

Swire Pacific is one of the leading companies in Hong Kong, with five operating divisions: Property, Aviation, Beverages, Marine Services and Trading & Industrial. The Group's operations are predominantly in Greater China, where the name Swire or 太古 has been established for over 140 years.

## Value in DIVERSITY

The Group has a long history in the region. We take a long-term perspective in formulating strategy and this is reflected in the nature of our investments. We pride ourselves on being forward-looking and innovative. These qualities have helped us to grow and have enabled us to set benchmarks in the industries in which we operate.

Sustainability is key to our long-term approach. We recognise that sustainable development does not mean less profit. Rather it is an opportunity to increase efficiency. Our ultimate goal is for our operating companies to achieve zero net impact on the environment.

Swire Pacific is a highly diversified group. We have a wide range of commercial activities and conduct them internationally. We have interests in three other listed companies, Cathay Pacific Airways Limited ("Cathay Pacific"), Hong Kong Aircraft Engineering Company Limited ("HAECO") and Swire Properties Limited ("Swire Properties"). Swire Properties is one of Hong Kong's largest commercial landlords and operators of retail space. In 2012, our airlines (which are based in Hong Kong) carried 29 million passengers and flew to 179 destinations. We are leading suppliers of soft drinks and sugar in Hong Kong. We operate 175 retail outlets in Hong Kong. In Mainland China, Swire Properties' mixed-use property developments in Guangzhou, Shanghai, Beijing and Chengdu will, when they are all completed, have more than 8.8 million square feet of lettable and saleable space. Sales from our Mainland China Coca-Cola franchises represented 79% of the 990 million unit cases of Coca-Cola products that we sold in total in 2012 to a franchise population of over 440 million people. Through Cathay Pacific, we have an interest of more than 19% in Air China. Dragon Airlines ("Dragonair") (a wholly-owned subsidiary of Cathay Pacific) flies to 44 destinations in Mainland China. We have joint ventures in Hong Kong and Mainland China with Akzo Nobel in paint manufacturing and in Mainland China with The Campbell Soup Company in soup manufacturing. The Swire Pacific Offshore group ("SPO") operates a fleet of specialist vessels supporting the offshore energy industry in every major offshore production and exploration region outside the Americas. Swire Pacific is one of Hong Kong's largest and oldest employers, where we have over 36,000 employees. In Mainland China, in ventures under our own management, we have approximately 25,000 employees. Globally, we employ over 74,000 staff.

**SWIRE PACIFIC'S STRATEGY**

The strategic objective of Swire Pacific is sustainable growth in shareholder value over the long-term. The strategies employed in order to achieve this objective are these:

- The long-term development of a diversified range of businesses in which shareholder value can be created by earning a return on capital appropriate to each business.

- Investment in businesses where Swire Pacific has management control or significant management influence, so that the businesses can benefit from active and prudent management by Swire Pacific.
- Employment of staff whom Swire Pacific believes will further its strategic objective and will be committed to Swire Pacific for the long-term, and the

Swire Pacific's aim is to create long-term value for shareholders by making investments in a diverse range of businesses and to exceed target rates of return appropriate for those businesses. We aim to develop businesses where we can add value through our industry-specific expertise and our particular knowledge of the Greater China region. We have strict financial disciplines and adopt rigorous analysis and valuation, refusing to overpay for acquisitions and being willing to close or sell under-performing businesses.

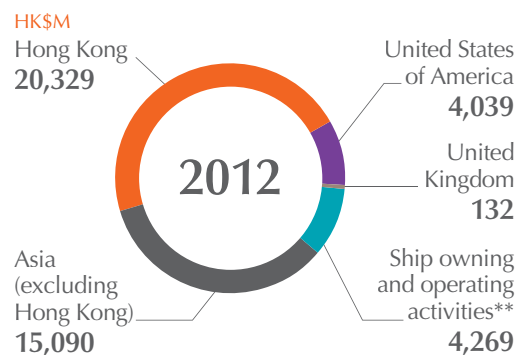
Refer to page 109 for Swire Pacific's 2012 Investment Appraisal and Performance Review.

Swire Pacific is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects our belief that, in the achievement of our long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, Swire Pacific believes that shareholder wealth will be maximised in the long-term and that employees, those with whom it does business and the communities in which it operates will all benefit.

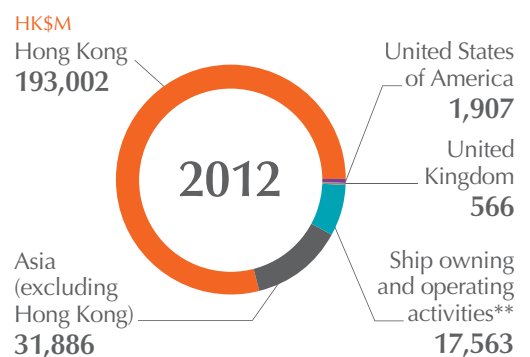
Refer to pages 120 to 130 for Swire Pacific's 2012 Corporate Governance Report.

\* In this analysis, the total of non-current assets excludes financial instruments (which include jointly controlled and associated companies), deferred tax assets and retirement benefit assets.  
 \*\* Ship owning and operating activities are carried out internationally and cannot be attributed to specific geographical areas.

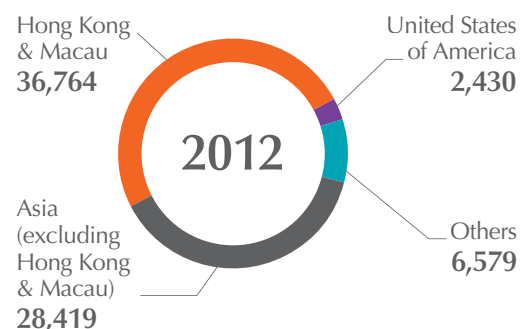
**TURNOVER BY AREA**



**NON-CURRENT ASSETS BY AREA\***



**EMPLOYEE NUMBERS BY AREA**



provision to them of a career path and training consistent with Swire Pacific's strategic objective.

- Operational excellence in the way Swire Pacific conducts its businesses.
- Doing business in a sustainable manner.
- Commitment to high standards of corporate governance, with a view to ensuring that Swire Pacific's businesses

are conducted in accordance with proper ethical standards and appropriate transparency, that the business risks to which Swire Pacific is exposed are properly understood and managed and that the interests of all Swire Pacific's stakeholders are properly considered.

- Active stewardship of the Swire brand.

## ABOUT THIS REPORT

We support the efforts of the International Integrated Reporting Council ("IIRC") to bring about greater consistency of reporting by companies, to improve the transparency of financial reports and to help investors and users of accounts better understand how businesses operate and how shareholder value is created. In taking further steps this year to improve our reporting, we hope to have produced a report that gives investors and other users a clear and concise explanation of Swire Pacific's strategy, governance, performance and prospects. In so doing, we hope to be able to demonstrate better how we create and intend to create shareholder value.

- 2012 Performance Highlights and the Chairman's summary of the Group's 2012 performance and its prospects can be found on pages 4 to 15.
- A review of the Group's financial performance can be found on pages 102 to 110.
- The Management Discussion and Analysis section on pages 16 to 83 provides a review of all five of the Group's operating divisions. An overview of the business, the business model and the strategies of each division is provided. An explanation of the operating context and a summary of business performance and future prospects are also given.
- Swire Pacific's 2012 Corporate Governance Report can be found on pages 120 to 130.

Given our commitment to sustainability, the 2012 Swire Pacific Annual Report combines our financial and sustainability reporting.

- Sustainability data, which follows the Global Reporting Initiative's ("GRI") 'Sustainability Reporting Guidelines', can be found on pages 222 to 233.
- A review of the Group's five sustainable development pillars can be found on pages 84 to 101.
- Information about sustainable development can also be found in the reviews of the operating divisions, where appropriate.

This report can be found online at [www.swirepacific.com/eng/ir/reports.php](http://www.swirepacific.com/eng/ir/reports.php), where a condensed version of the report can also be found.

External audit of financial information has been provided by PricewaterhouseCoopers ("PwC"). The Hong Kong Productivity Council was commissioned by the Group to verify the sustainability information in the report. Our sustainability reporting has been based on the GRI framework since 2003. For the 2012 Swire Pacific Annual Report, the GRI has confirmed that our sustainability reporting fulfills the expanded GRI guideline 3.1 with the qualification level C+.

- The Auditor's Report can be found on page 146.
- The Sustainable Development Assurance Statement can be found on page 224.