Financial Review

Additional information is provided below to reconcile reported and underlying profit 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 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.

Audited Financial Information

	Note	2019 HK$M	2018 HK$M
Underlying profit			
Profit attributable to the Company's shareholders		9,007	23,629
Adjustments in respect of investment properties:			
Revaluation of investment properties	(a)	(4,571)	(20,722)
Deferred tax on investment properties	(b)	1,138	935
Valuation gains realised on sales of interests in investment properties	(c)	14,159	1,351
Depreciation of investment properties occupied by the Group	(d)	32	28
Non-controlling interests' share of adjustments		(1,955)	3,302
Less: amortisation of right-of-use assets reported under investment properties	(e)	(13)	–
Underlying profit attributable to the Company's shareholders		17,797	8,523

Notes:
(a) This represents the net revaluation movements as shown in the consolidated statement of profit or loss plus the Group's share of net revaluation movements of joint venture 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 joint venture companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China 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.
(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 statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated statement of profit or loss.
(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
(e) 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.

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

	2019 HK$M	2018 HK$M
Underlying profit attributable to the Company's shareholders	17,797	8,523
Significant non-recurring items:		
Profit on sales of interests in investment properties	(13,528)	(2,155)
Profit on acquisition/sale of businesses	–	(35)
Profit on sale of businesses in Trading & Industrial Division	(140)	(2,792)
Profit on sale of property, plant and equipment and other investments	(145)	(105)
Gain by Swire Coca-Cola from the acquisition of production assets in the USA	–	(132)
Impairment of property, plant and equipment and intangible assets and write-off of investments and deferred tax assets	3,237	4,185
Recurring underlying profit*	7,221	7,489

* A more detailed definition is provided in the Glossary on page 234.

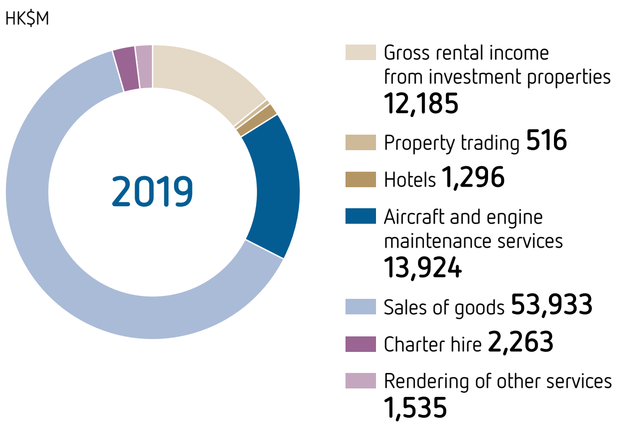
Commentary on and Analysis of Major Balances and Year on Year Variances in the Financial Statements

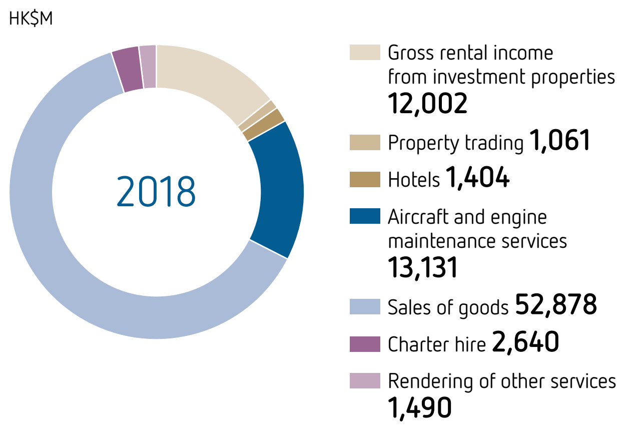
Consolidated Statement of Profit or Loss

	Notes to the Financial Statements	2019 HK$M	2018 HK$M	Increase / (Decrease) HK$M	%
Revenue	4	85,652	84,606	1,046	1%
Cost of sales	6	(53,831)	(53,739)	92	–
Expenses	6	(21,432)	(20,815)	617	3%
Other net (losses)/gains	5	(325)	1,458	(1,783)	N/A
Change in fair value of investment properties		3,728	19,378	(15,650)	-81%
Operating profit		13,792	30,888	(17,096)	-55%
Net finance charges	9	(2,042)	(2,324)	(282)	-12%
Share of profits less losses of joint venture companies	20(a)	1,949	2,458	(509)	-21%
Share of profits less losses of associated companies	20(b)	885	1,324	(439)	-33%
Taxation	10	(2,746)	(2,926)	(180)	-6%
Profit for the year		11,838	29,420	(17,582)	-60%
Profit attributable to the Company's shareholders	35	9,007	23,629	(14,622)	-62%
Underlying profit attributable to the Company's shareholders	11	17,797	8,523	9,274	109%

Revenue

Revenue by Category





The increase in revenue of HK$1,046 million compared to 2018 reflected higher revenue from the Beverages Division (HK$2,127 million) and the Aviation Division (HK$1,009 million). These improvements were partly offset by decreases in revenue from the Trading & Industrial Division (HK$1,053 million), the Marine Services Division (HK$567 million) and the Property Division (HK$469 million).

In the Property Division, gross rental income from property investment increased by HK$183 million in 2019. In Hong Kong, gross rental income from office properties increased by 4%, principally reflecting positive rental reversions, firm occupancy and a full year of rental income from One Taikoo Place, which opened in the last quarter of 2018 and more than offset the loss of rental income from Cityplaza Three and Cityplaza Four in Hong Kong, which were sold in April 2019. Retail properties in Hong Kong recorded a drop in rental income due to rental subsidies offered to tenants and lower retail sales because of social unrest in the second half of 2019. In Mainland China, there was higher rental income from the retail portfolio, reflecting positive rental reversions, higher retail sales and firm occupancy. In the USA, there was higher rental income because of improved occupancy and higher retail sales. Revenue from property trading decreased by HK$545 million compared to 2018. The property trading revenue in 2019 represented the proceeds of sales of carparks at ALASSIO in Hong Kong and from two Reach units and 38 Rise units at the Brickell City Centre development and the last unit in the ASIA development in the USA. The property trading revenue in 2018 represented the proceeds of sales of carparks at AZURA and 12 WHITESANDS houses in Hong Kong and from 37 Reach and Rise units in the USA. Revenue from hotels decreased by HK$108 million in 2019, largely due to social unrest in Hong

Kong during the second half of 2019, which adversely affected the occupancy and room rates of Hong Kong hotels. The hotel revenue from the USA improved.

In the Aviation Division, the increase in revenue from the HAECO group was principally due to increases in airframe services revenue and line services revenue at HAECO Hong Kong and in airframe services revenue at HAECO Americas, partly offset by lower revenue from HAECO Xiamen and cabin solutions at HAECO Americas.

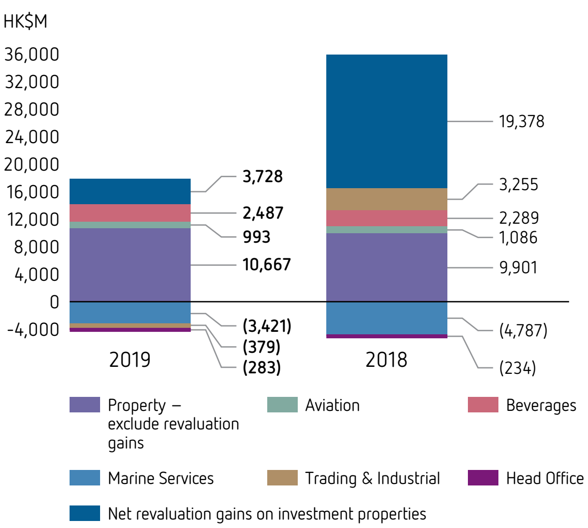
In the Beverages Division, the increase in revenue was due to increased sales volumes in all areas other than Hong Kong. The revenue increase in Mainland China reflected the introduction of new products and packaging and price increases. The revenue increase in the USA reflected price increases, a favourable product mix and the inclusion of sales of Monster products in the Arizona franchise territory from March 2019. The higher revenue in Taiwan reflected better management of sales promotions and an improved product mix.

In the Marine Services Division, the decrease in revenue at SPO principally reflected lower charter hire rates for specialist vessels, partly offset by higher utilisation and charter hire rates for the core fleet. Non-charter hire income was 50% lower than in 2018.

In the Trading & Industrial Division, there were decreases in revenue at Taikoo Motors, Swire Resources and Swire Foods. There was no revenue from Swire Pacific Cold Storage during 2019 following its sale in July 2018. Retail sales at Swire Resources reduced significantly, due to social unrest in Hong Kong in the second half of 2019.

Operating Profit

Operating Profit/(Loss) by Division



The operating profits in 2019 and 2018 included net valuation gains on investment properties of HK$3,728 million and HK$19,378 million, respectively. The net revaluation gains on investment properties in 2019 principally reflected modest increases in the valuation of the office properties in Hong Kong and of the investment properties in Mainland China following rental increases, partly offset by a decrease in the valuation of retail properties in Hong Kong. Excluding net revaluation gains, operating profit decreased by HK$1,446 million. This reflected a movement from operating profit to operating loss in the Trading & Industrial Division and lower operating profit in the Aviation Division, partly offset by increases in operating profit in the Property and Beverages Divisions and reduced vessel impairment charges in the Marine Services Division.

The Property Division's operating profit (excluding net valuation gains) increased by HK$766 million. Profit from property investment increased by HK$864 million. This reflected a higher profit on the sales of interests in investment properties of HK$1,062 million and higher net rental income from office properties in Hong Kong and from the retail properties in Mainland China and the USA, partly offset by lower net rental income from retail properties in Hong Kong. Profit from property trading decreased by HK$61 million, principally reflecting the absence in 2019 of profit on sales at the WHITESANDS development in Hong Kong. The operating loss from hotels increased by HK$37 million, principally due to a poor performance by the managed hotels in Hong Kong during the second half of 2019 (reflecting social unrest), partly offset by better performances at EAST, Miami in the USA.

In the Aviation Division, the HAECO group's 2019 operating profit included non-recurring impairment charges in respect of the cabin solutions business in HAECO Americas aggregating HK$234 million. Disregarding these non-recurring items, the HAECO group recorded an improved operating profit in 2019. This reflected a reduced loss at HAECO Americas and higher profits at HAECO Hong Kong and HAECO Composite Services, partly offset by a lower profit at HAECO Xiamen.

In the Beverages Division, the 2019 operating profit included the following non-recurring items on a pre-tax basis: (a) a HK$118 million gain from the disposal of a plant in Yunnan, Mainland China and (b) a HK$23 million gain from the disposal of a sales centre in the USA. Disregarding these non-recurring gains (which aggregated HK$141 million) and non-recurring gains aggregating HK$255 million in 2018 (mainly arising from the disposal of a plant in Taiwan and from the acquisition of production and distribution assets in the USA), the 2019 operating profits of the Beverages Division increased by HK$312 million. Profits were higher in Mainland China, Taiwan and the USA. This reflected revenue growth in Mainland China, Taiwan and the USA, partly offset by higher operating costs in all areas, higher depreciation charges in Mainland China and higher cost of goods sold in the USA. The reduced profit in Hong Kong was due to higher depreciation charges.

In the Marine Services Division, the operating loss at SPO included an impairment charge of HK$2,121 million in respect of vessels (2018: HK$3,872 million, including a write-off of associated goodwill), a HK$125 million restructuring provision in respect of the seabed business and a HK$41 million loss relating to disposal of vessels. Disregarding non-recurring items in both years, operating losses of SPO increased from HK$915 million in 2018 to HK$1,134 million in 2019. This principally reflected lower charter hire rates for specialist vessels, partly offset by higher utilisation and charter hire rates at the core fleet, savings in manning costs and a different fleet mix.

In the Trading & Industrial Division, the 2019 operating profit included the following non-recurring items: (a) a write-off of investment in an associated company, (b) impairment charges and other provisions at Qinyuan Bakery and (c) a write-back of provisions relating to the sale of Swire Pacific Cold Storage which took place in 2018. Disregarding these non-recurring items (which resulted in net aggregate losses of HK$529 million) and the non-recurring gains on disposals of Akzo Nobel Swire Paints and Swire Pacific Cold Storage of HK$3,173 million in 2018, the Division reported an operating profit of HK$150 million in 2019 compared to an operating profit of HK$82 million in 2018. There were higher operating profits at Taikoo Motors and Swire Pacific Cold Storage business did not contribute a loss in 2019 following its disposal in July 2018. The recurring loss at Qinyuan Bakery reduced. Swire Resources made an operating loss in 2019 due to fewer customers, especially tourists from Mainland China, and reduced margins during the period of social unrest in Hong Kong.

Net Finance Charges

The decrease in net finance charges mainly reflected (a) higher interest income and lower finance charges resulting from the receipt of proceeds from the sales of interests in investment properties in the Property Division, (b) fair value gains (instead of 2018's fair value losses) on put options over interests in a joint venture company in the Beverages Division, partly offset by (c) finance charges in respect of lease liabilities following the adoption of HKFRS 16 "Leases" effective from 1st January 2019.

Share of Profits Less Losses of Joint Venture Companies

In the Property Division, the decrease of HK$466 million principally reflected lower net revaluation gains of HK$630 million and decreased profit from the sale of offices at Pinnacle One in Mainland China, partly offset by higher net rental income from HKRI Taikoo Hui and South Island Place. The decrease in hotel losses in 2019 reflected reduced pre-opening expenses at the two hotels at HKRI Taikoo Hui.

In the Aviation Division, profits from joint venture companies in the HAECO group increased by HK$32 million, principally reflecting an increase in engine volume and a heavier work mix at HAESL.

In the Beverages Division, profit from a joint venture company in Shanghai was higher than that in 2018.

In the Trading & Industrial Division, the decrease in the share of profit from joint venture companies was mainly due to the absence of the profit-making Akzo Nobel Swire Paints business in 2019 following its disposal in December 2018. At Swire Foods, the interest in a loss-making sugar refinery joint venture was disposed of in November 2019.

Share of Profits Less Losses of Associated Companies

The Cathay Pacific group contributed a profit of HK$761 million in 2019 compared to a profit of HK$1,056 million in 2018. Passenger and cargo yields were below those in 2018 due to trade tensions and social unrest in Hong Kong during the second half of the year. Load factors and the number of passengers carried significantly reduced. Cargo demand was depressed as a result of US-China trade tensions, but did pick up during the high season later in 2019. The airlines benefited from lower fuel prices, but were adversely affected by a strong US dollar.

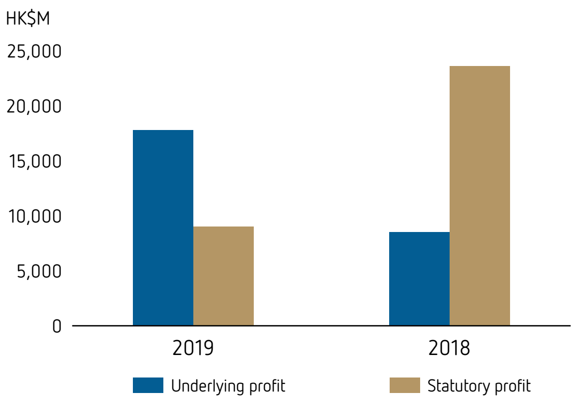
In the Property Division, profits from the three associate hotels at Pacific Place in Hong Kong decreased significantly due to social unrest in the second half of 2019.

In the Beverages Division, there was a decrease in the contribution from Coca-Cola Bottlers Manufacturing Holdings Limited in Mainland China. This was principally due to higher raw material costs and impairment charges in respect of production assets, partly offset by higher revenue.

Taxation

The decrease in taxation reflected lower pre-tax profit after excluding non-assessable income.

Statutory Profit and Underlying Profit Attributable to the Company's Shareholders



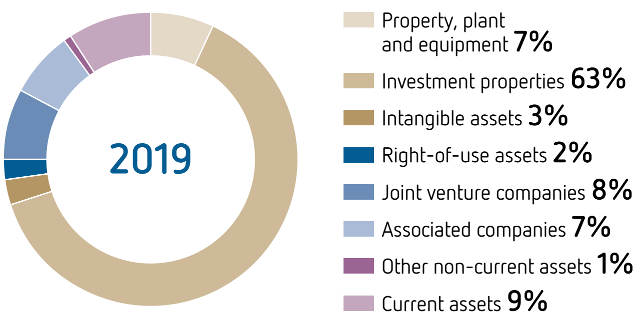
Excluding net investment property valuation adjustments, underlying profit increased by HK$9,274 million. The increase principally reflected better results from the Property (mainly due to the sales of Cityplaza Three and Four and other investment properties in Hong Kong) and Beverages Divisions and a lower impairment charge at SPO in the Marine Services Division. This was partly offset by lower profits from the Aviation and Trading & Industrial Divisions.

Consolidated Statement of Financial Position

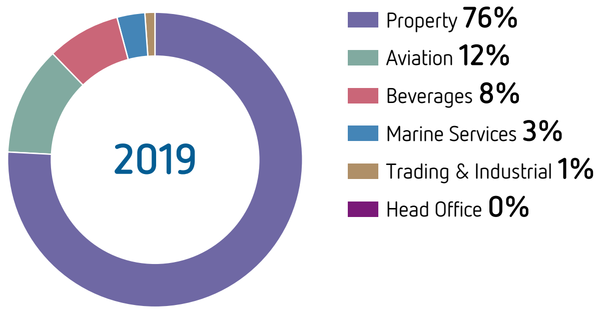
	Notes to the Financial Statements	2019 HK$M	2018 HK$M	Increase / (Decrease) HK$M	%
Property, plant and equipment	14	32,680	39,644	(6,964)	-18%
Investment properties	15	276,250	271,515	4,735	2%
Intangible assets	17	12,852	12,918	(66)	-1%
Right-of-use assets	18	9,899	–	9,899	N/A
Joint venture companies	20(a)	35,939	34,340	1,599	5%
Associated companies	20(b)	30,704	31,700	(996)	-3%
Properties for sale	24	3,604	1,469	2,135	145%
Stocks and work in progress	25	5,539	5,242	297	6%
Contract assets		1,301	1,176	125	11%
Trade and other receivables	26	8,685	10,012	(1,327)	-13%
Bank balances and short-term deposits	27	21,345	9,112	12,233	134%
Assets classified as held for sale	28	–	15,526	(15,526)	-100%
Other assets		2,599	3,751	(1,152)	-31%
Total Assets		441,397	436,405	4,992	1%
Trade and other payables	29	24,325	26,781	(2,456)	-9%
Loans and bonds	30	68,033	71,779	(3,746)	-5%
Lease liabilities	31	5,375	–	5,375	N/A
Deferred tax liabilities	32	11,014	10,034	980	10%
Liabilities classified as held for sale	28	–	207	(207)	-100%
Other liabilities		3,156	2,489	667	27%
Total Liabilities		111,903	111,290	613	1%
Net Assets		329,494	325,115	4,379	1%
Equity attributable to the Company's shareholders	34, 35	273,352	270,424	2,928	1%
Non-controlling interests	36	56,142	54,691	1,451	3%
Total Equity		329,494	325,115	4,379	1%

Total Assets

Total Assets by Category



Total Assets by Division



Property, Plant and Equipment

The decrease in property, plant and equipment principally reflected an impairment charge at SPO and the reallocation of leasehold land held for own use to right-of-use assets upon adoption of HKFRS 16, partly offset by capital expenditure (net of disposals and depreciation).

Investment Properties

The increase in investment properties principally reflected net revaluation gains, construction costs incurred on new investment properties and renovation costs incurred on existing investment properties. The increase also reflected the reclassification of some previously owner-occupied properties from leasehold land held for own use (under right-of-use assets) to investment properties. The increases were partly offset by foreign exchange translation losses in respect of investment properties in Mainland China and the transfer of the EDEN development in Singapore to properties for sale.

Intangible Assets

The decrease in intangible assets in 2019 includes impairment charges in respect of (a) goodwill and customer relationships at HAECO Americas (HK$234 million) and (b) goodwill at Qinyuan Bakery (HK$200 million), and amortisation during the year. These decreases were largely offset by the recognition of franchise rights relating to the Monster brand by the Beverages Division in the USA (HK$573 million).

Right-of-Use Assets

This item represents the recognition of leased assets (effective from 1st January 2019 by reason of the adoption of HKFRS 16) which were previously accounted for as operating leases and therefore not recorded in the balance sheet. It also includes the reallocation of leasehold land held for own use (previously grouped under property, plant and equipment) and land use rights since all these balance sheet items are used by the Group itself.

Joint Venture Companies and Loans Due from Joint Venture Companies

The increase principally reflected equity and debt funding to joint venture property projects. There were also increases in retained profits in the Property Division (principally as a result of valuation gains on investment properties held by joint venture companies) and at HAESL. Major additions during 2019 were the acquisition of a 25% equity interest in a residential property development at Wong Chuk Hang in Hong Kong (HK$2,161 million) and a further capital injection into a 50% owned joint venture (HK$214 million) made in order to purchase a land for residential development in Jakarta, Indonesia. These increases were partly offset by dividends paid, foreign exchange translation losses from joint venture companies in Mainland China and the disposal of an interest in a property at 625 King's Road in Hong Kong.

Associated Companies and Loans Due from Associated Companies

The decrease principally reflected a reduction in the share of net assets of the Cathay Pacific group, the sale of Columbia China and the write-off of the Group's interest in an unlisted associated company in the Trading & Industrial Division. The reduction in net assets of the Cathay Pacific group principally reflected a negative adjustment to the Cathay Pacific group's equity at 1st January 2019 (upon adoption of HKFRS 16) which more than offset its retained profit and gains in other comprehensive income during the year.

Properties for Sale

The increase in properties for sale principally reflected further investment in a residential development in Chai Wan, Hong Kong (HK$924 million) and the transfers of the EDEN development in Singapore from investment properties (HK$1,039 million) and of Fort Lauderdale in Miami, USA from properties held for development (HK$148 million). These additions were partly offset by sales of units at the Reach and Rise developments at Brickell City Centre in the USA and of carparks at the ALASSIO development in Hong Kong.

Stocks and Work in Progress

The increase in stocks and work in progress was principally due to the higher level of completed goods for sale in the Beverages Division.

Trade and Other Receivables

The decrease in trade and other receivables was mainly due to the receipt of outstanding receivables in respect of the proceeds of sale of Swire Pacific Cold Storage recognised in 2018 and a decrease in trade debtors and prepayments.

Assets Classified as Held for Sale

Assets classified as held for sale were fully derecognised during the year upon completion of the related sales of interests in investment properties.

Trade and Other Payables

The decrease in trade and other payables principally reflected the derecognition of deposits received from the sale of subsidiary companies in the Property Division (HK$3,238 million) upon completion of contracts during the year, partly offset by an increase in trade creditors (HK$330 million) and in other accruals (HK$190 million).

Bank Balances and Short-Term Deposits/Loans and Bonds

The decrease in net borrowings of HK$15,979 million reflected the proceeds received from sales of the Group's interests in the Cityplaza Three and Four, 625 King's Road and other properties in Hong Kong. These proceeds exceeded the funds used to finance the Group's property developments and the purchase of other fixed assets and investments in joint venture companies.

Lease Liabilities

This item represents the recognition of liabilities relating to leased assets (effective from 1st January 2019 by reason of the adoption of HKFRS 16) which were previously accounted for as operating leases and therefore not recorded in the balance sheet.

Deferred Tax Liabilities

The increase in deferred tax liabilities was principally attributable to higher deferred tax relating to depreciation allowances on investment properties and on revaluation gains in respect of investment properties held by the Group in Mainland China and the USA.

Equity Attributable to the Company's Shareholders

In each year, the movement in equity attributable to the Company's shareholders consists of the total comprehensive income for the year attributable to the Company's shareholders (HK$9,000 million in 2019) less dividends paid to shareholders (HK$4,730 million in 2019). In 2019, it also included a negative adjustment of HK$1,279 million to the Group's reserves at 1st January 2019 by reason of the adoption of HKFRS 16.

Non-Controlling Interests

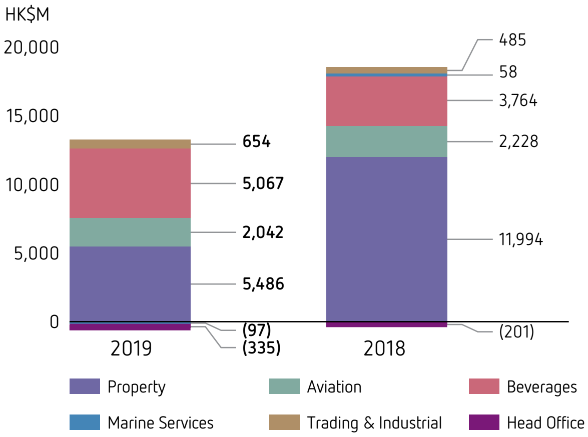
Non-controlling interests principally reflect the 18% non-controlling interest in Swire Properties.

Consolidated Statement of Cash Flows

	Notes to the Financial Statements	2019 HK$M	2018 HK$M	Increase/ (Decrease) HK$M
Cash generated from operations	42(a)	12,817	18,328	(5,511)
Net interest paid		(2,206)	(2,428)	(222)
Tax paid		(1,397)	(2,180)	(783)
Dividends received		1,327	1,716	(389)
Investing activities				
Purchase of property, plant and equipment	42(b)	(3,782)	(4,103)	(321)
Additions of investment properties		(1,962)	(3,917)	(1,955)
Additions of other current assets		–	(88)	(88)
Additions of assets classified as held for sale		–	(364)	(364)
Purchase of intangible assets		(736)	(126)	610
Proceeds from disposals of property, plant and equipment		303	450	(147)
Proceeds from disposals of investment properties		295	350	(55)
Proceeds from disposals of subsidiary companies, net of cash disposed of	42(d)	17,534	9,584	7,950
Proceeds from disposal of a joint venture company	42(e)	2,352	3,594	(1,242)
Proceeds from disposal of an associated company		140	–	140
Purchase of shares in new subsidiary companies		–	(14)	(14)
Purchase of shares in joint venture companies		(276)	(1,670)	(1,394)
Adjustment for previous year's purchase of new businesses		–	187	(187)
Net loans to joint venture companies		(1,468)	(1,272)	196
Others		(31)	(128)	(97)
Net cash generated from businesses and investments		22,910	17,919	4,991
Dividends paid	35, 36	(5,976)	(4,582)	1,394
Loans drawn and refinancing	42(c)	10,564	10,624	(60)
Repayment of loans and bonds	42(c)	(14,135)	(17,571)	(3,436)
Principal elements of lease payments	42(c)	(950)	–	950
Repurchase of the Company's shares	34	–	(21)	(21)
Purchase of shares in existing subsidiary companies		(226)	(3,018)	(2,792)
Proceeds from partial disposal of interest in a subsidiary company		171	–	171
Cash paid to shareholders and net funding by external debt/lease liabilities		(10,552)	(14,568)	(4,016)
Increase in cash and cash equivalents		12,358	3,351	9,007

Cash Generated from Operations

Cash generated from operations by Division



Cash generated from operations in the Property Division takes into account (i) HK$3.3 billion deposits received in 2018 in respect of sales of interests in investment properties and (ii) the derecognition of those deposits in 2019 on completion of those sales.

Dividends Received

Dividends received in 2019 principally comprised dividends from Cathay Pacific and HAESL, and from the Property Division's associated hotel companies and joint venture investment property companies in Hong Kong.

Purchase of Property, Plant and Equipment

Purchase of property, plant and equipment in 2019 principally reflected the purchase of new production and marketing equipment in the Beverages Division, the purchase of equipment, tools and rotable parts at the HAECO group and capital expenditure at SPO.

Additions of Investment Properties

The additions of investment properties in 2019 principally reflected capital expenditure on the Taikoo Place office redevelopment and other projects in Hong Kong, the USA and Singapore (before the transfer of the EDEN development to properties for sale). The decrease in expenditure for 2019 was mainly due to the completion of One Taikoo Place in late 2018.

Purchase of Intangible Assets

The increase in the amount spent during the year was mainly due to the purchase of franchise rights relating to the Monster brand by the Beverages Division in the USA (HK$573 million).

Proceeds from Disposals of Investment Properties

The proceeds from disposals of investment properties included proceeds from the disposal of units at Eredine in Hong Kong.

Proceeds from Disposals of Subsidiary Companies

The proceeds from disposals of subsidiary companies principally comprised the proceeds received from the disposal of property-owning subsidiary companies (mainly those with interests in the Cityplaza Three and Four properties in Hong Kong) in the Property Division.

Proceeds from Disposal of a Joint Venture Company

In 2019, the proceeds of HK$2,352 million (net of transaction costs) represented the sale of interests in a joint venture company (owning an interest in the property at 625 King's Road in Hong Kong) in the Property Division.

Proceeds from Disposal of an Associated Company

In 2019, the proceeds of HK$140 million (net of transaction costs) represented the sale of interests in Columbia China in the Trading & Industrial Division.

Net Loans to Joint Venture Companies

Loans to joint venture companies in 2019 principally reflected net funding made available to joint venture property projects in Hong Kong and Mainland China. HK$2,161 million was lent to a newly acquired 25% owned joint venture company formed to undertake a residential property development at Wong Chuk Hang in Hong Kong.

Loans Drawn and Refinancing

In 2019, loans drawn and refinancing comprised new financing under the Group's medium term note programmes and new loans and drawdowns under financing facilities from banks.

Purchase of Shares in Existing Subsidiary Companies

The remaining 20% non-controlling interest in a Mainland China subsidiary in the Beverages Division was acquired by the Group.

Investment Appraisal and Performance Review

	Capital employed		Capital commitments*	
	2019 HK$M	2018 HK$M	2019 HK$M	2018 HK$M
Property investment	288,931	299,126	16,340	17,407
Property trading	7,789	4,143	–	–
Hotels	7,229	7,394	263	215
Property – overall	303,949	310,663	16,603	17,622
Aviation	47,187	45,449	5,686	622
Beverages	17,177	16,657	1,831	931
Marine Services	10,120	13,014	421	543
Trading & Industrial	3,249	2,252	75	71
Head Office	(125)	(253)	–	–
Total capital employed	381,557	387,782	24,616	19,789
Less: net debt	(46,688)	(62,667)		
Less: lease liabilities	(5,375)	–		
Less: non-controlling interests	(56,142)	(54,691)		
Equity attributable to the Company's shareholders	273,352	270,424		

	Equity attributable to the Company's shareholders		Return on average equity attributable to the Company's shareholders	
	2019 HK$M	2018 HK$M	2019	2018
Property investment	226,283	221,214	5.0%	11.0%
Property trading	3,799	2,141	-0.5%	4.4%
Hotels	4,991	5,213	-1.1%	-0.6%
Property – overall	235,073	228,568	4.7%	10.7%
Aviation	41,855	42,326	3.7%	4.4%
Beverages	12,819	11,976	13.6%	14.0%
Marine Services	5,214	8,681	-52.3%	-59.1%
Trading & Industrial	2,320	3,210	-16.3%	64.9%
Head Office	(23,929)	(24,337)		
Total	273,352	270,424	3.3%	9.0%

* The capital commitments represent the Group's capital commitments plus the Group's share of the capital commitments of joint venture companies.