	<b>1,287</b>	<b>1,193</b>	<b>+8%</b>	<b>99%</b>
<i>Office</i>	<b>1,002</b>	<b>945</b>	<b>+6%</b>	<b>97%</b>
<i>Serviced Apartment</i>	<b>220</b>	<b>193</b>	<b>+14%</b>	<b>84%</b>
<i>Hotel</i>	<b>823</b>	<b>730</b>	<b>+13%</b>	<b>89%</b>
<i>Total</i>	<b>3,332</b>	<b>3,061</b>	<b>+9%</b>	

**All sectors reported solid rental growth.**

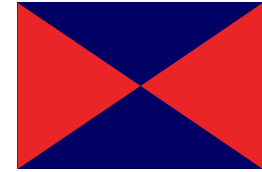
## *Harbour City - Retail*



- ❖ **Average occupancy : 99% (2004 : 98%)**
- ❖ **Favourable rental growth on new leases and renewals**
- ❖ **Solid growth underpinned by :**
  - **improving local sentiment**
  - **rising tourist arrivals**
- ❖ **Retail tenant's average sales psf +17% YoY.**



## *Harbour City - Office*

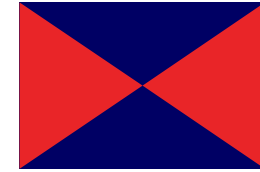


- ❖ **Average occupancy : 97% (2004 : 91%)**
- ❖ **Rising rentals due to limited supply & rising demand**
- ❖ **Resumed positive rental reversions**

## *Harbour City - Serviced Apartment*

- ❖ **Average occupancy : 84% (2004 : 78%)**
- ❖ **Moderate rental growth +14%**

# Property Investment

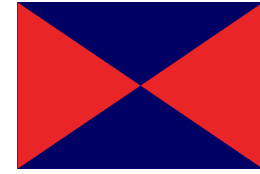


## *Times Square*

	<i>Revenue</i>			<i>Occupancy</i>
	<b>31-12-05</b> (HK\$M)	<b>31-12-04</b> (HK\$M)	<b>% Changes</b>	<b>%</b>
<i>Retail</i>	<b>630</b>	<b>600</b>	<b>+5%</b>	<b>99%</b>
<i>Office</i>	<b>256</b>	<b>237</b>	<b>+8%</b>	<b>96%</b>
<i>Total</i>	<b>886</b>	<b>837</b>	<b>+6%</b>	

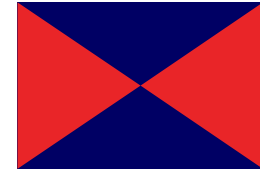
**Both sectors reported solid rental growth.**

## *Times Square - Retail*



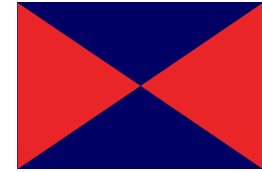
- ❖ **Average occupancy: 99% (2004 : 96%)**
- ❖ **Substantial rental growth on new leases and renewals**
- ❖ **Solid growth supported by:**
  - **robust retail market**
  - **encouraging tourists arrivals**
- ❖ **Retailers recorded double-digit growth in average sales psf.**

## *Times Square - Office*



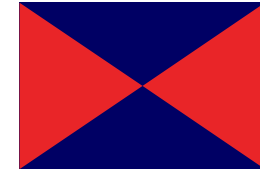
- ❖ **Average occupancy: 96%**
- ❖ **Revenue growth due to significant improvement in reversionary rentals**
- ❖ **Remained the preferred location for multinationals engaged in services or consumer goods market**

# Property Investment - China



- ❖ **3 Times Squares in operation (Beijing, Shanghai, Chongqing)**
- ❖ **Total 3.1M sq. ft. GFA**
- ❖ **Occupancy 90%**
- ❖ **FY05 Revenue: HK\$298M**
- ❖ **1717, Nanjing Xi Road, Shanghai**
  - **1.6M sq. ft. GFA office development**
  - **Completion: Mid 2009**

# Property Development - China



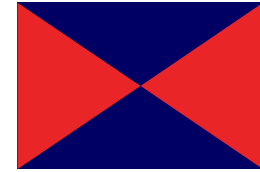
## ❖ Other projects under development

	Target Completion Date	GFA (M' sq. ft.)
Wellington Garden	4Q 2006	0.6
Wuhan Times Square	3Q 2007	2.5
Dalian Times Square	Mid 2008	1.9

## ❖ Other projects under planning

- *Commercial site in Chengdu, 4.75M sq. ft. GFA*
- *2 other developments in Shanghai*

## *Macro Polo Hotel Group*



❖ **Current Profile: 10 hotels (3 HK, 4 China, & 3 Asia)**

❖ **Hong Kong**

- **Hotel & club revenue HK\$823M, +13%**
- **Double-digit growth in average room rate**

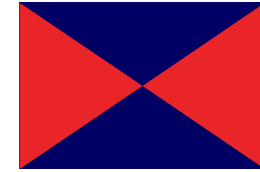
❖ **China/Asia**

- **All ranked top among their business sectors**
- **Encouraging performance**

❖ **New hotels in 2006**

- **The Marco Polo Parkside, Beijing**
- **The Marco Polo Shenzhen**
- **The Marco Polo Plaza, Cebu**

# Logistics



	<i>Revenue</i>			<i>Throughput</i>		
	31-12-05 (HK\$M)	31-12-04 (HK\$M)	% Changes	31-12-05 TEUs(M)	31-12-04 TEUs(M)	% Changes
<i>MTL</i>	3,149	2,964	+6%	5.04	4.35	+16%

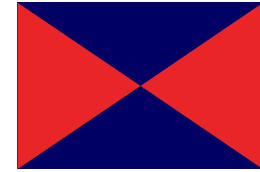
*MTL's Associates & jointly controlled  
entity (post-tax)*

31-12-05 (HK\$M)	31-12-04 (HK\$M)	% Changes
105	94	+12%

**Steady growth**

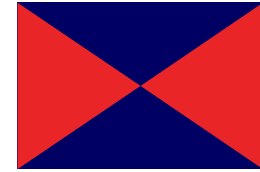


# MTL - HK



- ❖ **Throughput 5.04M TEUs (+16%)**
  - **driven by feeder, transshipment & intra-Asia volume**
- ❖ **Market share : 35.3% (2004 : 32.5%)**
- ❖ **Current Capacity : 7.5 berths, 5.88M TEUs**
- ❖ **HK\$1.2B to upgrade equipments/ facilities at CT 1, 2, 5**

# MTL - China



- ❖ **Chiwan (8% shareholding)**

- **FY 2005 throughput : 2.8M TEUs**

- ❖ **Shekou (10% shareholding)**

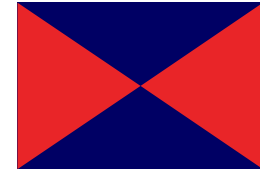
- **FY 2005 throughput : 2.2M TEUs**

- ❖ **New Investments and expansion:**

- **Dachan Bay in Shenzhen West**

- **Taicang in Suzhou**

# MTL - New Projects



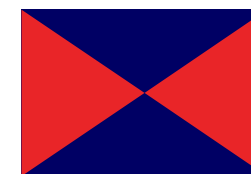
## ❖ **Dachan Bay in Shenzhen West (Phase I)**

- **MTL shareholding - 65%**
- **5 berths, 2.5M TEUs capacity, completion 2007/08**
- **Investments - RMB7B, MTL's share ~RMB 4B**
- **Letter of Intent for Phase II**

## ❖ **Taicang Port in Suzhou (Phase I)**

- **Major feeder port in Yangtze River Delta**
- **MTL's shareholding - 51%**
- **Phase I – 2 berths, FY05 throughput 251K TEUs**
- **Phase II – completion by mid 2006**

# CME

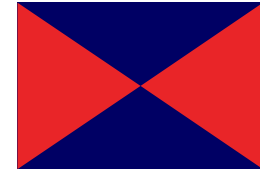


	<i>Revenue</i>			<i>No. of Subscribers/ fixed lines</i>		
	<b>31-12-05 (HK\$M)</b>	<b>31-12-04 (HK\$M)</b>	<b>% Changes</b>	<b>31-12-05</b>	<b>31-12-04</b>	<b>% Changes</b>
<i>Pay TV</i>	<b>1,884</b>	<b>1,888</b>	<b>---</b>	<b>738,000</b>	<b>702,000</b>	<b>+5%</b>
<i>Internet &amp; Multimedia</i>	<b>558</b>	<b>481</b>	<b>+16%</b>	<b>320,000</b>	<b>291,000</b>	<b>+10%</b>
<i>Wharf T&amp;T*</i>	<b>1,478</b>	<b>1,448</b>	<b>+2%</b>	<b>523,000</b>	<b>475,000</b>	<b>+10%</b>

**Re-investing record free cashflow to build future value.**

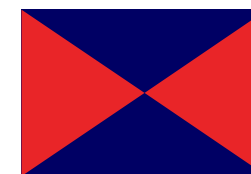
*\* WT&T revenue includes COL and EC Telecom*

**CME**



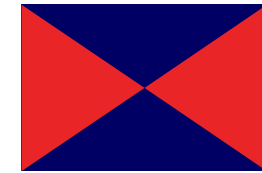
- ❖ **Pay TV – Investment in differentiation supports subscriber growth and steadies revenue.**
- ❖ **Internet and Multimedia – Competitive cost base & sharp return to profitability.**
- ❖ **Integrate Wharf T&T and COL IT to focus on the business sector.**

## Summary of 2005 Profit & Loss A/C



	<u>31-12-2005</u> (HK\$M)	<u>31-12-2004</u> (Restated) (HK\$M)	<u>%</u> <u>Changes</u>
<b>Turnover</b>	12,543	11,953	+5%
<b>Operating Profit</b> (Excluding revaluation surplus)	6,003	5,257	+14%
<b>Increase in fair value of investment properties</b>	11,513	10,911	+6%
<b>Net other charges</b>	47	(190)	+125%
	<u>17,563</u>	<u>15,978</u>	
<b>Profit Before Taxation</b>	17,413	16,473	+6%
<b>Taxation</b> (Incl. deferred taxation on revaluation changes)	(2,583)	(2,925)	+12%
<b>Profit After Taxation</b>	<u>14,830</u>	<u>13,548</u>	+9%
<b>Net profit excluding revaluation surplus</b>	<u>4,499</u>	<u>3,740</u>	+20%

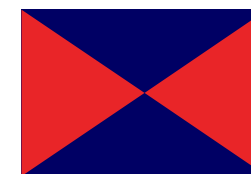
# New Accounting Standards



## *Impact on 2005 Annual Results*

		<b>Attributable to Shareholders (HK\$M)</b>	<b>Minority Interests (HK\$M)</b>	<b>Total (HK\$M)</b>
<b>HKAS 40</b>	<b>Investment Property</b>	<b>11,416</b>	<b>97</b>	<b>11,513</b>
<b>HKAS-INT 21</b>	<b>Deferred Taxation</b>	<b>(2,027)</b>	<b>(18)</b>	<b>(2,045)</b>
<b>HK-INT 2</b>	<b>Hotel Property</b>	<b>(21)</b>	<b>(7)</b>	<b>(28)</b>
<b>HKFRS 3</b>	<b>Goodwill</b>	<b>50</b>	<b>---</b>	<b>50</b>
<b>Increase in profit after taxation</b>		<b>9,418</b>	<b>72</b>	<b>9,490</b>

# Wharf Group



## *Debt Profile at December 31, 2005*

### Company and wholly owned subsidiaries

**Committed facilities**

**Uncommitted facilities**

**Total:**

### Non-wholly owned subsidiaries

(non-recourse to Wharf)

**Modern Terminals Limited**

**i-CABLE Communications Limited**

**Others**

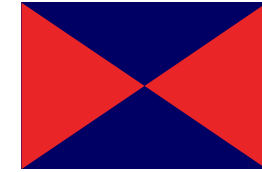
**Subtotal:**

**Overall:**

	<b>Total Debt (HK\$B)</b>		<b>Un-drawn Facility (HK\$B)</b>
	<b>13.7</b>	<b>74%</b>	<b>3.6</b>
	<b>1.2</b>	<b>6%</b>	<b>0.5</b>
	<b>14.9</b>	<b>80%</b>	<b>4.1</b>
	<b>3.2</b>	<b>17%</b>	<b>3.3</b>
	<b>---</b>	<b>---</b>	<b>0.7</b>
	<b>0.5</b>	<b>3%</b>	<b>0.1</b>
	<b>3.7</b>	<b>20%</b>	<b>4.1</b>
	<b>18.6</b>	<b>100%</b>	<b>8.2</b>



# Wharf Group



## *Net Asset Value Adjustment*

### For Supplemental Information Only:

NAV as at December 31, 2005 per Balance Sheet

Per Share  
HK\$

26.68

### Subjective adjustments:-

- Modern Terminals (on latest transaction price)
- Hotel Properties (on independent valuation)
- i-CABLE (on market value)
- Deferred tax for surplus on revaluation of invest. Prop.

3.39

1.37

0.48

3.82

Adjusted NAV

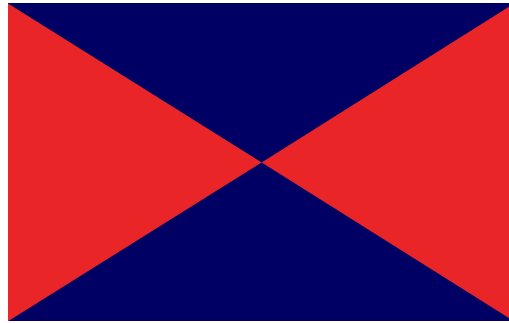
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**HK\$35.74**

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**+16% vs. HK\$30.77 as at 6/05**



**End of Presentation**