



“ Record earnings reflect diversity and strength of the brand portfolio. ”

The Trading & Industrial Division has interests in Hong Kong, Taiwan, Mainland China and Vietnam, consisting of wholly-owned and joint-venture investments in:

- *Distribution and retailing of motor vehicles*
- *Distribution and retailing of sports and casual footwear and apparel*
- *Packaging and retailing of sugar products*
- *Marble cutting and contracting*
- *Waste management*
- *Aluminium can manufacture*
- *Paint manufacture*

Trading & Industrial Division

Turnover

Taikoo Motors group
Swire Resources group
Other subsidiaries

	2005 HK\$M	2004 HK\$M
Taikoo Motors group	4,156	3,265
Swire Resources group	1,574	1,167
Other subsidiaries	347	307
	6,077	4,739

Operating profits/(losses)

Taikoo Motors group
Swire Resources group
Other subsidiaries and head office costs
Profit on sale of property
Valuation gain on investment property
Discontinued businesses

Taikoo Motors group	245	147
Swire Resources group	137	96
Other subsidiaries and head office costs	(9)	(16)
Profit on sale of property	–	16
Valuation gain on investment property	6	12
Discontinued businesses	9	14
	388	269

Attributable profits/(losses)

Taikoo Motors group
Swire Resources group*
Other subsidiaries and head office costs
Profit on sale of property
Valuation gain on investment property
Discontinued businesses

Taikoo Motors group	182	106
Swire Resources group*	106	80
Other subsidiaries and head office costs	(8)	(15)
Profit on sale of property	–	16
Valuation gain on investment property	6	10
Discontinued businesses	9	14
	295	211

* Including post-tax profits from jointly controlled companies shown below

Share of post-tax profits from jointly controlled companies

Swire SITA group
CROWN Beverage Cans group
ICI Swire Paints
Swire Resources group

Swire SITA group	83	86
CROWN Beverage Cans group	67	55
ICI Swire Paints	75	36
Swire Resources group	2	9
	227	186
	520	388

Attributable profit

Vehicles sold
Shoes sold (pairs)
Retail outlets in Hong Kong
Retail outlets in Mainland China
Brands managed

	2005	2004
Vehicles sold	15,825	12,322
Shoes sold (pairs)	2.34	2.06
Retail outlets in Hong Kong	107	86
Retail outlets in Mainland China	46	44
Brands managed	21	18

2005 OVERVIEW

The division reported an attributable profit of HK\$520 million, a 34% increase on 2004. The growth in profits was principally driven by strong sales from Taikoo Motors in Taiwan and from Swire Resources in Hong Kong and Mainland China. Results in the jointly controlled entities were generally good notwithstanding the adverse impact of rising raw material prices.

Subsidiary Companies

Taikoo Motors Taiwan

Taikoo Motors reported a profit of HK\$182 million, a 72% increase over 2004. The company is the importer of Audi, VW and Kia passenger cars, and also distributes Volvo trucks and buses and VW light commercial vehicles. This diversified portfolio gives the company strength and balance

Trading & Industrial Division

in the imported vehicle market and the company is the largest importer of vehicles in Taiwan. In 2005, 15,825 vehicles were sold, an increase of 28% on 2004. Taikoo Motors also operates 17 retail dealerships. Margins generally benefited from Taiwan dollar appreciation in the first half of 2005 but thinned with currency weakness later in the year. The company began the distribution of VW light commercial vehicles early in February and volumes by year end were satisfactory. Prospects in 2006 are sound and the launch of several new models will add momentum to the business.

Swire Resources

Swire Resources, which distributes and retails sports shoes and apparel, returned a profit of HK\$106 million in 2005, well ahead of the HK\$80 million profit in 2004. In Hong Kong, the company is the importer of 17 sports brands and operates 107 retail stores. Sales saw robust growth of 35%, to HK\$1.6 billion. Margins also improved with sales of higher margin apparel and accessories outpacing footwear. The company's Mainland China business continued to record strong growth in both wholesale and retail. The company now operates 46 retail outlets in Shanghai and Beijing.

From January 2006 the company will convert its Puma distribution licence in Hong Kong and Mainland China into a ten year joint venture with Puma. It is anticipated that this closer cooperation with one of the world's fastest growing sports brands will boost sales in these markets.

Swire Resources will continue to build its brand portfolio and expand its retail network, particularly in Mainland China. The outlook for the company in 2006 is promising.

Taikoo Sugar

Taikoo Sugar recorded a loss of HK\$2 million in 2005. Retail sales in Hong Kong saw modest growth over 2004 while institutional sales were strong. The Mainland China business recorded a loss for the year.

Swire Duro

Swire Duro had a mixed year in 2005 with a weak first half offset by a strong finish to the year. Prospects for 2006 are encouraging with a strong order book.

Jointly Controlled Companies

Swire SITA Waste Services

Swire SITA Waste Services returned a post-tax profit of HK\$83 million attributable to the group in 2005, lower than the HK\$86 million achieved in 2004 due to lower construction profits from new projects. Results from the Hong Kong transfer stations benefited from higher waste receipts and the gradual rise in the CPI after several years of deflation. The company's waste-to-energy incineration contract in Taiwan continued to return a loss due to low gate fees. CSR Macau, the company's partly-owned waste management company in Macau, recorded good growth on the back of the strong Macau economy. Construction of the hazardous waste incinerator in Shanghai, in which the company has a 40% interest, is progressing as planned with operation scheduled to start in August 2006.

CROWN Beverage Cans group

The CROWN Beverage Cans group returned a post-tax profit of HK\$67 million attributable to the group in 2005, above the HK\$55 million in 2004. The group operates four plants in Mainland China and one plant in Vietnam. Sales volumes were robust, particularly in Vietnam, but margins thinned due to the sustained rise in aluminium prices. Sales volumes are expected to grow in 2006 but the company has limited pricing power and margins are expected to remain under pressure unless the aluminium price retreats from recent historical highs.

ICI Swire Paints

ICI Swire Paints continued to record strong sales growth in Mainland China with sales from its two plants in Guangzhou and Shanghai growing 35% by value over 2004, the seventh successive year of robust sales growth. The company reported a post-tax profit of HK\$75 million attributable to the group in 2005, compared to HK\$36 million in 2004. Margins weakened towards year end due to rising raw material prices and the company's push into the mass market mid-tier product range where shelf prices are lower. Prospects for 2006 are sound.

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