

SELECTED FINANCIAL AND OPERATING INFORMATION

The selected financial and operating information set forth below, should be read in conjunction with the Audited Financial Statements of the RC Operations set forth in Appendix I to this Offering Circular. The Audited Financial Statements, prepared for the purpose of the Divestment on the basis set out in note 1 to the Audited Financial Statements, have been prepared in accordance with HKFRS.

Income Statements of the RC Operations

	Year ended 31 March			Four months ended 31 July	
	2003	2004	2005	2004	2005
	As restated HK\$'M	As restated HK\$'M	HK\$'M	As restated HK\$'M	HK\$'M
Revenues					
Rental income from Retail Operations.....	2,491	2,291	2,525	820	857
Gross receipts from Carpark Operations	1,012	946	938	312	289
Other revenues	266	261	233	77	76
	<u>3,769</u>	<u>3,498</u>	<u>3,696</u>	<u>1,209</u>	<u>1,222</u>
Direct outgoings					
Staff costs.....	(484)	(382)	(264)	(89)	(81)
Property managers' fees and related expenses ...	(401)	(409)	(405)	(131)	(133)
Utilities.....	(350)	(355)	(362)	(136)	(136)
Cleansing and security	(211)	(235)	(252)	(79)	(81)
Repairs and maintenance.....	(230)	(210)	(162)	(51)	(59)
Government rent and rates	(72)	(78)	(69)	(22)	(24)
Estate promotion and marketing expenses	(99)	(131)	(140)	(40)	(4)
Other direct outgoings.....	(67)	(75)	(121)	(25)	(31)
	<u>(1,914)</u>	<u>(1,875)</u>	<u>(1,775)</u>	<u>(573)</u>	<u>(549)</u>
	1,855	1,623	1,921	636	673
General and administrative expenses	(122)	(117)	(108)	(33)	(32)
	<u>1,733</u>	<u>1,506</u>	<u>1,813</u>	<u>603</u>	<u>641</u>
(Decrease)/increase in fair values of investment properties ⁽¹⁾	(2,302)	8,915	756	(1,647)	221
(Loss)/profit for the year/period retained by HKHA	<u>(569)</u>	<u>10,421</u>	<u>2,569</u>	<u>(1,044)</u>	<u>862</u>

Note:

- (1) According to the accounting policy adopted in the preparation of the Audited Financial Statements, investment properties are stated at fair values based on valuations performed by the Independent Property Valuer at each balance sheet date. Changes in fair values are recognised in the profit and loss account. See note (1) on the following page for further details of the basis on which such valuations were performed.

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Balance Sheets of the RC Operations

	As at 31 March			As at 31 July 2005
	2003 As restated HK\$'M	2004 As restated HK\$'M	2005 HK\$'M	HK\$'M
Non-current assets				
Investment properties ⁽¹⁾	22,001	32,278	33,476	33,697
Property, plant and equipment	21	15	28	25
	<u>22,022</u>	<u>32,293</u>	<u>33,504</u>	<u>33,722</u>
Current assets				
Accounts receivable	66	65	64	69
Lease incentives	93	75	66	59
Deposits and prepayments	9	9	17	46
	<u>168</u>	<u>149</u>	<u>147</u>	<u>174</u>
Current liabilities				
Security deposits	411	327	307	304
Rent received in advance	42	25	15	13
Accruals and other payables	523	534	444	392
	<u>976</u>	<u>886</u>	<u>766</u>	<u>709</u>
Net current liabilities	<u>(808)</u>	<u>(737)</u>	<u>(619)</u>	<u>(535)</u>
Net assets	<u>21,214</u>	<u>31,556</u>	<u>32,885</u>	<u>33,187</u>
Financed by:				
Account with HKHA	<u>21,214</u>	<u>31,556</u>	<u>32,885</u>	<u>33,187</u>

Note:

- (1) Historically in the HKHA statutory financial statements, the Properties were stated at cost less depreciation. In preparing the Audited Financial Statements of the RC Operations for the purposes of the Divestment, the Independent Property Valuer has performed the valuation of the Properties as at 30 September 2005, 31 July 2005, 31 March 2005 and 30 September 2004 on a market value basis. The Properties were valued individually by the Independent Property Valuer based on assessments using discounted cash flow analysis, capitalisation of income approach and direct comparison method. The Independent Property Valuer had made reference to the retail property price indices as published by the Government's Rating and Valuation Department in arriving at the historical investment properties' valuations as at 31 March 2002, 2003 and 2004.

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Statements of Cash Flows of the RC Operations

The RC Operations do not maintain any bank accounts. All cash transactions during the Relevant Periods were handled by HKHA as follows:

	Year ended 31 March			Four months ended 31 July	
	2003	2004	2005	2004	2005
	As restated HK\$'M	As restated HK\$'M	HK\$'M	As restated HK\$'M	HK\$'M
(Loss)/profit for the year/period	(569)	10,421	2,569	(1,044)	862
Decrease/(increase) in fair values of investment properties	2,302	(8,915)	(756)	1,647	(221)
Write-off of investment properties due to redevelopment . . .	—	—	20	—	—
Depreciation	13	11	14	3	5
Operating cash inflow before changes in working capital . . .	1,746	1,517	1,847	606	646
Changes in working capital:					
Accounts receivable and lease incentives	2	19	10	4	2
Deposits and prepayments	(3)	—	(8)	(34)	(29)
Security deposits	(350)	(84)	(20)	(4)	(3)
Rent received in advance	(125)	(17)	(10)	7	(2)
Accruals and other payables	60	11	(90)	(61)	(52)
Net cash generated from operating activities	<u>1,330</u>	<u>1,446</u>	<u>1,729</u>	<u>518</u>	<u>562</u>
Cash flows from investing activities:					
Capital expenditure on					
Investment properties	(2,149)	(1,362)	(462)	(219)	—
Property, plant and equipment	(3)	(5)	(27)	(1)	(2)
Net cash used in investing activities	<u>(2,152)</u>	<u>(1,367)</u>	<u>(489)</u>	<u>(220)</u>	<u>(2)</u>
Net advances (from)/to HKHA	<u>(822)</u>	<u>79</u>	<u>1,240</u>	<u>298</u>	<u>560</u>

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Selected Historical Operating Information

	As at 31 March			As at 31 July	
	2003	2004	2005	2004	2005
Number of RC Operations:					
Retail Operations only	2	2	2	2	2
Carpark Operations only	28	29	29	29	29
Integrated Retail and Carpark Operations	149	149	149	149	149
Total	179	180	180	180	180
Retail IFA (sq.m.)	925,963	944,378	952,187	946,118	960,641
Retail occupancy rate	91.7%	90.7%	91.9%	91.7%	91.4%
	As at 31 March			As at ⁽¹⁾	
	2003	2004	2005	30 June 2004	31 July 2005
Carpark spaces (number):					
Monthly	66,810	68,165	68,756	68,529	68,763
Hourly ⁽²⁾	11,047	10,728	10,628	10,444	10,677
Total carpark spaces	77,857	78,893	79,384	78,973	79,440
Carpark utilisation rate ⁽²⁾	76.9%	73.9%	72.8%	73.4%	72.9%

Notes:

- (1) In this Offering Circular, the most up to date operational data in respect of the Carpark Operations has been provided as at 31 July 2005. However, the number of carparking spaces within the Carpark Operations and hence, utilisation rates of the Carpark Operations have historically been calculated every quarter (as at the end of March, June, September and December). Therefore, for the purposes of a year-on-year comparison, the number of carparking spaces within the Carpark Operations and the utilisation rate of the Carpark Operations as at 30 June 2004 have been provided. There were no material changes in the number of carparking spaces within the Carpark Operations and the carpark utilisation rate during the periods between: (i) 30 June and 31 July 2004; and (ii) 30 June and 31 July 2005.
- (2) The spaces for hourly parking were not taken into account for the purpose of calculating carpark utilisation rates.