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SWIRE PACIFIC LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

2009 Final Results

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2009 Final Results

	Note	2009 HK\$M	2008 HK\$M	Change %
Turnover		24,909	24,670	+1.0
Operating profit		21,733	9,153	+137.4
Profit attributable to the Company's shareholders	(a)	19,917	5,853	+240.3
Cash generated from operations		8,740	7,580	+15.3
Net cash inflow/(outflow) before financing		2,053	(2,303)	-189.1
Total equity (including minority interests)	(a)	153,349	136,188	+12.6
Net debt		31,681	30,446	+4.1
		HK\$	HK\$	
Earnings per share	(a), (b)			
'A' shares		13.24	3.87	
'B' shares		2.65	0.77	+242.1
Dividends per share				
'A' shares		2.800	2.380	+17.6
'B' shares		0.560	0.476	
Equity attributable to the Company's shareholders per share	(a)			
'A' shares		101.36	89.55	+13.2
'B' shares		20.27	17.91	
<u>Underlying Profit and Equity</u>				
		HK\$M	HK\$M	%
Underlying profit attributable to the Company's shareholders	(a), (c)	8,475	5,238	+61.8
		HK\$	HK\$	
Underlying earnings per share	(a), (b)			
'A' shares		5.63	3.46	+62.7
'B' shares		1.13	0.69	
Underlying equity attributable to the Company's shareholders per share	(a), (c)			
'A' shares		114.86	100.79	+14.0
'B' shares		22.97	20.16	

Notes:

- (a) The adoption of HK(IFRIC)-Int 13 (Customer Loyalty Programmes) has resulted in the restatement of the 2008 comparative figures. Refer to note 12 for further details.
- (b) Refer to note 7 for the weighted average number of shares.
- (c) Underlying profit and equity attributable to the Company's shareholders have been adjusted for net property revaluation gains and the associated deferred taxation.

Chairman's Statement

The profit attributable to shareholders for 2009 was HK\$19,917 million, compared to HK\$5,853 million in 2008. Underlying profit attributable to shareholders, which primarily adjusts for changes in property valuations and the associated deferred tax, increased by HK\$3,237 million to HK\$8,475 million. Excluding the effect of non-recurring items (principally the profit of HK\$1,721 million recognised in 2008 on disposal of the Group's interest in Swire SITA), underlying profit increased by HK\$4,909 million.

The effects of the severe economic downturn continued into 2009. The increase in underlying profit principally reflects improved results in the Cathay Pacific group where, despite sharply reduced revenues for much of the year, profits benefited from mark-to-market gains in respect of fuel hedging contracts. Despite the economic conditions, the Group's non-aviation businesses generally performed well in 2009.

Underlying profit in the Property Division increased by 8%. Positive rental reversions in the Hong Kong office portfolio, a modest level of capital profits and a reduction in net finance charges more than offset a reduction in profits from the trading portfolio and weakness in the hotel business. The Beverages Division reported strong profit growth in all markets outside the USA. Swire Pacific Offshore group ("SPO") reported a reduction in profits. However, excluding the profits on vessel sales in 2008, SPO's results were only marginally below those of 2008. The contribution from the HAECO group was significantly lower as demand for aircraft maintenance fell.

In spite of uncertain economic conditions, the Group continued to make measured investment in its core businesses in 2009. Net cash used in investing activities totalled HK\$5,637 million. Committed investments at the year-end were HK\$14,472 million.

Key Developments

In September the Group acquired an additional 2% interest in Cathay Pacific Airways ("Cathay Pacific") for a consideration of HK\$1,013 million, taking its shareholding from 39.97% to 41.97%. In October the Group acquired an additional 12.45% interest in HAECO from Cathay Pacific for a consideration of HK\$1,901 million, taking its direct shareholding in HAECO from 33.52% to 45.96%. The Group regards its shareholdings in Cathay Pacific and HAECO as key long-term strategic investments.

In the Property Division, The Upper House hotel at Pacific Place opened in October. This 117-room luxury hotel is the sister hotel of The Opposite House in Beijing. The opening was followed by that of the 345-room EAST hotel at Cityplaza in January 2010. These hotels are wholly-owned and are managed by Swire Hotels. In Beijing, the north site of Sanlitun Village began a phased opening in October. The north site is 67% leased.

Applications have been made to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the spin-off and separate listing of the shares in Swire Properties Limited ("Swire Properties"), the company which holds the Group's principal property interests in Hong Kong, Mainland China, the USA and the UK. The separate listing of Swire Properties would be intended to benefit investors in both Swire Pacific and Swire Properties. The capital raised would be available to fund the investments of both companies. The listing would also provide direct access for Swire Properties to equity capital markets. However, no decision has yet been made by the Directors as to whether and when the proposed spin-off and separate listing of Swire Properties will be effected. The Stock Exchange has confirmed that the Company may proceed with the proposed spin-off, but there is no assurance that the approval of the separate listing of Swire Properties will be granted by the Listing Committee of the Stock Exchange. If the spin-off and separate listing proceed, Swire Properties will continue to be a subsidiary of the Company.

Chairman's Statement (continued)**Operating Performance**

Underlying profit in the Property Division was HK\$3,966 million, an 8% increase over the 2008 profit of HK\$3,675 million. Demand in the Hong Kong office market weakened in the first half of the year, but recovered in the second-half as the economy improved. Rental reversions generally remained positive. However, the hotel interests suffered from the difficult market conditions and lower profits were recorded from the trading portfolio. A small number of properties within the property investment portfolio were sold, generating modest capital profits. Net finance charges were lower than in 2008 (principally as a result of the recognition, and the movement in fair value, of a put option in relation to the minority interest in Sanlitun Village). On an attributable basis, the Property Division's net investment property valuation gain (before deferred tax) in 2009 was HK\$14,483 million, compared to a net gain in 2008 of HK\$241 million. Values fell in the early part of 2009, but then increased as the outlook for property markets in Hong Kong and Mainland China improved.

The Cathay Pacific group contributed a profit for 2009 of HK\$1,349 million, compared to a loss of HK\$3,607 million in 2008. The improved result principally reflects the rise in fuel prices from the middle of 2009, which resulted in mark-to-market gains in respect of fuel hedging contracts for the period 2010-2011. These gains reversed a large part of the substantial mark-to-market losses recorded in 2008. Results from the airlines' passenger and cargo operations, however, were adversely affected by continuing constrained demand in their key markets for much of the year. Passenger revenue fell by 21%, reflecting substantial reductions in premium traffic and in economy class yields, though economy class passenger numbers held up well. The cargo business was exceptionally weak in the first half of the year, but was stronger in the latter part of the year. A number of measures were taken in response to the steep downturn in business, including reducing capacity, operating costs and capital expenditure, introducing an unpaid leave scheme for staff and parking a number of aircraft.

2009 was a challenging year for the HAECO group as airlines continued to reduce maintenance expenditure and ground aircraft. The airframe heavy maintenance business in both Hong Kong and Xiamen was significantly weakened by the downturn and had substantial unsold capacity for the first time in several years. Demand for line maintenance operations also fell, in line with the level of aircraft movements at Hong Kong International Airport. Despite the increase in shareholding, profit attributable to Swire Pacific fell by 38% to HK\$314 million.

The Beverages Division recorded a 29% increase in attributable profit over 2008. Overall sales volume grew by 13%. This principally reflected strong growth in Mainland China, resulting from expansion of the product portfolio and the distribution network. Raw material costs were lower in all markets for much of the year but sugar costs increased significantly towards the end of the year.

Attributable profit for SPO fell by 2%, excluding the effect of profits on vessel sales in 2008. The result for the first half of the year benefited from the fact that many of SPO's contracts had been fixed in 2008 when market conditions were favourable. In the second half of the year a reduction in offshore exploration activity and the entry into the market of a significant number of newly built vessels owned by competitors resulted in some reductions in charter hire and utilisation rates.

Attributable profit from the Trading & Industrial Division fell by 8% in 2009, disregarding the gain on disposal of the Group's interest in Swire SITA in 2008 (the proceeds of which were received in the second half of 2009). Sales growth and improved margins in Mainland China helped Swire Resources to record an increase in profit. The car business in Taiwan and the paints business also recorded increases in profit. The beverage cans and sugar businesses recorded modest decreases in profits.

Chairman's Statement (continued)**Finance**

Despite strong operating cash flows, net debt increased by HK\$1,235 million during the year to HK\$31,681 million. The overall increase in net debt primarily reflected the acquisition of additional interests in Cathay Pacific and HAECO, but also investments in property projects and new vessels. HK\$8,940 million of financing was arranged. Gearing fell during the year by 1.7 percentage points from 22.4% to 20.7%. Cash and undrawn committed facilities totalled HK\$14,916 million at 31st December 2009, compared with HK\$10,595 million at 31st December 2008.

Corporate Governance

Swire Pacific's governance principles and the processes in place to safeguard the interests of shareholders will be set out in the 2009 Annual Report.

Sustainable Development

Swire Pacific recognises the importance of acting responsibly towards its stakeholders (including employees and the communities in which it is involved) and towards the natural environment in which it operates. During the year, Swire Pacific and Cathay Pacific joined over 950 global companies in signing the Copenhagen Communiqué on Climate Change, supporting an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world. We were disappointed at the limited progress made at the Copenhagen climate change conference.

Prospects

The Group's completed office portfolio is almost fully let, with approximately 14% of tenancies by floor area due to expire during 2010.

The Group's completed retail portfolio in Hong Kong is also almost fully let, with approximately 15% of tenancies by floor area due to expire during 2010. The trading environment for the Group's retail interests in both Hong Kong and Mainland China has improved as economic conditions have become more positive.

The phased opening of the north site of Sanlitun Village will continue during the course of 2010.

A phased opening of the TaiKoo Hui mixed-use development in central Guangzhou is expected from late 2010. Pre-letting of the retail space is very encouraging with 78% of the mall already committed.

A phased opening of the 1.9 million square foot mixed-use development at Jiang Tai in the Chaoyang district of Beijing is expected in the second half of 2011.

Site clearance and resettlement works continue at the Dazhongli Project in the Jing An district of Shanghai. The expected opening of this 3.5 million square foot mixed-use development has been deferred to 2014 due to the need to complete site clearance and to accommodate the construction of a metro station adjacent to the site and due to the likely suspension of works because of the 2010 Expo in Shanghai.

On completion of current developments, Swire Properties will have a portfolio of 15.1 million square feet in Hong Kong and 8.0 million square feet in Mainland China, as well as property interests in the USA and the UK.

Chairman's Statement (continued)

While welcoming the improvement in business in the latter part of 2009, the Cathay Pacific group remains cautious about the prospects for 2010. Revenues and yields remain below levels experienced prior to the recent downturn and there has not yet been a sustained improvement in premium passenger demand, which accounts for a high proportion of total revenue. There are concerns that the adverse changes seen in the pattern of passenger and freight demand could be structural rather than cyclical. In addition, the cost of fuel, which rose steadily from the middle of 2009, remains stubbornly high and threatens to undermine profitability.

In February 2010, Cathay Pacific announced that it had entered into conditional framework and other agreements with Air China Limited and others under which the parties have agreed to establish a jointly owned cargo airline. The formation of the cargo joint venture represents an important development in the cooperation between Cathay Pacific and Air China.

Like the Cathay Pacific group, the HAECO group is cautious about the recent improvement in the aviation industry. The HAECO group expects increased aircraft movements at Hong Kong International Airport and better utilisation of its hangars in 2010. However, start-up losses at the new joint ventures in Mainland China will affect the results in 2010. Overall, 2010 will be another challenging year. The HAECO group will continue to contain costs and improve productivity while striving to deliver quality service to customers. It is well placed to take advantage of future long-term growth in the aviation industry.

The Beverages Division will continue to expand its product portfolio and distribution network in Mainland China. Market conditions are expected to continue to recover in Hong Kong and Taiwan. However, those in the USA are expected to continue to be affected by economic uncertainty.

SPO expects the offshore support industry in 2010 to continue to suffer from the poor market conditions of the latter part of 2009. With a large number of newly built vessels continuing to enter the offshore market, increased competition is expected to result in further pressure on charter rates. However, assuming a continuation of the global economic recovery, exploration activity should gradually increase. With nine newly built vessels to be delivered in 2010, SPO is in a strong position.

The Trading & Industrial Division expects continued growth for Swire Resources and improved trading conditions in the Taiwan car market. The paints business expects strong growth in Mainland China to be offset by the cost of expanding its distribution network. The beverage cans business is expecting conditions to remain challenging.

Dividends

The Directors recommend the payment of final dividends for 2009 of HK¢220.0 per 'A' share and HK¢44.0 per 'B' share which, together with the interim dividends paid on 5th October 2009 of HK¢60.0 per 'A' share and HK¢12.0 per 'B' share, make total dividends for the year of HK¢280.0 per 'A' share and HK¢56.0 per 'B' share: an increase of 17.6% from those for 2008. This represents a total distribution for the year of HK\$4,213 million. Subject to the approval of the 2009 final dividends by the shareholders at the Annual General Meeting on 13th May 2010, it is expected that those dividends will be paid on 2nd June 2010 to shareholders registered on the record date, being 13th May 2010. The share registers will be closed from 10th May 2010 to 13th May 2010, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for entitlement to the final 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 Friday, 7th May 2010.

The increase in dividends reflects the increase in underlying profit attributable to shareholders in 2009 and the more positive prospects for 2010.

Chairman's Statement (continued)

The Group's strength lies in its diverse range of businesses centered on the fastest growing economy in the world. The generally robust performance of the Group overall during the uncertain conditions of the last 18 months demonstrates the value of the Group's diversity and gives cause for optimism about the future.

The commitment and hard work of employees across the Group and its jointly controlled and associated companies are central to our continuing success. I take this opportunity to thank them.

By Order of the Board
SWIRE PACIFIC LIMITED
Christopher Pratt
Chairman
Hong Kong, 11th March 2010

Consolidated Income Statement
For the year ended 31st December 2009

	Note	2009 HK\$M	2008 HK\$M (Restated)
Turnover	2	24,909	24,670
Cost of sales		(12,437)	(12,627)
Gross profit		12,472	12,043
Distribution costs		(2,969)	(3,016)
Administrative expenses		(1,850)	(1,677)
Other operating expenses		(320)	(373)
Profit on sale of interests in jointly controlled companies		-	1,721
Other net gains		261	278
Change in fair value of investment properties		14,406	177
Impairment losses on hotel properties		(267)	-
Operating profit	3	21,733	9,153
Finance charges		(1,136)	(1,085)
Finance income		196	173
Net finance charges	4	(940)	(912)
Share of profits less losses of jointly controlled companies		624	638
Share of profits less losses of associated companies		2,154	(2,606)
Profit before taxation		23,571	6,273
Taxation	5	(3,407)	(47)
Profit for the year		20,164	6,226
Profit for the year attributable to:			
The Company's shareholders		19,917	5,853
Minority interests		247	373
		20,164	6,226
Dividends			
Interim - paid		903	1,364
Final - proposed/paid		3,310	2,227
	6	4,213	3,591
		HK\$	HK\$
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	7		
'A' shares		13.24	3.87
'B' shares		2.65	0.77

**Consolidated Statement of Comprehensive Income
For the year ended 31st December 2009**

	2009	2008
	HK\$M	HK\$M
		(Restated)
Profit for the year	20,164	6,226
Other comprehensive income		
Cash flow hedges		
- recognised during the year	365	(113)
- deferred tax	(68)	22
- transferred to net finance charges	20	(32)
- transferred to operating profit - exchange differences	(8)	29
- transferred to initial cost of non-financial assets	75	(74)
Net fair value gains/(losses) on available-for-sale assets		
- recognised during the year	144	(130)
- transferred to operating profit	(39)	-
Share of other comprehensive income of jointly controlled and associated companies	424	(349)
Net translation differences on foreign operations	78	174
Other comprehensive income/(loss) for the year, net of tax	991	(473)
Total comprehensive income for the year	21,155	5,753
Total comprehensive income attributable to:		
The Company's shareholders	20,892	5,360
Minority interests	263	393
	21,155	5,753

Note: Other than cash flow hedges as highlighted above, items shown within other comprehensive income have no tax effect.

**Consolidated Statement of Financial Position
at 31st December 2009**

	Note	2009 HK\$M	2008 HK\$M (Restated)	2007 HK\$M (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		14,549	17,010	16,762
Investment properties		154,493	134,625	128,109
Leasehold land and land use rights		2,234	2,586	2,349
Intangible assets		871	867	860
Properties held for development		441	471	-
Jointly controlled companies		9,048	8,505	5,761
Associated companies		23,454	18,442	22,633
Available-for-sale assets		392	300	365
Long-term receivables		9	8	7
Long-term security deposits		211	380	553
Derivative financial instruments		450	103	37
Deferred expenditure		-	-	38
Deferred tax assets		270	295	148
Retirement benefit assets		210	197	181
		206,632	183,789	177,803
Current assets				
Properties for sale		3,272	1,842	2,413
Stocks and work in progress		1,428	1,733	1,575
Trade and other receivables	8	3,820	3,767	3,053
Available-for-sale assets		-	1,888	-
Derivative financial instruments		14	3	15
Cash and cash equivalents		2,322	4,146	3,684
Short-term deposits		242	262	297
		11,098	13,641	11,037
Current liabilities				
Trade and other payables	9	8,865	7,717	7,423
Provisions		7	8	8
Taxation payable		292	345	278
Derivative financial instruments		20	36	-
Bank overdrafts and short-term loans		1,083	2,083	4,078
Long-term loans and bonds due within one year		1,469	1,668	170
		11,736	11,857	11,957
Net current (liabilities)/assets		(638)	1,784	(920)
Total assets less current liabilities		205,994	185,573	176,883
Non-current liabilities				
Perpetual capital securities		2,326	2,325	2,340
Long-term loans and bonds		29,624	29,196	20,486
Derivative financial instruments		166	274	45
Deferred tax liabilities		20,303	17,382	17,748
Retirement benefit liabilities		226	208	177
		52,645	49,385	40,796
NET ASSETS		153,349	136,188	136,087
EQUITY				
Share capital	10	903	903	910
Reserves	11	151,600	133,838	134,016
Equity attributable to the Company's shareholders		152,503	134,741	134,926
Minority interests		846	1,447	1,161
TOTAL EQUITY		153,349	136,188	136,087

1. Segment information
(a) Information about reportable segments – Analysis of Consolidated Income Statement

	External turnover	Inter-segment turnover	Operating profit	Finance charges	Finance income	Share of profits less losses of jointly controlled companies	Share of profits less losses of associated companies	Tax (charge)/ credit	Profit for the year	Profit attributable to the Company's shareholders	Depreciation and amortisation charged to operating profit
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Year ended 31st December 2009											
Property											
Property investment	7,473	53	5,607	(1,185)	140	48	16	(520)	4,106	4,098	(112)
Change in fair value of investment properties	-	-	14,383	-	-	7	53	(2,754)	11,689	11,601	-
Property trading	643	-	70	(4)	1	(26)	-	(18)	23	23	-
Hotels	172	-	(474)	(26)	-	(30)	95	103	(332)	(332)	(36)
	8,288	53	19,586	(1,215)	141	(1)	164	(3,189)	15,486	15,390	(148)
Aviation											
Cathay Pacific group	-	-	-	-	-	-	1,349	-	1,349	1,349	-
HAECO group	-	-	-	-	-	-	314	-	314	314	-
Hactl	-	-	-	-	-	-	234	-	234	156	-
Others	-	-	-	-	-	2	-	-	2	2	-
	-	-	-	-	-	2	1,897	-	1,899	1,821	-
Beverages											
Hong Kong	1,904	-	215	(1)	1	-	-	(17)	198	179	(61)
Taiwan	1,489	-	64	(3)	-	1	-	(4)	58	46	(42)
USA	3,560	-	338	-	-	-	-	(91)	247	247	(138)
Mainland China	1,446	-	(5)	(37)	6	326	54	(28)	316	274	(67)
Central costs	-	-	7	-	-	-	-	-	7	7	-
	8,399	-	619	(41)	7	327	54	(140)	826	753	(308)
Marine Services											
Swire Pacific Offshore group	3,892	-	1,594	-	2	3	-	(40)	1,559	1,559	(405)
HUD group	-	-	-	-	-	78	-	-	78	78	-
	3,892	-	1,594	-	2	81	-	(40)	1,637	1,637	(405)
Trading & Industrial											
Swire Resources group	1,835	-	74	-	1	2	39	(16)	100	100	(19)
Taikoo Motors group	2,158	-	53	(1)	1	-	-	(20)	33	33	(30)
Taikoo Sugar	322	79	10	-	-	-	-	(1)	9	9	(1)
Akzo Nobel Swire Paints	-	-	-	-	-	141	-	-	141	141	-
CROWN Beverage Cans group	-	-	-	-	-	72	-	-	72	72	-
Other activities	5	-	(11)	-	19	-	-	(13)	(5)	(5)	(1)
	4,320	79	126	(1)	21	215	39	(50)	350	350	(51)
Head Office											
Net income/(expenses)	10	158	(215)	(1,104)	1,250	-	-	17	(52)	(52)	(1)
Change in fair value of investment properties	-	-	23	-	-	-	-	(5)	18	18	-
	10	158	(192)	(1,104)	1,250	-	-	12	(34)	(34)	(1)
Inter-segment elimination	-	(290)	-	1,225	(1,225)	-	-	-	-	-	-
Total	24,909	-	21,733	(1,136)	196	624	2,154	(3,407)	20,164	19,917	(913)

1. Segment information (continued)
(a) Information about reportable segments – Analysis of Consolidated Income Statement (continued)

	External turnover	Inter-segment turnover	Operating profit	Finance charges	Finance income	Share of profits less losses of jointly controlled companies	Share of profits less losses of associated companies	Tax (charge)/ credit	Profit for the year	Profit attributable to the Company's shareholders	Depreciation and amortisation charged to operating profit
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Year ended 31st December 2008											
Property											
Property investment	6,858	49	5,012	(1,149)	58	28	16	(483)	3,482	3,485	(89)
Change in fair value of investment properties	-	-	184	-	-	50	(16)	650	868	631	-
Property trading	889	-	198	(1)	5	(48)	-	(50)	104	104	-
Hotels	156	-	(86)	(11)	-	13	140	17	73	73	(25)
	7,903	49	5,308	(1,161)	63	43	140	134	4,527	4,293	(114)
Aviation											
Cathay Pacific group	-	-	-	-	-	-	(3,607)	-	(3,607)	(3,607)	-
HAECO group	-	-	-	-	-	-	505	-	505	505	-
Hactl	-	-	-	-	-	-	274	-	274	183	-
Others	-	-	-	-	-	(3)	-	-	(3)	(3)	-
	-	-	-	-	-	(3)	(2,828)	-	(2,831)	(2,922)	-
Beverages											
Hong Kong	1,799	-	183	(1)	-	-	-	(9)	173	157	(57)
Taiwan	1,358	-	31	(5)	-	1	-	(1)	26	21	(43)
USA	3,512	-	340	-	2	-	-	(86)	256	256	(144)
Mainland China	1,332	-	(26)	(36)	8	232	36	(18)	196	169	(63)
Central costs	-	-	(18)	-	-	-	-	-	(18)	(18)	-
	8,001	-	510	(42)	10	233	36	(114)	633	585	(307)
Marine Services											
Swire Pacific Offshore group	4,007	-	1,750	(3)	10	-	-	(66)	1,691	1,691	(347)
HUD group	-	-	-	-	-	76	-	-	76	76	-
	4,007	-	1,750	(3)	10	76	-	(66)	1,767	1,767	(347)
Trading & Industrial											
Swire Resources group	1,776	-	49	(1)	1	4	46	(12)	87	87	(16)
Taikoo Motors group	2,534	-	10	(13)	14	-	-	(7)	4	4	(25)
Taikoo Sugar	380	65	13	-	-	-	-	(2)	11	11	(1)
Akzo Nobel Swire Paints	-	-	-	-	-	132	-	-	132	132	-
CROWN Beverage Cans group	-	-	-	-	-	81	-	-	81	81	-
Swire SITA group	-	-	-	-	-	72	-	-	72	72	-
Other activities	56	2	(34)	-	3	-	-	-	(31)	(31)	(1)
Sale of interest in Swire SITA group	-	-	1,721	-	-	-	-	-	1,721	1,721	-
Change in fair value of investment properties	-	-	14	-	-	-	-	9	23	23	-
	4,746	67	1,773	(14)	18	289	46	(12)	2,100	2,100	(43)
Head Office											
Net income/(expenses)	13	149	(167)	(1,184)	1,391	-	-	16	56	56	-
Change in fair value of investment properties	-	-	(21)	-	-	-	-	(5)	(26)	(26)	-
	13	149	(188)	(1,184)	1,391	-	-	11	30	30	-
Inter-segment elimination	-	(265)	-	1,319	(1,319)	-	-	-	-	-	-
Total	24,670	-	9,153	(1,085)	173	638	(2,606)	(47)	6,226	5,853	(811)

1. Segment information (continued)
(a) Information about reportable segments (continued)
Analysis of total assets of the Group
At 31st December 2009

	Segment assets	Jointly controlled companies	Associated companies	Bank deposits and securities	Total assets	Additions to non-current assets
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Property						
Property investment	157,811	6,428	466	937	165,642	2,907
Property trading	3,914	87	-	103	4,104	1
Hotels	4,632	438	488	26	5,584	1,065
	166,357	6,953	954	1,066	175,330	3,973
Aviation						
Cathay Pacific group	-	-	17,476	-	17,476	-
HAECO group	-	-	3,656	-	3,656	-
Hactl	-	-	498	-	498	-
Others	-	24	-	-	24	-
	-	24	21,630	-	21,654	-
Beverages	4,705	1,443	608	446	7,202	440
Marine Services						
Swire Pacific Offshore group	8,914	-	38	573	9,525	905
HUD group	-	(91)	-	-	(91)	-
	8,914	(91)	38	573	9,434	905
Trading & Industrial						
Swire Resources group	349	8	224	133	714	5
Taikoo Motors group	880	-	-	264	1,144	28
Taikoo Sugar	83	-	-	8	91	-
Akzo Nobel Swire Paints	-	333	-	-	333	-
CROWN Beverage Cans group	-	378	-	-	378	-
Other activities	122	-	-	-	122	-
	1,434	719	224	405	2,782	33
Head Office	997	-	-	331	1,328	-
Inter-segment elimination	-	-	-	-	-	(169)
	182,407	9,048	23,454	2,821	217,730	5,182

At 31st December 2008

	Segment assets	Jointly controlled companies	Associated companies	Bank deposits and securities	Total assets	Additions to non-current assets
	HK\$M	HK\$M	HK\$M (Restated)	HK\$M	HK\$M (Restated)	HK\$M
Property						
Property investment	142,293	6,540	397	1,086	150,316	4,589
Property trading	2,669	37	-	161	2,867	323
Hotels	3,542	93	423	72	4,130	925
	148,504	6,670	820	1,319	157,313	5,837
Aviation						
Cathay Pacific group	-	-	13,948	-	13,948	-
HAECO group	-	-	2,414	-	2,414	-
Hactl	-	-	632	-	632	-
Others	-	22	-	-	22	-
	-	22	16,994	-	17,016	-
Beverages	4,451	1,168	409	275	6,303	377
Marine Services						
Swire Pacific Offshore group	8,459	49	35	692	9,235	1,412
HUD group	-	(97)	-	-	(97)	-
	8,459	(48)	35	692	9,138	1,412
Trading & Industrial						
Swire Resources group	455	44	184	20	703	17
Taikoo Motors group	1,178	-	-	301	1,479	83
Taikoo Sugar	74	-	-	4	78	3
Akzo Nobel Swire Paints	-	304	-	-	304	-
CROWN Beverage Cans group	-	345	-	-	345	-
Other activities	1,976	-	-	-	1,976	-
	3,683	693	184	325	4,885	103
Head Office	560	-	-	2,215	2,775	15
	165,657	8,505	18,442	4,826	197,430	7,744

Of the total assets of the Group at 31st December 2007, only the balance for associated companies has been restated. The restated balance, which totals HK\$22,633 million, represents the investment in associated companies in the Property (HK\$913 million), Aviation (HK\$21,553 million), Marine Services (HK\$33 million) and Trading & Industrial (HK\$134 million) Divisions.

1. Segment information (continued)
(a) Information about reportable segments (continued)

Analysis of total liabilities and minority interests of the Group

At 31st December 2009

	Segment liabilities	Current & deferred tax liabilities	Inter-segment borrowings/ (advances)	External borrowings	Total liabilities	Minority interests
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Property						
Property investment	4,872	20,036	28,031	3,645	56,584	421
Property trading	148	45	2,409	82	2,684	-
Hotels	87	-	864	502	1,453	-
	5,107	20,081	31,304	4,229	60,721	421
Aviation						
Hactl	-	-	-	-	-	37
Beverages	1,892	294	983	130	3,299	392
Marine Services						
Swire Pacific Offshore group	888	91	(343)	381	1,017	(4)
Trading & Industrial						
Swire Resources group	388	16	(21)	-	383	-
Taikoo Motors group	371	(5)	-	-	366	-
Taikoo Sugar	56	-	-	5	61	-
Other activities	23	1	-	-	24	-
	838	12	(21)	5	834	-
Head Office	559	117	(31,923)	29,757	(1,490)	-
	9,284	20,595	-	34,502	64,381	846

At 31st December 2008

	Segment liabilities	Current & deferred tax liabilities	Inter-segment borrowings/ (advances)	External borrowings	Total liabilities	Minority interests
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Property						
Property investment	3,806	17,352	28,419	3,178	52,755	1,067
Property trading	104	-	1,080	78	1,262	-
Hotels	101	-	943	459	1,503	-
	4,011	17,352	30,442	3,715	55,520	1,067
Aviation						
Hactl	-	-	-	-	-	25
Beverages	1,733	255	806	199	2,993	355
Marine Services						
Swire Pacific Offshore group	926	90	759	549	2,324	-
Trading & Industrial						
Swire Resources group	478	7	(71)	-	414	-
Taikoo Motors group	336	(12)	-	414	738	-
Taikoo Sugar	44	1	-	3	48	-
Other activities	69	8	-	-	77	-
	927	4	(71)	417	1,277	-
Head Office	646	26	(31,936)	30,392	(872)	-
	8,243	17,727	-	35,272	61,242	1,447

1. Segment information (continued)
(a) Information about reportable segments (continued)

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

The Beverages Division is considered to be a single reportable segment as the nature of its operations in different geographical locations is similar. The analysis of the consolidated income statement in note 1(a) presents the results of the Beverages Division by geographical location in order to provide further information.

The reportable segments within each of the other four 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.

(b) Information about geographical areas

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

An analysis of turnover and non-current assets of the Group by principal markets is outlined below:

	Turnover		Non-current assets*	
	2009	2008	2009	2008
	HK\$M	HK\$M	HK\$M	HK\$M
Hong Kong	11,220	10,037	146,385	134,011
Asia (excluding Hong Kong)	6,023	6,087	16,463	12,357
United States of America	3,701	4,402	1,222	1,227
United Kingdom	73	137	433	441
Ship owning and operating	3,892	4,007	8,085	7,523
	24,909	24,670	172,588	155,559

* In this analysis, the total of non-current assets excludes financial instruments (including jointly controlled and associated companies), deferred tax assets and retirement benefit assets.

2. Turnover

Turnover represents sales by the Company and its subsidiary companies to external customers and comprises revenue from:

	2009	2008
	HK\$M	HK\$M
Gross rental income from investment properties	7,392	6,791
Property trading	643	889
Hotels	172	156
Charter hire and related income	3,892	4,007
Rendering of services	91	83
Sales of goods	12,719	12,744
	24,909	24,670

3. Operating profit

	<u>2009</u>	<u>2008</u>
	HK\$M	HK\$M
<i>Operating profit has been arrived at after charging:</i>		
Depreciation of property, plant and equipment	860	764
Amortisation of leasehold land and land use rights	10	7
Amortisation of intangible assets	15	14
Amortisation of initial leasing costs	<u>28</u>	<u>26</u>
<i>And after crediting:</i>		
Profit on sale of partial interests in subsidiary companies	-	49
Profit on sale of a subsidiary company	-	4
Profit on sale of available-for-sale assets	46	-
Profit on sale of investment properties	21	-
Profit on sale of property, plant and equipment	<u>106</u>	<u>85</u>

4. Net finance charges

	<u>2009</u>		<u>2008</u>	
	HK\$M	HK\$M	HK\$M	HK\$M
<i>Interest charged on:</i>				
Bank loans and overdrafts		(340)		(679)
Other loans and bonds:				
Wholly repayable within five years	(144)		(131)	
Not wholly repayable within five years	<u>(846)</u>		<u>(662)</u>	
		(990)		(793)
Fair value (losses)/gains on derivative instruments:				
Interest rate swaps: cash flow hedges, transferred from other comprehensive income	(20)		32	
Interest rate swaps: fair value hedges	15		27	
Interest rate swaps: not qualifying as hedges	<u>-</u>		<u>(5)</u>	
		(5)		54
Adjustments to financial liabilities - fair value hedges		-		(26)
Amortised loan fees - loans at amortised cost		(26)		(18)
Other financing costs		(45)		(57)
Deferred into properties under development for sale		32		10
Capitalised on:				
Investment properties	190		80	
Hotel properties	43		299	
Vessels	<u>5</u>		<u>45</u>	
		238		424
		(1,136)		(1,085)
<i>Interest income on:</i>				
Short-term deposits and bank balances	11		83	
Other loans	78		90	
Fair value gain on put option over minority interest in existing subsidiary company	<u>107</u>		<u>-</u>	
		196		173
Net finance charges		<u>(940)</u>		<u>(912)</u>

5. Taxation

	2009		2008	
	HK\$M	HK\$M	HK\$M	HK\$M
Current taxation:				
Hong Kong profits tax	(418)		(364)	
Overseas taxation	(176)		(170)	
Over-provisions in prior years	69		4	
		(525)		(530)
Deferred taxation:				
Change in Hong Kong tax rate	-		1,008	
Changes in fair value of investment properties	(2,674)		(207)	
Origination and reversal of temporary differences	(208)		(318)	
		(2,882)		483
		(3,407)		(47)

Hong Kong profits tax is calculated at 16.5% (2008: 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

	Company	
	2009	2008
	HK\$M	HK\$M
Interim dividend paid on 5th October 2009 of HK¢60.0 per 'A' share and HK¢12.0 per 'B' share (2008: HK¢90.0 and HK¢18.0)	903	1,364
Proposed final dividend of HK¢220.0 per 'A' share and HK¢44.0 per 'B' share (2008 actual dividend paid: HK¢148.0 and HK¢29.6)	3,310	2,227
	4,213	3,591

The proposed final dividend is not accounted for until it has been approved at the Annual General Meeting. The actual amount will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2010.

7. Earnings per share (basic and diluted)

Earnings per share are calculated by dividing the profit attributable to the Company's shareholders of HK\$19,917 million (2008: HK\$5,853 million) by the weighted average number of 905,578,500 'A' shares and 2,995,220,000 'B' shares in issue during the year (2008: 913,214,691 'A' shares and 3,001,321,686 'B' shares) in the proportion five to one.

8. Trade and other receivables

	<u>2009</u>	<u>2008</u>
	HK\$M	HK\$M
Trade debtors	1,738	1,916
Amounts due from fellow subsidiary companies	13	5
Amounts due from jointly controlled companies	116	35
Amounts due from associated companies	9	9
Other receivables	1,944	1,802
	<u>3,820</u>	<u>3,767</u>

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

	<u>2009</u>	<u>2008</u>
	HK\$M	HK\$M
Under three months	1,520	1,767
Between three and six months	137	35
Over six months	81	114
	<u>1,738</u>	<u>1,916</u>

The various 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

	<u>2009</u>	<u>2008</u>
	HK\$M	HK\$M
Trade creditors	1,491	1,586
Amounts due to immediate holding company	119	210
Amounts due to jointly controlled companies	69	12
Amounts due to associated companies	43	46
Interest-bearing advances from jointly controlled companies	16	73
Interest-bearing advances from associated companies	149	151
Advances from minority interests	327	308
Rental deposits from tenants	1,654	1,547
Put option over minority interest in existing subsidiary company	690	-
Other payables	4,307	3,784
	<u>8,865</u>	<u>7,717</u>

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

	<u>2009</u>	<u>2008</u>
	HK\$M	HK\$M
Under three months	1,356	1,450
Between three and six months	119	102
Over six months	16	34
	<u>1,491</u>	<u>1,586</u>

10. Share capital

	Company				
	<u>'A' shares of HK\$0.60 each</u>	<u>'B' shares of HK\$0.12 each</u>	<u>'A' shares HK\$M</u>	<u>'B' shares HK\$M</u>	<u>Total HK\$M</u>
<i>Authorised:</i>					
At 31st December 2009 and 2008	<u>1,140,000,000</u>	<u>3,600,000,000</u>	<u>684</u>	<u>432</u>	<u>1,116</u>
<i>Issued and fully paid:</i>					
At 1st January 2008	915,564,500	3,003,486,271	549	361	910
Repurchased during 2008	<u>(9,986,000)</u>	<u>(8,266,271)</u>	<u>(6)</u>	<u>(1)</u>	<u>(7)</u>
At 31st December 2009 and 2008	<u>905,578,500</u>	<u>2,995,220,000</u>	<u>543</u>	<u>360</u>	<u>903</u>

During the year, the Company did not purchase, sell or redeem any of its shares.

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

11. Reserves

<i>Group</i>	Revenue reserve	Share premium account	Capital redemption reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January 2008							
as originally stated	132,873	342	42	708	(268)	910	134,607
adjustment on adoption of HK(IFRIC)-Int 13	(591)	-	-	-	-	-	(591)
as restated	132,282	342	42	708	(268)	910	134,016
Profit for the year	5,853	-	-	-	-	-	5,853
Other comprehensive income							
Cash flow hedges							
- recognised during the year	-	-	-	-	(113)	-	(113)
- deferred tax	-	-	-	-	22	-	22
- transferred to net finance charges	-	-	-	-	(32)	-	(32)
- transferred to operating profit - exchange differences	-	-	-	-	29	-	29
- transferred to initial cost of non-financial assets	-	-	-	-	(74)	-	(74)
Net fair value losses on available-for-sale assets recognised during the year	-	-	-	(130)	-	-	(130)
Share of other comprehensive income of jointly controlled and associated companies	(157)	-	-	(172)	(453)	457	(325)
Net translation differences on foreign operations	-	-	-	-	-	130	130
Total comprehensive income for the year	5,696	-	-	(302)	(621)	587	5,360
2007 final dividend	(3,532)	-	-	-	-	-	(3,532)
2008 interim dividend (note 6)	(1,364)	-	-	-	-	-	(1,364)
Repurchase of the Company's shares							
- premium paid on repurchases	(642)	-	-	-	-	-	(642)
- transferred between reserves	(7)	-	7	-	-	-	-
At 31st December 2008	132,433	342	49	406	(889)	1,497	133,838
At 1st January 2009							
as originally stated	133,079	342	49	406	(889)	1,497	134,484
adjustment on adoption of HK(IFRIC)-Int 13	(646)	-	-	-	-	-	(646)
as restated	132,433	342	49	406	(889)	1,497	133,838
Profit for the year	19,917	-	-	-	-	-	19,917
Other comprehensive income							
Cash flow hedges							
- recognised during the year	-	-	-	-	365	-	365
- deferred tax	-	-	-	-	(68)	-	(68)
- transferred to net finance charges	-	-	-	-	20	-	20
- transferred to operating profit - exchange differences	-	-	-	-	(8)	-	(8)
- transferred to initial cost of non-financial assets	-	-	-	-	75	-	75
Net fair value gains on available-for-sale assets							
- recognised during the year	-	-	-	141	-	-	141
- transferred to operating profit	-	-	-	(37)	-	-	(37)
Share of other comprehensive income of jointly controlled and associated companies	42	-	-	201	152	14	409
Net translation differences on foreign operations	-	-	-	-	-	78	78
Total comprehensive income for the year	19,959	-	-	305	536	92	20,892
2008 final dividend (note 6)	(2,227)	-	-	-	-	-	(2,227)
2009 interim dividend (note 6)	(903)	-	-	-	-	-	(903)
At 31st December 2009	149,262	342	49	711	(353)	1,589	151,600

12. Changes in accounting standards

The Group has adopted the following relevant new and revised Hong Kong Financial Reporting Standards (“HKFRS”), amendments and interpretations effective from 1st January 2009:

HKFRSs (Amendments)	Improvements to HKFRSs*
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 (Revised)	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

*Except for the amendments to HKFRS 5 which will be applied from 1st January 2010.

The Improvements to HKFRSs include amendments to existing standards which consist of editorial changes only, as well as amendments that result in accounting changes. The main impact on the Group of the Improvements to HKFRSs is the amendment to HKAS 40 Investment Property/HKAS 16 Property, Plant and Equipment, which permits investment property under development to be held at fair value rather than at cost. As a result of the amendment to HKAS 40/HKAS 16, the Group has recognised a fair value gain of HK\$2,654 million (net of deferred tax) in the consolidated income statement for the year ended 31st December 2009 in respect of investment property previously accounted for as property, plant and equipment. The amendment has also resulted in an increase in the share of losses in jointly controlled companies for the year ended 31st December 2009 of HK\$56 million.

The revised HKAS 1 has introduced a number of changes to the presentation of the accounts, including a requirement for those fair value gains and losses previously presented in the consolidated statement of changes in equity to be presented in a new consolidated statement of comprehensive income. It also requires the presentation of a statement of financial position as at the beginning of the earliest comparative period where an accounting policy has been applied retrospectively or where there has been a restatement.

The revised HKAS 23 requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of that asset. This has had no impact on the accounts.

The adoption of HKFRS 8 has resulted in a number of changes to the presentation of segmental information in the accounts, including disclosure of total assets, total liabilities and additions to non-current assets by reportable segment.

The revised HKFRS 7 requires additional disclosure in respect of the Group's financial instruments, including disclosure of financial assets according to a fair value measurement hierarchy.

12. Changes in accounting standards (continued)

HK(IFRIC)-Int 13 clarifies that, where goods or services are sold together with a customer loyalty incentive, a portion of the consideration received from the customer should be deferred until the customer loyalty incentive is redeemed. The adoption of HK(IFRIC)-Int 13 has affected the share of profit from the Cathay Pacific group as the Cathay Pacific group has applied the new interpretation to its accounting for airline loyalty schemes. The adoption of HK(IFRIC)-Int 13 has resulted in a reduction in the Group's opening retained earnings at 1st January 2009 of HK\$646 million and an increase in the Group's profit for the year ended 31st December 2009 of HK\$31 million. As the adoption of HK(IFRIC)-Int 13 applies retrospectively, it has also resulted in an increase in the Group's share of loss from the Cathay Pacific group for the year ended 31st December 2008 of HK\$55 million. The consolidated income statement for the year ended 31st December 2008 has been restated accordingly. The consolidated statements of financial position as at 31st December 2008 and 31st December 2007 have also been restated.

The adoption of the other revisions, amendments and interpretations has had no effect on the Group's accounts.

13. Events after the reporting period

Hong Kong Air Cargo Terminals Limited

On 12th February 2010, Swire Aviation Limited, a 66.7%-owned subsidiary of the Company notified the existing shareholders in Hong Kong Air Cargo Terminals Limited ("Hactl") of its intention to sell its 30% interest in Hactl. The Group will cease to equity account for its interest in Hactl from that date.

Sources of finance

At 31st December 2009, committed loan facilities and debt securities amounted to HK\$46,151 million, of which HK\$12,521 million (27%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK\$4,429 million. Sources of funds at 31st December 2009 comprised:

	Available	Drawn	Undrawn expiring within one year	Undrawn expiring beyond one year
	HK\$M	HK\$M	HK\$M	HK\$M
Committed facilities				
Loans and bonds				
Fixed / floating rate bonds	16,729	16,729	-	-
Bank loans, overdrafts and other loans	27,096	14,575	2,455	10,066
Perpetual capital securities	2,326	2,326	-	-
Total committed facilities	46,151	33,630	2,455	10,066
Uncommitted facilities				
Bank loans, overdrafts and other loans	5,398	969	4,295	134
Total	51,549	34,599	6,750	10,200

At 31st December 2009, 68% of the Group's gross borrowings were on a fixed rate basis and 32% were on a floating rate basis (2008: 57% and 43% respectively).

Staff

The Group, including its jointly controlled and associated companies, employs over 75,000 staff.

Corporate Governance

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) 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 of the Listing Rules.

On specific enquiries made, all Directors 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 Company’s code of conduct regarding Directors’ securities transactions.

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

Annual Report

The 2009 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Group website www.swirepacific.com. Printed copies will be sent to shareholders on 9th April 2010.

List of Directors

As at the date of this announcement, the Directors of the Company are:

Executive Directors: C D Pratt (Chairman), P N L Chen, M Cubbon, D Ho, P A Kilgour, J R Slosar, A N Tyler

Non-Executive Directors: Baroness Dunn, J W J Hughes-Hallett, P A Johansen, M B Swire

Independent Non-Executive Directors: T G Freshwater, C K M Kwok, C Lee, M Leung, M C C Sze, M M T Yang
