



ANNUAL REPORT
2022

CONTENTS

- 1** Corporate Statement
- 3** 2022 Performance Highlights
- 4** Chairman's Statement

MANAGEMENT DISCUSSION AND ANALYSIS

- 10** 2022 Performance Review and Outlook
- 59** Financial Review
- 69** Financing

CORPORATE GOVERNANCE & SUSTAINABILITY

- 79** Corporate Governance Report
- 94** Risk Management
- 98** Directors and Officers
- 100** Directors' Report
- 109** Sustainable Development Review

FINANCIAL STATEMENTS

- 117** Independent Auditor's Report
- 125** Consolidated Statement of Profit or Loss
- 126** Consolidated Statement of Other Comprehensive Income
- 127** Consolidated Statement of Financial Position
- 128** Consolidated Statement of Cash Flows
- 129** Consolidated Statement of Changes in Equity
- 130** Notes to the Financial Statements
- 205** Principal Accounting Policies
- 208** Principal Subsidiary, Joint Venture and Associated Companies
- 218** Cathay Pacific Airways Limited – Abridged Financial Statements

SUPPLEMENTARY INFORMATION

- 220** Summary of Past Performance
- 222** Schedule of Principal Group Properties
- 232** Group Structure Chart
- 234** Glossary
- 236** Financial Calendar and Information for Investors
- 236** Disclaimer

Note: Definitions of the terms and ratios used in this report can be found in the Glossary.

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. New areas of growth, such as healthcare and sustainable foods, are being targeted.

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.

Fleet profile*

Aircraft type	Number at 31st December 2022			Total	Average age	Orders			Total	Expiry of operating leases**					
	Owned	Finance	Operating			'23	'24	'25 and beyond		'23	'24	'25	'26	'27	'28 and beyond
Cathay Pacific:															
A320-200	4			4	19.3										
A321-200	2		1	3	19.8					1					
A321-200neo		2	5	7	1.4	5 ^(a)	4		9					5	
A330-300	31	8	4	43	14.3							2	2		
A350-900	19	7	2	28	5.1	2			2					2	
A350-1000	11	7		18	3.1										
747-400ERF	6			6	14.0										
747-8F	3	11		14	9.9										
777-300	17			17	21.2										
777-300ER	28	2	11	41	10.2					2	3	2	4		
777-9								21	21						
Total	121	37	23	181	10.8	7	4	21	32	3	3	4	6	7	
HK Express:															
A320-200			5	5	10.5					1	4				
A320-200neo			10	10	3.8									10	
A321-200			11	11	5.2							1	2	8	
A321-200neo						4	8	4	16						
Total			26	26	5.7	4	8	4	16	1	4	1	2	18	
Air Hong Kong***^(b):															
A300-600F			9	9	18.6					7	2				
A330-243F			2	2	11.0								2		
A330-300P2F			4	4	13.7								3	1	
Total			15	15	16.3					7	2		5	1	
Grand total	121	37	64	222	10.6	11	12	25	48	11	9	5	13	26	

* The table does not reflect aircraft movements after 31st December 2022.

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

*** The contractual arrangements relating to the freighters operated by Air Hong Kong do not constitute leases in accordance with HKFRS 16.

(a) Two Airbus A321-200neo aircraft were delivered in February 2023.

(b) The plan is to return the nine A300-600F aircraft between 2023 and 2024 and to replace them with nine second-hand A330F aircraft. This allows the Air Hong Kong fleet to remain the same (at 15), at least until 2024.

Responsibilities of Directors

On appointment, the Directors receive information about the Group including:

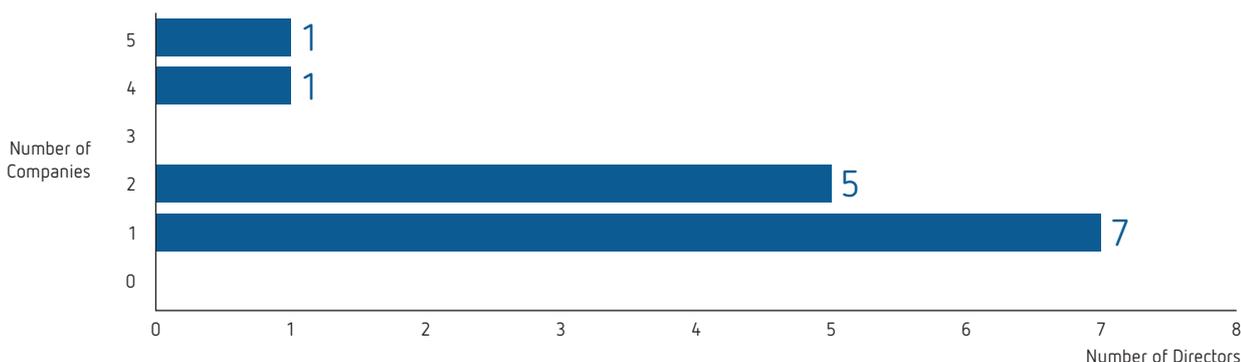
- the role of the Board and the matters reserved for its attention
- the role and terms of reference of Board Committees
- the Group's corporate governance practices and procedures
- the powers delegated to management and
- the latest financial information.

Directors update their skills, knowledge and understanding of the Company's businesses through their participation at meetings of the Board and its committees and through regular meetings with management at the head office and in the divisions. Directors are regularly updated by the Company Secretary on their legal and other duties as Directors of a listed company.

Through the Company Secretary, Directors are able to obtain appropriate professional training and advice.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Group. All Directors disclose to the Board on their first appointment their interests as a Director or otherwise in other companies or organisations and such declarations of interests are updated regularly. No Director was a director of more than five other listed companies (excluding the Company) at 31st December 2022.

Other Listed Company Directorship(s)



Details of Directors' other appointments are shown in their biographies in the section of this annual report headed Directors and Officers.

Board Processes

All committees of the Board follow the same processes as the full Board.

The dates of the 2022 Board meetings were determined in 2021 and any amendments to this schedule were notified to Directors at least 14 days before regular meetings. Appropriate arrangements are in place to allow Directors to include items in the agenda for regular Board meetings.

The Board met seven times in 2022, including two strategy sessions. The attendance of individual Directors at meetings of the Board and its committees is set out in the table on page 83. Attendance at Board meetings was 100%. All Directors attended Board meetings in person or through electronic means of communication during the year.

Agendas and accompanying Board papers are circulated with sufficient time to allow the Directors to prepare before meetings.

The Chairman takes the lead to ensure that the Board acts in the best interests of the Company, that there is effective communication with the shareholders and that their views are communicated to the Board as a whole.

Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

Minutes of Board meetings are taken by the Company Secretary and, together with any supporting papers, are made available to all Directors. The minutes record the matters considered by the Board, the decisions reached, and any concerns raised or dissenting views expressed by Directors. Draft and final versions of the minutes are sent to all Directors for their comment and records respectively.