SWIRE PACIFIC

INTERIM REPORT 2021

Stock Codes: 'A' Shares 00019 'B' Shares 00087

CONTENTS

SUSTAINABLE GROWTH

Swire Pacific is a Hong Kong based international conglomerate with a diversified portfolio of market leading businesses. The Company has a long history in Greater China, where the name Swire or 太古 has been established for over 150 years.

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends.

OUR VALUES

Integrity, endeavour, excellence, humility, teamwork, continuity.

OUR CORE PRINCIPLES

- We focus on Asia, principally Greater China, because of its strong growth potential and because it is where the Group has long experience, deep knowledge and strong relationships.
- We mobilise capital, talent and ideas across the Group. Our scale and diversity increase our access to investment opportunities.
- We are prudent financial managers. This enables us to execute long-term investment plans irrespective of short-term financial market volatility.
- We recruit the best people and invest heavily in their training and development. The welfare of our people is critical to our operations.
- We build strong and lasting relationships, based on mutual benefit, with those with whom we do business.
- We invest in sustainable development, because it is the right thing to do and because it supports long-term growth through innovation and improved efficiency.
- We are committed to the highest standards of corporate governance and to the preservation and development of the Swire brand and reputation.

OUR INVESTMENT PRINCIPLES

- We aim to build a portfolio of businesses that collectively deliver a steady dividend stream over time.
- We are long-term investors. We prefer to have controlling interests in our businesses and to manage them for long-term growth. We do not rule out minority investments in appropriate circumstances.
- We concentrate on businesses where we can contribute expertise, and where our expertise can add value.
- We invest in businesses that provide high-quality products and services and that are leaders in their markets.
- We divest from businesses which have reached their full potential under our ownership, and recycle the capital released into existing or new businesses.

PERFORMANCE HIGHLIGHTS

	Note	Six months ended 30th June 2021 HK$M	Six months ended 30th June 2020 HK$M	Change %	Year ended 31st December 2020 HK$M
(Loss)/profit attributable to the Company's shareholders					
As reported		**(792)**	(7,737)	-90%	(10,999)
Underlying profit/(loss)	(a)	**1,256**	(5,485)	N/A	(3,969)
Recurring underlying profit/(loss)	(a)	**786**	(123)	N/A	(609)
Revenue		**46,738**	39,056	+20%	80,032
Operating profit/(loss)		**4,751**	(1,670)	N/A	2,695
Operating profit excluding change in fair value of investment properties		**7,264**	931	+680%	7,116
Change in fair value of investment properties		**(2,513)**	(2,601)	-3%	(4,421)
Cash generated from operations		**10,657**	5,176	+106%	15,124
Net cash inflow before financing		**2,611**	1,233	+112%	13,184
Total equity (including non-controlling interests)		**319,136**	316,203	+1%	319,146
Net debt	(b)	**39,081**	49,277	-21%	38,900
Gearing ratio (excluding lease liabilities)	(b)	**12.2%**	15.6%	-3.4%pt	12.2%

	Note	HK$	HK$	Change %	HK$
(Loss)/earnings per share	(c)				
As reported					
'A' share		**(0.53)**	(5.15)	-90%	(7.32)
'B' share		**(0.11)**	(1.03)		(1.46)
Underlying					
'A' share		**0.84**	(3.65)	N/A	(2.64)
'B' share		**0.17**	(0.73)		(0.53)
Dividends per share					
'A' share		**1.00**	0.70	+43%	1.70
'B' share		**0.20**	0.14		0.34
Equity attributable to the Company's shareholders per share	(d)				
'A' share		**175.03**	173.72	+1%	174.94
'B' share		**35.01**	34.74		34.99

Notes:

(a) Reconciliations between the reported and underlying profit/(loss), and between underlying profit/(loss) and recurring underlying profit/(loss) are provided on pages 37 and 38.

(b) Net debt is the total of loans, bonds and overdrafts net of cash, bank deposits and bank balances. Gearing ratio is measured as net debt to total equity. Including lease liabilities as part of net debt would increase our gearing ratio to 13.8% (see page 43).

(c) Refer to note 11 in the financial statements for the daily weighted average number of shares in issue throughout the period.

(d) Refer to note 25 in the financial statements for the number of shares at the period end.

OVERVIEW

COVID-19 continues to make the business environment very difficult, but our businesses have proven themselves to be resilient. After making losses in 2020, Swire Pacific made a recurring underlying profit in the first half of 2021, and we have increased our interim dividends by 43%.

We are focusing on delivering our corporate strategy, are well positioned for a recovery and have strong growth opportunities in Greater China in sectors that are exposed to the growing spending power of the middle class. Our core property and beverages businesses are growing strongly. We have divested non-core assets, repositioned our aviation business and entered the healthcare sector.

THE FUTURE

We expect Swire Properties to continue to perform well, particularly in executing its placemaking strategy in the Chinese Mainland. We have announced exciting new property projects there, and have a strong pipeline of opportunities. Swire Coca-Cola's strong performance is expected to continue. We will continue to invest in healthcare. In aviation, the short-term outlook is poor. But Cathay Pacific has significant liquidity (over HK$30 billion at 30th June 2021) and targets cash burn of less than HK$1.0 billion per month for the remainder of 2021. It will be leaner and more efficient when the recovery comes.

Consistent with our strategy, we continue to shape our portfolio by reducing our exposure to non-core businesses. This started with significant disposals in the Trading & Industrial Division. This year, we have down-sized our Marine Services Division. We agreed to dispose of our interest in the HUD group and reduced further the size of Swire Pacific Offshore's fleet. We have also reduced our interest in its European windfarm installation business. These disposals will help us to concentrate on three core divisions, Property, Beverages, and Aviation, all deeply embedded in Greater China. We see a bright future for all of them, despite current problems in the Aviation Division.

FINANCIAL STRENGTH

Our strong balance sheet enables us to take advantage of the investment opportunities available to us. At 30th June 2021, our gearing was 12.2% and our available liquidity was HK$54.6 billion. This puts us in a position to execute long-term plans irrespective of short-term market volatility.

DIVIDENDS

The Directors have declared first interim dividends of HK$1.00 per 'A' share and HK$0.20 per 'B' share, an increase of 43% over the first interim dividends in 2020. We have changed our dividend policy in response to the volatility seen in recent years. Our policy remains to deliver sustainable growth in dividends. We intend in future to pay out not less than half of our recurring underlying profit (excluding our share of the results of associate Cathay Pacific Airways, but including all dividends received from that company) by way of ordinary dividend over time.

RESULTS

Disregarding significant non-recurring items in both periods, the Group recorded a recurring underlying profit of HK$786 million in the first half of 2021, compared with a loss of HK$123 million in the same period in 2020. Contributing factors included a significant increase in profits at Swire Coca-Cola, a strong performance from the Property Division in the Chinese Mainland and reduced losses from Cathay Pacific. The Group recorded an underlying profit of HK$1,256 million in the first half of 2021, compared with an underlying loss of HK$5,485 million in the first half of 2020. The improvement reflected a substantial reduction of impairment charges at Swire Pacific Offshore and Cathay Pacific and gains from the disposal of car parking spaces at Taikoo Shing in Hong Kong.

PROPERTY DIVISION

The recurring underlying profit of the Property Division was little changed. Retail rental income in the Chinese Mainland increased strongly and losses from hotels reduced. But this was offset by lower retail rental income from Hong Kong (which continued to be adversely affected by COVID-19) and the loss of rental income from an office tower in Hong Kong which was sold in 2020. In the Chinese Mainland, the Group's investment properties recorded net property valuation gains of HK$1,181 million in the first half of 2021. In Hong Kong, investment properties recorded net property valuation losses of HK$3,433 million.

Swire Properties' reputation for placemaking continues to provide opportunities to expand and reinforce its existing developments. Work has started on the 4.1 million square feet INDIGO Phase Two development in Beijing. In July 2021, Swire Properties announced the formation of a joint venture management company with the Shanghai Jing'an Real Estate group, which will revitalise the historic Zhangyuan shikumen compound in the Jing'an District in Shanghai. The compound is adjacent to our HKRI Taikoo Hui development. In August 2021, Swire Properties announced a cooperation agreement with the Chaoyang District Government in Beijing and the Beijing Public Transport Corporation. The cooperation relates to the transformation (into a cultural and commercial destination) of a maintenance site in Sanlitun owned by Beijing Public Transport Corporation and adjacent to our Taikoo Li Sanlitun development.

BEVERAGES DIVISION

Swire Coca-Cola's profits in the first half of 2021 were 55% higher than in the first half of 2020 and 97% higher than in the first half of 2019. Business continued to recover strongly from the adverse effects of COVID-19. The results reflected improved product and packaging mixes and good execution on the ground. We intend to continue to invest in the Swire Coca-Cola business in order to create strong and sustainable growth. We are excited about the prospects for our plastics recycling partnership with the ALBA group in Asia.

AVIATION DIVISION

Cathay Pacific's losses in the period reduced to HK$7.6 billion from HK$9.9 billion. Travel restrictions and quarantine requirements continued to affect cross-border travel adversely. A strong cargo performance and cost-savings resulted in losses being lower in the first half of 2021 than in both the first and second halves of 2020. Liquidity was over HK$30 billion at 30th June 2021 and the cash burn has been significantly reduced, targeting less than HK$1.0 billion per month for the remainder of the year. HAECO's profits in the period reduced. There was less demand for aircraft maintenance because of COVID-19's effect on aircraft usage. HAECO benefitted from COVID-19 related financial assistance from the US government.

TRUSTTOMORROW

To celebrate Swire's 150th year in Hong Kong and reaffirm our commitment to the place that has helped us prosper for so many years, Swire has injected an additional HK$150 million into the Swire Group Charitable Trust to fund the TrustTomorrow initiative. Under the initiative, we are funding 30 projects in education, marine conservation and the arts, with a focus on youth engagement.

NEW CHAIRMAN

I will cease to be chairman of the Company later this month, but will remain a director. I have full confidence in Guy Bradley as my successor and am happy to be handing over to him at a time when the Company is in such a strong financial position and, after a period of consolidation, has entered a new phase of growth.

OUR PEOPLE

I would like again to salute all of our people for the tremendous teamwork, resilience and professionalism which they continue to show in response to the challenges, professional and personal, arising out of COVID-19.

Merlin Swire
Chairman
Hong Kong, 12th August 2021

RESULTS SUMMARY

The recurring underlying profit for the first half of 2021, which disregards significant non-recurring items in both periods, was HK$786 million, compared with a recurring underlying loss of HK$123 million in the first half of 2020. Given the continued challenges of COVID-19, the strong performances from Swire Coca-Cola and the Property Division in the Chinese Mainland were encouraging.

The consolidated loss attributable to shareholders for the first half of 2021 was HK$792 million, compared to a loss of HK$7,737 million in the first half of 2020. The underlying profit attributable to shareholders, which principally adjusts for changes in the value of investment properties, was HK$1,256 million, compared with a loss of HK$5,485 million in the same period of 2020. The improvement in the underlying results principally reflects (i) the absence of impairment charges at Swire Pacific Offshore and a reduction in impairment charges at Cathay Pacific, (ii) a significant increase in the profits of Swire Coca-Cola and (iii) gains on disposal of assets and investments in the Property and Marine Services Divisions.

The Property Division is the major contributor to the Group's profit. The recurring underlying profit from the Property Division in the first half of 2021 (which excludes gains from the sale of interests in investment properties of HK$653 million, compared with HK$42 million in the first half of 2020) was HK$3,029 million, compared with HK$3,067 million in the first half of 2020. This result mainly reflected the strong retail rental income from the Chinese Mainland, offset by lower retail rental income from Hong Kong and the loss of rental income from the Cityplaza One office tower (which was disposed of in the second half of 2020). Property trading recorded a small loss, reflecting the sale of EDEN in Singapore and of units at Reach and Rise in Miami, USA and adjustments to certain provisions. Losses at hotels reduced in the first half of 2021. There were better hotel performances in the Chinese Mainland and the USA.

Swire Coca-Cola's profit of HK$1,471 million in the first half of 2021 was 55% higher than in the first half of 2020. Revenue increased by 28% to HK$27,550 million. Volume increased by 16% to 974 million unit cases. Attributable profit increased in all regions. Business continued to recover strongly, particularly in the Chinese Mainland.

The Aviation Division incurred a loss of HK$3,254 million in the first half of 2021, compared to a loss of HK$3,925 million in the same period in 2020.

The Cathay group's attributable loss on a 100% basis was HK$7,565 million in the first half of 2021 (2020 first half: loss of HK$9,865 million). The loss for the first half of 2021 included impairment and related charges of HK$500 million and restructuring costs of HK$403 million. COVID-19 continued to pose significant challenges for the Cathay group in the first half of 2021. New virus variants led to the tightening of travel restrictions and quarantine requirements in Hong Kong and several of Cathay Pacific's key markets. The passenger business was severely affected by COVID-19 related travel restrictions and quarantine requirements. The strong cargo performance in 2020 continued in the first half of 2021 despite the difficulties caused by crew quarantine requirements.

The HAECO group reported an attributable profit of HK$310 million in the first half of 2021, compared with HK$534 million in the same period of 2020. Disregarding impairment charges of HK$21 million in respect of rotable aircraft parts in the first half of 2020, the recurring profit of the HAECO group decreased by HK$245 million. The adverse effect of COVID-19 on demand for maintenance and repair services at most HAECO group companies was offset in part by COVID-19 related financial assistance from the US government.

The recurring loss of the Marine Services Division was HK$71 million in the first half of 2021, compared to HK$631 million in the first half of 2020. Utilisation of the fleet increased in the first half of 2021. Average day rates decreased due to deconsolidation of Cadeler A/S.

The Trading & Industrial Division made a recurring profit of HK$47 million in the first half of 2021, compared to a loss of HK$20 million in the first half of 2020. The results of most businesses improved. Losses at Swire Resources reduced, although it was still badly affected by COVID-19.

DIVIDENDS

The Directors have declared first interim dividends of HK$1.00 per 'A' share and HK$0.20 per 'B' share. The first interim dividends will be paid on 6th October 2021 to shareholders registered at the close of business on the record date, being Friday, 10th September 2021. Shares of the Company will be traded ex-dividend as from Wednesday, 8th September 2021.

IMPLEMENTING OUR AIMS

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends. Capital allocation, achieved by way both of investment and divestment, is central to the achievement of our aims.

We are focusing on delivering our corporate strategy, are well positioned for a recovery and have strong growth opportunities in Greater China in sectors that are exposed to the growing spending power of the middle class. Our core property and beverages businesses are growing strongly. We have divested non-core assets, repositioned our aviation business and entered the healthcare sector.

In the Chinese Mainland, the refurbishment of Taikoo Li Sanlitun West as an extension to Taikoo Li Sanlitun was completed in June 2021. Opening is expected later this year. Taikoo Li Qiantan in Shanghai is also expected to open later this year. INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in late 2025 and 2027 respectively. In July 2021, Swire Properties announced the formation of a joint venture management company with the Shanghai Jing'an Real Estate group, which will revitalise the historic Zhangyuan shikumen compound in the Jing'an District in Shanghai. In August 2021, Swire Properties announced a cooperation agreement with the Chaoyang District Government in Beijing and the Beijing Public Transport Corporation for the transformation of a maintenance site in Sanlitun. The second phase of the Taikoo Place redevelopment in Hong Kong will be completed in 2022. A non-managed hotel (The Silveri Hong Kong – MGallery) at Citygate in Hong Kong is expected to open, subject to COVID-19 conditions, later this year. Since November 2020, Swire Properties has offered a total of 946 car and motorcycle parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 645 of the spaces had been sold at 10th August 2021.

Swire Coca-Cola is expanding its product and package portfolio and investing in production assets, logistics infrastructure, merchandising equipment and digital capabilities.

In February 2021, the Group made an investment in a hospital being developed in Shenzhen. We are determined to build a significant healthcare business and plan to have invested at least HK$20 billion in the sector by 2030.

We remain a committed long-term shareholder in Cathay Pacific, and supportive of the prospects and long-term investment plans of the airline group.

HAECO group's management is working with the Xiamen authorities on the relocation of HAECO Xiamen's premises to the new Xiamen airport.

In April 2021, Swire Pacific Offshore sold an additional 12.7% equity interest in Cadeler A/S. Five vessels were disposed of in the first half of 2021. A disposal of our interest in the HUD group was agreed in August 2021.

In the first half of 2021, we generated HK$10.7 billion from operations and HK$2.6 billion from disposals and we made total capital investments of HK$8.9 billion. Our net debt at the end of June 2021 was HK$39.1 billion, a slight increase (0.5%) from the end of 2020. Our gearing ratio at the end of June 2021 was 12.2%, the same as the gearing ratio at the end of 2020. Including lease liabilities as part of net debt would increase our gearing ratio at the end of June 2021 to 13.8%.

OUTLOOK

In the Property Division, the outlook for the retail market is strong in the Chinese Mainland and mixed in Hong Kong. Demand for office space is expected to pick up gradually in Hong Kong and to improve in the Chinese Mainland. The outlook for Hong Kong hotels is still difficult but hotels in the Chinese Mainland and USA are continuing to recover.

At Swire Coca-Cola, revenue in the Chinese Mainland and USA is expected to grow strongly in the second half of 2021. Hong Kong is expected to be less affected by COVID-19.

COVID-19 will continue to have a severe impact on Cathay Pacific's business until borders progressively open and travel constraints are lifted. As governments (including HKSAR) have stated, this is only going to be possible when sufficiently high vaccination levels are achieved. Dependent on operational and passenger travel restrictions being lifted, Cathay Pacific hopes to operate up to 30% of its pre-COVID-19 passenger capacity by the fourth quarter of 2021. Cargo operations are expected to continue to perform strongly in the second half of 2021. Cathay Pacific will maintain its focus on prudent cash management, targeting cash burn of less than HK$1.0 billion per month for the remainder of the year.

At HAECO, demand for base maintenance is expected to be stable. Line maintenance work is expected to recover slowly. Demand for engine services in the second half of 2021 is expected to increase gradually for HAECO Engine Services (Xiamen) and to be similar to that in the first half of 2021 for HAESL.

There are some signs of recovery in the offshore energy industry. This is facilitating increased day rates for Swire Pacific Offshore's vessels.

The recurring profits of the Trading & Industrial Division in the second half of 2021 are expected to be similar to those in the first half of 2021.

Martin Murray
Finance Director
Hong Kong, 12th August 2021

PROPERTY DIVISION

Swire Properties' business comprises three main areas:

Property Investment

Swire Properties' property investment portfolio in Hong Kong comprises office and retail premises, serviced apartments and other luxury and high quality residential accommodation in prime locations. Including hotels, the completed portfolio in Hong Kong totals 12.0 million square feet of gross floor area, with an additional 1.2 million square feet under development. In the Chinese Mainland, Swire Properties owns and operates major mixed-use commercial developments in Beijing, Guangzhou, Chengdu and Shanghai, in joint venture in most cases, which will total 11.3 million square feet on completion. Of this, 9.8 million square feet has already been completed. In the USA, Swire Properties is the primary developer of a 0.8 million square feet mixed-use commercial development at Brickell City Centre in Miami, with an adjoining 1.4 million square feet development under planning.

Hotel Investment

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST Hong Kong at Taikoo Shing. Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and in the Novotel Citygate in Tung Chung. In the Chinese Mainland, Swire Hotels manages four hotels. The Opposite House at Taikoo Li Sanlitun in Beijing is wholly-owned by Swire Properties. 50% interests are owned in EAST Beijing at INDIGO, in The Temple House at Sino-Ocean Taikoo Li Chengdu, and in The Middle House at HKRI Taikoo Hui in Shanghai. Swire Properties owns 97% and 50% interests in the Mandarin Oriental at Taikoo Hui in Guangzhou and The Sukhothai Shanghai at HKRI Taikoo Hui respectively. In the USA, Swire Properties wholly-owns and manages, through Swire Hotels, EAST Miami and owns a 75% interest in the Mandarin Oriental in Miami. The Silveri Hong Kong – MGallery, a non-managed hotel, is part of the 20% owned Citygate extension in Hong Kong and is expected to open, subject to COVID-19 conditions, later this year.

Property Trading

Swire Properties' trading portfolio comprises six residential projects under development, three in Hong Kong, one in Indonesia and two in Vietnam. There are also land banks in Miami, USA.

Swire Properties is listed on The Stock Exchange of Hong Kong Limited.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Revenue			
Gross rental income derived from			
Office	**3,075**	3,344	6,555
Retail	**2,875**	2,530	5,245
Residential	**247**	227	454
Other revenue*	**50**	46	101
Property investment	**6,247**	6,147	12,355
Property trading	**2,394**	130	312
Hotels	**427**	274	641
Total revenue	**9,068**	6,551	13,308
Operating profit/(loss) derived from			
Property investment			
From operations	**4,299**	4,325	8,495
Sale of interests in investment properties	**302**	(8)	1,826
Valuation losses on investment properties	**(2,513)**	(2,601)	(4,421)
Property trading	**496**	(30)	(49)
Hotels	**(109)**	(197)	(310)
Total operating profit	**2,475**	1,489	5,541
Share of post-tax profit from joint venture and associated companies	**817**	270	732
Attributable profit	**1,992**	1,045	4,132
Swire Pacific share of attributable profit	**1,634**	857	3,388

* Other revenue is mainly estate management fees.

Reconciliation of Attributable to Underlying Profit

Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

	Note	Six months ended 30th June 2021 HK$M	Six months ended 30th June 2020 HK$M	Year ended 31st December 2020 HK$M
Attributable profit		**1,992**	1,045	4,132
Adjustments in respect of investment properties:				
Valuation losses on investment properties	(a)	**2,046**	2,743	4,263
Deferred tax on investment properties	(b)	**521**	68	446
Valuation (losses)/gains realised on sale of interests in investment properties	(c)	**(134)**	59	3,990
Depreciation of investment properties occupied by the Group	(d)	**15**	15	31
Impairment loss on a hotel held as part of a mixed-use development	(e)	**22**	–	–
Amortisation of right-of-use assets reported under investment properties	(f)	**(16)**	(24)	(49)
Non-controlling interests' share of valuation movements less deferred tax		**44**	(115)	(108)
Underlying attributable profit		**4,490**	3,791	12,705
Profit on sale of interests in investment properties		**(797)**	(51)	(5,590)
Recurring underlying attributable profit		**3,693**	3,740	7,115
Swire Pacific share of underlying attributable profit		**3,682**	3,109	10,418
Swire Pacific share of recurring underlying attributable profit		**3,029**	3,067	5,834

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the USA, and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfer of investment properties within the Group.

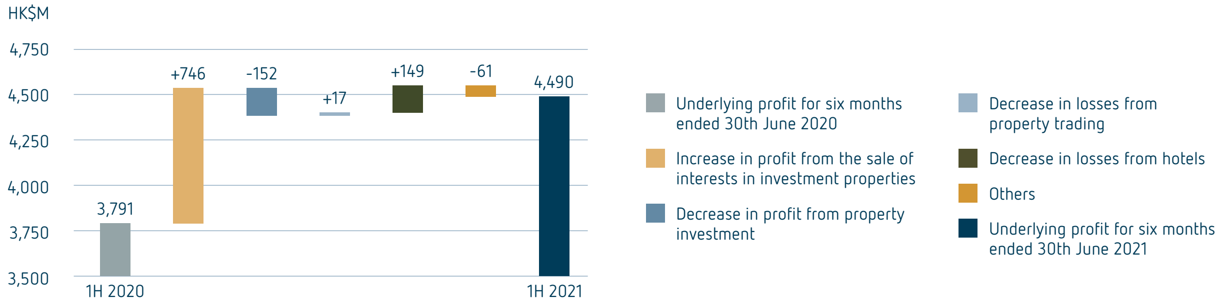
(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.

(f) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

Property Division — Movement in Underlying Profit on a 100% basis



RESULTS SUMMARY

Attributable profit from the Property Division for the first half of 2021 was HK$1,634 million compared to HK$857 million in the first half of 2020. These figures include net property valuation losses, before deferred tax and non-controlling interests, of HK$2,046 million in the first half of 2021 and net property valuation losses of HK$2,743 million in the first half of 2020. Attributable underlying profit, which principally adjusts for changes in the valuation of investment properties, increased by HK$573 million to HK$3,682 million. The increase principally reflected the sale of car parking spaces in Hong Kong in the first half of 2021, which were absent in the first half of 2020.

Recurring underlying profit in the first half of 2021 (which excludes the gains from the sales of investment properties aggregating HK$653 million, compared with HK$42 million in the first half of 2020) was HK$3,029 million, compared with HK$3,067 million in the first half of 2020.

Recurring underlying profit from property investment decreased modestly in the first half of 2021. This mainly reflected lower retail rental income from Hong Kong and the loss of rental income from the Cityplaza One office tower (which was disposed of in the second half of 2020), partly offset by strong retail rental income from the Chinese Mainland. In Hong Kong, the office portfolio was resilient, with firm occupancy and positive rental reversions at Taikoo Place. The retail portfolio in Hong Kong was adversely affected by COVID-19. However, there was a gradual improvement in tenants' sales, as local consumer demand started to recover. In the Chinese Mainland, there was generally robust growth in retail sales and increased footfall. This reflected strong domestic demand, particularly for watches, jewellery and other luxury items.

The small underlying loss from property trading in the first half of 2021 reflected the sale of EDEN in Singapore and of units at Reach and Rise in Miami, USA and adjustments to certain provisions.

Losses at hotels reduced in the first half of 2021. There were better hotel performances in the Chinese Mainland and the USA.

KEY DEVELOPMENTS

In January 2021, Swire Properties started to sell units at EIGHT STAR STREET in the Starstreet Precinct in Hong Kong. 26 out of 37 units had been pre-sold at 10th August 2021.

In March 2021, Swire Properties made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases from 2021 to 2026.

In March 2021, Swire Properties sold all 20 apartments at EDEN in Singapore.

In May 2021, Swire Properties sold almost all remaining units at Reach and Rise, the residential portion of the first phase of the Brickell City Centre development in Miami, USA, to an institutional purchaser. There are two units remaining at Rise for sale.

In July 2021, Swire Properties announced the formation of a joint venture management company with the Shanghai Jing'an Real Estate group, which will revitalise the historic Zhangyuan shikumen compound in the Jing'an District in Shanghai.

In August 2021, Swire Properties announced a cooperation agreement with the Chaoyang District Government in Beijing and the Beijing Public Transport Corporation. The cooperation relates to the transformation (into a cultural and commercial destination) of a maintenance site in Sanlitun owned by Beijing Public Transport Corporation and adjacent to our Taikoo Li Sanlitun development.

Principal Investment Property and Hotel Portfolio — Gross Floor Area ('000 square feet)

Location	At 30th June 2021						At 31st December 2020
	Office	Retail	Hotels	Residential	Under Planning	Total	Total
Completed							
Pacific Place	2,186	711	496	443	–	3,836	3,836
Taikoo Place	5,571	12	–	63	–	5,646	5,646
Cityplaza	–	1,097	200	–	–	1,297	1,297
Others	450	668	73	50	–	1,241	1,241
– Hong Kong	8,207	2,488	769	556	–	12,020	12,020
Taikoo Li Sanlitun	–	1,572	169	–	–	1,741	1,465
Taikoo Hui	1,732	1,473	584	52	–	3,841	3,841
INDIGO	294	470	179	–	–	943	943
Sino-Ocean Taikoo Li Chengdu	–	678	98	55	–	831	831
HKRI Taikoo Hui	914	587	194	73	–	1,768	1,768
Taikoo Li Qiantan	–	619	–	–	–	619	619
Others	–	91	–	–	–	91	111
– Chinese Mainland	2,940	5,490	1,224	180	–	9,834	9,578
– USA	–	497	477	109	–	1,083	1,083
Total completed	**11,147**	**8,475**	**2,470**	**845**	**–**	**22,937**	22,681
Under and pending development							
– Hong Kong^	1,218	3	–	15	–	1,236	1,236
– Chinese Mainland	–	–	–	–	1,429	1,429	1,685
– USA	–	–	–	–	1,444	1,444	1,444
Total	**12,365**	**8,478**	**2,470**	**860**	**2,873**	**27,046**	27,046

Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space owned by joint venture and associated companies.

^ The office portfolio principally comprises Two Taikoo Place.

INVESTMENT PROPERTIES

Hong Kong

Office

Gross rental income from the Hong Kong office portfolio in the first half of 2021 was HK$2,874 million, 8% lower than in the same period in 2020. The decrease mainly reflected the loss of gross rental income from the Cityplaza One office tower, which was disposed of in the second half of 2020. The office market was weak. It was affected by COVID-19, increased vacancies in Central and new supply. But there was more leasing activity in our buildings. The portfolio was resilient, with firm occupancy and positive rental reversions at Taikoo Place. Disregarding the effect of the disposal of Cityplaza One, gross rental income decreased by 2%. At 30th June 2021, the office portfolio was 96% let.

Retail

The Hong Kong retail portfolio was adversely affected by COVID-19. There was downward pressure on rents. Shops selling non-essential items were badly affected, as inbound tourism was absent. However, local consumer demand started to recover. During the period, retail sales increased by 36%, 5% and 18% respectively at The Mall at Pacific Place, Cityplaza and Citygate Outlets.

Gross rental income from the group's retail portfolio in Hong Kong was HK$1,116 million in the first half of 2021, a decrease of 12% compared to the same period in 2020. The decrease reflected lower base rents and higher rental concessions (on an amortised basis), partly offset by higher turnover rents (due to increased retail sales). Rental concessions (which were amortised over the remaining lease terms) were given for specific periods on a case by case basis to support tenants. Rental concessions (on a cash basis) reduced considerably. Disregarding amortised rental concessions, gross rental income was approximately the same. The group's malls were almost fully let throughout the period.

Residential

The occupancy rate at the residential portfolio was approximately 75% at 30th June 2021.

Investment Properties under Development

The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House) is the construction of an office tower with an aggregate gross floor area of approximately one million square feet, to be named Two Taikoo Place. Superstructure works are in progress. Completion of the redevelopment is expected in the first half of 2022.

Planning permission to develop the site at 46-56 Queen's Road East for office use was obtained in 2018. The site area is approximately 14,400 square feet. The proposed development has an aggregate gross floor area of approximately 218,000 square feet. Basement works are in progress. Completion is expected in 2023.

Others

In 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road) in Hong Kong. Subject to Swire Properties having successfully bid in the compulsory sale of the sites, the sites are intended to be redeveloped for office and other commercial uses with an aggregate gross floor area of approximately 779,000 square feet.

In 2018, a joint venture company in which Swire Properties holds a 50% interest submitted a compulsory sale application in respect of a site at 983-987A King's Road and 16-94 Pan Hoi Street, Quarry Bay, Hong Kong. Subject to the joint venture company having successfully bid in the compulsory sale and in accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a gross floor area of approximately 400,000 square feet.

Since November 2020, Swire Properties has offered 946 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 645 of these car parking spaces had been sold at 10th August 2021. Sales of 389 car parking spaces were recognised in the first half of 2021 and sales of 256 car parking spaces are expected to be recognised in the second half of 2021.

Outlook

The Hong Kong economy and business confidence are showing signs of improvement. Julius Baer, a Swiss private bank, will be moving from Central to Two Taikoo Place, where it will take 92,000 square feet of office space. Office leasing momentum is expected to pick up gradually.

The outlook for the Hong Kong retail market is mixed in the absence of tourist spending. Retailers are cautious about opening stores and capital expenditure. COVID-19 is contained in Hong Kong. Vaccination rates are improving. If this continues, quarantine and travel restrictions may be relaxed. This should help to boost the gradual recovery of retail sales.

Chinese Mainland

Retail

Retail sales in the Chinese Mainland increased strongly in the first half of 2021, particularly of watches, jewellery and other luxury items. Local demand was strong, reflecting restrictions on travel outside the Chinese Mainland and generally effective containment of COVID-19. Our retail sales on an attributable basis in the Chinese Mainland in the first half of 2021 increased by 77%. Retail sales at Taikoo Li Sanlitun in Beijing, Taikoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai increased by 85%, 88%, 66% and 83% respectively in the first half of 2021. There were 13%, 95%, 41% and 86% increases respectively from the corresponding period of 2019. National retail sales increased by 23% in the first half of 2021 compared to the same period in 2020.

The group's gross rental income from retail properties in the Chinese Mainland increased by 40%, to HK$1,538 million, in the first half of 2021 (after taking into account a 9% appreciation of the Renminbi against the Hong Kong dollar). Disregarding amortised rental concessions and Renminbi appreciation, gross rental income increased by 25%.

Subsidiaries

Gross rental income at Taikoo Li Sanlitun in Beijing increased satisfactorily in the first half of 2021, reflecting an improved tenant mix and improvement works. Retail sales increased by 85%. The occupancy rate was 100% at 30th June 2021.

The refurbishment of Taikoo Li Sanlitun West as an extension to Taikoo Li Sanlitun (with a gross floor area of 255,731 square feet) was completed in June 2021. Opening is expected later this year. Tenants have committed to take all the space.

In the first half of 2021, gross rental income at Taikoo Hui in Guangzhou increased by 52% compared with the first half of 2020 and by 10% compared with the second half of 2020. Retail sales increased by 88%. This reflected robust retail sales growth, which continued until a return of COVID-19 cases at the end of May. The mall was 100% occupied at 30th June 2021. Improvements were made to the tenant mix.

Joint Ventures

The mall at INDIGO in Beijing was 98% occupied at 30th June 2021. Retail sales increased by 6% in the first half of 2021. Improvements were made to the tenant mix.

Gross rental income at Sino-Ocean Taikoo Li Chengdu increased in the first half of 2021. Retail sales increased by 66%, with strong footfall. At 30th June 2021, the occupancy rate was 95%.

Gross rental income at HKRI Taikoo Hui in Shanghai increased in the first half of 2021. Retail sales increased by 83%, benefitting from improvements to the tenant mix and increased footfall. At 30th June 2021, the occupancy rate was 96%.

Taikoo Li Qiantan in Shanghai is expected to open in September 2021. Pre-leasing has been progressing well.

Office

The group's gross rental income from office properties in the Chinese Mainland increased by 7% to HK$189 million in the first half of 2021 (after taking into account a 9% appreciation of the Renminbi against the Hong Kong dollar). Demand for office space in Beijing and Shanghai improved in the first half of 2021, but was weak in Guangzhou. Significant new supply in Beijing and Guangzhou put downward pressure on rents.

The occupancy rates at the office towers of Taikoo Hui in Guangzhou, ONE INDIGO in Beijing and the office towers of HKRI Taikoo Hui in Shanghai were 96%, 88% and 99% respectively at 30th June 2021.

Outlook

Demand for retail space in the cities in which we operate in the Chinese Mainland is expected to be generally strong in the second half of 2021. In Guangzhou and Chengdu, demand for retail space from retailers of luxury brands is expected to be strong. In Shanghai, demand for retail space from retailers of luxury fashion, cosmetic and lifestyle brands and from operators of food and beverage outlets is expected to grow steadily. In Beijing, retail sales and demand for retail space from the owners of lifestyle and apparel brands are expected to recover steadily in the second half of 2021.

Demand for office space is expected to improve in Beijing and Shanghai and to recover modestly in Guangzhou in the second half of 2021. However, new supply, particularly in the decentralised areas of Shanghai, will put pressure on rents.

Investment Property under Development

INDIGO Phase Two is an extension of the existing INDIGO development with a gross floor area of 4,083,732 square feet. Jointly developed with the Sino-Ocean group, INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in late 2025 and 2027 respectively. Excavation works were in progress at 30th June 2021. Swire Properties has a 35% interest in INDIGO Phase Two.

USA

The first phase of the Brickell City Centre development consists of a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel and serviced apartments (EAST Miami) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. Almost all the units at Reach and Rise have been sold.

Swire Properties owns 100% of EAST Miami, and 62.93% of the shopping centre, at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, exercisable from February 2020, to sell its interest to Swire Properties.

The shopping centre was 97% leased (including by way of letters of intent) at 30th June 2021. Retail sales in the first half of 2021 increased by 71%.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is under planning and will be a mixed-use development comprising retail, office, hotel and residential space.

Outlook

In Miami, retail sales are recovering strongly from the adverse effects of COVID-19.

Valuation of Investment Properties

The portfolio of investment properties was valued at 30th June 2021 on the basis of market value (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK$265,269 million, compared to HK$266,133 million at 31st December 2020.

The decrease in the valuation in the investment property portfolio was mainly due to a decrease in the valuation of the retail and office investment properties in Hong Kong, partly offset by an increase in the valuation of the investment properties in the Chinese Mainland.

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. The leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

HOTELS

Our managed and non-managed hotels, though still affected by COVID-19, recovered in the first half of 2021, with better performances in the Chinese Mainland and the USA. Our managed hotels (including restaurants and taking account of central costs) recorded an operating profit before depreciation of HK$4 million in the first half of 2021, compared with an operating loss before depreciation of HK$98 million in the first half of 2020.

Outlook

The outlook for our hotels in Hong Kong is still difficult because of COVID-19 and associated travel restrictions. Recovery will depend on the opening of borders and the pace of vaccinations. The businesses of our Chinese Mainland and USA hotels continue to recover, with strong domestic travel demand. The Silveri Hong Kong – MGallery in Hong Kong is expected to open, subject to COVID-19 conditions, later this year.

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast expenditure				**Total commitments^**	**Commitments relating to joint venture companies***
	Six months ended 30th June 2021 HK$M	Six months ending 31st December 2021 HK$M	2022 HK$M	2023 HK$M	2024 and later HK$M	**At 30th June 2021 HK$M**	**At 30th June 2021 HK$M**
Hong Kong	**1,245**	3,736	3,606	941	4,101	**12,384**	**58**
Chinese Mainland	**313**	1,067	343	706	3,195	**5,311**	**4,273**
USA	**6**	2	–	–	–	**2**	**–**
Total	**1,564**	4,805	3,949	1,647	7,296	**17,697**	**4,331**

^ The capital commitments represent the Group's capital commitments of HK$13,366 million plus the Group's share of the capital commitments of joint venture companies of HK$4,331 million.

* The Group was committed to funding HK$356 million of the capital commitments of joint venture companies in the Chinese Mainland.

PROPERTY TRADING

Hong Kong

A site at 8 Star Street, Wanchai is being redeveloped into an approximately 34,000 square feet residential building with retail outlets on the lowest two levels. Superstructure and interior fitting out works are in progress. The development is expected to be completed in 2022. 26 of 37 units had been pre-sold at 10th August 2021.

A joint venture formed by Swire Properties, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development in Wong Chuk Hang in Hong Kong. The development will comprise two residential towers with an aggregate gross floor area of approximately 638,000 square feet and about 800 residential units. Foundation works are in progress. The development is expected to be completed in 2024. Swire Properties has a 25% interest in the joint venture.

In 2019, a joint venture company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited completed the acquisition of a plot of land in Chai Wan, Hong Kong (Inland Lot No. 88). Subject to agreement with the Hong Kong government, the plot of land is expected to be redeveloped into a residential complex with an aggregate gross floor area of approximately 694,000 square feet.

USA

The residential portion of the first phase of the Brickell City Centre development (comprising 390 units at Reach and 390 units at Rise) was developed for trading purposes. In May 2021, almost all remaining units at Reach and Rise were sold to an institutional purchaser. Sales of 25 units at Reach and 86 units at Rise were recognised in the first half of 2021. There are two remaining units at Rise available for sale.

Singapore

EDEN, at 2 Draycott Park in District 10, comprises 20 residential units with an aggregate gross floor area of approximately 77,000 square feet. In March 2021, all the units were sold. These sales were recognised in the first half of 2021.

Indonesia

In 2019, a joint venture between Swire Properties and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed into a residential development with an aggregate gross floor area of approximately 1,123,000 square feet. Foundation works have been completed. The development is expected to comprise over 400 residential units and to be completed in 2024. Swire Properties has a 50% interest in the joint venture.

Vietnam

In 2020, Swire Properties agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development comprises 525 luxury apartments in three towers. Swire Properties has an effective 20% interest in the development. Over 90% of the units had been pre-sold at 10th August 2021.

In March 2021, Swire Properties made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases from 2021 to 2026. Swire Properties has invested through an agreement with Gaw Capital Partners, an existing investor in Empire City. Over 45% of the residential units had been pre-sold at 10th August 2021.

Outlook

Sentiment in the Hong Kong residential market is improving. Demand for residential accommodation is expected to be resilient in the medium and long term, supported by low interest rates and a limited land supply. The residential markets where we operate in South East Asia are adversely affected by COVID-19, but the prospects are positive. In Jakarta, favourable demographics, increasing urbanisation and a growing middle class are expected to support a stable residential property market. In Vietnam, there is pent-up demand due to a limited supply of luxury residential properties in recent years. The strong economy and rising disposable income are expected to underpin the luxury residential property market. The developments in which we are interested should benefit.

Guy Bradley

AVIATION DIVISION

The Aviation Division comprises an associate interest in the Cathay group and the wholly-owned Hong Kong Aircraft Engineering Company (HAECO) group. Cathay Pacific Airways Limited (Cathay Pacific) is listed on The Stock Exchange of Hong Kong Limited. The Cathay group includes Cathay Pacific, Hong Kong Express Airways Limited (HK Express) and AHK Air Hong Kong Limited (Air Hong Kong) and associate interests in Air China Limited (Air China) and Air China Cargo Co., Ltd. (Air China Cargo). Cathay Pacific also has interests in companies providing flight catering and passenger and ramp handling services, and owns and operates a cargo terminal at Hong Kong International Airport.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
HAECO group			
Revenue	**5,402**	6,226	11,483
Operating profit/(loss)	**342**	551	(94)
Attributable profit	**310**	534	96
Cathay group			
Share of post-tax loss from associated companies	**(3,404)**	(4,440)	(9,742)
Attributable loss	**(3,254)**	(3,925)	(9,751)

Accounting for the Aviation Division
The Group accounts for its associate interest in the Cathay group using the equity method of accounting. The Group recognises its share of net profit or loss as a single line-item in the consolidated statement of profit or loss. The figures of HAECO group and Cathay group above do not include Swire Pacific's consolidation adjustments.

RESULTS SUMMARY

The Aviation Division reported an attributable loss of HK$3,254 million in the first half of 2021. This compared with a loss of HK$3,925 million in the same period in 2020.

CATHAY GROUP

COVID-19 continued to pose significant challenges for the Cathay group in the first half of 2021 and this continues to be the toughest period in its history. The emergence of new virus variants led to the tightening of travel restrictions and quarantine requirements in Hong Kong and several of its key markets.

Most significantly, in February, Hong Kong introduced strict quarantine requirements for Hong Kong-based aircrew. The new measures affected Cathay Pacific's ability to service passenger and cargo markets. Significant reductions to passenger and cargo schedules were made and monthly cash burn increased. Subsequent easing of some quarantine requirements for aircrew enabled the reactivation of cargo capacity and the gradual increase of passenger capacity towards the end of the first half.

The Cathay group's attributable loss on a 100% basis was HK$7,565 million in the first half of 2021 (2020 first half: loss of HK$9,865 million). Cathay Pacific reported a loss after tax of HK$5,031 million in the first half of 2021 (2020 first half: loss of HK$7,361 million), and the share of losses from subsidiaries and associates was HK$2,534 million (2020 first half: loss of HK$2,504 million).

Cathay Pacific — Key Operating Highlights

		Six months ended 30th June		
		2021	2020*	Change
Available tonne kilometres (ATK)	*Million*	**4,454**	8,595	-48.2%
Available seat kilometres (ASK)	*Million*	**4,167**	27,732	-85.0%
Available cargo tonne kilometres (AFTK)	*Million*	**4,058**	5,958	-31.9%
Revenue tonne kilometres (RTK)	*Million*	**3,377**	5,920	-43.0%
Passenger revenue	*HK$M*	**745**	10,396	-92.8%
Passenger revenue per ASK	*HK¢*	**17.9**	37.5	-52.3%
Revenue passenger kilometres (RPK)	*Million*	**788**	18,668	-95.8%
Revenue passengers carried	*'000*	**157**	4,389	-96.4%
Passenger load factor	*%*	**18.9**	67.3	-48.4%pt
Passenger yield	*HK¢*	**94.5**	55.5	+70.3%
Cargo revenue	*HK$M*	**11,112**	11,177	-0.6%
Cargo revenue per AFTK	*HK$*	**2.74**	1.88	+45.7%
Cargo revenue tonne kilometres (RFTK)**	*Million*	**3,301**	4,129	-20.1%
Cargo carried	*'000 Tonnes*	**549**	667	-17.7%
Cargo load factor**	*%*	**81.4**	69.3	+12.1%pt
Cargo yield	*HK$*	**3.37**	2.71	+24.4%
Cost per ATK (with fuel)***	*HK$*	**4.44**	3.90	+13.8%
Cost per ATK (without fuel)***	*HK$*	**3.98**	3.10	+28.4%
Fuel consumption per million RTK	*Barrels*	**1,463**	1,819	-19.6%
Fuel consumption per million ATK	*Barrels*	**1,109**	1,253	-11.5%
Aircraft utilisation (including parked aircraft)	*Hours per day*	**2.3**	5.4	-57.4%
On-time performance	*%*	**89.7**	86.5	+3.2%pt
Average age of fleet	*Years*	**10.6**	10.3	+0.3 year

* Included Cathay Dragon

** Change in RFTK and cargo load factor was reported in the Cathay group's June 2021 traffic figures as -20.3% and +11.8%pt respectively. The difference reflects certain adjustments to the calculation for multi-sector cargo routes in 2020.

*** Cost per ATK represents total operating costs, including impairment and restructuring costs, over ATK for the period.

Refer to Glossary on pages 82 and 83 for definitions.

The loss for the first half of 2021 included impairment and related charges of HK$500 million mainly relating to 11 aircraft that are unlikely to re-enter meaningful economic service again before they retire or are returned to lessors and HK$403 million restructuring costs. This compared to impairment and related charges for 16 aircraft (HK$1,242 million) and certain airline service subsidiaries' assets (HK$1,223 million) in the first half of 2020. Adjusting for these exceptional items, the Cathay group's attributable first half loss was HK$6,662 million (2020 first half: loss of HK$7,400 million) and Cathay Pacific's first half loss was HK$4,168 million (2020 first half: loss of HK$6,080 million).

Passenger Services

Cathay Pacific

Passenger revenue decreased by 93% to HK$745 million in the first half of 2021 compared with the first half of 2020. Revenue passenger kilometres decreased by 96%. Passenger capacity decreased by 85%. Passengers carried were 157 thousand in the first half of the year, an average of 868 passengers per day, 96% fewer than in the first half of 2020. The load factor was 18.9%, compared with 67.3% in the first half of 2020.

HK Express

HK Express reported a loss for the first half of 2021. Its results were adversely affected by low demand for passenger travel and COVID-19 related travel restrictions and quarantine requirements, including those affecting Hong Kong-based aircrew.

Cargo Services

Cathay Pacific

Cargo revenue for the first half of 2021 was HK$11,112 million, a decrease of 1% compared with the same period in 2020. The cargo performance was limited by capacity restrictions resulting from crew quarantine requirements and lower cargo capacity as a result of fewer passenger aircraft being flown. Cathay Pacific's cargo capacity decreased by 32%. Total tonnage carried decreased by 18% to 549 thousand tonnes. Revenues were strong in light of the circumstances, sustained by cargo yield increases of 24% to HK$3.37 and load factors of 81.4% (2020 first half: 69.3%).

Air Hong Kong

Air Hong Kong's financial results improved in the first half of 2021. It benefitted from the continued imbalance between cargo market demand and available capacity. Extra sectors were flown for Cathay Pacific.

Operating Costs

Total fuel costs for Cathay Pacific (before the effect of fuel hedging) decreased by HK$2,682 million (or 50%) compared with the first half of 2020. Non-fuel costs decreased by 34% to HK$16,875 million.

Fleet Profile

At 30th June 2021, the total number of aircraft in the Cathay Pacific, HK Express and Air Hong Kong fleets was 238.

Fleet profile*

	Number at 30th June 2021					Orders				Expiry of operating leases**					
		Leased**													
Aircraft type	Owned	Finance	Operating	**Total**	Average age	'21	'22	'23 and beyond	**Total**	'21	'22	'23	'24	'25	'26 and beyond
Cathay Pacific:															
A320-200	5		3	**8**	16.5					1[(a)]	2				
A321-200	2		4	**6**	17.2					1[(b)]	2	1			
A321-200neo			4	**4**	0.4	2[(c)]	6	4	**12**						4
A330-300	37	10	4	**51**	14.7									2	2
A350-900	19	6	2	**27**	3.8	1		2	**3**						2
A350-1000	10	5		**15**	2.1		3		**3**						
747-400ERF	6			**6**	12.5										
747-8F	3	11		**14**	8.4										
777-300	17			**17**	19.7										
777-300ER	23	7	18	**48**	9.1					3	4	2	3	2	4
777-9								21	**21**						
Total	122	39	35	**196**	10.6	3	9	27	**39**	5	8	3	3	4	12
HK Express:															
A320-200			7	**7**	11.2					2		1	4		
A320-200neo			10	**10**	2.3										10
A321-200			11	**11**	3.7									1	10
A321-200neo							1	15	**16**						
Total			28	**28**	5.1		1	15	**16**	2		1	4	1	20
Air Hong Kong*:**															
A300-600F			9	**9**	17.2						5	3			1
A330-243F			2	**2**	9.5										2
A330-300P2F			3	**3**	13.6										3
Total			14	**14**	15.3						5	3			6
Grand total	**122**	**39**	**77**	**238**	**10.3**	**3**	**10**	**42**	**55**	**7**	**13**	**7**	**7**	**5**	**38**

* The table does not reflect aircraft movements after 30th June 2021.

** Leases previously classified as operating leases are accounted for in a similar manner to finance leases under accounting standards. The majority of operating leases in the above table are within the scope of HKFRS 16.

*** The nine Airbus A300-600F, two Airbus A330-243F and three A330-300P2F freighters are considered to be operated by Air Hong Kong, even though the arrangement does not constitute a lease in accordance with HKFRS 16.

(a) The operating lease of one A320-200 aircraft was terminated early in July 2021.

(b) The operating lease of one A321-200 aircraft expired in July 2021.

(c) A sale and leaseback agreement is in place for one Airbus A321neo aircraft.

Air China and Air China Cargo

The Cathay group's share of the results of Air China (in which the Cathay group had an 18.13% interest at 30th June 2021) is based on its financial statements drawn up three months in arrear. Consequently the 2021 interim results include Air China's results for the six months ended 31st March 2021, adjusted for any significant events or transactions for the period from 1st April 2021 to 30th June 2021.

Air China's financial results declined in the six months to 31st March 2021 as a result of the adverse impact of COVID-19.

In the first half of 2021, Air China Cargo's profit was lower than in the first half of 2020.

Outlook

COVID-19 will continue to have a severe impact on the group's business until borders progressively open and travel constraints are lifted. As governments (including HKSAR) have stated, this is only going to be possible when sufficiently high vaccination levels are achieved. There are encouraging signs of recovery in some domestic aviation markets. However, travel restrictions and quarantine requirements continue to affect cross-border travel adversely. The progress of vaccination is encouraging, but the pace and timing of recovery remain uncertain.

Cathay Pacific is only operating a small fraction of the passenger flights operated before the COVID-19 pandemic. Dependent on operational and passenger travel restrictions being lifted, Cathay Pacific hopes to operate up to 30% of its pre-COVID-19 passenger capacity by the fourth quarter of 2021. Cargo operations are expected to continue to perform strongly in the second half of the year. Cathay Pacific will maintain its focus on prudent cash management, targeting cash burn of less than HK$1.0 billion per month for the remainder of the year.

Cathay Pacific remains absolutely confident in its long-term prospects and the future of Hong Kong as a leading international aviation hub. The dual-brand approach, benefitting from the premium service of Cathay Pacific and the unique strengths and growth potential of HK Express, will position the Cathay group well to take advantage of the recovery in the market when it happens.

Augustus Tang

HONG KONG AIRCRAFT ENGINEERING COMPANY (HAECO) GROUP

The HAECO group provides aviation maintenance and repair services. Its primary activities are aircraft maintenance and modification work in Hong Kong (by HAECO Hong Kong), in Xiamen (by HAECO Xiamen) and in the USA (by HAECO Americas), and engine overhaul work in Hong Kong (by HAECO's 50% joint venture company, HAESL) and in Xiamen (by Taikoo Engine Services (Xiamen) Company Limited ("HAECO Engine Services (Xiamen)")).

HAECO Americas also manufactures aircraft seats. The HAECO group has other subsidiaries and joint venture companies in the Chinese Mainland, which offer a range of aircraft engineering services, and has a 70% interest in HAECO ITM Limited, an inventory technical management joint venture with Cathay Pacific in Hong Kong.

HAECO is a wholly-owned subsidiary of Swire Pacific.

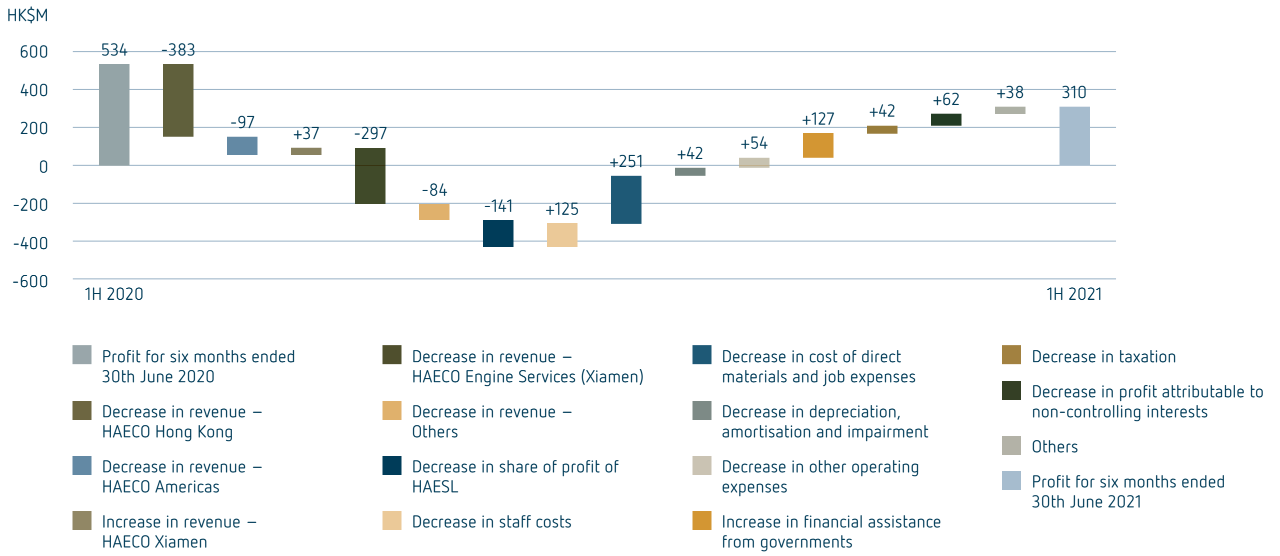
Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Revenue			
HAECO Hong Kong	**1,376**	1,759	3,092
HAECO Americas	**1,055**	1,152	2,007
HAECO Xiamen	**867**	830	1,368
HAECO Engine Services (Xiamen)	**1,550**	1,847	3,774
Others	**554**	638	1,242
	5,402	6,226	11,483
Operating profit/(loss)	**342**	551	(94)
Attributable profit/(loss)			
HAECO Hong Kong	**(145)**	20	(49)
HAECO Americas	**208**	56	(167)
HAECO Xiamen	**59**	111	20
HAECO Engine Services (Xiamen)	**16**	67	113
Share of profit of			
HAESL	**106**	247	354
Other subsidiary and joint venture companies	**66**	54	99
Attributable profit (excluding non-recurring items)	**310**	555	370
Impairment charges in respect of:			
Customer relationships and other intangible assets	**–**	–	(90)*
Rotable aircraft parts	**–**	(21)^	(184)^
Attributable profit	**310**	534	96

* representing impairment charges at HAECO Americas.

^ representing impairment charges at HAECO ITM.

HAECO group — Movement in Attributable Profit



Key Operating Highlights

		Six months ended 30th June		
		2021	2020	Change
Base maintenance manhours sold				
HAECO Hong Kong	*Million*	**1.28**	1.26	2%
HAECO Americas	*Million*	**1.45**	1.39	4%
HAECO Xiamen	*Million*	**1.52**	1.70	-11%
Line maintenance movements handled				
HAECO Hong Kong	*Thousand*	**22.1**	30.7	-28%
Chinese Mainland and overseas	*Thousand*	**8.5**	11.3	-25%
Engines overhauled				
HAECO Engine Services (Xiamen)		**18**	41	-56%
HAESL		**108**	142	-24%

RESULTS SUMMARY

The HAECO group reported an attributable profit of HK$310 million for the first six months of 2021. This compares with a profit of HK$534 million (including post-tax impairment charges of HK$21 million in respect of rotable aircraft parts of HAECO ITM) for the equivalent period in 2020.

Disregarding the impairment charges in 2020, the HAECO group's attributable profit for the first six months of 2021 was HK$245 million less than the profit in the first half of 2020. The adverse effect of COVID-19 on demand for maintenance and repair services at most HAECO group companies was offset in part by COVID-19 related financial assistance from the US government. 4.25 million base maintenance manhours were sold by HAECO Hong Kong, HAECO Americas and HAECO Xiamen in the first half of 2021, 2% fewer than in the first half of 2020. HAECO Hong Kong and HAECO Americas did more work. HAECO Xiamen did less work. With the reduction in fleet flying hours, engine overhaul volume was much lower both at HAECO Engine

Services (Xiamen) and at HAESL, which had benefitted from an engine fleet backlog in the first half of 2020. There were significant profit reductions at HAECO Hong Kong (which was affected in particular by a substantial reduction in demand for line maintenance services), HAECO Xiamen, HAECO Engine Services (Xiamen) and HAESL.

HAECO Hong Kong

In the first half of 2021, HAECO Hong Kong recorded a loss of HK$145 million, compared to a profit of HK$20 million in the first half of 2020 (which benefitted from receipt of the Hong Kong government's employment subsidy). Airline customers flew substantially less (starting in February 2020) because of COVID-19. Maintenance work on parked aircraft also reduced. This particularly affected line maintenance services. Cost savings provided partial offsets.

HAECO Hong Kong handled approximately 22,100 line services aircraft movements in the first half of 2021, a decrease of 28% compared with the first half of 2020. 1.28 million base maintenance manhours were sold in the first half of 2021, 2% more than in the first half of 2020. This reflected a gradual recovery in demand for base maintenance.

HAECO Americas

HAECO Americas recorded an increase in profit to HK$208 million in the first half of 2021 compared to the first half of 2020. Demand for base maintenance recovered somewhat. Costs were reduced due to restructuring of the cabin solutions business. US government financial assistance under the CARES Act was received in the first half of 2021.

1.45 million base maintenance manhours were sold, 4% more than in the first half of 2020. This reflected a return of demand for base maintenance as domestic air travel in the USA recovered from COVID-19.

Seat revenue in the first half of 2021 was similar to that in the first half of 2020. Fewer Panasonic communication kits and seating spares were sold in the first half of 2021. There was less cabin reconfiguration work.

HAECO Xiamen

In the first half of 2021, HAECO Xiamen recorded a 47% reduction in attributable profit to HK$59 million compared to the first half of 2020. The 2020 first half result was adversely affected by COVID-19 from the second quarter of 2020. The 2021 results were adversely affected by unfavourable foreign exchange movements.

In base maintenance, 1.52 million manhours were sold in the first half of 2021, 11% fewer than in the first half of 2020. Some airlines continued to defer airframe maintenance because of COVID-19. In line maintenance, 3,700 aircraft movements were handled in the first half of 2021, 23% fewer than in the first half of 2020. Our airline customers flew less (starting in February 2020) because of COVID-19. Aircraft parts manufacturing revenue decreased by 15% in local currency terms.

HAECO Engine Services (Xiamen)

In the first half of 2021, HAECO Engine Services (Xiamen)'s attributable profit decreased by 76% to HK$16 million compared with the first half of 2020. Airlines deferred engine maintenance because of the effect of COVID-19 on aircraft usage. 13 performance restoration workscopes and 5 quick turn workscopes on GE90 aircraft engines were performed in the first half of 2021 (compared with 19 performance restoration workscopes and 22 quick turn workscopes in the same period of 2020).

HAESL

In the first half of 2021, HAESL recorded a 57% decrease in attributable profit to HK$106 million compared to the first half in 2020. The decrease in profit reflected a reduction in engine volume and lighter workscopes due to the effect of COVID-19 on aircraft usage. Repair and overhaul services were performed on 108 engines, compared with 142 in the first half of 2020.

Other Principal Subsidiary and Joint Venture Companies

HAECO ITM's profit in the first half of 2021 was higher than in the first half of 2020. This reflected the absence of 2020's impairment charges in respect of the carrying value of rotable aircraft parts and one-off revenue recognitions.

HAECO Landing Gear Services recorded a profit in the first half of 2021 similar to that in the first half of 2020. HAECO Composite Services recorded a loss in the first half of 2021, compared to a profit in the corresponding period of 2020. It did less work because of COVID-19.

Outlook

The prospects for the HAECO group's businesses in the second half of 2021 depend on the aviation industry's recovery from the effects of COVID-19. Demand for base maintenance in the second half of 2021 in Hong Kong and the USA is expected to be stable. It is expected to increase in Xiamen. Line maintenance work is expected to recover slowly towards the end of the year. Demand for engine services at HAECO Engine Services (Xiamen) in the second half of 2021 is expected to increase gradually from that in the first half of the year. Demand for engine services at HAESL in the second half of the year is expected to be broadly similar to that in the first half of the year. Demand for cabin solutions products in the second half of the year is expected to be similar to that in the first half of the year.

Management is working with the Xiamen authorities on the relocation of HAECO Xiamen's premises to the new Xiamen airport. The relocation will be material to HAECO Xiamen's operations and will represent an investment in next generation facilities.

Frank Walschot

BEVERAGES DIVISION

Swire Coca-Cola has the exclusive right to manufacture, market and distribute products of The Coca-Cola Company (TCCC) in 11 provinces and the Shanghai Municipality in the Chinese Mainland and in Hong Kong, Taiwan and an extensive area of the western USA.

Swire Coca-Cola has ten wholly-owned franchise businesses (in Hong Kong, Taiwan and the USA, and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland) and five majority-owned franchise businesses (in Zhejiang, Guangdong (excluding the cities of Zhanjiang, Maoming and Zhuhai), Henan, Yunnan and Hubei provinces in the Chinese Mainland). It has a joint venture interest in a franchise in the Shanghai Municipality in the Chinese Mainland and an associate interest in Coca-Cola Bottlers Manufacturing Holdings Limited (CCBMH), which supplies still beverages to all Coca-Cola franchises in the Chinese Mainland.

At 30th June 2021, Swire Coca-Cola manufactured 60 beverage brands and distributed them to a franchise population of 757 million people.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Revenue	**26,832**	21,251	45,082
EBITDA	**3,161**	2,316	4,918
Operating profit	**1,979**	1,350	2,854
Share of post-tax profits from joint venture and associated companies	**164**	73	153
Attributable profit	**1,471**	946	2,076

Segment Financial Highlights

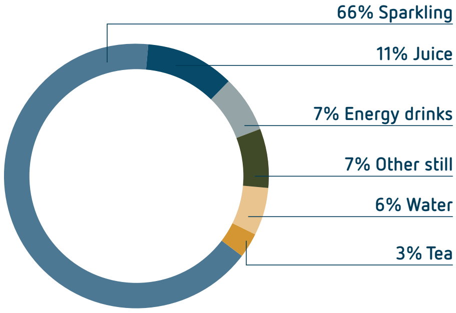
	Revenue			EBITDA			Attributable Profit		
	Six months ended 30th June		Year ended 31st December	Six months ended 30th June		Year ended 31st December	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M	2020 HK$M
Chinese Mainland	**14,767**	10,904	22,942	**2,080**	1,414	2,755	**1,002**	571	1,041
Hong Kong	**1,130**	1,000	2,199	**131**	127	340	**71**	69	216
Taiwan	**1,003**	873	1,933	**117**	90	227	**60**	42	118
USA	**9,932**	8,474	18,008	**909**	734	1,692	**414**	314	797
Central and other costs	**–**	–	–	**(76)**	(49)	(96)	**(76)**	(50)	(96)
Beverages Division	**26,832**	21,251	45,082	**3,161**	2,316	4,918	**1,471**	946	2,076

Revenue by Territory

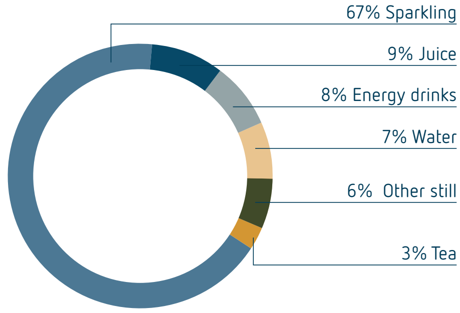
Revenue shown in the table below includes that of a joint venture company and excludes sales to other bottlers.

	Chinese Mainland HK$M	Hong Kong HK$M	Taiwan HK$M	USA HK$M	Total HK$M
Six months ended 30th June 2021	**16,184**	**1,095**	**1,002**	**9,269**	**27,550**
Six months ended 30th June 2020	11,796	966	871	7,872	21,505

Breakdown of Total Revenue by Category (%)



Six months ended 30th June 2021



Six months ended 30th June 2020

Segment Performance

	Note	Chinese Mainland	Hong Kong	Taiwan	USA	Swire Coca-Cola
EBITDA Margin	1					
Six months ended 30th June 2021		**13.2%**	**12.0%**	**12.2%**	**9.8%**	**12.0%**
Six months ended 30th June 2020		12.6%	12.9%	10.3%	9.3%	11.3%
EBIT Margin	1					
Six months ended 30th June 2021		**9.5%**	**7.6%**	**8.2%**	**5.9%**	**8.1%**
Six months ended 30th June 2020		8.9%	8.2%	6.3%	5.1%	7.3%

Note 1: (i) EBITDA and EBIT for Swire Coca-Cola (including that of a joint venture company and excluding central and other costs) for the first half of 2021 were HK$3,294 million (2020: HK$2,434 million) and HK$2,241 million (2020: HK$1,579 million) respectively.

(ii) EBITDA margin and EBIT margin represent EBITDA and EBIT expressed as percentages of revenue (which includes that of a joint venture company and excludes sales to other bottlers).

RESULTS SUMMARY

Swire Coca-Cola made an attributable profit of HK$1,471 million in the first half of 2021, a 55% increase from the first half of 2020 (when business was severely affected by COVID-19).

Total revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 28% to HK$27,550 million. Sales volume increased by 16% to 974 million unit cases. Revenue and volume increased in all regions.

EBITDA (including that of a joint venture company and excluding central and other costs) increased by 35% to HK$3,294 million. The EBITDA margin increased from 11.3% to 12.0%.

Chinese Mainland

Attributable profit from the Chinese Mainland for the first half of 2021 was HK$1,002 million, a 75% increase from the first half of 2020 (when business was severely affected by COVID-19).

Revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 25% in local currency terms.

Sparkling revenue grew by 23%. Water and juice revenue grew by 12% and 38% respectively. Revenue from premium categories of coffee, tea and energy drinks increased by 124%, 23% and 6% respectively.

Total sales volume increased by 19%.

The increase in revenue was partly offset by higher operating expenses and depreciation charges.

EBITDA and EBIT (including that of a joint venture company and excluding central and other costs) increased by 31% and 34% in local currency terms respectively. The EBITDA margin increased from 12.6% in the first half of 2020 to 13.2% in the first half of 2021. The EBIT margin increased from 8.9% to 9.5%.

Hong Kong

Attributable profit from Hong Kong for the first half of 2021 was HK$71 million, a 3% increase from the first half of 2020.

Revenue (excluding sales to other bottlers) increased by 13%. Sales were less affected by COVID-19. Sparkling revenue increased by 13%. Still revenue increased by 13%. Coffee, tea and water revenue increased by 11%, 7% and 17% respectively.

Total sales volume increased by 13%.

The increase in revenue was partly offset by higher operating expenses and depreciation charges, the latter reflecting upgrades to digital capabilities and production equipment and facilities.

EBITDA and EBIT increased by 6% and 5% respectively. The EBITDA margin decreased from 12.9% in the first half of 2020 to 12.0% in the first half of 2021. The EBIT margin decreased from 8.2% to 7.6%. The decrease in EBIT margin was due to higher operating expenses and depreciation charges.

Taiwan

Attributable profit from Taiwan for the first half of 2021 was HK$60 million, a 43% increase from the first half of 2020.

Revenue in local currency terms increased by 7%, a higher growth rate than that of volume. This reflected effective revenue growth management and successful introductions of new products. Sales and operations were adversely affected by an outbreak of COVID-19 from the middle of May 2021.

Sparkling revenue increased by 2%. Still revenue increased by 14%. Tea and energy drink revenue increased by 3% and 49% respectively. Georgia coffee drinks were introduced in 2021 and sales have grown.

Total sales volume increased by 3%.

The increase in revenue was partly offset by higher operating expenses.

EBITDA and EBIT increased by 27% and 40% in local currency terms respectively. The EBITDA margin increased from 10.3% in the first half of 2020 to 12.2% in the first half of 2021. The EBIT margin increased from 6.3% to 8.2%.

USA

Attributable profit from the USA for the first half of 2021 was HK$414 million, a 32% increase from the first half of 2020.

Revenue in local currency terms (excluding sales to other bottlers) grew by 18%. The revenue increase reflected higher sales volume, price increases, reductions in sales discounts and promotional expenditure, and an improved product mix.

Sparkling revenue increased by 13%. Still revenue increased by 24%. The latter increase reflected an increase in revenue from energy and sport drinks of 20% and 34% respectively.

Total sales volume increased by 10%.

The increase in revenue was partly offset by higher cost of goods sold and operating expenses.

EBITDA and EBIT (excluding central and other costs) increased by 24% and 36% in local currency terms respectively. The EBITDA margin increased from 9.3% in the first half of 2020 to 9.8% in the first half of 2021. The EBIT margin increased from 5.1% to 5.9%.

Outlook

Assuming no resurgence of COVID-19 and continuation of strong economic growth, revenue in the Chinese Mainland is expected to grow strongly in the second half of 2021. This reflects better product and package mixes and improved market execution. Increased raw material costs and operating expenses will put pressure on profits. Significant capital expenditure will continue as planned.

The Hong Kong beverages market is expected to continue to be less affected by COVID-19 in the second half of 2021. Increased raw material costs, depreciation charges and operating expenses will put pressure on profits.

The outbreak of COVID-19 in May 2021 is adversely affecting sales and operations in Taiwan.

In the USA, the strong first half performance is expected to continue in the second half of 2021. However, raw material costs and operating expenses, particularly staff costs, are expected to increase.

Karen So

MARINE SERVICES DIVISION

The Marine Services Division, through Swire Pacific Offshore (SPO), owns and operates offshore support vessels servicing the energy industry in every major offshore production and exploration region outside the USA.

As a leading marine services provider, SPO's fleet of over 50 vessels provides services including anchor-handling, towing and supply support for offshore drilling and production campaigns, pipelay and construction support. SPO also provides windfarm installation and transportation and decommissioning services through its associated company, Cadeler A/S (Cadeler) which is listed on the Oslo Stock Exchange.

HUD, a joint venture between CK Hutchison and Swire Pacific, provides engineering, harbour towage and salvage services from its facilities on Tsing Yi Island in Hong Kong. It is the largest towage operator in Hong Kong, operating 13 tugs and providing a 24-hour service. It operates six container vessels.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Swire Pacific Offshore group			
Revenue	**764**	1,010	1,890
Operating profit/(loss) derived from			
Operating activities	**(81)**	(553)	(937)
Gain on disposal of vessels and equipment	**90**	9	71
Gain on disposal of an investment	**117**	–	53
Impairment charges	**–**	(4,345)	(4,345)
Total operating profit/(loss)	**126**	(4,889)	(5,158)
Attributable profit/(loss)	**125**	(4,976)	(5,263)
HUD group			
Share of post-tax profits from joint venture companies	**11**	9	23
Attributable profit/(loss)	**136**	(4,967)	(5,240)
Non-recurring items			
Gain on disposal of vessels and equipment	**90**	9	71
Gain on disposal of an investment	**117**	–	53
Impairment charges	**–**	(4,345)	(4,345)
	207	(4,336)	(4,221)
Recurring loss	**(71)**	(631)	(1,019)

SPO – Fleet Size

Vessel class	At 31st December 2020	Disposals	**At 30th June 2021**
Anchor Handling Tug Supply Vessels	36	(3)	**33**
Platform Supply Vessels	21	–	**21**
Construction and Specialist Vessels	4	(2)	**2**
	61	(5)	**56**

RESULTS SUMMARY

The attributable profit of the Marine Services Division in the first half of 2021 was HK$136 million, compared to a loss of HK$4,967 million in the first half of 2020 (which included impairment charges of HK$4,345 million). No impairment charge was recognised in the first half of 2021 in respect of vessels or other assets.

Swire Pacific Offshore group

SPO reported an attributable profit of HK$125 million for the first half of 2021, compared to a loss of HK$4,976 million in the first half of 2020. Disregarding the gain on disposal of an investment of HK$117 million and the gain on disposal of vessels and equipment of HK$90 million in the period, SPO reported a loss of HK$82 million in the first half of 2021.

The utilisation of SPO's fleet increased in the first half of 2021. Average day rates decreased due to deconsolidation of Cadeler from November 2020.

SPO recorded a net cash outflow from operating activities of HK$120 million in the first half of 2021 (first half of 2020: net cash inflow of HK$11 million).

Charter Hire

Charter hire revenue decreased by 22% to HK$718 million in the first half of 2021. Fleet utilisation during the first half of 2021 was 78.0%, 5.1 percentage points higher than in the first half of 2020. Average charter hire rates decreased by 8% to US$11,400 per day.

Utilisation of SPO's core fleet of anchor handling tug supply vessels (AHTSs) and platform supply vessels (PSVs) increased by 3.5 percentage points to 81.4%. Average charter hire rates for the core fleet were US$11,400 per day, the same as those in the first half of 2020.

Utilisation of SPO's construction and specialist vessels (CSVs) decreased by 27.8 percentage points to 10.9%. The CSVs' average charter hire rates decreased by 44% to US$14,300 per day.

Non-charter Hire

Non-charter hire income decreased by 49% to HK$46 million in the first half of 2021 as compared to the same period in 2020.

Operating Costs

Total operating costs decreased by 47% in the first half of 2021 compared to the same period in 2020. This decrease principally reflected the deconsolidation of Cadeler. Vessel sales and stacking, reductions in manning costs and a different fleet mix also contributed.

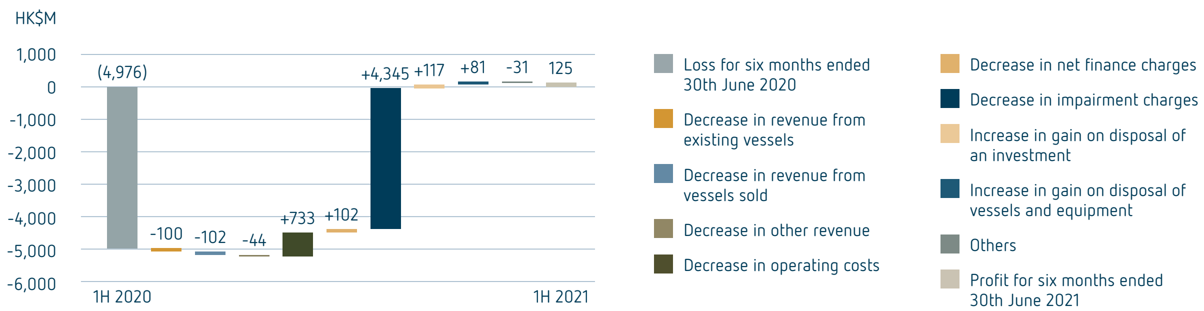
Fleet

The fleet size at 30th June 2021 was 56, compared to 61 at 31st December 2020. SPO disposed of three AHTSs, one accommodation barge and one subsea multi-purpose vessel in the first half of 2021. At least six more vessels are planned to be sold by the end of 2021.

At 30th June 2021, an AHTS, a seismic survey vessel and a high-speed catamaran crew boat were in cold stack. Two AHTSs were in managed lay-up.

Total capital expenditure on fixed assets during the first half of 2021 was HK$132 million, compared to HK$97 million in the first half of 2020.

SPO – Movement in Attributable Profit/(Loss)



Outlook

There are some signs of recovery in the offshore energy industry. Brent oil prices averaged over US$60 per barrel in the second quarter of 2021. Some decisions on new exploration and drilling activities have been made. Some drilling has restarted. Fleet rationalisation has resulted in fewer vessels being available in classes which SPO operates. This facilitates increased day rates, particularly for younger vessels. New charters have been obtained in West Africa. Contracts have been obtained for D Class vessels which were laid up in 2020.

SPO is doing its best to adapt to market conditions and is managing costs prudently.

Peter Langslow

Hongkong United Dockyards (HUD) group

The attributable profit of the HUD group in the first half of 2021 was HK$11 million, compared to HK$9 million in the first half of 2020.

The profit of the salvage and towage division (before tax and interest and on a 100% basis) in the first half of 2021 was HK$38 million, compared to HK$42 million in the first half of 2020. The decrease was mainly due to the absence of an employment subsidy granted by the Hong Kong government in 2020.

The engineering division recorded a loss (before tax and interest and on a 100% basis) of HK$25 million in the first half of 2021. This was slightly lower than the loss in the first half of 2020.

HKST has 19 vessels, including six container vessels.

Outlook

The results of the salvage and towage division are expected to be similar in the second half of 2021 to those in the first half.

The engineering division's turnover is expected to decrease in the second half of 2021. Costs are being saved.

A disposal of our interest in the HUD group was agreed in August 2021.

David Cogman

TRADING & INDUSTRIAL DIVISION

The Trading & Industrial Division has interests in the following companies:

Swire Resources

Swire Resources retails and distributes footwear, apparel and related accessories. At 30th June 2021, it operated 165 retail outlets in Hong Kong and Macau and 10 retail outlets in the Chinese Mainland.

Taikoo Motors

Taikoo Motors sells passenger cars, commercial and construction vehicles, motorcycles and scooters. Almost all of Taikoo Motors' business is in Taiwan, where it sells Volkswagen, Mercedes-Benz and Mazda cars, Volkswagen light commercial vehicles, Volvo trucks, buses and construction equipment, Harley-Davidson motorcycles and Vespa scooters.

Swire Foods

Chongqing New Qinyuan Bakery

Qinyuan Bakery is a leading bakery chain in southwest China, with 550 stores in Chongqing, Guiyang and Chengdu at 30th June 2021.

Taikoo Sugar

Taikoo Sugar packages and sells sugar in Hong Kong and the Chinese Mainland under the Taikoo Sugar brand.

Swire Environmental Services

Swire Waste Management seeks waste management contracts in Hong Kong. It has contracts with the HKSAR Government to provide containerised waste transfer services for seven outlying island facilities and the northwest of New Territories.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Revenue			
Swire Resources	**1,117**	1,069	1,973
Taikoo Motors	**2,768**	2,381	4,984
Swire Foods	**780**	620	1,410
Swire Environmental Services	**52**	–	–
	4,717	4,070	8,367
Operating (losses)/profits			
Swire Resources	**(8)**	(48)	(143)
Taikoo Motors	**109**	99	196
Swire Foods	**(20)**	(9)	21
Swire Environmental Services	**40**	(2)	(1)
Central costs	**(7)**	(8)	(8)
	114	32	65
Attributable (losses)/profits			
Swire Resources	**(14)**	(49)	(134)
Taikoo Motors	**82**	72	145
Swire Foods	**(31)**	(42)	(9)
Swire Environmental Services	**41**	7	19
Central costs	**(7)**	(8)	(9)
Attributable profit/(loss)	**71**	(20)	12
Non-recurring item			
Gain on acquisition of interest in a joint venture	**24**	–	–
Recurring profit/(loss)	**47**	(20)	12

RESULTS SUMMARY

The Trading & Industrial Division made an attributable profit in the first half of 2021 of HK$71 million, compared with an attributable loss of HK$20 million in the first half of 2020. The 2021 figure includes a non-recurring gain of HK$24 million on the acquisition of the remaining 50% interest in Swire Waste Management Limited (SWML). Excluding the non-recurring gain, the division made a profit of HK$47 million in the first half of 2021. The results of most businesses improved. There was an increased contribution from SWML following the acquisition referred to above.

Swire Resources

The attributable loss of Swire Resources in the first half of 2021 was HK$14 million, compared with an attributable loss of HK$49 million in the first half of 2020. Demand in Hong Kong improved somewhat as COVID-19 conditions stabilised, but was still affected by the absence of inbound tourism. There was a gradual recovery in Macau as its border with the Chinese Mainland reopened.

Revenue in the first half of 2021 was 4% higher than in the first half of 2020. Gross profit margins increased because of less discounting. Costs were tightly managed.

Taikoo Motors

The attributable profit of Taikoo Motors increased from HK$72 million in the first half of 2020 to HK$82 million in the first half of 2021.

8,076 vehicles were sold in the first half of 2021, 1% fewer than in the first half of 2020. Revenue increased by 16%, mainly due to a favourable mix of car sales. Gross and attributable profits increased in line with the increase in revenue.

Swire Foods

The Swire Foods group reported an attributable loss of HK$31 million for the first half of 2021, compared with an attributable loss of HK$42 million for the first half of 2020.

Qinyuan Bakery incurred an attributable loss of HK$40 million in the first half of 2021, compared with an attributable loss of HK$54 million in the first half of 2020. 550 stores were operated at 30th June 2021, compared with 546 stores at the end of 2020.

Taikoo Sugar recorded an attributable profit of HK$9 million in the first half of 2021, compared to HK$12 million in the first half of 2020. The volume of sugar sold by Taikoo Sugar's retail and food services business decreased by 3% and 11% in Hong Kong and the Chinese Mainland respectively. Margins increased due to lower sugar costs in the Chinese Mainland, but this was more than offset by higher advertising and other operating costs.

Swire Environmental Services

Swire Environmental Services reported an attributable profit of HK$41 million in the first half of 2021, compared to an attributable profit of HK$7 million in the first half of 2020. There was a non-recurring gain of HK$24 million from the acquisition of the remaining 50% interest in SWML in February 2021.

Outlook

Market conditions are difficult for Swire Resources because of the absence of inbound tourism. The Hong Kong government's consumption voucher scheme may help.

Taikoo Motors expects more vehicles to be supplied in the second half of 2021. Aftersales demand may be affected by the COVID-19 outbreak which started in Taiwan in May 2021. The second half results are expected to be similar to those of the first half.

Qinyuan Bakery will continue to expand its retail network and product range, and to make its supply chain more agile and efficient, all with a view to improving longer term performance.

Taikoo Sugar's second half results are expected to be similar to those of the first half.

The business of Swire Environmental Services is expected to be stable in the second half of 2021.

The recurring profits of the Trading & Industrial Division in the second half of 2021 are expected to be similar to those in the first half of 2021.

David Cogman

SWIRE INVESTMENTS

Columbia China Healthcare

The Group has an associate investment in Columbia China Healthcare Co., Limited, a business which owns and operates private hospitals, clinics and senior housing in the Yangtze River Delta area.

Shenzhen New Frontier United Family Hospital

The Group has an associate investment in SHH Core Holding Limited, which owns Shenzhen New Frontier United Family Hospital, a premium private hospital being developed in Shenzhen. The multi-specialty hospital will be operated by United Family Healthcare, a leading private healthcare provider in the Chinese Mainland. It is expected to be operational later this year.

Green Monday Holdings

The Group has a financial interest in Green Monday Holdings, which produces and distributes plant-based food products in Asia and elsewhere. It owns OmniFoods, which sells OmniPork and OmniSeafood alternative protein products, and Green Common, which operates health food retail and dining outlets and wholesales and distributes plant-based foods.

Healthcare Investment Strategy

With investments in Columbia China Healthcare and Shenzhen New Frontier United Family Hospital, the Group has exposure in the healthcare sector in the Yangtze River Delta and the Greater Bay Area. We will continue to seek investment opportunities in private healthcare services, particularly in major city clusters in the Chinese Mainland. We have invested HK$1.1 billion in the sector. It is planned that our investment in healthcare should be a significant business, with at least HK$20 billion planned to be invested by 2030. Healthcare is planned to become a significant business for us by the middle of the decade.

David Cogman

Financial Information Reviewed by Auditors

Additional information is provided below to reconcile reported and underlying profit/(loss) attributable to the Company's shareholders. The reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit/(loss).

		Six months ended 30th June		Year ended 31st December
	Note	**2021 HK$M**	2020 HK$M	2020 HK$M
Underlying profit/(loss)				
Loss attributable to the Company's shareholders		**(792)**	(7,737)	(10,999)
Adjustments in respect of investment properties:				
Valuation losses on investment properties	(a)	**2,046**	2,743	4,263
Deferred tax on investment properties	(b)	**521**	68	446
Valuation (losses)/gains realised on sale of interests in investment properties	(c)	**(134)**	59	3,990
Depreciation of investment properties occupied by the Group	(d)	**15**	15	31
Impairment loss on a hotel held as part of a mixed-used development	(e)	**22**	–	–
Amortisation of right-of-use assets reported under investment properties	(f)	**(16)**	(24)	(49)
Non-controlling interests' share of adjustments		**(406)**	(609)	(1,651)
Underlying profit/(loss) attributable to the Company's shareholders		**1,256**	(5,485)	(3,969)

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the USA, and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfer of investment properties within the Group.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.

(f) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit/(loss).

Recurring underlying profit/(loss) is provided below to show the effect of significant non-recurring items.

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Underlying profit/(loss) attributable to the Company's shareholders	**1,256**	(5,485)	(3,969)
Significant non-recurring items:			
Profit on sale of interests in investment properties	**(653)**	(42)	(4,584)
(Profit)/loss on sale of property, plant and equipment and other investments	**(198)**	24	(85)
Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments and write-off of deferred tax assets	**226**	5,380	6,956
Restructuring costs at the Cathay group	**155**	–	1,073
Recurring underlying profit/(loss)	**786**	(123)	(609)

Recurring underlying profit/(loss) by division is provided below.

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Property Division	**3,029**	3,067	5,834
Aviation Division			
Cathay group*	**(3,146)**	(3,424)	(6,439)
HAECO group and others*	**289**	536	331
Beverages Division	**1,471**	946	2,076
Marine Services Division	**(71)**	(631)	(1,019)
Trading & Industrial Division	**47**	(20)	12
Head Office and Swire Investments and others	**(833)**	(597)	(1,404)
Recurring underlying profit/(loss)	**786**	(123)	(609)

* Including consolidation adjustments.

FINANCING

Summary of Cash Flows

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Net cash from businesses and investments			
Cash generated from operations	**10,657**	5,176	15,124
Dividends received	**241**	356	581
Tax paid	**(1,160)**	(1,448)	(2,314)
Net interest paid	**(929)**	(926)	(1,932)
Cash (used in)/generated from investing activities	**(6,198)**	(1,925)	1,725
	2,611	1,233	13,184
Cash paid to shareholders and net funding by external debt			
Dividends paid	**(2,386)**	(3,360)	(4,883)
(Decrease)/increase in borrowings	**(5,103)**	3,830	130
Principal elements of lease payments	**(456)**	(462)	(935)
	(7,945)	8	(5,688)
(Decrease)/increase in cash and cash equivalents	**(5,334)**	1,241	7,496

Changes in Financing

Financial Information Reviewed by Auditors
Analysis of Changes in Financing During the Period

	Six months ended 30th June 2021		Year ended 31st December 2020	
	Loans and bonds HK$M	Lease liabilities HK$M	Loans and bonds HK$M	Lease liabilities HK$M
At 1st January	68,164	5,152	68,033	5,375
Loans drawn and refinancing	2,279	–	14,525	–
Repayment of loans and bonds	(7,382)	–	(14,395)	–
Principal elements of lease payments	–	(456)	–	(935)
New leases arranged during the period	–	299	–	530
Change in composition of the Group	–	–	10	21
Effect of exchange differences	(4)	37	(121)	75
Other non-cash movements	57	(6)	112	86
At 30th June/31st December	63,114	5,026	68,164	5,152

Sources of Finance

Financial Information Reviewed by Auditors

At 30th June 2021, committed loan facilities and debt securities amounted to HK$93,965 million, of which HK$30,615 million (33%) were undrawn. In addition, there were lease liabilities amounting to HK$5,026 million. The Group had undrawn uncommitted facilities totalling HK$8,207 million. Sources of gross borrowings at 30th June 2021 comprised:

	Available HK$M	Drawn HK$M	Undrawn expiring within one year HK$M	Undrawn expiring beyond one year HK$M	Total Undrawn HK$M
Committed facilities					
Loans and bonds					
Bonds	50,899	50,899	–	–	–
Bank loans, overdrafts and other loans	43,066	12,451	4,635	25,980	30,615
Total committed facilities	93,965	63,350	4,635	25,980	30,615
Uncommitted facilities					
Bank loans, overdrafts and other loans	8,234	27	8,207	–	8,207
Total	102,199	63,377	12,842	25,980	38,822

Note: The figures above are stated before unamortised loan fees of HK$263 million.

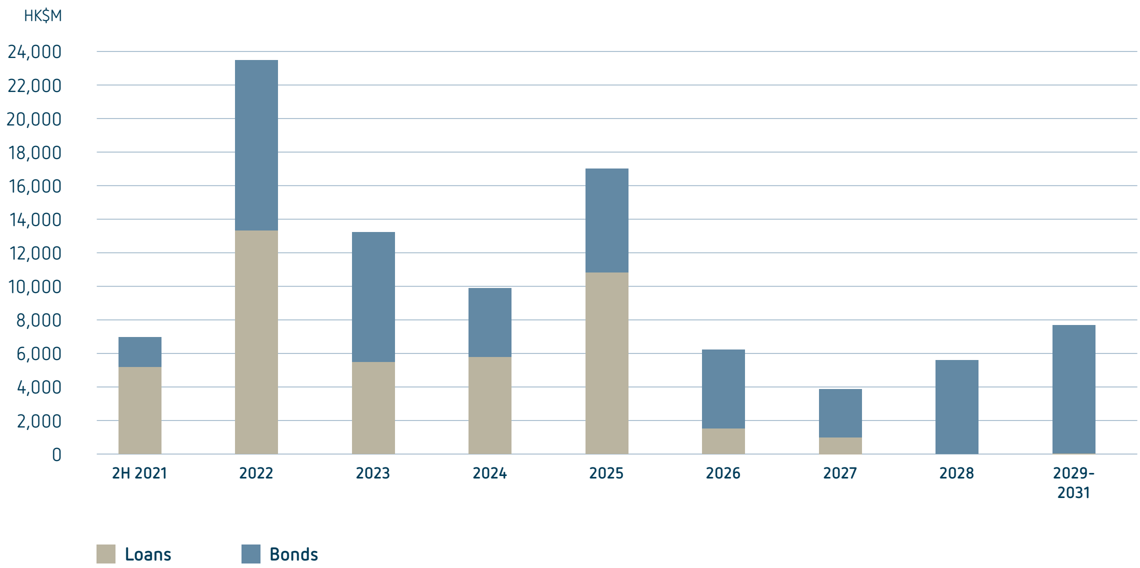
The Group had bank balances and short-term deposits of HK$24,033 million at 30th June 2021 compared to HK$29,264 million at 31st December 2020.

The Group continues to maintain immediate access to committed funds to meet its refinancing and operational needs for the following nine months on a rolling basis, and capital commitments for the following 12 months on a rolling basis, excluding its onshore Renminbi debt funding, where forward commitments are not readily available.

Maturity Profile and Refinancing

The maturity profile of the Group's available committed loan facilities and debt securities is set out below:

Total Available Committed Facilities by Maturity – at 30th June 2021



Financial Information Reviewed by Auditors
Gross Borrowings and Lease Liabilities Maturity Profile

	30th June 2021					31st December 2020				
	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M
Within one year	17,201	27%	755	15%	17,956	6,929	10%	793	15%	7,722
Between one and two years	5,342	9%	593	12%	5,935	17,783	26%	669	13%	18,452
Between two and five years	22,873	36%	1,126	22%	23,999	23,000	34%	1,133	22%	24,133
Over five years	17,698	28%	2,552	51%	20,250	20,452	30%	2,557	50%	23,009
Total	63,114	100%	5,026	100%	68,140	68,164	100%	5,152	100%	73,316

Currency Profile

An analysis of the carrying amounts of gross borrowings and lease liabilities by currency (after cross-currency swaps) is shown below:

	30th June 2021					31st December 2020				
	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M
Currency										
Hong Kong dollar	51,617	82%	2,949	59%	54,566	52,462	77%	3,169	62%	55,631
United States dollar	10,838	17%	377	8%	11,215	14,244	21%	411	8%	14,655
Renminbi	659	1%	1,075	21%	1,734	649	1%	1,057	20%	1,706
Others	–	0%	625	12%	625	809	1%	515	10%	1,324
Total	63,114	100%	5,026	100%	68,140	68,164	100%	5,152	100%	73,316

Finance Charges

Financial Information Reviewed by Auditors

At 30th June 2021, 85% of the Group's gross borrowings were on a fixed rate basis and 15% were on a floating rate basis (31st December 2020: 78% and 22% respectively). Interest charged and earned was as follows:

	Six months ended 30th June		Year ended 31st December
	2021 HK\$M	2020 HK\$M	2020 HK\$M
Interest charged			
Bank loans and overdrafts	**69**	225	325
Other loans and bonds	**886**	857	1,731
Fair value loss on derivative instruments			
Cross-currency and interest rate swaps: cash flow hedges, transferred from other comprehensive income	**8**	–	26
Cross-currency and interest rate swaps not qualifying as hedges	**1**	–	6
Amortised loan fees – loans at amortised cost	**57**	60	119
	1,021	1,142	2,207
Lease liabilities	**99**	106	210
Fair value loss/(gain) on put options over non-controlling interests in subsidiary companies	**46**	(50)	(60)
Fair value gain on put options over other shareholders' interests in a joint venture company	**(1)**	(4)	(20)
Other financing costs	**75**	79	158
Capitalised on			
Investment properties	**(135)**	(117)	(240)
Properties for sale	**(17)**	(20)	(39)
	1,088	1,136	2,216
Less: interest income			
Short-term deposits and bank balances	**99**	187	292
Other loans	**57**	54	89
	156	241	381
Net finance charges	**932**	895	1,835

The amount transferred from other comprehensive income in respect of cash flow hedges for the six months ended 30th June 2021 included HK\$11 million (30th June 2020: HK\$10 million; year ended 31st December 2020: HK\$20 million) relating to currency basis.

Gearing Ratio and Interest Cover

	30th June 2021	30th June 2020	31st December 2020
Gearing ratio*	**12.2%**	15.6%	12.2%
Gearing ratio – including lease liabilities#	**13.8%**	17.2%	13.8%
Interest cover – times*	**5.1**	N/A	1.5
Cash interest cover – times*	**4.4**	N/A	1.3
Underlying cash interest cover – times	**6.6**	1.0	5.3

* Refer to Glossary on pages 82 and 83 for definition.

Lease liabilities amounted to HK$5,026 million at 30th June 2021 and HK$5,152 million at 31st December 2020 (refer to note 23 to the financial statements).

Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of Swire Pacific reported in the consolidated statement of financial position does not include the share of net debt in its joint venture and associated companies. These companies had the following net debt positions at 30th June 2021 and 31st December 2020:

	Total net debt/(cash) of joint venture and associated companies		Portion of net debt/(cash) shared by the Group		Debt guaranteed by Swire Pacific or its subsidiaries	
	30th June 2021 HK$M	31st December 2020 HK$M	**30th June 2021 HK$M**	31st December 2020 HK$M	**30th June 2021 HK$M**	31st December 2020 HK$M
Property Division	**23,545**	29,868	**8,532**	10,236	**2,737**	2,736
Aviation Division						
Cathay group*	**38,208**	36,154	**25,969**	25,045	**–**	–
HAECO group	**(76)**	283	**45**	217	**–**	–
Beverages Division	**(1,758)**	(1,565)	**(745)**	(677)	**62**	55
Marine Services Division*	**89**	1,397	**23**	677	**–**	500
Trading & Industrial Division	**(32)**	(118)	**(13)**	(56)	**–**	–
Head Office and Swire Investments	**368**	(4)	**74**	(1)	**–**	–
	60,344	66,015	**33,885**	35,441	**2,799**	3,291

* The net debt shared by the Group includes preference shares issued by Cathay Pacific and excludes the share of net debt and debt guaranteed of a joint venture company the interest in which was classified as held for sale.

If the share of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 22.9% at 30th June 2021 (31st December 2020: 23.3%).

The lease liabilities of these companies at 30th June 2021 and 31st December 2020 were as follows:

	Total lease liabilities of joint venture and associated companies		Portion of lease liabilities shared by the Group	
	30th June 2021 HK$M	31st December 2020 HK$M	**30th June 2021 HK$M**	31st December 2020 HK$M
Property Division	**213**	222	**86**	90
Aviation Division				
Cathay group	**36,931**	37,634	**16,619**	16,935
HAECO group	**32**	36	**16**	18
Beverages Division	**269**	277	**116**	120
Marine Services Division	**7**	1	**2**	–
	37,452	38,170	**16,839**	17,163

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

羅兵咸永道

To the Board of Directors of Swire Pacific Limited
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed interim financial statements set out on pages 45 to 77, which comprise the consolidated statement of financial position of Swire Pacific Limited (the "Company") and its subsidiaries (together the "Group") as at 30th June 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these condensed interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 12th August 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June 2021 – unaudited

	Note	(Unaudited) Six months ended 30th June 2021 HK$M	(Unaudited) Six months ended 30th June 2020 HK$M	(Audited) Year ended 31st December 2020 HK$M
Revenue	4	**46,738**	39,056	80,032
Cost of sales		**(28,854)**	(24,094)	(49,817)
Gross profit		**17,884**	14,962	30,215
Distribution costs		**(8,068)**	(6,750)	(14,380)
Administrative expenses		**(3,456)**	(3,174)	(6,853)
Other operating expenses		**(167)**	(156)	(292)
Other net gains/(losses)	5	**1,071**	(3,951)	(1,574)
Change in fair value of investment properties		**(2,513)**	(2,601)	(4,421)
Operating profit/(loss)		**4,751**	(1,670)	2,695
Finance charges		**(1,088)**	(1,136)	(2,216)
Finance income		**156**	241	381
Net finance charges	7	**(932)**	(895)	(1,835)
Share of profits of joint venture companies		**1,077**	650	1,315
Share of losses of associated companies		**(3,528)**	(4,470)	(9,850)
Profit/(loss) before taxation		**1,368**	(6,385)	(7,675)
Taxation	8	**(1,541)**	(1,050)	(2,420)
Loss for the period		**(173)**	(7,435)	(10,095)
(Loss)/profit for the period attributable to:				
The Company's shareholders		**(792)**	(7,737)	(10,999)
Non-controlling interests		**619**	302	904
		(173)	(7,435)	(10,095)
Underlying profit/(loss) attributable to the Company's shareholders	9	**1,256**	(5,485)	(3,969)

		HK$	HK$	HK$
Loss per share from loss attributable to the Company's shareholders (basic and diluted)	11			
'A' share		**(0.53)**	(5.15)	(7.32)
'B' share		**(0.11)**	(1.03)	(1.46)

The notes on pages 50 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30th June 2021 – unaudited

	(Unaudited) Six months ended 30th June		(Audited) Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Loss for the period	**(173)**	(7,435)	(10,095)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property previously occupied by the Group			
gains recognised during the period	**59**	105	127
deferred tax	**(1)**	(1)	(4)
Defined benefit plans			
remeasurement (losses)/gains recognised during the period	**(6)**	(8)	157
deferred tax	**1**	1	(18)
Changes in the fair value of equity investments at fair value through other comprehensive income	**(12)**	35	34
Share of other comprehensive income of joint venture and associated companies	**15**	27	309
	56	159	605
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
(losses)/gains recognised during the period	**(145)**	119	(187)
transferred to net finance charges	**8**	–	26
transferred to operating profit	**36**	64	23
deferred tax	**14**	(31)	25
Share of other comprehensive income/(loss) of joint venture and associated companies	**1,916**	(1,913)	1,202
Net translation differences on foreign operations			
recognised during the period	**711**	(841)	2,898
reclassified to profit or loss on disposal	**–**	–	(6)
	2,540	(2,602)	3,981
Other comprehensive income/(loss) for the period, net of tax	**2,596**	(2,443)	4,586
Total comprehensive income/(loss) for the period	**2,423**	(9,878)	(5,509)
Total comprehensive income/(loss) attributable to:			
The Company's shareholders	**1,639**	(10,017)	(7,096)
Non-controlling interests	**784**	139	1,587
	2,423	(9,878)	(5,509)

The notes on pages 50 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June 2021 – unaudited

	Note	(Unaudited) 30th June 2021 HK$M	(Audited) 31st December 2020 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**25,491**	25,413
Investment properties	13	**265,425**	266,305
Intangible assets	14	**13,084**	13,096
Right-of-use assets	15	**9,123**	9,490
Properties held for development		**1,202**	1,200
Joint venture companies	16	**26,676**	21,475
Loans due from joint venture companies	16	**16,104**	15,593
Associated companies	17	**26,977**	28,497
Loans due from associated companies	17	**7**	85
Investments at fair value		**800**	1,351
Other receivables	20	**557**	562
Derivative financial instruments	19	**142**	216
Deferred tax assets	24	**540**	562
Retirement benefit assets		**182**	196
		386,310	384,041
Current assets			
Properties for sale		**1,693**	3,538
Stocks and work in progress		**5,513**	5,112
Contract assets		**624**	950
Trade and other receivables	20	**10,919**	9,788
Derivative financial instruments	19	**23**	33
Bank balances and short-term deposits		**24,033**	29,264
		42,805	48,685
Assets classified as held for sale	21	**577**	384
		43,382	49,069
Current liabilities			
Trade and other payables	22	**26,327**	24,927
Contract liabilities		**556**	916
Taxation payable		**912**	856
Derivative financial instruments	19	**24**	5
Short-term loans		**27**	105
Long-term loans and bonds due within one year		**17,174**	6,824
Lease liabilities due within one year	23	**755**	793
		45,775	34,426
Net current (liabilities)/assets		**(2,393)**	14,643
Total assets less current liabilities		**383,917**	398,684
Non-current liabilities			
Long-term loans and bonds		**45,913**	61,235
Long-term lease liabilities	23	**4,271**	4,359
Derivative financial instruments	19	**190**	154
Other payables	22	**1,311**	1,143
Deferred tax liabilities	24	**11,955**	11,556
Retirement benefit liabilities		**1,141**	1,091
		64,781	79,538
NET ASSETS		**319,136**	319,146
EQUITY			
Share capital	25	**1,294**	1,294
Reserves	26	**261,535**	261,398
Equity attributable to the Company's shareholders		**262,829**	262,692
Non-controlling interests	27	**56,307**	56,454
TOTAL EQUITY		**319,136**	319,146

The notes on pages 50 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June 2021 – unaudited

	(Unaudited) Six months ended 30th June		(Audited) Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Operating activities			
Cash generated from operations	**10,657**	5,176	15,124
Interest paid	**(1,049)**	(1,204)	(2,404)
Interest received	**120**	278	472
Tax paid	**(1,160)**	(1,448)	(2,314)
	8,568	2,802	10,878
Dividends received from joint venture and associated companies	**241**	356	581
Net cash generated from operating activities	**8,809**	3,158	11,459
Investing activities			
Purchase of property, plant and equipment	**(1,845)**	(1,596)	(2,824)
Additions of investment properties	**(1,504)**	(452)	(1,383)
Purchase of intangible assets	**(75)**	(89)	(177)
Proceeds from disposals of property, plant and equipment	**383**	341	862
Proceeds from disposals of investment properties	**790**	92	1,302
Proceeds from disposals of subsidiary companies, net of cash disposed of	**127**	–	9,431
Proceeds from disposal of investments at fair value	**975**	–	21
Proceeds from disposal of a joint venture company	**–**	–	3
Proceeds from partial disposal of an associated company	**351**	–	–
Purchase of shares in a new subsidiary company	**43**	(128)	(134)
Purchase of shares in joint venture companies	**(3,978)**	–	(1)
Purchase of shares in associated companies*	**(658)**	(437)	(5,960)
Purchase of investments at fair value	**(382)**	(5)	(164)
Deposit paid on purchase of financial assets at fair value through profit or loss	**–**	(47)	(47)
Loans to joint venture companies	**(1,025)**	(79)	(302)
Loans to associated companies	**(103)**	–	(76)
Repayment of loans by joint venture companies	**387**	588	940
Repayment of loans by an associated company	**89**	1	–
Advances from/(to) joint venture companies	**199**	(133)	245
Decrease/(increase) in deposits maturing after more than three months	**30**	22	(8)
Initial leasing costs incurred	**(2)**	(3)	(3)
Net cash (used in)/generated from investing activities	**(6,198)**	(1,925)	1,725
Net cash inflow before financing activities	**2,611**	1,233	13,184
Financing activities			
Loans drawn and refinancing	**2,279**	13,270	14,525
Repayment of loans and bonds	**(7,382)**	(9,440)	(14,395)
Principal elements of lease payments	**(456)**	(462)	(935)
	(5,559)	3,368	(805)
Dividends paid to the Company's shareholders	**(1,502)**	(2,478)	(3,529)
Dividends paid to non-controlling interests	**(884)**	(882)	(1,354)
Net cash (used in)/generated from financing activities	**(7,945)**	8	(5,688)
(Decrease)/increase in cash and cash equivalents	**(5,334)**	1,241	7,496
Cash and cash equivalents at 1st January	**29,233**	21,322	21,322
Effect of exchange differences	**133**	(132)	415
Cash and cash equivalents at end of the period	**24,032**	22,431	29,233
Represented by:			
Bank balances and short-term deposits maturing within three months	**24,032**	22,431	29,233

* The figure for the year ended 31st December 2020 includes the amount subscribed for shares in the rights issue of Cathay Pacific in August 2020, at a cost of HK$5,272 million.

The notes on pages 50 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2021 – unaudited

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2021	**1,294**	**256,404**	**4,994**	**262,692**	**56,454**	**319,146**
(Loss)/profit for the period	**–**	**(792)**	**–**	**(792)**	**619**	**(173)**
Other comprehensive income	**–**	**9**	**2,422**	**2,431**	**165**	**2,596**
Total comprehensive (loss)/income for the period	**–**	**(783)**	**2,422**	**1,639**	**784**	**2,423**
Dividends paid	**–**	**(1,502)**	**–**	**(1,502)**	**(931)**	**(2,433)**
At 30th June 2021 (unaudited)	**1,294**	**254,119**	**7,416**	**262,829**	**56,307**	**319,136**

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2020	1,294	270,330	1,728	273,352	56,142	329,494
(Loss)/profit for the period	–	(7,737)	–	(7,737)	302	(7,435)
Other comprehensive income/(loss)	–	20	(2,300)	(2,280)	(163)	(2,443)
Total comprehensive (loss)/income for the period	–	(7,717)	(2,300)	(10,017)	139	(9,878)
Dividends paid	–	(2,478)	–	(2,478)	(935)	(3,413)
At 30th June 2020 (unaudited)	1,294	260,135	(572)	260,857	55,346	316,203

The notes on pages 50 to 77 form part of these financial statements.

1. SEGMENT INFORMATION

(a) Analysis of Consolidated Statement of Profit or Loss

Six months ended 30th June 2021	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/(losses) of joint venture companies HK$M	Share of profits/(losses) of associated companies HK$M	Tax (charge)/credit HK$M	Profit/(loss) for the period HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M
Property											
Property investment	6,226	21	4,601	(310)	112	518	–	(687)	4,234	3,424	3,840
Change in fair value of investment properties	–	–	(2,513)	–	–	261	–	(319)	(2,571)	(2,144)	–
Property trading	2,394	–	496	(10)	–	128	–	7	621	507	(23)
Hotels	427	–	(109)	(7)	–	(48)	(42)	20	(186)	(153)	(135)
	9,047	**21**	**2,475**	**(327)**	**112**	**859**	**(42)**	**(979)**	**2,098**	**1,634**	**3,682**
Aviation											
Cathay group#	–	–	–	–	–	–	(3,404)	–	(3,404)	(3,404)	(3,404)
HAECO group	5,402	–	342	(93)	3	140	–	(26)	366	310	310
Others	–	–	(27)	–	–	(4)	(139)	–	(170)	(160)	(160)
	5,402	**–**	**315**	**(93)**	**3**	**136**	**(3,543)**	**(26)**	**(3,208)**	**(3,254)**	**(3,254)**
Beverages											
Chinese Mainland	14,767	–	1,352	(33)	24	69	97	(391)	1,118	1,002	1,002
Hong Kong	1,129	1	83	(1)	–	–	–	(11)	71	71	71
Taiwan	1,003	–	77	(1)	–	–	–	(16)	60	60	60
USA	9,932	–	541	(45)	5	–	–	(87)	414	414	414
Central and other costs	–	–	(74)	–	–	(2)	–	–	(76)	(76)	(76)
	26,831	**1**	**1,979**	**(80)**	**29**	**67**	**97**	**(505)**	**1,587**	**1,471**	**1,471**
Marine Services											
Swire Pacific Offshore group*	764	–	126	(8)	8	–	(1)	(7)	118	125	125
HUD group	–	–	–	–	–	11	–	–	11	11	11
	764	**–**	**126**	**(8)**	**8**	**11**	**(1)**	**(7)**	**129**	**136**	**136**
Trading & Industrial											
Swire Resources	1,117	–	(8)	(10)	1	–	–	3	(14)	(14)	(14)
Taikoo Motors	2,768	–	109	(6)	1	–	–	(22)	82	82	82
Swire Foods	751	29	(20)	(7)	1	–	–	(5)	(31)	(31)	(31)
Swire Environmental Services	52	–	40	–	–	4	–	(3)	41	41	41
Central costs	–	–	(7)	–	–	–	–	–	(7)	(7)	(7)
	4,688	**29**	**114**	**(23)**	**3**	**4**	**–**	**(27)**	**71**	**71**	**71**
Head Office											
Net income/(expenses)	6	26	(258)	(625)	69	–	–	3	(811)	(811)	(811)
Swire Investments	–	–	–	–	–	–	(39)	–	(39)	(39)	(39)
	6	**26**	**(258)**	**(625)**	**69**	**–**	**(39)**	**3**	**(850)**	**(850)**	**(850)**
Inter-segment elimination	**–**	**(77)**	**–**	**68**	**(68)**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**46,738**	**–**	**4,751**	**(1,088)**	**156**	**1,077**	**(3,528)**	**(1,541)**	**(173)**	**(792)**	**1,256**

Note: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

Post-tax impairment and related charges included under share of loss of the Cathay group were HK$197 million.

* Gain on partial disposal of interest in Cadeler included under operating profit of the Swire Pacific Offshore group was HK$117 million.

1. SEGMENT INFORMATION (continued)

(a) Analysis of Consolidated Statement of Profit or Loss (continued)

Six months ended 30th June 2020	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/(losses) of joint venture companies HK$M	Share of profits/(losses) of associated companies HK$M	Tax (charge)/credit HK$M	Profit/(loss) for the period HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M
Property											
Property investment	6,121	26	4,317	(279)	174	579	–	(650)	4,141	3,361	3,402
Change in fair value of investment properties	–	–	(2,601)	–	–	(187)	–	(23)	(2,811)	(2,211)	–
Property trading	130	–	(30)	(18)	1	9	–	(7)	(45)	(37)	(37)
Hotels	274	–	(197)	(11)	–	(81)	(50)	25	(314)	(256)	(256)
	6,525	**26**	**1,489**	**(308)**	**175**	**320**	**(50)**	**(655)**	**971**	**857**	**3,109**
Aviation											
Cathay group#	–	–	–	–	–	–	(4,440)	–	(4,440)	(4,440)	(4,440)
HAECO group	6,226	–	551	(101)	7	265	–	(69)	653	534	534
Others	–	–	(27)	–	–	(2)	–	–	(29)	(19)	(19)
	6,226	**–**	**524**	**(101)**	**7**	**263**	**(4,440)**	**(69)**	**(3,816)**	**(3,925)**	**(3,925)**
Beverages											
Chinese Mainland	10,904	–	867	(52)	21	48	25	(259)	650	571	571
Hong Kong	999	1	82	(2)	–	–	–	(11)	69	69	69
Taiwan	873	–	54	(1)	–	–	–	(11)	42	42	42
USA	8,474	–	397	(66)	10	–	–	(27)	314	314	314
Central costs	–	–	(50)	–	–	–	–	–	(50)	(50)	(50)
	21,250	**1**	**1,350**	**(121)**	**31**	**48**	**25**	**(308)**	**1,025**	**946**	**946**
Marine Services											
Swire Pacific Offshore group*	1,010	–	(4,889)	(106)	4	–	–	15	(4,976)	(4,976)	(4,976)
HUD group	–	–	–	–	–	9	–	–	9	9	9
	1,010	**–**	**(4,889)**	**(106)**	**4**	**9**	**–**	**15**	**(4,967)**	**(4,967)**	**(4,967)**
Trading & Industrial											
Swire Resources	1,069	–	(48)	(16)	3	1	–	11	(49)	(49)	(49)
Taikoo Motors	2,381	–	99	(6)	–	–	–	(21)	72	72	72
Swire Foods	591	29	(9)	(6)	–	–	–	(27)	(42)	(42)	(42)
Swire Environmental Services	–	–	(2)	–	–	9	–	–	7	7	7
Central costs	–	–	(8)	–	–	–	–	–	(8)	(8)	(8)
	4,041	**29**	**32**	**(28)**	**3**	**10**	**–**	**(37)**	**(20)**	**(20)**	**(20)**
Head Office											
Net income/(expenses)	4	22	(169)	(681)	230	–	–	4	(616)	(616)	(616)
Swire Investments	–	–	(7)	–	–	–	(5)	–	(12)	(12)	(12)
	4	**22**	**(176)**	**(681)**	**230**	**–**	**(5)**	**4**	**(628)**	**(628)**	**(628)**
Inter-segment elimination	**–**	**(78)**	**–**	**209**	**(209)**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**39,056**	**–**	**(1,670)**	**(1,136)**	**241**	**650**	**(4,470)**	**(1,050)**	**(7,435)**	**(7,737)**	**(5,485)**

Note: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

Post-tax impairment and related charges included under share of loss of the Cathay group were HK$1,016 million.

* Impairment charges included under operating loss of the Swire Pacific Offshore group were HK$4,345 million.

1. SEGMENT INFORMATION (continued)

(a) Analysis of Consolidated Statement of Profit or Loss (continued)

Year ended 31st December 2020	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/ (loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/ (losses) of joint venture companies HK$M	Share of profits/ (losses) of associated companies HK$M	Tax (charge)/ credit HK$M	Profit/ (loss) for the year HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M
Property											
Property investment	12,309	46	10,321	(600)	263	1,024	–	(1,583)	9,425	7,662	10,919
Change in fair value of investment properties	–	–	(4,421)	–	–	(53)	–	(235)	(4,709)	(3,773)	–
Property trading	312	–	(49)	(29)	1	1	–	(11)	(87)	(71)	(71)
Hotels	641	–	(310)	(17)	–	(154)	(86)	43	(524)	(430)	(430)
	13,262	**46**	**5,541**	**(646)**	**264**	**818**	**(86)**	**(1,786)**	**4,105**	**3,388**	**10,418**
Aviation											
Cathay group[#]	–	–	–	–	–	–	(9,742)	–	(9,742)	(9,742)	(9,742)
HAECO group*	11,483	–	(94)	(163)	11	381	–	30	165	96	96
Others	–	–	(55)	–	–	(4)	(65)	–	(124)	(105)	(105)
	11,483	**–**	**(149)**	**(163)**	**11**	**377**	**(9,807)**	**30**	**(9,701)**	**(9,751)**	**(9,751)**
Beverages											
Chinese Mainland	22,942	–	1,563	(72)	48	78	75	(494)	1,198	1,041	1,041
Hong Kong	2,197	2	242	(3)	–	–	–	(23)	216	216	216
Taiwan	1,933	–	149	(2)	1	–	–	(30)	118	118	118
USA	18,008	–	996	(113)	14	–	–	(100)	797	797	797
Central costs	–	–	(96)	–	–	–	–	–	(96)	(96)	(96)
	45,080	**2**	**2,854**	**(190)**	**63**	**78**	**75**	**(647)**	**2,233**	**2,076**	**2,076**
Marine Services											
Swire Pacific Offshore group*	1,889	1	(5,158)	(129)	11	–	(12)	5	(5,283)	(5,263)	(5,263)
HUD group	–	–	–	–	–	23	–	–	23	23	23
	1,889	**1**	**(5,158)**	**(129)**	**11**	**23**	**(12)**	**5**	**(5,260)**	**(5,240)**	**(5,240)**
Trading & Industrial											
Swire Resources	1,973	–	(143)	(30)	6	(1)	–	34	(134)	(134)	(134)
Taikoo Motors	4,984	–	196	(11)	1	–	–	(41)	145	145	145
Swire Foods	1,351	59	21	(14)	2	–	–	(18)	(9)	(9)	(9)
Swire Environmental Services	–	–	(1)	–	–	20	–	–	19	19	19
Central costs	–	–	(8)	(1)	–	–	–	–	(9)	(9)	(9)
	8,308	**59**	**65**	**(56)**	**9**	**19**	**–**	**(25)**	**12**	**12**	**12**
Head Office											
Net income/(expenses)	10	47	(452)	(1,331)	322	–	–	3	(1,458)	(1,458)	(1,458)
Swire Investments	–	–	(6)	–	–	–	(20)	–	(26)	(26)	(26)
	10	**47**	**(458)**	**(1,331)**	**322**	**–**	**(20)**	**3**	**(1,484)**	**(1,484)**	**(1,484)**
Inter-segment elimination	**–**	**(155)**	**–**	**299**	**(299)**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**80,032**	**–**	**2,695**	**(2,216)**	**381**	**1,315**	**(9,850)**	**(2,420)**	**(10,095)**	**(10,999)**	**(3,969)**

Note: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

[#] Post-tax impairment and related charges included under share of loss in the Cathay group were HK$1,656 million.

* Impairment charges included under operating loss of the HAECO group and the Swire Pacific Offshore group were HK$308 million and HK$4,345 million respectively.

1. SEGMENT INFORMATION (continued)

(b) Analysis of total assets of the Group

At 30th June 2021	Segment assets HK$M	Joint venture companies[#] HK$M	Associated companies[#] HK$M	Bank deposits HK$M	Total assets HK$M
Property					
Property investment	271,821	32,891	–	15,866	320,578
Property trading	3,354	2,539	219	924	7,036
Hotels	5,517	1,400	282	127	7,326
	280,692	**36,830**	**501**	**16,917**	**334,940**
Aviation					
Cathay group	–	–	22,680	–	22,680
HAECO group	11,346	1,878	–	1,576	14,800
Others	4,271	2,814	–	–	7,085
	15,617	**4,692**	**22,680**	**1,576**	**44,565**
Beverages					
Swire Coca-Cola	**31,446**	**1,220**	**1,829**	**3,356**	**37,851**
Marine Services					
Swire Pacific Offshore group	3,325	–	878	247	4,450
HUD group	(44)	–	–	–	(44)
	3,281	**–**	**878**	**247**	**4,406**
Trading & Industrial					
Swire Resources	944	34	–	162	1,140
Taikoo Motors	2,138	–	–	331	2,469
Swire Foods	1,274	4	–	261	1,539
Swire Environmental Services	48	–	–	2	50
Other activities	47	–	–	2	49
	4,451	**38**	**–**	**758**	**5,247**
Head Office and Swire Investments	**408**	**–**	**1,096**	**1,179**	**2,683**
	335,895	**42,780**	**26,984**	**24,033**	**429,692**

[#] The assets relating to joint venture and associated companies include the loans due from these companies.

1. SEGMENT INFORMATION (continued)

(b) Analysis of total assets of the Group (continued)

At 31st December 2020	Segment assets HK$M	Joint venture companies# HK$M	Associated companies# HK$M	Bank deposits HK$M	Total assets HK$M
Property					
Property investment	273,637	27,328	–	20,996	321,961
Property trading	4,885	2,451	219	96	7,651
Hotels	5,701	1,384	324	140	7,549
	284,223	**31,163**	**543**	**21,232**	**337,161**
Aviation					
Cathay group	–	–	24,574	–	24,574
HAECO group	12,456	1,830	–	1,149	15,435
Others	4,298	2,817	–	–	7,115
	16,754	**4,647**	**24,574**	**1,149**	**47,124**
Beverages					
Swire Coca-Cola	**28,898**	**1,216**	**1,732**	**4,308**	**36,154**
Marine Services					
Swire Pacific Offshore group	3,530	–	1,189	350	5,069
HUD group	–	(54)	–	–	(54)
	3,530	**(54)**	**1,189**	**350**	**5,015**
Trading & Industrial					
Swire Resources	1,167	34	–	246	1,447
Taikoo Motors	1,953	–	–	490	2,443
Swire Foods	1,265	4	–	283	1,552
Swire Environmental Services	–	58	–	–	58
Other activities	67	–	–	56	123
	4,452	**96**	**–**	**1,075**	**5,623**
Head Office and Swire Investments	**339**	**–**	**544**	**1,150**	**2,033**
	338,196	**37,068**	**28,582**	**29,264**	**433,110**

The assets relating to joint venture and associated companies include the loans due from these companies.

1. SEGMENT INFORMATION (continued)

(c) Analysis of total liabilities and non-controlling interests of the Group

At 30th June 2021	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property							
Property investment	7,981	11,040	(2,014)	23,699	546	41,252	51,888
Property trading	135	2	1,676	544	–	2,357	844
Hotels	191	–	338	1,138	–	1,667	1,046
	8,307	**11,042**	**–**	**25,381**	**546**	**45,276**	**53,778**
Aviation							
HAECO group	**2,311**	**473**	**1,888**	**138**	**2,391**	**7,201**	**2,044**
Beverages							
Swire Coca-Cola	**15,670**	**1,317**	**1,189**	**1,552**	**712**	**20,440**	**512**
Marine Services							
Swire Pacific Offshore group	**884**	**47**	**231**	**–**	**7**	**1,169**	**(27)**
Trading & Industrial							
Swire Resources	673	22	(42)	–	567	1,220	–
Taikoo Motors	515	22	–	–	606	1,143	–
Swire Foods	392	15	(7)	–	197	597	–
Swire Environmental Services	17	9	–	–	–	26	
Other activities	19	–	7	–	–	26	–
	1,616	**68**	**(42)**	**–**	**1,370**	**3,012**	**–**
Head Office and Swire Investments	**761**	**(80)**	**(3,266)**	**36,043**	**–**	**33,458**	**–**
	29,549	**12,867**	**–**	**63,114**	**5,026**	**110,556**	**56,307**

1. SEGMENT INFORMATION (continued)

(c) Analysis of total liabilities and non-controlling interests of the Group (continued)

At 31st December 2020	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property							
Property investment	7,711	10,658	(1,648)	24,603	580	41,904	51,953
Property trading	305	1	1,326	1,717	–	3,349	801
Hotels	166	–	322	937	–	1,425	1,127
	8,182	**10,659**	**–**	**27,257**	**580**	**46,678**	**53,881**
Aviation							
HAECO group	**2,568**	**451**	**2,066**	**88**	**2,461**	**7,634**	**2,055**
Beverages							
Swire Coca-Cola	**14,141**	**1,191**	**1,683**	**2,556**	**668**	**20,239**	**537**
Marine Services							
Swire Pacific Offshore group	**1,060**	**48**	**198**	**–**	**13**	**1,319**	**(19)**
Trading & Industrial							
Swire Resources	677	9	(49)	–	702	1,339	–
Taikoo Motors	565	25	–	–	498	1,088	–
Swire Foods	420	21	(60)	–	230	611	–
Other activities	18	–	60	–	–	78	–
	1,680	**55**	**(49)**	**–**	**1,430**	**3,116**	**–**
Head Office and Swire Investments	**605**	**8**	**(3,898)**	**38,263**	**–**	**34,978**	**–**
	28,236	**12,412**	**–**	**68,164**	**5,152**	**113,964**	**56,454**

1. SEGMENT INFORMATION (continued)

(d) Analysis of external revenue of the Group – timing of revenue recognition

	Six months ended 30th June 2021				Six months ended 30th June 2020			
	At a point in time HK$M	Over time HK$M	Rental income on leases HK$M	Total HK$M	At a point in time HK$M	Over time HK$M	Rental income on leases HK$M	Total HK$M
Property								
Property investment	–	50	6,176	6,226	–	46	6,075	6,121
Property trading	2,394	–	–	2,394	130	–	–	130
Hotels	219	208	–	427	168	106	–	274
	2,613	258	6,176	9,047	298	152	6,075	6,525
Aviation								
HAECO group	219	5,183	–	5,402	298	5,928	–	6,226
Beverages								
Chinese Mainland	14,767	–	–	14,767	10,904	–	–	10,904
Hong Kong	1,129	–	–	1,129	999	–	–	999
Taiwan	1,003	–	–	1,003	873	–	–	873
USA	9,932	–	–	9,932	8,474	–	–	8,474
	26,831	–	–	26,831	21,250	–	–	21,250
Marine Services								
Swire Pacific Offshore group	–	636	128	764	39	689	282	1,010
Trading & Industrial								
Swire Resources	1,117	–	–	1,117	1,069	–	–	1,069
Taikoo Motors	2,754	14	–	2,768	2,375	6	–	2,381
Swire Foods	751	–	–	751	591	–	–	591
Swire Environmental Services	–	52	–	52	–	–	–	–
	4,622	66	–	4,688	4,035	6	–	4,041
Head Office	–	6	–	6	–	4	–	4
Total	34,285	6,149	6,304	46,738	25,920	6,779	6,357	39,056

The Group is organised on a divisional basis: Property, Aviation, Beverages, Marine Services and Trading & Industrial.

The reportable segments within each of the five divisions are classified according to the nature of the business. The Head Office is also considered to be a reportable segment as discrete financial information is available for the Head Office activities and regularly provided to the Board.

There are no significant differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

2. BASIS OF PREPARATION

(a) The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of The Listing Rules of The Stock Exchange of Hong Kong Limited.

The unaudited condensed interim financial statements are set out on pages 45 to 77 and also include the "Financial Information Reviewed by Auditors" under Financial Review on pages 37 and 38 and Financing on pages 39 to 43.

The financial information relating to the year ended 31st December 2020 that is included in this document as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the Ordinance)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2020 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The Company's auditor has reported on those specified financial statements. That report was not qualified or otherwise modified, did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 406(2) or 407(2) or (3) of the Ordinance.

The accounting policies and methods of computation and presentation used in the preparation of the condensed interim financial statements are consistent with those described in the 2020 annual financial statements except for those noted in 2(b) and 2(c) below.

(b) The following revised standards were adopted by the Group effective from 1st January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

An amendment to HKFRS 16 "COVID-19-related rent concessions beyond 30 June 2021" was issued in April 2021 and is effective for annual reporting periods beginning on or after 1st April 2021. The Group has early adopted this amendment from 1st January 2021. This amendment extended the availability of the practical expedient (as referred to below) to rent concessions occurring as a direct consequence of COVID-19 for which any reduction in lease payments affects only payments originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient set out in the 2020 amendment to HKFRS 16 "COVID-19-related rent concessions", which was adopted by the Group from 1st January 2020, are met. The Group has applied the practical expedient to all rent concessions that meet the conditions.

None of the remaining revised standards had a significant effect on the Group's financial statements or accounting policies.

2. BASIS OF PREPARATION (continued)

(c) The preparation of the condensed interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgements or complexity and areas where assumptions and estimates are significant to the Group's consolidated financial statements are detailed in the 2020 annual financial statements.

Economic and business conditions continued to be adversely impacted by COVID-19 in the period ended 30th June 2021. This caused the Group to continue to assess its critical accounting estimates and judgements. As part of this process, the Group undertook reviews of the carrying value of those assets with impairment indicators, mainly in the Aviation Division. Cathay Pacific, an associated company of the Company, recognised pre-tax impairment and related charges of HK$500 million (of which the Group's share is HK$197 million) in relation to certain aircraft and related equipment. The recoverable amounts of the rest of the Group's assets with impairment indicators have been tested for impairment, generally determined on a value in use basis. These recoverable amounts remain supported by their carrying values at 30th June 2021. The headrooms of recoverable amounts over carrying values as at 30th June 2021 are comparable with those as at 31st December 2020.

3. FINANCIAL RISK MANAGEMENT

In the normal course of business the Group is exposed to financial risks attributable to interest rates, currencies, credit and liquidity.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2020 annual financial statements. There have been no changes in the Group's financial risk management structure, policies and procedures since the year end.

4. REVENUE

Revenue represents sales by the Company and its subsidiary companies to external customers and comprises:

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Gross rental income from investment properties	**6,176**	6,074	12,207
Property trading	**2,394**	130	312
Hotels	**427**	274	641
Aircraft and engine maintenance services	**4,819**	5,455	10,172
Sales of goods	**31,613**	25,556	53,726
Charter hire*	**718**	920	1,705
Rendering of other services	**591**	647	1,269
	46,738	39,056	80,032

* Charter hire revenue included leasing of vessels amounting to HK$128 million for the six months ended 30th June 2021 (30th June 2020: HK$282 million; year ended 31st December 2020: HK$483 million). The remaining revenue was related to ship management services for the provision of crew.

5. OTHER NET GAINS/(LOSSES)

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
Profit on disposal of subsidiary companies	**–**	–	2,026
Profit on partial disposal of an associated company	**117**	–	–
Gain arising from the acquisition of an interest in a joint venture company	**24**	–	–
Profit/(loss) on disposals of investment properties	**302**	(8)	(147)
Profit/(loss) on disposals of property, plant and equipment	**85**	(20)	18
Change in fair value of assets classified as held for sale	**4**	–	–
Net foreign exchange gains/(losses)	**23**	70	(130)
Fair value gains on investments at fair value through profit or loss	**4**	–	2
Fair value losses on cross-currency swaps transferred from cash flow hedge reserve	**(42)**	(56)	(18)
Fair value gains/(losses) on forward foreign exchange contracts transferred from cash flow hedge reserve	**4**	(6)	(5)
Impairment reversal/(charges) recognised on			
Property, plant and equipment	**12**	(4,361)	(4,562)
Intangible assets	**–**	(7)	(97)
Dividend income on equity investments	**1**	–	3
Government subsidies	**393**	305	1,035
Other income	**144**	132	301
Total	**1,071**	(3,951)	(1,574)

6. EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs, administrative expenses and other operating expenses are analysed as follows:

		Six months ended 30th June		Year ended 31st December
	Note	**2021 HK$M**	2020 HK$M	2020 HK$M
Direct rental outgoings in respect of investment properties		**1,214**	1,011	2,350
Cost of goods sold		**21,697**	16,584	34,407
Write-down of stocks and work in progress		**77**	76	269
Impairment charged/(reversed) on trade receivables		**16**	(45)	(29)
Depreciation of property, plant and equipment	12	**1,454**	1,621	3,207
Depreciation of right-of-use assets				
Leasehold land held for own use		**15**	16	32
Land use rights		**23**	22	46
Property		**435**	447	898
Plant and equipment		**27**	38	81
Amortisation of				
Intangible assets	14	**123**	116	242
Initial leasing costs on investment properties		**19**	17	33
Others		**7**	7	15
Staff costs		**8,786**	8,381	17,054
Other lease expenses*		**60**	28	75
Other expenses		**6,592**	5,855	12,662
Total cost of sales, distribution costs, administrative expenses and other operating expenses		**40,545**	34,174	71,342

* These expenses relate to short-term leases, leases of low-value assets and leases with variable payments (net of rent concessions received of HK$42 million for the six months ended 30th June 2021 (30th June 2020: HK$66 million; year ended 31st December 2020: HK$111 million)). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

7. NET FINANCE CHARGES

Refer to the table with the heading "Financial Information Reviewed by Auditors" on page 42 for details of the Group's net finance charges.

8. TAXATION

	Note	Six months ended 30th June		Year ended 31st December
		2021 HK$M	2020 HK$M	2020 HK$M
Current taxation				
Hong Kong profits tax		**372**	319	837
Overseas tax		**821**	576	1,281
Under/(over)-provisions in prior years		**11**	(6)	(59)
		1,204	889	2,059
Deferred taxation	24			
Change in fair value of investment properties		**193**	(122)	215
Origination and reversal of temporary differences		**144**	283	146
		337	161	361
		1,541	1,050	2,420

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the period. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

The Group's share of joint venture companies' tax charges for the six months ended 30th June 2021 of HK$321 million (30th June 2020: HK$27 million; year ended 31st December 2020: HK$298 million) and share of associated companies' tax credits for the six months ended 30th June 2021 of HK$173 million (30th June 2020: tax credit of HK$379 million; year ended 31st December 2020: tax credit of HK$100 million) respectively are included in the share of results of joint venture and associated companies shown in the consolidated statement of profit or loss.

9. UNDERLYING PROFIT/(LOSS) ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

Refer to the table with the heading "Financial Information Reviewed by Auditors" on page 37 for details of the Group's underlying profit/(loss) attributable to the Company's shareholders.

10. DIVIDENDS

	Six months ended 30th June		Year ended 31st December
	2021 HK$M	2020 HK$M	2020 HK$M
First interim dividends declared on 12th August 2021 of HK$1.00 per 'A' share and HK$0.20 per 'B' share (2020 first interim dividends paid: HK$0.70 and HK$0.14)	**1,502**	1,051	1,051
Second interim dividends paid on 7th May 2021 of HK$1.00 per 'A' share and HK$0.20 per 'B' share	**–**	–	1,502
	1,502	1,051	2,553

The Directors have declared first interim dividends of HK$1.00 (2020: HK$0.70) per 'A' share and HK$0.20 (2020: HK$0.14) per 'B' share for the year ending 31st December 2021. The first interim dividends, which total HK$1,502 million (2020: HK$1,051 million), will be paid on Wednesday, 6th October 2021 to shareholders registered at the close of business on the record date, being Friday, 10th September 2021. Shares of the Company will be traded ex-dividend as from Wednesday, 8th September 2021.

10. DIVIDENDS (continued)

The register of members will be closed on Friday, 10th September 2021, during which day no transfer of shares will be effected. In order to qualify for entitlement to the first interim dividends, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 9th September 2021.

11. LOSS PER SHARE (BASIC AND DILUTED)

Loss per share is calculated by dividing the loss attributable to the Company's shareholders for the period ended 30th June 2021 of HK$792 million (30th June 2020: loss of HK$7,737 million; 31st December 2020: loss of HK$10,999 million) by the daily weighted average number of 905,206,000 'A' shares and 2,981,870,000 'B' shares in issue during the period (30th June 2020 and 31st December 2020: 905,206,000 'A' shares and 2,981,870,000 'B' shares) in the proportion five to one.

12. PROPERTY, PLANT AND EQUIPMENT

	Note	HK$M
Cost		
At 1st January 2021		61,686
Translation differences		304
Acquisition of a subsidiary company		12
Disposal of a subsidiary company		(21)
Additions		1,759
Disposals		(1,828)
Net transfers to investment properties	13	(35)
Other transfers		(6)
At 30th June 2021		**61,871**
Accumulated depreciation and impairment		
At 1st January 2021		36,273
Translation differences		145
Disposal of a subsidiary company		(12)
Depreciation for the period	6	1,454
Reversal of impairment charges	5	(12)
Disposals		(1,461)
Net transfers to investment properties	13	(7)
At 30th June 2021		**36,380**
Net book value		
At 30th June 2021		**25,491**
At 1st January 2021		25,413

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

13. INVESTMENT PROPERTIES

	Note	HK$M
At 1st January 2021		266,133
Translation differences		504
Additions		1,625
Disposals		(219)
Net transfers from property, plant and equipment	12	28
Net transfers from right-of-use assets		272
Transfer to assets classified as held for sale		(561)
Net fair value losses		(2,513)
At 30th June 2021		265,269
Add: Initial leasing costs		156
At 30th June 2021		**265,425**
At 1st January 2021 (including initial leasing costs)		266,305

14. INTANGIBLE ASSETS

	Note	Goodwill HK$M	Computer software HK$M	Service, franchise and operating rights HK$M	Customer relationships HK$M	Others HK$M	Total HK$M
Cost							
At 1st January 2021		8,109	1,108	5,628	1,018	262	16,125
Translation differences		34	5	43	2	1	85
Acquisition of a subsidiary company		–	–	–	–	6	6
Disposal of a subsidiary company		(58)	(1)	–	(32)	(1)	(92)
Other transfers		(8)	–	–	8	–	–
Additions		–	76	–	–	–	76
Disposals		–	(14)	–	–	–	(14)
At 30th June 2021		**8,077**	**1,174**	**5,671**	**996**	**268**	**16,186**
Accumulated amortisation and impairment							
At 1st January 2021		1,343	696	366	514	110	3,029
Translation differences		2	3	1	1	–	7
Disposal of a subsidiary company		(40)	(1)	–	(15)	–	(56)
Amortisation for the period	6	–	50	32	29	12	123
Disposals		–	(1)	–	–	–	(1)
At 30th June 2021		**1,305**	**747**	**399**	**529**	**122**	**3,102**
Net book value							
At 30th June 2021		**6,772**	**427**	**5,272**	**467**	**146**	**13,084**
At 1st January 2021		6,766	412	5,262	504	152	13,096

15. RIGHT-OF-USE ASSETS

The Group (acting as lessee) leases land, offices, warehouses, retail stores, equipment and vessels. Except for certain long-term leasehold land in Hong Kong, rental contracts are typically made for fixed periods of 1 to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The recognised right-of-use assets relate to the following types of assets:

	30th June 2021 HK$M	31st December 2020 HK$M
Leasehold land held for own use	3,480	3,708
Land use rights	1,331	1,342
Property	4,119	4,137
Plant and equipment	193	303
Total	9,123	9,490

Additions to right-of-use assets during the six months ended 30th June 2021 were HK$299 million (30th June 2020: HK$273 million; year ended 31st December 2020: HK$530 million).

During the six months ended 30th June 2021, total cash outflow for leases was included in the consolidated statement of cash flows as (a) interest paid of HK$100 million (30th June 2020: HK$105 million; year ended 31st December 2020: HK$207 million) under "operating activities", (b) payment for short-term and low-value assets leases and variable lease payments of HK$60 million (30th June 2020: HK$28 million; year ended 31st December 2020: HK$75 million) recorded in cash generated from operations under "operating activities", and (c) principal elements of lease payments of HK$456 million (30th June 2020: HK$462 million; year ended 31st December 2020: HK$935 million) under "financing activities".

16. INTERESTS IN JOINT VENTURE COMPANIES

	30th June 2021 HK$M	31st December 2020 HK$M
Share of net assets, unlisted	25,883	20,688
Goodwill	793	787
	26,676	21,475
Loans due from joint venture companies less provisions		
Interest-free	13,188	13,325
Interest-bearing	2,916	2,268
	16,104	15,593

17. INTERESTS IN ASSOCIATED COMPANIES

	30th June 2021 HK$M	31st December 2020 HK$M
Share of net assets		
Listed in Hong Kong	**21,923**	23,817
Listed in Oslo	**868**	1,100
Unlisted	**2,870**	2,593
	25,661	27,510
Goodwill	**1,316**	987
	26,977	28,497
Interest-bearing loans due from associated companies	**7**	85

The market value of the shares in the listed associated companies, Cathay Pacific and Cadeler, at 30th June 2021 was HK$19,003 million and HK$1,211 million respectively (31st December 2020: HK$20,770 million and HK$1,188 million respectively).

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are measured at fair value are included in the following fair value hierarchy:

	Note	Level 1 HK$M	Level 2 HK$M	Level 3 HK$M	Total carrying amount HK$M
Assets as per consolidated statement of financial position					
At 30th June 2021					
Equity investments at fair value through other comprehensive income					
– Listed investments		**177**	**–**	**–**	**177**
Equity investments at fair value through profit or loss					
– Unlisted investments		**–**	**–**	**501**	**501**
Equity investments at fair value through profit or loss					
– Convertible notes, unlisted		**–**	**–**	**122**	**122**
Derivative financial assets	19	**–**	**165**	**–**	**165**
Total		**177**	**165**	**623**	**965**
At 31st December 2020					
Equity investments at fair value through other comprehensive income					
– Listed investments		190	–	–	190
Equity investments at fair value through profit or loss					
– Unlisted investments		–	–	1,042	1,042
Debt investments at fair value through profit or loss					
– Convertible notes, unlisted		–	–	119	119
Derivative financial assets	19	–	249	–	249
Total		190	249	1,161	1,600
Liabilities as per consolidated statement of financial position					
At 30th June 2021					
Derivative financial liabilities	19	**–**	**214**	**–**	**214**
Put option over a non-controlling interest in the USA	22	**–**	**–**	**537**	**537**
Put option over a non-controlling interest in a subsidiary company	22	**–**	**–**	**102**	**102**
Contingent consideration	22	**–**	**–**	**1,368**	**1,368**
Total		**–**	**214**	**2,007**	**2,221**
At 31st December 2020					
Derivative financial liabilities	19	–	159	–	159
Put option over a non-controlling interest in the USA	22	–	–	513	513
Put option over a non-controlling interest in a subsidiary company	22	–	–	87	87
Contingent consideration	22	–	–	1,256	1,256
Total		–	159	1,856	2,015

Notes:

The levels in the hierarchy represent the following:

Level 1 – Financial instruments measured at fair value using quoted prices in active markets.

Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.

Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The changes in level 3 financial instruments for the period ended 30th June 2021 is as follows:

	Put options over non-controlling interests HK$M	Unlisted investments HK$M	Contingent consideration HK$M
At 1st January 2021	600	1,161	1,256
Translation differences	1	(1)	3
Additions	–	429	–
Disposals	–	(970)	–
Distributions during the period	(8)	–	–
Change in fair value during the period recognised in			
– profit or loss*	46	4	216
Payment of consideration	–	–	(107)
At 30th June 2021	**639**	**623**	**1,368**
* Including unrealised (losses)/gains recognised on balances held at 30th June 2021	**(46)**	**4**	**(216)**

There has been no change in the valuation techniques for level 2 and level 3 fair value hierarchy classifications.

The fair value of derivatives used for hedging in level 2 has been based on quotes from market makers or discounted cash flow valuation techniques and is supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates, yields and commodity prices.

The fair value estimate of the put option over a non-controlling interest in the USA classified within level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is in 2021 and the discount rate used is 6.3% (31st December 2020: 6.3%).

The investment property's fair value at the expected time of exercise is itself subject to a number of unobservable inputs which are similar to the inputs for the Group's other completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the time of exercise is higher, the fair value of the put option would also be higher at 30th June 2021. If the expected time of exercise is later or if the discount rate is higher, the fair value of the put option would be lower. The opposite is true for an earlier time of exercise or a lower discount rate.

The fair value of the put option over a non-controlling interest in a subsidiary company (other than the subsidiary company holding a non-controlling interest in the USA), unlisted investments and contingent consideration classified within level 3 are determined using a discounted cash flow valuation technique. The significant unobservable inputs used are expected future growth rates and discount rates. Changing these unobservable inputs based on reasonable alternative assumptions would not significantly change the valuation of the put option, unlisted investments or contingent consideration.

The Group's finance departments perform the valuations of financial instruments required for reporting purposes, including level 3 fair values. The valuations are reviewed and approved by Divisional Finance Directors.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial assets and liabilities carried at other than fair value:

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 30th June 2021 and 31st December 2020 except for the following financial liabilities, for which their carrying amounts and fair value are disclosed below:

	At 30th June 2021		At 31st December 2020	
	Carrying amount HK$M	Fair value HK$M	Carrying amount HK$M	Fair value HK$M
Long-term loans and bonds due after one year	45,913	48,731	61,235	64,850

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments solely for management of an underlying risk. The Group minimises its exposure to market risk since gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

	30th June 2021		31st December 2020	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Cross-currency swaps				
Cash flow hedges	155	119	216	55
Not qualifying as hedges	–	71	–	62
Interest rate swaps – cash flow hedges	–	22	–	40
Forward foreign exchange contracts				
Cash flow hedges	2	2	9	1
Commodity swaps				
Not qualifying as hedges	8	–	24	–
Put options exercisable by other shareholders of a joint venture for sale of their interests to the Beverages Division	–	–	–	1
Total	165	214	249	159
Analysed as:				
Current	23	24	33	5
Non-current	142	190	216	154
	165	214	249	159

20. TRADE AND OTHER RECEIVABLES

	30th June 2021 HK$M	31st December 2020 HK$M
Trade debtors	**5,382**	4,251
Amounts due from immediate holding company	**1**	6
Amounts due from joint venture companies	**108**	16
Amounts due from associated companies	**265**	530
Deposit paid for financial assets at fair value through profit or loss	**–**	46
Mortgage loan receivable – non-current portion	**17**	18
Prepayments and accrued income	**2,944**	2,269
Other receivables	**2,269**	2,724
Deferred receivables – non-current portion	**490**	490
	11,476	10,350
Amounts due after one year included under non-current assets	**(557)**	(562)
	10,919	9,788

The analysis of the age of trade debtors (based on the invoice date) is as follows:

	30th June 2021 HK$M	31st December 2020 HK$M
Under three months	**5,060**	3,941
Between three and six months	**253**	200
Over six months	**69**	110
	5,382	4,251

Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analyses of the age of debtors are prepared and closely monitored with a view to minimising credit risk associated with receivables.

21. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale represent the Group's 50% joint venture interest in the HUD group and the Swire Properties group's 100% interest in investment properties comprising 557 car parking spaces and 185 motorcycle parking spaces in stages VI to IX of the Taikoo Shing residential development in Hong Kong. The spaces in stage VI were offered to registered owners at Taikoo Shing in the fourth quarter of 2020. The Swire Properties group also offered car parking spaces in stages VII to IX in batches during the period.

22. TRADE AND OTHER PAYABLES

	30th June 2021 HK$M	31st December 2020 HK$M
Trade creditors	**5,626**	4,295
Amounts due to immediate holding company	**144**	145
Amounts due to joint venture companies	**50**	19
Amounts due to associated companies	**557**	416
Interest-bearing advances from joint venture companies	**722**	565
Interest-bearing advances from an associated company	**197**	290
Advances from non-controlling interests	**188**	188
Rental deposits from tenants	**2,824**	2,745
Deposits received on sale of investment properties	**5**	59
Put options over non-controlling interests	**639**	600
Contingent consideration	**1,368**	1,256
Accrued capital expenditure	**1,367**	1,400
Provision for restructuring costs	**–**	28
Other accruals	**9,410**	9,505
Other payables	**4,541**	4,559
	27,638	26,070
Amounts due after one year included under non-current liabilities	**(1,311)**	(1,143)
	26,327	24,927

The analysis of the age of trade creditors is as follows:

	30th June 2021 HK$M	31st December 2020 HK$M
Under three months	**5,502**	4,168
Between three and six months	**84**	47
Over six months	**40**	80
	5,626	4,295

23. LEASE LIABILITIES

	30th June 2021 HK$M	31st December 2020 HK$M
Maturity profile		
Within one year	**755**	793
Between one and two years	**593**	669
Between two and five years	**1,126**	1,133
Over five years	**2,552**	2,557
	5,026	5,152
Amount due within one year included under current liabilities	**(755)**	(793)
	4,271	4,359

24. DEFERRED TAXATION

The movement on the net deferred tax liabilities account is as follows:

	Note	HK$M
At 1st January 2021		10,994
Translation differences		98
Charged to profit or loss	8	337
Credited to other comprehensive income		(14)
At 30th June 2021		**11,415**
Represented by:		
Deferred tax assets		(540)
Deferred tax liabilities		11,955
		11,415

25. SHARE CAPITAL

	'A' shares	'B' shares	Total HK$M
Issued and fully paid with no par value:			
At 30th June 2021 and 31st December 2020	905,206,000	2,981,870,000	1,294

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the period.

26. RESERVES

	Revenue reserve HK$M	Property revaluation reserve HK$M	Investment revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2021	256,404	2,362	(138)	(104)	2,874	261,398
Loss for the period	(792)	–	–	–	–	(792)
Other comprehensive income						
Revaluation of property previously occupied by the Group						
– gains recognised during the period	–	48	–	–	–	48
– deferred tax	–	(1)	–	–	–	(1)
Defined benefit plans						
– remeasurement losses recognised during the period	(6)	–	–	–	–	(6)
– deferred tax	1	–	–	–	–	1
Changes in the fair value of equity investments at fair value through other comprehensive income						
– losses recognised during the year	–	–	(12)	–	–	(12)
– reclassified to revenue reserve on disposal	(1)	–	1	–	–	–
Cash flow hedges						
– losses recognised during the period	–	–	–	(136)	–	(136)
– transferred to net finance charges	–	–	–	7	–	7
– transferred to operating profit	–	–	–	36	–	36
– deferred tax	–	–	–	13	–	13
Share of other comprehensive income of joint venture and associated companies	15	–	–	1,556	318	1,889
Net translation differences on foreign operations	–	–	–	–	592	592
Total comprehensive income for the period	**(783)**	**47**	**(11)**	**1,476**	**910**	**1,639**
2020 second interim dividends	(1,502)	–	–	–	–	(1,502)
At 30th June 2021	**254,119**	**2,409**	**(149)**	**1,372**	**3,784**	**261,535**

(a) The Group's revenue reserve at 30th June 2021 includes HK$1,502 million representing the declared first interim dividends for the year (31st December 2020: HK$1,502 million representing the second interim dividends for 2020).

(b) At 30th June 2021, the Group's cash flow hedge reserve includes a credit of HK$109 million (net of tax) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging (31st December 2020: a credit of HK$123 million).

27. NON-CONTROLLING INTERESTS

The movement of non-controlling interests during the period is as follows:

	HK$M
At 1st January 2021	**56,454**
Share of profits less losses for the period	619
Share of revaluation of property previously occupied by the Group	11
Share of cash flow hedges	
– losses recognised during the period	(9)
– transferred to net finance charges	1
– deferred tax	1
Share of other comprehensive income of joint venture and associated companies	42
Share of net translation differences on foreign operations	119
Share of total comprehensive income for the period	**784**
Dividends paid and payable	(931)
At 30th June 2021	**56,307**

28. CAPITAL COMMITMENTS

	30th June 2021 HK$M	31st December 2020 HK$M
The Group's outstanding capital commitments at the end of the period in respect of:		
Property, plant and equipment		
Contracted but not provided for	**935**	600
Authorised by Directors but not contracted for	**8,756**	7,844
Investment properties		
Contracted but not provided for	**4,384**	4,022
Authorised by Directors but not contracted for	**8,637**	10,047
	22,712	22,513
The Group's share of capital commitments of joint venture companies at the end of the period*		
Contracted but not provided for	**135**	48
Authorised by Directors but not contracted for	**4,318**	4,439
	4,453	4,487

* of which the Group is committed to funding HK$356 million (31st December 2020: HK$1,330 million).

29. CONTINGENCIES

(a) Guarantees outstanding at the end of the period in respect of bank loans and other liabilities of joint venture companies totalled HK$2,799 million (31st December 2020: HK$3,291 million). Bank guarantees given in lieu of utility deposits and others totalled HK$404 million at the end of the period (31st December 2020: HK$376 million).

(b) Cathay Pacific

Cathay Pacific remains the subject of antitrust proceedings in various jurisdictions. The proceedings are focused on issues relating to pricing and competition. Cathay Pacific is represented by legal counsel in connection with these matters.

The proceedings and civil actions are ongoing and the outcomes are subject to uncertainties. Cathay Pacific is not in a position to assess the full potential liabilities but makes provisions based on facts and circumstances in line with the relevant accounting policy.

In November 2010, the European Commission issued a decision in its airfreight investigation finding that, amongst other things, Cathay Pacific and a number of other international cargo carriers agreed cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on Cathay Pacific. However, the European Commission's finding against Cathay Pacific and the imposition of this fine was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to Cathay Pacific in February 2016. The European Commission issued a new decision against Cathay Pacific and the other airlines involved in the case in March 2017. A fine of Euros 57.12 million was imposed on Cathay Pacific, which was paid by Cathay Pacific in June 2017. Cathay Pacific filed an appeal against this latest decision, to which the European Commission filed a defence. In December 2017, Cathay Pacific filed a Reply to this Defence. On 9th March 2018, the European Commission filed a rejoinder to Cathay Pacific's Reply. The appeal hearing in the General Court took place on 5th July 2019. There is no fixed date for the General Court to issue its decision.

Cathay Pacific is a defendant in a number of civil claims, including class litigation and third party contribution claims, in a number of countries including Germany, the Netherlands and Norway alleging violations of applicable competition laws arising from Cathay Pacific's alleged conduct relating to its air cargo operations. Cathay Pacific is represented by legal counsel and is defending these actions.

30. RELATED PARTY TRANSACTIONS

There are agreements for services (Services Agreements), in respect of which John Swire & Sons (H.K.) Limited (JSSHK) provides services to various companies in the Group and under which costs are reimbursed and fees payable. In return for these services, JSSHK receives annual fees calculated (A) in the case of the Company, as 2.5% of the dividends receivable from joint venture and associated companies of the Company, where there are no agreements for services with such companies, and (B) in the case of its subsidiary and associated companies with such agreements, as 2.5% of their relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The Services Agreements were renewed on 1st October 2019 for a period of three years expiring on 31st December 2022. For the six months ended 30th June 2021, service fees payable amounted to HK$166 million (2020: HK$159 million). Expenses of HK$166 million (2020: HK$181 million) were reimbursed at cost; in addition, HK$186 million (2020: HK$200 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement (Tenancy Framework Agreement) between JSSHK, the Company and Swire Properties Limited dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JSSHK group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2018 for a term of three years expiring on 31st December 2021. For the six months ended 30th June 2021, the aggregate rentals payable to the Group by the JSSHK group under tenancies to which the Tenancy Framework Agreement applies amounted to HK$56 million (2020: HK$53 million).

The above transactions under the Services Agreements and the Tenancy Framework Agreement are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

30. RELATED PARTY TRANSACTIONS (continued)

The following is a summary of significant transactions between the Group and related parties (including transactions under the Tenancy Framework Agreement), which were carried out in the normal course of the Group's business, in addition to those transactions disclosed elsewhere in the financial statements.

		For the six months ended 30th June							
		Joint venture companies		Associated companies		Fellow subsidiary companies		Immediate holding company	
	Note	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M
Revenue from	(a)								
Sales of beverage drinks		**1**	10	**1**	4	**–**	–	**–**	–
Sales of goods		**481**	503	**–**	–	**–**	–	**–**	–
Rendering of services		**38**	27	**17**	3	**7**	9	**1**	1
Aircraft and engine maintenances		**27**	21	**709**	1,348	**–**	–	**–**	–
Rental of properties	(b)	**–**	1	**–**	2	**–**	–	**56**	53
Purchases of beverage drinks	(a)	**110**	58	**2,019**	1,305	**–**	–	**–**	–
Purchases of other goods	(a)	**5**	6	**14**	23	**–**	–	**–**	–
Purchases of services	(a)	**9**	42	**–**	2	**4**	3	**–**	–
Interest income	(c)	**41**	47	**7**	4	**–**	–	**–**	–
Interest charges	(c)	**8**	–	**2**	4	**–**	–	**–**	–

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 on terms no less favourable to the Group than those charged to/by and contracted with other 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 eight years. The leases were entered into on normal commercial terms.

(c) Loans advanced to joint venture and associated companies are disclosed in notes 16 and 17. Amounts due from and to joint venture and associated companies are disclosed in notes 20 and 22.

31. EVENT AFTER THE REPORTING PERIOD

In August 2021, the Company agreed to dispose of its 50% interests in The Hongkong Salvage & Towage Company Limited and Hongkong United Dockyards Limited to a member of the CK Hutchison group. A gain on the disposal will be recorded in the second half of 2021.

CORPORATE GOVERNANCE

The Company complied with all the code provisions set out in the Corporate Governance Code (the CG Code) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) throughout the accounting period covered by the interim report with the following exceptions which it believes do not benefit shareholders:

- **Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee.** The Board has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code) set out in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

The interim results have been reviewed by the Audit Committee of the Company and by the external auditors.

SHARE CAPITAL

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the period.

DIRECTORS' PARTICULARS

Changes in the particulars of the Directors are set out as follows:

1. M B Swire has been re-designated from an Executive Director to a Non-Executive Director of the Company and Swire Properties Limited with effect from 25th August 2021 on his ceasing to be the Chairman of the Company and Swire Properties Limited. He has also resigned as the Chairman and a Director of John Swire & Sons (H.K.) Limited on the same date.

2. G M C Bradley has been appointed as an Executive Director and elected as Chairman of the Company with effect from 25th August 2021. He has also been elected as Chairman of Swire Properties Limited and John Swire & Sons (H.K.) Limited, and appointed as a Non-Executive Director of Cathay Pacific Airways Limited with effect from the same date.

3. P Healy has been appointed as an Executive Director of the Company with effect from 25th August 2021.

4. M J Murray has resigned as a Non-Executive Director of Cathay Pacific Airways Limited with effect from 25th August 2021.

5. Y Xu has been appointed as an Independent Non-Executive Director of the Company with effect from 25th August 2021.

DIRECTORS' INTERESTS

At 30th June 2021, the register maintained under Section 352 of the Securities and Futures Ordinance (SFO) showed that Directors held the following interests in the shares of Swire Pacific Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited, Swire Properties Limited and Cathay Pacific Airways Limited:

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of voting shares (comprised in the class) (%)	Note
Swire Pacific Limited						
'A' shares						
P K Etchells	–	12,000	–	12,000	0.0013	
T G Freshwater	41,000	–	–	41,000	0.0045	
G R H Orr	9,000	–	–	9,000	0.0010	
M B Swire	180,000	–	301,000	481,000	0.0531	3
'B' shares						
M Cubbon	100,000	–	–	100,000	0.0034	
C Lee	1,370,000	–	21,605,000	22,975,000	0.7705	1
M B Swire	390,000	–	1,799,222	2,189,222	0.0734	3
S C Swire	–	–	4,901,581	4,901,581	0.1644	

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of issued share capital (comprised in the class) (%)	Note
John Swire & Sons Limited						
Ordinary Shares of £1						
M B Swire	2,671,599	130,000	17,425,674	20,227,273	20.23	2
S C Swire	2,748,381	–	20,135,992	22,884,373	22.88	2
8% Cum. Preference Shares of £1						
M B Swire	3,946,580	–	12,782,055	16,728,635	18.59	2
S C Swire	2,279,414	–	20,050,053	22,329,467	24.81	2

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of voting shares (%)	Note
Swire Properties Limited						
Ordinary Shares						
P K Etchells	–	8,400	–	8,400	0.00014	
T G Freshwater	28,700	–	–	28,700	0.00049	
C Lee	200,000	–	3,024,700	3,224,700	0.05512	1
M B Swire	–	–	1,148,812	1,148,812	0.01964	3

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of voting shares (%)	Note
Cathay Pacific Airways Limited						
Ordinary Shares						
M B Swire	–	–	30,000	30,000	0.00047	3

Notes:

1. All the shares held by C Lee under Trust interest were held by him as beneficiary of trusts.
2. M B Swire and S C Swire were trustees and/or potential beneficiaries of trusts which held 5,970,631 ordinary shares and 8,812,656 ordinary shares respectively and 2,452,378 preference shares and 6,957,651 preference shares respectively in John Swire & Sons Limited included under Trust interest and did not have any beneficial interest in those shares. M B Swire was one of the executors of a will which held 131,707 ordinary shares and 117,275 preference shares in John Swire & Sons Limited included under Trust interest and did not have any beneficial interest in those shares.
3. All shares held by M B Swire under Trust interest were held by him as one of the executors of a will and he did not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' AND OTHER INTERESTS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30th June 2021 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	'A' shares	Percentage of voting shares (comprised in the class) (%)	'B' shares	Percentage of voting shares (comprised in the class) (%)	Note
Substantial Shareholder					
John Swire & Sons Limited	442,879,720	48.92	2,131,969,282	71.49	1

Note:

1. John Swire & Sons Limited (Swire) was deemed to be interested in a total of 442,879,720 'A' shares and 2,131,969,282 'B' shares of the Company at 30th June 2021, comprising:
   (a) 885,861 'A' shares and 13,367,962 'B' shares held directly;
   (b) 12,632,302 'A' shares and 37,597,019 'B' shares held directly by its wholly-owned subsidiary Taikoo Limited;
   (c) 39,580,357 'A' shares and 1,482,779,222 'B' shares held directly by its wholly-owned subsidiary John Swire & Sons (H.K.) Limited; and
   (d) the following shares held directly by wholly-owned subsidiaries of John Swire & Sons (H.K.) Limited: 322,603,700 'A' shares and 123,945,000 'B' shares held by Elham Limited, 2,055,000 'B' shares held by Canterbury Holdings Limited, 39,461,000 'A' shares and 373,003,444 'B' shares held by Shrewsbury Holdings Limited, 99,221,635 'B' shares held by Tai-Koo Limited and 27,716,500 'A' shares held by Waltham Limited.

At 30th June 2021, the Swire group was interested in 57.89% of the equity of the Company and controlled 66.24% of the voting rights attached to shares in the Company.

GLOSSARY

References in this document to Hong Kong are to Hong Kong SAR, to Macau are to Macao SAR and to Taiwan are to the Taiwan region.

FINANCIAL

Underlying profit or loss
Reported profit or loss adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

Recurring underlying profit or loss
Underlying profit or loss adjusted for significant credits and charges of non-recurring nature, including gains and losses on the sale of businesses and investment properties and non-cash impairments.

EBIT
Earnings before interest and tax.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Equity attributable to the Company's shareholders
Equity excluding non-controlling interests.

Gross borrowings
Total of loans, bonds and overdrafts.

Net debt
Total of loans, bonds and overdrafts net of cash, bank deposits and bank balances.

AVIATION

Available tonne kilometres (ATK)
Overall capacity, measured in tonnes available for the carriage of passengers, excess baggage and cargo on each sector multiplied by the sector distance.

Available seat kilometres (ASK)
Passenger seat capacity, measured in seats available for the carriage of passengers on each sector multiplied by the sector distance.

Available cargo tonne kilometres (AFTK)
Cargo capacity, measured in tonnes available for the carriage of freight on each sector multiplied by the sector distance.

Revenue tonne kilometres (RTK)
Traffic volume, measured in tonnes from the carriage of passengers, excess baggage and cargo on each sector multiplied by the sector distance.

Revenue passenger kilometres (RPK)
Number of passengers carried on each sector multiplied by the sector distance.

Cargo revenue tonne kilometres (RFTK)
Amount of cargo, measured in tonnes, carried on each sector multiplied by the sector distance.

On-time performance
Departure within 15 minutes of scheduled departure time.

RATIOS

FINANCIAL

Earnings/(loss) per share = $\dfrac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the period/year}}$

Equity attributable to the Company's shareholders per share = $\dfrac{\text{Equity excluding non-controlling interests}}{\text{Number of shares in issue at the end of the period/year}}$

Return on equity = $\dfrac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Average equity during the period/year attributable to the Company's shareholders}}$

Interest cover = $\dfrac{\text{Operating profit/(loss)}}{\text{Net finance charges}}$

Cash interest cover = $\dfrac{\text{Operating profit/(loss)}}{\text{Total of net finance charges and capitalised interest}}$

Gearing ratio = $\dfrac{\text{Net debt}}{\text{Total equity}}$

AVIATION

Passenger/Cargo load factor = $\dfrac{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}{\text{Available seat kilometres/Available cargo tonne kilometres}}$

Passenger/Cargo yield = $\dfrac{\text{Passenger revenue/Cargo revenue}}{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}$

Cost per ATK = $\dfrac{\text{Total operating expenses at Cathay Pacific*}}{\text{ATK of Cathay Pacific*}}$

* Including Cathay Dragon in 2020.

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

FINANCIAL CALENDAR 2021

Interim Report available to shareholders	7th September
'A' and 'B' shares trade ex-dividend	8th September
Share registers closed for 2021 first interim dividends entitlement	10th September
Payment of 2021 first interim dividends	6th October
Annual results announcement	March 2022
2021 second interim dividends payable	May 2022
Annual General Meeting	May 2022

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STOCK CODES

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

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

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

INVESTOR RELATIONS

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REQUEST FOR FEEDBACK

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swirepacific.com

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