

Value in Diversity

Swire Pacific is one of the leading companies in Hong Kong, with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial. The Group's operations are predominantly in Greater China, where the name Swire or 太古 has been established for over 140 years. Swire Pacific is deeply committed to Hong Kong, where our subsidiaries and our jointly controlled and associated companies employ over 43,000 staff. Globally we employ over 75,000 staff.

We are committed to ensuring that our affairs are conducted with high ethical standards, which is a key component of our long-term success. This reflects our belief that in achieving our business objectives it is imperative that we act with high standards of probity, transparency and accountability, and with dignity, respect and in a socially responsible manner within the communities in which we operate.

We focus on the long-term development of businesses where we can create shareholder value in accordance with a return on capital appropriate to each business.

The Group's total net assets employed increased by HK\$18,396 million during 2009 to HK\$185,030 million. Profit attributable to the Company's shareholders in 2009 was HK\$19,917 million against HK\$5,853 million in 2008. Underlying attributable profit, which principally excludes the effect of valuation gains on investment properties and the associated deferred tax, increased by HK\$3,237 million to HK\$8,475 million.

The Property Division employed HK\$149,076 million (81%) of the Group's net assets at 31st December 2009 and generated a profit of HK\$15,390 million, providing a return on average equity of 14.3%. The division's underlying profit was HK\$3,966 million against HK\$3,675 million in 2008 and its return on average underlying equity was 3.1%, compared to 3.2% in 2008.

Net assets employed by the Aviation Division increased by HK\$4,638 million to HK\$21,654 million at 31st December 2009. The profit of the Aviation Division in 2009 was

HK\$1,821 million against a loss of HK\$2,922 million in 2008. The Aviation Division provided a return on average equity of 9.4%, compared to a negative return of 15.2% in 2008.

Net assets employed by the Beverages Division increased by HK\$530 million to HK\$4,570 million at 31st December 2009. The profit of the Beverages Division in 2009 was HK\$753 million against HK\$585 million in 2008. The division generated a return on average equity employed of 23.3%, compared to 20.4% in 2008.

Net assets employed by the Marine Services Division increased by HK\$452 million to HK\$7,882 million at 31st December 2009. The profit of the Marine Services Division in 2009 was HK\$1,637 million against HK\$1,767 million in 2008. The division provided a return on average equity employed of 21.5%, compared to 26.9% in 2008.

Disregarding the effect of the profit on disposal of the Group's interest in Swire SITA in 2008, net assets employed by the Trading & Industrial Division fell by HK\$381 million to HK\$1,527 million at 31st December 2009. The profit in 2009 was HK\$350 million against HK\$379 million in 2008. The division provided a return on average equity employed of 18.3%, compared to 19.8% in 2008.

The Group generated a total return on average equity attributable to the Company's shareholders of 13.9% in 2009 against 4.3% in 2008. On an underlying basis, the Group's return on average equity was 5.2%, compared to 3.4% in 2008.

At a Glance

	2008 HK\$M (Restated)	2009 HK\$M
INCOME STATEMENT		
Turnover		
Property	7,903	8,288
Beverages	8,001	8,399
Marine Services	4,007	3,892
Trading & Industrial	4,746	4,320
Head Office	13	10
	24,670	24,909
Profit attributable to the Company's shareholders		
Property	4,293	15,390
Aviation	(2,922)	1,821
Beverages	585	753
Marine Services	1,767	1,637
Trading & Industrial	2,100	350
Head Office	30	(34)
	5,853	19,917
Interim and final dividends for the year	3,591	4,213
Share repurchases	649	–
Retained profit less share repurchases	1,613	15,704
STATEMENT OF FINANCIAL POSITION		
Net assets employed		
Property – cost and working capital	51,919	52,269
– valuation surplus	82,712	96,807
Aviation	17,016	21,654
Beverages	4,040	4,570
Marine Services	7,430	7,882
Trading & Industrial	3,629	1,527
Head Office	(112)	321
	166,634	185,030
Financed by		
Equity attributable to the Company's shareholders	134,741	152,503
Minority interests	1,447	846
Net debt	30,446	31,681
	166,634	185,030
	HK\$	HK\$
'A' shares		
Earnings/(loss) per share	3.87	13.24
Dividends per share	2.38	2.80
Equity attributable to the Company's shareholders per share	89.55	101.36
'B' shares		
Earnings/(loss) per share	0.77	2.65
Dividends per share	0.48	0.56
Equity attributable to the Company's shareholders per share	17.91	20.27
Ratios		
Return on average equity attributable to the Company's shareholders	4.34%	13.87%
Return on average equity attributable to the Company's shareholders (historic cost)	7.67%	11.96%
Gearing ratio	22.36%	20.66%
Interest cover – times	10.04	23.12
Dividend cover – times	1.63	4.73
Underlying		
Profit (HK\$M)	5,238	8,475
Equity attributable to the Company's shareholders (HK\$M)	151,657	172,820
Return on average equity attributable to the Company's shareholders	3.44%	5.22%
Earnings per 'A' share (HK\$)	3.46	5.63
Earnings per 'B' share (HK\$)	0.69	1.13
Equity attributable to 'A' shareholders per share (HK\$)	100.79	114.86
Equity attributable to 'B' shareholders per share (HK\$)	20.16	22.97
Gearing ratio	19.87%	18.24%
Interest cover – times	9.86	8.04
Dividend cover – times	1.46	2.01