

## CORPORATE STATEMENT

SUSTAINABLE  
GROWTH

Swire Pacific has its headquarters in Hong Kong. It 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 150 years.

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.

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, Swire Properties Limited ("Swire Properties"), Cathay Pacific Airways Limited ("Cathay Pacific") and Hong Kong Aircraft Engineering Company Limited ("HAECO").

Swire Properties is one of Hong Kong's largest commercial landlords and operators of retail space, with a portfolio totalling 12.3 million square feet of lettable space and an additional 2.3 million square feet under development. In Mainland China, Swire Properties' mixed-use property developments in Guangzhou, Shanghai, Beijing and Chengdu will, when they are all completed, have 8.9 million square feet of lettable space. In the USA, Swire Properties' mixed-use developments in Miami, Florida will have 2.5 million square feet of lettable space upon completion.

In 2016, our airlines (which are based in Hong Kong) carried 34.3 million passengers and flew to over 185 destinations. Through Cathay Pacific, we have an interest of more than 18% in Air China Limited ("Air China"). Hong Kong Dragon Airlines Limited ("Cathay Dragon") (a wholly-owned subsidiary of Cathay Pacific)

flies to 53 destinations in Mainland China and elsewhere in Asia. The HAECO group is a leading provider of international aircraft engineering services. In 2016, it performed 9.1 million manhours of airframe maintenance in Hong Kong, Mainland China and the USA.

In 2016, our Beverages Division sold 1,105 million unit cases of Coca-Cola products to a franchise population of over 470 million people in Greater China and the USA.

The Swire Pacific Offshore group ("SPO") operates a fleet of 81 specialist vessels supporting the offshore energy industry in every major offshore production and exploration region outside the USA.

At 31st December 2016, we operated 205 retail outlets in Hong Kong, Macau and Mainland China. We have joint ventures in Hong Kong and Mainland China with Akzo Nobel in paint manufacturing. Taikoo Motors sells passenger cars, commercial vehicles, motorcycles and scooters. Its largest business is in Taiwan where it sells (among other vehicles) Volkswagen, Mercedes Benz, Audi and Mazda cars. We are building a network of cold stores in Mainland China. Five are completed and two are under construction.

Swire Pacific is one of Hong Kong's largest and oldest employers, where we have over 45,000 employees. In Mainland China, in ventures under our own management, we have approximately 28,000 employees. Globally, we employ over 90,000 staff.

## OUR STRATEGY

We concentrate on businesses where we have expertise, and where our expertise can add value. Our aim is sustainable long-term growth in shareholder value.

- We deploy capital and people where we see opportunities to generate returns which exceed our cost of capital over the long term.
  - We invest in existing and new businesses, focussing on those where we have a competitive advantage and where our capital and people can generate long-term value.
  - We divest from businesses which have reached their full potential and deploy the capital released to existing or new businesses.
  - Our people, and our ability to deploy them across our businesses (which is facilitated by services agreements with our principal shareholder), are critical to our ability to generate long-term value. We recruit the best people and invest heavily in their training and development.
  - We are conservative financial managers. This lets us execute long-term investment plans irrespective of short-term financial market volatility.
- We provide premium quality products and services, so as to differentiate ourselves from our competitors.
  - We invest in sustainable development, not just because it is the right thing to do, but because it helps to achieve 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.
- In implementing the above strategy, the principal risks and uncertainties facing the Group are that the economies in which it operates (in particular Hong Kong and Mainland China) will not perform as well in the future as they have in the past and the uncertainties as to whether this will happen.
- We are and intend to remain a conglomerate with diverse businesses capable of generating sustainable long-term growth in value.