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## **SWIRE PACIFIC LIMITED**

(Incorporated in Hong Kong with limited liability)

**(Stock Codes: 00019 and 00087)**

# **2023 Annual Results**

**2023 Performance Highlights**

	Note	2023	2022 <sup>(iv)</sup>	Change
Return on equity		<b>11.0%</b>	1.6%	+9.4% pt
Dividend per 'A' share (HK\$)		<b>11.32</b>	3.00	+277%
		<b>HK\$M</b>	HK\$M	
Profit attributable to the Company's shareholders				
As reported		<b>28,853</b>	4,195	+588%
Underlying profit	(i)	<b>36,177</b>	4,748	+662%
Recurring underlying profit	(i)	<b>10,449</b>	3,800	+175%
Revenue		<b>94,823</b>	91,693	+3%
Operating profit		<b>30,621</b>	12,241	+150%
Operating profit excluding change in fair value of investment properties		<b>33,481</b>	11,431	+193%
Change in fair value of investment properties		<b>(2,860)</b>	810	-453%
Cash generated from operations		<b>14,479</b>	12,043	+20%
Net cash inflow/(outflow) before financing		<b>22,947</b>	(9,386)	N/A
Total equity (including non-controlling interests)		<b>324,774</b>	315,936	+3%
Net debt		<b>55,136</b>	56,759	-3%
Gearing ratio (excluding lease liabilities)		<b>17.0%</b>	18.0%	-1.0% pt
		<b>HK\$</b>	HK\$	
Earnings per share	(ii)			
As reported				
'A' share		<b>19.96</b>	2.81	
'B' share		<b>3.99</b>	0.56	+610%
Underlying				
'A' share		<b>25.03</b>	3.18	
'B' share		<b>5.01</b>	0.64	+687%
Dividends per share				
'A' share		<b>11.32</b>	3.00	
'B' share		<b>2.26</b>	0.60	+277%
Equity attributable to the Company's shareholders per share	(iii)			
'A' share		<b>186.03</b>	177.75	
'B' share		<b>37.21</b>	35.55	+5%

**2023 Sustainability Performance**

	2023	2022	Change
GHG emissions from direct operations – location based (Thousand tonnes of CO <sub>2</sub> e)	<b>722</b>	649	+11%
Energy consumed (GJ Million)	<b>6.1</b>	5.4	+13%
Water withdrawn (cbm Million)	<b>20.9</b>	16.9	+24%
LTIR (Number of injuries per 100 full-time equivalent employees)	<b>0.48</b>	0.42	+14%
Employee fatalities (Number of fatalities)	<b>1</b>	0	N/A

## Notes:

- (i) Reconciliations between the reported and underlying profit, and between underlying profit and recurring underlying profit are provided on pages 44 and 45.
- (ii) Refer to note 7 to the financial statements for the daily weighted average number of shares in issue throughout the year.
- (iii) Refer to note 10 to the financial statements for the number of shares at the year end.
- (iv) Figures include continuing operations and discontinued operations.

## Corporate Statement

### Sustainable Growth

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

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends. Our strategy is focused on Greater China and South East Asia, where we seek to grow our core 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.

**Corporate Statement (continued)**

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.

**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.

**Chairman's Statement (continued)**

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.

**Chairman's Statement (continued)****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 rotatable 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).

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



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

**Chairman's Statement (continued)**

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

## 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.

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

**Financial Review (continued)**

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

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

Recurring underlying profit by division is provided below.

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

Note: Including consolidation adjustments.

<b>Consolidated Statement of Profit or Loss For the year ended 31st December 2023</b>	Note	<b>2023 HK\$M</b>	2022 HK\$M
<b>Continuing operations</b>			
Revenue	2	<b>94,823</b>	91,169
Cost of sales		<b>(59,674)</b>	(56,981)
<b>Gross profit</b>		<b>35,149</b>	34,188
Distribution costs		<b>(14,985)</b>	(16,151)
Administrative expenses		<b>(8,432)</b>	(7,385)
Other operating expenses		<b>(300)</b>	(293)
Other net (losses)/gains		<b>(129)</b>	821
Gain on disposals of subsidiary companies – Swire Coca-Cola, USA		<b>23,103</b>	-
Impairment charges on interests in joint venture and associated companies		<b>(925)</b>	(163)
Change in fair value of investment properties		<b>(2,860)</b>	810
<b>Operating profit</b>	3	<b>30,621</b>	11,827
Finance charges		<b>(2,612)</b>	(1,753)
Finance income		<b>586</b>	288
Net finance charges	4	<b>(2,026)</b>	(1,465)
Share of profits of joint venture companies		<b>617</b>	1,857
Share of profits/(losses) of associated companies		<b>3,558</b>	(3,301)
<b>Profit before taxation</b>		<b>32,770</b>	8,918
Taxation	5	<b>(2,932)</b>	(3,013)
<b>Profit from continuing operations</b>		<b>29,838</b>	5,905
<b>Discontinued operations</b>			
Profit from discontinued operations		-	364
<b>Profit for the year</b>		<b>29,838</b>	6,269
Profit for the year attributable to:			
The Company's shareholders – from continuing operations		<b>28,853</b>	3,836
The Company's shareholders – from discontinued operations		-	359
Non-controlling interests – from continuing operations		<b>985</b>	2,069
Non-controlling interests – from discontinued operations		-	5
		<b>29,838</b>	6,269
Underlying profit attributable to the Company's shareholders		<b>36,177</b>	4,748
		<b>HK\$</b>	<b>HK\$</b>
Earnings per share from profit attributable to the Company's shareholders (basic and diluted):			
'A' share – from continuing operations	7	<b>19.96</b>	2.57
'A' share – from discontinued operations		-	0.24
'B' share – from continuing operations		<b>3.99</b>	0.51
'B' share – from discontinued operations		-	0.05

<b>Consolidated Statement of Other Comprehensive Income</b>	<b>2023</b>	2022
<b>For the year ended 31st December 2023</b>	<b>HK\$M</b>	HK\$M
<b>Profit for the year</b>	<b>29,838</b>	6,269
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Revaluation of property previously occupied by the Group		
gains recognised during the year	<b>43</b>	-
deferred tax	<b>(12)</b>	-
Defined benefit plans		
remeasurement (losses)/gains recognised during the year	<b>(117)</b>	856
deferred tax	<b>9</b>	(170)
Changes in the fair value of equity investments at		
fair value through other comprehensive income		
(losses)/gains recognised during the year	<b>(15)</b>	256
deferred tax	<b>(2)</b>	3
Share of other comprehensive income of joint venture and		
associated companies	<b>78</b>	65
Net translation differences on foreign operations	<b>(221)</b>	(866)
	<b>(237)</b>	144
<b>Items that may be reclassified subsequently to profit or loss</b>		
Cash flow hedges		
losses recognised during the year	<b>(191)</b>	(93)
transferred from net finance charges	<b>(57)</b>	(24)
transferred from operating profit	<b>11</b>	201
deferred tax	<b>46</b>	(13)
Share of other comprehensive loss of joint venture		
and associated companies		
recognised during the year	<b>(988)</b>	(2,978)
reclassified to profit or loss on deemed disposal	<b>228</b>	-
Net translation differences on foreign operations		
recognised during the year	<b>(1,041)</b>	(3,932)
reclassified to profit or loss on disposal	<b>(45)</b>	57
	<b>(2,037)</b>	(6,782)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(2,274)</b>	(6,638)
<b>Total comprehensive income/(loss) for the year</b>	<b>27,564</b>	(369)
Total comprehensive income/(loss) attributable to:		
The Company's shareholders – from continuing operations	<b>26,798</b>	(1,695)
The Company's shareholders – from discontinued operations	-	397
Non-controlling interests – from continuing operations	<b>766</b>	924
Non-controlling interests – from discontinued operations	-	5
	<b>27,564</b>	(369)

<b>Consolidated Statement of Financial Position At 31st December 2023</b>		<b>31st December 2023 HK\$M</b>	<b>31st December 2022 HK\$M</b>
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20,799	22,196
Investment properties		280,783	270,768
Intangible assets		18,041	13,930
Right-of-use assets		8,766	8,117
Properties held for development		1,210	1,208
Joint venture companies		24,479	30,346
Loans due from joint venture companies		14,853	15,460
Associated companies		34,781	23,686
Loans due from associated companies		332	131
Investments at fair value		1,993	1,041
Prepayment and other receivables	8	312	6,474
Derivative financial instruments		84	119
Deferred tax assets		567	278
Retirement benefit assets		68	273
		<b>407,068</b>	<b>394,027</b>
<b>Current assets</b>			
Properties for sale		9,121	8,264
Stocks and work in progress		6,747	7,608
Contract assets		1,033	841
Trade and other receivables	8	8,708	9,834
Taxation receivable		430	505
Derivative financial instruments		20	35
Bank balances and short-term deposits		14,082	11,614
		<b>40,141</b>	<b>38,701</b>
Assets classified as held for sale		543	2,038
		<b>40,684</b>	<b>40,739</b>
<b>Current liabilities</b>			
Trade and other payables	9	27,586	28,740
Contract liabilities		2,146	1,337
Taxation payable		571	311
Derivative financial instruments		33	124
Short-term loans		-	25
Long-term loans and bonds due within one year		10,605	10,219
Lease liabilities due within one year		873	776
		<b>41,814</b>	<b>41,532</b>
<b>Net current liabilities</b>		<b>(1,130)</b>	<b>(793)</b>
<b>Total assets less current liabilities</b>		<b>405,938</b>	<b>393,234</b>
<b>Non-current liabilities</b>			
Long-term loans and bonds		58,613	58,129
Long-term lease liabilities		4,206	4,140
Derivative financial instruments		331	101
Other payables	9	1,233	1,476
Deferred tax liabilities		16,660	13,090
Retirement benefit liabilities		121	362
		<b>81,164</b>	<b>77,298</b>
<b>NET ASSETS</b>		<b>324,774</b>	<b>315,936</b>
<b>EQUITY</b>			
Share capital	10	1,294	1,294
Reserves	11	266,835	257,162
<b>Equity attributable to the Company's shareholders</b>		<b>268,129</b>	<b>258,456</b>
<b>Non-controlling interests</b>		<b>56,645</b>	<b>57,480</b>
<b>TOTAL EQUITY</b>		<b>324,774</b>	<b>315,936</b>

**Consolidated Statement of Cash Flows**  
**For the year ended 31st December 2023**

	2023 HK\$M	2022 HK\$M
<b>Operating activities</b>		
Cash generated from operations	14,479	12,043
Interest paid	(3,363)	(2,165)
Interest received	515	296
Tax paid	(2,142)	(2,628)
	<u>9,489</u>	<u>7,546</u>
Dividends received from joint venture and associated companies	428	610
<b>Net cash generated from operating activities</b>	<b>9,917</b>	<b>8,156</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and right-of-use assets	(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	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	(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)
<b>Net cash generated from/(used in) investing activities</b>	<b>13,030</b>	<b>(17,542)</b>
<b>Net cash inflow/(outflow) before financing activities</b>	<b>22,947</b>	<b>(9,386)</b>
<b>Financing activities</b>		
Loans drawn and refinancing	23,462	25,676
Repayment of loans and bonds	(25,886)	(18,866)
Principal elements of lease payments	(895)	(880)
	<u>(3,319)</u>	<u>5,930</u>
Capital contribution from non-controlling interests	16	1,003
Repurchase of the Company's shares	(851)	(2,639)
Dividends paid to the Company's shareholders	(16,108)	(4,118)
Dividends paid to non-controlling interests	(1,464)	(1,578)
<b>Net cash used in financing activities</b>	<b>(21,726)</b>	<b>(1,402)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1,221</b>	<b>(10,788)</b>
Cash and cash equivalents at 1st January	10,758	22,519
Effect of exchange differences	(148)	(973)
<b>Cash and cash equivalents at 31st December</b>	<b>11,831</b>	<b>10,758</b>
<b>Represented by:</b>		
Bank balances and short-term deposits maturing within three months	<u>11,831</u>	<u>10,758</u>



**1. Segment Information**

 (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
<b>Continuing operations</b>												
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)
	<b>14,625</b>	<b>45</b>	<b>5,141</b>	<b>(738)</b>	<b>218</b>	<b>124</b>	<b>(416)</b>	<b>(1,616)</b>	<b>2,713</b>	<b>2,131</b>	<b>9,455</b>	<b>(523)</b>
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 <sup>(i)</sup>	17,923	-	24,856	(44)	31	-	-	(623)	24,220	24,220	24,220	(601)
Central and other costs <sup>(ii)</sup>	-	-	(467)	-	2	(5)	-	39	(431)	(428)	(428)	(2)
	<b>51,842</b>	<b>2</b>	<b>26,202</b>	<b>(254)</b>	<b>207</b>	<b>60</b>	<b>25</b>	<b>(1,058)</b>	<b>25,182</b>	<b>25,097</b>	<b>25,097</b>	<b>(2,520)</b>
Aviation												
Cathay group <sup>(iii)</sup>	-	-	-	-	-	-	4,405	-	4,405	4,405	4,405	-
HAECO group <sup>(iv)</sup>	17,787	-	224	(155)	55	427	-	(181)	370	45	45	(766)
Others <sup>(v)</sup>	-	-	(707)	-	-	3	(360)	-	(1,064)	(1,057)	(1,057)	(44)
	<b>17,787</b>	<b>-</b>	<b>(483)</b>	<b>(155)</b>	<b>55</b>	<b>430</b>	<b>4,045</b>	<b>(181)</b>	<b>3,711</b>	<b>3,393</b>	<b>3,393</b>	<b>(810)</b>
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)	-
	<b>10,555</b>	<b>92</b>	<b>400</b>	<b>(35)</b>	<b>12</b>	<b>3</b>	<b>-</b>	<b>(81)</b>	<b>299</b>	<b>299</b>	<b>299</b>	<b>(512)</b>
Head Office, Healthcare and others												
Healthcare and others <sup>(vi)</sup>	-	-	(393)	-	-	-	(165)	-	(558)	(558)	(558)	-
Net income/(expenses)	14	82	(246)	(1,656)	320	-	-	4	(1,578)	(1,578)	(1,578)	-
Others <sup>(vii)</sup>	-	-	-	-	-	-	69	-	69	69	69	-
	<b>14</b>	<b>82</b>	<b>(639)</b>	<b>(1,656)</b>	<b>320</b>	<b>-</b>	<b>(96)</b>	<b>4</b>	<b>(2,067)</b>	<b>(2,067)</b>	<b>(2,067)</b>	<b>-</b>
Inter-segment elimination	-	(221)	-	226	(226)	-	-	-	-	-	-	-
<b>Total – continuing operations</b>	<b>94,823</b>	<b>-</b>	<b>30,621</b>	<b>(2,612)</b>	<b>586</b>	<b>617</b>	<b>3,558</b>	<b>(2,932)</b>	<b>29,838</b>	<b>28,853</b>	<b>36,177</b>	<b>(4,365)</b>

**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.

**1. Segment Information (continued)**

(a) Information about reportable segments – 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
<b>Continuing operations</b>												
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)
	<b>13,788</b>	<b>38</b>	<b>9,026</b>	<b>(359)</b>	<b>172</b>	<b>1,443</b>	<b>12</b>	<b>(2,064)</b>	<b>8,230</b>	<b>6,546</b>	<b>7,099</b>	<b>(435)</b>
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)	-
	<b>54,223</b>	<b>2</b>	<b>3,274</b>	<b>(135)</b>	<b>76</b>	<b>28</b>	<b>64</b>	<b>(802)</b>	<b>2,505</b>	<b>2,392</b>	<b>2,392</b>	<b>(2,179)</b>
Aviation												
Cathay group	-	-	-	-	-	-	(2,947)	-	(2,947)	(2,947)	(2,947)	-
HAECO group <sup>(i)</sup>	13,828	-	270	(144)	29	391	-	(81)	465	185	185	(751)
Others	-	-	(32)	-	-	(6)	(281)	1	(318)	(310)	(310)	(46)
	<b>13,828</b>	<b>-</b>	<b>238</b>	<b>(144)</b>	<b>29</b>	<b>385</b>	<b>(3,228)</b>	<b>(80)</b>	<b>(2,800)</b>	<b>(3,072)</b>	<b>(3,072)</b>	<b>(797)</b>
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 <sup>(i)</sup>	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)	-
	<b>9,321</b>	<b>68</b>	<b>(212)</b>	<b>(35)</b>	<b>8</b>	<b>1</b>	<b>-</b>	<b>(69)</b>	<b>(307)</b>	<b>(307)</b>	<b>(307)</b>	<b>(553)</b>
Head Office, Healthcare and others												
Healthcare and others <sup>(i)</sup>	-	-	(168)	-	-	-	(170)	-	(338)	(338)	(338)	-
Net income/(expenses)	9	55	(354)	(1,212)	94	-	-	2	(1,470)	(1,470)	(1,470)	(1)
Others <sup>(iii)</sup>	-	-	23	41	-	-	21	-	85	85	85	-
	<b>9</b>	<b>55</b>	<b>(499)</b>	<b>(1,171)</b>	<b>94</b>	<b>-</b>	<b>(149)</b>	<b>2</b>	<b>(1,723)</b>	<b>(1,723)</b>	<b>(1,723)</b>	<b>(1)</b>
Inter-segment elimination	-	(163)	-	91	(91)	-	-	-	-	-	-	-
Total – continuing operations	<b>91,169</b>	<b>-</b>	<b>11,827</b>	<b>(1,753)</b>	<b>288</b>	<b>1,857</b>	<b>(3,301)</b>	<b>(3,013)</b>	<b>5,905</b>	<b>3,836</b>	<b>4,389</b>	<b>(3,965)</b>
<b>Discontinued operations</b>												
Swire Pacific Offshore group <sup>(iii)</sup>	<b>524</b>	<b>-</b>	<b>(142)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47)</b>	<b>(192)</b>	<b>(197)</b>	<b>(197)</b>	<b>-</b>

**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.

**1. Segment Information (continued)**

## (a) Information about reportable segments (continued)

Analysis of total assets of the Group

**At 31st December 2023**

	Segment assets	Joint venture companies <sup>(i)</sup>	Associated companies <sup>(i)</sup>	Bank deposits	Total assets	Additions to non-current assets <sup>(ii)</sup>
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	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
	<b>304,299</b>	<b>34,057</b>	<b>10,792</b>	<b>5,097</b>	<b>354,245</b>	<b>3,273</b>
Beverages						
Swire Coca-Cola	<b>32,087</b>	<b>1,115</b>	<b>533</b>	<b>4,642</b>	<b>38,377</b>	<b>2,564</b>
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	-
	<b>16,390</b>	<b>4,117</b>	<b>22,777</b>	<b>2,447</b>	<b>45,731</b>	<b>1,011</b>
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	-
	<b>4,549</b>	<b>43</b>	<b>-</b>	<b>715</b>	<b>5,307</b>	<b>869</b>
Head Office, Healthcare and others	<b>1,900</b>	<b>-</b>	<b>1,011</b>	<b>1,181</b>	<b>4,092</b>	<b>2</b>
	<b>359,225</b>	<b>39,332</b>	<b>35,113</b>	<b>14,082</b>	<b>447,752</b>	<b>7,719</b>
<b>At 31st December 2022</b>						
	Segment assets	Joint venture companies <sup>(i)</sup>	Associated companies <sup>(i)</sup>	Bank deposits	Total assets	Additions to non-current assets <sup>(ii)</sup>
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	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
	<b>353,529</b>	<b>45,806</b>	<b>23,817</b>	<b>11,614</b>	<b>434,766</b>	<b>11,364</b>

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.

**1. 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	Current and deferred tax liabilities	Inter-segment borrowings/ (advances)	External borrowings	Lease liabilities	Total liabilities	Non-controlling interests
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	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
	<b>10,103</b>	<b>14,448</b>	<b>-</b>	<b>41,169</b>	<b>607</b>	<b>66,327</b>	<b>54,339</b>
Beverages							
Swire Coca-Cola	<b>13,272</b>	<b>2,291</b>	<b>-</b>	<b>-</b>	<b>722</b>	<b>16,285</b>	<b>321</b>
Aviation							
HAECO group	<b>5,382</b>	<b>373</b>	<b>997</b>	<b>40</b>	<b>2,542</b>	<b>9,334</b>	<b>1,985</b>
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	-
	<b>1,814</b>	<b>85</b>	<b>(60)</b>	<b>-</b>	<b>1,208</b>	<b>3,047</b>	<b>-</b>
Head Office, Healthcare and others	<b>879</b>	<b>34</b>	<b>(937)</b>	<b>28,009</b>	<b>-</b>	<b>27,985</b>	<b>-</b>
	<b>31,450</b>	<b>17,231</b>	<b>-</b>	<b>69,218</b>	<b>5,079</b>	<b>122,978</b>	<b>56,645</b>

**At 31st December 2022**

	Segment liabilities	Current and deferred tax liabilities	Inter-segment borrowings/ (advances)	External borrowings	Lease liabilities	Total liabilities	Non-controlling interests
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	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	-
	<b>32,140</b>	<b>13,401</b>	<b>-</b>	<b>68,373</b>	<b>4,916</b>	<b>118,830</b>	<b>57,480</b>

**1. Segment Information (continued)**

## (a) Information about reportable segments (continued)

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

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

## (b) Information about geographical areas

The activities of the Group are principally based in Hong Kong and the Chinese Mainland.

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

	<b>Revenue</b>		<b>Non-current assets (Note)</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M	<b>HK\$M</b>	HK\$M
Hong Kong	<b>18,816</b>	17,559	<b>233,545</b>	238,429
Chinese Mainland and Taiwan	<b>50,521</b>	41,248	<b>78,683</b>	59,939
South East Asia	<b>4,505</b>	80	<b>9,261</b>	2,015
USA	<b>20,863</b>	31,266	<b>7,854</b>	15,642
Others	<b>118</b>	1,016	<b>256</b>	194
<b>Total</b>	<b>94,823</b>	91,169	<b>329,599</b>	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.

**2. Revenue**

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

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
Gross rental income from investment properties	<b>13,365</b>	12,188
Property trading	<b>166</b>	921
Hotels	<b>977</b>	565
Sales of goods	<b>62,793</b>	63,727
Aircraft and engine maintenance services	<b>16,034</b>	12,524
Rendering of other services	<b>1,488</b>	1,244
<b>Total</b>	<b>94,823</b>	91,169

**3. Operating Profit**

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
<b><i>Operating profit has been arrived at after charging:</i></b>		
Depreciation of property, plant and equipment	<b>2,947</b>	2,628
Depreciation of right-of-use assets		
- leasehold land held for own use	<b>50</b>	30
- land use rights	<b>53</b>	48
- property	<b>886</b>	844
- plant and equipment	<b>41</b>	40
Amortisation of		
- intangible assets	<b>284</b>	284
- initial leasing costs in respect of investment properties	<b>96</b>	79
- others	<b>8</b>	12
Impairment charges recognised on		
- property, plant and equipment	-	150
- right-of-use assets	-	33
- intangible assets	-	369
- convertible notes receivable, unlisted	<b>140</b>	-
Provision for amount due from and other payable of a joint venture company	<b>239</b>	-
Loss on disposals of subsidiary companies	<b>420</b>	-
Loss on disposals of investment properties	<b>16</b>	-
Loss on disposals of property, plant and equipment	<b>86</b>	11
Loss on disposals of assets classified as held for sale	<b>44</b>	-
	<hr/>	<hr/>
<b><i>And after crediting:</i></b>		
Gain on disposals of subsidiary companies	-	520
Gain arising from the acquisition of interests in joint venture companies	<b>551</b>	-
Gain on partial disposal and deemed disposal of an associated company	<b>37</b>	64
Gain on disposals of investment properties	-	31
Gain on disposals of assets classified as held for sale	-	20
Reversal of impairment charges recognised on		
- property, plant and equipment	<b>4</b>	-
Government subsidies	<b>142</b>	323
	<hr/>	<hr/>

**4. Net Finance Charges**

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

**5. Taxation**

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
Current taxation		
Hong Kong profits tax	<b>500</b>	417
Overseas tax	<b>1,994</b>	1,584
Over-provisions in prior years	<b>(25)</b>	(48)
	<b>2,469</b>	1,953
Deferred taxation		
Change in fair value of investment properties	<b>106</b>	472
Origination and reversal of temporary differences	<b>357</b>	579
Effect of change in tax rate in the USA	<b>-</b>	9
	<b>463</b>	1,060
	<b>2,932</b>	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.

**6. Dividends**

	<b>2023</b>	2022
	<b>HK\$M</b>	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)	<b>1,730</b>	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)	<b>11,703</b>	-
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)	<b>2,853</b>	2,675
	<b><u>16,286</u></b>	<u>4,391</u>

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 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 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.



## 7. 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.

## 8. Trade and Other Receivables

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
Trade debtors	<b>2,701</b>	4,610
Amounts due from immediate holding company	<b>3</b>	7
Amounts due from joint venture companies	<b>169</b>	132
Amounts due from associated companies	<b>286</b>	349
Prepayments and accrued income	<b>2,242</b>	2,222
Other receivables	<b>3,619</b>	2,038
Other financial assets at amortised cost	-	520
Prepayment – Non-current portion	-	6,430
	<b>9,020</b>	16,308
Amounts due after one year included under non-current assets	<b>(312)</b>	(6,474)
	<b>8,708</b>	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:

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
Up to three months	<b>2,539</b>	4,345
Between three and six months	<b>129</b>	231
Over six months	<b>33</b>	34
	<b>2,701</b>	4,610

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

**9. Trade and Other Payables**

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
Trade creditors	<b>5,988</b>	5,850
Amounts due to immediate holding company	<b>166</b>	114
Amounts due to joint venture companies	<b>12</b>	137
Amounts due to associated companies	<b>20</b>	590
Interest-bearing advances from joint venture companies at 2.85%-5.19% per annum (2022: 1.89%-4.65% per annum)	<b>599</b>	1,018
Interest-bearing advances from an associated company (2022: 6.02% per annum)	-	34
Advances from non-controlling interests	<b>1,236</b>	1,173
Rental deposits from tenants	<b>2,965</b>	2,716
Deposits received on sale of investment properties	<b>269</b>	1
Put options over non-controlling interests	<b>638</b>	659
Contingent consideration	-	1,654
Accrued capital expenditure	<b>1,457</b>	1,366
Other accruals	<b>7,681</b>	8,968
Other payables	<b>7,788</b>	5,936
	<b>28,819</b>	30,216
Amounts due after one year included under non-current liabilities	<b>(1,233)</b>	(1,476)
	<b>27,586</b>	28,740

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

	<b>2023</b>	2022
	<b>HK\$M</b>	HK\$M
Up to three months	<b>5,767</b>	5,610
Between three and six months	<b>165</b>	136
Over six months	<b>56</b>	104
	<b>5,988</b>	5,850

**10. Share Capital**

	'A' shares	'B' shares	Total HK\$M
Issued and fully paid with no par value			
At 1st January 2023	<b>865,823,000</b>	<b>2,941,142,500</b>	<b>1,294</b>
Repurchased in 2022 and cancelled during the year	-	<b>(3,697,500)</b>	-
Repurchased and cancelled during the year	<b>(8,998,500)</b>	<b>(15,107,500)</b>	-
At 31st December 2023	<b>856,824,500</b>	<b>2,922,337,500</b>	<b>1,294</b>
	'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	<b>(39,383,000)</b>	<b>(40,727,500)</b>	-
At 31st December 2022	<b>865,823,000</b>	<b>2,941,142,500</b>	<b>1,294</b>

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.

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

**11. Reserves**

	Revenue reserve	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January 2023	255,167	2,437	(152)	738	(1,028)	257,162
<b>Profit for the year</b>	<b>28,853</b>	-	-	-	-	<b>28,853</b>
<b>Other comprehensive income</b>						
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)
<b>Total comprehensive income for the year</b>	<b>28,833</b>	<b>25</b>	<b>(18)</b>	<b>(703)</b>	<b>(1,339)</b>	<b>26,798</b>
Repurchase of the Company's shares	(878)	-	-	-	-	(878)
2022 second interim dividend (note 6)	(2,675)	-	-	-	-	(2,675)
2023 first interim dividend (note 6)	(1,730)	-	-	-	-	(1,730)
2023 special interim dividend (note 6)	(11,703)	-	-	-	-	(11,703)
Change in composition of the Group	(139)	-	-	-	-	(139)
At 31st December 2023	<u>266,875</u>	<u>2,462</u>	<u>(170)</u>	<u>35</u>	<u>(2,367)</u>	<u>266,835</u>

**11. Reserves (continued)**

	Revenue reserve	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January 2022	256,738	2,435	(130)	1,013	5,165	265,221
<b>Profit for the year</b>	4,195	-	-	-	-	4,195
<b>Other comprehensive income</b>						
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
<b>Total comprehensive income for the year</b>	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 (note 6)	(1,716)	-	-	-	-	(1,716)
At 31st December 2022	<u>255,167</u>	<u>2,437</u>	<u>(152)</u>	<u>738</u>	<u>(1,028)</u>	<u>257,162</u>

## 12. 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.

## 13. 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. 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 <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>

### 13. Changes in Accounting Policies and Disclosures (continued)

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangability <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

- 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.

- (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 offsettable 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.

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

The financial information relating to the years ended 31st December 2022 and 2023 that is included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the Ordinance)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2022 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The specified financial statements for the year ended 31st December 2023 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. Auditor's reports have been prepared on the specified financial statements for the years ended 31st December 2022 and 2023. Those reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain statements under section 406(2) or 407(2) or (3) of the Ordinance.

## Sources of Finance

At 31st December 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
<b>Committed facilities</b>					
Loans and bonds					
Bonds	42,216	42,216	-	-	-
Bank loans	62,125	27,275	1,000	33,850	34,850
<b>Total committed facilities</b>	<b>104,341</b>	<b>69,491</b>	<b>1,000</b>	<b>33,850</b>	<b>34,850</b>
<b>Uncommitted facilities</b>					
Bank loans and overdrafts	10,588	40	10,548	-	10,548
<b>Total</b>	<b>114,929</b>	<b>69,531</b>	<b>11,548</b>	<b>33,850</b>	<b>45,398</b>

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

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%).

## 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 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.

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.

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

Details of the Company's corporate governance principles and processes will be available in the 2023 annual report.

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

**Annual Report**

The 2023 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website [www.swirepacific.com](http://www.swirepacific.com). Printed copies will be available to shareholders on 9th April 2024.

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**List of Directors**

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

Executive Directors: Guy Bradley (Chairman), David Cogman, Patrick Healy, Martin Murray, Zhang Zhuo Ping;

Non-Executive Directors: Gordon McCallum, Merlin Swire; and

Independent Non-Executive Directors: Paul Etchells, Rose Lee, Edith Ngan, Gordon Orr, Xu Ying and Bonnie Zhang.

By Order of the Board

**SWIRE PACIFIC LIMITED**

Guy Bradley

Chairman

Hong Kong, 14th March 2024

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**Disclaimer**

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

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