FINANCIAL REVIEW

Additional information is provided below to reconcile reported and underlying profit and equity attributable to the Company's shareholders. The reconciling items principally adjust for net revaluation movements on investment properties and the associated deferred tax in Mainland China and for other deferred tax provisions in relation to investment properties. There is also an analysis of the effect of other significant non-recurring items.

Underlying profit	Note	2012 HK$M	2011 HK$M
Profit attributable to the Company's shareholders per accounts		**17,484**	32,210
Adjustments re investment properties:			
Revaluation of investment properties	(a)	**(12,739)**	(23,491)
Deferred tax on investment properties	(b)	**661**	523
Realised profit on sale of investment properties	(c)	**763**	7,977
Depreciation of investment properties occupied by the Group	(d)	**20**	27
Non-controlling interests' share of adjustments		**2,155**	46
Underlying profit attributable to the Company's shareholders		**8,344**	17,292
Other significant items:			
Profit on sale of interest in Festival Walk		**–**	(8,615)
Profit on sale of investment properties		**(651)**	–
Profit on sale of interest in PUMA		**–**	(148)
Loss/(profit) on sale of property, plant and equipment and other investments		**135**	(91)
Net impairment of property, plant and equipment, leasehold land and intangible assets		**82**	290
Adjusted underlying profit		**7,910**	8,728

Underlying equity	Note	2012 HK$M	2011 HK$M
Equity attributable to the Company's shareholders per accounts		**208,738**	227,559
Deferred tax on investment properties		**3,236**	3,284
Unrecognised valuation gains on hotels held as part of mixed-use developments	(e)	**1,423**	912
Revaluation of investment properties occupied by the Group		**1,036**	997
Cumulative depreciation of investment properties occupied by the Group		**58**	63
Underlying equity attributable to the Company's shareholders		**214,491**	232,815
Underlying non-controlling interests		**40,961**	4,961
Underlying equity		**255,452**	237,776

Notes:

(a) This represents the net revaluation movements as shown in the consolidated income statement plus the Group's share of net revaluation movements of jointly controlled and associated companies.

(b) This represents deferred tax movements on the Group's investment properties and the Group's share of deferred tax movements on investment properties held by jointly controlled and associated companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China 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.

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

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

(e) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, those hotel properties owned by subsidiary and jointly controlled companies and held for the long-term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or write-down in their value would be recorded in the revaluation reserve rather than the consolidated income statement.

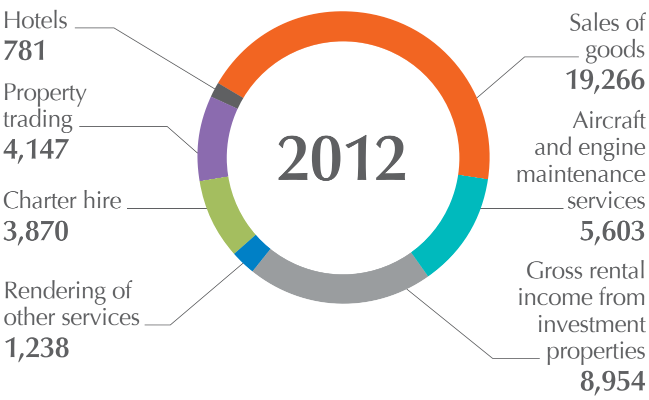
Commentary on and Analysis of Major Balances and Year on Year Variances in the Accounts

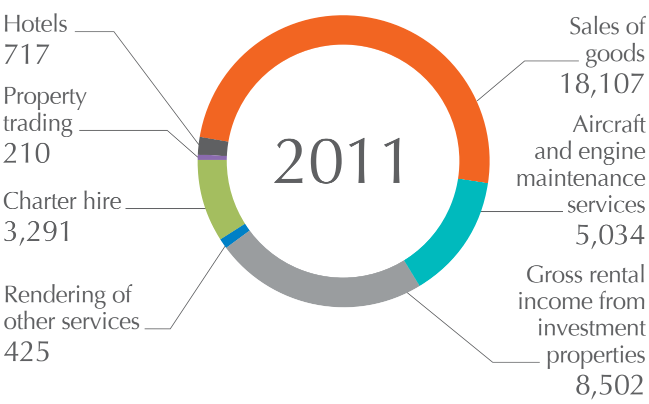
CONSOLIDATED INCOME STATEMENT

	Accounting Policy	Notes to the Accounts	2012 HK$M	2011 HK$M	Increase/(Decrease) HK$M	Increase/(Decrease) %
Turnover	22	4	**43,859**	36,286	7,573	21%
Cost of sales		7	**(24,923)**	(21,359)	(3,564)	17%
Expenses		7	**(7,990)**	(7,293)	(697)	10%
Net gains		5, 6	**194**	1,019	(825)	-81%
Change in fair value of investment properties	6		**12,147**	22,771	(10,624)	-47%
Operating profit			**23,287**	31,424	(8,137)	-26%
Net finance charges	19	10	**(1,797)**	(1,610)	(187)	12%
Share of profits less losses of jointly controlled companies	4		**1,647**	1,801	(154)	-9%
Share of profits less losses of associated companies	4		**607**	2,570	(1,963)	-76%
Taxation		11	**(2,289)**	(1,630)	(659)	40%
Profit for the year			**21,455**	32,555	(11,100)	-34%
Profit attributable to the Company's shareholders		36	**17,484**	32,210	(14,726)	-46%

TURNOVER BY CATEGORY

HK$M





TURNOVER

The increase in turnover of HK$7,573 million compared to 2011 reflects improvements from the Property Division (HK$4,470 million), the Aviation Division (HK$659 million), the Marine Services Division (HK$1,359 million) and the Trading & Industrial Division (HK$1,094 million). These improvements were partially offset by a small decrease in turnover from the Beverages Division (HK$7 million).

In the Property Division, turnover from property trading increased by HK$3,937 million compared to 2011, principally reflecting completion of the sales of 98 units at the AZURA development in Hong Kong. Gross rental income from property investment increased by HK$452 million, principally reflecting positive rental reversions in Hong Kong, a better performance at Sanlitun Village and the first full year rental contribution from TaiKoo Hui in Guangzhou. These positive factors were partially offset by the absence of turnover from Festival Walk, following its sale in August 2011. Turnover from the Group's owned and managed hotels in Hong Kong and Mainland China increased by HK$64 million, reflecting improved room rates and higher non-room income.

In the Aviation Division, the increase in turnover in the HAECO group principally reflected higher demand for line maintenance services in Hong Kong and increased engine repair work in Mainland China. This was partially offset by lower turnover from airframe maintenance in Hong Kong due to a shortage of skilled and semi-skilled labour.

In the Beverages Division, the small decrease in turnover reflected lower sales volume in Taiwan and an adverse sales mix in Mainland China. This was partially offset by higher sales volume in the USA and an improved sales mix and higher prices in Hong Kong.

In the Marine Services Division, the increase in turnover at SPO was due to higher fleet utilisation rates and charter hire rates. The addition of seven new vessels during the year and the newly-acquired Swire Seabed business also contributed to the increased turnover, with the increase being partially offset by the effect on turnover of the disposal of four older vessels. Non-charter hire income increased, reflecting the acquisition of Altus Logistics in January 2012 and higher demand for SPO's salvage operations.

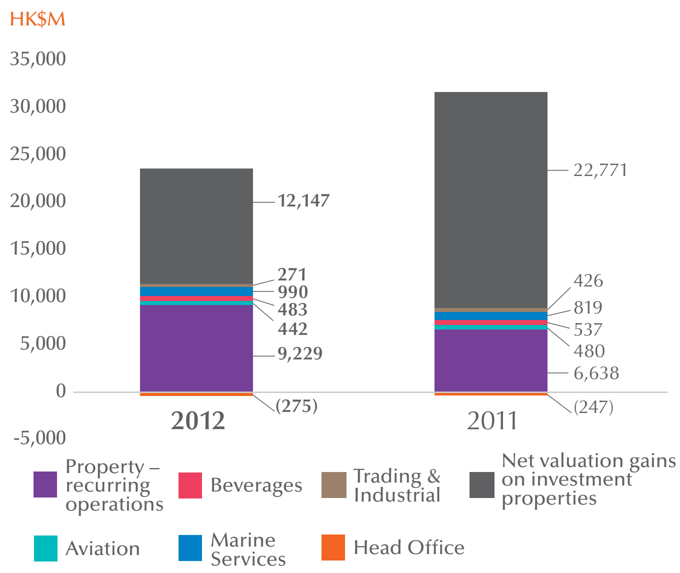
In the Trading & Industrial Division, the Taikoo Motors group's turnover increased by HK$427 million, reflecting an 8% increase in the number of cars and commercial vehicles sold. The overall turnover from the Swire Resources group increased by HK$670 million, reflecting strong demand in Hong Kong from visitors from Mainland China and increased sales of Columbia and Chevignon products in Mainland China.

OPERATING PROFIT

The decrease in operating profit of HK$8,137 million compared to 2011 principally reflected a reduction in net valuation gains on investment properties of HK$10,624 million. Excluding net valuation gains, operating profit increased by HK$2,487 million. The increase reflected increases in operating profit from the Property Division (HK$2,591 million) and the Marine Services Division (HK$171 million), partially offset by decreases in operating profit from the Aviation Division (HK$38 million), the Beverages Division (HK$54 million) and the Trading & Industrial Division (HK$155 million) and an increase in the negative contribution from the Head Office (HK$28 million).

Excluding net valuation gains on investment properties, the Property Division's operating profit increased by HK$2,591 million. Profit from property trading increased by HK$2,445 million, principally reflecting completion of the sales of 98 units at the AZURA development in Hong Kong. Profit from property investment (disregarding the profit on sale of Festival Walk of HK$638 million in 2011) increased by HK$730 million. The performance of the wholly-owned and managed hotels improved, due to the absence in 2012 of an impairment loss on hotels in the UK and improved room rates in Hong Kong and Mainland China. This was partially offset by pre-opening expenses at the new Mandarin Oriental hotel in Guangzhou.

OPERATING PROFIT BY DIVISION



In the Aviation Division, the decrease in operating profit from the HAECO group was due to lower profits from airframe maintenance services in Hong Kong and Mainland China and increased staff costs and other operating costs in Mainland China.

In the Beverages Division, operating profit was adversely affected by higher operating costs, mainly of fuel, healthcare and retirement benefits in the USA, and of staff and IT in Mainland China. Profits were slightly lower in Taiwan due to lower sales volume. These adverse factors were partially offset by higher profits in Hong Kong, reflecting an improvement in sales mix and higher prices.

In the Marine Services Division, the increase in operating profit at SPO reflected higher utilisation rates, higher charter hire rates and an additional contribution from seven new vessels delivered during the year. This was partially offset by higher operating costs, reflecting the inclusion of operating costs from the newly-acquired Swire Seabed and Altus Logistics businesses.

Disregarding the profit on disposal of its interests in PUMA of HK$148 million in 2011, the operating profit of the Trading & Industrial Division decreased by HK$7 million. The decrease was due to higher expenditure on developing new businesses and higher occupancy and staff costs at Swire Resources.

NET FINANCE CHARGES

The increase in net finance charges mainly reflects higher borrowings during the year. Additional borrowings were principally incurred to finance capital expenditure in the Property Division and SPO, investments in new subsidiary and jointly controlled companies and advances of loans to jointly controlled companies. The effect of these factors was partially offset by a reduction of HK$84 million in the fair value loss on a put option in relation to the non-controlling interest in Sanlitun Village in Beijing.

SHARE OF PROFITS LESS LOSSES OF JOINTLY CONTROLLED COMPANIES

In the Property Division, valuation gains recorded on investment properties held by jointly controlled companies decreased by HK$108 million compared to 2011, mainly due to lower valuation gains in Mainland China. There was also an increase in losses from investment properties owned by jointly controlled companies in Mainland China, mainly due to pre-opening expenses at INDIGO, Beijing.

In the Aviation Division, profits from jointly controlled companies in the HAECO group increased, principally reflecting an increase in engine output and more work per engine at HAESL and SAESL.

In the Beverages Division, there was a decrease in the contribution from jointly controlled companies in Mainland China. This reflected lower sales volume, an adverse change in the sales mix and higher operating costs, particularly of staff and IT.

In the Trading & Industrial Division, there was an increase in profits from Akzo Nobel Swire Paints, reflecting higher sales volume and lower average material costs, partially offset by higher operating costs in Mainland China. There were increased losses from the Campbell Swire joint venture as additional expenditure was incurred in order to introduce products into the Mainland China market.

SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The Cathay Pacific group contributed a profit of HK$412 million in 2012 compared to a profit of HK$2,405 million in 2011. The reduction principally reflects the persistently high price of jet fuel, pressure on passenger yields and weak air cargo demand. Profit from Cathay Pacific's associate company, Air China, was also lower in 2012, reflecting reduced demand, increased fuel costs and unfavourable exchange rate movements.

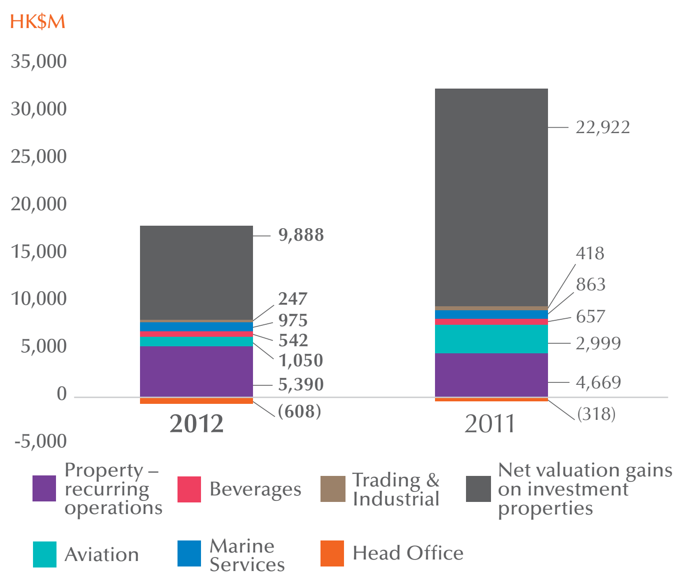
TAXATION

The increase in taxation principally reflects higher taxable profits in Hong Kong in the Property Division as a result of completion of the sales of units at the AZURA development.

PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

The decrease in profit attributable to the Company's shareholders is mainly due to lower net valuation gains on investment properties and a lower contribution from the Cathay Pacific group.

PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS BY DIVISION



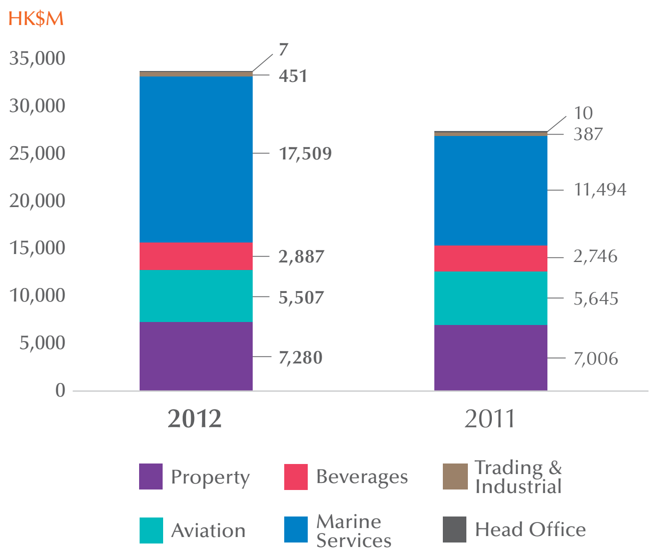
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Accounting Policy	Notes to the Accounts	**2012 HK$M**	2011 HK$M	Increase/(Decrease) HK$M	%
Property, plant and equipment	7	15	**33,641**	27,288	6,353	23%
Investment properties	6	16	**205,588**	191,805	13,783	7%
Intangible assets	8	18	**4,509**	4,270	239	6%
Jointly controlled companies	4	21	**20,969**	18,866	2,103	11%
Associated companies	4	22	**27,946**	27,145	801	3%
Trade and other receivables	15	28	**8,835**	6,275	2,560	41%
Properties for sale	14	26	**6,910**	6,810	100	1%
Time deposits and cash and cash equivalents	16	29	**6,198**	3,922	2,276	58%
Other assets			**7,052**	6,282	770	12%
Total Assets			**321,648**	292,663	28,985	10%
Trade and other payables	17	30	**14,376**	14,179	197	1%
Bank overdrafts, loans, bonds and perpetual capital securities	18	31, 32	**50,668**	39,651	11,017	28%
Deferred tax liabilities	21	33	**5,757**	5,050	707	14%
Other liabilities			**1,513**	1,307	206	16%
Total liabilities			**72,314**	60,187	12,127	20%
Net assets			**249,334**	232,476	16,858	7%
Equity attributable to the Company's shareholders		35, 36	**209,641**	227,559	(17,918)	-8%
Non-controlling interests		37	**39,693**	4,917	34,776	707%
Total Equity			**249,334**	232,476	16,858	7%

PROPERTY, PLANT AND EQUIPMENT

The increase in property, plant and equipment in 2012 primarily represents the acquisition of new vessels by SPO and the cost of construction of the Mandarin Oriental hotel in Guangzhou and of a warehouse in the USA belonging to the Beverages Division. There were also purchases of production and marketing equipment by the Beverages Division and of rotable and repairable spare parts by the HAECO group.

PROPERTY, PLANT AND EQUIPMENT BY DIVISION



INVESTMENT PROPERTIES

The increase in investment properties mainly reflects net valuation gains of HK$12,147 million during the year. The increase also reflected construction costs incurred on new investment properties, renovation costs incurred on existing investment properties and the acquisition of new investment properties in Hong Kong.

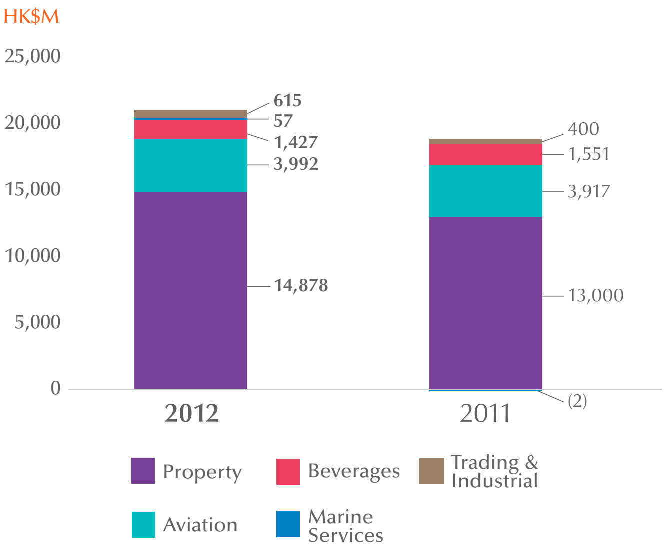
INTANGIBLE ASSETS

The increase in intangible assets principally represents the goodwill recognised on the acquisition of Swire Seabed and Altus Logistics by SPO.

INVESTMENTS IN JOINTLY CONTROLLED COMPANIES

The increase in investments in jointly controlled companies primarily reflects loans advanced to fund the Daci Temple, Dazhongli and INDIGO property development projects in Mainland China and the cost of acquiring a 60% interest in Guangzhou Swire Cold Chain Logistics. There were also increases in retained profits in the Property Division (mainly as a result of valuation gains on investment properties held by jointly controlled companies), the Beverages Division, HAESL, the HUD group and Akzo Nobel Swire Paints, partially offset by dividends received.

INVESTMENTS IN JOINTLY CONTROLLED COMPANIES BY DIVISION



INVESTMENTS IN ASSOCIATED COMPANIES

The increase in investments in associated companies principally reflects an increase in retained profits of the Cathay Pacific group and the three non-managed hotels at Pacific Place in the Property Division.

TRADE AND OTHER RECEIVABLES

The increase in trade and other receivables principally reflects higher trade receivables due to increased turnover, in particular at SPO, a secured loan advanced by Swire Properties to Sino-Ocean Land, its joint venture partner in the Daci Temple project, and higher dividend receivables from jointly controlled companies in the Beverages Division, partially offset by the release (following the completion of sales of units at the AZURA development) of prepaid agency fees and deposits received held in escrow accounts.

PROPERTIES FOR SALE

The increase in properties for sale is principally due to the construction costs incurred during the year on the ARGENTA and MOUNT PARKER RESIDENCES residential projects in Hong Kong and on the residential component of the Brickell CityCentre project in Miami, USA, partially offset by the effect of completion of the sales of units at the AZURA development in Hong Kong.

TRADE AND OTHER PAYABLES

The increase in trade and other payables principally reflects higher rental deposits from tenants in the Property Division, higher accruals in the HAECO group and SPO and increases in the fair value of put options in relation to non-controlling interests in Sanlitun Village and other subsidiary companies. These items were partially offset by lower trade creditors in the Property Division following the payment of land premiums and the costs of acquiring land for property trading.

BANK OVERDRAFTS, LOANS, BONDS AND PERPETUAL CAPITAL SECURITIES

The increase in bank overdrafts, loans and bonds reflects funding required to finance the Group's property developments, the purchase of new vessels and other fixed assets and investments in new subsidiary and jointly controlled companies.

DEFERRED TAX LIABILITIES

The increase in deferred tax liabilities is principally attributable to increased deferred tax on valuation gains on investment properties held by the Group in Mainland China.

EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

The decrease in equity attributable to the company's shareholders reflects the reduction in the Group's interest in Swire Properties from 100% to 82% as a result of the listing of Swire Properties. The effect of this was partially offset by the total comprehensive income for the year attributable to the Company's shareholders (HK$18,767 million in 2012) less dividends paid to shareholders.

NON-CONTROLLING INTERESTS

The significant increase in non-controlling interests principally reflects the reduction in the Group's interest in Swire Properties from 100% to 82% as a result of the listing of Swire Properties.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes to the Accounts	2012 HK$M	2011 HK$M	Increase/(Decrease) HK$M	%
Cash generated from operations	43(a)	**10,186**	9,204	982	11%
Net interest paid		**(1,952)**	(1,602)	(350)	22%
Tax paid		**(1,290)**	(913)	(377)	41%
Dividends received		**1,337**	2,859	(1,522)	-53%
Investing activities					
Purchase of property, plant and equipment	43(b)	**(7,183)**	(4,735)	(2,448)	52%
Additions of investment properties		**(2,616)**	(4,993)	2,377	-48%
Proceeds from disposal of Festival Walk		**–**	18,305	(18,305)	N/A
Proceeds from disposal of investment properties		**995**	–	995	N/A
Purchase of shares in subsidiary companies		**(220)**	(39)	(181)	464%
Purchase of shares in jointly controlled companies		**(296)**	(77)	(219)	284%
Purchase of shares in associated companies		**(63)**	(1,299)	1,236	-95%
Proceeds from disposal of an associated company		**–**	413	(413)	N/A
Net loans to jointly controlled companies		**(1,133)**	(1,170)	37	-3%
Others		**(53)**	15	(68)	-453%
Net cash (used in)/generated from businesses and investments		**(2,288)**	15,968	(18,256)	-114%
Dividends paid	36, 43(c)	**(5,995)**	(10,151)	4,156	-41%
Loans drawn and refinancing		**19,455**	6,998	12,457	178%
Repayment of loans and bonds		**(9,129)**	(13,078)	3,949	-30%
Capital contributions from non-controlling interests	37	**97**	24	73	304%
Security deposits uplifted		**42**	170	(128)	-75%
Cash received from/(paid to) shareholders and net funding by/(repayment of) external debt		**4,470**	(16,037)	20,507	-128%
Increase/(decrease) in cash and cash equivalents		**2,182**	(69)	2,251	-3262%

CASH GENERATED FROM OPERATIONS

The increase in cash generated from operations is mainly due to higher operating profits after adjusting for non-cash items in the Property and Marine Services Divisions.

NET INTEREST PAID

The increase in net interest paid is attributable to higher borrowings incurred to finance capital expenditure, primarily in the Property Division and at SPO, investments in new subsidiary and jointly controlled companies and advances of loans to jointly controlled companies.

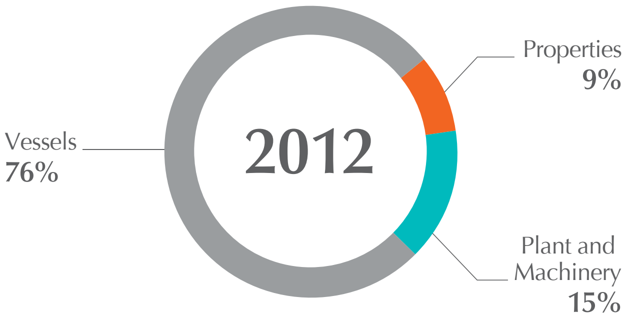
DIVIDENDS RECEIVED

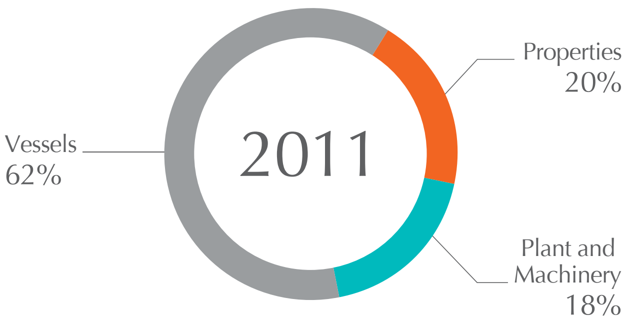
The decrease in dividends received principally reflects the absence of a 2012 first interim dividend from Cathay Pacific and the receipt (in 2012) of a lower 2011 second interim dividend, also from Cathay Pacific.

PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The increase in purchases of property, plant and equipment in 2012 is mainly due to the acquisition of vessels by SPO.

PURCHASE OF PROPERTY, PLANT AND EQUIPMENT BY CATEGORY





ADDITIONS OF INVESTMENT PROPERTIES

The additions of investment properties in 2012 include construction costs incurred at the TaiKoo Hui, 28 Hennessy Road, 8 Queen's Road East and Brickell CityCentre developments and renovation costs incurred at The Mall at Pacific Place and Sanlitun Village.

PURCHASE OF SHARES IN NEW SUBSIDIARY COMPANIES

In 2012, the Group purchased interests in Swire Seabed and Altus Logistics.

PURCHASE OF SHARES IN JOINTLY CONTROLLED COMPANIES

In 2012, the Group purchased interests in Guangzhou Swire Cold Chain Logistics (HK$252 million).

PURCHASE OF SHARES IN ASSOCIATED COMPANIES

In 2012, the Group purchased an additional 0.03% interest in Cathay Pacific (HK$16 million) and an additional interest in Coca-Cola Bottlers Manufacturing Holdings Limited (HK$47 million).

NET LOANS TO JOINTLY CONTROLLED COMPANIES

In 2012, the Group advanced loans to fund property development projects at Daci Temple, Dazhongli and INDIGO in Mainland China.

LOANS DRAWN AND REFINANCING

In 2012, loans drawn and refinancing comprised new financing under the Medium-Term Note Programmes of Swire Pacific and Swire Properties and new loans and drawdowns of existing financing from various banks. Refer to the Financing section on page 111 for further details.

Investment Appraisal and Performance Review

	Net assets employed		Capital commitments*	
	2012 HK$M	2011 HK$M	**2012 HK$M**	2011 HK$M
Property investment				
– at cost	**70,701**	68,917	**14,144**	15,271
– valuation surplus	**143,127**	130,552	**–**	–
– deferred taxation	**(5,412)**	(4,667)	**–**	–
– other net liabilities	**(1,279)**	(4,121)	**–**	–
	207,137	190,681	**14,144**	15,271
Property trading	**7,309**	6,581	**–**	–
Hotels	**7,111**	6,421	**1,770**	2,409
Property – overall	**221,557**	203,683	**15,914**	17,680
Aviation	**41,015**	40,384	**531**	701
Beverages	**5,983**	5,506	**29**	238
Marine Services	**17,674**	11,269	**10,329**	13,537
Trading & Industrial	**2,732**	1,647	**19**	–
Head Office	**4,791**	5,666	**48**	39
Total net assets employed	**293,752**	268,155	**26,870**	32,195
Less net debt	**(44,418)**	(35,679)		
Less non-controlling interests	**(39,693)**	(4,917)		
Equity attributable to the Company's shareholders	**209,641**	227,559		

	Equity attributable to the Company's shareholders		Return on average equity attributable to the Company's shareholders	
	2012 HK$M	2011 HK$M	**2012**	2011
Property investment	**149,759**	168,301	**8.8%**	15.7%
Property trading	**2,362**	1,248	**75.4%**	0.5%
Hotels	**5,319**	5,903	**0.2%**	-0.6%
Property – overall	**157,440**	175,452	**9.2%**	15.0%
Aviation	**36,806**	36,353	**2.9%**	8.5%
Beverages	**4,735**	4,261	**12.1%**	16.3%
Marine Services	**10,992**	9,875	**9.3%**	9.1%
Trading & Industrial	**2,673**	1,787	**11.1%**	15.3%#
Head Office	**(3,005)**	(169)		
Total	**209,641**	227,559	**8.0%**	14.9%

* The capital commitments represent the Group's capital commitments plus the Group's share of the capital commitments of jointly controlled companies.
# Excluding the profit on sale of the PUMA associate in the Trading & Industrial Division.

Swire Pacific focuses on the long-term development of businesses where it can add value through its industry-specific expertise and particular knowledge of the Greater China region. The Group endeavours to create value for shareholders by making investments which exceed the target rate of return appropriate for each of its businesses.

The tables on page 109 show where the Group's net assets are employed, capital commitments by division and returns on equity attributable to the Company's shareholders.

Property Division

Net assets employed in property investment increased by HK$16,456 million (8.6%) during the year, principally due to revaluation gains on investment properties and continued investment in property projects in Mainland China.

Capital commitments at the year-end include the Group's share of the capital commitments of the companies undertaking the property projects in Mainland China.

The return on average equity from property investment decreased from 15.7% in 2011 to 8.8% in 2012, reflecting a decrease in profit, which in turn principally reflected lower property valuation gains.

The increase in net assets employed in property trading was principally due to the costs of constructing residential projects in Hong Kong, partly offset by the effect of completion of the sales of units at the AZURA development in Hong Kong.

The increase in net assets employed in hotels was principally due to the costs of constructing the Mandarin Oriental hotel in Guangzhou.

Aviation Division

Net assets employed in the Aviation Division increased by HK$631 million (1.6%). The increase principally reflects movements in the retained profit of the Cathay Pacific group and the HAECO group.

The return on average equity decreased from 8.5% in 2011 to 2.9% in 2012. The decrease reflected lower profits from the Cathay Pacific group.

Beverages Division

Net assets employed increased by HK$477 million (8.7%), principally as a result of investments in Coca-Cola Bottlers Manufacturing Holdings Limited and movements in retained profits.

The return on average equity decreased from 16.3% to 12.1%, reflecting a decrease in attributable profit.

Marine Services Division

Net assets employed increased by HK$6,405 million (56.8%) principally due to the purchase of seven new vessels by SPO and investments in Swire Seabed and Altus Logistics.

The return on average equity was marginally higher at 9.3% in 2012. This principally reflected an increase in attributable profit.

Trading & Industrial Division

Net assets employed increased by HK$1,085 million, primarily as a result of the investment in Guangzhou Swire Cold Chain Logistics and an increase in working capital at Taikoo Motors.

The return on average equity, excluding the profit on the sale of PUMA in 2011, decreased from 15.3% in 2011 to 11.1% in 2012. This principally reflected a decrease in attributable profit and an increase in equity following the investment in Guangzhou Swire Cold Chain Logistics.