

TRADING & INDUSTRIAL

2021 PERFORMANCE

Financial Highlights

	2021 HK\$M	2020 HK\$M
Revenue		
Swire Resources	2,106	1,973
Taikoo Motors	5,689	4,984
Swire Foods	1,687	1,410
Swire Environmental Services	134	–
	9,616	8,367
Operating profits/(losses)		
Swire Resources	(33)	(143)
Taikoo Motors	212	196
Swire Foods	(45)	21
Swire Environmental Services	63	(1)
Central costs	(13)	(8)
	184	65
Attributable profits/(losses)		
Swire Resources	(42)	(134)
Taikoo Motors	160	145
Swire Foods	(69)	(9)
Swire Environmental Services	59	19
Central costs	(14)	(9)
Attributable profit	94	12
Non-recurring items		
Gain on acquisition of interest in a joint venture	24	–
Restructuring costs	(18)	–
Recurring profit	88	12

2021 INDUSTRY REVIEW

Footwear and apparel business in Hong Kong and the Chinese Mainland

In 2021, footwear and apparel sales increased by 21% and 13% in Hong Kong and the Chinese Mainland respectively.

Car sales in Taiwan

Car registrations in Taiwan decreased by 2% to 449,836 units in 2021.

Bakery sales in the Chinese Mainland

Retail sales of bakery products sold in the Chinese Mainland increased by 6% in 2021.

Sugar sales in the Chinese Mainland

The volume of sugar sold in the Chinese Mainland increased by 5% to 34,172 million pounds in 2021.

2021 RESULTS SUMMARY

The attributable profit of Trading & Industrial in 2021 was HK\$94 million, an increase of HK\$82 million from an attributable profit of HK\$12 million in 2020. The improvement mainly reflects reduced losses from Swire Resources and improved results from Swire Environmental Services and Taikoo Motors, partly offset by higher losses from Qinyuan Bakery.

Swire Resources

The attributable loss of Swire Resources in 2021 was HK\$42 million, compared to a loss of HK\$134 million in 2020. In 2021, consumer demand in Hong Kong improved, while COVID-19 conditions stabilised somewhat. Business benefitted from the HKSAR Government's consumption voucher scheme, but was still affected adversely by the absence of inbound tourism. There was a gradual recovery in Macau as its border with the Chinese Mainland reopened.

The revenue of Swire Resources in 2021 was 7% higher than in 2020. The gross profit percentage increased because of less discounting. Costs were tightly managed.

Stores were rationalised in Hong Kong and Macau. 164 retail outlets were operated at the end of 2021, eight fewer than the end of 2020. Six retail outlets were operated in the Chinese Mainland at the end of 2021 after the termination of The Kooples business. 12 retail outlets were operated in the Chinese Mainland at the end of 2020.

Taikoo Motors

The attributable profit of Taikoo Motors increased to HK\$160 million in 2021 from HK\$145 million in 2020.

17,323 vehicles were sold in 2021, 1% more than in 2020. Gross margins and operating costs represented similar percentages of revenue in 2020 and 2021.

Swire Foods

Swire Foods reported an attributable loss of HK\$69 million in 2021, compared with an attributable loss of HK\$9 million in 2020.

Qinyuan Bakery recorded an attributable loss of HK\$85 million in 2021 compared with an attributable loss of HK\$36 million in 2020. The 2021 results included store and other business rationalisation costs of HK\$18 million.

The revenue of Qinyuan Bakery increased by 5% in 2021. The gross profit margin decreased by 2.9 percentage points due to rising raw material costs. Operating costs increased, reflecting higher staff costs and the absence in 2021 of COVID-19-related government subsidies and rental and utility concessions. Qinyuan Bakery operated 538 stores at the end of 2021, eight fewer than the number at the end of 2020.

Taikoo Sugar recorded an attributable profit of HK\$16 million in 2021, compared to a profit of HK\$27 million in 2020. The 2021 volume of sugar sold (excluding bulk sales) decreased by 11% and 12% in Hong Kong and the Chinese Mainland respectively. Margins decreased because of lower sales volume. Operating costs were higher in 2021 due to the absence of 2020's COVID-19-related government subsidies.

Swire Environmental Services

Swire Environmental Services made an attributable profit of HK\$59 million in 2021, compared with an attributable profit of HK\$19 million in 2020. The increase reflected the gain arising from the acquisition of shares in Swire Waste Management Limited and the subsequent increase in the share of its profits.

In February 2021, we acquired the 50% interest in Swire Waste Management Limited which we did not already own.

OUTLOOK

The Hong Kong retail market is difficult for Swire Resources. There is no inbound tourism. Supplies are disrupted.

Taikoo Motors is upgrading its outlets and developing motor-related businesses. Demand for vehicles is robust. Supply constraints are expected to ease gradually.

Qinyuan Bakery is rationalising its stores, its products and its supply chain.

Taikoo Sugar will introduce more herbal products.

David Cogman