SWIRE PACIFIC

SWIRE PACIFIC LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

2021 Final Results

2021 Performance Highlights^

	Note	2021	2020	Change
Return on equity		**1.3%**	-4.1%	+5.4% pt
Dividend per 'A' share (HK$)		**2.60**	1.70	+53%
		HK$M	HK$M	
Profit/(loss) attributable to the Company's shareholders				
As reported		**3,364**	(10,999)	N/A
Underlying profit/(loss)	(a)	**5,300**	(3,969)	N/A
Recurring underlying profit/(loss)	(a)	**4,885**	(609)	N/A
Revenue		**92,403**	80,032	+15%
Operating profit		**10,522**	2,695	+290%
Operating profit excluding change in fair value of investment properties		**12,453**	7,116	+75%
Change in fair value of investment properties		**(1,931)**	(4,421)	-56%
Cash generated from operations		**15,453**	15,124	+2%
Net cash inflow before financing		**5,321**	13,184	-60%
Total equity (including non-controlling interests)		**324,168**	319,146	+2%
Net debt		**38,655**	38,900	-1%
Gearing ratio (excluding lease liabilities)		**11.9%**	12.2%	-0.3% pt
		HK$	HK$	
Earnings/(loss) per share	(b)			
As reported				
'A' share		**2.25**	(7.32)	N/A
'B' share		**0.45**	(1.46)	
Underlying				
'A' share		**3.53**	(2.64)	N/A
'B' share		**0.71**	(0.53)	
Dividends per share				
'A' share		**2.60**	1.70	+53%
'B' share		**0.52**	0.34	
Equity attributable to the Company's shareholders per share	(c)			
'A' share		**177.78**	174.94	+2%
'B' share		**35.56**	34.99	

2021 Sustainable Development Performance	(d)	**2021**	2020	Change
GHG emissions (Thousand tonnes of CO_2e)		**683**	776	-12%
Energy consumed (GJ Million)		**5.8**	6.3	-9%
Water withdrawn (cbm Million)		**18.1**	17.1	+6%
LTIR (Number of injuries per 100 full-time equivalent employees)		**0.62**	0.64	-3%
Employee fatalities (Number of fatalities)		**0**	1	-100%

^ Figures included continuing operations and discontinued operations.

Notes:

(a) Reconciliations between the reported and underlying profit/(loss), and between underlying profit/(loss) and recurring underlying profit/(loss) are provided on pages 45 and 46.

(b) Refer to note 7 in the financial statements for the daily weighted average number of shares in issue throughout the year.

(c) Refer to note 10 in the financial statements for the number of shares at the year end.

(d) 2020 figures are restated following a review of the report boundary.

Corporate Statement

Sustainable Growth

Swire Pacific is a Hong Kong-based international conglomerate with a diversified portfolio of market leading businesses. The Company has a long history in Greater China, where the name Swire or 太古 has been established for over 150 years.

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends. Our strategy is focused on Greater China and South East Asia, where we seek to grow our core divisions of Property, Beverages and Aviation. New areas of growth, such as healthcare and sustainable foods are being targeted under a new division, Swire Investments.

Our Values

Integrity, endeavour, excellence, humility, teamwork, continuity.

Our Core Principles

• We focus on Asia, principally Greater China, because of its strong growth potential and because it is where the Group has long experience, deep knowledge and strong relationships.
• We mobilise capital, talent and ideas across the Group. Our scale and diversity increase our access to investment opportunities.
• We are prudent financial managers. This enables us to execute long-term investment plans irrespective of short-term financial market volatility.
• We recruit the best people and invest heavily in their training and development. The welfare of our people is critical to our operations.
• We build strong and lasting relationships, based on mutual benefit, with those with whom we do business.
• We invest in sustainable development, because it is the right thing to do and because it supports long-term growth through innovation and improved efficiency.
• We are committed to the highest standards of corporate governance and to the preservation and development of the Swire brand and reputation.

Our Investment Principles

• We aim to build a portfolio of businesses that collectively deliver a steady dividend stream over time.
• We are long-term investors. We prefer to have controlling interests in our businesses and to manage them for long-term growth. We do not rule out minority investments in appropriate circumstances.
• We concentrate on businesses where we can contribute expertise, and where our expertise can add value.
• We invest in businesses that provide high-quality products and services and that are leaders in their markets.
• We divest from businesses which have reached their full potential under our ownership, and recycle the capital released into existing or new businesses.

Our Businesses

Operating within three core divisions (Property, Beverages and Aviation), Swire Pacific undertakes a wide range of commercial activities.

Swire Properties' shopping malls are home to more than 2,200 retail outlets. Its offices house a working population estimated to exceed 75,000. In Hong Kong, Swire Properties is one of the largest commercial landlords and operators of retail space, principally through the ownership and management of its core centres at Pacific Place and Taikoo Place. In the Chinese Mainland, it has developed six retail-led mixed-use projects, in Beijing, Guangzhou, Chengdu and Shanghai. In the USA, it has a mixed-use development in Miami.

Corporate Statement (continued)

Our Beverages Division sold the products of The Coca-Cola Company to a franchise population of 762 million people in Greater China and the USA at the end of 2021. These products comprised 18 carbonated and 44 non-carbonated brands.

Cathay Pacific, with its subsidiaries HK Express and Air Hong Kong, had 234 aircraft at the end of 2021, of which 74 were held at parking locations outside of Hong Kong. Immediately prior to the onset of COVID-19, the Cathay Pacific group directly connected Hong Kong to 119 destinations in 35 countries worldwide (255 and 54 respectively with codeshare agreements), including 26 destinations in the Chinese Mainland. Cathay Pacific has an interest of 18.13% in Air China.

HAECO is a leading provider of international aircraft maintenance and repair services. In 2021, the HAECO group, operating from bases in Hong Kong, the Chinese Mainland and the USA, performed work for almost 400 airlines and other customers.

The Group has three associate investments in the healthcare sector in the Yangtze River Delta and the Greater Bay Area. We will continue to seek investment opportunities in private healthcare services, particularly in major city clusters in the Chinese Mainland.

In September 2021, the Group completed the sale of its 50% interest in the HUD group. In March 2022, the Group entered into a sale and purchase agreement to dispose of its interest in the Swire Pacific Offshore group. We will no longer operate any marine services business.

Swire Pacific is one of Hong Kong's largest and oldest employers, where we have over 30,000 employees. In the Chinese Mainland, we have over 34,000 employees. Globally, we employ over 80,000 staff.

Chairman's Statement

Dear Shareholders,

I am pleased to be writing my first message to you as Chairman of Swire Pacific.

Whilst the impact of COVID-19 continued to be felt across all our Divisions and the operating environment remained challenging in 2021, overall our businesses made a significant turnaround and the Group returned to profitability. The improved performance was in no small part due to the hard work and commitment of our people and underscores the strength and resilience of our businesses. This robust performance demonstrates that our approach of carefully managing short-term impacts, whilst continuing to invest for the long term in our core markets in Greater China, remains the right one. We are committed to delivering value and growth in these markets, and our solid fundamentals support our confidence in the Group's prospects.

Strategic Developments

In 2021, we continued our strategy of focusing on three core Divisions where we see good opportunities: Property, Beverages and Aviation, all well-positioned to tap into the growth in consumer spending in their core markets. We see a bright future for all of them, although the current COVID-19 impact on the Aviation Division is particularly challenging. We also increased our investment in healthcare in the Chinese Mainland.

We have an exciting investment pipeline in the Property Division, of which we have just announced a RMB7 billion investment in Xi'an. This development, located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district, will be our seventh retail-led mixed-use development in the Chinese Mainland.

Swire Coca-Cola, which is performing strongly, continued to pursue its core strategies during the year and made significant investments in production assets, logistics infrastructure, digital innovation and merchandising equipment to support future revenue growth and operational efficiency.

In Aviation, while Cathay Pacific's business remains significantly impacted by COVID-19, the business is well-placed for a post-COVID-19 recovery, after decisive actions were taken to create a more focused and competitive business with a lower cost base.

During the year, we invested in a premium private hospital in Shenzhen and a healthcare provider specialising in cardiovascular care in Shanghai, all part of our planned long-term capital spending in the healthcare sector in the Chinese Mainland.

We also recently announced the disposal of Swire Pacific Offshore. With this disposal, and the earlier sale of our interest in Hongkong United Dockyards (HUD), we will no longer operate any marine services business, which has been loss-making for a number of years. This is in line with our strategy of reducing exposure to non-core assets and recycling capital to focus on core businesses that have strong growth opportunities in Greater China and South East Asia.

Profits and Dividends

The Group recorded an underlying profit of HK$5,300 million in 2021, compared with an underlying loss of HK$3,969 million in 2020. Disregarding significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK$4,885 million in 2021, compared with a loss of HK$609 million in 2020. We made a higher recurring underlying profit with particularly strong momentum in the Chinese Mainland. Losses at Cathay Pacific and Swire Pacific Offshore were reduced significantly. The recurring underlying profit of the Property Division was stable and Swire Coca-Cola reported record profit. Impairment charges at Swire Pacific Offshore and Cathay Pacific reduced substantially. However, gains from the disposal of non-core assets were also lower.

Chairman's Statement (continued)

During the year, as previously announced, we introduced a revised dividend policy to reflect our goal in delivering sustainable growth in dividends. We target in future to pay out not less than half of our recurring underlying profit (excluding our share of the results of associate Cathay Pacific, but including all dividends received from that company) by way of ordinary dividends over time. Dividends for the full year are HK$2.60 per 'A' share and HK$0.52 per 'B' share, an increase of 53% over the 2020 full year dividends.

Resilient Business Performance

Property Division
The recurring underlying profit of the Property Division was stable compared to prior year at HK$5,824 million, against HK$5,834 million in 2020. Retail rental income in the Chinese Mainland increased strongly. Losses from hotels reduced. In Hong Kong, our office portfolio delivered solid returns, maintaining high occupancy, and our redevelopment of Taikoo Place is an example of placemaking at its very best. While Hong Kong's retail market partially recovered, it has not returned to pre-COVID-19 levels, but we remain confident of Hong Kong's long-term prospects and continue to invest in our retail malls and explore new digital technologies and customer-centric initiatives to prepare for the rebound. In September 2021, we opened our sixth Chinese Mainland development, Taikoo Li Qiantan, in Shanghai. In December 2021, we opened Taikoo Li Sanlitun West, an exciting retail addition to our existing Taikoo Li Sanlitun development, contributing to further revenue growth from the Chaoyang district in Beijing.

Beverages Division
Swire Coca-Cola's performance was strong and it reported record profits in 2021. Profits were 23% higher than in 2020, with an overall 8% improvement in volumes. Revenue growth in the Chinese Mainland was particularly strong and buoyant, with growth also achieved in the USA. The record profit reflected strengthened execution capabilities, improved distribution infrastructure, optimised package and product mix and price increases, as well as effective revenue growth management.

Aviation Division
Cathay Pacific substantially reduced losses in 2021 despite ongoing COVID-19 impacts. Cathay Pacific's losses in the year were reduced by 74% to HK$5.5 billion from HK$21.6 billion, driven by a strong performance from cargo and robust cost management, resulting in substantially reduced cash burn. Passenger travel remained acutely affected by travel restrictions and strict quarantine arrangements. Nevertheless, management's decisive actions and the strong cargo market enabled Cathay Pacific to be profitable in the second half of 2021.

At HAECO, COVID-19 adversely affected demand for aircraft maintenance. HAECO continued to invest in the relocation of its Xiamen operations, which are expected to be completed in 2026.

Financial Strength
Our strong balance sheet enables us to take advantage of the investment opportunities available to us. At 31st December 2021, our gearing was 11.9% and our available liquidity was HK$47 billion. This puts us in a position to pursue our long-term plans irrespective of short-term market volatility.

Sustainable Development
Using natural resources responsibly, minimising waste and pollution, and investing in our people and communities are fundamental to the sustainability of business. We are committed to improving in this area. During 2021 we made progress with SwireTHRIVE, our group strategy for sustainable development. We continued to integrate our ESG initiatives across the businesses. Swire Properties and Swire Coca-Cola, which together account for almost 80% of the Group's total emissions, are now committed to SBTi-approved targets aligned with the 1.5°C pathway. Across our Divisions we have set substantial targets for improvement across five priority areas: Climate, Waste, Water, People and Communities.

Chairman's Statement (continued)

Supporting Our Communities

Swire has deep roots in the Chinese Mainland going back 155 years, and we engage in a range of charitable activities to support our communities that cover education, rural revitalisation, environmental sustainability and emergency support. Last year we celebrated our 150th anniversary in Hong Kong, and to reaffirm our ongoing commitment to the city, we injected HK$150 million into the Swire Trust, the Group's philanthropic arm, as part of our TrustTomorrow initiative. This funding will boost our work in education, marine conservation and the arts, with a focus on youth empowerment. Through this initiative we are funding over 50 projects, in partnership with about 50 social welfare non-profit organisations.

Additional COVID-19 Support

As COVID-19 continues to impact city life in Hong Kong, we remain committed to doing all we can to help protect and support our communities, especially the most vulnerable. As the fifth wave of COVID-19 emerged, we once again pledged financial assistance to disadvantaged groups in Hong Kong through our TrustTomorrow initiative.

Swire Properties is offering rental relief to its retail tenants and providing hotel rooms and spaces for isolation, quarantine and vaccination purposes and Cathay Pacific has been keeping Hong Kong connected, including maintaining the flow of essential goods and getting medical supplies to where they are most needed.

Looking Ahead

We expect Swire Properties to continue to perform well, particularly in the Chinese Mainland, where we see significant potential in building on the strong reputation of our Taikoo Li and Taikoo Hui Brands.

Swire Properties intends to invest over HK$100 billion to build an exciting development pipeline over the next ten years. More than half of the funding is intended to be invested in the Chinese Mainland, with a focus on retail-led mixed-use development in Tier-1 and emerging Tier-1 cities. One third of the amount will be invested in Hong Kong to expand and reinforce Taikoo Place and Pacific Place. We are also actively exploring residential trading opportunities across our core markets, leveraging our premium residential brand.

We see good opportunities to support growth in our Beverages Division and will continue to invest in Swire Coca-Cola to create a strong and sustainable business focused on improving returns.

There remains uncertainty on the duration and extent of the ongoing COVID-19 restrictions on Cathay Pacific's operations. Cathay Pacific has had a difficult start to 2022, following the emergence of the highly transmissible Omicron variant. However, Cathay Pacific's lower cost base has positioned the business well for a post-COVID-19 recovery.

Swire Investments is continuing to focus on the Chinese Mainland's healthcare sector, where we target to invest HK$20 billion over the next 10 years.

Our resilient and diverse portfolio has enabled us to withstand many challenges and remains well-placed to serve consumer growth in our core markets. We are confident of our future and firmly committed to Hong Kong, the Chinese Mainland and South East Asia.

Chairman's Statement (continued)

Our People

As I reflect on our group performance in 2021, I am immensely proud of our achievements and the strong foundations laid down for the years ahead. Despite the ongoing challenges, we have persevered thanks to the strength, agility and tenacity of our people. I would like again to salute all our teams for the tremendous teamwork, dedication and professionalism which they continue to show in response to the challenges of COVID-19.

Guy Bradley
Chairman
Hong Kong, 10th March 2022

Finance Director's Statement

Results Summary

Swire Pacific performed well during 2021 despite the continuing impact of COVID-19. The recurring underlying profit for 2021, which disregards significant non-recurring items in both years, was HK$4,885 million, compared with a recurring underlying loss of HK$609 million in 2020. Most Divisions put in an improved performance during the year and our solid financial results demonstrated the resilience of our businesses.

The consolidated profit attributable to shareholders (including discontinued operations) for 2021 was HK$3,364 million, compared to a loss of HK$10,999 million in 2020. The underlying profit attributable to shareholders, which principally adjusts for changes in the value of investment properties, was HK$5,300 million, compared with a loss of HK$3,969 million in 2020. The improvement in the underlying results primarily reflects (i) a substantial reduction of losses (including a reduction of impairment charges) at Cathay Pacific and Swire Pacific Offshore, and (ii) a significant increase in the profits of Swire Coca-Cola. There was, however, a decrease in gains on disposal of assets in the Property Division.

The Property Division which is the major contributor to the Group's profit, continued to perform solidly during the year, particularly in the Chinese Mainland, demonstrating the Division's resilience amid challenging times. The recurring underlying profit from the Property Division in 2021 (which excludes gains from the sale of interests in investment properties of HK$1,959 million, compared with HK$4,584 million in 2020) was HK$5,824 million, compared with HK$5,834 million in 2020. This mainly reflected higher rental income from the Chinese Mainland and reduced losses in the hotel business, largely offset by lower retail rental income in Hong Kong and loss of rental income from Cityplaza One.

We continued to see strong growth momentum in our Beverages business throughout the year. Swire Coca-Cola reported a record profit of HK$2,549 million in 2021, 23% higher than in 2020. Revenue increased by 20% to HK$54,769 million. Volume increased by 8% to 1,890 million unit cases. Attributable profit increased in most regions. The Chinese Mainland market remained very dynamic with increased consumer demand met with excellent execution, digital innovation and improved product mix. The buoyant US market was driven by price increases and changes in product mix which were effective in supporting growth throughout the year. Revenue growth and operational efficiency was also fuelled by digital innovations. Swire Coca-Cola is expanding its product and package portfolio and investing in production assets, logistics infrastructure, merchandising equipment and digital capabilities.

The Aviation Division incurred a loss of HK$2,380 million in 2021, compared to a loss of HK$9,751 million in 2020.

The Cathay Pacific group substantially reduced losses in 2021 despite the ongoing COVID-19 impact, with the group reporting a profit in the second half of the year. This improved performance was driven by the cargo business, which performed exceptionally well, and good cost management, resulting in substantially reduced cash burn. Travel remained very challenging with aircrew quarantine and travel restrictions impacting passenger flight capacity substantially. The Cathay Pacific group's attributable loss on a 100% basis was HK$5,527 million in 2021 (2020: loss of HK$21,648 million). The loss for 2021 included impairment and related charges of HK$832 million, restructuring costs of HK$385 million, and a HK$210 million gain on the dilution of an associate interest.

The HAECO group reported an attributable profit of HK$394 million in 2021, compared with HK$96 million in 2020. Disregarding the impairment charges in both years, the recurring profit of the HAECO group increased by HK$46 million to HK$416 million in 2021. COVID-19 adversely affected demand for aircraft maintenance and repair services except base maintenance.

Finance Director's Statement (continued)

Dividends
A revised dividend policy was introduced in 2021. We target to deliver sustainable growth in dividends and to pay out not less than half of our recurring underlying profit (excluding our share of the results of Cathay Pacific, but including all dividends received from that company) by way of ordinary dividends over time.

The Directors have declared second interim dividends of HK$1.60 per 'A' share and HK$0.32 per 'B' share which, together with the first interim dividends paid in October 2021, amount to full year dividends of HK$2.60 per 'A' share and HK$0.52 per 'B' share. The second interim dividends will be paid on 6th May 2022 to shareholders registered at the close of business on the record date, being Friday, 8th April 2022. Shares of the Company will be traded ex-dividend as from Wednesday, 6th April 2022.

Implementing Our Aims
Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends. Capital allocation, achieved by way both of investment and divestment, is central to the achievement of our aims.

We are focused on delivering our corporate strategy. We have strengthened our three core businesses, reinforced our assets, and paved the way for new opportunities.

We continue to invest in healthcare in the Chinese Mainland, through Swire Investments. We will no longer operate any marine services business with the disposal of our interest in Hongkong United Dockyards (HUD) and Swire Pacific Offshore.

Business Developments
Recycling of non-core assets has strengthened the financial position of Swire Properties, leaving the company well-positioned to execute a compelling growth strategy on an exciting pipeline of projects.

In the Chinese Mainland, Taikoo Li Qiantan in Shanghai, and Taikoo Li Sanlitun West (an extension to Taikoo Li Sanlitun) in Beijing were opened in September and December 2021, respectively. INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in mid-2025 and 2026. In July 2021, Swire Properties formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd., for the purpose of revitalising the historic Zhangyuan shikumen compound in the Jing'an district of Shanghai. In August 2021, Swire Properties entered into a cooperation agreement with the Chaoyang district government in Beijing and the Beijing Public Transport Corporation in relation to the transformation of a public transport maintenance facility in Sanlitun. In March 2022, a consortium in which Swire Properties has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. The land is expected to be developed into a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments.

In Hong Kong, the second phase of the Taikoo Place redevelopment will be completed later this year. The Silveri Hong Kong – MGallery, a hotel not managed by the Group at Citygate, is expected to open in phases, subject to COVID-19 conditions, this year. Swire Properties has offered 2,123 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 1,235 of the spaces had been sold at 8th March 2022. In the USA, Swire Properties sold EAST Miami to an institutional investor in October 2021. Disposal of a site at Fort Lauderdale was completed in January 2022.

Finance Director's Statement (continued)

Swire Coca-Cola, which is performing strongly, continues to leverage the close alignment with The Coca-Cola Company to drive portfolio growth, particularly in the no-sugar, energy and coffee categories, while also developing new products to meet evolving consumer preferences.

For Aviation, Cathay Pacific took decisive actions during the year to create a more focused and competitive business with a lower cost base in preparation for a post-COVID-19 recovery. HAECO Xiamen started pre-construction work at the new airport. The relocation will significantly strengthen HAECO Xiamen's operations from 2026.

In February 2021, the Group made an investment in a hospital being developed in Shenzhen. In August 2021, the Group made an investment in a healthcare provider in Shanghai specialising in cardiovascular care. We are determined to build a significant healthcare business and plan to have invested at least HK$20 billion in this fast-growing sector by 2030.

In April 2021, Swire Pacific Offshore sold a 12.7% equity interest in Cadeler A/S. A further sale of 6.7% of the equity interest in Cadeler was completed in February 2022. A disposal of our 50% interest in the HUD group was completed in September 2021. In March 2022, an agreement to sell the Swire Pacific Offshore business (excluding Cadeler) was entered into. A remeasurement loss of HK$1.6 billion was recognised on reclassifying the relevant assets as held for sale.

Financial Strength

In 2021, we generated HK$15.5 billion from operations and HK$7.4 billion from disposals and we made total capital investments of HK$13.2 billion. Net debt at 31st December 2021 was HK$38.7 billion, a decrease of HK$0.2 billion from the end of 2020. Gearing ratio at the end of 2021 was 11.9%, a slight decrease as compared to 12.2% at the end of 2020. Including lease liabilities as part of net debt would increase our gearing ratio at the end of 2021 to 13.6%.

Sustainable Development and ESG

During 2021 we continued to make progress with SwireTHRIVE, our group strategy for sustainable development and to better integrate ESG initiatives across the businesses. We have set substantial targets across five priority areas: Climate, Waste, Water, People and Communities including: 50% reduction in greenhouse gas emissions by 2030, and net-zero by 2050. 65% waste diversion from landfill by 2030, and zero waste to landfill by 2050. 30% reduction in water withdrawal by 2030, and water neutrality by 2050. Our progress on these targets can be seen in the Sustainable Development Review section of our Annual Report.

We continued to invest in the training and development of our people while ensuring fair and equal opportunities for all. Our Diversity and Inclusion Steering Committee and the Swire Women's Network continue to focus on gender diversity and creating an inclusive workforce.

We conduct our operations in a manner which aims to safeguard the health, wellbeing and safety of our people, contractors, suppliers, customers and the communities in which we operate. We continuously strive to improve more and improve our health and safety performance and culture through digital innovation, impactful communication, training, learning and timely reporting.

In 2021 we enhanced our Group's risk governance framework, adopting the three lines of defence model of risk governance and strengthening the oversight on operating companies.

Recognition

In 2021, Swire Properties continued to be the only listed company from Hong Kong to be included in the Dow Jones Sustainability World Index. In 2021, Swire Pacific received a score of B for CDP Climate Change and a score of A- for CDP Water Security. Swire Coca-Cola maintained its score of A for CDP Water Security. Swire Pacific is included for the first time in the Bloomberg Gender-Equality Index.

Finance Director's Statement (continued)

Looking Ahead

The Property Division is optimistic about its prospects in the Chinese Mainland retail market, driven by strong local demand with steady growth in retail sales. Demand for office space in the Chinese Mainland is mixed. Rents are under pressure in Guangzhou, while office take-up is recovering in Beijing and demand in Shanghai is robust. Despite increasing competition and supply, Swire Properties' Hong Kong office portfolio remains well-placed, with high occupancy and stable demand from a range of tenants, supported by the activities in the financial markets. Recovery of the Hong Kong retail market has been impacted by the fifth wave of the pandemic but is well-positioned for the post-pandemic upturn. The outlook for Hong Kong hotels is difficult, given ongoing travel restrictions. Hotels in the Chinese Mainland and USA continue to recover. The Property Division continues to be supported by strong capital management and is focusing on its ambitious HK$100 billion investment plans to drive future growth.

At Swire Coca-Cola, revenue is expected to grow strongly in the Chinese Mainland and USA. Taiwan is expected to continue to improve, however, Hong Kong will be impacted by the fifth wave of the COVID-19 outbreak. We will continue to explore attractive investment opportunities to further strengthen the business.

There remains uncertainty on the duration and extent of the ongoing COVID-19 restrictions will have on Cathay Pacific in 2022 and its ability to operate fully. Travel is likely to remain significantly impacted, while cargo was weaker during the first few months of the year given intensifying restrictions due to the ongoing pandemic. Cathay Pacific remains firmly committed to keeping Hong Kong safely connected to the world and continues to explore all options to keep the flow of people and goods moving despite the considerable challenges.

At HAECO, base maintenance is expected to continue to recover. Demand for engine services is expected to improve gradually. Recovery in line maintenance in Hong Kong depends on lifting of travel restrictions. Profit in the USA will be lower with the absence of government subsidies and the shortage of skilled labour. HAECO will focus on increasing its exposure to the narrow-body market, along with leveraging technology and digital tools to improve operational efficiency and the customer experience.

Martin Murray
Finance Director
Hong Kong, 10th March 2022

REVIEW OF OPERATIONS

PROPERTY DIVISION

OVERVIEW OF THE BUSINESS

Swire Properties is a leading developer, owner and operator of mixed-use, principally commercial, properties in Hong Kong and the Chinese Mainland, with a record of creating long-term value by transforming urban areas.

Swire Properties' business comprises three main areas:

Property Investment:

Swire Properties' property investment portfolio in Hong Kong comprises office and retail premises, serviced apartments and other luxury and high quality residential accommodation in prime locations. Including hotels, the completed portfolio in Hong Kong totals 12.0 million square feet of gross floor area, with an additional 1.2 million square feet under development. In the Chinese Mainland, Swire Properties owns and operates major mixed-use commercial developments in Beijing, Guangzhou, Chengdu and Shanghai, in joint venture in most cases, which will total 11.3 million square feet on completion. Of this, 9.8 million square feet has already been completed. Swire Properties' property investment portfolio in Miami, USA totals 0.8 million square feet which comprises the Brickell City Centre development, with an adjoining 1.4 million square feet development under planning.

Hotel Investment:

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST Hong Kong at Taikoo Shing. Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and in the Novotel Citygate in Tung Chung. In the Chinese Mainland, Swire Hotels manages four hotels. The Opposite House at Taikoo Li Sanlitun in Beijing is wholly-owned by Swire Properties. 50% interests are owned in EAST Beijing at INDIGO, in The Temple House at Sino-Ocean Taikoo Li Chengdu, and in The Middle House at HKRI Taikoo Hui in Shanghai. Swire Properties owns 97% and 50% interests in the Mandarin Oriental at Taikoo Hui in Guangzhou and The Sukhothai Shanghai at HKRI Taikoo Hui respectively. In the USA, Swire Properties manages, through Swire Hotels, EAST Miami and owns a 75% interest in the Mandarin Oriental in Miami. The Silveri Hong Kong – MGallery, a non-managed hotel, is part of the 20% owned Citygate development in Hong Kong and is expected to open in phases, subject to COVID-19 conditions, this year.

Property Trading:

Swire Properties' trading portfolio comprises six residential projects under development, three in Hong Kong, one in Indonesia and two in Vietnam. There are also land banks in Miami, USA.

Swire Properties is listed on The Stock Exchange of Hong Kong Limited.

Principal Investment Property and Hotel Portfolio – Gross Floor Area
('000 Square Feet)

	At 31st December 2021						At 31st December 2020
Location	Office	Retail	Hotels	Residential	Under Planning	Total	Total
Completed							
Pacific Place	2,186	711	496	443	-	3,836	3,836
Taikoo Place	5,571	12	-	63	-	5,646	5,646
Cityplaza	-	1,097	200	-	-	1,297	1,297
Others	450	666	73	50	-	1,239	1,241
- Hong Kong	8,207	2,486	769	556	-	12,018	12,020
Taikoo Li Sanlitun	-	1,610	169	-	-	1,779	1,465
Taikoo Hui	1,732	1,473	584	52	-	3,841	3,841
INDIGO	294	470	179	-	-	943	943
Sino-Ocean Taikoo Li Chengdu	-	678	98	55	-	831	831
HKRI Taikoo Hui	914	587	194	73	-	1,768	1,768
Taikoo Li Qiantan	-	594	-	-	-	594	619
Others	-	91	-	-	-	91	111
- Chinese Mainland	2,940	5,503	1,224	180	-	9,847	9,578
- USA	-	497	259	-	-	756	1,083
Total completed	11,147	8,486	2,252	736	-	22,621	22,681
Under and pending development							
- Hong Kong ^	1,218	3	-	15	-	1,236	1,236
- Chinese Mainland	-	-	-	-	1,416	1,416	1,685
- USA	-	-	-	-	1,444	1,444	1,444
Total	12,365	8,489	2,252	751	2,860	26,717	27,046

Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space owned by joint venture and associated companies.

^ The office portfolio principally comprises Two Taikoo Place.

STRATEGY:

The strategic objective of Swire Properties (as a listed company in its own right) is sustainable growth in shareholder value over the long term as a leading developer, owner and operator of principally mixed-use commercial properties in Hong Kong and the Chinese Mainland. The strategies employed in order to achieve this objective are these:

- The continual creation of long-term value through conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas.
- Maximisation of the earnings and value of its completed properties through active asset management and by reinforcing its assets through enhancement, redevelopment and new additions.
- Continuing its luxury and high quality residential property activities.
- Remaining focused principally on Hong Kong and the Chinese Mainland.
- Conservative management of its capital base.

2021 PERFORMANCE

Property Division – Financial Highlights

	2021 HK$M	2020 HK$M
Revenue		
Gross rental income derived from		
Office	**6,193**	6,555
Retail	**5,785**	5,245
Residential	**474**	454
Other revenue *	**102**	101
Property investment	**12,554**	12,355
Property trading	**2,443**	312
Hotels	**894**	641
Total revenue	**15,891**	13,308
Operating profit/(loss) derived from		
Property investment		
From operations	**8,276**	8,495
Sale of interests in investment properties	**1,185**	1,826
Valuation losses on investment properties	**(1,931)**	(4,421)
Property trading	**492**	(49)
Hotels	**(174)**	(310)
Total operating profit	**7,848**	5,541
Share of post-tax profit from joint venture and associated companies	**1,788**	732
Attributable profit	**7,131**	4,132
Swire Pacific share of attributable profit	**5,847**	3,388

* Other revenue is mainly estate management fees.

Property Division – Underlying Profit/(Loss) by Segment

	2021 HK$M	2020 HK$M
Property Investment	**9,822**	13,316
Property Trading	**(45)**	(87)
Hotels	**(285)**	(524)
Total underlying attributable profit	**9,492**	12,705

Property Division – Reconciliation of Attributable to Underlying Profit

Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

	Note	**2021 HK$M**	2020 HK$M
Attributable profit		**7,131**	4,132
Adjustments in respect of investment properties:			
Valuation losses in respect of investment properties	(a)	**692**	4,263
Deferred tax on investment properties	(b)	**1,027**	446
Valuation gains realised on sale of interests in investment properties	(c)	**585**	3,990
Depreciation of investment properties occupied by the Group	(d)	**29**	31
Impairment loss on a hotel held as part of a mixed-use development	(e)	**22**	-
Amortisation of right-of-use assets reported under investment properties	(f)	**(53)**	(49)
Non-controlling interests' share of valuation movements less deferred tax		**59**	(108)
Underlying attributable profit		**9,492**	12,705
Profit on sale of interests in investment properties and a hotel		**(2,389)**	(5,590)
Recurring underlying attributable profit		**7,103**	7,115
Swire Pacific share of underlying attributable profit		**7,783**	10,418
Swire Pacific share of recurring underlying attributable profit		**5,824**	5,834

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the USA, and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.

(f) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

2021 PROPERTY INDUSTRY REVIEW

Office and Retail:

Hong Kong:

Office
The office market was weak, with consecutive quarters of negative net absorption, reflecting subdued demand and increasing supply. However, leasing activity started to pick up in the second half of 2021.

Retail
COVID-19 stopped most inbound tourism. Social distancing reduced local consumption. The retail market was severely disrupted, but has stabilised. Local demand started to recover in the second half of 2021.

Chinese Mainland:

Retail
Despite COVID-19, retail sales in the Chinese Mainland grew strongly in 2021, particularly of jewellery, watches and other luxury items. Sales benefitted from restrictions on overseas travel and generally effective containment of COVID-19. There was strong demand for retail space from retailers of international luxury brands, and moderate demand for retail space from retailers of sports, fashion and cosmetic brands and from food and beverages outlets.

Office
Demand for office space in Beijing and Shanghai improved in 2021. Take-up increased generally, but was weak in Guangzhou. New supply put pressure on office rents in Guangzhou. Office rents in Shanghai and Beijing recovered, reflecting lower vacancy rates.

USA:

Retail
Retail sales recovered strongly from the adverse effects of COVID-19.

Property Sales Markets:

Sentiment improved in the Hong Kong residential market. Values were stable.

2021 RESULTS SUMMARY

Attributable profit from the Property Division for the year was HK$5,847 million, compared to HK$3,388 million in 2020. These figures include net property valuation losses, before deferred tax and non-controlling interests, of HK$692 million in 2021, compared to losses of HK$4,263 million in 2020. Attributable underlying profit decreased to HK$7,783 million in 2021 from HK$10,418 million in 2020. This mainly reflected the reduction in profit from the sale of interests in investment properties in Hong Kong. Recurring underlying profit (which excludes the profit on the sale of interests in investment properties) was HK$5,824 million in 2021, compared with HK$5,834 million in 2020. This mainly reflected higher rental income from the Chinese Mainland and reduced losses in the hotel business, largely offset by lower rental income from Hong Kong.

Recurring underlying profit from property investment decreased in 2021. This mainly reflected lower retail rental income (the reduction reflecting in part the amortisation of rental concessions given in 2020) from Hong Kong and the loss of rental income from the Cityplaza One office tower (which was disposed of in the second half of 2020), partly offset by strong retail rental income from the Chinese Mainland.

In Hong Kong, the office portfolio was resilient and occupancy was high despite a weak market. The retail portfolio in Hong Kong was adversely affected by the effect of COVID-19 on inbound tourism. However, local consumption improved and COVID-19 was generally contained in the second half of 2021. The HKSAR Government introduced a consumption voucher scheme, which increased retail sales.

In the Chinese Mainland, our retail performance was strong. Retail sales and gross rental income increased significantly. Local demand was strong. COVID-19 was generally contained.

In the USA, retail sales and gross rental income increased strongly.

There was a small underlying loss from property trading in 2021. This reflected the sales of EDEN in Singapore and of the remaining units at Reach and Rise in the USA, and adjustments to provisions.

The hotel business in Hong Kong was adversely affected by travel restrictions. Hotels in the Chinese Mainland and the USA performed better. Losses were lower.

KEY DEVELOPMENTS

In January 2021, Swire Properties started to sell units at EIGHT STAR STREET in the Starstreet Precinct in Hong Kong. 28 out of 37 units had been pre-sold at 8th March 2022.

In March 2021, Swire Properties made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel, and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2027.

In March 2021, Swire Properties sold all 20 apartments at EDEN in Singapore.

In May 2021, Swire Properties sold almost all remaining units at Reach and Rise, the residential portion of the first phase of the Brickell City Centre development in Miami, USA, to an institutional purchaser. All units available for sale were sold during the year.

In July 2021, Swire Properties formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd., for the purpose of revitalising the historic Zhangyuan shikumen compound in the Jing'an district of Shanghai.

In August 2021, Swire Properties entered into a cooperation agreement with the Chaoyang district government in Beijing and the Beijing Public Transport Corporation. The cooperation relates to the transformation (into a cultural and commercial destination) of a public transport maintenance facility in Sanlitun owned by the Beijing Public Transport Corporation and adjacent to our Taikoo Li Sanlitun development.

In September 2021, Taikoo Li Qiantan, a retail development in Qiantan international business district jointly developed by Swire Properties and Shanghai Lujiazui Group, officially opened. This is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland.

In September 2021, a project company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited accepted the HKSAR Government's land exchange offer in relation to a plot of land in Chai Wan, Hong Kong for a premium of approximately HK$4,540 million. The land exchange was executed in December 2021. The plot of land is expected to be redeveloped into a residential complex with an aggregate gross floor area of approximately 694,000 square feet.

In October 2021, Swire Properties sold EAST Miami to an institutional investor. Swire Hotels remains the hotel operator.

In December 2021, Taikoo Li Sanlitun West, an extension to Taikoo Li Sanlitun in Beijing, opened for business.

In March 2022, a consortium in which Swire Properties has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an for a consideration of approximately RMB2,575 million. The land is expected to be developed into a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments.

INVESTMENT PROPERTIES

Hong Kong

Office

Gross rental income from the Hong Kong office portfolio in 2021 was HK$5,794 million, 5% lower than 2020. The decrease was mainly due to the loss of rental income from the Cityplaza One office tower, which was disposed of in the second half of 2020. Our office portfolio was resilient. Occupancy was high. There were positive rental reversions at our Taikoo Place properties. Disregarding the effect of the disposal of Cityplaza One, gross rental income was approximately the same. At 31st December 2021, the office portfolio was 97% let.

The performance of the offices at One, Two, and Three Pacific Place was relatively solid in 2021. The occupancy rate improved to 98% at 31st December 2021.

The performance of the offices at Taikoo Place was resilient. The occupancy rates at Taikoo Place, One Taikoo Place and One Island East were 96%, 100% and 99% respectively at 31st December 2021.

The occupancy rate at South Island Place was 88% at 31st December 2021. Swire Properties has a 50% interest in the development.

Retail

The Hong Kong retail portfolio's gross rental income was HK$2,191 million in 2021, a 10% decrease from 2020. The decrease reflected in part the amortisation of rental concessions given in 2020.

Retail sales in 2021 increased by 27% at The Mall, Pacific Place, by 9% at Cityplaza and by 22% at Citygate Outlets. These increases compare with an 8% increase in retail sales in Hong Kong as a whole. COVID-19 was generally contained in Hong Kong in the second half of 2021. The HKSAR Government introduced a consumption voucher scheme, which increased retail sales. People ate out more. This helped food and beverages businesses. General fashion and accessories businesses struggled. The performance of luxury retail businesses varied.

Rental concessions were given for specific periods on a case by case basis to support tenants. Rental concessions granted in 2020 and 2021 were amortised over the remaining lease terms. Rental concessions (on a cash basis) reduced considerably in 2021. On a cash concession basis, gross rental income was 5% higher in 2021 than 2020.

The malls were almost fully let throughout the year.

Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wanchai and a number of luxury houses on Hong Kong Island and Lantau Island. The occupancy rate at the residential portfolio was approximately 68% at 31st December 2021.

Investment Properties under Development

The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House) is the construction of an office tower with an aggregate gross floor area of approximately one million square feet, to be named Two Taikoo Place. Curtain wall installation and interior fit out works are in progress. Completion of the redevelopment is expected later this year.

Planning permission to develop the site at 46-56 Queen's Road East for office use was obtained in 2018. The site area is approximately 14,400 square feet. The proposed development has an aggregate gross floor area of approximately 218,000 square feet. Superstructure works are in progress. Completion is expected in 2023.

Others

In 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road) in Hong Kong. In February 2022, the Lands Tribunal granted the compulsory sale order for Zung Fu Industrial Building. Subject to Swire Properties having successfully bid in the compulsory sale of the sites, the sites are intended to be redeveloped for office and other commercial uses with an aggregate gross floor area of approximately 779,000 square feet.

In 2018, a joint venture company in which Swire Properties holds a 50% interest submitted a compulsory sale application in respect of a site at 983-987A King's Road and 16-94 Pan Hoi Street, Quarry Bay, Hong Kong. Subject to the joint venture company having successfully bid in the compulsory sale and in accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a gross floor area of approximately 400,000 square feet.

Since November 2020, Swire Properties has offered 2,123 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 1,235 of these car parking spaces had been sold at 8th March 2022. Sales of 1,202 car parking spaces were recognised in 2021.

<u>Chinese Mainland</u>

Retail

Retail sales in the Chinese Mainland increased strongly in 2021 despite sporadic COVID-19 resurgences in some cities. Local demand was strong, particularly for watches, jewellery and other luxury items. This reflected continued restrictions on travel outside the Chinese Mainland and generally effective COVID-19 controls by local authorities. Sellers of luxury and international brands did well and sought more space. Our retail sales on an attributable basis in the Chinese Mainland in 2021 increased by 30%. Retail sales in Taikoo Li Sanlitun and INDIGO in Beijing, Taikoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai increased by 27%, 11%, 33%, 22% and 29% respectively in 2021. National retail sales increased by 13%. Taikoo Li Qiantan opened on 30th September 2021.

The Chinese Mainland retail portfolio's gross rental income for 2021 increased by 27% compared with 2020, to HK$3,168 million (after taking into account a 7% appreciation of the Renminbi against the Hong Kong dollar). Disregarding amortised rental concessions and Renminbi appreciation, gross rental income increased by 16%.

Gross rental income at Taikoo Li Sanlitun was satisfactory in 2021. The occupancy rate was 97% at 31st December 2021. Taikoo Li Sanlitun West officially opened in December 2021. The percentage stabilised yield on the cost of the project is expected to be in the high single digits. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination in Beijing.

Gross rental income at Taikoo Hui in Guangzhou grew strongly in 2021. The occupancy rate at Taikoo Hui was 99% at 31st December 2021.

Occupancy at the shopping mall at INDIGO, Beijing was 100% at 31st December 2021.

At 31st December 2021, the occupancy rate at Sino-Ocean Taikoo Li Chengdu was 96%. The development is reinforcing its position as a premium shopping and leisure destination in Chengdu and the western part of the Chinese Mainland.

At 31st December 2021, the occupancy rate at HKRI Taikoo Hui was 97%.

Taikoo Li Qiantan officially opened in September 2021 and started to contribute rental income. Retail sales and footfall have been strong since the opening. At 31st December 2021, tenants had committed (including by way of letter of intent) to take 90% of the retail space. 59% of the lettable retail space was open. The percentage stabilised yield on the cost of the development is expected to be in the high single digits.

Office

The Chinese Mainland office portfolio's gross rental income for 2021 increased by 6% compared with 2020, to HK$380 million (after taking into account a 7% appreciation of the Renminbi against the Hong Kong dollar). In Renminbi terms, the gross rental income was approximately the same. This was despite weak demand for office space as well as new supply in Guangzhou.

At 31st December 2021, the occupancy rates at the office towers at Taikoo Hui, Guangzhou and at ONE INDIGO, Beijing were 95% and 93% respectively.

The occupancy rate at the two office towers at HKRI Taikoo Hui in Shanghai was 100% at 31st December 2021.

Investment Properties under Development

INDIGO Phase Two is an extension of the existing INDIGO development with a gross floor area of approximately four million square feet. Jointly developed with the Sino-Ocean group, INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in mid-2025 and 2026. Excavation works were completed. Piling works are in progress. Swire Properties has a 35% interest in INDIGO Phase Two.

Others

Swire Properties has formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, which Swire Properties has a 60% interest, will be engaged in the revitalisation and management of the Zhangyuan shikumen compound in the Jing'an district in Shanghai. Construction and renovation were in progress at 31st December 2021. The revitalisation is planned to be completed and opened in two phases, in 2022 and 2025. Swire Properties does not have an ownership interest in the compound.

In March 2022, a consortium in which Swire Properties has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. Spanning a site area of approximately 1.3 million square feet, the land is expected to be developed as Taikoo Li Xi'an, a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments. The estimated gross floor area is approximately 2.9 million square feet (above ground and underground), subject to further planning. The consortium is in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.

USA

The first phase of the Brickell City Centre development consists of a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel and serviced apartments (EAST Miami) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the remaining units at Reach and Rise have been sold.

In October 2021, Swire Properties completed the sale of EAST Miami hotel and serviced apartments at the development. Swire Hotels remains the hotel operator.

Swire Properties owns 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, exercisable from February 2020, to sell its interest to Swire Properties.

The shopping centre was 98% leased (including by way of letters of intent) at 31st December 2021. Retail sales in 2021 increased by 112%.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is being planned. It will be a mixed-use development.

VALUATION OF INVESTMENT PROPERTIES

The portfolio of investment properties was valued at 31st December 2021 on the basis of market value (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK$267,210 million, compared to HK$266,133 million at 31st December 2020. There was a decrease in the valuation of the retail and office investment properties in Hong Kong and an increase in the valuation of the investment properties in the Chinese Mainland.

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. Leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

Hong Kong Lease Expiry Profile – at 31st December 2021

% of the total rental income attributable to the Group for the month ended 31st December 2021	2022	2023	2024 and later
Office	8.4%	17.7%	73.9%
Retail	14.4%	30.4%	55.2%

HOTELS

The managed hotels in Hong Kong were adversely affected by ongoing travel restrictions associated with COVID-19. The managed hotels in the Chinese Mainland and in the USA performed better. The operating profit before depreciation of the managed hotels (including restaurants and taking account of central costs) in 2021 was HK$22 million.

The non-managed hotels in Hong Kong were adversely affected by COVID-19. The non-managed hotels in the Chinese Mainland and in the USA performed better. Average room rates and occupancy were higher.

Profile of Capital Commitments for Investment Properties and Hotels

(HK$M)	Expenditure	Forecast expenditure				Total commitments ^	Commitments relating to joint venture companies *
	2021	2022	2023	2024	2025 and later	**At 31st December 2021**	**At 31st December 2021**
Hong Kong	**3,281**	5,783	1,448	872	6,397	**14,500**	**73**
Chinese Mainland	**1,010**	1,475	1,172	999	2,538	**6,184**	**4,777**
USA	**49**	-	-	-	-	**-**	**-**
Total	**4,340**	7,258	2,620	1,871	8,935	**20,684**	**4,850**

^ The capital commitments represent the Group's capital commitments of HK$15,834 million plus the Group's share of the capital commitments of joint venture companies of HK$4,850 million.

* The Group was committed to funding HK$1,146 million of the capital commitments of joint venture companies in the Chinese Mainland.

PROPERTY TRADING

Hong Kong

A site at 8 Star Street, Wanchai is being redeveloped into an approximately 34,000 square feet residential building with retail outlets on the lowest two levels. Interior fitting out works are in progress. The development is expected to be completed later this year. 28 out of 37 units had been pre-sold at 8th March 2022.

A joint venture formed by Swire Properties, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development in Wong Chuk Hang in Hong Kong. The development will comprise two residential towers with an aggregate gross floor area of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. The development is expected to be completed in 2024. Swire Properties has a 25% interest in the joint venture.

In September 2021, a project company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited accepted the HKSAR Government's land exchange offer in relation to a plot of land in Chai Wan, Hong Kong (Inland Lot No. 178) for a premium of approximately HK$4,540 million. The land exchange was executed in December 2021. The plot of land is expected to be redeveloped into a residential complex with an aggregate gross floor area of approximately 694,000 square feet. Site formation works are in progress. The development is expected to be completed in 2025.

USA

The residential portion of the first phase of the Brickell City Centre development (comprising 390 units at Reach and 390 units at Rise) was developed for trading purposes. In May 2021, almost all remaining units at Reach and Rise were sold to an institutional purchaser. All the units available for sale were sold during the year. Sales of 25 units at Reach and 89 units at Rise were recognised in 2021.

Singapore

EDEN, at 2 Draycott Park in District 10, comprises 20 residential units with an aggregate gross floor area of approximately 77,000 square feet. In March 2021, all the units were sold. These sales were recognised in 2021.

Indonesia

In 2019, a joint venture between Swire Properties and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed into a residential development with an aggregate gross floor area of approximately 1,123,000 square feet. Superstructure works are scheduled to start in the first half of this year. The development is expected to comprise over 400 residential units and to be completed in 2024. Swire Properties has a 50% interest in the joint venture.

Vietnam

In 2020, Swire Properties agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development comprises 525 luxury apartments in three towers. Swire Properties has an effective 20% interest in the development. Approximately 90% of the units had been pre-sold at 8th March 2022.

In March 2021, Swire Properties made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases until 2027. Swire Properties invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 45% of the residential units had been pre-sold at 8th March 2022.

OUTLOOK

Office demand in Hong Kong will be adversely affected by increased vacancy rates and excess supply. Increasing competition from Central and Kowloon East is exerting downward pressure on rents. However, the prospect of gradual reopening of the border with the Chinese Mainland and strength in the financial markets should increase the take-up of Grade-A office space, particularly by banks and financial services companies. Julius Baer, a Swiss private bank, will be moving from Central to Two Taikoo Place, where it will take 92,000 square feet of office space. With high occupancy, and stable demand from a range of tenants, our office portfolio is well-placed. In Guangzhou, continued new supply is expected to put downward pressure on rents. In Beijing, improved office take-up is expected to continue with rentals recovering due to limited new supply in core areas. In Shanghai, demand is expected to be robust. Despite new supply in decentralised locations, office rents in core central business districts, where supply is limited, are expected to be stable.

There was a rebound in Hong Kong's retail market in 2021, but the pace of recovery has been impacted by the fifth wave of the pandemic which began in January 2022. The market is also vulnerable to restrictions imposed in response to COVID-19. Despite these challenges, we continue to invest in our malls (including in innovative technology), to enhance the mix of tenants and to hold customer-centric marketing events to support the market's eventual recovery upon the reopening of the border with the Chinese Mainland. In the Chinese Mainland, general retail sentiment is expected to remain positive. Notwithstanding the prospect of the reopening of the border with Hong Kong, demand for retail space in the cities in which we operate is expected to be generally strong in 2022. International brand owners are looking for space in which they can showcase their brands in the Chinese Mainland. In Guangzhou, Chengdu and Shanghai, demand for retail space from the owners of luxury international brands is expected to be strong. In Shanghai, demand for retail space from the owners of fashion, cosmetics and lifestyle brands and from food and beverages outlets is expected to be steady. In Beijing, demand for retail space from the owners of fashion, lifestyle and apparel brands is expected to be solid. In Miami, retail sales continue to recover strongly from the adverse effects of COVID-19.

In Hong Kong, demand for residential accommodation is expected to be resilient in the medium and long term. In Jakarta, Indonesia and Ho Chi Minh City, Vietnam, urbanisation, a growing middle class and limited supply of luxury residential properties are expected to support stable residential property markets.

The outlook for our hotels in Hong Kong is difficult because of COVID-19 and associated travel restrictions. The Silveri Hong Kong - MGallery in Hong Kong is expected to open in phases, subject to COVID-19 conditions, this year. Our Chinese Mainland hotels are expected to continue to recover, with strong domestic travel demand. The hotel business in Miami is recovering. Swire Properties is committed to developing the "House" and "EAST" brands as they are integral to our mixed-use developments; and also expanding our reach through third-party management contracts.

Tim Blackburn

REVIEW OF OPERATIONS

BEVERAGES DIVISION

OVERVIEW OF THE BUSINESS

Swire Coca-Cola has the exclusive right to manufacture, market and distribute products of The Coca-Cola Company (TCCC) in 11 provinces and the Shanghai Municipality in the Chinese Mainland and in Hong Kong, Taiwan and an extensive area of the western USA.

Swire Coca-Cola has ten wholly-owned franchise businesses (in Hong Kong, Taiwan and the USA, and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland) and five majority-owned franchise businesses (in Zhejiang, Guangdong (excluding the cities of Zhanjiang, Maoming and Zhuhai), Henan, Yunnan and Hubei provinces in the Chinese Mainland). It has a joint venture interest in a franchise in the Shanghai Municipality in the Chinese Mainland and an associate interest in Coca-Cola Bottlers Manufacturing Holdings Limited (CCBMH), which supplies still beverages to all Coca-Cola franchises in the Chinese Mainland.

At the end of 2021, Swire Coca-Cola manufactured 62 beverage brands and distributed them to a franchise population of 762 million people.

FRANCHISE TERRITORIES

	Franchise population (millions) (end of 2021)	GDP per capita (US$)	Sales volume (million unit cases)		Per capita consumption of Coca-Cola beverages (8-oz servings)	
			2021	2011	**2021**	2011
Chinese Mainland	**700.2**	**14,258**	**1,429**	788	**49**	42
Hong Kong	**7.4**	**48,888**	**62**	65	**202**	219
Taiwan	**23.4**	**32,787**	**61**	61	**62**	64
USA	**30.6**	**54,848**	**338**	81	**265**	315
	761.6		**1,890**	995		

Note 1: A unit case comprises 24 8-ounce servings.

STRATEGY:

The strategic objective of Swire Coca-Cola is to build a world-class bottling system which is recognised as a first-class employer, a first-class entity with which to do business and a first-class corporate citizen in all territories where it does business. To achieve this objective, Swire Coca-Cola has five strategic priorities:

- Portfolio expansion

  We are fully aligned with The Coca-Cola Company's commitment to providing drinks that meet the needs of consumers and will capture growth in a fast-changing marketplace. We must not just increase sales of sparkling drinks. We must also develop winning propositions in other major categories of drinks, so as to increase our share of the value of the total non-alcoholic beverage market.

- Commercial leadership

  Continuous improvements in execution, customer service, delivery and route-to-market metrics, with a view to being our customers' preferred supplier.

- Digital leadership

  Becoming a digital leader, first in the beverage industry, then in the entire fast-moving consumer goods industry, in each of our markets.

- Benchmarking

  Benchmarking our operational and financial performance against peers in the Coca-Cola system and learning from such peers in order to adopt global best practices quickly.

- Sustainability

  Identifying and implementing sustainable practices in order to meet our commitments to decarbonisation, to reductions in the consumption of water and packaging materials and in the production of waste, to recycling packaging materials and maximising the use of recycled packaging materials, to wider product choice, to sustainable sourcing, to supporting the communities in which we operate and to creating a safe, diverse and inclusive working environment.

2021 PERFORMANCE

Beverages Division - Financial Highlights

	2021 HK$M	2020 HK$M
Revenue	**53,927**	45,082
EBITDA	**5,791**	4,918
Operating profit	**3,512**	2,854
Share of post-tax profits from joint venture and associated companies	**155**	153
Attributable profit	**2,549**	2,076

Segment Financial Highlights

	Revenue		EBITDA		Attributable Profit	
	2021 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M
Chinese Mainland	**28,774**	22,942	**3,405**	2,755	**1,418**	1,041
Hong Kong	**2,397**	2,199	**353**	340	**213**	216
Taiwan	**2,071**	1,933	**253**	227	**136**	118
USA	**20,685**	18,008	**1,990**	1,692	**989**	797
Central and other costs	**-**	-	**(210)**	(96)	**(207)**	(96)
Swire Coca-Cola	**53,927**	45,082	**5,791**	4,918	**2,549**	2,076

Accounting for Swire Coca-Cola

The ten wholly-owned franchise businesses (in Hong Kong, Taiwan and the USA, and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland) and five majority-owned franchise businesses (in Zhejiang, Guangdong (excluding the cities of Zhanjiang, Maoming and Zhuhai), Henan, Yunnan and Hubei provinces in the Chinese Mainland) were accounted for as subsidiaries in the financial statements of Swire Pacific. Revenue, EBITDA and operating profit from these franchise businesses are included in the revenue, EBITDA and operating profit shown above. The division's joint venture interest in the Coca-Cola bottling unit of Shanghai Shen-Mei Beverage and Food Co., Ltd. and its associate interest in CCBMH were accounted for using the equity method of accounting. Swire Pacific recognised its share of net profit or loss from each of these interests as a single line-item in the consolidated statement of profit or loss.

Segment Performance

	Note	Percentage Change in 2021				
		Chinese Mainland	Hong Kong	Taiwan	USA	Swire Coca-Cola
Active Outlets		9%	-2%	-29%	-2%	7%
Revenue	1	15%	9%	2%	15%	20%
Sales Volume	2	9%	11%	-3%	7%	8%
Gross Profit per unit case		4%	4%	-1%	6%	9%
Water Use Ratio		0%	-4%	-5%	-2%	-1%
Energy Use Ratio		-1%	8%	4%	0%	0%
LTIR		15%	-24%	-17%	2%	-1%

	Note	Chinese Mainland	Hong Kong	Taiwan	USA	Swire Coca-Cola
EBITDA Margin	3					
2021		11.4%	15.2%	12.7%	10.2%	11.2%
2020		11.4%	16.1%	11.8%	10.0%	11.1%
EBIT Margin	3					
2021		7.4%	10.4%	8.9%	6.4%	7.2%
2020		7.7%	11.5%	8.0%	5.9%	7.2%

Note 1: Revenue for Swire Coca-Cola, including that of a joint venture company and excluding sales to other bottlers, was HK$54,769 million (2020: HK$45,657 million).

Note 2: The sales volume for the Chinese Mainland shown in the table above represents sales in 13 franchise territories, in each case including products supplied by CCBMH.

Note 3: (i) EBITDA and EBIT for Swire Coca-Cola (including that of a joint venture company and excluding non-recurring gains and central and other costs) were HK$6,127 million (2020: HK$5,064 million) and HK$3,949 million (2020: HK$3,286 million) respectively.
(ii) EBITDA margin and EBIT margin represent EBITDA and EBIT expressed as percentages of revenue (which includes that of a joint venture company and excludes sales to other bottlers).

2021 RESULTS SUMMARY

Swire Coca-Cola made an attributable profit of HK$2,549 million in 2021, a 23% increase from 2020 (when business was severely affected by COVID-19).

Total revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 20% to HK$54,769 million. Sales volume increased by 8% to 1,890 million unit cases. Revenue and volume grew in the Chinese Mainland, the USA and Hong Kong. In Taiwan, revenue grew but volume declined.

EBITDA (including that of a joint venture company and excluding central and other costs) increased by 21% to HK$6,127 million. The EBITDA margin of 11.2% was similar to that in 2020.

In 2021, Swire Coca-Cola continued to make significant investments in production assets, logistics infrastructure, merchandising equipment and digital capabilities. Capital commitments at 31st December 2021 were HK$1,994 million.

Chinese Mainland

Attributable profit from the Chinese Mainland was HK$1,418 million in 2021, a 36% increase from 2020 (when business in the first quarter was severely affected by COVID-19).

Revenue (including that of a joint venture company and excluding sales to other bottlers) grew by 15% in local currency terms.

Sparkling revenue grew by 14%. Juice and water revenue grew by 23% and 2% respectively. Revenue from premium categories of coffee and tea drinks increased by 65% and 16% respectively.

Total sales volume increased by 9%.

The increase in revenue was partly offset by higher raw material costs, operating expenses and depreciation charges.

EBITDA and EBIT (including that of a joint venture company and excluding central and other costs) increased by 16% and 11% in local currency terms respectively. The EBITDA margin was similar to that in 2020 at 11.4%. The EBIT margin decreased from 7.7% to 7.4%.

Hong Kong

Attributable profit from Hong Kong in 2021 was HK$213 million, a 1% decrease from 2020. The decrease in attributable profit was due to the absence of the financial support provided by the HKSAR Government under the employment subsidy scheme in 2020. Disregarding the non-recurring government subsidy, operating profit increased.

Revenue (excluding sales to other bottlers) increased by 9%. Sales were less affected by COVID-19 than in 2020. Sparkling revenue increased by 7%. Still revenue increased by 12%. The latter increase reflected increases in revenue from tea, water and energy drinks of 15%, 18% and 76% respectively.

Total sales volume increased by 11%.

The increase in revenue was partly offset by higher raw material costs, operating expenses and depreciation charges, the last reflecting upgrades to digital capabilities and production equipment and facilities.

EBITDA increased by 3%. EBIT was similar to that in 2020. The EBITDA margin decreased from 16.1% in 2020 to 15.2% in 2021. The EBIT margin decreased from 11.5% to 10.4%. The decrease in EBIT margin was due to higher depreciation charges and the absence of a government subsidy.

Taiwan

Attributable profit from Taiwan in 2021 was HK$136 million, a 15% increase from 2020. The increase was achieved despite sales and operations being adversely affected by COVID-19 from May to September 2021.

Revenue in local currency terms increased by 2%. This reflected effective revenue growth management and successful introductions of new products.

Sparkling revenue decreased by 3%. Still revenue increased by 7%. Energy drinks revenue increased by 35%. Georgia coffee drinks were introduced in 2021 and sales have grown.

Total sales volume decreased by 3%.

The increase in revenue and savings in operating costs were partly offset by higher raw material costs.

EBITDA and EBIT increased by 10% and 14% in local currency terms respectively. The EBITDA margin increased from 11.8% in 2020 to 12.7% in 2021. The EBIT margin increased from 8.0% to 8.9%.

USA

Attributable profit from the USA was HK$989 million in 2021, a 24% increase from 2020.

Revenue in local currency terms (excluding sales to other bottlers) grew by 15%. The revenue increase reflected higher sales volume, price increases, reductions in sales discounts and promotional expenditure, and an improved product mix.

Sparkling revenue increased by 13%. Still revenue increased by 19%. The latter increase reflected increases in revenue from water, energy and sports drinks of 23%, 13% and 21% respectively.

Total sales volume increased by 7%.

The increase in revenue was partly offset by higher cost of goods sold and operating expenses.

EBITDA and EBIT (excluding central and other costs) increased by 18% and 25% in local currency terms respectively. The EBITDA margin increased from 10.0% in 2020 to 10.2% in 2021. The EBIT margin increased from 5.9% to 6.4%.

OUTLOOK

Assuming that COVID-19 will continue to be contained and that economic growth will remain strong, revenue in the Chinese Mainland is expected to grow strongly in 2022. This reflects better product and package mixes and improved market execution. Product innovation and digitalisation will continue. Increased raw material costs and operating costs, particularly staff costs, will put pressure on margins. Significant capital expenditure on plant and equipment will continue as planned.

The beverage markets in Hong Kong and Taiwan are expected to be impacted by the resurgence of COVID-19 in 2022. Increased raw material costs, depreciation charges and operating costs will put pressure on profits.

In the USA, revenue is expected to continue to grow in 2022 with the increase of consumer demand. Raw material costs and operating expenses, particularly staff costs, are expected to increase.

Karen So

REVIEW OF OPERATIONS

AVIATION DIVISION

OVERVIEW OF THE BUSINESS

The Aviation Division comprises an associate interest in the Cathay Pacific group and the wholly-owned Hong Kong Aircraft Engineering Company (HAECO) group.

The Cathay Pacific group:
Cathay Pacific Airways Limited (Cathay Pacific) is listed on The Stock Exchange of Hong Kong Limited. The Cathay Pacific group includes Cathay Pacific, Hong Kong Express Airways Limited (HK Express) and AHK Air Hong Kong Limited (Air Hong Kong) and associate interests in Air China Limited (Air China) and Air China Cargo Co., Ltd. (Air China Cargo). Cathay Pacific also has interests in companies providing flight catering and passenger and ramp handling services, and owns and operates a cargo terminal at Hong Kong International Airport.

Immediately prior to the onset of COVID-19, the Cathay Pacific group's airlines offered scheduled passenger and cargo services to 119 destinations in 35 countries (255 and 54 respectively including codeshare agreements). At 31st December 2021, Cathay Pacific had 193 aircraft and had ordered 37 new aircraft for future delivery.

HK Express is a low-cost airline based in Hong Kong and offers scheduled services within Asia. At 31st December 2021, it had 27 aircraft and had ordered 16 new aircraft for delivery up to 2025.

Air Hong Kong operates express cargo services for DHL Express to 17 Asian cities. At 31st December 2021, Air Hong Kong operated 14 freighters.

Cathay Pacific owns 18.13% of Air China, the national flag carrier and a leading provider of passenger, cargo and other airline-related services in the Chinese Mainland. Air China Cargo, in which the Cathay Pacific group owns an equity and an economic interest totalling 24%, is the leading provider of air cargo services in the Chinese Mainland.

Cathay Pacific and its subsidiaries employed more than 21,600 people worldwide (around 80% of them in Hong Kong) at 31st December 2021.

The HAECO group:

The HAECO group provides aviation maintenance and repair services. Its primary activities are aircraft maintenance and modification work in Hong Kong (by HAECO Hong Kong), in Xiamen (by HAECO Xiamen) and in the USA (by HAECO Americas), and engine overhaul work in Hong Kong (by HAECO's 50% joint venture company, HAESL) and in Xiamen (by Taikoo Engine Services (Xiamen) Company Limited (HES)).

HAECO Americas also manufactures aircraft seats. The HAECO group has other subsidiaries and joint venture companies in the Chinese Mainland, which offer a range of aircraft engineering services, and has a 70% interest in HAECO ITM Limited, an inventory technical management joint venture with Cathay Pacific in Hong Kong.

HAECO is a wholly-owned subsidiary of Swire Pacific.

STRATEGY:

Cathay Pacific's purpose is to move people forward in life, with the vision of becoming one of the world's best service brands, by transforming into a digital leader famous for its strong digital culture and capabilities. The strategies employed by Cathay Pacific in order to achieve these objectives and the strategic objectives of HAECO are these:

- To excel across its four core pillars:
    - Customer centricity
    - Safety and operational excellence
    - High performance team
    - Productivity and value creation
- Cathay Pacific's new areas of focus where it needs to win in order to excel across its four pillars include:
    - Capitalising on the opportunities presented by the Greater Bay Area as the airline's extended home market and continuing to contribute to the development of Hong Kong International Airport as a leading international aviation and logistics hub.
    - Developing and expanding the newly launched "Cathay" premium travel lifestyle brand.
    - Continuing to grow HK Express as a successful low-cost carrier.
    - Further building on Cathay Pacific's digital leadership capabilities.
- Cementing its sustainability leadership position, including committing to achieving net-zero carbon emissions by 2050.
- Developing and strengthening the HAECO brand.
- Increasing the range and depth of aircraft engineering services offered by HAECO.
- Maintaining and enhancing high standards of service to aircraft engineering customers.

Aviation Division – Financial Highlights

	2021 HK$M	2020 HK$M
HAECO group		
Revenue	**11,464**	11,483
Operating profit/(loss)	**445**	(94)
Attributable profit	**394**	96
Cathay Pacific group		
Share of post-tax loss from associated companies	**(2,487)**	(9,742)
Attributable loss	**(2,380)**	(9,751)

Accounting for the Aviation Division

The Group accounts for its associate interest in the Cathay Pacific group using the equity method of accounting. The Group recognises its share of net profit or loss as a single line-item in the consolidated statement of profit or loss.

Cathay Pacific – 2021 Performance

		2021	2020*	Change
Available tonne kilometres (ATK)	Million	**11,354**	14,620	-22.3%
Available seat kilometres (ASK)	Million	**13,228**	34,609	-61.8%
Available cargo tonne kilometres (AFTK)	Million	**10,094**	11,329	-10.9%
Revenue tonne kilometres (RTK)	Million	**8,615**	10,220	-15.7%
Passenger revenue	HK$M	**4,346**	11,313	-61.6%
Passenger revenue per ASK	HK¢	**32.9**	32.7	+0.6%
Revenue passenger kilometres (RPK)	Million	**4,120**	20,079	-79.5%
Revenue passengers carried	‘000	**717**	4,631	-84.5%
Passenger load factor	%	**31.1**	58.0	-26.9%pt
Passenger yield	HK¢	**105.5**	56.3	+87.4%
Cargo revenue	HK$M	**32,377**	24,573	+31.8%
Cargo revenue per AFTK	HK$	**3.21**	2.17	+47.9%
Cargo revenue tonne kilometres (RFTK)	Million	**8,220**	8,309	-1.1%
Cargo carried	‘000 Tonnes	**1,333**	1,332	+0.1%
Cargo load factor	%	**81.4**	73.3	+8.1%pt
Cargo yield	HK$	**3.94**	2.96	+33.1%
Cost per ATK (with fuel)**	HK$	**3.88**	4.14	-6.3%
Cost per ATK (without fuel)**	HK$	**3.32**	3.41	-2.6%
Fuel consumption per million RTK	Barrels	**1,612**	1,708	-5.6%
Fuel consumption per million ATK	Barrels	**1,223**	1,195	+2.3%
Aircraft utilisation (including parked aircraft)	Hours per day	**3.4**	4.3	-20.9%
On-time performance	%	**86.2**	86.7	-0.5%pt
Average age of fleet	Years	**10.5**	10.1	+0.4years

* Included Cathay Dragon.

** Cost per ATK represents total operating costs, including impairment and restructuring costs, over ATK for the year.

Cathay Pacific group

2021 AIRLINE INDUSTRY REVIEW

The unprecedented disruption caused by COVID-19 to the global aviation industry and the subsequent travel and operational restrictions around the world have continued to affect the business of Cathay Pacific severely. Notwithstanding these challenges, the situation did improve as 2021 progressed.

The second half of the year is traditionally stronger than the first half, and this was the case in 2021. The exceptional performance of the cargo business, especially during the second-half peak season, was extremely encouraging. Nevertheless, Cathay Pacific continued to face serious challenges. Despite the considerable improvement in results in the second half of the year, the overall loss for the full year was still substantial.

2021 RESULTS SUMMARY

The Cathay Pacific group's attributable loss on a 100% basis was HK$5,527 million in 2021, compared with a loss of HK$21,648 million in 2020. Cathay Pacific reported an attributable loss after tax of HK$1,728 million (2020: loss of HK$17,393 million), and the share of losses from subsidiaries and associates was HK$3,799 million (2020: loss of HK$4,255 million).

The loss for 2021 included impairment and related charges of HK$832 million, mainly relating to 12 aircraft that are unlikely to re-enter meaningful economic service before they retire or are returned to lessors, HK$385 million in restructuring costs and a HK$210 million gain on the dilution of an associate interest in Air China Cargo. This compared to impairment and related charges of HK$4,056 million in 2020 relating to 34 aircraft (and to certain airline service subsidiaries' assets) and HK$2,383 million of restructuring costs. Adjusting for these exceptional items, the Cathay Pacific group's attributable loss was HK$4,520 million (2020: loss of HK$15,209 million) and Cathay Pacific's loss was HK$776 million (2020: loss of HK$12,195 million).

The introduction of strict quarantine requirements for Hong Kong-based aircrew in February 2021 had a substantial impact on the travel business in particular.

Operational and travel restrictions remained in place throughout the year, and this heavily constrained the ability to operate more flights. Cathay Pacific reduced its flight schedule towards the end of December in response to the latest crew quarantine requirements in Hong Kong, and ended the year operating a considerably smaller amount of its pre-COVID-19 passenger capacity than it had planned.

Passenger Services

Cathay Pacific

Comparing 2021 with 2020 as a whole, the operating performance in 2021 was generally weaker, due in large part to the first two months of 2020 being relatively strong ahead of the full impact of COVID-19. Passenger revenue in 2021 was HK$4,346 million, a decrease of 62% compared to 2020. Revenue passenger kilometres decreased by 79%. Capacity, measured in available seat kilometres, was down by 62%. 717,000 passengers were carried, an average of 1,965 passengers per day, 85% fewer than in 2020. The load factor was 31.1%, compared with 58.0% in 2020.

HK Express

HK Express reported a loss of HK$1,978 million for 2021 (2020: loss of HK$1,723 million). The results were adversely affected by low demand for passenger travel and COVID-19-related travel restrictions and quarantine requirements, including those affecting Hong Kong-based aircrew.

Cargo Services

Cathay Pacific

The cargo revenue of Cathay Pacific in 2021 was HK$32,377 million, an increase of 32% compared to 2020. Cargo revenue tonne kilometres decreased by 1%. Capacity, measured by available cargo tonne kilometres, decreased by 11%. Load factor increased by 8.1 percentage points to 81.4%. Yield increased by 33% to HK$3.94.

Air Hong Kong

Air Hong Kong recorded a profit in 2021, benefitting from strong cargo demand. The all-cargo airline flew extra sectors for Cathay Pacific.

Operating Costs

Cathay Pacific remained focused on effective cash and cost management. Non-fuel costs decreased by 24% to HK$37,708 million. Total fuel costs for Cathay Pacific (before the effect of fuel hedging) increased by HK$927 million (or 12%) compared with 2020. This reflected increased fuel prices.

Fleet Profile

At 31st December 2021, the total number of aircraft in the Cathay Pacific group's fleet was 234. 74 passenger aircraft (37% of the Cathay Pacific group's passenger fleet) were parked outside Hong Kong.

Fleet profile*

Aircraft type	Number at 31st December 2021	Leased**			Average age	Orders				Expiry of operating leases**					
	Owned	Finance	Operating	Total		'22	'23	'24 and beyond	Total	'22	'23	'24	'25	'26	'27 and beyond
Cathay Pacific:															
A320-200	5		2	7	16.6					2[(a)]					
A321-200	2		3	5	16.7					2[(b)]	1				
A321-200neo			5	5	0.7	7	4		11						5
A330-300	37	10	4	51	15.2								2	2	
A350-900	19	7	2	28	4.1		2		2						2
A350-1000	10	5		15	2.6	3			3						
747-400ERF	6			6	13.0										
747-8F	3	11		14	8.9										
777-300	17			17	20.2										
777-300ER	25	5	15	45	9.4					4[(c)]	2	3	2	4	
777-9								21	21						
Total	124	38	31	193	10.9	10	6	21	37	8	3	3	4	6	7
HK Express:															
A320-200			6	6	10.8					1[(d)]	1	4			
A320-200neo			10	10	2.8										10
A321-200			11	11	4.2								1	2	8
A321-200neo						1	6	9	16						
Total			27	27	5.2	1	6	9	16	1	1	4	1	2	18
Air Hong Kong***:**															
A300-600F			9	9	17.6					5	3			1	
A330-243F			2	2	10.0									2	
A330-300P2F			3	3	14.0									3	
Total			14	14	15.8					5	3			6	
Grand total	**124**	**38**	**72**	**234**	10.5	**11**	**12**	**30**	**53**	**14**	**7**	**7**	**5**	**14**	**25**

* The table does not reflect aircraft movements after 31st December 2021.

** Leases previously classified as operating leases are accounted for in a similar manner to finance leases under accounting standards. The majority of operating leases in the above table are within the scope of HKFRS 16.

*** The nine Airbus A300-600F, two Airbus A330-243F and three Airbus A330-300P2F freighters are considered to be operated by Air Hong Kong, even though the arrangement does not constitute a lease in accordance with HKFRS 16.

(a) The operating leases of two Airbus A320-200 aircraft expired in January and February 2022. The aircraft were returned to their lessors.

(b) The operating lease of one Airbus A321-200 aircraft expired in February 2022. The aircraft was returned to its lessor.

(c) The operating lease of one Boeing 777-300ER aircraft expired in January 2022. The aircraft was returned to its lessor.

(d) The operating lease of one Airbus A320-200 aircraft expired in February 2022. The aircraft was returned to its lessor.

Air China and Air China Cargo

The Cathay Pacific group's share of Air China's results is based on its financial statements drawn up three months in arrear. Consequently, the 2021 results include Air China's results for the 12 months ended 30th September 2021, adjusted for any significant events or transactions for the period from 1st October 2021 to 31st December 2021.

For the 12 months ended 30th September 2021, Air China was adversely affected by COVID-19. Its financial results were worse than those for the 12 months ended 30th September 2020.

After the dilution in September 2021 of its interest in Air China Cargo (from 34.78% to 24%), the Cathay Pacific group's share of Air China Cargo's results are taken three months in arrear. The 2021 results include Air China Cargo's results for the nine months ended 30th September 2021, adjusted for any significant events or transactions for the period from 1st October 2021 to 31st December 2021.

OUTLOOK

Cathay Pacific has had an extremely challenging start to 2022. Following the emergence of the Omicron variant, the HKSAR Government tightened the quarantine requirements for Hong Kong-based aircrew, notably those operating cargo flights, and temporarily banned all flights from nine countries, including the UK and the USA, which are major markets for Cathay Pacific. Passengers from high-risk places were banned from transiting through Hong Kong International Airport. All this constrained Cathay Pacific's ability to operate flights as planned. As a result, Cathay Pacific expects to operate about 2% of pre-COVID-19 passenger flight capacity and its cargo flight capacity is likely to remain less than one-third of pre-COVID-19 levels while current restrictions remain in place. Cathay Pacific is trying its best to maintain its passenger and cargo networks as far as possible and will try to increase its cargo capacity as much as practicable.

Augustus Tang

Hong Kong Aircraft Engineering Company (HAECO) group

HAECO group – Financial Highlights

	2021 HK$M	2020 HK$M
Revenue		
HAECO Hong Kong	**2,889**	3,092
HAECO Americas	**2,056**	2,007
HAECO Xiamen	**1,951**	1,368
HAECO Engine Services (Xiamen)	**3,340**	3,774
Others	**1,228**	1,242
	11,464	11,483
Operating profit/(loss)	**445**	(94)
Attributable profits/(losses)		
HAECO Hong Kong	**(204)**	(49)
HAECO Americas	**67**	(167)
HAECO Xiamen	**139**	20
HAECO Engine Services (Xiamen)	**63**	113
Share of profits of		
HAESL	**274**	354
Other subsidiary and joint venture companies	**77**	99
Attributable profit (excluding non-recurring items)	**416**	370
Impairment charges in respect of		
Customer relationships and other intangible assets	**-**	(90) *
Rotable aircraft parts	**(22)** ^	(184) ^
Attributable profit	**394**	96

* representing impairment charges at HAECO Americas.

^ representing impairment charges at HAECO ITM.

HAECO group – Operating Highlights

		2021	2020
Base maintenance manhours sold			
HAECO Hong Kong	*Million*	**2.61**	1.92
HAECO Americas	*Million*	**2.81**	2.54
HAECO Xiamen	*Million*	**3.38**	2.61
Line maintenance movements handled			
HAECO Hong Kong	*Thousand*	**52**	55
Chinese Mainland and overseas	*Thousand*	**16**	20
Engines overhauled			
HAECO Engine Services (Xiamen)		**46**	67
HAESL		**237**	263

2021 AVIATION MAINTENANCE AND REPAIR INDUSTRY REVIEW

COVID-19 continued to have a significant adverse effect on the aviation industry in 2021. Less aircraft flying means less maintenance and repair of airframes, aircraft engines and components. New virus variants led to more travel restrictions and quarantine requirements in Hong Kong. There has been something of a recovery in the industry. But it differs by region and aircraft type and has had different effects on different HAECO businesses.

2021 RESULTS SUMMARY

The HAECO group reported an attributable profit of HK$394 million for 2021 (after taking account of post-tax impairment charges of HK$22 million in respect of rotable aircraft parts at HAECO ITM). This compares with a profit of HK$96 million in 2020 (after taking account of post-tax impairment charges of HK$184 million in respect of rotable aircraft parts at HAECO ITM and of HK$90 million in respect of intangible assets at HAECO Americas).

Disregarding the impairment charges in both years, the HAECO group's attributable profit for 2021 was HK$416 million, HK$46 million higher than the profit in 2020. COVID-19 adversely affected demand for maintenance and repair services (except base maintenance). HAECO Hong Kong, HAECO Americas and HAECO Xiamen performed more base maintenance work, selling 8.80 million base maintenance manhours in 2021, 1.73 million more than in 2020. The recovery in base maintenance work principally reflected the fact that US and European airline customers flew more as travel started to recover from the adverse effects of COVID-19. Engine overhaul volume was much lower at HAESL, which had benefitted from a backlog of engines awaiting maintenance in the first half of 2020, and at HAECO Engine Services (Xiamen) (HES). The impact of COVID-19 on the demand for engine maintenance has lagged behind its impact on the demand for airframe maintenance.

Results were significantly worse at HAECO Hong Kong, HES and HAESL. But this was more than compensated for by better results at HAECO Xiamen and HAECO Americas.

At 31st December 2021, HAECO had outstanding capital commitments of HK$6,278 million.

HAECO Hong Kong

HAECO Hong Kong recorded a loss of HK$204 million in 2021, HK$155 million more than the loss of HK$49 million in 2020. Airline customers flew substantially less. Travel restrictions and quarantine requirements in Hong Kong due to COVID-19 continued to affect cross-border travel adversely. This particularly affected line maintenance services, which only recovered slowly later in the year. There was less maintenance work on parked aircraft. The HKSAR Government did not continue its 2020 subsidy scheme in 2021.

In line maintenance, approximately 52,000 aircraft movements were handled in 2021, a decrease of 5% compared with 2020. 2.61 million base maintenance manhours were sold in 2021, 36% more than those sold in 2020, reflecting more demand from US and European airline customers and more work on leased aircraft being returned to lessors.

HAECO Americas

HAECO Americas recorded a profit of HK$67 million in 2021, compared to a loss of HK$257 million in 2020 (including impairment charges of HK$90 million in respect of intangible assets). Excluding the impairment charges in 2020, HAECO Americas recorded an increase in profit of HK$234 million compared to 2020. Demand for base maintenance recovered somewhat. The results of the cabin solutions business improved, as costs were significantly reduced following its restructuring. US government financial assistance under the CARES Act and Aviation Manufacturing Jobs Protection Program was received in 2021.

Demand for base maintenance increased by 11% from 2020. 2.81 million manhours were sold in 2021 compared with 2.54 million sold in 2020.

Cabin solutions revenue in 2021 was similar to that in 2020. There was more revenue from seats and less from communication kits and reconfiguration work. Seating spares volume was similar to that in 2020, but less than in pre-COVID-19 years.

HAECO Xiamen

HAECO Xiamen recorded an attributable profit of HK$139 million in 2021, HK$119 million more than the attributable profit of HK$20 million in 2020.

3.38 million base maintenance manhours were sold in 2021, 30% more than in 2020. This reflected a gradual recovery in demand for base maintenance from the middle of the year and more demand for passenger to freighter conversions. In line maintenance, 7,700 aircraft movements were handled in 2021, 6% less than in 2020.

HAECO Engine Services (Xiamen)

HES recorded a 44% decrease in profit attributable to HAECO in 2021, to HK$63 million. HES performed 31 performance restoration workscopes and 15 quick turn workscopes on GE90 aircraft engines in 2021 (compared with 36 performance restoration workscopes and 31 quick turn workscopes in 2020). The reduction in profit in 2021 reflected a significant reduction in demand for the repair and overhaul of GE90 aircraft engines. Airlines continue to defer engine maintenance because of COVID-19's effect on aircraft usage.

HAESL

HAESL recorded a 23% decrease in profit attributable to HAECO in 2021, to HK$274 million. The decrease in profit reflected fewer engines being overhauled and a lighter work mix, both due to COVID-19's effect on aircraft usage. Repair and overhaul services were performed on 237 engines, compared with 263 in 2020.

Other Principal Subsidiary and Joint Venture Companies

HAECO ITM recorded a profit in 2021 as compared to a loss in 2020. This mainly reflected lower impairment charges in respect of the carrying value of rotable aircraft parts. Staff costs and finance charges were lower.

HAECO Landing Gear Services recorded an increase in profit in 2021, reflecting a recovery of demand. It did more work as a result of the reactivation of aircraft which had previously been parked due to COVID-19. HAECO Composite Services recorded a decrease in profit in 2021, due to impact from COVID-19.

OUTLOOK

The prospects for the HAECO group's businesses in 2022 are dependent on the aviation industry's recovery from the effects of COVID-19. Demand for base maintenance is expected to continue to recover in Xiamen and the USA while that in Hong Kong will be stable. A shortage of skilled labour in the USA continues to cause challenges. The absence of government financial assistance will result in a lower profit in the USA. The pace of recovery in line maintenance work in Hong Kong depends on the timing of the lifting of travel restrictions. Demand for engine services at HES and HAESL is expected to improve gradually as air traffic recovers. Demand for cabin solutions products is expected to increase.

HAECO Xiamen is starting pre-construction work at the new airport after completing the acquisition of the land in November 2021 on which its premises at the new Xiamen airport will be built. The relocation will be material to HAECO Xiamen's operations from 2026.

Frank Walschot

REVIEW OF OPERATIONS

SWIRE INVESTMENTS

OVERVIEW OF THE BUSINESS

Columbia China Healthcare
The Group has an associate investment in Columbia China Healthcare Co., Limited, which owns and operates private hospitals, clinics and senior housing in the Yangtze River Delta area.

Shenzhen New Frontier United Family Hospital
The Group has an associate investment in SHH Core Holding Limited, which owns Shenzhen New Frontier United Family Hospital, a premium private hospital being developed in Shenzhen. The multi-specialty hospital will be operated by United Family Healthcare, a leading private healthcare provider in the Chinese Mainland.

DeltaHealth
The Group has an associate investment in DeltaHealth China Limited, a healthcare provider in the Chinese Mainland specialising in cardiovascular care. DeltaHealth operates Shanghai DeltaHealth Hospital, a cardiovascular-focused general hospital, and DeltaWest Clinic, an outpatient clinic in the Gubei area of the Changning district.

Green Monday Holdings
The Group has a financial interest in Green Monday Holdings Limited, which produces and distributes plant-based food products in Asia and elsewhere. It owns OmniFoods, which sells OmniPork and OmniSeafood alternative protein products, and Green Common, which operates health food retail and dining outlets and wholesales and distributes plant-based foods.

Healthcare Investment Strategy
With the investments described above, the Group has exposure to the healthcare sector in the Yangtze River Delta and the Greater Bay Area. We will continue to seek investment opportunities in private healthcare services, particularly in major city clusters in the Chinese Mainland. We have invested HK$1.6 billion in the sector. It is planned that our investment in healthcare should result in a significant business, with at least HK$20 billion planned to be invested by 2030.

David Cogman

REVIEW OF OPERATIONS

TRADING & INDUSTRIAL

2021 PERFORMANCE

Trading & Industrial – Financial Highlights

	2021 HK$M	2020 HK$M
Revenue		
Swire Resources	**2,106**	1,973
Taikoo Motors	**5,689**	4,984
Swire Foods	**1,687**	1,410
Swire Environmental Services	**134**	-
	9,616	8,367
Operating profits/(losses)		
Swire Resources	**(33)**	(143)
Taikoo Motors	**212**	196
Swire Foods	**(45)**	21
Swire Environmental Services	**63**	(1)
Central costs	**(13)**	(8)
	184	65
Attributable profits/(losses)		
Swire Resources	**(42)**	(134)
Taikoo Motors	**160**	145
Swire Foods	**(69)**	(9)
Swire Environmental Services	**59**	19
Central costs	**(14)**	(9)
Attributable profit	**94**	12
Non-recurring items		
Gain on acquisition of interest in a joint venture	**24**	-
Restructuring costs	**(18)**	-
Recurring profit	**88**	12

2021 INDUSTRY REVIEW

Footwear and apparel business in Hong Kong and the Chinese Mainland – In 2021, footwear and apparel sales increased by 21% and 13% in Hong Kong and the Chinese Mainland respectively.

Car sales in Taiwan – Car registrations in Taiwan decreased by 2% to 449,836 units in 2021.

Bakery sales in the Chinese Mainland – Retail sales of bakery products sold in the Chinese Mainland increased by 6% in 2021.

Sugar sales in the Chinese Mainland – The volume of sugar sold in the Chinese Mainland increased by 5% to 34,172 million pounds in 2021.

2021 RESULTS SUMMARY

The attributable profit of Trading & Industrial in 2021 was HK$94 million, an increase of HK$82 million from an attributable profit of HK$12 million in 2020. The improvement mainly reflects reduced losses from Swire Resources and improved results from Swire Environmental Services and Taikoo Motors, partly offset by higher losses from Qinyuan Bakery.

Swire Resources

The attributable loss of Swire Resources in 2021 was HK$42 million, compared to a loss of HK$134 million in 2020. In 2021, consumer demand in Hong Kong improved, while COVID-19 conditions stabilised somewhat. Business benefitted from the HKSAR Government's consumption voucher scheme, but was still affected adversely by the absence of inbound tourism. There was a gradual recovery in Macau as its border with the Chinese Mainland reopened.

The revenue of Swire Resources in 2021 was 7% higher than in 2020. The gross profit percentage increased because of less discounting. Costs were tightly managed.

Stores were rationalised in Hong Kong and Macau. 164 retail outlets were operated at the end of 2021, eight fewer than the end of 2020. Six retail outlets were operated in the Chinese Mainland at the end of 2021 after the termination of The Kooples business. 12 retail outlets were operated in the Chinese Mainland at the end of 2020.

Taikoo Motors

The attributable profit of Taikoo Motors increased to HK$160 million in 2021 from HK$145 million in 2020.

17,323 vehicles were sold in 2021, 1% more than in 2020. Gross margins and operating costs represented similar percentages of revenue in 2020 and 2021.

Swire Foods

Swire Foods reported an attributable loss of HK$69 million in 2021, compared with an attributable loss of HK$9 million in 2020.

Qinyuan Bakery recorded an attributable loss of HK$85 million in 2021 compared with an attributable loss of HK$36 million in 2020. The 2021 results included store and other business rationalisation costs of HK$18 million.

The revenue of Qinyuan Bakery increased by 5% in 2021. The gross profit margin decreased by 2.9 percentage points due to rising raw material costs. Operating costs increased, reflecting higher staff costs and the absence in 2021 of COVID-19-related government subsidies and rental and utility concessions. Qinyuan Bakery operated 538 stores at the end of 2021, eight fewer than the number at the end of 2020.

Taikoo Sugar recorded an attributable profit of HK$16 million in 2021, compared to a profit of HK$27 million in 2020. The 2021 volume of sugar sold (excluding bulk sales) decreased by 11% and 12% in Hong Kong and the Chinese Mainland respectively. Margins decreased because of lower sales volume. Operating costs were higher in 2021 due to the absence of 2020's COVID-19-related government subsidies.

Swire Environmental Services

Swire Environmental Services made an attributable profit of HK$59 million in 2021, compared with an attributable profit of HK$19 million in 2020. The increase reflected the gain arising from the acquisition of shares in Swire Waste Management Limited and the subsequent increase in the share of its profits.

In February 2021, we acquired the 50% interest in Swire Waste Management Limited which we did not already own.

OUTLOOK

The Hong Kong retail market is difficult for Swire Resources. There is no inbound tourism. Supplies are disrupted.

Taikoo Motors is upgrading its outlets and developing motor-related businesses. Demand for vehicles is robust. Supply constraints are expected to ease gradually.

Qinyuan Bakery is rationalising its stores, its products and its supply chain.

Taikoo Sugar will introduce more herbal products.

David Cogman

REVIEW OF OPERATIONS

DISCONTINUED OPERATIONS

The Marine Services Division comprised investments in Swire Pacific Offshore (SPO) group and the Hongkong United Dockyards (HUD) group. SPO owns and operates a fleet of specialist offshore support vessels servicing the energy industry in major offshore production and exploration regions. It also has an equity interest in Cadeler A/S (Cadeler), which provides windfarm installation and transportation and decommissioning services and is listed on the Oslo Stock Exchange.

In April 2021, SPO sold a 12.7% equity interest in Cadeler. A further 6.7% of the equity interest was sold in February 2022, bringing down our shareholding in Cadeler to 21.55%.

In September 2021, the Division completed the sale of its 50% interest in the HUD group. Its presale attributable contribution to the profits of the Group in 2021 was HK$14 million.

In March 2022, the Group entered into a sale and purchase agreement with Tidewater Inc. (Tidewater) for the sale of a 100% interest in SPO, excluding Cadeler, at a consideration of approximately US$190 million. The consideration for the transaction will be settled partly in cash and partly in the form of warrants issued by Tidewater which will entitle the Group to purchase 8.1 million shares of common stock of Tidewater at a nominal price. Completion of the transaction is subject to satisfaction of conditions precedent set out in the definitive agreements. A remeasurement loss of HK$1,611 million was recognised on assets classified as held for sale from the discontinued operations.

With the disposal of SPO, and the earlier sale of HUD, the Group will no longer operate any marine services business.

FINANCIAL REVIEW

Additional information is provided below to reconcile reported and underlying profit/(loss) attributable to the Company's shareholders. The reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit/(loss).

Audited Financial Information	Note	**2021 HK$M**	2020 HK$M
Underlying profit/(loss)			
Profit/(loss) attributable to the Company's shareholders		**3,364**	(10,999)
Adjustments in respect of investment properties:			
Valuation losses in respect of investment properties	(a)	**692**	4,263
Deferred tax on investment properties	(b)	**1,027**	446
Valuation gains realised on sale of interests in investment properties	(c)	**585**	3,990
Depreciation of investment properties occupied by the Group	(d)	**29**	31
Impairment loss on a hotel held as part of a mixed-use development	(e)	**22**	-
Amortisation of right-of-use assets reported under investment properties	(f)	**(53)**	(49)
Non-controlling interests' share of adjustments		**(366)**	(1,651)
Underlying profit/(loss) attributable to the Company's shareholders		**5,300**	(3,969)

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the USA, and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.

(f) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit/(loss).

FINANCIAL REVIEW (continued)

Recurring underlying profit/(loss) is provided below to show the effect of significant non-recurring items.

	2021	2020
	HK$M	HK$M
Underlying profit/(loss) attributable to the Company's shareholders	**5,300**	(3,969)
Significant non-recurring items:		
Gain on disposal of interests in investment properties	**(1,959)**	(4,584)
Gain on disposal of property, plant and equipment, intangible assets and other investments	**(740)**	(85)
Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments and write-off of deferred tax assets	**522**	6,956
Remeasurement loss on assets classified as held for sale	**1,611**	-
Restructuring costs	**151**	1,073
Recurring underlying profit/(loss)	**4,885**	(609)

Recurring underlying profit/(loss) by division is provided below.

	2021	2020
	HK$M	HK$M
Property	**5,824**	5,834
Beverages	**2,549**	2,076
Aviation		
Cathay Pacific group*	**(2,250)**	(6,439)
HAECO group and others*	**398**	331
Trading & Industrial	**88**	12
Marine Services	**(176)**	(1,019)
Head Office and Swire Investments	**(1,548)**	(1,404)
Recurring underlying profit/(loss)	**4,885**	(609)

* Including consolidation adjustments.

Consolidated Statement of Profit or Loss
For the year ended 31st December 2021

	Note	2021 HK$M	2020 HK$M (Note 13c)
Continuing operations			
Revenue	2	**90,802**	78,356
Cost of sales		**(55,524)**	(47,859)
Gross profit		**35,278**	30,497
Distribution costs		**(16,456)**	(14,380)
Administrative expenses		**(7,048)**	(6,475)
Other operating expenses		**(310)**	(292)
Other net gains		**2,570**	2,682
Change in fair value of investment properties		**(1,931)**	(4,421)
Operating profit	3	**12,103**	7,611
Finance charges		**(2,057)**	(2,090)
Finance income		**315**	370
Net finance charges	4	**(1,742)**	(1,720)
Share of profits of joint venture companies		**2,273**	1,315
Share of losses of associated companies		**(2,833)**	(9,850)
Profit/(loss) before taxation		**9,801**	(2,644)
Taxation	5	**(3,067)**	(2,425)
Profit/(loss) from continuing operations		**6,734**	(5,069)
Discontinued operations			
Loss from discontinued operations		**(1,604)**	(5,026)
Profit/(loss) for the year		**5,130**	(10,095)
Profit/(loss) for the year attributable to:			
The Company's shareholders – from continuing operations		**4,963**	(5,993)
The Company's shareholders – from discontinued operations		**(1,599)**	(5,006)
Non-controlling interests – from continuing operations		**1,771**	924
Non-controlling interests – from discontinued operations		**(5)**	(20)
		5,130	(10,095)
Underlying profit/(loss) attributable to the Company's shareholders		**5,300**	(3,969)
		HK$	HK$
Earnings/(loss) per share from profit/(loss) attributable to the Company's shareholders (basic and diluted)	7		
'A' share – from continuing operations		**3.31**	(3.99)
'A' share – from discontinued operations		**(1.06)**	(3.33)
'B' share – from continuing operations		**0.66**	(0.80)
'B' share – from discontinued operations		**(0.21)**	(0.66)

Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2021

	2021 HK$M	2020 HK$M (Note 13c)
Profit/(loss) for the year	**5,130**	(10,095)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of property previously occupied by the Group		
gains recognised during the year	**95**	127
deferred tax	**(6)**	(4)
Defined benefit plans		
remeasurement gains recognised during the year	**216**	157
deferred tax	**(37)**	(18)
Changes in the fair value of equity investments at fair value through other comprehensive income		
(losses)/gains recognised during the year	**(9)**	34
deferred tax	**(1)**	-
Share of other comprehensive income of joint venture and associated companies	**237**	309
	495	605
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
losses recognised during the year	**(59)**	(187)
transferred to net finance charges	**13**	26
transferred to operating profit	**(16)**	23
deferred tax	**7**	25
Share of other comprehensive income of joint venture and associated companies	**2,235**	1,202
Net translation differences on foreign operations		
recognised during the year	**1,637**	2,898
reclassified to profit or loss on disposal	**-**	(6)
others	**(23)**	-
	3,794	3,981
Other comprehensive income for the year, net of tax	**4,289**	4,586
Total comprehensive income/(loss) for the year	**9,419**	(5,509)
Total comprehensive income/(loss) attributable to:		
The Company's shareholders – from continuing operations	**8,863**	(2,086)
The Company's shareholders – from discontinued operations	**(1,601)**	(5,010)
Non-controlling interests – from continuing operations	**2,162**	1,607
Non-controlling interests – from discontinued operations	**(5)**	(20)
	9,419	(5,509)

Consolidated Statement of Financial Position
At 31st December 2021

	Note	2021 HK$M	2020 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**22,538**	25,413
Investment properties		**267,354**	266,305
Intangible assets		**13,395**	13,096
Right-of-use assets		**8,579**	9,490
Properties held for development		**1,207**	1,200
Joint venture companies		**27,883**	21,475
Loans due from joint venture companies		**15,736**	15,593
Associated companies		**28,405**	28,497
Loans due from associated companies		**-**	85
Investments at fair value		**885**	1,351
Other receivables	8	**571**	562
Derivative financial instruments		**236**	216
Deferred tax assets		**468**	562
Retirement benefit assets		**178**	196
		387,435	384,041
Current assets			
Properties for sale		**6,411**	3,538
Stocks and work in progress		**5,685**	5,112
Contract assets		**897**	950
Trade and other receivables	8	**9,365**	9,788
Derivative financial instruments		**52**	33
Bank balances and short-term deposits		**22,894**	29,264
		45,304	48,685
Assets classified as held for sale		**3,577**	384
		48,881	49,069
Current liabilities			
Trade and other payables	9	**27,468**	24,927
Contract liabilities		**1,293**	916
Taxation payable		**499**	856
Derivative financial instruments		**8**	5
Short-term loans		**26**	105
Long-term loans and bonds due within one year		**17,257**	6,824
Lease liabilities due within one year		**831**	793
		47,382	34,426
Liabilities associated with assets classified as held for sale		**894**	-
		48,276	34,426
Net current assets		**605**	14,643
Total assets less current liabilities		**388,040**	398,684
Non-current liabilities			
Long-term loans and bonds		**44,266**	61,235
Long-term lease liabilities		**4,509**	4,359
Derivative financial instruments		**194**	154
Other payables	9	**1,345**	1,143
Deferred tax liabilities		**12,572**	11,556
Retirement benefit liabilities		**986**	1,091
		63,872	79,538
NET ASSETS		**324,168**	319,146
EQUITY			
Share capital	10	**1,294**	1,294
Reserves	11	**265,656**	261,398
Equity attributable to the Company's shareholders		**266,950**	262,692
Non-controlling interests		**57,218**	56,454
TOTAL EQUITY		**324,168**	319,146

Consolidated Statement of Cash Flows
For the year ended 31st December 2021

	2021 HK$M	2020 HK$M
Operating activities		
Cash generated from operations	**15,453**	15,124
Interest paid	**(2,192)**	(2,404)
Interest received	**322**	472
Tax paid	**(2,559)**	(2,314)
	11,024	10,878
Dividends received from joint venture and associated companies	**641**	581
Net cash generated from operating activities	**11,665**	11,459
Investing activities		
Purchase of property, plant and equipment and right-of-use assets	**(3,812)**	(2,824)
Additions of investment properties	**(3,860)**	(1,383)
Purchase of intangible assets	**(405)**	(177)
Proceeds from disposals of property, plant and equipment and right-of-use assets	**2,514**	862
Proceeds from disposals of investment properties	**2,869**	1,302
Proceeds from disposals of subsidiary companies, net of cash disposed of	**333**	9,431
Proceeds from disposals of investments at fair value	**1,010**	21
Proceeds from disposals of joint venture companies	**357**	3
Proceeds from partial disposal of an associated company	**350**	-
Purchase of shares in subsidiary companies	**43**	(134)
Purchase of shares in joint venture companies	**(3,995)**	(1)
Purchase of shares in associated companies*	**(1,104)**	(5,960)
Purchase of investments at fair value	**(505)**	(164)
Deposit paid on purchase of financial assets at fair value through profit or loss	**-**	(47)
Loans to joint venture companies	**(787)**	(302)
Loans to associated companies	**(210)**	(76)
Repayment of loans by joint venture companies	**614**	940
Repayment of loans by associated companies	**85**	-
Advances from joint venture companies	**744**	245
Increase in deposits maturing after more than three months	**(579)**	(8)
Initial leasing costs incurred	**(6)**	(3)
Net cash (used in)/generated from investing activities	**(6,344)**	1,725
Net cash inflow before financing activities	**5,321**	13,184
Financing activities		
Loans drawn and refinancing	**4,879**	14,525
Repayment of loans and bonds	**(11,825)**	(14,395)
Principal elements of lease payments	**(971)**	(935)
	(7,917)	(805)
Dividends paid to the Company's shareholders	**(3,004)**	(3,529)
Dividends paid to non-controlling interests	**(1,421)**	(1,354)
Net cash used in financing activities	**(12,342)**	(5,688)
(Decrease)/increase in cash and cash equivalents	**(7,021)**	7,496
Cash and cash equivalents at 1st January	**29,233**	21,322
Effect of exchange differences	**307**	415
Cash and cash equivalents at 31st December	**22,519**	29,233
Represented by:		
Bank balances and short-term deposits maturing within three months		
- Included in bank balances and short-term deposits	**22,276**	29,233
- Included in assets classified as held for sale	**243**	-
	22,519	29,233

* The figure for the year ended 31st December 2020 includes the amount subscribed for shares in the rights issue of Cathay Pacific in August 2020, at a cost of HK$5,272 million.

1. Segment Information

(a) Information about reportable segments – Analysis of Consolidated Statement of Profit or Loss

Year ended 31st December 2021

	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/ (losses) of joint venture companies HK$M	Share of profits/ (losses) of associated companies HK$M	Tax (charge)/ credit HK$M	Profit/(loss) for the year HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M	Depreciation and amortisation charged to operating profit/(loss) HK$M
Continuing operations												
Property												
Property investment	12,511	43	9,461	(582)	229	1,006	-	(1,349)	8,765	7,098	8,054	(215)
Change in fair value of investment properties	-	-	(1,931)	-	-	814	-	(644)	(1,761)	(1,492)	-	-
Property trading	2,443	-	492	(11)	1	120	-	2	604	493	(37)	-
Hotels	894	-	(174)	(14)	-	(70)	(82)	31	(309)	(252)	(234)	(212)
	15,848	**43**	**7,848**	**(607)**	**230**	**1,870**	**(82)**	**(1,960)**	**7,299**	**5,847**	**7,783**	**(427)**
Beverages												
Chinese Mainland	28,774	-	2,063	(60)	56	90	72	(619)	1,602	1,418	1,418	(1,180)
Hong Kong	2,395	2	242	(3)	-	-	-	(26)	213	213	213	(111)
Taiwan	2,071	-	172	(1)	1	-	-	(36)	136	136	136	(81)
USA	20,685	-	1,238	(83)	8	-	-	(174)	989	989	989	(752)
Central and other costs	-	-	(203)	-	3	(7)	-	-	(207)	(207)	(207)	-
	53,925	**2**	**3,512**	**(147)**	**68**	**83**	**72**	**(855)**	**2,733**	**2,549**	**2,549**	**(2,124)**
Aviation												
Cathay Pacific group#	-	-	-	-	-	-	(2,487)	-	(2,487)	(2,487)	(2,487)	-
HAECO group*	11,464	-	445	(156)	11	309	-	(198)	411	394	394	(808)
Others	-	-	108	-	-	(7)	(270)	-	(169)	(287)	(287)	(50)
	11,464	**-**	**553**	**(156)**	**11**	**302**	**(2,757)**	**(198)**	**(2,245)**	**(2,380)**	**(2,380)**	**(858)**
Trading & Industrial												
Swire Resources	2,106	-	(33)	(18)	2	-	-	7	(42)	(42)	(42)	(341)
Taikoo Motors	5,689	-	212	(13)	1	-	-	(40)	160	160	160	(151)
Swire Foods	1,624	63	(45)	(12)	3	-	-	(15)	(69)	(69)	(69)	(164)
Swire Environmental Services	134	-	63	-	-	4	-	(8)	59	59	59	(5)
Central costs	-	-	(13)	(1)	-	-	-	-	(14)	(14)	(14)	-
	9,553	**63**	**184**	**(44)**	**6**	**4**	**-**	**(56)**	**94**	**94**	**94**	**(661)**
Head Office and Swire Investments												
Swire Investments	-	-	(7)	-	-	-	(85)	-	(92)	(92)	(92)	-
Net income/(expenses)	12	52	(435)	(1,232)	129	-	-	2	(1,536)	(1,536)	(1,536)	(1)
Others^	-	-	448	-	-	14	19	-	481	481	481	-
	12	**52**	**6**	**(1,232)**	**129**	**14**	**(66)**	**2**	**(1,147)**	**(1,147)**	**(1,147)**	**(1)**
Inter-segment elimination	-	(165)	-	129	(129)	-	-	-	-	-	-	-
Total - continuing operations	90,802	(5)	12,103	(2,057)	315	2,273	(2,833)	(3,067)	6,734	4,963	6,899	(4,071)
Discontinued operations												
Swire Pacific Offshore group@	1,601	5	30	(17)	11	-	(1)	(16)	7	12	12	(244)

Notes: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

Post-tax impairment and related charges included under share of loss of the Cathay Pacific group were HK$333 million.

* Impairment charges included under operating profit/(loss) in the HAECO group were HK$31 million.

^ The remaining continuing operations of Marine Services are included in Head Office - Others.

@ Remeasurement loss on the disposal group was HK$1,611 million. The loss for the year with remeasurement loss on the disposal group was HK$1,604 million.

1. Segment Information (continued)

(a) Information about reportable segments – Analysis of Consolidated Statement of Profit or Loss (continued)

Year ended 31st December 2020

	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/(losses) of joint venture companies HK$M	Share of profits/(losses) of associated companies HK$M	Tax (charge)/credit HK$M	Profit/(loss) for the year HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M	Depreciation and amortisation charged to operating profit/(loss) HK$M
Continuing operations												
Property												
Property investment	12,309	46	10,321	(600)	263	1,024	-	(1,583)	9,425	7,662	10,919	(201)
Change in fair value of investment properties	-	-	(4,421)	-	-	(53)	-	(235)	(4,709)	(3,773)	-	-
Property trading	312	-	(49)	(29)	1	1	-	(11)	(87)	(71)	(71)	-
Hotels	641	-	(310)	(17)	-	(154)	(86)	43	(524)	(430)	(430)	(221)
	13,262	46	5,541	(646)	264	818	(86)	(1,786)	4,105	3,388	10,418	(422)
Beverages												
Chinese Mainland	22,942	-	1,563	(72)	48	78	75	(494)	1,198	1,041	1,041	(1,039)
Hong Kong	2,197	2	242	(3)	-	-	-	(23)	216	216	216	(98)
Taiwan	1,933	-	149	(2)	1	-	-	(30)	118	118	118	(78)
USA	18,008	-	996	(113)	14	-	-	(100)	797	797	797	(696)
Central costs	-	-	(96)	-	-	-	-	-	(96)	(96)	(96)	-
	45,080	2	2,854	(190)	63	78	75	(647)	2,233	2,076	2,076	(1,911)
Aviation												
Cathay Pacific group#	-	-	-	-	-	-	(9,742)	-	(9,742)	(9,742)	(9,742)	-
HAECO group*	11,483	-	(94)	(163)	11	381	-	30	165	96	96	(828)
Others	-	-	(55)	-	-	(4)	(65)	-	(124)	(105)	(105)	(55)
	11,483	-	(149)	(163)	11	377	(9,807)	30	(9,701)	(9,751)	(9,751)	(883)
Trading & Industrial												
Swire Resources	1,973	-	(143)	(30)	6	(1)	-	34	(134)	(134)	(134)	(428)
Taikoo Motors	4,984	-	196	(11)	1	-	-	(41)	145	145	145	(146)
Swire Foods	1,351	59	21	(14)	2	-	-	(18)	(9)	(9)	(9)	(153)
Swire Environmental Services	-	-	(1)	-	-	20	-	-	19	19	19	-
Central costs	-	-	(8)	(1)	-	-	-	-	(9)	(9)	(9)	-
	8,308	59	65	(56)	9	19	-	(25)	12	12	12	(727)
Head Office and Swire Investments												
Swire Investments	-	-	(6)	-	-	-	(20)	-	(26)	(26)	(26)	-
Net income/(expenses)	10	47	(452)	(1,331)	322	-	-	3	(1,458)	(1,458)	(1,458)	(1)
Others^	213	-	(242)	(3)	-	23	(12)	-	(234)	(234)	(234)	(234)
	223	47	(700)	(1,334)	322	23	(32)	3	(1,718)	(1,718)	(1,718)	(235)
Inter-segment elimination	-	(155)	-	299	(299)	-	-	-	-	-	-	-
Total - continuing operations	78,356	(1)	7,611	(2,090)	370	1,315	(9,850)	(2,425)	(5,069)	(5,993)	1,037	(4,178)
Discontinued operations												
Swire Pacific Offshore group*	1,676	1	(4,916)	(126)	11	-	-	5	(5,026)	(5,006)	(5,006)	(376)

Notes: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

Post-tax impairment and related charges included under share of loss of the Cathay Pacific group were HK$1,656 million.

* Impairment charges included under operating profit/(loss) in the HAECO group and the Swire Pacific Offshore group were HK$308 million and HK$4,345 million respectively.

^ The remaining continuing operations of Marine Services are included in Head Office – Others.

1. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group^

At 31st December 2021	Segment assets	Joint venture companies#	Associated companies#	Bank deposits	Total assets	Additions to non-current assets (Note)
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Property						
Property investment	274,582	33,492	-	14,161	322,235	4,374
Property trading	8,058	2,717	219	548	11,542	-
Hotels	4,574	1,409	242	124	6,349	122
	287,214	**37,618**	**461**	**14,833**	**340,126**	**4,496**
Beverages						
Swire Coca-Cola	**31,612**	**1,263**	**1,834**	**3,791**	**38,500**	**3,377**
Aviation						
Cathay Pacific group	-	-	23,611	-	23,611	-
HAECO group	11,932	1,887	-	2,338	16,157	887
Others	3,942	2,812	-	-	6,754	-
	15,874	**4,699**	**23,611**	**2,338**	**46,522**	**887**
Trading & Industrial						
Swire Resources	881	35	-	237	1,153	144
Taikoo Motors	2,151	-	-	635	2,786	416
Swire Foods	1,277	4	-	296	1,577	162
Swire Environmental Services	65	-	-	29	94	4
Other activities	27	-	-	2	29	-
	4,401	**39**	**-**	**1,199**	**5,639**	**726**
Head Office and						
Swire Investments	**460**	**-**	**2,499**	**733**	**3,692**	**-**
	339,561	**43,619**	**28,405**	**22,894**	**434,479**	**9,486**

At 31st December 2020	Segment assets	Joint venture companies#	Associated companies#	Bank deposits	Total assets	Additions to non-current assets (Note)
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Property						
Property investment	273,637	27,328	-	20,996	321,961	1,893
Property trading	4,885	2,451	219	96	7,651	(6)
Hotels	5,701	1,384	324	140	7,549	110
	284,223	31,163	543	21,232	337,161	1,997
Beverages						
Swire Coca-Cola	28,898	1,216	1,732	4,308	36,154	2,402
Aviation						
Cathay Pacific group	-	-	24,574	-	24,574	-
HAECO group	12,456	1,830	-	1,149	15,435	409
Others	4,298	2,817	-	-	7,115	-
	16,754	4,647	24,574	1,149	47,124	409
Trading & Industrial						
Swire Resources	1,167	34	-	246	1,447	227
Taikoo Motors	1,953	-	-	490	2,443	192
Swire Foods	1,265	4	-	283	1,552	22
Swire Environmental Services	-	58	-	-	58	-
Other activities	67	-	-	56	123	-
	4,452	96	-	1,075	5,623	441
Marine Services						
Swire Pacific Offshore group	3,530	-	1,189	350	5,069	167
HUD group	-	(54)	-	-	(54)	-
	3,530	(54)	1,189	350	5,015	167
Head Office and						
Swire Investments	339	-	544	1,150	2,033	-
	338,196	37,068	28,582	29,264	433,110	5,416

^ Assets classified as held for sale from discontinued operations are excluded from the above analysis.

The assets relating to joint venture and associated companies include the loans due from these companies.

Note:

In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial instruments, deferred tax assets, retirement benefit assets and non-current assets acquired in business combinations.

1. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total liabilities and non-controlling interests of the Group^

At 31st December 2021	**Segment liabilities HK$M**	**Current and deferred tax liabilities HK$M**	**Inter-segment borrowings/ (advances) HK$M**	**External borrowings HK$M**	**Lease liabilities HK$M**	**Total liabilities HK$M**	**Non-controlling interests HK$M**
Property							
Property investment	8,304	11,163	(5,762)	24,601	566	38,872	52,619
Property trading	1,336	21	5,412	-	-	6,769	861
Hotels	164	-	350	-	-	514	1,077
	9,804	**11,184**	**-**	**24,601**	**566**	**46,155**	**54,557**
Beverages							
Swire Coca-Cola	**15,998**	**1,237**	**1,195**	**779**	**834**	**20,043**	**501**
Aviation							
HAECO group	**2,962**	**632**	**1,660**	**104**	**2,571**	**7,929**	**2,160**
Trading & Industrial							
Swire Resources	642	24	(54)	-	497	1,109	-
Taikoo Motors	715	43	-	-	636	1,394	-
Swire Foods	422	21	(7)	-	233	669	-
Swire Environmental Services	27	1	-	-	3	31	-
Other activities	18	-	7	-	-	25	-
	1,824	**89**	**(54)**	**-**	**1,369**	**3,228**	**-**
Head Office and Swire Investments	**706**	**(71)**	**(2,801)**	**36,065**	**-**	**33,899**	**-**
	31,294	**13,071**	**-**	**61,549**	**5,340**	**111,254**	**57,218**

At 31st December 2020	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property							
Property investment	7,711	10,658	(1,648)	24,603	580	41,904	51,953
Property trading	305	1	1,326	1,717	-	3,349	801
Hotels	166	-	322	937	-	1,425	1,127
	8,182	10,659	-	27,257	580	46,678	53,881
Beverages							
Swire Coca-Cola	14,141	1,191	1,683	2,556	668	20,239	537
Aviation							
HAECO group	2,568	451	2,066	88	2,461	7,634	2,055
Trading & Industrial							
Swire Resources	677	9	(49)	-	702	1,339	-
Taikoo Motors	565	25	-	-	498	1,088	-
Swire Foods	420	21	(60)	-	230	611	-
Other activities	18	-	60	-	-	78	-
	1,680	55	(49)	-	1,430	3,116	-
Marine Services							
Swire Pacific Offshore group	1,060	48	198	-	13	1,319	(19)
Head Office and Swire Investments	605	8	(3,898)	38,263	-	34,978	-
	28,236	12,412	-	68,164	5,152	113,964	56,454

^ Liabilities associated with assets classified as held for sale from discontinued operations are excluded from the above analysis.

1. Segment Information (continued)

(a) Information about reportable segments (continued)

The Group is organised on a divisional basis: Property, Beverages, Aviation and Trading & Industrial.

The reportable segments within each of the divisions are classified according to the nature of the business. The Head Office is also considered to be a reportable segment as discrete financial information is available for the Head Office activities and regularly provided to the Board.

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong and the Chinese Mainland. Ship owning and operating activities are carried out internationally and cannot be attributed to specific geographical areas.

An analysis of revenue from continuing operations and non-current assets of the Group by principal markets is outlined below:

	Revenue		Non-current assets (Note)	
	2021	2020	**2021**	2020
	HK$M	HK$M (Note 13c)	**HK$M**	HK$M
Hong Kong	**17,072**	17,379	**237,767**	241,341
Chinese Mainland and Asia (excluding Hong Kong)	**49,299**	39,798	**59,788**	55,182
USA	**24,228**	20,879	**15,275**	16,265
Others	**203**	98	**243**	-
Ship owning and operating activities	**-**	202	**-**	2,716
	90,802	78,356	**313,073**	315,504

Note: In this analysis, the total of non-current assets excludes joint venture and associated companies (and loans advanced to these companies), investments at fair value, other receivables, financial instruments, deferred tax assets and retirement benefit assets.

2. Revenue

Revenue from continuing operations represents sales by the Company and its subsidiary companies to external customers and comprises:

	2021	2020
	HK$M	HK$M (Note 13c)
Gross rental income from investment properties	**12,409**	12,207
Property trading	**2,443**	312
Hotels	**894**	641
Sales of goods	**63,652**	53,726
Aircraft and engine maintenance services	**10,313**	10,172
Ship management services	**-**	152
Rendering of other services	**1,091**	1,146
Total	**90,802**	78,356

3. Operating Profit

	2021 HK$M	2020 HK$M (Note 13c)
Operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment	**2,749**	2,855
Depreciation of right-of-use assets		
- leasehold land held for own use	**31**	32
- land use rights	**49**	46
- property	**901**	898
- plant and equipment	**51**	65
Amortisation of		
- intangible assets	**242**	234
- initial leasing costs in respect of investment properties	**35**	33
- others	**13**	15
Impairment charges recognised on		
- property, plant and equipment	**55**	224
- intangible assets	**-**	90
Loss on disposals of investment properties	**-**	147
Loss on disposals of property, plant and equipment	**-**	54
And after crediting:		
Gain on disposals of subsidiary companies	**137**	1,973
Gain on disposal of a joint venture company	**448**	-
Gain arising from the acquisition of an interest in a joint venture company	**24**	-
Gain on disposals of investment properties	**1,028**	-
Gain on disposals of property, plant and equipment	**132**	-
Gain on disposals of assets classified as held for sale	**36**	-
Government subsidies	**508**	1,035

4. Net Finance Charges

	2021 HK$M	2020 HK$M (Note 13c)
Interest charged		
Bank loans and overdrafts	**118**	325
Other loans and bonds	**1,774**	1,731
Fair value loss/(gain) on derivative instruments		
Cross-currency and interest rate swaps: cash flow hedges, transferred from other comprehensive income	**13**	26
Cross-currency and interest rate swaps not qualifying as hedges	**(2)**	6
Amortised loan fees - loans at amortised cost	**103**	119
	2,006	2,207
Lease liabilities	**188**	201
Fair value loss/(gain) on put options over non-controlling interests in subsidiary companies	**68**	(60)
Fair value gain on put options over other shareholders' interests in a joint venture company	**(1)**	(20)
Other financing costs	**138**	41
Capitalised on		
Investment properties	**(293)**	(240)
Properties for sale	**(49)**	(39)
	2,057	2,090
Less: interest income		
Short-term deposits and bank balances	**212**	292
Other loans	**103**	78
	315	370
Net finance charges	**1,742**	1,720

5. Taxation

	2021 HK$M	2020 HK$M (Note 13c)
Current taxation		
Hong Kong profits tax	**791**	837
Overseas tax	**1,395**	1,258
Over-provisions in prior years	**35**	(30)
	2,221	2,065
Deferred taxation		
Changes in fair value of investment properties	**437**	215
Origination and reversal of temporary differences	**409**	145
	846	360
	3,067	2,425

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

6. Dividends

	2021 HK$M	2020 HK$M
First interim dividend paid on 6th October 2021 of HK$1.00 per 'A' share and HK$0.20 per 'B' share (2020: HK$0.70 and HK$0.14)	**1,502**	1,051
Second interim dividend declared on 10th March 2022 of HK$1.60 per 'A' share and HK$0.32 per 'B' share (2020 actual dividend paid: HK$1.00 and HK$0.20)	**2,402**	1,502
	3,904	2,553

The second interim dividend is not accounted for in 2021 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2021 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2022 when declared.

The Directors have declared second interim dividends of HK$1.60 per 'A' share and HK$0.32 per 'B' share which, together with the first interim dividends of HK$1.00 per 'A' share and HK$0.20 per 'B' share paid in October 2021, amount to full year dividends of HK$2.60 per 'A' share and HK$0.52 per 'B' share, compared to full year dividends of HK$1.70 per 'A' share and HK$0.34 per 'B' share in respect of 2020. The second interim dividends will be paid on 6th May 2022 to shareholders registered at the close of business on the record date, being Friday, 8th April 2022. Shares of the Company will be traded ex-dividend from Wednesday, 6th April 2022.

The register of members will be closed on Friday, 8th April 2022, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividends, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 7th April 2022.

To facilitate the processing of proxy voting for the annual general meeting to be held on 12th May 2022, the register of members will be closed from 6th May 2022 to 12th May 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5th May 2022.

7. Earnings/(Loss) Per Share (Basic and Diluted)

Earnings/(loss) per share from continuing operations is calculated by dividing the profit attributable to the Company's shareholders arising from the continuing operations of HK$4,963 million (2020: loss of HK$5,993 million) by the daily weighted average number of 905,206,000 'A' shares and 2,981,870,000 'B' shares in issue during the year (2020: 905,206,000 'A' shares and 2,981,870,000 'B' shares), in the proportion five to one.

The calculation of loss per share from discontinued operations is calculated by dividing the loss attributable to the Company's shareholders arising from the discontinued operations of HK$1,599 million (2020: HK$5,006 million) by the daily weighted average shares in issue during the year.

8. Trade and Other Receivables

	2021	2020
	HK$M	HK$M
Trade debtors	**4,391**	4,251
Amounts due from immediate holding company	**2**	6
Amounts due from joint venture companies	**103**	16
Amounts due from associated companies	**266**	530
Deposit paid for financial assets at fair value through profit or loss	**-**	46
Mortgage loans receivable at 5.5% - Non-current portion	**17**	18
Prepayments and accrued income	**2,015**	2,269
Other receivables	**2,637**	2,724
Deferred receivable – Non-current portion	**505**	490
	9,936	10,350
Amounts due after one year included under non-current assets	**(571)**	(562)
	9,365	9,788

The amounts due from joint venture and associated companies are unsecured, interest free (except where specified) and on normal trade credit terms.

The analysis of the age of trade debtors at the year-end (based on the invoice date) is as follows:

	2021	2020
	HK$M	HK$M
Up to three months	**4,082**	3,941
Between three and six months	**244**	200
Over six months	**65**	110
	4,391	4,251

Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analyses of the age of debtors are prepared and closely monitored with a view to minimising credit risk associated with receivables.

9. Trade and Other Payables

	2021	2020
	HK$M	HK$M
Trade creditors	**5,245**	4,295
Amounts due to immediate holding company	**143**	145
Amounts due to joint venture companies	**38**	19
Amounts due to associated companies	**513**	416
Interest-bearing advances from joint venture companies at 1.42%-4.65% (2020: 0.22%-2.85%)	**1,283**	565
Interest-bearing advances from an associated company at 1.52% (2020: 1.55%)	**81**	290
Advances from non-controlling interests	**1,130**	188
Rental deposits from tenants	**2,782**	2,745
Deposits received on sale of investment properties	**10**	59
Put options over non-controlling interests	**642**	600
Contingent consideration	**1,527**	1,256
Accrued capital expenditure	**1,511**	1,400
Provision for restructuring costs	**-**	28
Other accruals	**9,180**	9,505
Other payables	**4,728**	4,559
	28,813	26,070
Amounts due after one year included under non-current liabilities	**(1,345)**	(1,143)
	27,468	24,927

The analysis of the age of trade creditors at the year-end is as follows:

	2021	2020
	HK$M	HK$M
Up to three months	**5,124**	4,168
Between three and six months	**93**	47
Over six months	**28**	80
	5,245	4,295

10. Share Capital

	'A' shares	**'B' shares**	**Total HK$M**
Issued and fully paid with no par value			
At 31st December 2020 and 2021	**905,206,000**	**2,981,870,000**	**1,294**

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the year (2020: none).

Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders are in the proportion five to one.

11. Reserves

	Revenue reserve	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
At 1st January 2021	256,404	2,362	(138)	(104)	2,874	261,398
Profit for the year	**3,364**	**-**	**-**	**-**	**-**	**3,364**
Other comprehensive income						
Revaluation of property previously occupied by the Group						
- gains recognised during the year	**-**	**78**	**-**	**-**	**-**	**78**
- deferred tax	**-**	**(5)**	**-**	**-**	**-**	**(5)**
Defined benefit plans						
- remeasurement gains recognised during the year	**220**	**-**	**-**	**-**	**-**	**220**
- deferred tax	**(37)**	**-**	**-**	**-**	**-**	**(37)**
Changes in the fair value of equity investments at fair value through other comprehensive income						
- losses recognised during the year	**-**	**-**	**(9)**	**-**	**-**	**(9)**
- deferred tax	**-**	**-**	**(1)**	**-**	**-**	**(1)**
- reclassified to revenue reserve on disposal	**(20)**	**-**	**20**	**-**	**-**	**-**
Cash flow hedges						
- losses recognised during the year	**-**	**-**	**-**	**(52)**	**-**	**(52)**
- transferred to net finance charges	**-**	**-**	**-**	**11**	**-**	**11**
- transferred to operating profit	**-**	**-**	**-**	**(16)**	**-**	**(16)**
- deferred tax	**-**	**-**	**-**	**6**	**-**	**6**
Share of other comprehensive income of joint venture and associated companies	**239**	**-**	**(2)**	**1,168**	**966**	**2,371**
Net translation differences on foreign operations	**-**	**-**	**-**	**-**	**1,355**	**1,355**
- others	**-**	**-**	**-**	**-**	**(23)**	**(23)**
Total comprehensive income for the year	**3,766**	**73**	**8**	**1,117**	**2,298**	**7,262**
2020 second interim dividend (note 6)	**(1,502)**	**-**	**-**	**-**	**-**	**(1,502)**
2021 first interim dividend (note 6)	**(1,502)**	**-**	**-**	**-**	**-**	**(1,502)**
At 31st December 2021	**257,166**	**2,435**	**(130)**	**1,013**	**5,172**	**265,656**

11. Reserves (continued)

	Revenue reserve	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
At 1st January 2020	270,330	2,444	(159)	524	(1,081)	272,058
Loss for the year	(10,999)	-	-	-	-	(10,999)
Other comprehensive income						
Revaluation of property previously occupied by the Group						
- gains recognised during the year	-	104	-	-	-	104
- deferred tax	-	(3)	-	-	-	(3)
- reclassified to revenue reserve on disposal	183	(183)	-	-	-	-
Defined benefit plans						
- remeasurement gains recognised during the year	148	-	-	-	-	148
- deferred tax	(16)	-	-	-	-	(16)
Changes in the fair value of equity investments at fair value through other comprehensive income						
- gains recognised during the year	-	-	34	-	-	34
- reclassified to revenue reserve on disposal	13	-	(13)	-	-	-
Cash flow hedges						
- losses recognised during the year	-	-	-	(176)	-	(176)
- transferred to net finance charges	-	-	-	21	-	21
- transferred to operating profit	-	-	-	23	-	23
- deferred tax	-	-	-	24	-	24
Share of other comprehensive income of joint venture and associated companies	309	-	-	(520)	1,567	1,356
Net translation differences on foreign operations	-	-	-	-	2,394	2,394
- reclassified to profit or loss on disposal	-	-	-	-	(6)	(6)
Total comprehensive income for the year	(10,362)	(82)	21	(628)	3,955	(7,096)
Change in composition of the Group	(35)	-	-	-	-	(35)
2019 second interim dividend	(2,478)	-	-	-	-	(2,478)
2020 first interim dividend (note 6)	(1,051)	-	-	-	-	(1,051)
At 31st December 2020	256,404	2,362	(138)	(104)	2,874	261,398

12. Event after the Reporting Period

On 4th March 2022, Chance Ascent Limited (Chance Ascent), an indirect wholly-owned subsidiary of Swire Properties, formed a project company (the Project Company) with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. to acquire the land use rights of a land (the Target Land) located in the Beilin district of Xi'an for a consideration of RMB2,575 million. The Project Company will acquire and hold such land use rights and will be principally engaged in the development of the Target Land. Chance Ascent has a 70% interest in the Project Company and is obliged to contribute approximately RMB2,558 million to its registered capital. Chance Ascent's total capital commitment to the acquisition and development of the Target Land is estimated to be RMB7,000 million.

12. Event after the Reporting Period (continued)

On 9th March 2022, a subsidiary of the Company entered into a sale and purchase agreement with Tidewater Inc. (Tidewater) for the sale of a 100% interest in Swire Pacific Offshore Holdings Limited, at a consideration of approximately US$190 million. The consideration for the transaction will be settled partly in cash and partly in the form of warrants issued by Tidewater which will entitle the Group to purchase 8.1 million shares of common stock of Tidewater at a nominal price.

13. Changes in Accounting Policies and Disclosures

(a) The following revised standards were required to be adopted by the Group effective from 1st January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

An amendment to HKFRS 16 "COVID-19-related rent concessions beyond 30 June 2021" was issued in April 2021 and is effective for annual reporting periods beginning on or after 1st April 2021. The Group has early adopted this amendment from 1st January 2021. This amendment extended the availability of the practical expedient (as referred to below) to rent concessions occurring as a direct consequence of COVID-19 for which any reduction in lease payments affects only payments originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient set out in the 2020 amendment to HKFRS 16 "COVID-19-related rent concessions", which was adopted by the Group from 1st January 2020, are met. The Group has applied the practical expedient to all rent concessions that meet the conditions.

None of the remaining revised standards had a significant effect on the Group's financial statements or accounting policies.

(b) The Group has not early adopted the following relevant new and revised standards and interpretations that have been issued but are effective for annual periods beginning on or after 1st January 2022 and such standards have not been applied in preparing these consolidated financial statements.

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations[1]
Annual improvements project	Annual Improvements to HKFRSs 2018-2020[1]
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current[2]
HK-Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1, HKAS 8 and HKAS 12	Narrow-scope Amendments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 To be applied by the Group from 1st January 2022.
2 To be applied by the Group from 1st January 2023.
3 The effective date is to be determined.

None of these new and revised standards and interpretation is expected to have a significant effect on the Group's financial statements.

13. Changes in Accounting Policies and Disclosures (continued)

(c) Representation due to discontinued operations

In March 2022, the Group entered into a sale and purchase agreement to dispose of its 100% interest in the Swire Pacific Offshore group (SPO disposal group). As at 31st December 2021, management believed the disposal was highly probable and the carrying value of the SPO disposal group would be recovered principally through sale rather than through continuing use. Accordingly, management classified the assets and liabilities of the SPO disposal group as held for sale as at 31st December 2021 and presented the result of the SPO disposal group as discontinued operations. The results of the SPO disposal group for the year ended 31st December 2021 are presented separately as one line-item below profit from continuing operations as "discontinued operations" in the consolidated statement of profit or loss. The comparative figures in the consolidated statement of profit or loss and the consolidated statement of other comprehensive income have been re-presented as "discontinued operations". The comparative figures in the consolidated statement of financial position and consolidated statement of cash flows were not re-presented.

14. Requirement in Connection with Publication of "Non-statutory Accounts" under Section 436 of the Hong Kong Companies Ordinance Cap. 622

The financial information relating to the years ended 31st December 2020 and 2021 that is included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the Ordinance)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2020 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The specified financial statements for the year ended 31st December 2021 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. Auditor's reports have been prepared on the specified financial statements for the years ended 31st December 2020 and 2021. Those reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain statements under section 406(2) or 407(2) or (3) of the Ordinance.

Sources of Finance

At 31st December 2021, committed loan facilities and debt securities amounted to HK$85,969 million, of which HK$24,219 million (28%) were undrawn. In addition, there were lease liabilities amounting to HK$5,340 million. The Group had undrawn uncommitted facilities totalling HK$8,296 million. Sources of gross borrowings at 31st December 2021 comprised:

	Available HK$M	Drawn HK$M	Undrawn expiring within one year HK$M	Undrawn expiring beyond one year HK$M	Total undrawn HK$M
Committed facilities					
Loans and bonds					
Bonds	**49,235**	**49,235**	**-**	**-**	**-**
Bank loans, overdrafts and other loans	**36,734**	**12,515**	**5,139**	**19,080**	**24,219**
Total committed facilities	**85,969**	**61,750**	**5,139**	**19,080**	**24,219**
Uncommitted facilities					
Bank loans, overdrafts and other loans	**8,322**	**26**	**8,296**	**-**	**8,296**
Total	**94,291**	**61,776**	**13,435**	**19,080**	**32,515**

Note: The figures above are stated before unamortised loan fees of HK$227 million.

At 31st December 2021, 84% of the Group's gross borrowings were on a fixed rate basis and 16% were on a floating rate basis (2020: 78% and 22%).

Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code (the CG Code) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) throughout the year covered by the annual report with the following exception which it believed did not benefit shareholders:

- **Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee.** The Board considered the merits of establishing a nomination committee but concluded that it was in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allowed a more informed and balanced decision to be made by the Board as to suitability for the role.

During 2021, The Stock Exchange of Hong Kong Limited consulted on changes to the CG Code and related Listing Rules. One of the outcomes of the consultation is that nomination committees have become mandatory. The Board has resolved to form a nomination committee with effect from 10th March 2022.

The Company has adopted a code of conduct (the Securities Code) regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code) contained in Appendix 10 to the Listing Rules. These rules are available on the Company's website.

On specific enquiries made, all the Directors of the Company have confirmed that, in respect of the accounting period covered by the annual report, they have complied with the required standard set out in the Model Code and the Securities Code.

The annual results have been reviewed by the Audit Committee of the Company.

Annual Report

The 2021 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website www.swirepacific.com. Printed copies will be available to shareholders on 7th April 2022.

List of Directors

As at the date of this announcement, the Directors of the Company are:
Executive Directors: G.M.C. Bradley (Chairman), D.P. Cogman, P. Healy, M.J. Murray, Z.P. Zhang;
Non-Executive Directors: M. Cubbon, M.B. Swire, S.C. Swire; and
Independent Non-Executive Directors: P.K. Etchells, T.G. Freshwater, C. Lee, R.W.M. Lee, G.R.H. Orr and Y. Xu.

By Order of the Board
SWIRE PACIFIC LIMITED
Guy Bradley
Chairman
Hong Kong, 10th March 2022

Disclaimer

This document may contain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors beyond the Company's control. The actual results or outcomes of events may differ materially and/or adversely due to a number of factors, including the effects of COVID-19, changes in the economies and industries in which the Group operates (in particular in Hong Kong and the Chinese Mainland), macro-economic and geopolitical uncertainties, changes in the competitive environment, foreign exchange rates, interest rates and commodity prices, and the Group's ability to identify and manage risks to which it is subject. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.

References in this document to Hong Kong are to Hong Kong SAR, to Macau are to Macao SAR and to Taiwan are to the Taiwan region.