SWIRE PACIFIC

ANNUAL REPORT 2023

Stock Codes: 'A' Shares 00019 'B' Shares 00087



CONTENTS

Note: Definitions of the terms and ratios used in this report can be found in the Glossary.

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 Property, Beverages and Aviation divisions. We are targeting new areas of growth, such as healthcare.

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

With 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 70,000. 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 major mixed-use commercial developments, in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya. In the USA, it has a mixed-use development in Miami.

As at 31st December 2023, our Beverages Division sold the products of The Coca-Cola Company to a franchise population of 847 million people in Greater China and South East Asia. It also provides management and administrative support services to Swire Coca-Cola, USA which serves a franchise population of 31 million people in the USA. Swire Coca-Cola manufactures and distributes products comprising 39 beverage brands in franchise territories owned.

Cathay Pacific, with its subsidiaries HK Express and Air Hong Kong, had 230 aircraft at the end of 2023. At 31st December 2023, the Cathay group offered scheduled passenger and cargo services to 92 destinations worldwide (an additional 149 with codeshare agreements). Cathay Pacific had an interest of 16.26% in Air China as at 31st December 2023.

HAECO is a leading provider of international aircraft maintenance and repair services. In 2023, the HAECO group, operating from bases in Hong Kong, the Chinese Mainland, the USA and Europe, performed work for around 400 airlines and other customers.

We have 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 and South East Asia.

Swire Pacific is one of Hong Kong's largest and oldest employers, where we have over 32,000 employees. In the Chinese Mainland, we have over 35,000 employees. Globally, we employ over 78,000 people.

2023 PERFORMANCE HIGHLIGHTS

	Note	2023	2022[iv]	Change
Return on equity		11.0%	1.6%	+9.4%pt
Dividend per 'A' share (HK$)		11.32	3.00	+277%

		HK$M	HK$M	
Profit attributable to the Company's shareholders				
As reported		28,853	4,195	+588%
Underlying profit	(i)	36,177	4,748	+662%
Recurring underlying profit	(i)	10,449	3,800	+175%
Revenue		94,823	91,693	+3%
Operating profit		30,621	12,241	+150%
Operating profit excluding change in fair value of investment properties		33,481	11,431	+193%
Change in fair value of investment properties		(2,860)	810	-453%
Cash generated from operations		14,479	12,043	+20%
Net cash inflow/(outflow) before financing		22,947	(9,386)	N/A
Total equity (including non-controlling interests)		324,774	315,936	+3%
Net debt		55,136	56,759	-3%
Gearing ratio (excluding lease liabilities)		17.0%	18.0%	-1.0%pt

		HK$	HK$	
Earnings per share	(ii)			
As reported				
'A' share		19.96	2.81	+610%
'B' share		3.99	0.56	
Underlying				
'A' share		25.03	3.18	+687%
'B' share		5.01	0.64	
Dividends per share				
'A' share		11.32	3.00	+277%
'B' share		2.26	0.60	
Equity attributable to the Company's shareholders per share	(iii)			
'A' share		186.03	177.75	+5%
'B' share		37.21	35.55	

2023 SUSTAINABILITY PERFORMANCE

	2023	2022	Change
GHG emissions from direct operations – location based (Thousand tonnes of CO_2e)	723	649	+11%
Energy consumed (GJ Million)	6.1	5.4	+13%
Water withdrawn (cbm Million)	20.9	16.9	+24%
LTIR (Number of injuries per 100 full-time equivalent employees)	0.48	0.42	+14%
Employee fatalities (Number of fatalities)	1	0	N/A

Notes:
(i) Reconciliations between the reported and underlying profit, and between underlying profit and recurring underlying profit are provided on page 62.
(ii) Refer to note 13 to the financial statements for the daily weighted average number of shares in issue throughout the year.
(iii) Refer to note 34 to the financial statements for the number of shares at the year end.
(iv) Figures include continuing operations and discontinued operations.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report these excellent financial results for 2023. The year saw a significant turnaround from the Aviation Division, driven by the strong post-COVID demand for travel. The growing momentum of the post-COVID recovery also benefitted our Property Division's retail and hotel businesses. Our core businesses remained solid despite the difficult economic environment and ongoing geopolitical tensions in the second half of the year.

The record underlying profit of HK$36.2 billion was also driven by some very large non-recurring items during the year. In particular, these included the HK$22.9 billion gain from the sale of our Swire Coca-Cola, USA business in September 2023 and the significant gains arising from Swire Properties entering into agreements to sell 12 floors at One Island East for a total consideration of HK$5.4 billion (the sale of nine floors with an attributable underlying disposal gain of HK$2.7 billion was recognised in 2023). These gains were partially offset by impairments at HAESL and DeltaHealth, a loss on the disposal of HAECO's cabin solutions business, and a provision for New Life Plastics.

As a company with more than 150 years of history in Hong Kong, we are fully committed to Hong Kong and to reinforcing its position as an international financial centre and aviation hub, as well as supporting its widening economic integration into the Greater Bay Area under the principle of "One Country, Two Systems". We are optimistic about Hong Kong's ability to recover and are confident about the long-term economic outlook for the Chinese Mainland where we will continue to identify and seize investment opportunities.

I offer my special thanks and appreciation for the support shown by our shareholders, partners and communities over the past three, difficult years. I am proud of the way our employees have weathered the pandemic and today's results stand as testimony to their hard work and dedication. Although the economic outlook over the short term is uncertain, we remain steadfast in our belief that our prudent management, strong financial position and strategy of investing for the long term will keep us on the right path.

Strategic Developments

In 2023, we remained committed to our long-term strategy of continuous investment in our core markets of Hong Kong, the Chinese Mainland and South East Asia. We continued to focus on enhancing shareholder returns through both ordinary and special dividends, and announced a new HK$6 billion share buy-back programme in December 2023.

Swire Properties continued with its HK$100 billion plan, announced in March 2022 and, by March 2024, had committed almost 60% of this in projects in our core markets. In Hong Kong, we continued to invest in our core assets in Taikoo Place and Pacific Place. In the Chinese Mainland, new projects included the retail-led, mixed-use development Taikoo Li Xi'an, a retail-led development in Sanya and mixed-use developments in Shanghai. Swire Properties also has a pipeline of residential developments in Hong Kong and South East Asia. In November 2023, Swire Properties broke ground at its Taikoo Li Xi'an development, which is situated within the Small Wild Goose Pagoda historical and cultural zone. It will be Swire Properties' largest "Taikoo Li" project in the Chinese Mainland once completed. In September 2023, the business bid successfully to acquire a 40% interest in both the Yangjing and the New Bund Mixed-use Projects in Shanghai, scaling up its presence in the city and marking Swire Properties' residential brand's debut in the Chinese Mainland. The two sites in Shanghai will be developed into large-scale, mixed-use projects, and include retail, office and premium residential components.

Swire Coca-Cola completed the sale of 100% equity interest in Swire Coca-Cola, USA, in September 2023. The non-recurring profit derived from the sale further strengthens our balance sheet and reinforces our long-term strategy. At the beginning of the year, Swire Coca-Cola completed the restructuring of Coca-Cola Bottlers Manufacturing Holdings Limited's still beverages business, and assumed ownership of its six subsidiaries in the Chinese Mainland. Swire Coca-Cola continued to expand its footprint in South East Asia, which began with bottling business acquisitions in Vietnam and Cambodia. On 9th February 2024, Swire Coca-Cola conditionally agreed to acquire a majority stake in ThaiNamthip Corporation Ltd.'s bottling businesses in Thailand and Laos for an aggregate consideration of approximately THB42,616 million (approximately HK$9,470 million).

The Cathay group has had a very successful year, with its passenger businesses performing especially well. By December 2023, the Cathay group operated passenger flights covering approximately 80 destinations, with Cathay Pacific carrying 18.0 million passengers in 2023 – over five times greater than in 2022. The Cathay group achieved a consolidated profit for the year overall, making 2023 its first profitable year since 2019. In December 2023, the Cathay group bought back 50% – HK$9.75 billion – of the HK$19.5 billion preference shares issued to the HKSAR Government as part of the Cathay group's recapitalisation financing during the pandemic. The Cathay group intends to buy back the remaining 50% of shares by the end of July 2024 subject to market conditions and business operations. The Cathay group's strong results in 2023 have also allowed it to announce its first dividend to ordinary shareholders since 2019. Other key milestones include ordering an additional 32 Airbus A321neo and A320neo aircraft for the passenger business in September 2023, as well as six Airbus A350F freighters for the cargo business in December 2023, with the right to acquire 20 more. The Cathay group has also invested in new seats across First class, Business class and Premium Economy in the passenger business. In October 2023, the Cathay group's low-cost carrier HK Express added a new route between Hong Kong and Manila.

Business Performance

Last year, underlying profit across our businesses was driven by the post-COVID surge in demand for travel. Most significantly, this had a huge impact on the Cathay group, but it also benefitted HAECO, Swire Properties' retail operations and Swire Hotels.

In 2023, the consolidated profit attributable to shareholders was HK$28,853 million, compared with HK$4,195 million in 2022. The underlying profit attributable to shareholders for the year, adjusted for changes in the value of investment properties, was HK$36,177 million compared with HK$4,748 million in 2022. Disregarding changes in the value of investment properties and significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK$10,449 million in 2023 compared with HK$3,800 million in 2022.

The Cathay group was the key driver of this substantial increase in our recurring underlying profit as its businesses continued to rebuild. The HAECO group achieved a significant growth of 86% in recurring profit, buoyed by the improved sentiment in the aviation industry. Swire Properties also generated an increase in recurring underlying profit and Swire Coca-Cola's performance remained stable.

Property Division

Swire Properties continued to grow in 2023. The division's attributable recurring underlying profit for the year was HK$5,942 million, a 2% increase on 2022's profit of HK$5,844 million. Swire Properties' retail portfolio in Hong Kong recovered significantly throughout the year following the city's reopening, as well as a roll-out of marketing, digital and loyalty initiatives. Demand for office space in Hong Kong remains subdued, reflecting the ongoing economic uncertainty and high interest rates.

In the Chinese Mainland, since the removal of pandemic restrictions and the full reopening of the border, there has been a significant improvement in foot traffic, while retail sales strongly exceeded levels seen before the pandemic. Operating results for Swire Hotels in Hong Kong and the Chinese Mainland also improved following the resumption of travel after pandemic restrictions were lifted. Property trading recorded a loss due to sales and marketing expenses, as well as fewer units sold.

Beverages Division

At **Swire Coca-Cola**, the business reported a recurring profit of HK$2,394 million in 2023 compared with HK$2,392 million in 2022. The figure excludes a gain arising from the disposal of the franchise business in the USA, as well as a gain from the fair value adjustment relating to the acquisition of equity interests in still bottling plants in the Chinese Mainland and a provision for New Life Plastics. The sale of the franchise business in the USA in September 2023 impacted revenue due to the non-recording of the last four months of revenue for the year. However, this was partly offset by the full-year contribution from the franchise businesses in Vietnam and Cambodia.

Last year saw profit decreases in both the Chinese Mainland and Taiwan, while profit increased in Hong Kong. Vietnam also posted a strong performance. Cambodia, however, recorded an attributable loss due to challenging market conditions.

Aviation Division

In what was a year of challenges and opportunities, the **Cathay** group's attributable profit on a 100% basis for 2023 was HK$9,789 million compared with 2022's restated loss of HK$6,623 million. The Cathay group has worked hard to re-establish Hong Kong's connectivity, as well as cater to huge demand for travel following the removal of pandemic restrictions.

Cathay Pacific's strong turnaround is the key driver of Swire Pacific's outstanding performance in 2023. The Cathay group continues to work towards strengthening the business for its customers, people, shareholders and home hub, and the airline's performance is also indicative of Hong Kong's ongoing recovery as an international aviation hub. In 2023, HK Express posted its first-ever profit since being acquired by the Cathay group in 2019. The low-cost carrier benefitted from a surge in demand for short-haul flights within Asia.

The results of the Cathay group's associate business, Air China, are reported three months in arrears and therefore do not reflect the full benefit of the post-COVID recovery in the second half of 2023.

The **HAECO** group also performed well. In 2023, the group achieved a recurring profit of HK$465 million, disregarding an impairment loss of HK$675 million from HAESL, as well as a disposal loss of HK$420 million for the cabin solutions business in September 2023. This compares with 2022's profit of HK$250 million, disregarding an impairment charge of HK$65 million in respect of rotable aircraft parts. The majority of the HAECO group's businesses performed better in 2023 than in 2022, driven primarily by an uptick in workload recovery of base and line maintenance, and the strong demand for engine overhaul at HAECO Engine Services (Xiamen).

Other Businesses

We maintained our focus on expanding our healthcare services platform and explored investment opportunities in major city clusters in the Chinese Mainland and South East Asia. In December 2023, we announced a minority investment with the Indonesia Investment Authority, Indonesia's sovereign wealth fund, in the Indonesia Healthcare Corporation. This investment underscores a commitment by the Group to support the enhancement of healthcare services in Indonesia, and reflects our confidence in the development of the sector. The transaction is subject to anti-trust approval and is expected to close in the second quarter of 2024.

Our trading & industrial businesses achieved a higher recurring profit than in 2022. This was attributable mainly to the turnaround at Swire Resources following an increase in tourist arrivals and better local sentiment.

Progressive Dividends and Share Buy-Back

We continue to focus on crystallising value and improving returns to our shareholders by exercising our progressive dividend policy. The Directors are pleased to declare a second interim dividend of HK$2.00 per 'A' share and HK$0.40 per 'B' share which, together with the dividend paid in October 2023, amount to full-year dividends of HK$3.20 per 'A' share and HK$0.64 per 'B' share. This is an increase of 7% on the ordinary dividends for 2022.

The second interim dividend will be paid on 3rd May 2024 to shareholders registered at the close of business on the record date, being Friday, 12th April 2024. Shares of the Company will be traded ex-dividend from Wednesday, 10th April 2024.

In addition to ordinary dividends, in September 2023 the Company also paid a special dividend of HK$8.120 per 'A' share and HK$1.624 per 'B' share after the completion of the disposal of Swire Coca-Cola, USA. The sale enabled us to provide a substantial, immediate return of cash to shareholders.

We continued to improve our shareholder returns with our share buy-back programme of up to HK$4 billion, which was announced in August 2022 and completed in May 2023. In light of the value created for shareholders by this buy-back programme, we announced in December 2023 a new 'A' and 'B' share buy-back programme of up to HK$6 billion, which, unless terminated earlier under the terms of the programme, will run through to the conclusion of the Company's annual general meeting to be held in May 2025. During 2023, the Company repurchased 11,625,000 'A' shares and 18,562,500 'B' shares for an aggregate cash consideration of HK$875 million at an average price of HK$59.8 per 'A' share and HK$9.7 per 'B' share.

Financial Strength

Our financial position remains robust. As of 31st December 2023, our available liquidity increased from HK$33.1 billion to HK$48.9 billion. Weighted average cost of debt remained at a healthy level of 4.0%, with 76% of the Group's gross borrowing being on a fixed-rate basis. Our gearing ratio was 17.0%. We have a very healthy balance sheet, which positions us well to continue investing in our core markets for the mid to long term, despite any short-term volatility that may arise as a result of the current high interest environment, global economic challenges and geopolitical tensions.

Sustainability

Swire Pacific has a long-standing commitment to sustainability. Under our **SwireTHRIVE** strategy, we have chosen five areas on which to focus: climate, waste, water, people and communities, with the aim of contributing to a more sustainable, equitable and prosperous future.

In 2023, we piloted internal carbon pricing for our operating companies. The initiative comprises carbon fees and shadow pricing, and will continue throughout 2024. Swire Properties, Swire Coca-Cola and HAECO, which collectively account for more than 90% of the Group's greenhouse gas emissions, are participating in the internal carbon pricing initiative. We have also included sustainable finance, where a portion of cost is linked to the achievement of sustainability targets. At the end of 2023, sustainable finance represented more than 47% of the Group's total financing.

Last year, Swire Pacific was included in the Dow Jones Sustainability Asia Pacific Index and the Company has appeared in Dow Jones sustainability indices since 2001. Swire Pacific also received an AA+ rating from the Hang Seng Corporate Sustainability Index, and is included in the Hang Seng Corporate Sustainability Benchmark and Hang Seng ESG 50 indices. Also in 2023, Swire Pacific received an AAA rating from MSCI ESG Research, making us one of the top performers in our sector.

In 2023, Swire Properties and Swire Coca-Cola achieved global and local recognition for their sustainability efforts, and Cathay Pacific continued towards its goal of using sustainable aviation fuel for 10% of its total fuel use by 2030 and achieving net-zero carbon emissions by 2050.

Looking Ahead

In 2024, we are striving to build on last year's achievements across all our businesses through our long-term strategy of investing in our core markets.

Swire Properties continues to invest in the Chinese Mainland and Hong Kong, where its flagship brands remain highly sought-after. In Hong Kong, we expect to see continuing improvements in retail sales and in the hotel business – although the office market will likely remain soft. In the Chinese Mainland, we foresee 2024 as being a year of stabilisation. We are building a presence in the residential markets of Bangkok, Jakarta and Ho Chi Minh City.

We anticipate that Swire Coca-Cola will perform steadily in the Chinese Mainland in the year ahead, despite a challenging business environment. Our franchise business in Vietnam is on track to deliver stable profits in 2024 and our operations in Cambodia are moving towards achieving marginal growth. The new investment in ThaiNamthip will be carried out in two phases. Upon completion, Swire Coca-Cola will hold approximately 55.7% of ThaiNamthip's issued share capital. The investment underscores the immense growth potential we see in Thailand and will add significant scale to Swire Coca-Cola's portfolio of businesses in South East Asia, which is one of the most rapidly growing beverages markets.

Cathay Pacific has made good progress with its rebuild journey. The Cathay group expects 2024 to be a year of measured and sustainable growth through its continued investment in its fleet, products and service, network and people. At HAECO, demand for base maintenance work is likely to be stable. We expect demand for engine services to be strong and line maintenance work to increase.

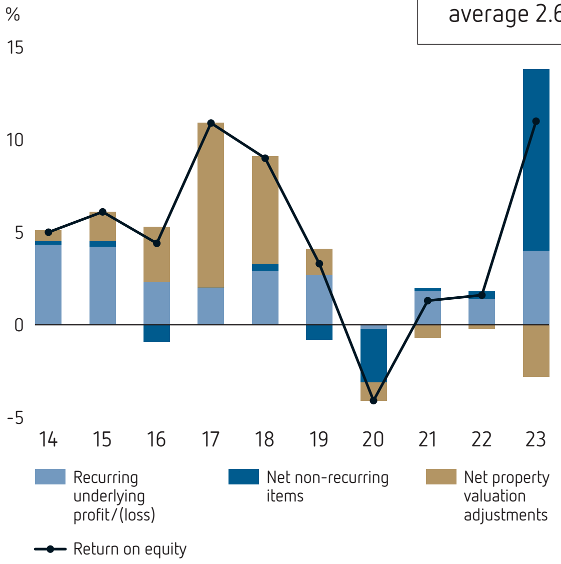
Regarding our healthcare business, we will seek investment opportunities in the Chinese Mainland and South East Asia which have demonstrated profitability and have the potential for future growth. Our healthcare investment in Indonesia, announced in December 2023, reflects our confidence in – and commitment to – the economic development of the country. In March 2024, we reached an in-principle agreement to acquire a controlling stake in DeltaHealth in Shanghai, in which we first made a minority investment in 2021. Upon completion, this proposed acquisition will mark the Group's first controlling position in healthcare and aligns with our healthcare strategy of being a long-term owner and operator of healthcare services. The challenges and uncertainty in the current economic environment may result in more opportunities coming to market in the medium term. We will remain disciplined in our approach and prudent towards valuation, ensuring sustainable and stable returns for shareholders.

Last year was a successful year for Swire Pacific after what has been a challenging period for our businesses. Despite uncertainties that may lie ahead, we remain focused on achieving more value for shareholders in 2024.

Guy Bradley
Chairman
Hong Kong, 14th March 2024

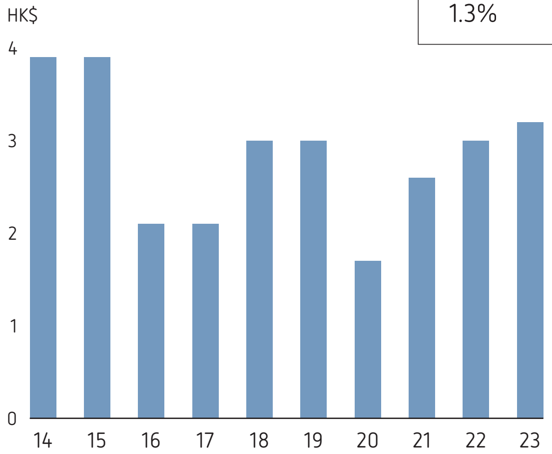
Return on Equity

5-year average 2.6%

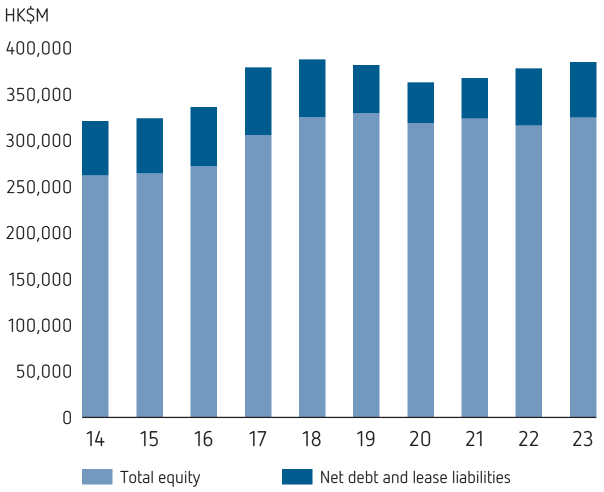


Ordinary Dividends per 'A' Share

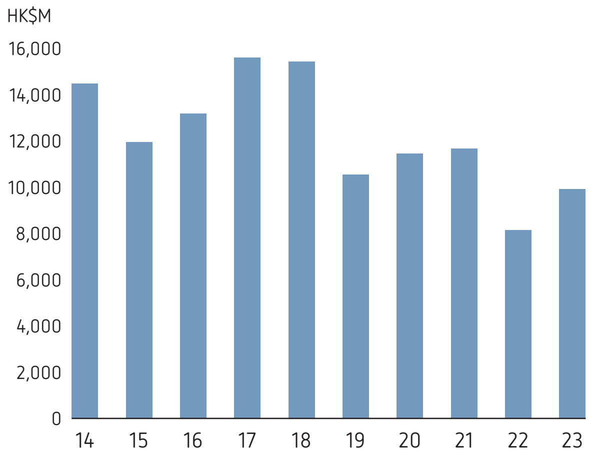
5-year CAGR 1.3%



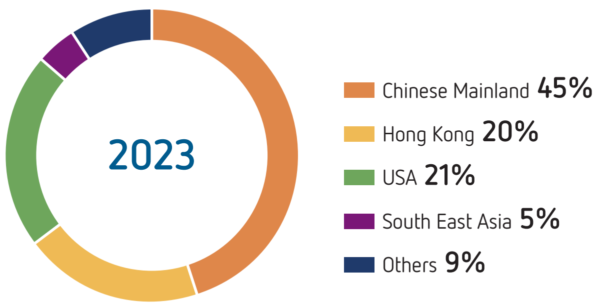
Total Equity and Net Debt (including Lease Liabilities)



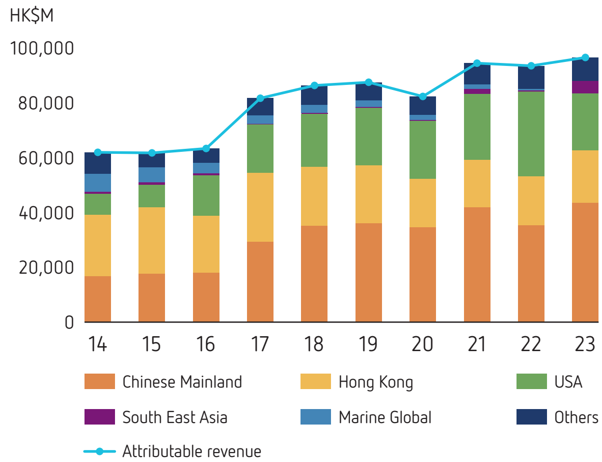
Net Cash Generated from Operating Activities



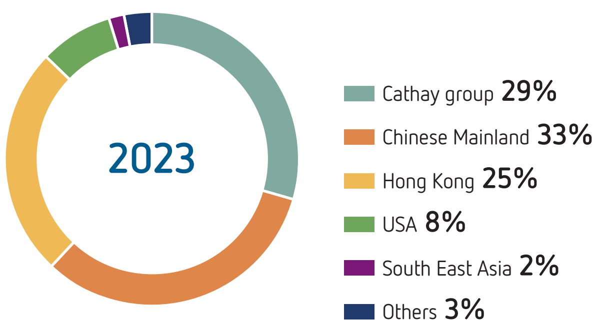
Attributable Revenue by Region[i]



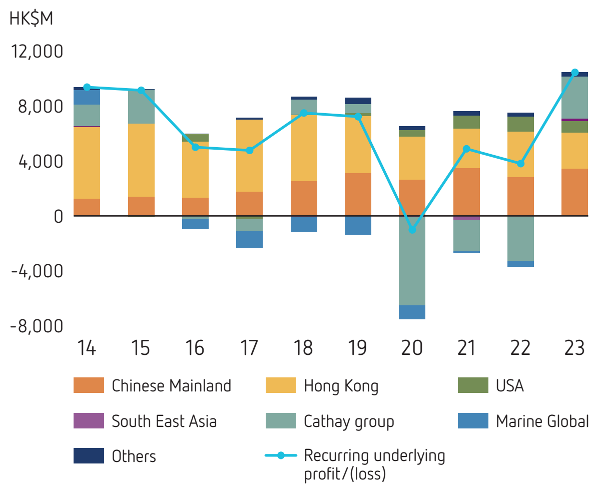
Attributable Revenue by Region[i]



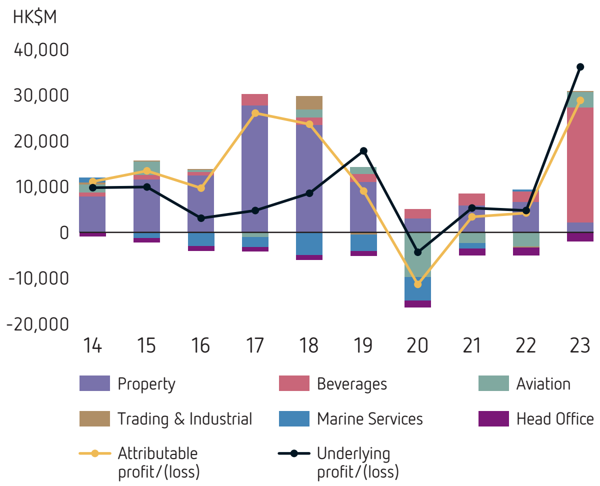
Recurring Underlying Profit by Region



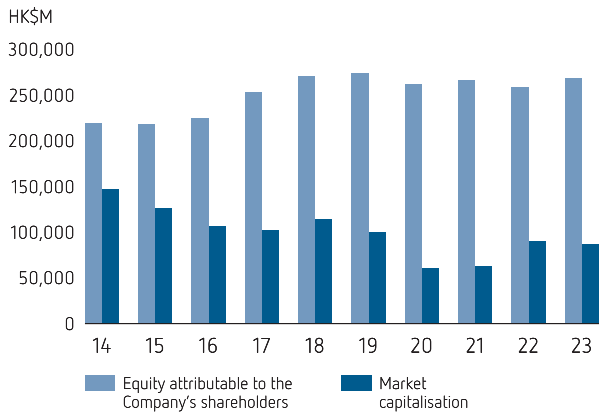
Recurring Underlying Profit/(Loss) by Region



Profit/(Loss) Attributable to the Company's Shareholders

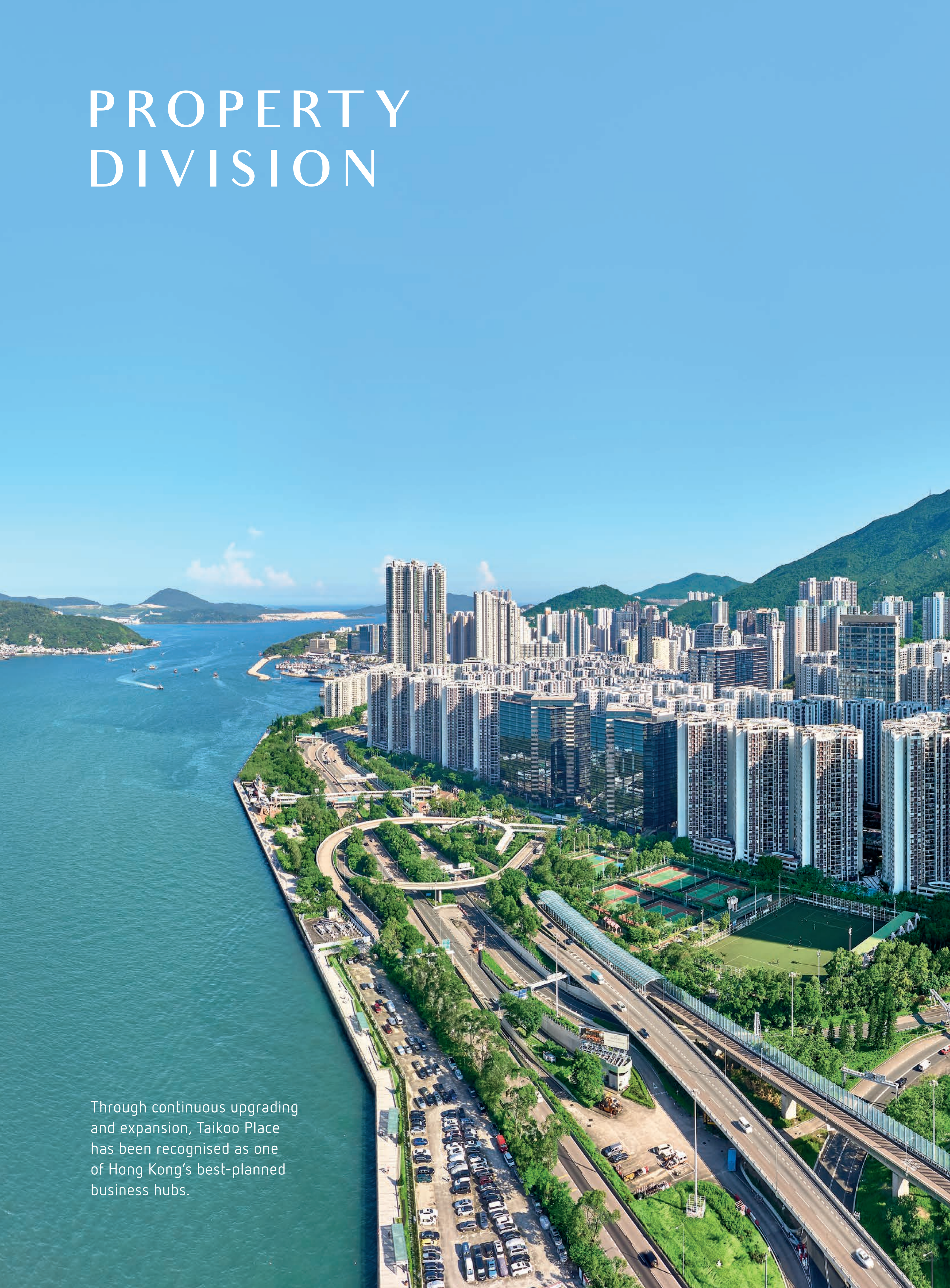


Equity Attributable to the Company's Shareholders and Market Capitalisation at Year-end



Notes:
(i) Includes joint ventures' attributable gross rental income of the Property Division.

PROPERTY DIVISION



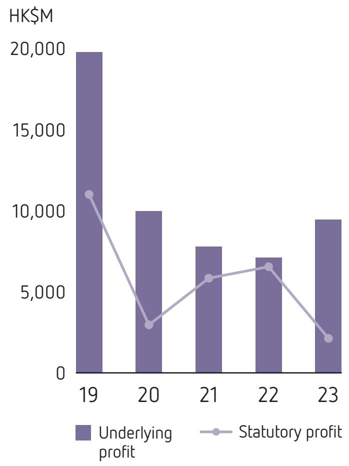
Through continuous upgrading and expansion, Taikoo Place has been recognised as one of Hong Kong's best-planned business hubs.


SWIRE

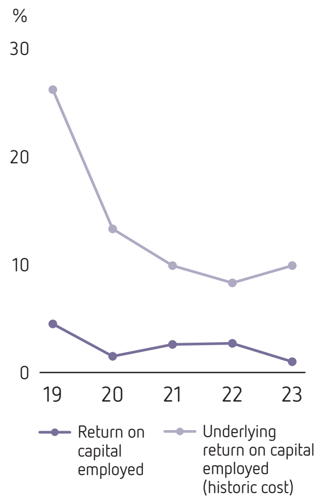
PROPERTY DIVISION

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.

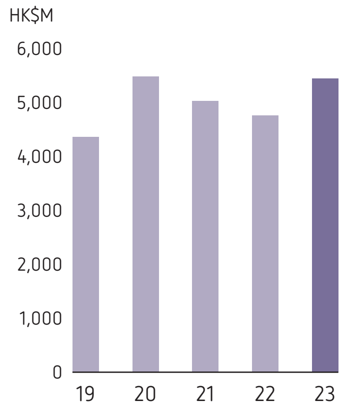
Statutory and Underlying Profit Attributable to the Company's Shareholders



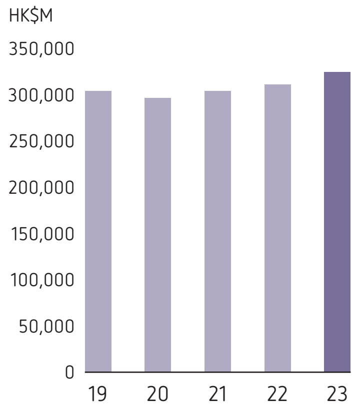
Return on Capital Employed



Net Cash Generated from Operating Activities



Capital Employed



Swire Properties' business comprises three main areas:

Property Investment

Of the aggregate gross floor area attributable to Swire Properties, approximately 34.4 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.4 million square feet and investment properties under development or held for future development of approximately 10.0 million square feet. In Hong Kong, the investment property and hotel portfolio comprise approximately 14.2 million square feet attributable to Swire Properties of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, Swire Properties has interests in ten major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya. These developments are expected to comprise approximately 18.1 million square feet of attributable gross floor area when they are all completed. Of this, 10.6 million square feet has already been completed. Outside of Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, USA.

Hotel Investment and Management

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 a 26.67% interest in the Novotel Citygate and The Silveri Hong Kong – MGallery in Tung Chung. In the Chinese Mainland, Swire Hotels manages four hotels. The Opposite House at Taikoo Li Sanlitun in Beijing and The Temple House at Taikoo Li Chengdu are wholly-owned by Swire Properties. 50% interests are owned in EAST Beijing at INDIGO, 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. Swire Hotels has confirmed its expansion plan to Tokyo, Japan.

Property Trading

Swire Properties' trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of Swire Properties' land banks in Miami, USA.

Particulars of the Group's key properties are set out on pages 228 to 239.

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

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:

- **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.**
- **Developing luxury and high quality residential properties.**
- **Focusing principally on Hong Kong and the Chinese Mainland.**
- **Conservative management of its capital base.**

Investment Property and Hotel Portfolio

(Gross floor area (or expected gross floor area) attributable to the Swire Properties group in million square feet)

	At 31st December 2023						At 31st December 2022
Location	Office	Retail	Hotels	Residential/ Serviced Apartments	Under Planning	Total	Total
Completed							
Pacific Place	2.2	0.7	0.5	0.4	–	3.8	3.8
Taikoo Place	6.3	–	–	0.1	–	6.4	6.7
Cityplaza	–	1.1	0.2	–	–	1.3	1.3
Others	0.7	0.8	0.1	0.1	–	1.7	1.7
– Hong Kong	9.2	2.6	0.8	0.6	–	13.2	13.5
Taikoo Li Sanlitun	–	1.6	0.2	–	–	1.8	1.8
Taikoo Li Chengdu	–	1.4	0.2	0.1	–	1.7	1.1
Taikoo Hui	1.6	1.5	0.5	–	–	3.6	3.6
INDIGO	0.3	0.5	0.2	–	–	1.0	1.0
HKRI Taikoo Hui	1.0	0.5	0.2	0.1	–	1.8	1.8
Taikoo Li Qiantan	–	0.6	–	–	–	0.6	0.6
Others	–	0.1	–	–	–	0.1	0.1
– Chinese Mainland	2.9	6.2	1.3	0.2	–	10.6	10.0
– USA	–	0.3	0.3	–	–	0.6	0.6
Total completed	12.1	9.1	2.4	0.8	–	24.4	24.1
Under and pending development							
– Hong Kong[(i)]	0.2	–	–	–	0.8	1.0	0.2
– Chinese Mainland[(ii)]	1.6	2.1	0.1	–	3.7	7.5	4.1
– USA	–	–	–	–	1.5	1.5	1.5
Total	13.9	11.2	2.5	0.8	6.0	34.4	29.9

Notes:
(i) The properties principally comprise Six Pacific Place, Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road.
(ii) The properties principally comprise INDIGO Phase Two, Taikoo Li Xi'an, a retail-led project in Sanya and two mixed-use projects in Shanghai.

2023 PERFORMANCE

Financial Highlights

	2023 HK$M	2022 HK$M
Revenue		
Gross rental income derived from		
Office	5,835	6,003
Retail	7,143	5,849
Residential	430	374
Other revenue*	117	114
Property investment	13,525	12,340
Property trading	166	921
Hotels	979	565
Total revenue	14,670	13,826
Operating profit/(loss) derived from		
Property investment		
From operations	8,253	7,695
Sale of interests in investment properties	(60)	571
Fair value (losses)/gains in respect of investment properties	(2,860)	810
Property trading	(89)	209
Hotels	(103)	(259)
Total operating profit	5,141	9,026
Share of post-tax (loss)/profit from joint venture and associated companies	(292)	1,455
Attributable profit	2,599	7,983
Swire Pacific share of attributable profit	2,131	6,546

* Other revenue is mainly estate management fees.

Underlying Profit/(Loss) by Segment

	2023 HK$M	2022 HK$M
Property investment	7,486	7,360
Property trading	(140)	108
Hotels	(100)	(341)
Recurring underlying attributable profit	7,246	7,127
Divestment	4,285	1,530
Underlying attributable profit	11,531	8,657

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 fair value 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. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

	Note	2023 HK$M	2022 HK$M
Attributable profit		**2,599**	7,983
Adjustments in respect of investment properties:			
Fair value losses/(gains) in respect of investment properties	(i)	**4,423**	(1,735)
Deferred tax on investment properties	(ii)	**461**	1,402
Fair value gains realised on sale of interests in investment properties	(iii)	**4,398**	915
Depreciation of investment properties occupied by the Group	(iv)	**29**	28
Amortisation of right-of-use assets reported under investment properties	(v)	**(81)**	(80)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(vi)	**(306)**	–
Non-controlling interests' share of fair value movements less deferred tax		**8**	144
Underlying attributable profit		**11,531**	8,657
Profit from divestment		**(4,285)**	(1,530)
Recurring underlying attributable profit		**7,246**	7,127
Swire Pacific share of underlying attributable profit		**9,455**	7,099
Swire Pacific share of recurring underlying attributable profit		**5,942**	5,844

Notes:
(i) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated companies.
(ii) 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 and associated companies. These comprise deferred tax on fair value 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.
(iii) 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 fair value gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
(iv) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
(v) 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.
(vi) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.

2023 PROPERTY INDUSTRY REVIEW

Office and Retail

Hong Kong

OFFICE | The office market remained weak, with subdued demand and increased supply. Economic uncertainty and the high interest rate environment had an impact on leasing demand.

RETAIL | Following the lifting of all pandemic-related restrictions in Hong Kong, retail business rebounded strongly.

Chinese Mainland

RETAIL | Retail sales in the Chinese Mainland recovered strongly following the lifting of all pandemic-related restrictions and the full reopening of the borders, particularly at the start of the year.

OFFICE | In Beijing, Shanghai and Guangzhou, demand for office space was weak. Uncertainty on the economic outlook caused tenants to remain cautious, with multinational companies more inclined to renew in existing location and downsize. With an abundance of new supply in Guangzhou and Shanghai, landlords offered increasingly competitive commercial terms.

USA

RETAIL | Consumer spending remained strong in the USA, driven by growth in disposable income and stable labour market conditions.

Property Sales Markets

In Hong Kong, residential market sentiment remained soft in the light of the high interest rate environment and economic uncertainty.

2023 RESULTS SUMMARY

Attributable profit from the Property Division for the year was HK$2,131 million, compared to HK$6,546 million in 2022. These figures include fair value losses, before deferred tax and after non-controlling interests, of HK$4,432 million in 2023, compared to fair value gains of HK$1,582 million in 2022, principally due to the decrease in the fair value gain on Swire Properties' retail investment properties in the Chinese Mainland and the fair value loss on Swire Properties' investment properties under development (as opposed to a fair value gain for 2022). Attributable underlying profit, which principally adjusts for changes in fair value of investment properties, increased to HK$9,455 million in 2023 from HK$7,099 million in 2022. The increase principally reflected the profit on disposal of certain office floors in Hong Kong.

Attributable recurring underlying profit, which excludes the profit from divestment aggregating HK$3,513 million (HK$1,255 million in 2022), was HK$5,942 million in 2023, compared with HK$5,844 million in 2022.

Recurring underlying profit from property investment increased in 2023. This mainly reflected higher retail rental income from Hong Kong and the Chinese Mainland, partly offset by lower office rental income from Hong Kong.

In Hong Kong, the retail portfolio has significantly recovered, following the lifting of all travel restrictions and pandemic related control measures, together with the investment in marketing, digital and loyalty initiatives. Despite a weak office market (reflecting subdued demand and increased supply), the office portfolio in Hong Kong has proved to be resilient with solid occupancy, as a result of the high sustainability standards of the office buildings.

In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for most of our malls, after the COVID-19 associated restrictions were lifted.

In the USA, retail sales and gross rental income were strong.

The small underlying loss from property trading in 2023 was primarily a result of sales and marketing expenses incurred for several residential trading projects.

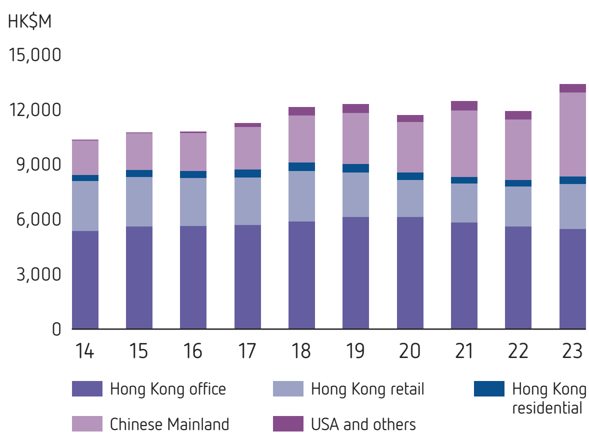
The hotel businesses in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 measures and the full reopening of the border. There was solid performance in the USA hotels.

HK$100 BILLION INVESTMENT PLAN

In March 2022, Swire Properties announced a plan to invest HK$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland and in residential trading

Valuation of Investment Properties

Gross Rental Income (after deduction of rental concessions)



projects (including in South East Asia). The target allocation is HK$30 billion to Hong Kong, HK$50 billion to the Chinese Mainland and HK$20 billion to residential trading projects (including in South East Asia). At 8th March 2024 approximately HK$58 billion of the planned investments had been committed (HK$11 billion to Hong Kong, HK$37 billion to the Chinese Mainland and HK$10 billion to residential trading projects). Major committed projects are residential developments at Chai Wan Inland Lot No. 178, at 269 Queen's Road East, at 983-987A King's Road and 16-94 Pan Hoi Street in Hong Kong, and at Wireless Road in Bangkok, a retail-led mixed-use development in Xi'an, a retail-led development in Sanya, mixed-use developments in the Yangjing and New Bund in Shanghai, office and other commercial use developments at 8 Shipyard Lane and at 1067 King's Road in Hong Kong. Uncommitted projects include further retail-led mixed-use projects in Tier-1 and emerging Tier-1 cities in the Chinese Mainland, including Guangzhou and Beijing, with a plan to double our gross floor area in the Chinese Mainland, further expansion at Pacific Place and Taikoo Place in Hong Kong as well as further residential trading projects in Hong Kong, the Chinese Mainland, Miami and South East Asia.

KEY DEVELOPMENTS

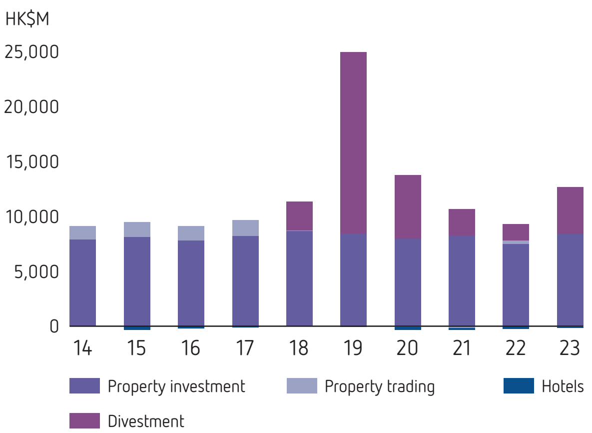
In December 2022, Swire Properties entered into three conditional agreements with the Sino-Ocean group to acquire further interests in Taikoo Li Chengdu (formerly known as Sino-Ocean Taikoo Li Chengdu). Under the first agreement (which was completed in December 2022), Swire Properties' interest in Taikoo Li Chengdu increased from 50% to 65%. Under the second agreement (which was completed in February 2023), Swire Properties' interest in the property management of Taikoo Li Chengdu increased to 100%. Under the third agreement (which was completed in February 2023), Swire Properties' interest in the investment properties of Taikoo Li Chengdu increased to 100%. The consideration was RMB1,000 million under the first agreement, RMB59 million under the second agreement and RMB4,491 million under the third agreement.

In February 2023, Swire Properties acquired a 40% interest in a site located on Wireless Road in Lumphini sub-district in Pathum Wan district, Bangkok for a consideration of approximately THB2.4 billion. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential use with a site area of approximately 136,000 square feet.

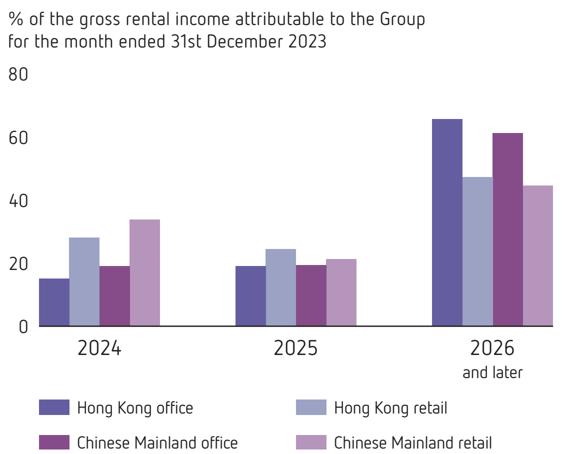
In June 2023, Swire Properties announced plans to develop a luxury residential and hospitality project in Miami, which will include the redevelopment of the existing Mandarin Oriental Miami hotel. The project, which has been branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers at the southernmost point of Brickell Key. The first tower will comprise luxury private residences managed by Mandarin Oriental. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales reservations were launched in December 2023.

In July 2023, Swire Properties obtained full ownership of Wah Ha Factory Building in Quarry Bay, Hong Kong. Together with the adjacent wholly-owned Zung Fu Industrial Building, the two sites are intended to be redeveloped for office and other commercial uses.

Underlying Operating Profit



Lease Expiry Profile – at 31st December 2023



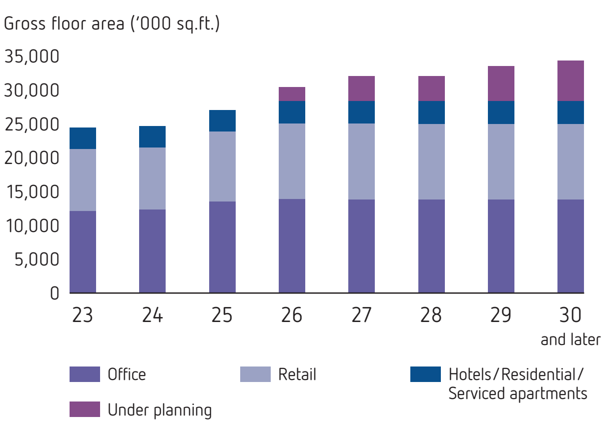
Swire Properties has renamed its retail-led Chengdu development as Taikoo Li Chengdu, following the company's acquisition of the remaining interests in the project.

In July 2023, a joint venture company in which Swire Properties holds a 25% interest started the pre-sales of LA MONTAGNE, a residential development in Wong Chuk Hang, Hong Kong. Superstructure works of the development are in progress.

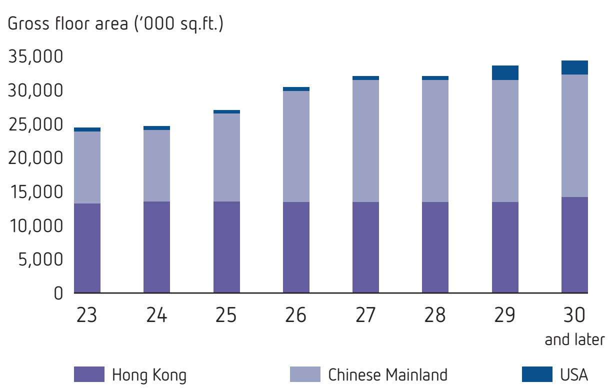
In September 2023, Swire Properties successfully bid and entered into equity transfer agreements to acquire a 40% equity interest in each of the Shanghai Yangjing Mixed-use Project and the Shanghai New Bund Mixed-use Project, from Shanghai Lujiazui Group Co., Ltd and Shanghai Qiantan International Commercial Area Investment Group Co., Ltd (Lujiazui Group), respectively. The consideration was RMB6,594 million for the Shanghai Yangjing Mixed-use Project and RMB3,116 million for the Shanghai New Bund Mixed-use Project. The two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. The Yangjing and New Bund projects have an expected gross floor area of approximately 4.2 million and 4.1 million square feet respectively. The transactions were completed in November 2023.

In October 2023, a joint venture company in which Swire Properties holds a 50% interest obtained full ownership of the sites in 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. The sites are intended to be redeveloped for residential and retail uses.

Attributable Completed Investment Property and Hotel Portfolio by Type



Attributable Completed Investment Property and Hotel Portfolio by Location



In November 2023, Swire Properties entered into agreements for the sale of twelve office floors (42nd to 54th floors excluding the 49th floor) at One Island East in Quarry Bay, Hong Kong to the Securities and Futures Commission (SFC) for a total consideration of HK$5.4 billion. The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total gross floor area of the twelve floors is approximately 300,000 square feet.

In February 2024, Swire Properties obtained the occupation permit for Six Pacific Place. Six Pacific Place, the newest addition to Pacific Place, is an office tower with an aggregate gross floor area of approximately 223,000 square feet.

INVESTMENT PROPERTIES

Hong Kong

OFFICE | Gross rental income from the Hong Kong office portfolio in 2023 was HK$5,466 million, 2% lower than in 2022. Demand remained subdued reflecting continued economic uncertainty and the high interest rate environment. Office rental remained under pressure given increased availability (due to vacancy and new supply). However, our office portfolio was resilient. Leasing activity has picked up since the reopening of the border, with increased inspections. We continue to leverage on our placemaking attributes including health and wellness, amenity provision and our ESG credentials. At 31st December 2023, the office portfolio was 89% let. Excluding Two Taikoo Place (which was completed in September 2022), the office portfolio was 93% let.

The performance of the offices at One, Two and Three Pacific Place was resilient in 2023. These offices were 98% let at 31st December 2023. At Six Pacific Place, tenants have committed (including by way of letters of intent) to take approximately 40% of the space at 31st December 2023. Occupation permit has been obtained in February 2024.

The performance of the offices at Taikoo Place was resilient. Those at One Taikoo Place, One Island East (excluding the nine floors disposed of) and the other office towers at Taikoo Place were 98%, 89% and 90% let respectively at 31st December 2023. Two Taikoo Place, the newest addition to Taikoo Place, was 62% leased.

The offices at South Island Place were 88% let at 31st December 2023. Swire Properties has a 50% interest in the development.

RETAIL | Gross rental income from the retail portfolio in Hong Kong was HK$2,453 million in 2023, a 13% increase from 2022. Disregarding rental concessions, gross rental income increased by 5%. Following the lifting of all travel restrictions and COVID-19 related measures, and with the investment in marketing, digital and loyalty initiatives, the Hong Kong retail portfolio has recovered significantly in 2023. Sales have returned to pre-pandemic levels in some of our malls. There are still factors such as a strong US currency, a rebound in outbound travel and a high interest rate environment which might affect local consumptions. However, we remain confident that the sales momentum in Hong Kong retail business will continue in 2024. Retail sales in 2023 increased by 44% at The Mall, Pacific Place, by 43% at Citygate Outlets, and by 6% at Cityplaza. Retail sales in Hong Kong as a whole increased by 16% in 2023.

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 Wan Chai and a number of luxury houses on Hong Kong Island and Lantau Island. The residential portfolio was 78% let at 31st December 2023.

INVESTMENT PROPERTIES UNDER DEVELOPMENT | In 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road) in Quarry Bay. Swire Properties obtained full ownership of Zung Fu Industrial Building and Wah Ha Factory Building in March 2022 and July 2023, respectively. The two sites are intended to be redeveloped for office and other commercial uses with an aggregate gross floor area of approximately 779,000 square feet.

OTHERS | In June 2022, Swire Properties submitted a compulsory sale application in respect of a site at 9-39 Hoi Wan Street and 33-41 Tong Chong Street in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to Swire Properties having successfully bid in the compulsory sale.

Since November 2020, Swire Properties has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 2,521 of these car parking spaces had been sold at 8th March 2024. Sales of 2,146 car parking spaces had been recognised at 31st December 2023, 694 of them in 2023. Sales of 375 car parking spaces are expected to be recognised in 2024.

In November 2023, Swire Properties entered into agreements for the sale of twelve office floors (42nd to 54th floors, excluding the 49th floor) at One Island East in Quarry Bay to SFC. The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total gross floor area of the twelve floors is approximately 300,000 square feet.

Chinese Mainland

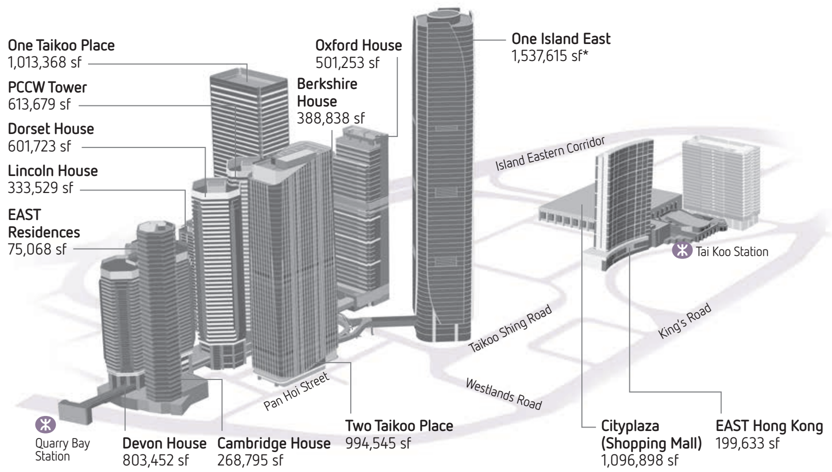
RETAIL | In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for most of our malls, following the lifting of COVID-19 related restrictions. Swire Properties' retail sales (excluding sales by vehicle retailers) in the Chinese Mainland increased on an attributable basis by 46% in 2023. Retail sales in Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu, Taikoo Hui in Guangzhou, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai increased by 31%, 33%, 15%, 27%, 29% and 79%, respectively in 2023. Retail sales in the Chinese Mainland market as a whole increased by 7%.

Swire Properties' gross rental income from retail properties in the Chinese Mainland increased by 42%, to HK$4,191 million, in 2023. Disregarding rental concessions and changes in the value of the Renminbi, gross rental income increased by 45%.

Foot traffic improved significantly and retail sales exceeded pre-pandemic levels for most of Swire Properties' malls in the Chinese Mainland.

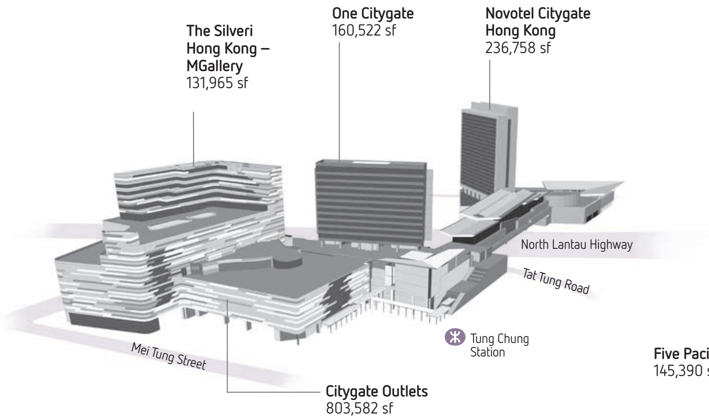
Hong Kong

Taikoo Place and Cityplaza

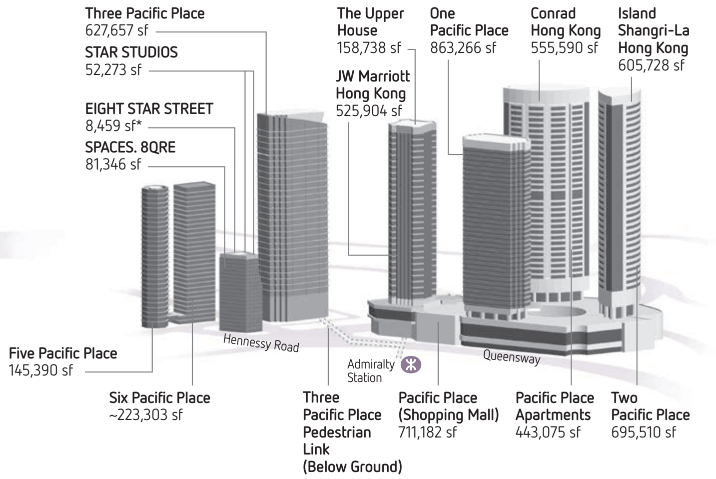


* Including the 45th to 54th floors (except for the 49th floor) disposed of.

Citygate



Pacific Place

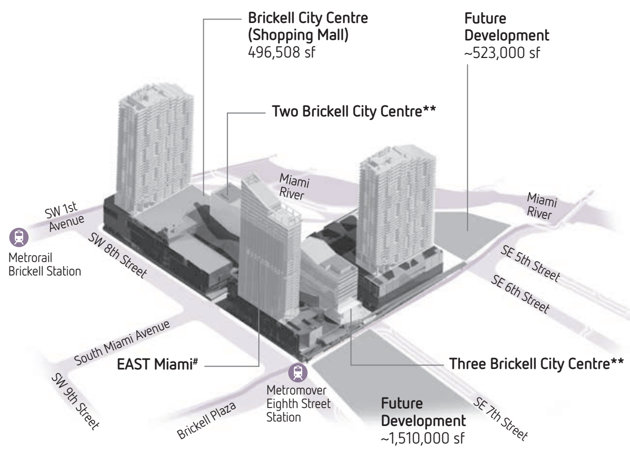


* Floor area shown including the gross floor area of remaining residential units of 5,608 sf.

USA

Brickell City Centre

Miami, Florida

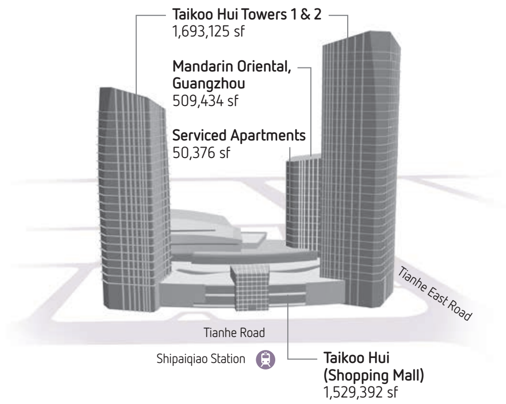


** Two Brickell City Centre and Three Brickell City Centre were sold in 2020. The office towers are now managed by Swire Properties.

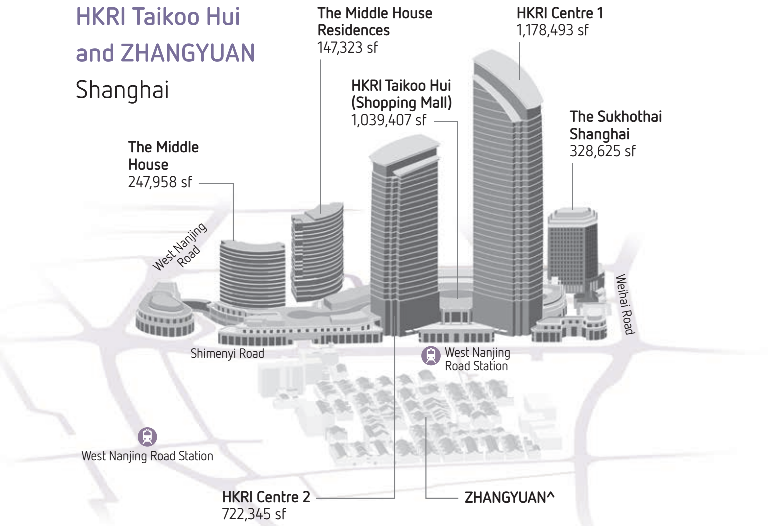
\# EAST Miami was sold in 2021. The hotel and serviced apartments are still managed by Swire Hotels.

Chinese Mainland

Taikoo Hui
Guangzhou

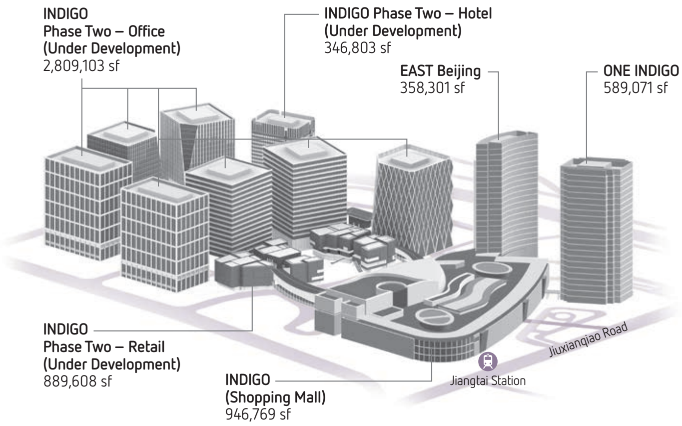


HKRI Taikoo Hui and ZHANGYUAN
Shanghai

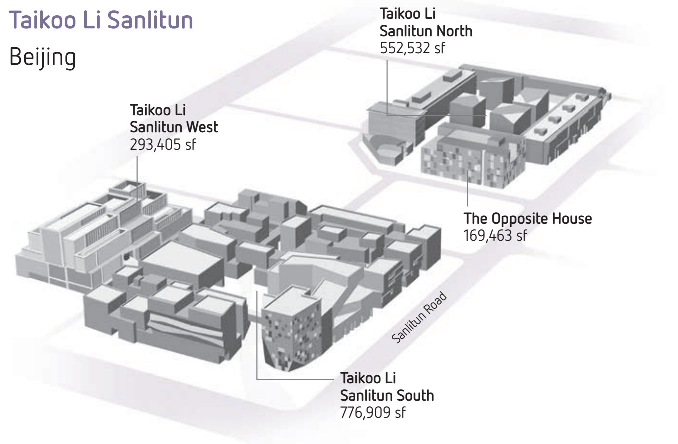


^ ZHANGYUAN, with gross floor area of 1,630,820 sf (including car parking spaces), is operated and managed by a joint venture which is 60% owned by Swire Properties. Swire Properties does not have an ownership interest in the compound.

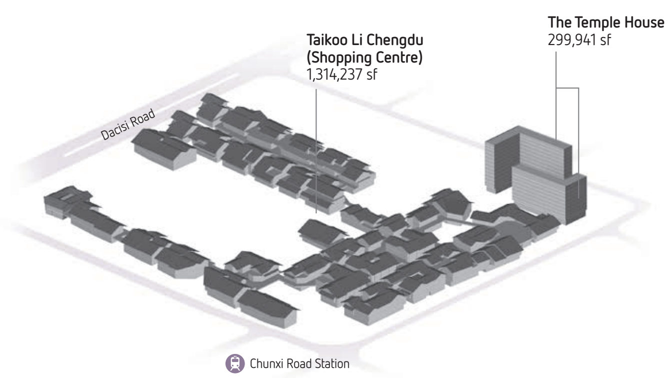
INDIGO
Beijing



Taikoo Li Sanlitun
Beijing

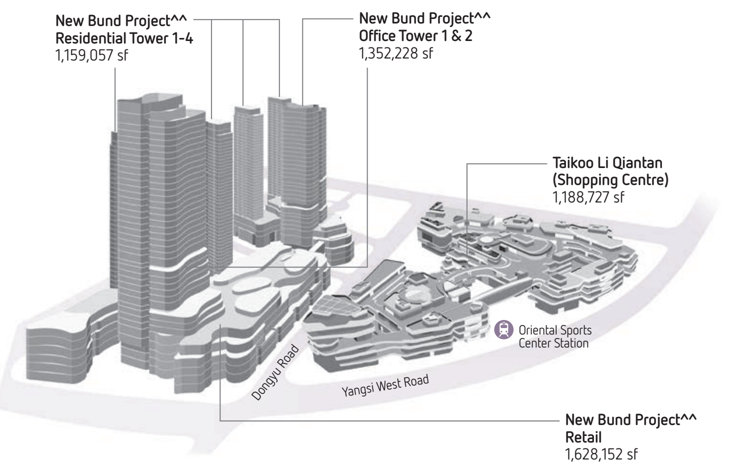


Taikoo Li Chengdu
Chengdu



Notes:
- Gross floor area figures are shown on a 100% basis.
- These diagrams are not to scale and are for illustration purposes only.
- These diagrams illustrate the major developments of Swire Properties. For details of other developments, please refer to the Schedule of Principal Group Properties on pages 228 to 239.

Taikoo Li Qiantan and New Bund Project
Shanghai



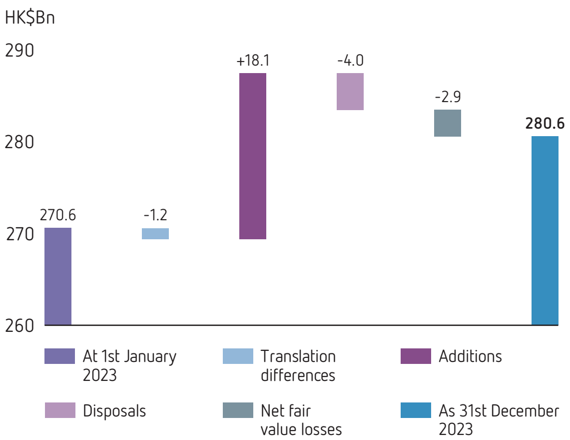
^^ New Bund Project is under development by a joint venture which is 40% owned by Swire Properties.

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total commitments[i]	Commitments relating to joint venture companies[ii]
	2023 HK$M	2024 HK$M	2025 HK$M	2026 HK$M	2027 and later HK$M	At 31st December 2023 HK$M	At 31st December 2023 HK$M
Hong Kong	**2,319**	1,466	749	1,489	6,215	**9,919**	**22**
Chinese Mainland	**935**	4,158	4,423	3,480	3,210	**15,271**	**7,106**
USA	**49**	25	–	–	–	**25**	**–**
Total	**3,303**	5,649	5,172	4,969	9,425	**25,215**	**7,128**

Notes:
(i) The capital commitments represent Swire Properties' capital commitments of HK$18,087 million plus Swire Properties' share of the capital commitments of joint venture companies of HK$7,128 million.
(ii) Swire Properties is committed to funding HK$797 million of the capital commitments of joint venture companies.

Movement in Investment Properties



Retail sales at Taikoo Li Sanlitun increased by 31% in 2023, following the reopening of Workers' Stadium and lifting of COVID-19 associated restrictions. Foot traffic recovered to 2021 levels. Gross rental income increased by 4%. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination. The development was 94% let at 31st December 2023 including spaces allocated to prospective tenants who have signed letters of intent.

Disregarding the impact arising from the incremental shareholding at Taikoo Li Chengdu, retail sales and gross rental income increased by 33% and 12% respectively. Swire Properties continues to reinforce the development as a premium shopping and leisure destination. The development was 97% let at 31st December 2023.

Retail sales and gross rental income at Taikoo Hui in Guangzhou increased by 15% and 5% respectively in 2023. There were improvements to the tenant mix. The mall was 100% let at 31st December 2023.

Retail sales and gross rental income at INDIGO in Beijing increased by 27% and 13% respectively in 2023. The mall was 99% let at 31st December 2023.


An artist's impression of Taikoo Li Xi'an

Swire Properties' fourth and largest "Taikoo Li" project in the Chinese Mainland, Taikoo Li Xi'an, broke ground in November 2023.

Retail sales at HKRI Taikoo Hui in Shanghai increased by 29% in 2023 while gross rental income decreased by 3% as a result of certain part of the mall undergoing renovation. The mall was 93% let at 31st December 2023.

With the economic recovery from the pandemic, footfall and retail sales at Taikoo Li Qiantan in Shanghai were strong in 2023. Retail sales and gross rental income increased by 79% and 22%, respectively in 2023. At 31st December 2023, tenants had committed to take 98% of the retail space and 95% of the lettable retail space was open.

OFFICE | Demand for office space in Beijing, Shanghai and Guangzhou remained weak amid a slower than anticipated economic recovery. Swire Properties' gross rental income from office properties in the Chinese Mainland increased slightly to HK$366 million in 2023. Disregarding changes in the value of the Renminbi, the gross rental income increased by 6%.

The office towers at Taikoo Hui in Guangzhou, ONE INDIGO in Beijing and the office towers at HKRI Taikoo Hui in Shanghai were 92%, 85% and 98% let, respectively, at 31st December 2023.

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 2025 and 2026. Basement and superstructure works are in progress. Swire Properties has a 35% interest in INDIGO Phase Two.

Taikoo Li Xi'an is located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an and is expected to be developed as a retail-led mixed-use development comprising retail and cultural facilities, a hotel and serviced residences. The estimated gross floor area is approximately 2.9 million square feet and is subject to the finalisation of development scheme. Excavation works are in progress. The project is expected to be completed in phases from 2026. The development is being done in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. Swire Properties has a 70% interest in Taikoo Li Xi'an.

Strategically located in the heart of Haitang Bay National Coastal Recreation Park in Sanya, the development is Swire Properties' first-ever resort-style premium retail development including underground parking and other ancillary facilities, with gross floor area of approximately 2.2 million square feet. In collaboration with China Tourism Group Duty Free Corporation Limited, the development will be Phase III of the Sanya International Duty-Free Complex. Basement works are in progress. The development is expected to be completed in phases from late 2025. Swire Properties has a 50% interest in this development.

The New Bund Mixed-use Project is situated within Shanghai's middle-ring road and spans a site area of approximately 686,000 square feet. Located at the intersection of three Shanghai metro lines, the site is directly opposite to Taikoo Li Qiantan, Swire Properties' first joint venture development with the Lujiazui Group. It is a mixed-use development comprising retail, office and residential components, with an approximate gross floor area of 4.1 million square feet (including retail floor area below ground). Office towers have been topped out. Basement and retail construction works are in progress. The development is expected to be completed from 2025. Swire Properties has a 40% interest in the development.

Jointly developed with the Lujiazui Group, the Yangjing Mixed-use Project, which is along the Huangpu River and within the inner-ring road in Pudong district of Shanghai, will be developed into a mixed-use landmark comprising premium residential properties, retail, office and cultural facilities, potentially a lifestyle hotel as well. The estimated gross floor area is approximately 4.2 million square feet (including retail floor area below ground and residential portion for trading), subject to relevant plan approval. Basement structure works are in progress. The development is expected to be completed in phases from 2027. Swire Properties has a 40% interest in the development.

OTHERS | In 2021, Swire Properties formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which Swire Properties has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a gross floor area (including car parking spaces) of 673,871 square feet above ground and 956,949 square feet underground. There are over 40 shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation at the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in late 2026. Swire Properties does not have an ownership interest in the compound.

USA

The first phase of the Brickell City Centre development comprises a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel with serviced apartments (EAST Miami, which was sold in 2021) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the residential units at Reach and Rise have been sold.

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, which has been exercisable since February 2020, to sell its interest to Swire Properties.

The shopping centre was 100% leased (including by way of letters of intent) at 31st December 2023. Retail sales in 2023 increased by 13% compared to the same period in 2022.

The second phase of the Brickell City Centre development is being planned.

VALUATION OF INVESTMENT PROPERTIES

The portfolio of investment properties was valued at 31st December 2023 on the basis of market value (96% 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$280,591 million, compared to HK$270,591 million at 31st December 2022.

The increase in the valuation of the investment property portfolio primarily reflected the acquisition of subsidiary companies in the Chinese Mainland and the additions for the year, partly offset by a decrease in the fair value of the office investment properties in Hong Kong, the disposal of certain office floors in Hong Kong and foreign exchange translation losses in respect 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. The leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

HOTELS

The managed and non-managed hotels in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 associated measures and the full reopening of the border. Operating performance of the managed hotel in the USA was stable. The managed hotels (including restaurants and hotel management office) recorded an operating profit before depreciation of HK$88 million in 2023, compared with an operating loss before depreciation of HK$118 million in 2022.

PROPERTY TRADING

Hong Kong

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 34 out of 37 units had been sold at 8th March 2024. Sales of 33 units had been recognised at 31st December 2023, 6 of them in 2023. Sale of 1 unit is expected to be recognised in 2024.

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 (Phases 4A and 4B) with an aggregate gross floor area of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. Pre-sales of Phase 4A started in July 2023. 52 out of 432 units had been pre-sold at 8th March 2024, all of them in 2023. Sales of these units are expected to be recognised in 2025. The development is expected to be completed and handed over to the purchasers in 2024 and 2025 respectively. Swire Properties has a 25% interest in the joint venture.

In 2021, a project company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land in Chai Wan. The plot of land is being redeveloped into a residential complex (with retail outlet) with an aggregate gross floor area of approximately 694,000 square feet. Superstructure works are in progress at the Phase 1 site, while substructure works are underway at the Phase 2 site. The development is expected to be completed from 2025.

In June 2022, Swire Properties acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential use with an aggregate gross floor area of approximately 116,000 square feet. Site formation works and foundation works have commenced since July 2023 and are in progress. The development is under design stage and expected to be completed in 2026.

In 2018, a joint venture company in which Swire Properties holds a 50% interest submitted a compulsory sale application in respect of the site at 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. In August 2023, the Lands Tribunal granted the compulsory sale order for the site. In October 2023, the joint venture company obtained full ownership of the sites. 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 440,000 square feet.

Chinese Mainland

In November 2023, Swire Properties completed the acquisition of 40% equity interest in developments from the Lujiazui Group to develop two new landmarks (Shanghai New Bund Mixed-use Project and Shanghai Yangjing Mixed-use Project) in Shanghai's Pudong New Area. These two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. Structural works are in progress at the New Bund plot while basement structure works are underway at the Yangjing plot. Around 75% of the total saleable area in the New Bund plot residential project have been presold at 31st December 2023, with an expected completion date from 2025 onwards.

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 for residential purposes with an aggregate gross floor area of approximately 1,123,000 square feet. Towers have been topped out. The development is expected to comprise around 400 residential units and to be completed in 2024. Swire Properties has a 50% interest in the joint venture. Pre-sales are in progress. 80 units had been pre-sold at 8th March 2024.

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, which was completed in August 2022, comprises 525 luxury apartments in three towers. Swire Properties has an effective 20% interest in the development. Approximately 93% of the units had been sold at 8th March 2024. Handover of the completed units to purchasers is in progress.

In 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 2028. Swire Properties invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 53% of the residential units had been pre-sold or sold at 8th March 2024.

Thailand

In February 2023, Swire Properties acquired a 40% interest in a site located on Wireless Road in Lumphini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site, which is under design stage, is expected to be developed for residential purposes with a site area of approximately 136,000 square feet. The development is expected to comprise over 400 residential units in two towers and to be completed in 2029.

USA

In June 2023, Swire Properties announced plans to develop a luxury residential and hospitality project in Miami. The project, branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers on Brickell Key. The first tower will comprise luxury private residences. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales reservations were launched in December 2023.

OUTLOOK

The office market in Hong Kong is expected to remain subdued in 2024, on the back of weak demand and increased availability. Increasing competition from Central and Kowloon East will continue to exert downward pressure on rents across the portfolio. The 'flight-to-quality' trend is expected to benefit Swire Properties, as prospective tenants upgrade their offices and place a higher value on sustainability as well as the health and wellness of their workforce. Assuming improvements in the financial markets, stabilisation of interest rate and an increase in economic activity, the demand for Grade-A office space, particularly from financial institutions and professional services companies, should recover.

In Guangzhou, new supply in decentralised areas is expected to put downward pressure on office rents. In Beijing, limited new supply is expected in core areas meaning the market is well-placed once demand returns. In Shanghai, new supply and existing vacant stock is expected to put downward pressure on office rents, however core central business districts are expected to be more stable. Overall, all cities continue to experience negative sentiment due to economic uncertainties which are causing tenants to remain cautious. Office rents are expected to decline and have yet to bottom out.

It is expected that footfall and tenants' sales in Hong Kong will continue to improve despite uncertainty over economic environment, outbound travel and volatile stock market. With Swire Properties' strong marketing campaigns and loyalty programme initiatives, it is anticipated that the sales momentum will carry on.

After benefitting from years of double-digit growth in retail sales in the Chinese Mainland, 2024 is expected to be a year of stabilisation, where retailers will take a more prudent approach but maintaining positive outlook in medium to long term. Inbound and outbound travel are anticipated to increase and a recalibration between onshore and offshore spending behaviour from customers (as compared to pre-COVID-19 pattern) is expected. The overall demand for retail space is expected to be stable. It is expected that the demand for retail space from retailers of luxury brands will remain strong in Guangzhou and Chengdu. In Shanghai and Beijing, demand for retail space from fashion, cosmetics, lifestyle brands and food and beverage operators is expected to be steady with retailers of luxury brands taking a relatively more prudent expansion approach.

In Hong Kong, residential market sentiment remains soft in light of economic uncertainties and high interest rate environment, despite the cancellation of stamp duty measures issued by the HKSAR Government. It is anticipated that the market confidence and sentiment might take some time to be rebuilt after the end of interest rate hikes. Demand remains resilient in the medium to long term, supported by local demand and limited supply. With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Shanghai, the Chinese Mainland, Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable. The outlook for the luxury residential market in Miami remains positive.

The hotels in Hong Kong are expected to further improve with more international visitors, while the hotel business in the Chinese Mainland is anticipated to grow in 2024. The hotels in the USA are expected to have a stable performance in 2024. Swire Properties is expanding its hotel management business, with a focus on extending its hotel brands outside Hong Kong through hotel management agreements.

Tim Blackburn

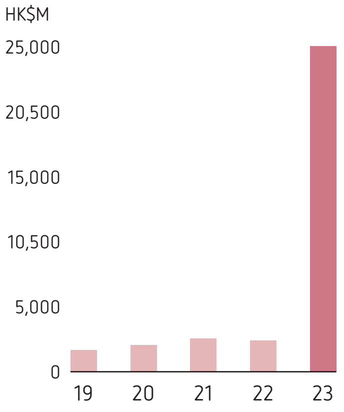
BEVERAGES DIVISION

Swire Coca-Cola brings refreshment to a franchise population of 878 million people in owned and managed franchise territories.

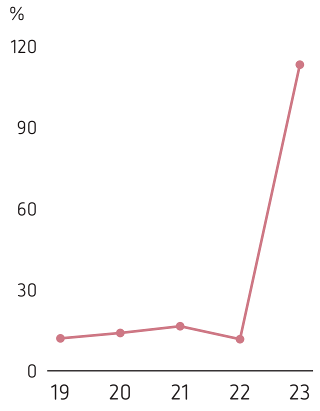
BEVERAGES DIVISION

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, Vietnam and Cambodia. The acquisition of the franchise business in Vietnam was completed on 1st January 2023. The disposal of 100% equity interests in the franchise business in the USA (doing business as Swire Coca-Cola, USA (SCCU)) was completed on 7th September 2023. Swire Coca-Cola continues to provide management and administrative support services to SCCU at an agreed annual management fee.

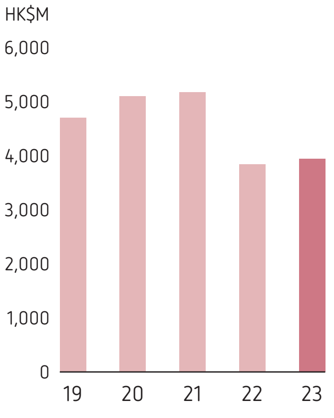
Profit Attributable to the Company's Shareholders



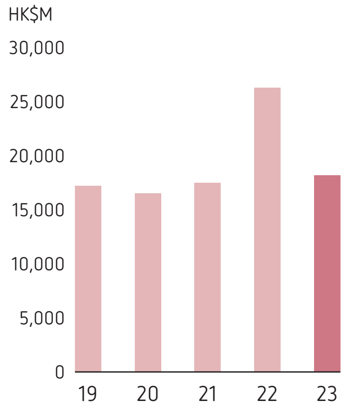
Return on Capital Employed



Net Cash Generated from Operating Activities



Capital Employed



On 9th February 2024, Swire Coca-Cola acquired 39% of the issued share capital of ThaiNamthip Corporation Ltd. (TNTC) from The Coca-Cola Export Corporation, a wholly-owned subsidiary of TCCC. TNTC, together with its subsidiary in Laos, is principally engaged in the business of manufacturing, distribution and sale of non-alcoholic ready-to-drink beverages bearing trademarks owned by TCCC in Thailand and Laos.

Swire Coca-Cola has eleven wholly-owned franchise businesses (in Hong Kong, Taiwan, Vietnam and Cambodia, 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 (Shanghai Shen-Mei). On 1st January 2023, it acquired 100% equity interests in six subsidiaries of Coca-Cola Bottlers Manufacturing Holdings Limited (CCBMH). These subsidiaries continue to supply still beverages to the franchise areas in the Chinese Mainland referred to above.

At the end of 2023, Swire Coca-Cola manufactured 39 beverage brands and distributed them to a franchise population of 847 million people in franchise territories owned, while it managed 36 beverage brands and distributed to a franchise population of 31 million people for SCCU.

STRATEGY

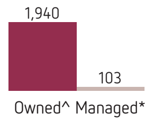
At Swire Coca-Cola, we win together by serving as constant and true advocates for our people, our customers, our community and our planet. Our strategic vision is to be a leading bottler for the Coca-Cola System through winning performance, capabilities, people and culture. To achieve this objective, Swire Coca-Cola has five strategic priorities:

- **Progressive People Development**
  We will maintain our role as one of the leading bottlers through the continuous development of our people's capabilities and the functional competencies of their teams. We will provide a modern and engaging working place to support our people to achieve their full career potential.
- **Portfolio of Leading Brands**
  We will protect and grow our sparkling business while collaborating with TCCC to build a future-oriented portfolio of market leading brands in other key categories.
- **Differentiated Commercial Competencies**
  We will strive for execution excellence, provide superior service, and continuously improve customer loyalty. Our revenue growth strategies will focus on providing consumers with the brands, products and packages that they want, when they want them, while concurrently delivering long-term sustainable growth for our customers and ourselves.
- **Market Speed and Agility**
  We collaborate with our business partners in an agile way to continuously seek new sources of value. We will continue to build and optimise processes and systems that will enable our front-line operations to compete in a dynamic and continually evolving marketplace.
- **Sustainability Ownership**
  Our 2030 sustainable development targets are integrated into our business plans. Sustainability considerations will be embedded in all our decision-making processes and every single Swire Coca-Cola employee will be empowered to contribute to our achievement of these targets.

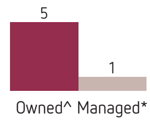
Established in
1965

Annual Revenue
HK$51.8 billion
(excludes the results of SCCU post disposal)*

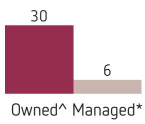
Annual Sales Volume
2,043 million unit cases



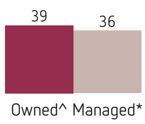
Present in
6 markets



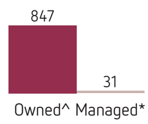
Bottling Plants
36



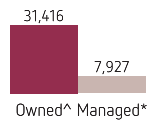
Beverages Brands[@]
63



Consumers
878 million



Employees
39,343



Franchise Territories Owned by Swire Coca-Cola

GREATER CHINA

Franchise population
729.8 million

Operating areas	Number of bottling plant(s)	Operating areas	Number of bottling plant(s)
Anhui	1	Hubei	2
Fujian	2	Jiangsu	2
Guangdong	5	Jiangxi	1
Guangxi	2	Shanghai	2
Hainan	1	Taiwan	1
Henan	2	Yunnan	1
Hong Kong	1	Zhejiang	3

SOUTH EAST ASIA

Franchise population
117.2 million

Operating areas	Number of bottling plant(s)
Vietnam	3
Cambodia	1

Franchise Territories Managed by Swire Coca-Cola*

USA

Franchise population
31.0 million

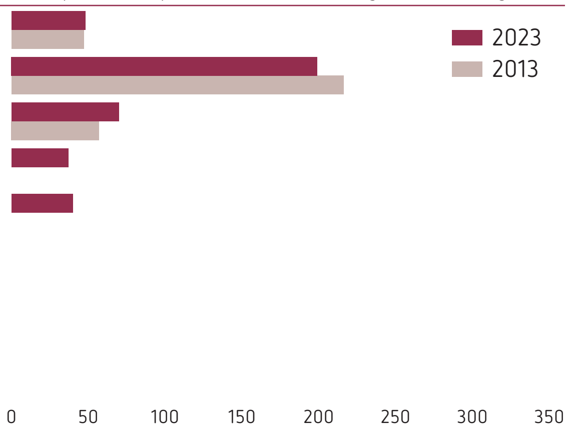
Operating areas[#]	Number of bottling plant(s)
Arizona	1
California	–
Colorado	1
Idaho	1
Kansas	–
Nebraska	–
Nevada	–
New Mexico	–
Oregon	1
South Dakota	–
Utah	1
Washington	1
Wyoming	–

* The disposal of 100% equity interests in the franchise business in the USA was completed on 7th September 2023. Swire Coca-Cola continues to provide management and administrative support services to SCCU at an agreed annual management fee. The annual sales volume represents the sales of SCCU post disposal.
^ Representing information on the franchise territories owned by Swire Coca-Cola in Greater China and South East Asia, except that the annual sales volume shown above included the sales of SCCU up to the completion of the disposal.
@ Twelve brands were both manufactured and distributed in the owned franchise territories and the managed franchise territories.
# Serving throughout parts of the 13 states listed above.

Per Capita Consumption in Franchise Territories

	Franchise population (millions) (end of 2023)	GDP per capita (US$)	Sales volume (million unit cases)	
			2023	2013
Chinese Mainland	698.9	14,242	1,394	807
Hong Kong	7.5	50,007	62	65
Taiwan	23.4	32,247	68	56
Vietnam[ii]	100.3	4,199	155	N/A
Cambodia[ii]	16.9	1,924	28	N/A
USA[iii]	N/A	N/A	233	85
	847.0		1,940	1,013
USA (managed by Swire Coca-Cola)[iv]	31.0	61,857	103	N/A
	878.0		2,043	1,013

Per capita consumption of Coca-Cola beverages (8-oz servings)



Notes:
(i) A unit case comprises 24 8-ounce servings.
(ii) The acquisitions of the franchise businesses in Cambodia and Vietnam were completed on 25th November 2022 and 1st January 2023 respectively. Accordingly, the sales volume and per capita consumption information in 2013 are not applicable.
(iii) Since the disposal of SCCU was completed on 7th September 2023, the franchise population, GDP per capita and per capita consumption information at the end of 2023 are not applicable. The sales volume of 2023 represents sales up to the completion of the disposal.
(iv) The information represents the position after the completion of disposal of SCCU. The sales volume of 2023 represents sales after the completion of the disposal. The per capita consumption would be 260, if calculated based on full year sales volume.

2023 PERFORMANCE

Financial Highlights

	2023 HK$M	2022 HK$M
Revenue	51,844	54,225
EBITDA	28,807	5,545
Operating profit derived from		
Operating activities	3,334	3,274
Non-recurring items	22,868	–
Total operating profit	26,202	3,274
Share of post-tax profits from joint venture and associated companies	85	92
Attributable profit (excluding SCCU and non-recurring items)	1,081	1,000
Attributable profit from SCCU*	1,313	1,392
Attributable profit (excluding non-recurring items)	2,394	2,392
Non-recurring items		
Write-off of a joint venture company	(239)	–
Fair value adjustments on acquisition of equity interests	35	–
Disposal of SCCU	22,907	–
Attributable profit (including non-recurring items)	25,097	2,392

* The 2023 figures represent those for the period up to the completion of disposal of SCCU on 7th September 2023.

Segment Financial Highlights

	Revenue 2023 HK$M	Revenue 2022 HK$M	EBITDA 2023 HK$M	EBITDA 2022 HK$M	Attributable Profit 2023 HK$M	Attributable Profit 2022 HK$M
Chinese Mainland						
Operating activities	24,725	26,142	2,577	2,560	755	902
Non-recurring item	–	–	35	–	35	–
	24,725	26,142	2,612	2,560	790	902
Hong Kong	2,417	2,332	392	371	194	191
Taiwan	2,275	2,123	244	248	123	138
South East Asia	4,504	75	572	9	198	(6)
USA*						
Operating activities	17,923	23,553	2,354	2,585	1,313	1,392
Non-recurring item	–	–	23,103	–	22,907	–
	17,923	23,553	25,457	2,585	24,220	1,392
Central and other costs						
Operating activities	–	–	(231)	(228)	(189)	(225)
Non-recurring item	–	–	(239)	–	(239)	–
	–	–	(470)	(228)	(428)	(225)
Swire Coca-Cola	51,844	54,225	28,807	5,545	25,097	2,392

* The 2023 figures represent those for the period up to the completion of disposal of SCCU on 7th September 2023.

Accounting for Swire Coca-Cola

For the year ended 31st December 2023, the eleven wholly-owned franchise businesses (in Hong Kong, Taiwan, Vietnam, Cambodia and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland), 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) and six wholly-owned still bottling businesses (in Guangdong, Guangxi, Hubei, Jiangsu and Zhejiang provinces in the Chinese Mainland) were accounted for as subsidiaries in the financial statements of Swire Pacific. SCCU was accounted for as a subsidiary up to the completion of the disposal on 7th September 2023. Revenue, EBITDA and operating profit from these franchise businesses are included in the revenue, EBITDA and operating profit shown above. While for SCCU, the results up to disposal date have been included in the figures above. The division's joint venture interest in the Coca-Cola bottling unit of Shanghai Shen-Mei Beverage and Food Co., Ltd. was accounted for using the equity method of accounting. Swire Pacific recognised its share of net profit or loss from the joint venture interest as a single line-item in the consolidated statement of profit or loss.

Segment Performance

	Note	Percentage Change in 2023: Chinese Mainland	Hong Kong	Taiwan	South East Asia(iv)	Swire Coca-Cola(v)(vi)
Active Outlets		1%	0%	11%	N/A	-2%
Revenue	(i)	0%	4%	12%	N/A	-5%
Sales Volume	(ii)	2%	6%	8%	N/A	6%
Gross Profit per unit case		-5%	-1%	3%	N/A	-14%
Water Use Ratio	(vii)	10%	-2%	10%	N/A	7%
Energy Use Ratio	(vii)	14%	-2%	7%	N/A	13%
LTIR	(vii)	38%	41%	-66%	N/A	13%

	Note	Chinese Mainland	Hong Kong	Taiwan	South East Asia(vi)	Swire Coca-Cola(v)(vi)
EBITDA Margin	(iii)					
2023		9.4%	16.8%	11.5%	13.8%	11.7%
2022		9.8%	16.5%	12.4%	11.3%	11.0%
EBIT Margin	(iii)					
2023		4.4%	9.7%	7.9%	8.0%	7.1%
2022		5.1%	9.8%	8.9%	2.2%	6.7%

Notes:

(i) Revenue for Swire Coca-Cola, including that of Shanghai Shen-Mei and excluding sales to other bottlers, was HK$51,935 million (2022: HK$54,727 million).

(ii) The sales volume for the Chinese Mainland shown in the table above represents sales in 13 franchise territories.

(iii) (a) EBITDA and EBIT for Swire Coca-Cola (including that of Shanghai Shen-Mei and excluding non-recurring gains and central and other costs) were HK$6,084 million (2022: HK$6,041 million) and HK$3,669 million (2022: HK$3,694 million) respectively.
(b) EBITDA margin and EBIT margin represent EBITDA and EBIT expressed as percentages of revenue (which includes that of Shanghai Shen-Mei and excludes sales to other bottlers).

(iv) The percentage change figures of South East Asia are not applicable as the franchise businesses in Cambodia and Vietnam were only acquired on 25th November 2022 and 1st January 2023 respectively.

(v) Due to the disposal of SCCU in 2023, the USA standalone percentage change figures and margins do not provide meaningful comparison. The percentage change figures of Swire Coca-Cola include the results of the USA up to the completion of the disposal, except for active outlets as this is a year-end metric.

(vi) The figures include the results of Vietnam and Cambodia from the dates of acquisitions except that water use ratio, energy use ratio and LTIR in 2022 were not available for Cambodia as the franchise business was acquired on 25th November 2022.

(vii) Refer to the Glossary on pages 242 and 243.

2023 RESULTS SUMMARY

Swire Coca-Cola made an attributable profit of HK$25,097 million in 2023. This included a non-recurring gain of HK$22,907 million (net of withholding tax) arising from the disposal of 100% equity interests in the franchise business in the USA (doing business as Swire Coca-Cola, USA (SCCU)) and a gain of HK$35 million arising from the fair value adjustment related to the acquisition of equity interests in the six subsidiaries of CCBMH in the Chinese Mainland, partly offset by a non-recurring loss of HK$239 million arising from a write-off of the investment and relevant provisions in the joint venture for plastic recycling. Excluding these non-recurring items, the attributable profit was HK$2,394 million, which was similar to that in 2022.

Total revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) decreased by 5% to HK$51,935 million. Sales volume increased by 6% to 1,940 million unit cases. In the Chinese Mainland, revenue was similar to 2022 with volume growth. Revenue and volume grew in Hong Kong and Taiwan. In the USA, revenue and volume dropped due to the disposal of SCCU on 7th September 2023. On a comparable basis (up to 7th September for both years), revenue increased and volume remained stable. The newly acquired franchise businesses in Vietnam and Cambodia contributed a full year revenue in 2023.

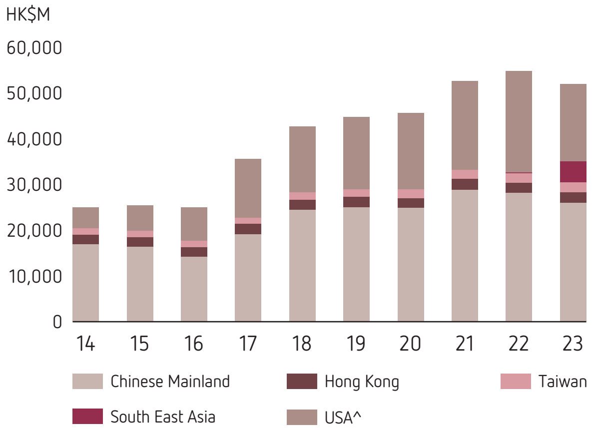
EBITDA (including that of Shanghai Shen-Mei and excluding central and other costs) increased by 1% to HK$6,084 million. The EBITDA margin increased from 11.0% to 11.7%.

In June 2023, Swire Coca-Cola entered into an agreement with JS&S (Beverages) Inc., to sell its entire equity interests in SCCU for an aggregate consideration of US$4.0 billion. The transaction was completed on 7th September 2023. Swire Coca-Cola recorded a consolidated gain on disposal of HK$22,907 million (net of withholding tax). Following the disposal, Swire Coca-Cola continues to provide management and administrative support services to SCCU at an agreed annual management fee.

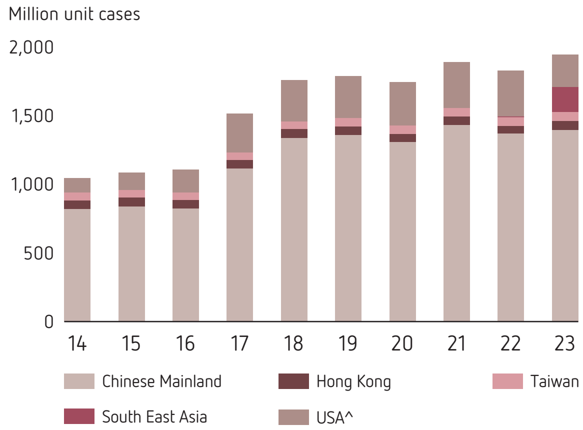
On 9th February 2024, Swire Coca-Cola entered into an agreement and conditionally agreed to acquire (through purchases and subscriptions in two phases) a majority stake in TNTC for an aggregate consideration of approximately THB42,615.7 million (equivalent to approximately HK$9,470.1 million), subject to customary post-completion adjustments and excluding the deemed exercise of the put option. TNTC, together with its subsidiary in Laos, is principally engaged in the business of manufacturing, distribution and sale of non-alcoholic ready-to-drink beverages bearing trademarks owned by TCCC in Thailand and Laos.

Swire Coca-Cola is expanding its presence in South East Asia to Thailand and Laos, adding further scale to its portfolio of businesses in Vietnam and Cambodia.

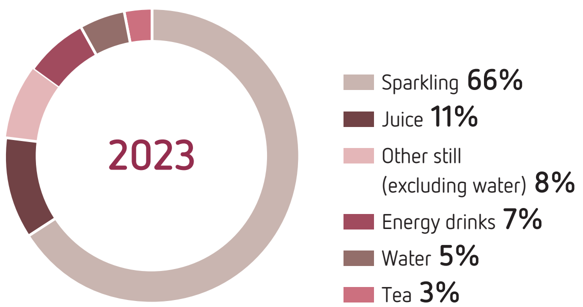
Revenue#

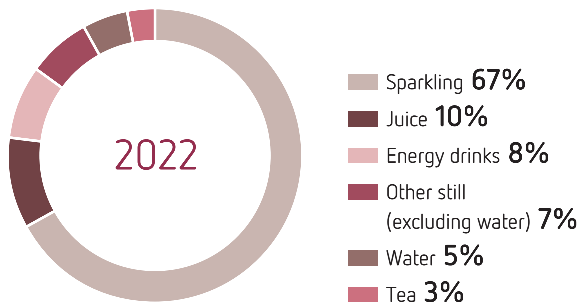


Sales Volume#

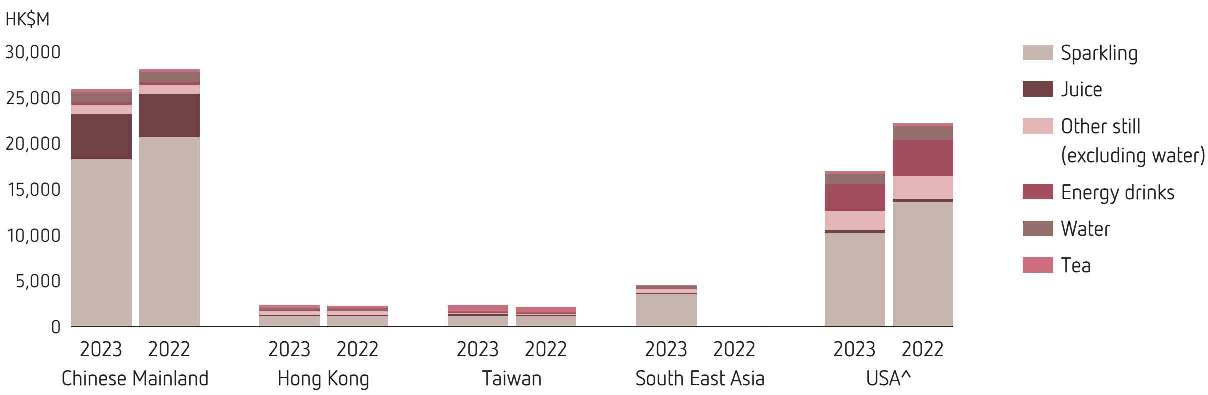


Breakdown of Revenue by Category#





Breakdown of Revenue by Region and Category#



Revenue and volume include those of Shanghai Shen-Mei and exclude sales to other bottlers.
^ The 2023 figures for SCCU represent those for the period up to the completion of disposal of SCCU on 7th September 2023.

Growth in Revenue and Volume in 2023 by Category#

	Chinese Mainland		Hong Kong		Taiwan	
	Revenue	Volume	Revenue	Volume	Revenue	Volume
Sparkling	-4%	0%	1%	3%	12%	7%
Juice	12%	14%	16%	15%	15%	14%
Tea	16%	43%	3%	-3%	10%	10%
Energy drinks	28%	34%	24%	21%	38%	40%
Other still (excluding water)	9%	6%	-2%	-4%	11%	10%
Water	4%	-1%	21%	17%	-14%	-11%

The revenue growth is measured in local currency terms.
Revenue and volume include those of Shanghai Shen-Mei and exclude sales to other bottlers.

On the same date, TNTC conditionally agreed to acquire 30% of each of the issued share capital of the franchise business in Cambodia and the charter capital of the franchise business in Vietnam for an aggregate consideration of approximately US$271.1 million (equivalent to approximately HK$2,114.6 million), subject to customary post-completion adjustments.

In 2023, Swire Coca-Cola continued to make significant investments in production assets, logistics infrastructures, merchandising equipment and digital capabilities. Capital commitments at 31st December 2023 were HK$4,699 million.

Chinese Mainland

Attributable profit from the Chinese Mainland was HK$790 million in 2023. Excluding the non-recurring gain, the attributable profit was HK$755 million, a 16% decrease from 2022.

Revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) was similar to that in 2022 in local currency terms.

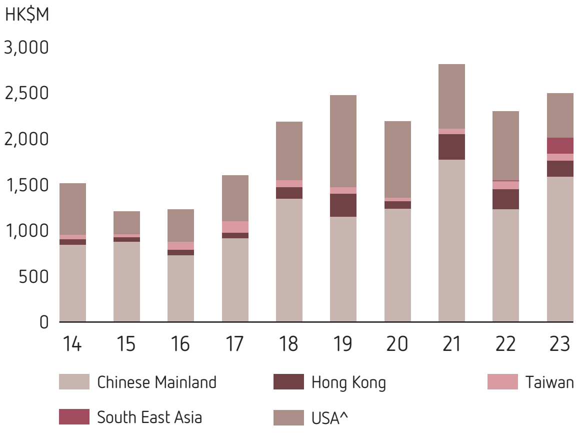
Sparkling revenue decreased by 4%. Water and energy drinks revenue increased by 4% and 28% respectively. Revenue from premium categories of coffee and tea drinks increased by 25% and 16% respectively.

Total sales volume increased by 2%.

Results were adversely affected by higher operating expenses, depreciation charges and unfavourable exchange rate movements.

EBITDA and EBIT (including that of Shanghai Shen-Mei and excluding non-recurring gain and central and other costs) decreased by 4% and 13% in local currency terms respectively. The EBITDA margin decreased from 9.8% to 9.4%. The EBIT margin decreased from 5.1% to 4.4%.

Capital Expenditure



^ The 2023 figures for SCCU represent those for the period up to the completion of disposal of SCCU on 7th September 2023.

Hong Kong

Attributable profit from Hong Kong in 2023 was HK$194 million, a 2% increase from 2022. Sales gradually recovered in 2023.

Revenue (excluding sales to other bottlers) increased by 4%. Sparkling revenue increased by 1%. Still revenue increased by 7%. Tea, juice and water revenue increased by 3%, 16% and 21% respectively.

Total sales volume increased by 6%.

The increase in revenue was partly offset by higher raw material costs, operating expenses and depreciation charges as well as the absence of financial support provided by the HKSAR Government under the employment subsidy scheme in 2022.

EBITDA and EBIT (excluding central and other costs) increased by 6% and 2% respectively. The EBITDA margin increased from 16.5% in 2022 to 16.8% in 2023. The EBIT margin decreased from 9.8% to 9.7%.

Taiwan

Attributable profit from Taiwan in 2023 was HK$123 million, an 11% decrease from 2022.

Revenue in local currency terms increased by 12%. This reflected effective revenue growth management and execution excellence.

Sparkling revenue increased by 12%. Still revenue increased by 12%. Coffee and energy drinks revenue increased by 18% and 38% respectively.

Total sales volume increased by 8%.

The higher raw material costs, operating expenses and depreciation charges were partly offset by the increase in revenue. Results were adversely affected by unfavourable exchange rate movements.

Swire Coca-Cola places sustainability at the heart of its operations. Its Bonaqua mineralised water is now available in completely label-less and 100% recycled PET bottles.

EBITDA and EBIT (excluding central and other costs) increased by 4% and decreased by 1% in local currency terms respectively. The EBITDA margin decreased from 12.4% in 2022 to 11.5% in 2023. The EBIT margin decreased from 8.9% to 7.9%.

South East Asia

Attributable profit and EBITDA (excluding central and other costs) from South East Asia were HK$198 million and HK$620 million respectively. The EBITDA margin and EBIT margin were 13.8% and 8.0%, respectively. The performance in Vietnam was strong though facing slower economic growth. The beverages market in Cambodia was challenging.

USA

Excluding the non-recurring gain, the attributable profit from the USA up to disposal date was HK$1,313 million in 2023, a 6% decrease from 2022.

OUTLOOK

Sales and operations in the Chinese Mainland are expected to remain challenging amid subdued domestic consumer spending. Increasing raw material prices and operating expenses are expected to exert pressure on profits.

Business is expected to be stable with moderate volume growth in Hong Kong. Raw material prices and operating expenses are expected to increase.

Sales and operations in Taiwan are expected to grow in 2024.

We anticipate the franchise business in Vietnam to deliver steady profits, while the business in Cambodia is expected to improve. The strategic acquisition of the bottling operations in Thailand and Laos is anticipated to yield immediate positive impacts to our bottom line.

Our balanced portfolio of regional performances underscores our strategic approach to navigating varied market conditions and capitalising on growth opportunities.

Karen So

AVIATION DIVISION

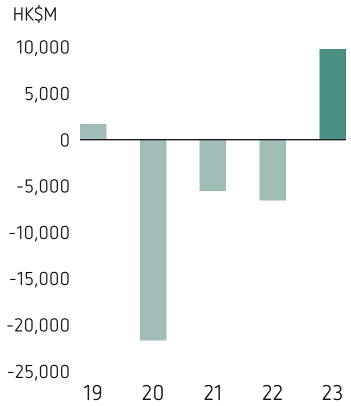
While it continues with its rebuild journey, Cathay is also investing for the future with increased talent recruitment and training.

AVIATION DIVISION

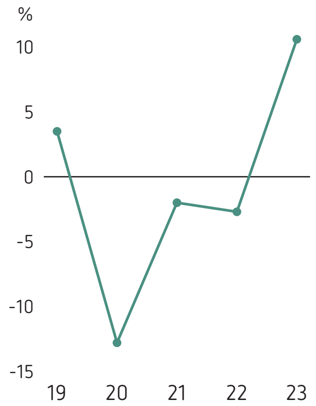
The Aviation Division comprises an associate interest in the Cathay group and the wholly-owned Hong Kong Aircraft Engineering Company (HAECO) group.

Cathay group (100% Basis)

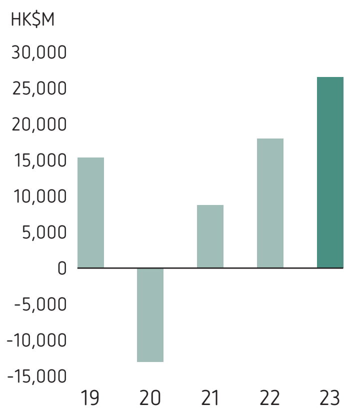
Profit/(loss) Attributable to the Shareholders of Cathay Pacific



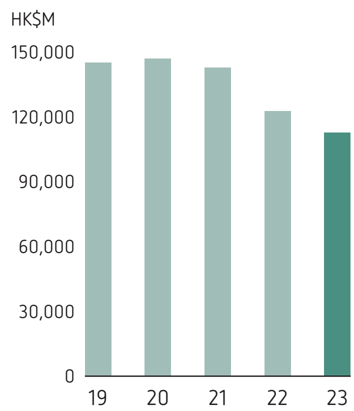
Return on Capital Employed



Net Cash Generated from/(Used in) Operating Activities

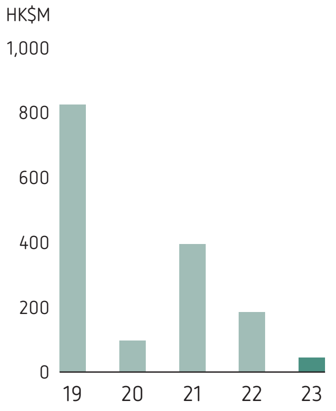


Capital Employed

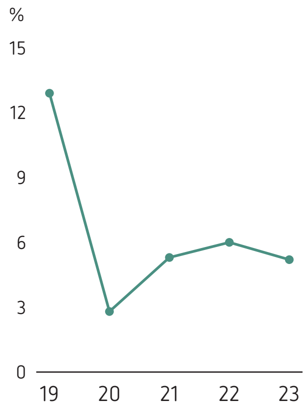


HAECO group

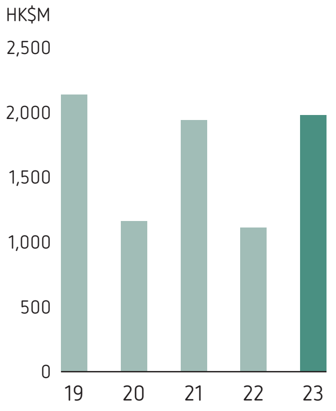
Profit Attributable to the Shareholders of HAECO



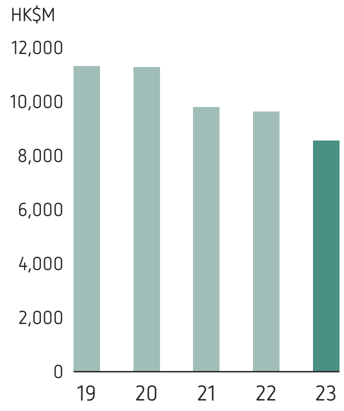
Return on Capital Employed



Net Cash Generated from Operating Activities



Capital Employed



The Cathay group

Cathay Pacific Airways Limited (Cathay Pacific) is listed on The Stock Exchange of Hong Kong Limited. The Cathay 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.

At 31st December 2023, the Cathay group's airlines offered scheduled passenger and cargo services to 92 destinations worldwide. There are also codeshare agreements in relation to 149 destinations. At 31st December 2023, Cathay Pacific had 181 aircraft and had ordered 46 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 2023, it had 33 aircraft and had ordered 29 new aircraft for future delivery.

Air Hong Kong operates express cargo services for DHL Express to 15 cities in Asia and the Middle East. At 31st December 2023, Air Hong Kong operated 16 freighters.

As at 31st December 2023, Cathay Pacific owned 16.26% 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 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 23,800 people (around 82% of them in Hong Kong) at 31st December 2023.

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), on-wing and off-wing engine support, and engine overhaul work in Hong Kong (by HAECO's 50% joint venture company, HAESL) and in Xiamen (by HAECO Engine Services (Xiamen)).

The HAECO group has 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

The strategic objective of Cathay Pacific (as a listed company in its own right) is sustainable growth in shareholder value over the long term. The strategies employed by Cathay Pacific in order to achieve this objective (and the strategic objectives of HAECO) are these:

- **Excelling in customer service, operational and safety performance, productivity and the creation of value.**
- **Capitalising on the opportunities presented by the Greater Bay Area.**
- **Contributing to the development of Hong Kong as an international aviation and logistics centre.**
- **Developing Cathay Pacific's premium lifestyle travel brand.**
- **Developing HK Express as a successful low-cost carrier.**
- **Building on Cathay Pacific's digital leadership.**
- **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 HAECO's high standards of service to aircraft engineering customers.**

2023 PERFORMANCE

Financial Highlights

	2023 HK$M	2022 HK$M
HAECO group		
Revenue	**17,787**	13,828
Operating profit	**224**	270
Attributable profit	**45**	185
Cathay group		
Share of post-tax profit/(loss) from associated companies	**4,405**	(2,947)
Attributable profit/(loss)	**3,393**	(3,072)

Accounting for the Aviation Division
The Group accounts for its associate interest in the Cathay 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. For more information on the results and financial position of the Cathay group, please refer to the abridged financial statements on pages 224 and 225. The figures of the HAECO group and the Cathay group above do not include Swire Pacific's consolidation adjustments. In 2023, an impairment loss of HK$675 million was recognised for the Group's interest in HAESL, a joint venture company of the HAECO group. The impairment loss was part of the consolidation adjustments and was not included in the HAECO group's results.

CATHAY GROUP

Cathay Pacific – 2023 Performance

		2023	2022	Change
Available tonne kilometres (ATK)	Million	**21,225**	10,100	+110.1%
Available seat kilometres (ASK)	Million	**85,607**	20,056	+326.8%
Available cargo tonne kilometres (AFTK)	Million	**13,069**	8,181	+59.7%
Revenue tonne kilometres (RTK)	Million	**15,090**	7,190	+109.9%
Passenger revenue	HK$M	**55,951**	13,686	+308.8%
Passenger revenue per ASK	HK¢	**65.4**	68.2	-4.1%
Revenue passenger kilometres (RPK)	Million	**73,342**	14,764	+396.8%
Revenue passengers carried	'000	**17,985**	2,804	+541.4%
Passenger load factor	%	**85.7**	73.6	+12.1%pt
Passenger yield	HK¢	**76.3**	92.7	-17.7%
Cargo revenue	HK$M	**22,162**	26,990	-17.9%
Cargo revenue per AFTK	HK$	**1.70**	3.30	-48.5%
Cargo revenue tonne kilometres (RFTK)	Million	**8,099**	5,774	+40.3%
Cargo carried	'000 Tonnes	**1,381**	1,154	+19.7%
Cargo load factor	%	**62.0**	70.6	-8.6%pt
Cargo yield	HK$	**2.74**	4.67	-41.3%
Cost per ATK (with fuel)*	HK$	**3.55**	4.35	-18.4%
Cost per ATK (without fuel)*	HK$	**2.47**	3.43	-28.0%
Fuel consumption per million RTK	Barrels	**1,746**	1,679	+4.0%
Fuel consumption per million ATK	Barrels	**1,241**	1,195	+3.8%
Aircraft utilisation (including parked aircraft)	Hours per day	**7.7**	3.3	+133.3%
On-time performance	%	**76.2**	80.1	-3.9%pt
Average age of fleet	Years	**11.1**	10.8	+0.3year

* Cost per ATK represents total operating costs divided by ATK for the year.

2023 AIRLINE INDUSTRY REVIEW

The Cathay group has made good progress in two key areas of focus: rebuilding and investing. Throughout the year, the group rebuilt the brand, flights and home hub, whilst also making strategic investment decisions that will benefit its customers, its people and Hong Kong as a whole.

Among the primary objectives in 2023, more flights were reintroduced to serve more destinations. By the end of 2023, the group has achieved the target of 70% of pre-COVID-19 passenger flight capacity covering about 80 destinations in December. The group was operating about 85% of its pre-COVID-19 cargo flight capacity by the end of 2023.

2023 RESULTS SUMMARY

The Cathay group's attributable profit on a 100% basis was HK$9,789 million in 2023, compared with a restated loss of HK$6,623 million in 2022. Cathay Pacific reported an attributable profit after tax of HK$11,341 million (2022 restated: profit of HK$1,434 million). Its profit from subsidiaries was HK$10 million (2022 restated: loss of HK$1,764 million). Its share of losses from associates (most of which are recognised three months in arrear) was HK$1,562 million (2022: loss of HK$6,293 million).

Passenger Services

Cathay Pacific

Passenger revenue in 2023 was HK$55,951 million, an increase of 309% compared to 2022. Revenue passenger kilometres increased by 397%. Capacity, measured in available seat kilometres, increased by 327%. 18.0 million passengers were carried, an average of 49,300 passengers per day, 541% more than in 2022. The load factor was 85.7%, compared with 73.6% in 2022.

HK Express

HK Express reported a profit of HK$433 million for 2023 (2022 restated: loss of HK$1,369 million).

Cargo Services

Cathay Pacific

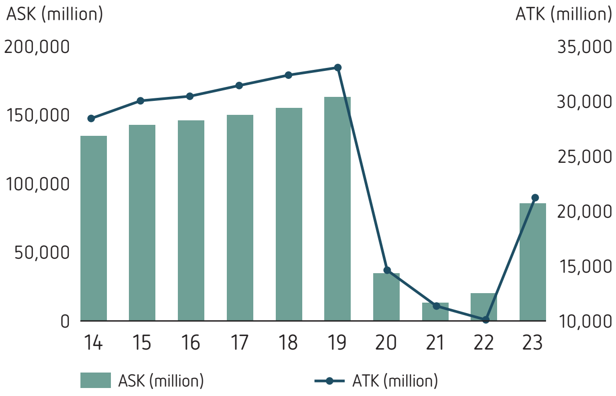
The cargo revenue of Cathay Pacific in 2023 was HK$22,162 million, a decrease of 18% compared to 2022. Cargo revenue tonne kilometres increased by 40%. Capacity, measured by available cargo tonne kilometres, increased by 60%. The load factor decreased by 8.6 percentage points to 62.0%. Yield decreased by 41% to HK$2.74.

Air Hong Kong

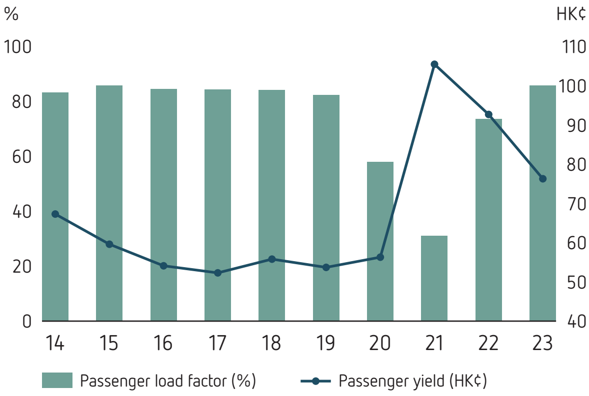
Air Hong Kong recorded a profit in 2023, reflecting a consistently solid performance.

In 2023, HK Express posted its first-ever profit since being acquired, benefitting from the surge in demand for short-haul flights within Asia.

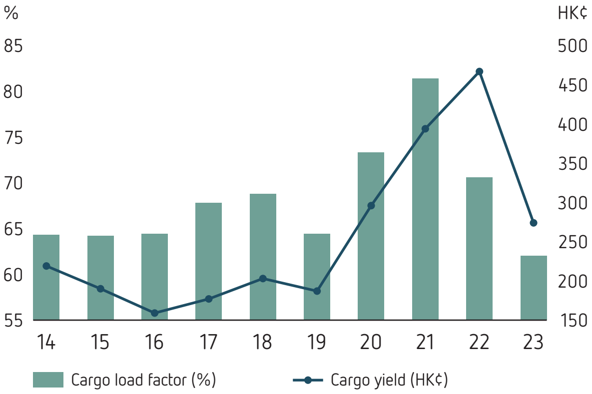
Capacity – Available Seat Kilometres and Available Tonne Kilometres



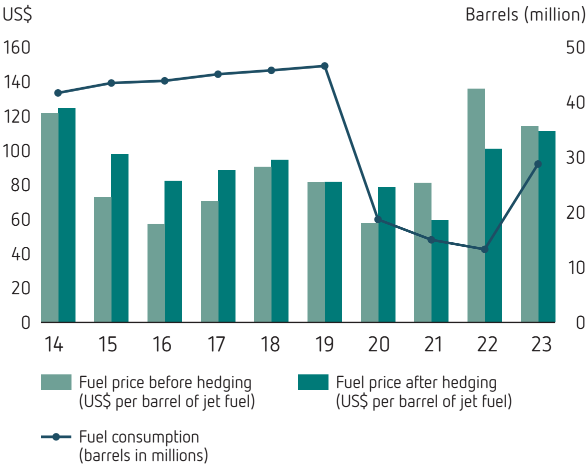
Passenger Services Load Factor and Yield



Cargo Services Load Factor and Yield



Fuel Price and Consumption



Operating Costs

Non-fuel costs increased by 51% to HK$52,366 million. Total fuel costs for Cathay Pacific (before the effect of fuel hedging) increased by HK$10,658 million (or 82%) compared with 2022. This principally reflected an increase in fuel consumption.

Fleet Profile

At 31st December 2023, the total number of aircraft in the Cathay group's fleet was 230. Five passenger aircraft (3% of the group's passenger fleet) were parked outside Hong Kong.

Fleet Profile[i]

	Number at 31st December 2023					Orders[iii]				Expiry of operating leases[ii]					
		Leased[ii]													
Aircraft type	Owned	Finance	Operating	**Total**	Average age	24	25	26 and beyond	**Total**	24	25	26	27	28	29 and beyond
Cathay Pacific:															
A321-200	2			**2**	20.2										
A321/ A320-200neo	4	3	5	**12**	1.7	4		15[iv]	**19**						5
A330-300	37	2	4	**43**	15.3						2	2			
A350-900	20	8	2	**30**	5.7									2	
A350-1000	11	7		**18**	4.0										
A350F								6	**6**						
747-400ERF	6			**6**	15.0										
747-8F	10	4		**14**	10.9										
777-300	17			**17**	22.2										
777-300ER	30		9	**39**	11.1					3	2	4			
777-9							2	19	**21**						
Total	137	24	20	**181**	11.1	4	2	40	**46**	3	4	6	–	2	5
HK Express:															
A320-200		3[v]	5	**8**	14.4					4				1	
A320-200neo			10	**10**	4.8			8[iv][vi]	**8**					2	8
A321-200			11	**11**	6.2						1	2			8
A321-200neo		4[vii]		**4**	0.3	7[viii]	5	9[iv][vi]	**21**						
Total		7	26	**33**	7.1	7	5	17	**29**	4	1	2	–	3	16
Air Hong Kong[ix][x]:															
A300-600F			7	**7**	18.6					4	3				
A330-243F			2	**2**	12.0							2			
A330-300P2F			7	**7**	13.0							3		4	
Total			16	**16**	15.3					4	3	5		4	
Grand total	**137**	**31**	**62**	**230**	**10.8**	**11**	**7**	**57**	**75**	**11**	**8**	**13**	**–**	**9**	**21**

Notes:
(i) The table does not reflect aircraft movements after 31st December 2023.
(ii) 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.
(iii) The group believes that based on its available unrestricted liquidity as at 31st December 2023, as well as its ready access to both loan and debt capital markets, it will have sufficient financing capacity to fund this material investment in the fleet.
(iv) Final number subject to reallocation between Cathay Pacific and HK Express.
(v) The aircraft are owned by Cathay Dragon and sub-leased to HK Express.
(vi) Final split between Airbus A320-200neo and A321-200neo subject to adjustment in accordance with future operational requirements.
(vii) The aircraft are finance leased by Cathay Pacific and sub-leased to HK Express.
(viii) One Airbus A321-200neo was delivered in February 2024.
(ix) The contractual arrangements relating to the freighters operated by Air Hong Kong do not constitute leases in accordance with HKFRS 16.
(x) The group plans to return seven Airbus A300-600F between 2024 and 2025 and to have them replaced with six second-hand A330F. This allows the Air Hong Kong fleet to remain at 15 at least until 2025.

Cathay is contributing to Hong Kong's ongoing development as an international aviation hub by investing in its fleet and network.

Air China and Air China Cargo

The Cathay group's share of Air China's results is based on its financial statements drawn up three months in arrear. Consequently, the 2023 results include Air China's results for the 12 months ended 30th September 2023, adjusted for any significant events or transactions for the period from 1st October 2023 to 31st December 2023.

For the 12 months ended 30th September 2023, Air China was loss-making due to incomplete recovery of international routes, intensified competition in the domestic market and fluctuations in oil prices and exchange rates. Nonetheless, results improved as compared with the results for the 12 months ended 30th September 2022.

In January 2023, Air China issued 1,676 million new A shares to investors with proceeds of the issuance totalling RMB15 billion. Cathay Pacific did not participate in this issue. As a result, its interest in the equity of Air China decreased from 18.13% to 16.26%.

In February 2024, Cathay Pacific's interest in Air China was further diluted from 16.26% to 15.87% as a result of Air China issuing 393 million new H shares to a specific investor with proceeds of the issuance totalling HK$2 billion.

The Cathay group's share of Air China Cargo's results is based on its financial statements drawn up three months in arrear. The 2023 results include Air China Cargo's results for the 12 months ended 30th September 2023, adjusted for any significant events or transactions for the period from 1st October 2023 to 31st December 2023.

OUTLOOK

The group anticipates it will reach 80% of its pre-pandemic passenger flights within the second quarter of 2024. It will also work towards reaching 100% within the first quarter of 2025. It remains focused on rebuilding in a measured and responsible manner, while it looks ahead to the exciting opportunities presented by the upcoming Three-Runway System at Hong Kong International Airport.

Ronald Lam

HONG KONG AIRCRAFT ENGINEERING COMPANY (HAECO) GROUP

Financial Highlights

	2023 HK$M	2022 HK$M
Revenue		
Airframe	**7,056**	6,033
Cabin	**474**	380
Components	**1,824**	1,489
Engine	**8,247**	5,788
Others	**186**	138
	17,787	13,828
Operating profit	**224**	270
Attributable profits/(losses)		
Airframe	**74**	(107)
Cabin	**(272)**	(145)
Components	**188**	139
Engine	**589**	469
Others	**(114)**	(106)
Attributable profit (excluding non-recurring items)	**465**	250
Cabin – loss on disposal of cabin business	**(420)**	–
Components – impairment charges in respect of rotable aircraft parts	**–**	(65)^
Attributable profit	**45**	185

^ representing impairment charges at HAECO ITM.

Operating Highlights

		2023	2022
Airframe – base maintenance manhours sold			
HAECO Hong Kong	Million	**2.62**	2.51
HAECO Xiamen	Million	**4.17**	3.59
HAECO Americas	Million	**2.71**	2.54
Total	Million	**9.50**	8.64
Airframe – line maintenance movements handled			
Hong Kong	Thousand	**83**	52
Chinese Mainland	Thousand	**22**	14
Total	Thousand	**105**	66
Engines overhauled			
HAESL		**300**	278
HAECO Engine Services (Xiamen)		**95**	68

2023 AVIATION MAINTENANCE AND REPAIR INDUSTRY REVIEW

The industry continued to rebuild from the pandemic in 2023. Following the recovery of air traffic in most markets in 2022, the full reopening of borders in Hong Kong and in the Chinese Mainland as of late 2022 led to a substantial resurgence in Hong Kong air traffic throughout 2023 which drove the increase in demand for maintenance and repair of airframes, particularly line maintenance in Hong Kong.

2023 RESULTS SUMMARY

The HAECO group reported an attributable profit of HK$45 million for 2023 (after taking account of a loss on disposal of cabin business of HK$420 million). This compares with a profit of HK$185 million in 2022 (after taking account of post-tax impairment charges of HK$65 million in respect of rotable aircraft parts at HAECO ITM).

The HAECO group's recurring attributable profit for 2023 was HK$465 million, HK$215 million higher than the profit in 2022. Most of the group's businesses performed better than in 2022, primarily benefitting from higher activity in base maintenance, line maintenance and engine overhauls. This was partially offset by a higher operating loss incurred in the cabin business and unrealised foreign exchange losses (versus significant unrealised foreign exchange gains in 2022) at HAECO Xiamen.

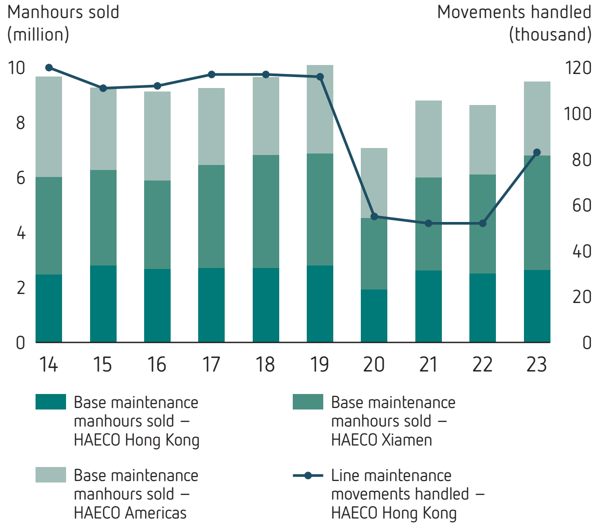
In September 2023, the group completed the sale of the cabin business which resulted in a non-recurring loss on disposal of HK$420 million.

At 31st December 2023, HAECO had outstanding capital commitments of HK$5,297 million.

Airframe

The airframe business delivered an attributable profit of HK$74 million in 2023, improving from a loss of HK$107 million in 2022. Revenue grew by 17% reflecting the recovery of line maintenance movements handled (59% more than in 2022) in addition to 9.50 million base maintenance manhours sold in 2023 (10% more than in 2022). HAECO Hong Kong, HAECO Xiamen and HAECO Americas all did more base maintenance work in 2023. The swing from unrealised foreign exchange gains recorded at HAECO Xiamen in 2022 to losses in 2023 offset part of the gain from the growth in workload and the benefits from cost control initiatives in all locations.

HAECO group – Key Operating Highlights



HAECO Hong Kong

The airframe business of HAECO Hong Kong recorded a significantly smaller loss in 2023 than in 2022. Line maintenance reported a substantial growth in revenue driven by continued recovery in air traffic upon the lifting of pandemic-related travel restrictions and quarantine requirements at the end of 2022 in Hong Kong. Approximately 83,000 line maintenance aircraft movements were handled in 2023, an increase of 60% compared with 2022. 2.62 million base maintenance manhours were sold in 2023, 4% more than those sold in 2022, reflecting a stable demand and more cabin modification work.

HAECO Xiamen

In 2023, the attributable profit of HAECO Xiamen's airframe services was comparable to 2022 (which benefitted from significant unrealised foreign exchange gains). Disregarding such gains in 2022 and losses in 2023, the attributable profit of HAECO Xiamen increased. 4.17 million base maintenance manhours were sold in 2023, 16% more than in 2022. This reflected a continuous recovery in demand for base maintenance.

HAECO Americas

The airframe business of HAECO Americas recorded an operating profit in 2023, compared to an operating loss in 2022. The improvement was driven by an increase in selling rates to customers and improving customer mix combined with cost control initiatives. Demand for base maintenance was steady, but output continued to be limited by the availability of skilled labour. 2.71 million manhours were sold in 2023, 7% higher than in 2022.

Driven by the continued recovery in air traffic, line maintenance at HAECO Hong Kong reported a substantial revenue growth in 2023.

Cabin

The group ceased to operate in the cabin business after the disposal of this business in September 2023. Revenue and profit were recorded up to that period.

The cabin business lost HK$272 million on the recurring level in 2023, compared with a loss of HK$145 million in 2022. Its results were adversely affected by continued supply chain difficulties, as well as higher cost of sales and provisions.

Components

Recurring attributable profit from the components business was HK$188 million in 2023, a 35% increase from 2022. Revenue in 2023 grew by 22% from that of 2022. The component repair and overhaul business delivered strong improvement. Profit of HAECO ITM also increased.

Engine

The attributable profit from the engine business was HK$589 million in 2023, a 26% increase from 2022. Revenue (comprising that of HAECO Engine Services (Xiamen) and the Global Engine Support business and excluding that of HAESL, which is not consolidated) grew by 42%. The profit growth mainly resulted from a strong demand for engine overhaul at HAECO Engine Services (Xiamen).

HAESL

HAESL recorded an increase in attributable profit from 2022 to 2023. The increase reflected more engines being overhauled. Repair and overhaul services were performed on 300 engines, compared with 278 in 2022.

HAECO Engine Services (Xiamen)

HAECO Engine Services (Xiamen) recorded a strong increase in attributable profit from 2022 to 2023. 75 performance restoration workscopes and 20 quick turn workscopes on GE90 aircraft engines were performed in 2023 (compared with 56 performance restoration workscopes and 12 quick turn workscopes in 2022).

Global Engine Support

Results of the Global Engine Support business (which provides on-wing and off-wing engine support from HAECO group's facilities in Hong Kong, Dallas, Amsterdam and London) in 2023 were comparable to 2022.

OUTLOOK

Demand for base maintenance in 2024 is expected to be stable. Line maintenance work is expected to increase as air traffic continues to recover in Hong Kong. Demand for engine services is expected to remain strong in 2024.

The availability of skilled manpower remains a constraint, especially in Hong Kong and the USA. Global supply chain issues are expected to persist until well into 2024. The business is addressing the inflationary pressures arising from these two issues through further cost efficiency improvements and price increases.

Superstructure construction of HAECO Xiamen's hangar facilities at the new Xiamen airport is underway. The main structure of hangar annex buildings has been completed. The relocation to the new airport will be material to HAECO Xiamen's operations from 2026.

Richard Sell

HEALTHCARE

The partnership investment in Indonesia Healthcare Corporation marks Swire Pacific's first healthcare venture in South East Asia.

HEALTHCARE

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 and senior housing in the Yangtze River Delta area.

Shenzhen New Frontier United Family Hospital and HEAL Medical Group

The Group has an associate investment in SHH Core Holding Limited, which owns Shenzhen New Frontier United Family Hospital, a private hospital operated by United Family Healthcare in Shenzhen and HEAL Medical Group. HEAL Medical Group operates four clinics in Hong Kong – HEAL Oncology, HEAL Aesthetic, HEAL Medical and HEAL Fertility.

DeltaHealth

In March 2024, we reached an in-principle agreement to acquire a controlling stake in DeltaHealth China Limited (DeltaHealth), a healthcare provider in the Chinese Mainland specialising in cardiovascular care in which we first made a minority investment in 2021. Upon completion, this proposed acquisition will mark the Group's first control position in healthcare and aligns with our healthcare strategy of being a long-term owner and operator of healthcare services. With DeltaHealth's best-in-class cardiovascular team, differentiated clinical offering and quality of service, this is a unique asset in Shanghai which we are excited to be adding to our healthcare portfolio.

Indonesia Healthcare Corporation (IHC)

In December 2023, the Group and the Indonesia Investment Authority entered into an agreement to jointly invest in IHC, a hospital group in Indonesia. IHC comprises 37 majority-owned hospitals and operates 66 clinics throughout Indonesia. The investment in IHC marks the Group's first healthcare investment in South East Asia, and is in line with the Group's strategy to identify new healthcare opportunities in regions within Asia in which we already have a commercial presence. The transaction is subject to anti-trust approval and is expected to close in the second quarter of 2024.

2023 RESULTS SUMMARY

The share of the losses from the above healthcare companies was HK$165 million in 2023, compared with a loss of HK$170 million in 2022. In 2023, an impairment charge of HK$250 million was made in respect of the investment in DeltaHealth, whereas an impairment in goodwill of HK$163 million was made at Columbia China Healthcare in 2022.

OUTLOOK

Taking the investment in IHC into account, we have invested HK$2.7 billion in the sector as at 31st December 2023. Going forward, we will continue to explore investment opportunities in healthcare services in the Chinese Mainland and South East Asia which have potential for future growth. We will remain disciplined in our approach towards valuation, ensuring sustainable and stable returns for shareholders.

Jeffrey Staples

TRADING & INDUSTRIAL

2023 PERFORMANCE

Financial Highlights

	2023 HK$M	2022 HK$M
Revenue		
Swire Resources	2,402	1,996
Taikoo Motors	6,401	5,636
Swire Foods	1,659	1,588
Swire Environmental Services	185	169
	10,647	9,389
Operating profits/(losses)		
Swire Resources	108	5
Taikoo Motors	222	226
Swire Foods	23	(487)
Swire Environmental Services	63	57
Central costs	(16)	(13)
	400	(212)
Attributable profits/(losses)		
Swire Resources	90	(5)
Taikoo Motors	165	168
Swire Foods	7	(505)
Swire Environmental Services	53	48
Central costs	(16)	(13)
Attributable profit/(loss)	299	(307)
Non-recurring items		
Write-off of goodwill in respect of Qinyuan Bakery	–	(367)
Impairment of long-term assets at Qinyuan Bakery	–	(100)
Recurring profit	299	160

2023 INDUSTRY REVIEW

Footwear and apparel business in Hong Kong and the Chinese Mainland

In 2023, footwear and apparel sales increased by 41% and 13% in Hong Kong and the Chinese Mainland, respectively.

Car sales in Taiwan

Car registrations in Taiwan increased by 11% to 476,956 units in 2023.

Bakery sales in the Chinese Mainland

Retail sales of bakery products in the Chinese Mainland increased by 6% in 2023.

Sugar sales in the Chinese Mainland

The volume of sugar sold in the Chinese Mainland increased by 2% to 34,613 million pounds in 2023.

2023 RESULTS SUMMARY

The attributable profit of the trading & industrial businesses in 2023 was HK$299 million, compared with an attributable loss of HK$307 million in 2022. The 2022 figure includes non-recurring losses aggregating HK$467 million in respect of goodwill and fixed assets at Qinyuan Bakery. Excluding non-recurring items, profit of the trading & industrial businesses increased by 87% from HK$160 million in 2022.

Swire Resources

The attributable profit of Swire Resources in 2023 was HK$90 million, compared to a loss of HK$5 million in 2022. Border reopening in early 2023 with progressive return of tourists and the HKSAR Government's consumption voucher scheme contributed to positive financial performance. Growth slowed down starting from the third quarter of 2023, with increasing trend of northbound travel by local residents over weekends, affecting store traffic.

Revenue in 2023 was 20% higher than in 2022 with increasing tourists. Gross profit margins increased because of less discounting. Costs were tightly managed. Talent shortage remains the key challenge of the business.

167 retail outlets were operated in Hong Kong and Macau at the end of 2023, eleven more than the end of 2022. Six retail outlets were operated in the Chinese Mainland at the end of 2023, the same number as at the end of 2022.

Taikoo Motors

The attributable profit of Taikoo Motors decreased to HK$165 million in 2023 from HK$168 million in 2022.

19,517 vehicles were sold in 2023, 8% more than in 2022. Margins were compressed due to vehicle over-supply and increased market competition, especially from Japanese brands as benefitted from weaker Yen.

Swire Foods

Swire Foods reported an attributable profit of HK$7 million in 2023, compared with an attributable loss of HK$505 million in 2022.

Qinyuan Bakery recorded an attributable profit of HK$3 million in 2023 compared with an attributable loss of HK$520 million in 2022. The 2022 figure includes non-recurring losses arising from a HK$367 million impairment of goodwill and a HK$100 million impairment in respect of other long-term assets. Excluding the non-recurring losses, Qinyuan Bakery incurred an attributable loss of HK$53 million in 2022.

The revenue of Qinyuan Bakery decreased by 7% in 2023. The gross profit margin was similar to that in 2022. Qinyuan Bakery operated 363 stores at the end of 2023, compared with 436 stores at the end of 2022.

Taikoo Sugar recorded an attributable profit of HK$4 million in 2023, compared to a profit of HK$15 million in 2022. The decrease in profit was mainly due to a one-off closure expense incurred for the factory in Shanghai. The 2023 volume of sugar sold increased by 15%. Margins decreased because of the surge in sugar cost as well as lower sales volume in higher margin retail sector as home consumption reduces after COVID-19 measures were lifted.

Swire Environmental Services

Swire Environmental Services made an attributable profit of HK$53 million in 2023, compared with an attributable profit of HK$48 million in 2022.

OUTLOOK

At Swire Resources, mild growth is expected with the return of tourists in 2024, but partly offset by northbound travelling of Hong Kong and Macau locals. Shortage of labour and increasing costs are expected to affect the business.

At Taikoo Motors, vehicle sales continue to be challenging but aftersales will continue to expand given the growth of car population and new investment in workshop facilities.

Qinyuan Bakery will continue to rationalise its retail network and product range, and to make its supply chain more agile and efficient, all with a view to improving longer term performance.

At Taikoo Sugar, Chinese Mainland food service recovery is not sufficient to cover the drop in retail as home consumption reduces after COVID-19 measures were lifted. Taikoo Sugar will introduce more wellness products to capture new market opportunities.

The business of Swire Environmental Services is expected to drop in 2024 due to the expiry of a waste transfer services contract with the HKSAR Government in March 2024.

David Cogman

FINANCIAL REVIEW

Additional information is provided below to reconcile reported and underlying profit attributable to the Company's shareholders. The reconciling items principally adjust for the fair value 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. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

Audited Financial Information

	Note	2023 HK$M	2022 HK$M
Underlying profit			
Profit attributable to the Company's shareholders		28,853	4,195
Adjustments in respect of investment properties:			
Fair value losses/(gains) in respect of investment properties	(i)	4,423	(1,735)
Deferred tax on investment properties	(ii)	461	1,402
Fair value gains realised on sale of interests in investment properties	(iii)	4,398	915
Depreciation of investment properties occupied by the Group	(iv)	29	28
Amortisation of right-of-use assets reported under investment properties	(v)	(81)	(80)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(vi)	(306)	–
Non-controlling interests' share of fair value movements less deferred tax		(1,600)	23
Underlying profit attributable to the Company's shareholders		36,177	4,748

Notes:
(i) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated companies.
(ii) 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 and associated companies. These comprise deferred tax on fair value 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.
(iii) 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 fair value gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
(iv) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
(v) 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.
(vi) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.

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

	2023 HK$M	2022 HK$M
Underlying profit attributable to the Company's shareholders	36,177	4,748
Significant non-recurring items:		
Gain on disposals of interests in investment properties and properties for sale	(3,513)	(1,255)
Gain on disposals of property, plant and equipment, intangible assets and other investments	(23,425)	(64)
Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments	1,210	706
Remeasurement gain and disposal of assets classified as held for sale	–	(335)
Recurring underlying profit (Note)	10,449	3,800

Note:
A more detailed definition is provided in the Glossary on page 242.

Recurring underlying profit by division is provided below.

	2023 HK$M	2022 HK$M
Property	5,942	5,844
Beverages	2,394	2,392
Aviation		
Cathay group (Note)	3,083	(3,228)
HAECO group and others (Note)	443	221
Trading & Industrial	299	160
Marine Services	–	17
Head Office, Healthcare and others	(1,712)	(1,606)
Recurring underlying profit	10,449	3,800

Note:
Including consolidation adjustments.

Commentary on and Analysis of Major Balances and Year on Year Variances in the Financial Statements

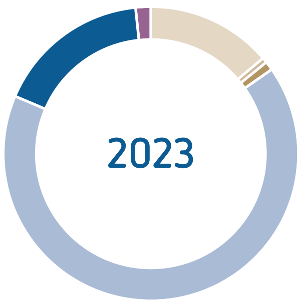
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

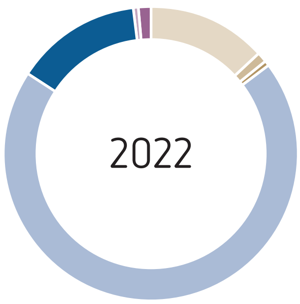
	Notes to the Financial Statements	2023 HK$M	2022[i] HK$M	Increase/(Decrease) HK$M	Increase/(Decrease) %
Revenue	4	94,823	91,693	3,130	3%
Cost of sales	6	(59,674)	(57,356)	(2,318)	-4%
Expenses	6	(23,717)	(23,912)	195	1%
Other net gains[ii]	5	22,049	1,006	21,043	2,092%
Change in fair value of investment properties		(2,860)	810	(3,670)	-453%
Operating profit		30,621	12,241	18,380	150%
Net finance charges	9	(2,026)	(1,468)	(558)	-38%
Share of profits of joint venture companies	20(a)	617	1,857	(1,240)	-67%
Share of profits/(losses) of associated companies	20(b)	3,558	(3,301)	6,859	208%
Taxation	10	(2,932)	(3,060)	128	4%
Profit for the year		29,838	6,269	23,569	376%
Profit attributable to the Company's shareholders	35	28,853	4,195	24,658	588%
Underlying profit attributable to the Company's shareholders	11	36,177	4,748	31,429	662%

Notes:
(i) Figures include continuing operations and discontinued operations.
(ii) Figures include the gain on disposals of SCCU of HK$23,103 million and the impairment charges on interests in joint venture and associated companies of HK$925 million in 2023 and the remeasurement gain on the disposal of SPO of HK$556 million in 2022.

Revenue

Revenue by Category





The increase in revenue of HK$3,130 million in 2023 principally reflected higher revenue from the HAECO group (HK$3,959 million), the trading & industrial businesses (HK$1,258 million) and the Property Division (HK$844 million), partly offset by lower revenue from Swire Coca-Cola (HK$2,381 million) and the absence of the revenue from marine services business (HK$524 million).

In the Property Division, gross rental income from property investment increased by HK$1,177 million in 2023. In the Chinese Mainland, gross rental income from retail properties rose by 42%, reflecting the strong recovery of the retail portfolio from the pandemic and the incremental contribution arising from the completion of the acquisition of the remaining 35% interest in Taikoo Li Chengdu in February 2023. In Hong Kong, the higher retail rental income as a result of strong recovery of the retail sales was offset by the lower office rental income, reflecting the weak office market. Revenue from property trading declined by HK$755 million compared to 2022 because of a reduction in the number of units sold. Property trading revenue in 2023 represented the proceeds of sales of 6 units at EIGHT STAR STREET. Revenue from hotels grew by 73% as hotels in Hong Kong and the Chinese Mainland recovered strongly following the removal of COVID-19 associated travel restrictions.

In Swire Coca-Cola, sales revenue dropped after the disposal of the franchise business in the USA. Excluding the year-on-year SCCU group revenue, the revenue increased by 11%, primarily due to full year revenue contribution from the newly acquired franchise businesses in the South East Asia. In the Chinese Mainland, despite an increase in sales volume, revenue was slightly behind last year by 5% due to the depreciation of the Renminbi. The growth in revenue in Hong Kong was driven by an increase in sales volume. In Taiwan, revenue increased, reflecting effective revenue growth management.

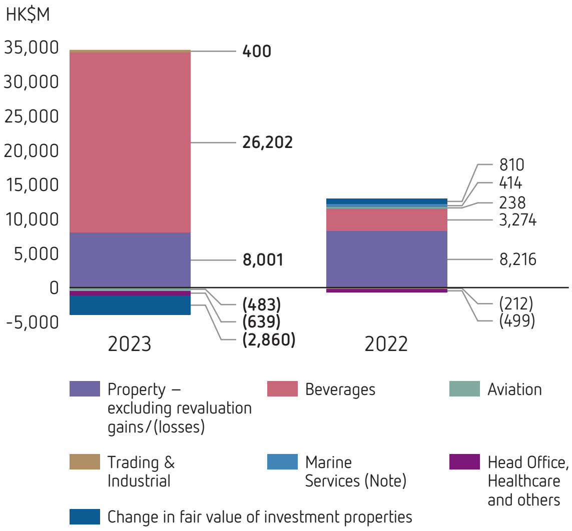
In the Aviation Division, all lines of services in the HAECO group rebounded along with the industry's recovery in flight activities. The revenue of the HAECO group grew by 29%. This principally reflected a strong demand for engine overhaul, recovery of line maintenance movements handled and more base maintenance manhours sold.

In the trading & industrial businesses, revenue increased by 13%, mainly due to more vehicles sold at Taikoo Motors and an increase in tourists leading to higher sales at Swire Resources.

The Group ceased to operate in the marine services business after the disposal of SPO. Revenue was recorded up to April 2022.

Operating Profit

Operating Profit/(Loss)



Note:
Figures include the remeasurement gain on the disposal of SPO of HK$556 million in 2022.

There was a decrease in the fair value of investment properties of HK$2,860 million in 2023, compared with an increase of HK$810 million in 2022. The loss in 2023 principally reflected lower rents from the investment properties in Hong Kong, partly offset by a fair value gain at Brickell City Centre in Miami and investment properties in the Chinese Mainland. The operating profit in 2023 included net divestment gains of HK$23,234 million and impairment charges of HK$1,304 million, as compared to net divestment gains of HK$1,076 million and impairment charges of HK$695 million in 2022. Disregarding changes in the fair value of investment properties and non-recurring items in both years, operating profit increased by HK$501 million in 2023. The increase reflected mainly a recovery of the trading & industrial businesses.

The Property Division's operating profit (disregarding changes in the fair value of investment properties) decreased by HK$215 million. Profit from property investment was slightly behind last year by HK$73 million. This reflected the strong recovery of the retail portfolio in Hong Kong and the Chinese Mainland and the incremental contribution from Taikoo Li Chengdu, offset by lower profit from Hong Kong offices. Property trading recorded an operating loss of HK$89 million, primarily due to sales and marketing expenses incurred for residential trading projects. The operating loss from hotels reduced, driven by a strong recovery in Hong Kong and the Chinese Mainland.

At Swire Coca-Cola, the 2023 operating profit included HK$23,103 million gain on disposal of SCCU and HK$4 million gain related to the restructuring of CCBMH, partly offset by HK$239 million provision in respect of a joint venture company. Disregarding these non-recurring items in 2023, the operating profit increased slightly by HK$60 million, primarily reflecting a full year contribution in the South East Asia, partly offset by higher expenses in the Chinese Mainland and reduced contribution from the USA as a result of the disposal.

In the Aviation Division, the HAECO group's 2023 operating profit decreased by HK$46 million mainly due to a loss on the disposal of the cabin solutions business. Disregarding the non-recurring loss, there was an increase in operating profit primarily due to strong performance at HAECO Engine Services (Xiamen) and improvement from HAECO Hong Kong.

The trading & industrial businesses reached an operating profit of HK$400 million in 2023, a turnaround of HK$612 million from 2022's operating loss. The 2022 operating loss included impairments of goodwill and other long-term assets at Qinyuan Bakery aggregating HK$467 million. Disregarding non-recurring items in 2022, the operating profit of the trading & industrial businesses increased by HK$145 million, principally due to higher profit contribution from Swire Resources.

From April 2022, the Group ceased to operate its marine services business. The operating profit in 2022 included a net gain of HK$335 million on the disposal of SPO.

Net Finance Charges

The increase in net finance charges reflected mainly higher interest rates.

Share of Profits of Joint Venture Companies

In the Property Division, profits from joint venture companies fell by HK$1,319 million. This principally reflected fair value losses of investment properties of HK$667 million in 2023, as compared to fair value gains of HK$510 million in 2022. The profit from property investment also decreased due to the loss of contribution from Taikoo Li Chengdu as joint venture companies.

At Swire Coca-Cola, profits from joint venture companies increased mainly due to the reduction in the share of loss from NLP after the completion of the acquisition.

In the Aviation Division, the profits from joint venture companies in the HAECO group increased, principally reflected more engines being overhauled at HAESL.

Share of Profits/(Losses) of Associated Companies

The Cathay group returned to profitability from a loss of HK$2,947 million in 2022 to a profit of HK$4,405 million in 2023. This reflected a surge in travel demand since the pandemic control measures were lifted. Passenger revenue increased by 309%. Capacity and passenger load factor also increased.

In the Property Division, the share of losses from associated companies principally reflected fair value losses, partly offset by higher hotel revenue in Hong Kong.

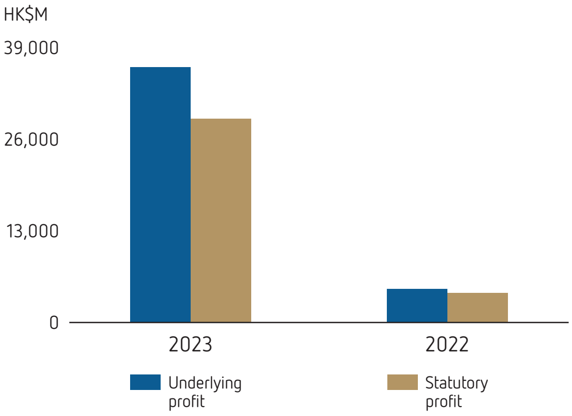
At Swire Coca-Cola, the drop in profit from associated companies was primarily due to the acquisition of the six subsidiaries of CCBMH in the Chinese Mainland in January 2023. The subsidiaries were previously associated companies.

In the healthcare business, the share of losses of associated companies was similar to 2022.

Taxation

The decrease in taxation reflected a decrease in deferred tax in relation to the fair value changes in respect of investment properties in the Chinese Mainland and the USA.

Statutory Profit and Underlying Profit Attributable to the Company's Shareholders

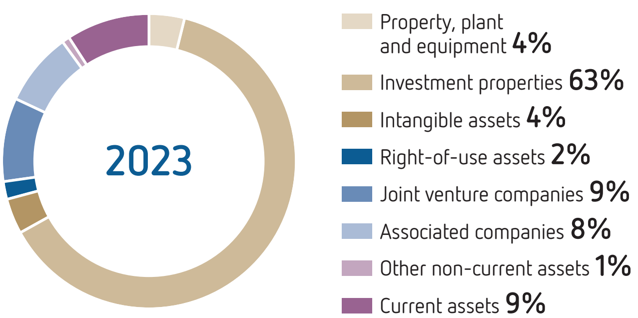


Disregarding investment property valuation adjustments, there is a swing of HK$31,429 million in underlying profit. The increase in underlying profit principally reflected a gain from the sale of the USA business at the Beverages Division, a rebound at the Aviation Division, an increase in profit from the sale of interests in investment properties at the Property Division and improvements in the trading & industrial businesses, partly offset by the absence of contribution from the marine services business.

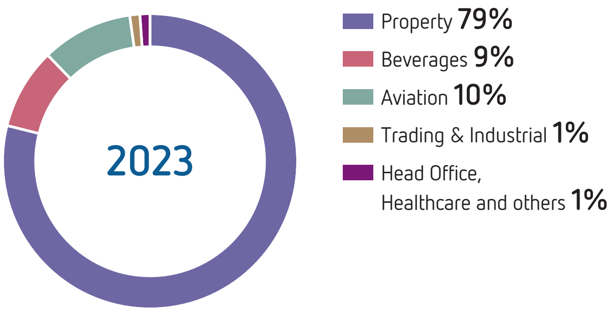
Consolidated Statement of Financial Position

	Notes to the Financial Statements	2023 HK$M	2022 HK$M	Increase/(Decrease) HK$M	%
Property, plant and equipment	14	20,799	22,196	(1,397)	-6%
Investment properties	15	280,783	270,768	10,015	4%
Intangible assets	16	18,041	13,930	4,111	30%
Right-of-use assets	17	8,766	8,117	649	8%
Joint venture companies	20(a)	39,332	45,806	(6,474)	-14%
Associated companies	20(b)	35,113	23,817	11,296	47%
Properties for sale	24	9,121	8,264	857	10%
Stocks and work in progress	25	6,747	7,608	(861)	-11%
Contract assets		1,033	841	192	23%
Trade and other receivables and prepayment	26	9,020	16,308	(7,288)	-45%
Bank balances and short-term deposits	27	14,082	11,614	2,468	21%
Assets classified as held for sale	28	543	2,038	(1,495)	-73%
Other assets		4,372	3,459	913	26%
Total Assets		447,752	434,766	12,986	3%
Trade and other payables	29	28,819	30,216	(1,397)	-5%
Loans and bonds	30	69,218	68,373	845	1%
Lease liabilities	31	5,079	4,916	163	3%
Deferred tax liabilities	32	16,660	13,090	3,570	27%
Other liabilities		3,202	2,235	967	43%
Total Liabilities		122,978	118,830	4,148	3%
Net Assets		324,774	315,936	8,838	3%
Equity attributable to the Company's shareholders	34, 35	268,129	258,456	9,673	4%
Non-controlling interests	36	56,645	57,480	(835)	-1%
Total Equity		324,774	315,936	8,838	3%

Total Assets by Category



Total Assets by Division



Property, Plant and Equipment

The decrease in property, plant and equipment principally reflected disposal of subsidiaries in the USA and depreciation. These more than offset capital expenditure and the value of the assets acquired in the Chinese Mainland and Vietnam at the Property and Beverages Divisions.

Investment Properties

The increase in investment properties was principally due to acquisition of subsidiary companies (Taikoo Li Chengdu) of HK$15,230 million in the Chinese Mainland, additions during the year of HK$2,872 million, partly offset by a fair value loss of HK$2,860 million, foreign exchange translation losses of HK$1,201 million and the disposal of nine floors of One Island East in Hong Kong of HK$4,006 million. The additions included capital expenditure on the Taikoo Place redevelopment, Six Pacific Place, Taikoo Li Xi'an, and other projects in Hong Kong and the Chinese Mainland. The foreign exchange translation losses were principally in respect of investment properties in the Chinese Mainland.

Intangible Assets

The increase in intangible assets in 2023 principally reflected the acquisition of franchise rights and goodwill relating to the Coca-Cola bottling businesses in South East Asia and goodwill from the acquisition of Taikoo Li Chengdu. These increases were partly offset by the decrease in franchise rights and goodwill from the disposal of SCCU.

Right-of-Use Assets

The increase in right-of-use assets was mainly due to leases acquired by Swire Coca-Cola and leases signed by HAECO and the trading & industrial businesses, partially offset by depreciation of existing assets and the disposal of SCCU.

Joint Venture Companies and Loans Due from Joint Venture Companies

The decrease principally reflected the transfer of Taikoo Li Chengdu from joint venture to subsidiary companies, dividends paid and the share of foreign exchange translation losses, partly offset by the movements in loans due from joint venture companies and increases in equity to joint venture companies.

Associated Companies and Loans Due from Associated Companies

The increase principally reflected equity investments in associated companies by the Property Division and an increase in the share of net assets from the Cathay group, partly offset by the fair value losses from the associated companies in the Property Division.

Properties for Sale

The increase in properties for sale principally reflected the development expenditures of Chai Wan Inland Lot No. 178 and 269 Queen's Road East in Hong Kong, partly offset by sales of units at EIGHT STAR STREET in Hong Kong.

Stocks and Work in Progress

The decrease in stocks and work in progress was principally due to the disposal of SCCU, partly offset by the acquisition of stocks when the Coca-Cola bottling business in Vietnam was acquired and increase in stocks from the HAECO group.

Trade and Other Receivables and Prepayment

The 2022 trade and other receivables included a prepayment in respect of shares in a subsidiary company of HK$6,430 million. Excluding the 2022 prepayment, the decrease was mainly due to the settlement of a deferred receivable for the sale of an office tower in Hong Kong and lower receivable balance after the disposal of SCCU, partly offset by a deposit paid for tendering purpose at the Property Division and higher receivable balances from the acquired businesses.

Bank Balances and Short-Term Deposits/Loans and Bonds

The decrease in net borrowings of HK$1,623 million reflected the repayment of loans upon the consideration received from the disposal of SCCU, partly offset by special interim dividend paid and the consolidation of bank loan at the acquisition of the remaining equity interest in Taikoo Li Chengdu.

Assets Classified as Held for Sale

Assets classified as held for sale represent 100% interest in 384 car parking spaces at the Taikoo Shing residential development in Hong Kong.

Trade and Other Payables

The decrease in trade and other payables principally reflected a lower trade payable after the disposal of SCCU.

Lease Liabilities

Lease liabilities represent the recognition of liabilities relating to leased assets.

Deferred Tax Liabilities

The increase in deferred tax liabilities principally reflects the consolidation of Taikoo Li Chengdu after the acquisition of the remaining interest and deferred tax charges for the year, partly offset by foreign exchange translation losses in the Chinese Mainland.

Equity Attributable to the Company's Shareholders

The movement in equity attributable to the Company's shareholders in 2023 consists of the total comprehensive income for the year attributable to the Company's shareholders (HK$26,798 million) less dividends paid to shareholders (HK$16,108 million) and repurchase of the Company's shares (HK$878 million).

Non-Controlling Interests

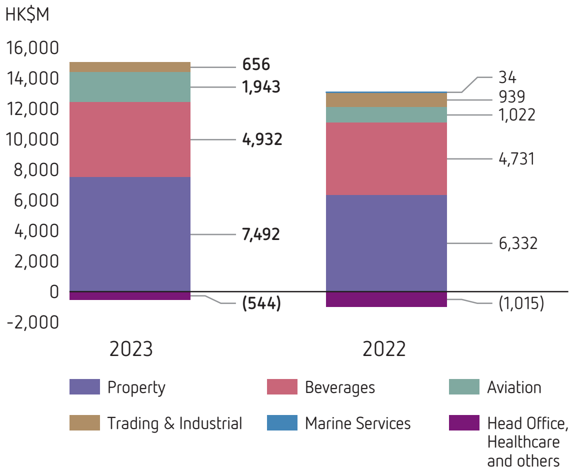
Non-controlling interests principally consist of the 18% non-controlling interest in Swire Properties.

Consolidated Statement of Cash Flows

	Notes to the Financial Statements	2023 HK$M	2022 HK$M	Increase/ (Decrease) HK$M
Cash generated from operations	43(a)	14,479	12,043	2,436
Net interest paid		(2,848)	(1,869)	(979)
Tax paid		(2,142)	(2,628)	486
Dividends received		428	610	(182)
Investing activities				
Purchase of property, plant and equipment and right-of-use assets	43(b)	(3,441)	(3,114)	(327)
Additions of investment properties		(2,771)	(7,096)	4,325
Purchase of intangible assets		(158)	(314)	156
Proceeds from disposals of property, plant and equipment and right-of-use assets		331	695	(364)
Proceeds from disposals of investment properties		5,291	609	4,682
Proceeds from disposals of subsidiary companies, net of cash disposed of	26, 43(d)	30,430	1,174	29,256
Proceeds from partial disposal of an associated company		–	263	(263)
Payment for acquisition of subsidiary companies, net of cash acquired	42	(3,255)	(1,783)	(1,472)
Purchase of shares in and equity to joint venture companies		(1,147)	(2,847)	1,700
Purchase of shares in associated companies		(10,477)	(97)	(10,380)
Prepayment of shares in respect of a subsidiary company		–	(6,430)	6,430
Purchase of investments at fair value		(341)	(186)	(155)
Net loans (to)/from joint venture companies		(1,476)	640	(2,116)
Net loans to associated companies		(46)	(177)	131
Others		90	1,121	(1,031)
Net cash generated from/(used in) businesses and investments		22,947	(9,386)	32,333
Dividends paid	35, 36	(17,572)	(5,696)	(11,876)
Capital contribution from non-controlling interests		16	1,003	(987)
Repurchase of the Company's shares	34	(851)	(2,639)	1,788
Loans drawn and refinancing	43(c)	23,462	25,676	(2,214)
Repayment of loans and bonds	43(c)	(25,886)	(18,866)	(7,020)
Principal elements of lease payments	43(c)	(895)	(880)	(15)
Cash paid to shareholders and net funding by external debt/lease liabilities		(21,726)	(1,402)	(20,324)
Increase/(decrease) in cash and cash equivalents		1,221	(10,788)	12,009

Cash Generated from Operations

Cash Generated from Operations by Division



Tax Paid

The decrease in tax paid in 2023 principally reflected lower tax paid by the Property Division and the Head Office.

Dividends Received

Dividends received in 2023 principally comprised dividends from HAESL and from the Property Division's joint venture investment property companies in the Chinese Mainland.

Purchase of Property, Plant and Equipment and Right-of-Use Assets

Purchase of property, plant and equipment and right-of-use assets in 2023 principally comprised the purchase of new production, marketing and distribution equipment by Swire Coca-Cola.

Additions of Investment Properties

The additions of investment properties in 2023 principally reflected capital expenditure on the Taikoo Place redevelopment, Six Pacific Place, Taikoo Li Xi'an and on other projects in Hong Kong and the Chinese Mainland.

Purchase of Intangible Assets

The decrease in the purchase of intangible assets in 2023 was mainly due to less purchase of technical licences by HAECO.

Proceeds from Disposals of Property, Plant and Equipment and Right-of-Use Assets

The 2022 proceeds from disposals of property, plant and equipment and right-of-use assets principally reflected compensation received for the Xiamen airport relocation.

Proceeds from Disposals of Investment Properties

The proceeds from disposals of investment properties principally reflected the sale of the nine floors at One Island East and the disposal of Taikoo Shing car parking spaces in Hong Kong.

Proceeds from Disposals of Subsidiary Companies

The proceeds from disposals of subsidiary companies comprised the proceeds received from the disposal of SCCU and the settlement of a deferred payment for the sale of the Cityplaza One office tower in Hong Kong.

Proceeds from Partial Disposal of an Associated Company

The 2022 amount represents proceeds related to the disposal of equity interests in Cadeler.

Payment for Acquisition of Subsidiary Companies, Net of Cash Acquired

In 2023, the acquisitions mainly represent the acquisition of Taikoo Li Chengdu by Swire Properties and the acquisitions of the Coca-Cola bottling business in Vietnam and six of the beverages preparation and packaging subsidiaries of CCBMH in the Chinese Mainland by Swire Coca-Cola.

Purchase of Shares in and Equity to Joint Venture Companies

Purchase of shares in joint venture companies primarily reflected equity investments in joint venture companies by the Property Division.

Purchase of Shares in Associated Companies

Purchases of shares in associated companies principally comprised equity investments by the Property Division.

Prepayment of Shares in Respect of a Subsidiary Company

The 2022 prepayment of shares in respect of a subsidiary company comprised a prepayment in respect of the acquisition of the Coca-Cola bottling business in Vietnam.

Loans Drawn and Refinancing

In 2023, loans drawn and refinancing comprised new financing under the Group's medium term note programmes and new loans and drawdowns under financing facilities from banks.

Investment Appraisal and Performance Review

	Capital employed		Capital commitments (Note)	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
Property investment	300,447	293,568	24,823	27,402
Property trading	17,334	11,612	–	–
Hotels	6,816	5,841	392	552
Property – overall	324,597	311,021	25,215	27,954
Beverages	18,172	26,233	4,699	4,274
Aviation	37,529	35,904	5,297	5,596
Trading & Industrial	2,693	2,353	4	23
Head Office, Healthcare and others	1,998	2,100	932	–
Total capital employed	384,989	377,611	36,147	37,847
Less: net debt	(55,136)	(56,759)		
Less: lease liabilities	(5,079)	(4,916)		
Less: non-controlling interests	(56,645)	(57,480)		
Equity attributable to the Company's shareholders	268,129	258,456		

	Equity attributable to the Company's shareholders		Return on average equity attributable to the Company's shareholders	
	2023 HK$M	2022 HK$M	2023	2022
Property investment	226,552	229,193	1.0%	2.9%
Property trading	2,491	3,273	-4.8%	3.9%
Hotels	4,536	4,535	-1.8%	-6.0%
Property – overall	233,579	237,001	0.9%	2.7%
Beverages	21,771	23,287	111.4%	11.6%
Aviation	34,412	31,345	10.3%	-9.1%
Trading & Industrial	2,260	2,057	13.8%	-13.7%
Head Office, Healthcare and others	(23,893)	(35,234)		
Total	268,129	258,456	11.0%	1.6%

Note:
The capital commitments represent the Group's capital commitments plus the Group's share of the capital commitments of joint venture companies.

FINANCING

Capital Structure

The Group aims to maintain a capital structure that is appropriate for long-term credit ratings of A1 to A3 on Moody's scale, A+ to A- on Standard & Poor's scale and A+ to A- on Fitch's scale. Actual credit ratings may depart from these levels from time to time due to macro-economic or other circumstances. At 31st December 2023, the Company's long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch, and Swire Properties' long-term credit ratings were A2 from Moody's and A from Fitch.

Changes in Financing

Analysis of changes in financing during the year

Audited Financial Information

	Loans and bonds				
	due within one year HK$M	due after one year HK$M	Lease liabilities HK$M	Total 2023 HK$M	2022 HK$M
At 1st January	10,244	58,129	4,916	73,289	66,889
Loans drawn and refinancing	7,505	15,957	–	23,462	25,676
Repayment of loans and bonds	(12,553)	(13,333)	–	(25,886)	(18,866)
Principal elements of lease payments	–	–	(895)	(895)	(880)
New leases arranged during the year	–	–	967	967	682
Change in composition of the Group	438	2,713	(250)	2,901	30
Reclassification	4,918	(4,918)	–	–	–
Effect of exchange differences	48	33	(6)	75	(238)
Other non-cash movements	5	32	347	384	(4)
At 31st December	10,605	58,613	5,079	74,297	73,289

Sources of Finance

Audited Financial Information

At 31st December 2023, committed loan facilities and debt securities amounted to HK$104,341 million, of which HK$34,850 million (33%) were undrawn. In addition, there were lease liabilities amounting to HK$5,079 million. The Group had undrawn uncommitted facilities totalling HK$10,548 million. Sources of gross borrowings at 31st December 2023 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	42,216	42,216	–	–	–
Bank loans	62,125	27,275	1,000	33,850	34,850
Total committed facilities	104,341	69,491	1,000	33,850	34,850
Uncommitted facilities					
Bank loans and overdrafts	10,588	40	10,548	–	10,548
Total	114,929	69,531	11,548	33,850	45,398

Note:
The figures above are stated before unamortised loan fees of HK$313 million.

i) Loans and Bonds

Audited Financial Information

For accounting purposes, the loans and bonds are classified as follows:

	2023			2022		
	Drawn, before unamortised loan fees HK$M	Unamortised loan fees HK$M	Carrying value HK$M	Drawn, before unamortised loan fees HK$M	Unamortised loan fees HK$M	Carrying value HK$M
Short-term loans – unsecured	–	–	–	25	–	25
Long-term loans and bonds at amortised cost	69,531	(313)	69,218	68,667	(319)	68,348
Less: amount due within one year included under current liabilities	(10,613)	8	(10,605)	(10,225)	6	(10,219)
	58,918	(305)	58,613	58,442	(313)	58,129

The maturity of long-term loans and bonds is as follows:

	2023 HK$M	2022 HK$M
Bank loans (secured)		
Repayable within one year	94	–
Repayable between one and two years	463	–
Repayable between two and five years	1,354	–
Repayable after five years	809	–
Bank loans (unsecured)		
Repayable within one year	6,369	2,499
Repayable between one and two years	1,968	1,770
Repayable between two and five years	16,056	24,244
Other borrowings (unsecured)		
Repayable within one year	4,142	7,720
Repayable between one and two years	10,563	4,135
Repayable between two and five years	17,613	13,822
Repayable after five years	9,787	14,158
	69,218	68,348
Amount due within one year included under current liabilities	(10,605)	(10,219)
	58,613	58,129

	2023 HK$M	2022 HK$M
The maturity of lease liabilities is as follows:		
Within one year	873	776
Between one and two years	673	615
Between two and five years	1,200	1,137
Over five years	2,333	2,388
	5,079	4,916
Amount due within one year included under current liabilities	(873)	(776)
	4,206	4,140

ii) Bank Balances and Short-Term Deposits

The Group had bank balances and short-term deposits of HK$14,082 million at 31st December 2023 compared to HK$11,614 million at 31st December 2022.

Maturity Profile and Refinancing

Bank loans and other borrowings are repayable on various dates up to 2033 (2022: 2032).

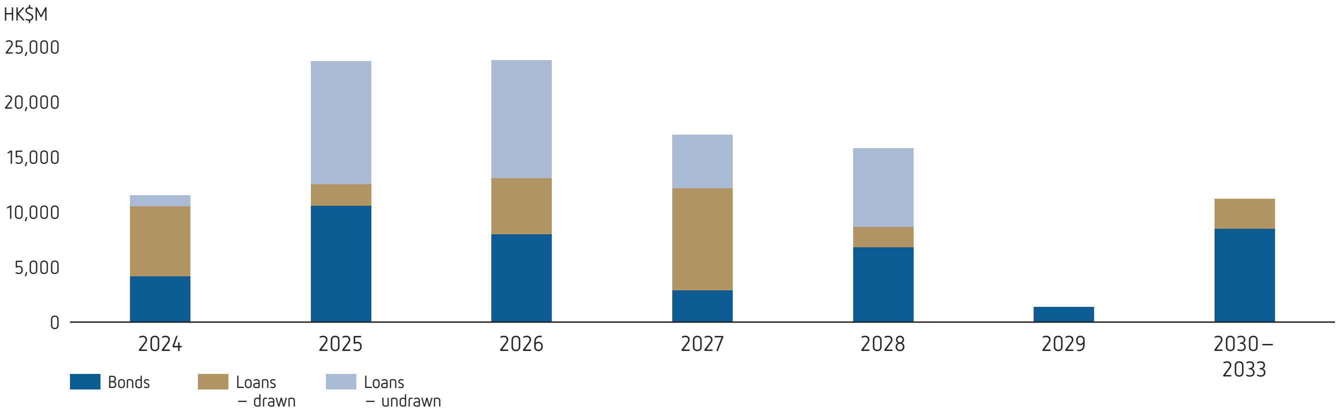
The weighted average term and cost of the Group's debt is:

	2023	2022
Weighted average term of debt	**2.9 years**	3.3 years
Weighted average cost of debt (Note)	**4.0%**	3.2%

Note:
On a gross debt basis.

The maturity profile of the Group's available committed loan facilities and debt securities is set out below:

Total Available Committed Facilities by Maturity
at 31st December 2023



Currency Profile

An analysis of the carrying amounts of gross borrowings and lease liabilities by currency (after cross-currency swaps) is shown below:

Audited Financial Information

	2023					2022				
	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M
Currency										
Hong Kong dollar	50,924	74%	2,907	57%	53,831	63,983	93%	2,778	56%	66,761
United States dollar	3,539	5%	195	4%	3,734	3,920	6%	376	8%	4,296
Renminbi	14,755	21%	1,113	22%	15,868	445	1%	1,020	21%	1,465
Others	–	0%	864	17%	864	25	0%	742	15%	767
Total	69,218	100%	5,079	100%	74,297	68,373	100%	4,916	100%	73,289

Finance Charges from Continuing Operations

Audited Financial Information

At 31st December 2023, 76% of the Group's gross borrowings were on a fixed rate basis and 24% were on a floating rate basis (2022: 59% and 41%).

The exposure of the Group's loans and bonds to interest rate changes (after interest rate swaps) can be illustrated as follows:

		Fixed interest rate maturing in:			
	Floating interest rate HK$M	1 year or less HK$M	1 to 5 years HK$M	Over 5 years HK$M	Total HK$M
At 31st December 2023	16,504	6,346	36,581	9,787	69,218
At 31st December 2022	27,718	7,520	16,838	16,297	68,373

Audited Financial Information

Interest charged and earned from continuing operations during the year was as follows:

	2023 HK$M	2022 HK$M
Interest charged		
Bank loans and overdrafts	1,494	393
Other loans and bonds	1,466	1,495
Fair value (gain)/loss on derivative instruments		
Cross-currency and interest rate swaps: cash flow hedges, transferred from other comprehensive income	(57)	(24)
Cross-currency swaps not qualifying as hedges	6	(4)
Amortised loan fees – loans at amortised cost	110	91
	3,019	1,951
Lease liabilities	201	181
Fair value loss on put options over non-controlling interests in subsidiary companies	9	43
Other financing costs	163	134
Capitalised on		
Investment properties	(510)	(370)
Properties for sale	(270)	(186)
	2,612	1,753
Less: interest income		
Short-term deposits and bank balances	411	216
Other loans	175	72
	586	288
Net finance charges	2,026	1,465

The capitalised interest rates on loans and bonds borrowed for the development of investment properties and properties for sale were between 3.20% and 6.20% per annum (2022: 2.90% and 3.70% per annum).

The amount transferred from other comprehensive income in respect of cash flow hedges in 2023 included HK$24 million relating to currency basis (2022: HK$30 million).

The total interest charged on borrowings held at amortised cost (after interest rate swaps) was HK$3,019 million (2022: HK$1,951 million).

The interest rates per annum, before swaps, at the year-end date were as follows:

	2023				2022			
	HK$ %	US$ %	RMB %	Others %	HK$ %	US$ %	RMB %	Others %
Short-term loans	–	–	–	–	–	–	–	1.16
Long-term loans and bonds	2.00-6.64	2.88-6.48	2.75-3.85	0.58	2.00-6.05	2.88-5.60	3.50-4.00	0.54

Covenants and Credit Triggers

Audited Financial Information

There are no specific covenants given by the Group in relation to its debt facilities which would require debt repayment or termination of a facility should its credit rating be revised by the credit rating agencies.

The Company has given financial covenants in respect of gearing limits and maintenance of minimum consolidated net worth, to secure funding for itself and its subsidiaries. These covenants are set out below:

	Covenant requirements	2023	2022
Gearing			
Consolidated borrowed money/consolidated net worth	≤200%	17.0%	18.0%
Consolidated borrowed money and lease liabilities/consolidated net worth	≤200%	18.5%	19.5%

	HK$M	HK$M	HK$M
Maintenance of minimum consolidated tangible net worth			
Consolidated tangible net worth	≥20,000	306,733	302,006

These financial covenants, together with long-term credit rating objective, establish the framework within which the capital structure of the Group is determined.

To date, none of the covenants have been breached.

Capital Management

Audited Financial Information

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as a going concern, so that it can continue to provide returns for shareholders, and to secure access to finance at a reasonable cost.

The Group considers a number of factors in monitoring its capital structure, principally the gearing ratio, cash interest cover and the return cycle of its investments. For the purpose of the gearing ratio, the Group defines net debt as total borrowings (comprising borrowings net of security deposits) less short-term deposits and bank balances. Capital comprises total equity, as shown in the consolidated statement of financial position.

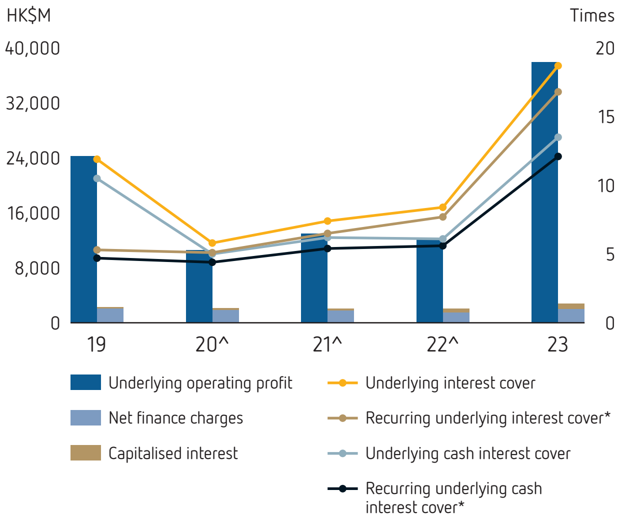
In order to maintain or adjust the gearing ratio, the Group may adjust the amount of dividends paid to shareholders, repurchase shares, raise new debt financing or sell assets to reduce debt. The gearing ratios at 31st December 2023 and 31st December 2022 were as follows:

	2023 HK$M	2022 HK$M
Total borrowings	69,218	68,373
Less: short-term deposits and bank balances	(14,082)	(11,614)
Net debt	55,136	56,759
Total equity	324,774	315,936
Gearing ratio	17.0%	18.0%
Gearing ratio-including lease liabilities (Note)	18.5%	19.5%
Interest cover – times	15.1	8.3
Cash interest cover – times	10.9	6.0
Underlying cash interest cover – times	13.5	6.1
Return on average equity attributable to the Company's shareholders	11.0%	1.6%

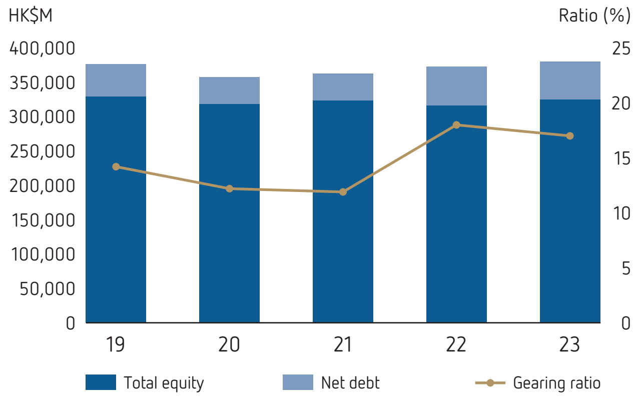
Note:
Lease liabilities amounted to HK$5,079 million at 31st December 2023 compared to HK$4,916 million at 31st December 2022 (refer to note 31 to the financial statements).

The following graphs illustrate the underlying interest cover and the gearing ratios for each of the last five years:

Underlying Interest Cover



Gearing Ratio



* Calculated using recurring underlying operating profit.
^ Included continuing operations and discontinued operations.

Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of Swire Pacific reported in the consolidated statement of financial position does not include the share of net debt in its joint venture and associated companies. These companies had the following net debt positions at the end of 2023 and 2022:

	Total net debt/(cash) of joint venture and associated companies		Portion of net debt/(cash) shared by the Group		Debt guaranteed by Swire Pacific or its subsidiaries	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
Property	17,239	25,930	5,620	9,320	3,996	4,181
Beverages	(2,209)	(2,079)	(922)	(874)	–	68
Aviation						
Cathay group	23,765	26,889	15,080	20,875	–	–
HAECO group	431	1,318	260	696	–	–
Trading & Industrial	(33)	(34)	(13)	(13)	–	–
Head Office, Healthcare and others	2,089	1,714	428	356	–	–
	41,282	53,738	20,453	30,360	3,996	4,249

If the share of net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 23.3% at 31st December 2023 (2022: 27.6%).

The lease liabilities of these companies at the end of 2023 and 2022 were as follows:

	Total lease liabilities of joint venture and associated companies		Portion of lease liabilities shared by the Group	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
Property	**117**	185	**47**	81
Beverages	**84**	267	**45**	118
Aviation				
Cathay group	**28,999**	31,940	**13,048**	14,373
HAECO group	**11**	20	**6**	10
Head Office, Healthcare and others	**249**	38	**5**	7
	29,460	32,450	**13,151**	14,589

Financial Risk Management

Audited Financial Information

Structure and Policies

In the normal course of business the Group is exposed to financial risks attributable to interest rates, currencies, credit, commodities and liquidity.

The Finance Committee oversees the management of the Group's financial risks, including setting the Group's financial risk profile and related risk management policies and procedures, within an agreed framework authorised by the Board. These policies and procedures are implemented by the head office treasury department and divisional finance functions. The Finance Committee consists of the Finance Director, Divisional Finance Directors and other senior finance executives. The Finance Committee meets quarterly to review financial risks at Group and divisional levels. In 2023, the Finance Committee met four times.

The treasury department manages the funding needs of the Group's non-listed subsidiaries, as well as resulting interest rate, currency, credit and liquidity risks. Operating subsidiaries manage currency, credit and commodity exposures that are specific to their trading transactions.

It is the Group's policy not to enter into derivative transactions for speculative purposes. Derivatives are used solely for management of an underlying risk and the Group minimises its exposure to market risk by applying hedge accounting for derivative instruments. By applying hedge accounting, gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged. Accounting for derivative financial instruments and hedging activities is discussed on pages 179 and 180.

The Group's listed subsidiary (Swire Properties Limited) and the Group's joint venture and associated companies arrange their financial and treasury affairs on a stand-alone basis. The Company may provide financial support by way of guarantees to its non-listed joint venture and associated companies in cases where significant cost savings are available and risks are acceptable.

Interest Rate Exposure

The Group's interest rate risk arises primarily from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group earns interest income on cash deposits and some loans due from joint venture and associated companies.

The Group maintains a significant proportion of debt on a fixed rate basis with a view to increasing certainty of funding costs. The level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates on profit, interest cover and the expected cash flows of the Group's businesses and investments. The Group uses interest rate swaps to manage its long-term interest rate exposure. The Finance Directors of the Group and Swire Properties Limited approve all interest rate hedges prior to implementation.

Financial Risk Management (continued)

Audited Financial Information (continued)

On a quarterly basis, the treasury department calculates the effect of the Group's exposure to interest rate fluctuations on forecast earnings and cash flows by performing sensitivity testing with varying forecast interest rates. The treasury department reports the results of this testing to the Finance Committee. Refer to page 135 for details of the sensitivity testing performed at 31st December 2023.

Currency Exposure

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Chinese Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations.

The Group's policy is to hedge in full all highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or other derivative contract is not prohibitively expensive having regard to the underlying exposure.

Exposure to movements in exchange rates on transactions is minimised by using appropriate hedging instruments where active markets for the relevant currencies exist. At 31st December 2023, the Group had hedged its significant foreign currency funding exposures, by fixing the foreign exchange rates with forward contracts and cross-currency swaps.

Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

Foreign currency funding and deposit exposure is monitored by the treasury department on a continuous basis. The Finance Directors of the Group and Swire Properties Limited approve all foreign currency hedges prior to implementation.

Refer to page 136 for a sensitivity analysis of the Group's exposure to currency risk arising from recognised financial assets or financial liabilities denominated in a currency other than the functional currency at 31st December 2023.

Credit Exposure

The Group's credit risk is primarily attributable to trade and other receivables with wholesale customers, derivative financial instruments, receivables from joint venture companies and associated companies and cash and deposits with banks and financial institutions. Individual operating entities are responsible for setting credit terms appropriate to their industry and assessing the credit profile of individual customers.

Standard settlement terms within the Beverages Division and the HAECO group are 30 days from the date of invoice. In accordance with the provisions of Swire Properties' standard tenancy agreements, rentals and other charges are due on the first day of each calendar month. Typically sales to retail customers within Swire Resources are made by cash or major credit cards. The Group has no significant credit risk with any one customer.

When depositing surplus funds or entering into derivative contracts, the Group controls its exposure to non-performance by counterparties by dealing with investment grade counterparties to the extent possible, setting approved counterparty limits and applying monitoring procedures. Counterparty credit exposure limits for financial institutions are proposed by the treasury department and approved by the Finance Director. The treasury department monitors the counterparties' credit ratings and issues an approved list of counterparties with their limits on a quarterly basis to all subsidiaries. Group companies require prior approval from the Group's treasurer to deal with banks not on the approved list. In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint venture companies and associated companies through exercising control or significant influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group is not required by its counterparties to provide collateral or any other form of security against any change in the market value of derivatives. There are no specific conditions that would require the termination of derivative contracts should the credit rating of Swire Pacific be downgraded.

The maximum credit risk in respect of contingencies is disclosed in note 39 to the financial statements.

Financial Risk Management (continued)

Audited Financial Information (continued)

Liquidity Risk

The Group takes liquidity risk into consideration when deciding its sources of funds and their tenors, so as to avoid over reliance on funds from any one source and to prevent substantial refinancing in any one period. The Group maintains significant undrawn committed revolving credit facilities and cash deposits in order to reduce liquidity risk further and to allow for flexibility in meeting funding requirements.

The Group aims to maintain immediate access to committed funds to meet its refinancing for the following nine months on a rolling basis and capital commitments for the following 12 months on a rolling basis.

The treasury departments of Swire Pacific and its listed subsidiary (Swire Properties Limited) produce a forecast funding plan for the Group on a quarterly basis and a summary forecast on a monthly basis, in order to assess committed and probable funding requirements. The plan includes an analysis of debt refinancing by year and by source of funds. The Group's treasurer presents the forecast funding plan together with funding proposals to the Finance Director on a regular basis, and to the Finance Committee. Refer to page 137 for details of the Group's contractual obligations at 31st December 2023.

Price Risk

The Group is exposed to price risk in relation to listed equity securities held as equity investments at fair value. Management regularly reviews the expected returns from holding such investments, on an individual basis.

CORPORATE GOVERNANCE REPORT

Corporate and Governance Culture

Swire Pacific is committed to ensuring that its affairs are conducted in accordance with its corporate and governance culture and values of integrity, originality, excellence, humility, teamwork, continuity and high ethical standards, which form a coherent set of principles that are relevant across the Company's business and underpin everything it does. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, Swire Pacific believes that shareholder value will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to shareholders
– that the interests of those who deal with the Company are safeguarded
– that overall business risk is understood and managed appropriately
– the delivery of high-quality products and services to the satisfaction of customers
– that high standards of ethics are maintained
– a commitment to sustainable development which supports long-term growth.

The Board provides guidance to management by defining the purpose, values and strategic direction of the Group, and plays an important role in establishing and instilling a culture that reinforces the values of acting lawfully, ethically and responsibly. The Company's Corporate Code of Conduct ensures that the corporate culture and expected behaviours are clearly communicated to everyone in the Group. Appropriate policies and procedures are in place to promote and reinforce the need for employees and others who deal with the Company to act with honesty and integrity and to raise concerns about actual or suspected cases of impropriety. Indicators used for assessing and monitoring social and corporate governance related data (including staff turnover rates, whistleblowing data, and breaches of the Company's Corporate Code of Conduct) are set out in the 2023 Sustainability Report of the Company. The Group offers competitive remuneration and benefits designed to attract, motivate and retain talented people at all levels. Having regard to the corporate culture reflected in the policies and practices of the Group, the Board is satisfied that the purpose, values and strategic directions of the Group are aligned with its culture.

Corporate Governance Statement

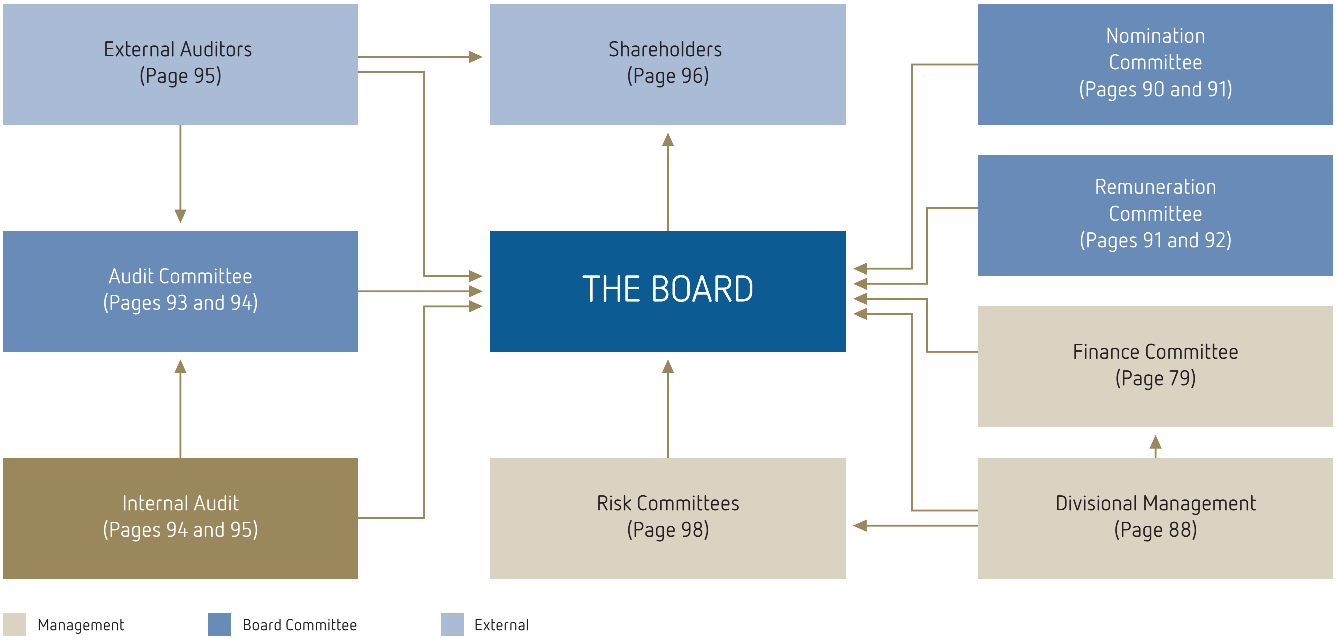
The Corporate Governance Code (the CG Code) as published by The Stock Exchange of Hong Kong Limited sets out the principles of good corporate governance and provides two levels of recommendation:

– code provisions, with which issuers are expected to comply, but with which they may choose not to comply, provided they give considered reasons and explanations for non-compliance
– recommended best practices, with which issuers are encouraged to comply, but which are provided for guidance only

The Company supports the principles-based approach of the CG Code and the flexibility this provides for the adoption of corporate policies and procedures which recognise the individuality of companies. Swire Pacific has adopted its own corporate governance code which is available on its website (www.swirepacific.com). Corporate governance does not stand still; it evolves with the business and operating environment. The Company is always ready to learn and adopt best practices. As part of its commitment to enhance corporate governance standards within the region, Swire Pacific is a member of the Asian Corporate Governance Association.

The Company complied with all the code provisions set out in the CG Code contained in Part 2 of Appendix C1 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.

Governance Structure



Note:
The Risk and Finance Committees report to the Board through the Audit Committee.

The Board of Directors

Role of the Board

The Company is governed by a Board of Directors, which has responsibility for strategic leadership and control of the Group designed to maximise shareholder value, while taking due account of the interests of those with whom the Group does business and others.

Responsibility for achieving the Company's objectives and running the business on a day-to-day basis is delegated to divisional management. The Board exercises a number of reserved powers which include:

– maintaining and promoting the culture of the Company
– formulation of long-term strategy
– approving public announcements, including financial statements
– committing to major acquisitions, divestments and capital projects
– authorising significant changes to the capital structure and material borrowings
– any issue, or buy-back, of equity securities under the relevant general mandates
– approving treasury policy
– setting dividend policy
– approving appointments to the Board
– ensuring that appropriate management development and succession plans are in place
– setting the Group remuneration policy
– approving annual budgets and forecasts
– reviewing operational and financial performance
– reviewing the effectiveness of the Group's risk management and internal control systems
– ensuring the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting and environmental, social and governance (ESG) functions
– overseeing sustainable development matters.

To assist it in fulfilling its duties, the Board has three primary committees, the Audit Committee (see pages 93 and 94), the Nomination Committee (see pages 90 and 91) and the Remuneration Committee (see pages 91 and 92).

Chairman and Chief Executive

The CG Code requires that the roles of Chairman and Chief Executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who run the business.

Guy Bradley, the Chairman, is responsible for:

– leadership of the Board
– setting its agenda and taking into account any matters proposed by other Directors for inclusion in the agenda
– facilitating effective contributions from and dialogue with all Directors and constructive relations between them
– ensuring that all Directors are properly briefed on issues arising at Board meetings and that they receive accurate, timely and clear information
– obtaining consensus amongst the Directors
– ensuring, through the Board, that good corporate governance practices and procedures are followed.

Each division of the Group has one or more executive directors who are responsible for implementing the policies and strategies set by the Board in order to ensure the successful day-to-day management of the Group's individual businesses (see page 88).

Throughout the year, there was a clear division of responsibilities between the Chairman and the management executives responsible for the divisions of the Group.

Board Composition

The Board is structured with a view to ensuring it is of a high calibre and has a balance of skills, experience and diversity of perspectives appropriate to the Company's business so that it works effectively as a team, and that individuals or groups do not dominate any decision-making.

The Board comprises the Chairman, four other Executive Directors and eight Non-Executive Directors. Their biographical details are set out in the section of this annual report headed Directors and Officers and are posted on the Company's website.

Guy Bradley, David Cogman, Patrick Healy, Martin Murray and Zhang Zhuo Ping are directors and/or employees of the John Swire & Sons Limited (Swire) group. Gordon McCallum and Merlin Swire are shareholders, directors and employees of the Swire group. Before he ceased to be a Director of the Company, Samuel Swire was a shareholder, a director and an employee of the Swire group.

The Non-Executive Directors bring independent advice, judgement and, through constructive challenge, scrutiny of executives and review of performance and risks. The Audit, Nomination and Remuneration Committees of the Board comprise only Non-Executive Directors.

Six of the eight Non-Executive Directors are Independent Non-Executive Directors, which represent at least one-third of the Board of Directors.

The Independent Non-Executive Directors:

– provide open and objective challenge to management and other Board members
– raise intelligent questions and challenge constructively and with vigour
– bring outside knowledge of the businesses and markets in which the Group operates, providing informed insight and responses to management.

Board Independence

The Company has in place effective mechanisms to ensure that independent views and input are available to the Board. The Nomination Committee, a majority of which is comprised of Independent Non-Executive Directors, assesses the suitability and independence of potential candidates to be appointed as Independent Non-Executive Directors and reviews the independence of each Independent Non-Executive Director annually. The Independent Non-Executive Directors meet with the Chairman at least once annually without the presence of other Directors and they can interact with management and other Directors including the Chairman through formal and informal means. Independent professional advice is also available to all Directors whenever necessary. A review of these mechanisms is conducted on an annual basis to ensure their effectiveness.

Confirmation has been received from all Independent Non-Executive Directors that they are independent as regards the factors set out in Rule 3.13 of the Listing Rules. None of them holds cross-directorships or has significant links with other Directors through involvements in other companies or bodies. The Board considers that all of the Independent Non-Executive Directors are independent in character and judgement.

Rose Lee has served as a Non-Executive Director for more than nine years. The Directors are of the opinion that she remains independent, notwithstanding her length of tenure. Rose Lee continues to demonstrate the attributes of an Independent Non-Executive Director noted above and there is no evidence that her tenure has had any impact on her independence. During her tenure, Rose Lee was not involved in the daily management of the Company nor in any relationship or circumstances which would materially interfere with her exercise of independent judgement. She has not held any interests in the shares of the Company. She has demonstrated strong independence by providing impartial views and exercising independent judgment at Board and Board committee meetings. Drawing upon experience and skills acquired through her other directorships and offices, she is also capable of bringing fresh and objective perspectives to the Board. The Board believes that her detailed knowledge of the Group's business and her external experience continue to be of significant benefit to the Company, and that she maintains an independent view of its affairs.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-Executive Directors to be independent as regards the factors set out in Rule 3.13 of the Listing Rules.

Responsibilities of Directors
On appointment, the Directors receive information about the Group including:

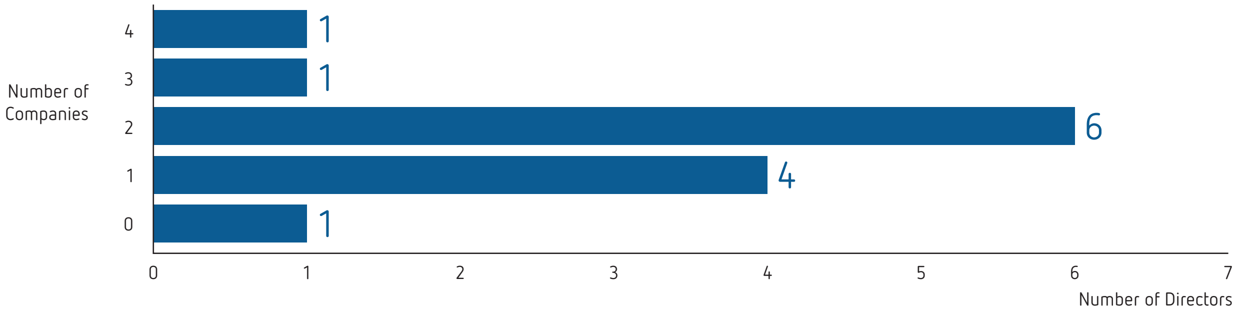
– the role of the Board and the matters reserved for its attention
– the role and terms of reference of Board committees
– the Group's corporate governance practices and procedures
– the powers delegated to management
– the latest financial information.

Directors update their skills, knowledge and understanding of the Company's businesses through their participation at meetings of the Board and its committees and through regular meetings with management at the head office and in the divisions. Directors are regularly updated by the Company Secretary on their legal and other duties as Directors of a listed company.

Through the Company Secretary, Directors are able to obtain appropriate professional training and advice.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Group. All Directors disclose to the Board on their first appointment their interests as a Director or otherwise in other companies or organisations and such declarations of interests are updated regularly. No Director was a director of more than four other listed companies (excluding the Company) at 31st December 2023.

Other Listed Company Directorship(s)



Details of Directors' other appointments are shown in their biographies in the section of this annual report headed Directors and Officers.

Board Processes
All committees of the Board follow the same processes as the full Board.

The dates of the 2023 Board meetings were determined in 2022 and any amendments to this schedule were notified to Directors at least 14 days before regular meetings. Appropriate arrangements are in place to allow Directors to include items in the agenda for regular Board meetings.

Agendas and accompanying Board papers are circulated with sufficient time to allow the Directors to prepare before meetings.

The Chairman takes the lead to ensure that the Board acts in the best interests of the Company, that there is effective communication with the shareholders and that their views are communicated to the Board as a whole.

Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

Minutes of Board meetings are taken by the Company Secretary and, together with any supporting papers, are made available to all Directors. The minutes record the matters considered by the Board, the decisions reached, and any concerns raised or dissenting views expressed by Directors. Draft and final versions of the minutes are sent to all Directors for their comment and records respectively.

Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings.

Directors meet at least once annually to discuss the Company's strategy, including investment and divestment plans and other strategic initiatives. The strategy session also serves as a platform for raising new initiatives and ideas.

The executive management provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly.

When necessary, the Independent Non-Executive Directors meet privately to discuss matters which are their specific responsibility. Five such meetings were held in 2023.

The Chairman meets at least annually with the Independent Non-Executive Directors without the presence of other Directors.

Board Activities

The Board met seven times in 2023, including one strategy session. The attendance of individual Directors at meetings of the Board and its committees is set out in the table below. Average attendance at Board meetings was 98%. All Directors attended Board meetings in person or through electronic means of communication during the year.

	Meetings Attended/Held						Continuous Professional Development
Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	2023 Annual General Meeting	30th August 2023 Extraordinary General Meeting	Type of Training (Notes)
Executive Directors							
Guy Bradley – Chairman	7/7				√	√	A, B
David Cogman	7/7				√	√	A, B
Patrick Healy	7/7				√	√	A, B
Martin Murray	7/7				√	√	A, B
Zhang Zhuo Ping	6/7				√		A, B
Non-Executive Directors							
Gordon McCallum	6/6*				√	√	A, B
Merlin Swire	6/6*		1/1	2/2	√		A, B
Samuel Swire (resigned on 12th January 2023)	1/1				N/A	N/A	N/A
Independent Non-Executive Directors							
Paul Etchells	7/7	3/3			√	√	A, B
Chien Lee (retired on 11th May 2023)	2/2	1/1	1/1	1/1		N/A	A, B
Rose Lee	7/7			2/2	√	√	A, B
Edith Ngan	7/7	2/2			√	√	A, B
Gordon Orr	7/7	1/1	1/1	1/1	√	√	A, B
Xu Ying	6/7				√	√	A, B
Bonnie Zhang	7/7	2/2			√	√	A, B
Average attendance	98%	100%	100%	100%	93%	85%	

Notes:
* Recused from a non-regular Board meeting in respect of a connected transaction.
A: Received training materials about matters relevant to their duties as Directors including on ESG.
B: Attended training by external advisers about applicable laws and regulations and topics pertinent to the business of the Company.

Key areas of the activities of the Board during the year are summarised below.

Leadership and People	– Reviewed the structure, size, composition of the Board and the independence of the INEDs – Discussed updates from the Nomination Committee on matters including the Company's progress in achieving measurable objectives on board diversity, updates on employee diversity and the implementation and effectiveness of the Group's diversity policy – Considered and approved the recommendations from the Nomination Committee on election and re-election of Directors at the 2023 Annual General Meeting – Discussed updates from the Remuneration Committee on matters including compensation of the Executive Directors and senior management of the Company, gender pay equity and CEO pay ratio of the Group
Strategy	– Discussed the Group's 10-year plan regarding its 2024-2033 business strategies and projections – Discussed the long-term strategies of each of the Group's key operating companies – Discussed the Group's investment and divestment strategies – Considered and approved the Group's investments, acquisitions or disposals, overall portfolio direction and investment plans, capital allocation strategy and growth objectives – Discussed updates on the Group's geographic portfolio and macro-economic developments
Financial and Business Performance	– Reviewed and approved the interim and annual results announcements as well as the interim and annual reports – Discussed and approved the 2023 annual budget and longer-term financial plans – Reviewed business updates and operating results of the Group's core divisions, their operating environments and performance outlook – Reviewed implementation status of the Group's capital allocation strategy – Discussed development progress of projects and investments – Approved and declared the second interim dividend for 2022, the first interim dividend for 2023 and the special dividend in relation to the sale of SCCU – Reviewed and approved the Group's major financing arrangements and fund-raising activities
Audit, Risk Management and Internal Control	– Discussed updates from the Audit Committee on matters relating to results announcements and annual/interim reports, compliance with regulatory and statutory requirements, reviewed the effectiveness of the Company's risk management process and internal control systems, findings from GIAD, significant accounting and audit issues and codes and policies of the Company – Approved the Group's 2024 audit strategy and reviewed progress on the 2023 audit programme – Reviewed the Group's corporate risk register and key items including geopolitical risks, cybersecurity risks, sustainability-related risks and other major risks, and discussed the relevant risk management measures – Discussed the digital strategy and data governance of the Group – Reviewed the Group's health and safety performance, including its performance in meeting safety targets, hazards reporting system, safety management measures and health and wellbeing initiatives
Governance and Compliance	– Chairmen of the various Board committees updated the Board on their committee meetings, including key matters discussed and issues raised in the meetings – Reviewed the continuing connected transactions conducted by the Group – Reviewed and approved regulatory announcements to be published by the Company – Reviewed updates on the Company's legal and compliance matters – Reviewed the terms of reference adopted by the Company – Received declarations of interest from Directors
Sustainability	– Reviewed and approved the 2022 Sustainable Development Report of the Company – Discussed the Group's progress towards meeting the environmental and social targets under SwireTHRIVE, performance in key sustainability indices, regulatory developments towards sustainability, climate-related, and other key ESG matters

Continuous Professional Development
The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

All Directors have been provided with "A Guide on Directors' Duties" issued by the Companies Registry, "Guidelines for Directors" issued by the Hong Kong Institute of Directors and "Corporate Governance Guide for Boards and Directors" issued by The Stock Exchange of Hong Kong Limited and other training materials on various topics, including ESG matters and regulatory updates issued by The Stock Exchange of Hong Kong Limited or external advisers. They were invited to attend seminars and conferences about financial, commercial, economic, risk management, legal, regulatory and other business matters.

Directors' and Officers' Insurance
The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

Conflicts of Interest
If a Director has a material conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and abstains from voting. The matter is considered at a Board meeting and voted on by Directors who have no material interest in the transaction.

Delegation by the Board
Responsibility for delivering the Company's strategies and objectives, as established by the Board, and responsibility for day-to-day management is delegated to the head of each business unit. These individuals have been given clear guidelines and directions as to their powers and, in particular, the circumstances under which they should report back to, and obtain prior approval from, the Board before making commitments on behalf of the Company.

The Board monitors management's performance against the achievement of financial and non-financial measures, the principal items monitored being:

– detailed monthly reports dealing with health and safety (and other ESG matters), profit performance, capital allocation, credit metrics and portfolio strategy
– internal and external audit reports
– feedback from customers, others with whom the Group does business, trade associations and service providers.

Securities Transactions
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 C3 to the Listing Rules. These rules are available on the Company's website.

A copy of the Securities Code has been sent to each Director of the Company and is sent to each Director twice annually, immediately before the two financial period ends, with a reminder that the Director cannot deal in the securities and derivatives of the Company during the blackout period before the Group's interim and annual results have been published, and that all their dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, Directors and senior executives of the Company are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in the case of the Chairman himself, he must notify the Chairman of the Audit Committee and receive a dated written acknowledgement before any dealing.

On specific enquiries made, all the Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Securities Code.

Directors' interests at 31st December 2023 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are set out in the section of this annual report headed Directors' Report.

Appointment and Re-election
Potential new Directors are identified and considered by the Nomination Committee for appointment by the Board. A Director appointed by the Board is subject to election by shareholders at the first annual general meeting after his or her appointment, and all Directors are subject to re-election by shareholders every three years.

Potential new Board members are identified on the basis of skills, knowledge and experience which, on assessment by the Directors, will enable them to make a positive contribution to the diversity and performance of the Board. The Company reviews the composition of the Board on a continuing basis by keeping track of the tenure of Directors and the need for new or replacement Directors to be appointed (as the case may be) and maintaining a pipeline of candidates comprising internal and external candidates as may be identified from time to time. Executive search agencies may be engaged as appropriate to identify external candidates with the desirable skillsets. The composition of the Board includes directors who are appointed as independent non-executive directors, nomination from substantial shareholder and executives of the Company.

In assessing the suitability of a proposed candidate (including Directors eligible for election or re-election), the following non-exhaustive list of factors will be considered:

– the corporate strategy of the Company
– the structure, size, composition and needs of the Board
– the potential contributions a candidate can bring to the Board, including the desirable skillsets, experience and other attributes that are complementary to the Board
– the qualifications, integrity and expected time commitment of the candidate
– various aspects of diversity (including gender, age, cultural and educational background, and ethnicity) with reference to the Board Diversity Policy of the Company
– the independence of a candidate to be appointed as an Independent Non-Executive Director.

On 12th March 2024, the Nomination Committee, having reviewed the Board's composition and after taking into account the requirement that all Directors are subject to election or re-election (as the case may be) in accordance with the Company's Articles of Association, nominated David Cogman, Martin Murray and Merlin Swire for recommendation to shareholders for re-election at the 2024 Annual General Meeting. The nominations were made in accordance with objective criteria (including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service, number of directorships of listed companies and the legitimate interests of the Company's principal shareholders), with due regard for the benefits of diversity, as set out in the Board Diversity Policy. The Board, having considered the recommendation of the Nomination Committee and having taken into account the respective contributions of David Cogman, Martin Murray and Merlin Swire to the Board and their firm commitment to their roles, recommended all of them for re-election at the 2024 Annual General Meeting. The particulars of the Directors standing for re-election are set out in the section of this annual report headed Directors and Officers and will also be set out in the circular to shareholders to be distributed with this annual report and posted on the Company's website.

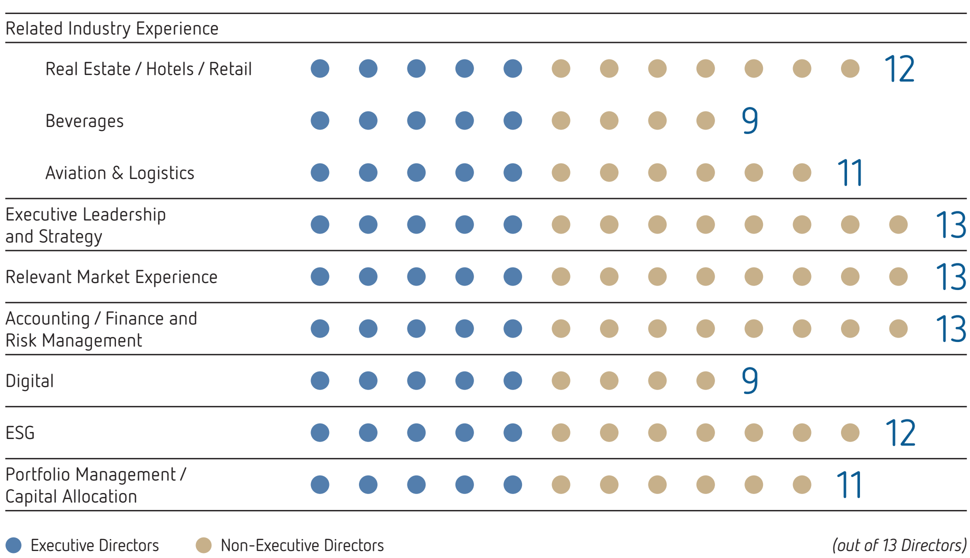
Full details of changes in the Board during the year and to the date of this report are provided in the section of this annual report headed Directors' Report.

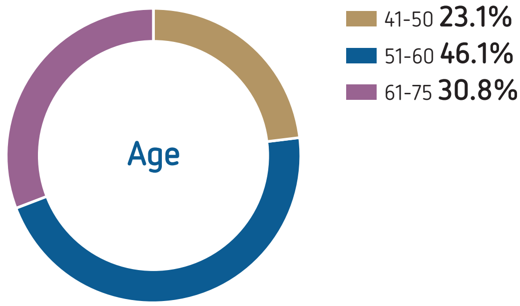
Board Diversity

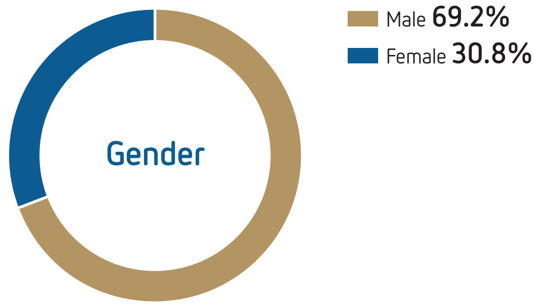
The Board has adopted a Board Diversity Policy, which is available on the Company's website. Responsibility for the implementation, monitoring and annual review of this policy has been delegated to the Nomination Committee.

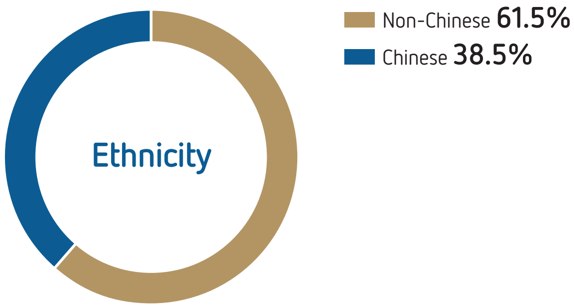
The Board's composition reflects a balance of skills, experience and diversity of perspectives among its members that are relevant to the Company's strategy, governance and business and contributes to the Board's effectiveness.

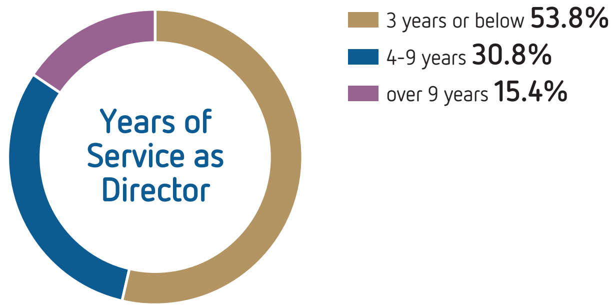
Skills, Expertise and Experience











In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders.

Following the Board change in May 2023, female representation on the Board is now 30.8%. The Company has achieved the target that female Board members should account for 30% of total Board members by 2024.

The female representation in the workforce at 31st December 2023 was 32.8% (excluding Cathay group and Hong Kong Aero Engine Services Limited). Details of gender diversity in the workforce are disclosed in the section of this annual report headed Sustainability Review, and in the 2023 Sustainability Report of the Company.

The Company has adopted the following measures to develop a pipeline of potential successors to the Board:

– the Company keeps track of the tenure of Directors and the need for new or replacement directors to be appointed (as the case may be), and maintains a running list of candidates comprising internal and external candidates as may be identified from time to time
– principles and key criteria for evaluating candidates for directorship are set out in the Nomination Committee's terms of reference and the Company's Board Diversity Policy
– the skills and experience of existing Directors help set the criteria for internal and external candidate search
– executive search agencies may be engaged as appropriate to identify external candidates with desirable skillsets.

Nomination Committee

The Nomination Committee consists of three Non-Executive Directors, Gordon Orr, Merlin Swire and Xu Ying. Two of the Committee members are Independent Non-Executive Directors, one of whom, Gordon Orr, is Chairman. Xu Ying succeeded Chien Lee as a member of the Nomination Committee with effect from the conclusion of the 2023 Annual General Meeting held on 11th May 2023. All the other members served for the whole of 2023.

The terms of reference of the Nomination Committee comply with the CG Code and are posted on the Company's website.

The Nomination Committee's duties include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy
- to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorship
- to assess the independence of the Independent Non-Executive Directors
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman
- to review the implementation and effectiveness of the Company's policy on board diversity on an annual basis.

The Nomination Committee met once in 2023. A summary of its work is as follows:

- conducted (i) an annual review of the structure, size and composition (including the skills, knowledge and experience) of the Board and considered that the Board's composition reflects an appropriate mix of skills, experience and diversity among its members that are relevant to the Company's strategy, governance and business and contributes to the Board's effectiveness; (ii) an annual assessment of the independence of each Independent Non-Executive Director and considered all of the Independent Non-Executive Directors to be independent; and (iii) an annual review of the implementation and effectiveness of the Company's Board Diversity Policy and considered it to be appropriate
- reviewed the Board's target of maintaining not less than 30% of female Board members and considered it to be appropriate
- made recommendations to the Board in respect of the proposed election and re-election of the Directors retiring at the 2023 Annual General Meeting.

The Nomination Committee assessed the Board's diversity by reviewing a comparison against industry and peer group companies, and the relevant experience and skillsets of the Directors. The Committee considered that:

- the ratios for the objective criteria (e.g. age, gender and ethnicity) amongst Board members were reasonable
- the Company was in a good position in terms of gender diversity compared with its peers
- the Board shall maintain not less than 30% of female members on the Board.

Remuneration Committee

Full details of the remuneration of the Directors are provided in note 8 to the financial statements.

The Remuneration Committee comprises three Non-Executive Directors, Gordon Orr, Rose Lee and Merlin Swire. Two of the Committee members are Independent Non-Executive Directors, one of whom, Gordon Orr, is Chairman. Gordon Orr succeeded Chien Lee as a member and the Chairman of the Remuneration Committee with effect from the conclusion of the 2023 Annual General Meeting held on 11th May 2023. All the other members served for the whole of 2023.

The Remuneration Committee reviews and approves the remuneration proposals with respect to the Executive Directors and senior management of the Company, with reference to the Company's Remuneration Policy and the Board's corporate goals and objectives.

The Remuneration Committee exercises the powers of the Board to determine the remuneration packages of individual Executive Directors (including salaries, bonuses, benefits in kind and the terms on which they participate in any provident fund or other retirement benefit scheme), taking into consideration salaries paid by comparable companies, time commitments and responsibilities and employment conditions elsewhere in the Group.

The terms of reference of the Remuneration Committee have been reviewed with reference to the CG Code and are posted on the Company's website.

In order to be able to attract and retain staff with the appropriate skills, experience and of suitable calibre, the Swire group provides a competitive remuneration package designed to be commensurate, overall, with those of its peer group. This typically comprises salary, housing, retirement benefits, leave-passages and education allowances and, after three years' service, a discretionary bonus related to the overall profit of the Swire Pacific group. Although the remuneration of executives is not entirely linked to the profits of the business in which they are working, it is considered that, given the different profitability of businesses within the Group, these arrangements have contributed considerably to the maintenance of a flexible, motivated and high-calibre management team within the Group.

The Remuneration Committee reviewed the structure and levels of remuneration paid to Executive Directors at its meeting in October 2023. At this meeting, the Committee considered a report prepared for it by Mercer Limited, an independent firm of consultants, which confirmed that the remuneration of the Company's Executive Directors was competitive with that paid to equivalent executives in peer group companies.

No Director takes part in the determination of his or her own remuneration.

The following fee levels have been approved by the Board:

Fee	2023 HK$	2024 HK$
Director's Fee	690,000	690,000
Fee for Audit Committee Chairman	268,000	268,000
Fee for Audit Committee Member	186,000	186,000
Fee for Nomination Committee Chairman	83,000	83,000
Fee for Nomination Committee Member	60,000	60,000
Fee for Remuneration Committee Chairman	83,000	83,000
Fee for Remuneration Committee Member	60,000	60,000

Details of emoluments paid to each Director in 2023 are set out in note 8 to the financial statements.

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for:

- the proper stewardship of the Company's affairs, to ensure the integrity of financial information
- preparing annual and interim financial statements and other related information that give a true and fair view of the Group's affairs and of its results and cash flows for the relevant periods, in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance
- selecting appropriate accounting policies and ensuring that these are consistently applied
- making judgements and estimates that are prudent and reasonable
- ensuring that the application of the going concern assumption is appropriate.

Risk Management and Internal Control

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's risk management and internal control systems. This responsibility is primarily fulfilled on its behalf by the Audit Committee as discussed on pages 93 and 94.

The foundation of strong risk management and internal control systems is dependent on the ethics and culture of the organisation, the quality and competence of its personnel, the direction provided by the Board, and the effectiveness of management.

Since profits are, in part, the reward for successful risk taking in business, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key components of the Group's control structure are as follows:

Culture: The Board believes that good corporate governance reflects the culture of an organisation. This is more significant than any written procedures.

The Company aims at all times to act ethically and with integrity, and to instill this behaviour in all its employees by example from the Board down. The Company has a Corporate Code of Conduct, which is posted on its website.

The Company is committed to developing and maintaining high professional and ethical standards. These are reflected in the rigorous selection process and career development plans for all employees. The organisation prides itself on being a long-term employer which instills in individuals, as they progress through the Group, a thorough understanding of the Company's ways of thinking and acting.

Channels of communication are clearly established, allowing employees a means of communicating their views upwards with a willingness on the part of more senior personnel to listen. Employees are aware that, whenever the unexpected occurs, attention should be given not only to the event itself, but also to determining the cause.

Through the Company's Corporate Code of Conduct, employees are encouraged (and instructed as to how) to report control deficiencies or suspicions of impropriety to those who are in a position to take necessary action. The Company has a Whistleblowing Policy and system for employees and those who deal with the Group to raise concerns, in confidence and with anonymity, where desired, about actual or suspected cases of impropriety in any matter related to the Group. The policy is available on the Company's website.

The Company has an Anti-Bribery and Corruption Policy which sets out the Company's policy and systems that promote and support compliance with applicable anti-bribery and corruption laws and regulations, and enhances the provisions relating to bribery and corruption in the Company's Corporate Code of Conduct. The policy is available on the Company's website.

Risk assessment: The Board of Directors and the management each have a responsibility to identify and analyse the risks underlying the achievement of business objectives, and to determine how such risks should be managed and mitigated.

The Board has adopted the three lines of defence model of risk governance. The first line manages risks. The second line oversees the management of risks. The third line assesses the effectiveness of risk controls. The model is designed to ensure that the Board has assurance as to the effectiveness of risk management in the Group's businesses and that conflicts of interest are minimised.

The first line of defence is the executive management of the operating companies, with input from specialist committees comprised of subject matter experts from within the Group. The Finance Committee sets policies for the management of financial risks (for example interest rate, foreign exchange, liquidity and credit risks), implements the policy (by, for example, hedging) and monitors the financial exposure of the Company and the operating companies.

The second line of defence consists of (i) the Group Risk Management Committee (GRMC) (supported by risk forums dealing with IT, data and technology risks; ESG risks; human resources, health and safety risks and government, regulatory and legal risks) and (ii) risk officers and risk committees and other bodies responsible for risk in operating companies. The Company also has a Risk Committee (in addition to GRMC) which considers the risks relating to the Company itself.

The third line of defence is provided by the Group Internal Audit Department (GIAD).

The Finance Committee, GRMC and GIAD report to the Board through the Audit Committee.

The senior officer responsible for the management of risk in the Company is the Finance Director, who chairs GRMC, the Company's Risk Committee and the Finance Committee. For further information about these committees, see the Risk Management section of this report.

Management structure: The Group has a clear organisational structure that, to the extent required, delegates the day-to-day responsibility for the design, documentation and implementation of procedures and monitoring of risk. Individuals appreciate where they will be held accountable in this process.

A control self-assessment process requires the management in each material business unit to assess, through the use of detailed questionnaires, the adequacy and effectiveness of risk management and internal controls over the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. This process and its results are reviewed by internal auditors and form part of the Audit Committee's annual assessment of control effectiveness.

Controls and review: The control environment comprises policies and procedures intended to ensure that relevant management directives are carried out and actions that may be needed to address risks are taken. These may include approvals and verifications, reviews, safeguarding of assets and segregation of duties. Control activities can be divided into operations, financial reporting and compliance, although there may, on occasion, be some overlap between them. The typical control activities adopted by Group companies include:

– analytical reviews: for example, conducting reviews of actual performance versus budgets, forecasts, prior periods and competitors
– direct functional or activity management: reviews of performance reports, conducted by managers in charge of functions or activities
– information-processing: performing controls intended to check the authorisation of transactions and the accuracy and completeness of their reporting, for example exception reports
– physical controls: ensuring equipment, inventories, securities and other assets are safeguarded and subjected to periodic checks
– performance indicators: carrying out analyses of different sets of data, operational and financial, examining the relationships between them and taking corrective action where necessary
– segregation of duties: dividing and segregating duties among different people, with a view to strengthening checks and minimising the risk of errors and abuse.

The Company has in place effective processes and systems for the identification, capture and reporting of operational, financial and compliance-related information in a form and time frame intended to ensure that staff carry out their designated responsibilities.

Internal audit: Independent of management, GIAD reports directly to the Audit Committee and performs regular reviews of key risk areas and monitors compliance with Group accounting, financial and operational procedures. The role of GIAD is discussed further on pages 94 and 95.

Audit Committee

The Audit Committee, consisting of three Independent Non-Executive Directors, Paul Etchells, Edith Ngan and Bonnie Zhang, assists the Board in discharging its responsibilities for corporate governance and financial reporting. Paul Etchells served as the Chairman of the Audit Committee for the whole of 2023. Edith Ngan and Bonnie Zhang succeeded Chien Lee and Gordon Orr as the members of the Audit Committee with effect from the conclusion of the 2023 Annual General Meeting held on 11th May 2023.

The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and comply with the CG Code. They are available on the Company's website.

The Audit Committee met three times in 2023. Regular attendees at the meetings are the Finance Director, the Group Head of Internal Audit, the external auditors, the General Manager of Group Finance, the Chief Risk Officer and the Chief Information Security Officer. The Audit Committee meets at least twice a year with the external auditors, and at least once a year with the Group Head of Internal Audit, in each case without the presence of management. Each meeting receives written reports from GRMC, the external auditors and GIAD.

The work of the Committee during 2023 included reviews of the following matters:

– the completeness, accuracy and integrity of formal announcements relating to the Group's performance including the 2022 annual and 2023 interim reports and announcements, with recommendations to the Board for approval
– the Group's compliance with regulatory and statutory requirements
– the Group's risk management and internal control systems
– the Group's risk management processes
– the Group's cybersecurity
– the approval of the 2024 annual internal audit programme and review of progress on the 2023 programme
– periodic reports from GIAD and progress in resolving any matters identified in them
– significant accounting and audit issues
– the Company's policy regarding connected transactions and the nature of such transactions
– the relationship with the external auditors as discussed on page 95
– the Company's compliance with the CG Code.

In 2024, the Committee has reviewed, and recommended to the Board for approval, the 2023 financial statements.

Assessing the Effectiveness of Risk Management and Internal Control Systems

On behalf of the Board, the Audit Committee reviews annually the continued effectiveness of the Group's risk management and internal control systems dealing with risk and financial accounting and reporting, the effectiveness and efficiency of operations, compliance with laws and regulations, and risk management functions.

This assessment considers:

– the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the risk management and internal control systems, the work and effectiveness of internal audit and the assurances provided by the Finance Director
– the changes in the nature and extent of significant risks (including ESG risks) since the previous review and the Group's ability to respond to changes in its business and the external environment
– the extent and frequency with which the results of monitoring are communicated, enabling the Committee to build up a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed
– the incidence of any significant control failings or weaknesses that have been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition
– the effectiveness of the Company's processes in relation to financial reporting and statutory and regulatory compliance
– areas of risk identified by management
– significant risks reported by GIAD and GRMC
– work programmes proposed by GIAD and the external auditors
– significant issues arising from internal and external audit reports
– the results of management's control self-assessment exercise.

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate and have complied with the CG Code provisions on risk management and internal control throughout the year and up to the date of this annual report.

Company Secretary

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. The Company Secretary undertakes at least 15 hours of relevant professional training annually to update skills and knowledge.

Group Internal Audit Department

The Swire group has had GIAD in place for 28 years. GIAD plays a critical role in monitoring the governance of the Group. The department is staffed by 26 audit professionals and conducts audits of the Group and of other companies in the Swire group. The 26 professionals include a team based in the Chinese Mainland which reports to the Group Head of Internal Audit in Hong Kong.

GIAD reports directly to the Audit Committee without the need to consult with management, and via the Audit Committee to the Board. GIAD has unrestricted access to all areas of the Group's business units, assets, records and personnel in the course of conducting its work.

The annual internal audit programme and resources are reviewed and agreed with the Audit Committee.

Scope of Work
Business unit audits are designed to provide assurance that the risk management and internal control systems of the Company are implemented properly and operating effectively, and that the risks associated with the achievement of business objectives are being properly identified, monitored and managed.

The frequency of each audit is determined by GIAD using its own risk assessment methodology, which is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework, considering such factors as recognised risks, organisational change, overall materiality of each unit, previous internal audit results, external auditors' comments, output from the work of GRMC and management's views. Each business unit is typically audited at least once every three years. Acquired businesses would normally be audited within 12 months. 37 assignments were conducted for Swire Pacific in 2023.

In addition, GIAD assists the Audit Committee in carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems through its review of the process by which management has completed the annual control self-assessment, and the results of this assessment.

Furthermore, GIAD conducts ad-hoc projects and investigative work as may be required by management or the Audit Committee.

Audit Conclusion and Response
Copies of internal audit reports are sent to the Chairman of the Board, the Finance Director and the external auditors. The results of each review are also presented to the Audit Committee. Management is required to provide action plans in response to internal audit recommendations, including those aimed at resolving material internal control defects. These are agreed by GIAD, included in its reports and followed up with a view to ensuring that they are satisfactorily undertaken.

External Auditors

The Audit Committee acts as a point of contact, independent from management, with the external auditors (the auditors). The auditors, PricewaterhouseCoopers, have direct access to the Chairman of the Audit Committee, who meets with them periodically without management present.

The Audit Committee's duties in relation to the auditors include:

– recommending to the Board, for approval by shareholders, the auditors' appointment
– approval of the auditors' terms of engagement
– consideration of the letters of representation to be provided to the auditors in respect of the interim and annual financial statements
– review of reports and other ad-hoc papers from the auditors
– annual appraisal of the quality and effectiveness of the auditors
– assessment of the auditors' independence and objectivity, including the monitoring of non-audit services provided, with a view to ensuring that their independence and objectivity are not, and are not seen to be, compromised
– approval of audit and non-audit fees.

Auditors' Independence
Independence of the auditors is of critical importance to the Audit Committee, the Board and shareholders. The auditors write annually to the members of the Audit Committee confirming that they are independent accountants in accordance with the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants and that they are not aware of any matters which may reasonably be thought to bear on their independence. The Audit Committee assesses the independence of the auditors by considering and discussing each such letter (and having regard to the fees payable to the auditors for audit and non-audit work and the nature of the non-audit work) at a meeting of the Audit Committee.

Provision of Non-audit Services
In deciding whether the auditors should provide non-audit services the following key principles are considered:

– the auditors should not audit their own firm's work
– the auditors should not make management decisions
– the auditors' independence should not be impaired
– quality of service.

In addition, the Company has a protocol in place for approval of the provision of non-audit services by the auditors. Any services which may be considered to be in conflict with the role of the auditors must be submitted to the Audit Committee for approval prior to engagement, regardless of the amounts involved. The protocol is updated from time to time to ensure compliance.

The fees in respect of audit and non-audit services provided to the Group by the auditors for 2023 amounted to approximately HK$60 million and HK$40 million respectively. Fees paid to the auditors are disclosed in note 6 to the financial statements.

Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

– is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules
– conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the SFC
– has included in its Corporate Code of Conduct a strict prohibition on the unauthorised use of confidential or inside information
– ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

Shareholders

Communication with Shareholders and Investors
The Board and senior management recognise their responsibility to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company.

The Company has a Shareholders' Communication Policy which is available on the Company's website. The Shareholders' Communication Policy aims to ensure that shareholders and the investment community are provided with appropriate and timely access to material information about the Company. It sets out the Company's framework for promoting effective communication with its shareholders so as to enable them to exercise their rights as shareholders in an informed manner, and to allow the investment community to engage actively with the Company.

The methods used to communicate with shareholders include the following:

– the Finance Director is available for meetings with major shareholders, investors and analysts over two-month periods immediately after the announcement of the interim and annual results and at certain other times during the year. In addition, the Finance Director attended meetings with analysts and investors and conducted analyst briefings during the year. In 2023, the Company conducted three international non-deal roadshows in Hong Kong, Singapore, London, and Edinburgh and met with more than 50 investors
– through the Company's website. This includes electronic copies of financial reports, webcasts of analyst presentations given at the time of the interim and annual results announcements, slides of presentations given at investor conferences, latest news, public announcements and general information about the Group's businesses
– through publication of interim and annual reports
– through the annual general meeting as discussed below and other general meetings that may be convened.

Shareholders may send their enquiries and concerns to the Board by post or email at ir@swirepacific.com. The relevant contact details are set out in the Financial Calendar and Information for Investors section of this annual report. The Company's Shareholders' Communication Policy also sets out channels for shareholders to communicate their views on various matters.

The Audit Committee reviews the implementation and effectiveness of the Shareholders' Communication Policy annually. Having considered the multiple channels of communication in place as described above, it is satisfied that the Shareholders' Communication Policy has been properly implemented and is effective.

The Annual General Meeting
The annual general meeting is an important forum to engage with shareholders. The most recent annual general meeting was held on 11th May 2023. The meeting was open to shareholders. The Directors who attended the meeting are shown in the table on page 86.

At the annual general meeting, separate resolutions were proposed for each issue and were voted on by poll. The procedures for conducting a poll were explained at the meeting prior to the polls being taken. The agenda items were:

– receiving the report of the Directors and the audited financial statements for the year ended 31st December 2022
– electing/re-electing Directors
– re-appointing the auditors and authorising the Directors to set their remuneration
– a general mandate authorising the Directors to make on-market share buy-backs
– a general mandate authorising the Directors to allot and issue shares up to 20% of the number of shares of any class then in issue, provided that the aggregate number of the shares of any class so allotted wholly for cash would not exceed 5% of the number of the shares of that class then in issue.

Minutes of the meeting together with voting results are available on the Company's website.

Dividend Policy
The Company has a policy on the payment of dividends, which is set out in the section of this annual report headed Directors' Report.

Shareholder Engagement

Pursuant to Article 95 of the Company's Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, he or she should deposit a written notice of nomination at the registered office of the Company within the 7-day period commencing on and including the day after the despatch of the notice of the meeting. The procedures for nominating candidates to stand for election as Directors at general meetings are set out in the Corporate Governance section of the Company's website.

If they wish to propose a resolution relating to other matters to be considered at a general meeting, shareholders are requested to follow the requirements and procedures set out in the Corporate Governance section of the Company's website.

Shareholder(s) representing at least 5% of the total voting rights of all members may request the Board to convene a general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the Corporate Governance section of the Company's website.

Other Information for Shareholders

Key shareholder dates for 2024 are set out in the section of this annual report headed Financial Calendar and Information for Investors and in the Financial Calendar on the Company's website.

No amendment has been made to the Company's Articles of Association during the year.

From information publicly available to the Company and within the knowledge of its Directors, at least 25% of the Company's total issued share capital is held by the public. Details of substantial shareholders' and other interests are included in the section of this annual report headed Directors' Report.

RISK MANAGEMENT

Effective risk management is key to ensuring that the Group achieves its strategic objectives and protects its reputation, market position and financial strength. The Company itself and its operating companies follow the Group's Enterprise Risk Management (ERM) policy. The ERM policy requires identification, assessment, management, monitoring and reporting of current and emerging risks.

Group Risk Governance Structure

The Board has ultimate responsibility for risk management, overseeing its design and implementation. The Board is supported by the Audit Committee.

The Group has adopted the three lines of defence model of risk governance. The model is designed to minimise conflicts of interest and ensure independent oversight of risk management by the Board. The Group's enterprise risk management framework is aligned with international standards such as ISO 31000.

In the first line, the management of each operating company identifies, analyses and reports on the risks for which it is responsible. Risks are mitigated and, where practicable and economically viable, eliminated. Where risks cannot be eliminated, the related economic returns are required to reflect the risk.

The first line is supported by a number of Group functional committees. For financial risks, the Finance Committee determines the parameters within which financial risks are managed and oversees the management by the operating companies of financial risks within those parameters. For non-financial risks, functional committees such as IT, Legal, HR, Sustainability and Government Affairs Committees oversee operating company activities including risk mitigation. Senior Group and divisional management are members of these functional committees.

The second line supports the first line and provides assurance to the Board that all key risks are being managed effectively. There are two second line risk management committees at the Group level: they are the Group Risk Management Committee (GRMC) and the Swire Pacific Risk Management Committee (SPACRMC).

GRMC oversees the management of non-financial risks at Group and operating company levels. It reports to the Audit Committee. GRMC comprises the Finance Director, an Executive Director, the Staff Director, the Group General Counsel, the Chief Risk Officer and heads of operating businesses. GRMC (i) regularly reviews the Group's risk profile, (ii) oversees the management of major risks at Group and operating company levels, (iii) identifies emerging risks and potential sources of future risk and (iv) analyses risk events which materialise, with a view to their resolution and to learning from them.

In relation to risks having a Group dimension, GRMC is supported by risk forums in areas of human resources, health and safety, IT, data and technology, government, regulatory and legal as well as environment and sustainable development. In relation to risks not having a Group dimension, GRMC is supported by second line bodies in the operating companies.

SPACRMC oversees risks specific to the Company itself, identifies risks which have a Group dimension and proposes approaches to the management of such risks to GRMC.

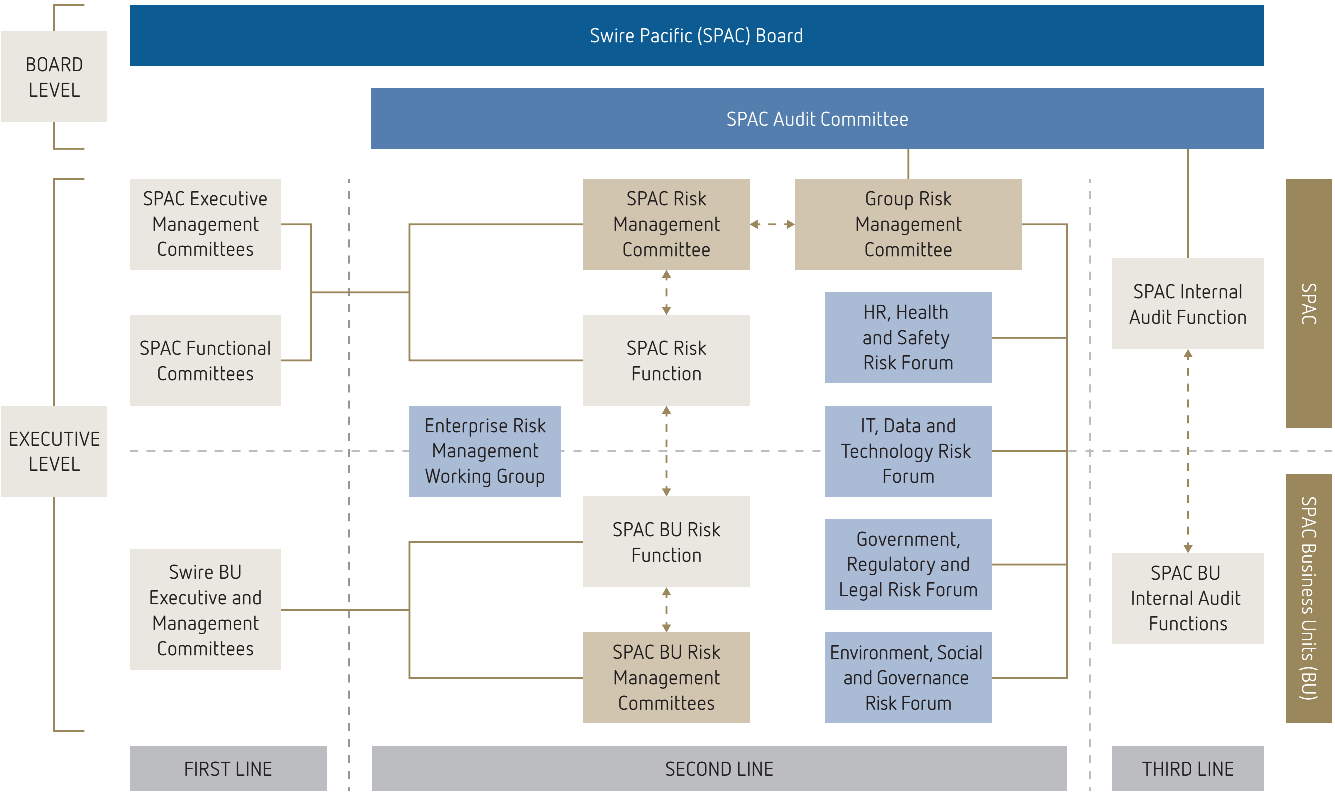
The Finance Committee, GRMC and SPACRMC are chaired by the Finance Director, who is supported by the Chief Risk Officer.

The third line is supported by the Group Internal Audit Department. The Group's Internal Audit provides independent and objective assurance that the risk management processes are implemented properly and operating effectively and that the risks which could impact our ability to achieve our business objectives are being properly identified, assessed and mitigated.

The boards and management of the operating companies are responsible for the management of risk at those companies. Risk management governance varies between operating companies with some having dedicated board and executive risk committees, while others manage risks through their respective audit or executive management committees.

The risk structure is shown below.

Risk Governance Structure



Group ERM Process

The operating companies have a common approach to ERM. It involves:

– **Identification:** Risks are identified and categorised by reference to a common risk classification.
– **Assessment:** The identified risks are regularly assessed by senior executives based on their potential financial and non-financial impact (including reputation, regulatory, environmental etc.), and on the vulnerabilities associated with them. The assessment has regard to effectiveness of internal controls, readiness to respond, and the extent to which the risks can be mitigated.
– **Mitigation:** Designated risk owners are responsible for mitigating the risk and implementing agreed action plans.

Risks considered to have a Group dimension will be discussed by GRMC, and, where appropriate, by the Audit Committee and the Board. Operating companies mitigate and monitor these risks in their own businesses.

The risk forums oversee the risks within their remit that are considered material to the Group. They advise GRMC on emerging risks which may affect the Group, analyse risk events that have materialised and develop best practices for managing those risks.

GRMC reviews Group and divisional risk registers and considers how effectively risks are being managed. It issues policies to the operating companies and promotes risk culture in the Group. The Board may also identify risks relevant to the Group's businesses, which will be passed to GRMC and the relevant operating companies for incorporation into their risk registers and further handling.

The ERM process involves a "top down and bottom up" approach. The Board provides guidance on its risk priorities and the operating companies assess their own risks. All of this is reported to GRMC and consolidated into a Group risk register, which is reviewed by the Audit Committee and the Board.

Risk management is an integral part of business management:

- Strategic planning is informed by the risk identification process
- Improving the risk profile is part of budgeting and planning
- Action plans are included in performance management
- Changes in risk profile are included in management reporting
- A risk assessment is performed during due diligence on major investments.

Key Risk Management Focus Areas

The Group is exposed to a broad range of risks. The following table deals with the current key areas of focus. Significant risks specific to the operating companies are included in their respective risk registers.

Key Focus Areas and Risk Description	Risk Trend	Mitigation
Economic slowdown A global economic slowdown that may lead to a substantial decline in business activities, revenue and profit.	NEW	– Close monitoring of financial markets and forecasts, and impact on the Group's financial risk exposures. – Regular dialogue with banks on financial risk mitigation strategies and market trends. – More frequent and ad hoc review of financial risk management strategies and policies at the Finance Committee. – Regular review of funding plans and cash flow projections. – Diversification of funding sources and increased material adverse business environment liquidity buffer. – Foreign exchange risk mitigation strategies, including increased RMB funding to match Chinese Mainland assets and cash flows.
Business Environment Risk The business environment risk associated with Hong Kong's continual adaption to the evolving global dynamics and the ability to leverage its strengths to maintain its position as an international financial and aviation hub.	← →	– Regular review of strategy and investments by the Board. – Strategic diversification of business interests with focus in the Chinese Mainland and South East Asia. – Enhancing corporate affairs capabilities and reinforcing relationships with government in order to contribute to public policy development. – Continual integration into Greater Bay Area development.
Geopolitical risk Disruption to our businesses and operations caused by international trade and economic sanctions.	← →	– Monitoring of news media reports, trends and prevailing public and government opinions. – Having crisis management and business continuity plans in place. – Managing relationships with key third parties. – Regular review of capital allocation of existing portfolio and potential markets.
Cybersecurity and data protection Risk of IT systems being attacked leading to material business disruption, data and regulatory breaches and reputational damage.	↓	– Having appropriate policies (including relating to personal data), training programmes and penetration testing in place. – Adoption of NIST cybersecurity maturity standard. – Dedicated governance including a GRMC risk forum to oversee IT, data and technology risks and to recommend best practice. – Using external service providers for cybersecurity matters and system testing. – Having cyber incident response plans in place.

Key Focus Areas and Risk Description	Risk Trend	Mitigation
People and culture Changes in the political, economic and social environment resulting in labour shortages and uncompetitive employment proposition, work practices etc., leading to an inability to retain talents.	← →	– Having in place policies and processes relating to recruitment, performance appraisal, learning and development, succession planning, staff wellbeing, diversity and inclusion, and compensation and benefits. – Developing digital capabilities by hiring appropriate staff and providing up-skill training for existing staff. – Hiring external senior management where appropriate and providing employees with high potential a fast track for promotion.
Greenwashing The reputational risk associated with any public sustainability claims being perceived as not well-substantiated, or our ESG performance and ESG targets being misaligned.	↓	– Clearly articulated and detailed short/medium-term and long-term ESG targets. – Dedicated governance including a GRMC risk forum to oversee ESG performance. – Development of Group climate transition plan. – Performance against targets included in management reporting.
Crisis management Failure to respond promptly and effectively to unexpected and/or high impact events which could potentially damage the Group's reputation.	↓	– Having an escalation and reporting protocol in place. – Regularly updating and testing crisis management and business continuity plans. – Bringing in specialist resources as required.
Portfolio discipline Insufficient planning and execution of portfolio management activities resulting in the Group's current and prospective risk return profile being adversely affected.	← →	– Having in place 10-year capital budgets. Consideration by the Board and management of the resulting make-up of the portfolio and of risks and alternatives. – Having in place formal processes for investment approval, including an investment committee. – Conducting risk and know-your-partner assessments of entities considered for investment and proposed joint venture partners. – Evaluating investments after they have been made. – Strengthening internal transaction execution capability.
Climate change Physical risks to people and property increasing as a result of climate change leading to a potential revaluation of assets as well as other business disruptions.	← →	– Dedicated governance including a GRMC risk forum to oversee environmental and other risks relating to sustainable development and to recommend best practice. – Adopting cloud-based climate risk tool to assess physical climate risk of physical assets. – Conducting climate scenario analysis. – Adopting appropriate targets. – Having contingency plans in place to respond to extreme weather events.
Emerging risk: Disruptive technologies Ineffective process in place to monitor developing trends and technologies that may threaten our business models.	← →	– Oversight of technology development relevant to each operating company. – Dedicated GRMC risk forum to oversee technology risks. – Implementing generative AI application and governance framework.
Emerging risk: Regulatory and policy change Inability to identify and comply with the relevant regulatory and policy requirements leading to material business disruption, regulatory breaches and reputational damage.	NEW	– Maintaining awareness of the latest update on ESG reporting as well as legal, regulatory and governance changes relevant to our businesses. – Senior management engagement with government authorities. – Senior executive and Board member briefings on emerging regulatory changes. – Participation in public consultation on relevant policy initiatives and regulatory changes. – Through contacts with relevant authorities, understanding planned regulatory and policy changes which may affect the Group's businesses.

↑ Risk level increased during the year 2023　↓ Risk level decreased during the year 2023　← → Risk level remained broadly the same

DIRECTORS AND OFFICERS

Executive Directors

BRADLEY, Guy Martin Coutts, JP, aged 58, has been a Director of the Company and its Chairman since August 2021. He is also Chairman of John Swire & Sons (H.K.) Limited and Swire Properties Limited and a Director of Cathay Pacific Airways Limited. He was a Director of the Company from January 2015 to May 2017. He joined the Swire group in 1987 and has worked with the group in the Hong Kong SAR, Papua New Guinea, Japan, the United States, Vietnam, the Chinese Mainland, the Taiwan region and the Middle East. He is a chartered surveyor, a fellow of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. He is also Vice Chairman of General Committee of The Hong Kong General Chamber of Commerce and Vice-President of The Real Estate Developers Association of Hong Kong.

COGMAN, David Peter, aged 50, has been a Director of the Company since August 2017. He is also a Director of John Swire & Sons (H.K.) Limited. He joined McKinsey & Company in 1997 and was a partner in McKinsey's Hong Kong office. He joined the Swire group in 2017. He is Chairman of the Board of Governors of The Hong Kong Philharmonic Orchestra and a member of the M+ Business and Finance Committee of M Plus Museum Limited.

HEALY, Patrick, aged 58, has been a Director of the Company since August 2021. He is also Chair of Cathay Pacific Airways Limited and Swire Coca-Cola Limited and a Director of John Swire & Sons (H.K.) Limited and Air China Limited. He was a Director of Swire Properties Limited from January 2015 to August 2021. He joined the Swire group in 1988 and has worked with the group in the Hong Kong SAR, Germany and the Chinese Mainland.

MURRAY, Martin James, aged 57, has been a Director of the Company (and its Finance Director) since April 2021. He is also a Director of John Swire & Sons (H.K.) Limited and Swire Properties Limited. He was previously a Director and Chief Financial Officer of Cathay Pacific Airways Limited and before that Deputy Finance Director of the Company. He joined the Swire group in 1995 and has worked with the group in the Hong Kong SAR, the United States, Singapore and Australia. He is a member of The Institute of Chartered Accountants of Scotland and the Hong Kong Institute of Certified Public Accountants. He is also a council member of The Hong Kong Management Association. He has been the Director responsible for the Group's ESG strategy and the sustainable development office since March 2024.

ZHANG, Zhuo Ping, aged 52, has been a Director of the Company since April 2020. He is also a Director of John Swire & Sons (H.K.) Limited and Cathay Pacific Airways Limited and Chairman of John Swire & Sons (China) Limited. He spent his early career in investment banking. He was with the Swire group from 2002 to 2011, spending much of his time in the Chinese Mainland, including as Chief Representative of John Swire & Sons (China) Limited from 2005 to 2008. He ceased to be employed by the Swire group in 2011, when he founded a bioengineering company in Beijing and rejoined the Swire group in 2020.

Non-Executive Directors

MCCALLUM, Gordon Douglas, aged 63, has been a Director of the Company since May 2022. He is a Director of John Swire & Sons Limited and Chairman of its wholly-owned subsidiary, Argent Energy Holdings Limited. He is also Chairman of Zopa Group Limited and Zopa Bank Limited and a Director of Cathay Pacific Airways Limited. He was previously a Director of Virgin Atlantic Airways Limited and associated companies in the Virgin Atlantic group.

SWIRE, Merlin Bingham, aged 50, has been a Director of the Company since January 2009. He is also Deputy Chairman, Chief Executive Officer and a shareholder of John Swire & Sons Limited and a Director of Swire Properties Limited and Cathay Pacific Airways Limited. He was Chairman of the Company and Swire Properties Limited from July 2018 to August 2021. He joined the Swire group in 1997 and has worked with the group in the Hong Kong SAR, Australia, the Chinese Mainland and London.

Independent Non-Executive Directors

ETCHELLS, Paul Kenneth, aged 73, has been a Director of the Company since May 2017. He is also an Independent Non-Executive Director of Samsonite International S.A. and an adviser to Cassia Investments Limited. He was employed by the Swire group in the Hong Kong SAR from 1976 to 1998. He was employed by The Coca-Cola Company from July 1998 to June 2010 and worked in the United States, the Chinese Mainland and the Hong Kong SAR.

LEE, Wai Mun Rose, JP, aged 71, has been a Director of the Company since July 2012. She is an Independent Non-Executive Director of CK Asset Holdings Limited and MTR Corporation Limited. She was an Independent Non-Executive Director of CK Hutchison Holdings Limited from June 2015 to December 2023. She is a Fellow of The Hong Kong Institute of Bankers. She is also a Vice Patron and a member of the Former Directors Committee of The Community Chest of Hong Kong, a Board Member of the West Kowloon Cultural District Authority and a member of the Board of Governors of Saint Francis University and Caritas Bianchi College of Careers.

NGAN, Edith Manling, aged 59, has been a Director of the Company since June 2022. She is an Independent Non-Executive Director of Asia Financial Holdings Limited, Blue Moon Group Holdings Limited and Tencent Music Entertainment Group. She was an Independent Non-Executive Director of HKBN Ltd. from September 2022 to September 2023. She sits on various investment and advisory committees for government funds. She is also a Court Member of Lingnan University and a Trustee and Finance Committee Chair of International Christian Schools Limited, Hong Kong.

ORR, Gordon Robert Halyburton, aged 61, has been a Director of the Company since August 2015. He is an Independent Non-Executive Director of EQT Partners AB, Lenovo Group Limited, Meituan and Fidelity China Special Situations PLC. He is also a Board member of the China-Britain Business Council. He joined McKinsey & Company in 1986 and retired in 2015. He was a member of McKinsey's global shareholder board from 2003 to 2015 and a Director of Sondrel (Holdings) plc from October 2022 to January 2024.

XU, Ying, aged 60, has been a Director of the Company since August 2021. She is the President of Wumei Technology Group and an Independent Non-Executive Director of Naspers Limited and Prosus N.V. She is also a member of the World Retail Congress Advisory Board.

ZHANG, Yi Bonnie, aged 50, has been a Director of the Company since June 2022. She is the Chief Financial Officer of Sina Corporation and an Independent Director of Hesai Group and Yatsen Holding Limited. She was a Director of Dada Nexus Limited and TuSimple Holdings Inc.

Company Secretary

LOMAS, Bernadette Mak, aged 58, has been Company Secretary since February 2022. She is also Group General Counsel of the Group. She is qualified to practise law in the Hong Kong SAR and in the State of New York. Prior to joining the Group, she was Group General Counsel and Company Secretary of a leading Hong Kong listed company.

Notes:
1. The Audit Committee comprises Paul Etchells (committee chairman), Edith Ngan and Bonnie Zhang.
2. The Nomination Committee comprises Gordon Orr (committee chairman), Merlin Swire and Xu Ying.
3. The Remuneration Committee comprises Gordon Orr (committee chairman), Rose Lee and Merlin Swire.
4. All the Executive Directors and Non-Executive Directors are employees of the John Swire & Sons Limited group.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31st December 2023, which are set out on pages 129 to 225.

Principal Activities

The principal activity of Swire Pacific Limited (the Company) is that of a holding company, and the principal activities of its principal subsidiary, joint venture and associated companies are shown on pages 214 to 223. An analysis of the Group's performance for the year by reportable business segment and geographical area is set out in note 7 to the financial statements.

Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred to as the Group) together with the Group's interests in joint venture and associated companies. Details of the joint venture and associated companies are provided under note 20 to the financial statements.

Dividends

The Directors have declared second interim dividends of HK$2.00 per 'A' share and HK$0.40 per 'B' share which, together with the first interim dividends of HK$1.20 per 'A' share and HK$0.24 per 'B' share paid in October 2023 and the special interim dividend of HK$8.120 per 'A' share and HK$1.624 per 'B' share paid in September 2023, amount to full year dividends of HK$11.32 per 'A' share and HK$2.264 per 'B' share, compared to full year dividends of HK$3.00 per 'A' share and HK$0.60 per 'B' share in respect of 2022. The second interim dividends will be paid on Friday, 3rd May 2024 to shareholders registered at the close of business on the record date, being Friday, 12th April 2024. Shares of the Company will be traded ex-dividend from Wednesday, 10th April 2024.

The Company's dividend policy is to deliver sustainable growth in dividends and to pay out approximately half of its recurring underlying profits (excluding the share of the results of Cathay Pacific, but including all dividends received from that company) in ordinary dividends over time.

Closure of Register of Members

The register of members will be closed on Friday, 12th April 2024, 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, 11th April 2024.

To facilitate the processing of proxy voting for the annual general meeting to be held on 9th May 2024, the register of members will be closed from 6th May 2024 to 9th May 2024, 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 Friday, 3rd May 2024.

Business Review

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the sections of this annual report headed Chairman's Statement, 2023 Performance Review and Outlook, Financial Review, Financing and Risk Management and in the Notes to the Financial Statements. To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the section of this annual report headed

Sustainability Review. A discussion of the Group's compliance with the relevant laws and regulations that have a significant impact on the Group is provided in the sections of this annual report headed Sustainability Review, Corporate Governance Report, Risk Management and Directors' Report. Detailed information on the Group's sustainability performance is provided in the 2023 Sustainability Report of the Company.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 35 and 37(b) respectively to the financial statements.

Share Capital

During the year under review, pursuant to the share buy-back programmes announced by the Company respectively on (i) 11th August 2022 (the 2022 Share Buy-back Programme) which expired at the conclusion of the Company's 2023 annual general meeting and (ii) 5th December 2023 (the 2023 Share Buy-back Programme) (collectively, the Share Buy-back Programmes), the Company bought back an aggregate of 11,625,000 'A' shares and 18,562,500 'B' shares on The Stock Exchange of Hong Kong Limited (the Stock Exchange) at an aggregate cost (excluding transaction fees) of HK$875 million. All the shares bought back were subsequently cancelled.

The Board is of the view that the implementation of the Share Buy-back Programmes is in the best interests of the Company and the shareholders as a whole. A share buy-back demonstrates the Company's confidence in its business outlook and prospects and should, ultimately, benefit the Company and create value for the shareholders.

Particulars of the Share Buy-back Programmes and details of the Company's share capital are set out in note 34 to the financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year and the Group has not adopted any share option scheme.

At 31st December 2023, taking into account the shares bought back and cancelled, 856,824,500 'A' shares and 2,922,337,500 'B' shares were in issue (31st December 2022: 865,823,000 'A' shares and 2,941,142,500 'B' shares).

Accounting Policies

The material accounting policies of the Group are set out in the relevant Notes to the Financial Statements (if they relate to a particular item) and in the section of this annual report headed Accounting Policies.

Auditors

PricewaterhouseCoopers retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company is to be proposed at the forthcoming annual general meeting.

Financial Review

A review of the consolidated results, consolidated statement of financial position and consolidated statement of cash flows of the Group is shown in the section of this annual report headed Financial Review. A ten-year summary of the financial performance of the Group is shown in the section of this annual report headed Summary of Past Performance.

Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code (the CG Code) contained in Part 2 of Appendix C1 to the Listing Rules throughout the year covered by the annual report.

Details of the Company's corporate governance practices are set out in the section of this annual report headed Corporate Governance Report.

Environmental, Social and Governance

The Company has complied with all the applicable provisions set out in Part C of the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules for the year covered by the annual report.

Donations

During the year, the Group made donations (including cash contributions and in-kind contributions) for charitable purposes of HK$75 million. Total donations amounted to HK$115 million including donations by the Swire Group Charitable Trust and Cathay group.

Fixed Assets

For details of movements in fixed assets refer to notes 14 and 15 to the financial statements.

The annual valuation of the Group's investment property portfolio, whether completed or in the course of development, was carried out by professionally qualified valuers (96% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer) on the basis of market value at 31st December 2023. This valuation resulted in a decrease of HK$2,860 million in the carrying value of the investment property portfolio.

A schedule of the principal properties of the Group and its joint venture and associated companies is given in the section of this annual report headed Schedule of Principal Group Properties.

Borrowings

For details of the Group's borrowings refer to the section of this annual report headed Financing.

Interest

For details of the amount of interest capitalised by the Group refer to page 76.

Major Customers and Suppliers

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers and suppliers respectively.

Directors

All the present Directors of the Company whose names are listed in the section of this annual report headed Directors and Officers served throughout the calendar year 2023. Samuel Swire resigned as a Director with effect from the conclusion of the Company's Board meeting held on 12th January 2023. Chien Lee retired as a Director with effect from the conclusion of the Company's 2023 annual general meeting held on 11th May 2023.

Independence Confirmation

All of the Independent Non-Executive Directors (listed in the section of this annual report headed Directors and Officers) has confirmed their independence as regards the factors in Rule 3.13 of the Listing Rules and the Company considers all of them to be independent.

Term of Appointment

Article 93 of the Company's Articles of Association provides for all Directors to retire at the third annual general meeting following their election by ordinary resolution. In accordance therewith, David Cogman, Martin Murray and Merlin Swire retire this year and, being eligible, offer themselves for re-election.

Each of the Directors has entered into a letter of appointment, which constitutes a service contract, with the Company for a term of up to three years until retirement under Article 91 or Article 93 of the Articles of Association of the Company, which will be renewed for a term of three years upon each election or re-election. No Director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Fees and Emoluments

Full details of Directors' fees and emoluments are set out in note 8 to the financial statements.

Directors' fees paid to the Independent Non-Executive Directors during the year totalled HK$6.3 million. They received no other emoluments from the Group.

Directors' Interests

At 31st December 2023, the register maintained under Section 352 of the Securities and Futures Ordinance (SFO) showed that Directors held the following interests in the shares of Swire Pacific Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited and Swire Properties Limited:

	Capacity					
	Beneficial interest				Percentage of voting shares (comprised in the class)	
	Personal	Family	Trust interest	Total no. of shares	(%)	Note
Swire Pacific Limited						
'A' shares						
Paul Etchells	–	12,000	–	12,000	0.0014	
Gordon Orr	9,000	–	–	9,000	0.0011	
Merlin Swire	180,000	–	301,000	481,000	0.0561	1
'B' shares						
Gordon McCallum	77,500	–	–	77,500	0.0027	
Merlin Swire	390,000	–	3,024,617	3,414,617	0.1168	2

	Capacity					
	Beneficial interest				Percentage of issued share capital (comprised in the class)	
	Personal	Family	Trust interest	Total no. of shares	(%)	Note
John Swire & Sons Limited						
Ordinary Shares of £1						
Gordon McCallum	46,177	–	–	46,177	0.05	
Merlin Swire	2,193,550	630,000	20,175,819	22,999,369	23.00	2
8% Cum. Preference Shares of £1						
Gordon McCallum	64,247	–	–	64,247	0.07	
Merlin Swire	3,966,125	–	16,917,930	20,884,055	23.20	2

	Capacity					
	Beneficial interest				Percentage of voting shares	
	Personal	Family	Trust interest	Total no. of shares	(%)	Note
Swire Properties Limited						
Ordinary Shares						
Paul Etchells	–	8,400	–	8,400	0.00014	
Merlin Swire	–	–	1,148,812	1,148,812	0.01964	1

Notes:
1. All 'A' shares of Swire Pacific Limited and ordinary shares of Swire Properties Limited held by Merlin Swire under Trust interest were held by him as one of the executors of a will and he did not have any beneficial interest in those shares.
2. Merlin Swire was a trustee and/or potential beneficiary of trusts which held 8,852,483 ordinary shares and 6,705,528 preference shares in John Swire & Sons Limited and 1,225,395 'B' shares in Swire Pacific Limited included under Trust interest and did not have any beneficial interest in those shares. Merlin Swire was one of the executors of a will which held 1,799,222 'B' shares in Swire Pacific Limited included under Trust interest and did not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Neither during nor prior to the year under review has any right been granted to, or exercised by, any Director of the Company, or to or by the spouse or minor child of any Director, to subscribe for shares, warrants or debentures of the Company.

Other than as stated in this report, no transaction, arrangement or contract of significance to which the Group was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

At no time during the year was the Company, or any of its associated corporations, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Competing Businesses

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Directors of Subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31st December 2023 or during the period from 1st January 2024 to the date of this Report are kept at the Company's registered office and made available for inspection by the members of the Company in accordance with Section 390(6) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

Permitted Indemnity

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director is entitled under the Company's Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

Substantial Shareholders' and Other Interests

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 31st December 2023 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	'A' shares	Percentage of voting shares (comprised in the class) (%)	'B' shares	Percentage of voting shares (comprised in the class) (%)	Note
Substantial Shareholders					
John Swire & Sons Limited	442,879,720	51.69	2,131,969,282	72.95	1

Note:

1. John Swire & Sons Limited (Swire) was deemed to be interested in a total of 442,879,720 'A' shares and 2,131,969,282 'B' shares of the Company at 31st December 2023, comprising:
   (a) 885,861 'A' shares and 13,367,962 'B' shares held directly;
   (b) 12,632,302 'A' shares and 37,597,019 'B' shares held directly by its wholly-owned subsidiary Taikoo Limited;
   (c) 39,580,357 'A' shares and 1,482,779,222 'B' shares held directly by its wholly-owned subsidiary John Swire & Sons (H.K.) Limited; and
   (d) the following shares held directly by wholly-owned subsidiaries of John Swire & Sons (H.K.) Limited: 2,055,000 'B' shares held by Canterbury Holdings Limited, 322,603,700 'A' shares and 123,945,000 'B' shares held by Elham Limited, 39,461,000 'A' shares and 373,003,444 'B' shares held by Shrewsbury Holdings Limited, 99,221,635 'B' shares held by Tai-Koo Limited and 27,716,500 'A' shares held by Waltham Limited.

At 31st December 2023, the Swire group was interested in 60.31% of the equity of the Company and controlled 68.13% of the voting rights attached to shares in the Company.

Public Float

Rule 8.08(1) of the Listing Rules requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. The Company has been granted by the Stock Exchange a waiver from strict compliance with Listing Rule 8.08(1) such that the Company's public float percentage continues to be calculated based on its issued share capital as if its shares still had nominal values. From information that is publicly available to the Company and within the knowledge of its Directors at the date of this report, at least 25% of the Company's total issued share capital (calculated as described in the previous sentence) is held by the public.

Continuing Connected Transactions

During the year ended 31st December 2023, the Group had the following continuing connected transactions, details of which are set out below:

(a) Services Agreements

There are agreements for services (Services Agreements), in respect of which John Swire & Sons (H.K.) Limited (JS&SHK), a wholly-owned subsidiary of John Swire & Sons Limited (Swire), provided to the Company and some of its subsidiary and associated companies advice and expertise of the directors and senior officers of the Swire group, including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, certain staff services (including full or part time services of members of the staff of the Swire group), certain central services and such other services as may be agreed from time to time, and procured for the Company and its subsidiary, joint venture and associated companies the use of relevant trademarks owned by Swire. No fee is payable in consideration of such procuration obligation or such use. The procuration obligation would fall away if the Services Agreements were terminated or not renewed.

In return for these services, JS&SHK receives annual service fees calculated (A) in the case of the Company, as 2.5% of the dividends receivable from associates and joint ventures of the Company, where there are no agreements for services with such companies, and (B) in the case of its subsidiaries and associates with such agreements, as 2.5% of their relevant consolidated profits before taxation and non-controlling interests after certain adjustments.

The fees for each year are payable in cash in arrear in two instalments, an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment. The Company also reimburses the Swire group at cost for most of the expenses incurred in the provision of the services.

The Services Agreements took effect from 1st January 2005, were renewed on 1st October 2007, were amended and restated on 18th September 2008, were renewed again on 1st October 2010, 14th November 2013 and 1st October 2016, were further amended and restated on 9th August 2019 and were renewed again on 1st October 2019 and 1st October 2022. The current term of the Services Agreements is from 1st January 2023 to 31st December 2025 and they are renewable for successive periods of three years thereafter unless either party to them gives to the other notice of termination of not less than three months expiring on any 31st December.

Particulars of the fees paid and the expenses reimbursed for the year ended 31st December 2023 are given in note 41 to the financial statements.

(b) Tenancy Framework Agreement

The Company, JS&SHK and Swire Properties Limited (Swire Properties) entered into a tenancy framework agreement (Tenancy Framework Agreement) on 14th August 2014 to govern existing and future tenancy agreements between members of the Group, members of the JS&SHK group and members of the Swire Properties group. The Tenancy Framework Agreement, which took effect from 1st January 2014 and was renewed on 1st October 2015 and 1st October 2018, was renewed again on 1st October 2021 for a term of three years from 1st January 2022 to 31st December 2024. It is renewable for successive periods of three years thereafter unless any party to it gives to the other parties notice of termination of not less than three months expiring on any 31st December. Pursuant to the Tenancy Framework Agreement, members of the Group, members of the JS&SHK group and members of the Swire Properties group enter into tenancy agreements from time to time on normal commercial terms based on prevailing market rentals.

Particulars of the aggregate rentals payable to the Group under tenancies subject to the Tenancy Framework Agreement for the year ended 31st December 2023 are given in note 41 to the financial statements.

(c) Management Services Agreement
Swire Coca-Cola Limited (SCCL), John Swire & Sons Limited and Swire Pacific Holdings Inc. (SPHI) entered into a management services agreement (Management Services Agreement) on 18th July 2023 for the provision of management and administrative support services by SCCL to SPHI and its subsidiaries. The initial term of the Management Services Agreement is from 7th September 2023 until 27th April 2037 (both days inclusive), and thereafter, subject to mutual agreement, will be renewed on the same terms for successive terms of 10 years, unless terminated earlier pursuant to its terms.

Particulars of the management fee payable by SPHI to SCCL for the year ended 31st December 2023 are given in note 41 to the financial statements.

The Swire group was interested in 60.31% of the equity of the Company and controlled 68.13% of the voting rights attached to shares in the Company at 31st December 2023. JS&SHK, as a wholly-owned subsidiary of Swire, is therefore a connected person of the Company under the Listing Rules. The transactions under the Services Agreements, the Tenancy Framework Agreement and the Management Services Agreement are continuing connected transactions in respect of which announcements dated 11th August 2022, 13th May 2021 and 18th July 2023 respectively were published.

As directors and/or employees of the Swire group, Guy Bradley, David Cogman, Patrick Healy, Martin Murray and Zhang Zhuo Ping are interested in the Services Agreements and the Tenancy Framework Agreement. As shareholders, directors and employees of the Swire group, Gordon McCallum and Merlin Swire are interested in the Services Agreements, the Tenancy Framework Agreement and the Management Services Agreement. Before he ceased to be a director of the Company, Samuel Swire as a shareholder, a director and an employee of the Swire group was interested in the Services Agreement and the Tenancy Framework Agreement.

The Independent Non-Executive Directors of the Company, who are not interested in any connected transactions with the Group, have reviewed and confirmed that the continuing connected transactions as set out above have been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also reviewed these transactions and confirmed to the Board that nothing has come to their attention that causes them to believe that they have not been approved by the Board of the Company; that they were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; that they were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and that the relevant annual caps have been exceeded.

Discloseable Transactions

(a) Acquisition of Coca-Cola Bottling Operations in Vietnam and Cambodia
On 18th July 2022, Swire Coca-Cola Limited (SCCL) as purchaser and Swire Beverages Holdings Limited as guarantor (both wholly-owned subsidiaries of the Company) entered into share purchase agreements for the acquisition of two companies from The Coca-Cola Company (TCCC), the subsidiaries of which are engaged in the business of preparation, packaging, distribution and sale of ready-to-drink beverages bearing trademarks owned by TCCC and its subsidiaries and affiliated companies in Vietnam and Cambodia, respectively, for an aggregate consideration of US$1,015 million, subject to completion adjustments (the Transactions). The Transactions together constituted a discloseable transaction for the Company under the Listing Rules, in respect of which announcements dated 18th July 2022, 25th November 2022 and 2nd January 2023 were published. The Transactions were completed on 25th November 2022 and 1st January 2023.

(b) Acquisitions of Further Interests in Sino-Ocean Taikoo Li Chengdu
As at 15th December 2022, Sino-Ocean Taikoo Li Chengdu was owned by two holding companies (the PH companies, together with their respective subsidiaries, the PH Group) and managed by a property management company (the PM Company together with its subsidiaries, the PM Group), where the PH Group and the PM Group were owned by the relevant subsidiaries of Swire Properties (the Purchasers) and the relevant subsidiaries of Sino-Ocean Group Holding Limited (SOG) (the Sellers) on a 50:50 basis. The Target Group comprises the PH Group and the PM Group.

On 15th December 2022,

(1) the Purchasers, the Sellers, SOG and Sino-Ocean Service Holding Limited (SOG Service) (SOG together with SOG Service as the seller guarantors) entered into the first master agreement for the sale and purchase of a 15% interest in the Target Group for a total cash consideration of RMB1,000,000,000 (the First Transaction);

(2) the relevant Purchaser, the relevant Seller, SOG and SOG Service (SOG together with SOG Service as the seller guarantors) entered into the second master agreement for the sale and purchase of a 35% interest in the PM Group for a cash consideration of RMB59,000,000 (the Second Transaction); and

(3) the relevant Purchasers, the relevant Sellers and SOG (as the seller guarantor) entered into the third master agreement for the sale and purchase of a 35% interest in the PH Group for a total cash consideration of RMB4,491,000,000 (the Third Transaction).

The First Transaction, the Second Transaction and the Third Transaction, when aggregated, constituted a discloseable transaction of the Company under the Listing Rules, in respect of which an announcement dated 15th December 2022 was published.

The First Transaction was completed on 21st December 2022, in respect of which an announcement dated 21st December 2022 was published. The Group's interest in the Target Group increased from 50% to 65% upon completion of the First Transaction.

The Second Transaction was completed on 22nd February 2023. The Group's interest in the PM Group increased further to 100% upon completion of the Second Transaction.

Immediately after completion of the Second Transaction, the Third Transaction was completed on the same date. The Group's interest in the PH Group increased further to 100% upon completion of the Third Transaction. The Target Group became wholly-owned by the Group. An announcement on the completions dated 22nd February 2023 was published.

(c) Investment in Property Development in the Pudong New Area in Shanghai

On 28th September 2023, (1) Elegant Ocean Limited (Elegant Ocean), a wholly-owned subsidiary of Swire Properties, acquired 40% equity interest in Shanghai Dongmao Real Estate Limited* (上海東袤置業有限公司) (Dongmao) at a consideration of RMB6,594.23 million (the Dongmao Transaction), which resulted in Dongmao becoming a 60:40 joint venture between Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd.* (上海陸家嘴金融貿易區開發股份有限公司) (Lujiazui Development) and Elegant Ocean; and (2) United Hill Limited (United Hill), a wholly-owned subsidiary of Swire Properties, acquired 40% equity interest in Shanghai Yaolong Investment Limited* (上海耀龍投資有限公司) (Yaolong) at a consideration of RMB3,115.74 million (the Yaolong Transaction), which resulted in Yaolong becoming a 60:40 joint venture between Lujiazui Development and United Hill. Dongmao and Yaolong will be principally engaged in the construction and development of plots of land in the Pudong New Area in Shanghai and the sales, leasing, operation and management of the property development on the plots of land. The Dongmao Transaction and the Yaolong Transaction together constitute a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 28th September 2023 was published.

(d) Sale of Certain Office Floors of One Island East

On 17th November 2023, Cityplaza Holdings Limited, a wholly-owned subsidiary of Swire Properties, entered into sale and purchase agreements with the Securities and Futures Commission for the sale and purchase of the 42nd to 54th floors (excluding the 49th floor) of the building known as "One Island East" located at No. 18 Westlands Road, Quarry Bay, Hong Kong for a total consideration of HK$5.4 billion. The transaction constituted a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 17th November 2023 was published. The transaction in respect of the 45th to 54th floors (excluding the 49th floors) was completed on 21st December 2023.

* For identification purpose only

(e) Acquisition of Coca-Cola Bottling Operations in Thailand and Laos and Disposal of Minority Interests in Coca-Cola Bottling Operations in Cambodia and Vietnam

On 9th February 2024, Swire Beverages (South East Asia) Pte. Ltd. (the Purchaser), a wholly-owned subsidiary of the Company, entered into definitive agreements with The Coca-Cola Export Corporation and Bevsite Limited (as sellers), ThaiNamthip Corporation Ltd. (TNTC) and ThaiNamthip Limited respectively, pursuant to which the Purchaser conditionally agreed to acquire (through purchases and subscriptions in two phases) a majority stake in TNTC for an aggregate consideration of approximately THB42,615.7 million (equivalent to approximately HK$9,470.1 million), subject to customary post-completion adjustments and excluding the deemed exercise of an option to sell additional shares in TNTC to the Purchaser (the Acquisition). The Purchaser will be interested in approximately 55.7% of the issued share capital of TNTC upon completion of the Acquisition.

In connection with the Acquisition, on 9th February 2024, CC Cambodia Holdings Pte. Ltd. and Coca-Cola Indochina Pte. Ltd., each a wholly-owned subsidiary of the Company and as a seller, respectively entered into a share purchase agreement and a capital transfer agreement with TNTC as the purchaser, pursuant to which TNTC conditionally agreed to acquire 30% of each of the issued share capital of Cambodia Beverage Company Limited (the Cambodia Subsidiary) and the charter capital of Coca-Cola Beverages Viet Nam Limited Liability Company (the Vietnam Subsidiary) for an aggregate consideration of approximately US$271.1 million (equivalent to approximately HK$2,114.6 million), subject to customary post-completion adjustments (the Disposal). Upon completion of the Disposal, each of the Cambodia Subsidiary and the Vietnam Subsidiary will become a non-wholly owned subsidiary of the Company.

The Acquisition and Disposal constitute a discloseable transaction of the Company under the Listing Rules (classified by reference to the larger of the Acquisition or Disposal), in respect of which an announcement dated 9th February 2024 was published.

Major and Connected Transaction

(a) Sale of 100% Equity Interest in Swire Pacific Holdings Inc.

On 28th June 2023, SPHI Capital Management Limited Liability Company (a wholly-owned subsidiary of the Company) as the seller, JS&S (Beverages) Inc. (a wholly-owned subsidiary of Swire) as the purchaser, Swire as the purchaser's guarantor, and the Company as the seller's guarantor entered into a share purchase agreement for the sale and purchase of 100% equity interest in Swire Pacific Holdings Inc. (a wholly-owned subsidiary of the Company doing business as Swire Coca-Cola, USA) for a cash consideration of US$3.9 billion (equivalent to approximately HK$30.4 billion) (the Transaction). The Transaction constituted a major and connected transaction of the Company under the Listing Rules, in respect of which an announcement and a circular dated 28th June 2023 and 14th August 2023, respectively, were published. On 30th August 2023, the shareholders of the Company passed an ordinary resolution at a general meeting to approve the Transaction. The Transaction was completed on 7th September 2023.

On behalf of the Board

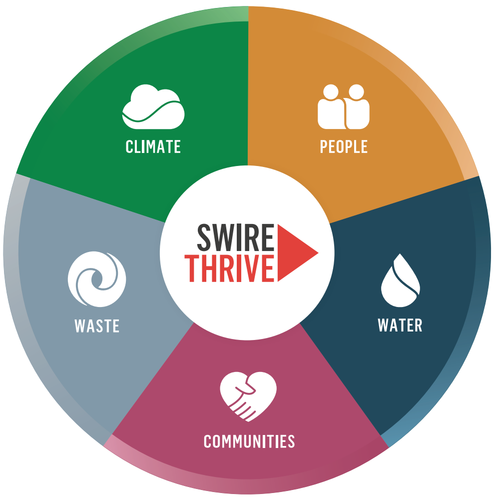
Guy Bradley
Chairman
Hong Kong, 14th March 2024

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

Sustainable development is integral to our approach to business and investment. Providing quality products and services that our customers can trust, investing in our people and communities, and protecting shared natural resources is not only the right thing to do, it is fundamental to our ability to create long-term value for our shareholders.

Through SwireTHRIVE 2.0, our sustainable development strategy, we aim for innovation and continuous improvement in five areas: Climate, Waste, Water, People and Communities.



We have stretching near-term targets to reduce carbon, water and waste. Our ambition is to achieve net-zero carbon emissions, water neutrality and zero waste to landfill by 2050. Acquisitions and disposals that occurred after 2021, the target setting year, are excluded from our commentary on performance against targets, but included in commentary on overall performance. As per our reporting methodology, we set new targets covering our current portfolio once we have a full fiscal year of data.

Environmental, social and governance topics not covered by SwireTHRIVE are important to our investors, regulators and customers. We have policies on human rights, biodiversity and sustainable procurement.

Governance of Sustainability

Our Board is ultimately accountable for sustainability matters. It is kept informed of sustainability risks and performance by the Group Risk Management Committee, which reports to the Board via the Audit Committee. The Group Head of Sustainability reports monthly to the Group's Finance Director, who is an Executive Director of the Company, and briefs the Board and division heads twice a year on sustainability matters.

There are group risk forums which are relevant to SwireTHRIVE. They deal with environment, social and governance, human resources and health and safety. For details, see the Risk Management sections of this report and of our 2023 Sustainability Report. Other group committees and working groups relevant to SwireTHRIVE are the Swire Group Environment Committee, the Health and Safety Committee, the Diversity & Inclusion Steering Committee and the Philanthropy Committee.

The Sustainable Development Office is responsible for the environmental areas of SwireTHRIVE. Our Group Risk Management and Diversity, Equity & Inclusion departments and the Swire Trust also have SwireTHRIVE responsibilities.

Sustainable Development Fund

The Swire Pacific Sustainable Development Fund offers financial support to operating companies for projects which can deliver significant environmental benefits, but which cannot be justified by reference to our cost of capital targets. The fund has supported trials of innovative green technology projects. In 2023, funding of about HK$85 million was approved for 12 projects at various operating companies.

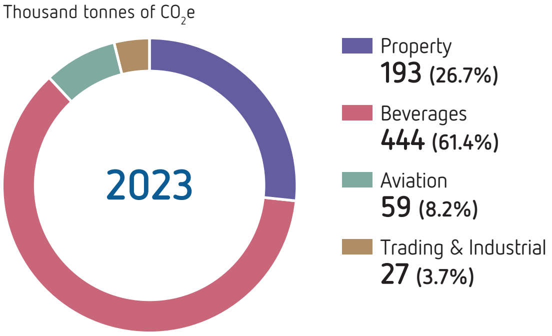
Sustainable Finance

At the end of 2023, sustainable finance (where part of the cost is linked to the achievement of sustainability targets) represented more than 47% of our total financing.

Climate

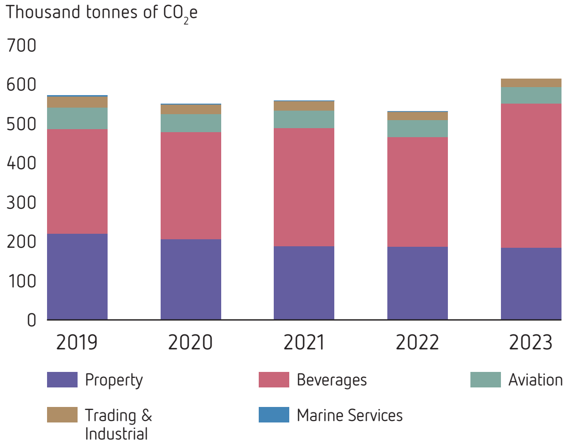
The world must halve emissions by 2030 and reach net-zero emissions by 2050 to avoid the worst effects of climate change. Reducing our greenhouse gas (GHG) emissions is a business imperative. We must ensure that our assets and operations can withstand and adapt to climate-related risks.

Total Scope 1 and 2 GHG Emissions by Division



Notes:
1. Swire Pacific tracks its energy consumption and GHG emissions through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of records.
2. Totals may not be the exact sum of numbers shown due to rounding.

Scope 2 GHG Emissions by Division



Note:
Swire Pacific tracks its energy consumption and GHG emissions through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of records. The figures for 2022 have been updated to reflect such availability.

Climate Risk

We consider the physical, regulatory and financial impact of climate change on our businesses. In 2023, we completed a physical and transition scenario analysis, the results of which are included in our climate risk disclosures, available in our 2023 Sustainability Report. These follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Greenhouse Gas Emissions

Our target is to reduce by 50% our scope 1 and 2 GHG emissions by 2030 from their 2018 levels. We aim to reach net-zero GHG emissions by 2050.

In 2023, our scope 1 and 2 GHG emissions were 723 thousand tonnes of carbon dioxide equivalent (CO_2e), a 11% increase from 2022. Businesses covered by our 2030 target achieved a 30% reduction in scope 1 and 2 emissions against a 2018 baseline. Swire Properties and Swire Coca-Cola accounted for more than 80% of the Group's emissions in 2023. They have set science-based targets (SBTs) which have been approved by the Science Based Targets initiative (SBTi).

In 2023, Cathay Pacific's GHG emissions were 11,620 thousand tonnes of CO_2e. We report 45% (our percentage ordinary shareholding interest in Cathay Pacific) of them, or 5,229 thousand tonnes of CO_2e. Cathay Pacific has committed to achieving net-zero carbon emissions by 2050, for sustainable aviation fuel to represent 10% of its fuel consumption by 2030, and to improve its emission intensity by 12% per revenue tonne kilometre (RTK) by 2030 from the 2019 baseline. In 2023, its carbon intensity, measured in grammes of CO_2 per RTK, increased by 4% compared with 2022, primarily associated with the reactivation of some less fuel-efficient aircraft for business resumption.

Internal carbon pricing was piloted in 2023 and will continue in 2024. We use carbon fees and shadow pricing. The carbon fee for each operating company is based on its most recent financial year's GHG emissions and budgets are set aside for decarbonisation projects based on the carbon fee.

Shadow pricing is applied to projects exceeding a threshold value. Swire Coca-Cola, Swire Properties and HAECO (which account for more than 90% of our GHG emissions) are participating in this initiative.

Energy

Electricity consumption is our largest source of scope 1 and 2 GHG emissions. In 2023, our GHG emissions (primarily derived from purchased electricity) were 613 thousand tonnes of CO_2e, a 16% increase from 2022. Across the Group we retrofitted buildings and improved operational procedures. Energy saving and increased use of renewable electricity helped.

In line with the Group Green Building Policy, new and substantially renovated buildings over a threshold construction floor area should obtain the highest or second highest international or local building environmental certification. All existing buildings without major renovations or refurbishments are encouraged to obtain similar standard where practicable.

Swire Properties designs, constructs and operates properties with a view to reducing energy use. At the end of 2023, 100% of its wholly-owned new projects under development achieved the highest green building rating, 94% of its wholly-owned existing buildings were certified green buildings, and over 97% of its 2023 gross rental income came from certified green buildings.

In 2023, Swire Properties' absolute scope 1 and 2 GHG emissions achieved a reduction of 29% compared with a 2019 baseline year. 50% of office tenants in its wholly-owned portfolios have signed the Green Performance Pledge to jointly improve environmental performance by 2025. Tenants are supported in identifying ways in which they can reduce energy, waste and water consumption.

28.6 million kWh of electricity was generated from renewable sources at Swire Properties, Swire Coca-Cola and HAECO Xiamen in 2023. Two Swire Properties' developments and seven Swire Coca-Cola bottling plants in the Chinese Mainland are powered by 100% renewable electricity.

Waste

We aim to minimise the total amount of waste we generate and seek to divert as much as possible from landfill, through recycling, reuse and reducing waste at source.

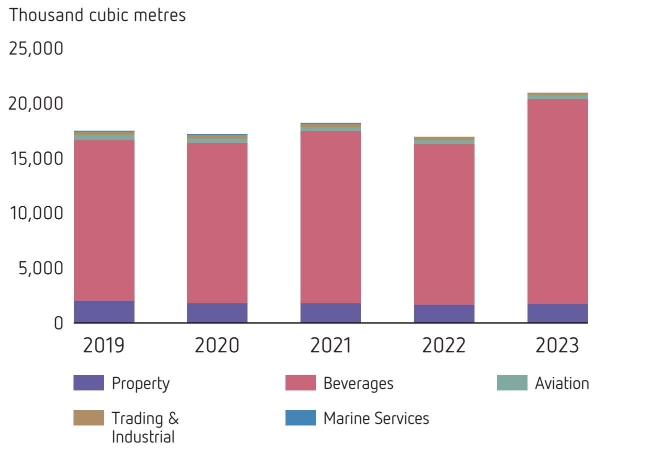
In 2023, due to business expansion, the Group generated 91,116 tonnes of waste, a 37% increase from 2022. Swire Properties and Swire Coca-Cola account for 90% of the Group's waste. Our targets are to divert 65% and 100% of our non-hazardous waste from landfill by 2030 and 2050, respectively. Businesses covered by our 2030 target achieved a 2% increase in waste diversion.

Single use plastic can damage the environment unless it is recovered and recycled. In line with The Coca-Cola Company's World Without Waste initiative, Swire Coca-Cola has the following aims:

- By 2025, primary packaging will be 100% recyclable
- By 2030, primary packaging will comprise 50% recycled content
- By 2030, for every bottle placed in the environment, one will be removed

New Life Plastics, a subsidiary in Hong Kong in which we have a 56.67% equity interest, can process 35,000 tonnes of PET and HDPE per annum.

Water Withdrawal by Division



Note:
Swire Pacific tracks its water consumption through utility bills and purchase or service records. When such records are not yet available, consumption is captured through direct measurements (e.g. readings of submeters). These figures are updated upon availability of records. The figures for 2022 have been updated to reflect such availability.

Water

Our businesses depend on water. Some of them use it extensively. Water stress can affect our suppliers, the communities in which we operate and the biodiversity of the areas in which we operate. We aim to use water responsibly and sustainably, and to protect our water sources.

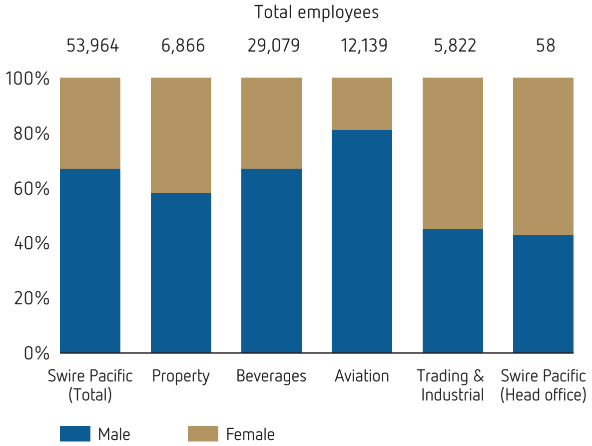
We comply with wastewater treatment laws. By doing this, we protect our own resources and help the communities in which we operate and live to have access to safe, good quality water. Our target is to reduce our water usage (except in Coca-Cola beverages) by 30% from a 2018 frozen efficiency baseline. We aim to achieve water neutrality by 2050.

In 2023, due to business expansion, we used 20.9 million cubic metres of water, 24% more than in 2022. Businesses covered by our 2030 target achieved an 8% reduction in water use against a 2018 baseline.

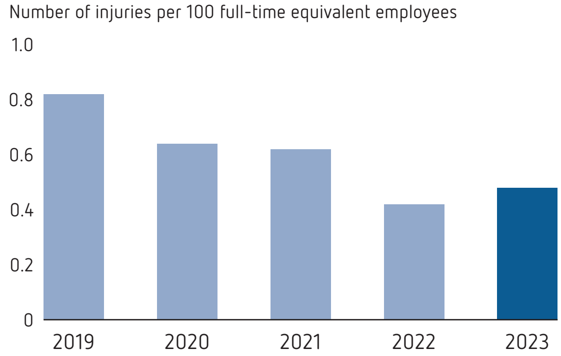
In 2023, Swire Coca-Cola accounted for 89% of our water use. Its water intensity (the amount of water needed to produce a litre of beverage), increased by 7% in 2023 to 1.88 from 1.75 in 2022. Swire Coca-Cola's water usage in 2023 increased due to expansion in the Chinese Mainland and entry into new markets in Vietnam and Cambodia.

Swire Coca-Cola aims to return to the environment water in amounts equivalent to those which it uses in its products.

Employee Breakdown by Gender and Division



Lost Time Injury Rate (LTIR)



People

We aim to be an employer of choice that attracts and retains the most talented people. We do this by creating safe, healthy and inclusive workplaces where everyone is treated with respect and has equal opportunities to succeed.

At the end of 2023, the Swire Pacific Group (excluding the Cathay group and HAESL) employed over 53,000 people. The majority of our people are based in Hong Kong and the Chinese Mainland.

Staff turnover is monitored with a view to identifying areas of improvement and managing issues as they arise. In 2023, the turnover rate was 13%, compared with 22% in 2022.

Health and Safety

We aim to conduct our operations in a manner which safeguards the health and safety of our people, contractors, suppliers, customers and visitors to our business premises and the communities in which we operate. We aim to improve our health and safety management systems continuously with a view to causing zero harm.

In 2023, the number of injuries per 100 full-time equivalent employees (lost time injury rate or LTIR) increased by 14% to 0.48 from 0.42 in 2022.

Regrettably an employee fatality occurred at Swire Waste Management Limited in 2023. Following full investigation, enhanced mitigation measures were implemented.

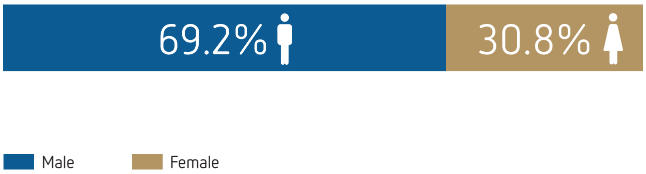
We aim continuously to improve our health and safety performance and culture through systems improvements, training, learning and transparent reporting. We expect our contractors to observe high safety standards. Regrettably, there was one work-related fatality of a contracted worker in 2023. This incident occurred in Vietnam at Swire Coca-Cola. Following thorough investigations Swire Coca-Cola has enhanced its third-party logistics contractor safety management protocols.

We care about the mental and physical health and wellbeing of our people. Group initiatives include health checks, employee assistance programmes with 24-hour confidential hotlines, and policies on flexible working and parental leave. We will continue to enhance our wellbeing strategy in 2024.

Diversity, Equity and Inclusion

We believe in creating an environment where people feel comfortable at work and are able to realise their full potential. We are committed to creating an inclusive and supportive working environment for our people regardless of their age, gender, gender identity, sexual orientation, relationships, family status, disability, race, ethnicity, nationality and religious or political beliefs.

Board Breakdown by Gender



We have set diversity targets including 30% of women on our board of directors (Board) by 2024. As of 2023, women represent 30.8% of our Board.

We have provided unconscious bias training to those responsible for recruitment and promotion. Employees are required to comply with applicable employment and other laws. We provide training in order to assist our people to better understand their rights and obligations under Hong Kong anti-discrimination legislation.

Training and Development
We need an agile and well-trained workforce in order to respond to competitive and changing business environment. We provide on-the-job training, mentoring and coaching, classroom training and online learning. All new joiners take part in induction programmes that include anti-discrimination and anti-corruption training as well as site visits to our businesses.

Our in-house leadership development company, Ethos International, designs and provides learning and development programmes for management staff. Managers attend business management and executive programmes at INSEAD and Stanford. Ethos' training programmes emphasise sustainability and contribute to the development of a strong corporate culture and a style of leadership that is consistent with our values.

We recruit high-calibre individuals with a view to developing them into future leaders within the Group. They are trained in management, finance and human resources. They have access to coaching and mentoring.

Our summer internship programme gives exceptional students the opportunity to gain experience of working at Swire. Interns learn about our values and what we do, and then work on business projects at our operating companies.

We communicate with our people on a regular basis via our intranet, newsletters, surveys and staff forums.

Communities

We believe that when the communities in which we operate prosper, so do we. We concentrate on doing things where we believe we can make a difference. We support our communities with monetary donations, provision of products and services and with the time and energy of our staff, and through the Swire Group Charitable Trust (the Trust).

The Trust focuses on education, marine conservation and the arts in Hong Kong. In 2023, it supported over 90 Hong Kong-based organisations and distributed approximately HK$35 million. The Swire Trust continues to support inspirational projects in the respective three focus areas, connecting the Company's staff, the Trust's NGO partners, and the community to build social capital, create opportunities, and motivate positive change in Hong Kong. Our employees contributed 2,968 hours of service to 54 activities in 2023 via the Swire Trust staff engagement programme.

During the year, the Group including our operating companies made donations (cash contributions and in-kind contributions) of HK$75 million.

Engaging with Suppliers

Operating companies are committed where possible to purchasing products which do not adversely affect the environment. Our guidelines on doing so are in accordance with international standards.

Our Supplier Corporate Social Responsibility Code of Conduct deals with regulatory compliance, forced labour, child labour, health and safety, environmental issues, compensation and working hours, human rights, subcontractor management, ethics and reporting.

Our businesses engage with thousands of suppliers. They supply goods and services which include aircraft parts, fuel, sugar, auditing, office supplies and uniforms. We prefer to work with suppliers that share our high standards and values. We share information and best practices with suppliers and encourage them to adopt appropriate sustainability and other standards.

Reporting and Recognition

Our sustainability performance is disclosed in detail in a separate Sustainability Report, which is available on our website. It has been prepared with reference to the Global Reporting Initiative (GRI) Standards and the ESG Reporting Guide for listed companies issued by The Stock Exchange of Hong Kong Limited. Deloitte Touche Tohmatsu have provided a limited assurance report in respect of selected sustainability information of Swire Pacific for the year ended 31st December 2023. Further information on the scope and boundaries of our sustainability data and the full limited assurance report can be found at https://www.swirepacific.com/en/sustainability/sustainable-development-reports.

Swire Pacific is included in the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Index, the Hang Seng Corporate Sustainability Benchmark Index, the Hang Seng (Mainland and HK) Corporate Sustainability Index, the S&P Global Sustainability Yearbook 2024 and the MSCI ACWI ESG Leaders, Hong Kong ESG Leaders, ACWI ESG Universal and ACWI SRI Indices. We received a AAA rating from MSCI. Swire Pacific is included in the 2023 Bloomberg Gender-Equality Index.

Swire Properties is included in the FTSE4Good Index and is a Member of the Dow Jones Sustainability World Index, ranking second globally in its industry category in 2023.

In 2023, Swire Pacific achieved a score of A- for CDP Climate Change. Swire Coca-Cola achieved a score of A- for CDP Water Security.

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pwc

羅兵咸永道

To the Shareholders of Swire Pacific Limited

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Swire Pacific Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 129 to 225, comprise:

– the consolidated statement of financial position as at 31st December 2023;
– the consolidated statement of profit or loss for the year then ended;
– the consolidated statement of other comprehensive income for the year then ended;
– the consolidated statement of changes in equity for the year then ended;
– the consolidated statement of cash flows for the year then ended; and
– the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to note 15 in the consolidated financial statements.* The fair value of the Group's investment properties amounted to HK$280,783 million at 31st December 2023, with a fair value loss of HK$2,860 million recorded in the consolidated statement of profit or loss for the year. Valuations were obtained from third party valuers (the "valuers") in respect of 98% of the investment properties as at 31st December 2023. The valuations are dependent on certain key assumptions that require significant management judgement and estimates, including capitalisation rates and market rents. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin. We focused on the valuation of investment properties due to the significant judgement and estimates involved in determining the valuation.	Our procedures in relation to management's valuation of investment properties included: – Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; – Evaluating the valuers' competence, capabilities, independence and objectivity; – Reviewing the external valuation reports to assess the appropriateness of methodologies used; – Meeting the valuers to discuss and challenge the valuations and key assumptions used; – Comparing the capitalisation rates, market rents and expected developer's profit margin used by the valuers to an estimated range, determined by reference to publicly available information and recent lettings of the subject properties on a sample basis by our in-house valuation experts; – Checking, on a sample basis, the accuracy and completeness of the rental data provided by management to the valuers by agreeing them to the Group's records; and – For investment properties under development, comparing the estimated construction costs to complete with the Group's budgets and testing, on a sample basis, the construction costs to supporting documentation such as quantity surveyor reports and signed contracts, where applicable. We found the key assumptions were supported by the available evidence. We found the disclosures in note 15 to be appropriate.

Key Audit Matter	How our audit addressed the Key Audit Matter
Key audit matters in relation to Cathay Pacific Airways Limited ("Cathay Pacific") *Refer to note 20 in the consolidated financial statements and the abridged financial statements of Cathay Pacific on pages 224 and 225.*	
The Group's 44.995% interest in Cathay Pacific is accounted for under the equity method. The Group's share of profit after tax from Cathay Pacific for the year ended 31st December 2023 was HK$4,405 million and the Group's interest in Cathay Pacific was HK$22,777 million as at 31st December 2023. Swire Pacific management reviews regularly whether there are any indicators of impairment of the Group's interest in Cathay Pacific by reference to the requirements of the prevailing accounting standards. Based on Swire Pacific management's assessment, the Group did not identify any indicators of potential impairment as at 31st December 2023. The market value of the Group's interest in Cathay Pacific as at 31st December 2023 was HK$23,638 million which is above the Group's carrying value. Cathay Pacific management assessed the carrying value of goodwill for impairment in Cathay Pacific's own financial statements, as summarised in "Assessing impairment of goodwill" below. Other key audit matters relating to the Group's share of profit and net assets of Cathay Pacific are summarised below. The amounts noted below are those in the Cathay Pacific's financial statements (i.e. on a 100% basis).	Cathay Pacific is a significant associate of the Group and is audited by a non-PwC auditor ("the CX Auditor"). We have met with the CX Auditor and have discussed their identified audit risks and audit approach, the results of their work and the key audit matters identified; and have reviewed their key working papers. We have evaluated management's review for possible impairment indicators based on Cathay Pacific's financial performance for the year ended 31st December 2023, inquiries of Cathay Pacific management and the CX Auditor as well as our knowledge of the industry by reference to publicly available aviation industry reports. After considering the procedures performed by us in respect of Swire Pacific management's review for possible impairment indicators of the Group's interest in Cathay Pacific and our review of the audit work of the CX Auditor, we have determined that the audit work performed and evidence obtained are sufficient for our purpose. We have discussed the key audit matters relating to Cathay Pacific with Swire Pacific management and have evaluated the impact on our audit of the consolidated financial statements. The procedures performed by the CX Auditor on the respective key audit matters are summarised below.

Key Audit Matter	How our audit addressed the Key Audit Matter
Key audit matters in relation to Cathay Pacific Airways Limited ("Cathay Pacific") (continued) *Refer to note 20 in the consolidated financial statements and the abridged financial statements of Cathay Pacific on pages 224 and 225.*	
Assessing impairment of goodwill – The carrying value of Cathay Pacific's goodwill arising from business combinations amounted to HK$11,615 million as at 31st December 2023. Where indicators of impairment of Cathay Pacific's cash-generating units ("CGUs") are identified, Cathay Pacific management performs an impairment assessment of the CGU by comparing the carrying value of each CGU with its recoverable amount, which is the higher of fair value less costs of disposal and value in use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves estimating future cash flows and discount rates. In addition, for CGUs containing goodwill, an impairment assessment is performed at least annually even if there is no indicator of impairment. The CX Auditor identified the assessment of impairment of goodwill as a key audit matter because of the significance of the carrying value of such assets to the consolidated financial statements of Cathay Pacific and the preparation of discounted cash flow forecasts involves estimating future cash flows and discount rates which are subject to a significant degree of judgement and could be subject to management bias.	– Meeting Cathay Pacific management and reviewing board minutes and other papers to understand Cathay Pacific's latest operating plans; – Assessing Cathay Pacific management's identification of the CGUs and the allocation of asset to the CGUs for the purpose of the impairment assessments; – Assessing whether Cathay Pacific management had performed the impairment testing in accordance with the requirements of the prevailing accounting standards; – Involving the CX Auditor's internal valuation specialists to assess the methodology and significant assumptions including discount rates adopted by Cathay Pacific management in its impairment assessments; – Evaluating the assumptions adopted in the preparation of the discounted cash flow forecasts, including projected future growth rates for income and expenses and discount rates; and – Performing sensitivity analyses on the key assumptions, including projected profitability, expected growth rates and discount rates adopted in the discounted cash flow forecasts and assessing whether there were any indicators of management bias in the selection of these assumptions.

Key Audit Matter	How our audit addressed the Key Audit Matter
Key audit matters in relation to Cathay Pacific Airways Limited ("Cathay Pacific") (continued) *Refer to note 20 in the consolidated financial statements and the abridged financial statements of Cathay Pacific on pages 224 and 225.*	
Revenue recognition – Cathay Pacific's revenue amounted to HK$94,485 million for the year ended 31st December 2023. Passenger and cargo sales are recognised as Cathay Pacific's revenue when the related transportation service is provided. The value of the sales for which the related transportation services has not yet been provided at the end of the reporting period, adjusted for breakage, is recorded as a contract liability. The CX Auditor identified revenue recognition as a key audit matter because revenue is one of Cathay Pacific's key performance indictors and it involves complicated information technology systems and allocation of revenue between flights and Asia Miles, all of which give rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet targets or expectations.	– Assessing the design, implementation and operating effectiveness of Cathay Pacific management's general information technology controls and key application controls over Cathay Pacific's information technology systems which govern revenue recognition, including access controls, controls over programme changes, interfaces between different systems and key manual internal controls over revenue recognition; – Performing substantive analytical procedures on passenger and cargo revenue by developing an expectation using the CX Auditor's independent inputs and information generated from Cathay Pacific's information technology systems and comparing such expectations with recorded revenue; – Inspecting underlying documentation for revenue related journal entries which met specified risk-based criteria; – Assessing Cathay Pacific management's estimate of the unit stand-alone selling price of Asia Miles and the allocation of the amount received in relation to mileage earning flights between the flight and contract liability attributable to Asia Miles earned by members; and – Inspecting contracts with major partners of the Asia Miles programme to assess if there were any terms and conditions that may have affected the accounting treatment of the related Asia Miles.

Key Audit Matter	How our audit addressed the Key Audit Matter
Key audit matters in relation to Cathay Pacific Airways Limited ("Cathay Pacific") (continued) *Refer to note 20 in the consolidated financial statements and the abridged financial statements of Cathay Pacific on pages 224 and 225.*	
Hedge accounting – Cathay Pacific enters into derivative financial instrument contracts in order to manage its exposure to fuel price risk, foreign currency risk and interest rate risk, which arise during the normal course of its business. Hedge accounting under HKFRS 9 is applied to a majority of these arrangements, and the related contracts gave rise to derivative financial assets of HK$298 million and liabilities of HK$626 million as at 31st December 2023. Hedge accounting can be complex and Cathay Pacific has entered into a large number of derivative contracts and designated them as hedging instruments, necessitating a sophisticated system to record and track each hedging relationship. In addition, the valuation of hedging instruments can involve a significant degree of both complexity and management judgement and is subject to an inherent risk of error.	– Assessing the design, implementation and operating effectiveness of Cathay Pacific management's key internal controls over derivative financial instruments and the application of hedge accounting; – Obtaining written confirmations from contract counterparties for derivative financial instruments that existed at the reporting date on a sample basis; – Inspecting Cathay Pacific management's hedge documentation and contracts, on a sample basis, for the purpose of assessing whether the designation of hedging relationships was in accordance with the requirements of the prevailing accounting standards; – Re-performing calculations of hedge effectiveness on a sample basis; and – Engaging the CX Auditor's financial instruments valuation specialists to re-perform year-end valuations of derivative financial instruments on a sample basis and compare these valuations with those recorded by Cathay Pacific.
	We found that, in the context of our audit of the consolidated financial statements of Swire Pacific Limited, Cathay Pacific management's judgement and estimates associated with the key audit matters noted in respect of the Group's share of the profit and interest in Cathay Pacific were supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. The other information does not include the specific information presented therein that is identified as being an integral part of the consolidated financial statements and, therefore, covered by our audit opinion on the consolidated financial statements.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John J. Ryan.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 14th March 2024

Consolidated Statement of Profit or Loss

For the year ended 31st December 2023

	Note	2023 HK$M	2022 HK$M
Continuing operations			
Revenue	4	94,823	91,169
Cost of sales		(59,674)	(56,981)
Gross profit		35,149	34,188
Distribution costs		(14,985)	(16,151)
Administrative expenses		(8,432)	(7,385)
Other operating expenses		(300)	(293)
Other net (losses)/gains	5	(129)	821
Gain on disposals of subsidiary companies – Swire Coca-Cola, USA	43(d)	23,103	–
Impairment charges on interests in joint venture and associated companies	20	(925)	(163)
Change in fair value of investment properties		(2,860)	810
Operating profit		30,621	11,827
Finance charges		(2,612)	(1,753)
Finance income		586	288
Net finance charges	9	(2,026)	(1,465)
Share of profits of joint venture companies	20(a)	617	1,857
Share of profits/(losses) of associated companies	20(b)	3,558	(3,301)
Profit before taxation		32,770	8,918
Taxation	10	(2,932)	(3,013)
Profit from continuing operations		29,838	5,905
Discontinued operations			
Profit from discontinued operations	44	–	364
Profit for the year		29,838	6,269
Profit for the year attributable to:			
The Company's shareholders – from continuing operations	35	28,853	3,836
The Company's shareholders – from discontinued operations	35	–	359
Non-controlling interests – from continuing operations	36	985	2,069
Non-controlling interests – from discontinued operations	36	–	5
		29,838	6,269
Underlying profit attributable to the Company's shareholders	11	36,177	4,748

	Note	HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted):	13		
'A' share – from continuing operations		19.96	2.57
'A' share – from discontinued operations		–	0.24
'B' share – from continuing operations		3.99	0.51
'B' share – from discontinued operations		–	0.05

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Other Comprehensive Income

For the year ended 31st December 2023

	2023 HK$M	2022 HK$M
Profit for the year	29,838	6,269
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	43	–
deferred tax	(12)	–
Defined benefit plans		
remeasurement (losses)/gains recognised during the year	(117)	856
deferred tax	9	(170)
Changes in the fair value of equity investments at fair value through other comprehensive income		
(losses)/gains recognised during the year	(15)	256
deferred tax	(2)	3
Share of other comprehensive income of joint venture and associated companies	78	65
Net translation differences on foreign operations	(221)	(866)
	(237)	144
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
losses recognised during the year	(191)	(93)
transferred from net finance charges	(57)	(24)
transferred from operating profit	11	201
deferred tax	46	(13)
Share of other comprehensive (loss)/income of joint venture and associated companies		
recognised during the year	(988)	(2,978)
reclassified to profit or loss on deemed disposal	228	–
Net translation differences on foreign operations		
recognised during the year	(1,041)	(3,932)
reclassified to profit or loss on disposal	(45)	57
	(2,037)	(6,782)
Other comprehensive loss for the year, net of tax	(2,274)	(6,638)
Total comprehensive income/(loss) for the year	27,564	(369)
Total comprehensive income/(loss) attributable to:		
The Company's shareholders – from continuing operations	26,798	(1,695)
The Company's shareholders – from discontinued operations	–	397
Non-controlling interests – from continuing operations	766	924
Non-controlling interests – from discontinued operations	–	5
	27,564	(369)

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

At 31st December 2023

	Note	31st December 2023 HK$M	31st December 2022 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	20,799	22,196
Investment properties	15	280,783	270,768
Intangible assets	16	18,041	13,930
Right-of-use assets	17	8,766	8,117
Properties held for development	18	1,210	1,208
Joint venture companies	20(a)	24,479	30,346
Loans due from joint venture companies	20(a)	14,853	15,460
Associated companies	20(b)	34,781	23,686
Loans due from associated companies	20(b)	332	131
Investments at fair value	22	1,993	1,041
Prepayment and other receivables	26	312	6,474
Derivative financial instruments	23	84	119
Deferred tax assets	32	567	278
Retirement benefit assets	33	68	273
		407,068	394,027
Current assets			
Properties for sale	24	9,121	8,264
Stocks and work in progress	25	6,747	7,608
Contract assets		1,033	841
Trade and other receivables	26	8,708	9,834
Taxation receivable		430	505
Derivative financial instruments	23	20	35
Bank balances and short-term deposits	27	14,082	11,614
		40,141	38,701
Assets classified as held for sale	28	543	2,038
		40,684	40,739
Current liabilities			
Trade and other payables	29	27,586	28,740
Contract liabilities		2,146	1,337
Taxation payable		571	311
Derivative financial instruments	23	33	124
Short-term loans	30	–	25
Long-term loans and bonds due within one year	30	10,605	10,219
Lease liabilities due within one year	31	873	776
		41,814	41,532
Net current liabilities		(1,130)	(793)
Total assets less current liabilities		405,938	393,234
Non-current liabilities			
Long-term loans and bonds	30	58,613	58,129
Long-term lease liabilities	31	4,206	4,140
Derivative financial instruments	23	331	101
Other payables	29	1,233	1,476
Deferred tax liabilities	32	16,660	13,090
Retirement benefit liabilities	33	121	362
		81,164	77,298
NET ASSETS		324,774	315,936
EQUITY			
Share capital	34	1,294	1,294
Reserves	35	266,835	257,162
Equity attributable to the Company's shareholders		268,129	258,456
Non-controlling interests	36	56,645	57,480
TOTAL EQUITY		324,774	315,936

Guy Bradley
Martin Murray
Paul Etchells
Directors
Hong Kong, 14th March 2024

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31st December 2023

	Note	2023 HK$M	2022 HK$M
Operating activities			
Cash generated from operations	43(a)	14,479	12,043
Interest paid		(3,363)	(2,165)
Interest received		515	296
Tax paid		(2,142)	(2,628)
		9,489	7,546
Dividends received from joint venture and associated companies		428	610
Net cash generated from operating activities		9,917	8,156
Investing activities			
Purchase of property, plant and equipment and right-of-use assets	43(b)	(3,441)	(3,114)
Additions of investment properties		(2,771)	(7,096)
Purchase of intangible assets		(158)	(314)
Proceeds from disposals of property, plant and equipment and right-of-use assets		331	695
Proceeds from disposals of investment properties		5,291	609
Proceeds from disposals of subsidiary companies, net of cash disposed of	26, 43(d)	30,430	1,174
Proceeds from partial disposal of an associated company		–	263
Proceeds from disposals of investments at fair value		–	1,484
Payment for acquisition of subsidiary companies, net of cash acquired	42	(3,255)	(1,783)
Purchase of shares in joint venture companies		(791)	(1,720)
Purchase of shares in associated companies		(10,477)	(97)
Prepayment of shares in respect of a subsidiary company		–	(6,430)
Equity to joint venture companies		(356)	(1,127)
Purchase of investments at fair value		(341)	(186)
Loans to joint venture companies		(1,754)	(178)
Loans to associated companies		(63)	(177)
Repayment of loans by joint venture companies		435	917
Repayment of loans by associated companies		17	–
Advances from joint venture companies		–	101
Advances to joint venture companies		(157)	(200)
Decrease/(increase) in deposits maturing after more than three months		169	(288)
Initial leasing costs incurred		(79)	(75)
Net cash generated from/(used in) investing activities		13,030	(17,542)
Net cash inflow/(outflow) before financing activities		22,947	(9,386)
Financing activities			
Loans drawn and refinancing	43(c)	23,462	25,676
Repayment of loans and bonds	43(c)	(25,886)	(18,866)
Principal elements of lease payments	43(c)	(895)	(880)
		(3,319)	5,930
Capital contribution from non-controlling interests		16	1,003
Repurchase of the Company's shares	34	(851)	(2,639)
Dividends paid to the Company's shareholders	35	(16,108)	(4,118)
Dividends paid to non-controlling interests	36	(1,464)	(1,578)
Net cash used in financing activities		(21,726)	(1,402)
Increase/(decrease) in cash and cash equivalents		1,221	(10,788)
Cash and cash equivalents at 1st January		10,758	22,519
Effect of exchange differences		(148)	(973)
Cash and cash equivalents at 31st December		11,831	10,758
Represented by:			
Bank balances and short-term deposits maturing within three months	27	11,831	10,758

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2023

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2023	1,294	255,167	1,995	258,456	57,480	315,936
Profit for the year	–	28,853	–	28,853	985	29,838
Other comprehensive loss	–	(20)	(2,035)	(2,055)	(219)	(2,274)
Total comprehensive income/(loss) for the year	–	28,833	(2,035)	26,798	766	27,564
Capital contribution from non-controlling interests	–	–	–	–	26	26
Repurchase of the Company's shares	–	(878)	–	(878)	–	(878)
Dividends paid	–	(16,108)	–	(16,108)	(1,464)	(17,572)
Change in composition of the Group	–	(139)	–	(139)	(163)	(302)
At 31st December 2023	1,294	266,875	(40)	268,129	56,645	324,774

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2022	1,294	256,738	8,483	266,515	57,105	323,620
Profit for the year	–	4,195	–	4,195	2,074	6,269
Other comprehensive income/(loss)	–	995	(6,488)	(5,493)	(1,145)	(6,638)
Total comprehensive income/(loss) for the year	–	5,190	(6,488)	(1,298)	929	(369)
Capital contribution from a non-controlling interest	–	–	–	–	1,020	1,020
Repurchase of the Company's shares	–	(2,643)	–	(2,643)	–	(2,643)
Dividends paid	–	(4,118)	–	(4,118)	(1,570)	(5,688)
Change in composition of the Group	–	–	–	–	(4)	(4)
At 31st December 2022	1,294	255,167	1,995	258,456	57,480	315,936

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal activity of the Company is that of a holding company. The principal activities of its major subsidiary, joint venture and associated companies are shown on pages 214 to 223.

The audited financial statements are set out on pages 129 to 225 and also include the "Audited Financial Information" under Financial Review on page 62 and Financing on pages 72 to 81.

1. Changes in Accounting Policies and Disclosures

(a) The following revised standards and interpretation were required to be adopted by the Group effective from 1st January 2023:

Amendments to HKAS 1, HKAS 8 and HKAS 12	Narrow-scope Amendments
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Group previously accounted for deferred taxation on leases that results in a similar outcome in the consolidated financial statements of the Group following the adoption of the "Narrow-scope Amendments (Amendments to HKAS 1, HKAS 8 and HKAS 12)", except that the deferred tax asset or liability was recognised on a net basis prior to offsetting as permitted in HKAS 12. Following the adoption of these amendments in the Group's accounting policies, the Group has recognised deferred tax assets in relation to its lease liabilities and deferred tax liabilities in relation to its right-of-use assets separately. The key impact for the Group relates to the disclosure of the deferred tax assets and liabilities recognised, this includes the restatement of opening balances and movements, as set out in note 32. There is no impact to the Group's consolidated statement of financial position as of 31st December 2023, 31st December 2022 and 1st January 2022, the opening retained earnings at 1st January 2023 and 2022, consolidated statement of profit or loss and the earnings per share for the year ended 31st December 2023 and 2022. Except for Amendments to HKAS 1, HKAS 8 and HKAS 12, none of the revised standards and interpretation had a significant effect on the Group's consolidated financial statements or accounting policies.

(b) The Group has not early adopted the following relevant new and revised standards and interpretation that have been issued but are effective for annual periods beginning on or after 1st January 2024 and such standards have not been applied in preparing these consolidated financial statements.

Amendments to HKAS 1	Classification of Liabilities as Current and Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangability[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 2024.
2 To be applied by the Group from 1st January 2025.
3 The effective date is to be determined.

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

1. Changes in Accounting Policies and Disclosures (continued)

(c) In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two) (i.e. BEPS 2.0), and various governments around the world have issued, or are in the process of issuing, legislation on this. The ultimate holding company of the Group is in the process of assessing the full impact of this in various regions that the Group has operations. The HKSAR Government and the respective governments of the Group's major operating regions have not enacted the legislation on Pillar Two as of the date of approval of these 2023 financial statements.

(d) On 22nd February 2023, the Hong Kong Institute of Certified Public Accountants published the Financial Reporting Alert 44 to highlight the potential accounting impact of the abolition of the Mandatory Provident Fund (MPF)-Long Service Payment (LSP) offsetting mechanism (the Abolition) on entities in Hong Kong and, in particular, two broad tentative approaches to analyse the issue. The Group has adopted the approach to treat the offsetable accrued benefits as deemed employee contributions. Under this approach, the accrued benefits arising from employer's MPF contributions that have been vested with the employees and which would be used to offset the respective employees' LSP benefits are treated as a deemed contribution towards the employee's LSP benefits. Based on the preliminary assessment, the financial impact to the Group was not material during the year and as at 31st December 2023.

2. Financial Risk Management

The Group's approach to financial risk management is discussed on pages 79 to 81 under the heading "Audited Financial Information".

Interest rate exposure

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a 100 basis-points increase or decrease in market interest rates from the rates applicable at 31st December, with all other variables held constant, would have been:

	100 basis-points increase in interest rates HK$M	100 basis-points decrease in interest rates HK$M
At 31st December 2023		
Impact on profit or loss: (loss)/gain	**(48)**	**48**
Impact on other comprehensive income: gain/(loss)	**176**	**(178)**
At 31st December 2022		
Impact on profit or loss: (loss)/gain	(172)	172
Impact on other comprehensive income: gain/(loss)	54	(49)

This analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments
- Changes in market interest rates only affect interest income or expense in relation to fixed rate financial instruments if these are recognised at fair value
- Changes in market interest rates affect the fair value of derivative financial instruments
- All other financial assets and liabilities are held constant

2. Financial Risk Management (continued)

Currency exposure

The following analysis details the Group's exposure to currency risk from recognised financial assets and financial liabilities denominated in a currency other than the functional currency.

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a weakening or strengthening in the US dollar against the Hong Kong dollar from the year-end rate of 7.8141 (2022: 7.7974), with all other variables held constant, would have been:

	Weakening in USD to lower peg limit (7.75) HK$M	Strengthening in USD to upper peg limit (7.85) HK$M
At 31st December 2023		
Impact on profit or loss: (loss)/gain	**(5)**	**4**
Impact on other comprehensive income: gain/(loss)	**3**	**(1)**
At 31st December 2022		
Impact on profit or loss: gain	1	–
Impact on other comprehensive income: gain/(loss)	2	(2)

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a weakening or strengthening in the Renminbi against the Hong Kong dollar from the year-end rate of 1.1016 (2022: 1.1217), with all other variables held constant, would have been:

	Weakening in RMB by 5% HK$M	Strengthening in RMB by 5% HK$M
At 31st December 2023		
Impact on profit or loss: gain/(loss)	**19**	**(19)**
Impact on other comprehensive income: (loss)/gain	**–**	**–**
At 31st December 2022		
Impact on profit or loss: gain/(loss)	4	(4)
Impact on other comprehensive income: (loss)/gain	(1)	1

This analysis is based on a hypothetical situation, as in practice market exchange rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

- All foreign currency cash flow hedges are highly effective
- Currency risk does not arise from financial assets or liabilities denominated in the functional currencies of the Company and its subsidiary companies
- Currency risk does not arise from financial instruments that are non-monetary items

Credit exposure

The Group has the following major types of assets that are subject to the expected credit loss model:

- Trade and other receivables
- Contract assets
- Other financial assets at amortised cost

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. As the Group's historical credit loss experience does not indicate different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the Group's different customer segments. The expected loss rates are based on historical payment profiles. These rates are adjusted to reflect current and forward-looking information about economic conditions.

2. Financial Risk Management (continued)

Credit exposure (continued)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to engage in a repayment plan with the Group, and the failure to make contractual payments for a period of greater than 120 days past due. Impairment charges on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited to the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and loans due from related parties. Loans due from joint venture and associated companies and other related companies are considered to have a low credit risk as the financial positions and performances of these companies are regularly monitored and reviewed by management of the Group.

Liquidity exposure

The tables below analyse the contractual undiscounted cash flows of the Group's non-derivative financial liabilities and net-settled derivative financial liabilities by relevant maturity groupings based on the remaining periods at the year-end date to the earliest contractual maturity dates.

At 31st December 2023

	Note	Carrying amount HK$M	Total contractual undiscounted cash flow HK$M	Within 1 year or on demand HK$M	More than 1 year but less than 2 years HK$M	More than 2 years but less than 5 years HK$M	More than 5 years HK$M
Trade and other payables (excluding deposits received on sale of investment properties)	29	28,550	28,852	26,758	586	1,158	350
Borrowings (including interest obligations)	30	69,218	75,747	12,710	14,587	37,318	11,132
Lease liabilities	31	5,079	6,121	1,046	816	1,524	2,735
Derivative financial instruments	23	364	364	33	2	203	126
Financial guarantee contracts	39	–	4,132	4,132	–	–	–
		103,211	115,216	44,679	15,991	40,203	14,343

At 31st December 2022

	Note	Carrying amount HK$M	Total contractual undiscounted cash flow HK$M	Within 1 year or on demand HK$M	More than 1 year but less than 2 years HK$M	More than 2 years but less than 5 years HK$M	More than 5 years HK$M
Trade and other payables (excluding deposits received on sale of investment properties)	29	30,215	33,345	27,139	767	1,558	3,881
Borrowings (including interest obligations)	30	68,373	73,717	11,729	7,033	40,186	14,769
Lease liabilities	31	4,916	5,961	941	757	1,464	2,799
Derivative financial instruments	23	225	225	124	3	79	19
Financial guarantee contracts	39	–	4,384	4,384	–	–	–
		103,729	117,632	44,317	8,560	43,287	21,468

3. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, inevitably, seldom be equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed in the relevant notes as follows:

(a) Valuation and impairment of assets (notes 14, 16, 20 and 42)

(b) Fair value of investment properties (note 15)

(c) Accounting for Cathay Pacific Airways Limited (note 20(b))

4. Revenue

Accounting Policy

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Provided the collectability of the related receivable is probable, revenue is recognised as follows:

(a) Rental income is recognised when a lease commences. According to the contractual terms, leased properties do not have alternative uses to the Group after the leasing periods stipulated in the signed tenancy agreements commence. Rental income is recognised on a straight-line basis over the shortest of (i) the remaining lease term, (ii) the period to the next rent review date and (iii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the lease term. Turnover rent is recognised when the lessee's revenue transaction is recognised. Rental income forgiven not recognised as an expected credit loss of operating lease receivables is treated as a lease modification, and the revised future lease income under the new lease, including any prepaid or accrued lease income relating to the original lease, is subsequently recognised as income on a straight-line basis.

(b) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the buyer. According to the contractual terms, the properties generally do not have alternative use to the Group after the signing of sales contracts with the buyers. However, in Hong Kong and the USA, an enforceable right to payment does not arise until legal title to the property has been transferred to the buyer. Therefore, revenue is recognised upon completion of the transfer of legal title to the buyer.

(c) Sales of goods are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the use of the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Sales of goods in the Group's beverages and retail operations happen at a point in time and do not include any significant separate performance obligations.

(d) Sales of services, including aircraft and engine maintenance services and services provided by hotel operations, are recognised when the services are rendered. For certain engine maintenance contracts, revenue is recognised over time rather than at a point in time.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust transaction prices for the time value of money.

4. Revenue (continued)

Accounting Policy (continued)

Definition of terms

Contract asset: An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, the entity's future performance).

Contract liability: An entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment received, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Contract asset and contract liability are defined in HKFRS 15 "Revenue from Contracts with Customers". These two terms do not apply to rental income from lease agreements, which is specifically excluded from the scope of HKFRS 15.

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

	2023 HK$M	2022 HK$M
Gross rental income from investment properties	13,365	12,188
Property trading	166	921
Hotels	977	565
Sales of goods	62,793	63,727
Aircraft and engine maintenance services	16,034	12,524
Rendering of other services	1,488	1,244
Total	94,823	91,169

	2023 HK$M	2022 HK$M
Revenue from continuing operations recognised in the current reporting period that was related to the contract liability balance at the beginning of the year	1,095	1,016

Of the contract liabilities of HK$2,146 million outstanding at 31st December 2023 (2022: HK$1,337 million), HK$2,078 million (2022: HK$1,212 million) is expected to be recognised as revenue within one year and the remaining balance of HK$68 million (2022: HK$125 million) after one year.

4. Revenue (continued)

The following table shows unsatisfied performance obligations resulting from contracts with customers.

	2023 HK$M	2022 HK$M
Aggregate amount of transaction prices allocated to revenue contracts that are partly or fully unsatisfied at the end of the year	**4,923**	3,057

Of the amount disclosed above at 31st December 2023, HK$4,855 million (2022: HK$2,963 million) is expected to be recognised as revenue within one year.

5. Other Net (Losses)/Gains

	Note	2023 HK$M	2022 HK$M
(Loss)/gain on disposals of subsidiary companies		**(420)**	520
Gain arising from the acquisition of interests in joint venture companies		**551**	–
Gain on partial disposal and deemed disposal of an associated company		**37**	64
(Loss)/gain on disposals of investment properties		**(16)**	31
Loss on disposals of property, plant and equipment		**(86)**	(11)
(Loss)/gain on disposals of assets classified as held for sale		**(44)**	20
Change in fair value of assets classified as held for sale		**(442)**	48
Net foreign exchange (losses)/gains		**(237)**	250
Fair value gains on investments at fair value through profit or loss		**395**	7
Fair value losses on cross-currency swaps transferred from cash flow hedge reserve		**(6)**	(190)
Fair value (losses)/gains on forward foreign exchange contracts not qualifying as hedges		**(19)**	1
Reversal of impairment charges/(impairment charges) recognised on			
– property, plant and equipment	14	**4**	(150)
– right-of-use assets		**–**	(33)
– intangible assets	16	**–**	(369)
– convertible notes receivable, unlisted		**(140)**	–
Provision for amount due from and other payable of a joint venture company		**(239)**	–
Dividend income on equity investments		**1**	2
Government subsidies		**142**	323
Other income		**390**	308
Total		**(129)**	821

6. Expenses by Nature

Expenses from continuing operations included in cost of sales, distribution costs, administrative expenses and other operating expenses are analysed as follows:

	Note	2023 HK$M	2022 HK$M
Direct rental outgoings in respect of investment properties(i)		3,266	2,997
Cost of goods sold		43,173	42,398
Write-down of stocks and work in progress		227	211
Impairment charges on trade receivables		88	54
Depreciation of property, plant and equipment	14	2,947	2,628
Depreciation of right-of-use assets			
– leasehold land held for own use		50	30
– land use rights		53	48
– property		886	844
– plant and equipment		41	40
Amortisation of			
– intangible assets	16	284	284
– initial leasing costs in respect of investment properties		96	79
– others		8	12
Staff costs		18,194	17,560
Other lease expenses(ii)		210	178
Auditors' remuneration			
– audit services		60	59
– tax services		15	6
– other services		25	20
Other expenses		13,768	13,362
Total cost of sales, distribution costs, administrative expenses and other operating expenses		83,391	80,810

Notes:
(i) Direct rental outgoings in respect of investment properties include impairment charges relating to expected credit losses on forgiveness of lease payments of operating lease receivables, i.e. rent concession granted to tenants during the year, under HKFRS 9 of HK$36 million (2022: HK$319 million).
(ii) These expenses relate to short-term leases, leases of low-value assets and leases with variable payments, net of rent concessions received of HK$3 million (2022: HK$44 million). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

7. Segment Information

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

Accounting Policy

Segment information is reported in a manner consistent with the Group's internal financial reporting provided to the Executive Directors for making strategic decisions. A reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics or single operating segments which are disclosable separately because they cannot be aggregated or because they exceed certain quantitative thresholds.

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.

7. Segment Information (continued)

(a) Information about reportable segments

Analysis of Consolidated Statement of Profit or Loss

Year ended 31st December 2023

	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	13,482	43	8,193	(725)	203	866	7	(1,116)	7,428	6,001	9,652	(322)
Change in fair value of investment properties	–	–	(2,860)	–	–	(667)	(454)	(461)	(4,442)	(3,649)	–	–
Property trading	166	–	(89)	–	15	(46)	–	(52)	(172)	(139)	(115)	–
Hotels	977	2	(103)	(13)	–	(29)	31	13	(101)	(82)	(82)	(201)
	14,625	**45**	**5,141**	**(738)**	**218**	**124**	**(416)**	**(1,616)**	**2,713**	**2,131**	**9,455**	**(523)**
Beverages												
Chinese Mainland	24,725	–	1,110	(56)	47	65	25	(313)	878	790	790	(1,412)
Hong Kong	2,415	2	225	(8)	–	–	–	(23)	194	194	194	(167)
Taiwan	2,275	–	160	(1)	–	–	–	(36)	123	123	123	(84)
South East Asia	4,504	–	318	(145)	127	–	–	(102)	198	198	198	(254)
USA[(i)]	17,923	–	24,856	(44)	31	–	–	(623)	24,220	24,220	24,220	(601)
Central and other costs[(ii)]	–	–	(467)	–	2	(5)	–	39	(431)	(428)	(428)	(2)
	51,842	**2**	**26,202**	**(254)**	**207**	**60**	**25**	**(1,058)**	**25,182**	**25,097**	**25,097**	**(2,520)**
Aviation												
Cathay group[(iii)]	–	–	–	–	–	–	4,405	–	4,405	4,405	4,405	–
HAECO group[(iv)]	17,787	–	224	(155)	55	427	–	(181)	370	45	45	(766)
Others[(v)]	–	–	(707)	–	–	3	(360)	–	(1,064)	(1,057)	(1,057)	(44)
	17,787	**–**	**(483)**	**(155)**	**55**	**430**	**4,045**	**(181)**	**3,711**	**3,393**	**3,393**	**(810)**
Trading & Industrial												
Swire Resources	2,402	–	108	(15)	7	3	–	(13)	90	90	90	(264)
Taikoo Motors	6,401	–	222	(13)	–	–	–	(44)	165	165	165	(157)
Swire Foods	1,567	92	23	(7)	4	–	–	(13)	7	7	7	(84)
Swire Environmental Services	185	–	63	–	1	–	–	(11)	53	53	53	(7)
Central costs	–	–	(16)	–	–	–	–	–	(16)	(16)	(16)	–
	10,555	**92**	**400**	**(35)**	**12**	**3**	**–**	**(81)**	**299**	**299**	**299**	**(512)**
Head Office, Healthcare and others												
Healthcare and others[(vi)]	–	–	(393)	–	–	–	(165)	–	(558)	(558)	(558)	–
Net income/(expenses)	14	82	(246)	(1,656)	320	–	–	4	(1,578)	(1,578)	(1,578)	–
Others[(vii)]	–	–	–	–	–	–	69	–	69	69	69	–
	14	**82**	**(639)**	**(1,656)**	**320**	**–**	**(96)**	**4**	**(2,067)**	**(2,067)**	**(2,067)**	**–**
Inter-segment elimination	**–**	**(221)**	**–**	**226**	**(226)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total – continuing operations	**94,823**	**–**	**30,621**	**(2,612)**	**586**	**617**	**3,558**	**(2,932)**	**29,838**	**28,853**	**36,177**	**(4,365)**

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.

(i) Gain on disposals of subsidiary companies (Swire Coca-Cola, USA) included under operating profit/(loss) was HK$23,103 million.

(ii) Provision for amount due from and other payable of a joint venture company included under operating profit/(loss) was HK$239 million.

(iii) After the share issuance of Air China in January 2023, the Cathay group's equity interest in Air China was reduced from 18.13% to 16.26%. Gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK$868 million (HK$1,929 million on a 100% basis). The share of profits also included a reversal of impairment charges of HK$94 million (HK$208 million on a 100% basis).

(iv) Loss on disposals of subsidiary companies included under operating profit/(loss) in relation to the HAECO group was HK$420 million.

(v) Impairment charge included under operating profit/(loss) in relation to HAESL was HK$675 million.

(vi) Impairment charges included under operating profit/(loss) in relation to interest in DeltaHealth and a convertible note receivable were HK$250 million and HK$140 million respectively.

(vii) Gain on deemed disposal of interest in Cadeler included under operating profit/(loss) was HK$37 million.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of Consolidated Statement of Profit or Loss (continued)

Year ended 31st December 2022

	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	12,302	38	8,266	(359)	171	1,018	–	(973)	8,123	6,576	7,290	(254)
Change in fair value of investment properties	–	–	810	–	–	510	–	(1,042)	278	110	–	–
Property trading	921	–	209	–	1	(18)	66	(87)	171	140	89	–
Hotels	565	–	(259)	–	–	(67)	(54)	38	(342)	(280)	(280)	(181)
	13,788	**38**	**9,026**	**(359)**	**172**	**1,443**	**12**	**(2,064)**	**8,230**	**6,546**	**7,099**	**(435)**
Beverages												
Chinese Mainland	26,142	–	1,269	(53)	48	59	64	(372)	1,015	902	902	(1,168)
Hong Kong	2,330	2	221	(7)	–	–	–	(23)	191	191	191	(150)
Taiwan	2,123	–	176	(1)	–	–	–	(37)	138	138	138	(72)
South East Asia	75	–	(48)	(5)	1	–	–	(5)	(57)	(57)	(57)	(7)
USA	23,553	–	1,803	(69)	23	–	–	(365)	1,392	1,392	1,392	(782)
Central and other costs	–	–	(147)	–	4	(31)	–	–	(174)	(174)	(174)	–
	54,223	**2**	**3,274**	**(135)**	**76**	**28**	**64**	**(802)**	**2,505**	**2,392**	**2,392**	**(2,179)**
Aviation												
Cathay group	–	–	–	–	–	–	(2,947)	–	(2,947)	(2,947)	(2,947)	–
HAECO group[i]	13,828	–	270	(144)	29	391	–	(81)	465	185	185	(751)
Others	–	–	(32)	–	–	(6)	(281)	1	(318)	(310)	(310)	(46)
	13,828	**–**	**238**	**(144)**	**29**	**385**	**(3,228)**	**(80)**	**(2,800)**	**(3,072)**	**(3,072)**	**(797)**
Trading & Industrial												
Swire Resources	1,996	–	5	(13)	5	1	–	(3)	(5)	(5)	(5)	(285)
Taikoo Motors	5,636	–	226	(12)	1	–	–	(47)	168	168	168	(153)
Swire Foods[i]	1,520	68	(487)	(10)	2	–	–	(10)	(505)	(505)	(505)	(109)
Swire Environmental Services	169	–	57	–	–	–	–	(9)	48	48	48	(6)
Central costs	–	–	(13)	–	–	–	–	–	(13)	(13)	(13)	–
	9,321	**68**	**(212)**	**(35)**	**8**	**1**	**–**	**(69)**	**(307)**	**(307)**	**(307)**	**(553)**
Head Office, Healthcare and others												
Healthcare and others[i]	–	–	(168)	–	–	–	(170)	–	(338)	(338)	(338)	–
Net income/(expenses)	9	55	(354)	(1,212)	94	–	–	2	(1,470)	(1,470)	(1,470)	(1)
Others[ii]	–	–	23	41	–	–	21	–	85	85	85	–
	9	**55**	**(499)**	**(1,171)**	**94**	**–**	**(149)**	**2**	**(1,723)**	**(1,723)**	**(1,723)**	**(1)**
Inter-segment elimination	**–**	**(163)**	**–**	**91**	**(91)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total – continuing operations	**91,169**	**–**	**11,827**	**(1,753)**	**288**	**1,857**	**(3,301)**	**(3,013)**	**5,905**	**3,836**	**4,389**	**(3,965)**
Discontinued operations												
Swire Pacific Offshore group[iii]	**524**	**–**	**(142)**	**(3)**	**–**	**–**	**–**	**(47)**	**(192)**	**(197)**	**(197)**	**–**

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.

(i) Impairment charges included under operating profit/(loss) in relation to the HAECO group, Qinyuan Bakery and Columbia China Healthcare were HK$65 million, HK$467 million and HK$163 million respectively.

(ii) Gain on partial disposal and deemed disposal of interest in Cadeler included under operating profit was HK$64 million.

(iii) The remeasurement gain in respect of the SPO disposal group was HK$556 million. The net gain for the year in respect of the SPO disposal group was HK$364 million.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group

At 31st December 2023

	Segment assets HK$M	Joint venture companies[i] HK$M	Associated companies[i] HK$M	Bank deposits HK$M	Total assets HK$M	Additions to non-current assets[ii] HK$M
Property						
Property investment	288,836	25,799	8,366	4,854	327,855	3,206
Property trading	10,869	6,057	2,167	127	19,220	–
Hotels	4,594	2,201	259	116	7,170	67
	304,299	**34,057**	**10,792**	**5,097**	**354,245**	**3,273**
Beverages						
Swire Coca-Cola	**32,087**	**1,115**	**533**	**4,642**	**38,377**	**2,564**
Aviation						
Cathay group	–	–	22,777	–	22,777	–
HAECO group	12,510	1,987	–	2,447	16,944	1,011
Others	3,880	2,130	–	–	6,010	–
	16,390	**4,117**	**22,777**	**2,447**	**45,731**	**1,011**
Trading & Industrial						
Swire Resources	1,006	40	–	287	1,333	432
Taikoo Motors	2,873	–	–	44	2,917	293
Swire Foods	592	3	–	335	930	144
Swire Environmental Services	76	–	–	47	123	–
Other activities	2	–	–	2	4	–
	4,549	**43**	**–**	**715**	**5,307**	**869**
Head Office, Healthcare and others	**1,900**	**–**	**1,011**	**1,181**	**4,092**	**2**
	359,225	**39,332**	**35,113**	**14,082**	**447,752**	**7,719**

Notes:
(i) The assets relating to joint venture and associated companies include the loans due from these companies.
(ii) 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.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group (continued)

At 31st December 2022

	Segment assets HK$M	Joint venture companies[i] HK$M	Associated companies[i] HK$M	Bank deposits HK$M	Total assets HK$M	Additions to non-current assets[ii] HK$M
Property						
Property investment	278,059	35,439	–	4,252	317,750	7,689
Property trading	9,911	2,762	285	164	13,122	–
Hotels	4,107	1,661	240	86	6,094	34
	292,077	**39,862**	**525**	**4,502**	**336,966**	**7,723**
Beverages						
Swire Coca-Cola	**40,504**	**1,189**	**1,742**	**3,106**	**46,541**	**2,464**
Aviation						
Cathay group	–	–	19,565	–	19,565	–
HAECO group	11,914	1,910	–	1,943	15,767	740
Others	3,911	2,805	–	–	6,716	–
	15,825	**4,715**	**19,565**	**1,943**	**42,048**	**740**
Trading & Industrial						
Swire Resources	869	37	–	275	1,181	183
Taikoo Motors	2,526	–	–	74	2,600	187
Swire Foods	665	3	–	368	1,036	63
Swire Environmental Services	112	–	–	42	154	3
Other activities	1	–	–	2	3	–
	4,173	**40**	**–**	**761**	**4,974**	**436**
Head Office, Healthcare and others	**950**	**–**	**1,985**	**1,302**	**4,237**	**1**
	353,529	**45,806**	**23,817**	**11,614**	**434,766**	**11,364**

Notes:
(i) The assets relating to joint venture and associated companies include the loans due from these companies.
(ii) 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.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

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

At 31st December 2023

	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	8,196	14,358	(15,773)	41,169	599	48,549	52,754
Property trading	1,670	89	14,422	–	–	16,181	548
Hotels	237	1	1,351	–	8	1,597	1,037
	10,103	**14,448**	**–**	**41,169**	**607**	**66,327**	**54,339**
Beverages							
Swire Coca-Cola	**13,272**	**2,291**	**–**	**–**	**722**	**16,285**	**321**
Aviation							
HAECO group	**5,382**	**373**	**997**	**40**	**2,542**	**9,334**	**1,985**
Trading & Industrial							
Swire Resources	723	24	(60)	–	542	1,229	–
Taikoo Motors	746	45	–	–	561	1,352	–
Swire Foods	301	15	(6)	–	104	414	–
Swire Environmental Services	25	1	–	–	1	27	–
Other activities	19	–	6	–	–	25	–
	1,814	**85**	**(60)**	**–**	**1,208**	**3,047**	**–**
Head Office, Healthcare and others	**879**	**34**	**(937)**	**28,009**	**–**	**27,985**	**–**
	31,450	**17,231**	**–**	**69,218**	**5,079**	**122,978**	**56,645**

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total liabilities and non-controlling interests of the Group (continued)

At 31st December 2022

	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	8,529	11,401	(8,136)	22,821	614	35,229	53,328
Property trading	1,326	20	7,781	1	–	9,128	721
Hotels	167	–	355	13	–	535	1,024
	10,022	**11,421**	**–**	**22,835**	**614**	**44,892**	**55,073**
Beverages							
Swire Coca-Cola	**15,710**	**1,492**	**4,731**	**25**	**801**	**22,759**	**495**
Aviation							
HAECO group	**3,831**	**370**	**2,123**	**77**	**2,390**	**8,791**	**1,912**
Trading & Industrial							
Swire Resources	661	24	(54)	–	391	1,022	–
Taikoo Motors	650	46	–	–	558	1,254	–
Swire Foods	389	11	(6)	–	160	554	–
Swire Environmental Services	61	–	–	–	2	63	–
Other activities	18	–	6	–	–	24	–
	1,779	**81**	**(54)**	**–**	**1,111**	**2,917**	**–**
Head Office, Healthcare and others	**798**	**37**	**(6,800)**	**45,436**	**–**	**39,471**	**–**
	32,140	**13,401**	**–**	**68,373**	**4,916**	**118,830**	**57,480**

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of external revenue of the Group – Timing of revenue recognition from continuing operations

	Year ended 31st December 2023				Year ended 31st December 2022			
	At a point in time HK$M	Overtime HK$M	Rental income on leases HK$M	Total HK$M	At a point in time HK$M	Overtime HK$M	Rental income on leases HK$M	Total HK$M
Property								
Property investment	–	117	13,365	13,482	–	114	12,188	12,302
Property trading	166	–	–	166	921	–	–	921
Hotels	465	512	–	977	331	234	–	565
	631	629	13,365	14,625	1,252	348	12,188	13,788
Beverages								
Chinese Mainland	24,725	–	–	24,725	26,142	–	–	26,142
Hong Kong	2,415	–	–	2,415	2,330	–	–	2,330
Taiwan	2,275	–	–	2,275	2,123	–	–	2,123
South East Asia	4,504	–	–	4,504	75	–	–	75
USA	17,923	–	–	17,923	23,553	–	–	23,553
	51,842	–	–	51,842	54,223	–	–	54,223
Aviation								
HAECO group	640	17,147	–	17,787	717	13,111	–	13,828
Trading & Industrial								
Swire Resources	2,402	–	–	2,402	1,996	–	–	1,996
Taikoo Motors	6,399	2	–	6,401	5,635	1	–	5,636
Swire Foods	1,527	40	–	1,567	1,485	35	–	1,520
Swire Environmental Services	–	185	–	185	–	169	–	169
	10,328	227	–	10,555	9,116	205	–	9,321
Head Office	–	14	–	14	–	9	–	9
Total	63,441	18,017	13,365	94,823	65,308	13,673	12,188	91,169

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong and the Chinese Mainland.

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)	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
Hong Kong	18,816	17,559	233,545	238,429
Chinese Mainland and Taiwan	50,521	41,248	78,683	59,939
South East Asia	4,505	80	9,261	2,015
USA	20,863	31,266	7,854	15,642
Others	118	1,016	256	194
Total	94,823	91,169	329,599	316,219

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, prepayment and other receivables, derivative financial instruments, deferred tax assets and retirement benefit assets.

8. Directors' and Executive Officers' Emoluments

(a) The total emoluments of Directors which are disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Cash			Non-cash				
	Salary/ fees[i] HK$'000	Bonus[ii] HK$'000	Allowance and benefits HK$'000	Retirement scheme contributions HK$'000	Bonus paid into retirement scheme[ii] HK$'000	Housing benefits HK$'000	Total 2023 HK$'000	Total 2022 HK$'000
Executive Directors								
Guy Bradley	7,138	4,895	129	2,149	4,895	9,395	28,601	21,753
David Cogman	3,859	4,563	2,208	17	–	–	10,647	9,191
Patrick Healy	6,566	4,608	2,242	1,977	4,608	587	20,588	14,065
Martin Murray	3,534	2,508	2,164	1,064	2,508	–	11,778	8,601
Zhang Zhuo Ping	2,191	2,412	776	930	–	–	6,309	4,723
Non-Executive Directors								
Martin Cubbon (until 12th May 2022)	–	–	–	–	–	–	–	–
Gordon McCallum (from 12th May 2022)	–	–	–	–	–	–	–	–
Merlin Swire	–	–	–	–	–	–	–	–
Samuel Swire (until 12th January 2023)	–	–	–	–	–	–	–	–
Independent Non-Executive Directors								
Paul Etchells	1,255	–	–	–	–	–	1,255	1,151
Timothy Freshwater (until 12th May 2022)	–	–	–	–	–	–	–	250
Chien Lee (until 11th May 2023)	625	–	–	–	–	–	625	1,132
Rose Lee	750	–	–	–	–	–	750	750
Edith Ngan (from 24th June 2022)	810	–	–	–	–	–	810	361
Gordon Orr	1,293	–	–	–	–	–	1,293	1,344
Xu Ying	729	–	–	–	–	–	729	690
Bonnie Zhang (from 24th June 2022)	810	–	–	–	–	–	810	361
Total 2023	**29,560**	**18,986**	**7,519**	**6,137**	**12,011**	**9,982**	**84,195**	**N/A**
Total 2022	29,121	8,616	7,350	4,095	5,524	9,666	N/A	64,372

Notes:
(i) Independent Non-Executive Directors received fees as members of the Board and its committees. Executive Directors received salaries.
(ii) Bonuses are not yet approved for 2023. The amounts disclosed above are related to services as Executive Directors for 2022 but paid and charged to the Group in 2023.
(iii) The total emoluments of Executive Directors are charged to the Group in accordance with the amount of time spent on its affairs.
(iv) The Directors' emoluments shown in the table above include the emoluments received from an associated company by a Director who was nominated by the Company to act as a director of the associated company.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group are as follows:

	Year ended 31st December	
	2023	2022
Number of individuals:		
Executive Directors[i]	3	2
Executive Officers	2	3
	5	5

8. Directors' and Executive Officers' Emoluments (continued)

(b) Five highest paid individuals (continued)

Emoluments paid to the Executive Officers are as follows:

	Year ended 31st December	
	2023 HK$'000	2022 HK$'000
Cash:		
Salary	**6,874**	15,649
Bonus[ii]	**6,345**	6,602
Allowance and benefits	**3,294**	3,241
Non-cash:		
Retirement scheme contributions	**6,126**	5,437
Bonus paid into retirement scheme	**2,434**	1,069
Housing benefits	**322**	358
	25,395	32,356

Notes:
(i) Details of the emoluments paid to these Directors are included in the disclosure set out in note 8(a) above.
(ii) Bonuses are not yet approved for 2023. The amounts disclosed above are related to services as Executive Officers for 2022 but paid and charged to the Group in 2023.

The number of the above Executive Officers whose emoluments fell within the following bands:

	Year ended 31st December	
	2023	2022
HK$14,000,000 – HK$13,500,000	**1**	–
HK$13,500,000 – HK$13,000,000	**–**	1
HK$12,000,000 – HK$11,500,000	**1**	–
HK$10,000,000 – HK$9,500,000	**–**	2
	2	3

9. Net Finance Charges

Accounting Policy

Interest costs incurred are charged to the consolidated statement of profit or loss except for those interest charges attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) which are recognised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Interest income on financial assets at fair value through profit or loss (FVPL) is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) calculated using the effective interest method is recognised on a time proportion basis in the consolidated statement of profit or loss as part of finance income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income in other net gains/(losses). Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Refer to the table with the heading "Audited Financial Information" on page 76 for details of the Group's net finance charges.

10. Taxation

Accounting Policy

The tax charge comprises current and deferred tax. The tax charge is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in the consolidated statement of other comprehensive income or directly to equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain. The Group recognised liabilities for potential tax exposures based on estimates of whether additional taxes will be due. If the Group concludes it is probable that a taxation authority will accept an uncertain tax treatment, the Group determines the taxable profit/(tax loss) consistently with the tax treatment used in the relevant income tax filings. If the Group concludes it is not probable that a taxation authority will accept an uncertain tax treatment, the Group reflects the effect of uncertainty for each uncertain tax treatment by using either (a) the most likely amount – the single most likely amount in a range of possible outcomes or (b) the expected value – the sum of the probability-weighted amounts in a range of possible outcomes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences affect the income tax and deferred tax provisions in the year in which the outcomes become known.

	Note	2023 HK$M	2022 HK$M
Current taxation			
Hong Kong profits tax		**500**	417
Overseas tax		**1,994**	1,584
Over-provisions in prior years		**(25)**	(48)
		2,469	1,953
Deferred taxation	32		
Change in fair value of investment properties		**106**	472
Origination and reversal of temporary differences		**357**	579
Effect of change in tax rate in the USA		**–**	9
		463	1,060
		2,932	3,013

Hong Kong profits tax is calculated at 16.5% (2022: 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.

10. Taxation (continued)

The tax charge on the Group's profit before taxation from continuing operations differs from the theoretical amount that would arise using the Hong Kong profits tax rate of the Company as follows:

	2023 HK$M	2022 HK$M
Profit before taxation	32,770	8,918
Calculated at a tax rate of 16.5% (2022: 16.5%)	5,407	1,471
Share of results of joint venture and associated companies	(467)	253
Effect of different tax rates in other countries	470	593
Effect of change in tax rate in the USA	–	9
Change in fair value of investment properties	640	189
Income not subject to tax	(4,052)	(100)
Expenses not deductible for tax purposes	584	356
Unused tax losses not recognised	95	222
Utilisation of previously unrecognised tax losses	(15)	(94)
Recognition of previously unrecognised tax losses	(118)	(21)
Deferred tax assets written off	–	2
Over-provisions in prior years	(25)	(48)
Withholding tax	332	215
Others	81	(34)
Tax charge	2,932	3,013

The Group's share of joint venture companies' tax charges of HK$337 million (2022: HK$620 million) and share of associated companies' tax charges from continuing operations of HK$365 million (2022: HK$379 million) respectively are included in the share of results of joint venture and associated companies shown in the consolidated statement of profit or loss.

11. Underlying Profit Attributable to the Company's Shareholders

Accounting Policy

Underlying profit attributable to the Company's shareholders is provided for greater understanding of the Group's underlying business performance. Underlying profit principally adjusts for fair value movements on investment properties and the associated deferred tax and for other deferred tax provisions in relation to investment properties.

Refer to the table with the heading "Audited Financial Information" on page 62 for details of the Group's underlying profit attributable to the Company's shareholders.

12. Dividends

Accounting Policy

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or declared by the Company's directors, where appropriate.

	2023 HK$M	2022 HK$M
First interim dividend paid on 13th October 2023 of HK$1.20 per 'A' share and HK$0.24 per 'B' share (2022: HK$1.15 and HK$0.23)	1,730	1,716
Special interim dividend paid on 19th September 2023 of HK$8.120 per 'A' share and HK$1.624 per 'B' share (2022: nil)	11,703	–
Second interim dividend declared on 14th March 2024 of HK$2.00 per 'A' share and HK$0.40 per 'B' share (2022 actual dividend paid: HK$1.85 and HK$0.37)	2,853	2,675
	16,286	4,391

12. Dividends (continued)

The second interim dividend is not accounted for in 2023 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2023 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2024 when declared. The amount payable in respect of the second interim dividend for 2023 is calculated based on the number of shares in issue at 8th March 2024 and does not include the amount of the dividend which would have been payable in respect of the shares of the Company which were repurchased but not yet cancelled at 8th March 2024.

The second interim dividend paid during the year ended 31st December 2022 does not include the amount of the dividend which would have been payable in respect of the shares of the Company which were repurchased prior to 14th April 2023 if those shares had not been so repurchased.

13. Earnings Per Share (Basic and Diluted)

Earnings per share from continuing operations is calculated by dividing the profit attributable to the Company's shareholders arising from the continuing operations of HK$28,853 million (2022: HK$3,836 million) by the daily weighted average number of 859,770,567 'A' shares and 2,927,357,623 'B' shares in issue during the year (2022: 899,151,926 'A' shares and 2,975,555,658 'B' shares), in the proportion five to one.

For the year ended 31st December 2022, the calculation of earnings per share from discontinued operations was calculated by dividing the profit attributable to the Company's shareholders arising from the discontinued operations of HK$359 million by the daily weighted average number of 899,151,926 'A' shares and 2,975,555,658 'B' shares in issue during the year, in the proportion five to one.

14. Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of purchases in foreign currency of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

With the exception of freehold land, all other items of property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives in the following manner:

Property	2% to 5% per annum
Plant and machinery	5% to 34% per annum

The assets' expected useful lives and residual values are regularly reviewed and adjusted, if appropriate, at the end of each reporting period to take into account operational experience and changing circumstances.

On the transfer of owner-occupied property to investment property, increases in the carrying amount arising on revaluation of land and buildings are credited to the consolidated statement of other comprehensive income and shown as property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in the consolidated statement of other comprehensive income and debited against property revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within other net gains/(losses) in the consolidated statement of profit or loss. When revalued assets are sold, the amounts included in the property revaluation reserve are transferred to revenue reserve.

14. Property, Plant and Equipment (continued)

Critical Accounting Estimates and Judgements

At each reporting date or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indication that assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated using fair value less costs of disposal and/or value in use calculations as appropriate. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognised to reduce the asset to its recoverable amount. Such impairment charges are recognised in the consolidated statement of profit or loss within other net gains/(losses).

In May 2019, the Xiamen municipal government advised the Company that construction of a new airport in the Xiang'an district of Xiamen had been approved by the Chinese Central Government. Management discussed with the Xiamen authorities the relocation of HAECO Xiamen's premises from their existing location to the new airport, which will represent a significant change to its operations in Xiamen. HAECO Xiamen is entitled to compensation in relation to the move to the new airport. The total net book value of HAECO Xiamen's property, plant and equipment and right-of-use assets in the Group as at 31st December 2023 was HK$2,317 million (2022: HK$2,043 million), some of which will be subject to relocation. In September 2021, HAECO Xiamen signed a Land Reclamation Agreement with the Xiamen authorities. Based on this agreement, the recoverable amounts of property, plant and equipment at the existing Xiamen airport that are affected by the relocation are in excess of the carrying value as at 31st December 2023. Management considers that the carrying value of HAECO Xiamen's property, plant and equipment and right-of-use assets is recoverable as at 31st December 2023.

	Note	Property HK$M	Plant and machinery HK$M	Total HK$M
Cost				
At 1st January 2023		19,673	26,171	45,844
Translation differences		(112)	(155)	(267)
Acquisition of subsidiary companies		828	2,529	3,357
Disposal of subsidiary companies		(3,723)	(6,902)	(10,625)
Additions		725	2,843	3,568
Disposals		(26)	(1,007)	(1,033)
Net transfers to investment properties	15	(113)	–	(113)
Other net transfers		(40)	42	2
Revaluation surplus		46	–	46
At 31st December 2023		17,258	23,521	40,779
Accumulated depreciation and impairment				
At 1st January 2023		8,473	15,175	23,648
Translation differences		(41)	(88)	(129)
Disposal of subsidiary companies		(1,265)	(4,408)	(5,673)
Depreciation for the year	6	603	2,344	2,947
Reversal of impairment charges	5	–	(4)	(4)
Disposals		(17)	(763)	(780)
Net transfers to investment properties	15	(31)	–	(31)
Other transfer		–	2	2
At 31st December 2023		7,722	12,258	19,980
Net book value				
At 31st December 2023		9,536	11,263	20,799

14. Property, Plant and Equipment (continued)

	Note	Property HK$M	Plant and machinery HK$M	Total HK$M
Cost				
At 1st January 2022		19,466	25,568	45,034
Translation differences		(633)	(1,112)	(1,745)
Acquisition of subsidiary companies		168	375	543
Additions		713	2,285	2,998
Disposals		(33)	(955)	(988)
Net transfers from investment properties	15	1	–	1
Other net transfers		(9)	10	1
At 31st December 2022		19,673	26,171	45,844
Accumulated depreciation and impairment				
At 1st January 2022		8,127	14,369	22,496
Translation differences		(264)	(549)	(813)
Depreciation for the year	6	583	2,045	2,628
Impairment charges	5	45	105	150
Disposals		(18)	(795)	(813)
At 31st December 2022		8,473	15,175	23,648
Net book value				
At 31st December 2022		11,200	10,996	22,196

Property and plant and machinery include amounts of HK$815 million (2022: HK$561 million) and HK$320 million (2022: HK$386 million) respectively which represent advance payments and deposits under contracts with third parties in respect of assets under construction.

At 31st December 2023, property, plant and equipment of HK$460 million (2022: nil) are pledged as security for secured loans and other borrowings.

15. Investment Properties

Accounting Policy

Investment property comprises freehold land, leasehold land and buildings held for long-term rental yields or for capital appreciation or for both, and that are not occupied by the Group. Property held by the lessee as a right-of-use asset is classified and accounted for as an investment property when the rest of the definition of investment property is met.

Investment properties (including those under development) are carried at fair value and are valued twice a year. The majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and are on the basis of market value related to individual properties, and separate values are not attributed to land and buildings. These values represent their fair values in accordance with HKFRS 13. Land and buildings that are being developed for future use as investment properties and investment properties that are being redeveloped for continuing use as investment properties are measured at fair value and included as investment properties under development. Changes in fair values are recognised in the consolidated statement of profit or loss.

Subsequent expenditure is charged to an investment property's carrying amount only when it is probable that future economic benefits associated with that expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs in respect of an investment property are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment or leasehold land under right-of-use assets, and its fair value at the date of reclassification becomes its deemed cost for accounting purposes.

Expenditure incurred in leasing out the Group's investment properties during development is deferred and amortised on a straight-line basis in the consolidated statement of profit or loss upon occupation of the property over a period not exceeding the terms of the leases.

Critical Accounting Estimates and Judgements

Cushman & Wakefield Limited, an independent property valuer, was engaged to carry out a valuation of the major portion of the Group's investment property portfolio at 31st December 2023. This valuation was carried out in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors, which define market value as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties each acted knowledgeably, prudently and without compulsion". The assumptions are principally in respect of market rents and yields.

Management has reviewed the independent property valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the independent property valuation of the Group's investment property portfolio is reasonable.

15. Investment Properties (continued)

	Note	Completed HK$M	Under development HK$M	Total HK$M
At 1st January 2023		247,513	23,078	270,591
Translation differences		(1,146)	(55)	(1,201)
Acquisition of subsidiary companies		15,230	–	15,230
Additions		915	1,957	2,872
Disposals		(4,006)	–	(4,006)
Net transfers from property, plant and equipment	14	82	–	82
Net transfers to right-of-use assets		(108)	(9)	(117)
Net fair value losses		(2,375)	(485)	(2,860)
		256,105	24,486	280,591
Add: initial leasing costs		192	–	192
At 31st December 2023		256,297	24,486	280,783

	Note	Completed HK$M	Under development HK$M	Total HK$M
At 1st January 2022		236,099	31,111	267,210
Translation differences		(3,279)	(168)	(3,447)
Disposal of subsidiary companies		–	(556)	(556)
Additions		566	6,753	7,319
Disposals		(269)	–	(269)
Transfer between categories		15,629	(15,629)	–
Net transfers to property, plant and equipment	14	(1)	–	(1)
Net transfers (to)/from right-of-use assets		(3)	2	(1)
Transfer to assets classified as held for sale		(474)	–	(474)
Net fair value (losses)/gains		(755)	1,565	810
		247,513	23,078	270,591
Add: initial leasing costs		177	–	177
At 31st December 2022		247,690	23,078	270,768

Geographical Analysis of Investment Properties

	2023 HK$M	2022 HK$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	30,976	30,670
On long-term leases (over 50 years)	188,385	193,703
	219,361	224,373
Held in the Chinese Mainland		
On short-term leases (less than 10 years)	975	49
On medium-term leases (10 to 50 years)	54,985	41,120
	55,960	41,169
Held in the USA		
Freehold	5,270	5,049
	280,591	270,591

15. Investment Properties (continued)

At 31st December 2023, investment properties of HK$14,948 million (2022: nil) are pledged as security for secured loans and other borrowings.

On 17th November 2023, the Swire Properties group and the Securities and Futures Commission entered into sale and purchase agreements for the sale of the Swire Properties group's interest in the 42nd to 54th floors (excluding the 49th floor) of the One Island East office tower in Hong Kong, for a total cash consideration of HK$5,400 million. Sale of the 45th to 54th floors (excluding the 49th floor) was completed in December 2023 and a loss on disposal was recognised in the consolidated statement of profit or loss during the year.

The 42nd to 44th floors of One Island East with a total fair value of HK$1,342 million, are included in the investment properties at 31st December 2023. The sale of each of these floors will be completed in accordance with the terms specified in the sale and purchase agreements before the end of 2028.

Additions include capital expenditure in response to climate change. Such expenditure is intended to reduce carbon emission and energy use, with a view to mitigating climate-related risks, and to meet carbon reduction targets.

Valuation processes and techniques underlying management's estimate of fair value

The Group's investment properties were valued at their fair values at 31st December 2023. 96% by value were valued by Cushman & Wakefield Limited and 2% by value were valued by another independent valuer, in each case on the basis of market value. The independent professionally qualified valuers hold recognised relevant professional qualifications in the jurisdictions in which they valued the Group's investment properties and have recent experience in the locations and types of investment properties valued. The remaining properties were valued by management. The current use of the investment properties equates to the highest and best use.

The valuation of the Group's completed investment property portfolio is derived by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions available in the relevant property market.

The valuation of the Group's investment properties under development is derived by making reference to market capitalisation rates and recent comparable sales transactions in the relevant property market (on the assumption that the properties had already been completed at the valuation date). It also takes into account the construction cost already incurred and the estimated cost to be incurred to complete the project plus the developer's estimated profit and a margin for risk.

The fair values of the Group's investment properties are sensitive to changes in both observable and unobservable inputs. If capitalisation rates increase, the fair values decrease. If market rents increase, the fair values increase. If estimated costs to complete or the developer's estimated profit and margin for risk increase, the fair values decrease. The opposite is true for decreases in these inputs.

There are inter-relationships between observable and unobservable inputs. Expected vacancy rates may have an impact on yields, with higher vacancy rates resulting in higher yields. For investment properties under development, increases in construction costs that enhance the properties' features may result in an increase in future rental values. An increase in future rental income may be linked with higher costs.

The Group reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between management and the independent valuers at least once every half year, in line with the Group's half year reporting dates.

15. Investment Properties (continued)

Fair value hierarchy

The Group's investment properties are measured at fair value and categorised within the fair value hierarchy as follows:

	Completed				Under development			
	Hong Kong HK$M	Chinese Mainland HK$M	USA HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	Total HK$M
Level 2	1,122	417	–	1,539	5,589	–	5,589	7,128
Level 3	197,079	52,217	5,270	254,566	15,571	3,326	18,897	273,463
Total	198,201	52,634	5,270	256,105	21,160	3,326	24,486	280,591
Add: initial leasing costs								192
At 31st December 2023								280,783

	Completed				Under development			
	Hong Kong HK$M	Chinese Mainland HK$M	USA HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	Total HK$M
Level 2	1,141	193	–	1,334	5,761	–	5,761	7,095
Level 3	203,420	37,710	5,049	246,179	14,051	3,266	17,317	263,496
Total	204,561	37,903	5,049	247,513	19,812	3,266	23,078	270,591
Add: initial leasing costs								177
At 31st December 2022								270,768

Notes:
The levels in the hierarchy represent the following:
Level 2 – Investment properties measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.
Level 3 – Investment properties measured at fair value using inputs not based on observable market data.

The above investment properties principally comprise commercial and residential properties completed and under development in Hong Kong and the Chinese Mainland. The Group has other investment property projects, principally the Brickell City Centre mall in Miami, which was completed in 2016. Because of the unique nature of the Group's investment properties, most of them are valued by reference to a level 3 fair value measurement.

The change in level 3 investment properties during the year is as follows:

	Completed				Under development			
	Hong Kong HK$M	Chinese Mainland HK$M	USA HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	Total HK$M
At 1st January 2023	203,420	37,710	5,049	246,179	14,051	3,266	17,317	263,496
Translation differences	–	(1,144)	11	(1,133)	–	(58)	(58)	(1,191)
Acquisition of subsidiary companies	–	14,994	–	14,994	–	–	–	14,994
Additions	629	241	43	913	1,620	338	1,958	2,871
Disposals	(4,006)	–	–	(4,006)	–	–	–	(4,006)
Net transfers (to)/from property, plant and equipment	(37)	119	–	82	–	–	–	82
Net transfers to right-of-use assets	(108)	–	–	(108)	–	–	–	(108)
Net fair value (losses)/gains	(2,819)	297	167	(2,355)	(100)	(220)	(320)	(2,675)
At 31st December 2023	197,079	52,217	5,270	254,566	15,571	3,326	18,897	273,463

15. Investment Properties (continued)

Fair value hierarchy (continued)

	Completed				Under development			
	Hong Kong HK$M	Chinese Mainland HK$M	USA HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	Total HK$M
At 1st January 2022	190,479	38,993	4,644	234,116	17,984	–	17,984	252,100
Translation differences	–	(3,261)	(1)	(3,262)	–	(168)	(168)	(3,430)
Additions	156	391	17	564	1,813	3,482	5,295	5,859
Transfers between categories	15,629	–	–	15,629	(6,170)	–	(6,170)	9,459
Net transfers to property, plant and equipment	(1)	–	–	(1)	–	–	–	(1)
Net transfers to right-of-use assets	(3)	–	–	(3)	–	–	–	(3)
Net fair value (losses)/gains	(2,840)	1,587	389	(864)	424	(48)	376	(488)
At 31st December 2022	203,420	37,710	5,049	246,179	14,051	3,266	17,317	263,496

Information about level 3 fair value measurements using significant unobservable inputs is as follows:

At 31st December 2023	Valuation technique	Market rent per month(i) HK$ per sq. ft. (lettable) 2023	Capitalisation rates 2023
Completed			
Hong Kong	Income capitalisation	Mid 10's – Low 500's	2.50%-4.75%
Chinese Mainland	Income capitalisation	Less than 10 – High 200's	5.50%-6.50%
USA	Income capitalisation	Less than 10 – Mid 70's	5.50%-6.00%
Under development			
Hong Kong	Residual(ii)	Low 60's – Low 100's	1.20%-3.75%
Chinese Mainland	Sales comparison	–	–

At 31st December 2022	Valuation technique	Market rent per month(i) HK$ per sq. ft. (lettable) 2022	Capitalisation rates 2022
Completed			
Hong Kong	Income capitalisation	Mid 10's – Low 500's	2.50%-4.75%
Chinese Mainland	Income capitalisation	Less than 10 – Mid 200's	5.50%-6.25%
USA	Income capitalisation	Less than 10 – Low 70's	5.00%-5.50%
Under development			
Hong Kong	Residual(ii)	Low 60's – Low 100's	1.20%-3.75%
Chinese Mainland	Sales comparison	–	–

Notes:
(i) Market rent is determined in accordance with the definition of that term in the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors, which is "the estimated amount for which all interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion". It is in effect the rental income (exclusive of usual outgoings) which a property would be expected to earn if it were vacant and available to let. It is not necessarily the same as the rent which a tenant is actually committed to pay.
(ii) In using the residual method to make fair value measurements of investment properties, two additional unobservable inputs have been used. These are the estimated costs to complete the development and the developer's estimated profit and margin for risk.

16. Intangible Assets

Accounting Policy

(a) Goodwill
Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the assets transferred, the liabilities incurred to the former owners of the acquired asset and the equity interests issued by the Group. Goodwill is treated as an asset of the entity acquired and, where attributable to a foreign entity, is translated at the period-end closing rate.

Goodwill is stated at cost less accumulated impairment. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing, which is performed annually, or more often if an impairment indicator exists. Impairment charges recognised in respect of goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Computer software
Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software costs recognised as assets are amortised over their estimated useful lives of 3 to 10 years.

(c) Service, franchise and operating rights
Service, franchise and operating rights acquired are shown at historical cost. Service, franchise and operating rights acquired in a business combination are recognised at fair value at the acquisition date.

Service, franchise and operating rights that have a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of service, franchise and operating rights over their estimated useful lives of 10 to 40 years.

Service, franchise and operating rights that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

(d) Customer relationships
Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are subsequently carried at cost less accumulated amortisation. Customer relationships are amortised over their estimated useful lives of 7.5 to 15 years.

16. Intangible Assets (continued)

	Note	Goodwill HK$M	Computer software HK$M	Service, franchise and operating rights HK$M	Customer relationships HK$M	Others HK$M	Total HK$M
Cost							
At 1st January 2023		8,205	1,208	6,920	999	316	17,648
Translation differences		(121)	(5)	(54)	1	–	(179)
Acquisition of subsidiary companies		2,666	20	4,645	–	–	7,331
Disposal of subsidiary companies		(724)	(156)	(2,608)	(397)	(9)	(3,894)
Additions		–	161	–	–	–	161
Disposals		–	(77)	–	–	–	(77)
Other net transfers		601	19	(759)	–	(23)	(162)
At 31st December 2023		10,627	1,170	8,144	603	284	20,828
Accumulated amortisation and impairment							
At 1st January 2023		1,675	728	521	612	182	3,718
Translation differences		2	(2)	2	1	–	3
Disposal of subsidiary companies		(491)	(140)	(231)	(293)	(8)	(1,163)
Amortisation for the year	6	–	122	86	50	26	284
Disposals		–	(53)	–	–	–	(53)
Other net transfers		–	(2)	–	–	–	(2)
At 31st December 2023		1,186	653	378	370	200	2,787
Net book value							
At 31st December 2023		9,441	517	7,766	233	84	18,041

	Note	Goodwill HK$M	Computer software HK$M	Service, franchise and operating rights HK$M	Customer relationships HK$M	Others HK$M	Total HK$M
Cost							
At 1st January 2022		8,124	1,171	5,958	1,000	269	16,522
Translation differences		(205)	(39)	(235)	(1)	(4)	(484)
Acquisition of subsidiary companies		286	2	1,054	–	3	1,345
Additions		–	146	143	–	11	300
Disposals		–	(35)	–	–	–	(35)
Other net transfers		–	(37)	–	–	37	–
At 31st December 2022		8,205	1,208	6,920	999	316	17,648
Accumulated amortisation and impairment							
At 1st January 2022		1,310	692	431	558	136	3,127
Translation differences		(2)	(24)	–	(1)	(3)	(30)
Amortisation for the year	6	–	114	90	55	25	284
Impairment charges	5	367	2	–	–	–	369
Disposals		–	(32)	–	–	–	(32)
Other net transfers		–	(24)	–	–	24	–
At 31st December 2022		1,675	728	521	612	182	3,718
Net book value							
At 31st December 2022		6,530	480	6,399	387	134	13,930

16. Intangible Assets (continued)

Impairment test of goodwill and indefinite-lived franchise rights

Critical Accounting Estimates and Judgements

The Group believes that certain franchise agreements will continue to be renewed at each expiration date and they have therefore been assigned indefinite useful lives.

At each reporting date, an assessment is made as to whether there is any indication that goodwill or any indefinite-lived franchise rights may be impaired. These tests require the use of estimates to calculate recoverable amounts. The calculation of recoverable amounts considers estimates of both value in use and fair value less costs of disposal. The determination of recoverable amounts and any impairment charges is determined based on the higher of value in use and fair value less costs of disposal.

The value in use calculations use financial budgets and plans covering five-year periods unless a longer period can be justified. Key assumptions used in the financial budgets and plans are revenue growth and margins. The discount rates applicable to the future cash flows reflect the specific risks relating to the relevant CGUs. Cash flows beyond these periods are extrapolated using rates of growth and profitability not exceeding historical results.

Intangible assets acquired in recent transactions are more susceptible to impairment given they are initially recorded at fair value based on macroeconomic conditions and forecasts existing at the time of the acquisition. Consequently if operating results and/or macroeconomic conditions deteriorate there is a higher risk of impairment of such acquired assets.

Goodwill is allocated to the Group's CGUs, after impairment, identified by divisional business segment and geographic location.

	Note	2023 HK$M	2022 HK$M
Swire Properties – Taikoo Li Chengdu	a, 42(a)	1,341	–
HAECO – Hong Kong and Chinese Mainland	b	3,510	3,510
HAECO – USA	c	283	283
Swire Coca-Cola – Hong Kong and Chinese Mainland	d	2,183	2,218
Swire Coca-Cola – USA		–	233
Swire Coca-Cola – South East Asia	e, 42(b)	2,124	286
		9,441	6,530

Notes:

(a) The Group recognised HK$1,419 million of goodwill when it took control of Taikoo Li Chengdu (formerly known as Sino-Ocean Taikoo Li Chengdu) in the Chinese Mainland during the year. The goodwill is mainly attributable to the growth opportunity in the Chinese Mainland. It also represents the premium paid over the market price to obtain control of the business. The recoverable amount of goodwill attributable to this CGU is determined using the calculation of the fair value less costs of disposal. It mainly represents the fair value of investment properties of Taikoo Li Chengdu by reference to the valuation performed by independent valuers at each reporting date, less costs of disposal estimated by management based on the Group's experience with disposal of assets and on industry benchmarks. The results of the impairment test using these inputs show that the recoverable amount exceeds the carrying amount of the CGU. The Group therefore concluded that no impairment was required to such goodwill at 31st December 2023.

The main valuation inputs used were effective market rents per month ranging from approximately HK$10 to HK$200 per square feet and capitalisation rates ranging from 5.75% to 6.50% determined by an independent valuer at 31st December 2023 and the costs of disposal estimated by Swire Properties' management. Reasonably possible changes in the key assumptions would not result in an impairment.

16. Intangible Assets (continued)

Impairment test of goodwill and indefinite-lived franchise rights (continued)

(b) The recoverable amount of HAECO's businesses in Hong Kong and the Chinese Mainland has been determined using a value in use calculation. The recoverable amount represents the present value of estimates of cash flow projections covering a five-year period based on financial budgets prepared by management. A weighted average pre-tax discount rate of 12.0% (2022: 12.0%) has been applied and cash flows beyond the five-year period are assumed not to grow by more than 3.0% (2022: 3.0%) per annum. The results of the impairment test using these assumptions show that the recoverable amount exceeds the carrying amount at 31st December 2023. The Group therefore concluded that no impairment was required for the goodwill allocated to HAECO's businesses in Hong Kong and the Chinese Mainland at 31st December 2023. Reasonably possible changes in the key assumptions would not result in an impairment.

(c) The recoverable amount of this CGU is derived on a value in use basis using financial budgets and plans prepared by management. Management applied a pre-tax discount rate of 14.5% (2022: 13.5%) and assumed growth of no more than 2.0% (2022: 2.0%) per annum for cash flows beyond the forecast period. Reasonably possible changes in the key assumptions would not result in an impairment.

(d) Goodwill attributable to Swire Coca-Cola's businesses in Hong Kong and the Chinese Mainland relates to the acquisitions of new franchise territories and additional equity interests in existing franchise territories in previous years. The goodwill arose from the assembled workforce and synergies expected to be derived from back office and supply chain alignment. The recoverable amount of Swire Coca-Cola's businesses in Hong Kong and the Chinese Mainland has been determined using a value in use calculation. The calculation uses cash flow projections based on financial budgets prepared by management covering a five-year period and a weighted average pre-tax discount rate of 9.5% (2022: 9.5%). Cash flows beyond the five-year period are assumed not to grow by more than 2.0% (2022: 2.0%) per annum. Reasonably possible changes in the key assumptions would not result in an impairment.

(e) Goodwill attributable to Swire Coca-Cola's business in South East Asia relates to the acquisitions of new franchise territories in Cambodia in 2022 and Vietnam in 2023. The recoverable amount of this CGU is assessed by considering (i) value in use using financial budgets and plans prepared by management and (ii) fair value less costs of disposal with reference to valuation multiples of comparable companies.

In determining the value in use of this CGU, a ten-year forecast is considered appropriate in order to take into account the new growth opportunities in these developing markets. Management applied a pre-tax discount rate of 13.0% and assumed growth of no more than 5.0% per annum for cash flows beyond the ten-year period.

Based on our assessment at 31st December 2023, the recoverable amount of this CGU approximates its carrying value given this is a recent acquisition and therefore the Group concluded that no impairment was required for the goodwill allocated to this CGU. If the macroeconomic environment in which the business is operating experiences prolonged adverse changes and/or the future operating results indicate that the assumptions set out in the ten-year forecast as noted above need material revision, it is probable that goodwill would require impairment.

17. Right-of-use Assets

Accounting Policy

The Group (acting as lessee) leases land, offices, warehouses, retail stores and equipment. Except for certain long-term leasehold land in Hong Kong, rental contracts are typically made for fixed periods of 1 to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Leases are recognised by lessees as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term used in the computation assumes the lessee exercises an option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. However, if the ownership of the underlying asset is expected to be transferred to the Group by the end of the lease term and if the cost of the right-of-use asset has already included the exercise price of a purchase option, depreciation is calculated on a straight-line basis to write off cost over the anticipated useful life of the underlying asset to its estimated residual value.

Payments by lessees associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expenses in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

17. Right-of-use Assets (continued)

The recognised right-of-use assets relate to the following types of assets:

	2023 HK$M	2022 HK$M
Leasehold land held for own use	3,334	2,951
Land use rights	1,206	1,033
Property	4,180	4,023
Plant and equipment	46	110
Total	8,766	8,117

The Group is the registered owner or occupant of its leasehold land and land use rights. Upfront payments were made to acquire these interests in land and there are no ongoing payments to be made under the terms of the land leases (so that no lease liabilities are recognised) except government rents and rates and other payments to the relevant government authorities, which may vary from time to time. Details relating to these interests in land are as follows:

	2023		2022	
	Leasehold land held for own use HK$M	Land use rights HK$M	Leasehold land held for own use HK$M	Land use rights HK$M
Held in Hong Kong				
On medium-term leases (10 to 50 years)	425	4	432	4
On long-term leases (over 50 years)	2,421	–	2,332	–
Held outside of Hong Kong				
On medium-term leases (10 to 50 years)	488	1,202	187	1,029
	3,334	1,206	2,951	1,033

Lease arrangements for other types of assets are negotiated on an individual asset basis and contain a wide range of different terms and conditions, including lease payments and lease terms.

At 31st December 2023, right-of-use assets of HK$99 million (2022: nil) are pledged as security for secured loans and other borrowings.

Additions to right-of-use assets and additions to right-of-use assets arising from acquisition of subsidiary companies during the year ended 31st December 2023 were HK$963 million and HK$626 million (2022: HK$629 million and HK$206 million) respectively.

Disposal to right-of-use assets arising from disposal of subsidiary companies during the year ended 31st December 2023 were HK$450 million (2022: HK$5 million).

During the year ended 31st December 2023, total cash outflow for leases was included in the consolidated statement of cash flows as (a) interest paid of HK$203 million (2022: HK$182 million) under "operating activities", (b) payment for short-term and low-value assets leases and variable lease payments of HK$210 million (2022: HK$178 million) recorded in cash generated from operations under "operating activities", and (c) principal elements of lease payments of HK$895 million (2022: HK$880 million) under "financing activities".

18. Properties Held for Development

Accounting Policy

Properties held for development comprise freehold land at cost and related costs of preliminary works, less provisions for possible losses. Properties held for development are not expected to be sold or developed within the Group's normal operating cycle and are classified as non-current assets.

	2023 HK$M	2022 HK$M
Properties held for development		
Freehold land	989	987
Development costs	221	221
	1,210	1,208

19. Subsidiary Companies

Accounting Policy

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The principal subsidiary companies of Swire Pacific Limited are shown on pages 214 to 223.

Swire Pacific Limited has a material non-controlling interest (of 18%) in one subsidiary company, Swire Properties Limited (Swire Properties). There are no significant differences between the recognised financial information presented in the table below and the corresponding information in the separate consolidated financial statements of Swire Properties.

Summarised Statement of Financial Position

	Swire Properties At 31st December	
	2023 HK$M	2022 HK$M
Current:		
Assets	18,344	17,709
Liabilities	(17,789)	(10,986)
Total current net assets	555	6,723
Non-current:		
Assets	335,901	319,257
Liabilities	(48,538)	(33,906)
Total non-current net assets	287,363	285,351
Net assets	287,918	292,074
Net assets allocated to non-controlling interests	51,825	52,573

19. Subsidiary Companies (continued)

Summarised Statement of Profit or Loss

	Swire Properties	
	For the year ended 31st December	
	2023 HK$M	2022 HK$M
Revenue	**14,670**	13,826
Profit for the year attributable to shareholders	**2,599**	7,983
Other comprehensive loss	**(863)**	(4,778)
Total comprehensive income attributable to shareholders	**1,736**	3,205
Total comprehensive income allocated to non-controlling interests	**312**	577
Dividends paid to non-controlling interests	**1,064**	1,011

Summarised Statement of Cash Flows

	Swire Properties	
	For the year ended 31st December	
	2023 HK$M	2022 HK$M
Net cash generated from operating activities	**5,445**	4,756
Net cash used in investing activities	**(13,861)**	(7,999)
Net cash generated from/(used in) financing activities	**9,065**	(6,547)
Net increase/(decrease) in cash and cash equivalents	**649**	(9,790)
Cash and cash equivalents at 1st January	**4,502**	14,833
Effect of exchange differences	**(54)**	(541)
Cash and cash equivalents at 31st December	**5,097**	4,502

20. Interests in Joint Venture and Associated Companies

Accounting Policy

Joint venture companies are those companies' interests in which are held for the long term and over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where the Group has rights to the net assets of those companies.

Associated companies are those companies over which the Group has significant influence, but not control or joint control, over their management including participation in financial and operating policy decisions, generally accompanying a shareholding representing between 20% and 50% of the voting rights.

In the Group's consolidated statement of financial position, its interests in joint venture and associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The excess of the cost of investment in joint venture and associated companies over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition represents goodwill. The Group's interests in joint venture and associated companies include goodwill identified on acquisitions, net of any accumulated impairment loss.

20. Interests in Joint Venture and Associated Companies (continued)

Critical Accounting Estimates and Judgements

The Group assesses at the end of each reporting period whether there is any objective evidence that its interests in joint venture and associated companies are impaired. Such objective evidence includes whether there have been any significant adverse changes in the technological, market, economic or legal environment in which the joint venture and associated companies operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in a joint venture or associated company is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in the consolidated statement of profit or loss equal to the amount by which the carrying amount is higher than the higher of the investment's fair value less costs of disposal and value in use. Any reversal of such impairment loss in subsequent periods is credited to the consolidated statement of profit or loss.

The Group's interest in HAESL, a joint venture company of the Group

The Group's interest in joint venture companies includes HK$3,651 million (2022: HK$4,281 million) in respect of the Group's interest in HAESL. An impairment charge of HK$675 million was recognised during the year ended 31st December 2023, reflecting the impact of supply chain challenges which have impacted on the projected engine overhaul volumes in the near term. The carrying amount at 31st December 2023 approximates the recoverable amount after the impairment.

The recoverable amount has been determined using a value in use calculation representing the present value of estimates of cash flow projections covering a five-year period based on financial budgets prepared by management. A pre-tax discount rate of 12.6% (2022: 12.2%) has been applied and cash flows beyond the five-year period are assumed not to grow by more than 3.0% (2022: 3.0%) per annum.

The financial forecasts used to determine the recoverable amount remain highly sensitive to changes in external conditions. There is uncertainty over the shape and timing of the recovery in demand for engine maintenance services, which could give rise to possible impairments in future periods.

A 50 basis-points increase in discount rate would decrease the estimated recoverable amount by HK$218 million. A 50 basis-points decrease in terminal growth rate would decrease the estimated recoverable amount by HK$154 million. A 25 basis-points decrease in gross profit margin would decrease the estimated recoverable amount by HK$564 million. Each of these sensitivities is based on an unfavourable change in an assumption while holding other assumptions constant.

20. Interests in Joint Venture and Associated Companies (continued)

(a) Interests in joint venture companies

	2023 HK$M	2022 HK$M
Share of net assets, unlisted	**23,722**	29,279
Goodwill	**757**	1,067
Joint venture companies	**24,479**	30,346
Loans due from joint venture companies less provisions		
– Interest-free	**11,722**	13,432
– Interest-bearing at 3.0% to 11.0% per annum (2022: 1.7% to 6.5% per annum)	**3,131**	2,028
	14,853	15,460

The loans due from joint venture companies are unsecured and have no fixed terms of repayment.

On 22nd February 2023, the Swire Properties group completed the second and third master agreements to acquire 35% equity interests in existing joint venture companies in Taikoo Li Chengdu in the Chinese Mainland from Sino-Ocean Group Holding Limited and its subsidiaries. The joint venture companies became wholly-owned subsidiaries of the Swire Properties group at the date of completion. Details of the purchase consideration, the net identifiable assets acquired and goodwill are disclosed in note 42(a).

On 1st November 2023, the Group further acquired 23.33% equity interests in an existing joint venture company, New Life Plastics Limited (NLP). The company became a non-wholly owned subsidiary of the Group at the date of completion. Details of the transaction is disclosed in note 42(d).

The Group's share of the assets and liabilities and results of joint venture companies is summarised below:

	2023 HK$M	2022 HK$M
Non-current assets	**42,369**	55,387
Current assets	**16,456**	12,594
Current liabilities	**(9,142)**	(9,935)
Non-current liabilities	**(25,961)**	(28,767)
Net assets	**23,722**	29,279
Revenue	**20,546**	17,304
Expenses	**(19,592)**	(14,827)
Profit before taxation	**954**	2,477
Taxation	**(337)**	(620)
Profit for the year	**617**	1,857
Other comprehensive income/(loss)	**26**	(1,846)
Total comprehensive income for the year	**643**	11

Capital commitments and contingencies in respect of joint venture companies are disclosed in notes 38(a) and 39(a) respectively.

The principal joint venture companies of the Group are shown on pages 214 to 223.

20. Interests in Joint Venture and Associated Companies (continued)

(b) Interests in associated companies

Critical Accounting Estimates and Judgements

Under HKFRS 10, the Company is required to consolidate as subsidiaries in its financial statements, companies which it controls. The Company controls another company if it has (i) power over the other company, (ii) exposure or rights to variable returns from its involvement with the other company and (iii) ability to use its power over the other company to affect the amount of the Company's returns. All three of these requirements must be met. The Company has considered whether to consolidate Cathay Pacific as a subsidiary in its financial statements in the light of the provisions of HKFRS 10.

Under HKFRS 10, the Company will be taken to have power over Cathay Pacific if the Company has rights which give the Company the current ability to direct the activities of Cathay Pacific which significantly affect the Company's returns from Cathay Pacific.

As the Company holds less than half (44.995%) of the voting rights in Cathay Pacific, the Company does not have power over Cathay Pacific by virtue of holding a majority of those voting rights. The Company has accordingly considered other relevant factors in order to determine whether it has such power. The Company is party to a shareholders agreement dated 8th June 2006 (the Shareholders Agreement) between itself, Air China Limited (Air China) and others in relation to the affairs of Cathay Pacific, as subsequently amended. The Shareholders Agreement contains provisions relating to the composition of the board of Cathay Pacific (including Air China being obliged to use its votes as a shareholder of Cathay Pacific to support the Company appointing a majority of the board of directors of Cathay Pacific). The Company is of the view, having considered the terms of the Shareholders Agreement, the terms of an operating agreement dated 8th June 2006 between Cathay Pacific and Air China and the way in which the board of Cathay Pacific governs the affairs of Cathay Pacific in practice, that the Company does not have power over Cathay Pacific for the purposes of HKFRS 10. It follows that, as one of the three requirements in HKFRS 10 for consolidation has not been met, the Company should not consolidate Cathay Pacific as a subsidiary in the Company's financial statements and should account for its interest in Cathay Pacific as an associated company.

	2023 HK$M	2022 HK$M
Share of net assets		
– Listed in Hong Kong	22,020	18,808
– Listed in Oslo	–	662
– Unlisted	10,939	2,856
	32,959	22,326
Goodwill	1,822	1,360
Associated companies	34,781	23,686
Loans due from associated companies less provisions		
– Interest-free	169	12
– Interest-bearing at 7.2% to 10.0% per annum (2022: 6.4% to 10.0% per annum)	163	119
	332	131

The loans due from associated companies are unsecured and have no fixed terms of repayment, except for part of an interest-bearing loan due from an associated company of HK$40 million which is repayable in 2027.

In August 2020, Cathay Pacific undertook a HK$39 billion recapitalisation involving an issuance of preference shares and warrants, a rights issue of ordinary shares and a bridge loan facility. The Company subscribed in full for its entitlement under the rights issue, at a cost of HK$5,272 million. In February 2021, Cathay Pacific completed an issue of convertible bonds in an amount of HK$6.74 billion. Full conversion of these bonds and full exercise of the warrants issued by Cathay Pacific in 2020 would reduce the interest of the Company in the ordinary shares of Cathay Pacific to 38%. The carrying amount of the Group's interest in Cathay Pacific has been adjusted so as to exclude unpaid preference share dividends of Cathay Pacific.

20. Interests in Joint Venture and Associated Companies (continued)

(b) Interests in associated companies (continued)

In August 2023, 700,116 ordinary shares were allotted and issued on exercise of the conversion rights of the Cathay Pacific convertible bonds. Consequently, Swire Pacific's interest was diluted and reduced from 45.000% to 44.995%. Gain on deemed disposal of interest in Cathay group was HK$0.3 million (2022: nil).

In January 2023, Air China issued 1,676 million new A shares to investors with proceeds of the issuance totalling RMB15 billion. Consequently, Cathay Pacific's interest was diluted from 18.13% to 16.26%. The gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK$868 million (HK$1,929 million on a 100% basis) for the year ended 31st December 2023. Cathay Pacific continues to use equity accounting for its interest in Air China as an associated company.

In February 2024, Air China issued 393 million new H shares to a specific investor with proceeds of the issuance totalling HK$2 billion. Consequently, Cathay Pacific's interest was diluted from 16.26% to 15.87%. Cathay Pacific continues to equity account for its interest in Air China as an associated company. This transaction had no impact on the results of the Cathay group for the year ended 31st December 2023, but is expected to result in a gain from deemed partial disposal in 2024.

The carrying amount of the Group's interest in Cathay Pacific at 31st December 2023 was HK$22,777 million (2022: HK$19,565 million). The market value of the shares held in Cathay Pacific at 31st December 2023 was HK$23,638 million (2022: HK$24,680 million), which is higher than the carrying amount. Management assessed and concluded the Group did not identify any impairment indicators based on the latest financial results of Cathay Pacific.

The Company held 15.11% of interest in Cadeler at the end of 2022 and the interest was further diluted to 9.59% as at 31st December 2023 following a business combination of Cadeler which was completed in December 2023. The investment has been reclassified to investments at fair value as the Group ceased to have any representative in the board of Cadeler.

An impairment of interest in DeltaHealth of HK$250 million was recognised during the year ended 31st December 2023. The recoverable amount has been determined using a value in use calculation representing the present value of estimates of cash flow projections covering a ten-year period based on the financial budgets prepared by management. A ten-year forecast is considered appropriate in order to take into account expected service demand growth for the hospital operated by DeltaHealth which was initially opened in 2016. A pre-tax discount rate of 10.5% has been applied and cash flows beyond the ten-year period are assumed not to grow by more than 3.0% per annum.

The principal associated companies of the Group are shown on pages 214 to 223. In addition, Cathay Pacific is considered individually material to the Group and abridged financial statements are shown on pages 224 and 225.

The Group's share of assets and liabilities and results of associated companies is summarised below:

	2023 HK$M	2022 HK$M
Non-current assets	**73,631**	70,743
Current assets	**17,297**	14,158
Current liabilities	**(21,469)**	(14,198)
Non-current liabilities	**(36,251)**	(39,360)
Non-controlling interests	**(12)**	(5)
Preference shares and convertible bonds issued	**(237)**	(9,012)
Net assets	**32,959**	22,326
Revenue	**42,727**	26,749
Expenses	**(38,804)**	(29,671)
Profit/(loss) before taxation	**3,923**	(2,922)
Taxation	**(365)**	(379)
Profit/(loss) for the year	**3,558**	(3,301)
Other comprehensive loss	**(708)**	(1,067)
Total comprehensive income/(loss) for the year	**2,850**	(4,368)

Contingencies in respect of Cathay Pacific are disclosed in note 39(b).

21. Financial Instruments by Category

Accounting Policy

Financial Assets

(a) Classification
The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through the consolidated statement of other comprehensive income or through the consolidated statement of profit or loss), and

– those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in the consolidated statement of profit or loss or the consolidated statement of other comprehensive income (OCI). For investment in debt instruments, this will depend on the business model in relation to which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition
Purchases and sales of financial assets are recognised on their trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement
At initial recognition, except for trade debtors, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs in respect of financial assets at FVPL are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments:
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in other net gains/(losses) together with foreign exchange gains and losses.

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in other net gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other net gains/(losses).

21. Financial Instruments by Category (continued)

Accounting Policy (continued)

Financial Assets (continued)

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated statement of profit or loss and presented net within other net gains/(losses) in the period in which it arises.

Equity instruments:
The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognised in the consolidated statement of profit or loss as other net gains/(losses) when the Group's right to receive payments is established. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investment.

Changes in the fair value of equity investments at FVPL are recognised in other net gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by HKFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

The measurement of expected credit losses of operating lease receivable includes consideration of expectations of forgiveness of lease income recognised as part of the relevant receivable.

Financial Liabilities

The Group classifies its financial liabilities in the following measurement categories:

(i) At fair value through profit or loss
Derivatives are included within this category unless they are designated as hedges. Put options over non-controlling interests in subsidiary companies and contingent consideration included in trade and other payables are measured at fair value through the consolidated statement of profit or loss.

(ii) Derivatives used for hedging
Derivative instruments are classified within this category if they qualify for hedge accounting.

(iii) Amortised cost
This category comprises non-derivative financial liabilities with fixed or determinable payments and fixed maturities.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the financial statements where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

21. Financial Instruments by Category (continued)

The accounting policies applied to financial instruments are shown below by line item:

Assets as per consolidated statement of financial position

	Note	At fair value through profit or loss HK$M	At fair value through other comprehensive income HK$M	Derivatives used for hedging HK$M	Amortised cost HK$M	Total carrying amount HK$M	Fair value HK$M
At 31st December 2023							
Loans due from joint venture companies	20(a)	–	–	–	14,853	14,853	14,853
Loans due from associated companies	20(b)	–	–	–	332	332	332
Investments at fair value	22	1,707	286	–	–	1,993	1,993
Derivative financial assets	23	5	–	99	–	104	104
Trade and other receivables excluding prepayments	26	–	–	–	8,023	8,023	8,023
Bank balances and short-term deposits	27	–	–	–	14,082	14,082	14,082
Total		1,712	286	99	37,290	39,387	39,387
At 31st December 2022							
Loans due from joint venture companies	20(a)	–	–	–	15,460	15,460	15,460
Loans due from associated companies	20(b)	79	–	–	52	131	131
Investments at fair value	22	676	365	–	–	1,041	1,041
Derivative financial assets	23	2	–	152	–	154	154
Trade and other receivables excluding prepayments	26	–	–	–	8,754	8,754	8,754
Bank balances and short-term deposits	27	–	–	–	11,614	11,614	11,614
Total		757	365	152	35,880	37,154	37,154

Liabilities as per consolidated statement of financial position

	Note	At fair value through profit or loss HK$M	Derivatives used for hedging HK$M	Amortised cost HK$M	Total carrying amount HK$M	Fair value HK$M
At 31st December 2023						
Trade and other payables excluding non-financial liabilities	29	638	–	26,875	27,513	27,513
Derivative financial liabilities	23	15	349	–	364	364
Long-term loans and bonds due within one year	30	–	–	10,605	10,605	10,575
Lease liabilities due within one year	31	–	–	873	873	873
Long-term loans and bonds due after one year	30	–	–	58,613	58,613	57,111
Lease liabilities due after one year	31	–	–	4,206	4,206	4,206
Total		653	349	101,172	102,174	100,642
At 31st December 2022						
Trade and other payables excluding non-financial liabilities	29	2,313	–	26,648	28,961	28,961
Derivative financial liabilities	23	95	130	–	225	225
Short-term loans	30	–	–	25	25	25
Long-term loans and bonds due within one year	30	–	–	10,219	10,219	10,217
Lease liabilities due within one year	31	–	–	776	776	776
Long-term loans and bonds due after one year	30	–	–	58,129	58,129	55,646
Lease liabilities due after one year	31	–	–	4,140	4,140	4,140
Total		2,408	130	99,937	102,475	99,990

21. Financial Instruments by Category (continued)

The fair values of financial instruments traded in active markets are based on quoted market prices at the year-end date. The quoted market prices used for financial assets held by the Group are the then current bid prices.

The fair values of financial instruments that are not traded in active markets are determined by using valuation techniques such as estimated discounted cash flows or based on quotes from market makers, which use assumptions that are based on market conditions existing at each year-end date.

The book values of trade and other receivables and trade and other payables approximate their fair values.

The fair value of current borrowings equals their carrying value, as the impact of discounting is not significant. The fair value of non-current borrowings is not equal to their carrying value, but is based on cash flows discounted using assumptions sourced from the relevant financial institutions or quotes from market makers or alternative market participants supported by observable inputs, such as interest rates. Non-current borrowings would be categorised within level 2 of the fair value hierarchy if they were accounted for at fair value.

Financial instruments that are measured at fair value are included in the following fair value hierarchy:

Assets as per consolidated statement of financial position

	Note	Level 1 HK$M	Level 2 HK$M	Level 3 HK$M	Total carrying amount HK$M
At 31st December 2023					
Equity investments at fair value through other comprehensive income	22(a)				
– Listed investments		**42**	**–**	**–**	**42**
– Unlisted investments		**–**	**–**	**244**	**244**
Equity investments at fair value through profit or loss	22(b)				
– Listed investments		**1,075**	**–**	**–**	**1,075**
– Unlisted investments		**–**	**–**	**632**	**632**
Derivative financial assets	23	**–**	**104**	**–**	**104**
Total		**1,117**	**104**	**876**	**2,097**
At 31st December 2022					
Equity investments at fair value through other comprehensive income	22(a)				
– Listed investments		152	–	–	152
– Unlisted investments		–	–	213	213
Equity investments at fair value through profit or loss	22(b)				
– Listed investments		6	–	–	6
– Unlisted investments		–	–	537	537
Debt investments at fair value through profit or loss	22(c)				
– Convertible notes, unlisted		–	–	133	133
Derivative financial assets	23	–	154	–	154
Total		158	154	883	1,195

21. Financial Instruments by Category (continued)

Liabilities as per consolidated statement of financial position

	Note	Level 1 HK$M	Level 2 HK$M	Level 3 HK$M	Total carrying amount HK$M
At 31st December 2023					
Derivative financial liabilities	23	–	364	–	364
Put option over a non-controlling interest in the USA	29	–	–	613	613
Put option over a non-controlling interest in a subsidiary company	29	–	–	25	25
Total		–	364	638	1,002
At 31st December 2022					
Derivative financial liabilities	23	–	225	–	225
Put option over a non-controlling interest in the USA	29	–	–	590	590
Put option over a non-controlling interest in a subsidiary company	29	–	–	69	69
Contingent consideration	29	–	–	1,654	1,654
Total		–	225	2,313	2,538

Notes:
The levels in the hierarchy represent the following:
Level 1 – Financial instruments measured at fair value using quoted prices in active markets.
Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.
Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

The assets in the above table exclude the loans due from associated companies which were carried at fair value (note 20(b)).

The Group's policy is to recognise any transfer into and out of fair value hierarchy levels as at the date of the event or change in circumstances that causes the transfer.

The change in level 3 financial instruments for the year is as follows:

	Unlisted investments HK$M	Put options over non-controlling interests HK$M	Contingent consideration HK$M
At 1st January 2023	883	659	1,654
Translation differences	2	1	11
Additions	209	–	–
Disposal of subsidiary companies	(88)	–	(1,740)
Distribution	–	(31)	–
Change in fair value during the year recognised in			
– profit or loss*	7	9	113
– other comprehensive income*	3	–	–
Payment of consideration	–	–	(38)
Impairment	(140)	–	–
At 31st December 2023	876	638	–
* Including unrealised gains/(losses) recognised on balances held at 31st December 2023	10	(9)	–

21. Financial Instruments by Category (continued)

	Unlisted investments HK$M	Put options over non-controlling interests HK$M	Contingent consideration HK$M
At 1st January 2022	716	642	1,527
Translation differences	1	–	–
Additions	157	–	–
Distribution	–	(26)	–
Change in fair value during the year recognised in			
– profit or loss*	7	43	276
– other comprehensive income*	2	–	–
Payment of consideration	–	–	(149)
At 31st December 2022	883	659	1,654
* Including unrealised gains/(losses) recognised on balances held at 31st December 2022	9	(43)	(276)

There has been no change in the valuation techniques for level 2 and level 3 fair value hierarchy classifications.

The fair value of derivatives used for hedging in level 2 has been based on quotes from market makers or discounted cash flow valuation techniques and is supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates, yields and commodity prices.

The fair value estimate of the put option over a non-controlling interest in the USA classified within level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is in 2024 and the discount rate used is 6.3% (2022: 6.3%).

The investment property's fair value at the expected time of exercise is itself subject to a number of unobservable inputs, which are similar to the inputs for the Group's other completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the time of exercise is higher, the fair value of the put option would also be higher at 31st December 2023. If the expected time of exercise is later or if the discount rate is higher, the fair value of the put option would be lower. The opposite is true for an earlier time of exercise or a lower discount rate.

The fair value of unlisted investments and put options over non-controlling interests in subsidiary companies (except the subsidiary company holding a non-controlling interest in the USA) classified within level 3 are determined using a discounted cash flow valuation technique. The significant unobservable inputs used are expected future growth rates and discount rates. Changing these unobservable inputs based on reasonable alternative assumptions would not significantly change the valuation of unlisted investments and put options.

The Group's finance departments perform the valuations of financial instruments required for reporting purposes, including level 3 fair values. The valuations are reviewed and approved by Divisional Finance Directors.

22. Investments at Fair Value

		2023 HK$M	2022 HK$M
(a)	Equity investments at fair value through other comprehensive income		
	Shares listed in Hong Kong	**42**	71
	Shares listed overseas	**–**	81
	Unlisted investments	**244**	213
		286	365
(b)	Equity investments at fair value through profit or loss		
	Shares listed overseas	**1,075**	6
	Unlisted investments	**632**	537
		1,707	543
(c)	Debt investments at fair value through profit or loss		
	Convertible notes, unlisted	**–**	133
Total		**1,993**	1,041

23. Derivative Financial Instruments

Accounting Policy

Derivatives are initially recognised at fair value on the dates derivative contracts are entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either: (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); (b) hedges of highly probable forecast transactions (cash flow hedges); or (c) hedges of net investments in foreign operations (net investment hedges).

The Group documents at the inception of transactions the economic relationship between hedging instruments and hedged items, including whether the derivatives that are used in hedging transactions are expected to offset changes in cash flows of hedged items. The Group also documents its risk management objectives and strategy for undertaking various hedge transactions.

(a) Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item (aligned time value) are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (aligned forward element) is recognised within OCI in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

When cross-currency swap contracts are used to hedge future cash flow, the Group designates only the change in fair value of the swap contract after exclusion of the foreign currency basis spread component as the hedging instrument. Gains or losses relating to the effective portion of the swap contract after exclusion of the foreign currency basis spread component are recognised in the cash flow hedge reserve within equity. The change in fair value of the foreign currency basis spread of the swap contract, to the extent it relates to the hedged item, is recognised separately as a cost of hedging on a systematic and rational basis over the period of the hedging relationship within OCI in equity. Hedge ineffectiveness is recognised in the consolidated statement of profit or loss within finance costs.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the consolidated statement of profit or loss, as follows:

(i) Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the consolidated statement of profit or loss as the hedged item affects the consolidated statement of profit or loss (for example through cost of sales).

23. Derivative Financial Instruments (continued)

Accounting Policy (continued)

(ii) The gains or losses relating to the effective portion of (a) the interest rate swaps hedging variable rate borrowings and (b) cross-currency swap contracts hedging borrowings in foreign currency are recognised in the consolidated statement of profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately transferred to the consolidated statement of profit or loss.

(b) Net investment hedges
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of a hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Gains and losses accumulated in equity are transferred to the consolidated statement of profit or loss when the foreign operation is disposed of.

(c) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated statement of profit or loss.

(d) Rebalancing of hedge relationships
If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the consolidated statement of profit or loss at the time of the hedge relationship rebalancing.

	2023		2022	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Cross-currency swaps				
– cash flow hedges[i]	50	329	142	124
– not qualifying as hedges	–	–	–	92
Interest rate swaps – cash flow hedges	40	–	–	–
Forward foreign exchange contracts				
– cash flow hedges	9	20	10	6
– not qualifying as hedges	–	13	1	1
Commodity swaps – not qualifying as hedges	5	2	1	2
Total	104	364	154	225
Analysed as:				
– Current	20	33	35	124
– Non-current	84	331	119	101
	104	364	154	225

Notes:
(i) The cross-currency swaps principally hedge the foreign currency risk relating to USD note issues. Gains and losses recognised in the consolidated statement of other comprehensive income on cross-currency swaps at 31st December 2023 are expected to affect the consolidated statement of profit or loss in the years to redemption of the notes (up to and including 2030). The total notional principal amount of the outstanding cross-currency swap contracts at 31st December 2023 was HK$18,747 million (2022: HK$25,583 million). In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items.
(ii) For the years ended 31st December 2023 and 31st December 2022 all cash flow hedges qualifying for hedge accounting were highly effective.

24. Properties for Sale

Accounting Policy

Properties for sale comprise freehold and leasehold land at cost, construction costs and interest costs capitalised, less provisions for possible losses. Properties under development are active construction projects which are expected to be sold within the Group's normal operating cycle and are classified as current assets. Completed properties are available for immediate sale and are classified as current assets.

	2023 HK$M	2022 HK$M
Properties for sale		
Properties under development		
– development costs	**1,586**	619
– leasehold land	**7,389**	7,389
Completed properties		
– development costs	**84**	138
– leasehold land	**62**	118
	9,121	8,264

25. Stocks and Work in Progress

Accounting Policy

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents average unit cost and net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. The costs of finished goods and work in progress comprise direct material and labour costs and an appropriate proportion of production overhead expenses less provisions for foreseeable losses. Cost also includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials or stocks.

	2023 HK$M	2022 HK$M
Goods for sale	**3,519**	4,446
Manufacturing materials	**1,150**	1,495
Production supplies	**2,078**	1,667
	6,747	7,608

26. Trade and Other Receivables and Prepayment

Accounting Policy

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. Other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for loss allowance. Trade and other receivables in the consolidated statement of financial position are stated net of such provisions.

	2023 HK$M	2022 HK$M
Trade debtors	2,701	4,610
Amounts due from immediate holding company	3	7
Amounts due from joint venture companies	169	132
Amounts due from associated companies	286	349
Prepayments and accrued income	2,242	2,222
Other receivables	3,619	2,038
Other financial assets at amortised cost	–	520
Prepayment – Non-current portion	–	6,430
	9,020	16,308
Amounts due after one year included under non-current assets	(312)	(6,474)
	8,708	9,834

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 their invoice dates) is as follows:

	2023 HK$M	2022 HK$M
Up to three months	2,539	4,345
Between three and six months	129	231
Over six months	33	34
	2,701	4,610

Other receivables include rent free and other lease incentives to tenants of HK$1,451 million (2022: HK$1,198 million), which are amortised over the relevant lease terms.

Other financial assets at amortised cost represented a deferred receivable for the sale of the Swire Properties group's interest in the Cityplaza One office tower in Hong Kong in 2020. The deferred receivable was recognised at amortised cost using an effective interest rate of 3% per annum. The amount of HK$535 million was received during the year in accordance with the sale and purchase agreement.

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.

At 31st December 2023, trade debtors of HK$96 million (2022: HK$151 million) were impaired and the expected credit losses for the remaining trade and other receivables are not significant. The amount of the provision was HK$95 million at 31st December 2023 (2022: HK$151 million).

The maximum exposure to credit risk at 31st December 2023 and 31st December 2022 is the carrying value of trade debtors, amounts due from joint venture and associated companies, accrued income and other receivables disclosed above. The carrying value of rental deposits from tenants held as security against trade debtors at 31st December 2023 was HK$2,965 million (2022: HK$2,716 million).

27. Bank Balances and Short-Term Deposits

Accounting Policy

Cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts.

	2023 HK$M	2022 HK$M
Bank balances and short-term deposits maturing within three months	11,831	10,758
Short-term deposits maturing after more than three months	2,251	856
	14,082	11,614

The effective interest rates on short-term deposits of the Group ranged from 0.01% to 8.1% per annum (2022: 0.01% to 5.20% per annum); these deposits have maturities from 7 to 365 days (2022: 7 to 365 days).

The maximum exposure to credit risk in respect of bank balances and short-term deposits at 31st December 2023 and 31st December 2022 is the carrying value of the bank balances and short-term deposits disclosed above.

28. Assets Classified as Held for Sale

Accounting Policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs of disposal, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value.

Assets classified as held for sale represented the Swire Properties group's 100% interest in investment properties comprising 384 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong.

29. Trade and Other Payables

Accounting Policy

Trade and other payables (except put options over non-controlling interests in subsidiary companies) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2023 HK$M	2022 HK$M
Trade creditors	5,988	5,850
Amounts due to immediate holding company	166	114
Amounts due to joint venture companies	12	137
Amounts due to associated companies	20	590
Interest-bearing advances from joint venture companies at 2.85%-5.19% per annum (2022: 1.89%-4.65% per annum)	599	1,018
Interest-bearing advances from an associated company (2022: 6.02% per annum)	–	34
Advances from non-controlling interests	1,236	1,173
Rental deposits from tenants	2,965	2,716
Deposits received on sale of investment properties	269	1
Put options over non-controlling interests	638	659
Contingent consideration	–	1,654
Accrued capital expenditure	1,457	1,366
Other accruals	7,681	8,968
Other payables	7,788	5,936
	28,819	30,216
Amounts due after one year included under non-current liabilities	(1,233)	(1,476)
	27,586	28,740

The amounts due to and advances from immediate holding, joint venture and associated companies, and non-controlling interests are unsecured and have no fixed terms of repayment. Apart from the amounts due to joint venture companies, which are interest-bearing as specified above, the balances are interest free.

Other payables due after one year under non-current liabilities include deposits received for the sale of the Swire Properties group's interest in the 42nd to 44th floors of the One Island East office tower in Hong Kong during the year. The sale of each of these floors will be completed in accordance with the terms specified in the sale and purchase agreements before the end of 2028.

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

	2023 HK$M	2022 HK$M
Up to three months	5,767	5,610
Between three and six months	165	136
Over six months	56	104
	5,988	5,850

30. Borrowings

Accounting Policy

Borrowings are recognised initially at fair value and subsequently measured at amortised cost. Transaction costs incurred are included in respect of those not held at fair value through profit or loss. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated statement or profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

For disclosure purposes, the fair value of borrowings stated at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

During the year ended 31st December 2023 the Group was, and up to date of this annual report the Group has been, in compliance with the loan covenants under the Group's borrowings and available banking facilities.

During the year ended 31st December 2023, the Group designated the Renminbi-denominated borrowings of HK$12,062 million (2022: HK$449 million) to hedge the exposure arising from the net investments in subsidiaries with major operations in the Chinese Mainland. Loss arising from the hedging instrument of HK$8 million (2022: HK$12 million) has been recognised in other comprehensive income as an effective hedge.

Refer to the tables with the heading "Audited Financial Information" on pages 72 to 81 for details of the Group's borrowings.

31. Lease Liabilities

	2023 HK$M	2022 HK$M
Maturity profile at year end is as follows:		
Within one year	873	776
Between one and two years	673	615
Between two and five years	1,200	1,137
Over five years	2,333	2,388
	5,079	4,916
Amount due within one year included under current liabilities	(873)	(776)
	4,206	4,140

At 31st December 2023, the weighted average incremental borrowing rate applied in measuring the lease liabilities was 3.82% per annum (2022: 3.65% per annum).

For the accounting policy in respect of lease liabilities, please refer to right-of-use assets (note 17).

32. Deferred Taxation

Accounting Policy

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the recognition, has no impact on taxable or accounting profit or loss, it is not recognised. Tax rates enacted or substantively enacted by the period-end date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary, joint venture and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation relating to investment properties in Hong Kong and the USA is calculated having regard to the presumption that the value of these properties is capable of being recovered entirely through sale. This presumption is rebutted in relation to investment properties in the Chinese Mainland, because the business model applicable to them is to consume substantially all the economic benefits embodied in them over time rather than through sale. Accordingly, deferred tax relating to investment properties in the Chinese Mainland is determined on the basis of recovery through use.

Deferred tax assets and liabilities are netted off when the taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately in the consolidated statement of financial position:

	2023 HK$M	2022 HK$M
Deferred tax assets	**567**	278
Deferred tax liabilities	**(16,660)**	(13,090)
	(16,093)	(12,812)

Substantially all deferred tax balances are to be recovered or settled after more than 12 months.

The movement on the net deferred tax liabilities account is as follows:

	Note	2023 HK$M	2022 HK$M
At 1st January		**12,812**	12,003
Translation differences		**(222)**	(668)
Acquisition of subsidiary companies		**3,375**	252
Disposal of subsidiary companies		**(137)**	(7)
Charged to profit or loss	10	**463**	1,060
(Credited)/charged to other comprehensive income		**(41)**	180
Other net transfers		**(157)**	(8)
At 31st December		**16,093**	12,812

32. Deferred Taxation (continued)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of investment properties		Right-of-use assets		Others		Total	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
At 1st January										
– as originally stated	5,814	5,300	6,091	6,108	–	–	2,842	2,590	14,747	13,998
– impact of amendments to HKAS 12	(25)	(7)	–	–	581	540	(23)	–	533	533
– as restated	5,789	5,293	6,091	6,108	581	540	2,819	2,590	15,280	14,531
Translation differences	(29)	(92)	(170)	(489)	(14)	(3)	(42)	(66)	(255)	(650)
Acquisition of subsidiary companies	367	–	2,084	–	38	29	1,062	223	3,551	252
Disposal of subsidiary companies	(437)	(7)	–	–	–	–	(538)	–	(975)	(7)
Charged/(credited) to profit or loss	413	595	106	472	(28)	15	187	20	678	1,102
(Credited)/charged to other comprehensive income	–	–	–	–	–	–	(40)	60	(40)	60
Other net transfers	–	–	–	–	–	–	(157)	(8)	(157)	(8)
At 31st December	6,103	5,789	8,111	6,091	577	581	3,291	2,819	18,082	15,280

Deferred tax assets

	Provisions		Tax losses		Lease liabilities		Others		Total	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
At 1st January										
– as originally stated	424	392	534	423	–	–	977	1,180	1,935	1,995
– impact of amendments to HKAS 12	–	–	–	–	552	540	(19)	(7)	533	533
– as restated	424	392	534	423	552	540	958	1,173	2,468	2,528
Translation differences	(20)	37	(1)	–	2	(3)	(14)	(16)	(33)	18
Acquisition of subsidiary companies	65	–	47	–	39	–	25	–	176	–
Disposal of subsidiary companies	(222)	–	–	–	(8)	–	(608)	–	(838)	–
(Charged)/credited to profit or loss	(79)	2	158	104	2	15	134	(79)	215	42
Credited/(charged) to other comprehensive income	–	–	–	–	–	–	1	(120)	1	(120)
Other net transfers	–	(7)	(1)	7	–	–	1	–	–	–
At 31st December	168	424	737	534	587	552	497	958	1,989	2,468

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of HK$3,052 million (2022: HK$3,080 million) to carry forward against future taxable income.

These amounts are analysed as follows:

	Unrecognised tax losses	
	2023 HK$M	2022 HK$M
No expiry date	1,755	1,664
Expiring in 2023	–	114
Expiring in 2024	93	105
Expiring in 2025	135	136
Expiring in 2026	110	118
Expiring in 2027 (2022: 2027 or after)	68	943
Expiring in 2028 or after	891	N/A
	3,052	3,080

33. Retirement Benefits

The Group operates a number of defined benefit and defined contribution retirement benefit schemes for its employees, the assets of which are generally held in separate trustee administered funds.

A defined benefit scheme is a retirement plan that defines the benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has an obligation to provide participating employees with these benefits.

A defined contribution scheme is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Accounting Policy

For defined benefit schemes, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the consolidated statement of profit or loss so as to spread the regular cost over the service lives of employees.

The asset or liability recognised in the consolidated statement of financial position is the present value of the cost of providing these benefits (the defined benefit obligation) less the fair value of the plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries and is determined by discounting the estimated future cash flows using interest rates payable in respect of high quality corporate bonds. The plan assets are valued on a bid price basis.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the consolidated statement of other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated statement of profit or loss. Any differences between the implicit and actual return on assets are charged as remeasurements to the consolidated statement of other comprehensive income.

For defined contribution schemes, the Group's contributions are charged to the consolidated statement of profit or loss in the periods to which the contributions relate.

The Group's obligations and expenses in respect of defined benefit schemes are dependent on a number of factors that are determined using a number of actuarial assumptions. The details of the actuarial assumptions used, including applicable sensitivities are disclosed in note 33(f).

For the year ended 31st December 2023 and 2022, disclosures in respect of defined benefit schemes are based on valuations prepared by Mercer (Hong Kong) Limited at 31st December 2021, which were updated to reflect the position at 31st December 2023 and 2022 by Cannon Trustees Limited, the main administration manager of the Group's defined benefit schemes. Schemes in Taiwan and Cambodia are valued by independent qualified actuaries. The method of accounting and the frequency of valuations are similar to those used for defined benefit schemes.

The majority of the Group's schemes are final salary guaranteed lump sum defined benefit plans.

Contributions to the defined benefit retirement schemes are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. The funding rates are subject to annual review and are determined by taking into consideration the difference between the market values of the plans' assets and the present value of accrued past service liabilities, on an ongoing basis, as computed by reference to actuarial valuations. The principal schemes in Hong Kong are valued by qualified actuaries for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance. The latest actuarial valuations indicate that the funding level was 100% (2022: 116%) of the accrued liabilities on an ongoing basis. The Group expects to make contributions of HK$184 million to its defined benefit schemes in 2024.

33. Retirement Benefits (continued)

New employees in Hong Kong are offered the choice of joining the defined benefit retirement schemes or the mandatory provident fund (MPF) scheme. Where staff elect to join the MPF scheme, both the Company and the staff are required to contribute 5% of the employees' relevant monthly income (capped at HK$30,000). Staff may elect to contribute more than the minimum as a voluntary contribution. Employees engaged outside Hong Kong are covered by appropriate local arrangements.

(a) The amounts recognised in the consolidated statement of financial position are as follows:

	2023 HK$M	2022 HK$M
Present value of funded obligations	3,626	4,960
Fair value of plan assets	(3,573)	(4,905)
	53	55
Present value of unfunded obligations	–	34
Net retirement benefit liabilities	53	89
Represented by:		
Retirement benefit assets	(68)	(273)
Retirement benefit liabilities	121	362
	53	89

(b) Changes in the present value of the defined benefit obligations are as follows:

	2023 HK$M	2022 HK$M
At 1st January	4,994	6,738
Translation differences	13	(17)
Transfer of members	(10)	(1)
Acquisition of subsidiary companies	–	13
Disposal of subsidiary companies	(1,665)	–
Current service cost	206	295
Interest expense	214	159
Actuarial losses/(gains) from changes in financial assumptions	105	(1,638)
Experience losses/(gains)	189	(35)
Employee contributions	1	2
Benefits paid	(421)	(522)
At 31st December	3,626	4,994

The weighted average duration of the defined benefit obligations is 7.5 years (2022: 8.5 years).

(c) Changes in the fair value of plan assets are as follows:

	2023 HK$M	2022 HK$M
At 1st January	4,905	5,930
Translation differences	10	(10)
Transfer of members	(10)	(1)
Disposal of subsidiary companies	(1,553)	–
Interest income	219	139
Return on plan assets, excluding interest income	178	(829)
Contributions by employers	242	194
Benefits paid	(418)	(518)
At 31st December	3,573	4,905

There were no plan amendments during the year.

33. Retirement Benefits (continued)

(d) Net expenses from continuing operations recognised in the consolidated statement of profit or loss are as follows:

	2023 HK$M	2022 HK$M
Current service cost	206	295
Net interest cost	(5)	20
	201	315

The above net expenses from continuing operations were included in costs of sales, distribution costs and administrative expenses in the consolidated statement of profit or loss.

The actual return on defined benefit plan assets was a gain of HK$397 million (2022: loss of HK$690 million).

(e) The plan assets are invested in the Swire Group Unitised Trust (the Unitised Trust). The Unitised Trust has four sub-funds in which the assets may be invested in accordance with separate and distinct investment policies and objectives. The Unitised Trust and sub-funds are overseen by an investment committee, which meets four times a year.

The make-up of the Unitised Trust is the result of the asset allocation of each plan. The asset allocation of each plan targets a mix of equities, fixed income, absolute return funds and short duration bond sub-funds.

The management of the assets within the sub-funds is delegated by the investment committee to a number of reputable investment managers. The plan assets comprise:

	2023 HK$M	2022 HK$M
Equities		
Asia Pacific	202	218
Europe	165	226
North America	576	1,080
Emerging markets	611	603
Bonds		
Global	878	890
Emerging markets	75	711
Absolute return funds	653	687
Cash	413	490
	3,573	4,905

At 31st December 2023, the prices of 89% of equities and 70% of bonds were quoted on active markets (31st December 2022: 96% and 29% respectively). The remainder of the prices were not quoted on active markets.

The most significant risk facing the defined benefit schemes of the Group is market risk. This risk embodies the potential for losses and gains and includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment and its issuer and risk specific to a certain market. Market risk is managed principally through diversification of investments by the appointed investment managers. Investment managers enter into agreements that stipulate the performance objective of the investments, which is referenced to a recognised benchmark. The investment committee monitors the overall market risk position on a quarterly basis.

33. Retirement Benefits (continued)

(f) The significant actuarial assumptions used are as follows:

	2023		2022	
	Hong Kong %	Others %	Hong Kong %	Others %
Discount rate	4.26	1.20-6.00	5.08	1.30-5.20
Expected rate of future salary increases	2.50-4.00	3.00-10.00	2.60-4.00	2.75-9.00

The sensitivity of the defined benefit obligations to changes in actuarial assumptions is:

	Increase/(decrease) in defined benefit obligations		
	Change in assumption	Increase in assumption HK$M	Decrease in assumption HK$M
At 31st December 2023			
Discount rate	0.5%	(138)	145
Expected rate of future salary increases	0.5%	142	(137)
At 31st December 2022			
Discount rate	0.5%	(254)	259
Expected rate of future salary increases	0.5%	186	(178)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method has been applied as when calculating the retirement benefit liability recognised within the consolidated statement of financial position.

(g) Defined contribution retirement schemes
Total retirement benefit costs from continuing operations charged to the consolidated statement of profit or loss for the year ended 31st December 2023 amounted to HK$705 million (2022: HK$740 million), including HK$504 million (2022: HK$425 million) in respect of defined contribution schemes.

34. Share Capital

	'A' shares	'B' shares	Total HK$M
Issued and fully paid with no par value			
At 1st January 2023	865,823,000	2,941,142,500	1,294
Repurchased in 2022 and cancelled during the year	–	(3,697,500)	–
Repurchased and cancelled during the year	(8,998,500)	(15,107,500)	–
At 31st December 2023	856,824,500	2,922,337,500	1,294

	'A' shares	'B' shares	Total HK$M
Issued and fully paid with no par value			
At 1st January 2022	905,206,000	2,981,870,000	1,294
Repurchased and cancelled during the year	(39,383,000)	(40,727,500)	–
At 31st December 2022	865,823,000	2,941,142,500	1,294

During the year, the Company repurchased 11,625,000 'A' shares and 18,562,500 'B' shares on The Stock Exchange of Hong Kong Limited for a total aggregate price of HK$875 million (excluding transaction fees). The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid for the repurchased 'A' shares and 'B' shares was paid wholly out of the distributable profits of the Company included in its revenue reserve.

34. Share Capital (continued)

Details of shares acquired by month are as follows:

'A' shares	Number purchased	Highest price paid HK$	Lowest price paid HK$	Total[i] HK$M
Month				
March	4,548,000	60.00	58.05	270
April	4,233,000	60.00	57.55	249
May	217,500	60.00	59.70	13
December	2,626,500[ii]	66.40	57.45	163[iii]
	11,625,000			695

'B' shares	Number purchased	Highest price paid HK$	Lowest price paid HK$	Total[i] HK$M
Month				
January	797,500	10.72	10.06	8
March	6,380,000	10.00	9.11	61
April	5,467,500	10.12	9.33	53
May	2,462,500	10.24	9.56	24
December	3,455,000[ii]	10.44	8.97	34[iii]
	18,562,500			180

Notes:
(i) Excluding transaction fees of HK$3 million for 'A' shares and 'B' shares.
(ii) These shares were repurchased but not yet cancelled as at 31st December 2023.
(iii) Including HK$31 million payable after 31st December 2023.

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

35. Reserves

	Note	Revenue reserve HK$M	Property revaluation reserve HK$M	Investment revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2023		255,167	2,437	(152)	738	(1,028)	257,162
Profit for the year		28,853	–	–	–	–	28,853
Other comprehensive income							
Revaluation of property previously occupied by the Group							
– gains recognised during the year		–	35	–	–	–	35
– deferred tax		–	(10)	–	–	–	(10)
Defined benefit plans							
– remeasurement losses recognised during the year		(108)	–	–	–	–	(108)
– deferred tax		9	–	–	–	–	9
Changes in the fair value of equity investments at fair value through other comprehensive income							
– losses recognised during the year		–	–	(15)	–	–	(15)
– deferred tax		–	–	(2)	–	–	(2)
Cash flow hedges							
– losses recognised during the year		–	–	–	(178)	–	(178)
– transferred from net finance charges		–	–	–	(50)	–	(50)
– transferred from operating profit		–	–	–	11	–	11
– deferred tax		–	–	–	44	–	44
Share of other comprehensive income of joint venture and associated companies							
– recognised during the year		79	–	(1)	(530)	(481)	(933)
– reclassified to profit or loss on deemed disposal		–	–	–	–	228	228
Net translation differences on foreign operations		–	–	–	–	(1,041)	(1,041)
– reclassified to profit or loss on disposal		–	–	–	–	(45)	(45)
Total comprehensive income for the year		28,833	25	(18)	(703)	(1,339)	26,798
Repurchase of the Company's shares		(878)	–	–	–	–	(878)
2022 second interim dividend	12	(2,675)	–	–	–	–	(2,675)
2023 first interim dividend	12	(1,730)	–	–	–	–	(1,730)
2023 special interim dividend	12	(11,703)	–	–	–	–	(11,703)
Change in composition of the Group		(139)	–	–	–	–	(139)
At 31st December 2023		266,875	2,462	(170)	35	(2,367)	266,835

35. Reserves (continued)

	Note	Revenue reserve HK$M	Property revaluation reserve HK$M	Investment revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2022		256,738	2,435	(130)	1,013	5,165	265,221
Profit for the year		4,195	–	–	–	–	4,195
Other comprehensive income							
Defined benefit plans							
– remeasurement gains recognised during the year		819	–	–	–	–	819
– deferred tax		(170)	–	–	–	–	(170)
Changes in the fair value of equity investments at fair value through other comprehensive income							
– gains recognised during the year		–	–	256	–	–	256
– deferred tax		–	–	3	–	–	3
– reclassified to revenue reserve on disposal		279	–	(279)	–	–	–
Cash flow hedges							
– losses recognised during the year		–	–	–	(92)	–	(92)
– transferred from net finance charges		–	–	–	(22)	–	(22)
– transferred from operating profit		–	–	–	201	–	201
– deferred tax		–	–	–	(14)	–	(14)
Share of other comprehensive income of joint venture and associated companies		67	2	(2)	(348)	(2,318)	(2,599)
Net translation differences on foreign operations		–	–	–	–	(3,932)	(3,932)
– reclassified to profit or loss on disposal		–	–	–	–	57	57
Total comprehensive income for the year		5,190	2	(22)	(275)	(6,193)	(1,298)
Repurchase of the Company's shares		(2,643)	–	–	–	–	(2,643)
2021 second interim dividend		(2,402)	–	–	–	–	(2,402)
2022 first interim dividend	12	(1,716)	–	–	–	–	(1,716)
At 31st December 2022		255,167	2,437	(152)	738	(1,028)	257,162

(a) The Group's revenue reserve includes retained revenue reserves from joint venture companies amounting to HK$8,616 million (2022: HK$12,704 million) and retained revenue reserves from associated companies amounting to HK$10,796 million (2022: HK$9,579 million).

(b) The Group's revenue reserve includes HK$2,853 million (2022: HK$2,675 million) representing the declared second interim dividend for the year (note 12).

(c) As at 31st December 2023, the Group's cash flow hedge reserve includes a credit of HK$128 million (net of tax) (2022: HK$28 million) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging.

36. Non-controlling Interests

The movement of non-controlling interests during the year is as follows:

	2023 HK$M	2022 HK$M
At 1st January	57,480	57,105
Share of profits less losses for the year	985	2,074
Share of revaluation of property previously occupied by the Group		
– gains recognised during the year	8	–
– deferred tax	(2)	–
Share of defined benefit plans		
– remeasurement (losses)/gains recognised during the year	(9)	37
Share of cash flow hedges		
– losses recognised during the year	(13)	(1)
– transferred from net finance charges	(7)	(2)
– deferred tax	2	1
Share of other comprehensive income/(loss) of joint venture and associated companies	23	(314)
Share of net translation differences on foreign operations	(221)	(866)
Share of total comprehensive income	766	929
Capital contribution from non-controlling interests	26	1,020
Dividends declared and/or paid	(1,464)	(1,570)
Change in composition of the Group	(163)	(4)
At 31st December	56,645	57,480

37. Company Statement of Financial Position and Reserves

(a) Company Statement of Financial Position

	Note	2023 HK$M	2022 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1	1
Subsidiary companies		33,350	45,234
Associated companies		9,896	10,582
Equity investments at fair value		1,117	70
Retirement benefit assets		7	16
		44,371	55,903
Current assets			
Trade and other receivables		56	53
Taxation receivable		427	427
Bank balances and short-term deposits		200	39
		683	519
Current liabilities			
Trade and other payables		32,951	46,219
		32,951	46,219
Net current liabilities		(32,268)	(45,700)
Total assets less current liabilities		12,103	10,203
Non-current liabilities			
Deferred tax liabilities		–	2
		–	2
NET ASSETS		12,103	10,201
EQUITY			
Equity attributable to the Company's shareholders			
Share capital	34	1,294	1,294
Reserves	37(b)	10,809	8,907
TOTAL EQUITY		12,103	10,201

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Paul Etchells
Directors
Hong Kong, 14th March 2024

37. Company Statement of Financial Position and Reserves (continued)

(b) The movement of the Company's reserves during the year is as follows:

	Note	Revenue reserve HK$M	Investment revaluation reserve HK$M	Total HK$M
At 1st January 2023		8,913	(6)	8,907
Profit for the year		18,925	–	18,925
Other comprehensive income				
Defined benefit plans				
– remeasurement losses recognised during the year		(11)	–	(11)
– deferred tax		2	–	2
Changes in the fair value of equity investments at fair value through other comprehensive income				
– losses recognised during the year		–	(28)	(28)
Total comprehensive income for the year		18,916	(28)	18,888
Repurchase of the Company's shares		(878)	–	(878)
2022 second interim dividend	12	(2,675)	–	(2,675)
2023 first interim dividend	12	(1,730)	–	(1,730)
2023 special interim dividend	12	(11,703)	–	(11,703)
At 31st December 2023		10,843	(34)	10,809
At 1st January 2022		10,594	7	10,601
Profit for the year		5,055	–	5,055
Other comprehensive income				
Defined benefit plans				
– remeasurement gains recognised during the year		37	–	37
– deferred tax		(6)	–	(6)
Changes in the fair value of equity investments at fair value through other comprehensive income				
– losses recognised during the year		–	(19)	(19)
– reclassified to revenue reserve on disposal		(6)	6	–
Total comprehensive income for the year		5,080	(13)	5,067
Repurchase of the Company's shares		(2,643)	–	(2,643)
2021 second interim dividend		(2,402)	–	(2,402)
2022 first interim dividend	12	(1,716)	–	(1,716)
At 31st December 2022		8,913	(6)	8,907

(i) Distributable reserves of the Company at 31st December 2023 amounted to HK$10,843 million (2022: HK$8,913 million).

(ii) The Company's revenue reserve includes HK$2,853 million (2022: HK$2,675 million) representing the declared second interim dividend for the year (note 12).

38. Capital Commitments

		2023 HK$M	2022 HK$M
(a)	The Group's outstanding capital commitments at the year-end in respect of:		
	Property, plant and equipment and others		
	Contracted but not provided for	**3,112**	2,907
	Authorised by Directors but not contracted for	**7,422**	7,370
	Investment properties		
	Contracted but not provided for	**5,795**	2,986
	Authorised by Directors but not contracted for	**12,012**	17,028
		28,341	30,291
	The Group's share of capital commitments of joint venture companies at the year-end (Note)		
	Contracted but not provided for	**923**	434
	Authorised by Directors but not contracted for	**6,883**	7,122
		7,806	7,556

Note:
Of which the Group is committed to funding HK$797 million (2022: HK$331 million).

At 31st December 2023, the Group was committed to inject capital of HK$275 million (2022: HK$421 million) to joint venture companies.

(b) At 31st December 2023, the Group had unprovided contractual obligations for future repairs and maintenance in respect of investment properties of HK$267 million (2022: HK$380 million).

39. Contingencies

Accounting Policy

Contingent liabilities are possible obligations that arise from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments" and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

39. Contingencies (continued)

		2023 HK$M	2022 HK$M
(a)	Guarantees provided in respect of:		
	Bank loans and other liabilities of joint venture companies	**3,997**	4,249
	Bank guarantees given in lieu of utility deposits and others	**135**	135
		4,132	4,384

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

(b) Cathay Pacific

Cathay Pacific remains the subject of antitrust proceedings in various jurisdictions. The proceedings are focused on issues relating to pricing and competition. Cathay Pacific is represented by legal counsel in connection with these matters.

The proceedings and civil actions are ongoing and the outcomes are subject to uncertainties. Cathay Pacific is not in a position to assess the full potential liabilities but makes provisions based on facts and circumstances in line with the accounting policy set out above in this note.

In November 2010, the European Commission issued a decision in its airfreight investigation finding that, amongst other things, Cathay Pacific and a number of other international cargo carriers agreed cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on Cathay Pacific. However, the European Commission's finding against Cathay Pacific and the imposition of this fine was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to Cathay Pacific in February 2016. The European Commission issued a new decision against Cathay Pacific and the other airlines involved in the case in March 2017. The same fine of Euros 57.12 million was imposed on Cathay Pacific, which was paid by Cathay Pacific in June 2017. Cathay Pacific filed an appeal to the General Court against this decision, and on 30th March 2022 the General Court partially annulled the decision, and a refund of a portion of the fine, Euros 10 million, was paid to Cathay Pacific in June 2022. Cathay Pacific filed an appeal to the European Court of Justice (ECJ) in early June 2022 and a final ECJ judgement is expected by mid-2024.

Cathay Pacific is a defendant in a number of civil claims, including class litigation and third party contribution claims, in a number of countries, including Germany, the Netherlands and Norway alleging violations of applicable competition laws arising from Cathay Pacific's alleged conduct relating to its air cargo operations. Cathay Pacific is represented by legal counsel and is defending these actions.

40. Lease Commitments

Accounting Policy

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts by the Group as lessor under operating leases (net of any incentives paid to lessees) are recognised as income in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

For commenced leases (which are not identified as low-value or short-term leases) undertaken by the Group as a lessee, right-of-use assets and the corresponding lease liabilities are recognised in the financial statements when the leased assets became available for use. Commitments in respect of leases payable by the Group as lessees represent the future lease payments for (i) committed leases which have not yet commenced at the year-end date and (ii) short-term leases.

(a) Lessor – lease receivables

The leases for investment properties typically run for periods of three to six years. The retail turnover-related rental income received from investment properties during the year amounted to HK$1,224 million (2022: HK$837 million).

The future aggregate minimum lease receipts under non-cancellable operating leases were receivable by the Group at the year end as follows:

	2023 HK$M	2022 HK$M
Investment properties		
Within one year	**8,736**	8,088
Between one and two years	**6,888**	6,688
Between two and three years	**5,134**	4,945
Between three and four years	**3,401**	3,548
Between four and five years	**1,990**	2,306
After five years	**2,932**	2,999
	29,081	28,574

Assets held for deployment on operating leases at the year end were as follows:

	Investment properties	
	2023 HK$M	2022 HK$M
Investment properties at fair value	**256,105**	247,513

(b) Lessee

The future aggregate lease payments under leases committed but not yet commenced were payable by the Group at the year end as follows:

	2023 HK$M	2022 HK$M
Land and buildings		
Within one year	**45**	46
Between one and five years	**65**	104
Over five years	**72**	82
	182	232
Equipment		
Within one year	**1**	1
	183	233

At 31st December 2023, there were no short-term lease commitments which were significantly dissimilar to those relating to the portfolio of short-term leases for which expenses were recognised for the year ended 31st December 2023 (2022: none).

41. Related Party Transactions

Accounting Policy

Related parties of the Group are individuals and companies, including subsidiary, fellow subsidiary, joint venture and associated companies and key management of the Group or the parent of the Group (including close members of their families), where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

There are agreements for services (Services Agreements), in respect of which John Swire & Sons (H.K.) Limited (JS&SHK) provides services to various companies in the Group and under which costs are reimbursed and fees payable. In return for these services, JS&SHK receives annual fees calculated (A) in the case of the Company, as 2.5% of the dividends receivable from joint venture and associated companies of the Company, where there are no agreements for services with such companies, and (B) in the case of its subsidiaries and associated companies with such agreements, as 2.5% of their relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The Services Agreements were renewed on 1st October 2022 for three years expiring on 31st December 2025. For the year ended 31st December 2023, service fees payable amounted to HK$300 million (2022: HK$293 million). Expenses of HK$354 million (2022: HK$308 million) were reimbursed at cost; in addition, HK$545 million (2022: HK$410 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement (Tenancy Framework Agreement) between JS&SHK, the Company and Swire Properties Limited dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JS&SHK group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2021 for a further term of three years expiring on 31st December 2024. For the year ended 31st December 2023, the aggregate rentals payable to the Group by the JS&SHK group under tenancies to which the Tenancy Framework Agreement applies amounted to HK$105 million (2022: HK$109 million).

Under the management services agreement (Management Services Agreement) between Swire Coca-Cola Limited (SCCL), John Swire & Sons Limited (Swire) and Swire Pacific Holdings Inc. (SPHI) dated 18th July 2023, members of the Group enter into management services agreement with members of the Swire group for the provision of management and administrative support services by SCCL to SPHI group from time to time on normal commercial terms. The Management Services Agreement covers the service period from 7th September 2023 until 27th April 2037. For the year ended 31st December 2023, the management fees payable by SPHI to SCCL under the Management Services Agreement amounted to HK$40 million (2022: nil).

41. Related Party Transactions (continued)

In addition, the following is a summary of significant transactions between the Group and related parties (including transactions under the Tenancy Framework Agreement and Management Services Agreement), which were carried out in the normal course of the Group's business, in addition to those transactions disclosed elsewhere in the financial statements.

		Joint venture companies		Associated companies		Fellow subsidiary companies		Immediate holding company	
	Note	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022* HK$M	2023 HK$M	2022 HK$M
Revenue from	(i)								
– Sales of beverage drinks		484	36	20	11	–	–	–	–
– Sales of goods		1,119	1,206	–	–	–	–	–	–
– Rendering of services		88	79	14	80	42	–	2	8
– Aircraft and engine maintenance		38	31	2,590	1,862	–	–	–	–
– Rental of properties	(ii)	–	–	2	1	–	–	105	109
Purchase of beverage drinks	(i)	92	166	–	4,402	–	–	–	–
Purchase of other goods	(i)	9	8	129	22	–	–	–	–
Purchase of services	(i)	15	16	5	2	14	16	–	–
Interest income	(iii)	131	54	7	1	–	–	–	–
Interest charges	(iii)	15	28	2	2	–	–	–	–

* included discontinued operations

Notes:
(i) Sales and purchases of goods and rendering of services to and from related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged to/by and contracted with other customers/suppliers of the Group.
(ii) The Swire Properties group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.
(iii) Loans advanced to joint venture and associated companies at 31st December 2023 are disclosed in note 20. Amounts due from and to joint venture and associated companies and advances from these companies are disclosed in notes 26 and 29.

The amounts due from and to the immediate holding company at 31st December 2023 are disclosed in notes 26 and 29. These balances arise in the normal course of business, are non-interest-bearing and have no fixed settlement dates.

Remuneration of key management, which includes executive and non-executive directors and executive directors officers, is disclosed in note 8.

42. Business Combination

(a) Acquisition of equity interests in Taikoo Li Chengdu

As mentioned in note 20, the Swire Properties group further acquired 35% equity interests in the existing joint venture companies owning Taikoo Li Chengdu in the Chinese Mainland from Sino-Ocean Group Holding Limited and its subsidiaries and these joint venture companies became wholly-owned subsidiaries of the Swire Properties group on 22nd February 2023. The acquisition creates long-term value for the Swire Properties group and its shareholders.

Details of the purchase consideration, the net identifiable assets acquired and goodwill are as follows:

	Fair value HK$M
Purchase consideration	12,088
Property, plant and equipment	632
Investment properties (Note)	15,291
Intangible assets	8
Right-of-use assets	105
Stocks and work in progress	6
Trade and other receivables	536
Bank balances and short-term deposits	684
Trade and other payables	(837)
Taxation payable	(27)
Long-term loans and bonds	(3,151)
Lease liabilities	(42)
Deferred tax liabilities	(2,536)
Net identifiable assets acquired	10,669
Goodwill	1,419
	12,088
Satisfied by:	
Purchase consideration settled in cash	4,383
Fair value of the equity interests previously held by the Swire Properties group	7,705
	12,088
Analysis of the net outflow of cash and cash equivalents for acquisition:	
Purchase consideration settled in cash	4,383
Less: Cash and cash equivalents acquired	(684)
Net cash outflow on acquisition	3,699

Note:
The amounts include investment properties acquired of HK$15,230 million and initial leasing costs acquired of HK$61 million.

The fair value of the acquired trade and other receivables was HK$536 million and included trade receivables with a fair value of HK$65 million. None of these are expected to be uncollectible.

The goodwill is mainly attributable to the growth opportunity. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

The gain arising from remeasuring the fair value of the existing equity interests in Taikoo Li Chengdu held by the Swire Properties group before the acquisition amounted to HK$551 million. It is recognised in the consolidated statement of profit or loss within other net (losses)/gains.

Acquisition-related costs of HK$11 million have been recognised in the consolidated statement of profit or loss.

42. Business Combinations (continued)

(a) Acquisition of equity interests in Taikoo Li Chengdu (continued)

The acquired business contributed revenue of HK$1,256 million and a profit of HK$960 million to the Swire Properties group for the period from the date of completion of its acquisition (22nd February 2023) to 31st December 2023.

If the acquisition had occurred on 1st January 2023, the acquired business would have contributed pro-forma revenue of HK$1,494 million and earned a profit of HK$1,073 million for the year ended 31st December 2023. These amounts have been calculated using the results of the acquired business and adjusting them for the additional depreciation and amortisation that would have been charged assuming fair value adjustments to property, plant and equipment and intangible assets had applied from 1st January 2023, together with the consequential tax effects.

(b) Acquisition of equity interests from TCCC in South East Asia

On 18th July 2022, the Group entered into agreements to acquire from TCCC 100% of the equity interests in certain of its subsidiaries engaged in the business of preparation, packaging, distribution and sale of ready-to-drink beverages bearing trademarks owned by TCCC in Vietnam and Cambodia, for an aggregate consideration of US$1,015 million, subject to completion adjustments. The acquisition expanded the Group's beverages business in South East Asia.

On 25th November 2022, Swire Coca-Cola acquired 100% equity interests in Coca-Cola bottling companies in Cambodia from subsidiaries of TCCC.

On 1st January 2023, Swire Coca-Cola acquired 100% equity interests in Coca-Cola bottling companies in Vietnam from subsidiaries of TCCC.

42. Business Combinations (continued)

(b) Acquisition of equity interests from TCCC in South East Asia (continued)

Details of the purchase consideration, the net identifiable assets acquired and goodwill are as follows:

	Vietnam	Cambodia	South East Asia
	Fair value		Total
	HK$M	HK$M	HK$M
Purchase consideration			9,811
Property, plant and equipment	1,235	546	1,781
Intangible assets	4,631	318	4,949
Right-of-use assets	329	206	535
Stocks and work in progress	386	151	537
Trade and other receivables	571	61	632
Bank balances and short-term deposits maturing within three months	155	78	233
Short-term deposits maturing after more than three months	1,593	–	1,593
Trade and other payables	(1,276)	(226)	(1,502)
Taxation payable	(28)	(3)	(31)
Lease liabilities	(31)	(30)	(61)
Deferred tax liabilities			
– Fair value adjustments on acquisition	(942)	(64)	(1,006)
– Others	65	(35)	30
Retirement benefit liabilities	–	(13)	(13)
Net identifiable assets acquired	6,688	989	7,677
Goodwill			2,134
			9,811
Satisfied by:			
Purchase consideration settled in cash			8,426
Other payable			1,385
			9,811
Analysis of the net outflow of cash and cash equivalents for acquisition:			
Purchase consideration settled in cash			8,426
Less: Cash and cash equivalents acquired			(233)
Less: Short-term deposits maturing after more than three months acquired			(1,593)
Net cash outflow on acquisition			6,600

The fair value of the franchise rights acquired was determined using discounted cash flow valuation techniques. The key assumptions included the discount rate, future revenues and margins.

The fair value of the acquired trade and other receivables from the companies in Vietnam was HK$571 million and included trade receivables with a fair value of HK$96 million of which HK$1 million is expected to be uncollectible.

Acquisition-related costs for Vietnam of HK$70 million have been recognised in the consolidated statement of profit or loss.

The goodwill relating to the South East Asia business is mainly attributable to the new growth opportunity in these developing markets in the South East Asia region. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

The acquired business in Vietnam contributed revenue of HK$3,734 million and a profit of HK$344 million to the Group for the period from the date of completion of its acquisition (1st January 2023) to 31st December 2023.

42. Business Combinations (continued)

(c) Acquisition of equity interests from CCBMH in the Chinese Mainland

On 1st January 2023, Swire Coca-Cola acquired 100% equity interests in six of the beverages preparation and packaging subsidiaries of CCBMH in the Chinese Mainland.

Details of the purchase consideration and the net identifiable assets acquired are as follows:

	Fair value HK$M
Purchase consideration	1,830
Property, plant and equipment	1,526
Intangible assets	7
Right-of-use assets	195
Stocks and work in progress	37
Deferred tax assets	70
Trade and other receivables	147
Bank balances and short-term deposits maturing within three months	876
Trade and other payables	(881)
Lease liabilities	(117)
Deferred tax liabilities	
– Fair value adjustments on acquisition	(12)
– Others	(14)
Net identifiable assets acquired	1,834
Gain arising from acquisition	(4)
	1,830
Satisfied by:	
Other payable	606
Fair value of the equity interests previously held by Swire Coca-Cola	1,224
	1,830
Analysis of the net inflow of cash and cash equivalents for acquisition:	
Cash and cash equivalents acquired	876

The fair value of the acquired trade and other receivables was HK$147 million and included trade receivables with a fair value of HK$137 million. None of these are expected to be uncollectible.

Acquisition-related costs of HK$30 million have been recognised in the consolidated statement of profit or loss.

During the year, HK$429 million of the other payables have been settled.

(d) Acquisition of additional equity interests in New Life Plastics

As mentioned in note 20, the Group further acquired 23.33% equity interests in an existing joint venture company, NLP at a consideration of HK$7 million. This company became a non-wholly owned subsidiary of the Group after completion. As at the acquisition date, the net identifiable liabilities of NLP acquired by the Group were HK$92 million.

43. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2023 HK$M	2022 HK$M
Operating profit (Note)	30,621	11,685
Gain on disposals of subsidiary companies	(22,683)	(299)
Gain arising from the acquisition of interests in joint venture companies	(323)	–
Gain on partial disposal and deemed disposal of an associated company	(37)	(64)
Loss/(gain) on disposals of investment properties	16	(31)
Loss on disposals of property, plant and equipment	86	4
Loss/(gain) on disposals of assets classified as held for sale	44	(20)
Change in fair value of investment properties	2,860	(810)
Change in fair value of assets classified as held for sale	442	(48)
Depreciation, amortisation and impairment charges	5,426	4,680
Provision for amount due from and other payable of a joint venture company	239	–
Other items	(461)	586
Operating profit before working capital changes	16,230	15,683
Increase in properties for sale	(589)	(1,667)
Increase in stocks and work in progress	(724)	(2,085)
(Increase)/decrease in contract assets	(192)	56
Increase in trade and other receivables	(1,641)	(774)
Increase in trade and other payables and contract liabilities	1,395	830
Cash generated from operations	14,479	12,043

Note:
Remeasurement gain on assets classified as held for sale is not included.

(b) Purchase of property, plant and equipment and right-of-use assets

	2023 HK$M	2022 HK$M
Property	656	728
Plant and machinery	2,688	2,363
Vessels	–	23
Right-of-use assets	97	–
Total	3,441	3,114

The above purchase amounts do not include interest capitalised on property, plant and equipment.

(c) Analysis of changes in financing during the year

	Loans and bonds		Lease liabilities	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
At 1st January	68,373	61,549	4,916	5,340
New leases entered during the year	–	–	967	682
Net cash inflow/(outflow) from financing activities				
– Loans drawn and refinancing	23,462	25,676	–	–
– Repayment of loans and bonds	(25,886)	(18,866)	–	–
– Principal elements of lease payments	–	–	(895)	(880)
Change in composition of the Group	3,151	–	(250)	30
Effect of exchange differences	81	(53)	(6)	(185)
Other non-cash movements	37	67	347	(71)
At 31st December	69,218	68,373	5,079	4,916

43. Notes to the Consolidated Statement of Cash Flows (continued)

(d) Disposal of subsidiary companies

	Subsidiaries in Beverages Division HK$M	Subsidiaries in Aviation Division HK$M	Total HK$M
Net assets disposed of:			
Property, plant and equipment	4,806	133	4,939
Intangible assets	2,725	8	2,733
Right-of-use assets	450	19	469
Investments at fair value	318	–	318
Stocks and work in progress	1,661	314	1,975
Trade and other receivables	2,781	107	2,888
Bank balances and short-term deposits	1,388	15	1,403
Trade and other payables	(3,398)	(132)	(3,530)
Contract liabilities	–	(30)	(30)
Taxation payable	(50)	–	(50)
Lease liabilities	(487)	(3)	(490)
Other payable	(1,755)	–	(1,755)
Deferred tax liabilities	(131)	(6)	(137)
Retirement benefit liabilities	(113)	–	(113)
	8,195	425	8,620
Gain/(loss) on disposal	23,103	(420)	22,683
	31,298	5	31,303
Satisfied by:			
Cash received (net of transaction costs)	31,298	–	31,298
Deferred consideration	–	5	5
	31,298	5	31,303
Analysis of the net inflow of cash and cash equivalents from disposals:			
Net cash proceeds	31,298	–	31,298
Cash and cash equivalents disposed of	(1,388)	(15)	(1,403)
Net inflow/(outflow) of cash and cash equivalents	29,910	(15)	29,895

44. Discontinued Operations

Accounting Policy

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and the consolidated statement of comprehensive income.

In March 2022, the Group entered into a sale and purchase agreement to dispose of its interest in the SPO disposal group. The Group no longer operates the Marine Services Division.

The results related to the SPO disposal group are presented as discontinued operations in accordance with HKFRS 5.

(a) Results from discontinued operations

	2023 HK$M	2022 HK$M
Revenue	–	524
Cost of sales	–	(375)
Gross profit	–	149
Administrative expenses	–	(83)
Other net losses	–	(208)
Operating loss	–	(142)
Net finance charges	–	(3)
Loss before taxation	–	(145)
Taxation	–	(47)
Loss after taxation	–	(192)
Remeasurement gain on the disposal group	–	556
Profit from discontinued operations	–	364

During the year ended 31st December 2022, the remeasurement gain recognised in respect of the SPO disposal group represents the change in fair value of share warrants issued by Tidewater Inc. as part of the disposal consideration from 1st January 2022 to the date of completion of the disposal on 22nd April 2022. This remeasurement results in a reversal of the impairment loss previously recognised against property, plant and equipment of the SPO disposal group.

(b) Total comprehensive income from discontinued operations

	2023 HK$M	2022 HK$M
Profit for the year	–	364
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Defined benefit plans		
– remeasurement gains recognised during the year	–	12
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
– transferred to operating profit	–	1
Net translation differences on foreign operations		
– recognised during the year	–	25
Other comprehensive income for the year, net of tax	–	38
Total comprehensive income for the year	–	402

44. Discontinued Operations (continued)

(c) Cash flows from discontinued operations

	2023 HK$M	2022 HK$M
Net cash generated from operating activities	–	16
Net cash used in investing activities	–	(6)
Net cash generated from financing activities	–	6
Net cash generated from discontinued operations	–	16

45. Events After the Reporting Period

On 9th February 2024, the Group entered into an agreement and conditionally agreed to acquire (through purchases and subscriptions in two phases) a majority stake in ThaiNamthip Corporation Ltd. (TNTC) for an aggregate consideration of approximately THB42,615.7 million (equivalent to approximately HK$9,470.1 million), subject to customary post-completion adjustments and excluding the deemed exercise of the put option.

On 9th February 2024, CC Cambodia Holdings Pte. Ltd. and Coca-Cola Indochina Pte. Ltd. (each a wholly-owned subsidiary of the Group) respectively entered into the Cambodia share purchase agreement and the Vietnam capital transfer agreement with TNTC which conditionally agreed to acquire 30% of each of the issued share capital of Cambodia Beverage Company Limited and the charter capital of Coca-Cola Beverages Viet Nam Limited Liability Company for an aggregate consideration of approximately US$271.1 million (equivalent to approximately HK$2,114.6 million), subject to customary post-completion adjustments.

The Group has become interested in 39% of the issued share capital of TNTC on 9th February 2024. The second phase of the acquisition is subject to the satisfaction of conditions precedent under the relevant transaction document.

46. Immediate and Ultimate Holding Company

The immediate holding company is John Swire & Sons (H.K.) Limited, a company incorporated in Hong Kong.

The ultimate holding company is John Swire & Sons Limited, a company incorporated in the United Kingdom.

Accounting Policies

Apart from the material accounting policies presented within the corresponding notes to the financial statements, the other material accounting policies applied in the preparation of these consolidated financial statements are set out below.

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention as modified in relation to the revaluation of certain financial assets and financial liabilities (including investments at fair value and derivative instruments), investment properties and defined benefit assets/liabilities, each of which are carried at fair value, and assets held for sale which are carried at fair value less costs of disposal.

2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Swire Pacific Limited, its subsidiary companies (together referred to as the Group) and the Group's interests in joint venture and associated companies.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are generally expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the consolidated statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture company or financial asset. In addition, any amounts previously recognised in the consolidated statement of other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss.

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity. Changes to the value of the financial liability are recognised in the consolidated statement of profit or loss within net finance charges.

The Group's share of its joint venture and associated companies' post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in the consolidated statement of other comprehensive income is recognised in the consolidated statement of other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest in the joint venture or associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associated company.

The Group recognises the disposal of an interest in a joint venture company when it ceases to have joint control and the risks and rewards of ownership have passed to the acquirer.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the consolidated statement of other comprehensive income is reclassified to the consolidated statement of profit or loss where appropriate.

Unrealised gains on transactions between the Group and its joint venture and associated companies are eliminated to the extent of the Group's interest in these companies. Unrealised losses on assets transferred between the Group and its joint venture and associated companies are also eliminated unless the transactions provide evidence of impairment of the assets transferred. Accounting policies of joint venture and associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in respect of investments in associated companies are recognised in the consolidated statement of profit or loss.

3. Subsidiary Companies

Investments in subsidiary companies in the Company's standalone financial statements are stated at cost less provision for any impairment losses. Income from subsidiary companies is accounted for on the basis of dividends received and receivable. Long-term loans to subsidiary companies are considered to be quasi-equity in nature where there are no defined repayment terms and no expectation of repayment.

4. Joint Venture and Associated Companies

In the Company's statement of financial position, its investments in joint venture and associated companies are stated at cost less provision for any impairment losses. Income from joint venture and associated companies is recognised by the Company on the basis of dividends received and receivable. Long-term loans to joint venture and associated companies are subject to expected credit losses assessment. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

5. Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in the consolidated statement of other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

When a gain or loss on a non-monetary item is recognised directly in the consolidated statement of other comprehensive income, any associated translation difference is also recognised directly in the consolidated statement of other comprehensive income. When a gain or loss on a non-monetary item is recognised in the consolidated statement of profit or loss, any associated translation difference is also recognised in the consolidated statement of profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the statement of other comprehensive income and accumulated in a separate component in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the consolidated statement of other comprehensive income. When a foreign operation is partly disposed of or sold, exchange differences that were recorded in equity are reclassified to the consolidated statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

6. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

7. Government Grants

The Group recognises government grants when there is reasonable assurance that the Group will comply with the conditions attached to the grants and the grants will be received. Government grants, that are intended to compensate the Group for expenses incurred, are recognised in the consolidated statement of profit or loss on a systematic basis in the years in which the related expenses are recognised.

Principal Subsidiary, Joint Venture and Associated Companies

Showing proportion of capital owned at 31st December 2023

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
PROPERTY					
Subsidiary companies:					
Incorporated in Hong Kong:					
Achieve Bright Limited	82	–	100	100 shares (HK$100)	Property trading
Citiluck Development Limited	82	–	100	1,000 shares (HK$1,000)	Property investment
Cityplaza Holdings Limited	82	–	100	100 shares (HK$1,000)	Property investment
Coventry Estates Limited	82	–	100	4 shares (HK$40)	Property investment
Joyful Sincere Limited •	65.60	–	100	1 share (HK$1)	Property trading
One Queen's Road East Limited	82	–	100	200 shares (HK$200)	Property investment
Pacific Place Holdings Limited	82	–	100	2 shares (HK$2)	Property investment
Redhill Properties Limited	82	–	100	250,000 shares (HK$7,300,000)	Property investment
Swire Properties (Finance) Limited	82	–	100	1,000,000 shares (HK$1,000,000)	Financial services
Swire Properties Limited	82	82	–	5,850,000,000 shares (HK$10,449,437,325.77)	Holding company
Swire Properties Management Limited	82	–	100	2 shares (HK$20)	Property management
Swire Properties MTN Financing Limited	82	–	100	1 share (HK$1)	Financial services
Swire Properties Real Estate Agency Limited	82	–	100	2 shares (HK$20)	Real estate agency
Taikoo Place Holdings Limited	82	–	100	2 shares (HK$2)	Property investment
Incorporated in the Chinese Mainland:					
(Domestic company)					
Beijing Tianlian Real Estate Company Limited ^ •	82	–	100	Registered capital of RMB865,000,000	Holding company
(Sino-foreign joint venture)					
Taikoo Hui (Guangzhou) Development Company Limited ^	79.54	–	97	Registered capital of RMB3,550,400,000	Property investment
(Sino-foreign owned enterprise)					
Xi'an Tengyun Real Estate Company Limited ^	57.40	–	70	Registered capital of RMB3,653,743,600	Property investment
(Wholly foreign owned enterprises)					
Beijing Anye Property Management Company Limited ^	82	–	100	Registered capital of RMB209,500,000	Property investment
Beijing Sanlitun Hotel Management Company Limited ^	82	–	100	Registered capital of RMB800,000,000	Hotel investment
Beijing Sanlitun North Property Management Company Limited ^	82	–	100	Registered capital of RMB2,784,000,000	Property investment
Beijing Sanlitun South Property Management Company Limited ^	82	–	100	Registered capital of RMB1,598,000,000	Property investment
Chengdu Qianhao Real Estate Company Limited	82	–	100	Registered capital of US$329,000,000	Property investment
Sunshine Melody (Guangzhou) Properties Management Limited	82	–	100	Registered capital of RMB295,000,000	Property investment
Swire Properties (China) Investment Company Limited ^	82	–	100	Registered capital of US$30,000,000	Holding company

Notes:
1. This table lists the principal subsidiary, joint venture and associated companies of the Group including those which, in the opinion of the Directors, materially contribute to the net income of the Group or hold a material portion of the assets or liabilities of the Group. To give full details of these companies would, in the opinion of the Directors, result in particulars of excessive length.
2. Unless otherwise stated, the principal country of operation of each subsidiary is the same as its country of incorporation.
3. * Group interest held through joint venture or associated companies.
4. • Companies not audited by PricewaterhouseCoopers. These companies accounted for approximately 8.8% of attributable net assets at 31st December 2023.
5. ^ Translated name.

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
PROPERTY (continued)					
Subsidiary companies (continued):					
Incorporated in the USA:					
Brickell City Centre Plaza LLC	82	–	100	Limited Liability Company	Property investment
Brickell City Centre Project LLC	82	–	100	Limited Liability Company	Property trading and investment
Brickell City Centre Retail LLC	51.60	–	87.93	Limited Liability Company	Property investment
Swire Jadeco LLC	82	–	100	Limited Liability Company	Property trading
Swire Properties Inc	82	–	100	1,000 shares of US$0.01 each	Holding company
Swire Properties One LLC	82	–	100	Limited Liability Company	Holding company
Swire Properties US Inc	82	–	100	1,000 shares of US$0.01 each	Holding company
Swire Realty LLC	82	–	100	Limited Liability Company	Real estate agency
Incorporated in the British Virgin Islands:					
Boom View Holdings Limited (operates in Hong Kong)	82	–	100	2 shares of US$1 each	Property investment
Cherish Shine Limited (operates in Hong Kong)	82	–	100	1 share of US$1	Property investment
Great City China Holdings Limited (operates in the Chinese Mainland)	82	–	100	100 shares of US$1 each	Holding company
High Grade Ventures Limited (operates in Hong Kong)	82	–	100	1 share of US$1	Property trading and investment
Novel Ray Limited (operates in Hong Kong)	82	–	100	1 share of US$1	Property investment
One Pacific Place Limited (operates in Hong Kong)	82	–	100	1 share of US$1	Property investment
Sino Flagship Investments Limited (operates in Hong Kong)	82	–	100	1 share of US$1	Property investment
Swire and Island Communication Developments Limited ● (operates in Hong Kong)	49.20	–	60	100 shares of HK$10 each and 1 non-voting dividend share of HK$10	Property investment
Swire Properties China Holdings Limited (operates in Hong Kong)	82	–	100	1 share of US$1	Holding company
Joint venture companies:					
Incorporated in Hong Kong:					
Hareton Limited ●	41	–	50	100 shares (HK$1,000)	Property investment
Pacific Grace Limited	41	–	*	2 shares (HK$2)	Property investment
Richly Leader Limited	41	–	50	1,000,000,000 shares (HK$700,000,000)	Property investment
Incorporated in the USA:					
Swire Brickell Key Hotel, Ltd.	61.50	–	75	Florida Partnership	Hotel investment
Incorporated in the British Virgin Islands:					
Dazhongli Properties Limited (operates in the Chinese Mainland)	41	–	50	1,000 shares of US$1 each	Holding company
Fortune Access Holdings Limited (operates in Hong Kong)	20.50	–	25	100 shares of US$1 each	Holding company
Honster Investment Limited (operates in Hong Kong)	41	–	50	2 shares of US$1 each	Holding company
Newfoundworld Investment Holdings Limited (operates in Hong Kong)	21.87	–	26.67	15 shares of US$1 each	Holding company

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
PROPERTY (continued)					
Joint venture companies (continued):					
Incorporated in the Chinese Mainland:					
(Domestic companies)					
Beijing Linlian Real Estate Company Limited ^	41	–	50	Registered capital of RMB400,000,000	Property investment
Shanghai Kaiye Commercial Management Company Limited ^	49.20	–	60	Registered capital of RMB10,000,000	Property management
(Sino-foreign owned enterprises)					
Beijing Xingtaitonggang Properties Company Limited ^	28.70	–	35	Registered capital of RMB9,500,000,000	Property investment
Shanghai Qianxiu Company Limited ^	41	–	50	Registered capital of RMB1,549,777,000	Property investment
Sanya CDF Seaside Investment & Development Company Limited ^ ●	41	–	50	Registered capital of RMB2,500,000,000	Property investment
(Wholly foreign owned enterprise)					
Guan Feng (Shanghai) Real Estate Development Company Limited ^	41	–	*	Registered capital of US$1,136,530,000	Property investment
Incorporated in Indonesia:					
PT Jantra Swarna Dipta	41	–	50	1,728,176 shares of Rp1,000,000 each	Property trading
Incorporated in Thailand:					
City Dynamic Limited ●	32.80	–	40	5,000,000 shares of Baht10 each	Property trading
Associated companies:					
Incorporated in Hong Kong:					
Greenroll Limited ●	16.40	–	20	45,441,000 shares (HK$454,410,000)	Hotel investment
Queensway Hotel Limited ●	16.40	–	*	100,000 shares (HK$1,000,000)	Hotel investment
Shangri-La International Hotels (Pacific Place) Limited	16.40	–	20	10,005,000 shares (HK$10,005,000)	Hotel investment
Incorporated in the Chinese Mainland:					
(Sino-foreign owned enterprises)					
Shanghai Dongmao Real Estate Limited ^	32.80	–	40	Registered capital of RMB16,000,000,000	Property investment
Shanghai Yaolong Investment Limited ^	32.80	–	40	Registered capital of RMB2,200,000,000	Property trading and investment
Incorporated in Vietnam:					
City Garden Thu Thiem Limited Liability Company ●	16.40	–	*	Charter capital of VND969,797,500,000	Property trading
BEVERAGES					
Subsidiary companies:					
Incorporated in Hong Kong:					
Mount Limited	100	–	100	1 share (HK$1)	Holding company
New Life Plastics Limited	56.67	–	56.67	30,000,000 shares (HK$30,000,000)	Waste plastics recycling
Swire Beverages Holdings Limited	100	100	–	50,010,002 shares (HK$5,001,000,200)	Holding company

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
BEVERAGES (continued)					
Subsidiary companies (continued):					
Incorporated in Hong Kong (continued):					
Swire Coca-Cola HK Limited	100	–	100	2,400,000 shares (HK$24,000,000)	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Limited	100	–	100	14,600 shares (US$7,300,000)	Holding company and sale of non-alcoholic beverages
Swire Recycling Limited	100	–	100	10,000 shares (HK$10,000)	Holding company
Top Noble Limited	100	–	100	1 share (HK$1)	Holding company
Swire Beverages Group Management Services Limited	100	–	100	1 share (HK$1)	Holding company
Incorporated in the Chinese Mainland:					
(Domestic company)					
Swire Coca-Cola Beverages Fuzhou Limited ^	100	–	100	Registered capital of RMB48,000,000	Manufacture and sale of non-alcoholic beverages
(Sino-foreign joint ventures)					
Coca-Cola Bottlers Manufacturing (Wuhan) Company Limited	100	–	100	Registered capital of US$57,111,958	Manufacture and sale of non-carbonated beverages
Swire Coca-Cola Beverages Hubei Limited	95.80	–	95.80	Registered capital of US$17,988,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Wenzhou Limited	80	–	92.85	Registered capital of RMB71,300,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Zhejiang Limited	80	–	80	Registered capital of US$20,000,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Zhengzhou Ltd.	94.44	–	94.44	Registered capital of US$18,000,000	Manufacture and sale of non-alcoholic beverages
Swire Guangdong Coca-Cola (Huizhou) Limited	62.96	–	85.19	Registered capital of US$5,000,000	Manufacture and sale of non-alcoholic beverages
Swire Guangdong Coca-Cola Limited	62.96	–	62.96	Registered capital of RMB510,669,000	Manufacture and sale of non-alcoholic beverages
(Wholly foreign owned enterprises)					
Coca-Cola Bottlers Manufacturing (Dongguan) Company Limited ^	100	–	100	Registered capital of US$141,218,820	Manufacture and sale of non-carbonated beverages
Coca-Cola Bottlers Manufacturing (Foshan) Company Limited ^	100	–	100	Registered capital of US$31,496,700	Manufacture and sale of non-carbonated beverages
Coca-Cola Bottlers Manufacturing (Hangzhou) Company Limited ^	100	–	100	Registered capital of US$22,631,066	Manufacture and sale of non-carbonated beverages
Coca-Cola Bottlers Manufacturing (Nanning) Company Limited	100	–	100	Registered capital of US$11,841,731	Manufacture and sale of non-carbonated beverages
Coca-Cola Bottlers Manufacturing (Suzhou) Company Limited	100	–	100	Registered capital of US$10,502,829	Manufacture and sale of non-carbonated beverages
Swire BCD Co., Ltd.	100	–	100	Registered capital of US$60,000,000	Holding company
Swire Beverages Shared Services (Xi'an) Limited ^	100	–	100	Registered capital of RMB20,000,000	Management services
Swire Coca-Cola Beverages Guangxi Limited	100	–	100	Registered capital of US$15,200,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Hainan Limited	100	–	100	Registered capital of US$11,700,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Hefei Ltd.	100	–	100	Registered capital of US$12,000,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Jiangsu Limited	100	–	100	Registered capital of US$19,000,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Jiangxi Limited	100	–	100	Registered capital of RMB40,000,000	Manufacture and sale of non-alcoholic beverages

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
BEVERAGES (continued)					
Subsidiary companies (continued):					
Incorporated in the Chinese Mainland (continued):					
(Wholly foreign owned enterprises) (continued)					
Swire Coca-Cola Beverages Luohe Limited	94.44	–	100	Registered capital of RMB115,180,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Xiamen Ltd.	100	–	100	Registered capital of US$52,737,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Yunnan Limited	95.10	–	95.10	Registered capital of US$8,800,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola (China) Co., Ltd.	100	–	100	Registered capital of RMB100,000,000	Procurement and management services
Swire Coca-Cola Supply Chain Management (Hainan) Co., Ltd. ^	100	–	100	Registered capital of RMB100,000,000	Procurement and management services
Swire Guangdong Coca-Cola Zhanjiang Limited	100	–	100	Registered capital of RMB23,000,000	Manufacture and sale of non-alcoholic beverages
Xiamen Luquan Industries Company Limited	100	–	100	Registered capital of RMB63,370,000	Manufacture and sale of non-alcoholic beverages
Incorporated in Bermuda:					
Swire Pacific Industries Limited	100	–	100	12,000 shares of US$1 each	Holding company
Incorporated in the British Virgin Islands:					
SPHI Holdings Limited	100	–	100	2 shares of US$1 each	Holding company
Swire Coca-Cola Beverages Limited (operates principally in Taiwan)	100	–	100	1,599,840,000 'A' shares of US$0.01 each and 200,160,000 'B' shares of US$0.01 each	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola (S&D) Limited (operates principally in Taiwan)	100	–	100	20,100 shares of US$1 each	Sale of non-alcoholic beverages
Incorporated in the USA:					
Earthwise Investing, Inc.	100	–	100	1,000 shares of US$0.01 each	Sustainability fund investment
Incorporated in Singapore:					
CC Cambodia Holdings Pte. Ltd.	100	–	100	Issued and paid-up capital of SGD11,904,302 and US$24,100,000	Holding company
Coca-Cola Indochina Pte Ltd	100	–	100	Issued and paid-up capital of SGD667,136,300	Holding company
Incorporated in Cambodia:					
Cambodia Beverage Company Ltd.	100	–	100	Registered capital of US$43,392,000	Manufacture and sale of non-alcoholic beverages
Incorporated in Vietnam:					
Coca-Cola Beverages Viet Nam Limited Liability Company	100	–	100	Registered capital of VND12,376,606,243,429	Manufacture and sale of non-alcoholic beverages

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
BEVERAGES (continued)					
Joint venture companies:					
Incorporated in the Chinese Mainland:					
(Sino-foreign co-operative joint ventures)					
Shanghai Shen-Mei Beverage and Food Co., Ltd. ●	53.85	–	53.85	Registered capital of US$93,218,600	Manufacture and sale of non-alcoholic beverages and beverage base
Shanghai Shen-Mei Minfa Beverage and Food Co., Ltd. ^ ●	53.85	–	*	Registered capital of RMB100,000,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola (Suzhou) Beverages Limited ●	53.85	–	*	Registered capital of RMB100,000,000	Manufacture and sale of non-alcoholic beverages
Associated companies:					
Incorporated in Hong Kong:					
Coca-Cola Bottlers Manufacturing Holdings Limited	41	–	41	30,000 shares issued and HK$2,093,950,029.67 paid	Holding company
Incorporated in the Chinese Mainland:					
(Wholly foreign owned enterprise)					
Coca-Cola Bottlers Management Service (Shanghai) Company Limited ^	41	–	*	Registered capital of US$5,000,000	Management services
AVIATION					
Subsidiary companies:					
Incorporated in Hong Kong:					
HAECO ITM Limited	83.50	–	70 & *	100 shares (HK$100)	Aircraft inventory technical management
Hong Kong Aircraft Engineering Company Limited	100	100	–	1,000,000 shares (HK$185,193,750)	Aircraft overhaul and maintenance
Incorporated in the Chinese Mainland:					
(Sino-foreign joint ventures)					
HAECO Composite Structures (Jinjiang) Co., Ltd.	82.53	–	84.10 & *	Registered capital of US$11,663,163	Composite material aeronautic parts/systems repair, manufacturing and sales
Shanghai Taikoo Aircraft Engineering Services Company Limited ^ ●	69.40	–	75	Registered capital of US$3,700,000	Line maintenance
Taikoo Engine Services (Xiamen) Company Limited	77.27	–	76.59 & *	Registered capital of US$113,000,000	Overhaul and maintenance of commercial aero engines
Taikoo (Xiamen) Aircraft Engineering Company Limited	62.64	–	58.55 & *	Registered capital of US$41,500,000	Aircraft overhaul and maintenance
Taikoo (Xiamen) Landing Gear Services Company Limited	90.33	–	90.82 & *	Registered capital of US$83,090,000	Landing gear repair and overhaul
(Wholly foreign owned enterprise)					
HAECO Component Overhaul (Xiamen) Limited	100	–	100	Registered capital of US$18,600,000	Aircraft component repair and overhaul

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
AVIATION (continued)					
Subsidiary companies (continued):					
Incorporated in the USA:					
HAECO Americas, LLC	100	–	100	Limited Liability Company	Aircraft overhaul and maintenance
HAECO Global Engine Support, LLC ●	100	–	100	Limited Liability Company	On-wing and off-wing engine support
HAECO USA, Inc.	100	–	100	100 shares of US$1	Holding company
Incorporated in the United Kingdom:					
HAECO Global Engine Support Ltd ●	100	–	100	1 share of GBP1	On-wing and off-wing engine support
Joint venture companies:					
Incorporated in Hong Kong:					
Goodrich Asia-Pacific Limited	49	–	49	9,200,000 shares (HK$9,200,000)	Repair and maintenance of aircraft wheel and brake systems
Hong Kong Aero Engine Services Limited	50	–	50	20 shares (HK$200)	Overhaul, repair and modification of commercial aero engines
Incorporated in the Chinese Mainland:					
(Sino-foreign joint ventures)					
Goodrich TAECO Aeronautical Systems (Xiamen) Company Limited	21.92	–	35	Registered capital of US$5,000,000	Repair and maintenance of aircraft fuel control, flight control and electrical components
Honeywell TAECO Aerospace (Xiamen) Company Limited ●	31.26	–	35	Registered capital of US$5,000,000	Aircraft component repair and overhaul
Taikoo (Shandong) Aircraft Engineering Company Limited ●	36.26	–	40	Registered capital of RMB200,000,000	Airframe maintenance and line maintenance services
Associated companies:					
Incorporated in Hong Kong:					
AHK Air Hong Kong Limited ●	45	–	*	1,000,000 shares (HK$90,670,000)	Cargo airline
Airline Property Limited ●	45	–	*	2 shares (HK$20)	Property investment
Airline Stores Property Limited ●	45	–	*	2 shares (HK$20)	Property investment
Airline Training Property Limited ●	45	–	*	2 shares (HK$20)	Property investment
Asia Miles Limited ●	45	–	*	2 shares (HK$2)	Travel reward programme
Cathay Holidays Limited ●	45	–	*	40,000 shares (HK$4,000,000)	Travel tour operator
Cathay Pacific Aircraft Leasing (H.K.) Limited ●	45	–	*	1 share (HK$1)	Aircraft financing facilitator
Cathay Pacific Airways Limited ●	45	45	–	6,437,900,319 ordinary shares and 97,500,000 preference shares (Total HK$28,828,177,736.08)	Operation of scheduled airline services
Cathay Pacific Catering Services (H.K.) Limited ●	45	–	*	600 shares (HK$600,000)	Airline catering
Cathay Pacific Finance Limited ●	45	–	*	1 share (HK$1)	Aircraft financing facilitator
Cathay Pacific MTN Financing (HK) Limited ●	45	–	*	1 share (HK$1)	Financial services
Cathay Pacific Services Limited ●	45	–	*	1 share (HK$1)	Cargo terminal
Hong Kong Airport Services Limited ●	45	–	*	100 shares (HK$100)	Aircraft ramp handling
Hong Kong Aviation and Airport Services Limited ●	45	–	*	2 shares (HK$2)	Property investment
Hong Kong Express Airways Limited ●	45	–	*	1,000,000 shares (HK$3,174,607,160)	Operation of scheduled airline services
Vogue Laundry Service Limited ●	45	–	*	3,700 shares (HK$1,850,000)	Laundry and dry cleaning

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
AVIATION (continued)					
Associated companies (continued):					
Incorporated in the Chinese Mainland:					
Air China Cargo Co., Ltd. ●	10.80	–	*	Registered capital of RMB10,689,527,205	Cargo carriage service
Air China Limited ●	7.32	–	*	4,562,683,364 'H' shares of RMB1 each and 11,638,109,474 'A' shares of RMB1 each	Airline
(Wholly foreign owned enterprise)					
Guangzhou Guo Tai Information Processing Company Limited ●	45	–	*	Registered capital of HK$8,000,000	Information processing
Incorporated in Cayman Islands:					
Cathay Pacific Finance III Limited ●	45	–	*	1 share of US$1	Financial services
Incorporated in Bermuda:					
Troon Limited ●	45	–	*	12,000 shares of US$1 each	Financial services
Incorporated in the Isle of Man:					
Cathay Pacific Aircraft Services Limited ●	45	–	*	10,000 shares of US$1 each	Aircraft acquisition facilitator
Incorporated in India:					
Connaught Network Services Private Limited ●	45	–	*	90,000 shares of INR100 each	Information processing
TRADING & INDUSTRIAL — INDUSTRIAL					
Subsidiary companies:					
Incorporated in Hong Kong:					
Swire Bakery Limited	100	–	100	1 share (US$1)	Holding company
Swire Environmental Services Limited	100	–	100	1 share (HK$1)	Holding company
Swire Foods Holdings Limited	100	100	–	1 share (HK$1)	Holding company
Swire Industrial Limited	100	100	–	2 shares (HK$2)	Holding company
Swire Waste Management Limited	100	–	100	1 'A' share (HK$1) and 1 'B' share (HK$1)	Provision of waste management services
Swire Waste Services Limited	100	–	100	1 share (HK$1)	Provision of waste management services
Taikoo Sugar Limited	100	–	100	300,000 shares (HK$4,360,000)	Packing and trading of branded food products
Incorporated in the Chinese Mainland:					
(Domestic companies)					
Chongqing Heed Food Company Limited ^	100	–	100	Registered capital of RMB100,000	Production and trading of bakery products
Chongqing Qinyuan Catering Management Co., Ltd. ^	100	–	100	Registered capital of RMB5,000,000	Bakery chain stores
Taikoo Sugar Chengdu Limited ^ ●	100	–	100	Registered capital of RMB5,000,000	Packing and trading of branded food products

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
TRADING & INDUSTRIAL – INDUSTRIAL (continued)					
Subsidiary companies (continued):					
Incorporated in the Chinese Mainland (continued):					
(Wholly foreign owned enterprises)					
Chongqing New Qinyuan Bakery Co., Ltd	100	–	100	Registered capital of RMB75,595,238	Production and trading of bakery products
Reservoir Management Services (Shanghai) Company Limited ^ •	100	–	100	Registered capital of RMB200,000	Provision of business consultancy services
Swire Foods Trading (China) Limited ^ •	100	–	100	Registered capital of HK$63,500,000	Trading of branded food products
Taikoo Sugar (China) Limited ^ •	100	–	100	Registered capital of HK$61,350,000	Packing and trading of branded food products
TRADING & INDUSTRIAL – TRADING					
Subsidiary companies:					
Incorporated in Hong Kong:					
Bel Air Motors Limited (operates principally in Taiwan)	100	–	100	1 share (HK$1)	Automobile distribution
Beldare Motors Limited (operates principally in Taiwan)	100	–	100	10,000 shares (HK$1,000,000)	Automobile distribution
Chevon Holdings Limited	85	–	85	160,000,000 shares (HK$160,000,000)	Holding company
Chevon (Hong Kong) Limited	85	–	100	1,000,000 shares (HK$1,000,000)	Marketing, distribution and retailing of branded casual apparel and accessories
International Automobiles Limited	100	–	100	10,000 shares (US$10,000)	Automobile distribution
Liberty Motors Limited (operates principally in Taiwan)	100	–	100	2 shares (HK$20)	Automobile distribution
Swire Resources Limited	100	–	100	4,010,000 shares (HK$40,100,000)	Marketing, distribution and retailing of branded sports and casual footwear, apparel and accessories
Swire Trading Limited	100	100	–	2 shares (HK$20)	Holding company
Taikoo Commercial Vehicles Limited (operates principally in Taiwan)	100	–	100	2,000 shares (HK$2,000)	Automobile distribution
Yuntung Motors Limited (operates principally in Taiwan)	100	–	100	2 shares (HK$2)	Automobile distribution
Incorporated in Macau:					
Swire Resources (Macau) Limited •	100	–	100	2 shares (MOP25,000)	Marketing, distribution and retailing of branded sports and casual footwear, apparel and accessories
Incorporated in the Chinese Mainland:					
(Wholly foreign owned enterprises)					
Chevon (Shanghai) Trading Company Limited ^	85	–	100	Registered capital of US$12,000,000	Marketing, distribution and retailing of branded casual apparel and accessories
Swire Resources (Shanghai) Trading Company Limited ^	100	–	100	Registered capital of US$6,040,000	Marketing, distribution and retailing of branded sports and casual footwear, apparel and accessories
Incorporated in Taiwan:					
Biao Yi Limited ^ •	100	–	100	10,000,000 shares of NT$1 each	Automobile distribution

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up share/ Registered capital	Principal activities
TRADING & INDUSTRIAL – TRADING (continued)					
Subsidiary companies (continued):					
Incorporated in the British Virgin Islands and operate principally in Taiwan:					
Biao Da Motors Limited	100	–	100	1 share of US$1	Automobile distribution
Supreme Motors Limited ●	100	–	100	1 share of US$1	Automobile distribution
Taikoo Motorcycle Limited	100	–	100	1 share of US$1	Automobile distribution
Taikoo Motors Limited	100	–	100	1 share of US$1	Automobile distribution
Joint venture company:					
Incorporated in Hong Kong:					
Intermarket Agencies (Far East) Limited	70	–	70	7 'A' shares (HK$70) and 3 'B' shares (HK$30)	Marketing, distribution and retailing of branded sports and casual footwear, apparel and accessories
OTHERS					
Subsidiary companies:					
Incorporated in Hong Kong:					
Global Food Venture Investment Limited	100	100	–	1 share (HK$1)	Holding company
Swire Finance Limited	100	100	–	1,000 shares (HK$10,000)	Financial services
Swire Pacific MTN Financing (HK) Limited	100	100	–	1 share (HK$1)	Financial services
Incorporated in the Cayman Islands:					
Swire Pacific MTN Financing Limited	100	100	–	1 share of US$1	Financial services
Incorporated in Indonesia:					
PT Swire Investments Indonesia	100	–	100	100,000 shares of Rp100,000 each	Management consultancy
Associated companies:					
Incorporated in the Cayman Islands and operate in the Chinese Mainland:					
Columbia China Healthcare Co., Limited ●	13.41	–	*	690,666,666.66 shares of US$0.0001 each	Holding company for provision of healthcare services
DeltaHealth China Limited	22	–	22	35,228,989 shares and 1,083,378,480 convertible preferred shares of US$0.001 each	Holding company for provision of healthcare services
Incorporated in the British Virgin Islands and operates in the Chinese Mainland:					
SHH Core Holding Limited ●	20	–	20	20,700,128 shares of US$0.00001 each	Holding company for provision of healthcare services

Cathay Pacific Airways Limited – Abridged Financial Statements

To provide shareholders with information on the consolidated results and consolidated financial position of the Group's significant listed associated company, Cathay Pacific Airways Limited, the following is a summary of its audited consolidated statement of profit or loss and consolidated statement of other comprehensive income for the year ended 31st December 2023 and consolidated statement of financial position at 31st December 2023, modified to conform to the Group's financial statements presentation. The abridged financial statements are after Cathay Pacific's adoption of Financial Reporting Alert 44 on abolition of the Mandatory Provident Fund (MPF) – Long Service Payment (LSP) offsetting mechanism.

Consolidated Statement of Profit or Loss

For the year ended 31st December 2023

	2023 HK$M	2022 HK$M (Restated)
Revenue	94,485	51,036
Operating expenses	(81,486)	(47,565)
Operating profit before non-recurring items	12,999	3,471
Gain on deemed partial disposal of an associated company	1,929	–
Net reversal of impairment and other charges	197	–
Operating profit	15,125	3,471
Finance charges	(3,961)	(3,074)
Finance income	1,228	165
Net finance charges	(2,733)	(2,909)
Share of losses of associated companies	(1,534)	(6,677)
Profit/(loss) before taxation	10,858	(6,115)
Taxation	(1,068)	(507)
Profit/(loss) for the year	9,790	(6,622)
Profit/(loss) for the year attributable to:		
– Ordinary shareholders of Cathay Pacific	9,067	(7,237)
– Preference shareholder of Cathay Pacific	722	614
– Non-controlling interests	1	1
	9,790	(6,622)

	HK¢	HK¢
Earnings/(loss) per share attributable to Cathay Pacific's ordinary shareholders:		
– Basic	140.8	(112.4)
– Diluted	125.8	(112.4)

Consolidated Statement of Other Comprehensive Income

For the year ended 31st December 2023

	2023 HK$M	2022 HK$M (Restated)
Profit/(loss) for the year	9,790	(6,622)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Defined benefit plans	157	108
Revaluation of equity investments designated at fair value through other comprehensive income (non-recycling)	(2)	(4)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(1,201)	(707)
Share of other comprehensive (loss)/income of associated companies	(252)	227
Net translation differences on foreign operations	(555)	(1,442)
Other comprehensive loss for the year, net of tax	(1,853)	(1,818)
Total comprehensive income/(loss) for the year	7,937	(8,440)
Total comprehensive income/(loss) attributable to:		
Ordinary shareholders of Cathay Pacific	7,214	(9,055)
Preference shareholder of Cathay Pacific	722	614
Non-controlling interests	1	1
	7,937	(8,440)

Consolidated Statement of Financial Position

At 31st December 2023

	2023 HK$M	2022 HK$M (Restated)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	116,088	118,855
Intangible assets	14,539	14,800
Investments in associated companies	16,046	16,492
Other long-term receivables and investments	3,608	3,297
Deferred tax assets	1,085	1,134
	151,366	154,578
Current assets		
Stock	967	1,137
Trade and other receivables	6,252	6,921
Assets classified as held for sale	–	1
Liquid funds	15,530	18,277
	22,749	26,336
Current liabilities		
Interest-bearing liabilities	10,523	14,643
Trade and other payables	17,238	11,199
Contract liabilities	15,223	13,537
Taxation	2,509	4,023
	45,493	43,402
Net current liabilities	(22,744)	(17,066)
Total assets less current liabilities	128,622	137,512
Non-current liabilities		
Interest-bearing liabilities	57,771	62,463
Other long-term payables	2,810	2,841
Other long-term contract liabilities	252	282
Deferred tax liabilities	7,756	8,117
	68,589	73,703
NET ASSETS	60,033	63,809
EQUITY		
Share capital	28,828	48,322
Reserves	31,198	15,481
Equity attributable to Cathay Pacific's shareholders	60,026	63,803
Non-controlling interests	7	6
TOTAL EQUITY	60,033	63,809

Summary of Past Performance

	2014 HK$M	2015 HK$M	2016 HK$M	2017 HK$M
Ratios				
Return on equity	5.0%	6.1%	4.4%	10.9%
Derived from:				
Recurring underlying profit/(loss)	*4.2%*	*4.2%*	*2.3%*	*2.0%*
Net non-recurring items	*0.2%*	*0.3%*	*-0.9%*	*0.0%*
Net property valuation adjustments	*0.6%*	*1.6%*	*3.0%*	*8.9%*
5-year average	*10.9%*	*8.1%*	*5.9%*	*6.5%*
Gearing ratio (excluding lease liabilities)	22.4%	22.6%	23.5%	23.7%
Statement of Profit or Loss				
Revenue				
Property	15,297	16,351	16,691	18,443
Beverages	16,382	17,172	18,420	34,066
Aviation	11,927	12,095	13,760	14,546
Trading & Industrial	10,430	9,245	9,276	10,163
Marine Services	7,234	5,988	4,237	3,066
Head Office	31	34	5	5
	61,301	60,885	62,389	80,289
Profit/(loss) attributable to the Company's shareholders				
Property	7,786	11,494	12,357	27,731
Beverages	854	976	813	2,441
Aviation	1,822	3,017	441	(1,002)
Trading & Industrial	423	155	114	69
Marine Services	1,072	(1,255)	(3,013)	(2,232)
Head Office	(888)	(958)	(1,068)	(937)
	11,069	13,429	9,644	26,070
Dividends for the year	5,868	5,867	3,159	3,155
Share repurchases	–	35	–	165
Retained profit less share repurchases	5,201	7,527	6,485	22,750
Statement of Financial Position				
Capital employed				
Property – cost and working capital	88,491	89,009	90,797	95,846
– valuation surplus	154,116	162,217	171,591	198,496
Beverages	6,048	5,833	7,845	17,274
Aviation	41,195	39,311	42,606	44,798
Trading & Industrial	3,950	4,445	5,246	5,631
Marine Services	23,537	22,293	18,170	16,755
Head Office	3,417	462	(41)	(192)
	320,754	323,570	336,214	378,608
Financed by				
Equity attributable to the Company's shareholders	218,775	218,449	224,879	253,163
Non-controlling interests	43,355	45,537	47,289	52,931
Net debt	58,624	59,584	64,046	72,514
Lease liabilities	–	–	–	–
	320,754	323,570	336,214	378,608

	HK$	HK$	HK$	HK$
'A' Shares				
Earnings/(loss) per share	7.36	8.93	6.41	17.34
Dividends per share	3.90	3.90	2.10	2.10
Equity attributable to shareholders per share	145.40	145.22	149.50	168.58
'B' Shares				
Earnings/(loss) per share	1.47	1.79	1.28	3.47
Dividends per share	0.78	0.78	0.42	0.42
Equity attributable to shareholders per share	29.08	29.04	29.90	33.72
Underlying				
Profit/(loss) (HK$M)	9,739	9,892	3,063	4,742
Return on equity (historic cost)	10.1%	11.2%	3.6%	5.4%
Earnings/(loss) per 'A' share (HK$)	6.47	6.58	2.04	3.15
Earnings/(loss) per 'B' share (HK$)	1.29	1.32	0.41	0.63
Cash interest cover – times	4.9	4.6	2.6	4.0
Dividend payout ratio	60.3%	59.3%	103.1%	66.5%

^ Included continuing operations and discontinued operations.

2018 HK$M	2019 HK$M	2020^ HK$M (Restated)	2021^ HK$M (Restated)	2022^ HK$M	2023 HK$M
9.0%	3.3%	-4.3%	1.3%	1.6%	11.0%
2.8%	*2.7%*	*-0.4%*	*1.8%*	*1.4%*	*4.0%*
0.4%	*-0.8%*	*-2.9%*	*0.2%*	*0.4%*	*9.8%*
5.8%	*1.4%*	*-1.0%*	*-0.7%*	*-0.2%*	*-2.8%*
7.1%	*6.7%*	*4.7%*	*4.0%*	*2.2%*	*2.6%*
19.3%	14.2%	12.2%	11.9%	18.0%	17.0%
14,604	14,135	13,542	16,275	13,788	14,625
41,189	43,316	45,080	53,925	54,223	51,842
14,892	15,901	11,483	11,464	13,828	17,787
10,896	9,843	8,308	9,553	9,321	10,555
3,018	2,451	1,889	1,601	524	–
7	6	10	12	9	14
84,606	85,652	80,312	92,830	91,693	94,823
23,437	11,007	2,967	5,840	6,546	2,131
1,630	1,686	2,076	2,549	2,392	25,097
1,781	1,550	(9,751)	(2,380)	(3,072)	3,393
2,904	(452)	12	94	(307)	299
(5,033)	(3,634)	(5,240)	(1,118)	359	–
(1,090)	(1,150)	(1,484)	(1,628)	(1,723)	(2,067)
23,629	9,007	(11,420)	3,357	4,195	28,853
4,505	4,505	2,553	3,904	4,391	16,286
9	–	–	–	2,643	878
19,115	4,502	(13,973)	(547)	(2,839)	11,689
92,805	95,777	96,499	104,969	111,413	133,505
217,858	208,172	200,053	198,788	199,608	191,092
16,657	17,177	16,514	17,474	26,233	18,172
45,449	47,187	42,956	40,590	35,904	37,529
2,252	3,249	2,813	2,527	2,353	2,693
13,014	10,120	3,557	943	–	–
(253)	(125)	270	2,324	2,100	1,998
387,782	381,557	362,662	367,615	377,611	384,989
270,424	273,352	262,266	266,515	258,456	268,129
54,691	56,142	56,344	57,105	57,480	56,645
62,667	46,688	38,900	38,655	56,759	55,136
–	5,375	5,152	5,340	4,916	5,079
387,782	381,557	362,662	367,615	377,611	384,989
HK$	HK$	HK$	HK$	HK$	HK$
15.74	6.00	(7.61)	2.24	2.81	19.96
3.00	3.00	1.70	2.60	3.00	11.32
180.09	182.04	174.66	177.49	177.75	186.03
3.15	1.20	(1.52)	0.45	0.56	3.99
0.60	0.60	0.34	0.52	0.60	2.26
36.02	36.41	34.93	35.50	35.55	37.21
8,523	17,797	(4,390)	5,293	4,748	36,177
9.3%	18.2%	-3.9%	5.2%	4.8%	34.8%
5.68	11.85	(2.92)	3.52	3.18	25.03
1.14	2.37	(0.58)	0.70	0.64	5.01
5.0	10.5	5.3	6.2	6.1	13.5
52.9%	25.3%	N/A	73.8%	92.5%	45.0%

Schedule of Principal Group Properties

At 31st December 2023

	Gross floor areas in square feet							
	Hong Kong		Chinese Mainland		USA and Elsewhere		Totals	
	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through subsidiaries and other companies
Completed properties for investment								
Retail	2,321,585	223,903	4,597,709	1,621,358	496,508	–	7,415,802	9,261,063
Office	8,239,238	735,314	1,693,125	1,244,955	–	–	9,932,363	11,912,632
Residential/Serviced apartment	555,551	–	157,180	73,662	–	–	712,731	786,393
Hotels	358,371	435,770	872,034	467,442	–	258,750	1,230,405	2,392,367
	11,474,745	1,394,987	7,320,048	3,407,417	496,508	258,750	19,291,301	24,352,455
Property developments for investment								
Retail	–	–	–	2,079,324	–	–	–	2,079,324
Office	223,303	–	–	1,524,077	–	–	223,303	1,747,380
Residential/Serviced apartment	15,000	–	–	–	–	–	15,000	15,000
Hotels	–	–	–	121,381	–	–	–	121,381
Under planning	779,000	–	2,936,376	1,672,454	1,510,000*	–	5,225,376	6,897,830
	1,017,303	–	2,936,376	5,397,236	1,510,000	–	5,463,679	10,860,915
Completed properties for sale								
Residential/Serviced apartment	5,608	–	–	–	–	18,697	5,608	24,305
	5,608	–	–	–	–	18,697	5,608	24,305
Property developments for sale								
Retail	15,199	–	–	–	–	–	15,199	15,199
Residential/Mixed-use	795,266	379,576	–	463,623	1,073,000	2,057,758	1,868,266	4,769,223
	810,465	379,576	–	463,623	1,073,000	2,057,758	1,883,465	4,784,422
	13,308,121	1,774,563	10,256,424	9,268,276	3,079,508	2,335,205	26,644,053	40,022,097

* Brickell City Centre land is currently under planning. The site is included under "Properties held for development" in the financial statements.

Notes:
1. All properties held through subsidiary companies are wholly-owned by the Swire Properties group except for Island Place (60% owned), Chai Wan Inland Lot No. 178 (80% owned), Taikoo Hui, Guangzhou (97% owned), Taikoo Li Xi'an (70% owned) and Brickell City Centre (Retail: 62.93% owned). The above summary table includes the floor areas of these five properties in 100%.
2. "Other companies" comprise joint venture, associated companies and financial assets at fair value through profit or loss. The floor areas of properties held through such companies are shown on an attributable basis.
3. Gross floor areas in Hong Kong and the Chinese Mainland exclude car parking spaces; there are about 9,498 completed car parking spaces in Hong Kong and the Chinese Mainland, which are held by subsidiaries and other companies for investment.
4. When a Hong Kong property is held under a renewable lease, the expiry date of the renewal period is shown.
5. All properties in the USA are freehold.
6. Gross floor areas for all properties in the USA represent saleable or leasable areas for completed and nearly completed properties, which exclude car parking spaces; there are about 1,976 completed car parking spaces held by subsidiaries and other companies for investment.

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office							
1. Pacific Place, 88 Queensway, Central							
One Pacific Place	IL 8571 (part)	2135	115,066 (part)	863,266	–	1988	
Two Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	695,510	–	1990	
2. Three Pacific Place, One Queen's Road East	IL 47A sA RP IL 47A sB RP IL 47A sC RP IL 47B sC RP IL 47A RP IL 47C sA ss1 RP IL 47C sA RP IL 47B sA RP IL 47B sB RP IL 47B RP IL 47A sB ss2 IL 47A sD IL 47B sD IL 47C RP IL 47D RP IL 47D sA RP IL 47 sA ss1 IL 47 sA RP IL 47 sB ss1 & RP IL 47 sC ss1 & ss2 sA & ss2 RP & ss3 sA & ss3 RP & ss4 & ss5 & ss6 sA & ss6 RP & ss7 RP & RP IL 47 sP IL 47 RP IL 47 sC ss5 Ext. IL 47 sC ss1 Ext.	2050-2852	40,236	627,657	111	2004/2007	Linked to The Mall at Pacific Place and Admiralty MTR station.
3. Devon House, Taikoo Place	QBML 1 sE ss2 (part) QBML 1 sF ss1 (part) QBML 1 sF RP (part) ML 703 sN (part)	2881	70,414 (part)	803,452	311	1993	Linked to Dorset House and Cambridge House.
4. Dorset House, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	601,723	204	1994	Linked to Devon House and PCCW Tower.
5. Lincoln House, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	333,529	164	1998	Linked to PCCW Tower and One Taikoo Place.
6. Oxford House, Taikoo Place	QBML 1 sC ss4 QBML 1 sC ss7 (part) QBML 2 & Ext. sD	2881/2899	33,434	501,253	182	1999	Linked to One Taikoo Place.
7. Cambridge House, Taikoo Place	QBML 1 sE ss2 (part) QBML 1 sF ss1 (part) QBML 1 sF RP (part) ML 703 sN (part)	2881	70,414 (part)	268,795	–	2003	Linked to Devon House.

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office (continued)							
8. One Island East, Taikoo Place	QBML 1 sC ss5 (part) QBML 1 sC ss6 (part) QBML 2 & Ext. sF (part) QBML 2 & Ext. sG (part) QBML 2 & Ext. sH ss6 sB RP (part) QBML 2 & Ext. sH RP (part) QBML 2 & Ext. RP (part) QBIL 15 sD (part)	2881/ 2899	109,929 (part)	1,309,404	–	2008	Floor area is approximation and excludes nine floors which were assigned to SFC on 21st December 2023.
9. One Taikoo Place, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	1,013,368	82	2018	Linked to Lincoln House and Oxford House.
10. Two Taikoo Place, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	994,545	346	2022	Linked to PCCW Tower.
11. SPACES. 8QRE, 8 Queen's Road East, Wan Chai	IL 5250 IL 7948 IL 7950	2089/ 2103/ 2113	4,612	81,346	–	2013 (Refurbishment)	With ground floor retail.
12. Five Pacific Place, 28 Hennessy Road, Wan Chai	ML 23 IL 2244 RP IL 2245 RP	2843	9,622	145,390	–	2012	
	Total held through subsidiaries			8,239,238	1,400		
13. PCCW Tower, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	613,679	217	1994	Linked to Dorset House, Lincoln House and Two Taikoo Place. Floor area shown represents the whole development, in which the Swire Properties group owns a 50% interest.
14. Berkshire House, Taikoo Place	IL 8854	2047	25,926	388,838	84	1998	Floor area shown represents the whole development, in which the Swire Properties group owns a 50% interest.
15. One Citygate, Tung Chung, Lantau	TCTL 2 (part)	2047	358,557 (part)	160,522	63	1999/ 2000	Above Citygate Outlets. Floor area shown represents the whole of the office area of the development, in which the Swire Properties group owns a 26.67% interest.
16. South Island Place, Wong Chuk Hang	AIL 461 RP	2064	25,260	382,499	137	2018	Floor area shown represents the whole development, in which the Swire Properties group owns a 50% interest.
	Total held through joint venture companies			1,545,538	501		
	– of which attributable to the Swire Properties group			735,314			

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail							
1. Pacific Place, 88 Queensway, Central							
The Mall at Pacific Place	IL 8571 (part) IL 8582 & Ext. (part)	2135/ 2047	318,289 (part)	711,182	426	1988/ 1990	Shopping centre with restaurants and a cinema. Access to Admiralty MTR station. Pacific Place also comprises serviced apartments and hotels, details of which are given in the Residential and Hotel categories below.
2. Cityplaza, Taikoo Shing	QBML 2 & Ext. sK ss5 (part) QBML 2 & Ext. sR RP (part) QBML 2 & Ext. sR ss1 sA (part) QBML 2 & Ext. sR ss2 (part) QBML 2 & Ext. sQ RP (part) QBML 2 & Ext. sQ ss7 sA (part) QBML 2 & Ext. sQ ss7 RP (part) QBML 2 & Ext. sQ ss2 sB (part) QBML 2 & Ext. sQ ss2 sA ss1 (part) QBML 2 & Ext. sQ ss2 sA RP (part) QBML 2 & Ext. sJ RP (part)	2899	334,475 (part)	1,096,898	845	1983/1987/ 1997/2000	Shopping centre with restaurants, ice-skating rink, cinema and access to Tai Koo MTR station.
3. Commercial areas in Stages I – X of Taikoo Shing	SML 1 sA ss1, SML 1 sA RP SML 1 sB, SML 2 sC RP SML 2 sC ss2 SML 2 sD, SML 2 RP QBML 2 & Ext. sJ ss1 QBML 2 & Ext. sJ ss3 QBML 2 & Ext. sL QBML 2 & Ext. sN QBML 2 & Ext. sQ ss4 & ss5 QBML 2 & Ext. sQ ss2 sC QBML 2 & Ext. sS ss1 QBML 2 & Ext. sH ss1 QBML 2 & Ext. sH ss3 sA QBML 2 & Ext. sK ss3 sA QBML 2 & Ext. sU ss1 QBML 2 & Ext. sK ss3 RP QBML 2 & Ext. sK ss4 sA & RP QBML 2 & Ext. sT ss1 & RP QBML 2 & Ext. sU RP QBML 2 & Ext. sK ss9 & ss10 & ss11 & ss13 & ss16 (part)	2081/ 2889/ 2899	–	329,810	1,488	1977-1985	Neighbourhood shops, schools and car parking spaces.
4. Island Place, 500 King's Road, North Point	IL 8849 (part)	2047	106,498 (part)	150,223	288	1996	Floor area shown represents the whole shopping centre podium, in which the Swire Properties group owns a 60% interest.
5. StarCrest, 9 Star Street, Wan Chai	IL 8853 (part)	2047	40,871 (part)	13,112	83	1999	Floor area shown represents the whole of the retail podium.
6. EAST Residences, 23 Tong Chong Street, Taikoo Place	ML 703 sI (part)	2881	8,664 (part)	12,312	–	2014	Floor area shown represents the whole of a 3-storey retail podium (excluding serviced-suites above).
7. STAR STUDIOS I & II, 8-10 & 18 Wing Fung Street, Wan Chai	IL 47 sF (part) IL 47 sG (part) IL 47 sH (part) IL 47 sI (part) IL 8464 (part)	2056/ 2852	6,775 (part)	5,197	–	2016 (Refurbishment)	Floor area shown represents the retail area (excluding residential apartments).

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail (continued)							
8. EIGHT STAR STREET, Wan Chai	IL 526 sA ss1 sC IL 526 sA ss1 sB ss1 IL 526 sA ss1 sB RP IL 526 sA ss2 IL 526 sA ss3 IL 526 sA RP	2856	3,609 (part)	2,851	–	2022	Floor area shown represents the whole of the retail podium.
	Total held through subsidiaries			2,321,585	3,130		
9. Tung Chung Crescent, Tung Chung, Lantau	TCTL 1 (part)	2047	331,658 (part)	36,053	75	1998/ 1999	Floor area shown represents the retail space, in which the Swire Properties group owns a 26.67% interest.
10. Citygate Outlets, Tung Chung, Lantau	TCTL 2 (part) TCTL 11 (part)	2047/ 2063	466,476 (part)	803,582	1,197	1999/ 2000/ 2019	Floor area shown represents the whole of the retail area of the development, in which the Swire Properties group owns a 26.67% interest.
	Total held through joint venture companies			839,635	1,272		
	– of which attributable to the Swire Properties group			223,903			
Residential							
1. Pacific Place Apartments, 88 Queensway, Central	IL 8582 & Ext. (part)	2047	203,223 (part)	443,075	–	1990	270 serviced suites within the Conrad Hong Kong Hotel tower.
2. EAST Residences, 23 Tong Chong Street, Taikoo Place	ML 703 sI (part)	2881	8,664 (part)	62,756	–	2014	106 serviced suites above a 3-storey retail podium. Floor area shown excludes retail portion.
3. STAR STUDIOS I & II, 8-10 & 18 Wing Fung Street, Wan Chai	IL 47 sF (part) IL 47 sG (part) IL 47 sH (part) IL 47 sI (part) IL 8464 (part)	2056/ 2852	6,775 (part)	47,076	–	2016 (Refurbishment)	120 apartments above ground floor shops. Floor area shown excludes retail area (5,197 square feet).
4. House B, 36 Island Road, Deep Water Bay	RBL 507 & Ext. (part)	2097	20,733 (part)	2,644	–	1980	One detached house.
	Total held through subsidiaries			555,551	–		
Hotel							
1. EAST Hong Kong, Taikoo Shing	QBML 2 & Ext. sR RP (part) QBML 2 & Ext. sR ss1 sA (part) QBML 2 & Ext. sR ss2 (part) QBML 2 & Ext. sQ RP (part) QBML 2 & Ext. sQ ss7 sA (part) QBML 2 & Ext. sQ ss7 RP (part) QBML 2 & Ext. sQ ss2 sB (part) QBML 2 & Ext. sQ ss2 sA ss1 (part) QBML 2 & Ext. sQ ss2 sA RP (part) QBML 2 & Ext. sJ RP (part)	2899	146,184 (part)	199,633	–	2009	331-room hotel.
2. The Upper House, Pacific Place	IL 8571 (part)	2135	115,066 (part)	158,738	–	2009 (Refurbishment)	117-room hotel above the JW Marriott Hotel.
	Total held through subsidiaries			358,371	–		
3. JW Marriott Hotel, Pacific Place	IL 8571 (part)	2135	115,066 (part)	525,904	–	1988	608-room hotel, in which the Swire Properties group owns a 20% interest.
4. Conrad Hong Kong Hotel, Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	555,590	–	1990	513-room hotel, in which the Swire Properties group owns a 20% interest.
5. Island Shangri-La Hotel, Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	605,728	–	1991	557-room hotel, in which the Swire Properties group owns a 20% interest.
	Total held through associated companies			1,687,222	–		
	– of which attributable to the Swire Properties group			337,444			

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Hotel (continued)							
6. Novotel Citygate Hong Kong, Citygate	TCTL 2 (part)	2047	358,557 (part)	236,758	25	2005	440-room hotel, in which the Swire Properties group owns a 26.67% interest.
7. The Silveri Hong Kong – MGallery, Citygate	TCTL 11 (part)	2063	107,919 (part)	131,965	5	2019	206-room hotel, in which the Swire Properties group owns a 26.67% interest.
	Total held through joint venture companies			368,723	30		
	– of which attributable to the Swire Properties group			98,326			

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail							
1. Taikoo Li Sanlitun (Taikoo Li Sanlitun South)	19 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	776,909	417	2007	Shopping centre with restaurants and cinema.
2. Taikoo Li Sanlitun (Taikoo Li Sanlitun North)	11 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	519,399	340	2007	Shopping centre with restaurants.
3. Taikoo Li Sanlitun (Taikoo Li Sanlitun West)	58 Gongti North Road, Chaoyang district, Beijing	2033	40,102	293,405	50	2021	Shopping centre with restaurants leased by the Swire Properties group.
4. Building 15	15 Sanlitun North, Chaoyang district, Beijing	2048	4,861	23,056	–	2000s	Commercial building acquired by the Swire Properties group.
5. The Red	Building 15A, Sanlitun North, Chaoyang district, Beijing	2027	7,641	10,077	–	2000s	Shopping centre leased by the Swire Properties group.
6. Hui Fang	75 Tianhe East Road, Tianhe district, Guangzhou	2044	174,377 (part)	90,847	100	2008	Shopping centre with restaurants.
7. Taikoo Hui	381-389 Tianhe Road (odd numbers), Tianhe district, Guangzhou	2051	526,941 (part)	1,529,392	718	2011	Shopping centre with restaurants. Floor area shown represents the retail portion, in which the Swire Properties group owns a 97% interest.
8. Taikoo Li Chengdu	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	1,314,237	1,051	2014	Shopping centre with restaurants and cinema. Floor area shown represents the retail portion.
9. Heritage Buildings in Taikoo Li Chengdu	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2034	N/A (part)	40,387	–	2014	Heritage Buildings leased from the local government as part of the retail operation of Taikoo Li Chengdu.
	Total held through subsidiaries			4,597,709	2,676		
10. INDIGO	18 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for car parks)	631,072 (part)	946,769	617	2012	Shopping centre with restaurants and cinema. Floor area shown represents the retail portion, in which the Swire Properties group owns a 50% interest.
11. HKRI Taikoo Hui	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2049	676,091 (part)	1,039,407	240	2016	Floor area shown represents the retail portion, in which the Swire Properties group owns a 50% interest.
12. Metrolink in HKRI Taikoo Hui	South of West Nanjing Road and underneath Shi Men Yi Road, Jing'an district, Shanghai	2028	N/A (part)	67,813	–	2018	Shopping corridor leased from Shanghai Shentong Metro and operated by HKRI Taikoo Hui, in which the Swire Properties group owns a 50% interest.
13. Taikoo Li Qiantan	East of Yangsi West Road, West of Dongyu Road, North of Haiyang West Road, Pudong New district, Shanghai	2053	638,125	1,188,727	907	2020	The Swire Properties group owns a 50% interest.
	Total held through joint venture companies			3,242,716	1,764		
	– of which attributable to the Swire Properties group			1,621,358			

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office							
1. Taikoo Hui Towers 1 & 2	North of Tianhe Road and west of Tianhe East Road, Tianhe district, Guangzhou	2051	526,941 (part)	1,693,125	–	2011	Floor area shown represents the office portion, in which the Swire Properties group owns a 97% interest.
	Total held through subsidiaries			1,693,125	–		
2. ONE INDIGO	20 Jiuxianqiao Road, Chaoyang district, Beijing	2054	631,072 (part)	589,071	390	2011	Floor area shown represents the office portion, in which the Swire Properties group owns a 50% interest.
3. HKRI Centre 1 and HKRI Centre 2	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2059	676,091 (part)	1,900,838	798	2016	Floor area shown represents the office portion, in which the Swire Properties group owns a 50% interest.
	Total held through joint venture companies			2,489,909	1,188		
	– of which attributable to the Swire Properties group			1,244,955			
Hotel							
1. The Opposite House	11 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	169,463	32	2007	99-room hotel.
2. Mandarin Oriental, Guangzhou	North of Tianhe Road and west of Tianhe East Road, Tianhe district, Guangzhou	2051	526,941 (part)	Hotel: 509,434 Serviced apartment: 50,376 559,810	– –	2012	263-room hotel and 24 serviced apartments, in which the Swire Properties group owns a 97% interest.
3. The Temple House	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	Hotel: 193,137 Serviced apartment: 106,804 299,941	– –	2015	100-room hotel and 42 serviced apartments.
	Total held through subsidiaries			1,029,214	32		
4. EAST Beijing	22 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for office and car parks)	631,072 (part)	358,301	240	2012	365-room hotel, in which the Swire Properties group owns a 50% interest.
5. The Sukhothai Shanghai Hotel	380 Weihai Road, Jing'an district, Shanghai	2049	676,091 (part)	Hotel: 328,625	79	2018	201-room hotel, in which the Swire Properties group owns a 50% interest.
The Middle House	366 Shi Men Yi Road, Jing'an district, Shanghai			Hotel: 247,958	43	2018	111-room hotel, in which the Swire Properties group owns a 50% interest.
The Middle House Residences	366 Shi Men Yi Road, Jing'an district, Shanghai			Serviced apartment: 147,323 723,906	40	2018	102 serviced apartments, in which the Swire Properties group owns a 50% interest.
	Total held through joint venture companies			1,082,207	402		
	– of which attributable to the Swire Properties group			541,104			

Completed properties for investment in the United States	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail						
1. Brickell City Centre – retail portion	701 S Miami Avenue, Miami, Florida	380,670 (part)	496,508	1,137	2016	Floor area shown represents the whole shopping centre, in which the Swire Properties group owns a 62.93% interest.
2. Car parking spaces for Two Brickell City Centre, Three Brickell City Centre, EAST Residences and EAST Miami	78 SW 7th Street and 788 Brickell Plaza, Miami, Florida	380,670 (part)	–	389	2016	The Swire Properties group owns the 389 car parking spaces of the sold properties.
	Total held through subsidiaries		496,508	1,526		
Hotel						
1. Mandarin Oriental, Miami	South Brickell Key, Miami, Florida	120,233	345,000	600	2000	326-room luxury hotel in central Miami, in which the Swire Properties group owns a 75% interest.
	Total held through joint venture companies		345,000	600		
	– of which attributable to the Swire Properties group		258,750			

Property developments for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Residential								
1. Rocky Bank, 6 Deep Water Bay Road	RBL 613 RP	2099	28,197	15,000	–	Superstructure works in progress	2024	Floor area shown is an approximation.
	Total held through subsidiaries			15,000	–			
Office								
1. Six Pacific Place, 46-56 Queen's Road East	IL 2242 IL 2244 sA IL 2244 sB IL 2244 sC IL 2245 sA IL 2245 sB IL 2245 sC IL 2245 sD IL 2245 sE IL 2245 sF	2843	14,433	223,303	88	Interior fit out works in progress	2024	Floor area shown is an approximation.
	Total held through subsidiaries			223,303	88			
Under planning								
1. 8 Shipyard Lane and 1067 King's Road	QBML 2 & Ext sE ss2 QBML 2 & Ext sE ss6	2899	51,937	Under planning: 779,000	To be determined	Under Planning	To be determined	
	Total held through subsidiaries			779,000	–			

Property developments for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Retail								
1. Phase III of the Sanya International Duty-Free Complex	Next to and on the west of current Phase II of the Sanya International Duty-Free Complex	2063	2,233,401	Under planning: 2,233,401	2,582	Basement works in progress	From late 2025	A premium, resort-style, retail-led development in the Haitang district of Sanya. The Swire Properties group owns a 50% interest.
2. INDIGO Phase Two, Beijing – retail portion	Next to and on the east of current INDIGO, Beijing	2060	842,807 (part)	Under planning: 889,608	To be determined	Basement and superstructure works are in progress	Phase 1: 2025 Phase 2: 2026	An office-led, mixed-use extension of the existing INDIGO project comprising a shopping mall, office towers, and a hotel. The Swire Properties group owns a 35% interest.
	Total held through joint venture companies			3,123,009	2,582			
	– of which attributable to the Swire Properties group			1,428,063				
3. Shanghai New Bund Mixed-use Project – retail portion	Next to and on the east of current Taikoo Li Qiantan, Pudong District, Shanghai	2053	686,789 (part)	Under planning: 1,628,152	1,674 total for retail and office	Basement and retail construction in progress	From 2025	A mixed-use development comprising retail, office and residential uses, directly opposite Taikoo Li Qiantan. The Swire Properties group owns a 40% interest.
	Total held through associated companies			1,628,152	1,674			
	– of which attributable to the Swire Properties group			651,261				
Office								
1. INDIGO Phase Two, Beijing – office portion	Next to and on the east of current INDIGO, Beijing	2070	842,807 (part)	Under planning: 2,809,103	To be determined	Basement and superstructure works are in progress	Phase 1: 2025 Phase 2: 2026	An office-led, mixed-use extension of the existing INDIGO project comprising a shopping mall, office towers, and a hotel. The Swire Properties group owns a 35% interest.
	Total held through joint venture companies			2,809,103	–			
	– of which attributable to the Swire Properties group			983,186				
2. Shanghai New Bund Mixed-use Project – office portion	Next to and on the east of current Taikoo Li Qiantan, Pudong District, Shanghai	2063	686,789 (part)	Under planning: 1,352,228	1,674 total for retail and office	Office towers topped out	From 2025	A mixed-use development comprising retail, office and residential uses, directly opposite Taikoo Li Qiantan. The Swire Properties group owns a 40% interest.
	Total held through associated companies			1,352,228	1,674			
	– of which attributable to the Swire Properties group			540,891				

Property developments for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Hotel								
1. INDIGO Phase Two, Beijing – hotel portion	Next to and on the east of current INDIGO, Beijing	2060	842,807 (part)	Under planning: 346,803	To be determined	Basement and superstructure works are in progress	2026	An office-led, mixed-use extension of the existing INDIGO project comprising a shopping mall, office towers, and a hotel. The Swire Properties group owns a 35% interest.
	Total held through joint venture companies			346,803	–			
	– of which attributable to the Swire Properties group			121,381				
Under planning								
1. Taikoo Li Xi'an	The Small Wild Goose Pagoda historical and cultural zone Beilin District, Xi'an	2064	1,383,111	Under planning: 2,936,376	To be determined	Excavation works in progress	From 2026	Retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel and serviced residences. The Swire Properties group owns a 70% interest.
	Total held through subsidiaries			2,936,376	–			
2. Shanghai Yangjing Mixed-use Project	E08-4, E10-2, E12-1, E13-1 and E13-3 Plots in Yangjing Riverside, Pudong District, Shanghai	2061 for retail 2071 for office and culture 2091 for residential	1,635,418	Under planning: 4,181,136	To be determined	Basement structure works are in progress	From 2027	A mixed-use development comprising premium residential, retail, office and cultural facilities, potentially a lifestyle hotel as well. The Swire Properties group owns a 40% interest.
	Total held through associated companies			4,181,136	–			
	– of which attributable to the Swire Properties group			1,672,454				

Property developments for investment in the United States	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
Under planning					
1. Brickell City Centre land, Miami, Florida	123,347	Under planning: 1,510,000	To be determined	To be determined	The second phase of the Brickell City Centre development is being planned.
	Total held through subsidiaries	1,510,000	–		

Completed properties for sale in Vietnam	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Residential						
1. The River	Thu Thiem, Lot 3.15	165,518	93,485	–	2022	3 residential towers with 525 units, in which the Swire Properties group effectively owns a 20% interest. Gross floor area excludes 6,886 sqm of parking and 4,500 sqm of retail which is not included in the Swire Properties group's investment. As of 31st December 2023, sales of 467 units had been closed. Floor area shown represents the gross floor area of the remaining 58 residential units.
	Total held through associated companies		93,485	–		
	– of which attributable to the Swire Properties group		18,697			

Completed properties for sale in Hong Kong	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Residential						
1. EIGHT STAR STREET	8 Star Street, Wan Chai	3,609 (part)	5,608	–	2022	Residential block comprising 37 units over retail podium. As of 31st December 2023, sales of 33 units had been closed. Floor area shown represents the gross floor area of remaining 4 residential units.
	Total held through subsidiaries		5,608	–		

Property developments for sale in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
Residential							
1. 269 Queen's Road East	IL 9061	2072	13,203 (part)	102,990	To be determined	2026	Residential block over retail podium. Floor area shown represents the residential portion of the development.
2. Chai Wan Inland Lot No. 178	CWIL 178	2071	96,876 (part)	692,276	To be determined	From 2025	The residential portion of the whole development, in which the Swire Properties group owns a 80% interest.
	Total held through subsidiaries			795,266	–		
3. LA MONTAGNE, Wong Chuk Hang	AIL 467	2067	738,199 (part)	638,305	138	2024	Floor area shown represents the whole Wong Chuk Hang Station Package Four development, in which the Swire Properties group owns a 25% interest.
4. 983-987A King's Road and 16-94 Pan Hoi Street	QBML 1 sJ ss1 QBML 1 sJ ss2 QBML 1 sJ ss3 QBML 1 sJ ss4 QBML 1 sJ ss5 QBML 1 sJ ss6 QBML 1 sJ ss7 QBML 1 sJ RP QBML 1 sK ss1 QBML 1 sK ss2 QBML 1 sK ss3 QBML 1 sK ss4 QBML 1 sK ss5 QBML 1 sK RP QBML 1 sL ss1 QBML 1 sL RP	2881	42,018	Residential/ Retail: 440,000	To be determined	2028	Residential blocks over retail podium. Floor area shown represents the whole development, in which the Swire Properties group owns a 50% interest. The area shown is subject to change.
	Total held through joint venture companies			1,078,305	138		
	– of which attributable to the Swire Properties group			379,576			
Retail							
1. 269 Queen's Road East	IL 9061	2072	13,203 (part)	13,197	To be determined	2026	The retail portion of the whole development.
2. Chai Wan Inland Lot No. 178	CWIL 178	2071	96,876 (part)	2,002	To be determined	From 2025	The retail portion of the whole development, in which the Swire Properties group owns a 80% interest.
	Total held through subsidiaries			15,199	–		

Property developments for sale in the United States	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. South Brickell Key, Miami, Florida	105,372	Residential: 550,000	395	–	The Swire Properties group has announced plans to develop a luxury residential and hospitality project on Brickell Key, Miami.
2. North Squared, Miami, Florida	380,670 (part)	Residential: 523,000	544	–	The development on the North Squared site is currently on hold.
	Total held through subsidiaries	1,073,000	939		

Property developments for sale in Indonesia	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Savyavasa, South Jakarta	Jalan Wijaya II No.37A Kebayoran Baru, South Jakarta	227,982	Residential: 1,122,728	1,079	2024	Residential tower with 402 units, in which the Swire Properties group owns a 50% interest.
	Total held through joint venture companies		1,122,728	1,079		
	– of which attributable to the Swire Properties group		561,364			

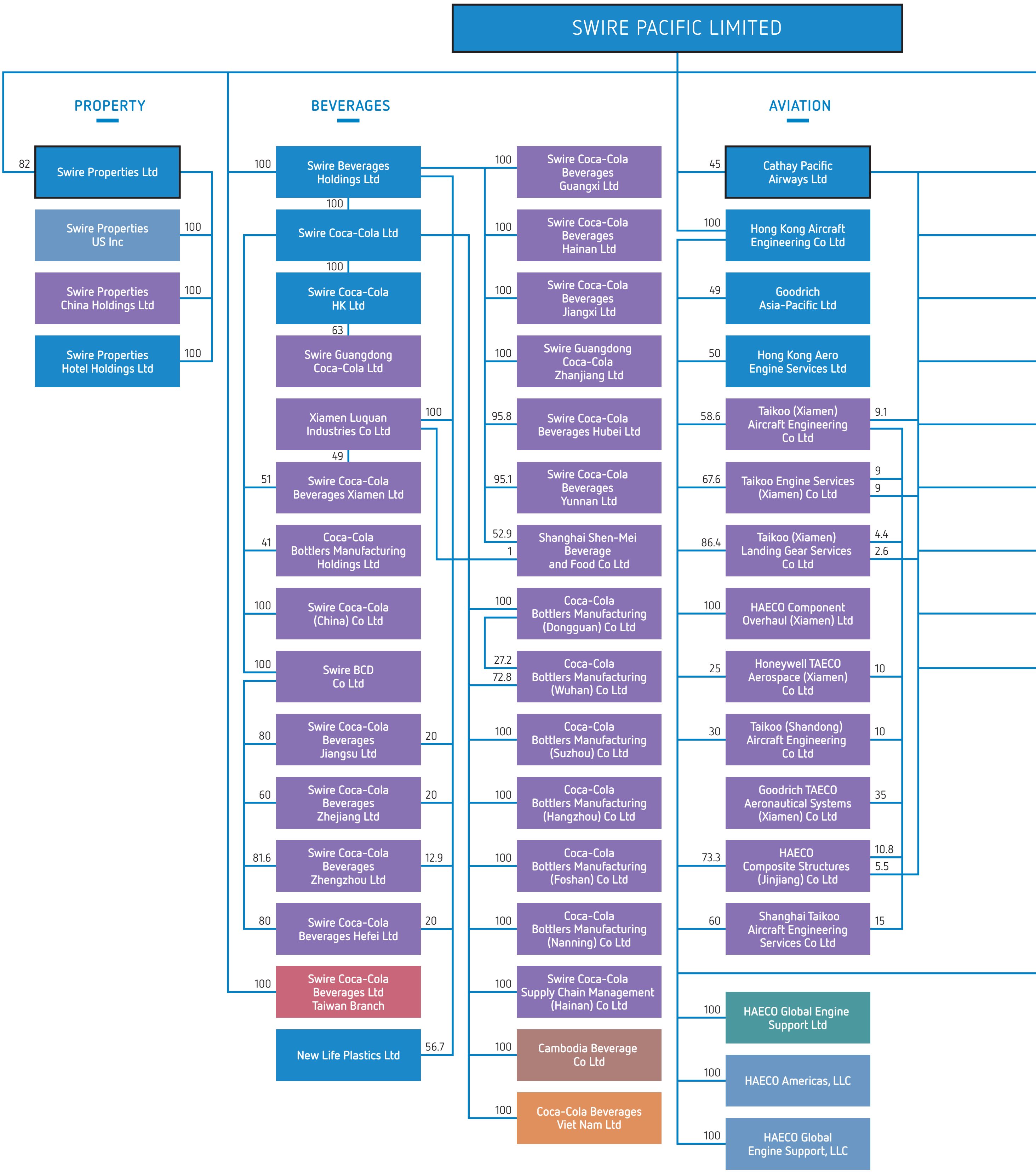
Property developments for sale in Vietnam	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Empire City	Thu Thiem, (Zone 2b)	1,103,461	Residential/ Mixed-use: 5,357,318	3,990	In phases up to 2028	A residential-led mixed-use project comprising luxury residential condominiums, an office tower, a hotel, serviced apartments and a retail mall. To be completed in phases up to 2028. The Swire Properties group effectively owns a 15.73% interest. Gross floor area excludes 172,295 sqm of parking (although this is included in the Swire Properties group's investment).
	Total held through financial assets at fair value through profit or loss		5,357,318	3,990		
	– of which attributable to the Swire Properties group		842,706			

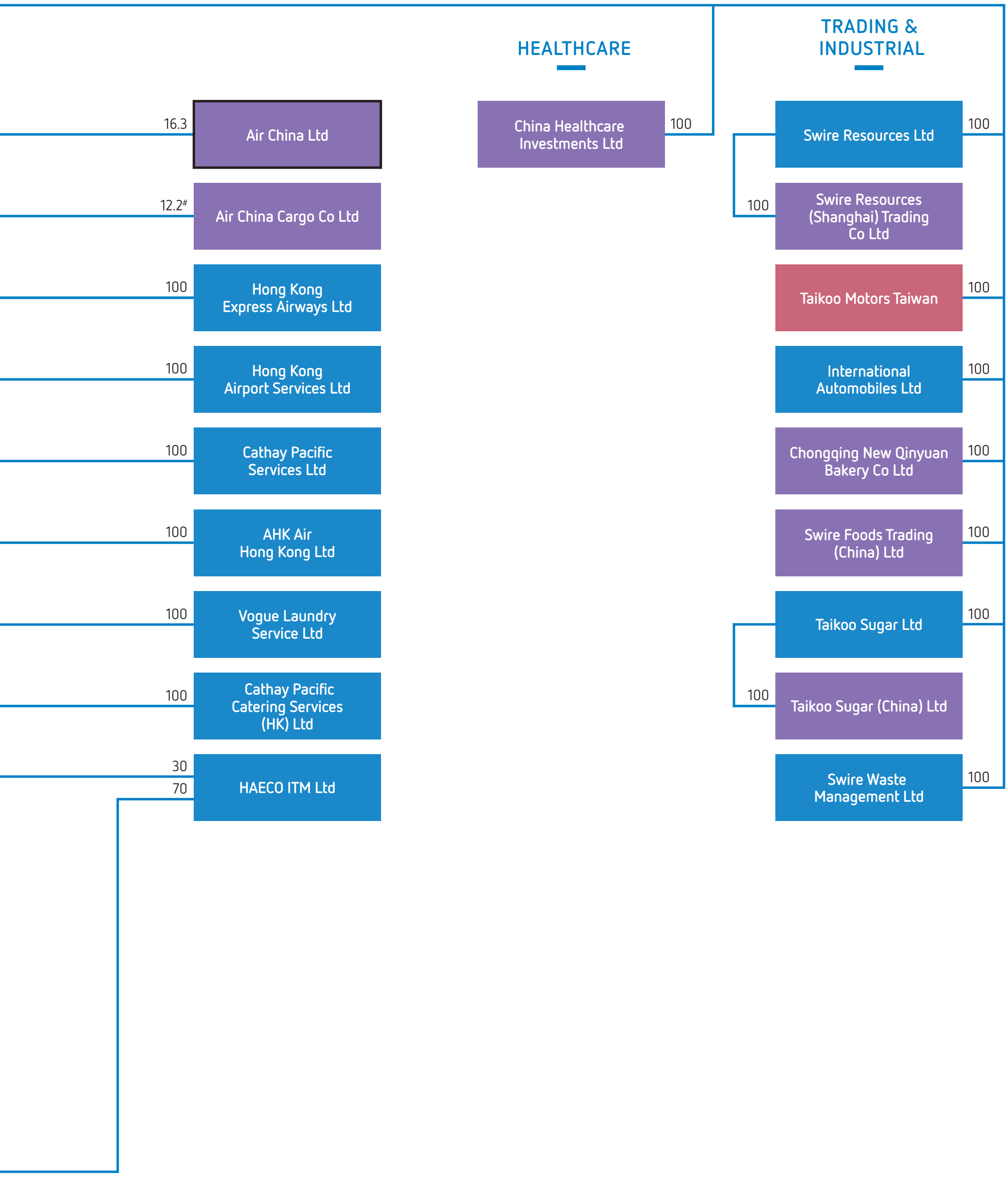
Property developments for sale in the Chinese Mainland	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Shanghai New Bund Mixed-use Project	Next to and on the east of current Taikoo Li Qiantan, Pudong District, Shanghai	686,789 (part)	Residential/ Mixed-use: 1,159,057	1,156	From 2025	A mixed-use development comprising retail, office and residential uses, directly opposite Taikoo Li Qiantan. As of December 2023, approximately 88% of residential properties have been pre-sold. The Swire Properties group owns a 40% interest.
	Total held through associated companies		1,159,057	1,156		
	– of which attributable to the Swire Properties group		463,623			

Property developments for sale in Thailand	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Wireless Road, Bangkok	Wireless Road, Bangkok	136,186	Residential: 1,634,220	1,000	2029	A freehold luxury condominium project located in the prime Lumphini sub-district, Bangkok. The project is expected to be completed in 2029. The Swire Properties group holds 40% interest in the project.
	Total held through joint venture companies		1,634,220	1,000		
	– of which attributable to the Swire Properties group		653,688			

Group Structure Chart

at 31st December 2023





Publicly Quoted
United Kingdom
Hong Kong
United States of America
Chinese Mainland
Cambodia
Taiwan
Vietnam

* This organisation chart is for illustrative purposes only and does not represent the legal structure of the Group.

Shareholding held through subsidiary at 12.24%, another 11.75% held through an economic interest with total holding at 24.00%.

Glossary

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.

Financial

Underlying profit or loss
Reported profit or loss adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

Recurring underlying profit or loss
Underlying profit or loss adjusted for significant credits and charges of a non-recurring nature, including gains and losses on the sale of businesses and investment properties and non-cash impairments.

EBIT
Earnings before interest and tax.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Capital employed
Total equity plus net debt and lease liabilities.

Consolidated net worth
Total of share capital, reserves and non-controlling interests.

Consolidated tangible net worth
Consolidated net worth less goodwill and other intangible assets.

Equity attributable to the Company's shareholders
Equity excluding non-controlling interests.

Gross borrowings
Total of loans, bonds and overdrafts.

Net debt or consolidated borrowed money
Total of loans, bonds and overdrafts net of cash, bank deposits and bank balances.

Beverages

Water use ratio represents the litres of water used to produce a litre of production. It is calculated as total water used divided by total production volume. Production volume only includes volume produced by Swire Coca-Cola and excludes volume that is purchased from third parties.

Energy use ratio represents the energy consumed (measured in Mega joules) used to produce a litre of production. Energy consumed consists of all energy consumed, except for fuel used in fleet operations. Production volume only includes volume produced by Swire Coca-Cola and excludes volume that is purchased from third parties.

Aviation

Available tonne kilometres (ATK)
Overall capacity, measured in tonnes available for the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance.

Available seat kilometres (ASK)
Passenger seat capacity, measured in seats available for the carriage of passengers on each sector multiplied by the sector distance.

Available cargo tonne kilometres (AFTK)
Cargo capacity, measured in tonnes available for the carriage of freight on each sector multiplied by the sector distance.

Revenue tonne kilometres (RTK)
Traffic volume, measured in tonnes from the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance.

Revenue passenger kilometres (RPK)
Number of passengers carried on each sector multiplied by the sector distance.

Cargo revenue tonne kilometres (RFTK)
Amount of cargo, measured in tonnes, carried on each sector multiplied by the sector distance.

On-time performance
Departure within 15 minutes of scheduled departure time.

Sustainability

Carbon Dioxide Equivalent (CO_2e)
A measure of the global warming potential of releases of the six greenhouse gases specified by the Kyoto protocol. These are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).

Greenhouse Gas (GHG)
A gas that contributes to the greenhouse effect by absorbing infrared radiation.

– **Scope 1 emissions** are direct GHG emissions from sources that are owned or controlled by the Group.

– **Scope 2 emissions** are indirect GHG emissions from consumption of purchased electricity, heat and steam as well as GHG emissions from the generation and transportation of Towngas in Hong Kong from the production plant to users.

– **Scope 3 emissions** are GHG emissions in an organisation's supply chain or generated by its customers.

Cubic metres (cbm)
A metric unit of volume or capacity equal to 1,000 litres or 1.0 metric tonne of water.

Global Reporting Initiative (GRI)
(www.globalreporting.org)
An international independent organisation that helps businesses, governments and other organisations understand and communicate their impact on issues such as climate change, human rights, governance and social wellbeing.

Lost Day Rate represents the number of lost scheduled working days per 100 employees per year. It is calculated as the total days lost multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.

Lost Time Injury Rate (LTIR) represents the number of injuries per 100 employees per year. It is calculated as the total injuries multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year. The definitions of an injury and the number of hours worked may vary slightly in different jurisdictions and in different industries. In such cases local legal definitions and industry norms will take precedence.

Total injuries are the number of injuries in the year which result in lost time of a minimum of one scheduled working day.

RATIOS

Financial

$$\text{Earnings/(loss) per share} = \frac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Return on Equity} = \frac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Average equity during the year attributable to the Company's shareholders}}$$

$$\text{Return on capital employed} = \frac{\text{Profit/(loss) before net interest after taxation}}{\text{Average capital employed}}$$

$$\text{Interest cover} = \frac{\text{Operating profit/(loss)}}{\text{Net finance charges}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit/(loss)}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividends paid and declared}}{\text{Underlying profit/(loss) attributable to the Company's shareholders}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

Aviation

$$\text{Passenger/Cargo load factor} = \frac{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}{\text{Available seat kilometres/Available cargo tonne kilometres}}$$

$$\text{Passenger/Cargo yield} = \frac{\text{Passenger revenue/Cargo revenue}}{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}$$

$$\text{Cost per ATK} = \frac{\text{Total operating expenses of Cathay Pacific}}{\text{ATK of Cathay Pacific}}$$

Financial Calendar and Information for Investors

Financial Calendar 2024

Annual Report available to shareholders	9th April
'A' and 'B' shares trade ex-dividend	10th April
Share registers closed for second interim dividends entitlement	12th April
Payment of 2023 second interim dividends	3rd May
Share registers closed for attending and voting at Annual General Meeting	6th – 9th May
Annual General Meeting	9th May
Interim results announcement	August
First interim dividends payable	October

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Registrars

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International callers: 1-201-680-6825

Stock Codes

	'A'	'B'
Hong Kong Stock Exchange	19	87
ADR	SWRAY	SWRBY

Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders are in the proportion 5 to 1.

Independent Auditors

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

Investor Relations

E-mail: ir@swirepacific.com

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Request for Feedback

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swirepacific.com

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