

AUDITORS' REPORT AND ACCOUNTS

- 49 Auditors' report
- 50 Consolidated profit and loss account
- 51 Consolidated balance sheet
- 52 Company balance sheet
- 53 Consolidated cash flow statement
- 54 Consolidated statement of changes in equity
- 55 Notes to the accounts
- 77 Principal accounting policies
- 83 Principal subsidiary, jointly controlled and associated companies and investments

SUPPLEMENTARY INFORMATION /  
FINANCIAL CALENDAR AND INFORMATION  
FOR INVESTORS

- 92 Cathay Pacific Airways Limited – abridged financial statements
- 94 Schedule of principal group properties
- 103 Financial calendar and information for investors
- 104 Ten-year financial summary
- 106 Group structure chart

To the shareholders of Swire Pacific Limited  
(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 50 to 91 which have been prepared in accordance with accounting principles generally accepted in Hong Kong, save as explained in accounting policy no. 4 on page 78.

### Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the group as at 31st December 2002 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

### PricewaterhouseCoopers

*Certified Public Accountants*

Hong Kong, 6th March 2003

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2002

# 50

NOTE		2002 HK\$M	2001 HK\$M
1	Turnover	15,215	15,198
	Cost of sales	(7,727)	(7,990)
	Gross profit	7,488	7,208
	Other revenue	133	47
	Distribution costs	(1,814)	(1,524)
	Administrative expenses	(1,032)	(1,174)
	Other operating expenses	(430)	(166)
2	Operating profit	4,345	4,391
	Finance charges	(632)	(593)
	Finance income	85	100
6	Net finance charges	(547)	(493)
7	Share of profits less losses of jointly controlled companies	(36)	153
	Share of profits less losses of associated companies	2,750	1,029
	Profit before taxation	6,512	5,080
8	Taxation	723	602
	Profit after taxation	5,789	4,478
	Minority interests	385	360
9	Profit attributable to shareholders	5,404	4,118
	Dividends		
	Interim – paid	618	559
	Final – proposed	1,380	1,179
10		1,998	1,738
		HK¢	HK¢
11	Earnings per share		
	'A' shares	349.2	265.3
	'B' shares	69.8	53.1

The notes on pages 55 to 76 and the principal accounting policies on pages 77 to 82 form part of these accounts.

# CONSOLIDATED BALANCE SHEET

AT 31ST DECEMBER 2002

 Swire Pacific

# 51

NOTE		2002 HK\$M	2001 HK\$M
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
12	Fixed assets	66,975	71,261
14	Jointly controlled companies	5,517	8,058
15	Associated companies	17,988	17,685
16	Investment securities and long-term receivables	338	371
	Deferred expenditure	217	231
24	Retirement benefit assets	128	–
		<b>91,163</b>	97,606
	<b>Current assets</b>		
17	Properties for sale	2,442	1,683
18	Stocks and work in progress	932	1,055
19	Trade and other receivables	2,146	1,799
	Held-to-maturity securities – unlisted	2	95
	Short-term deposits and bank balances	472	271
		<b>5,994</b>	4,903
	<b>Current liabilities</b>		
20	Trade and other payables	7,630	7,399
	Taxation	299	209
	Bank overdrafts and short-term loans – unsecured	1,683	1,166
22	Long-term loans and bonds due within one year	3,107	1,748
		<b>12,719</b>	10,522
	<b>Net current liabilities</b>	<b>(6,725)</b>	(5,619)
	<b>Total assets less current liabilities</b>	<b>84,438</b>	91,987
	<b>Non-current liabilities</b>		
21	Perpetual capital securities	4,642	4,642
22	Long-term loans and bonds	5,324	9,625
23	Deferred taxation	38	24
	Deferred liabilities	107	96
24	Retirement benefit liabilities	114	–
		<b>10,225</b>	14,387
	Minority interests	4,947	4,651
	<b>NET ASSETS</b>	<b>69,266</b>	72,949
	<b>CAPITAL AND RESERVES</b>		
25	Share capital	920	931
26	Reserves	68,346	72,018
	<b>SHAREHOLDERS' FUNDS</b>	<b>69,266</b>	72,949

J W J Hughes-Hallett

C Lee

Directors

Hong Kong, 6th March 2003

The notes on pages 55 to 76 and the principal accounting policies on pages 77 to 82 form part of these accounts.

# COMPANY BALANCE SHEET

AT 31ST DECEMBER 2002

# 52

NOTE		2002 HK\$M	2001 HK\$M
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
12	Fixed assets	265	492
13	Subsidiary companies	11,225	11,505
14	Jointly controlled companies	612	606
15	Associated companies	1,994	1,994
16	Investment securities and long-term receivables	9	50
	Deferred expenditure	4	6
24	Retirement benefit assets	90	–
		<b>14,199</b>	14,653
	<b>Current assets</b>		
19	Trade and other receivables	528	107
	Short-term deposits and bank balances	2	2
		<b>530</b>	109
	<b>Current liabilities</b>		
20	Trade and other payables	161	132
	Taxation	1	1
22	Long-term loans and bonds due within the year	890	–
		<b>1,052</b>	133
	<b>Net current liabilities</b>	<b>(522)</b>	(24)
	<b>Total assets less current liabilities</b>	<b>13,677</b>	14,629
	<b>Non-current liabilities</b>		
22	Long-term loans and bonds	2,321	3,212
23	Deferred taxation	24	10
		<b>2,345</b>	3,222
	<b>NET ASSETS</b>	<b>11,332</b>	11,407
	<b>CAPITAL AND RESERVES</b>		
25	Share capital	920	931
26	Reserves	10,412	10,476
	<b>SHAREHOLDERS' FUNDS</b>	<b>11,332</b>	11,407

J W J Hughes-Hallett

C Lee

Directors

Hong Kong, 6th March 2003

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2002

 Swire Pacific

53

NOTE	2002 HK\$M	2001 HK\$M
<b>Operating activities</b>		
30(a) Cash generated from operations	4,462	4,069
Interest paid	(1,007)	(1,160)
Interest received	85	100
Profits tax paid	(298)	(206)
	3,242	2,803
Dividends received from jointly controlled and associated companies and other investments	1,245	1,672
<b>Net cash from operating activities</b>	<b>4,487</b>	<b>4,475</b>
<b>Investing activities</b>		
30(b) Purchase of fixed assets	(2,099)	(1,377)
Proceeds from fixed asset disposals	605	580
Purchase of shareholdings in and loans to jointly controlled companies	(420)	(2,092)
Purchase of shareholdings in and loans to associated companies	(3)	(623)
Sale of shareholdings in and repayment of loans by jointly controlled companies	2,434	458
Sale of shareholdings in and repayment of loans by associated companies	200	966
Sale of shareholdings in and repayment of loans by investment securities	10	5
Purchase of investment securities	(35)	(7)
Decrease in long-term receivables	23	49
Deferred expenditure	(62)	(70)
<b>Net cash generated from/(used in) investing activities</b>	<b>653</b>	<b>(2,111)</b>
<b>Net cash inflow before financing</b>	<b>5,140</b>	<b>2,364</b>
<b>Financing activities</b>		
Loans drawn and refinancing	163	5,588
Repayment of loans	(3,103)	(4,892)
30(c) Repayment of loans to minority interests	(2,940)	696
30(c) Repurchase of Company's shares	(540)	-
Dividends paid		
– to shareholders	(1,797)	(1,738)
– to minority interests	(87)	(235)
<b>Net cash used in financing activities</b>	<b>(5,539)</b>	<b>(1,604)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(399)</b>	<b>760</b>
Cash and cash equivalents at 1st January	(800)	(1,538)
Currency adjustment	2	(22)
<b>Cash and cash equivalents at 31st December</b>	<b>(1,197)</b>	<b>(800)</b>
<b>Represented by:</b>		
Unlisted held-to-maturity securities maturing within three months	2	95
Bank balances and short-term deposits maturing within three months	472	271
Bank overdrafts and short-term loans maturing within three months	(1,671)	(1,166)
	(1,197)	(800)

The notes on pages 55 to 76 and the principal accounting policies on pages 77 to 82 form part of these accounts.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2002

# 54

	2002 HK\$M	2001 HK\$M
<b>At 1st January</b>		
– as originally stated	72,949	77,423
– change in accounting policy for retirement benefits	(124)	–
– as restated	72,825	77,423
Goodwill reinstated		
– on disposal of subsidiary, jointly controlled and associated companies	22	163
– upon impairment	93	–
Decrease in property valuation arising during the year	(5,367)	(6,137)
Share of deficit on revaluation of investment properties held by jointly controlled companies	(41)	(665)
Revaluation surplus on investment properties transferred to operating profit on disposal	(452)	(181)
Exchange differences on cash flow hedges		
– recognised during the year	(600)	564
– transferred to the profit and loss account	(333)	(250)
Revaluation surplus/(deficit) on investment securities recognised during the year	49	(104)
Revaluation surplus on investment securities transferred to operating profit on disposal	–	(207)
Exchange differences	3	(37)
<b>Net losses not recognised in the consolidated profit and loss account</b>	<b>(6,626)</b>	<b>(6,854)</b>
Profit for the year	5,404	4,118
Dividends	(1,797)	(1,738)
Repurchase of Company's shares		
– shares repurchased and cancelled	(11)	–
– premium paid on repurchases	(529)	–
<b>At 31st December</b>	<b>69,266</b>	<b>72,949</b>
<b>Represented by:</b>		
Balance after proposed dividend	67,886	71,770
Proposed dividend	1,380	1,179
	<b>69,266</b>	<b>72,949</b>

The notes on pages 55 to 76 and the principal accounting policies on pages 77 to 82 form part of these accounts.

## 1. Turnover

The principal activity of the Company is investment holding. The principal activities of its major subsidiary, jointly controlled and associated companies are shown on pages 83 to 91.

Turnover represents sales by the Company and its subsidiary companies to outside customers and comprises revenue from:

	Group	
	2002 HK\$M	2001 HK\$M
Gross rental income	4,625	4,769
Sales of development properties	565	1,092
Sales of investment properties	555	261
Rendering of other services	1,120	1,021
Sales of goods	8,350	8,055
	<b>15,215</b>	15,198

## 2. Operating profit

	Group	
	2002 HK\$M	2001 HK\$M
<b><i>Operating profit has been arrived at after charging:</i></b>		
Cost of stocks sold	5,755	6,035
Depreciation of fixed assets	523	517
Staff costs	1,724	1,658
Operating lease rentals		
Land and buildings	94	76
Other equipment	19	18
Amortisation of deferred expenditure	74	118
Impairment losses on		
Fixed assets	93	–
Goodwill	41	–
Investment securities	35	–
Restructuring costs for Mainland China motor business	58	–
Auditors' remuneration	7	8
Exchange differences	–	10
<b><i>and after crediting:</i></b>		
Gross rental income	4,625	4,769
Less: Outgoings	992	1,001
Net rental income	3,633	3,768
Charter hire income	991	893
Profits on sale of jointly controlled companies	88	–
Profit on sale of development properties	125	128
Profit on sale of fixed assets	416	205
Exchange differences	1	–



### 3. Segment information

(a) Primary reporting format – business segments by division:

	The Company and its subsidiaries			Jointly controlled companies	Associated companies	Group	Profit attributable to Swire Pacific shareholders
	Turnover HK\$M	Operating profit HK\$M	Net finance charges HK\$M	Share of profits less losses HK\$M	Share of profits less losses HK\$M	Profit before taxation HK\$M	HK\$M
<b>Year ended 31st December 2002</b>							
Property							
Property investment	4,693	3,338	(330)	22		3,030	2,454
Property trading	565	125		54		179	127
Sales of investment properties	555	409				409	407
Hotels and restaurants				(36)	72	36	23
Provision for development properties				(398)		(398)	(398)
	<b>5,813</b>	<b>3,872</b>	<b>(330)</b>	<b>(358)</b>	<b>72</b>	<b>3,256</b>	<b>2,613</b>
Aviation							
Airline services and airline catering					1,912	1,912	1,763
Aircraft engineering					242	242	209
Cargo handling					229	229	143
Others						–	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,383</b>	<b>2,383</b>	<b>2,115</b>
Beverages	<b>4,956</b>	<b>333</b>	<b>(41)</b>	<b>140</b>	<b>–</b>	<b>432</b>	<b>313</b>
Marine Services							
Ship repair, land engineering and harbour towage				24		24	20
Container handling				35	295	330	282
Ship owning and operating	993	352	(12)	25		365	355
	<b>993</b>	<b>352</b>	<b>(12)</b>	<b>84</b>	<b>295</b>	<b>719</b>	<b>657</b>
Trading & Industrial							
Car distribution	2,500	(131)	(7)			(138)	(174)
Shoe and apparel distribution	674	43	(1)	(25)		17	7
Waste services				89		89	77
Beverages can supply				14		14	13
Paint supply				19		19	18
Other activities	309	66		1		67	65
	<b>3,483</b>	<b>(22)</b>	<b>(8)</b>	<b>98</b>	<b>–</b>	<b>68</b>	<b>6</b>
Head Office	<b>127</b>	<b>(190)</b>	<b>(156)</b>	<b>–</b>	<b>–</b>	<b>(346)</b>	<b>(300)</b>
Inter-segment elimination	<b>(157)</b>						
<b>Total</b>	<b>15,215</b>	<b>4,345</b>	<b>(547)</b>	<b>(36)</b>	<b>2,750</b>	<b>6,512</b>	<b>5,404</b>

### 3. Segment information (continued)

(a) Primary reporting format – business segments by division (continued):

	The Company and its subsidiaries			Jointly controlled companies	Associated companies	Group	Profit attributable to Swire Pacific shareholders
	Turnover HK\$M	Operating profit HK\$M	Net finance charges HK\$M	Share of profits less losses HK\$M	Share of profits less losses HK\$M	Profit before taxation HK\$M	HK\$M
<b>Year ended 31st December 2001</b>							
Property							
Property investment	4,828	3,471	(352)	19		3,138	2,630
Property trading	1,092	128		210		338	287
Sales of investment properties	261	205				205	205
Hotels and restaurants				(57)	50	(7)	(17)
Provision for development properties				(312)		(312)	(312)
	<b>6,181</b>	<b>3,804</b>	<b>(352)</b>	<b>(140)</b>	<b>50</b>	<b>3,362</b>	<b>2,793</b>
Aviation							
Airline services and airline catering					373	373	282
Aircraft engineering					155	155	139
Cargo handling					156	156	96
Others			6			6	3
	<b>–</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>684</b>	<b>690</b>	<b>520</b>
Beverages	<b>4,661</b>	<b>304</b>	<b>(58)</b>	<b>85</b>	<b>–</b>	<b>331</b>	<b>252</b>
Marine Services							
Ship repair, land engineering and harbour towage				36		36	33
Container handling				25	295	320	272
Ship owning and operating	893	336	(28)	9		317	312
	<b>893</b>	<b>336</b>	<b>(28)</b>	<b>70</b>	<b>295</b>	<b>673</b>	<b>617</b>
Trading & Industrial							
Car distribution	2,603	96	(14)			82	19
Shoe and apparel distribution	590	45	(1)	9		53	37
Waste services				121		121	97
Beverages can supply				(27)		(27)	(27)
Paint supply				13		13	12
Other activities	301	(29)		22		(7)	(8)
	<b>3,494</b>	<b>112</b>	<b>(15)</b>	<b>138</b>	<b>–</b>	<b>235</b>	<b>130</b>
Head Office	<b>96</b>	<b>(165)</b>	<b>(46)</b>	<b>–</b>	<b>–</b>	<b>(211)</b>	<b>(194)</b>
Inter-segment elimination	<b>(127)</b>						
<b>Total</b>	<b>15,198</b>	<b>4,391</b>	<b>(493)</b>	<b>153</b>	<b>1,029</b>	<b>5,080</b>	<b>4,118</b>

### 3. Segment information (continued)

(a) Primary reporting format – business segments by division (continued):

#### Analysis of turnover

	Turnover					
	2002			2001		
	External HK\$M	Inter-segment HK\$M	Total HK\$M	External HK\$M	Inter-segment HK\$M	Total HK\$M
Property						
Property investment	4,678	15	4,693	4,810	18	4,828
Property trading	565	–	565	1,092	–	1,092
Sales of investment properties	555	–	555	261	–	261
Beverages	4,956	–	4,956	4,660	1	4,661
Marine Services	991	2	993	893	–	893
Trading & Industrial	3,442	41	3,483	3,453	41	3,494
Head Office	28	99	127	29	67	96
Inter-segment elimination	–	(157)	(157)	–	(127)	(127)
	15,215	–	15,215	15,198	–	15,198

Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services.

#### Analysis of total assets and total liabilities of the group

	Property		Aviation		Beverages		Marine Services		Trading & Industrial		Head Office		Group	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Segment assets	64,481	68,504	–	–	3,482	3,326	3,002	2,070	1,726	2,044	393	397	73,084	76,341
Jointly controlled companies	4,004	6,464	19	18	977	976	368	409	149	191	–	–	5,517	8,058
Associated companies	903	1,109	16,499	16,001	–	–	586	575	–	–	–	–	17,988	17,685
Bank deposits & securities	153	84	–	–	165	48	31	12	120	214	99	67	568	425
<b>Total assets</b>	<b>69,541</b>	<b>76,161</b>	<b>16,518</b>	<b>16,019</b>	<b>4,624</b>	<b>4,350</b>	<b>3,987</b>	<b>3,066</b>	<b>1,995</b>	<b>2,449</b>	<b>492</b>	<b>464</b>	<b>97,157</b>	<b>102,509</b>
Segment liabilities	6,301	5,994	–	–	731	712	126	118	454	449	239	222	7,851	7,495
Current and deferred taxation	223	123	–	–	31	36	7	8	40	42	36	24	337	233
Borrowings	11,977	14,551	–	–	1,504	1,547	1,251	711	606	416	(582)	(44)	14,756	17,181
<b>Total liabilities</b>	<b>18,501</b>	<b>20,668</b>	<b>–</b>	<b>–</b>	<b>2,266</b>	<b>2,295</b>	<b>1,384</b>	<b>837</b>	<b>1,100</b>	<b>907</b>	<b>(307)</b>	<b>202</b>	<b>22,944</b>	<b>24,909</b>
Minority interests	4,723	4,432	13	23	206	196	–	–	5	–	–	–	4,947	4,651
<b>Net assets</b>	<b>46,317</b>	<b>51,061</b>	<b>16,505</b>	<b>15,996</b>	<b>2,152</b>	<b>1,859</b>	<b>2,603</b>	<b>2,229</b>	<b>890</b>	<b>1,542</b>	<b>799</b>	<b>262</b>	<b>69,266</b>	<b>72,949</b>
Borrowings comprise														
External borrowings	242	85	–	–	1,450	1,529	4	2	116	296	12,944	15,269	14,756	17,181
Inter-segment borrowings	11,735	14,466	–	–	54	18	1,247	709	490	120	(13,526)	(15,313)	–	–
Total	11,977	14,551	–	–	1,504	1,547	1,251	711	606	416	(582)	(44)	14,756	17,181



### 3. Segment information (continued)

(a) Primary reporting format – business segments by division (continued):

An analysis of capital expenditure and depreciation/amortisation of the group is as follows:

	Capital expenditure		Depreciation and amortisation	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Property	941	1,042	83	104
Beverages	205	199	305	310
Marine Services	1,091	351	119	115
Trading & Industrial	60	39	54	57
Head Office	14	13	36	49
	<b>2,311</b>	1,644	<b>597</b>	635

(b) Secondary reporting format – geographical segments:

The activities of the Swire Pacific group are mainly based in Hong Kong. Ship owning and operating activities are carried out internationally and cannot be attributed to specific geographical areas.

An analysis of turnover, operating profit, segment assets and capital expenditure of the group by principal markets is outlined below:

	Turnover		Operating profit	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Hong Kong	7,700	7,746	3,615	3,603
Asia (excluding Hong Kong)	3,324	3,256	77	178
North America	3,200	3,303	301	274
Ship owning and operating	991	893	352	336
	<b>15,215</b>	15,198	<b>4,345</b>	4,391

	Segment assets		Capital expenditure	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Hong Kong	65,286	70,055	991	1,092
Asia (excluding Hong Kong)	2,018	2,239	88	56
North America	2,789	1,987	141	145
Ship owning and operating	2,991	2,060	1,091	351
	<b>73,084</b>	76,341	<b>2,311</b>	1,644

#### 4. Directors' emoluments

	Group	
	2002 HK\$M	2001 HK\$M
Fees from the Company and its subsidiary companies	–	–
Other emoluments		
Salaries, allowances and benefits in kind	41	41
Retirement benefit costs	7	3
	<b>48</b>	44

Housing costs accounted for 33% (2001: 34%) of emoluments.

The total emoluments of the directors were within the following bands:

HK\$'000	2002 Number	2001 Number
0 – 1,000	8	8
1,001 – 1,500	1	1
1,501 – 2,000	1	–
2,501 – 3,000	–	1
5,501 – 6,000	–	1
6,501 – 7,000	1	–
7,001 – 7,500	–	1
8,001 – 8,500	1	–
9,001 – 9,500	–	1
10,001 – 10,500	1	–
18,001 – 18,500	–	1
20,001 – 20,500	1	–
	<b>14</b>	14

Directors' fees paid or payable to the independent non-executive Directors during the year totalled HK\$416,000 (2001: HK\$298,000). They received no other emoluments from the Company or any of its subsidiary companies.

#### 5. Senior management remuneration

Of the five highest paid individuals in the group, four (2001: five) of them are directors whose emoluments are disclosed in note 4. The remuneration in respect of the other one (2001: none) individual is as follows:

	Group	
	2002 HK\$M	
Salaries, allowances and benefits in kind	6	
Retirement benefit costs	1	
	<b>7</b>	

## 6. Net finance charges

	Group			
	2002		2001	
	HK\$M	HK\$M	HK\$M	HK\$M
<b><i>Interest charged on:</i></b>				
Bank loans and overdrafts		141		360
Other loans and bonds				
– wholly repayable within five years	383		410	
– not wholly repayable within five years	425		425	
		808		835
Deferred into properties under development for sale				
– subsidiary companies	(38)		(68)	
– jointly controlled companies	(67)		(267)	
		(105)		(335)
Capitalised on				
– investment properties	(205)		(255)	
– vessels	(7)		(12)	
		(212)		(267)
		632		593
<b><i>Interest income on:</i></b>				
Short-term deposits and bank balances	(12)		(15)	
Other loans	(73)		(85)	
		(85)		(100)
		547		493

The capitalisation rate applied to funds borrowed generally and used for the development of investment properties and properties for sale is between 1.77% and 6.56% per annum (2001: 2.31% and 9.1% per annum).

## 7. Share of profits less losses of jointly controlled companies

The share of profits less losses of jointly controlled companies includes an attributable loss of HK\$398 million (2001: HK\$312 million) arising from the provision for diminution in value of property development sites. The share of the deficit on the revaluation of investment properties is dealt with in the group property valuation reserve as set out in note 26 to the accounts.

## 8. Taxation

	Group			
	2002		2001	
	HK\$M	HK\$M	HK\$M	HK\$M
<b>The taxation charge comprises:</b>				
The Company and its subsidiary companies:				
Hong Kong – profits tax	292		213	
– deferred taxation	(2)		9	
– over-provision in respect of previous years	(15)		(2)	
		275		220
Overseas – profits tax	110		46	
– deferred taxation	2		8	
– under-provision in respect of previous years	1		37	
		113		91
		388		311
Jointly controlled companies:				
Hong Kong – profits tax	28		82	
– deferred taxation	6		–	
– over-provision in respect of previous years	(2)		–	
		32		82
Overseas – profits tax		35		23
		67		105
Associated companies:				
Hong Kong – profits tax	117		97	
– deferred taxation	58		43	
– over-provision in respect of previous years	(2)		–	
		173		140
Overseas – profits tax	103		67	
– deferred taxation	1		1	
– over-provision in respect of previous years	(9)		(22)	
		95		46
		268		186
		723		602

Hong Kong profits tax is calculated at 16.0% (2001 : 16.0%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in countries in which the group is assessable for tax.

## 9. Profit attributable to shareholders

Of the profit attributable to shareholders, HK\$2,187 million (2001: HK\$1,361 million) is dealt with in the accounts of the Company.

## 10. Dividends

	Company	
	2002 HK\$M	2001 HK\$M
Interim dividend paid on 2nd October 2002 of HK¢40.0 per 'A' share and HK¢8.0 per 'B' share (2001: HK¢36.0 and HK¢7.2)	618	559
Final proposed dividend of HK¢90.0 per 'A' share and HK¢18.0 per 'B' share (2001: HK¢76.0 and HK¢15.2)	1,380	1,179
	<b>1,998</b>	1,738

The final proposed dividend is not accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2003.

## 11. Earnings per share

Earnings per share are calculated by dividing the profit attributable to shareholders of HK\$5,404 million (2001: HK\$4,118 million) by the weighted average number of 938,809,367 'A' shares and 3,043,155,572 'B' shares in issue during the year (2001: 940,111,885 'A' shares and 3,059,301,271 'B' shares).

## 12. Fixed assets

	Group				Company		
	Properties HK\$M	Plant and machinery HK\$M	Vessels HK\$M	Total HK\$M	Properties HK\$M	Plant and machinery HK\$M	Total HK\$M
<b>Cost or valuation:</b>							
At 31st December 2001	68,578	3,852	3,071	75,501	596	70	666
Translation differences	4	6	1	11	–	–	–
Additions	951	271	1,089	2,311	–	7	7
Disposals	(832)	(242)	(60)	(1,134)	(267)	(46)	(313)
Investment property valuation decrease during the year	(5,161)	–	–	(5,161)	–	–	–
At 31st December 2002	63,540	3,887	4,101	71,528	329	31	360
<b>Depreciation:</b>							
At 31st December 2001	507	2,465	1,268	4,240	116	58	174
Translation differences	–	3	–	3	–	–	–
Charge for the year	63	343	117	523	12	6	18
Impairment charge	93	–	–	93	–	–	–
Disposals	(53)	(197)	(56)	(306)	(53)	(44)	(97)
At 31st December 2002	610	2,614	1,329	4,553	75	20	95
<b>Net book value:</b>							
At 31st December 2002	62,930	1,273	2,772	66,975	254	11	265
At 31st December 2001	68,071	1,387	1,803	71,261	480	12	492



**12. Fixed assets (continued)**

(a) Fixed assets held for deployment in operating leases at 31st December were as follows:

	Group				Company	
	2002		2001		2002	2001
	Properties HK\$M	Vessels HK\$M	Properties HK\$M	Vessels HK\$M	Properties HK\$M	Properties HK\$M
Cost	57,033	4,101	62,036	3,071	329	596
Less: accumulated depreciation	81	1,329	121	1,268	75	116
Net book value	56,952	2,772	61,915	1,803	254	480
Depreciation charge for the year	13	117	15	113	12	12

(b) Investment properties, whether completed or in the course of development, were valued on the basis of open market value at 31st December 2002 by professionally qualified executives of Swire Properties Limited who are members of the Royal Institute of Chartered Surveyors. This valuation has been incorporated in the accounts as stated in principal accounting policy no. 5.

(c) At 31st December 2002 and 2001, none of the fixed assets were pledged as security for the group's long-term loans.

	Group				Total HK\$M
	Investment properties		Other properties		
	Completed HK\$M	Under development HK\$M	Land HK\$M	Buildings HK\$M	
At 31st December 2001	61,406	4,473	1,043	1,656	68,578
Translation differences	-	-	2	2	4
Additions	95	828	6	22	951
Disposals	(567)	-	(177)	(88)	(832)
Transfer between categories	179	(179)	-	-	-
Valuation decrease during the year	(4,444)	(717)	-	-	(5,161)
At 31st December 2002	56,669	4,405	874	1,592	63,540

(d) Properties comprise:

**Cost or valuation:**

At 31st December 2001	61,406	4,473	1,043	1,656	68,578
Translation differences	-	-	2	2	4
Additions	95	828	6	22	951
Disposals	(567)	-	(177)	(88)	(832)
Transfer between categories	179	(179)	-	-	-
Valuation decrease during the year	(4,444)	(717)	-	-	(5,161)
At 31st December 2002	56,669	4,405	874	1,592	63,540

**Depreciation:**

At 31st December 2001	-	-	80	427	507
Charge for the year	-	-	16	47	63
Impairment charge	-	-	93	-	93
Disposals	-	-	(24)	(29)	(53)
At 31st December 2002	-	-	165	445	610
Net book value at 31st December 2002	56,669	4,405	709	1,147	62,930

## 12. Fixed assets (continued)

	Group				
	Investment properties		Other properties		Total
	Completed HK\$M	Under development HK\$M	Land HK\$M	Buildings HK\$M	HK\$M
(e) Tenure and valuation					
<b><i>Held in Hong Kong:</i></b>					
On medium-term lease (10 to 50 years):					
At cost less depreciation	–	–	156	504	660
On long-term lease (over 50 years):					
At cost less depreciation	–	–	134	35	169
At professional valuation 31st December 2002	56,669	4,405	–	–	61,074
<b><i>Held outside Hong Kong:</i></b>					
On short-term lease (less than 10 years):					
At cost less depreciation	–	–	5	–	5
On medium-term lease (10 to 50 years):					
At cost less depreciation	–	–	4	–	4
Freehold:					
At cost less depreciation	–	–	410	608	1,018
Net book value at 31st December 2002	56,669	4,405	709	1,147	62,930

(f) The Company's properties, with a total net book value of HK\$254 million (2001: HK\$480 million), include long-term and medium-term leasehold land in Hong Kong held at a net book value of HK\$120 million (2001: HK\$145 million) and HK\$134 million (2001: HK\$335 million) respectively.

## 13. Subsidiary companies

	Company	
	2002 HK\$M	2001 HK\$M
Unlisted shares at cost less provisions	4,235	3,695
Amounts due from subsidiary companies less provisions	7,496	8,114
	11,731	11,809
Amounts due to subsidiary companies	(506)	(304)
	11,225	11,505

The principal subsidiary companies of Swire Pacific Limited, which materially affected the results or assets of the group, are shown on pages 83 to 91.

## 14. Jointly controlled companies

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Unlisted shares at cost			356	348
Share of net liabilities, unlisted	(1,935)	(1,384)		
Loans due from jointly controlled companies less provisions	8,732	9,783	256	258
Loans due to jointly controlled companies	(1,280)	(341)	–	–
	5,517	8,058	612	606
Dividends received and receivable by the Company and its subsidiary companies from jointly controlled companies	392	346	49	143

The principal jointly controlled companies of Swire Pacific Limited, which materially affected the results or assets of the group, are shown on pages 83 to 91.

## 15. Associated companies

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Shares at cost				
– Listed in Hong Kong			1,211	1,211
– Unlisted			783	783
			1,994	1,994
Share of net assets				
– Listed in Hong Kong	15,679	15,189		
– Unlisted	1,321	1,311		
	17,000	16,500		
Unamortised goodwill on acquisition	22	22		
	17,022	16,522		
Loans due from associated companies less provisions	1,122	1,163	–	–
Loans due to associated companies	(156)	–	–	–
	17,988	17,685	1,994	1,994
Dividends received and receivable by the Company and its subsidiary companies from associated companies	901	1,321	621	1,193

- (a) The market value of the shares in the listed associated companies at 31st December 2002 was HK\$17,500 million (2001: HK\$15,914 million).
- (b) The principal associated companies of Swire Pacific Limited, which materially affected the results or assets of the group, are shown on pages 83 to 91. In addition, the abridged financial statements of Cathay Pacific Airways Limited are shown on pages 92 to 93.

## 16. Investment securities and long-term receivables

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Unlisted shares	105	105	8	43
Loans advanced	210	220	–	–
Investment securities	315	325	8	43
Mortgages and other receivables	23	46	1	7
	<b>338</b>	371	<b>9</b>	50

## 17. Properties for sale

	Group	
	2002 HK\$M	2001 HK\$M
Completed properties for sale	445	291
Properties under development for sale	1,997	1,392
	<b>2,442</b>	1,683

- (a) At 31st December 2002, the value of properties for sale that are carried below cost at net realisable value was HK\$39 million (2001: HK\$39 million).
- (b) At 31st December 2002, properties for sale pledged as security for the group's long-term loans amounted to HK\$381 million (2001: HK\$373 million).

## 18. Stocks and work in progress

	Group	
	2002 HK\$M	2001 HK\$M
Goods for sale	694	862
Manufacturing materials	163	148
Production supplies	65	36
Work in progress	10	9
	<b>932</b>	1,055

At 31st December 2002, the value of stocks that are carried below cost at net realisable value was HK\$4 million (2001: HK\$12 million).

**19. Trade and other receivables**

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Trade debtors	973	1,167	2	4
Amounts due from intermediate holding companies	–	29	–	28
Amounts due from fellow subsidiary companies	3	–	–	–
Amounts due from subsidiary companies	–	–	97	66
Amounts due from jointly controlled companies	21	23	–	–
Amounts due from associated companies	7	27	–	–
Other receivables	1,142	553	429	9
	<b>2,146</b>	1,799	<b>528</b>	107

At 31st December 2002, the aged analysis of trade debtors was as follows:

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Under three months	888	991	2	4
Between three and six months	60	146	–	–
Over six months	25	30	–	–
	<b>973</b>	1,167	<b>2</b>	4

The various group companies have different credit policies, dependent on the requirements of their markets and the businesses which they operate. Aged analyses of debtors are prepared and closely monitored in order to minimise any credit risk associated with receivables.

**20. Trade and other payables**

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Trade creditors	408	534	–	–
Amounts due to ultimate holding company	–	54	–	–
Amounts due to intermediate holding companies	102	47	8	31
Amounts due to jointly controlled companies	15	12	–	–
Amounts due to associated companies	10	7	–	–
Other payables	7,095	6,745	153	101
	<b>7,630</b>	7,399	<b>161</b>	132

At 31st December 2002, the aged analysis of trade creditors was as follows:

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Under three months	391	510	–	–
Between three and six months	9	20	–	–
Over six months	8	4	–	–
	<b>408</b>	534	<b>–</b>	–

## 21. Perpetual Capital Securities

The Perpetual Capital Securities, US\$300 million each and bearing cumulative interest at 9.33% and 8.84% per annum, were issued by two wholly-owned subsidiaries (the 'Issuers') on 23rd October 1996 and 6th May 1997 respectively. They have no scheduled maturity but are redeemable at the option of the Company or the respective Issuer either (i) at any time on or after 30th October 2006 and 13th May 2017 respectively or (ii) at any time upon amendment or imposition of certain taxes and, in any case, become due in the event of the Company's or the respective Issuer's winding up. The Perpetual Capital Securities are unconditionally and irrevocably guaranteed, on a subordinated basis, by the Company.

## 22. Long-term loans and bonds

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
<b>Bank loans (secured):</b>				
Repayable within one year	54	–	–	–
Repayable between one and two years	–	77	–	–
Repayable between two and five years	181	–	–	–
<b>Bank loans (unsecured):</b>				
Repayable within one year	–	242	–	–
Repayable between one and two years	–	56	–	–
Repayable between two and five years	1,822	3,100	–	–
Repayable after five years	–	18	–	–
<b>Other borrowings (unsecured):</b>				
Repayable within one year	3,053	1,506	890	–
Repayable between one and two years	2,821	3,053	2,321	891
Repayable between two and five years	500	3,321	–	2,321
	8,431	11,373	3,211	3,212
Amount due within one year included under current liabilities	(3,107)	(1,748)	(890)	–
	5,324	9,625	2,321	3,212

Borrowings other than bank loans are repayable on various dates up to 2006 at interest rates from 1.75% to 8.5% per annum (2001: 2.26% to 8.5% per annum).

## 23. Deferred taxation

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
The deferred taxation provision comprises timing differences arising from:				
– the different taxation and accounting treatment of fixed assets	12	21	10	10
– other timing differences	26	3	14	–
	38	24	24	10

At the balance sheet date, there were unprovided deferred taxation liabilities/(assets) which comprised the following timing differences:

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Accelerated depreciation allowances	171	106	–	–
Tax losses	(47)	(52)	–	–
Others	(114)	(94)	–	–
	10	(40)	–	–

## 24. Retirement benefits

The group operates various retirement benefit plans providing resignation and retirement benefits to staff. Most retirement benefit plans for staff employed on expatriate terms are contributory, whilst most plans for locally-engaged employees are non-contributory. The assets of the plans are administered by independent trustees and are maintained independently of the group's finances. The majority of the plans are of the defined benefit type and contributions to such plans are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. All employees engaged outside Hong Kong are covered by appropriate local arrangements.

A mandatory provident fund scheme (MPF) was established in Hong Kong under the MPF Ordinance in December 2000. Since the Company has obtained exemption for its existing retirement schemes, all staff were offered the choice of switching to the MPF scheme or staying in existing schemes. Where staff elected to join the MPF, both the Company and staff are required to contribute 5% of the employees' relevant income (capped at HK\$20,000). Staff may elect to contribute more than the minimum as a voluntary contribution.

Total retirement benefit costs recognised in the profit and loss account for the year ended 31st December 2002 amounted to HK\$83 million (2001: HK\$76 million), including HK\$10 million (2001: HK\$9 million) in respect of defined contribution plans.

Defined benefit plans are valued by independent qualified actuaries annually using the projected unit credit method. Principal plans in Hong Kong are valued by Watson Wyatt Hong Kong Limited and HSBC Life (International) Limited, whilst the plan in the United States is valued by Watson Wyatt Worldwide. In addition, the group operates a post-employment health care and life insurance benefit plan for certain retired employees in the United States. The method of accounting and the frequency of valuations in respect of these benefits are similar to those used for defined benefit plans.

As noted in the principal accounting policy no. 19, the group implemented the new HK SSAP 34 for defined benefit plans with effect from 1st January 2002.

(a) The amounts recognised in the consolidated balance sheet are as follows:

	2002			Company Defined benefit plans HK\$M
	Group			
	Defined benefit plans HK\$M	Other post-employment benefits HK\$M	Total HK\$M	
Present value of funded obligations	1,017	–	1,017	38
Fair value of plan assets	(874)	–	(874)	(104)
	143	–	143	(66)
Present value of unfunded obligations	–	58	58	–
Net unrecognised actuarial losses	(187)	(32)	(219)	(24)
Unrecognised past service costs	4	–	4	–
Net retirement benefit liabilities/(assets)	(40)	26	(14)	(90)
Represented by:				
Retirement benefit assets	(128)	–	(128)	(90)
Retirement benefit liabilities	88	26	114	–
	(40)	26	(14)	(90)

(b) Movements in the net retirement benefit liabilities/(assets) are as follows:

	2002			Company Defined benefit plans HK\$M
	Group			
	Defined benefit plans HK\$M	Other post-employment benefits HK\$M	Total HK\$M	
<b>At 1st January</b>	–	–	–	–
Liabilities reclassified from other payables	74	24	98	–
Net transitional surplus recognised upon initial adoption of HK SSAP 34	(83)	–	(83)	(89)
Contributions paid	(99)	(3)	(102)	–
Net expenses recognised in the consolidated profit and loss account	68	5	73	(1)
<b>At 31st December</b>	(40)	26	(14)	(90)



## 24. Retirement benefits (continued)

(c) Net expenses recognised in the consolidated profit and loss account are as follows:

	2002		
	Group		
	Defined benefit plans HK\$M	Other post-employment benefits HK\$M	Total HK\$M
Current service cost	79	1	80
Interest cost	61	3	64
Expected return on plan assets	(73)	-	(73)
Past service costs recognised	1	1	2
	68	5	73

The net expenses were included in administrative expenses in the consolidated profit and loss account.

Actual loss on plan assets	71	-	71
----------------------------	----	---	----

(d) The principal actuarial assumptions used are as follows:

	2002	
	Group	
	Defined benefit plans	Other post-employment benefits
Discount rate	4% – 7%	6.75%
Expected rate of return on plan assets	3.25% – 8%	N/A
Expected rate of future salary increases	Nil – 4.5%	N/A
Expected rate of increase in cost of covered health care benefits	N/A	5.5%

## 25. Share capital

	Company				
	'A' shares of HK\$0.60 each	'B' shares of HK\$0.12 each	'A' shares HK\$M	'B' shares HK\$M	Total HK\$M
<b>Authorised:</b>					
At 31st December 2002 and 2001	1,140,000,000	3,600,000,000	684	432	1,116
<b>Issued and fully paid:</b>					
At 31st December 2001	940,111,885	3,059,301,271	564	367	931
Less: Shares repurchased and cancelled	7,804,000	55,815,000	5	6	11
At 31st December 2002	932,307,885	3,003,486,271	559	361	920

Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders are in the proportion 5 to 1.

During the year, the Company repurchased on the Hong Kong stock exchange a total of 7,804,000 'A' shares of HK\$0.60 each and 55,815,000 'B' shares of HK\$0.12 each of the Company, at an aggregate consideration of HK\$540 million. All the shares repurchased were subsequently cancelled. An amount equal to the nominal value of the shares cancelled was transferred from revenue reserve to the capital redemption reserve as disclosed in note 26. No shares were repurchased and cancelled during 2001.



## 26. Reserves

	Revenue reserve HK\$M	Property valuation reserve HK\$M	Share premium account HK\$M	Capital redemption reserve HK\$M	Investment revaluation reserve HK\$M	Cash flow hedge reserve HK\$M	Total HK\$M
<b>Company</b>							
At 31st December 2000	10,490	–	342	21	–	–	10,853
Profit for the year	1,361	–	–	–	–	–	1,361
2000 Final dividend	(1,179)	–	–	–	–	–	(1,179)
2001 Interim dividend (note 10)	(559)	–	–	–	–	–	(559)
At 31st December 2001	10,113	–	342	21	–	–	10,476
At 31st December 2001							
– as originally stated	10,113	–	342	21	–	–	10,476
– change in accounting policy for retirement benefits (note (d))	75	–	–	–	–	–	75
– as restated	10,188	–	342	21	–	–	10,551
Profit for the year	2,187	–	–	–	–	–	2,187
Repurchase of Company's shares							
– premium paid on repurchase	(529)	–	–	–	–	–	(529)
– transfer between reserves	(11)	–	–	11	–	–	–
2001 Final dividend (note 10)	(1,179)	–	–	–	–	–	(1,179)
2002 Interim dividend (note 10)	(618)	–	–	–	–	–	(618)
At 31st December 2002	10,038	–	342	32	–	–	10,412
<b>Group</b>							
At 31st December 2000	39,077	35,735	342	21	445	872	76,492
Profit for the year	4,118	–	–	–	–	–	4,118
2000 Final dividend	(1,179)	–	–	–	–	–	(1,179)
2001 Interim dividend (note 10)	(559)	–	–	–	–	–	(559)
Goodwill reinstated on disposal of subsidiary and jointly controlled companies	163	–	–	–	–	–	163
Decrease in property valuation arising during the year	–	(6,137)	–	–	–	–	(6,137)
Share of deficit on revaluation of investment properties held by jointly controlled companies (note (e))	–	(665)	–	–	–	–	(665)
Revaluation surplus on investment properties transferred to operating profit on disposal	–	(181)	–	–	–	–	(181)
Exchange differences on cash flow hedges							
– recognised during the year	–	–	–	–	–	564	564
– transferred to profit and loss account	–	–	–	–	–	(250)	(250)
Revaluation deficit on investment securities recognised during the year	–	–	–	–	(104)	–	(104)
Revaluation surplus on investment securities transferred to operating profit on disposal	–	–	–	–	(207)	–	(207)
Exchange differences	(37)	–	–	–	–	–	(37)
At 31st December 2001	41,583	28,752	342	21	134	1,186	72,018

## 26. Reserves (continued)

	Revenue reserve HK\$M	Property valuation reserve HK\$M	Share premium account HK\$M	Capital redemption reserve HK\$M	Investment revaluation reserve HK\$M	Cash flow hedge reserve HK\$M	Total HK\$M
<b>Group</b>							
At 31st December 2001							
– as originally stated	41,583	28,752	342	21	134	1,186	72,018
– change in accounting policy for retirement benefits (note (d))	(124)	–	–	–	–	–	(124)
– as restated	41,459	28,752	342	21	134	1,186	71,894
Profit for the year	5,404	–	–	–	–	–	5,404
Repurchase of Company's shares							
– premium paid on repurchase	(529)	–	–	–	–	–	(529)
– transfer between reserves	(11)	–	–	11	–	–	–
2001 Final dividend (note 10)	(1,179)	–	–	–	–	–	(1,179)
2002 Interim dividend (note 10)	(618)	–	–	–	–	–	(618)
Goodwill reinstated							
– on disposal of associated companies	22	–	–	–	–	–	22
– upon impairment	93	–	–	–	–	–	93
Decrease in property valuation arising during the year	–	(5,367)	–	–	–	–	(5,367)
Share of deficit on revaluation of investment properties held by jointly controlled companies (note (e))	–	(41)	–	–	–	–	(41)
Revaluation surplus on investment properties transferred to operating profit on disposal	–	(452)	–	–	–	–	(452)
Exchange differences on cash flow hedges							
– recognised during the year	–	–	–	–	–	(600)	(600)
– transferred to the profit and loss account	–	–	–	–	–	(333)	(333)
Revaluation surplus on investment securities recognised during the year	–	–	–	–	49	–	49
Exchange differences	3	–	–	–	–	–	3
At 31st December 2002	44,644	22,892	342	32	183	253	68,346

The group revenue reserve includes accumulated losses from jointly controlled companies amounting to HK\$2,605 million (2001: HK\$2,276 million) and retained revenue reserves from associated companies amounting to HK\$14,754 million (2001: HK\$13,319 million).

- (a) Distributable reserves of the Company at 31st December 2002 amounted to HK\$10,038 million (2001: HK\$10,113 million).
- (b) The revenue reserve includes HK\$1,380 million (2001: HK\$1,179 million) representing the proposed final dividend for the year (note 10).
- (c) As set out in principal accounting policy no. 4 (iv), the cash flow hedge reserve relates to exchange differences on borrowings, lease obligations, currency derivatives and related security deposits of the Cathay Pacific Group which are arranged in foreign currencies such that repayment can be met by anticipated operating cash flows. Had HK SSAP 11 been adopted, there would have been no financial impact on the Swire Pacific group's assets, liabilities and cash flows. HK\$253 million (2001: HK\$1,186 million) would have been included in Swire Pacific group's revenue reserve rather than the cash flow hedge reserve and the Swire Pacific group's profit and loss account for year ended 31st December 2002 would have decreased by HK\$933 million (2001: increased by HK\$314 million).
- (d) Details of the change in accounting policy for retirement benefits are set out in principal accounting policies no. 19 and note 24 to the accounts.
- (e) This represents the group's share of the deficits arising on the revaluation of investment properties held by the group's jointly controlled companies.

## 27. Contingencies and commitments

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
<b>(a) Outstanding commitments for capital expenditure at the year end:</b>				
Contracted for but not provided for in the accounts	2,129	1,915	—	—
Authorised by Directors but not contracted for	499	1,405	—	—
<b>(b) Outstanding commitments for capital expenditure at the year end (included in (a) above) relating to the group's interest in jointly controlled companies:</b>				
Contracted for but not provided for in the accounts	692	—	—	—
<b>(c) In addition, the group's share of the capital commitments of its jointly controlled companies at the year end (not included in (a) above):</b>				
Contracted for but not provided for in the accounts	48	2	—	—
Authorised by Directors but not contracted for	18	34	—	—
<b>(d) Guarantees have been given in respect of bank loans and other liabilities outstanding at 31st December amounting to:</b>				
Subsidiary companies	—	—	11,769	14,095
Jointly controlled companies	1,211	1,226	1,211	1,226
Third parties	143	134	—	—
	<b>1,354</b>	1,360	<b>12,980</b>	15,321

## 28. Operating lease arrangements

The group acts as both lessor and lessee under operating leases. Details of the group's commitments under non-cancellable operating leases are set out as follows:

### (a) Lessor

The group leases out land and buildings and vessels under operating leases. The leases for land and buildings typically run for a period of three to six years. The turnover related rental income received during the year amounted to HK\$68 million (2001: HK\$65 million). The leases for vessels typically run for an initial period of six months to five years with an option to renew the lease after that date, at which time all terms are renegotiated.

At 31st December, the future aggregate minimum lease payments under non-cancellable operating leases receivable by the group were as follows:

	Group		Company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Land and buildings:				
Not later than one year	2,934	3,182	16	13
Later than one year but not later than five years	3,893	4,645	6	6
Later than five years	292	433	—	—
	<b>7,119</b>	8,260	<b>22</b>	19
Vessels:				
Not later than one year	413	379	—	—
Later than one year but not later than five years	231	335	—	—
	<b>644</b>	714	<b>—</b>	—
	<b>7,763</b>	8,974	<b>22</b>	19

## 28. Operating lease arrangements (continued)

### (b) Lessee

The group leases land and buildings, vessels and other equipment under operating leases. These leases typically run for an initial period of one to nine years with an option to renew the lease after that date, at which time all terms are renegotiated. The turnover related rentals paid during the year amounted to HK\$3 million (2001: HK\$3 million).

At 31st December, the future aggregate minimum lease payments under non-cancellable operating leases payable by the group were as follows:

	Group	
	2002 HK\$M	2001 HK\$M
Land and buildings:		
Not later than one year	88	81
Later than one year but not later than five years	97	90
Later than five years	4	9
	189	180
Vessels:		
Not later than one year	9	9
Other equipment:		
Not later than one year	17	17
Later than one year but not later than five years	—	3
	17	20
	215	209

The Company did not have any material operating lease commitments at 31st December 2002 and 2001.

## 29. Related party transactions

There are agreements for services, in respect of which John Swire & Sons Limited provides services to various companies in the group and under which costs are reimbursed and fees are payable. The counterparty was John Swire & Sons Limited ("JS&S") until 30th June 2002 and has been John Swire & Sons (HK) Limited, a wholly-owned subsidiary of JS&S, since 1st July 2002. Service fees are calculated as 2.5% (2001: 2.5%) of the relevant company's consolidated profit before tax, extraordinary items and minority interests, adjusted by disregarding any profits and losses on sale of fixed assets and from jointly controlled and associated companies but adding back the dividends receivable from these companies. For the year ended 31st December 2002, those fees amounted to HK\$121 million (2001: HK\$99 million) and expenses of HK\$80 million (2001: HK\$82 million) were reimbursed at cost.

The following is a summary of other significant transactions between the group and related parties, in addition to those disclosed elsewhere in the accounts, which were carried out in the normal course of the group's business:

Notes	Jointly controlled companies		Associated companies		Fellow subsidiaries		Intermediate holding company	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
Revenue from sales of goods and rendering of services (a)	30	31	12	12	—	—	5	4
Purchases of goods and services (a)	202	188	43	34	9	5	—	—
Rental revenue (b)	10	10	4	4	6	7	43	39
Interest income (c)	5	38	19	40	—	—	—	—
Interest charges (c)	7	12	—	—	—	—	—	—

None of the above related party transactions constitutes a discloseable connected transaction as defined in the Listing Rules.

Amounts due to and due from the ultimate holding company and intermediate holding company at 31st December 2002 are disclosed in notes 19 and 20. These balances arise in the normal course of business, are non-interest-bearing and have no fixed settlement dates.

### Notes

- (a) Sales and purchases of goods and rendering of services to and from related parties were conducted in the normal course of business at prices and terms no less than those charged to/by and contracted with other third party customers/suppliers of the group.
- (b) The Swire Properties group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.
- (c) Loans advanced to jointly controlled and associated companies and loans due to jointly controlled and associated companies at 31st December 2002 are disclosed in notes 14 and 15 respectively. Quasi-equity loans are non-interest-bearing whilst other loans bear interest at market rates. These loans have no fixed settlement dates.

### 30. Notes to the consolidated cash flow statement

	Group	
	2002 HK\$M	2001 HK\$M
<b>(a) Reconciliation of operating profit to cash generated from operations</b>		
Operating profit	4,345	4,391
Depreciation	523	517
Profit on disposal of fixed assets	(416)	(205)
Amortisation of deferred expenditure	74	118
Impairment losses on:		
Fixed assets	93	–
Goodwill	41	–
Investment securities	35	–
Profit on sale of jointly controlled companies	(88)	–
(Increase)/decrease in properties for sale	(692)	343
Decrease/(increase) in stocks and work in progress	123	(217)
Decrease in trade and other receivables	94	100
Increase/(decrease) in trade and other payables	393	(993)
Other items not involving cash flow	(63)	15
<b>Cash generated from operations</b>	<b>4,462</b>	4,069
<b>(b) Analysis of fixed assets purchased</b>		
Investment properties	717	755
Other properties	28	40
Plant and machinery and vessels	1,354	582
<b>Purchase of fixed assets</b>	<b>2,099</b>	1,377

The above figures do not include interest capitalised on fixed assets.

### (c) Analysis of changes in financing during the year

	Group			
	Loans, bonds and perpetual capital securities		Minority interests	
	2002 HK\$M	2001 HK\$M	2002 HK\$M	2001 HK\$M
At 1st January	16,015	15,328	4,651	5,203
Net cash (outflow)/inflow from financing	(2,940)	696	(175)	(327)
Minority interests in property valuation reserve	–	–	158	(366)
Minority interests' share of profits less losses	–	–	385	360
Dividends paid and proposed	–	–	(105)	(218)
Non-cash movements	10	(9)	33	(1)
At 31st December	<b>13,085</b>	16,015	<b>4,947</b>	4,651

### 31. Ultimate holding company

The ultimate holding company is John Swire & Sons Limited, a company incorporated in the United Kingdom.

## 1. Basis of accounting

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA") with the exception of the recognition of exchange differences on certain long-term liabilities in Cathay Pacific as explained in accounting policy no. 4 below. In the view of the Directors, this departure is necessary to show a true and fair view. The accounts have been prepared under the historical cost convention as modified by the revaluation of certain investment properties and investments in securities.

In the current year, the group adopted the following Statements of Standard Accounting Practice ("HK SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

HK SSAP 1 (revised) : Presentation of financial statements

HK SSAP 11 (revised) : Foreign currency translation (with the exception as explained in accounting policy no. 4)

HK SSAP 15 (revised) : Cash flow statements

HK SSAP 34 : Employee benefits

Certain presentational changes have been made upon the adoption of HK SSAP 1 (revised) and HK SSAP 15 (revised). The effects of adopting the other new standards are set out in the accounting policies below.

## 2. Basis of consolidation

The consolidated accounts of the group incorporate the accounts of Swire Pacific Limited and all its subsidiary companies made up to 31st December. Subsidiary companies are those entities in which the group controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiary companies are included in the consolidated profit and loss account and minority interests therein are deducted from the consolidated profit after taxation. Results attributable to subsidiary company interests acquired or disposed of during the year are included from the date of acquisition or to the date of disposal as applicable.

All significant intercompany transactions and balances within the group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary, jointly controlled or associated company represents the difference between the proceeds of the sale and the group's share of its net assets together with any goodwill or negative goodwill which was not previously amortised in the consolidated profit and loss account or which has previously been written off against the revenue reserve.

Minority interests in the balance sheet comprise the outside shareholders' proportion of the net assets of subsidiary companies.

In the Company's balance sheet the investments in subsidiary companies are stated at cost less provision for any impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

## 3. Jointly controlled and associated companies

Jointly controlled companies are those companies held for the long term, over which the group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture. Associated companies are those companies, not being subsidiary companies, in which the group has a substantial long-term interest in the equity voting rights, and over which the group is in a position to exercise significant influence.

### 3. Jointly controlled and associated companies (continued)

The results of jointly controlled and associated companies are accounted for by the Company on the basis of dividends received and receivable. The consolidated profit and loss account includes the group's share of results of jointly controlled and associated companies for the year. Valuation changes arising on group investment properties held in jointly controlled companies are treated in accordance with principal accounting policy no. 5 – Valuation of investment properties. In the Company's balance sheet, investments in jointly controlled and associated companies are stated at cost less provisions for any impairment losses. In the consolidated balance sheet, the investment in jointly controlled and associated companies represents the group's share of net assets and goodwill (net of accumulated amortisation) on acquisition.

### 4. Translation of foreign currencies

- (i) Transactions in foreign currencies entered into during the year are translated at the market rates or forward contract rates ruling at the relevant transaction dates. With the exception of the Perpetual Capital Securities as set out in (iii) below, monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases, with the exception of note (iv) below, are dealt with in the profit and loss account.
- (ii) The balance sheets of subsidiary, jointly controlled and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at average rate. Unrealised differences on net investments in foreign subsidiary, jointly controlled and associated companies (including intra-group balances of an equity nature) and related long-term liabilities are taken directly to reserves. In prior years, the profit and loss accounts of foreign enterprises were translated at exchange rates ruling at the balance sheet date. Following a change in accounting policy due to the revision of HK SSAP 11 "Foreign currency translation", the profit and loss accounts of foreign enterprises in prior years have not been restated as the effect of this change is not material.
- (iii) The group's two issues of Perpetual Capital Securities, which were issued by wholly-owned subsidiary companies (the 'Issuers'), are denominated in US dollars and have no scheduled maturity. They are, however, redeemable at the Company's or the respective Issuer's option either (a) on or after 30th October 2006 and 13th May 2017 respectively or (b) at any time upon amendment or imposition of certain taxes and, in any case, become due in the event of the Company's or the respective Issuer's winding-up. Since it is not the present intention of the group that these Perpetual Capital Securities will be redeemed, they are valued at historical exchange rates.
- (iv) In order to reduce its exposure to exchange rate fluctuations on future operating cash flows, the Cathay Pacific Group arranges its borrowings and leasing obligations in foreign currencies such that repayments can be met by anticipated operating cash flows. In addition the Cathay Pacific Group takes out currency derivatives to hedge anticipated cash flows. Any unrealised exchange differences on these borrowings, leasing obligations, currency derivatives and on related security deposits are recognised directly in equity. These exchange differences are included in the profit and loss account as an adjustment to revenue in the same period or periods during which the hedged transaction affects the net profit and loss.

Although this complies with International Accounting Standards, it does not comply with HK SSAP 11 which requires that all such exchange differences are charged to the profit and loss account immediately. The effect of this departure from HK SSAP 11 is set out in note 26 to the accounts.

#### 4. Translation of foreign currencies (continued)

The treatment of exchange differences on foreign currency operating cash flow hedges adopted by the Company is supported by that element of International Accounting Standards which deals with accounting for hedge transactions. In the opinion of the Directors, this treatment fairly reflects the effects of the Cathay Pacific Group's foreign currency cash flow hedge arrangements. The matching of foreign currency cash flows is a key risk management tool for Cathay Pacific Group's airline operations. The appropriateness of continuing this treatment is assessed regularly, taking into consideration the latest operating cash flow projections of each currency. The Directors consider that the immediate recognition of all such exchange fluctuations in the profit and loss account could materially distort year-on-year results and conclude that the adopted treatment gives a true and fair view of the financial position, financial performance and cash flows of the Cathay Pacific Group.

#### 5. Valuation of investment properties

Investment properties, whether complete or in the course of development, are valued at intervals of not more than three years by independent valuers; in each of the intervening years valuations are undertaken by professionally qualified executives of the group. The valuations are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuations are credited to the property valuation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon sale of a revalued investment property the revaluation surplus is transferred to operating profit.

#### 6. Fixed assets and depreciation

Fixed assets, other than investment properties, are carried at cost less accumulated depreciation and accumulated impairment losses. Changes in the value of investment properties reflecting market conditions, depreciation and other factors are incorporated in the annual accounts on the basis set out in principal accounting policy no. 5. With the exception of land included in investment properties and freehold land, all other leasehold land is depreciated over the remaining period of the relevant lease. Other fixed assets are depreciated at rates sufficient to write off their original cost to estimated residual values over their anticipated useful lives in the following manner:

Other properties	2% to 5% per annum
Plant and machinery	7% to 34% per annum
Vessels	4% to 7% per annum

The expected useful lives and residual values of all fixed assets are regularly reviewed to take into account operational experience and changing circumstances.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.



## 7. Goodwill

Goodwill arising on consolidation represents the excess of cost of acquisition of subsidiary, jointly controlled and associated companies over the group's share of the fair value ascribed to the separable net assets at the date of acquisition. Goodwill arising on or after 1st January 2001 is capitalised in the balance sheet as a separate asset or included within investment in jointly controlled and associated companies, and is amortised to the profit and loss account on a straight-line basis over its estimated useful economic life. Goodwill arising from acquisitions before 1st January 2001 was written off against revenue reserve. Any impairment of such goodwill is recognised in the profit and loss account.

## 8. Investments in securities

### (i) Held-to-maturity securities

Held-to-maturity securities are stated in the balance sheet at cost adjusted for any discount or premium amortised to date. The discount or premium is amortised over the period to maturity and included as interest income or expense in the profit and loss account. Provision is made when there is a diminution in value which is considered to be other than temporary.

The carrying amounts of held-to-maturity securities are reviewed at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised in the profit and loss account.

### (ii) Investment securities

Investment securities are stated at fair value and any change in fair value is recognised in the investment revaluation reserve. On disposal, or if there is evidence that the value of the investment is impaired, the relevant cumulative gain or loss on the investment is transferred from the investment revaluation reserve to the profit and loss account.

Transfers from the investment revaluation reserve to the profit and loss account as a result of impairments are written back in the profit and loss account when the circumstances and events leading to the impairment cease to exist.

## 9. Deferred expenditure

Deferred expenditure is amortised over periods of up to ten years.

## 10. Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost represents average unit cost and net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. Work in progress comprises direct material and labour costs and an appropriate proportion of overhead expenses less provisions for foreseeable losses.

## 11. Properties under development for sale

Properties under development for sale are included under current assets and comprise land at cost, construction costs, interest charges and profit taken to date, less sales instalments received and receivable and provisions for possible losses.

When a development property in Hong Kong is sold in advance of completion, profit is recognised over the course of the development and is computed each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds. Sales proceeds due on completion are accounted for as receivables if the occupation permit has been issued and the development is substantially complete.

Where purchasers fail to pay the balance of the purchase price on completion and the company exercises its entitlement to resell the property, sales deposits received in advance of completion which are forfeited are credited to operating profit; any profits recognised up to the date of completion are written back.

## 12. Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

## 13. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term liquid investments which were within three months of maturity when acquired, less advances from banks and financial institutions repayable within three months from the date of the advance.

## 14. Borrowing costs

Interest costs incurred are charged to the profit and loss account except for those interest charges attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

## 15. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

## 16. Deferred taxation

Provision is made for deferred taxation at current rates of taxation in respect of material timing differences except where it is considered that no liability will arise in the foreseeable future.

## 17. Revenue recognition

Sales are recognised as revenue upon delivery of goods and provision of services. Revenue for properties under development for sale is recognised as set out in principal accounting policy no. 11. Rental income and interest income are recognised on an accruals basis.

## 18. Related parties

Related parties are individuals and companies, including subsidiary, jointly controlled and associated companies, where the individual, company or group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## 19. Retirement benefits

The group operates a number of defined benefit and defined contribution retirement benefit schemes for its employees, the assets of which are generally held in separate trustee – administered funds. The schemes are generally funded by payments from the relevant group companies and, in some cases, employees themselves, taking account of the recommendations of independent qualified actuaries.

The group's contributions to the defined contribution schemes are charged to the profit and loss account in the period to which the contributions relate.

For defined benefit schemes, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans on an annual basis. The retirement benefit obligation is measured as the present value of the estimated future cash outflows using market yields on Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses, to the extent that the amount is in excess of 10% of the greater of the present value of the defined benefit obligations and the fair value of the plan assets, are recognised over the expected average remaining service lives of the employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

In previous years, retirement benefit costs in respect of the defined benefit schemes were charged to the profit and loss account based on actuarial determinations of contributions payable in that year, using the attained age normal method. The adoption of the new HK SSAP 34 "Employee benefits" in 2002 represents a change in accounting policy. As a result of this change, the opening revenue reserve at 1st January 2002 has been decreased by HK\$124 million. Comparatives have not been restated.

## 20. Segment reporting

In accordance with the group's internal financial reporting, the group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Showing proportion of capital owned at 31st December 2002

Property Division	Ownership			Issued share capital	Principal activities
	Attributable to the group %	Owned directly %	Owned by subsidiaries %		
<i>Subsidiary companies:</i>					
<i>Incorporated in Hong Kong:</i>					
Aldrich Bay East Limited	100	–	100	1,000 shares of HK\$1	Property investment
Braemar West Limited	100	–	100	1,000 shares of HK\$1	Property trading
Cathay Limited	100	–	100	807 shares of HK\$10	Property investment
Cityplaza Holdings Limited	100	–	100	100 shares of HK\$10	Property investment
Coventry Estates Limited	100	–	100	4 shares of HK\$10	Property investment
Festival Walk Holdings Limited	50	–	50	100,000 shares of HK\$10	Property investment
	100	–	100	1 special rights redeemable preference share of HK\$10	
Harbour Heights (Management) Limited	100	–	100	2 shares of HK\$1	Estate management
Hixburg Limited	80	–	80	100 shares of HK\$10	Property trading and investment
Island Land (Management) Limited	100	–	100	2 shares of HK\$1	Estate management
Island Place (Management) Limited	100	–	100	2 shares of HK\$10	Estate management
Lei King Wan (Management) Limited	100	–	100	2 shares of HK\$1	Estate management
Les Saisons (Management) Limited	100	–	100	2 shares of HK\$10	Estate management
Massrich Investment Limited	100	–	100	2 shares of HK\$1	Property trading and investment
One Queen's Road East Limited	100	–	100	2 shares of HK\$1	Property investment
Oriental Landscapes Limited	100	–	100	50,000 shares of HK\$10	Landscaping services
Pacific Place Holdings Limited	100	–	100	2 shares of HK\$1	Property investment
Park Vale (Management) Limited	100	–	100	2 shares of HK\$1	Estate management
Redhill Properties Limited	100	–	100	250,000 shares of HK\$1	Property investment
Robinson Place (Management) Limited	100	–	100	2 shares of HK\$10	Estate management
StarCrest (Management) Limited	100	–	100	2 shares of HK\$10	Estate management
Sunningdale (Management) Limited	100	–	100	2 shares of HK\$10	Estate management
Swire Properties (Finance) Limited	100	–	100	100 shares of HK\$1	Financial services
Swire Properties Investments Limited	100	–	100	15,000,000 shares of HK\$1	Property investment
Swire Properties Limited	100	100	–	612,036,542 shares of HK\$1	Holding company
Swire Properties Management Limited	100	–	100	2 shares of HK\$10	Property management
Swire Properties Projects Limited	100	–	100	2 shares of HK\$1	Project management
Swire Properties Real Estate Agency Limited	100	–	100	2 shares of HK\$10	Real estate agency
TaiKoo Place Holdings Limited	100	–	100	2 shares of HK\$1	Property investment
Taikoo Shing (Management) Limited	100	–	100	2 shares of HK\$1	Estate management
The Albany Management Limited	100	–	100	2 shares of HK\$10	Estate management
The Floridian (Management) Limited	100	–	100	2 shares of HK\$10	Estate management
Westlands Court (Management) Limited	100	–	100	2 shares of HK\$1	Estate management
Zarrinbad Limited	100	–	100	2 shares of HK\$10	Investment holding

Notes

- This table lists the principal subsidiary, jointly controlled and associated companies of the group which, in the opinion of the Directors, materially contribute to the net income of the group or hold a material portion of the assets, or liabilities of the group. To give full details of these companies would, in the opinion of the Directors, result in particulars of excessive length.
- Unless otherwise stated, the principal country of operation of each subsidiary is the same as its country of incorporation.  
The activities of ship owning and operating are international, and are not attributable to a principal country of operation.
- \* Group interest held through jointly controlled and associated companies.
- Companies not audited by PricewaterhouseCoopers. These companies account for approximately 25.5% of attributable net assets at 31st December 2002.

Showing proportion of capital owned at 31st December 2002

	Attributable to the group %		Owned directly %		Owned by subsidiaries %		Issued share capital		Principal activities
<b>Property Division</b>									
<i>Subsidiary companies:</i>									
<b>Incorporated in the United States:</b>									
Courts Realty Sales Inc.	100	–	100	1,000 shares of US¢1					Real estate agency
Swire Pacific Holdings Inc. (see also Beverages division)	100	–	100	6,950.28 shares of US\$1					Property development and manufacture and sale of non-alcoholic beverages
Swire Brickell Key Realty Inc.	100	–	100	1,000 shares of US¢1					Real estate agency
Swire Brickell Three Inc.	100	–	100	1,000 shares of US¢1					Property trading
<b>Incorporated in the British Virgin Islands:</b>									
Honour Star Development Co. Ltd.	100	–	100	1 share of US\$1					Investment holding
Swire and Island Communication Developments Limited	60	–	60	100 shares of HK\$10					Property trading and investment
<b>Incorporated in the Cayman Islands:</b>									
Swire Properties Offshore Financing Limited	100	–	100	1 share of US\$1					Financial services
<i>Jointly controlled companies:</i>									
<b>Incorporated in Hong Kong:</b>									
Calm Seas Project Management Limited •	50	–	*	2 shares of HK\$1					Project management
Hareton Limited	50	–	50	100 shares of HK\$10					Property trading
Newfoundworld Limited	20	–	*	200,000 shares of HK\$10					Property trading
Uttoxeter Limited	50	–	50	100 shares of HK\$10					Property trading
<b>Incorporated in Mainland China:</b>									
<i>(Contractual joint venture)</i>									
Taikoo Hui (Guangzhou) Development Co. Ltd.	55	–	55	Registered capital of RMB1,334,000,000					Property investment
<b>Incorporated in the United States:</b>									
Jade at Brickell Bay Associates Ltd.	62.5	–	62.5	Florida Partnership					Property trading
Swire Brickell Key Hotel, Limited	75	–	75	Florida Partnership					Hotel investment
<b>Incorporated in the British Virgin Islands:</b>									
Arrowtown Assets Limited •	49	–	*	1 share of US\$1					Property trading
Calm Seas Developments Limited •	50	–	50	2 shares of US\$1					Holding company
Island Land Development Limited	50	–	50	100 shares of HK\$10					Property investment
<i>Associated companies:</i>									
<b>Incorporated in Hong Kong:</b>									
Greenroll Limited •	20	–	20	45,441,000 shares of HK\$10					Hotel investment
Moon Festival Limited	25	–	50	1,000,000 shares of HK\$1					Restaurant
Pure Jade Limited	20	–	20	100 shares of HK\$1					Property trading
Queensway Hotel Limited	20	–	*	100,000 shares of HK\$10					Hotel investment
Shangri-La International Hotels (Pacific Place) Limited •	20	–	20	5,000 shares of HK\$1					Hotel investment
<i>Long-term investment:</i>									
<b>Incorporated in Hong Kong:</b>									
Join Resources Limited	16.7	–	16.7	10,000 shares of HK\$1					Property investment





	Attributable to the group %		Owned by subsidiaries %		Principal activities
	Owned directly %	Issued share capital			
<b>Beverages Division</b>					
<i>Subsidiary companies:</i>					
<b>Incorporated in Hong Kong:</b>					
Swire Beverages Holdings Limited	100	100	–	10,002 shares of HK\$100	Holding company
Swire Beverages Limited	87.5	–	87.5	14,600 shares of US\$500	Holding company
Swire Coca-Cola HK Limited	87.5	–	100	2,400,000 shares of HK\$10	Manufacture and sale of non-alcoholic beverages
<b>Incorporated in Bermuda:</b>					
Swire Pacific Industries Limited (operating principally in Taiwan)	100	–	100	12,000 shares of US\$1	Holding company
<b>Incorporated in Taiwan:</b>					
Swire Coca-Cola Taiwan Limited	78.8	–	78.8	4,000,000 shares of NT\$100	Manufacture and sale of non-alcoholic beverages
<b>Incorporated in the United States:</b>					
Swire Pacific Holdings Inc. (see also Property division)	100	–	100	6,950.28 shares of US\$1	Manufacture and sale of non-alcoholic beverages and property development
<i>Jointly controlled companies:</i>					
<b>Incorporated in Mainland China:</b>					
<i>(All contractual joint ventures)</i>					
BC Development Company Limited	74.4	–	85.0	Registered capital of US\$60 million	Manufacture and sale of non-alcoholic beverages
Guangmei Foods Company Limited •	83.0	–	83.0	Registered capital of US\$24.6 million	Food processing and distribution
Hangzhou BC Foods Company Limited	44.6	–	*	Registered capital of US\$20 million	Manufacture and sale of non-alcoholic beverages
Nanjing BC Foods Company Limited	44.6	–	*	Registered capital of US\$19 million	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Hefei Limited	59.5	–	*	Registered capital of US\$12 million	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Xiamen Limited	44.6	–	51.0	Registered capital of US\$52,737,000	Manufacture and sale of non-alcoholic beverages
Swire Coca-Cola Beverages Zhengzhou Limited	60.7	–	*	Registered capital of US\$18 million	Manufacture and sale of non-alcoholic beverages
Swire Guangdong Coca-Cola Limited	44.6	–	51.0	Registered capital of RMB510,669,000	Manufacture and sale of non-alcoholic beverages
Xian BC Hans Foods Company Limited	78.3	–	30.0%*	Registered capital of US\$20 million	Manufacture and sale of non-alcoholic beverages



Showing proportion of capital owned at 31st December 2002

	Attributable to the group %		Owned directly %		Owned by subsidiaries %		Issued share capital		Principal activities
<b>Marine Services Division</b>									
<i>Subsidiary companies:</i>									
<i>Incorporated in Hong Kong:</i>									
Swire Pacific Ship Management Limited •	100	100	–		1,000 shares of HK\$100				Ship personnel management
<i>Incorporated in Australia:</i>									
Pacific Manning Company Pty Limited	100	–	100		20,000 shares of A\$1				Ship personnel management
Swire Pacific Offshore Pty Limited	100	–	100		40,000 shares of A\$1				Ship owning and operating
<i>Incorporated in Bermuda:</i>									
SPO Ships Limited	100	–	100		120 shares of US\$100				Ship owning and operating
Swire Pacific Offshore Holdings Limited	100	–	100		500,000 shares of US\$100				Holding company
Swire Pacific Offshore Limited	100	–	100		120 shares of US\$100				Management services
<i>Incorporated in Panama:</i>									
SPOL Diveships Corporation	100	–	100		2 shares of no par value				Ship owning and operating
SPOL Vessels Corporation	100	–	100		2 shares of no par value				Ship owning and operating
Swire Marine Corporation	100	–	100		2 shares of no par value				Ship owning and operating
Swire Supply Vessels Corporation	100	–	100		2 shares of no par value				Ship owning and operating
<i>Incorporated in the United Kingdom:</i>									
Swire Pacific Offshore (North Sea) Limited	100	–	100		2 shares of £1				Management services
<i>Incorporated in Singapore:</i>									
Swire Pacific Offshore Services (Pte) Limited	100	–	100		500,000 shares of S\$1				Management services
Swire Pacific Offshore Operations (Pte) Limited	100	–	100		500,000 shares of S\$1				Ship owning and operating
<i>Jointly controlled companies:</i>									
<i>Incorporated in Hong Kong:</i>									
Hongkong United Dockyards Limited	50.0	50.0	–		7,600,000 shares of HK\$10				Ship repairing and general engineering
HUD General Engineering Services Limited	50.0	–	*		420,000 shares of HK\$10				General engineering services
The Hongkong Salvage & Towage Company Limited	50.0	50.0	–		2,000,000 shares of HK\$10				Marine towage
<i>Incorporated in Mainland China:</i>									
Shekou Container Terminals Limited •	25.0	25.0	–		HK\$200,000,000				Container terminal operations
<i>Incorporated in British Virgin Islands:</i>									
Expro Swire Production Limited	50.0	–	50.0		10,000 shares of US\$1				Early production systems for offshore oil
<i>Incorporated in Egypt:</i>									
Ocean Marine Services Limited	33.3	–	33.3		16,000 shares of US\$1,000				Ship owning and operating
<i>Associated companies:</i>									
<i>Incorporated in Hong Kong:</i>									
Modern Terminals Limited •	17.6	17.6	–		13,109 shares of HK\$1,000				Container terminal operations
<i>Incorporated in Malaysia:</i>									
Bahtera Wira Sdn Bhd	48.5	–	48.5		99,000 shares of MYR1				Ship owning
Samudra Keris Sendirian Berhad	49.0	–	*		100 shares of MYR1				Ship owning
Samudra Wijaya Sendirian Berhad	49.0	–	*		100 shares of MYR1				Ship owning
Wira Swire Sendirian Berhad	20.0	–	20.0		250,000 shares of MYR1				Ship operating
<i>Incorporated in the Philippines:</i>									
Anscor Swire Ship Management Corporation •	25.0	–	25.0		20,000 shares of Peso100				Ship personnel management
<i>Incorporated in UAE:</i>									
Swire Pacific Offshore (Dubai) LLC	49.0	–	49.0		300 shares of AED1,000				Management services

	Attributable to the group %		Owned by subsidiaries %		Principal activities
	Owned directly %		Issued share capital		
<b>Trading &amp; Industrial Division – Industrial</b>					
<i>Subsidiary companies:</i>					
<i>Incorporated in Hong Kong:</i>					
Swire Duro Limited	100	–	100	38,460 shares of HK\$100	Marble fabrication
Swire Industries Limited	100	100	–	611,000 shares of HK\$100	Holding company
Swire Industrial Management Services Limited	100	–	100	138,500,000 shares of HK\$1	Provision of management services
Taikoo Sugar Limited	100	–	100	300,000 shares of HK\$10	Packing and trading of branded food products
<i>Jointly controlled companies:</i>					
<i>Incorporated in Hong Kong:</i>					
Crown Can Hong Kong Limited	44.6	–	44.6	17,300,000 shares of HK\$10	Beverage can trading and distribution
Far East Landfill Technologies Limited	26.5	–	*	1,000,000 ordinary shares of HK\$1	Design, construction and operation of landfill
ICI Swire Paints Limited •	40.0	–	40.0	10,000 shares of HK\$1	Sales of paints and provision of related services
Swire SITA Waste Services Limited	50.0	–	50.0	58,200,000 shares of HK\$1	Waste management
Waylung Waste Services Limited	50.0	–	*	21,310,000 ordinary shares of HK\$1	Waste management
Island East Transfer Station Company Limited	50.0	–	*	2 shares of HK\$1	Waste management
<i>Incorporated in Mainland China:</i>					
Beijing Crown Can Company Limited	41.3	–	*	Registered capital of US\$31,600,000	Beverage can manufacturing
Foshan Continental Can Company Limited •	22.3	–	*	US\$9,900,000	Beverage can manufacturing
Foshan Crown Easy-Opening End Company Limited	22.3	–	*	Registered capital of US\$6,000,000	Beverage can manufacturing
Huizhou Crown Can Company Limited	44.1	–	*	US\$24,887,000	Beverage can manufacturing
ICI Swire Paints (China) Limited •	36.0	–	36.0	HK\$180 million	Paint manufacturing
ICI Swire Paints (Shanghai) Company Limited •	30.0	–	30.0	Registered capital of US\$25,640,000	Paint manufacturing
Shanghai Crown Packaging Company Limited	31.4	–	*	Registered capital of US\$19,000,000	Beverage can manufacturing
<i>Incorporated in Macau:</i>					
CSR Macau-Companhia de Sistemas de Residuos, Lda	40.0	–	*	MOP10,000	Waste management
<i>Incorporated in Vietnam:</i>					
Crown Vinalimex Packaging Limited	37.4	–	*	US\$24,910,000	Beverage can manufacturing
<i>Incorporated in Taiwan:</i>					
Swire SITA (Taiwan) Company Limited	50.0	–	*	500,000 shares of NT\$10	Waste management

Showing proportion of capital owned at 31st December 2002

	Atributable to the group %		Owned directly %		Owned by subsidiaries %		Issued share capital		Principal activities
<b>Trading &amp; Industrial Division – Trading</b>									
<i>Subsidiary companies:</i>									
<b>Incorporated in Hong Kong:</b>									
Beldare Motors Limited	100	–	100	10,000 shares of HK\$100					Automobile distribution
Cornell Feast Company Limited	100	–	100	2 shares of HK\$1					Property holding
Liberty Motors Limited	100	–	100	2 shares of HK\$10					Automobile distribution
Swire Resources Limited	100	–	100	10,000 shares of HK\$10					Marketing, distribution and retailing of branded sports and casual footwear apparel and accessories
Taikoo Enterprises Limited	100	–	100	10,000 shares of US\$1					Automobile distribution
Taikoo Motors Limited	100	–	100	10,000 shares of HK\$1					Automobile distribution
Yuntung Motors Limited	100	–	100	2 shares of HK\$1					Automobile distribution
<b>Incorporated in Bermuda:</b>									
Taikoo Motors Offshore Limited	100	–	100	12,000 shares of US\$1					Holding company
<b>Incorporated in Mainland China:</b>									
<i>(All wholly-owned foreign enterprises)</i>									
Taikoo Enterprises (Shanghai) Co. Limited	100	–	100	US\$600,000					Automobile and parts sales
Taikoo Enterprises (Dalian F.T.Z.) International Trade Co. Limited	100	–	100	US\$200,000					Automobile and parts sales
Taikoo Enterprises (Tianjin) Co. Limited	100	–	100	US\$1,000,000					Automobile and parts sales
<b>Incorporated in Taiwan:</b>									
Beldare Limited	100	–	100	80,000 shares of NT\$1,000					General trading and automobile distribution
Cannon Taiwan Limited	100	–	100	100 shares of NT\$10,000					Automobile distribution
Yuntung Motors Limited	100	–	100	3,500 shares of NT\$10,000					Automobile distribution
Pacific Car Rental Taiwan Limited	100	–	100	1,600,000 shares of NT\$10					Car rental business
<b>Incorporated in British Virgin Islands:</b>									
Taikoo Asian Motors Limited	100	–	100	1 share of US\$1					Automobile distribution
<i>Jointly controlled companies:</i>									
<b>Incorporated in Hong Kong:</b>									
Intermarket Agencies (Far East) Limited	70.0	–	70.0	10 shares of HK\$100					Marketing and distribution of branded sports and casual footwear, apparel and accessories.
Reebok Hong Kong Limited	66.7	–	66.7	15,000 shares of HK\$1					Marketing and distribution of branded sports and casual footwear, apparel and accessories.
<b>Incorporated in Mainland China:</b>									
Beijing Reebok Sporting Goods Centre <i>(Cooperative joint venture)</i>	63.3	–	95.0	RMB10,000,000					Marketing and distribution of branded sports and casual footwear, apparel and accessories.



	Attributable to the group %		Owned directly %		Owned by subsidiaries %		Issued share capital		Principal activities
<b>Others</b>									
<i>Subsidiary companies:</i>									
<i>Incorporated in Hong Kong:</i>									
Swire Finance Limited	100	100	–		1,000 shares of HK\$10				Financial services
<i>Incorporated in British Virgin Islands:</i>									
Swire Net Ventures Limited	100	100	–		1 share of US\$1				Investment holding
<i>Incorporated in the Cayman Islands:</i>									
Swire Pacific Capital Limited	100	100	–		10 shares of US\$1				Financial services
Swire Pacific Finance (Overseas) Limited	100	100	–		10 shares of US\$1				Financial services
Swire Pacific Offshore Financing Limited	100	100	–		10 shares of US\$0.01				Financial services
Swire Pacific MTN Financing Limited	100	100	–		1 share of US\$1				Financial services
<i>Incorporated in Vietnam:</i>									
Swire Pacific Cold Storage Company Limited	100	100	–		US\$10.3 million				Cold storage
<i>Jointly controlled companies:</i>									
<i>Incorporated in Taiwan:</i>									
China Pacific Laundry Services Limited •	45.0	–	45.0		250,000,000 shares of NT\$10				Laundry services
<i>Long-term investments:</i>									
<i>Incorporated in Hong Kong:</i>									
Tradelink Electronic Commerce Limited •	5.3	5.3	–						Electronic data transfer services
Garden Hotels (Holdings) Limited	5.6	5.6	–						Hotel owning

To provide shareholders with information on the results and financial position of the group's significant listed associated company, Cathay Pacific Airways Limited, the following is a summary of its audited consolidated profit and loss account for the year ended 31st December 2002 and consolidated balance sheet as at 31st December 2002.

**CATHAY PACIFIC AIRWAYS LIMITED**

**Consolidated Profit and Loss Account**

for the year ended 31st December 2002

	2002 HK\$M	2001 HK\$M
Turnover	33,090	30,436
Operating expenses	(28,340)	(29,604)
Operating profit	4,750	832
Finance charges	(2,421)	(2,668)
Finance income	1,678	2,097
Net finance charges	(743)	(571)
Profit on sale of investments	–	452
Share of profits of associated companies	324	188
Profit before taxation	4,331	901
Taxation	328	202
Profit after taxation	4,003	699
Minority interests	20	42
Profit attributable to shareholders	3,983	657
Dividends		
Interim – paid	534	416
Final – proposed	1,868	167
	2,402	583
	HK¢	HK¢
Basic earnings per share	119.5	19.7
Diluted earnings per share (Note 1)	118.7	19.6

**Notes**

1. Cathay Pacific Airways adopted a share option scheme on 10th March 1999 whereby certain flight deck crew of the company were granted options to subscribe for a total of 68,317,000 shares at a price of HK\$7.47 per share. During the year, 6,190,000 shares were subscribed for through the exercise of such share options. Diluted earnings per share are calculated to adjust for the effects of the remaining share options not yet exercised.
2. Cathay Pacific Group has restated goodwill previously written off against reserves retrospectively in accordance with HK SSAP 30 in 2000. Since the Swire Pacific group has adopted the transitional provisions in HK SSAP 30 whereby all goodwill arising before 1st January 2001 was not restated, adjustments have been made in the accounts of Swire Pacific to increase the share of profit and to reduce the share of net assets of the associated company by HK\$6 million and HK\$55 million respectively, being the difference in the treatment of goodwill.

**CATHAY PACIFIC AIRWAYS LIMITED****Consolidated Balance Sheet**

at 31st December 2002

	2002 HK\$M	2001 HK\$M
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	50,038	51,660
Intangible assets	489	454
Investments in associated companies	1,739	1,590
Other long-term receivables and investments	1,458	1,575
	<b>53,724</b>	55,279
<b>Current assets</b>		
Stock	430	587
Trade and other receivables	4,294	4,778
Liquid funds	13,180	9,764
	<b>17,904</b>	15,129
<b>Current liabilities</b>		
Current portion of long-term liabilities	6,409	3,241
Related pledged security deposits	(2,128)	(1,231)
Net current portion of long-term liabilities	4,281	2,010
Trade and other payables	5,280	4,556
Unearned transportation revenues	2,518	1,965
Taxation	874	626
	<b>12,953</b>	9,157
<b>Net current assets</b>	<b>4,951</b>	5,972
<b>Total assets less current liabilities</b>	<b>58,675</b>	61,251
<b>Non-current liabilities</b>		
Long-term liabilities	31,382	39,208
Related pledged security deposits	(12,853)	(17,194)
Net long-term liabilities	18,529	22,014
Retirement benefit obligations	346	–
Deferred taxation	7,614	7,836
	<b>26,489</b>	29,850
Minority interests	71	93
<b>NET ASSETS</b>	<b>32,115</b>	31,308
<b>CAPITAL AND RESERVES</b>		
Share capital	667	666
Reserves	31,448	30,642
<b>SHAREHOLDERS' FUNDS</b>	<b>32,115</b>	31,308

**Notes to the Accounts****Contingencies**

- (a) Cathay Pacific Airways has undertaken to indemnify lessors in respect of certain leasing arrangements of the Cathay Pacific Group so as to maintain a specified rate of return on each of the lessors' investments. The Cathay Pacific Group has been notified by certain lessors of potential claims under these indemnities. The likelihood of any specific claims being made is dependent upon the resolution of disputes between these lessors and a third party. No claims have been received and the financial effect of these contingencies remains uncertain. In order to avoid prejudicing the Cathay Pacific Group's position, no further details are disclosed.
- (b) At 31st December 2002, contingent liabilities existed in respect of guarantees given by Cathay Pacific Airways on behalf of subsidiary, associated, other related companies and staff relating to long-term loan facilities of up to HK\$1,404 million (2001: HK\$1,202 million).

At 31st December 2002

	Gross floor areas in square feet					
	Hong Kong		U.S.A.		Totals	
	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through subsidiaries and other companies
<b>Completed investment properties</b>						
Commercial	8,978,653	275,390	–	–	8,978,653	9,254,043
Techno-centres	1,810,829	–	–	–	1,810,829	1,810,829
Residential	803,919	–	–	–	803,919	803,919
Hotels	–	334,349	–	258,750	–	593,099
	11,593,401	609,739	–	258,750	11,593,401	12,461,890
<b>Investment properties under development</b>						
Commercial	2,768,670	–	–	–	2,768,670	2,768,670
Residential	17,237	–	–	–	17,237	17,237
Hotel	–	47,361	–	–	–	47,361
	2,785,907	47,361	–	–	2,785,907	2,833,268
<b>Property developments for sale</b>						
Commercial	53,124	28,943	–	–	53,124	82,067
Industrial	–	191,250	–	–	–	191,250
Residential	432,760	928,053	2,190,900	–	2,623,660	3,551,713
	485,884	1,148,246	2,190,900	–	2,676,784	3,825,030
	14,865,192	1,805,346	2,190,900	258,750	17,056,092	19,120,188

**Notes**

1. All properties held through subsidiary companies are wholly-owned except for Festival Walk (50%), Island Place (60%) and Sunningdale (80%).  
The above summary table includes the floor areas of these 3 majority owned properties in total.
2. "Other companies" comprise jointly controlled and associated companies. The floor areas of properties held through such companies are shown on an attributable basis.
3. Gross floor areas exclude carpark spaces; over 7,500 completed carpark spaces in Hong Kong are held by subsidiaries for investment.
4. Holdings in Hong Kong developments for sale in Fanling and Yuen Long are excluded from the above table.
5. In addition, the group owns a 10% attributable interest in a 1.15 million square foot commercial development in Shanghai, which was completed in 2000.
6. When a Hong Kong property is held under a renewable lease, the expiry date of the renewal period is shown.
7. All properties in the United States are freehold.



Completed investment properties in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of carparks	Year of completion	Remarks
<b>Commercial</b>							
1. Pacific Place, 88 Queensway, Central One Pacific Place	IL 8571 (part)	2135	115,066 (part)	863,266	–	1988	Office building.
Two Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	695,510	–	1990	Office building.
The Mall at Pacific Place	IL 8571/IL 8582 & Ext. (part)	2135/ 2047	318,289 (part)	711,182	508	1988/ 90	Shopping centre with restaurants and a four-screen cinema. Access to Admiralty MTR station. Pacific Place also comprises serviced apartments and hotels, details of which are given in the Residential and Hotel categories below.
2. Festival Walk, Yau Yat Tsuen	NKIL 6181	2047	222,382	1,213,518	830	1998	Comprises a 981,303 square foot shopping centre, including ice skating rink and cinemas, 232,215 square feet of office space and a transport terminus linked to Kowloon Tong MTRC/ KCRC station. Floor areas quoted represent the whole development of which the group owns 50%.
3. Cityplaza, Taikoo Shing	QBML 2 & Ext. sK ss5 QBML 2 & Ext. sR RP QBML 2 & Ext. sR ss1 sA QBML 2 & Ext. sQ RP QBML 2 & Ext. sQ ss7 QBML 2 & Ext. sQ ss2 sB QBML 2 & Ext. sQ ss2 sA QBML 2 & Ext. sJ RP (part)	2899	334,475 (part)	1,105,177	834	1982/ 87/ 97/ 2000	Shopping centre with restaurants, ice-skating rink, cinema and access to Tai Koo MTR station.
4. Cityplaza One, Taikoo Shing	QBML 2 & Ext. sR RP QBML 2 & Ext. sR ss1 sA QBML 2 & Ext. sQ RP QBML 2 & Ext. sQ ss7 QBML 2 & Ext. sQ ss2 sB QBML 2 & Ext. sQ ss2 sA QBML 2 & Ext. sJ RP (part)	2899	146,184 (part)	642,191	–	1997	Office building over part of Cityplaza shopping centre.
5. Cityplaza Three, Taikoo Shing	QBML 2 & Ext. sK RP (part)	2899	33,730	447,709	10	1992	Office building linked by footbridge to Cityplaza.
6. Cityplaza Four, Taikoo Shing	QBML 2 & Ext. sK RP (part)	2899	41,864	556,427	–	1991	Office building linked by footbridge to Cityplaza.



## SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2002

Completed investment properties in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of carparks	Year of completion	Remarks
<b>Commercial</b>							
7. Commercial areas in Stages I – X of Taikoo Shing	SML 1 sA ss1, SML 1 sA RP SML 1 sB, SML 2 sC RP SML 2 sC ss2 SML 2 sD, SML 2 RP QBML 2 & Ext. sJ ss1 QBML 2 & Ext. sJ ss3 QBML 2 & Ext. sL QBML 2 & Ext. sN QBML 2 & Ext. sQ ss4 & ss5 QBML 2 & Ext. sQ ss2 sC QBML 2 & Ext. sS ss1 QBML 2 & Ext. sH ss1 QBML 2 & Ext. sH ss3 sA QBML 2 & Ext. sK ss3 sA QBML 2 & Ext. sU ss1 QBML 2 & Ext. sK ss3 RP QBML 2 & Ext. sK ss4sA&RP QBML 2 & Ext. sT ss1 & RP QBML 2 & Ext. sU RP QBML 2 & Ext. sK ss9 & ss10 & ss11 & ss13 & ss16 (part)	2081/ 2899	–	331,079	3,826	1976- 85	Neighbourhood shops, schools and carpark spaces.
8. Devon House, TaiKoo Place	QBML 1 sF ss1 QBML 1 sF RP ML 703 sN QBML 1 sE ss2 (part)	2881	70,414 (part)	818,288	311	1993	Office building linked to Quarry Bay MTR station by a footbridge.
9. Dorset House, TaiKoo Place	QBML 1 sQ, QBML 1 sR RP QBML 1 sS, QBML 1 sT ss1 QBML 1 sT ss2 QBML 1 sT RP QBML 1 sU, QBML 1 sW QBML 1 RP (part)	2881	238,582 (part)	609,540	215	1994	Office building linked to Devon House.
10. Lincoln House, TaiKoo Place	QBML 1 sQ, QBML 1 sR RP QBML 1 sS, QBML 1 sT ss1 QBML 1 sT ss2 QBML 1 sT RP QBML 1 sU, QBML 1 sW QBML 1 RP (part)	2881	238,582 (part)	333,350	164	1998	Office building linked to Dorset House.
11. Oxford House, TaiKoo Place	QBML 1 sC ss4 QBML 1 sC ss7 (part) QBML 2 & Ext. sD	2881	33,434	501,249	182	1999	Office building linked to Somerset House.
12. Island Place, 500 King's Road, North Point	IL 8849	2047	106,498 (part)	150,167	288	1996	Floor area shown represents the whole shopping centre podium of which the group owns 60%.
Total held through subsidiaries				<b>8,978,653</b>	<b>7,168</b>		

Completed investment properties in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of carparks	Year of completion	Remarks
<b>Commercial</b>							
13. 625 King's Road, North Point	IL 7550	2108	20,000	301,062	84	1998	Office building. Floor area shown represents the whole development of which the group owns 50%.
14. Citygate (Site 2), Tung Chung, Lantau	TCTL 2	2047	358,557 (part)	624,294	1,095	1999/2000	A 161,446 square foot office tower above 462,848 square foot shopping centre. Group's interest in the consortium developing Tung Chung (Package 1) is 20%. (Sites 1 and 3 included on page 100)
Held through jointly controlled companies				<b>925,356</b>	<b>1,179</b>		
– of which attributable to the group				<b>275,390</b>			
<b>Techno-centres</b>							
15. TaiKoo Place		2881	238,582 (part)		292		Data centres/offices/logistics warehousing.
Warwick House )	QBML 1 sQ, QBML 1 sR RP			552,537		1979	
) Cornwall House )	QBML 1 sS, QBML 1 sT ss1			334,936		1984	Floor area excludes eight floors owned by Government.
) Somerset House )	QBML 1 sT ss2, QBML 1 sT RP			923,356		1988	
) )	QBML 1 sU, QBML 1 sW						
) )	QBML 1 RP (part)						
Total held through subsidiaries				<b>1,810,829</b>	<b>292</b>		
<b>Residential</b>							
16. The Albany, 1 Albany Road, Mid-Levels	IL 8638	2047	41,732	129,842		1989	Floor area shown excludes the 32 apartments and two duplexes sold.
17. The Atrium, Pacific Place, 88 Queensway, Central	IL 8571 (part)	2135	115,066 (part)	173,999		1988	136 service suites above the JW Marriott Hotel.
18. Parkside, Pacific Place, 88 Queensway, Central	IL 8582 & Ext. (part)	2047	203,223 (part)	443,075		1990	243 service suites within the Conrad Hong Kong Hotel tower.
19. Rocky Bank, 6 Deep Water Bay Road	RBL 613 RP	2099	28,197	14,768		1981	Three pairs of semi-detached houses.
20. 36 Island Road, Deep Water Bay	RBL 507 & Ext.	2097	20,733	5,773		1980	Two detached houses
21. 26 Severn Road, 28 Severn Road, The Peak	RBL 127 RBL 99	2049 2049	11,351 11,370	5,900 5,900		Pre-war Pre-war	One semi-detached house on each site.
22. Fairwinds, 29-31 Tung Tau Wan Road, Stanley	RBL 655 RBL 658	2100	13,548	10,162		1998	One pair of semi-detached houses on each site.
23. 3 Coombe Road, The Peak	RBL 154	2070	29,000	14,500		2002	Two detached and two semi-detached houses.
Total held through subsidiaries				<b>803,919</b>			

## SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2002

Completed investment properties in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
<b>Hotels</b>							
Pacific Place, 88 Queensway, Central							
1. JW Marriott Hotel	IL 8571 (part)	2135	115,066 (part)	525,904	1989		604 room hotel, in which the group owns a 20% interest.
2. Conrad Hong Kong Hotel	IL 8582 & Ext. (part)	2047	203,223 (part)	540,115	1990		513 room hotel, in which the group owns a 20% interest.
3. Island Shangri-La Hotel	IL 8582 & Ext. (part)	2047	203,223 (part)	605,728	1991		565 room hotel, in which the group owns a 20% interest.
Total held through associates				<b>1,671,747</b>			
– of which attributable to the group				<b>334,349</b>			

Investment properties under development in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Use	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
1. Three Pacific Place, One Queen's Road East	IL 47A sA RP IL 47A sB RP IL 47A sC RP IL 47B sC RP IL 47A RP IL 47C sA ss1 RP IL 47C sA RP IL 47B sA RP IL 47B sB RP IL 47B RP IL 47A sB ss2 IL 47A sD IL 47B sD IL 47C RP IL47D RP IL 47D sA RP IL47 sA ss1 IL47 sA RP IL47 sB ss1 & RP IL47 sC ss1 & ss2 sA & ss2RP & ss3sA & ss3 RP & ss4 & ss5 & ss6sA & ss6RP & ss7RP & RP IL 47sP IL 47RP IL47 sC ss5 Ext. IL47 sC ss1 Ext.	2052- 2852	40,206	Commercial	629,046	111	Superstructure in progress	2004	A single office tower.



Investment properties under development in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Use	Gross floor area in square feet		Number of car parks	Stage of completion	Expected completion date	Remarks
2. Cambridge House, TaiKoo Place	QBML 1 sE ss2 QBML 1 sF ss1 QBML 1 sF RP ML 703 sN (part)	2881	70,414 (part)	Commercial	270,842	–	–	Superstructure in progress	2003	Office building linked to Devon House.
3. Cityplaza Two, Taikoo Shing	QBML 2 & Ext. sR RP QBML 2 & Ext. sR ss1 sA QBML 2 & Ext. sQ RP QBML 2 & Ext. sQ ss7 QBML 2 & Ext. sQ ss2 sB QBML 2 & Ext. sQ ss2 sA QBML 2 & Ext. sJ RP (part)	2899	146,184 (part)	Commercial	610,722	–	–	Vacant Site	On Hold	34-storey office building.
4. Cityplaza One (Phase 2), Taikoo Shing	QBML 2 & Ext. sR RP QBML 2 & Ext. sR ss1 sA QBML 2 & Ext. sQ RP QBML 2 & Ext. sQ ss7 QBML 2 & Ext. sQ ss2 sB QBML 2 & Ext. sQ ss2 sA QBML 2 & Ext. sJ RP (part)	2899	146,184 (part)	Commercial	446,107	–	–	–	On Hold	16-storey vertical extension to the existing Cityplaza One office building.
5. 14-16 Westlands Road, TaiKoo Place	QBML 1 sC ss5 QBML 1 sC ss6 QBML 2 sF & Ext. QBML 2 sG & Ext. QBIL 15 sD	2881/ 2899	54,803	Commercial	808,329	47	–	–	2006	A single office tower is proposed.
6. 23-29 Wing Fung Street, Wanchai	IL526 SA ss1 sB RP IL526 SA ss1 sB ss1 IL526 SA ss2 IL526 SA ss3	2856	2,396	Residential Retail	17,237 3,624	–	–	Part vacant possession	2006	Demolition work will commence after obtaining vacant possession.
Total held through subsidiaries					<b>2,785,907</b>	<b>158</b>				
7. Citygate (Site 2 North), Tung Chung, Lantau	TCTL 2	2047	358,557 (part)	Hotel	236,806	29	–	Foundation & podium completed	2005	Group's interest in the consortium developing Tung Chung (Package 1) is 20%. (Site 1, part of Site 2 and Site 3 included on pages 97 and 100)
Total held through jointly controlled company					<b>236,806</b>	<b>29</b>				
– of which attributable to the group					<b>47,361</b>					

## SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2002

Property developments for sale in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Use	Gross floor area in square feet	Number of carparks	Stage of completion	Expected completion date	Remarks
1. Island Place Tower, 510 King's Road, North Point	IL 8849	2047	106,498 (part)	Office	38,863	–	Completed	1997	Floor area shown represents two unsold office floors at year-end, of which the group owns 60%.
2. Sunningdale, 193 Sai Yee Street, Mongkok	KIL 2306 RP, KIL 3869 RP, KIL 3868 RP, KIL 3870 RP.	2080	4,064	Residential Retail	4,102 3,503	5	Completed	1997	Comprises 44 flats plus 3,428 square feet of retail. Floor areas shown represent six unsold flats and one unsold shop at year-end of which the group owns 80%.
3. StarCrest, 9 Star Street, Wanchai	IL 8853	2047	40,871	Residential Retail	5,820 10,758	83	Completed	1999	Comprises 329 flats. Floor areas shown represent five unsold units. The retail content and carparks will be retained.
4. The Orchards, Greig Road, Quarry Bay	IL 8397 RP	2125	61,505	Residential	422,838	144	Superstructure in progress	2003	Comprises 442 flats.
Total held through subsidiaries					<b>485,884</b>	<b>232</b>			
5. MTRC Tung Chung (Package 1) Lantau –Tung Chung Crescent (Site 1)	TCTL 1	2047	331,658	Residential Retail	88,079 34,983	507	Completed	1998 and 1999	Floor areas shown represent 78 unsold residential units and retail space.
–Seaview Crescent (Site 3)	TCTL 3	2047	230,348	Residential Retail	830,174 30,617	342	Completed	2002	Comprises 1,536 residential units and retail space. Floor areas shown represent 983 unsold residential flats and retail space.  Group's interest in the consortium developing Tung Chung (Package 1) is 20%. (Site 2 included on pages 97 and 99)

Property developments for sale in Hong Kong	Lot number	Leaschold expiry	Site area in square feet	Use	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
6. Ocean Shores, Tseung Kwan O	TKOTL55	2047	539,756	Residential Retail	1,382,107 32,292	989 30	Phase 1 & 2: completed Phase 3: Superstructure in progress	2000-03	Comprises 5,728 flats. Floor areas shown represents 151 unsold flats in Phase 1, 92 unsold flats in Phase 2, and 1,585 unsold flats in Phase 3 of which the group owns 49%.
7. Les Saisons, Aldrich Bay	SIL 843	2048	75,950	Residential	134,340	93	Completed	2001	Comprises 864 flats. Floor area shown represents 132 unsold flats of which the group owns 50%.
8. 8-10 Wong Chuk Hang Road, Aberdeen	AIL 338 AIL 339	2119 2120	25,500	Industrial	382,500	39	Foundation completed	On Hold	Floor area shown represents the whole development of which the group owns 50%.
Total held through jointly controlled companies					<b>2,915,092</b>	<b>2,000</b>			
– of which attributable to the group					<b>1,148,246</b>				
<b>Other holdings</b>									
9. Belaire Monte, Fanling	FSSTL 126	2047	223,674	Retail	67,083	–	Completed	1998	Residential content comprising 1,680 units has all been sold. Floor area shown represents the whole of the retail area including 17 car parks of which the group owns 8%.
10. Greenfields, Fung Kam Street, Yuen Long	YLTL 463	2047	63,389	Residential	6,998	40	Completed	1998	Comprises 480 units. Floor area shown represents nine unsold flats of which the group owns 7%.
Attributable holding					<b>74,081</b>	<b>40</b>			
					<b>5,857</b>				

## SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2002

Completed investment properties in the United States	Site area in square feet	Use	Gross floor area in square feet	Completion date	Remarks
<b>Hotels</b>					
1. Mandarin Oriental, South Brickell Key, Miami, Florida	124,000	Hotel	345,000	2000	329 room hotel in central Miami, in which the group has a 75% interest.
	Held through jointly controlled company		<b>345,000</b>		
	– of which attributable to the group		<b>258,750</b>		
<b>Properties developments for sale in the United States</b>					
2. Three Tequesta Point, 838 Brickell Key, Miami, Florida	86,184	Residential	4,000	2001	46-storey residential condominium tower comprising 236 units, with 4-storey parking garage in central Miami. Floor area shown represents one unsold unit.
3. Courts Brickell Key, 801 Brickell Key, Miami, Florida	81,893	Residential	258,900	2002	34-storey residential condominium tower comprising 319 units, with 6 storey parking garage in central Miami. In December 2002, 144 units were handed over to purchasers. Floor area shown represents 175 remaining units.
4. Jade Residences, 1331 Brickell Bay Drive, Miami, Florida	111,905	Residential	652,000	2004	49-storey residential condominium tower comprising 336 units with 7-storey parking garage located in central Miami, in which the group has a 62.5% interest.
5. The Carbonell, 901 Brickell Key, Miami, Florida	108,029	Residential	578,000	2005	40-storey residential condominium tower comprising 299 units with 7-storey parking garage located in central Miami. Condominium tower currently in planning.
6. 900 Brickell Key, Miami, Florida	173,531	Residential	241,000	–	Development site in central Miami. Plans under review comprise one residential tower of 125 units.
7. South Brickell Key, Miami, Florida	106,868	Residential	457,000	–	Development site in central Miami acquired in January 1997 along with Mandarin Oriental site. Plans for condominium tower currently under review.
	Total held through subsidiaries		<b>2,190,900</b>		

### Financial calendar 2003

Annual Report sent to shareholders	11th April
'A' and 'B' shares trade ex-dividend	7th May
Share registers closed	12th – 15th May
Annual General Meeting	15th May
Payment of 2002 final dividend	2nd June
Interim results announcement	August 2003
Interim dividend payable	October 2003

### Registered office

Swire Pacific Limited  
35th Floor, Two Pacific Place  
88 Queensway  
Hong Kong

### Registrars

Computershare Hong Kong Investor Services Limited  
19th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

Website: <http://computershare.com.hk>

### Depository

The Bank of New York  
ADR Division  
101 Barclay Street  
22nd Floor  
New York, NY10286  
U.S.A.

Website: [www.adrbny.com](http://www.adrbny.com)  
E-mail: [ADR@bankofny.com](mailto:ADR@bankofny.com)

(Toll free) 1-888-BNY-ADRs (1-888-269-2377)

Fax: (212) 571-3050

### Stock codes

	'A'	'B'
Hong Kong Stock Exchange	19	87
ADR	SWRAY	SWRBY

Except for voting rights, which are equal, the entitlement of 'A' and 'B' shareholders are in the proportion 5 to 1.

### Investor Relations

E-mail: [corporateaffairs@swirepacific.com](mailto:corporateaffairs@swirepacific.com)

### Public Affairs

E-mail: [publicaffairs@swirepacific.com](mailto:publicaffairs@swirepacific.com)

Tel: (852) 2840-8098

Fax: (852) 2526-9365

Website: <http://www.swirepacific.com>

### Principal bankers

The Hongkong and Shanghai Banking Corporation Limited

### Auditors

PricewaterhouseCoopers

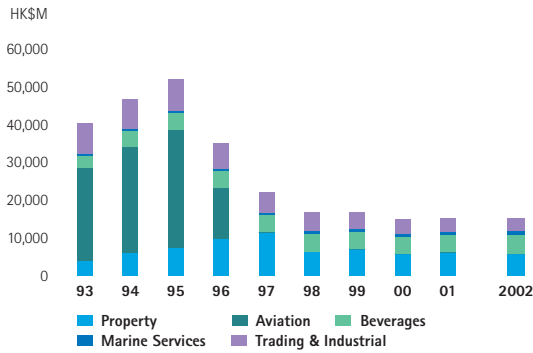


	1993 HK\$M	1994 HK\$M	1995 HK\$M	1996 HK\$M	1997 HK\$M	1998 HK\$M	1999 HK\$M	2000 HK\$M	2001 HK\$M	2002 HK\$M
<b>Profit and loss account</b>										
<b>Turnover</b>										
Property	3,807	5,944	7,432	9,720	11,449	6,363	7,024	5,787	6,163	5,798
Aviation	24,850	27,970	31,119	13,511	–	–	–	–	–	–
Beverages	3,039	4,456	4,690	4,648	4,493	4,689	4,588	4,583	4,660	4,956
Marine Services	524	536	536	542	730	970	809	843	893	991
Trading & Industrial	8,092	7,716	8,224	6,739	5,385	4,851	4,420	3,816	3,453	3,442
Head Office*	246	267	301	373	26	28	21	21	29	28
	40,558	46,889	52,302	35,533	22,083	16,901	16,862	15,050	15,198	15,215
<b>Profit attributable to shareholders</b>										
Property	2,060	3,306	4,055	4,571	5,155	1,505	3,002	947	2,793	2,613
Aviation	1,465	1,503	1,831	2,279	1,003	(108)	1,038	2,510	520	2,115
Beverages	307	355	308	406	259	251	187	185	252	313
Marine Services	240	312	311	387	450	626	467	505	617	657
Trading & Industrial	94	269	366	237	13	(198)	92	(84)	130	6
Head Office*	492	(184)	(417)	(226)	(304)	(415)	(459)	(170)	(194)	(300)
	4,658	5,561	6,454	7,654	6,576	1,661	4,327	3,893	4,118	5,404
Interim and final dividends for the year	1,810	2,207	2,521	2,806	2,756	1,304	1,707	1,738	1,738	1,998
Share repurchases	–	–	85	–	1,833	–	–	–	–	540
Retained profit less share repurchases	2,848	3,354	3,848	4,848	1,987	357	2,620	2,155	2,380	2,866
<b>Balance sheet</b>										
<b>Net assets employed</b>										
Property – cost	18,515	21,780	24,454	26,195	29,768	34,415	36,209	38,437	41,208	39,972
– valuation reserve	41,413	48,906	45,723	69,296	57,872	28,079	30,755	35,735	28,752	22,892
Aviation	19,791	20,638	24,239	12,347	13,451	13,334	14,274	16,691	16,019	16,518
Beverages	1,622	2,462	2,817	3,587	3,858	3,935	4,072	3,774	3,554	3,697
Marine Services	1,462	1,694	1,617	1,777	2,244	2,569	2,962	2,752	2,928	3,823
Trading & Industrial	2,325	2,701	3,221	2,503	2,712	2,283	1,994	1,849	1,744	1,381
Head Office*	(174)	(64)	71	156	347	698	774	203	151	118
	84,954	98,117	102,142	115,861	110,252	85,313	91,040	99,441	94,356	88,401
<b>Financed by</b>										
Shareholders' funds	61,292	71,175	72,290	102,588	93,928	63,581	69,878	77,423	72,949	69,266
Minority interests	8,854	8,809	10,247	2,991	3,646	3,720	4,280	5,203	4,651	4,947
Short-term financing/(surplus)	(11,761)	(11,175)	(10,078)	(194)	(2,116)	4,677	3,192	1,687	2,489	4,222
Long-term financing	26,569	29,308	29,683	10,476	14,794	13,335	13,690	15,128	14,267	9,966
	84,954	98,117	102,142	115,861	110,252	85,313	91,040	99,441	94,356	88,401
* Includes Insurance Division from 1993 to 1996										
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>'A' shares</b>										
Earnings per share	2.93	3.50	4.07	4.83	4.18	1.07	2.79	2.51	2.65	3.49
Dividends per share	1.14	1.39	1.59	1.77	1.77	0.84	1.10	1.12	1.12	1.30
Net shareholders' fund per share	38.60	44.83	45.60	64.71	60.52	40.97	45.03	49.89	47.00	45.18
<b>'B' shares</b>										
Earnings per share	0.59	0.70	0.81	0.97	0.84	0.21	0.56	0.50	0.53	0.70
Dividends per share	0.23	0.28	0.32	0.35	0.35	0.17	0.22	0.22	0.22	0.26
Net shareholders' fund per share	7.72	8.97	9.12	12.94	12.10	8.19	9.01	9.98	9.40	9.04
<b>Return on average shareholders' funds</b>	8.69%	8.40%	9.00%	8.75%	6.69%	2.11%	6.48%	5.29%	5.48%	7.60%

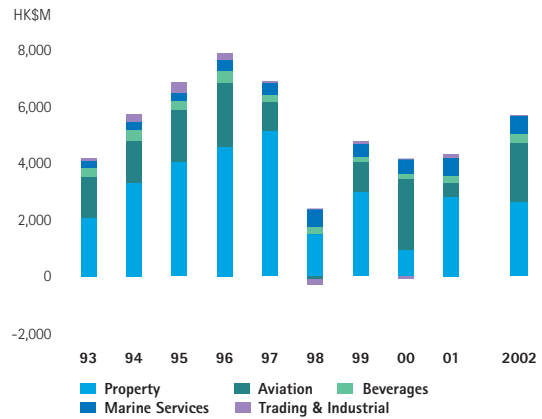
**Notes**

- Turnover, net assets employed, minority interest and long-term financing for the years 1993 to 1996 inclusive have incorporated the results of Cathay Pacific and HAECO as subsidiaries. Subsequent to the placement of new shares by Cathay Pacific on 10th June 1996, both companies became associated companies and therefore their figures have not since been consolidated.
- Turnover, net assets employed, minority interest and long-term financing for the years 1993 to 1997 inclusive have been restated to reflect the reclassification of certain partly-owned subsidiaries and associated companies as jointly controlled companies.
- Shareholders' fund and shareholders' fund per share for the years 1993 to 1998 inclusive have been restated to include the unrealised exchange differences on hedges of foreign currencies and the investment revaluation reserve.
- In accordance with the revised HK SSAP 9 "Events after the balance sheet date", dividends proposed by the Company after the balance sheet date may no longer be treated as a current liability at the balance sheet date. Current liabilities and shareholders' funds for the year 1993 to 2000 inclusive have been restated to reflect this.
- Profit attributable to shareholders for the years 1997-1999 has been restated to reflect the impairment losses on goodwill.

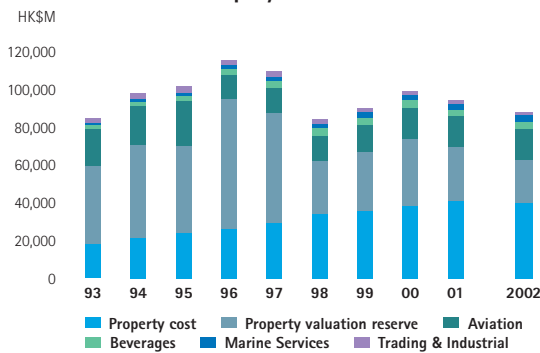
Turnover



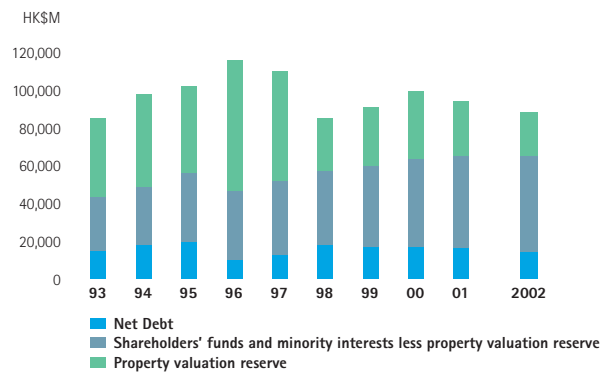
Profit attributable to shareholders



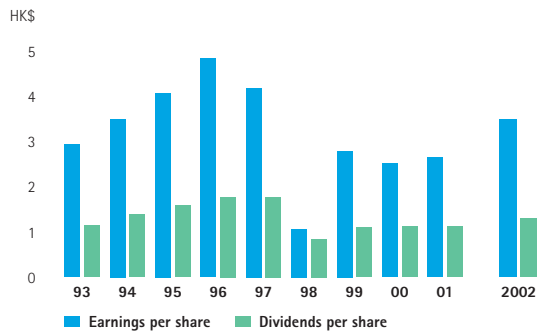
Net assets employed



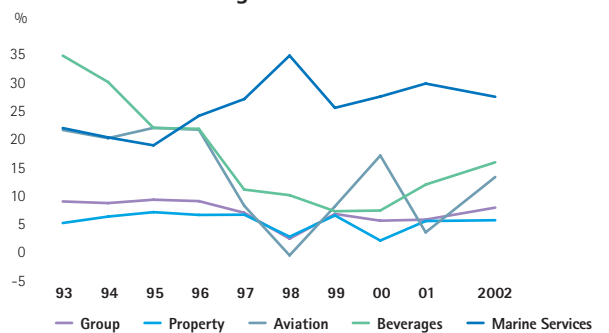
Shareholders' funds and net debt



'A' share EPS and DPS

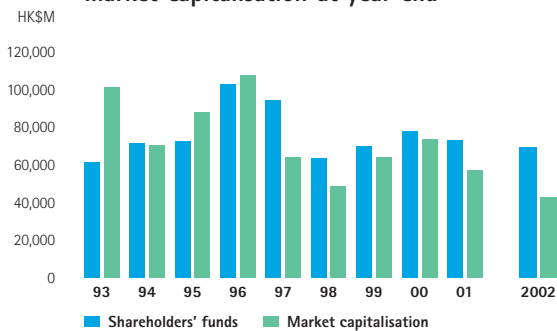


Returns on average shareholders' funds\*



\*Returns on average shareholders' funds by division. Returns on average shareholders' funds for Trading & Industrial Division are not shown on the graph as restructuring within the division has rendered the comparison of returns between years unmeaningful.

Shareholders' funds and market capitalisation at year end

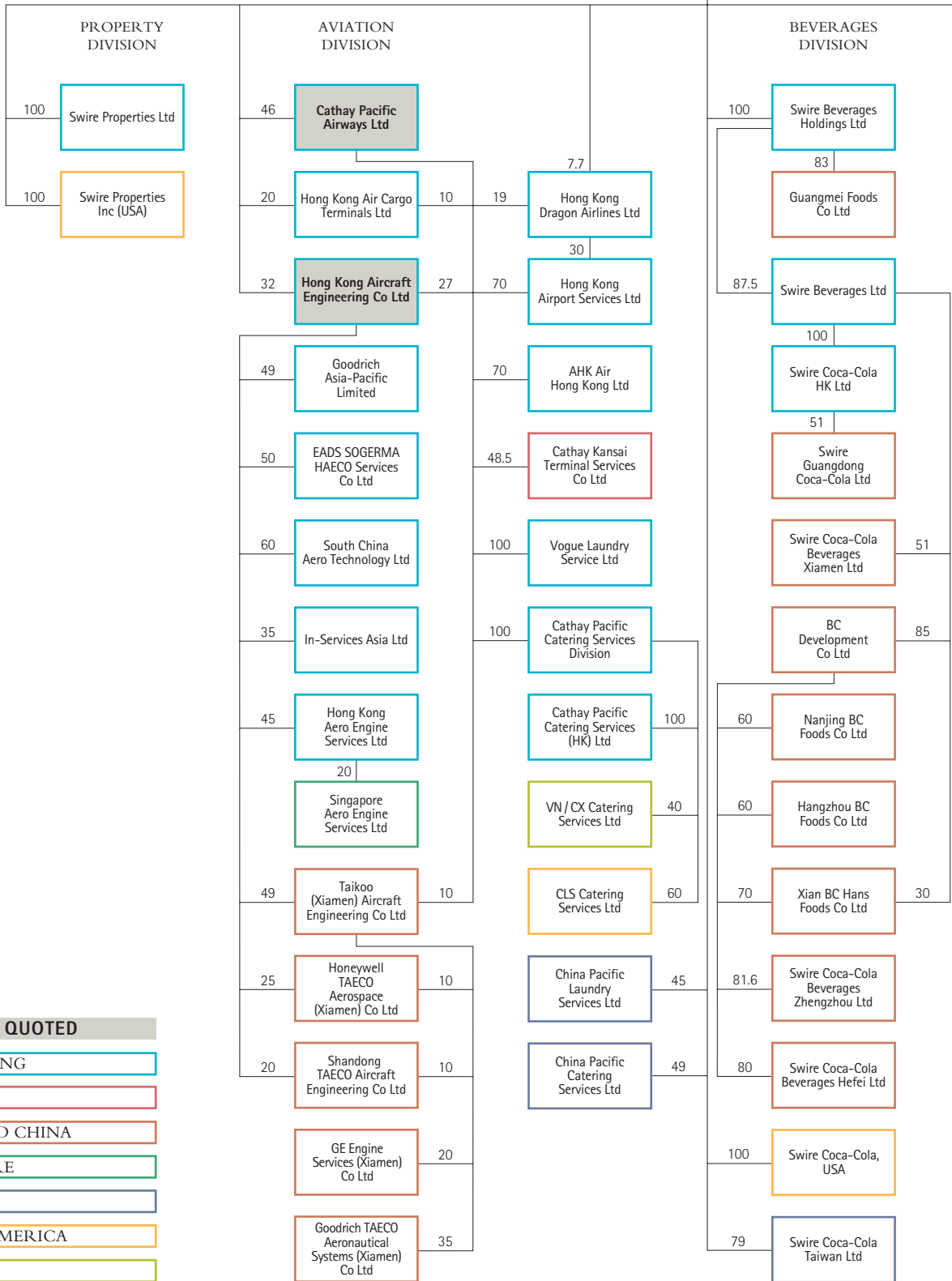


Swire Pacific share price relative to HSI



# GROUP STRUCTURE CHART

## SWIRE PACIFIC LIMITED



### PUBLICLY QUOTED

HONG KONG

JAPAN

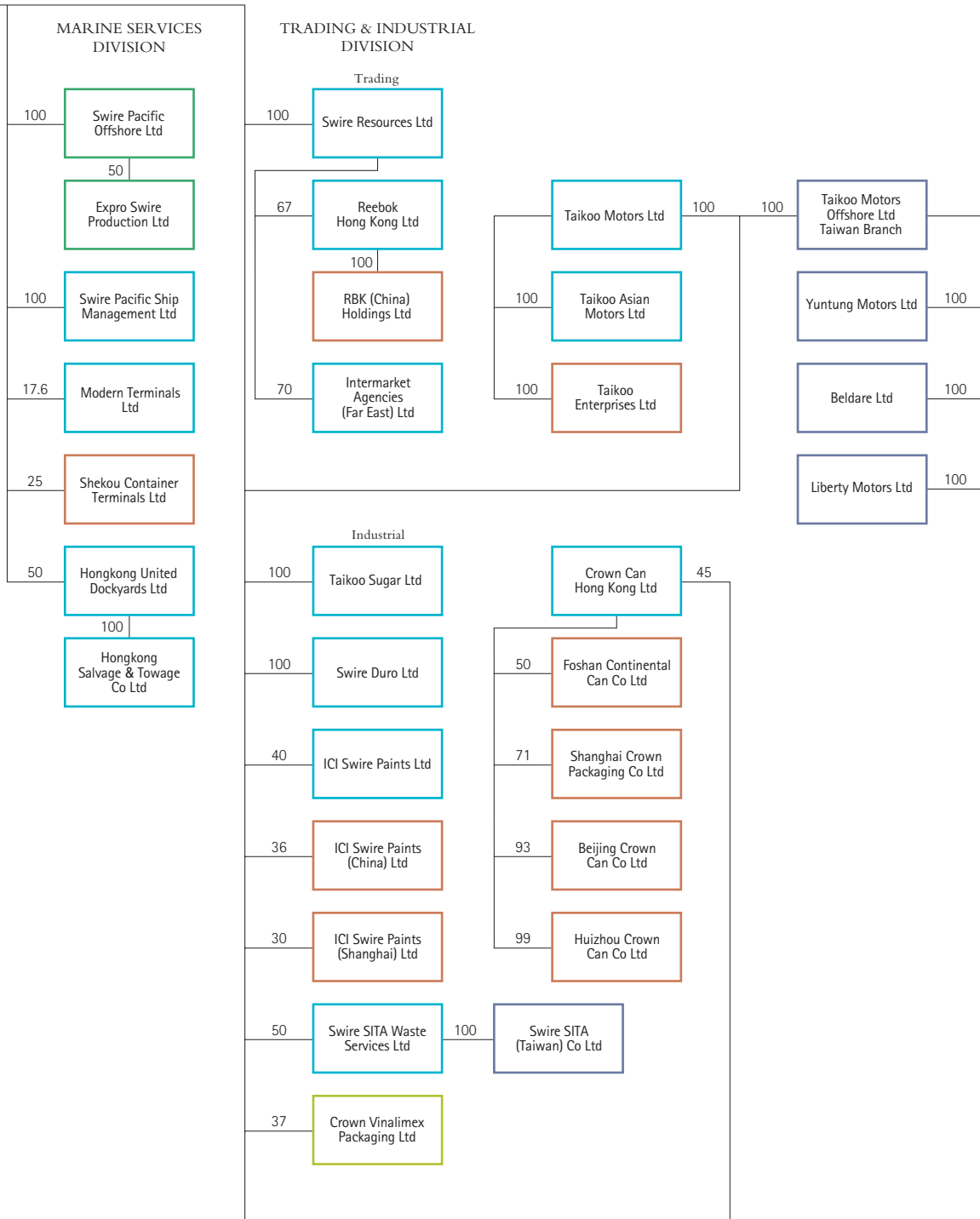
MAINLAND CHINA

SINGAPORE

TAIWAN

NORTH AMERICA

VIETNAM





This Report is printed on recycled paper.

A Chinese translation of this Annual Report is available upon request from the Company's Registrars.  
本年報中文譯本，於本公司之股份登記處備索。



