PROPERTY AVIATION BEVERAGES MARINE SERVICES TRADING & INDUSTRIAL

2010 Final Results
Analyst Briefing

10th March 2011 Hong Kong

SWIRE PACIFIC

2010 Key Developments

- The Group's interest in Hactl was sold in May, generating a profit on sale attributable to the Group of HK$825m.
- In June, the HAECO group became a subsidiary of Swire Pacific with the acquisition of an additional 15% interest from the Cathay Pacific group. In the mandatory general offer the stake increased to 74.99%.
- The Cathay Pacific group announced the acquisition of 36 aircraft in August. This was followed by a further order of 2 aircraft in December and 25 aircraft in March 2011. The Cathay Pacific group fleet now comprises 168 aircraft, with 91 aircraft on order.
- The Group's interest in CROWN Beverage Cans group was sold in September, generating a profit on sale attributable to the Group of HK$771m.
- In September, Swire Properties acquired the 80% interest it did not already own in PCCW Tower in Hong Kong. In November, a 50% interest was sold resulting in a net gain of HK$342m.

2010 Key Developments (continued)

- Swire Properties acquired a 50% interest in a 762,251 square foot site in Chengdu in Mainland China. The site will be redeveloped into 2.2 million square feet of commercial mixed-use space.
- Since the year end, SPO has agreed to acquire four AHTS vessels for delivery in 2011 and 2012. SPO has also exercised an option to acquire a second wind farm turbine installation vessel for delivery at the end of 2012.
- The Group has early adopted the amendment to HKAS 12 "Income taxes". All deferred tax hitherto provided on valuation surpluses on Hong Kong investment property has been reversed. In respect of Mainland China investment property, deferred tax will continue to be provided at the corporate income tax rate of 25%.

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Financial Summary

	Note	2009 HK$M	**2010 HK$M**	% Change
Attributable profit	*(a)*	21,893	**38,252**	+75%
Underlying profit	*(b)*	8,475	**16,143**	+90%
Cash generated from operations		8,740	**7,627**	-13%
HK$ per 'A' share (HK$)				
Final dividend		$2.20	**$2.50**	+14%
Total dividend		$2.80	**$3.50**	+25%
Equity attributable to the Company's shareholders	*(a)*	168,876	**204,452**	+21%
Net debt		31,681	**41,181**	+30%
Gearing ratio		18.7%	**19.7%**	+1%pt

(a) The prior years' income statements and statements of financial position have been restated as a result of the early adoption of amended HKAS 12 "Income taxes".

(b) Underlying profit principally adjusts for changes in the valuations of investment properties.

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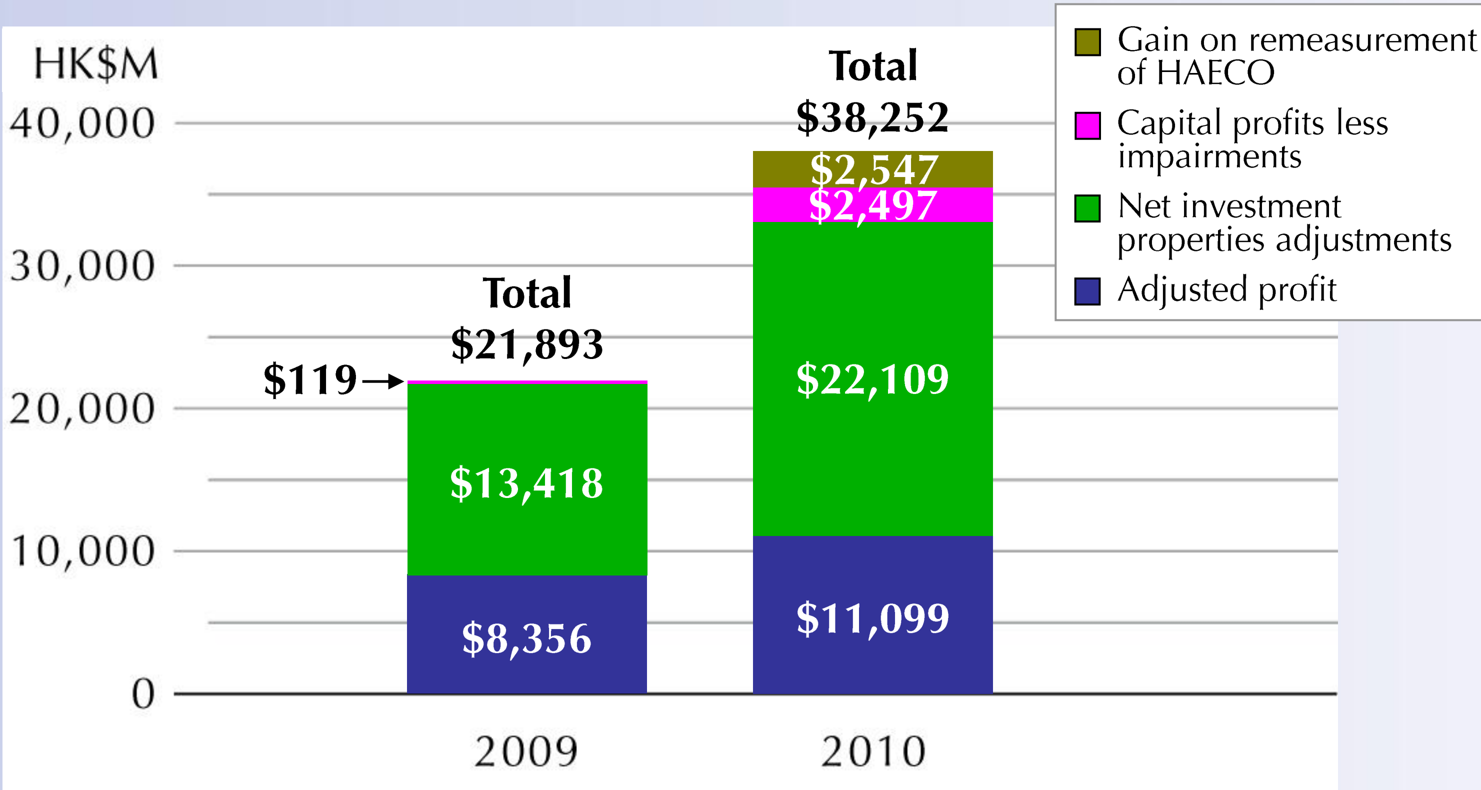
Earnings Analysis

	2009 HK$M	**2010 HK$M**
Attributable profit	21,893	**38,252**
Net investment properties adjustments	(13,418)	**(22,109)**
Underlying profit	8,475	**16,143**
Other significant items:		
- Gain on remeasurement of previously held interest in HAECO	-	**(2,547)**
- Capital profits:		
Interest in Hactl	-	**(825)**
Interest in CROWN Beverage Cans group	-	**(771)**
Interest in (and gain on remeasurement of) PCCW Tower	-	**(342)**
Other investments	(46)	**(40)**
Investment properties	(53)	**(576)**
Properties previously occupied by the Group	(110)	**-**
Impairment of land and stand-alone hotels	90	**-**
Impairment of vessels	-	**57**
	(119)	**(5,044)**
Adjusted profit	8,356	**11,099**

Attributable Profit



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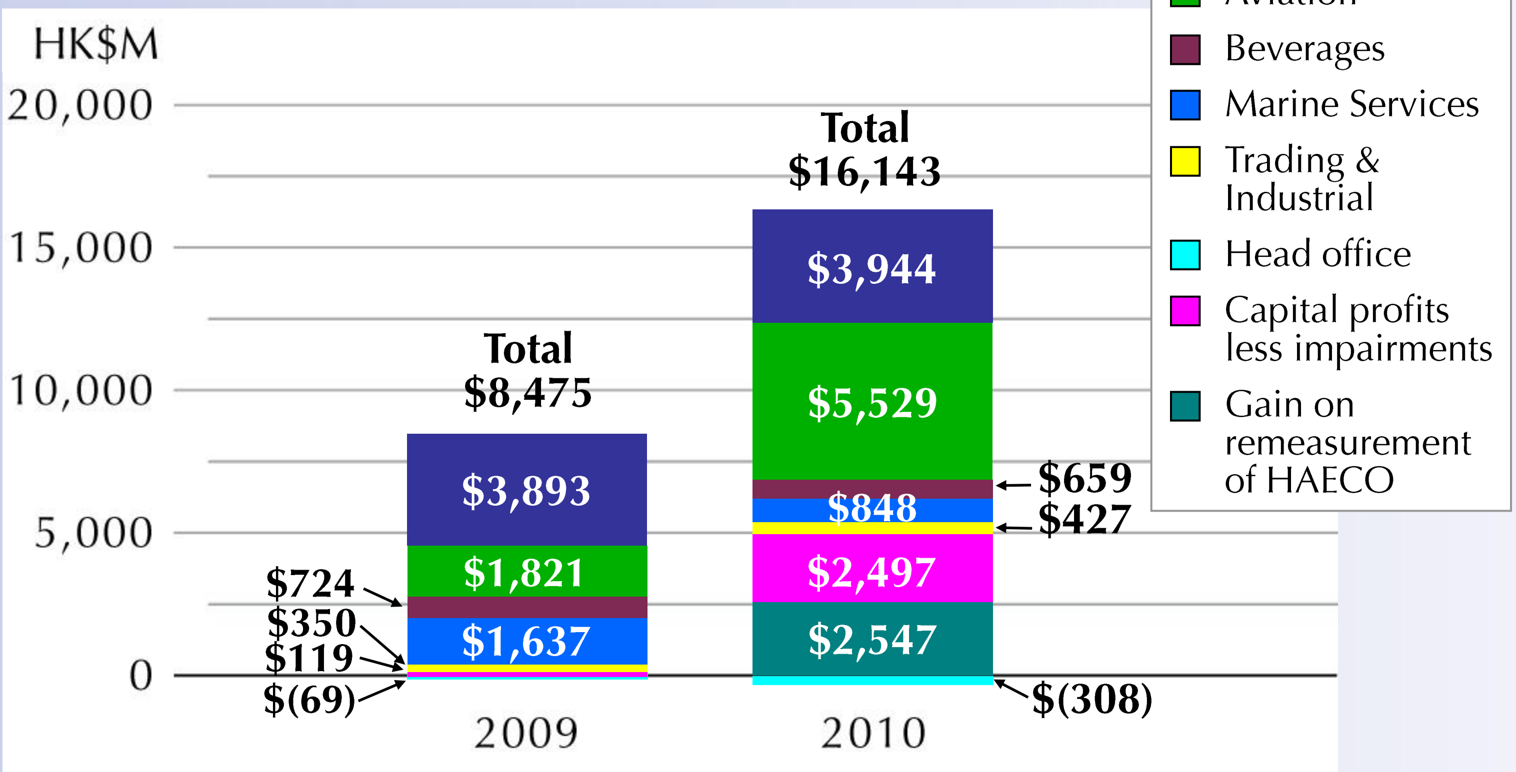
Underlying Profit



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Highlights - Property Division

- Investment property revaluation gains of HK$22,274m were recorded, reflecting the strength of property fundamentals at the end of 2010.
- Underlying profit increased by 23% to HK$4,862m, including profits of HK$918m arising primarily on disposal of two investment properties in Hong Kong.
- Gross rental income from the office portfolio increased by 3%, reflecting firm demand and positive rental reversions in the Hong Kong office market.
- Occupancy of the Group’s malls in Hong Kong was 100%. Gross retail rental income increased by 8%, with positive rental reversions reflecting retail sales growth of 16%.
- Gross rental income in China was HK$344m, an increase of 33% over 2009.
- The hotel business benefited from the improved economic conditions, with the new Hong Kong hotels recording encouraging results.
- The Division recorded a modest profit on trading from closings at Island Lodge, 5 Star Street and ASIA in Miami.

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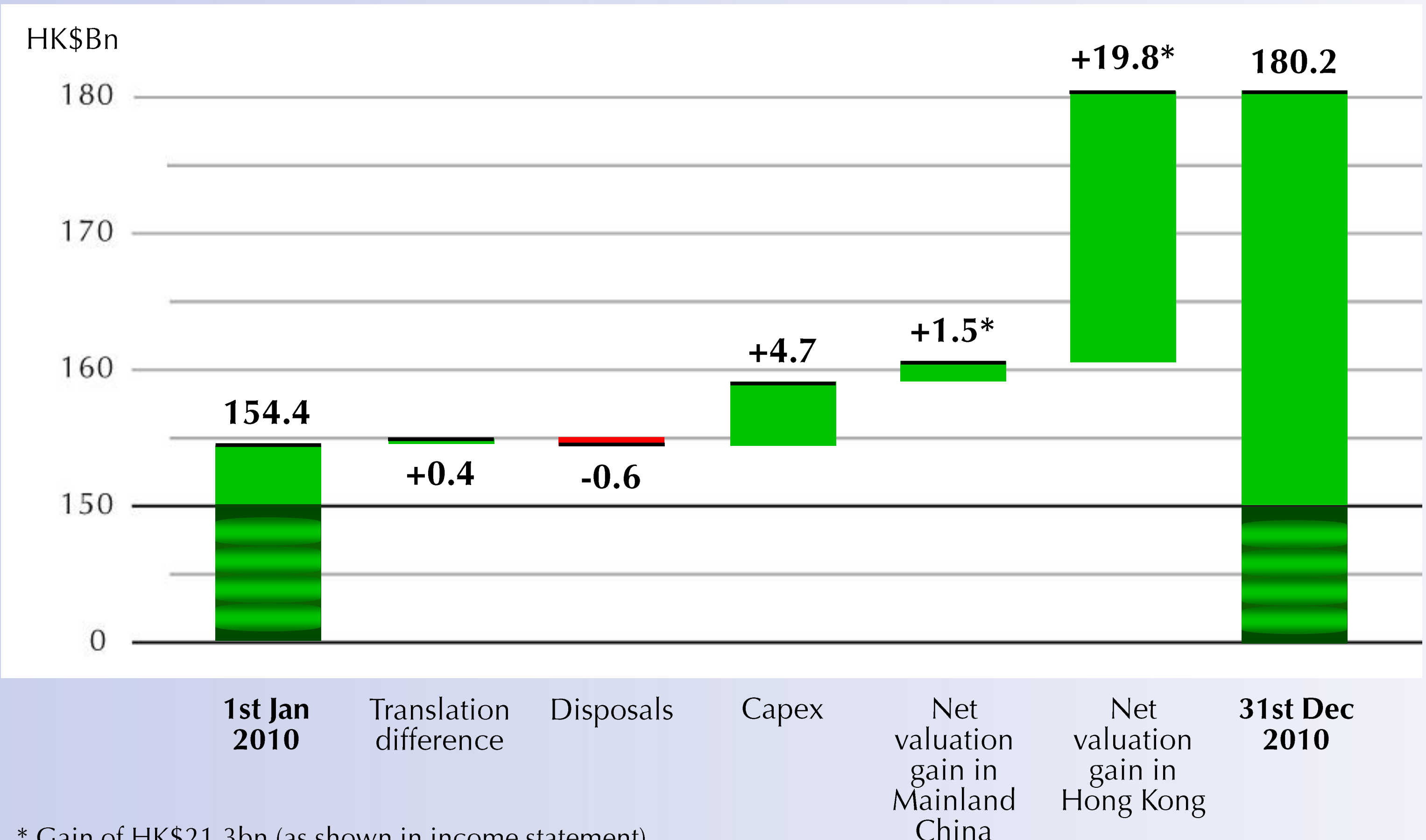
Movement in Investment Properties



* Gain of HK$21.3bn (as shown in income statement).

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Profile of Capital Commitments
for Investment Properties and Hotels - at 31st December 2010

(HK$M)	**Spend**	Forecast period of spend				**Commitments**
	2010	2011	2012	2013	2014 & beyond	**at 31st Dec 2010**
Hong Kong projects	**3,031**	1,322	570	82	21	**1,995**
Mainland China projects	**2,983**	5,523	1,166	1,802	1,370	**9,861**
UK and USA hotels	**151**	111	33	-	-	**144**
Total	**6,165**	6,956	1,769	1,884	1,391	**12,000***

* Including the Group's share of the capex and capital commitments of its jointly controlled companies.

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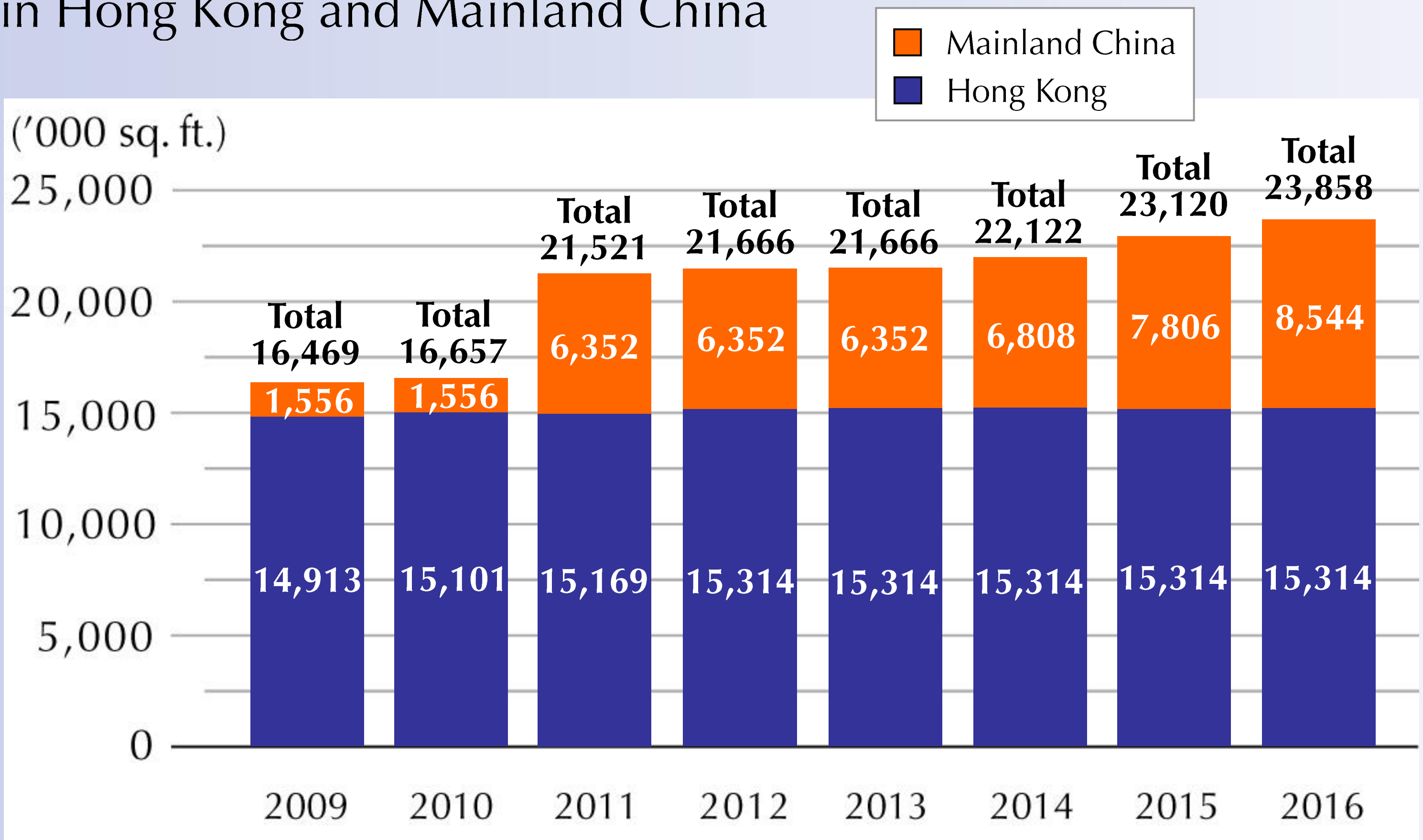
Completed Property Investment Portfolio

in Hong Kong and Mainland China



Swire Properties Update

Vacancies at 31st December 2010	Vacancy (sq. ft.)*	
Office and techno-centres	88,455**	1.3%
Retail (principally The Village North and South)	87,548	2.9%

Latest rentals	HK$ per sq. ft.
One & Two Pacific Place	$120
Three Pacific Place	mid $90s
Island East	low $30s to low $40s
Techno-centres	low to mid $20s
One Island East	high $50s

* Based on total area leased

** Wholly-owned properties

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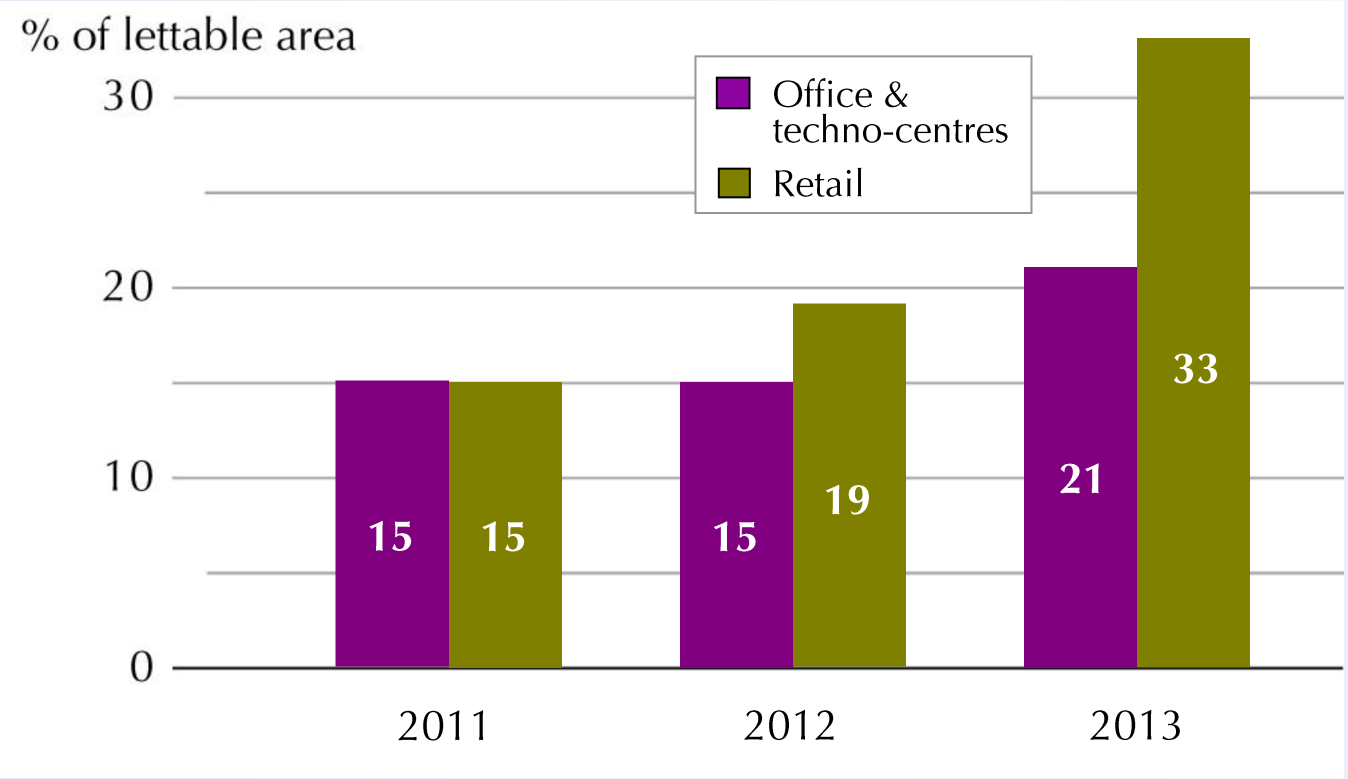
Lease Expiry - at 31st December 2010



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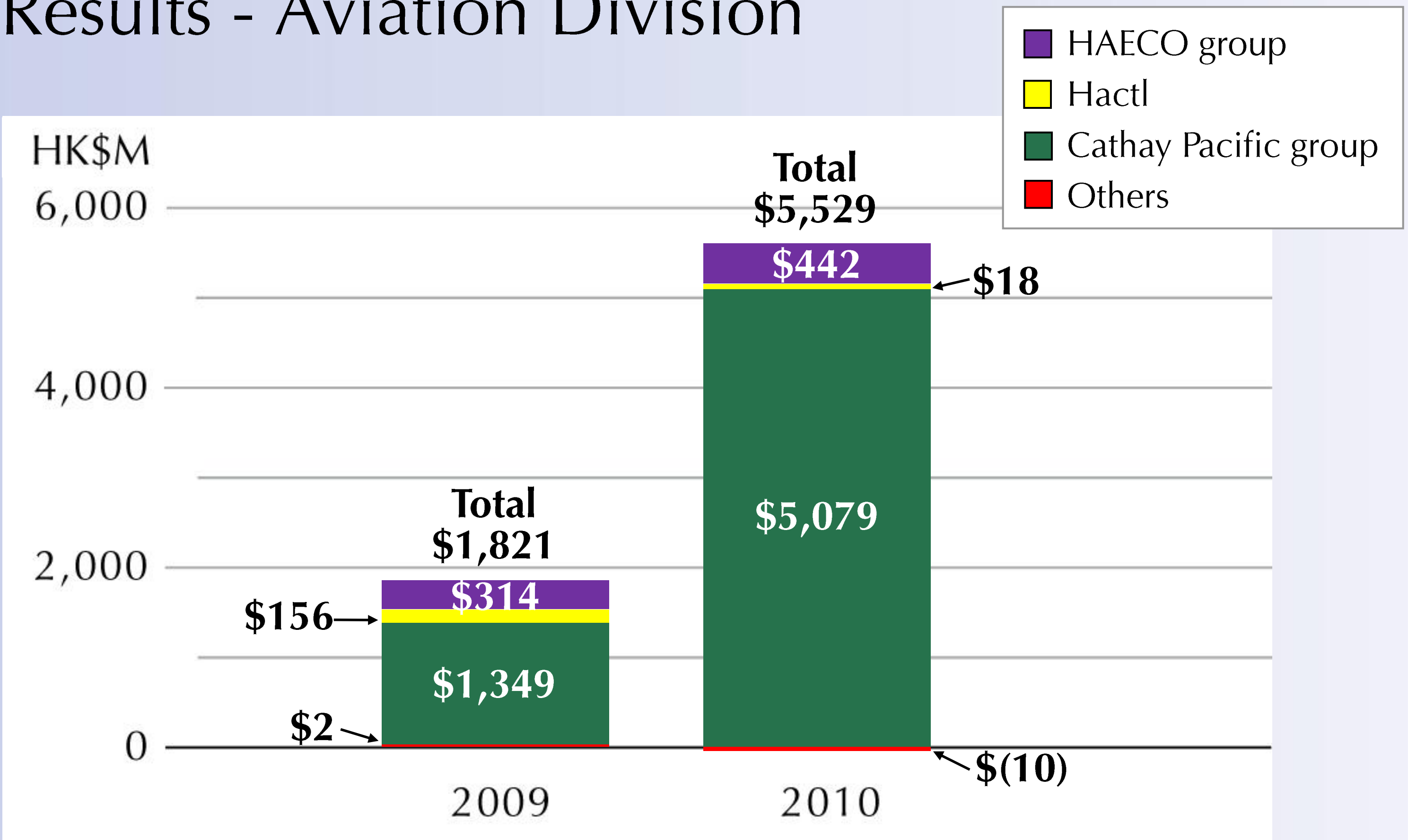
Property | **Aviation** | Beverages | Marine Services | Trading & Industrial

Results - Aviation Division



Highlights - Cathay Pacific group

- The Group's share of profit of the Cathay Pacific group was HK$5,079m compared to HK$1,349m in 2009.
- The recovery from the global economic downturn that started in 2009 was sustained throughout 2010. Passenger revenue increased by 29% as a result of increased traffic originating in Hong Kong.
- Passenger yield increased by 20% as a result of an increase in demand for premium class seats and higher fares for all classes of seats.
- The cargo business saw strong demand, with the load factor hitting a record high of 76%. This resulted in a 50% increase in cargo revenues.
- The Cathay Pacific group also benefited from the strong profits earned by its associated company, Air China.
- The 2010 result was adversely affected by exceptional charges relating to anti-trust investigations and proceedings and by increased fuel costs.

Highlights - HAECO group

- 2010 was a mixed and challenging year for the HAECO group. There was stronger demand for line and heavy maintenance services in Hong Kong reflecting the general recovery in the aviation business.
- Manhours sold by HAECO for heavy maintenance increased by 15% and line maintenance movements increased by 12%.
- However, the results of TAECO were affected by reductions in demand for airframe heavy maintenance and for Boeing 747 passenger to freighter conversions.
- The new joint ventures in Mainland China suffered from start up losses as expected.
- The results of the HAECO group's engine overhaul associates (HAESL and SAESL) benefited from a stronger than expected recovery in demand, especially in the second half of the year.

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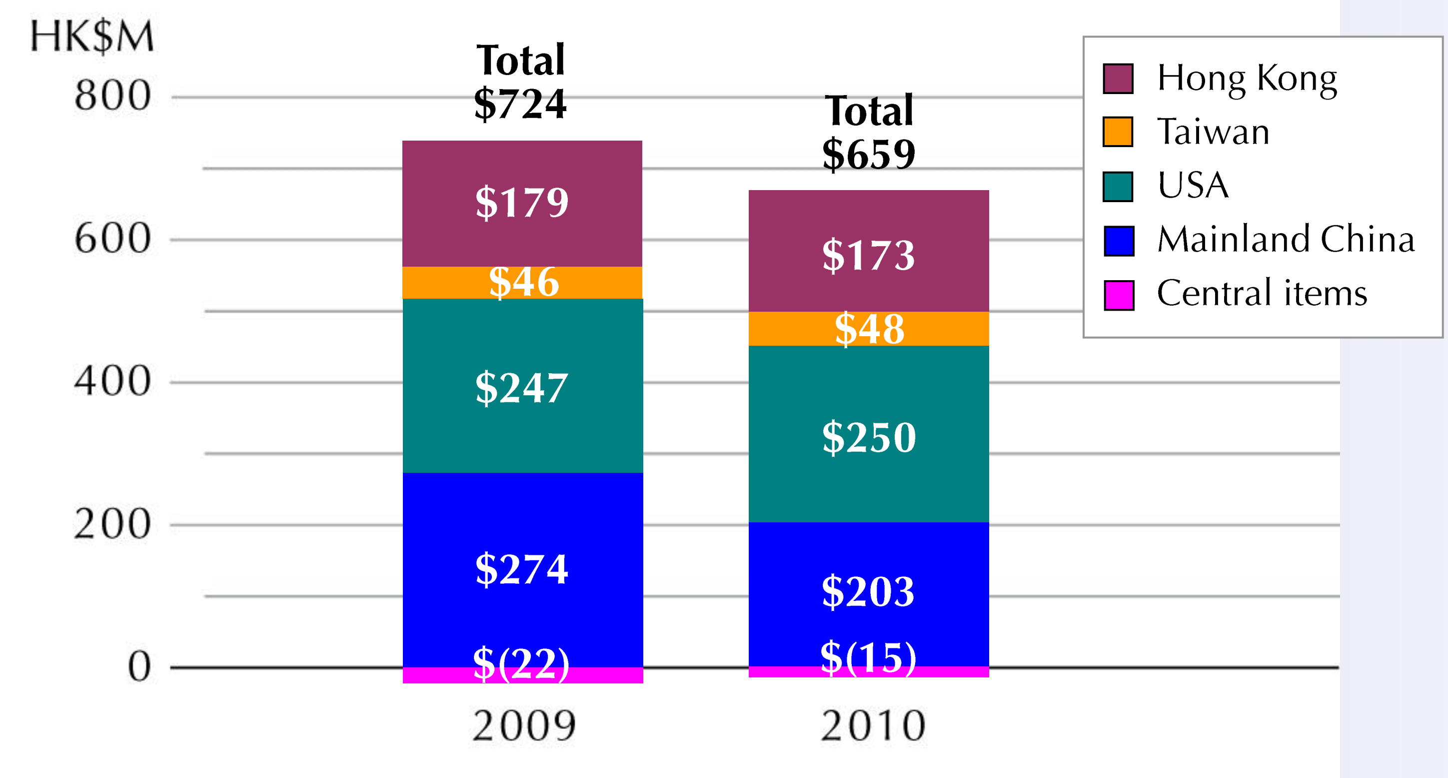
Property | Aviation | **Beverages** | Marine Services | Trading & Industrial

Results - Beverages Division



Highlights - Beverages Division

- Excluding capital profits, attributable profit fell by 9% to HK$659m, reflecting a weaker performance in Mainland China.
- Overall sales volume grew by 2% to 923m unit cases, compared with growth of 13% in 2009.
- All territories were affected by increases in raw material costs and competitive pressures which resulted in more promotional activity and made it difficult to recover higher costs by raising prices.
- Overall volume growth of 3% in Mainland China. Sales of sparkling beverages were down 5% by volume and still beverage sales increased by 16%, principally from juices and water. Tea sales declined.
- Volumes in Hong Kong, Taiwan and the USA were little changed from 2009.

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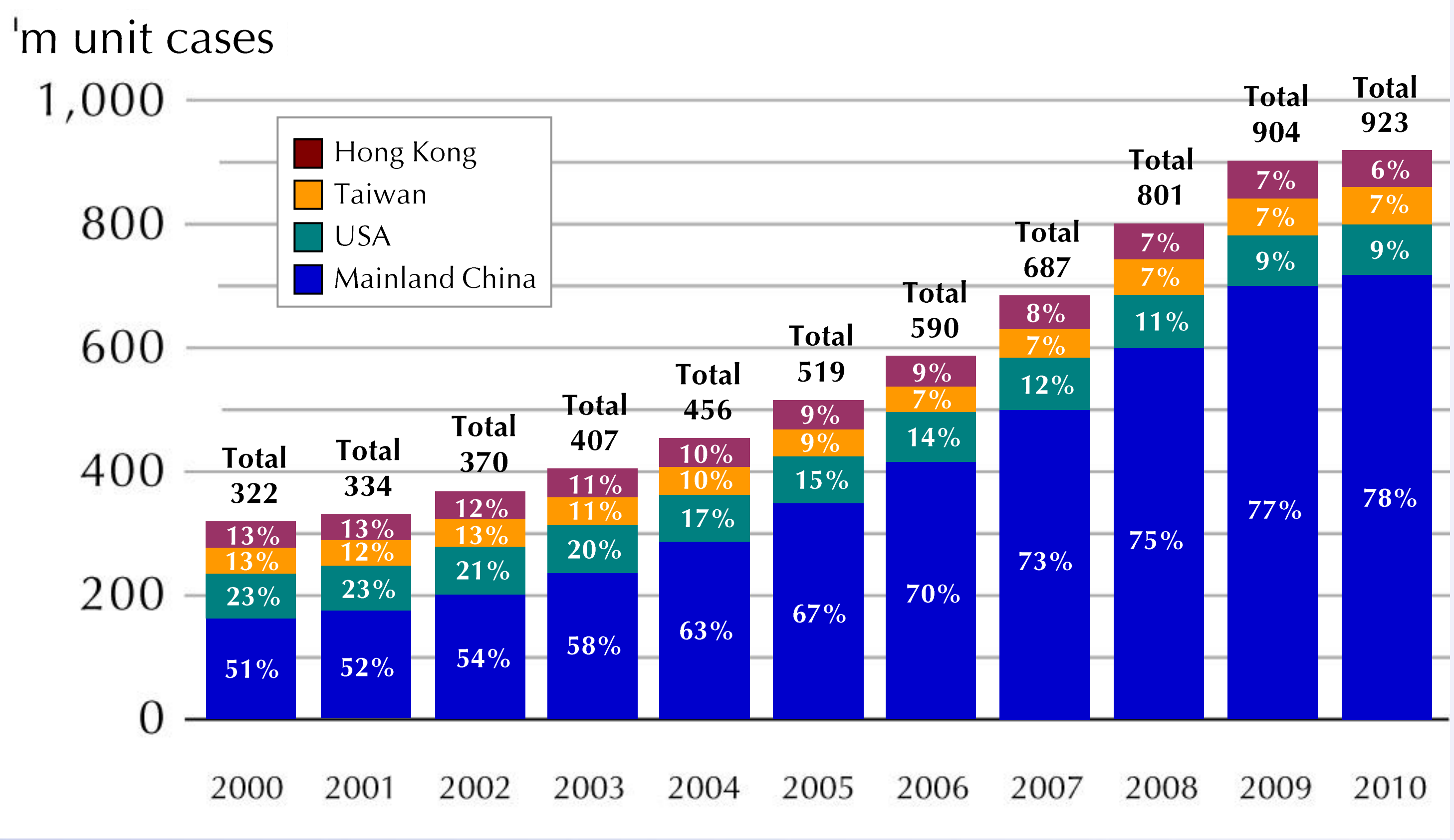
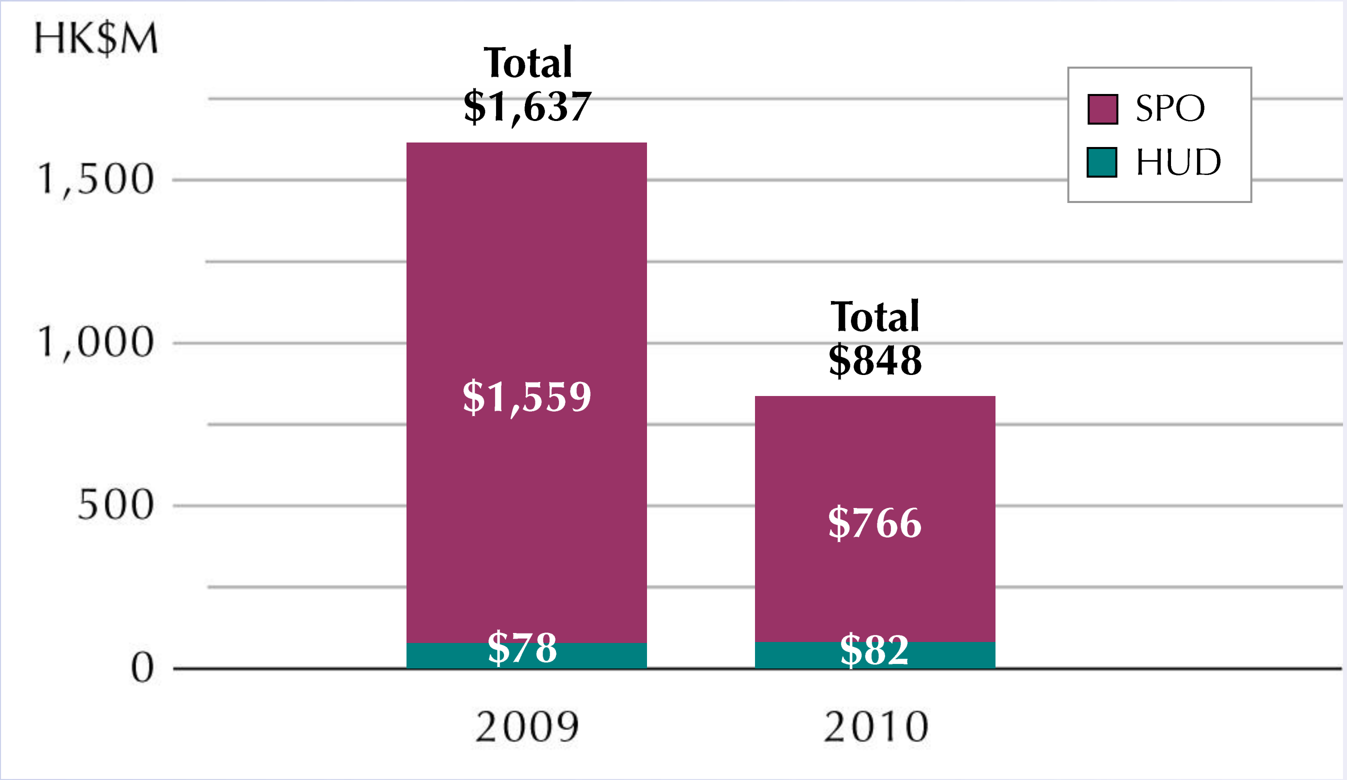
Swire Beverages - Volume Progression



Property | Aviation | Beverages | **Marine Services** | Trading & Industrial

Results - Marine Services Division



Highlights - Marine Services Division

- SPO's attributable profit decreased by 55% to HK$709m.
- Despite recovery in demand as oil prices and offshore activity increased, charter hire rates and vessel utilisation remained under pressure, reflecting the large influx of new vessels into the market, which resulted in surplus capacity.
- Average fleet utilisation during the year dropped nine percentage points to 80% and average charter hire rates were 19% lower than in 2009.
- An impairment charge of HK$57m was recognised on the write-down of a number of older vessels.
- SPO took delivery of six new vessels during the year and one vessel was sold. The fleet size at the end of the year was 75 vessels.
- Capital commitments at 31st December totalled HK$3.6bn.
- Results from the HUD group were 5% ahead of 2009.

SPO - Fleet Growth

Vessel class	BHP	Vessels in operation 31st Dec 2010	Vessels on order to be received in: 2011	2012	2013
Survey	2,600-6,400	**2**	1	-	-
AHTS	2,500-5,500	**30**	5	-	-
AHTS	6,000-12,250	**36**	-	-	-
AHTS*	16,310	**-**	1	3	-
AHTS	18,250	**-**	-	3	1
PSV	6,310	**5**	-	-	-
Ice-breaking vessels	23,170	**2**	-	-	-
Accommodation barges		**-**	1	1	-
Wind farm turbine installation vessels**		**-**	-	2	-
		75	8	9	1

* Four orders placed in February 2011, including one vessel delivered in February 2011.
** Includes one vessel ordered in March 2011.

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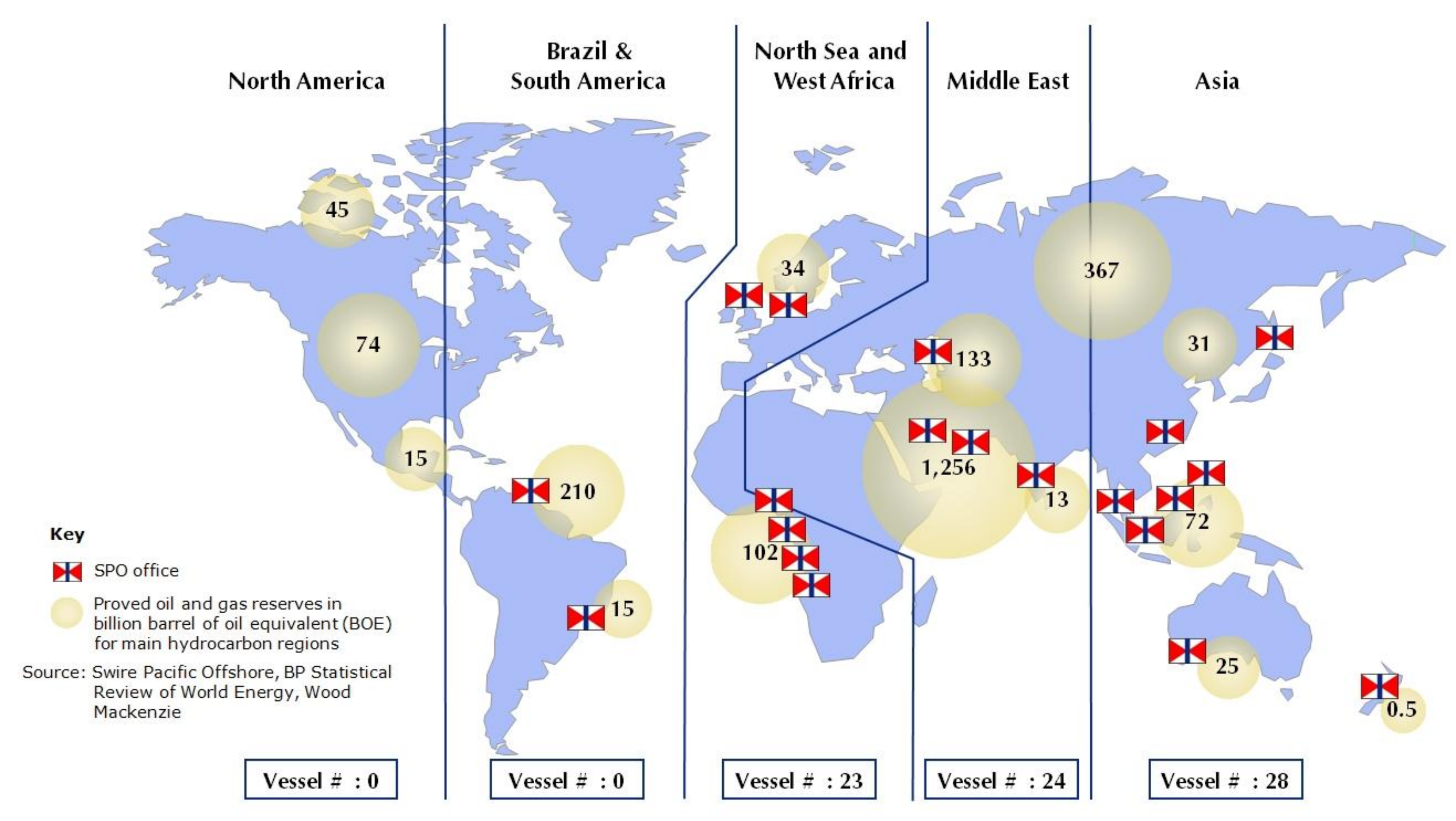
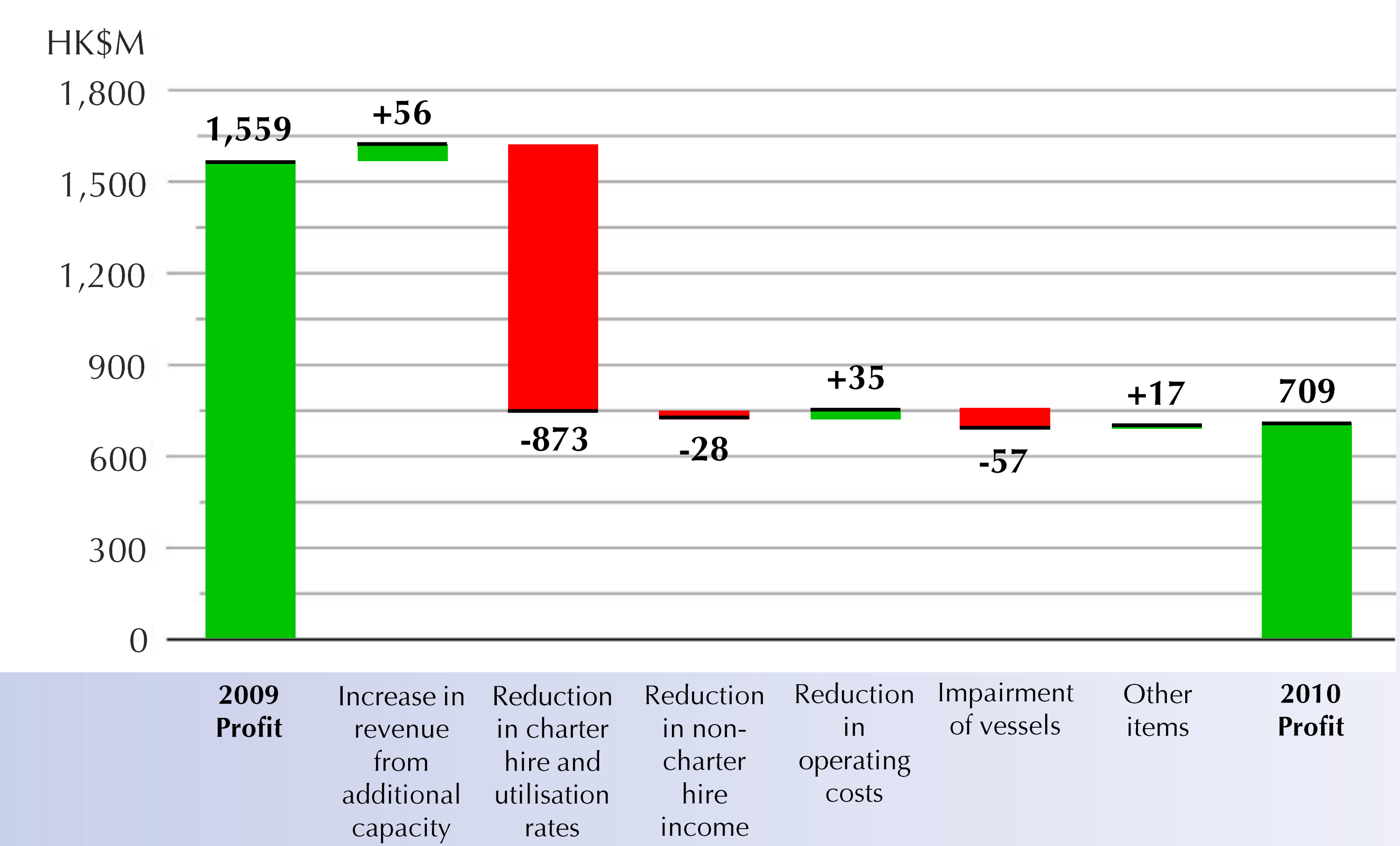
SPO Global Footprint
with Extensive Local Retail Network



SPO - Movement in Attributable Profit



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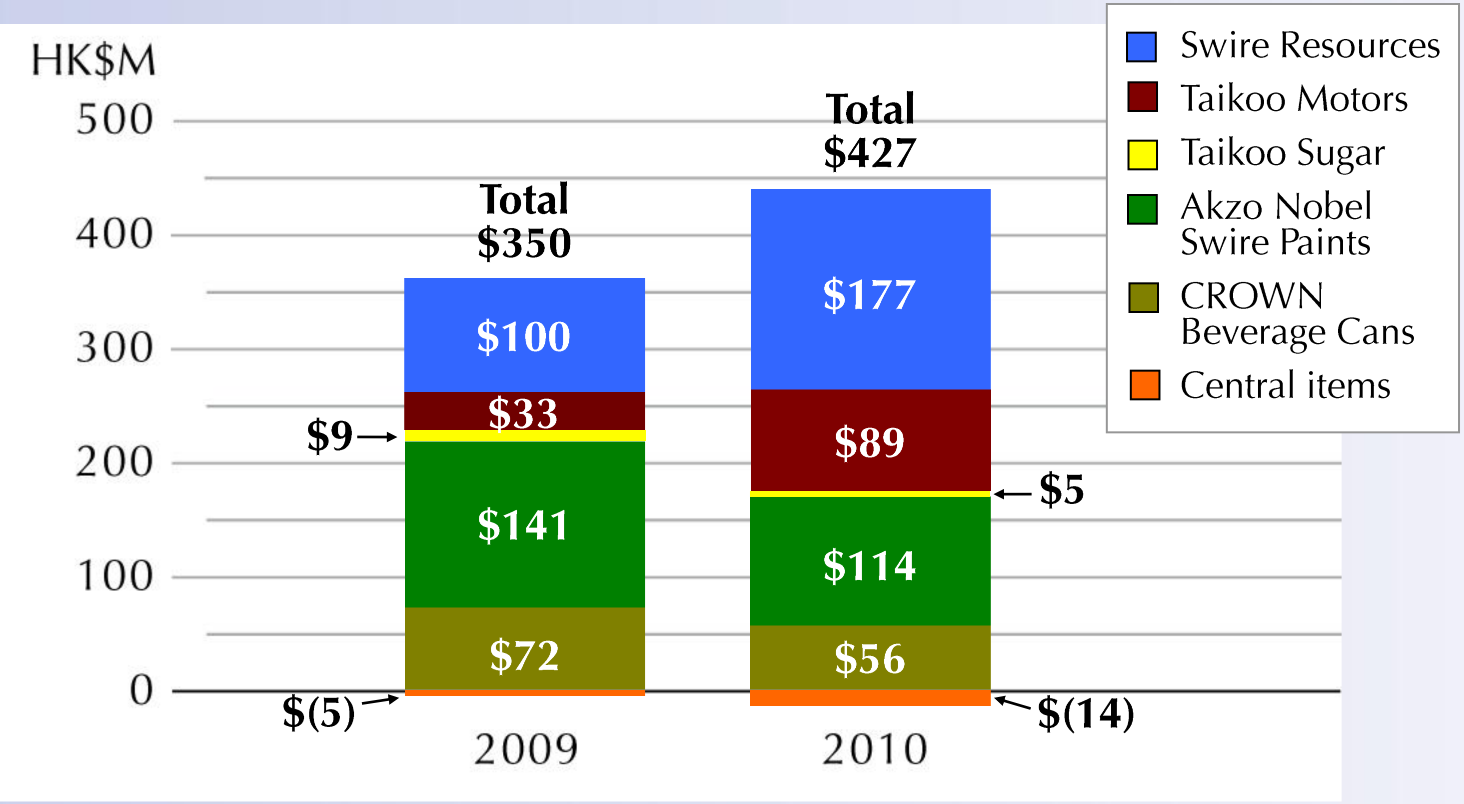
Property | Aviation | Beverages | Marine Services | **Trading & Industrial**

Results - Trading & Industrial Division



Highlights - Trading & Industrial Division

- Excluding the HK$771m profit on disposal of CROWN Beverage Cans group, the attributable profit from the Trading & Industrial Division increased by 22% to HK$427m.
- Swire Resources' profit increased by 77%, reflecting a strong performance from the multibrand retail chains in Hong Kong and continued strong growth by the Columbia brand. The group disposed of its 49% interest in its joint venture with PUMA in January 2011.
- Taikoo Motors group sold 85% more vehicles compared with 2009. Sales of Volkswagen cars and commercial vehicles recovered strongly and the introduction of the Škoda brand was well received by the market.
- Akzo Nobel Swire Paints recorded a 23% increase in volume in Mainland China, but profit fell due to higher raw material costs and higher advertising and selling costs.
- The contribution from the CROWN Beverage Cans group totalled HK$56m up to the date of the sale.

Financial Highlights - Liquidity

	31st Dec 2009	**31st Dec 2010**
	HK$Bn	**HK$Bn**
Bank balances and short-term deposits	2.4	**4.0**
Undrawn facilities		
- Committed	12.5	**12.3***
- Uncommitted	4.4	**5.3****
	16.9	**17.6**
	2009	**2010**
Interest cover (underlying)	8.0	**10.2**
Cash interest cover (underlying)	6.3	**8.3**
Cash interest cover (adjusted underlying)		**6.6*****

* of which HK$9.1bn is available at Head Office level

** of which HK$1.5bn is available at Head Office level

*** calculated using adjusted underlying operating profit which excludes the effect of a large non-cash item in 2010, namely the remeasurement gain on the previously held interest in HAECO (HK$2,547m)

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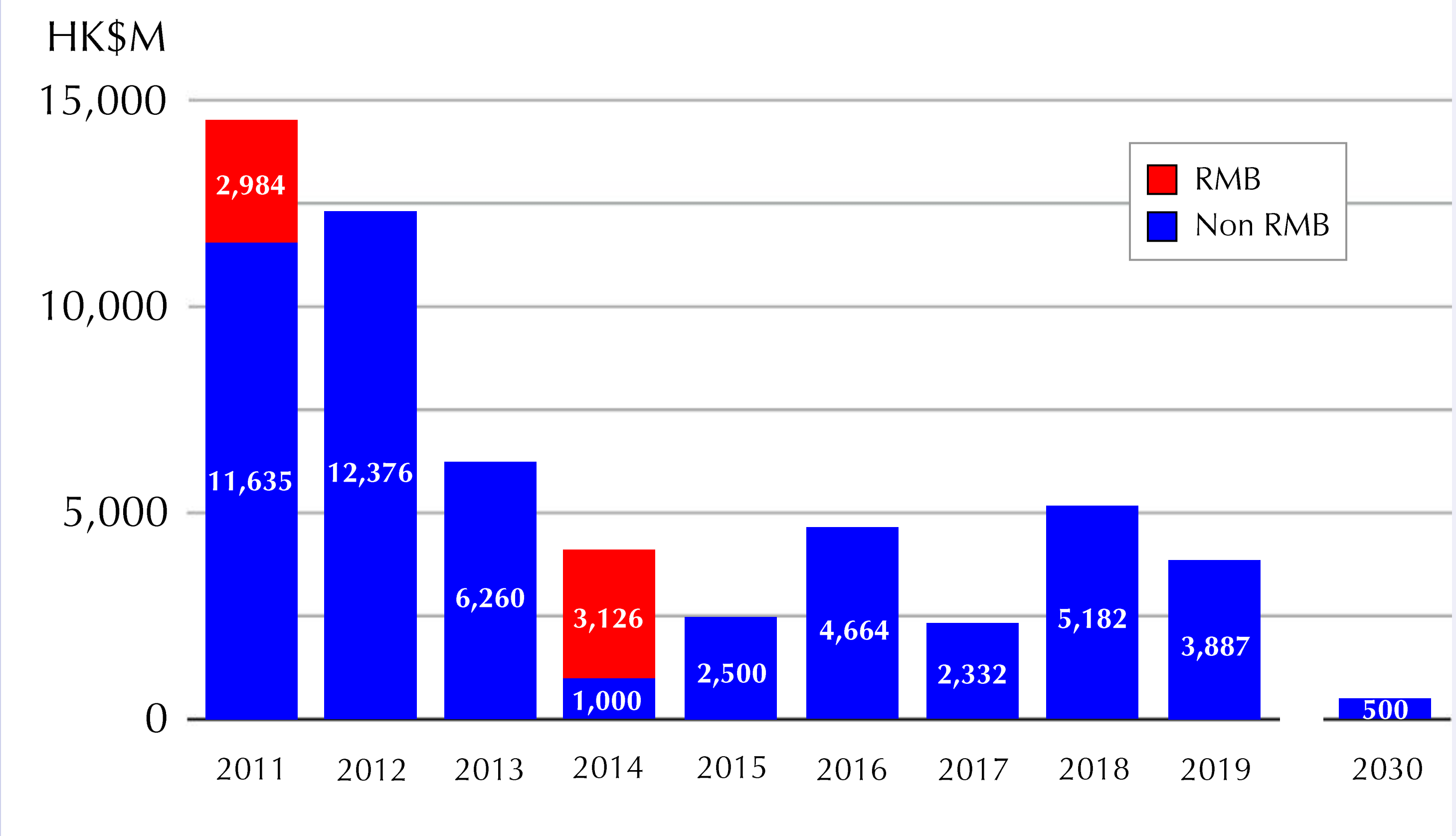
Refinancing Profile at 31st December 2010



Net Debt Reconciliation

	HK$Bn
Net debt at 1st January 2010	31.7
Cash from operations	(7.6)
Net dividend paid	3.6
Capex and investments less proceeds	10.2
Net interest paid	1.4
Acquisition of shares in HAECO - loans less deposits	1.3
Tax paid	0.6
Net debt at 31st December 2010	41.2

Prospects

- The Property Division expects the Hong Kong and Mainland China office and retail markets to remain strong reflecting continued economic growth.
- Two new mixed use developments will open in 2011, the TaiKoo Hui development in Guangzhou and the INDIGO development in Beijing. Pre-letting of space at both developments is encouraging.
- The expected opening of the Dazhongli development in Shanghai has been deferred to 2015. Completion of the recently acquired site at Daci Temple in Chengdu is expected in phases from 2014.
- The Cathay Pacific group at present expects demand to remain strong and revenues to increase. However, operating costs, particularly the cost of fuel, are also expected to increase. Demand could be adversely affected by a reduction in global economic activity consequential upon the current (or higher) oil price.

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Prospects (continued)

- The HAECO group expects demand for its base and line maintenance services in Hong Kong to remain strong. TAECO's base maintenance operations are expected to recover modestly.
- The Beverages Division expects the cost of raw materials to increase, especially sweeteners in Mainland China and plastic bottles. The Division will be seeking to enhance revenues in all markets.
- The offshore supply vessel industry is expected to continue to suffer from an over-supply of tonnage. SPO's vessel utilisation is expected to improve but charter hire rates are expected to remain depressed. Conditions should improve in the medium-term with the rising price of oil.
- The Trading & Industrial Division expects continued growth in sales for the Swire Resources and Taikoo Motors groups. A steady performance is expected from the industrial interests with growth in sales in Mainland China offset by the cost of raw materials.

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Dividends

	2009 HK ¢	**2010 HK ¢**	Change
'A' shares	280.00	**350.00**	+25.0%
'B' shares	56.00	**70.00**	

Policy

To pay out half of the sustainable earnings over the economic cycle.

Implications

1. Non-cash property revaluation gains are not appropriate for distribution.
2. Payout may be more or less than half of earnings by reference to the sustainability of any one year's earnings, the current level of net debt and opportunities to deploy new capital.

Appendix

Net Investment Properties Adjustments

	2009 HK$M	**2010 HK$M**
Revaluation movement shown in income statement	14,406	**21,344**
Included in share of profits of JCEs and associates	100	**1,893**
Total revaluation movement	14,506	**23,237**
Deferred tax on revaluation movements*	(818)	**(852)**
Realised profit on sale of investment properties	(32)	**(211)**
Depreciation of investment properties occupied by the Group	(13)	**(23)**
Non-controlling interests' share of revaluation less deferred tax	(88)	**(42)**
Impairment of hotels held as part of mixed-use developments	(137)	**-**
Total effect on attributable profit	13,418	**22,109**

* This represents deferred tax on the Group's net revaluation movements in Mainland China plus the Group's share of deferred tax of jointly controlled and associated companies in Mainland China.

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