

Sun Hung Kai & Co. Limited Announces 2006 Annual Results

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Operating Profit Increases by 130% to HK\$659 Million

Dividend Increases by 25%

HK15 Cents per Share Total Dividend Declared

Financial Highlights:

For the year ended 31 December 2006

	2006	2005	Growth (%)
Revenue (HK\$ '000)	1,984,356	793,639	+150.03
Operating profit (HK\$'000)	658,868	286,995	+130.00
Net profit (HK\$'000)	486,817	401,497	+21.25
Total shareholders' equity (HK\$'000)	8,113,206	5,840,879	+38.90
Total assets (HK\$'000)	15,662,525	7,387,301	+112.00
Basic earnings per share (HK cents)	36.2 cents	32.2 cents	+12.42
Basic earnings per share excluding significant non-recurring, non-cash items (HK cents)	58.5 cents	33.4 cents	+75.10
Total dividend per share (HK cents)	15.0 cents	12.0 cents	+25.00
Return on equity (%)	6.00%	6.87%	-12.66
Return on equity excluding significant non-recurring, non-cash items (%)	9.69%	7.10%	+36.10

(HONG KONG, 12 April 2007) – **Sun Hung Kai & Co. Limited** (stock code: 00086) (“the Company” or together with its subsidiaries “the Group”), operating its financial services under the name of **Sun Hung Kai Financial**, today announced its audited results for the year ended 31 December 2006.

Solid Performance Results In Strong Earnings

In 2006, the Group performed strongly, maintaining its position as one of the leading non-bank financial institutions in Hong Kong. Increased activities across all core business areas of Wealth Management and Brokerage, Asset Management and Corporate Finance, as well as turnover contribution from the new Consumer Finance segment, boosted revenue by 150% to approximately HK\$1,984 million. Total operating profit increased to HK\$659 million, a 130% growth compared to 2005. Basic earnings per share excluding significant non-recurring, non-cash items was up by 75.1% to HK58.5 cents per share. With these items included, consolidated profit attributable to equity holders still increased by 21.3% to HK\$487 million.

The major non-recurring, non-cash charges incurred in 2006 included:

- A deemed loss of approximately HK\$81 million arising from the requisite accounting treatment of the carrying value of the Company's investment in Tian An China Investments Company Limited (“Tian An”) due to the conversion of 78,800,000 Tian An warrants by a third party and a placement by Tian An of 175,000,000 shares

- An impairment provision of approximately HK\$58 million to the carrying value of the Group's interest in the Kuala Lumpur hotel joint venture with New World Development Company Limited
- A provision made by Tian An for approximately HK\$297.4 million due to the newly imposed Land Appreciation Tax in Mainland China (with the Group's share of the provisions being at 39.59%)
- De-recognition by Yu Ming Investments Limited of its investment in CR Airways Limited and receivables originally held in an aggregate amount of approximately HK\$190.2 million (with the Group's share of the de-recognition being at 22.43%)

The Board is pleased with the performance of the Group's core businesses, and the Directors have recommended a final dividend of HK10 cents per share, making the total dividend for the year HK15 cents.

Commenting on the results, **Mr. Lee Seng Huang, Executive Chairman**, said, "2006 was a year of significant progress and solid growth for Sun Hung Kai Financial. Our management team will continue to improve operating efficiencies while further expanding our footprint in both Hong Kong and China."

Strong Operational Achievements

Sun Hung Kai Financial achieved its growth in 2006 through organic growth in its existing businesses and through strategic acquisitions.

Turnover breakdown of the Group was as follows:

- Wealth Management and Brokerage, and Corporate Finance (42%)
- Structured and Margin Finance (17%)
- Asset Management (8%)
- Consumer Finance (18%)
- Others, including proprietary trading (15%)

In the Wealth Management and Brokerage business, the Group continued to strengthen its sales force as well as widen its product range. In addition, the Group continued its leadership position in volume traded in index options and futures. The buoyant conditions in the equities market sustained its leadership position in IPO financing and margin lending. The Minibond distribution business recorded strong growth while demand for the mutual fund and unit-linked products remained strong. SHK Online, the Group's self-directed execution service, continued to grow, doubling its profits in 2006.

In Corporate Finance, the Group successfully sponsored five IPOs on the Hong Kong Exchange. In addition, it was the underwriter for numerous IPO issues and was the advisor on various corporate deals. The China Business Development unit was also established to strengthen the relationship with financial institutions and regulators in Mainland China.

The Asset Management business experienced another year of strong growth in 2006. Assets under management grew by 150% to US\$650 million as at the end of the year. The number of global funds increased from three to six. Two Asian hedge funds were also launched during the year.

In terms of growth through acquisition, the Group purchased a 50.91% interest in United Asia Finance Limited ("UAF"), a leading Hong Kong consumer finance provider, at an aggregate consideration of HK\$4,328 million in August 2006. The acquisition brought immediate income contribution to the Group.

Outlook

In conclusion, Mr. Lee said, “2007 will be an important year for the Group as we streamline our operations to improve efficiencies in our business and balance sheet. We will also capitalise on our position as one of Hong Kong’s leading non-bank financial institutions by seeking opportunistic acquisitions. Finally, we will continue to bring our deep expertise and innovative products and services to our valued customers.”

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About Sun Hung Kai & Co. Limited and Sun Hung Kai Financial

With its foundation dating back to 1969, Sun Hung Kai & Co. Limited, which trades under the brand Sun Hung Kai Financial, is one of the leading non-bank financial institutions in Hong Kong. The Group currently has over HK\$40 billion in assets under management, custody and/or advice, and over HK\$8 billion in shareholder's equity. Its core areas of focus include wealth management/brokerage, asset management, corporate finance, consumer finance as well as principal investments. Listed on the HKEx (under the stock code 00086), the Group is currently capitalised at about HK\$10 billion. It employs over 1,300 dedicated professionals and has an extensive branch and office network in 50 locations in Hong Kong, Macau and China.

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