



 SWIRE PACIFIC

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# CORPORATE STATEMENT

## 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 strategy is focused on Greater China and South East Asia, where we seek to grow our core Property, Beverages and Aviation divisions. We are targeting new areas of growth, such as healthcare.

### 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		Change	Year ended 31st December
		2024 HK\$M	2023 HK\$M		2023 HK\$M
Profit attributable to the Company's shareholders					
As reported		3,914	4,221	-7%	28,853
Underlying profit	(i)	5,576	5,594	0%	36,177
Recurring underlying profit	(i)	4,762	4,879	-2%	10,449
Revenue		39,563	51,544	-23%	94,823
Operating profit		4,945	5,079	-3%	30,621
Operating profit excluding change in fair value of investment properties		5,785	6,409	-10%	33,481
Change in fair value of investment properties		(840)	(1,330)	N/A	(2,860)
Cash generated from operations		5,307	7,206	-26%	14,479
Net cash (outflow)/inflow before financing		(1,965)	(3,493)	N/A	22,947
Total equity (including non-controlling interests)		321,066	312,933	+3%	324,774
Net debt	(ii)	63,479	66,915	-5%	55,136
Gearing ratio (excluding lease liabilities)	(ii)	19.8%	21.4%	-1.6%pt	17.0%
		HK\$	HK\$	Change	HK\$
Earnings per share (iii)					
As reported					
'A' share		2.74	2.91		19.96
'B' share		0.55	0.58	-6%	3.99
Underlying					
'A' share		3.90	3.86	+1%	25.03
'B' share		0.78	0.77		5.01
Dividends per share					
'A' share		1.25	1.20	+4%	11.32
'B' share		0.25	0.24		2.26
Equity attributable to the Company's shareholders per share (iv)					
'A' share		188.37	177.89	+6%	186.03
'B' share		37.67	35.58		37.21

Notes:

- (i) Reconciliations between the reported and underlying profit, and between underlying profit and recurring underlying profit are provided on pages 37 and 38.
- (ii) 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 21.3% (see page 43).
- (iii) Refer to note 11 in the financial statements for the daily weighted average number of shares in issue throughout the period.
- (iv) Refer to note 25 in the financial statements for the number of shares at the period end.

# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

I am pleased with our performance in the first six months of this year, which clearly demonstrates the overall strength of our businesses. The financial results we have achieved are solid, especially in the context of what is a challenging operating environment and considering the impact on comparisons of the disposal of Swire Coca-Cola, USA in the second half of 2023. The Aviation Division continued to be the driving force behind our underlying profit in the first half of 2024, with the Cathay group benefitting from robust demand for travel and cargo services, as well as the continuous recovery of line maintenance and growth in engine overhaul at the HAECO group. Our Beverages Division was stable, while our Property Division performed well despite increasing headwinds.

I extend my thanks and appreciation to all our stakeholders for continuing to support us. I also thank our people, whose loyalty, hard work and commitment are, once again, at the core of our success. Over the next six months, market volatility, economic slowdown and global uncertainty will continue to impact our performance. But as we look ahead, our very strong balance sheet, prudent management and long-term investment strategy give us great confidence about the future for our businesses across our core markets.

## STRATEGIC DEVELOPMENTS

In the first half of 2024, we continued our strategic, long-term plan of investment in our core markets of Hong Kong, the Chinese Mainland and South East Asia. We also maintained our focus on enhancing returns for shareholders through ordinary dividends and our share buy-back programme, which will run until May 2025.

Swire Properties' ten-year HK\$100 billion investment plan is ongoing. As of 2nd August 2024, 65% had been committed to development projects in core markets. In Hong Kong, Swire Properties obtained the occupation permit

for Six Pacific Place, the newest addition to Pacific Place, in February 2024. Swire Properties has reached a major milestone in the redevelopment of Taikoo Place with the unveiling of Taikoo Square, as well as the completion of covered walkways.

In the Chinese Mainland, construction is progressing at Taikoo Li Xi'an and Taikoo Li Sanya, as well as at the New Bund Mixed-use Project and Lujiazui Taikoo Yuan in Shanghai. This latter development will feature Swire Properties' residential debut in the Chinese Mainland. Swire Properties also has a number of projects in the pipeline, including the Julong Wan Project and the retail addition to Taikoo Hui in Guangzhou, and INDIGO Phase Two in Beijing.

In February 2024, Swire Coca-Cola entered into an agreement and conditionally agreed to acquire a majority stake in ThaiNamthip Corporation Ltd., which owns and operates the Coca-Cola franchise in the majority of Thailand and through its subsidiary in Laos, in two phases, for an aggregate consideration of approximately THB42,615.7 million (approximately HK\$9,470.1 million). In May 2024, Swire Coca-Cola broke ground on the Greater Bay Area Intelligent Green Factory in Guangdong. This state-of-the-art facility represents a RMB1.25 billion investment and is set to become Swire Coca-Cola's largest green, intelligent and diversified plant in the Chinese Mainland.

The Cathay group is now in the final stretch of its rebuild journey, with passenger flights reaching 80% of pre-pandemic levels by the second quarter. In June, Cathay Pacific returned to the world's top five airlines in industry rankings, marking another important milestone. In July, the Cathay group repurchased the remaining 50% of preference shares from the HKSAR Government at a redemption amount of HK\$9.75 billion. It has worked hard to strengthen its existing major routes, and develop new ones connecting Hong Kong with more destinations in the Chinese Mainland and Belt and Road countries, including to Riyadh in Saudi Arabia. Recruitment and training efforts are ongoing.

## BUSINESS PERFORMANCE

In the first half of 2024, the consolidated profit attributable to shareholders was HK\$3,914 million, compared with HK\$4,221 million in the same period in 2023. The underlying profit attributable to shareholders for the period under review, adjusted for changes in the value of investment properties, was HK\$5,576 million compared with HK\$5,594 million in the first six months of 2023. Disregarding changes in the value of investment properties and significant non-recurring items in both periods, Swire Pacific recorded a recurring underlying profit of HK\$4,762 million in the first half of 2024, compared with HK\$4,879 million in the same period of 2023.

The Aviation Division continued to contribute to Swire Pacific's strong results in the first half of 2024, which largely offset the absence of profit contribution from Swire Coca-Cola, USA following its disposal in September last year. Profit from the Cathay group, as well as the HAECO group, rose with the recovery of the aviation industry. Disregarding the disposal of Swire Coca-Cola, USA and the new acquisitions in Thailand and Laos, Swire Coca-Cola continued to perform stably. Swire Properties performed well amid challenges.

## PROPERTY DIVISION

Swire Properties' attributable recurring underlying profit for the first half of 2024 was HK\$2,898 million, a 9% decrease on 2023's first-half profit of HK\$3,188 million. The decrease reflected higher net finance charges arising from business expansions and the reduction in office rental income. The office market remained subdued in Hong Kong with lower demand and new supply. However, in terms of occupancy, the office portfolio has consistently outperformed the submarkets in which it operates. The retail market in Hong Kong remains challenging. Trade mix improvement and marketing campaigns were actively carried out to offset the negative impact of outbound travel and changing tourist spending behaviour.

In the Chinese Mainland, retail sales normalised in the first half of 2024 compared with the strong rebound in the first half of 2023, but remain ahead of pre-pandemic levels. Foot traffic was steady notwithstanding more outbound travel. Operating profit for Swire Hotels declined as the recovery of the hotel business in Hong Kong was slower than expected. Property trading recorded a small loss due to sales and marketing expenses.

## BEVERAGES DIVISION

At Swire Coca-Cola, the business reported a recurring profit of HK\$878 million in the first six months of 2024, compared with HK\$1,627 million in the same period in 2023 (which excludes a gain from the fair value adjustment relating to the acquisition of equity interests in still bottling plants in the Chinese Mainland and a provision for New Life Plastics). The decrease in profit was mainly driven by the disposal of Swire Coca-Cola, USA in the second half of 2023, partly offset by the share of profit from newly acquired franchise businesses in Thailand and Laos. Disregarding the effect of the disposal and new acquisitions, profit decreased by 2%.

Profit increases were seen in Hong Kong, Taiwan and South East Asia, with significant contributions from Thailand and Laos. However, profit from the Chinese Mainland decreased.

## AVIATION DIVISION

The first half of 2024 was another strong period for the Cathay group, with profit on a 100% basis being HK\$3,613 million for the first half of 2024, compared with a profit of HK\$4,268 million for the corresponding period in 2023 (which included significant exceptional gains of HK\$2.1 billion). The result was driven by the ongoing robust demand for travel and the solid performance of the cargo business.

The Cathay group continued to add more passenger flights and destinations to the network, with passenger flights reaching 80% of pre-pandemic levels within the second quarter as planned. The additional belly space provided by the passenger flights also enabled it to offer more cargo capacity, resulting in higher tonnage carried in the first half of 2024.

The results of the Cathay group's associate businesses are reported three months in arrears. The results improved compared with the first half of 2023.

The HAECO group gave a good performance in the first half of 2024, achieving a recurring profit of HK\$400 million, disregarding a gain on asset disposal at a joint venture company in the Chinese Mainland. This compares with 2023's first-half profit of HK\$63 million. The profit increase was primarily driven by a continuous recovery of line maintenance activity and a growth in demand for engine overhaul at HAESL and HAECO Engine Services (Xiamen), as well as the absence of loss from the cabin business which was sold in September last year. There was also an increase in base maintenance manhours sold. In April, it completed the roof closure on the world's largest single-span hangar at Xiamen Xiang'an International Airport in the Chinese Mainland.

## OTHER BUSINESSES

In April 2024, we completed the acquisition of a controlling stake in DeltaHealth, marking our first time as the major shareholder in a healthcare business. In July 2024, we made a minority investment in the Indonesia Healthcare Corporation. These investments reflect our confidence in the development of the sector.

Taken together, our trading & industrial businesses continued to deliver a stable result in the first half of 2024, although the performance of Swire Resources was affected by outbound travel.

## PROGRESSIVE DIVIDENDS AND SHARE BUY-BACK

Our focus remains on crystallising value and improving returns to our shareholders by exercising our progressive dividend policy. The Directors are pleased to declare a first interim dividend of HK\$1.25 per 'A' share and HK\$0.25 per 'B' share which represents an increase of 4% on the first interim dividend in 2023.

The first interim dividend will be paid on 10th October 2024 to shareholders registered at the close of business on the record date, being Friday, 13th September 2024. Shares of the Company will be traded ex-dividend from Wednesday, 11th September 2024.

We continued to improve our shareholder returns with our share buy-back programme of up to HK\$6 billion, which, unless terminated earlier under the terms of the programme, will run through to the conclusion of the Company's annual general meeting to be held in May 2025. During the first six months of 2024, the Company repurchased 26,380,000 'A' shares and 29,112,500 'B' shares for an aggregate cash consideration of HK\$2,014 million at an average price of HK\$65.1 per 'A' share and HK\$10.2 per 'B' share.

## FINANCIAL STRENGTH

We are in a strong financial position. As of 30th June 2024, our available liquidity was HK\$46.8 billion. Weighted average cost of debt remained at a healthy level of 4.0%, with 68% of Swire Pacific's gross borrowing being on a fixed-rate basis. Our gearing ratio was 19.8%. Our balance sheet is very robust. This puts us in good stead to continue investing in our core markets for the future, notwithstanding any short-term turbulence that may be felt in the ongoing high-interest environment and macroeconomic uncertainties.

## SUSTAINABILITY

Swire Pacific has a long-standing commitment to sustainability. Under our SwireTHRIVE strategy, we are focusing on five materially significant areas: climate, waste, water, people and communities, with the aim of contributing to a more sustainable, equitable and prosperous future. In June, Swire Pacific became an adopter of the Taskforce on Nature-related Financial Disclosures (TNFD), and was among nine Hong Kong companies to commit to making TNFD-related disclosures. In 2023, we piloted an internal carbon pricing mechanism at Swire Properties, Swire Coca-Cola and HAECO, and this continued in the first half of 2024.

Our operating companies continue to lead the way on sustainability within their respective industries. In January, Swire Properties became an early adopter of the TNFD. In April, Taikoo Place became the first development in Hong Kong to obtain LEED Communities Gold Certification. In the same month, Swire Coca-Cola introduced 100% rPET recycled plastic bottles in Hong Kong. In addition to its 2050 net-zero goal, the Cathay group set a new target in March to improve its carbon intensity by 12% from the 2019 level by 2030.

## LOOKING AHEAD

In the second half of 2024, we will continue to build on our strengths. Our businesses are well-positioned to cope with any immediate adversity and economic challenges, and our long-term focus on investing in our core markets remains unchanged. We will also continue to look for opportunities to invest in the Greater Bay Area (GBA). This was demonstrated by the memorandum of understanding we signed with the Shenzhen government in June 2024, which underscores our commitment to further expanding our presence in the GBA.

Swire Properties will continue to focus on delivering on its investment and growth plans, and strengthening its existing retail and office portfolios. While the outlook for the Hong Kong market remains challenging, retail demand in the Chinese Mainland is expected to remain solid.

At Swire Coca-Cola, stable raw material prices and effective cost management in the Chinese Mainland will help alleviate revenue challenges. In Hong Kong, operating costs will continue to increase. Sales in Taiwan, however, are expected to continue growing. Vietnam should deliver steady profits, but economic uncertainties and weak exchange rates could have an impact on revenue. Revenue in Cambodia is anticipated to grow moderately, while the recent acquisitions in Thailand and Laos should continue making a positive impact on Swire Coca-Cola's bottom line. Swire Coca-Cola's diversified regional portfolio will enable it to manage different market conditions and seize opportunities for growth.

The Cathay group is firmly focused on the future and is preparing to take advantage of the Three-Runway System at Hong Kong International Airport when it is commissioned by the end of 2024. Its airlines are flying to more than 80 destinations, and this is expected to rise to 100 next year. It is also on-track to reach 100% of pre-pandemic flights in the first quarter of 2025. The Cathay group has committed more than HK\$100 billion in investments over the next seven years for its fleet, cabin products, lounges, and digital and sustainability leadership. At the HAECO group, demand for base maintenance work is expected to be stable, while line maintenance work should continue its recovery during the remainder of 2024. The relocation project to the new Xiamen airport is ongoing, with construction expected to conclude by the end of 2025.

Regarding healthcare, we will maintain our focus on expanding our healthcare services platforms and exploring investment opportunities in major city clusters in the Chinese Mainland and South East Asia.

Our businesses have demonstrated their individual strengths in what has been a challenging first half of the year. We will capitalise on these strengths for the remainder of 2024 and will continue investing in our core markets while delivering value for our shareholders.

**Guy Bradley**

*Chairman*

Hong Kong, 8th August 2024



# REVIEW OF OPERATIONS

## PROPERTY DIVISION

Swire Properties' business comprises three main areas:

### Property Investment

Of the aggregate gross floor area attributable to Swire Properties, approximately 34.6 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.4 million square feet, and investment properties under development or held for future development of approximately 10.2 million square feet. In Hong Kong, the investment property and hotel portfolio comprises approximately 14.2 million square feet attributable to Swire Properties of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, Swire Properties has interests in eleven major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya. These developments are expected to comprise approximately 18.3 million square feet of attributable gross floor area when they are all completed. Of this, 10.4 million square feet has already been completed. Outside of Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, USA.

### Hotel Investment and Management

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST Hong Kong in 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 a 26.67% interest in each of the Novotel Citygate and The Silveri Hong Kong – MGallery in Tung Chung. In the Chinese Mainland, Swire Hotels manages three hotels. The Temple House at Taikoo Li Chengdu is wholly-owned by Swire Properties. 50% interests are owned in EAST Beijing at INDIGO 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 manages, through Swire Hotels, EAST Miami and owns a 75% interest in the Mandarin Oriental in Miami. Swire Hotels has confirmed its expansion plans to Tokyo in Japan, and Shenzhen and Xi'an in the Chinese Mainland.

### Property Trading

Swire Properties' trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of Swire Properties' 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
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Revenue</b>			
Gross rental income derived from			
Office	2,765	2,960	5,835
Retail	3,682	3,510	7,143
Residential	218	207	430
Other revenue*	62	55	117
Property investment	6,727	6,732	13,525
Property trading	88	89	166
Hotels	464	476	979
<b>Total revenue</b>	<b>7,279</b>	<b>7,297</b>	<b>14,670</b>
<b>Operating profit/(loss) derived from</b>			
Property investment			
From operations	4,385	4,250	8,253
Sale of interests in investment properties	(219)	–	(60)
Fair value losses in respect of investment properties	(840)	(1,330)	(2,860)
Property trading	(54)	(12)	(89)
Hotels	(57)	(37)	(103)
<b>Total operating profit</b>	<b>3,215</b>	<b>2,871</b>	<b>5,141</b>
<b>Share of post-tax profit/(loss) from joint venture and associated companies</b>	<b>350</b>	<b>524</b>	<b>(292)</b>
<b>Attributable profit</b>	<b>1,795</b>	<b>2,222</b>	<b>2,599</b>
<b>Swire Pacific share of attributable profit</b>	<b>1,471</b>	<b>1,822</b>	<b>2,131</b>

\* Other revenue is mainly estate management fees.

### Reconciliation of Attributable to Underlying Profit

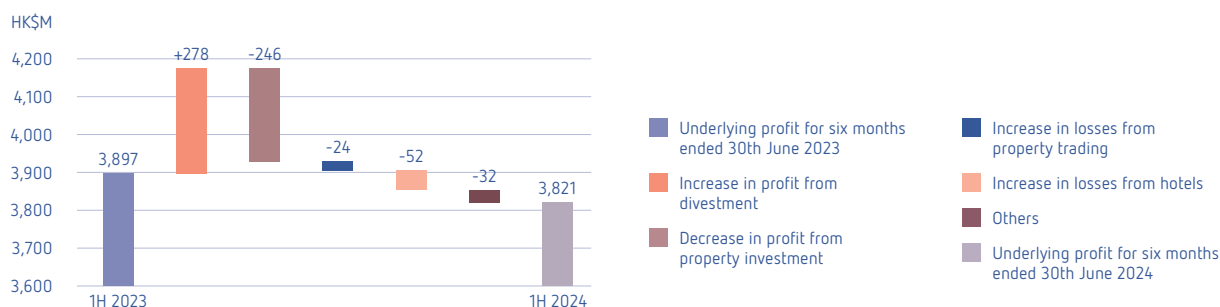
Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for the fair value movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

	Note	Six months ended 30th June		Year ended 31st December
		2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Attributable profit</b>		<b>1,795</b>	<b>2,222</b>	<b>2,599</b>
Adjustments in respect of investment properties:				
Fair value losses in respect of investment properties	(i)	829	1,646	4,423
Deferred tax on investment properties	(ii)	660	347	461
Fair value gains realised on sale of interests in investment properties	(iii)	527	29	4,398
Depreciation of investment properties occupied by the Group	(iv)	13	14	29
Amortisation of right-of-use assets reported under investment properties	(v)	(39)	(41)	(81)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(vi)	–	(306)	(306)
Reversal of impairment loss on a hotel held as part of a mixed-use development	(vii)	(11)	–	–
Non-controlling interests' share of fair value movements less deferred tax		47	(14)	8
<b>Underlying attributable profit</b>		<b>3,821</b>	<b>3,897</b>	<b>11,531</b>
Profit from divestment		(287)	(9)	(4,285)
<b>Recurring underlying attributable profit</b>		<b>3,534</b>	<b>3,888</b>	<b>7,246</b>
<b>Swire Pacific share of underlying attributable profit</b>		<b>3,133</b>	<b>3,195</b>	<b>9,455</b>
<b>Swire Pacific share of recurring underlying attributable profit</b>		<b>2,898</b>	<b>3,188</b>	<b>5,942</b>

#### Notes:

- (i) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated companies.
- (ii) 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 and associated companies. These comprise deferred tax on fair value 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 transfers of investment properties within the Group.
- (iii) 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 fair value gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
- (iv) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
- (v) 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.
- (vi) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.
- (vii) 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.

### Property Division – Movement in Underlying Profit on a 100% basis



### RESULTS SUMMARY

Attributable profit from the Property Division for the first half of 2024 was HK\$1,471 million, compared to HK\$1,822 million in the first half of 2023. These figures include fair value losses, before deferred tax and after non-controlling interests, of HK\$877 million in the first half of 2024 and fair value losses of HK\$1,633 million in the first half of 2023. Attributable underlying profit, which principally adjusts for changes in fair value of investment properties, decreased to HK\$3,133 million in the first half of 2024 from HK\$3,195 million in the first half of 2023. The decrease principally reflected higher net finance charges (due to higher borrowings) and a reduction in the office rental income, partly offset by the increase in profit from the sale of car parking spaces in Hong Kong.

Attributable recurring underlying profit in the first half of 2024, which excludes the profit from divestment aggregating HK\$235 million (HK\$7 million in the first half of 2023), was HK\$2,898 million, compared with HK\$3,188 million in the first half of 2023.

Recurring underlying profit from property investment decreased in the first half of 2024. This principally reflected lower office rental income from Hong Kong (partly due to the loss of revenue arising from the disposal of nine floors of One Island East in December 2023). In Hong Kong, the performance of retail portfolio was soft. Trade mix improvement, marketing campaigns and loyalty programme initiatives were continuously and actively carried out to attract local customers and tourists, to offset the negative impact of outbound travel and the changing tourist spending behaviour. Despite a weak office market (reflecting subdued

demand and new supply), the office portfolio in Hong Kong was resilient. In the Chinese Mainland, retail sales dropped in the first half of 2024 (compared with a strong rebound in the first half of 2023 following the lifting of COVID-19 related restrictions) and foot traffic was steady notwithstanding the increase in outbound travel.

The small underlying loss from property trading in the first half of 2024 was primarily a result of sales and marketing expenses incurred for several residential trading projects.

The speed of recovery of hotel businesses in Hong Kong was slower than anticipated, while the performance of the hotels in the Chinese Mainland was relatively stable. Performance of the hotels in the USA was mixed.

### HK\$100 BILLION INVESTMENT PLAN

In March 2022, Swire Properties announced a plan to invest HK\$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland, and in residential trading projects (including in South East Asia). The target allocation is HK\$30 billion to Hong Kong, HK\$50 billion to the Chinese Mainland and HK\$20 billion to residential trading projects (including in South East Asia). At 2nd August 2024, approximately HK\$65 billion of the planned investments had been committed (HK\$11 billion to Hong Kong, HK\$44 billion to the Chinese Mainland and HK\$10 billion to residential trading projects). Major committed projects include the residential developments at Chai Wan Inland Lot No. 178, at 269 Queen’s Road East, at 983-987A King’s Road and 16-94 Pan Hoi Street in Hong Kong, and at Wireless Road in Bangkok, a retail-led mixed-use development in Xi’an,

retail-led developments in Sanya and Guangzhou, mixed-use developments in Lujiazui Taikoo Yuan and the New Bund in Shanghai, office and other commercial use developments at 8 Shipyard Lane and at 1067 King's Road in Hong Kong. Uncommitted projects include further retail-led mixed-use projects in Tier-1 and emerging Tier-1 cities in the Chinese

Mainland, including Beijing, with a plan to double our gross floor area in the Chinese Mainland, further expansion at Pacific Place and Taikoo Place in Hong Kong as well as further residential trading projects in Hong Kong, the Chinese Mainland, Miami and South East Asia.

## Investment Property and Hotel Portfolio

(Gross floor area (or expected gross floor area) attributable to Swire Properties in million square feet)

Location	At 30th June 2024						At 31st December 2023
	Office	Retail	Hotels	Residential/ Serviced Apartments	Under Planning	Total	Total
<b>Completed</b>							
Pacific Place	2.2	0.7	0.5	0.4	–	3.8	3.8
Taikoo Place	6.3	–	–	0.1	–	6.4	6.4
Cityplaza	–	1.1	0.2	–	–	1.3	1.3
Others	0.9	0.8	0.1	0.1	–	1.9	1.7
– Hong Kong	9.4	2.6	0.8	0.6	–	13.4	13.2
Taikoo Li Sanlitun	–	1.6	–	–	–	1.6	1.8
Taikoo Li Chengdu	–	1.4	0.2	0.1	–	1.7	1.7
Taikoo Hui	1.6	1.5	0.5	–	–	3.6	3.6
INDIGO	0.3	0.5	0.2	–	–	1.0	1.0
HKRI Taikoo Hui	1.0	0.5	0.2	0.1	–	1.8	1.8
Taikoo Li Qiantan	–	0.6	–	–	–	0.6	0.6
Others	–	0.1	–	–	–	0.1	0.1
– Chinese Mainland	2.9	6.2	1.1	0.2	–	10.4	10.6
– USA	–	0.3	0.3	–	–	0.6	0.6
<b>Total completed</b>	<b>12.3</b>	<b>9.1</b>	<b>2.2</b>	<b>0.8</b>	<b>–</b>	<b>24.4</b>	<b>24.4</b>
<b>Under development or held for future development</b>							
– Hong Kong <sup>(i)</sup>	–	–	–	–	0.8	0.8	1.0
– Chinese Mainland <sup>(ii)</sup>	1.6	2.5	0.1	–	3.7	7.9	7.5
– USA	–	–	–	–	1.5	1.5	1.5
<b>Total</b>	<b>13.9</b>	<b>11.6</b>	<b>2.3</b>	<b>0.8</b>	<b>6.0</b>	<b>34.6</b>	<b>34.4</b>

Notes:

(i) The properties principally comprise Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road.

(ii) The properties principally comprise Taikoo Li Sanlitun, INDIGO Phase Two, Taikoo Li Xi'an, a retail-led project in Sanya, the retail portion of a mixed-use project in Guangzhou and two mixed-use projects in Shanghai.

## KEY DEVELOPMENTS

In February 2024, Swire Properties obtained the occupation permit for Six Pacific Place, it being the newest addition to Pacific Place, an office tower with an aggregate gross floor area of approximately 223,000 square feet. At 30th June 2024, the office tower was 44% let. Handover of the office floors to tenants is in progress.

As part of a mixed-use development with an approximate gross floor area of 5.7 million square feet located in Liwan district of Guangzhou, the centre of the Guangzhou-Foshan metropolis circle, Swire Properties is collaborating with the Guangzhou Pearl River Enterprises Group to develop the retail portion (Julong Wan Project) of this mixed-use development. The site with a gross floor area of approximately 352,000 square feet was acquired as of 30th June 2024. The gross floor area will increase to approximately 1,615,000 square feet, subject to further relevant transaction agreements. Basement works are in progress. The overall development is planned to be completed in phases beginning from the first half of 2027. Prior to the first phase's completion, exhibitions, events, pop-up shops and activities will be conducted to activate the area starting from late 2025. Swire Properties has a 50% interest in the retail portion of the development.

In June 2024, Swire Properties entered into an equity and debt transfer agreement with the China Life Insurance Company Limited (China Life) group and the Sino-Ocean Group Holding Limited (Sino-Ocean) group, pursuant to which Swire Properties and the China Life group have conditionally agreed to acquire a 14.895% and a 49.895% equity interest in the project company of INDIGO Phase Two, respectively, from the Sino-Ocean group for a consideration of approximately RMB891 million and RMB2,984 million, respectively. Completion of the acquisitions is subject to the satisfaction of certain conditions precedent. The acquisitions were completed in early August. Following the completion of the acquisitions, Swire Properties' interest in INDIGO Phase Two has increased from 35% to 49.895% and the China Life group owns a 49.895% interest in INDIGO Phase Two.

In August 2024, Taikoo Hui in Guangzhou successfully bid No. 387 Tianhe Road which is connected to its shopping mall via a public auction. With approximate gross floor area of

655,000 square feet, No. 387 Tianhe Road will be renovated as a luxury retail addition to Taikoo Hui. The refurbishment is expected to be completed in 2026. Swire Properties has a 97% interest in this property.

## INVESTMENT PROPERTIES

### Hong Kong

#### *Office*

Gross rental income from the Hong Kong office portfolio in the first half of 2024 was HK\$2,576 million, representing a decrease of 7% from the same period in 2023. Disregarding the revenue loss arising from the disposal of nine floors of One Island East, gross rental income decreased by 4%. With continued new office supplies coming to the market, coupled with weak demand, office rental remained under pressure. Despite these challenges, our office portfolio has remained resilient. Our commitment to enhancing our placemaking attributes, including tenant engagement programmes, amenity provision and ESG initiatives, remains affirmative. At 30th June 2024, the office portfolio was 89% let. The two latest buildings, Two Taikoo Place and Six Pacific Place (which were completed in September 2022 and February 2024, respectively), were 62% and 44% let, respectively. Excluding Two Taikoo Place and Six Pacific Place, the rest of the office portfolio was 93% let.

#### *Retail*

Gross rental income from the retail portfolio in Hong Kong was HK\$1,198 million in the first half of 2024, representing a 3% decrease from the same period in 2023. Intensive marketing activities and activations were launched to attract both local customers and tourists to our malls. However, economic uncertainty, a strong US currency, continuous outbound travel trend, high interest rate environment and the changing tourist spending behaviour continue to adversely affect the retail market. Retail sales decreased by 13%, 4% and 3%, respectively, at The Mall at Pacific Place, Cityplaza and Citygate Outlets in the first half of 2024. Retail sales in Hong Kong as a whole decreased by 7% in the first half of 2024.

The malls were almost fully let throughout the period.

**Residential**

The residential portfolio was approximately 76% let at 30th June 2024.

**Investment Properties under Development**

In 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road) in Quarry Bay. Swire Properties obtained full ownership of Zung Fu Industrial Building and Wah Ha Factory Building in March 2022 and July 2023, respectively. The two sites are intended to be redeveloped for office and other commercial uses with an aggregate gross floor area of approximately 779,000 square feet.

**Others**

In June 2022, Swire Properties submitted a compulsory sale application in respect of a site at 9-39 Hoi Wan Street and 33-41 Tong Chong Street in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to Swire Properties having successfully bid in the compulsory sale.

Since November 2020, Swire Properties has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 2,528 of these car parking spaces had been sold at 2nd August 2024. Sales of 2,523 car parking spaces had been recognised at 30th June 2024, 377 of them in the first half of 2024. Sales of 5 car parking spaces are expected to be recognised in the second half of 2024.

In November 2023, Swire Properties entered into agreements for the sale of twelve office floors (42nd to 54th floors, excluding the 49th floor) at One Island East in Quarry Bay to the Securities and Futures Commission (SFC). The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December

2027 and not later than 31st December 2028. The total gross floor area of the twelve floors is approximately 300,000 square feet.

**Outlook**

The office market in Hong Kong is anticipated to remain weak in the second half of 2024, affected by subdued demand and a surplus of office space in the market. Rents will continue to be under pressure. Nevertheless, the prevailing 'flight-to-quality' trend is likely to favour the new office buildings such as Two Taikoo Place and Six Pacific Place, as prospective tenants seek to enhance their office environment, prioritising sustainability and the wellbeing of their employees as critical office selection criteria. Assuming a positive development in the financial markets and an uptick in economic activities, the demand for Grade-A office space should improve.

It is expected that footfall and tenants' sales in Hong Kong will continue to face a number of challenges particularly from the outbound travel and the changing tourist spending pattern. With our continuous trade mix refinement, strong marketing campaigns, loyalty programme initiatives and world-class events organised by the HKSAR Government, it is anticipated that the sales performance of our malls will remain resilient.

**Chinese Mainland****Retail**

In the Chinese Mainland, record-high retail sales were achieved in the first half of 2023, following the lifting of COVID-19 related restrictions. However, due to an increase in outbound travel (reflecting the visa-free policy offered by various countries to the Chinese Mainland and the depreciation in certain foreign currencies, in particular, the Japanese Yen), disruption caused by alternation and renovation works in some malls, and the high base effect in 2023, retail sales in the Chinese Mainland dropped in the first half of 2024. Foot traffic was steady. Structural and reconfiguration works in Taikoo Li Sanlitun North in Beijing and HKRI Taikoo Hui in Shanghai for tenant mix enhancement are in progress. Swire Properties' retail sales (excluding sales by vehicle retailers) on an attributable basis in the Chinese Mainland decreased by 7% in the first half of 2024 but was 69% higher than the same period in 2019

(pre-COVID-19). Retail sales at Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu, Taikoo Hui in Guangzhou, INDIGO in Beijing and HKRI Taikoo Hui in Shanghai decreased by 4%, 17%, 9%, 4%, and 20%, respectively, while Taikoo Li Qiantan in Shanghai remained unchanged in the first half of 2024 as compared with the same period in 2023. By comparing the first half of 2024 with the same period in 2019, Taikoo Li Sanlitun, Taikoo Li Chengdu, Taikoo Hui and INDIGO increased by 4%, 31%, 91% and 1%, respectively, and HKRI Taikoo Hui had a decrease of 14% due to the disruption caused by the major structural and reconfiguration works while Taikoo Li Qiantan had not yet commenced business in 2019. Retail sales in the Chinese Mainland market as a whole increased by 4% in the first half of 2024.

Swire Properties' gross rental income from retail properties in the Chinese Mainland increased by 10%, to HK\$2,238 million, in the first half of 2024. Disregarding the impact arising from the incremental shareholding acquired at Taikoo Li Chengdu in February 2023 and changes in the value of the Renminbi, gross rental income increased by 2%.

Gross rental income at Taikoo Li Sanlitun in Beijing increased by 9% in the first half of 2024, reflecting strong footfall in Taikoo Li Sanlitun South and West benefitting from the successful upgrade of brand positioning and the newly opened flagship stores, as well as the reopening of Workers' Stadium and the opening of metro line nearby. To enhance the leading luxury positioning in the Beijing market, structural and reconfiguration works to facilitate the tenant mix improvement at Taikoo Li Sanlitun North are in progress. Retail sales decreased by 4% as a result. The development was 99% let at 30th June 2024.

Disregarding the impact arising from the incremental shareholding acquired at Taikoo Li Chengdu in February 2023, retail sales and gross rental income decreased by 17% and increased by 1%, respectively in the first half of 2024, reflecting disruption caused by the reconfiguration works to facilitate tenant mix upgrade. The development was 98% let at 30th June 2024.

Retail sales and gross rental income at Taikoo Hui in Guangzhou decreased by 9% and 8%, respectively in the first half of 2024 as compared with the first half of 2023,

reflecting the increased outbound travel. There were improvements in the tenant mix. The mall was 100% let at 30th June 2024.

Retail sales and gross rental income at INDIGO in Beijing decreased by 4% and 3%, respectively in the first half of 2024. The mall was 97% let at 30th June 2024.

Retail sales and gross rental income at HKRI Taikoo Hui in Shanghai decreased by 20% and 24%, respectively in the first half of 2024, reflecting disruption caused by the major structural and reconfiguration works to cater for tenant mix improvement. The mall was 92% let at 30th June 2024 including spaces allocated to prospective tenants who have signed letters of intent.

Retail sales at Taikoo Li Qiantan in Shanghai remained unchanged in the first half of 2024 while gross rental income increased steadily by 10%, reflecting higher occupancy. At 30th June 2024, tenants had committed to take 99% of the retail space, with 96% of the lettable retail space having opened.

#### *Office*

Swire Properties' gross rental income from office properties in the Chinese Mainland increased by 6% to HK\$189 million in the first half of 2024. Disregarding changes in the value of the Renminbi, gross rental income increased by 9%. Demand for office space in Beijing, Shanghai and Guangzhou remained weak amid economic uncertainty and a cautious approach on lease arrangement was taken by tenants. In Guangzhou, new supply continued to put pressure on office rents. In Shanghai, new supply and low net absorption of office space put pressure on rents in both core and decentralised areas. In Beijing, demand was weak putting downward pressure on rents, although new supply in core areas was limited.

The office towers of Taikoo Hui in Guangzhou, ONE INDIGO in Beijing and the office towers of HKRI Taikoo Hui in Shanghai were 91%, 84% and 96% let, respectively, at 30th June 2024.



### *Investment Properties under Development*

INDIGO Phase Two is an extension of the existing INDIGO development, with a gross floor area of approximately 4 million square feet. It will be an office-led mixed-use development and is planned to be completed in two phases, in 2025 and 2026. Basement and superstructure works are in progress. Swire Properties has a 35% interest in INDIGO Phase Two as at 30th June 2024.

In June 2024, Swire Properties entered into an equity and debt transfer agreement with the China Life group and the Sino-Ocean group, pursuant to which Swire Properties and the China Life group have conditionally agreed to acquire a 14.895% and a 49.895% equity interest in the project company of INDIGO Phase Two, respectively, from the Sino-Ocean group. Completion of the acquisitions is subject to the satisfaction of certain conditions precedent. The acquisitions were completed in early August. Following the completion of the acquisitions, Swire Properties' interest in INDIGO Phase Two has increased from 35% to 49.895% and the China Life group owns a 49.895% interest in INDIGO Phase Two.

Taikoo Li Xi'an is located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an and is expected to be developed as a retail-led mixed-use development comprising retail and cultural facilities, a hotel and serviced residences. The estimated gross floor area is approximately 2.9 million square feet and is subject to finalisation of the development scheme. Excavation and piling works are in progress. The project is expected to be completed in phases from 2026. The development is being conducted in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. Swire Properties has a 70% interest in Taikoo Li Xi'an.

Strategically located in the heart of Haitang Bay National Coastal Recreation Park in Sanya, the development is Swire Properties' first-ever resort-style premium retail development including underground parking and other ancillary facilities, with a gross floor area of approximately 2.3 million square feet. In collaboration with China Tourism Group Duty Free Corporation Limited, the development will constitute Phase III of the Sanya International Duty-Free Complex. Basement and ground floor works are in progress. The development is expected to be completed in phases

from late 2025. Swire Properties has a 50% interest in this development.

The New Bund Mixed-use Project is situated within Shanghai's middle-ring road and spans a site area of approximately 686,000 square feet. Located at the intersection of three Shanghai metro lines, the site is adjacent to Taikoo Li Qiantan, Swire Properties' first joint venture development with the Lujiazui Group. It is a mixed-use development comprising retail, office and residential components, with an approximate gross floor area of 4.1 million square feet (including retail floor area below ground). Office and residential towers have been topped out and façade works are in progress. Basement and retail construction works are also in progress. The development is expected to be completed from 2025. Around 88% of the total saleable area of the residential towers was pre-sold at 30th June 2024. Swire Properties has a 40% interest in this development.

Jointly developed with the Lujiazui Group, Lujiazui Taikoo Yuan (formerly known as Shanghai Yangjing Mixed-use Project), situated along the Huangpu River and within the inner-ring road in Pudong district of Shanghai, will be developed into a mixed-use landmark comprising premium residential properties, retail, office and cultural facilities, and a hotel and serviced apartments as well. The estimated gross floor area is approximately 4.2 million square feet (including retail floor area below ground and residential portion for trading), subject to relevant plan approval. Basement construction and superstructure works are in progress. The development is expected to be completed in phases from 2027. The pre-sale of the first batch of the residential units is planned in late 2024. Swire Properties has a 40% interest in this development.

As part of a mixed-use development with an approximate gross floor area of 5.7 million square feet located in Liwan district of Guangzhou, the centre of the Guangzhou-Foshan metropolis circle, Swire Properties is collaborating with the Guangzhou Pearl River Enterprises Group to develop the retail portion (Julong Wan Project) of this mixed-use development. The site with a gross floor area of approximately 352,000 square feet was acquired as of 30th June 2024. The gross floor area will increase to

approximately 1,615,000 square feet, subject to further relevant transaction agreements. Basement works are in progress. The overall development is planned to be completed in phases beginning from the first half of 2027. Prior to the first phase's completion, exhibitions, events, pop-up shops and activities will be conducted to activate the area starting from late 2025. Swire Properties has a 50% interest in the retail portion of the development.

In August 2024, Taikoo Hui in Guangzhou successfully bid No. 387 Tianhe Road which is connected to its shopping mall via a public auction. With approximate gross floor area of 655,000 square feet, No. 387 Tianhe Road will be renovated as a luxury retail addition to Taikoo Hui. The refurbishment is expected to be completed in 2026. Swire Properties has a 97% interest in this property.

### ***Others***

In 2021, Swire Properties formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which Swire Properties has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a gross floor area (including car parking spaces) of 673,871 square feet above ground and 956,949 square feet underground. There are over 40 shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation works for the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in 2026. Swire Properties does not have an ownership interest in the compound.

### ***Outlook***

2024 is expected to be a year of normalisation, with retailers taking a more prudent approach while maintaining a positive outlook in the medium to long term. Retailers are expected to focus on offering exclusive content and customer

engagement, and highlighting the importance of the unique positioning, brand mix and quality services across Swire Properties' portfolios. Inbound and outbound travels are anticipated to increase and a recalibration between onshore and offshore spending behaviour from customers (as compared to pre-COVID-19 pattern) is expected. However, in the long term, it is expected that onshore spending will still account for the majority of the total retail business in the Chinese Mainland.

The overall demand for retail space is expected to be stable with retailers taking a relatively more prudent expansion approach in the second half of 2024. It is expected that the demand for retail space from retailers of luxury brands will remain strong in Guangzhou and Chengdu. In Shanghai and Beijing, demand for retail space from fashion, sports, cosmetics, lifestyle brands and food and beverage operators is expected to be solid.

In Guangzhou, aggressive leasing strategies adopted by landlords combined with significant new office supply in decentralised areas are expected to put further downward pressure on rents. In Beijing, despite there being limited new supply in core areas, rents are expected to be under pressure given weak demand. However, quality buildings with good credentials are expected to be well-positioned for a recovery once demand improves. In Shanghai, new supply and existing vacant stock is expected to exert downward pressure on office rents. Overall, all cities continue to experience negative market sentiment due to economic uncertainties which are causing tenants to remain cautious. Office rents are expected to decline in the second half of 2024 and have yet to bottom out.

### **USA**

The first phase of the Brickell City Centre development comprises a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel with serviced apartments (EAST Miami, which was sold in 2021) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the residential units at Reach and Rise have been sold.

Swire Properties owns 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, which has been exercisable since February 2020, to sell its interest to Swire Properties.

The shopping centre was 100% leased (including by way of letters of intent) at 30th June 2024. Retail sales in the first half of 2024 increased by 4% compared to the same period in 2023. The contributions from parking and digital advertising also increased.

As part of its active capital recycling strategy, Swire Properties will continue to explore divestment opportunities in the USA.

#### **Outlook**

In Miami, retail sales at the Brickell City Centre mall are expected to continue to benefit from an improving tenant mix and population growth in central Miami.

#### **Valuation of Investment Properties**

The portfolio of investment properties was valued at 30th June 2024 on the basis of market value (96% 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\$279,541 million, compared to HK\$280,591 million at 31st December 2023.

The decrease in the valuation of the investment property portfolio primarily reflected a decrease in the fair value of the office investment properties in Hong Kong and foreign exchange translation losses in respect of the investment properties in the Chinese Mainland, partly offset by the additions in the first half of 2024 and an increase in the fair value of certain existing retail investment properties in the Chinese Mainland (reflecting a reduction of 25 basis points in the capitalisation rates).

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**

The managed hotels in Hong Kong faced challenges, reflecting slower than anticipated speed of recovery of visitors. Food and beverage businesses were also soft. Chinese Mainland hotels were stable while the operating performance of the managed hotel in the USA improved. The managed hotels (including restaurants and hotel management office) recorded an operating profit before depreciation of HK\$25 million in the first half of 2024, compared with an operating profit before depreciation of HK\$59 million in the first half of 2023.

Swire Hotels has confirmed its expansion plans to open three new hotels under The House Collective in Tokyo, Japan, and Shenzhen and Xi'an in the Chinese Mainland.

The Opposite House in Beijing was closed in June 2024 and will be redeveloped for retail use.

#### **Outlook**

Outlook for the hotel businesses in Hong Kong remains cautiously optimistic, but subject to the speed of recovery of international tourists and business travellers. Hotel businesses in the Chinese Mainland are expected to improve steadily. The USA hotels are expected to perform stably.

Swire Properties is expanding its hotel management business, with a focus on extending its hotel brands in Asia Pacific through hotel management agreements.

## Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total commitments <sup>(i)</sup>	Commitments relating to joint venture companies <sup>(ii)</sup>
	Six months ended 30th June 2024 HK\$M	Six months ending 31st December 2024 HK\$M	2025 HK\$M	2026 HK\$M	2027 and later HK\$M	At 30th June 2024 HK\$M	At 30th June 2024 HK\$M
Hong Kong	612	785	719	1,738	6,450	9,692	44
Chinese Mainland	983	3,531	5,702	4,522	5,372	19,127	11,001
USA	60	28	7	–	–	35	–
<b>Total</b>	<b>1,655</b>	<b>4,344</b>	<b>6,428</b>	<b>6,260</b>	<b>11,822</b>	<b>28,854</b>	<b>11,045</b>

Notes:

(i) The capital commitments represent Swire Properties' capital commitments of HK\$17,809 million plus Swire Properties' share of the capital commitments of joint venture companies of HK\$11,045 million.

(ii) Swire Properties was committed to funding HK\$939 million of the capital commitments of joint venture companies in the Chinese Mainland.

## PROPERTY TRADING

### Hong Kong

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 35 out of 37 units had been sold at 2nd August 2024. Sales of 35 units had been recognised at 30th June 2024, 2 of them in the first half of 2024.

A joint venture formed by Swire Properties, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development, LA MONTAGNE, in Wong Chuk Hang. This development will comprise two residential towers (Phases 4A and 4B) with an aggregate gross floor area of approximately 638,000 square feet and 800 residential units. Interior fit-out works are in progress. Pre-sales of Phase 4A started in July 2023. 56 out of 432 units had been pre-sold at 2nd August 2024. Sales of these units are expected to be recognised in 2025. The development is expected to be completed and handed over to the purchasers in 2024 and 2025 respectively. Swire Properties has a 25% interest in the joint venture.

In 2021, a project company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land at Inland Lot No. 178 in Chai Wan. The plot of land is being redeveloped into a residential complex (with retail outlet) with an aggregate gross floor area of approximately 694,000 square feet. Superstructure works are in progress at both Phase 1

and Phase 2 sites. The development is expected to be completed from 2025.

In June 2022, Swire Properties acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential use with an aggregate gross floor area of approximately 116,000 square feet. Foundation works are in progress. The development is under design stage and expected to be completed in 2026.

In 2018, a joint venture company in which Swire Properties holds a 50% interest submitted a compulsory sale application in respect of the site at 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. In October 2023, the joint venture company obtained full ownership of the sites. Hoarding and demolition works commenced in May 2024. 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 440,000 square feet. The development is expected to be completed in 2028.

### Chinese Mainland

In November 2023, Swire Properties completed the acquisition of 40% equity interest in developments from the Lujiazui Group to develop two new landmarks (Shanghai New Bund Mixed-use Project and Lujiazui Taikoo Yuan) in Shanghai's Pudong New Area. These two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. Residential towers have been topped out and façade works

are in progress at the New Bund plot while superstructure works are underway at Lujiazui Taikoo Yuan. Around 88% of the total saleable area in the New Bund plot residential project has been pre-sold at 30th June 2024, with an expected completion date from 2025 onwards. The pre-sale of the first batch of the residential units in Lujiazui Taikoo Yuan Residences is planned in late 2024.

### 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 for residential purposes with an aggregate gross floor area of approximately 1,123,000 square feet. The three towers have been topped out and façade works are in progress. The development is expected to comprise around 400 residential units to be completed in 2024. Swire Properties has a 50% interest in the joint venture. Pre-sales are in progress. 98 units had been pre-sold at 2nd August 2024.

### 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, which was completed in August 2022, comprises 525 luxury apartments in three towers. Swire Properties has an effective 20% interest in the development. Approximately 93% of the units had been sold at 2nd August 2024.

In 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 up to 2029. Swire Properties invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 52% of the residential units had been pre-sold or sold at 2nd August 2024.

### Thailand

In February 2023, Swire Properties acquired a 40% interest in a site located on Wireless Road in Lumpini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site, which is under design stage, is expected

to be developed for residential purposes with a site area of approximately 136,000 square feet. The development is expected to comprise approximately 400 residential units in two towers and to be completed in 2029.

### USA

In June 2023, Swire Properties announced plans to develop a luxury residential and hospitality project in Miami. The project, branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers on Brickell Key. The first tower will comprise luxury private residences. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. The market response in relation to the sales reservations since December 2023 has exceeded expectations.

### Outlook

In Hong Kong, residential market sentiment remains soft in light of economic uncertainties and high interest rate environment, despite the cancellation of stamp duty measures issued by the HKSAR Government with effect from the end of February 2024. It is anticipated that market confidence and sentiment might take some time to be rebuilt after the end of interest rate hikes. Demand remains resilient in the medium to long term, supported by local demand and gradual increase in demand from Chinese Mainland buyers.

In the Chinese Mainland, the residential market for high-quality developments in prime locations of Tier-1 cities is expected to be resilient in the short run, for example, good sales results achieved for premium projects launched in Shanghai in the first half of 2024. The outlook for Shanghai's luxury residential market in prime locations is anticipated to be positive in the long run.

With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable. The outlook for the luxury residential market in Miami remains robust. Florida is an attractive destination for homebuyers due to its favourable climate and tax regime, as well as its location as a gateway city to and from Latin America.

### Tim Blackburn

## BEVERAGES DIVISION

Swire Coca-Cola has the exclusive right to manufacture, market and distribute products of The Coca-Cola Company (TCCC) in eleven provinces and the Shanghai Municipality in the Chinese Mainland and in Hong Kong, Taiwan, Vietnam and Cambodia. Swire Coca-Cola also provides management and administrative support services to Swire Coca-Cola, USA (SCCU).

On 9th February 2024, Swire Coca-Cola acquired 39% of the issued share capital of ThaiNamthip Corporation Ltd. (TNTC) from The Coca-Cola Export Corporation, a wholly-owned subsidiary of TCCC. TNTC, together with its subsidiary in Laos (Lao Coca-Cola Bottling Co., Ltd. (LCCB)), is principally engaged in the business of manufacturing, distribution and sale of non-alcoholic ready-to-drink beverages bearing trademarks owned by TCCC in Thailand and Laos.

Swire Coca-Cola has eleven wholly-owned franchise businesses (in Hong Kong, Taiwan, Vietnam and Cambodia, 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 holds six subsidiaries in the Chinese Mainland which supply still beverages to the franchise areas referred to above. It has joint venture interests in franchises in the Shanghai Municipality in the Chinese Mainland (Shanghai Shen-Mei) as well as in Thailand and Laos.

At 30th June 2024, Swire Coca-Cola manufactured 39 beverage brands and distributed them to a franchise population of 844 million people in franchise territories owned (excluding TNTC and LCCB), while it managed 36 beverage brands and distributed to a franchise population of 31 million people for SCCU.

### Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Revenue</b>	<b>17,139</b>	30,446	51,844
<b>EBITDA</b>	<b>2,180</b>	3,429	28,807
<b>Operating profit derived from</b>			
Operating activities	<b>1,026</b>	2,014	3,334
Non-recurring items	–	–	22,868
Total operating profit	<b>1,026</b>	2,014	26,202
<b>Share of post-tax profits from joint venture and associated companies</b>	<b>186</b>	75	85
<b>Attributable profit (excluding SCCU and non-recurring items)</b>	<b>878</b>	714	1,081
Attributable profit from SCCU*	–	913	1,313
<b>Attributable profit (excluding non-recurring items)</b>	<b>878</b>	1,627	2,394
<b>Non-recurring items</b>			
Write-off of a joint venture company	–	(239)	(239)
Fair value adjustments on acquisition of equity interests	–	35	35
Disposal of SCCU	–	–	22,907
<b>Attributable profit (including non-recurring items)</b>	<b>878</b>	1,423	25,097

\* The 2023 year-end figures represent those for the period up to the completion of disposal of SCCU on 7th September 2023.

## 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
	2024 HK\$M	2023 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2023 HK\$M
Chinese Mainland									
Operating activities	12,671	13,202	24,725	1,516	1,549	2,577	543	616	755
Non-recurring item	–	–	–	–	35	35	–	35	35
	12,671	13,202	24,725	1,516	1,584	2,612	543	651	790
Hong Kong	1,131	1,155	2,417	174	147	392	72	56	194
Taiwan	1,109	1,086	2,275	123	103	244	58	47	123
South East Asia	2,228	2,317	4,504	431	298	572	284	70	198
USA*									
Operating activities	–	12,686	17,923	–	1,612	2,354	–	913	1,313
Non-recurring item	–	–	–	–	–	23,103	–	–	22,907
	–	12,686	17,923	–	1,612	25,457	–	913	24,220
Net central and other costs									
Operating activities	–	–	–	(64)	(76)	(231)	(79)	(75)	(189)
Non-recurring item	–	–	–	–	(239)	(239)	–	(239)	(239)
	–	–	–	(64)	(315)	(470)	(79)	(314)	(428)
Swire Coca-Cola									
Operating activities excluding SCCU	17,139	17,760	33,921	2,180	2,021	3,554	878	714	1,081
Operating activities from SCCU	–	12,686	17,923	–	1,612	2,354	–	913	1,313
Non-recurring items	–	–	–	–	(204)	22,899	–	(204)	22,703
	17,139	30,446	51,844	2,180	3,429	28,807	878	1,423	25,097

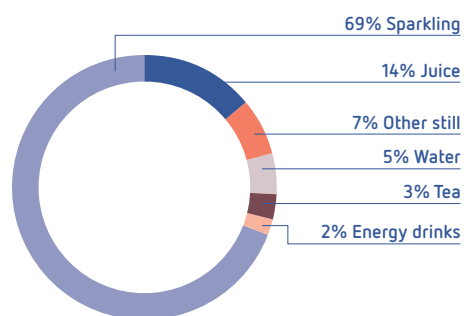
\* The 2023 year-end figures represent those for the period up to the completion of disposal of SCCU on 7th September 2023.

## Revenue by Territory

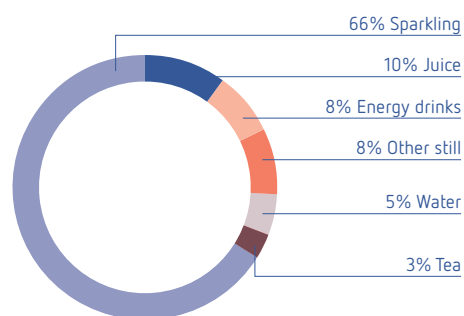
Revenue shown in the table below includes that of Shanghai Shen-Mei and excludes that of TNTC, LCCB and sales to other bottlers.

	Chinese Mainland HK\$M	Hong Kong HK\$M	Taiwan HK\$M	South East Asia HK\$M	USA HK\$M	Total HK\$M
Six months ended 30th June 2024	13,401	1,067	1,109	2,228	–	17,805
Six months ended 30th June 2023	13,936	1,127	1,086	2,317	11,976	30,442

## Breakdown of Total Revenue by Category (%)



Six months ended 30th June 2024



Six months ended 30th June 2023

## Segment Performance

	Note	Chinese Mainland	Hong Kong	Taiwan	South East Asia	Swire Coca-Cola <sup>(i)</sup>
<b>EBITDA Margin</b>	(i)					
<b>Six months ended 30th June 2024</b>		<b>10.7%</b>	<b>16.0%</b>	<b>12.2%</b>	<b>15.2%</b>	<b>11.7%</b>
Six months ended 30th June 2023		10.6%	13.1%	10.4%	14.6%	12.3%
<b>EBIT Margin</b>	(i)					
<b>Six months ended 30th June 2024</b>		<b>5.7%</b>	<b>7.4%</b>	<b>7.9%</b>	<b>9.9%</b>	<b>6.5%</b>
Six months ended 30th June 2023		5.9%	6.0%	6.7%	8.9%	8.0%

### Notes:

- (i) (a) EBITDA and EBIT for Swire Coca-Cola (including that of Shanghai Shen-Mei and excluding that of TNTC, LCCB, non-recurring items and central and other costs) for the first half of 2024 were HK\$2,079 million (2023: HK\$3,745 million) and HK\$1,154 million (2023: HK\$2,437 million) respectively.
- (b) EBITDA margin and EBIT margin represent EBITDA and EBIT expressed as percentages of revenue (which includes that of Shanghai Shen-Mei and excludes that of TNTC, LCCB and sales to other bottlers).
- (ii) Due to the disposal of SCCU in 2023, the USA standalone margins do not provide meaningful comparison. The Swire Coca-Cola total for the six months ended 30th June 2023 included the results of SCCU; following the disposal of SCCU on 7th September 2023, SCCU's results are not included in the Swire Coca-Cola total for the six months ended 30th June 2024.

## RESULTS SUMMARY

Swire Coca-Cola made an attributable profit of HK\$878 million in the first half of 2024, a 38% decrease from its attributable profit of HK\$1,423 million in the first half of 2023. Excluding non-recurring loss arising from an impairment on investment and relevant provisions in the joint venture for plastic recycling and non-recurring gain arising from the fair value adjustment related to the acquisition of equity interests in six still beverages subsidiaries in the Chinese Mainland in the first half of 2023, the decrease would have been 46%. The results of the first half of 2024 were adversely affected by the disposal of SCCU in the second half of 2023, partly offset by the share of profit from newly acquired franchise businesses in Thailand and Laos. Disregarding the effect of the disposal of SCCU (including the management fee received after the disposal), there was an increase of 15% in the recurring attributable profit from the first half of 2023. Disregarding both the effect of the disposal of SCCU and the acquisition of TNTC and LCCB, there was a decrease of 2% in the recurring attributable profit from the first half of 2023. Swire Coca-Cola continues to receive an annual management fee for management and administrative support services it provides to SCCU.

Total revenue (including that of Shanghai Shen-Mei and excluding that of TNTC, LCCB and sales to other bottlers) decreased by 42% to HK\$17,805 million. Sales volume

decreased by 18% to 862 million unit cases. Both revenue and volume dropped in the Chinese Mainland and Hong Kong, while both increased in Taiwan. In South East Asia, revenue (excluding TNTC and LCCB) dropped but volume increased.

EBITDA (including that of Shanghai Shen-Mei and excluding that of TNTC, LCCB, non-recurring items and central and other costs) decreased by 44% to HK\$2,079 million. The EBITDA margin decreased from 12.3% to 11.7%.

On 9th February 2024, Swire Coca-Cola entered into an agreement and conditionally agreed to acquire (through equity purchases and subscriptions in two phases) a majority stake in TNTC for an aggregate consideration of approximately THB42,615.7 million (equivalent to approximately HK\$9,470.1 million), subject to customary post-completion adjustments and excluding the deemed exercise of the put option. A put option was granted to certain individual shareholders of TNTC giving them an option to sell certain additional shares in TNTC to Swire Coca-Cola in the event shares in TNTC are listed on a stock exchange in the future. The exact number of shares to be sold and the exercise price for such sale will be determined by reference to the circumstances at the time of exercise. TNTC, together with its subsidiary in Laos, is principally engaged in the business of manufacturing, distribution and sale of non-alcoholic ready-to-drink beverages bearing trademarks owned by TCCC in Thailand and Laos.



On the same date, TNTC conditionally agreed to acquire 30% of each of the issued share capital of the franchise business in Cambodia and the charter capital of the franchise business in Vietnam for an aggregate consideration of approximately US\$271.1 million (equivalent to approximately HK\$2,114.6 million), subject to customary post-completion adjustments.

Also on the same date, the first phase of the acquisition took place and Swire Coca-Cola become interested in 39% of the issued share capital of TNTC. Second phase of the acquisition is subject to the satisfaction of conditions precedent under the relevant transaction documents.

### Chinese Mainland

Attributable profit from the Chinese Mainland for the first half of 2024 was HK\$543 million, a 12% decrease from the first half of 2023 excluding the non-recurring gain in 2023. In local currency terms, the attributable profit decreased by 7%.

Revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) decreased by 1% in local currency terms.

Sparkling, juice and water revenue decreased by 3%, 2% and 6%, respectively. Energy drinks revenue increased by 37%. Revenue from premium categories of coffee and tea increased by 19% and decreased by 17% respectively.

Total sales volume decreased by 4%.

There were higher operating expenses and depreciation charges. EBITDA and EBIT (including that of Shanghai Shen-Mei and excluding the non-recurring gain and central and other costs) were similar to that in the first half of 2023 and decreased by 4% in local currency terms, respectively. In comparison with the same period in 2023, the EBITDA margin for the first half of 2024 increased from 10.6% to 10.7%, while EBIT margin decreased from 5.9% to 5.7%.

### Hong Kong

Attributable profit from Hong Kong for the first half of 2024 was HK\$72 million, a 28% increase from the first half of 2023. Soft consumption momentum persists in the first half of 2024, leading to a drop in revenue.

Revenue (excluding sales to other bottlers) decreased by 5%. Both sparkling and still revenue decreased by 5%. Coffee, juice and tea revenue decreased by 16%, 2% and 11% respectively. Water revenue increased by 9%.

Total sales volume decreased by 4%.

The decrease in revenue was more than offset by savings in operating expenses from cost control measures, in particular to staff and IT related costs.

EBITDA and EBIT (excluding central and other costs) increased by 15% and 16% respectively. The EBITDA margin increased from 13.1% in the first half of 2023 to 16.0% in the first half of 2024. The EBIT margin increased from 6.0% to 7.4%.

### Taiwan

Attributable profit from Taiwan for the first half of 2024 was HK\$58 million, a 22% increase from the first half of 2023.

Revenue in local currency terms increased by 8%. Sparkling revenue increased by 4%. Still revenue increased by 12%. Tea, coffee and energy drinks revenue increased by 10%, 14% and 38%, respectively.

Total sales volume increased by 5%.

The increase in revenue was partly offset by higher operating expenses and depreciation charges. As a result, EBITDA and EBIT (excluding central and other costs) increased by 26% and 28% in local currency terms, respectively. The EBITDA margin increased from 10.4% in the first half of 2023 to 12.2% in the first half of 2024. The EBIT margin increased from 6.7% to 7.9%.

### South East Asia

Attributable profit from South East Asia for the first half of 2024 was HK\$284 million, a 305% increase from the first half of 2023, of which, TNTC and LCCB (which are accounted for as joint venture companies) contributed profit of HK\$121 million. Disregarding the above impact, there was an increase of 133% in attributable profit from the first half of 2023, principally due to less interest charges allocated to the South East Asia segment.

## REVIEW OF OPERATIONS

Revenue (excluding that of TNTC and LCCB) decreased by 4% mainly due to depreciation of Vietnamese Dong against Hong Kong Dollar. Sparkling revenue decreased by 5%. Still revenue was similar to that in the first half of 2023. Water revenue increased by 1%.

Total sales volume increased by 1%.

There were lower raw material costs, depreciation charges and interest charges, partly offset by higher operating expenses.

EBITDA and EBIT (excluding that of TNTC, LCCB and central and other costs) were similar to that in the first half of 2023 and increased by 8%, respectively. EBITDA margin increased from 14.6% in the first half of 2023 to 15.2% in the first half of 2024. EBIT margin increased from 8.9% to 9.9%.

## OUTLOOK

The subdued domestic consumer spending in the Chinese Mainland continues to pose challenges to revenue. However, stable raw material prices, effort on revenue growth management and effective cost management will help alleviate pressures on profits.

In Hong Kong, the business environment remains challenging, with operating costs increasing at a faster rate than revenue growth, while the market remains stagnant.

In contrast, sales and operations in Taiwan are expected to continue growing in the second half of 2024.

While we anticipate the franchise business in Vietnam to continue delivering steady profits, economic uncertainties in the region may impact domestic consumption sentiments and put pressure on revenue. Additionally, the depreciating Vietnamese Dong is expected to negatively affect profits.

Revenue in Cambodia is projected to grow moderately, driven by a focus on market execution and effective management of operational costs. Furthermore, the strategic acquisition of bottling operations in Thailand and Laos is anticipated to continue to positively impact our bottom line.

Overall, our diversified regional portfolio highlights our strategic approach to managing different market conditions and seizing growth opportunities.

**Karen So**

## 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
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>HAECO group</b>			
Revenue	10,445	8,464	17,787
Operating profit	519	192	224
Attributable profit	597	63	45
<b>Cathay group</b>			
Share of post-tax profit from associated companies	1,625	1,921	4,405
<b>Attributable profit</b>	<b>2,093</b>	<b>1,796</b>	<b>3,393</b>

#### 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 the HAECO group and the Cathay group above do not include Swire Pacific's consolidation adjustments. In 2023, an impairment loss of HK\$675 million was recognised for the Group's interest in HAESL, a joint venture company of the HAECO group. The impairment loss was part of the consolidation adjustments and was not included in the HAECO group's results.

## RESULTS SUMMARY

The Aviation Division reported an attributable profit of HK\$2,093 million in the first half of 2024. This compared with a profit of HK\$1,796 million in the same period in 2023.

### CATHAY GROUP

The first six months of 2024 has been another strong period for the Cathay group, driven by the ongoing robust demand for travel, and the solid performance of the cargo business.

The Cathay group's attributable profit on a 100% basis was HK\$3,613 million in the first half of 2024 (2023 first half: profit of HK\$4,268 million). Cathay Pacific reported a profit after tax of HK\$3,981 million in the first half of 2024 (2023 first half: profit of HK\$6,717 million). The share of losses from subsidiaries was HK\$26 million (2023 first half: profit of HK\$183 million), and the share of losses from associates was HK\$342 million (2023 first half: loss of HK\$2,632 million). The Cathay group recognised an exceptional gain of HK\$90 million in the first half of 2024 as a result of a dilution of the interest in Air China following the completion of their H share offering in February 2024.

## Cathay Pacific – Key Operating Highlights

		Six months ended 30th June		
		2024	2023	Change
Available tonne kilometres (ATK)	<i>Million</i>	<b>11,822</b>	9,628	+22.8%
Available seat kilometres (ASK)	<i>Million</i>	<b>52,881</b>	37,053	+42.7%
Available cargo tonne kilometres (AFTK)	<i>Million</i>	<b>6,788</b>	6,095	+11.4%
Revenue tonne kilometres (RTK)	<i>Million</i>	<b>8,214</b>	6,969	+17.9%
Passenger revenue	<i>HK\$M</i>	<b>30,017</b>	25,013	+20.0%
Passenger revenue per ASK	<i>HK¢</i>	<b>56.8</b>	67.5	-15.9%
Revenue passenger kilometres (RPK)	<i>Million</i>	<b>43,583</b>	32,308	+34.9%
Revenue passengers carried	<i>'000</i>	<b>10,660</b>	7,816	+36.4%
Passenger load factor	<i>%</i>	<b>82.4</b>	87.2	-4.8%pt
Passenger yield	<i>HK¢</i>	<b>68.9</b>	77.4	-11.0%
Cargo revenue	<i>HK\$M</i>	<b>10,902</b>	10,741	+1.5%
Cargo revenue per AFTK	<i>HK\$</i>	<b>1.61</b>	1.76	-8.5%
Cargo revenue tonne kilometres (RFTK)	<i>Million</i>	<b>4,063</b>	3,886	+4.6%
Cargo carried	<i>'000 Tonnes</i>	<b>719</b>	651	+10.4%
Cargo load factor	<i>%</i>	<b>59.9</b>	63.8	-3.9%pt
Cargo yield	<i>HK\$</i>	<b>2.68</b>	2.76	-2.9%
Cost per ATK (with fuel)*	<i>HK\$</i>	<b>3.41</b>	3.35	+1.8%
Cost per ATK (without fuel)*	<i>HK\$</i>	<b>2.31</b>	2.34	-1.3%
Fuel consumption per million RTK	<i>Barrels</i>	<b>1,851</b>	1,689	+9.6%
Fuel consumption per million ATK	<i>Barrels</i>	<b>1,286</b>	1,222	+5.2%
Aircraft utilisation	<i>Hours per day</i>	<b>9.0</b>	6.7	+34.3%
On-time performance	<i>%</i>	<b>75.3</b>	79.7	-4.4%pt
Average age of fleet	<i>Years</i>	<b>11.5</b>	11.0	+0.5year

\* Cost per ATK represents total operating costs divided by ATK for the period.  
Refer to Glossary on pages 86 and 87 for definitions.

## Passenger Services

### *Cathay Pacific*

Passenger revenue increased by 20% to HK\$30,017 million in the first half of 2024 compared with the first half of 2023. Revenue passenger kilometres increased by 35%. Passenger capacity increased by 43%. Passengers carried were 10.7 million in the first half of the year, an average of about 59,000 passengers per day, 36% more than in the first half of 2023. The load factor was 82.4%, compared with 87.2% in the first half of 2023.

### *HK Express*

HK Express reported a loss for the first half of 2024. The normalisation of yields with increase of regional capacity in the market adversely affected the results. By the end of the first half of 2024, it operated more than 320 flights per week.

## Cargo Services

### *Cathay Pacific*

Cargo revenue for the first half of 2024 was HK\$10,902 million, an increase of 1% compared with the same period in 2023, reflecting the ongoing robust demand for air cargo. Cathay Pacific's cargo capacity increased by 11% during the same period. Total tonnage carried increased by 10% to 719 thousand tonnes. Yield decreased by 3% to HK\$2.68 and load factor was 59.9% (2023 first half: 63.8%).

### *Air Hong Kong*

Air Hong Kong reported a profit in the first half of 2024. Its results have been consistently solid and stable.

## Operating Costs

Total fuel costs for Cathay Pacific (before the effect of fuel hedging) increased by HK\$2,794 million (or 27%) compared with the first half of 2023. Non-fuel costs increased by 11% to HK\$27,455 million.

## Fleet Profile

At 30th June 2024, the total number of aircraft in the Cathay Pacific, HK Express and Air Hong Kong fleets was 231.

**Fleet profile<sup>(i)</sup>**

Aircraft type	Number at 30th June 2024				Average age	Orders <sup>(iii)</sup>			Expiry of leases without asset transfer <sup>(ii)</sup>						
	Owned	Leased <sup>(ii)</sup>		Total		24	25	26 and beyond	Total	24	25	26	27	28	29 and beyond
		With asset transfer	Without asset transfer												
<b>Cathay Pacific:</b>															
A321/A320-200neo	4	3	5	12	2.2	4		15 <sup>(iv)</sup>	19						5
A330-300	39		4	43	15.8					2	2				
A350-900	20	8	2	30	6.2								2		
A350-1000	11	7		18	4.6										
A350F								6	6						
747-400ERF	6			6	15.5										
747-8F	11	3		14	11.4										
777-300	17			17	22.7										
777-300ER	30		8	38	11.7					2	2	4			
777-9								2	19	21					
<b>Total</b>	<b>138</b>	<b>21</b>	<b>19</b>	<b>178</b>	<b>11.5</b>	<b>4</b>	<b>2</b>	<b>40</b>	<b>46</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>–</b>	<b>2</b>	<b>5</b>
<b>HK Express:</b>															
A320-200	3 <sup>(v)</sup>		4	7	15.5					2				2	
A320-200neo			10	10	5.3			8 <sup>(iv)(vi)</sup>	8					2	8
A321-200	2 <sup>(v)</sup>		11	13	8.8						1	2			8
A321-200neo		6 <sup>(vii)</sup>		6	0.6	6 <sup>(viii)</sup>	4	9 <sup>(iv)(vi)</sup>	19						
<b>Total</b>	<b>5</b>	<b>6</b>	<b>25</b>	<b>36</b>	<b>7.8</b>	<b>6</b>	<b>4</b>	<b>17</b>	<b>27</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>–</b>	<b>4</b>	<b>16</b>
<b>Air Hong Kong<sup>(ix)(x)</sup>:</b>															
A300-600F			6	6	19.1					3	3				
A330-243F			2	2	12.5							2			
A330-300P2F			9	9	12.9							3		4	2
<b>Total</b>	<b>–</b>	<b>–</b>	<b>17</b>	<b>17</b>	<b>15.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>–</b>	<b>4</b>	<b>2</b>
<b>Grand total</b>	<b>143</b>	<b>27</b>	<b>61</b>	<b>231</b>	<b>11.2</b>	<b>10</b>	<b>6</b>	<b>57</b>	<b>73</b>	<b>7</b>	<b>8</b>	<b>13</b>	<b>–</b>	<b>10</b>	<b>23</b>

**Notes:**

- (i) The table does not reflect aircraft movements after 30th June 2024.
- (ii) Leases without asset transfer components are accounted for in a similar manner to leases with asset transfer components under accounting standards. The majority of leases without asset transfer components in the above table are within the scope of HKFRS 16.
- (iii) The group believes that based on its available unrestricted liquidity as at 30th June 2024, as well as its ready access to both loan and debt capital markets, it will have sufficient financing capacity to fund this material investment in the fleet.
- (iv) Final number is subject to reallocation between Cathay Pacific and HK Express.
- (v) Three A320-200 and two A321-200 aircraft are owned by Hong Kong Dragon Airlines Limited and sub-leased to HK Express.
- (vi) Final split between Airbus A320-200neo and A321-200neo aircraft is subject to adjustment in accordance with future operational requirements.
- (vii) The aircraft are leased by Cathay Pacific and sub-leased to HK Express.
- (viii) Two Airbus A321-200neo aircraft were delivered in July 2024.
- (ix) The contractual arrangements relating to the freighters operated by Air Hong Kong do not constitute leases in accordance with HKFRS 16.
- (x) The group plans to replace its entire fleet of Airbus A300-600F freighter with second-hand A330F freighter. The remaining six Airbus A300-600F freighter are expected to be returned between 2024 and 2025.

### **Air China and Air China Cargo**

The Cathay group's share of the results of Air China and Air China Cargo (in which the Cathay group had 15.87% and 24% interests, respectively, at 30th June 2024) is based on their financial statements drawn up three months in arrears. Consequently, the 2024 interim results include Air China's and Air China Cargo's results for the six months ended 31st March 2024.

Results from these two associates improved compared with the six months to 31st March 2023 mainly attributable to enhancements in Air China's yield level management and cost control.

### **OUTLOOK**

The Cathay group's passenger airlines are flying to more than 80 destinations worldwide, expected to rise to 100 within next year. The group is also on track to reach 100% of pre-pandemic flights within the first quarter of 2025. It is now firmly turning the page and embarking on a bold new strategy for the future, both in terms of scope and quality, and will continue to make significant investments in fleet, cabin products, lounges and digital and sustainability leadership. These ongoing investments will strengthen Hong Kong's international aviation hub status riding on the Three-Runway System.

**Ronald Lam**

## 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), on-wing and off-wing engine support, and engine overhaul work in Hong Kong (by HAECO's 50% joint venture company, HAESL) and in Xiamen (by HAECO Engine Services (Xiamen)).

The HAECO group has 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
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Revenue</b>			
Airframe	4,012	3,377	7,056
Components	1,235	781	1,824
Engine	5,121	3,900	8,247
Cabin	–	310	474
Others	77	96	186
	<b>10,445</b>	<b>8,464</b>	<b>17,787</b>
<b>Operating profit</b>	<b>519</b>	<b>192</b>	<b>224</b>
<b>Attributable profits/(losses)</b>			
Airframe	97	(1)	74
Components	58	81	188
Engine	345	263	589
Cabin	(8)	(214)	(272)
Others	(92)	(66)	(114)
<b>Attributable profit (excluding non-recurring items)</b>	<b>400</b>	<b>63</b>	<b>465</b>
Airframe – gain on disposal of non-current assets at a joint venture company in the Chinese Mainland	197	–	–
Cabin – loss on disposal of cabin business	–	–	(420)
<b>Attributable profit</b>	<b>597</b>	<b>63</b>	<b>45</b>



## Key Operating Highlights

		Six months ended 30th June		
		2024	2023	Change
<b>Airframe – base maintenance manhours sold</b>				
HAECO Hong Kong	<i>Million</i>	1.35	1.31	+3%
HAECO Xiamen	<i>Million</i>	2.14	2.02	+6%
HAECO Americas	<i>Million</i>	1.48	1.34	+10%
Total	<i>Million</i>	4.97	4.67	+6%
<b>Airframe – line maintenance movements handled</b>				
HAECO Hong Kong	<i>Thousand</i>	48.2	36.9	+31%
Chinese Mainland	<i>Thousand</i>	15.2	8.9	+71%
Total	<i>Thousand</i>	63.4	45.8	+38%
<b>Engines overhauled</b>				
HAESL		158	141	+12%
HAECO Engine Services (Xiamen)		58	43	+35%

## RESULTS SUMMARY

The HAECO group reported an attributable profit of HK\$597 million for the first six months of 2024. This includes a share of non-recurring gain on disposal of non-current assets of HK\$197 million in a joint venture company in the Chinese Mainland. This compares with a profit of HK\$63 million for the same period in 2023.

The HAECO group's recurring attributable profit for the first half of 2024 was HK\$400 million, HK\$337 million higher than the profit in the corresponding period in 2023. The profit increase was primarily attributable to a continuous recovery of line maintenance activity and a growth in the demand for engine overhaul at HAESL and HAECO Engine Services (Xiamen). The increase in base maintenance manhours sold and workload of most of the component businesses also contributed to the group's profit growth. The recurring attributable result for the first half of 2023 had included the loss incurred in the operation of the cabin business which was disposed of in September 2023. These favourable factors more than compensated for the loss incurred by HAECO ITM in the first half of 2024 (compared to a profit in the same period last year).

## Airframe

The airframe business of the HAECO group delivered a recurring attributable profit of HK\$97 million in the first half of 2024, improving from a loss of HK\$1 million in the corresponding period in 2023. Revenue grew by 19% which was a combined outcome of the continuous recovery of line maintenance movements handled (38% more than in the first half of 2023) and a growth in the base maintenance manhours sold in the first half of 2024 (6% more than in the first half of 2023). HAECO Hong Kong, HAECO Xiamen and HAECO Americas all did more base maintenance work in the first six months this year.

The HAECO group recorded a share of non-recurring gain on non-current asset disposal of HK\$197 million at a joint venture company operating the airframe business in the Chinese Mainland. The gain represented the compensation received, net of the carrying amount of non-current assets derecognised, after the relocation of hangars within the same airport which was completed in the first half of 2024.

***HAECO Hong Kong***

The airframe business of HAECO Hong Kong recorded a significantly lower loss in the first half of 2024 compared with that of the first half of 2023. Line maintenance reported a substantial growth in revenue reflecting the strong recovery in air traffic and work demand from key customers. Approximately 48,200 line maintenance aircraft movements were handled in the first half of 2024, an increase of 31% compared with the first half of 2023. 1.35 million base maintenance manhours were sold in the first half of 2024, which were 3% more than in the first half of 2023, reflecting a solid demand.

***HAECO Xiamen***

In the first half of 2024, the attributable profit of HAECO Xiamen's airframe services was comparable to the first half of 2023. 2.14 million base maintenance manhours were sold in the first half of 2024, 6% more than in the first half of 2023. This reflected a stable demand for base maintenance work.

***HAECO Americas***

The airframe business of HAECO Americas recorded an operating profit in the first half of 2024, compared to an operating loss in the corresponding period in 2023, mainly due to higher volume of base maintenance work and improved productivity. Demand for base maintenance work was steady with output increased benefitting from an increase in skilled labour, particularly in the operation at Greensboro. 1.48 million base maintenance manhours were sold, 10% higher than those sold in the first half of 2023.

**Components**

Revenue from the components business in the first half of 2024 grew by 58% compared with the first half of 2023. However, attributable profit recorded a 28% reduction to HK\$58 million in the first half of 2024. HAECO ITM suffered a loss in the first six months of 2024, compared to a profit in the corresponding period last year, as supply chain challenges have driven up repair costs and turnaround time. The remaining components business (including component

repair and overhaul business, HAECO Landing Gear Services and HAECO Composite Services) all performed well and recorded profit increases in the first six months of this year.

**Engine**

The attributable profit from the engine business was HK\$345 million in the first half of 2024, a 31% increase from the corresponding period in 2023. Revenue in the first half of 2024 (comprising that of HAECO Engine Services (Xiamen) and the Global Engine Support business and excluding that of HAESL, which is not consolidated) grew by 31% compared to the first half of 2023. The profit growth mainly resulted from a strong demand for engine overhaul at HAESL and HAECO Engine Services (Xiamen).

***HAESL***

In the first half of 2024, HAESL recorded an increase in attributable profit compared to the same period in 2023. The higher profit reflected more engines being overhauled and a heavier workscope mix. Repair and overhaul services were performed on 158 engines, compared with 141 in the first half of 2023.

***HAECO Engine Services (Xiamen)***

In the first half of 2024, HAECO Engine Services (Xiamen) recorded a substantial increase in attributable profit compared with the first half of 2023. 41 performance restoration workscope and 17 quick turn workscope on GE90 aircraft engines were performed in the first half of 2024 (compared with 35 performance restoration workscope and eight quick turn workscope in the same period in 2023). The profit growth reflected a strong demand for repair and overhaul of GE90 aircraft engines.

***Global Engine Support***

Results of the Global Engine Support business (which provides on-wing and off-wing engine support from HAECO group's facilities in Hong Kong, Dallas, Amsterdam and London) in the first half of 2024 improved from the corresponding period in 2023, benefitting from the growth in revenue.

## OUTLOOK

In the second half of 2024, demand for base maintenance work is expected to remain stable. Line maintenance work is expected to continue its recovery. Demand for engine overhaul services in the second half of 2024 is expected to continue to be strong.

The steel structure roof closure on HAECO Xiamen's hangars at the new Xiamen airport was completed in April. The relocation project will progress to mechanical and electrical fittings, interior renovations, and the construction of the enclosure structure, which are anticipated to complete by the end of 2025. The relocation to the new airport will be material to HAECO Xiamen's operations from 2026.

**Richard Sell**

## HEALTHCARE

### DeltaHealth

In April 2024, the Group completed the acquisition of a controlling stake in DeltaHealth China Limited (DeltaHealth), a healthcare provider in the Chinese Mainland specialising in cardiovascular care. DeltaHealth operates Shanghai DeltaHealth Hospital, a cardiovascular-focused general hospital, and DeltaWest Clinic, an outpatient clinic in the Gubei area of the Changning district.

### Columbia China Healthcare

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

### Shenzhen New Frontier United Family Hospital and HEAL Medical Group

The Group has an associate investment in SHH Core Holding Limited, which owns Shenzhen New Frontier United Family Hospital, a private hospital operated by United Family Healthcare in Shenzhen and HEAL Medical Group. HEAL Medical Group operates three clinics in Hong Kong – HEAL Oncology, HEAL Medical and HEAL Fertility.

### Indonesia Healthcare Corporation (IHC)

In July 2024, the Group made an investment in IHC, a hospital group in Indonesia. IHC comprises 36 majority-owned hospitals and operates 66 clinics throughout Indonesia. The investment in IHC marks the Group's first healthcare investment in South East Asia, and is in line with the Group's strategy to identify new healthcare opportunities in regions within Asia in which we already have a commercial presence.

## RESULTS SUMMARY

The attributable losses from the healthcare businesses were HK\$132 million in the first half of 2024, compared with HK\$80 million in the first half of 2023.

## OUTLOOK

With the investments described above, the Group has exposure to the healthcare sector in the Chinese Mainland and Indonesia. We have invested HK\$3.1 billion (including committed investments) in the sector. We are actively working to grow our healthcare services platform and will continue to seek investment opportunities in major city clusters in the Chinese Mainland and South East Asia.

Jeffrey Staples

## TRADING & INDUSTRIAL

### Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Revenue</b>			
Swire Resources	1,215	1,243	2,402
Taikoo Motors	2,712	3,363	6,401
Swire Foods	723	705	1,659
Swire Environmental Services	77	82	185
	<b>4,727</b>	<b>5,393</b>	<b>10,647</b>
<b>Operating profits/(losses)</b>			
Swire Resources	61	75	108
Taikoo Motors	113	156	222
Swire Foods	11	(1)	23
Swire Environmental Services	26	26	63
Central costs	(8)	(11)	(16)
	<b>203</b>	<b>245</b>	<b>400</b>
<b>Attributable profits/(losses)</b>			
Swire Resources	47	65	90
Taikoo Motors	86	118	165
Swire Foods	5	(9)	7
Swire Environmental Services	22	22	53
Central costs	(8)	(11)	(16)
	<b>152</b>	<b>185</b>	<b>299</b>

### RESULTS SUMMARY

The attributable profit of the trading & industrial businesses in the first half of 2024 was HK\$152 million, compared with an attributable profit of HK\$185 million in the first half of 2023.

#### Swire Resources

The attributable profit of Swire Resources in the first half of 2024 was HK\$47 million, compared with an attributable profit of HK\$65 million in the first half of 2023. The decrease was due to significant outbound travel of locals and reduced spending of tourists.

Both revenue and gross profit in the first half of 2024 were 2% lower than in the first half of 2023. Costs were tightly managed.

#### Taikoo Motors

The attributable profit of Taikoo Motors decreased from HK\$118 million in the first half of 2023 to HK\$86 million in the first half of 2024.

Revenue reduced by 19% and vehicle sales volume dropped by 16% to 8,427 units compared with the same period last year. Strong price competition and ample car supply, contrasted with the post-COVID market rebound with high volume and high margin in the first half of 2023, resulted in a comparatively sizeable drop in gross margin and attributable profit in the first half of 2024.

### Swire Foods

The Swire Foods group reported an attributable profit of HK\$5 million for the first half of 2024, compared with an attributable loss of HK\$9 million for the first half of 2023.

Qinyuan Bakery reported an attributable profit of HK\$2 million in the first half of 2024, compared with an attributable loss of HK\$13 million in the first half of 2023. It operated 389 stores at 30th June 2024, compared with 363 stores at the end of 2023.

Taikoo Sugar recorded an attributable profit of HK\$3 million in the first half of 2024, compared to HK\$4 million in the first half of 2023. The volume of sugar sold by Taikoo Sugar's retail and food services business dropped by 14% in Hong Kong but increased by 1% in the Chinese Mainland. Current trend of outbound travel of Hong Kong people put pressure on our sales volume.

### Swire Environmental Services

Swire Environmental Services reported an attributable profit of HK\$22 million in the first half of 2024, in line with the result in the first half of 2023.

## OUTLOOK

The trend of local outbound travel and lower tourist spending are expected to persist in the second half of 2024, which would continue to impact negatively on revenue and margin performance of Swire Resources.

Taikoo Motors expects higher sales volume in the second half of 2024 due to the introduction of new models of electric vehicles and stronger tactical sales campaign offered by each brand.

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

At Taikoo Sugar, we expect sales to be under pressure in the second half of 2024 due to the changes in consumption trend in Hong Kong and overall softness in global economy. However, with product and channel revamp and efforts to improve cost efficiency, we expect to maintain our business performance in the second half of the year.

The business of Swire Environmental Services is expected to drop in the second half of 2024 due to the expiry of a government contract in mid-March 2024, which will have a negative impact to the revenue in 2024.

The profits of the trading & industrial businesses in the second half of 2024 are expected to be lower than those in the first half of 2024.

**David Cogman**

## FINANCIAL REVIEW

### Financial Information Reviewed by Auditors

Additional information is provided below to reconcile reported and underlying profit attributable to the Company's shareholders. The reconciling items principally adjust for the fair value 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. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

	Note	Six months ended 30th June		Year ended 31st December
		2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Underlying Profit</b>				
Profit attributable to the Company's shareholders		<b>3,914</b>	4,221	28,853
Adjustments in respect of investment properties:				
Fair value losses in respect of investment properties	(i)	<b>829</b>	1,646	4,423
Deferred tax on investment properties	(ii)	<b>660</b>	347	461
Fair value gains realised on sale of interests in investment properties	(iii)	<b>527</b>	29	4,398
Depreciation of investment properties occupied by the Group	(iv)	<b>13</b>	14	29
Amortisation of right-of-use assets reported under investment properties	(v)	<b>(39)</b>	(41)	(81)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(vi)	<b>–</b>	(306)	(306)
Reversal of impairment loss on a hotel held as part of a mixed-use development	(vii)	<b>(11)</b>	–	–
Non-controlling interests' share of fair value movements less deferred tax		<b>(317)</b>	(316)	(1,600)
<b>Underlying profit attributable to the Company's shareholders</b>		<b>5,576</b>	5,594	36,177

#### Notes:

- (i) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated companies.
- (ii) 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 and associated companies. These comprise deferred tax on fair value 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 transfers of investment properties within the Group.
- (iii) 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 fair value gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
- (iv) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
- (v) 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.
- (vi) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.
- (vii) 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.

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

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Underlying profit attributable to the Company's shareholders</b>	<b>5,576</b>	5,594	36,177
Significant non-recurring items:			
Gain on disposal of interests in investment properties and properties for sale	(235)	(7)	(3,513)
Gain on disposal of property, plant and equipment, intangible assets and other investments	(396)	(853)	(23,425)
Fair value gain of an investment	(233)	–	–
Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments	50	145	1,210
<b>Recurring underlying profit</b>	<b>4,762</b>	4,879	10,449

Recurring underlying profit by division is provided below.

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Property	2,898	3,188	5,942
Beverages	878	1,627	2,394
Aviation			
Cathay group (Note)	1,455	782	3,083
HAECO group and others (Note)	392	52	443
Trading & Industrial	152	185	299
Head Office, Healthcare and others	(1,013)	(955)	(1,712)
<b>Recurring underlying profit</b>	<b>4,762</b>	4,879	10,449

Note:

Including consolidation adjustments.



# FINANCING

## Summary of Cash Flows

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Net cash (used in)/from businesses and investments</b>			
Cash generated from operations	5,307	7,206	14,479
Dividends received	1,637	222	428
Tax paid	(874)	(939)	(2,142)
Net interest paid	(1,347)	(1,336)	(2,848)
Cash (used in)/generated from investing activities	(6,688)	(8,646)	13,030
	(1,965)	(3,493)	22,947
<b>Cash paid to shareholders and net funding by/(repayment of) external debt</b>			
Capital contribution from non-controlling interests	33	–	16
Repurchase of the Company's shares	(2,006)	(684)	(851)
Dividends paid	(3,933)	(3,697)	(17,572)
Increase/(decrease) in borrowings	10,465	8,952	(2,424)
Advances from an associated company	1,624	–	–
Principal elements of lease payments	(477)	(445)	(895)
	5,706	4,126	(21,726)
<b>Increase in cash and cash equivalents</b>	<b>3,741</b>	<b>633</b>	<b>1,221</b>

## Changes in Financing

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

	Six months ended 30th June 2024		Year ended 31st December 2023	
	Loans and bonds HK\$M	Lease liabilities HK\$M	Loans and bonds HK\$M	Lease liabilities HK\$M
At 1st January	69,218	5,079	68,373	4,916
Loans drawn and refinancing	14,150	–	23,462	–
Repayment of loans and bonds	(3,685)	–	(25,886)	–
Principal elements of lease payments	–	(477)	–	(895)
New leases arranged during the period	–	340	–	967
Change in composition of the Group	806	8	3,151	(250)
Effect of exchange differences	(327)	(63)	81	(6)
Other non-cash movements	63	35	37	347
At 30th June/31st December	80,225	4,922	69,218	5,079

## Sources of Finance

## Financial Information Reviewed by Auditors

At 30th June 2024, committed loan facilities and debt securities amounted to HK\$109,723 million, of which HK\$30,046 million (27%) were undrawn. In addition, there were lease liabilities amounting to HK\$4,922 million. The Group had undrawn uncommitted facilities totalling HK\$9,381 million. Sources of gross borrowings at 30th June 2024 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
<b>Committed facilities</b>					
Loans and bonds					
Bonds	44,244	44,244	–	–	–
Bank loans	65,479	35,433	2,950	27,096	30,046
<b>Total committed facilities</b>	<b>109,723</b>	<b>79,677</b>	<b>2,950</b>	<b>27,096</b>	<b>30,046</b>
<b>Uncommitted facilities</b>					
Bank loans and overdrafts	10,237	856	9,381	–	9,381
<b>Total</b>	<b>119,960</b>	<b>80,533</b>	<b>12,331</b>	<b>27,096</b>	<b>39,427</b>

Note:

The figures above are stated before unamortised loan fees of HK\$308 million.

The Group had bank balances and short-term deposits of HK\$16,746 million at 30th June 2024 compared to HK\$14,082 million at 31st December 2023.

The Group maintains immediate access to committed funds to meet its refinancing for the following nine months on a rolling basis and capital commitments for the following 12 months on a rolling basis.

## Maturity Profile and Refinancing

The weighted average term and cost of the Group's debt is:

	30th June		31st December
	2024	2023	2023
Weighted average term of debt	<b>2.8 years</b>	3.2 years	2.9 years
Weighted average cost of debt (Note)	<b>4.0%</b>	3.8%	4.0%

Note:

On a gross debt basis.

### Maturity Profile and Refinancing (continued)

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 2024)



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

	30th June 2024					31st December 2023				
	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	15,433	19%	847	17%	16,280	10,605	15%	873	17%	11,478
Between one and two years	21,370	27%	684	14%	22,054	12,994	19%	673	13%	13,667
Between two and five years	33,157	41%	1,161	24%	34,318	35,023	51%	1,200	24%	36,223
Over five years	10,265	13%	2,230	45%	12,495	10,596	15%	2,333	46%	12,929
<b>Total</b>	<b>80,225</b>	<b>100%</b>	<b>4,922</b>	<b>100%</b>	<b>85,147</b>	<b>69,218</b>	<b>100%</b>	<b>5,079</b>	<b>100%</b>	<b>74,297</b>

#### Currency Profile

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

Currency	30th June 2024					31st December 2023				
	Loans and bonds HK\$M	%	Lease liabilities HK\$M	%	Total HK\$M	Loans and bonds HK\$M	%	Lease liabilities HK\$M	%	Total HK\$M
Hong Kong dollar	58,312	73%	2,805	57%	61,117	50,924	74%	2,907	57%	53,831
United States dollar	4,317	5%	227	5%	4,544	3,539	5%	195	4%	3,734
Renminbi	17,557	22%	1,028	21%	18,585	14,755	21%	1,113	22%	15,868
Others	39	0%	862	17%	901	–	0%	864	17%	864
<b>Total</b>	<b>80,225</b>	<b>100%</b>	<b>4,922</b>	<b>100%</b>	<b>85,147</b>	<b>69,218</b>	<b>100%</b>	<b>5,079</b>	<b>100%</b>	<b>74,297</b>

## Finance Charges

### Financial Information Reviewed by Auditors

At 30th June 2024, 68% of the Group's gross borrowings were on a fixed rate basis and 32% were on a floating rate basis (31st December 2023: 76% and 24% respectively). Interest charged and earned was as follows:

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Interest charged</b>			
Bank loans and overdrafts	795	700	1,494
Other loans and bonds	697	719	1,466
Fair value (gain)/loss on derivative instruments			
Cross-currency and interest rate swaps: cash flow hedges, transferred to other comprehensive income	(35)	(23)	(57)
Cross-currency and interest rate swaps not qualifying as hedges	–	2	6
Amortised loan fees – loans at amortised cost	64	52	110
	<b>1,521</b>	<b>1,450</b>	<b>3,019</b>
Lease liabilities	95	102	201
Fair value loss on put options over non-controlling interests in subsidiary companies	48	5	9
Other financing costs	90	66	163
Capitalised on			
Investment properties	(216)	(219)	(510)
Properties for sale	(152)	(121)	(270)
	<b>1,386</b>	<b>1,283</b>	<b>2,612</b>
<b>Less: interest income</b>			
Short-term deposits and bank balances	174	159	411
Other loans	93	67	175
	<b>267</b>	<b>226</b>	<b>586</b>
<b>Net finance charges</b>	<b>1,119</b>	<b>1,057</b>	<b>2,026</b>

The amount transferred from other comprehensive income in respect of cash flow hedges for the six months ended 30th June 2024 included HK\$20 million (30th June 2023: HK\$13 million; year ended 31st December 2023: HK\$24 million) relating to currency basis.

## Gearing Ratio and Interest Cover

	30th June		31st December
	2024	2023	2023
Gearing ratio <sup>(i)</sup>	19.8%	21.4%	17.0%
Gearing ratio – including lease liabilities <sup>(ii)</sup>	21.3%	23.0%	18.5%
Interest cover – times <sup>(i)</sup>	4.4	4.8	15.1
Cash interest cover – times <sup>(i)</sup>	3.3	3.6	10.9
Underlying cash interest cover – times	4.2	4.7	13.5

Notes:

(i) Refer to Glossary on pages 86 and 87 for definition.

(ii) Lease liabilities amounted to HK\$4,922 million at 30th June 2024 and HK\$5,079 million at 31st December 2023 (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 2024 and 31st December 2023:

	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 2024 HK\$M	31st December 2023 HK\$M	30th June 2024 HK\$M	31st December 2023 HK\$M	30th June 2024 HK\$M	31st December 2023 HK\$M
Property	19,916	17,239	6,388	5,620	4,062	3,996
Beverages	(2,495)	(2,209)	(1,024)	(922)	–	–
Aviation						
Cathay group	21,672	23,765	14,139	15,080	–	–
HAECO group	368	431	295	260	–	–
Trading & Industrial	(32)	(33)	(13)	(13)	–	–
Head Office, Healthcare and others	1,059	2,089	172	428	–	–
	40,488	41,282	19,957	20,453	4,062	3,996

If the share of net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 26.0% at 30th June 2024 (31st December 2023: 23.3%).

The lease liabilities of these companies at 30th June 2024 and 31st December 2023 were as follows:

	Total lease liabilities of joint venture and associated companies		Portion of lease liabilities shared by the Group	
	30th June 2024 HK\$M	31st December 2023 HK\$M	30th June 2024 HK\$M	31st December 2023 HK\$M
Property	99	117	40	47
Beverages	415	84	172	45
Aviation				
Cathay group	26,299	28,999	11,833	13,048
HAECO group	–	11	–	6
Head Office, Healthcare and others	12	249	2	5
	26,825	29,460	12,047	13,151

# 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 82, which comprise the consolidated statement of financial position of Swire Pacific Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2024 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-month period then ended, and selected 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" issued by the Hong Kong Institute of Certified Public Accountants. 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, 8th August 2024

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June 2024 – unaudited

	Note	(Unaudited) Six months ended 30th June		(Audited) Year ended 31st December
		2024 HK\$M	2023 HK\$M	2023 HK\$M
Revenue	4	39,563	51,544	94,823
Cost of sales		(24,519)	(32,336)	(59,674)
<b>Gross profit</b>		<b>15,044</b>	19,208	35,149
Distribution costs		(5,323)	(8,510)	(14,985)
Administrative expenses		(4,317)	(4,006)	(8,432)
Other operating expenses		(152)	(179)	(300)
Other net gains/(losses)	5	533	(104)	(129)
Gain on disposals of subsidiary companies – Swire Coca-Cola, USA		–	–	23,103
Impairment charges on interests in joint venture and associated companies		–	–	(925)
Change in fair value of investment properties		(840)	(1,330)	(2,860)
<b>Operating profit</b>		<b>4,945</b>	5,079	30,621
Finance charges		(1,386)	(1,283)	(2,612)
Finance income		267	226	586
Net finance charges	7	(1,119)	(1,057)	(2,026)
Share of profits of joint venture companies		955	748	617
Share of profits of associated companies		1,472	1,746	3,558
<b>Profit before taxation</b>		<b>6,253</b>	6,516	32,770
Taxation	8	(1,674)	(1,649)	(2,932)
<b>Profit for the period</b>		<b>4,579</b>	4,867	29,838
Profit for the period attributable to:				
The Company's shareholders		3,914	4,221	28,853
Non-controlling interests		665	646	985
		4,579	4,867	29,838
Underlying profit attributable to the Company's shareholders	9	5,576	5,594	36,177
		HK\$	HK\$	HK\$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted):	11			
'A' share		2.74	2.91	19.96
'B' share		0.55	0.58	3.99

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30th June 2024 – unaudited

	(Unaudited) Six months ended 30th June		(Audited) Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Profit for the period</b>	<b>4,579</b>	<b>4,867</b>	<b>29,838</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of property previously occupied by the Group			
gains/(losses) recognised during the period	1	(5)	43
deferred tax	–	–	(12)
Defined benefit plans			
remeasurement losses recognised during the period	–	(10)	(117)
deferred tax	–	1	9
Changes in the fair value of equity investments at fair value through other comprehensive income			
losses recognised during the year	(13)	(5)	(15)
deferred tax	(3)	–	(2)
Share of other comprehensive (loss)/income of joint venture and associated companies	(2)	15	78
Net translation differences	(259)	(449)	(221)
	<b>(276)</b>	<b>(453)</b>	<b>(237)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedges			
losses recognised during the period	(63)	(175)	(191)
transferred from net finance charges	(35)	(23)	(57)
transferred to operating profit	179	99	11
deferred tax	(13)	13	46
Share of other comprehensive (loss)/income of joint venture and associated companies			
recognised during the period	(498)	(1,481)	(988)
reclassified to profit or loss on deemed disposal	–	228	228
Net translation differences			
recognised during the period	(1,595)	(1,655)	(1,041)
reclassified to profit or loss on disposal	–	–	(45)
	<b>(2,025)</b>	<b>(2,994)</b>	<b>(2,037)</b>
<b>Other comprehensive loss for the period, net of tax</b>	<b>(2,301)</b>	<b>(3,447)</b>	<b>(2,274)</b>
<b>Total comprehensive income for the period</b>	<b>2,278</b>	<b>1,420</b>	<b>27,564</b>
Total comprehensive income attributable to:			
The Company's shareholders	1,979	1,285	26,798
Non-controlling interests	299	135	766
	<b>2,278</b>	<b>1,420</b>	<b>27,564</b>

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June 2024 – unaudited

	Note	(Unaudited) 30th June 2024 HK\$M	(Audited) 31st December 2023 HK\$M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	21,338	20,799
Investment properties	13	279,709	280,783
Intangible assets	14	17,991	18,041
Right-of-use assets	15	9,084	8,766
Properties held for development		1,209	1,210
Joint venture companies	16	29,734	24,479
Loans due from joint venture companies	16	14,559	14,853
Associated companies	17	35,070	34,781
Loans due from associated companies	17	189	332
Investments at fair value		1,793	1,993
Other receivables	20	10	312
Derivative financial instruments	19	134	84
Deferred tax assets	24	537	567
Retirement benefit assets		65	68
		411,422	407,068
<b>Current assets</b>			
Properties for sale		9,674	9,121
Stocks and work in progress		6,004	6,747
Contract assets		1,087	1,033
Trade and other receivables	20	10,350	8,708
Taxation receivable		427	430
Derivative financial instruments	19	13	20
Bank balances and short-term deposits		16,746	14,082
		44,301	40,141
Assets classified as held for sale	21	9	543
		44,310	40,684
<b>Current liabilities</b>			
Trade and other payables	22	28,288	27,586
Contract liabilities		1,843	2,146
Taxation payable		845	571
Derivative financial instruments	19	20	33
Short-term loans		820	–
Long-term loans and bonds due within one year		14,613	10,605
Lease liabilities due within one year	23	847	873
		47,276	41,814
<b>Net current liabilities</b>		(2,966)	(1,130)
<b>Total assets less current liabilities</b>		408,456	405,938
<b>Non-current liabilities</b>			
Long-term loans and bonds		64,792	58,613
Long-term lease liabilities	23	4,075	4,206
Derivative financial instruments	19	414	331
Other payables	22	1,062	1,233
Deferred tax liabilities	24	16,929	16,660
Retirement benefit liabilities		118	121
		87,390	81,164
<b>NET ASSETS</b>		321,066	324,774
<b>EQUITY</b>			
Share capital	25	1,294	1,294
Reserves	26	263,952	266,835
<b>Equity attributable to the Company's shareholders</b>		265,246	268,129
<b>Non-controlling interests</b>	27	55,820	56,645
<b>TOTAL EQUITY</b>		321,066	324,774

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June 2024 – unaudited

	Note	(Unaudited)	(Audited)
		Six months ended 30th June	Year ended 31st December
		2024 HK\$M	2023 HK\$M
<b>Operating activities</b>			
Cash generated from operations		5,307	7,206
Interest paid		(1,645)	(1,533)
Interest received		298	197
Tax paid		(874)	(939)
		3,086	4,931
Dividends received from joint venture and associated companies		1,637	222
<b>Net cash generated from operating activities</b>		<b>4,723</b>	<b>5,153</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment and right-of-use assets		(2,071)	(1,721)
Additions of investment properties		(846)	(1,332)
Purchase of intangible assets		(42)	(72)
Proceeds from disposals of property, plant and equipment and right-of-use assets		679	218
Proceeds from disposals of investment properties		311	60
Proceeds from disposals of subsidiary companies, net of cash disposed of		–	–
Proceeds from disposals of investments at fair value		583	–
Payment for acquisition of subsidiary companies, net of cash acquired	31	(833)	(2,492)
Purchase of shares in joint venture companies		(4,532)	(762)
Purchase of shares in associated companies		(85)	(16)
Equity to joint venture companies		(732)	(221)
Purchase of investments at fair value		(30)	(314)
Loans to joint venture companies		(156)	(966)
Loans to associated companies		–	(78)
Repayment of loans by joint venture companies		403	173
Repayment of loans by associated companies		247	6
Advances to joint venture companies		(332)	(522)
Decrease/(increase) in deposits maturing after more than three months		753	(549)
Initial leasing costs incurred		(5)	(58)
<b>Net cash (used in)/generated from investing activities</b>		<b>(6,688)</b>	<b>(8,646)</b>
<b>Net cash (outflow)/inflow before financing activities</b>		<b>(1,965)</b>	<b>(3,493)</b>
<b>Financing activities</b>			
Loans drawn and refinancing		14,150	13,508
Repayment of loans and bonds		(3,685)	(4,556)
Advances from an associated company		1,624	–
Principal elements of lease payments		(477)	(445)
		11,612	8,507
Capital contribution from non-controlling interests		33	–
Repurchase of the Company's shares		(2,006)	(684)
Dividends paid to the Company's shareholders		(2,841)	(2,675)
Dividends paid to non-controlling interests		(1,092)	(1,022)
<b>Net cash generated from/(used in) financing activities</b>		<b>5,706</b>	<b>4,126</b>
<b>Increase in cash and cash equivalents</b>		<b>3,741</b>	<b>633</b>
Cash and cash equivalents at 1st January		11,831	10,758
Effect of exchange differences		(237)	(274)
<b>Cash and cash equivalents at end of the period</b>		<b>15,335</b>	<b>11,117</b>
<b>Represented by:</b>			
Bank balances and short-term deposits maturing within three months			
– Included in bank balances and short-term deposits		15,335	10,434
– Included in assets classified as held for sale		–	683
		15,335	11,117

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2024 – unaudited

	Attributable to the Company's shareholders				Non-controlling interests HK\$M	Total equity HK\$M
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M	Total HK\$M		
<b>At 1st January 2024</b>	1,294	266,875	(40)	268,129	56,645	324,774
Profit for the period	–	3,914	–	3,914	665	4,579
Other comprehensive loss	–	(2)	(1,933)	(1,935)	(366)	(2,301)
<b>Total comprehensive income/(loss) for the period</b>	–	3,912	(1,933)	1,979	299	2,278
Capital contribution from non-controlling interests	–	–	–	–	23	23
Repurchase of the Company's shares	–	(2,019)	–	(2,019)	–	(2,019)
Dividends paid	–	(2,841)	–	(2,841)	(1,147)	(3,988)
Change in composition of the Group	–	(2)	–	(2)	–	(2)
<b>At 30th June 2024 (unaudited)</b>	1,294	265,925	(1,973)	265,246	55,820	321,066

	Attributable to the Company's shareholders				Non-controlling interests HK\$M	Total equity HK\$M
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M	Total HK\$M		
<b>At 1st January 2023</b>	1,294	255,167	1,995	258,456	57,480	315,936
Profit for the period	–	4,221	–	4,221	646	4,867
Other comprehensive income/(loss)	–	6	(2,942)	(2,936)	(511)	(3,447)
<b>Total comprehensive income/(loss) for the period</b>	–	4,227	(2,942)	1,285	135	1,420
Repurchase of the Company's shares	–	(680)	–	(680)	–	(680)
Dividends paid	–	(2,675)	–	(2,675)	(1,068)	(3,743)
<b>At 30th June 2023 (unaudited)</b>	1,294	256,039	(947)	256,386	56,547	312,933

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 1. SEGMENT INFORMATION

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

Six months ended 30th June 2024	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
<b>Property</b>											
Property investment	6,703	24	4,166	(579)	116	436	–	(636)	3,503	2,833	3,234
Change in fair value of investment properties	–	–	(840)	–	–	(100)	6	(553)	(1,487)	(1,258)	–
Property trading	88	–	(54)	–	–	(8)	9	(23)	(76)	(62)	(50)
Hotels	464	–	(57)	(6)	–	(17)	24	5	(51)	(42)	(51)
	<b>7,255</b>	<b>24</b>	<b>3,215</b>	<b>(585)</b>	<b>116</b>	<b>311</b>	<b>39</b>	<b>(1,207)</b>	<b>1,889</b>	<b>1,471</b>	<b>3,133</b>
<b>Beverages</b>											
Chinese Mainland	12,671	–	750	(26)	14	48	4	(196)	594	543	543
Hong Kong	1,130	1	82	(3)	–	–	–	(7)	72	72	72
Taiwan	1,109	–	76	(1)	–	–	–	(17)	58	58	58
South East Asia <sup>(i)</sup>	2,228	–	182	(7)	50	134	–	(75)	284	284	284
Net central and other costs	–	–	(64)	(2)	1	–	–	(22)	(87)	(79)	(79)
	<b>17,138</b>	<b>1</b>	<b>1,026</b>	<b>(39)</b>	<b>65</b>	<b>182</b>	<b>4</b>	<b>(317)</b>	<b>921</b>	<b>878</b>	<b>878</b>
<b>Aviation</b>											
Cathay group <sup>(ii)</sup>	–	–	–	–	–	–	1,625	–	1,625	1,625	1,625
HAECO group <sup>(iii)</sup>	10,445	–	519	(88)	29	459	–	(108)	811	597	597
Others	–	–	(16)	–	–	2	(121)	–	(135)	(129)	(129)
	<b>10,445</b>	<b>–</b>	<b>503</b>	<b>(88)</b>	<b>29</b>	<b>461</b>	<b>1,504</b>	<b>(108)</b>	<b>2,301</b>	<b>2,093</b>	<b>2,093</b>
<b>Trading &amp; Industrial</b>											
Swire Resources	1,215	–	61	(11)	4	1	–	(8)	47	47	47
Taikoo Motors	2,712	–	113	(6)	1	–	–	(22)	86	86	86
Swire Foods	673	50	11	–	1	–	–	(7)	5	5	5
Swire Environmental Services	77	–	26	–	1	–	–	(5)	22	22	22
Central costs	–	–	(8)	–	–	–	–	–	(8)	(8)	(8)
	<b>4,677</b>	<b>50</b>	<b>203</b>	<b>(17)</b>	<b>7</b>	<b>1</b>	<b>–</b>	<b>(42)</b>	<b>152</b>	<b>152</b>	<b>152</b>
<b>Head Office, Healthcare and others</b>											
Healthcare and others <sup>(iv)</sup>	42	–	(77)	(10)	22	–	(75)	–	(140)	(136)	(136)
Net income/(expenses)	6	40	75	(681)	62	–	–	–	(544)	(544)	(544)
	<b>48</b>	<b>40</b>	<b>(2)</b>	<b>(691)</b>	<b>84</b>	<b>–</b>	<b>(75)</b>	<b>–</b>	<b>(684)</b>	<b>(680)</b>	<b>(680)</b>
<b>Inter-segment elimination</b>	<b>–</b>	<b>(115)</b>	<b>–</b>	<b>34</b>	<b>(34)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>39,563</b>	<b>–</b>	<b>4,945</b>	<b>(1,386)</b>	<b>267</b>	<b>955</b>	<b>1,472</b>	<b>(1,674)</b>	<b>4,579</b>	<b>3,914</b>	<b>5,576</b>

#### Notes:

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.

- The share of profit from the joint venture companies in Thailand and Laos included in South East Asia was HK\$134 million.
- After the share issuance of Air China in February 2024, the Cathay group's equity interest in Air China was reduced from 16.26% to 15.87%. Gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK\$40 million (HK\$90 million on a 100% basis). The share of profits also included a reversal of impairment charges of HK\$9 million (HK\$19 million on a 100% basis).
- Gain on disposal of non-current assets at a joint venture company in the Chinese Mainland included under share of profits/(losses) of joint venture companies was HK\$197 million (HK\$549 million on a 100% basis).
- The remeasurement loss in respect of DeltaHealth and the gain on deemed disposal of interest in SHH Core included under operating profit/(loss) were HK\$59 million and HK\$20 million respectively.

**1. SEGMENT INFORMATION** (continued)

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

Six months ended 30th June 2023	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
<b>Property</b>											
Property investment	6,711	21	4,250	(264)	88	506	–	(672)	3,908	3,159	3,233
Change in fair value of investment properties	–	–	(1,330)	–	–	10	–	(262)	(1,582)	(1,286)	–
Property trading	89	–	(12)	–	4	(20)	–	(25)	(53)	(43)	(30)
Hotels	476	–	(37)	(7)	–	12	16	6	(10)	(8)	(8)
	<b>7,276</b>	<b>21</b>	<b>2,871</b>	<b>(271)</b>	<b>92</b>	<b>508</b>	<b>16</b>	<b>(953)</b>	<b>2,263</b>	<b>1,822</b>	<b>3,195</b>
<b>Beverages</b>											
Chinese Mainland	13,202	–	823	(24)	23	44	36	(202)	700	651	651
Hong Kong	1,154	1	67	(4)	–	–	–	(7)	56	56	56
Taiwan	1,086	–	63	(1)	–	–	–	(15)	47	47	47
South East Asia	2,317	–	152	(97)	57	–	–	(57)	55	55	55
USA	12,686	–	1,205	(29)	27	–	–	(290)	913	913	913
Net central and other costs <sup>(i)</sup>	–	–	(296)	–	2	(5)	–	–	(299)	(299)	(299)
	<b>30,445</b>	<b>1</b>	<b>2,014</b>	<b>(155)</b>	<b>109</b>	<b>39</b>	<b>36</b>	<b>(571)</b>	<b>1,472</b>	<b>1,423</b>	<b>1,423</b>
<b>Aviation</b>											
Cathay group <sup>(ii)</sup>	–	–	–	–	–	–	1,921	–	1,921	1,921	1,921
HAECO group	8,464	–	192	(120)	27	198	–	(72)	225	63	63
Others	–	–	(17)	–	–	–	(177)	–	(194)	(188)	(188)
	<b>8,464</b>	<b>–</b>	<b>175</b>	<b>(120)</b>	<b>27</b>	<b>198</b>	<b>1,744</b>	<b>(72)</b>	<b>1,952</b>	<b>1,796</b>	<b>1,796</b>
<b>Trading &amp; Industrial</b>											
Swire Resources	1,243	–	75	(6)	3	3	–	(10)	65	65	65
Taikoo Motors	3,363	–	156	(6)	–	–	–	(32)	118	118	118
Swire Foods	667	38	(1)	(4)	2	–	–	(6)	(9)	(9)	(9)
Swire Environmental Services	82	–	26	–	1	–	–	(5)	22	22	22
Central costs	–	–	(11)	(1)	1	–	–	–	(11)	(11)	(11)
	<b>5,355</b>	<b>38</b>	<b>245</b>	<b>(17)</b>	<b>7</b>	<b>3</b>	<b>–</b>	<b>(53)</b>	<b>185</b>	<b>185</b>	<b>185</b>
<b>Head Office, Healthcare and others</b>											
Healthcare and others	–	–	4	–	–	–	(80)	–	(76)	(76)	(76)
Net income/(expenses)	4	35	(230)	(892)	163	–	–	–	(959)	(959)	(959)
Others	–	–	–	–	–	–	30	–	30	30	30
	<b>4</b>	<b>35</b>	<b>(226)</b>	<b>(892)</b>	<b>163</b>	<b>–</b>	<b>(50)</b>	<b>–</b>	<b>(1,005)</b>	<b>(1,005)</b>	<b>(1,005)</b>
Inter-segment elimination	–	(95)	–	172	(172)	–	–	–	–	–	–
<b>Total</b>	<b>51,544</b>	<b>–</b>	<b>5,079</b>	<b>(1,283)</b>	<b>226</b>	<b>748</b>	<b>1,746</b>	<b>(1,649)</b>	<b>4,867</b>	<b>4,221</b>	<b>5,594</b>

## Notes:

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.

(i) Provision for amount due from and other payable of a joint venture company included under operating profit/(loss) was HK\$239 million.

(ii) After the share issuance of Air China in January 2023, the Cathay group's equity interest in Air China was reduced from 18.13% to 16.26%. Gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK\$868 million (HK\$1,929 million on a 100% basis). The share of profits also included a reversal of impairment charges of HK\$94 million (HK\$208 million on a 100% basis).

**1. SEGMENT INFORMATION** (continued)

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

Year ended 31st December 2023	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
<b>Property</b>											
Property investment	13,482	43	8,193	(725)	203	866	7	(1,116)	7,428	6,001	9,652
Change in fair value of investment properties	–	–	(2,860)	–	–	(667)	(454)	(461)	(4,442)	(3,649)	–
Property trading	166	–	(89)	–	15	(46)	–	(52)	(172)	(139)	(115)
Hotels	977	2	(103)	(13)	–	(29)	31	13	(101)	(82)	(82)
	<b>14,625</b>	<b>45</b>	<b>5,141</b>	<b>(738)</b>	<b>218</b>	<b>124</b>	<b>(416)</b>	<b>(1,616)</b>	<b>2,713</b>	<b>2,131</b>	<b>9,455</b>
<b>Beverages</b>											
Chinese Mainland	24,725	–	1,110	(56)	47	65	25	(313)	878	790	790
Hong Kong	2,415	2	225	(8)	–	–	–	(23)	194	194	194
Taiwan	2,275	–	160	(1)	–	–	–	(36)	123	123	123
South East Asia	4,504	–	318	(145)	127	–	–	(102)	198	198	198
USA <sup>(i)</sup>	17,923	–	24,856	(44)	31	–	–	(623)	24,220	24,220	24,220
Net central and other costs <sup>(ii)</sup>	–	–	(467)	–	2	(5)	–	39	(431)	(428)	(428)
	<b>51,842</b>	<b>2</b>	<b>26,202</b>	<b>(254)</b>	<b>207</b>	<b>60</b>	<b>25</b>	<b>(1,058)</b>	<b>25,182</b>	<b>25,097</b>	<b>25,097</b>
<b>Aviation</b>											
Cathay group <sup>(iii)</sup>	–	–	–	–	–	–	4,405	–	4,405	4,405	4,405
HAECO group <sup>(iv)</sup>	17,787	–	224	(155)	55	427	–	(181)	370	45	45
Others <sup>(v)</sup>	–	–	(707)	–	–	3	(360)	–	(1,064)	(1,057)	(1,057)
	<b>17,787</b>	<b>–</b>	<b>(483)</b>	<b>(155)</b>	<b>55</b>	<b>430</b>	<b>4,045</b>	<b>(181)</b>	<b>3,711</b>	<b>3,393</b>	<b>3,393</b>
<b>Trading &amp; Industrial</b>											
Swire Resources	2,402	–	108	(15)	7	3	–	(13)	90	90	90
Taikoo Motors	6,401	–	222	(13)	–	–	–	(44)	165	165	165
Swire Foods	1,567	92	23	(7)	4	–	–	(13)	7	7	7
Swire Environmental Services	185	–	63	–	1	–	–	(11)	53	53	53
Central costs	–	–	(16)	–	–	–	–	–	(16)	(16)	(16)
	<b>10,555</b>	<b>92</b>	<b>400</b>	<b>(35)</b>	<b>12</b>	<b>3</b>	<b>–</b>	<b>(81)</b>	<b>299</b>	<b>299</b>	<b>299</b>
<b>Head Office, Healthcare and others</b>											
Healthcare and others <sup>(vi)</sup>	–	–	(393)	–	–	–	(165)	–	(558)	(558)	(558)
Net income/(expenses)	14	82	(246)	(1,656)	320	–	–	4	(1,578)	(1,578)	(1,578)
Others <sup>(vii)</sup>	–	–	–	–	–	–	69	–	69	69	69
	<b>14</b>	<b>82</b>	<b>(639)</b>	<b>(1,656)</b>	<b>320</b>	<b>–</b>	<b>(96)</b>	<b>4</b>	<b>(2,067)</b>	<b>(2,067)</b>	<b>(2,067)</b>
<b>Inter-segment elimination</b>	<b>–</b>	<b>(221)</b>	<b>–</b>	<b>226</b>	<b>(226)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>94,823</b>	<b>–</b>	<b>30,621</b>	<b>(2,612)</b>	<b>586</b>	<b>617</b>	<b>3,558</b>	<b>(2,932)</b>	<b>29,838</b>	<b>28,853</b>	<b>36,177</b>

## Notes:

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.

(i) Gain on disposals of subsidiary companies (Swire Coca-Cola, USA) included under operating profit/(loss) was HK\$23,103 million.

(ii) Provision for amount due from and other payable of a joint venture company included under operating profit/(loss) was HK\$239 million.

(iii) After the share issuance of Air China in January 2023, the Cathay group's equity interest in Air China was reduced from 18.13% to 16.26%. Gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK\$868 million (HK\$1,929 million on a 100% basis). The share of profits also included a reversal of impairment charges of HK\$94 million (HK\$208 million on a 100% basis).

(iv) Loss on disposals of subsidiary companies included under operating profit/(loss) in relation to the HAECO group was HK\$420 million.

(v) Impairment charge included under operating profit/(loss) in relation to HAESL was HK\$675 million.

(vi) Impairment charges included under operating profit/(loss) in relation to interest in DeltaHealth and a convertible note receivable were HK\$250 million and HK\$140 million respectively.

(vii) Gain on deemed disposal of interest in Cadeler included under operating profit/(loss) was HK\$37 million.

**1. SEGMENT INFORMATION** (continued)

(b) Analysis of total assets of the Group

At 30th June 2024	Segment assets HK\$M	Joint venture companies <sup>(i)</sup> HK\$M	Associated companies <sup>(i)</sup> HK\$M	Bank deposits HK\$M	Total assets HK\$M
<b>Property</b>					
Property investment	286,937	26,053	8,173	5,340	326,503
Property trading	11,934	6,126	2,132	69	20,261
Hotels	4,271	2,168	283	119	6,841
	<b>303,142</b>	<b>34,347</b>	<b>10,588</b>	<b>5,528</b>	<b>353,605</b>
<b>Beverages</b>					
Swire Coca-Cola	31,344	5,491	392	6,297	43,524
<b>Aviation</b>					
Cathay group	–	–	23,383	–	23,383
HAECO group	13,468	2,280	–	2,597	18,345
Others	3,862	2,131	–	–	5,993
	<b>17,330</b>	<b>4,411</b>	<b>23,383</b>	<b>2,597</b>	<b>47,721</b>
<b>Trading &amp; Industrial</b>					
Swire Resources	948	41	–	261	1,250
Taikoo Motors	2,766	–	–	21	2,787
Swire Foods	564	3	–	283	850
Swire Environmental Services	71	–	–	36	107
Other activities	7	–	–	2	9
	<b>4,356</b>	<b>44</b>	<b>–</b>	<b>603</b>	<b>5,003</b>
<b>Head Office, Healthcare and others</b>	<b>3,262</b>	<b>–</b>	<b>896</b>	<b>1,721</b>	<b>5,879</b>
	<b>359,434</b>	<b>44,293</b>	<b>35,259</b>	<b>16,746</b>	<b>455,732</b>

Note:

(i) 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 2023	Segment assets HK\$M	Joint venture companies <sup>(i)</sup> HK\$M	Associated companies <sup>(i)</sup> HK\$M	Bank deposits HK\$M	Total assets HK\$M
<b>Property</b>					
Property investment	288,836	25,799	8,366	4,854	327,855
Property trading	10,869	6,057	2,167	127	19,220
Hotels	4,594	2,201	259	116	7,170
	<b>304,299</b>	<b>34,057</b>	<b>10,792</b>	<b>5,097</b>	<b>354,245</b>
<b>Beverages</b>					
Swire Coca-Cola	32,087	1,115	533	4,642	38,377
<b>Aviation</b>					
Cathay group	–	–	22,777	–	22,777
HAECO group	12,510	1,987	–	2,447	16,944
Others	3,880	2,130	–	–	6,010
	<b>16,390</b>	<b>4,117</b>	<b>22,777</b>	<b>2,447</b>	<b>45,731</b>
<b>Trading &amp; Industrial</b>					
Swire Resources	1,006	40	–	287	1,333
Taikoo Motors	2,873	–	–	44	2,917
Swire Foods	592	3	–	335	930
Swire Environmental Services	76	–	–	47	123
Other activities	2	–	–	2	4
	<b>4,549</b>	<b>43</b>	<b>–</b>	<b>715</b>	<b>5,307</b>
<b>Head Office, Healthcare and others</b>	<b>1,900</b>	<b>–</b>	<b>1,011</b>	<b>1,181</b>	<b>4,092</b>
	<b>359,225</b>	<b>39,332</b>	<b>35,113</b>	<b>14,082</b>	<b>447,752</b>

Note:

(i) 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 2024	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
<b>Property</b>							
Property investment	9,387	14,760	(15,949)	42,755	563	51,516	52,229
Property trading	1,890	114	15,247	–	–	17,251	305
Hotels	205	1	702	–	6	914	1,099
	<b>11,482</b>	<b>14,875</b>	<b>–</b>	<b>42,755</b>	<b>569</b>	<b>69,681</b>	<b>53,633</b>
<b>Beverages</b>							
Swire Coca-Cola	11,580	2,344	–	781	720	15,425	265
<b>Aviation</b>							
HAECO group	5,723	375	1,956	37	2,555	10,646	1,914
<b>Trading &amp; Industrial</b>							
Swire Resources	649	24	(53)	–	477	1,097	–
Taikoo Motors	709	22	–	39	524	1,294	–
Swire Foods	301	10	(6)	–	66	371	–
Swire Environmental Services	36	5	–	–	–	41	–
Other activities	19	–	6	–	–	25	–
	<b>1,714</b>	<b>61</b>	<b>(53)</b>	<b>39</b>	<b>1,067</b>	<b>2,828</b>	<b>–</b>
<b>Head Office, Healthcare and others</b>	<b>1,246</b>	<b>119</b>	<b>(1,903)</b>	<b>36,613</b>	<b>11</b>	<b>36,086</b>	<b>8</b>
	<b>31,745</b>	<b>17,774</b>	<b>–</b>	<b>80,225</b>	<b>4,922</b>	<b>134,666</b>	<b>55,820</b>

**1. SEGMENT INFORMATION** (continued)

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

At 31st December 2023	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
<b>Property</b>							
Property investment	8,196	14,358	(15,773)	41,169	599	48,549	52,754
Property trading	1,670	89	14,422	–	–	16,181	548
Hotels	237	1	1,351	–	8	1,597	1,037
	<b>10,103</b>	<b>14,448</b>	<b>–</b>	<b>41,169</b>	<b>607</b>	<b>66,327</b>	<b>54,339</b>
<b>Beverages</b>							
Swire Coca-Cola	13,272	2,291	–	–	722	16,285	321
<b>Aviation</b>							
HAECO group	5,382	373	997	40	2,542	9,334	1,985
<b>Trading &amp; Industrial</b>							
Swire Resources	723	24	(60)	–	542	1,229	–
Taikoo Motors	746	45	–	–	561	1,352	–
Swire Foods	301	15	(6)	–	104	414	–
Swire Environmental Services	25	1	–	–	1	27	–
Other activities	19	–	6	–	–	25	–
	<b>1,814</b>	<b>85</b>	<b>(60)</b>	<b>–</b>	<b>1,208</b>	<b>3,047</b>	<b>–</b>
<b>Head Office, Healthcare and others</b>	<b>879</b>	<b>34</b>	<b>(937)</b>	<b>28,009</b>	<b>–</b>	<b>27,985</b>	<b>–</b>
	<b>31,450</b>	<b>17,231</b>	<b>–</b>	<b>69,218</b>	<b>5,079</b>	<b>122,978</b>	<b>56,645</b>

## 1. SEGMENT INFORMATION (continued)

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

	Six months ended 30th June 2024				Six months ended 30th June 2023			
	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
<b>Property</b>								
Property investment	–	62	6,641	6,703	–	55	6,656	6,711
Property trading	88	–	–	88	89	–	–	89
Hotels	211	253	–	464	221	255	–	476
	299	315	6,641	7,255	310	310	6,656	7,276
<b>Beverages</b>								
Chinese Mainland	12,671	–	–	12,671	13,202	–	–	13,202
Hong Kong	1,130	–	–	1,130	1,154	–	–	1,154
Taiwan	1,109	–	–	1,109	1,086	–	–	1,086
South East Asia	2,228	–	–	2,228	2,317	–	–	2,317
USA	–	–	–	–	12,686	–	–	12,686
	17,138	–	–	17,138	30,445	–	–	30,445
<b>Aviation</b>								
HAECO group	96	10,349	–	10,445	423	8,041	–	8,464
<b>Trading &amp; Industrial</b>								
Swire Resources	1,215	–	–	1,215	1,243	–	–	1,243
Taikoo Motors	2,709	3	–	2,712	3,362	1	–	3,363
Swire Foods	660	13	–	673	650	17	–	667
Swire Environmental Services	–	77	–	77	–	82	–	82
	4,584	93	–	4,677	5,255	100	–	5,355
<b>Head Office, Healthcare and others</b>								
	10	38	–	48	–	4	–	4
<b>Total</b>	<b>22,127</b>	<b>10,795</b>	<b>6,641</b>	<b>39,563</b>	<b>36,433</b>	<b>8,455</b>	<b>6,656</b>	<b>51,544</b>

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

The reportable segments within each of the 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 82 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 2023 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 2023 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 2023 annual financial statements except for those noted in 2(b) below.

- (b) The following revised standards and interpretation were required to be adopted by the Group effective from 1st January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current and Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of the revised standards and interpretation had a significant effect on the Group’s consolidated financial statements or accounting policies.

- (c) In July 2024, the Hong Kong Institute of Certified Public Accountants published HKFRS 18 “Presentation and Disclosure in Financial Statements” which sets out the requirements for the presentation and disclosure of information in the financial statements to help ensure entities provide relevant information that faithfully represents the entity’s financial results and position. This new standard will apply for annual reporting periods beginning on or after 1st January 2027. Management is in the process of assessing its impact to the Group’s consolidated financial statements.

## 2. BASIS OF PREPARATION (continued)

(d) 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 2023 annual financial statements.

(e) In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two) (i.e. BEPS 2.0), and various governments around the world have issued, or are in the process of issuing, legislation on this. The ultimate holding company of the Group is in the process of assessing the full impact of this in various regions that the Group has operations. The HKSAR Government and the respective governments of the Group's major operating regions have not enacted the legislation on Pillar Two as of the date of approval of these 2024 condensed interim financial statements.

## 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 2023 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 which comprises:

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Gross rental income from investment properties	6,641	6,656	13,365
Property trading	88	89	166
Hotels	464	476	977
Sales of goods	21,803	36,078	62,793
Aircraft and engine maintenance services	9,538	7,622	16,034
Rendering of other services	1,029	623	1,488
	<b>39,563</b>	<b>51,544</b>	<b>94,823</b>

## 5. OTHER NET GAINS/(LOSSES)

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Loss on disposals of subsidiary companies	–	–	(420)
Gain arising from the acquisition of interests in joint venture companies	–	551	551
Loss arising from the acquisition of interests in associated companies	(59)	–	–
Gain on deemed disposal of an associated company	20	–	37
Gain on disposal of investment at fair value through profit or loss	139	–	–
Loss on disposals of investment properties	–	–	(16)
Loss on disposals of property, plant and equipment	(14)	(18)	(86)
Loss on disposals of assets classified as held for sale	(219)	(1)	(44)
Change in fair value of assets classified as held for sale	(2)	(411)	(442)
Net foreign exchange gains/(losses)	188	(79)	(237)
Fair value gains on investments at fair value through profit or loss	233	8	395
Fair value losses on derivative financial instruments transferred from cash flow hedge reserve	(168)	(99)	(6)
Fair value (losses)/gains on forward foreign exchange contracts not qualifying as hedges	(12)	1	(19)
Reversal of impairment charges/(impairment charges) recognised on			
Property, plant and equipment	16	4	4
Intangible assets	–	(3)	–
Convertible notes receivable, unlisted	–	–	(140)
Provision for amount due from and other payable of a joint venture company	–	(239)	(239)
Dividend income on equity investments	1	1	1
Government subsidies	71	70	142
Other income	339	111	390
<b>Total</b>	<b>533</b>	<b>(104)</b>	<b>(129)</b>

## 6. EXPENSES BY NATURE

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

	Note	Six months ended 30th June		Year ended 31st December
		2024 HK\$M	2023 HK\$M	2023 HK\$M
Direct rental outgoings in respect of investment properties <sup>(i)</sup>		1,501	1,483	3,266
Cost of goods sold		16,723	24,070	43,173
Write-down of stocks and work in progress		35	67	227
Impairment charges on trade receivables		5	22	88
Depreciation of property, plant and equipment	12	1,251	1,536	2,947
Depreciation of right-of-use assets				
Leasehold land held for own use		18	24	50
Land use rights		27	26	53
Property		463	430	886
Plant and equipment		5	23	41
Amortisation of				
Intangible assets	14	116	157	284
Initial leasing costs in respect of investment properties		26	69	96
Others		1	5	8
Staff costs		7,472	9,754	18,194
Other lease expenses <sup>(ii)</sup>		118	132	210
Other expenses		6,550	7,233	13,868
<b>Total cost of sales, distribution costs, administrative expenses and other operating expenses</b>		<b>34,311</b>	<b>45,031</b>	<b>83,391</b>

Notes:

- (i) Direct rental outgoings in respect of investment properties include impairment charges relating to expected credit losses on forgiveness of lease payments of operating lease receivables, i.e. rent concession granted to tenants during the period, under HKFRS 9 of HK\$4 million (30th June 2023: HK\$13 million; year ended 31st December 2023: HK\$36 million).
- (ii) These expenses relate to short-term leases, leases of low-value assets or leases with variable payments, net of rent concessions received (nil for the six months ended 30th June 2024 and 30th June 2023; year ended 31st December 2023: HK\$3 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
		2024 HK\$M	2023 HK\$M	2023 HK\$M
Current taxation				
Hong Kong		251	291	500
Outside Hong Kong		898	1,073	1,994
Under/(over)-provisions in prior years		7	9	(25)
		<b>1,156</b>	<b>1,373</b>	<b>2,469</b>
Deferred taxation	24			
Change in fair value of investment properties		397	88	106
Origination and reversal of temporary differences		121	188	357
		<b>518</b>	<b>276</b>	<b>463</b>
		<b>1,674</b>	<b>1,649</b>	<b>2,932</b>

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the period. Tax outside Hong Kong 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 of HK\$287 million (30th June 2023: HK\$195 million; year ended 31st December 2023: HK\$337 million) and share of associated companies’ tax charges for the six months ended 30th June 2024 of HK\$294 million (30th June 2023: HK\$204 million; year ended 31st December 2023: HK\$365 million) 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 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 attributable to the Company’s shareholders.



## 10. DIVIDENDS

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
First interim dividend declared on 8th August 2024 of HK\$1.25 per 'A' share and HK\$0.25 per 'B' share (2023 first interim dividend paid: HK\$1.20 and HK\$0.24)	1,754	1,730	1,730
Special interim dividend paid on 19th September 2023 of HK\$8.120 per 'A' share and HK\$1.624 per 'B' share	–	–	11,703
Second interim dividend paid on 3rd May 2024 of HK\$2.00 per 'A' share and HK\$0.40 per 'B' share	–	–	2,841
	<b>1,754</b>	<b>1,730</b>	<b>16,274</b>

The second interim dividend paid for the year ended 31st December 2023 does not include the amount of the dividend which would have been payable in respect of the shares of the Company which were repurchased prior to 10th April 2024 if those shares had not been so repurchased.

The amount payable in respect of the first interim dividend for 2024 is calculated based on the number of shares in issue at 31st July 2024. In determining the number of shares in issue, shares repurchased by the Company but not yet cancelled are excluded, and that none of the shares repurchased but not yet cancelled by the Company would receive the aforesaid dividend. At 31st July 2024, the number of repurchased shares pending cancellation were 1,045,000 'A' shares and 1,935,000 'B' shares. The Company would not hold any repurchased shares as treasury shares.

The Directors have declared first interim dividends of HK\$1.25 (2023: HK\$1.20) per 'A' share and HK\$0.25 (2023: HK\$0.24) per 'B' share for the year ending 31st December 2024. The first interim dividends, which total HK\$1,754 million (2023: HK\$1,730 million), will be paid on Thursday, 10th October 2024 to shareholders registered at the close of business on the record date, being Friday, 13th September 2024. Shares of the Company will be traded ex-dividend as from Wednesday, 11th September 2024.

The register of members will be closed on Friday, 13th September 2024, 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, 12th September 2024.

## 11. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders for the period ended 30th June 2024 of HK\$3,914 million (30th June 2023: HK\$4,221 million; year ended 31st December 2023: HK\$28,853 million) by the daily weighted average number of 846,868,819 'A' shares and 2,911,438,668 'B' shares in issue during the period (30th June 2023: 862,765,464 'A' shares and 2,932,460,953 'B' shares; 31st December 2023: 859,770,567 'A' shares and 2,927,357,623 'B' shares), in the proportion five to one.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Note	HK\$M
<b>Cost</b>		
At 1st January 2024		40,779
Translation differences		(713)
Acquisition of subsidiary companies	31	737
Additions		1,786
Disposals		(569)
Net transfers to investment properties		(708)
Other net transfers		50
At 30th June 2024		<b>41,362</b>
<b>Accumulated depreciation and impairment</b>		
At 1st January 2024		19,980
Translation differences		(309)
Depreciation for the period	6	1,251
Reversal of impairment charges	5	(16)
Disposals		(411)
Net transfers to investment properties		(471)
At 30th June 2024		<b>20,024</b>
<b>Net book value</b>		
At 30th June 2024		<b>21,338</b>
At 1st January 2024		20,799

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

	HK\$M
At 1st January 2024	280,591
Translation differences	(1,380)
Additions	1,072
Net transfers from property, plant and equipment	237
Net transfers to right-of-use assets	(139)
Net fair value losses	(840)
At 30th June 2024	279,541
Add: initial leasing costs	168
At 30th June 2024	<b>279,709</b>
At 1st January 2024 (including initial leasing costs)	280,783

## 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
<b>Cost</b>							
At 1st January 2024		10,627	1,170	8,144	603	284	20,828
Translation differences		(147)	(13)	(270)	(1)	(1)	(432)
Acquisition of subsidiary companies	31	434	5	–	–	–	439
Additions		–	42	–	–	–	42
Disposals		–	(2)	–	–	–	(2)
Other net transfers		–	2	2	–	–	4
At 30th June 2024		<b>10,914</b>	<b>1,204</b>	<b>7,876</b>	<b>602</b>	<b>283</b>	<b>20,879</b>
<b>Accumulated amortisation and impairment</b>							
At 1st January 2024		1,186	653	378	370	200	2,787
Translation differences		(3)	(8)	(1)	(1)	(1)	(14)
Amortisation for the period	6	–	63	20	21	12	116
Disposals		–	(1)	–	–	–	(1)
At 30th June 2024		<b>1,183</b>	<b>707</b>	<b>397</b>	<b>390</b>	<b>211</b>	<b>2,888</b>
<b>Net book value</b>							
At 30th June 2024		<b>9,731</b>	<b>497</b>	<b>7,479</b>	<b>212</b>	<b>72</b>	<b>17,991</b>
At 1st January 2024		9,441	517	7,766	233	84	18,041

## 15. RIGHT-OF-USE ASSETS

The Group (acting as lessee) leases land, offices, warehouses, retail stores and equipment. 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 2024 HK\$M	31st December 2023 HK\$M
Leasehold land held for own use	3,442	3,334
Land use rights	1,540	1,206
Property	4,079	4,180
Plant and equipment	23	46
Total	<b>9,084</b>	<b>8,766</b>

## 15. RIGHT-OF-USE ASSETS (continued)

Additions to right-of-use assets during the six months ended 30th June 2024 were HK\$525 million (30th June 2023: HK\$696 million; year ended 31st December 2023: HK\$963 million).

During the six months ended 30th June 2024, total cash outflow for leases was included in the consolidated statement of cash flows as (a) interest paid of HK\$94 million (30th June 2023: HK\$101 million; year ended 31st December 2023: HK\$203 million) under "operating activities", (b) payment for short-term and low-value assets leases and variable lease payments of HK\$118 million (30th June 2023: HK\$132 million; year ended 31st December 2023: HK\$210 million) recorded in cash generated from operations under "operating activities", and (c) principal elements of lease payments of HK\$477 million (30th June 2023: HK\$445 million; year ended 31st December 2023: HK\$895 million) under "financing activities".

## 16. INTERESTS IN JOINT VENTURE COMPANIES

	30th June 2024 HK\$M	31st December 2023 HK\$M
Share of net assets, unlisted	28,207	23,722
Goodwill	1,527	757
	<b>29,734</b>	<b>24,479</b>
Loans due from joint venture companies less provisions		
Interest-free	11,609	11,722
Interest-bearing	2,950	3,131
	<b>14,559</b>	<b>14,853</b>

On 9th February 2024, the Group entered into an agreement and conditionally agreed to acquire (through purchases and subscriptions in two phases) a controlling stake in ThaiNamthip Corporation Ltd. (TNTC) for an aggregation consideration of approximately THB42,615.7 million (equivalent to approximately HK\$9,470.1 million), subject to customary post-completion adjustments and excluding the deemed exercise of the put option.

The Group has become interested in 39% of the issued share capital of TNTC on 9th February 2024.

In June 2024, the Swire Properties group entered into an equity and debt transfer agreement with the China Life Insurance Company Limited (China Life) group and the Sino-Ocean Group Holding Limited (Sino-Ocean) group, pursuant to which the Swire Properties group and the China Life group have conditionally agreed to acquire a 14.895% and a 49.895% equity interest in the project company of INDIGO Phase Two, respectively, from the Sino-Ocean group for a consideration of approximately RMB891 million and RMB2,984 million, respectively. Completion of the acquisitions is subject to the satisfaction of certain conditions precedent. The acquisitions were completed in early August. Following the completion of the acquisitions, the Swire Properties group's interest in INDIGO Phase Two has increased from 35% to 49.895% and the China Life group owns a 49.895% interest in INDIGO Phase Two.

## 17. INTERESTS IN ASSOCIATED COMPANIES

	30th June 2024 HK\$M	31st December 2023 HK\$M
Share of net assets		
Listed in Hong Kong	22,626	22,020
Unlisted	10,613	10,939
	33,239	32,959
Goodwill	1,831	1,822
	35,070	34,781
Loans due from/(to) associated companies less provisions		
Interest-free	215	169
Interest-bearing	(26)	163
	189	332

The market value of the shares in the listed associated companies, Cathay Pacific, at 30th June 2024 was HK\$23,145 million (31st December 2023: HK\$23,638 million).

On 22nd April 2024, the Group acquired 20% equity interest in Nanjing Jinhe Yikang Biotechnology Co., Ltd. for a consideration of RMB79 million.

On 30th April 2024, the Group acquired a further 67.4% equity interest in an existing associated company, DeltaHealth China Limited. The company became a subsidiary of the Group at the date of completion. Details of the purchase consideration, the net identifiable assets acquired and goodwill are disclosed in note 31.

## 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

### Assets as per consolidated statement of financial position

	Note	Level 1 HK\$M	Level 2 HK\$M	Level 3 HK\$M	Total carrying amount HK\$M
At 30th June 2024					
Investments at fair value through other comprehensive income					
– Listed equity investments		34	–	–	34
– Unlisted equity investments		–	–	253	253
Investments at fair value through profit or loss					
– Listed equity investments		863	–	–	863
– Unlisted equity investments		–	–	643	643
Derivative financial assets	19	–	147	–	147
Total		897	147	896	1,940
At 31st December 2023					
Investments at fair value through other comprehensive income					
– Listed equity investments		42	–	–	42
– Unlisted equity investments		–	–	244	244
Investments at fair value through profit or loss					
– Listed equity investments		1,075	–	–	1,075
– Unlisted equity investments		–	–	632	632
Derivative financial assets	19	–	104	–	104
Total		1,117	104	876	2,097

**18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** (continued)

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

**Liabilities as per consolidated statement of financial position**

	Note	Level 1 HK\$M	Level 2 HK\$M	Level 3 HK\$M	Total carrying amount HK\$M
At 30th June 2024					
Derivative financial liabilities	19	–	434	–	434
Put option over a non-controlling interest in the USA	22	–	–	645	645
Put option over a non-controlling interest in a subsidiary company	22	–	–	25	25
<b>Total</b>		<b>–</b>	<b>434</b>	<b>670</b>	<b>1,104</b>
At 31st December 2023					
Derivative financial liabilities	19	–	364	–	364
Put option over a non-controlling interest in the USA	22	–	–	613	613
Put option over a non-controlling interest in a subsidiary company	22	–	–	25	25
<b>Total</b>		<b>–</b>	<b>364</b>	<b>638</b>	<b>1,002</b>

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.

The change in level 3 financial instruments for the period ended 30th June 2024 is as follows:

	Unlisted investments HK\$M	Put options over non-controlling interests HK\$M
At 1st January 2024	876	638
Additions	28	–
Distribution	–	(16)
Change in fair value during the period recognised in		
– profit or loss*	–	48
– other comprehensive income*	(8)	–
<b>At 30th June 2024</b>	<b>896</b>	<b>670</b>
* Including unrealised losses recognised on balances held at 30th June 2024	<b>(8)</b>	<b>(48)</b>

## 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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 2024 and the discount rate used is 6.3% (31st December 2023: 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 2024. 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 unlisted investments and put options over non-controlling interests in subsidiary companies (except the subsidiary company holding a non-controlling interest in the USA) 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 unlisted investments and put options.

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 2024 and 31st December 2023 except for the following financial liabilities, for which their carrying amounts and fair value are disclosed below:

	30th June 2024		31st December 2023	
	Carrying amount HK\$M	Fair value HK\$M	Carrying amount HK\$M	Fair value HK\$M
Long-term loans and bonds	79,405	76,101	69,218	67,686

## 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 2024		31st December 2023	
	Assets HK\$M	Liabilities HK\$M	Assets HK\$M	Liabilities HK\$M
Cross-currency swaps – cash flow hedges	55	413	50	329
Interest rate swaps – cash flow hedges	90	–	40	–
Forward foreign exchange contracts				
Cash flow hedges	2	14	9	20
Not qualifying as hedges	–	6	–	13
Commodity swaps – not qualifying as hedges	–	1	5	2
<b>Total</b>	<b>147</b>	<b>434</b>	<b>104</b>	<b>364</b>
Analysed as:				
Current	13	20	20	33
Non-current	134	414	84	331
	<b>147</b>	<b>434</b>	<b>104</b>	<b>364</b>

## 20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	30th June 2024 HK\$M	31st December 2023 HK\$M
Trade debtors	3,572	2,701
Amounts due from immediate holding company	8	3
Amounts due from joint venture companies	163	169
Amounts due from associated companies	419	286
Prepayments and accrued income	2,327	2,242
Other receivables	3,871	3,619
	<b>10,360</b>	<b>9,020</b>
Amounts due after one year included under non-current assets	(10)	(312)
	<b>10,350</b>	<b>8,708</b>

The analysis of the age of trade debtors at the period end (based on their invoice dates) is as follows:

	30th June 2024 HK\$M	31st December 2023 HK\$M
Up to three months	3,360	2,539
Between three and six months	149	129
Over six months	63	33
	<b>3,572</b>	<b>2,701</b>

Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analysis 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 represented the Swire Properties group's 100% interest in investment properties comprising 7 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong.

## 22. TRADE AND OTHER PAYABLES

	30th June 2024 HK\$M	31st December 2023 HK\$M
Trade creditors	5,960	5,988
Amounts due to immediate holding company	162	166
Amounts due to joint venture companies	24	12
Amounts due to associated companies	32	20
Interest-bearing advances from joint venture companies	247	599
Interest-bearing advances from associated companies	1,659	–
Advances from non-controlling interests	1,314	1,236
Rental deposits from tenants	3,048	2,965
Deposits received on sale of investment properties	268	269
Put options over non-controlling interests	670	638
Accrued capital expenditure	1,354	1,457
Other accruals	6,975	7,681
Other payables	7,637	7,788
	<b>29,350</b>	<b>28,819</b>
Amounts due after one year included under non-current liabilities	<b>(1,062)</b>	<b>(1,233)</b>
	<b>28,288</b>	<b>27,586</b>

The analysis of the age of trade creditors at the period end is as follows:

	30th June 2024 HK\$M	31st December 2023 HK\$M
Up to three months	5,734	5,767
Between three and six months	146	165
Over six months	80	56
	<b>5,960</b>	<b>5,988</b>

## 23. LEASE LIABILITIES

	30th June 2024 HK\$M	31st December 2023 HK\$M
Maturity profile at the period end is as follows:		
Within one year	847	873
Between one and two years	684	673
Between two and five years	1,161	1,200
Over five years	2,230	2,333
	<b>4,922</b>	5,079
Amounts due within one year included under current liabilities	<b>(847)</b>	(873)
	<b>4,075</b>	4,206

## 24. DEFERRED TAXATION

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

	Note	HK\$M
At 1st January 2024		16,093
Translation differences		(301)
Acquisition of subsidiary companies	31	63
Charged to profit or loss	8	518
Charged to other comprehensive income		16
Other transfers		3
At 30th June 2024		<b>16,392</b>
Represented by:		
Deferred tax assets		(537)
Deferred tax liabilities		16,929
		<b>16,392</b>

## 25. SHARE CAPITAL

	'A' shares	'B' shares	Total HK\$M
<b>Issued and fully paid with no par value</b>			
At 1st January 2024	856,824,500	2,922,337,500	1,294
Repurchased in 2023 and cancelled during the period	(2,626,500)	(3,455,000)	–
Repurchased and cancelled during the period	(24,369,000)	(27,285,000)	–
At 30th June 2024	<b>829,829,000</b>	<b>2,891,597,500</b>	<b>1,294</b>

During the period, the Company repurchased 26,380,000 'A' shares and 29,112,500 'B' shares on The Stock Exchange of Hong Kong Limited for a total aggregate price of HK\$2,014 million (excluding transaction fees). The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid for the repurchased 'A' shares and 'B' shares was paid wholly out of the distributable profits of the Company included in its revenue reserve.

Details of shares acquired by month are as follows:

'A' shares	Number purchased	Highest price paid HK\$	Lowest price paid HK\$	Total <sup>(i)</sup> HK\$M
<b>Month</b>				
January	4,320,500	66.50	59.55	272
February	3,301,500	66.40	60.20	208
March	5,205,000	67.50	60.40	333
April	4,642,500	67.00	59.75	294
May	4,941,000	70.00	65.00	339
June	3,969,500 <sup>(ii)</sup>	70.00	65.65	272 <sup>(iii)</sup>
	<b>26,380,000</b>			<b>1,718</b>

'B' shares	Number purchased	Highest price paid HK\$	Lowest price paid HK\$	Total <sup>(i)</sup> HK\$M
<b>Month</b>				
January	4,070,000	10.32	9.06	39
February	3,977,500	10.30	9.12	38
March	5,392,500	10.62	9.55	55
April	4,730,000	10.70	9.60	48
May	6,935,000	11.08	10.26	74
June	4,007,500 <sup>(ii)</sup>	10.70	9.98	42 <sup>(iii)</sup>
	<b>29,112,500</b>			<b>296</b>

Notes:

(i) Excluding transaction fees of HK\$5 million for 'A' shares and 'B' shares.

(ii) Including 2,011,000 'A' shares and 1,827,500 'B' shares that were repurchased but not yet cancelled as at 30th June 2024.

(iii) Including HK\$44 million payable after 30th June 2024.

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

## 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 2024	266,875	2,462	(170)	35	(2,367)	266,835
<b>Profit for the period</b>	3,914	–	–	–	–	3,914
<b>Other comprehensive income</b>						
Revaluation of property previously occupied by the Group						
– gains recognised during the period	–	1	–	–	–	1
Changes in the fair value of equity investments at fair value through other comprehensive income						
– losses recognised during the period	–	–	(13)	–	–	(13)
– deferred tax	–	–	(3)	–	–	(3)
Cash flow hedges						
– losses recognised during the period	–	–	–	(81)	–	(81)
– transferred from net finance charges	–	–	–	(29)	–	(29)
– transferred to operating profit	–	–	–	179	–	179
– deferred tax	–	–	–	(11)	–	(11)
Share of other comprehensive income of joint venture and associated companies						
– recognised during the period	(2)	–	–	540	(921)	(383)
Net translation differences	–	–	–	–	(1,595)	(1,595)
<b>Total comprehensive income for the period</b>	<b>3,912</b>	<b>1</b>	<b>(16)</b>	<b>598</b>	<b>(2,516)</b>	<b>1,979</b>
Repurchase of the Company's shares	(2,019)	–	–	–	–	(2,019)
2023 second interim dividend	(2,841)	–	–	–	–	(2,841)
Change in composition of the Group	(2)	–	–	–	–	(2)
At 30th June 2024	265,925	2,463	(186)	633	(4,883)	263,952

(a) The Group's revenue reserve at 30th June 2024 includes HK\$1,754 million representing the declared first interim dividend for the year (31st December 2023: HK\$2,841 million representing the second interim dividend for 2023).

(b) At 30th June 2024, the Group's cash flow hedge reserve includes a credit of HK\$70 million (net of tax) (31st December 2023: HK\$128 million) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging.

## 27. NON-CONTROLLING INTERESTS

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

	HK\$M
<b>At 1st January 2024</b>	<b>56,645</b>
Share of profits less losses for the period	665
Share of cash flow hedges	
– gains recognised during the period	18
– transferred from net finance charges	(6)
– deferred tax	(2)
Share of other comprehensive loss of joint venture and associated companies	(117)
Share of net translation differences	(259)
<b>Share of total comprehensive income for the period</b>	<b>299</b>
Capital contribution from non-controlling interests	23
Dividends declared and/or paid	(1,147)
<b>At 30th June 2024</b>	<b>55,820</b>

## 28. CAPITAL COMMITMENTS

	30th June 2024 HK\$M	31st December 2023 HK\$M
The Group's outstanding capital commitments at the end of the period in respect of:		
Property, plant and equipment and others		
Contracted but not provided for	3,201	3,112
Authorised by Directors but not contracted for	7,307	7,422
Investment properties		
Contracted but not provided for	5,443	5,795
Authorised by Directors but not contracted for	12,067	12,012
	<b>28,018</b>	<b>28,341</b>
The Group's share of capital commitments of joint venture companies at the end of the period (Note)		
Contracted but not provided for	2,104	923
Authorised by Directors but not contracted for	9,695	6,883
	<b>11,799</b>	<b>7,806</b>

Note:

Of which the Group is committed to funding HK\$939 million (31st December 2023: HK\$797 million).

At 30th June 2024, the Group was committed to inject capital of HK\$1,817 million (31st December 2023: HK\$275 million) into joint venture companies.

## 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\$4,062 million (31st December 2023: HK\$3,997 million). Bank guarantees given in lieu of utility deposits and others totalled HK\$126 million at the end of the period (31st December 2023: HK\$135 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. The same 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 to the General Court against this decision, and on 30th March 2022 the General Court partially annulled the decision, and a refund of a portion of the fine, Euros 10 million, was paid to Cathay Pacific in June 2022. Cathay Pacific filed an appeal to the European Court of Justice (ECJ) in early June 2022 and a final ECJ judgement is expected by end of 2024.

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 (JS&SHK) provides services to various companies in the Group and under which costs are reimbursed and fees payable. In return for these services, JS&SHK 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 subsidiaries 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 2022 for three years expiring on 31st December 2025. For the six months ended 30th June 2024, service fees payable amounted to HK\$151 million (30th June 2023: HK\$178 million). Expenses of HK\$237 million (30th June 2023: HK\$214 million) were reimbursed at cost; in addition, HK\$319 million (30th June 2023: HK\$240 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement (Tenancy Framework Agreement) between JS&SHK, the Company and Swire Properties Limited dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JS&SHK group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2021 for a term of three years expiring on 31st December 2024. In May 2024, the Group announced that the Tenancy Framework Agreement will be renewed on 1st October 2024 for a further term of three years from 1st January 2025 to 31st December 2027. For the six months ended 30th June 2024, the aggregate rentals payable to the Group by the JS&SHK group under tenancies to which the Tenancy Framework Agreement applies amounted to HK\$52 million (30th June 2023: HK\$53 million).

Under the management services agreement (Management Services Agreement) between Swire Coca-Cola Limited (SCCL), John Swire & Sons Limited (Swire) and Swire Pacific Holdings Inc. (SPHI) dated 18th July 2023, members of the Group enter into management services agreement with members of the Swire group for the provision of management and administrative support services by SCCL to SPHI group from time to time on normal commercial terms. The Management Services Agreement covers the service period from 7th September 2023 until 27th April 2037. For the six months ended 30th June 2024, the management fees payable by SPHI to SCCL under the Management Services Agreement amounted to HK\$82 million (2023: nil).

The above transactions under the Services Agreements, the Tenancy Framework Agreement and the Management Services 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 and the Management Services 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.

	Note	For the six months ended 30th June							
		Joint venture companies		Associated companies		Fellow subsidiary companies		Immediate holding company	
		2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M
Revenue from	(i)								
Sales of beverage drinks		202	208	11	8	–	–	–	–
Sales of goods		494	584	–	–	–	–	–	–
Rendering of services		45	40	7	6	83	–	1	1
Aircraft and engine maintenance		21	19	1,671	1,126	–	–	–	–
Rental of properties	(ii)	–	–	1	1	–	–	52	53
Purchases of beverage drinks	(i)	39	79	–	–	–	–	–	–
Purchases of other goods	(i)	7	6	55	5	–	–	–	–
Purchases of services	(i)	12	8	–	1	8	5	–	–
Interest income	(iii)	73	56	1	1	–	–	–	–
Interest charges	(iii)	5	8	2	1	–	–	–	–

Notes:

- (i) 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.
- (ii) The Swire Properties group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.
- (iii) 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 and advances from these companies are disclosed in notes 20 and 22.

## 31. BUSINESS COMBINATIONS

### (a) Acquisition of equity interests in DeltaHealth

On 30th April 2024, in addition to its existing 22% interest, the Group acquired a further 67.4% equity interest in an existing associated company, DeltaHealth at a consideration of HK\$379 million. This company became a non-wholly owned subsidiary of the Group after completion.

Details of the purchase consideration, the net identifiable assets acquired and goodwill are as follows:

	Fair value HK\$M
Purchase consideration	379
Property, plant and equipment	737
Intangible assets	5
Right-of-use assets	212
Stocks and work in progress	23
Trade and other receivables	64
Bank balances and short-term deposits	78
Trade and other payables	(145)
Long-term loans and bonds, secured	(806)
Lease liabilities	(8)
Deferred tax liabilities: fair value adjustments on acquisition	(63)
Net identifiable assets acquired	97
Less: Non-controlling interests assets acquired	(11)
Goodwill	434
	<b>520</b>
Satisfied by:	
Purchase consideration settled in cash	379
Fair value of the equity interests previously held by the Group	141
	<b>520</b>
Analysis of the net outflow of cash and cash equivalents for acquisition:	
Purchase consideration settled in cash	379
Less: Cash and cash equivalents acquired	(78)
Net cash outflow on acquisition	<b>301</b>

### 31. BUSINESS COMBINATIONS (continued)

#### (a) Acquisition of equity interests in DeltaHealth (continued)

The loss arising from remeasuring the fair value of the existing interests in DeltaHealth held by the Group before the acquisition amounted to HK\$59 million. It is recognised in the consolidated statement of profit or loss within other net gains/(losses).

The fair value of the acquired assets (including identifiable intangible assets) is provisional pending final valuations and measurement period adjustments. The fair value of the land was determined by making reference to recent comparable sales transactions in the property market, while the fair value of the building was determined using the cost approach.

The fair value of the acquired trade and other receivables was HK\$64 million and included trade receivables with a fair value of HK\$50 million. None of these are expected to be uncollectible.

The goodwill is mainly attributed to the growth opportunity. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

Acquisition-related costs of HK\$3 million have been recognised in the consolidated statement of profit or loss.

The acquired business contributed revenue of HK\$42 million and a loss of HK\$26 million to the Group for the period from the date of completion of its acquisition (30th April 2024) to 30th June 2024.

If the acquisition had occurred on 1st January 2024, the acquired business would have contributed pro-forma revenue of HK\$192 million and a loss of HK\$114 million for the period ended 30th June 2024. These amounts have been calculated using the results of the acquired business and adjusting them for the additional depreciation that would have been charged assuming fair value adjustments to property, plant and equipment had applied from 1st January 2024, together with the consequential tax effects.

#### (b) Payment for the acquisition in 2023

During the period, the Group paid HK\$532 million in respect of the acquisition of equity interests from The Coca-Cola Company in South East Asia in 2023. The amount has been disclosed as payment for acquisition of subsidiary companies, net of cash acquired in the consolidated statement of cash flows.

# SUPPLEMENTARY INFORMATION

## CORPORATE GOVERNANCE

The Company complied with all the code provisions set out in the Corporate Governance Code (the CG Code) contained in Part 2 of Appendix C1 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.

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 C3 to the Listing Rules.

On specific enquiries made, all the Directors of the Company 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

During the accounting period covered by the interim report, pursuant to the share buy-back programme announced by the Company on 5th December 2023 (Share Buy-back Programme), the Company bought back an aggregate of 26,380,000 'A' shares and 29,112,500 'B' shares on The Stock Exchange of Hong Kong Limited (the Stock Exchange) at an aggregate cost (excluding transaction fees) of HK\$2,014 million. All the shares bought back were subsequently cancelled.

Particulars of the Share Buy-back and details of the Company's share capital are set out in note 25 to the financial statements.

## DIRECTORS' PARTICULARS

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

1. Guy Bradley was elected Deputy Chairman of The Hong Kong General Chamber of Commerce with effect from 10th May 2024.
2. Rose Lee retired as an Independent Non-Executive Director of MTR Corporation Limited with effect from the conclusion of its 2024 annual general meeting held on 22nd May 2024.

## DIRECTORS' INTERESTS

At 30th June 2024, 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 and Swire Properties Limited:

	Capacity			Total no. of shares	Percentage of voting shares (comprised in the class) (%)	Note
	Beneficial interest		Trust interest			
	Personal	Family				
<b>Swire Pacific Limited</b>						
<b>'A' shares</b>						
Paul Etchells	–	12,000	–	12,000	0.0014	
Gordon Orr	9,000	–	–	9,000	0.0011	
Merlin Swire	–	–	301,000	301,000	0.0363	1
<b>'B' shares</b>						
Gordon McCallum	77,500	–	–	77,500	0.0027	
Merlin Swire	–	–	1,799,222	1,799,222	0.0622	1

	Capacity			Total no. of shares	Percentage of issued share capital (comprised in the class) (%)	Note
	Beneficial interest		Trust interest			
	Personal	Family				
<b>John Swire &amp; Sons Limited</b>						
<b>Ordinary Shares of £1</b>						
Gordon McCallum	46,177	–	–	46,177	0.05	
Merlin Swire	2,193,550	630,000	20,175,819	22,999,369	23.00	1
<b>8% Cum. Preference Shares of £1</b>						
Gordon McCallum	64,247	–	–	64,247	0.07	
Merlin Swire	3,966,125	–	16,917,930	20,884,055	23.20	1

	Capacity			Total no. of shares	Percentage of voting shares (%)	Note
	Beneficial interest		Trust interest			
	Personal	Family				
<b>Swire Properties Limited</b>						
<b>Ordinary Shares</b>						
Paul Etchells	–	8,400	–	8,400	0.00014	
Merlin Swire	–	–	1,148,812	1,148,812	0.01964	1

Note:

- Merlin Swire was a trustee and/or potential beneficiary of trusts which held 301,000 'A' shares and 1,799,222 'B' shares in Swire Pacific Limited, 8,852,483 ordinary shares and 6,705,528 preference shares in John Swire & Sons Limited and 1,148,812 ordinary shares in Swire Properties Limited and 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 2024 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
<b>Substantial Shareholder</b>					
John Swire & Sons Limited	442,879,720	53.37	2,131,969,282	73.73	1

Note:

- 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 2024, comprising:
  - 885,861 'A' shares and 13,367,962 'B' shares held directly;
  - 12,632,302 'A' shares and 37,597,019 'B' shares held directly by its wholly-owned subsidiary Taikoo Limited;
  - 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
  - the following shares held directly by wholly-owned subsidiaries of John Swire & Sons (H.K.) Limited: 2,055,000 'B' shares held by Canterbury Holdings Limited, 322,603,700 'A' shares and 123,945,000 'B' shares held by Elham 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 2024, the Swire group was interested in 61.73% of the equity of the Company and controlled 69.19% 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, 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, 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

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

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

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

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

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

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

## AVIATION

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

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

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

# FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

## FINANCIAL CALENDAR 2024

Interim Report available to shareholders	6th September
'A' and 'B' shares trade ex-dividend	11th September
Share registers closed for 2024	
first interim dividends entitlement	13th September
Payment of 2024 first interim dividends	10th October
Annual results announcement	March 2025
2024 second interim dividends payable	May 2025
Annual General Meeting	May 2025

## REGISTERED OFFICE

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88 Queensway  
Hong Kong

## REGISTRARS

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Website: [www.computershare.com](http://www.computershare.com)

## DEPOSITARY

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BNY Mellon Shareowner Services  
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Website: [www.computershare.com/investor](http://www.computershare.com/investor)  
E-mail: [shrrelations@cpushareownerservices.com](mailto:shrrelations@cpushareownerservices.com)  
Tel: Calls within USA – toll free: 1-888-269-2377  
International callers: 1-201-680-6825

## 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.

## INDEPENDENT AUDITORS

PricewaterhouseCoopers  
Certified Public Accountants and  
Registered Public Interest Entity Auditor

## INVESTOR RELATIONS

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

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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](mailto:ir@swirepacific.com)

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