PROPERTY AVIATION BEVERAGES MARINE SERVICES TRADING & INDUSTRIAL

2011 Interim Results
Analyst Briefing

11th August 2011 Hong Kong

SWIRE PACIFIC

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2011 Interim - Key Developments

- In July, agreement was reached for the sale of Festival Walk in Hong Kong for a cash consideration of HK$18,800m. The underlying profit on sale, to be booked in the second half of the year, and which is calculated by reference to the original cost of Festival Walk is expected to be HK$8,617m.
- In May, the phased opening of TaiKoo Hui, a 3.8 million square foot mixed-use development in Guangzhou, began with the opening of the retail mall which is 100% committed.
- The Cathay Pacific group announced orders for a further 12 aircraft in August. The Cathay Pacific fleet now comprises 170 aircraft, with 97 aircraft on order.
- The Group acquired an additional 1% interest in Cathay Pacific for a total cost of HK$721m, increasing its interest to 43.97%.
- During the first half of 2011, Swire Pacific Offshore ("SPO") committed to purchase an additional 27 vessels for delivery between 2011 and 2015.

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Financial Summary

	Note	HY2010 HK$M	**HY2011 HK$M**	% Change
Attributable profit	*(a)*	14,630	**23,951**	+64%
Underlying profit	*(b)*	8,909	**4,602**	-48%
Cash generated from operations		2,701	**4,541**	+68%
Interim dividend per 'A' share (HK$)		$1.00	**$1.15**	+15%
		31st Dec 2010	**30th Jun 2011**	
Equity attributable to the Company's shareholders		204,452	**225,646**	+10%
Net debt		41,181	**44,834**	+9%
Gearing ratio		19.7%	**19.5%**	-0.2%pt

(a) The comparative figures for the six months ended 30th June 2010 have been restated as a result of the early adoption at 31st December 2010 of amended HKAS 12 “Income taxes”.

(b) Underlying profit principally adjusts for the impact of HKAS 40 on investment properties, and the amended HKAS 12 on deferred tax.

Earnings Analysis

	HY2010 HK$M	**HY2011 HK$M**
Attributable profit	14,630	**23,951**
Net investment properties adjustments	(5,721)	**(19,349)**
Underlying profit	8,909	**4,602**
Other significant items:		
- Gain on remeasurement of previously held interest in HAECO	(2,547)	**-**
- Capital profits:		
Interest in Hactl	(825)	**-**
Investment properties	(577)	**-**
Vessels	-	**(69)**
Interest in PUMA	-	**(148)**
Other investments	(40)	**(7)**
	(3,989)	**(224)**
Adjusted underlying profit	4,920	**4,378**

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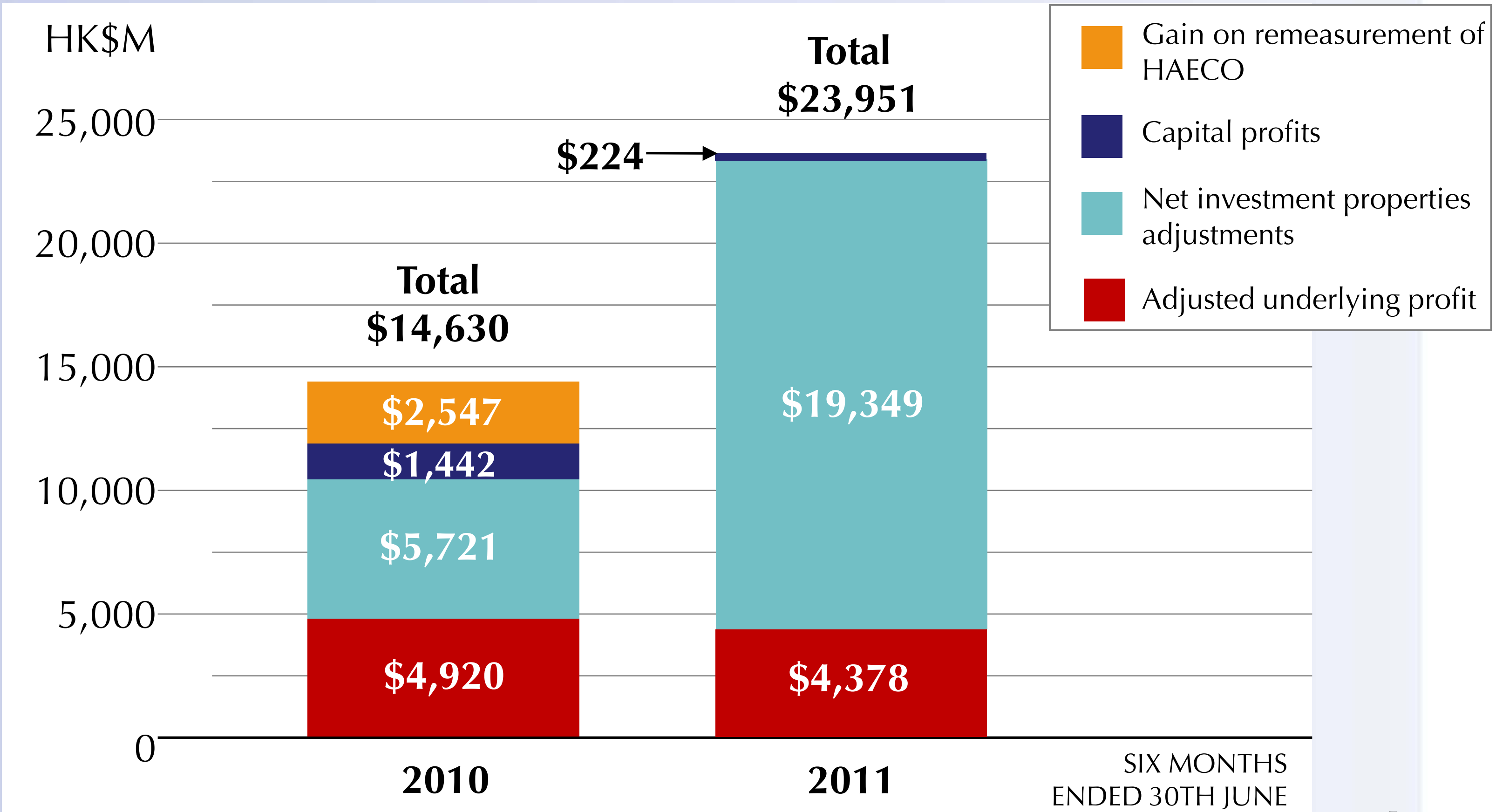
Attributable Profit



Highlights - Property Division

- Investment property revaluation gains of HK$18,083m were recorded, principally reflecting improved rental rates for the Hong Kong portfolio.
- Excluding the underlying profit of HK$577m on the sale of investment properties in the first half of 2010, underlying profit increased 19% in the first half of 2011 to HK$2,243m.
- Gross rental income from the office portfolio increased by 4% compared with the first half of 2010, reflecting positive rental reversions and strong demand in the Hong Kong market.
- Occupancy of the Group's malls in Hong Kong was 100%. Gross rental income from the retail portfolio increased by 8% and there was retail sales growth of 17%. Gross rental income at Sanlitun Village increased by 14% over the first half of 2010.
- The hotel business improved strongly, particularly the Group's owned and managed hotels in Hong Kong.

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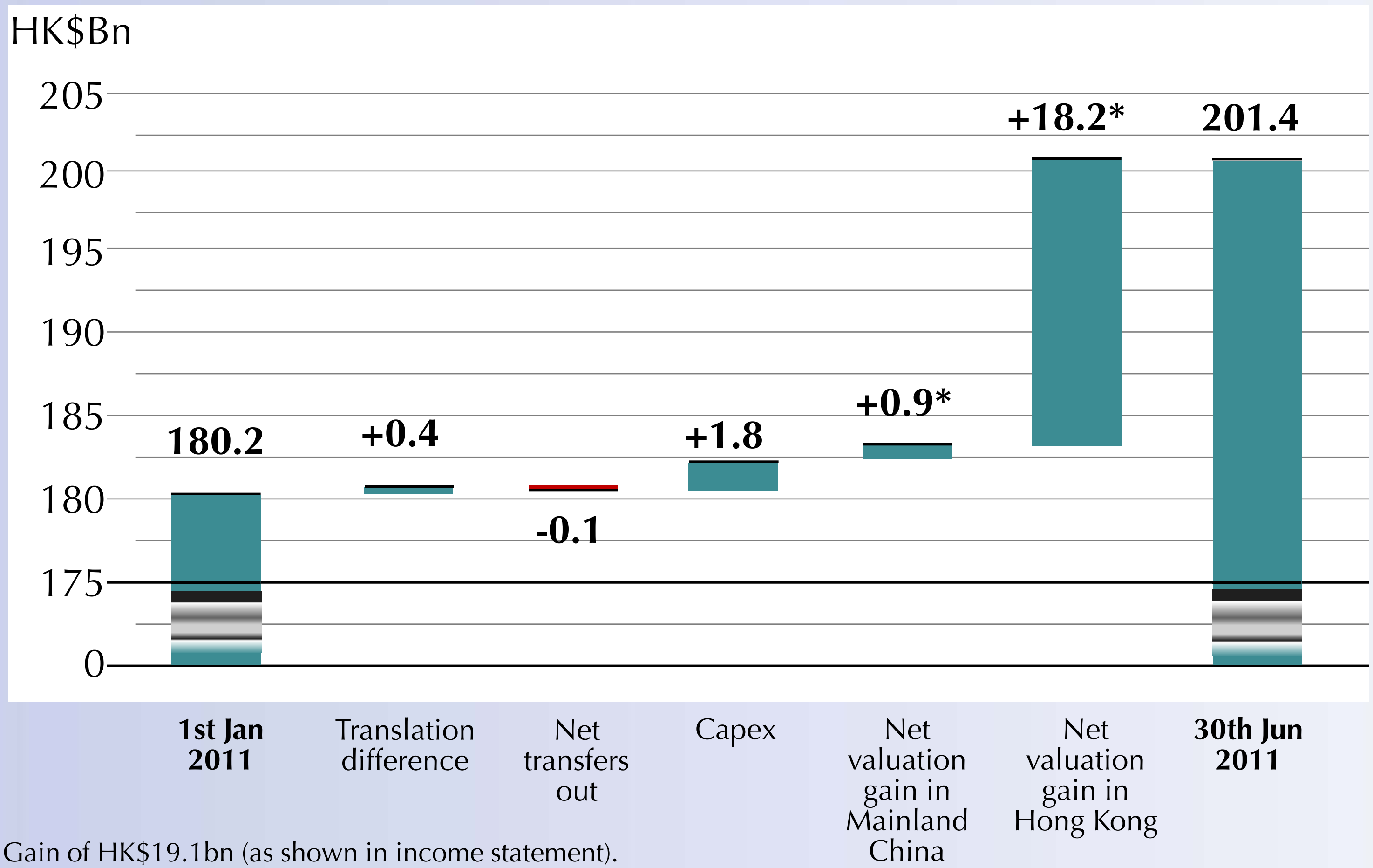
Movement in Investment Properties



* Gain of HK$19.1bn (as shown in income statement).

Profile of Capital Commitments
for Investment Properties and Hotels - at 30th June 2011

(HK$M)	**Spend**	Forecast period of spend				**Commitments**
Property Project	**1H11**	2H11	2012	2013	2014 & beyond	**at 30th Jun 2011**
Hong Kong projects	**1,180**	815	667	72	2	**1,556**
Mainland China projects	**945**	3,370	2,044	1,644	2,060	**9,118**
UK hotels	**59**	68	15	-	-	**83**
Total	**2,184**	4,253	2,726	1,716	2,062	**10,757***

* 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 30th June 2011	Vacancy (sq. ft.)*	
Office and techno-centres	100,248	1.4%
Retail (principally Sanlitun Village)	80,989	2.9%

Latest Rentals	HK$ per sq. ft.
One & Two Pacific Place	120 - 130
Three Pacific Place	100 - 105
Island East	low to mid 40s
Techno-centres	low to mid 20s
One Island East	mid 50s to mid 60s

* Based on lettable area

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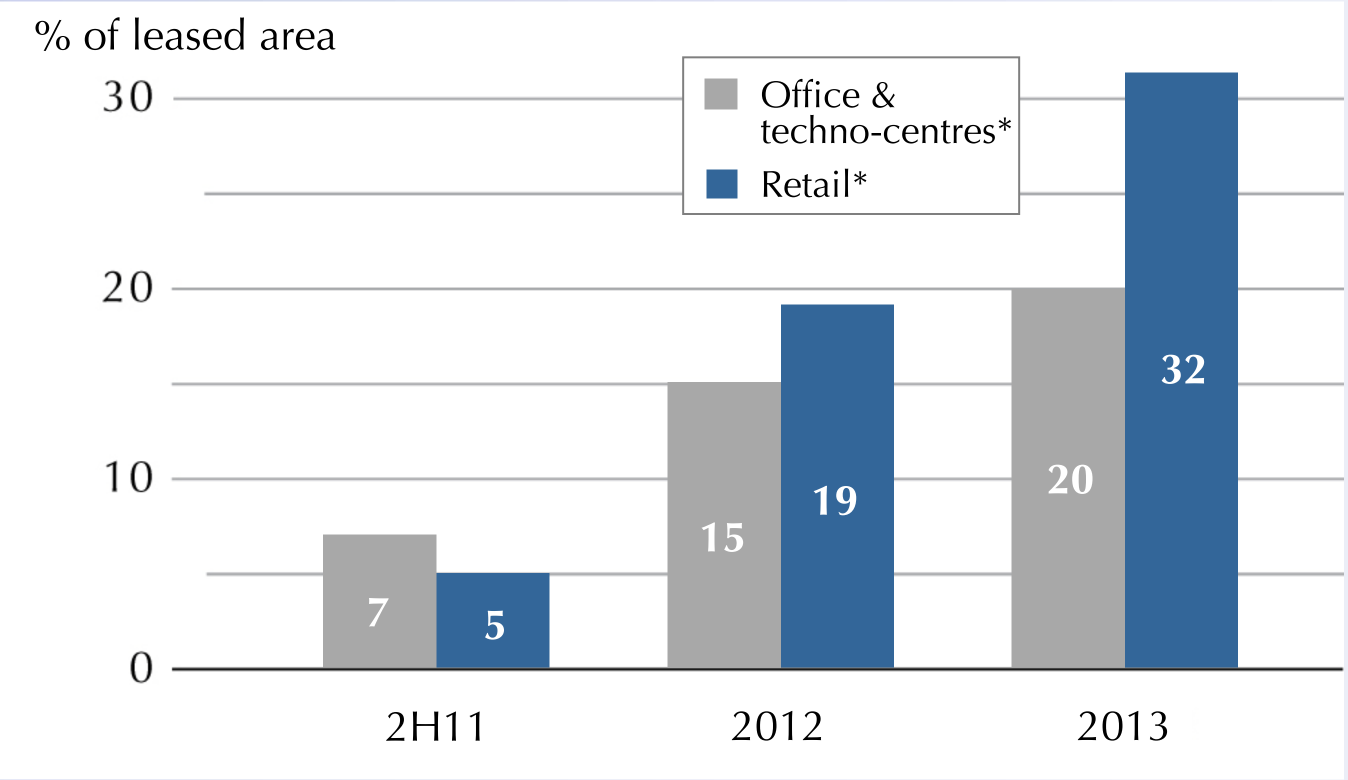
Lease Expiry - at 30th June 2011



* Excludes Festival Walk

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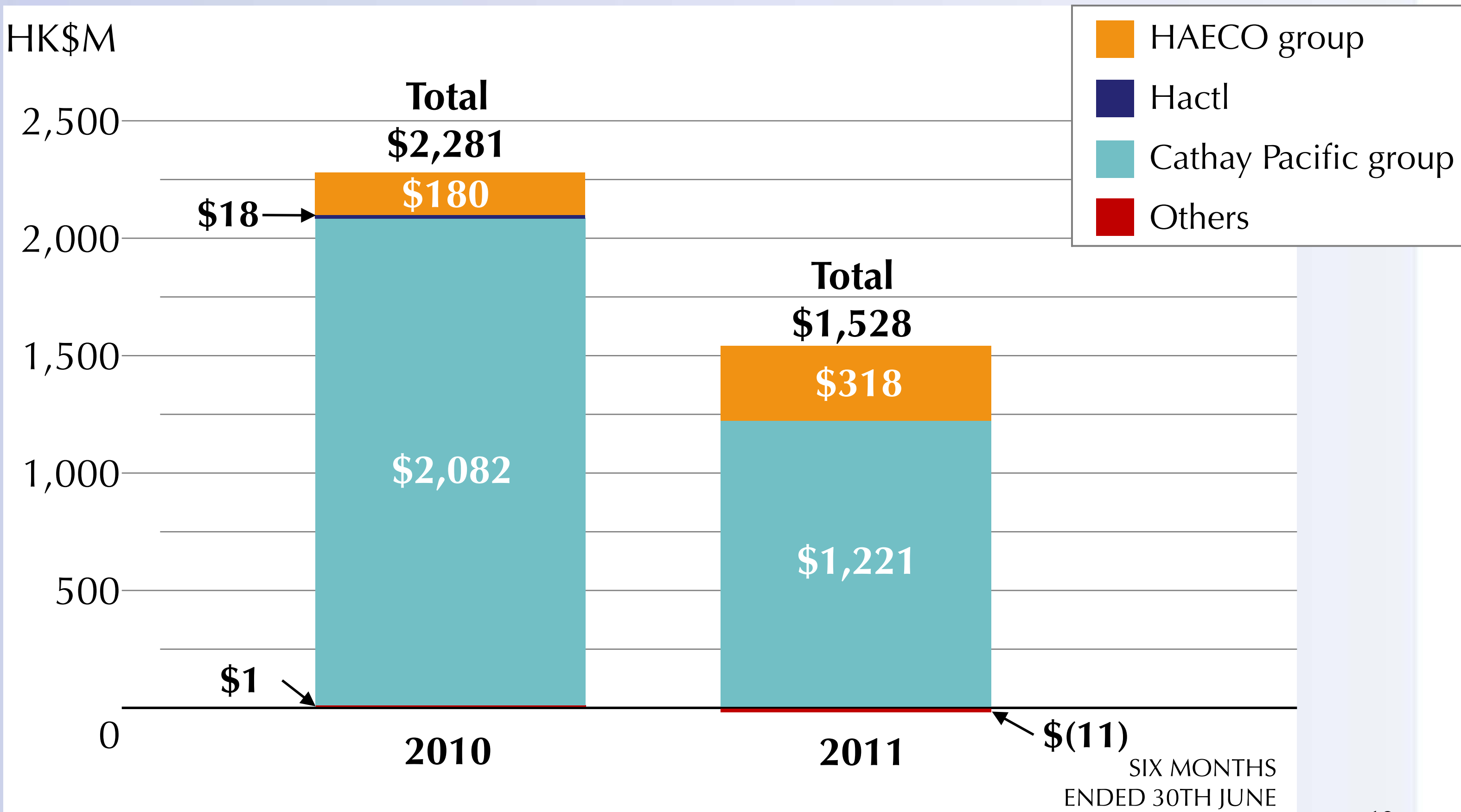
Results - Aviation Division



Highlights – Cathay Pacific group

- The Group's share of profit of the Cathay Pacific group was HK$1,221m compared to HK$2,082m in the first half of 2010.
- The core business of the Cathay Pacific group remained generally robust in the first half of 2011. However, operating profit was adversely affected by increased jet fuel prices.
- Passenger revenue increased by 16% compared with the first half of 2010 as demand for premium class travel remained strong. Capacity increased by 10%.
- Cargo revenue grew by 8% compared with the first half of 2010. Capacity increased by 15%. The cargo business performed reasonably in the first quarter of 2011 but was appreciably weaker in the second quarter.
- The Cathay Pacific group continued to benefit from an increase in profits earned by its associated company, Air China.

Highlights – HAECO group

- The HAECO group's business improved in the first half of 2011. There was strong demand for HAECO's services in Hong Kong and an improvement in TAECO's performance.
- Manhours sold by HAECO for airframe heavy maintenance were 14% higher than in the first half of 2010. Demand for line maintenance services also improved as the number of aircraft movements handled by HAECO increased by 14%.
- There was significant improvement in hangar utilisation at TAECO and a recovery in demand for their airframe heavy maintenance services.
- The HAECO group's engine overhaul associates (HAESL and SAESL) contributed to the increase in profits.
- The new joint ventures in Mainland China continued to sustain losses as a result of weak demand.

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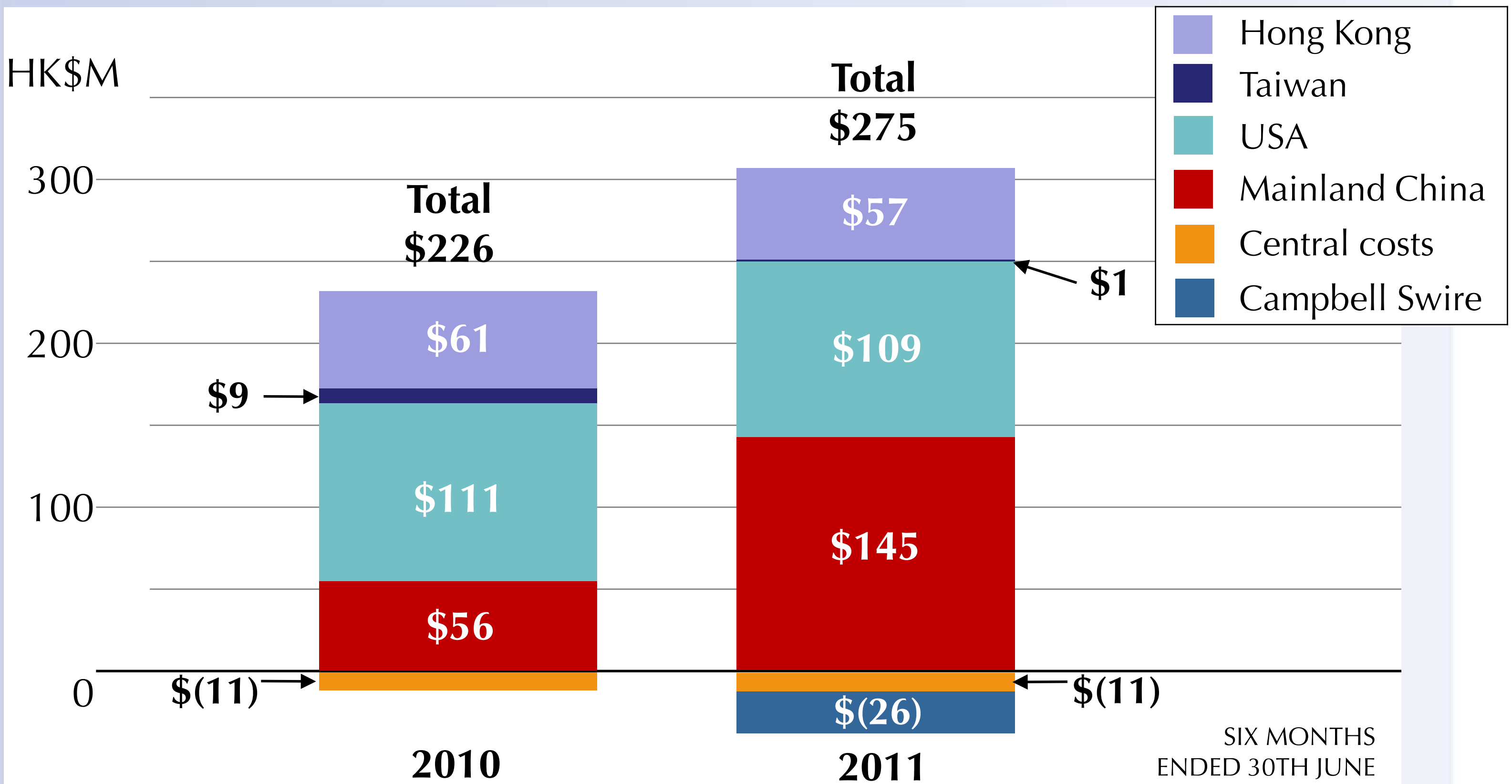
Results - Beverages Division



Highlights - Beverages Division

- The Beverages Division recorded a 3% increase in attributable profit in the first half of 2011 to HK$275m.
- Excluding the loss of HK$26m incurred by the newly formed Campbell Swire joint venture, profit increased by 13% to HK$301m.
- Overall sales volume grew by 10% to 468m unit cases in the first half of 2011.
- There was a significant improvement in performance in Mainland China. Sales volumes increased by 13%. Margins improved by 12% per unit case as raw material price increases were offset by a better sales mix and higher prices.
- In the other territories, price increases (where these were possible) and improvements in the sales mix were insufficient to offset the effect of cost increases.

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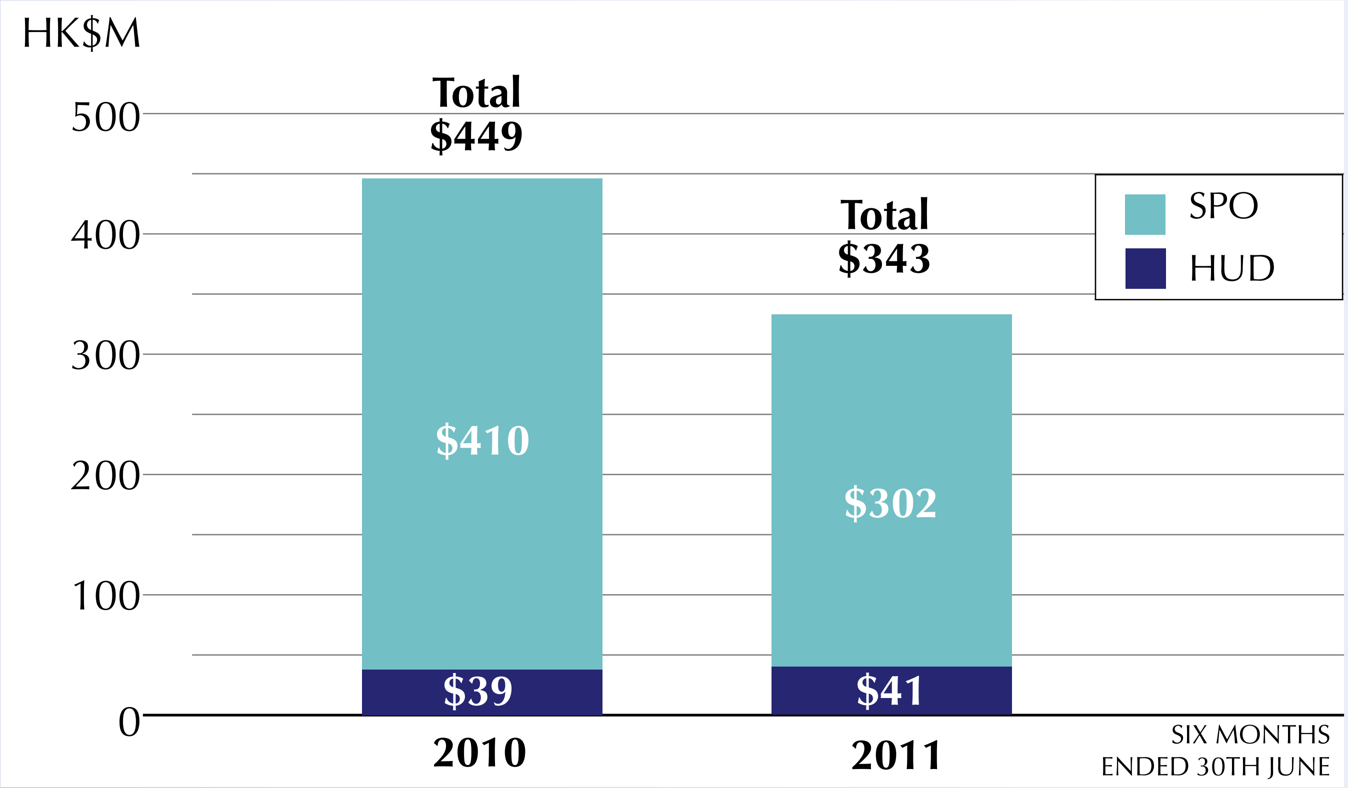
Results - Marine Services Division



Highlights - Marine Services Division

- SPO's attributable profit decreased by 10% in the first half of 2011.
- The offshore energy industry began to recover from the difficult conditions experienced during 2010. This was reflected in SPO's overall fleet utilisation rate increasing by five percentage points to 83%.
- However, average charter hire rates were 5% lower and total operating expenses were 15% higher than in the first half of 2010.
- The sale of five vessels contributed to an additional profit of HK$69m in the first half of 2011.
- SPO took delivery of five new vessels in the first half of 2011. Accordingly, the fleet size at the end of June remained at 75 vessels.
- SPO committed to acquire a further 27 vessels during the first half, to be delivered up to 2015. These are principally a mix of AHTS and PSVs designed to operate in deeper waters where future demand is expected to be strongest. Capital commitments at 30th June 2011 totalled HK$14.7bn.

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SPO - Fleet Growth

Vessel class	BHP	**Vessels in operation**	Vessels on order to be received in:				
		30th Jun 2011	2H11	2012	2013	2014	2015
Survey	5,000-7,800	**2**	-	-	-	-	-
AHTS	2,500-5,500	**29**	2	-	-	-	-
AHTS	6,000-12,250	**36**	-	-	-	-	-
AHTS	16,310	**1**	-	1	2	-	-
AHTS	17,000-18,250	**-**	-	2	5	1	-
PSV	6,300-11,500	**5**	-	-	4	9	5
Ice breaking supply vessels	23,200	**2**	-	-	-	-	-
Accommodation barges		**-**	-	2	-	-	-
Wind farm installation vessels	32,900	**-**	-	2	-	-	-
		75	2	7	11	10	5

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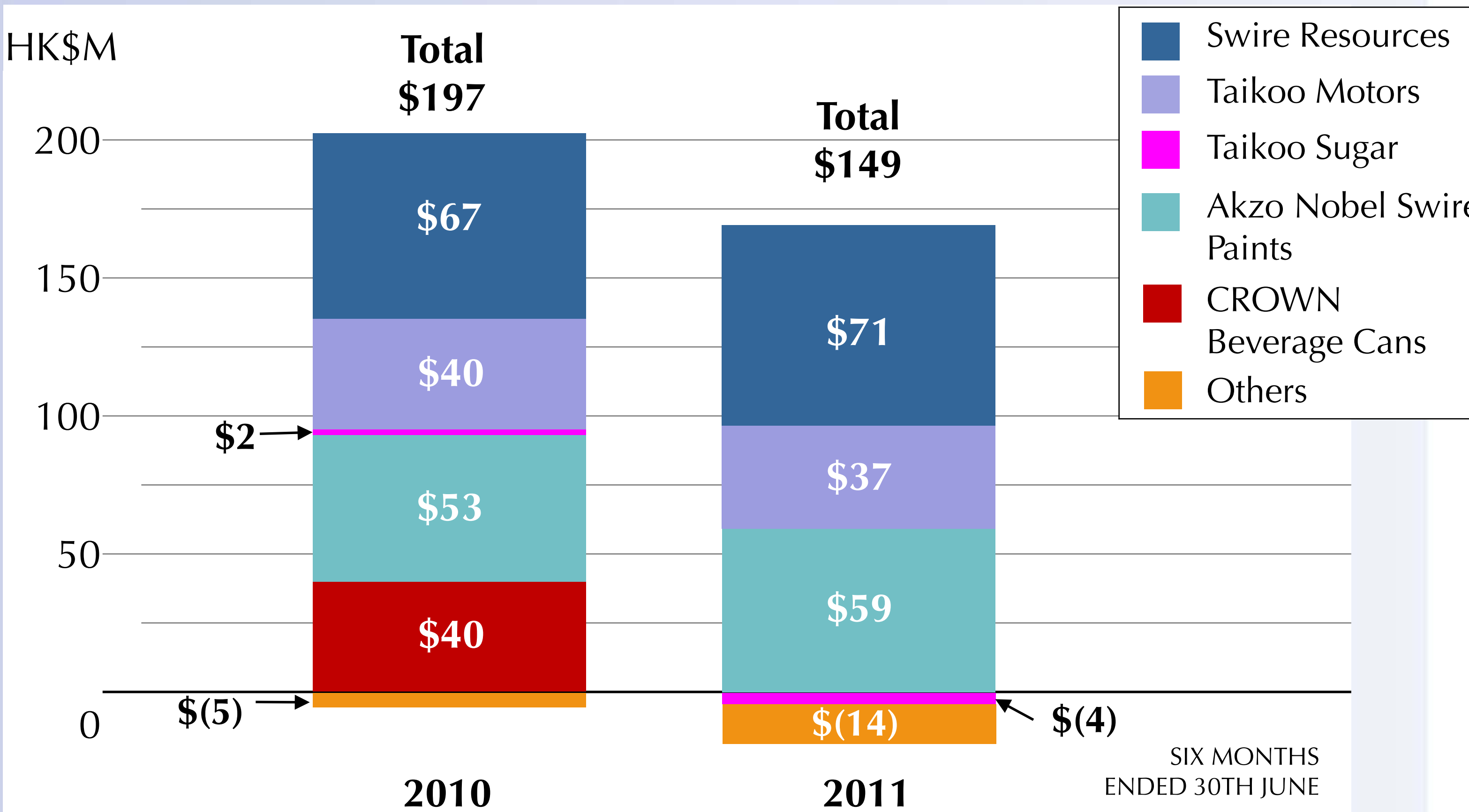
Results – Trading & Industrial Division



Highlights - Trading & Industrial Division

- Excluding the gain of HK$148m on disposal of the Group's interest in PUMA in January 2011, the attributable profit from the Trading & Industrial Division decreased by 24%.
- The decrease principally reflected the absence of a contribution from CROWN Beverage Cans group, which was sold in the second half of 2010.
- Swire Resources' profit increased by 6%, reflecting stronger performances from the multibrand store chains in Hong Kong and the Columbia brand.
- Despite higher vehicle sales at Taikoo Motors group, profits fell due to costs incurred in establishing new businesses in Taiwan and Hong Kong.
- Akzo Nobel Swire Paints recorded an increase in profits. The profits of Taikoo Sugar were adversely affected by increased sugar costs.

Financial Highlights - Liquidity

	31st Dec 2010	**30th Jun 2011**
	HK$Bn	**HK$Bn**
Bank balances and short-term deposits	4.0	**4.4**
Undrawn facilities		
- Committed	12.3	**18.4***
- Uncommitted	5.3	**5.2****
	17.6	**23.6**
	HY2010	**HY2011**
Interest cover (underlying)	11.9	**5.4**
Cash interest cover (underlying)	9.9	**4.3**
Cash interest cover (adjusted underlying)	4.3	**4.1*****

* of which HK$15.2bn 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 large non-cash items .

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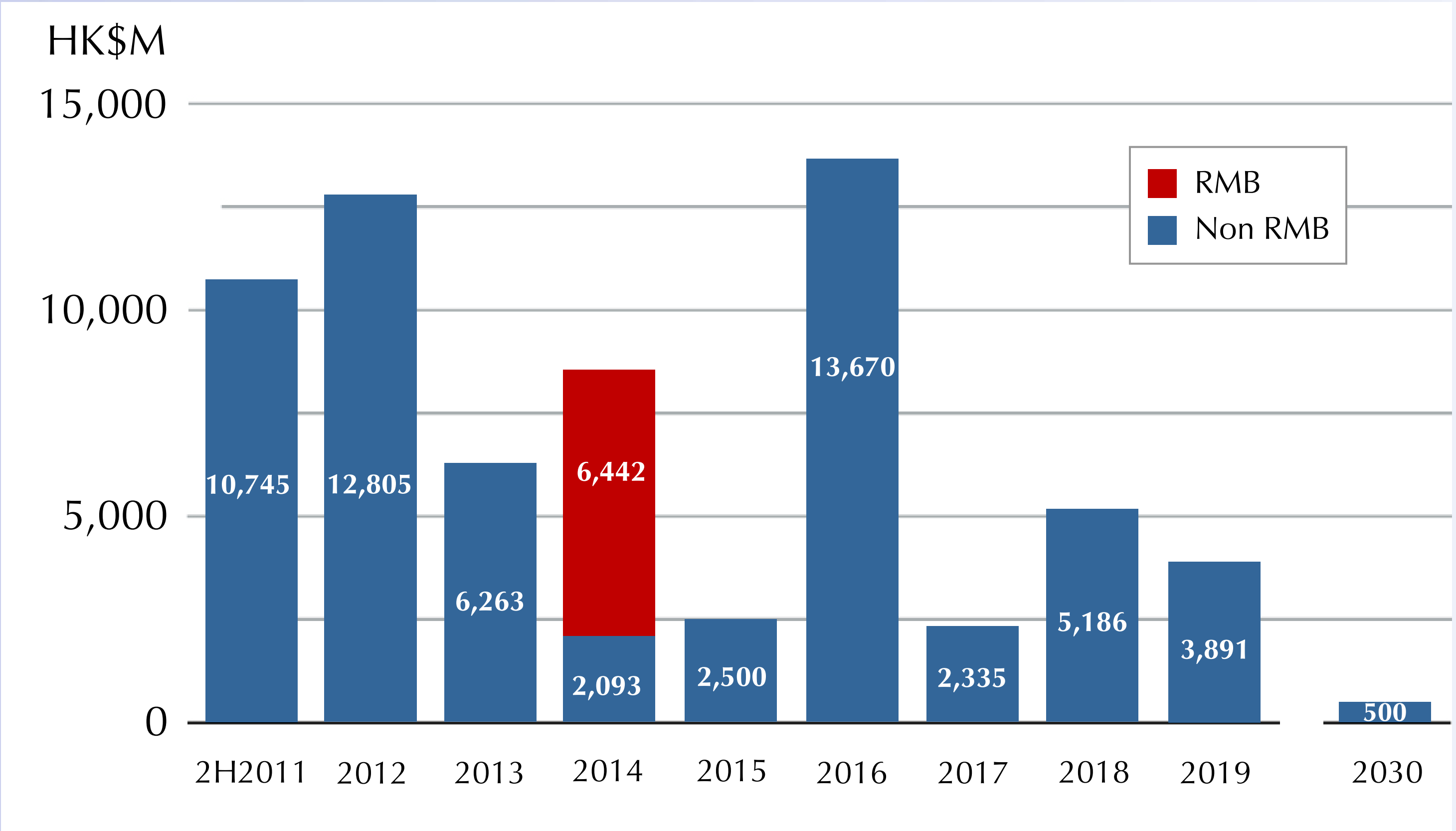
Refinancing Profile at 30th June 2011



Net Debt Reconciliation

	HK$Bn
Net debt at 1st January 2011	41.2
Cash from operations	(4.5)
Net dividend paid	2.1
Capex and investments less proceeds	4.8
Net interest paid	0.9
Tax paid	0.3
Net debt at 30th June 2011	44.8

Prospects

- The Property Division expects the Hong Kong office and retail markets to remain strong in the second half.
- In Mainland China, a good foundation has been laid for an improved contribution in future from Sanlitun Village. At TaiKoo Hui, the retail space will be fully opened by the fourth quarter, the office space will be handed over to tenants from the third quarter of 2011 and the 263-room hotel is scheduled to open in 2012. The INDIGO development in Beijing is expected to open from the latter part of 2011.
- An underlying profit of HK$8,617m is expected to arise on the completion of the sale of Festival Walk in August.
- The Cathay Pacific group expects its core business to remain generally robust. However, high fuel prices are increasing costs. A return to recessionary economic conditions would affect demand.

Prospects (continued)

- The outlook for the HAECO group in the second half is mixed. Demand for HAECO's heavy and line maintenance services in Hong Kong should remain strong. However, forward bookings at TAECO are weak.
- The businesses of the Beverages Division in Mainland China and Hong Kong are performing well. However, high raw material, fuel and energy costs will continue to put pressure on margins.
- The outlook for SPO in the second half is positive. Charter hire and utilisation rates should improve. In addition, the five new vessels delivered during the first half and a further two vessels expected to be delivered in the second half, will have a positive impact on the second half-year results.
- The Trading & Industrial Division expects positive conditions for Swire Resources and Taikoo Motors in the second half. Margins in Taikoo Sugar will remain under pressure and a steady performance is expected from Akzo Nobel Swire Paints.

Dividends

	Six months ended 30th Jun		Year ended 31st Dec
	2010 HK$	**2011 HK$**	2010 HK$
'A' shares	1.00	**1.15**	3.50
'B' shares	0.20	**0.23**	0.70

Policy

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

Implications

1. Non-cash property revaluation gains are not eligible 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 significant new capital.

Appendix

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Net Investment Properties Adjustments

	HY2010 HK$M	**HY2011 HK$M**
Revaluation movement shown in income statement	5,205	**19,098**
Included in share of profits of JCEs and associates	1,261	**614**
Total revaluation movement	6,466	**19,712**
Deferred tax on revaluation movements*	(555)	**(307)**
Realised profit on sale of investment properties	(161)	**-**
Depreciation of investment properties occupied by the Group	(10)	**(13)**
Non-controlling interests' share of revaluation less deferred tax	(19)	**(43)**
Total effect on attributable profit	5,721	**19,349**

* 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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