



SWIRE PACIFIC

2005 Interim Results



11 August 2005

HONG KONG



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Effect of Adoption of New Accounting Standards

P&L

HKAS - 40

HK\$ Million

1.	Fair value changes:	4,681
	- JCC share	30
	- Associates share	5
	Sub-total	4,716
2.	Sale of investment property (Albany)	(349)
3.	Owner occupied properties	(100)
4.	Taikoo Shing Arbitration write back of over-provision	
	- Land premium	692
	- Interest	158
	C/F	5,117



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Effect of Adoption of New Accounting Standards

HKAS - Int 21

HK\$ Million

	B/F	
		<u>5,117</u>
5. Deferred tax adjustment		(890)
		<u>4,227</u>
Less: Minorities		<u>(162)</u>
Net impact on profit attributable to shareholders		<u>4,065</u>



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Effect of Adoption of New Accounting Standards

HKAS 1

HK\$ Million

6.	Post tax disclosure of profits in:	
	- Associates	235
	- JCCs	71
		<hr/> 306
	Tax change	(306)
		<hr/>
7.	Financial Instruments	
	Mark to market gains on hedging instruments	169
		<hr/> 169
	Net P&L effect	<hr/> 169



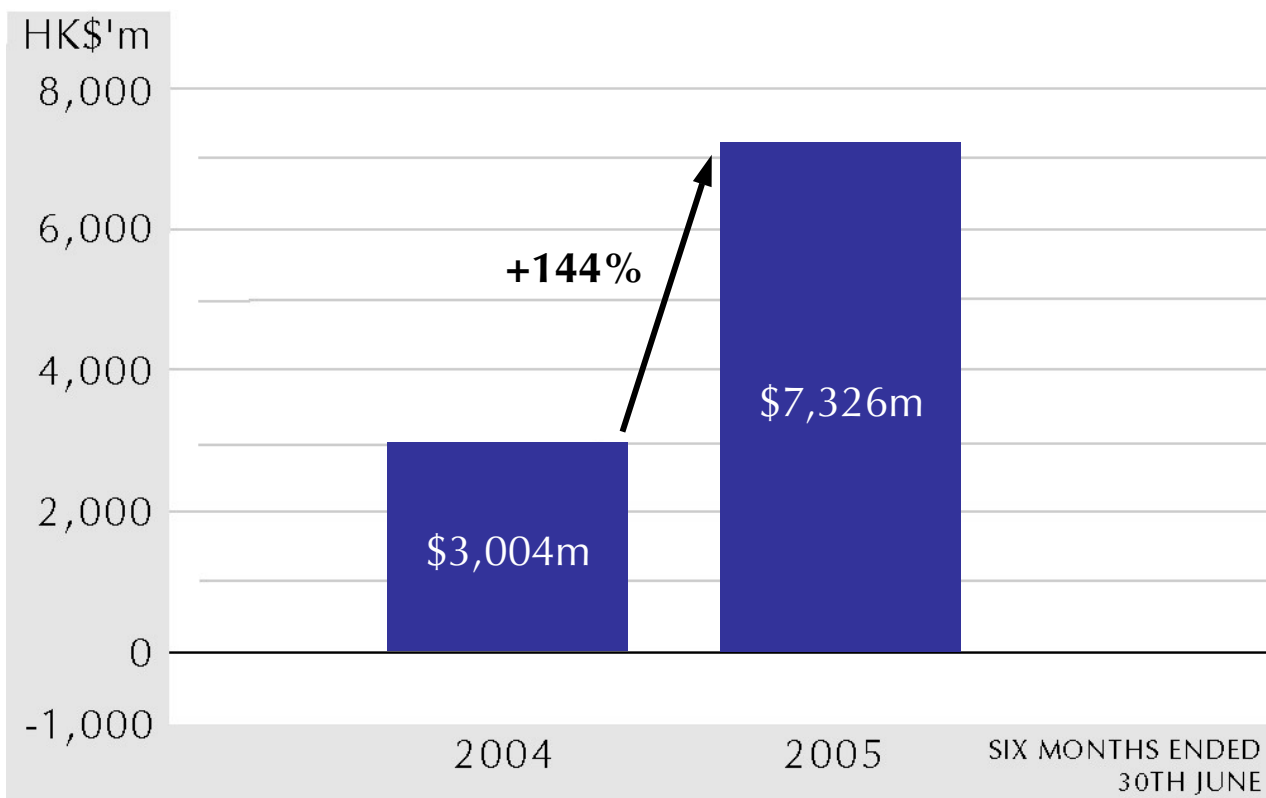
SWIRE PACIFIC | Financial Summary

HK\$	1H04 (restated)	1H05	% Change
Profit attributable to shareholders	\$3,004m	\$7,326m	+144%
Underlying profit attributable to shareholders	\$2,930m	\$3,261m	+11%
Cash generated from operations	\$2,112m	\$1,654m	-22%
Interim dividends per share	\$0.58	\$0.60	+3%
Equity attributable per 'A' share	\$42.21	\$55.36	+31%
Consolidated net borrowing	\$7,805m	\$8,518m	+9%



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Attributable Profit



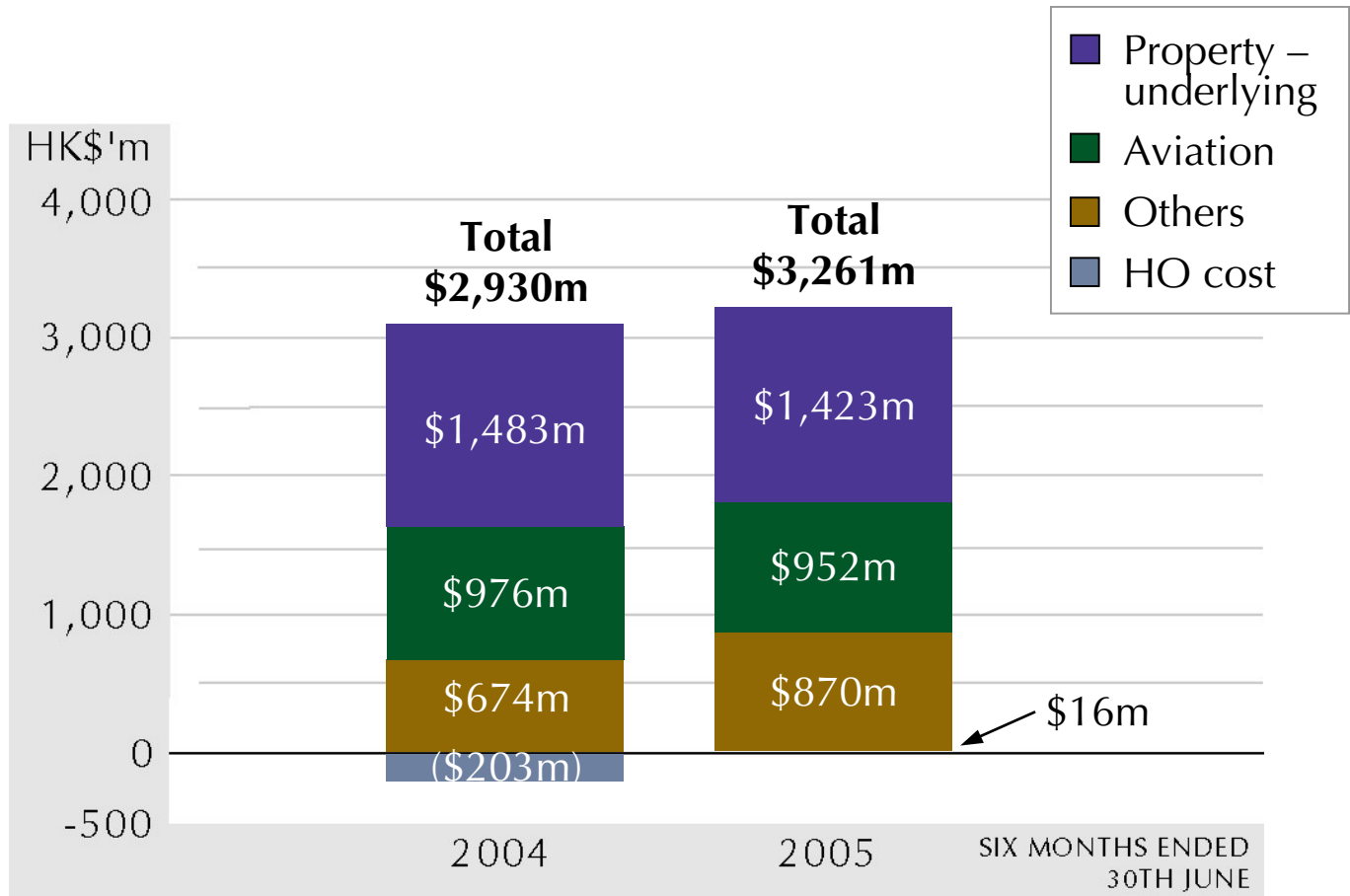


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Underlying Profit



Underlying Profit Summary by Division





SWIRE PACIFIC | Interim Highlights

- Property revaluation net of tax – HK\$4,065m.
- Property Division underlying profit of HK\$1,423m declined by 4% because of lower profits on sales of property.
- Much improved occupancy levels and positive rental reversions towards end of period.
- Demand for airline travel remains strong but profits reduced by persistent high fuel prices.
- Continued strong growth in profits in Marine, Beverages and Trading & Industrial divisions.



Property Division

- Underlying profit declined 4% primarily due to reduced contributions from sales of residential properties.
- Higher occupancies in the office portfolio and positive rental reversion seen towards the end of the period.
- Profits from sales of residential apartments in Miami expected to pick up strongly in second half.
- Taikoo Shing arbitration settled recently giving net writeback from original provision of HK\$692m.

Update | Taikoo Shing Arbitration

HK\$ Million

Profit and loss account

Provision made in 2000		4,250
- Agreed premium	(2,900)	
- Interest payable	(658)	
Total agreed with government		(3,558)
Total writeback to P&L		692

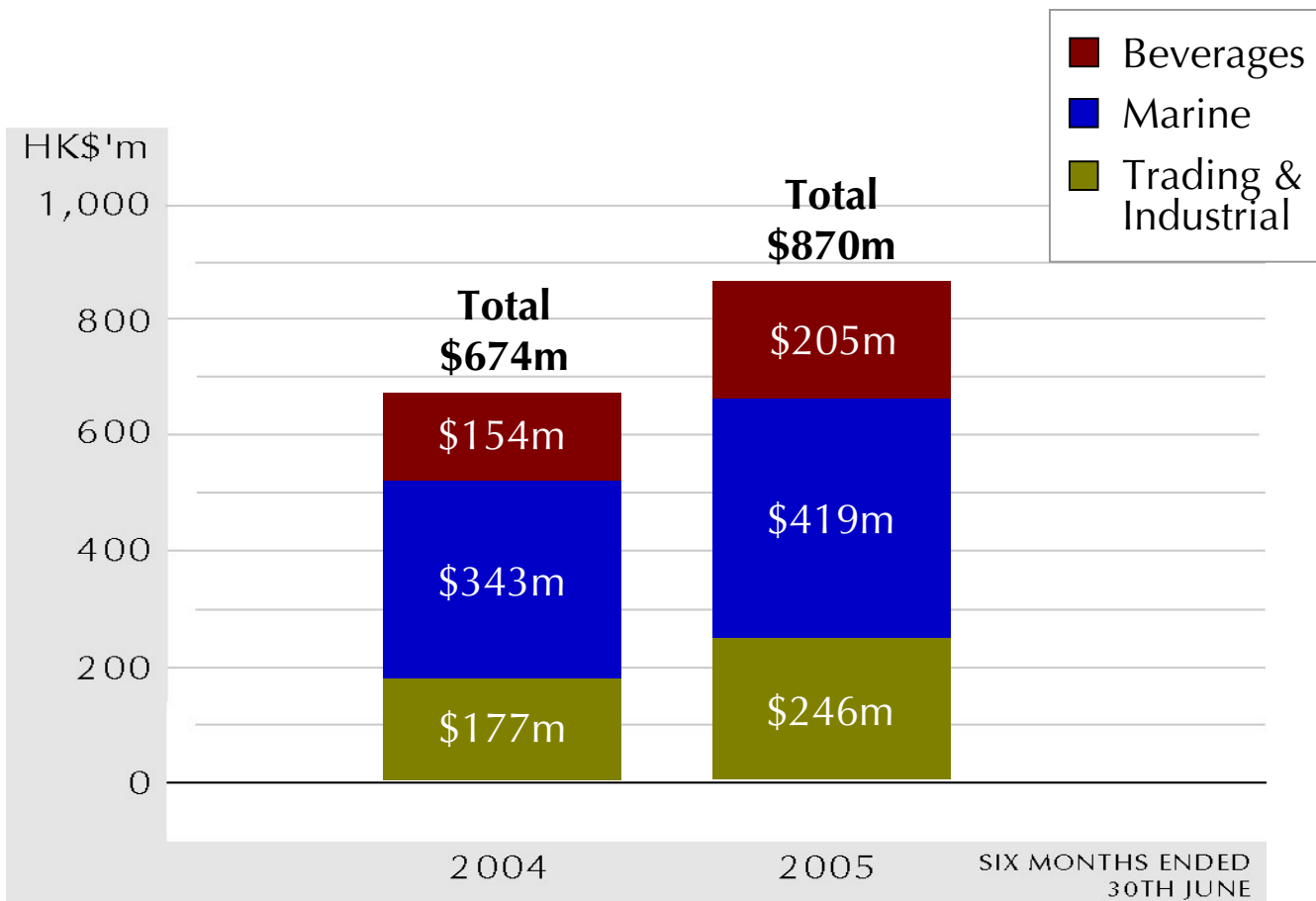
Cashflow

Payment in 2004	(2,027)	
Payable in Sept 2005	(1,531)	
Total payment		(3,558)

Aviation Division

- Strong passenger and cargo growth (CX up 15% and 10% respectively) with stable yields.
- But higher fuel prices led to a 5.5% fall in profit attributable to shareholders at CX.
- KA profits fell from \$28m to \$15m as a result of higher fuel prices.
- Haeco experienced good profit growth (+25%).
- Hactl continues to benefit from cargo growth (+6% profit growth).

Attributable Profit | Other Divisions



A vertical image on the left side of the slide showing a stack of Coca-Cola cans. The cans are arranged in a grid, and the Coca-Cola logo is visible on the side of the cans in the foreground.

Beverages Division

- Profit attributable to shareholders rose 33% to HK\$205m with a 12% volume growth overall.
- Profit attributable to shareholders in Mainland China grew 21% to HK\$70m driven by 21% volume growth.
- Strong US profits through improved pricing.
- Hong Kong was adversely affected by poor weather and falling prices but profits in line with last year.
- Taiwan was affected by weakness in CSDs.
- Second half sales expected to be buoyed by new products and line extensions.



Marine Division

- Profit attributable to shareholders up 22% to HK\$419m.
- Swire Pacific Offshore is benefiting from a pick up in global oil exploration activity and plans to grow substantially over next 3 years with 16 vessels now on order.
- MTL performed in line with last year but continues to face pressure from Shenzhen ports. Agreement has now been reached to sell a 17.62% stake for HK\$2,900m.
- Shekou Container Terminals saw strong volume and profit growth.



Trading & Industrial Division

- Profit attributable to shareholders up 39% to HK\$246m.
- Strong performances from:
 - motor vehicles in Taiwan
 - sports apparel in Hong Kong
 - joint ventures in Mainland China



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Head Office Costs

HK\$ Million

HO cost as at 30 June 2004		(203)
Fair value gains	98	
Lower central interest costs	148	
Other	(27)	
	219	
HO costs as at 30 June 2005		16

- No material changes in the number or cost of head office personnel.



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Outlook

- Hong Kong office rentals likely to benefit from supply constraints in medium term.
- Demand for retail and office space remains firm.
- Aviation business enjoying strong growth in passenger and cargo demand but major concerns over high oil price.
- Expect good performances from other divisions to continue.
- Profit of approximately HK\$2,300m on sale of shares in MTL to be recognised in second half.
- Actively seeking new investment opportunities.

Appendix

Financial Highlights | Balance Sheet

HK\$ Million	Dec 2004	Jun 2005	% Change
Shareholders' Funds and Minority Interests	85,248	90,694	+ 6.4%
Consolidated Net Borrowings	8,262	8,518	+ 3.1%
Gearing Ratio (per accounts)	10%	9%	- 10.0%

Financial Highlights | Liquidity

HK\$ Million	Dec 2004	Jun 2005
Facilities available		
- Committed	12,615	11,085
- Uncommitted	3,662	3,783
	16,277	14,868
Interest cover (underlying)	5.3 x	6.9 x
Cash interest cover (underlying)	4.7 x	6.5 x

Attributable Profit | Aviation Division

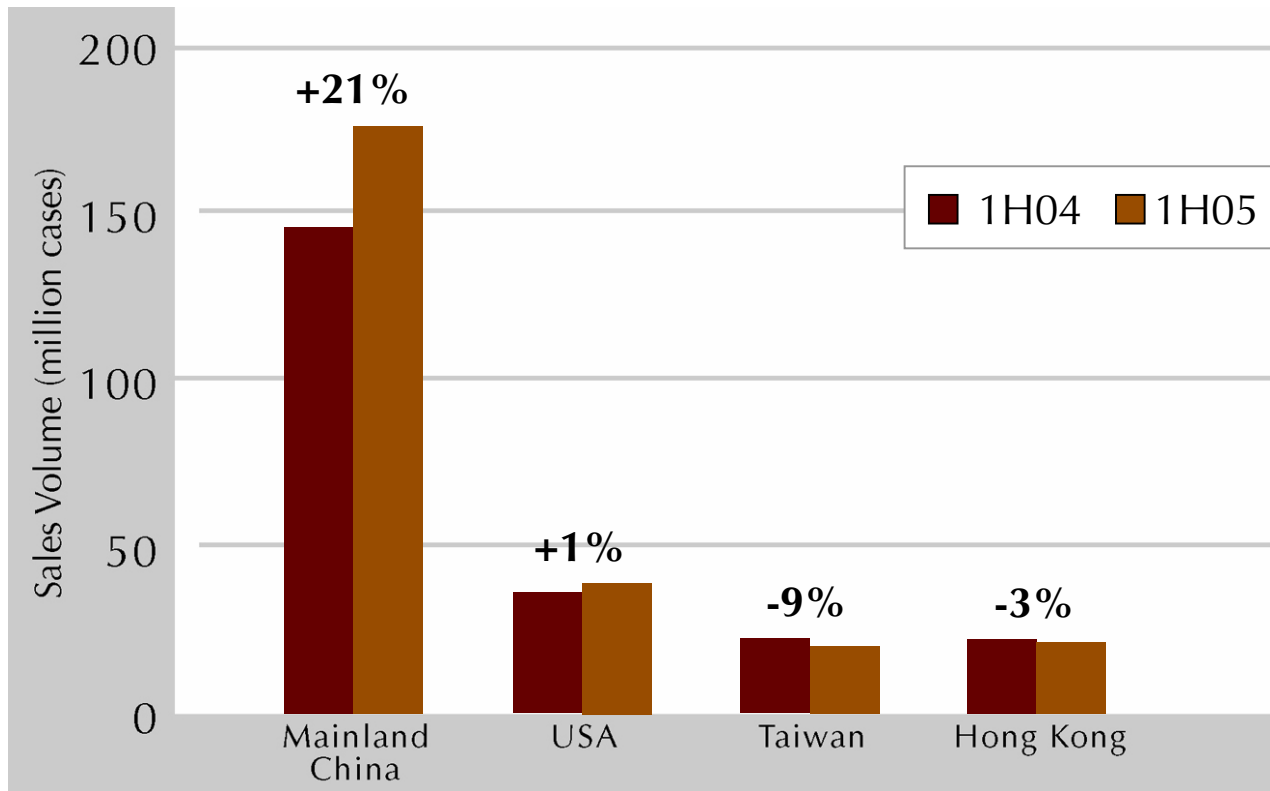
HK\$ Million	Six months ended 30th June		
	2004	2005	% Change
Cathay Pacific Group	764	722	(5.5%)
Hong Kong Dragon Airlines	28	15	(46.4%)
Aircraft engineering	104	130	25.0%
Cargo handling	80	85	6.3%
Total	976	952	(2.5%)

Attributable Profit | Beverages Division

Six months ended 30th June

HK\$ Million	2004	2005	% Change
Hong Kong	37	39	5.4%
Taiwan	20	17	(15.0%)
USA	55	93	69.1%
Mainland	58	70	20.7%
HO costs	-16	-14	(12.5%)
Total	154	205	33.1%

Sales Volume | Beverages Division



Attributable Profit | Marine Division

Six months ended 30th June

HK\$ Million	2004	2005	% Change
Ship owning & operating	164	205	25.0%
Container handling	161	191	18.6%
Ship repair, engineering & towage	18	23	27.8%
Marine profit attributable	343	419	22.2%

Attributable Profit | Trading & Industrial Division

Six months ended 30th June

	2004	2005	% Change
Car distribution	51	105	+ 105.9%
Shoe and apparel distribution	40	52	+ 30.0%
Waste services	37	35	- 5.4%
Beverage can supply	23	26	+ 13.0%
Paint supply	9	34	+ 277.8%
Other	17	-6	nmf
Total	177	246	+ 39.0%



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