SWIRE PROPERTIES

Stock Code: 01972

Annual Report 2021

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Founded in Hong Kong in 1972, the Company is listed on The Stock Exchange of Hong Kong Limited and, with its subsidiaries, employs around 5,000 people. The Company's shopping malls are home to more than 2,200 retail outlets. Its offices house a working population estimated to exceed 75,000.

In Hong Kong, we have spent over 40 years developing an industrial area into what is now Taikoo Place and Cityplaza, one of Hong Kong's largest business districts comprising office space, the largest shopping mall on Hong Kong Island and a hotel. Pacific Place, built on the former Victoria Barracks site, is one of Hong Kong's premier retail and business addresses. In the Chinese Mainland, the Company

COMPANY PROFILE

SWIRE PROPERTIES LIMITED (THE "COMPANY") IS A LEADING DEVELOPER, OWNER AND OPERATOR OF MIXED-USE, PRINCIPALLY COMMERCIAL, PROPERTIES IN HONG KONG AND THE CHINESE MAINLAND, WITH A RECORD OF CREATING LONG-TERM VALUE BY TRANSFORMING URBAN AREAS. OUR BUSINESS COMPRISES THREE ELEMENTS: PROPERTY INVESTMENT, PROPERTY TRADING AND HOTEL INVESTMENT.

has six major commercial projects in operation in Beijing, Guangzhou, Chengdu and Shanghai. Similar in scale to our developments in Hong Kong, our Chinese Mainland properties are in commercial districts with excellent transport connections.

The Company has interests in the luxury and high quality residential markets in Hong Kong, Indonesia and Vietnam. There are also land banks in Miami, U.S.A. Swire Hotels develops and manages hotels in Hong Kong and the Chinese Mainland and in Miami, U.S.A.

The Company has a presence in the Brickell financial district in Miami, U.S.A., where it has investment properties. The Company has offices in South East Asia which explore opportunities in the property markets in the region.

CREATIVE TRANSFORMATION

CAPTURES WHAT WE DO AND HOW WE DO IT. IT UNDERLINES THE CREATIVE MINDSET AND LONG-TERM APPROACH THAT ENABLES US TO SEEK OUT NEW PERSPECTIVES, AND ORIGINAL THINKING THAT GOES BEYOND THE CONVENTIONAL.

IT ALSO ENCAPSULATES OUR ABILITY TO UNLOCK THE POTENTIAL OF PLACES AND CREATE VIBRANT DESTINATIONS THAT CAN ENGENDER FURTHER GROWTH AND CREATE SUSTAINABLE VALUE FOR OUR STAKEHOLDERS.

2021 HIGHLIGHTS


Artist's impression

- Launched sale of units at **EIGHT STAR STREET**

  January, Hong Kong

- Announced minority investment in **Empire City**, a residential-led mixed-use development in Ho Chi Minh City

  March, Vietnam


Artist's impression

Published first **"Places Impact Report" on Taikoo Li Sanlitun, Beijing**

August, Beijing

- Announced Cooperation Agreement with People's Government of Chaoyang district, Beijing Municipality and Beijing Public Transport Corporation (BPTC) to **transform a BPTC maintenance facility into a cultural and commercial destination**

  August, Beijing

Named **"Global Sector Leader"** by Global Real Estate Sustainability Benchmark; ranked **no. 1** in Hang Seng Corporate Sustainability Index

October, Hong Kong

Completed sale of **EAST Miami**

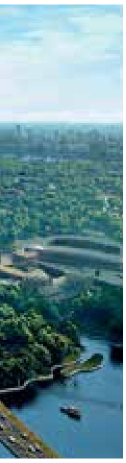
October, Miami

- Celebrated **20th anniversary of Swire Properties Community Ambassador Programme**

  November, Hong Kong

- Official opening of **Taikoo Li Sanlitun West**

  December, Beijing



Sold all 20 apartments at **EDEN** in Singapore

March, Singapore

Announced partnership with Shanghai Jing'an Real Estate Group to revitalise historic **Zhangyuan shikumen compound**

July, Shanghai

Accepted land exchange offer from the HKSAR Government in relation to a plot of land in **Chai Wan**, to be redeveloped into a residential complex

September, Hong Kong

Celebrated **10th anniversary of Taikoo Hui in Guangzhou**

September, Guangzhou

Official opening of **Taikoo Li Qiantan**

September, Shanghai

New **1.5°C-Aligned Science-Based Targets** approved

October, Hong Kong

Luxury Residences **HAM TIN VILLAS** launched for lease

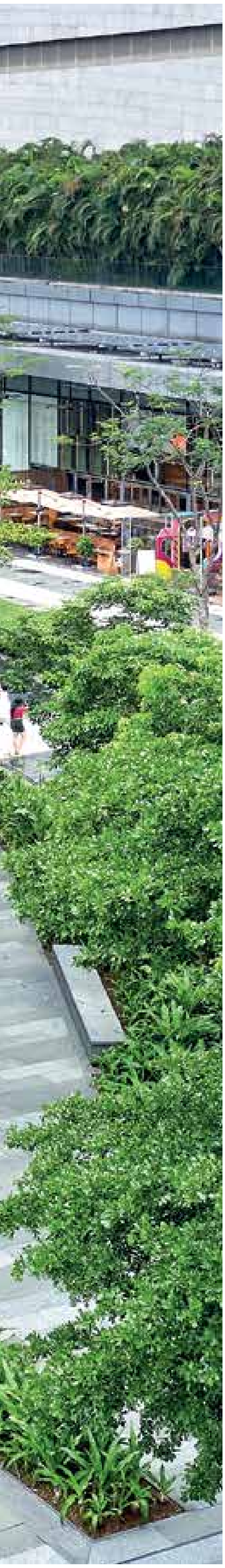
October, Hong Kong

9th annual **White Christmas Street Fair** at Taikoo Place – marked Swire Properties' first community celebration with zero-waste goal

December, Hong Kong

Announced the development of **Taikoo Li Xi'an** with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.

March 2022, Xi'an



SD2030

"Our vision is to be the leading sustainable development performer in our industry globally by 2030."

— GUY BRADLEY, CHAIRMAN

2021 HIGHLIGHT ACHIEVEMENTS

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Ranked 7th globally and No.1 in Asia

GRESB REAL ESTATE sector leader 2021

Named Global Sector Leader and Global Development Sector Leader for Mixed Use developments

Hang Seng Corporate Sustainability Index Series Member 2021-2022

No.1 for 4th consecutive year and "AAA" rating

BUSINESS AMBITION FOR 1.5°C

SCIENCE BASED TARGETS

First Hong Kong and Chinese Mainland developer to have 1.5°C-aligned science-based targets approved

Absolute GHG Emission Reduction
2025: ↓25% 2030: ↓46%

Sustainability Yearbook
Member 2022
S&P Global

FTSE4Good

A constituent of the FTSE4Good Index

MSCI ESG RATINGS AAA [1]

"AAA" rating for 4th consecutive year

ESG Award of the Hong Kong Institute of Certified Public Accountants (HKICPA) 2021 Best Corporate Governance and ESG Awards

Climate Bonds Initiative

Named a Top 10 company globally for our green bond reporting work, by the Climate Bonds Initiative

RICS

RICS Awards 2021

Cityplaza, Hong Kong: Winner in the "Facilities Management Team of the Year" category

RICS Awards China 2021

INDIGO, Beijing: Winner in the "Facility Management Team of the Year" category

Taikoo Li Sanlitun, Beijing: Excellence in the "Sustainability Achievement of the Year" category

1 Disclaimer: https://www.swireproperties.com/sd/awards/mscidisclaimer.html

SUSTAINABLE DEVELOPMENT (SD) 2030 STRATEGY: 2021 HIGHLIGHTS

PLACES

Through effective placemaking and long-term placekeeping, we aim to continue to transform the places in which we invest so as to create value, whilst retaining their character, supporting communities and enhancing people's lives.

Impact Reporting

Published our second **Places Impact Report** in conjunction with Tsinghua University. The report uses our Places Impact Framework to explore Taikoo Li Sanlitun in Beijing, assessing, measuring and reporting on the environmental, social and economic impacts of this development

Wellness

Opening of Taikoo Li Qiantan, the first shopping mall in the world to achieve the WELL Core Platinum certification. This wellness-themed mall features an 86,000 sq ft central park and a 450m-long rooftop running track to enhance the wellbeing of visitors

PEOPLE

We aim to create an environment where our employees will be healthier, happier and more productive, to invest in our employees and to provide rewarding career paths so as to develop a diverse and industry-leading team.

Talent Management

2025 KPI	2021 Progress
A **25%** increase in training hours/employee/year[1]	**~164,000** training hours delivered **26.4** training hours/employee/year **(▲116%)**

Occupational Health and Safety

Announced our new **"Zero Harm Commitment"** supported by a "Zero Harm" framework and roadmap

2025 KPI	2021 Progress
Maintain Lost Time Injury Rate ("LTIR")	
Non-hotel operations: **<1.2**	Non-hotel operations: **0.67**
Hotel operations: **<2.0**	Hotel operations: **1.55**

Diversity & Inclusion

Introduced new policies on respect in the workplace, staff grievances, and parental leave

2025 KPI	2021 Progress
Maintain a gender balance in senior management	**49%** of senior management positions and **50%** of management positions are held by women
Maintain gender pay ratio at **1:1**	Gender pay ratio (female to male): **1:1.07**

Volunteering

Celebrated the **20th** anniversary of our Community Ambassador Programme and contributed **>4,800** volunteer service hours, supporting **64** activities

PARTNERS

We aim to continue to develop long-term, mutually beneficial relationships with our business partners and other key parties so as to improve our environmental, social and economic performance.

Suppliers

2025 KPI	2021 Progress
25% of products and services purchased[2] shall be sustainable[3]	**12%** of products and services purchased are sustainable **HK$946** million of sustainable procurement spent

Tenants

Launched the **Green Performance Pledge ("GPP")**, a new performance-based agreement to deepen landlord-tenant partnerships to contribute to a more sustainable world

2025 KPI	2021 Progress
50% of tenants in our office portfolios[4] sign the GPP to jointly improve environmental performance	GPP launched with **14** pilot tenants, which covered nearly **10%** of our office tenants in Hong Kong

Recognised **51** F&B tenants in Hong Kong and the Chinese Mainland with Green Kitchen Awards

15 participating teams joined the Smart Waste Reduction Pilot Programme and collectively achieved **41%** waste diversion rate with the use of smart technologies

1 Compared to the baseline year of 2016.
2 For wholly-owned investment portfolios.
3 Products that meet specific sustainability criteria such as green certification or accreditation by reputable, independent third parties.
4 Measured by occupied lettable floor area ("LFA") of office portfolios at 100% basis comprising Taikoo Place and Pacific Place in Hong Kong and Taikoo Hui in Guangzhou.
5 Compared to the 2019 baseline.
6 Compared to the 2018 baseline.
7 The 2025 KPIs under Energy Reduction have been updated per our approved 1.5°C-aligned SBTs (compared to the 2019 baseline). Energy consumption refers to purchased electricity for the provision of shared services for and in the common parts of our buildings.
8 Hong Kong portfolio and Chinese Mainland portfolio refer to our office and retail portfolios and hotels in Hong Kong and the Chinese Mainland respectively.
9 Trading properties are excluded.
10 Arranged by the Hong Kong head office.
11 Disclaimer: www.swireproperties.com/sd/awards/mscidisclaimer.html

PERFORMANCE (ENVIRONMENT)

We aim to continue to design, construct and manage high quality developments that contribute positively to the communities in which we operate and the environment.

Climate Change

First real estate developer in Hong Kong and the Chinese Mainland to have 1.5°C-aligned science-based targets ("SBTs") approved in September 2021

2025 KPI	2021 Progress
Absolute GHG emissions (Scope 1 and Scope 2):	
↓25%[5]	↓23%[5]

2030 KPI	
Value chain GHG emissions (Scope 3 – Downstream Leased Assets):	
↓28% per square metre[6]	↓34.6% per square metre[6]

Energy

Taikoo Hui in Guangzhou became powered by **100% renewable electricity**

2025 KPI	2021 Progress
Energy use intensity[7]	
Hong Kong Portfolio[8]	**Hong Kong Portfolio[8]**
↓20%	↓7%
Chinese Mainland Portfolio[8]	**Chinese Mainland Portfolio[8]**
↓13%	↓3%

Resource and Circularity

2025 KPI	2021 Progress
Commercial waste diversion rate	
Hong Kong Portfolio[8]	**Hong Kong Portfolio[8]**
30%	23.6%
Chinese Mainland Portfolio[8]	**Chinese Mainland Portfolio[8]**
40%	41.6%

Building/Asset Investment

2025 KPI	2021 Progress
100% of wholly-owned new development projects[9] to achieve the highest environmental building assessment scheme rating	**100%** of new development projects[9] achieved the highest ratings **86%** of existing developments[9] achieved the highest ratings

PERFORMANCE (ECONOMIC)

We aim to deliver sustainable economic performance coupled with good corporate governance and high ethical standards.

Financial Performance

HK$9,541 million in underlying profit attributable to shareholders

Green Financing

100% of the net proceeds from all green bonds have been allocated to green projects

Named one of the **top 10** organisations globally in the "Post-Issuance Reporting in the Green Bond Market 2021" study conducted by the Climate Bonds Initiative

2025 KPI	2021 Progress
Achieve a minimum of **50%** of bond and loan facilities[10] from green financing	**~30%** of current bond and loan facilities are from green financing

Disclosure and Communications

Published our fourth climate-related financial disclosures as per TCFD recommendations

SD information is disclosed in accordance with the requirements of relevant major global sustainability benchmarks

Member of Dow Jones Sustainability Indices — Ranked 7th globally and No. 1 in Asia; Member of the World Index – 5th consecutive year

GRESB — Global Sector Leader – 5th consecutive year

Hang Seng Corporate Sustainability Index Series — Ranked No. 1 for 4th consecutive year; "AAA" rating

MSCI ESG Ratings[11] — "AAA" rating

Sustainability Yearbook Member 2022 S&P Global

FTSE4Good

FINANCIAL HIGHLIGHTS

Results For the year	Note	2021 HK$M	2020 HK$M	Change
Revenue		**15,891**	13,308	+19%
Profit attributable to the Company's shareholders				
Underlying	*(a), (b)*	**9,541**	12,679	-25%
Recurring underlying	*(b)*	**7,152**	7,089	+1%
Reported		**7,121**	4,096	+74%
Cash generated from operations		**7,028**	7,550	-7%
Net cash inflow before financing		**1,849**	13,885	-87%
		HK$	HK$	
Earnings per share				
Underlying	*(c), (d)*	**1.63**	2.17	-25%
Recurring underlying	*(c), (d)*	**1.22**	1.21	+1%
Reported	*(c), (d)*	**1.22**	0.70	+74%
Dividend per share				
First interim		**0.31**	0.30	+3%
Second interim		**0.64**	0.61	+5%

Financial Position At 31st December		HK$M	HK$M	
Total equity (including non-controlling interests)		**294,158**	290,680	+1%
Net debt		**10,334**	6,605	+56%
Gearing ratio	*(a)*	**3.5%**	2.3%	+1.2%pt.
		HK$	HK$	
Equity attributable to the Company's shareholders per share	*(a)*	**49.94**	49.36	+1%

Notes:

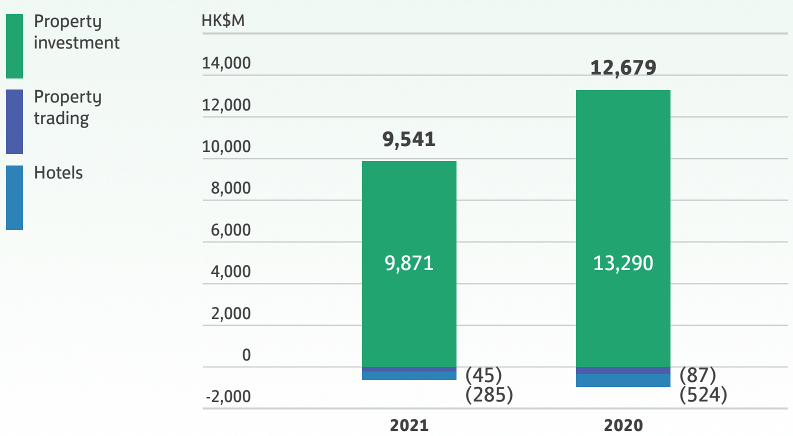
(a) Refer to glossary on page 211 for definition.

(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 27.

(c) Refer to note 14 in the financial statements for the weighted average number of shares.

(d) The percentage change is the same as the corresponding percentage change in profit attributable to the Company's shareholders.

UNDERLYING PROFIT/(LOSSES) BY SEGMENT

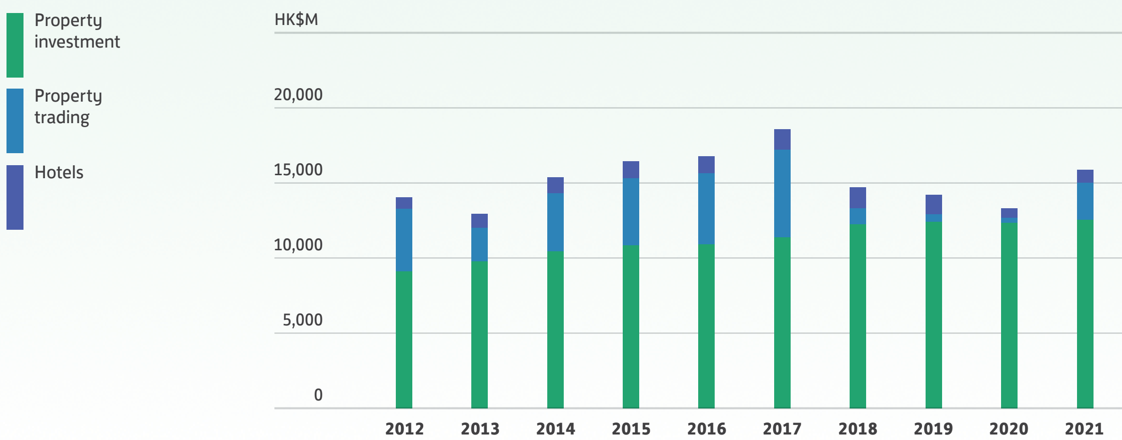


TEN-YEAR FINANCIAL SUMMARY

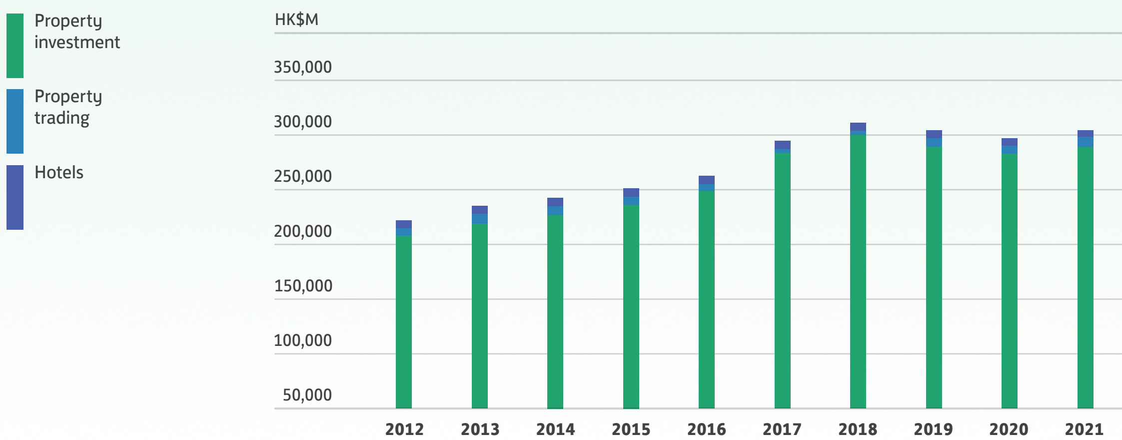
	2012 HK$M	2013 HK$M	2014 HK$M	2015 HK$M	2016 HK$M	2017 HK$M	2018 HK$M	2019 HK$M	2020 HK$M	**2021 HK$M**
STATEMENT OF PROFIT OR LOSS										
Revenue										
Property investment	9,123	9,786	10,456	10,857	10,902	11,380	12,254	12,410	12,355	**12,554**
Property trading	4,147	2,207	3,842	4,463	4,760	5,833	1,061	516	312	**2,443**
Hotels	782	942	1,089	1,127	1,130	1,345	1,404	1,296	641	**894**
	14,052	12,935	15,387	16,447	16,792	18,558	14,719	14,222	13,308	**15,891**
Profit Attributable to the Company's Shareholders										
Property investment	4,896	5,426	6,029	6,231	5,938	6,671	8,732	10,061	9,352	**8,663**
Property trading	1,659	720	1,020	1,089	1,199	1,111	99	(18)	(87)	**601**
Hotels	14	(46)	30	(303)	(117)	(43)	(41)	(70)	(524)	**(307)**
Change in fair value of investment properties	12,184	6,425	2,437	7,055	8,030	26,218	19,876	3,450	(4,645)	**(1,836)**
	18,753	12,525	9,516	14,072	15,050	33,957	28,666	13,423	4,096	**7,121**
Dividends for the year	3,510	3,510	3,861	4,154	4,154	4,505	4,914	5,148	5,324	**5,558**
Retained profit	15,243	9,015	5,655	9,918	10,896	29,452	23,752	8,275	(1,228)	**1,563**
STATEMENT OF FINANCIAL POSITION										
Net Assets Employed										
Property investment	207,577	218,556	226,607	235,917	248,466	283,045	299,659	289,185	282,793	**288,794**
Property trading	7,309	9,408	8,210	7,452	6,616	3,942	4,143	7,789	7,249	**9,637**
Hotels	7,111	7,200	7,801	7,928	7,520	7,738	7,394	7,229	7,243	**6,061**
	221,997	235,164	242,618	251,297	262,602	294,725	311,196	304,203	297,285	**304,492**
Financed by										
Equity attributable to the Company's shareholders	192,434	202,350	207,691	216,247	225,369	257,381	279,275	286,927	288,736	**292,155**
Non-controlling interests	642	800	856	1,702	1,856	1,997	2,016	1,984	1,944	**2,003**
Net debt	28,921	32,014	34,071	33,348	35,377	35,347	29,905	15,292	6,605	**10,334**
	221,997	235,164	242,618	251,297	262,602	294,725	311,196	304,203	297,285	**304,492**
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	**HK$**
Earnings per share	3.21	2.14	1.63	2.41	2.57	5.80	4.90	2.29	0.70	**1.22**
Dividends per share	0.60	0.60	0.66	0.71	0.71	0.77	0.84	0.88	0.91	**0.95**
Equity attributable to shareholders per share	32.89	34.59	35.50	36.97	38.52	44.00	47.74	49.05	49.36	**49.94**
RATIOS										
Return on average equity attributable to the Company's shareholders	10.2%	6.3%	4.6%	6.6%	6.8%	14.1%	10.7%	4.7%	1.4%	**2.5%**
Gearing ratio	15.0%	15.8%	16.3%	15.3%	15.6%	13.6%	10.6%	5.3%	2.3%	**3.5%**
Interest cover – times	15.72	10.02	8.96	13.56	15.48	38.81	33.29	28.85	14.41	**20.79**
Dividend payout ratio	18.7%	28.0%	40.6%	29.5%	27.6%	13.3%	17.1%	38.4%	130.0%	**78.1%**
UNDERLYING										
Profit (HK$M)	6,935	6,348	7,152	7,078	7,112	7,834	10,148	24,130	12,679	**9,541**
Return on average equity attributable to the Company's shareholders	3.8%	3.2%	3.5%	3.3%	3.2%	3.2%	3.8%	8.5%	4.4%	**3.3%**
Earnings per share (HK$)	1.19	1.09	1.22	1.21	1.22	1.34	1.74	4.12	2.17	**1.63**
Interest cover – times	7.90	6.43	7.58	7.75	8.89	10.68	12.58	48.16	33.47	**32.98**
Dividend payout ratio	50.6%	55.3%	54.0%	58.7%	58.4%	57.5%	48.4%	21.3%	42.0%	**58.3%**

Notes:
1. The information for all years is shown in accordance with the Group's current accounting policies and disclosure practices. Consequently figures for years prior to 2021 may be different from those originally presented.
2. The equity attributable to the Company's shareholders and the returns by segment for 2021 and 2020 are shown in the Financial Review – Investment Appraisal and Performance Review on page 76.
3. Underlying profit is discussed on pages 27 to 29.
4. Refer to Glossary on page 211 for definitions and ratios.

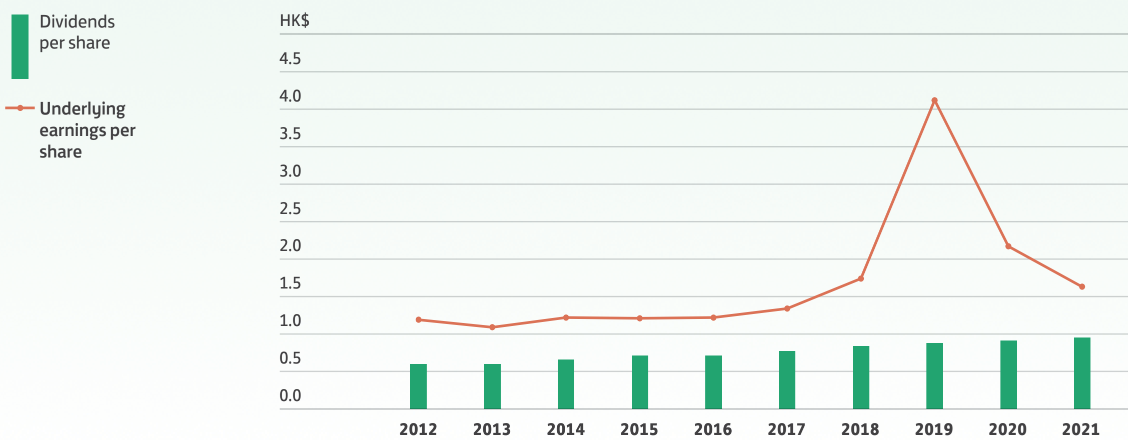
REVENUE



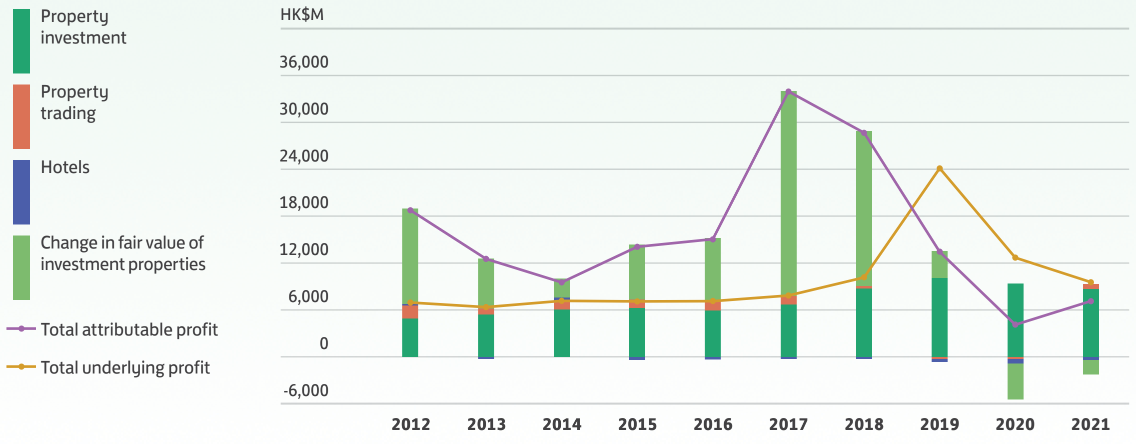
NET ASSETS EMPLOYED



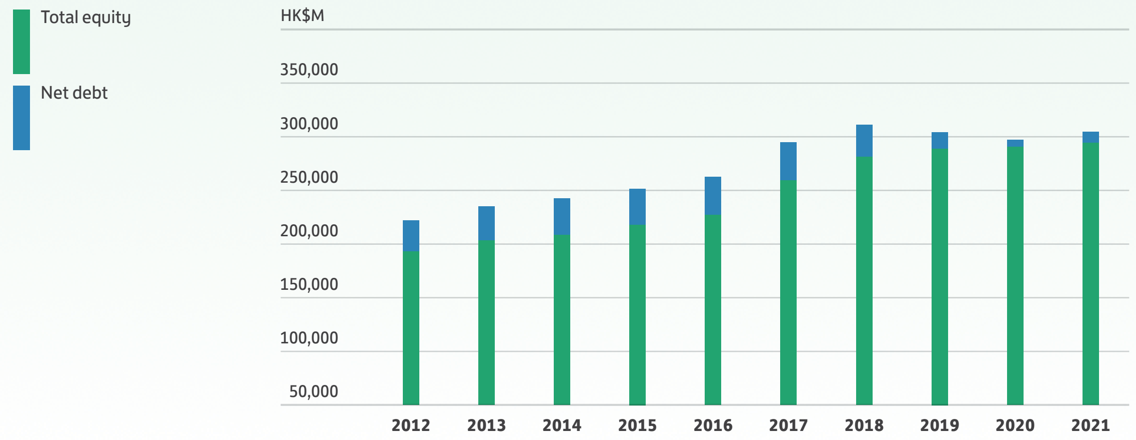
DIVIDENDS AND UNDERLYING EARNINGS PER SHARE



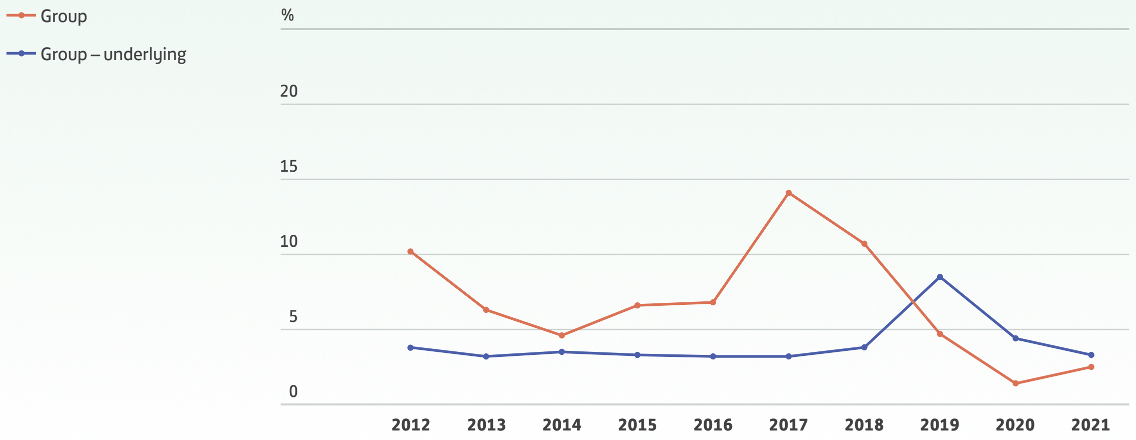
PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS



TOTAL EQUITY AND NET DEBT



RETURNS ON AVERAGE EQUITY



CHAIRMAN'S STATEMENT

THE ONGOING THREAT OF THE COVID-19 PANDEMIC MEANS THAT WE WILL CONTINUE TO FACE UNCERTAINTIES. HOWEVER, I AM PROUD THAT WE HAVE BECOME STRONGER IN THE FACE OF ADVERSITY, AND THAT OUR BUSINESS IS WELL-POSITIONED FOR MEDIUM AND LONG-TERM GROWTH, SUPPORTED BY OUR LONG-TERM VISION, ACTIVE ASSET MANAGEMENT AND TRANSFORMATIVE PLACEMAKING STRATEGY.

Dear shareholders,

I am pleased to be writing my first message as Chairman of Swire Properties.

Whilst we are still being impacted by the COVID-19 pandemic, Swire Properties continues to ride through the challenges.

Our solid financial results have demonstrated the resilience of our business and the strength of our team. We continue to create value by transforming urban areas through our placemaking strategy. This was a year during which we have strengthened our commercial and residential portfolios, reinforced our core assets and paved the way for new opportunities in the future.

Disposing of non-core assets has put us in a strong financial position. We have been gradually building up a strong pipeline and are now well positioned to embark upon a compelling growth strategy for our business with an exciting line-up of new projects.

Looking ahead, we will continue to focus on opportunities in Hong Kong, the Chinese Mainland and South East Asia, based on an ambitious investment pipeline of over HK$100 billion in these markets over the next ten years, of which we have just announced our approximately RMB7 billion investment in a new project in Xi'an in the Chinese Mainland.

Profits and Dividends

Our reported profit attributable to shareholders for 2021 was HK$7,121 million, compared to HK$4,096 million in 2020. There was a reduction in the loss on the valuation of investment properties. Underlying profit attributable to shareholders decreased to HK$9,541 million in 2021 from HK$12,679 million in 2020, primarily due to the reduction in profit from the sale of investment properties in Hong Kong. Our recurring underlying profit for the year was HK$7,152 million, compared with HK$7,089 million in 2020. There was a strong rental contribution from the Chinese Mainland and reduced losses from our hotel business. Rental income in Hong Kong was lower. There was no rental income from the Cityplaza One office tower, which was disposed of in 2020.

We declared a second interim dividend for 2021 of HK$0.64 per share. This, together with the first interim dividend of HK$0.31 per share paid in October 2021, amounts to full year dividends of HK$0.95 per share, representing a 4.4% increase over the dividends for 2020. The second interim dividend will be paid on Thursday, 5th May 2022 to shareholders registered at the close of business on the record date, being Friday, 1st April 2022. Shares of the Company will be traded ex-dividend as from Wednesday, 30th March 2022. Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time.

Business Resilience

Even in such a challenging environment, our business remains resilient.

In Hong Kong, our office portfolio delivered solid returns in 2021, maintaining high occupancy rates. Our redevelopment of Taikoo Place is an example of placemaking at its very best and our efforts to establish the area into a global business district are set to continue as Two Taikoo Place comes onstream in 2022.

Hong Kong's retail market recovered partially in 2021, but not to pre-COVID levels. It benefited from the gradual relaxation of social distancing, the release of pent-up domestic demand and the HKSAR Government's consumption voucher scheme. However, the pace of recovery has been impacted by the fifth wave of the pandemic and various tightened social distancing measures, which began in January 2022. Despite the difficult trading environment, we remain confident in Hong Kong's long-term prospects and will continue to invest in our retail malls and explore new digital technologies and customer-centric initiatives to prepare for the rebound when conditions eventually improve.

The results of our Chinese Mainland property portfolio were strong in 2021. Our Taikoo Li and Taikoo Hui branded properties are premium destinations on a national scale, and we opened our sixth Chinese Mainland development, Taikoo Li Qiantan, in Shanghai in September 2021. Our newest retail complex had an amazing start, with record high opening rate, footfall and retail sales across all of the openings of our Chinese Mainland malls.

It has been very rewarding to see this project through from inception to its successful launch. Taikoo Li Qiantan is arguably the most digitally advanced project in the area and is set to play a pivotal role in the development of Qiantan as an international business district.

In December 2021, we opened Taikoo Li Sanlitun West, a retail complex to the west of our existing Taikoo Li Sanlitun development in Beijing. The new complex is contributing to the revitalisation of Chaoyang district in Beijing, and reinforces the position of Taikoo Li Sanlitun as a world-class commercial development.

HK$100 Billion Investment to Drive Future Growth

Our capital recycling strategy over the past few years has put us in a strong financial position to support our future growth and to continue with our successful placemaking strategy in our core markets of Hong Kong and the Chinese Mainland.

We intend to invest over HK$100 billion over the next ten years to build an exciting development pipeline in Hong Kong, the Chinese Mainland and South East Asia.

We are keen to play our part in reinforcing Hong Kong's status as a global financial hub. To that end, it is intended that one-third of the amount will be invested in Hong Kong by continuing to expand and reinforce Taikoo Place and Pacific Place.

Leveraging our "Taikoo Li" and "Taikoo Hui" brands, more than half of the funding is intended to be invested in the Chinese Mainland, with a focus on retail-led mixed-use developments in Tier-1 and emerging Tier-1 cities. We are in discussions with several potential partners. Gross floor area attributable to the Group is expected to double in the Chinese Mainland over the next decade.

In March 2022, we announced our collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an, a retail-led mixed-use development, located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. This will be our seventh development in the Chinese Mainland.

We are also actively exploring residential trading opportunities across core markets in Hong Kong, the Chinese Mainland and South East Asia, leveraging our premium residential brand. Funds will be reserved for strategic investment in new trading development opportunities.

With the benefit of our planned investments, we aim to deliver mid-single-digit annual growth in dividends.

Sustainable Development

2021 was a milestone year for our work in sustainable development. Back in 2016, we launched the Sustainable Development 2030 Strategy – which set out a clear goal and roadmap for Swire Properties to be the leader in sustainable development in our industry globally by 2030.

In only six years, we are now officially recognised as a global industry leader, having attained the no. 1 ranking in Asia and no. 7 ranking worldwide in the Dow Jones Sustainability Index.

We were also the first real estate developer in Hong Kong and the Chinese Mainland to have our ambitious 1.5°C-aligned science-based targets approved by the Science Based Targets Initiative.

As our baseline increases, our road ahead becomes even more challenging. We need to keep pushing the envelope, adopting new technology in our operations and positively influencing the industry to work towards the transition to carbon neutrality.

COVID-19

In February 2022, Swire Properties announced a number of measures to support the HKSAR Government to help the Hong Kong community, as well as our tenants to ride out the fifth wave of COVID-19. These include providing a full rental waiver up to 20th April this year to tenants under scheduled premises who have had to close due to the HKSAR Government's pandemic measures, and offering rental relief to food and beverages and retail tenants on a case-by-case basis. The Company is also discussing with the HKSAR Government opportunities to provide spaces to be used as vaccination and/or testing centres.

Novotel Citygate Hotel has participated in the Community Isolation Facility Hotel Scheme, to operate as an isolation facility for people who test positive for COVID-19 but have no or mild symptoms starting from 1st March this year. The hotel had previously been accepted by the HKSAR Government as a designated quarantine hotel in the seventh cycle. EAST Hong Kong, has been operating as a quarantine hotel since 1st February this year.

The Company is also offering a total of 27,000 free rapid test kits to children who are in special residential childcare services, as well as the elderly and people with physical disabilities. The kits will be distributed by our non-governmental organisation partners.

Vaccination is crucial to Hong Kong's business recovery, and we have offered our full support to the HKSAR Government's city-wide vaccination drive. In 2021, we launched HK$8 million in shopping incentives to help boost the vaccination take-up rate. We also announced a partnership with Tap & Go, an operator of the HKSAR Government's consumption voucher scheme, where we offered HK$4.7 million in rewards and promotions at our shopping malls in Hong Kong.

50 Years and Beyond

The ongoing threat of the COVID-19 pandemic means that we will continue to face uncertainties. However, I am proud that we have become stronger in the face of adversity, and that our business is well-positioned for medium and long-term growth, supported by our long-term vision, active asset management and transformative placemaking strategy.

Everything we have achieved in 2021 is due to our dedicated team at Swire Properties, who have demonstrated incredible resilience and team spirit. They are truly an invaluable asset to the Company, and I extend my deepest thanks to them.

In 2022 we will celebrate our 50th anniversary. I would like to thank our shareholders, our partners and the wider community for their wonderful support over the past five decades. I speak for all of us at Swire Properties when I say that we are excited about the future and we look forward to seeing what the next 50 years will bring.

Guy Bradley
Chairman
Hong Kong, 10th March 2022

CHIEF EXECUTIVE'S STATEMENT

WE CONTINUE TO PLAN FOR BUSINESS RECOVERY AND WE ARE FULLY FOCUSED ON OUR GROWTH STRATEGY, SUPPORTED BY OUR PLACEMAKING COMMITMENTS AND ACTIVE ASSET MANAGEMENT. WE HAVE A BALANCED PORTFOLIO AND A STRONG BALANCE SHEET. WE REMAIN CONFIDENT ABOUT THE MEDIUM AND LONG-TERM OUTLOOK FOR OUR CORE MARKETS IN HONG KONG AND THE CHINESE MAINLAND.

Dear shareholders,

Faced with continued challenges in 2021 our business was resilient. Retail sales at our malls in the Chinese Mainland grew strongly as the country recovered from COVID-19. In Hong Kong our office portfolio was stable and our retail portfolio is recovering.

We continue to plan for business recovery and we are fully focused on our growth strategy, supported by our placemaking commitments and active asset management. We have a balanced portfolio and a strong balance sheet. We remain confident about the medium and long-term outlook for our core markets in Hong Kong and the Chinese Mainland.

As our Chairman has stated we plan to invest over HK$100 billion over the next ten years. We will continue to develop our commercial and residential businesses, realise our development pipeline, lead in sustainable development, and accelerate our digital transformation strategy.

2021 Financial Results at a Glance

Underlying profit attributable to shareholders decreased from HK$12,679 million in 2020 to HK$9,541 million in 2021. This principally reflected the reduction in profit from the sale of non-core assets in Hong Kong. Recurring underlying profit was HK$7,152 million, compared with HK$7,089 million in 2020.

In Hong Kong, occupancy was high in our office portfolio despite new supply and increasing competition. The new supply is exerting downward pressure on rents. Retail sales in Hong Kong benefited from the HKSAR Government's consumption voucher scheme whilst COVID-19 was generally contained in the second half of 2021. However, the amortisation of rental concessions granted in 2020 adversely affected rental income.

Rental income at our malls in the Chinese Mainland increased significantly in 2021 with high footfall and strong growth in retail sales, particularly of luxury goods.

Domestic demand grew strongly in the U.S.A. which positively impacted our retail sales and rental income.

There was a small underlying loss from property trading in 2021. This reflected the sales of EDEN in Singapore and of the remaining units at Reach and Rise in Miami, and adjustments to provisions.

Losses at our hotel business reduced in 2021. The hotels in Hong Kong were adversely affected by ongoing travel restrictions. The hotels in the Chinese Mainland and the U.S.A. performed better.

Sustainable Development

In 2021, we accelerated the adoption of renewable energy across our portfolios. Taikoo Hui Guangzhou became our second large-scale development to be powered by renewable electricity, following Sino-Ocean Taikoo Li Chengdu in 2020. These achievements increase the use of renewable energy across our Chinese Mainland portfolio to approximately 40%.

We understand that when it comes to achieving our sustainable development goals, we cannot succeed on our own. The second phase of our "Sustainability We All Count" campaign extended our sustainability message to the wider community in Hong Kong and the Chinese Mainland. We also partnered with the Hong Kong Green Building Council to launch the Advancing Net Zero Ideas Competition, where industry experts were given data from our buildings in order to facilitate the design of net-zero buildings.

Our partnership with Tsinghua University is now in its 10th year, and together we are exploring the adoption of artificial intelligence and other innovative ways to improve energy efficiency in our developments. We have also established New Ventures, a business unit which focuses on the adoption of innovative technology that aligns with Swire Properties' business objectives.

Our Future Prospects

In Hong Kong, our office portfolio demonstrated resilience in a weak market. Increasing competition from Central and Kowloon East is putting downward pressure on rents. However, the prospect of the reopening of the border with the Chinese Mainland and strength in the financial markets should increase the take-up of Grade-A space, particularly by banks and financial services companies. Our office portfolio remains well placed, with high occupancy and stable demand from a wide range of tenants.

Two Taikoo Place, our new Grade-A office tower, will be launched in 2022 and the pre-leasing is progressing well. We have secured Swiss private bank Julius Baer as our anchor tenant which highlights market confidence in Taikoo Place. In Admiralty, we are making good headway on our new Grade-A office building opposite Three Pacific Place.

The fifth wave of the pandemic in Hong Kong continues to deal a heavy blow to the retail sector. Hong Kong's retail market is also vulnerable to restrictions imposed in response to COVID-19. Despite these challenges, we will continue to strengthen our efforts to drive footfall and spending at our malls, to prepare for the market's eventual recovery upon the reopening of the border with the Chinese Mainland.

Our investments in the Chinese Mainland have yielded solid returns, with our five malls in full operation delivering strong results in 2021. Notwithstanding the prospect of the reopening of the border with Hong Kong, we expect to continue seeing strong demand for retail space in the cities in which we operate in the Chinese Mainland, and we anticipate steady growth in tenants' sales for the year ahead.

In Guangzhou, continued new supply is expected to put downward pressure on office rents. In Beijing, improved office take-up is expected to continue with rentals recovering due to limited new supply in core areas. In Shanghai, demand is expected to be robust. Despite new supply in decentralised locations, office rents in core central business districts, where supply is limited, are expected to be stable.

In Shanghai, we are currently regenerating the Zhangyuan shikumen compound located between HKRI Taikoo Hui and Nanjing West Road. We are very proud to have been entrusted with this important project, which will create a new hub for cultural innovation in the city. Phase one is expected to open in the summer.

In Beijing, we have entered into a framework agreement in relation to the transformation of a public transport maintenance facility in Sanlitun into a commercial centre. Also in Beijing, we are working hard on INDIGO Phase Two, an extension of our successful INDIGO mixed-use development.

We recently announced our collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an, adjacent to the Small Wild Goose Pagoda park in the Beilin district of Xi'an. Spanning a site area of approximately 1.3 million square feet, Taikoo Li Xi'an will be a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments.

We are exploring several opportunities in the Greater Bay Area, including a potential retail development in the Julong Bay Area of Guangzhou.

In Miami, retail sales continue to recover strongly from the adverse effects of COVID-19.

In Hong Kong, we have been building up a strong pipeline of residential projects. We expect demand to remain resilient in the medium to long term. 28 out of 37 units at our EIGHT STAR STREET project have been pre-sold as of 8th March 2022, and our joint venture project in Wong Chuk Hang is progressing well. We have also accepted the land exchange offer for our residential development in Chai Wan.

We continue to invest in the development of high-quality residential projects for our trading portfolio. In March 2021, we sold all 20 apartments at EDEN in Singapore. In Jakarta, Indonesia and Ho Chi Minh City, Vietnam, urbanisation, a growing middle class and a limited supply of luxury residential properties are expected to support stable residential property markets. Savyavasa, our luxury residential project in Jakarta, and our minority investments in Empire City and The River in Vietnam are progressing well.

The outlook for our hotels in Hong Kong remains challenging because of COVID-19 and the associated travel restrictions. The Silveri Hong Kong – MGallery is expected to open in phases this year. Our Chinese Mainland hotels are expected to continue to recover, thanks to strong domestic travel demand. Our hotel business in Miami is recovering well.

Communities

2021 was an important year for the Swire Properties Community Ambassador programme, our volunteer initiative which is celebrating its 20th anniversary. Our network of volunteers has continued to expand to many of our operating cities, creating a spirit of volunteering which has become part of our company culture. We celebrated their efforts with various activities throughout the year, including a roving exhibition across our Hong Kong portfolios.

We also continue to invest in our youth empowerment scheme, the Swire Properties Placemaking Academy. Our graduates underwent six months of training to plan and successfully launch the first ever zero-waste White Christmas Street Fair in December 2021, our annual celebration for the community.

As the Chairman has highlighted, we are continuing to do our part to help Hong Kong as the world continues to battle the effects of COVID-19. It is more important than ever that we come together as a community to support the healthy recovery of our home city. Swire Properties turns 50 in 2022, and we look forward to celebrating with colleagues and the people who have played a key role in shaping our success over the past half century.

We are optimistic about the future and I would like to express my gratitude to our shareholders, our valued partners and most of all to our talented and hardworking colleagues at Swire Properties for their unwavering and continued support.

Tim Blackburn
Chief Executive
Hong Kong, 10th March 2022

KEY BUSINESS STRATEGIES

AS A LEADING DEVELOPER, OWNER AND OPERATOR OF MIXED-USE, PRINCIPALLY COMMERCIAL, PROPERTIES IN HONG KONG AND THE CHINESE MAINLAND, OUR STRATEGIC OBJECTIVE IS SUSTAINABLE GROWTH IN SHAREHOLDER VALUE IN THE LONG TERM. TO ACHIEVE THIS OBJECTIVE, WE EMPLOY FIVE STRATEGIES.

1. Continue to create long-term value by conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas

We will continue to design projects which we believe will have the necessary scale, mix of uses and transport links to become key commercial destinations and to transform the areas in which they are situated.

2. Maximise the earnings and value of our completed properties through active asset management and by reinforcing our assets through enhancement, redevelopment and new additions

We manage our completed properties actively (including by optimising the mix of retail tenants and early renewal negotiations with office tenants) and with a view to the long term, to maintain consistently high levels of service and to enhance and reinforce our assets. By doing so, we believe that we will maximise the occupancy and earnings potential of our properties.

Tenants increasingly scrutinise the sustainable development credentials of landlords and buildings. We aim to be at the forefront of sustainable development by designing energy efficient buildings through the innovative use of design, materials and new technology, and by engagement with tenants and others with whom we do business.

3. Continue with our luxury and high quality residential property activities

We will look to acquire appropriate sites for development of luxury and high quality residential projects for trading and investment in the markets in which we operate.

4. Remain focused principally on Hong Kong and the Chinese Mainland

In Hong Kong, we will continue to focus on reinforcing our existing investment property assets and on seeking new sites suitable for transformative developments and for residential projects.

We aim to replicate in the Chinese Mainland our success in Hong Kong. We intend to take a measured approach to land purchases in the Chinese Mainland and will focus on developments where we can secure sites through early engagement with local governments who recognise our strengths in developing large-scale mixed-use projects.

We will seek residential development opportunities in the Chinese Mainland. These are likely to be ancillary to our mixed-use developments. However, in the right locations and cities we may also consider standalone residential development opportunities. Our residential developments will be aimed at buyers of luxury and high quality properties, where we believe we have a competitive advantage.

While we will continue to concentrate on Hong Kong and the Chinese Mainland, we intend to expand selectively in South East Asia.

5. Manage our capital base conservatively

We intend to maintain a strong balance sheet with a view to investing in and financing our projects in a disciplined and targeted manner.

We aim to maintain exposure to a range of debt maturities and a range of debt types and lenders. Our current debt profile reflects a mix of revolving and term bank loans and medium term notes.

In implementing the above strategies, the principal risks and uncertainties facing the Group are that the economies in which it operates (in particular Hong Kong and the Chinese Mainland) will not perform as well in the future as they have in the past and the uncertainties as to whether this will happen.

MANAGEMENT DISCUSSION & ANALYSIS

Pacific Place, Hong Kong

REVIEW OF OPERATIONS

	2021 HK$M	2020 HK$M
Revenue		
Gross Rental Income derived from		
Offices	**6,193**	6,555
Retail	**5,785**	5,245
Residential	**474**	454
Other Revenue [1]	**102**	101
Property Investment	**12,554**	12,355
Property Trading	**2,443**	312
Hotels	**894**	641
Total Revenue	**15,891**	13,308
Operating Profit/(Losses) derived from		
Property investment		
From operations	**8,283**	8,504
Sale of interests in investment properties	**1,185**	1,826
Valuation losses on investment properties	**(1,947)**	(4,465)
Property trading	**492**	(49)
Hotels	**(174)**	(310)
Total Operating Profit	**7,839**	5,506
Share of Post-tax Profit from Joint Venture and Associated Companies	**1,788**	732
Profit Attributable to the Company's Shareholders	**7,121**	4,096

(1) Other revenue is mainly estate management fees.

Additional information is provided in the following section to reconcile reported and underlying profit attributable to the Company's shareholders. These reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the U.S.A., and for other deferred tax provisions in relation to investment properties. In the Chinese Mainland and the U.S.A., the Group's investment properties recorded net property valuation gains of HK$2,788 million and HK$230 million respectively in 2021. In Hong Kong, investment properties recorded net property valuation losses of HK$3,726 million. There is a further adjustment to remove the effect of the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

Underlying Profit Reconciliation	*Note*	**2021 HK$M**	2020 HK$M
Profit Attributable to the Company's Shareholders per Financial Statements		**7,121**	4,096
Adjustments in respect of investment properties:			
Valuation losses in respect of investment properties	*(a)*	**708**	4,307
Deferred tax on investment properties	*(b)*	**1,027**	446
Valuation gains realised on sale of interests in investment properties	*(c)*	**585**	3,990
Depreciation of investment properties occupied by the Group	*(d)*	**23**	23
Non-controlling interests' share of valuation movements less deferred tax		**59**	(108)
Movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	*(e)*	**49**	(26)
Impairment loss on a hotel held as part of a mixed-use development	*(f)*	**22**	–
Less amortisation of right-of-use assets reported under investment properties	*(g)*	**(53)**	(49)
Underlying Profit Attributable to the Company's Shareholders		**9,541**	12,679
Profit on sale of interests in investment properties and a hotel		**(2,389)**	(5,590)
Recurring Underlying Profit Attributable to the Company's Shareholders		**7,152**	7,089

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the U.S.A., 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. It also includes certain tax adjustments arising from transfers of investment properties within the Group.

(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 valuation gains/(losses) 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.

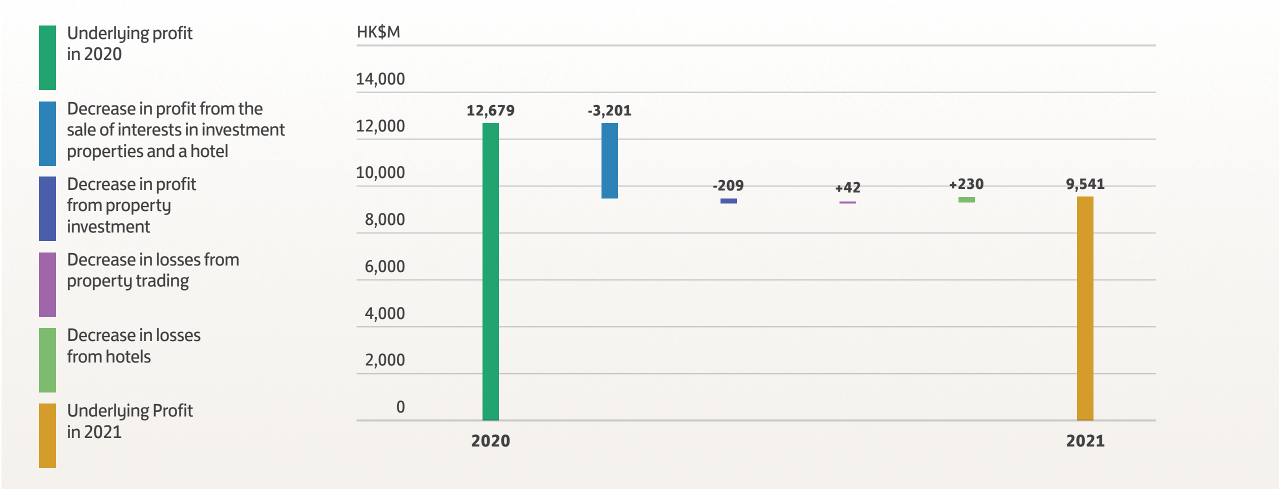
(e) The value of the put option in favour of the owner of a non-controlling interest is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the non-controlling interest is interested.

(f) 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, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.

(g) 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.

Underlying Profit

MOVEMENT IN UNDERLYING PROFIT



Our reported profit attributable to shareholders in 2021 was HK$7,121 million, compared to a profit of HK$4,096 million in 2020.

Underlying profit attributable to shareholders (which principally adjusts for changes in valuation of investment properties) decreased by HK$3,138 million from HK$12,679 million in 2020 to HK$9,541 million in 2021. The decrease mainly reflected the reduction in profit from the sale of interests in investment properties in Hong Kong.

Recurring underlying profit (which excludes the profit on the sale of interests in investment properties) was HK$7,152 million in 2021, compared with HK$7,089 million in 2020. This mainly reflected higher rental income from the Chinese Mainland and reduced losses in the hotel business, largely offset by lower rental income from Hong Kong.

Recurring underlying profit from property investment decreased in 2021. This mainly reflected lower retail rental income (the reduction reflecting in part the amortisation of rental concessions given in 2020) from Hong Kong and the loss of rental income from the Cityplaza One office tower (which was disposed of in the second half of 2020), partly offset by strong retail rental income from the Chinese Mainland.

In Hong Kong, the office portfolio was resilient and occupancy was high despite a weak market. The retail portfolio in Hong Kong was adversely affected by the effect of COVID-19 on inbound tourism. However, local consumption improved and COVID-19 was generally contained in the second half of 2021. The HKSAR Government introduced a consumption voucher scheme, which increased retail sales.

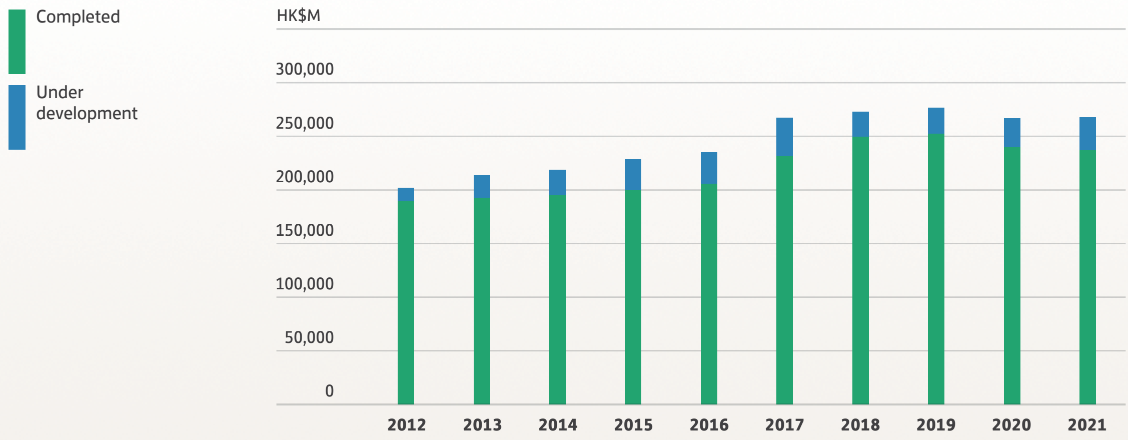
In the Chinese Mainland, our retail performance was strong. Retail sales and gross rental income increased significantly. Local demand was strong. COVID-19 was generally contained.

In the U.S.A., retail sales and gross rental income increased strongly.

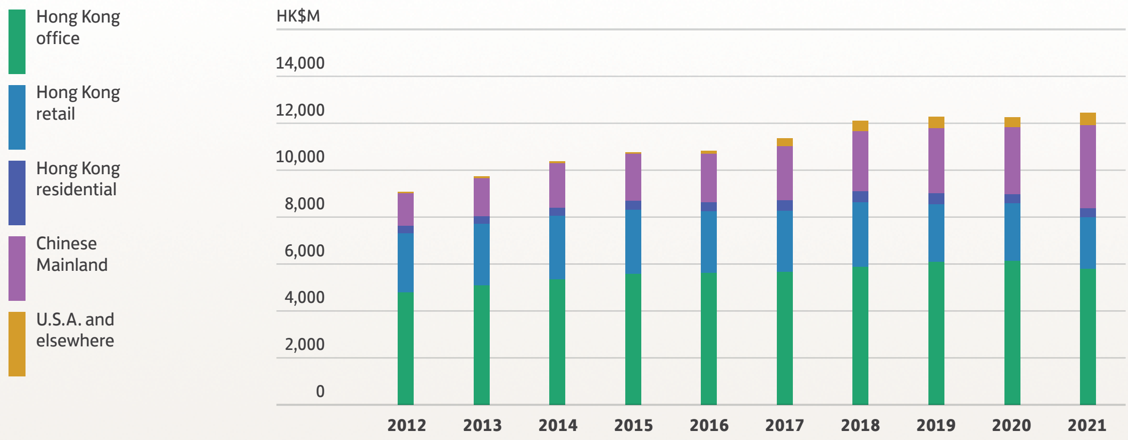
There was a small underlying loss from property trading in 2021. This reflected the sales of EDEN in Singapore and of the remaining units at Reach and Rise in the U.S.A., and adjustments to provisions.

The hotel business in Hong Kong was adversely affected by travel restrictions. Hotels in the Chinese Mainland and the U.S.A. performed better. Losses were lower.

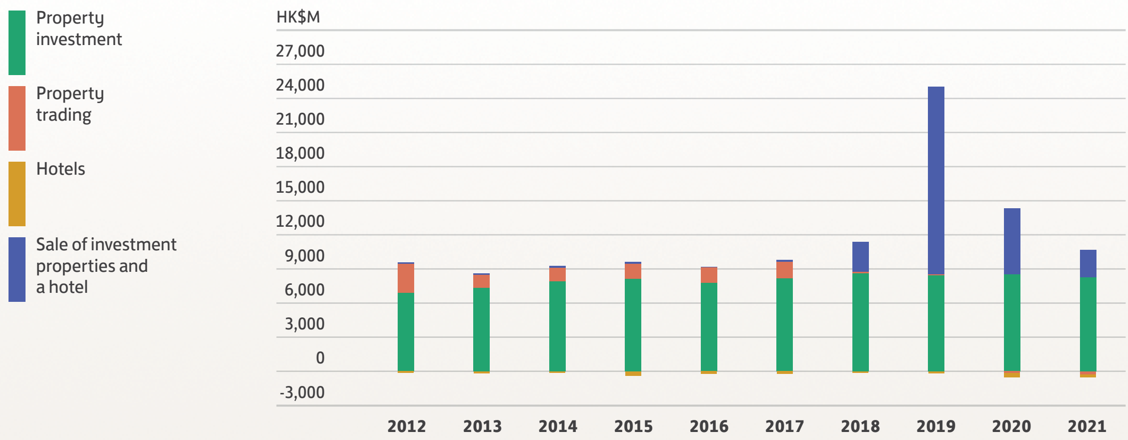
VALUATION OF INVESTMENT PROPERTIES



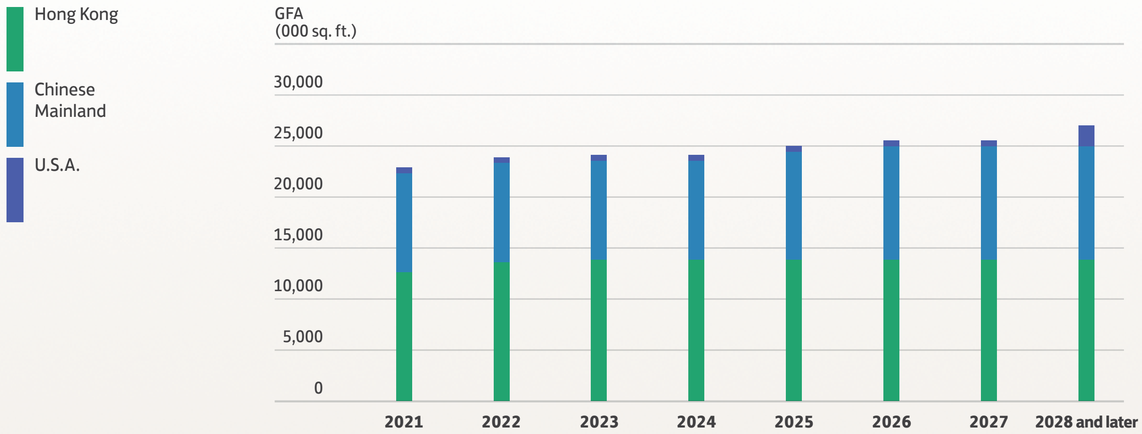
GROSS RENTAL INCOME



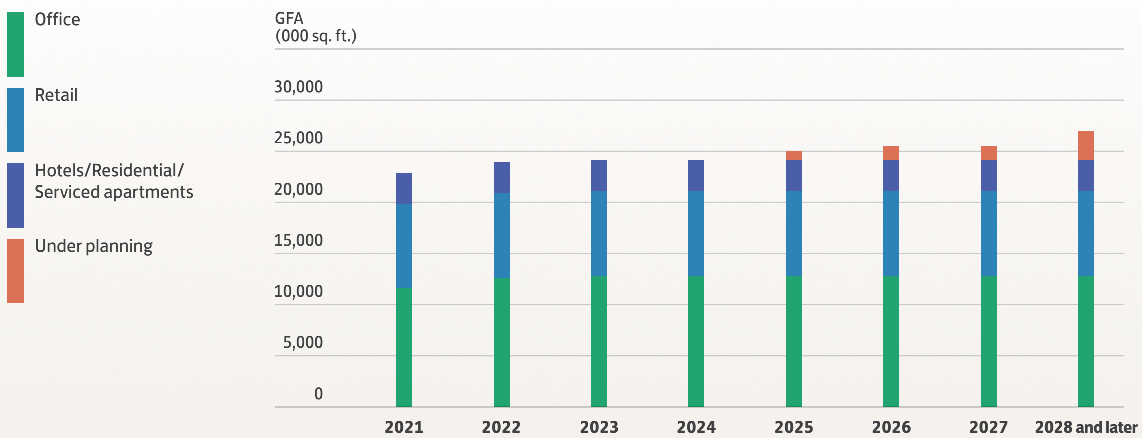
UNDERLYING OPERATING PROFIT



ATTRIBUTABLE COMPLETED INVESTMENT PROPERTY AND HOTEL PORTFOLIO BY LOCATION



ATTRIBUTABLE COMPLETED INVESTMENT PROPERTY AND HOTEL PORTFOLIO BY TYPE



Key Developments

In January 2021, the Group started to sell units at EIGHT STAR STREET in the Starstreet Precinct in Hong Kong. 28 out of 37 units had been pre-sold at 8th March 2022.

In March 2021, the Group made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel, and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2027.

In March 2021, the Group sold all 20 apartments at EDEN in Singapore.

In May 2021, the Group sold almost all remaining units at Reach and Rise, the residential portion of the first phase of the Brickell City Centre development in Miami, U.S.A., to an institutional purchaser. All units available for sale were sold during the year.

In July 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd., for the purpose of revitalising the historic Zhangyuan shikumen compound in the Jing'an district of Shanghai.

In August 2021, the Group entered into a cooperation agreement with the Chaoyang district government in Beijing and the Beijing Public Transport Corporation. The cooperation relates to the transformation (into a cultural and commercial destination) of a public transport maintenance facility in Sanlitun owned by the Beijing Public Transport Corporation and adjacent to our Taikoo Li Sanlitun development.

In September 2021, Taikoo Li Qiantan, a retail development in Qiantan international business district jointly developed by the Group and Shanghai Lujiazui Group, officially opened. This is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland.

In September 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited accepted the HKSAR Government's land exchange offer in relation to a plot of land in Chai Wan, Hong Kong for a premium of approximately HK$4,540 million. The land exchange was executed in December 2021. The plot of land is expected to be redeveloped into a residential complex with an aggregate gross floor area of approximately 694,000 square feet.

In October 2021, the Group sold EAST Miami to an institutional investor. Swire Hotels remains the hotel operator.

In December 2021, Taikoo Li Sanlitun West, an extension to Taikoo Li Sanlitun in Beijing, opened for business.

In March 2022, a consortium in which the Group has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an for a consideration of approximately RMB2,575 million. The land is expected to be developed into a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments.

Portfolio Overview

The aggregate gross floor area ("GFA") attributable to the Group at 31st December 2021 was approximately 30.7 million square feet.

Of the aggregate GFA attributable to the Group, approximately 27.0 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 22.9 million square feet and investment properties under development or held for future development of approximately 4.1 million square feet. In Hong Kong, the investment property and hotel portfolio comprises approximately 13.8 million square feet attributable to the Group of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, the Company has interests in six major commercial developments in prime locations in Beijing, Guangzhou, Chengdu and Shanghai. These developments are expected to comprise approximately 11.1 million square feet of attributable GFA when they are all completed. Of this, 9.7 million square feet has already been completed. Outside Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, U.S.A.

The tables below illustrate the GFA (or expected GFA) attributable to the Group of the investment property and hotel portfolio at 31st December 2021.

Completed Investment Properties and Hotels
(GFA attributable to the Group in million square feet)

	Office	Retail	Hotels[1]	Residential/ Serviced Apartments	Under Planning	**Total**
Hong Kong	8.7	2.5	0.8	0.6	–	**12.6**
Chinese Mainland	2.9	5.4	1.2	0.2	–	**9.7**
U.S.A.	–	0.3	0.3	–	–	**0.6**
Total	**11.6**	**8.2**	**2.3**	**0.8**	**–**	**22.9**

Investment Properties and Hotels Under Development or Held for Future Development
(expected GFA attributable to the Group in million square feet)

	Office	Retail	Hotels[1]	Residential/ Serviced Apartments	Under Planning	**Total**
Hong Kong	1.2	–	–	–	–	**1.2**
Chinese Mainland	–	–	–	–	1.4	**1.4**
U.S.A.	–	–	–	–	1.5[2]	**1.5**
Total	**1.2**	**–**	**–**	**–**	**2.9**	**4.1**

Total Investment Properties and Hotels
(GFA (or expected GFA) attributable to the Group in million square feet)

	Office	Retail	Hotels[1]	Residential/ Serviced Apartments	Under Planning	**Total**
Total	**12.8**	**8.2**	**2.3**	**0.8**	**2.9**	**27.0**

[1] Hotels are accounted for in the financial statements under property, plant and equipment and, where applicable, the leasehold land portion is accounted for under right-of-use assets.

[2] This property is accounted for under properties held for development in the financial statements.

The trading portfolio comprises six residential projects under development, three in Hong Kong, one in Indonesia and two in Vietnam. There are also land banks in Miami, U.S.A.

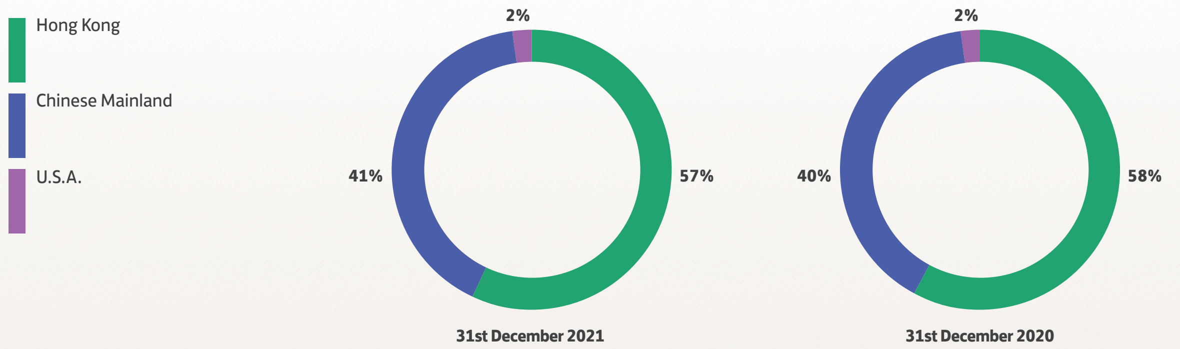
The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio at 31st December 2021.

Trading Properties
(GFA (or expected GFA) attributable to the Group in million square feet)

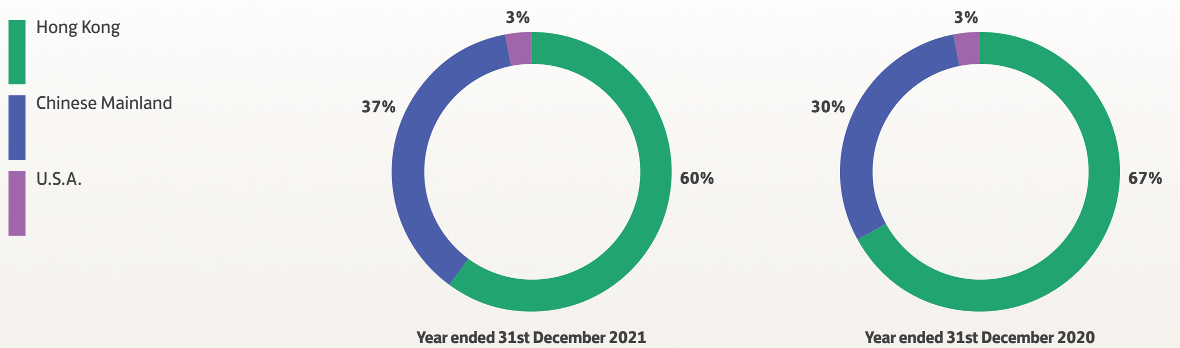
	Under Development or Held for Development	**Total**
Hong Kong	0.7	**0.7**
U.S.A. and elsewhere	3.0	**3.0**
Total	**3.7**	**3.7**

The charts below show the analysis of the Group's completed investment properties GFA (excluding hotels), gross rental income and net assets employed by region on an attributable basis.

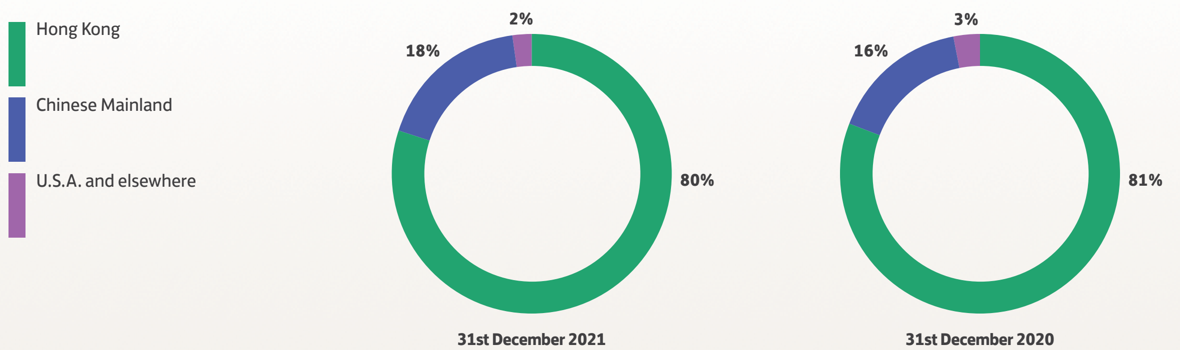
COMPLETED INVESTMENT PROPERTIES GFA (EXCL. HOTELS)



ATTRIBUTABLE GROSS RENTAL INCOME



NET ASSETS EMPLOYED



Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 9.0 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$6,124 million in 2021. At 31st December 2021, our office properties, completed and under development, in Hong Kong were valued at HK$181,468 million. Of this amount, the Company's attributable interest was HK$171,586 million.

Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2021)	Attributable Interest
Pacific Place	2,186,433	98%	100%
Taikoo Place – One Island East and One Taikoo Place	2,550,379	99%	100%
Taikoo Place – Other Office Towers [1]	3,136,717	96%	50%/100%
Others [2]	1,158,595	90%	20%/50%/100%
Total	**9,032,124**		

(1) Including PCCW Tower, of which the Company owns 50%.

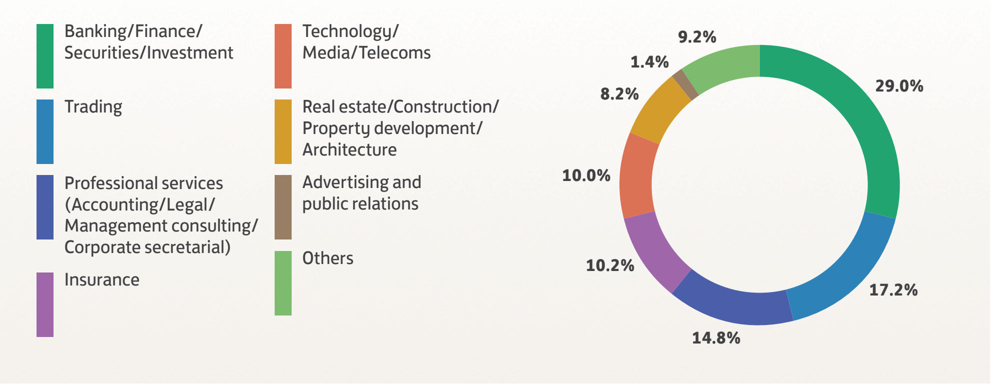
(2) Others comprise One Citygate (20% owned), Berkshire House (50% owned), 8 Queen's Road East (wholly-owned), 28 Hennessy Road (wholly-owned) and South Island Place (50% owned).

Gross rental income from the Hong Kong office portfolio in 2021 was HK$5,794 million, 5% lower than 2020. The decrease was mainly due to the loss of rental income from the Cityplaza One office tower, which was disposed of in the second half of 2020. The office market was weak, with consecutive quarters of negative net absorption, reflecting subdued demand and increasing supply. However, leasing started to pick up in the second half of 2021. Our office portfolio was resilient. Occupancy was high. There were positive rental reversions at our Taikoo Place properties. Disregarding the effect of the disposal of Cityplaza One, gross rental income was approximately the same. At 31st December 2021, the office portfolio was 97% let.

The chart below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2021.

OFFICE AREA BY TENANTS' BUSINESSES

(At 31st December 2021)



At 31st December 2021, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) together occupied approximately 21% of the Group's total attributable office area in Hong Kong.

PACIFIC PLACE

HONG KONG

Pacific Place

The performance of the offices at One, Two, and Three Pacific Place was relatively solid in 2021. The occupancy rate improved to 98% at 31st December 2021. APG, Allianz, Bank of Montreal, MSCI Hong Kong, Sculptor Capital, Diginex, Mishcon de Reya, Charles Russell Speechlys, Innovation Securities, Orient Wealth, YongHe Asset Management, Walton International, Cabral Investment, Ruima Hong Kong, Arctos Capital, Banclogix System and Tetrion Capital became tenants. PAG, Shenwan Hongyuan, Sequoia Capital and TPP (HK) leased more space. Société Générale, Crédit Agricole Corporate & Investment Bank, Hong Kong Monetary Authority, Moody's, China Overseas, Sino-Ocean, Bank of Japan, Interactive Brokers, Visa, Sanitorium Healthcare, Neo Derm, British American Tobacco, Goodman, China Great Bay Area Fund, Take Good Investment, Tianfu, Woori Bank, Centurium Capital, Site Centres Capital, Vision Credit, NH Investment, Old Peak, Comgest and Rifa Securities renewed their leases.

Taikoo Place

The performance of One Taikoo Place and One Island East at Taikoo Place was strong with occupancy rates of 100% and 99% respectively at 31st December 2021. In One Taikoo Place, DFS Group became a tenant. In One Island East, Capgemini became a tenant. AllianceBernstein, Amgen, SK hynix and Tiffany & Co. renewed their leases.

There are six other office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). The performance of these offices was resilient. The occupancy rate was 96% at 31st December 2021. AlphaSights, Huize Hong Kong and NOVA Global ICT (HK) became tenants. Currenxie, Ernst & Young and RDM Asia leased more space. ADMIS Hong Kong, Balenciaga, Baroque HK, Bluebell, BMC Software, BSI, CTBAT International, Football Marketing Asia, FWD, Gartner, GODIVA, IPC Information Systems, Lenovo, Liberty Insurance, Oreana Financial Services, Nikoyo (HK), RELX (Greater China), Suntory Trading Hong Kong, Triton Limited and Vodafone renewed their leases.

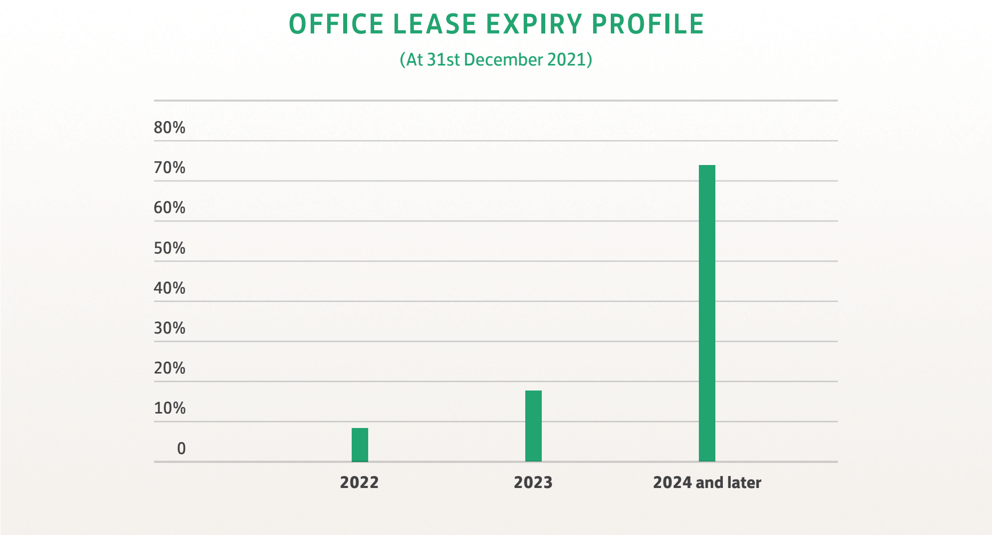
South Island Place

The occupancy rate was 88% at 31st December 2021. Tenants include KPMG, Fleet Management Limited, the Competition Commission and SCMP. The Group has a 50% interest in the development.

Hong Kong Office Market Outlook

Office demand in Hong Kong will be adversely affected by increased vacancy rates and excess supply. Increasing competition from Central and Kowloon East is exerting downward pressure on rents. However, the prospect of gradual reopening of the border with the Chinese Mainland and strength in the financial markets should increase the take-up of Grade-A office space, particularly by banks and financial services companies. Julius Baer, a Swiss private bank, will be moving from Central to Two Taikoo Place, where it will take 92,000 square feet of office space. With high occupancy, and stable demand from a range of tenants, our office portfolio is well placed.

The following chart shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 31st December 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 8.4% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 17.7% of such rental income due to expire in 2023.



Retail

Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 3.2 million square feet of space on a 100% basis. Total attributable gross rental income from our retail properties in Hong Kong was HK$2,296 million in 2021. At 31st December 2021, our retail properties in Hong Kong were valued at HK$55,077 million. Of this amount, the Company's attributable interest was HK$45,429 million.

The portfolio principally consists of The Mall at Pacific Place, Cityplaza at Taikoo Shing and Citygate Outlets at Tung Chung. The malls are wholly-owned by the Company (except for Citygate Outlets, in which the Company has a 20% interest) and are managed by the Company.

Hong Kong Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2021)	Attributable Interest
The Mall, Pacific Place	711,182	96%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets	803,582	100%	20%
Others (1)	546,707	100%	20%/60%/100%
Total	**3,158,369**		

(1) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place retail premises (60% owned) and Tung Chung Crescent neighbourhood shops (20% owned).

COVID-19 stopped most inbound tourism. Social distancing reduced local consumption. The retail market was severely disrupted, but has stabilised. Local demand started to recover in the second half of 2021. The Hong Kong retail portfolio's gross rental income was HK$2,191 million in 2021, a 10% decrease from 2020. The decrease reflected in part the amortisation of rental concessions given in 2020.

Retail sales in 2021 increased by 27% at The Mall, Pacific Place, by 9% at Cityplaza and by 22% at Citygate Outlets. These increases compare with an 8% increase in retail sales in Hong Kong as a whole. COVID-19 was generally contained in Hong Kong in the second half of 2021. The HKSAR Government introduced a consumption voucher scheme, which increased retail sales. People ate out more. This helped food and beverages businesses. General fashion and accessories businesses struggled. The performance of luxury retail businesses varied.

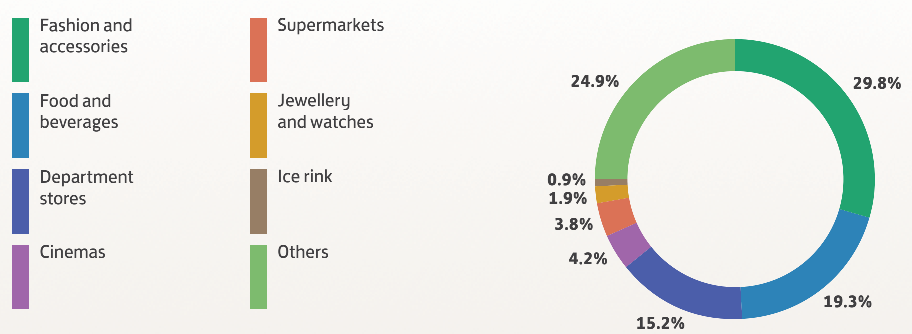
Rental concessions were given for specific periods on a case by case basis to support tenants. Rental concessions granted in 2020 and 2021 were amortised over the remaining lease terms. Rental concessions (on a cash basis) reduced considerably in 2021. On a cash concession basis, gross rental income was 5% higher in 2021 than 2020.

The malls were almost fully let throughout the year.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 31st December 2021.

RETAIL AREA BY TENANTS' BUSINESSES

(At 31st December 2021)



CITYGATE OUTLETS

HONG KONG

At 31st December 2021, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) together occupied approximately 26% of the Group's total attributable retail area in Hong Kong.

The Mall at Pacific Place

The Mall at Pacific Place is in the mixed-use Pacific Place development. The offices and the four hotels at Pacific Place provide a flow of shoppers for The Mall.

The Mall was almost fully let during the year. Despite difficult market conditions, planned tenancy changes took place. New and experiential retail brands were introduced. Acqua Di Parma, André Fu Living, Brooks Brothers, Cô Thành, Ermenegildo Zegna, FENDI MEN, Green Ginkgo Tea, La Vache!, L'Occitane, Marimekko, O.N.S, Sweaty Betty, The Holiday Project, Uoharu and WellWellWell became tenants. Hermès, Moncler, Shiro, Van Cleef & Arpels and Jaeger-LeCoultre took more space. Balmain Paris, Chloé, and Thai Basil were relocated within The Mall. The premises occupied by Masterpiece by King Fook, Puyi Optical and The Continental were refitted.

Cityplaza

Cityplaza is the largest shopping mall on Hong Kong Island, with a total floor area of approximately 1.1 million square feet. The six-level mall has more than 170 shops and restaurants, a cinema, an indoor ice rink and over 800 indoor parking spaces. Improvements to the tenant mix, promotions and activities in the mall make it an attractive place to shop, eat and be entertained.

Cityplaza was fully let in 2021, except for void periods during tenancy changes and reconfiguration works. CHARLES & KEITH, China Construction Bank (Asia) –

Premier Banking Center, Dumpling Station, Marella, Mr Simms Olde Sweet Shoppe, Mushroom, OGAWA, Pedder Red, Pret A Manger and SmarTone became tenants. Marks & Spencer, Oliver's Super Sandwiches and The Spaghetti House took more space. ASHWORTH, CSL, Häagen-Dazs, Museum Context, Nail Bar, Optical 88 Family Eyecare and ORiental TRaffic were relocated within Cityplaza. The premises occupied by eGG Optical Boutique, Brooks Brothers, City Chain, Godiva Chocolatier, Greyhound Café and Tommy Hilfiger were refitted.

Citygate Outlets

Citygate Outlets is the largest premium outlet mall in Hong Kong with approximately 200 shops and restaurants. It is near tourist attractions and transportation links (Hong Kong International Airport and the Hong Kong-Zhuhai-Macao Bridge). It appeals to local shoppers and tourists. It was fully let in 2021. adidas, Burberry, Calvin Klein, cdf Beauty, Coach, Fortress, I.T/i.t, MCL Citygate, Nike, Polo Ralph Lauren, TaSTe and Uniqlo are major tenants. Bose, Bricks House, Descente, Duty Zero, Kenzo, L.D.K Ufufu Café, Maryling, Rue Madame and Venchi became tenants.

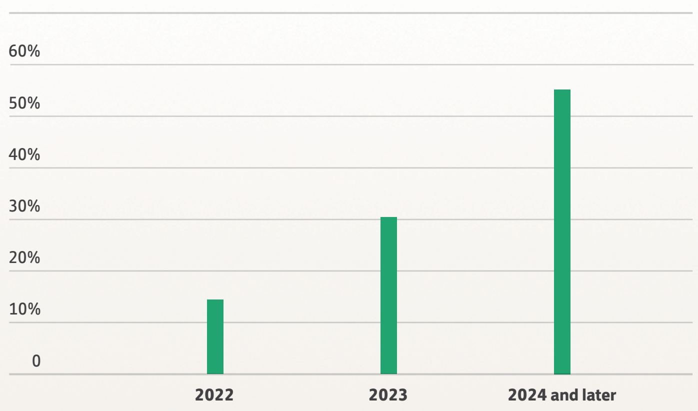
Hong Kong Retail Market Outlook

There was a rebound in Hong Kong's retail market in 2021, but the pace of recovery has been impacted by the fifth wave of the pandemic which began in January 2022. The market is also vulnerable to restrictions imposed in response to COVID-19. Despite these challenges, we continue to invest in our malls (including in innovative technology), to enhance the mix of tenants and to hold customer-centric marketing events to support the market's eventual recovery upon the reopening of the border with the Chinese Mainland.

The following chart shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 31st December 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 14.4% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 30.4% of such rental income due to expire in 2023.

RETAIL LEASE EXPIRY PROFILE

(At 31st December 2021)



Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wanchai and a number of luxury houses on Hong Kong Island and Lantau Island, with an aggregate GFA of approximately 0.6 million square feet. The occupancy rate at the residential portfolio was approximately 68% at 31st December 2021. Demand for our residential investment properties was primarily local, because of COVID-19.

Investment Properties Under Development

Two Taikoo Place

The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House) is the construction of an office tower with an aggregate GFA of approximately one million square feet, to be named Two Taikoo Place. Curtain wall installation and interior fit out works are in progress. Completion of the redevelopment is expected later this year.

46-56 Queen's Road East

Planning permission to develop this site for office use was obtained in 2018. The site area is approximately 14,400 square feet. The proposed development has an aggregate GFA of approximately 218,000 square feet. Superstructure works are in progress. Completion is expected in 2023.

Others

Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road

In 2018, the Group submitted compulsory sale applications in respect of these two sites in Hong Kong. In February 2022, the Lands Tribunal granted the compulsory sale order for Zung Fu Industrial Building. Subject to the Group having successfully bid in the compulsory sale of the sites, the sites are intended to be redeveloped for office and other commercial uses with an aggregate GFA of approximately 779,000 square feet.

983-987A King's Road and 16-94 Pan Hoi Street, Quarry Bay

In 2018, a joint venture company in which the Group holds a 50% interest submitted a compulsory sale application in respect of this site. Subject to the joint venture company having successfully bid in the compulsory sale and in accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a GFA of approximately 400,000 square feet.

Taikoo Shing Car Parking Spaces

Since November 2020, the Group has offered 2,123 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 1,235 of these car parking spaces had been sold at 8th March 2022. Sales of 1,202 car parking spaces were recognised in 2021.

Investment Properties – Chinese Mainland

Overview

The property portfolio in the Chinese Mainland comprises an aggregate of 18.0 million square feet of space, 11.1 million square feet of which is attributable to the Group. Completed properties amount to 14.0 million square feet, with 4.0 million square feet under development. Total attributable gross rental income from investment properties in the Chinese Mainland was HK$5,357 million in 2021. At 31st December 2021, the investment properties in the Chinese Mainland were valued at HK$108,624 million. Of this amount, the Group's attributable interest was HK$71,125 million.

Chinese Mainland Property Portfolio [(1)]

	GFA (sq. ft.) (100% Basis)				
	Total	Investment Properties	Hotels and Others	Under Planning	Attributable Interest
Completed					
Taikoo Li Sanlitun, Beijing	1,778,923	1,609,460	169,463	–	100%
Taikoo Hui, Guangzhou	3,840,197	3,256,013	584,184	–	97%
INDIGO, Beijing	1,886,865	1,528,564	358,301	–	50%
Sino-Ocean Taikoo Li Chengdu	1,661,725	1,465,217	196,508	–	50%
HKRI Taikoo Hui, Shanghai	3,536,619	3,148,792	387,827	–	50%
Taikoo Li Qiantan, Shanghai	1,188,727	1,188,727	–	–	50%
Hui Fang, Guangzhou	90,847	90,847	–	–	100%
Others	2,917	1,458	1,459	–	100%
Sub-Total	**13,986,820**	**12,289,078**	**1,697,742**	**–**	
Under Development					
INDIGO Phase Two, Beijing [(2)]	4,045,964	–	–	4,045,964	35%
Total	**18,032,784**	**12,289,078**	**1,697,742**	**4,045,964**	

(1) Including hotels and properties leased for investment.

(2) This is an office-led mixed-use development. The development scheme is being planned. The development is planned to be completed in two phases, in mid-2025 and 2026.

Gross rental income from the Group's investment property portfolio in the Chinese Mainland increased by 24%, to HK$3,561 million, in 2021. This mainly reflected higher retail sales and Renminbi appreciation.

Retail

The completed retail portfolio in the Chinese Mainland comprises an aggregate of 7.8 million square feet of space, 5.4 million square feet of which is attributable to the Group. Total attributable gross rental income from our retail properties in the Chinese Mainland grew by 29%, to HK$4,399 million, in 2021. Disregarding amortised rental concessions and Renminbi appreciation, total attributable gross rental income increased by 17%. At 31st December 2021, our completed retail properties in the Chinese Mainland were valued at HK$69,374 million. Of this amount, the Company's attributable interest was HK$50,700 million.

The portfolio consists of Taikoo Li Sanlitun in Beijing and Hui Fang in Guangzhou, which are wholly-owned by the Company, Taikoo Hui in Guangzhou, which is 97% owned, and INDIGO in Beijing, Sino-Ocean Taikoo Li Chengdu, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai, each of which is 50% owned.

Chinese Mainland Completed Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2021)	Attributable Interest
Taikoo Li Sanlitun, Beijing (1)	1,609,460	97%	100%
Taikoo Hui, Guangzhou	1,472,730	99%	97%
INDIGO, Beijing	939,493	100%	50%
Sino-Ocean Taikoo Li Chengdu	1,355,360	96%	50%
HKRI Taikoo Hui, Shanghai	1,173,459	97%	50%
Taikoo Li Qiantan, Shanghai (2)	1,188,727	90%	50%
Hui Fang, Guangzhou	90,847	98%	100%
Total	**7,830,076**		

(1) Including Taikoo Li Sanlitun West, which officially opened in December 2021.

(2) Including space allocated to prospective tenants who have signed letters of intent.

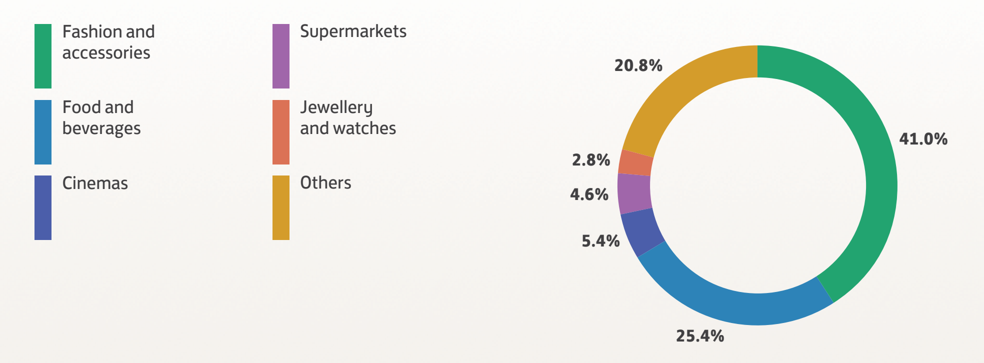
Retail sales in the Chinese Mainland increased strongly in 2021 despite sporadic COVID-19 resurgences in some cities. Local demand was strong, particularly for watches, jewellery and other luxury items. This reflected continued restrictions on travel outside the Chinese Mainland and generally effective COVID-19 controls by local authorities. Sellers of luxury and international brands did well and sought more space. Our retail sales on an attributable basis in the Chinese Mainland in 2021 increased by 30%. Retail sales in Taikoo Li Sanlitun and INDIGO in Beijing, Taikoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai increased by 27%, 11%, 33%, 22% and 29% respectively in 2021. National retail sales increased by 13%. Taikoo Li Qiantan opened on 30th September 2021.

The Group's gross rental income from retail properties in the Chinese Mainland increased by 27%, to HK$3,168 million, in 2021 (after taking into account a 7% appreciation of the Renminbi against the Hong Kong dollar). Disregarding amortised rental concessions and Renminbi appreciation, gross rental income increased by 16%.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 31st December 2021.

RETAIL AREA BY TENANTS' BUSINESSES

(At 31st December 2021)



At 31st December 2021, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) together occupied approximately 16% of the Group's total attributable retail area in the Chinese Mainland.

Taikoo Li Sanlitun, Beijing

Taikoo Li Sanlitun is in the Sanlitun area of the Chaoyang district of Beijing. It was our first retail development in the Chinese Mainland. It comprises three neighbouring retail sites, South, North and West. There are approximately 287 retail outlets.

Taikoo Li Sanlitun South concentrates on contemporary fashion and lifestyle brands. adidas, Apple, H&M, Starbucks, and a 1,597-seat Megabox cinema are tenants. In 2021, World of Ralph Lauren and ARKET opened their first Chinese Mainland stores and Sephora opened its Beijing flagship store at the development. & Other Stories, Atelier Cologne, Carven, Dior Beauty, Goldwin, Herschel Supply, ON, Volcom, CASA BACARDI and COMMUNE became tenants. Tenants in Taikoo Li Sanlitun North are principally retailers of luxury, designer fashion and lifestyle brands. Dover Street Market Beijing, Balenciaga, LOEWE and Moncler are tenants. Alexander McQueen, CHAUMET, Gucci, Maison Kitsune, Marni and Moynat became tenants in 2021.

Taikoo Li Sanlitun West with a GFA of 293,405 square feet officially opened in December 2021. Tenants have committed to take all the space in the development. They include Uniqlo Global Sanlitun Flagship Store, Nike Beijing, DESCENTE Kinetic Lab Global Experience Center and the first Tao Tao Ju and Tokyo Milk Cheese Factory in Beijing.

Gross rental income at Taikoo Li Sanlitun was satisfactory in 2021. Retail sales increased by 27%. The occupancy rate was 97% at 31st December 2021. The percentage stabilised yield on the cost of Taikoo Li Sanlitun West is expected to be in the high single digits. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination.

Taikoo Hui, Guangzhou

Taikoo Hui is in the Tianhe district of Guangzhou. Its mall is a popular shopping centre in Guangzhou. It celebrated its 10th Anniversary in 2021. Bottega Veneta, Cartier, Chanel, DIOR, Gucci, Hermès, I.T, Louis Vuitton, Saint Laurent, Van Cleef & Arpels, Uniqlo, Victoria's Secret, Fangsuo bookstore and Olé Supermarket are tenants. ABC Cooking Studio, adidas, BLANCPAIN, CLARINS, COS, CPB, DESCENTE, ELLE Salon by Kraemer, Essentials, FILLMED LABORATOIRES, FRED, gaga CENTRAL, GEGINA, Golden Goose, JUICE, KNOT KNOT DESSERT MUSE, La Maison VALMONT, little MO&Co., machi machi, NIKE, Pomellato, SNIDEL, SONG Café, Suka, SUPER MONKEY, Sushi Hanzo Pro, Tabio, TAIER restaurant, THE BOWL, Tokyo Milk Cheese Factory, Wanshi restaurant and XIJIADE became tenants in 2021.

Gross rental income at Taikoo Hui grew strongly in 2021. Retail sales increased by 33%, reflecting strong demand for luxury brands from local shoppers, improvements to the tenant mix and strong marketing and promotion. At 31st December 2021, the occupancy rate at the shopping mall was 99%.

INDIGO, Beijing

INDIGO mall is in the Jiangtai area in the Chaoyang district of Beijing. It is directly linked to the Beijing Metro Line 14 and is near the airport expressway. Club Monaco, i.t, Massimo Dutti, Muji, Tesla, SISYPHE bookstore, BHG Market Place and a seven-house, 1,000-seat CGV cinema are tenants. ASICS & Haglofs, Diane Von Furstenberg, FNJI, IRO, LESS, MANITO, MLB, SOLESTAGE, ZUCZUG, YMM ART ACADEMY, LADY M and KEAMMI became tenants in 2021. The mall is becoming a significant fashion and lifestyle shopping centre in north-east Beijing.

Occupancy at the shopping mall was 100% at 31st December 2021. Retail sales increased by 11% in 2021. Improvements were made to the tenant mix.

SINO-OCEAN TAIKOO LI CHENGDU

CHENGDU

Sino-Ocean Taikoo Li Chengdu

Sino-Ocean Taikoo Li Chengdu is in the Jinjiang district of Chengdu and is part of the Chunxi Road/Daci Temple shopping district. It is our second Taikoo Li project in the Chinese Mainland. Apple, Cartier, Gucci, Hermès, I.T, Muji, Fangsuo bookstore, Olé Supermarket and a 1,720-seat Palace-j'aime cinema are tenants. Carhatt WIP, Delicates, DJI, Giorgio Armani Beauty, G-SHOCK, MAIA ACTIVE, OURBakery, Pierre Marcolini, Randomevent, RAPL, Solestage and Steiff became tenants in 2021. Arc'teryx, Byredo, Denham, diptyque, Moncler, Thom Browne and ZARA opened or upgraded to their flagship stores at the development in 2021.

Retail sales increased by 22% in 2021, reflecting an improved tenant mix and strong marketing and communication. The development is reinforcing its position as a premium shopping and leisure destination in Chengdu and the western part of the Chinese Mainland. At 31st December 2021, the occupancy rate was 96%.

HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui is on Nanjing West Road in the Jing'an district of Puxi, Shanghai. It has excellent transport connections, being next to the Nanjing West Road metro station (which serves three metro lines) and near the Yan'an Expressway.

HKRI Taikoo Hui is our second Taikoo Hui development in the Chinese Mainland. Starbucks Reserve Roastery, Atelier Cologne, CHA LING, COS, diptyque, The Disney Store, Guerlain, i.t, Kenzo, Lululemon, Nike Kicks Lounge, Nio, Puma, SPACE, Tesla, ZWILLING HOME, Shanghai Club, Ho Hung Kee and a city'super supermarket are tenants. Abercrombie & Fitch, BAO BAO ISSEY MIYAKE, Bremont, Carven, dunhill, Diane von Furstenberg, Ermenegildo Zegna, Golden Goose, IWC, MARNI MARKET, MaxMara, Salvatore Ferragamo, Shanghai Tang and SOLO X became tenants in 2021.

Retail sales increased by 29% in 2021. At 31st December 2021, the occupancy rate was 97%.

Taikoo Li Qiantan, Shanghai

Jointly developed with a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd., Taikoo Li Qiantan is a retail development in Qiantan, Pudong new district in Shanghai. It has an aggregate GFA of 1,188,727 square feet and space for around 250 shops. It is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland. Qiantan International Business Zone is envisaged as a new international business district of Shanghai and as a commercial, residential and cultural centre. The development is connected to a three-line metro interchange station.

Taikoo Li Qiantan is designed with lanes and is low density. With focus on wellness and sustainability, it has an 86,000 square feet central green area at ground level, spanned by an 80-metre bridge with a view of Qiantan Park and the Huangpu River. There is a running track, greenery and leisure spaces on the roof, connected to shops and restaurants.

The development officially opened in September 2021 and started to contribute rental income. Tenants include Audemars Piguet, Balenciaga, Bulgari, Cartier, Dior, Fendi, Giorgio Armani, Gucci, Hermès, LOEWE, Louis Vuitton, Moncler, Prada, Saint Laurent, Tiffany & Co., Zegna, the first MOViE MOViE cinema in the Chinese Mainland and the largest TSUTAYA BOOKS outlet in Shanghai.

Retail sales and footfall have been strong since the opening. At 31st December 2021, tenants had committed (including by way of letters of intent) to take 90% of the retail space. 59% of the lettable retail space was open. The percentage stabilised yield on the cost of the development is expected to be in the high single digits.

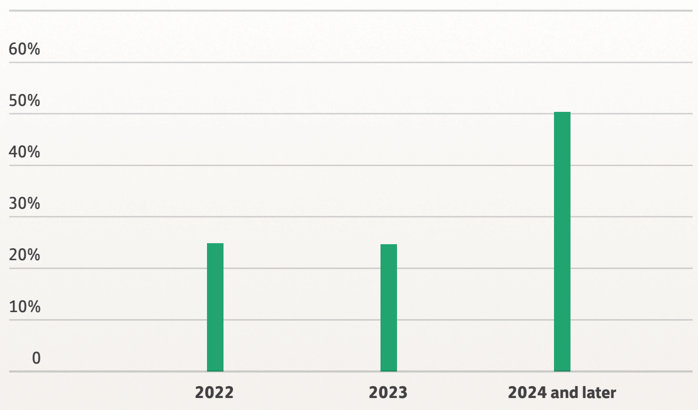
Chinese Mainland Retail Market Outlook

General retail sentiment is expected to remain positive. Notwithstanding the prospect of the reopening of the border with Hong Kong, demand for retail space in the cities in which we operate in the Chinese Mainland is expected to be generally strong in 2022. International brand owners are looking for space in which they can showcase their brands in the Chinese Mainland. In Guangzhou, Chengdu and Shanghai, demand for retail space from the owners of luxury international brands is expected to be strong. In Shanghai, demand for retail space from the owners of fashion, cosmetics and lifestyle brands and from food and beverages outlets is expected to be steady. In Beijing, demand for retail space from the owners of fashion, lifestyle and apparel brands is expected to be solid.

The following chart shows the percentage of attributable gross rental income from the retail properties in the Chinese Mainland, for the month ended 31st December 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 24.9% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 24.7% of such rental income due to expire in 2023.

RETAIL LEASE EXPIRY PROFILE

(At 31st December 2021)



Offices

The completed office portfolio in the Chinese Mainland comprises an aggregate of 4.1 million square feet of space, 2.9 million square feet of which is attributable to the Group. Total attributable gross rental income from our office properties in the Chinese Mainland increased by 11% to HK$880 million in 2021. At 31st December 2021, our completed office properties in the Chinese Mainland were valued at HK$23,059 million. Of this amount, the Company's attributable interest was HK$14,467 million.

The portfolio consists of Taikoo Hui in Guangzhou, which is 97% owned, and INDIGO in Beijing and HKRI Taikoo Hui in Shanghai, each of which is 50% owned.

Chinese Mainland Completed Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2021)	Attributable Interest
Taikoo Hui, Guangzhou	1,731,766	95%	97%
INDIGO, Beijing	589,071	93%	50%
HKRI Taikoo Hui, Shanghai	1,828,060	100%	50%
Total	**4,148,897**		

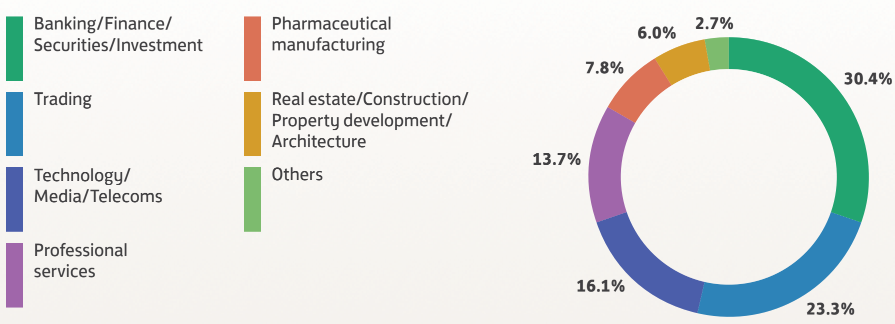
Demand for office space in Beijing and Shanghai improved in 2021. Take-up increased generally, but was weak in Guangzhou. New supply put pressure on office rents in Guangzhou. Office rents in Shanghai and Beijing recovered, reflecting lower vacancy rates.

The Group's gross rental income from office properties in the Chinese Mainland increased by 6% to HK$380 million in 2021 (after taking into account a 7% appreciation of the Renminbi against the Hong Kong dollar). In Renminbi terms, the gross rental income was approximately the same. This was despite weak demand for office space as well as new supply in Guangzhou.

The chart below shows the mix of the tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2021.

OFFICE AREA BY TENANTS' BUSINESSES

(At 31st December 2021)



INDIGO

BEIJING

At 31st December 2021, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) together occupied approximately 47% of the Group's total attributable office area in the Chinese Mainland.

Taikoo Hui, Guangzhou

There are two office towers in Taikoo Hui, Guangzhou. Demand for office space in 2021 was weak and rents were under pressure. Occupancy at 31st December 2021 was 95%. Canon, HSBC, Microsoft and Toyota are tenants. Chanel and Eyugame leased more space in 2021. Roche, UBS and Swarovski became tenants in 2021.

INDIGO, Beijing

Occupancy at ONE INDIGO was 93% at 31st December 2021. Demand for office space started to improve from the third quarter of 2021. The main tenants are technology, media and telecoms and financial companies. Disney, Kidsland, Rolls Royce and Western Cloud are tenants. Coupang leased more office space in 2021. Amazon, Cider, Commvault, DSV and Schlumberger became tenants in 2021.

HKRI Taikoo Hui, Shanghai

There are two office towers at HKRI Taikoo Hui in Shanghai. The occupancy rate was 100% at 31st December 2021. Demand improved in 2021. The main tenants are financial services companies, pharmaceutical companies, law firms, gaming companies and retailers. Abbvie, Advent Capital, Alibaba, Alliance Bernstein, Amore Pacific, Audemars Piguet, Bank of China, Blackstone, Clifford Chance, China Media Capital, CVC Capital Partners, EA, Eli Lilly, Fangda Partners, Fidelity, FountainVest Partners, Grosvenor, H&M, Harry Winston, Heinz, Han Kun Law Offices, KKR, JLL, Rothschild, Towers Research Capital and Warner Brothers are tenants. Bally, Beautiful Tree, Chanel, Citic Capital, Genesis, Jimmy Choo, Jun He Law Offices, Supercell and Versace leased more space in 2021. AffaMed, BionTech, Investindustrial and Manner became tenants in 2021.

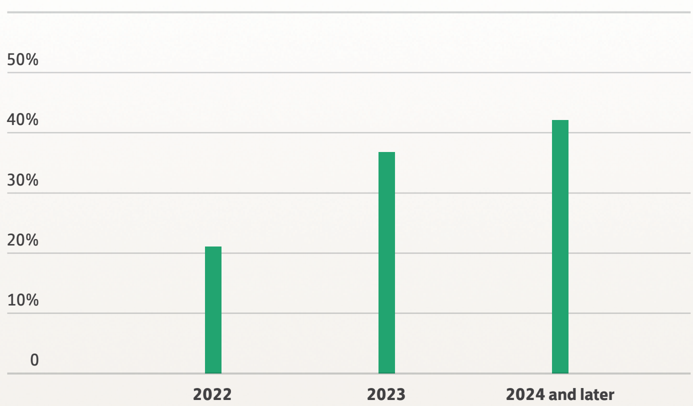
Chinese Mainland Office Market Outlook

In Guangzhou, continued new supply is expected to put downward pressure on rents. In Beijing, improved office take-up is expected to continue with rentals recovering due to limited new supply in core areas. In Shanghai, demand is expected to be robust. Despite new supply in decentralised locations, office rents in core central business districts, where supply is limited, are expected to be stable.

The following chart shows the percentage of attributable gross rental income from the office properties in the Chinese Mainland, for the month ended 31st December 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 21.1% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 36.8% of such rental income due to expire in 2023.

OFFICE LEASE EXPIRY PROFILE

(At 31st December 2021)



Serviced Apartments

There are 24 serviced apartments at the Mandarin Oriental in Taikoo Hui Guangzhou, 42 serviced apartments at The Temple House in Sino-Ocean Taikoo Li Chengdu and 102 serviced apartments at The Middle House Residences in HKRI Taikoo Hui Shanghai.

The performance of the serviced apartments in 2021 recovered. Occupancy at the Mandarin Oriental in Guangzhou, The Temple House in Chengdu and The Middle House Residences in Shanghai was 88%, 56% and 92% respectively at 31st December 2021.

Chinese Mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to be stable in 2022.

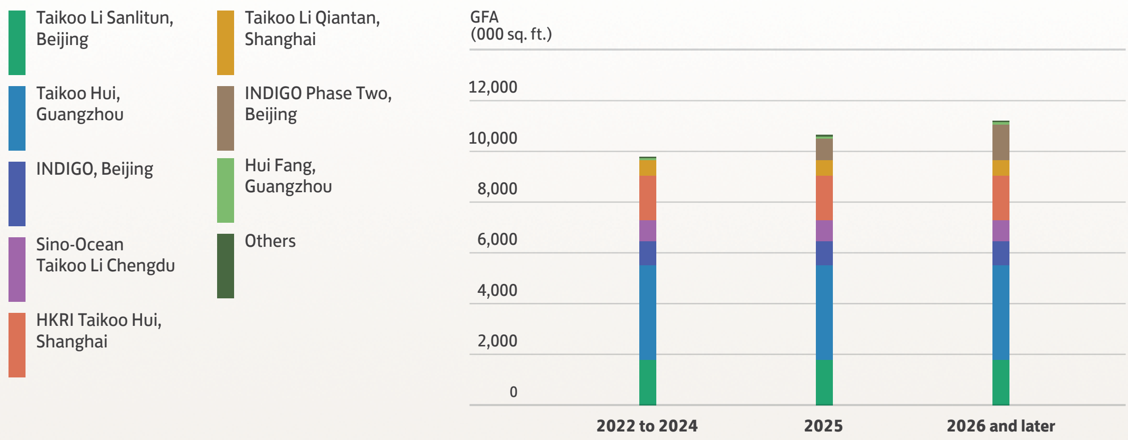
Investment Properties Under Development

INDIGO Phase Two, Beijing

INDIGO Phase Two is an extension of the existing INDIGO development with a GFA of approximately four million square feet. Jointly developed with the Sino-Ocean group, INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in mid-2025 and 2026. Excavation works were completed. Piling works are in progress. The Group has a 35% interest in INDIGO Phase Two.

The chart below illustrates the expected attributable area of the completed property portfolio in the Chinese Mainland.

ATTRIBUTABLE AREA OF COMPLETED PROPERTY PORTFOLIO IN THE CHINESE MAINLAND



Others

Zhangyuan, Shanghai

In July 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, which the Group has a 60% interest, will be engaged in the revitalisation and management of the Zhangyuan shikumen compound in the Jing'an district in Shanghai. When the revitalisation is completed, the compound will have a GFA of 645,840 square feet above ground and 753,480 square feet underground. There are 43 shikumen blocks with about 170 two or three storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. Construction and renovation were in progress at 31st December 2021. The revitalisation is planned to be completed and opened in two phases, in 2022 and 2025. The Group does not have an ownership interest in the compound.

Taikoo Li, Xi'an

In March 2022, a consortium in which the Group has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. Spanning a site area of approximately 1.3 million square feet, the land is expected to be developed as Taikoo Li Xi'an, a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments. The estimated GFA is approximately 2.9 million square feet (above ground and underground), subject to further planning. The consortium is in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.

BRICKELL CITY CENTRE

MIAMI

Investment Properties – U.S.A.

Overview

Brickell City Centre, Miami

Brickell City Centre is an urban mixed-use development in the Brickell financial district of Miami, U.S.A. It has a site area of 504,017 square feet (approximately 11.6 acres).

The first phase of the Brickell City Centre development consists of a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel and serviced apartments (EAST Miami) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the remaining units at Reach and Rise have been sold.

In October 2021, the Group completed the sale of EAST Miami hotel and serviced apartments at the development. Swire Hotels remains the hotel operator.

The Group owns 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, exercisable from February 2020, to sell its interest to the Group.

The shopping centre was 98% leased (including by way of letters of intent) at 31st December 2021. Retail sales in 2021 increased by 112%.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is being planned. It will be a mixed-use development.

Brickell City Centre, Miami

	GFA (sq. ft.)[1] (100% Basis)	Attributable Interest
Completed		
Shopping centre	496,508	62.9%
Future Development		
Residential	523,000	100%
One Brickell City Centre	1,444,000	100%
Total	**2,463,508**	

(1) Represents leasable/saleable area except for the car parking spaces, roof top and circulation areas.

Miami Market Outlook

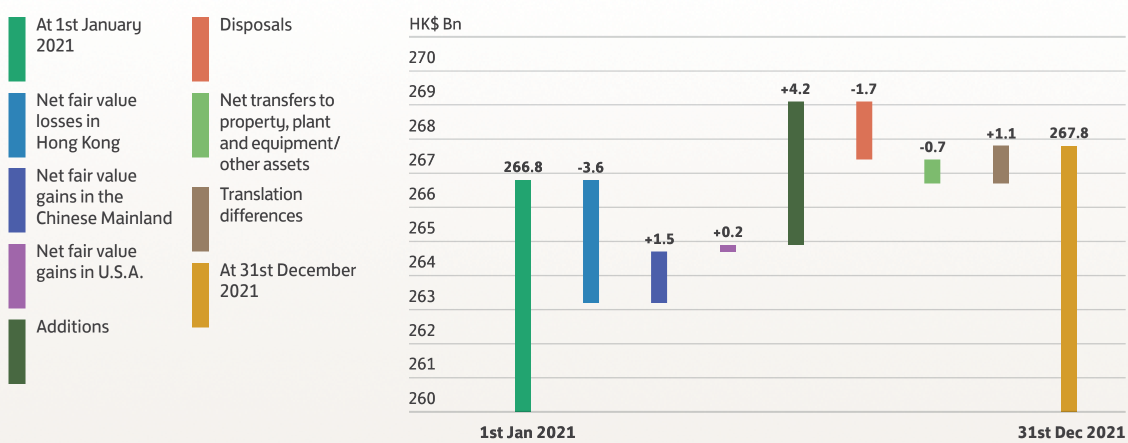
In Miami, retail sales continue to recover strongly from the adverse effects of COVID-19.

Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2021 on the basis of market value (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK$267,815 million, compared to HK$266,831 million at 31st December 2020. There was a decrease in the valuation of the retail and office investment properties in Hong Kong and an increase in the valuation of the investment properties in the Chinese Mainland.

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. Leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

MOVEMENT IN INVESTMENT PROPERTIES



Property Trading

Overview

The trading portfolio comprises six residential projects under development, three in Hong Kong, one in Indonesia and two in Vietnam. There are also land banks in Miami, U.S.A.

Property Trading Portfolio (At 31st December 2021)

	GFA (sq. ft.) (100% Basis)	Expected Construction Completion Date	Attributable Interest
Under Development			
Hong Kong			
– EIGHT STAR STREET, Wanchai	30,855	2022	100%
– Wong Chuk Hang Station Package Four Property Development	638,305	2024	25%
– Chai Wan Inland Lot No. 178	694,278	2025	80%
Indonesia			
– Savyavasa, South Jakarta	1,122,728	2024	50%
Vietnam			
– The River	846,201	2022	20%
– Empire City	7,131,624	2027	15.73%
Held for Development or sale			
U.S.A.			
– Fort Lauderdale, Florida (1)	N/A	N/A	75%
– South Brickell Key, Miami, Florida	550,000	N/A	100%
– Brickell City Centre, Miami, Florida – North Squared site	523,000	N/A	100%

(1) The sale of this property was completed in January 2022.

Hong Kong

EIGHT STAR STREET, Wanchai

A site at 8 Star Street, Wanchai is being redeveloped into an approximately 34,000 square feet residential building with retail outlets on the lowest two levels. Interior fitting out works are in progress. The development is expected to be completed later this year. 28 out of 37 units had been pre-sold at 8th March 2022.

Wong Chuk Hang Station Package Four Property Development

A joint venture formed by the Group, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development in Wong Chuk Hang in Hong Kong. The development will comprise two residential towers with an aggregate GFA of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. The development is expected to be completed in 2024. The Group has a 25% interest in the joint venture.

Chai Wan Inland Lot No. 178

In September 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited accepted the HKSAR Government's land exchange offer in relation to a plot of land in Chai Wan, Hong Kong for a premium of approximately HK$4,540 million. The land exchange was executed in December 2021. The plot of land is expected to be redeveloped into a residential complex with an aggregate GFA of approximately 694,000 square feet. Site formation works are in progress. The development is expected to be completed in 2025.

Hong Kong Residential Market Outlook

In Hong Kong, demand for residential accommodation is expected to be resilient in the medium and long term.

U.S.A.

The residential portion of the first phase of the Brickell City Centre development (comprising 390 units at Reach and 390 units at Rise) was developed for trading purposes. In May 2021, almost all remaining units at Reach and Rise were sold to an institutional purchaser. All the units available for sale were sold during the year. Sales of 25 units at Reach and 89 units at Rise were recognised in 2021.

Singapore

EDEN, at 2 Draycott Park in District 10, comprises 20 residential units with an aggregate GFA of approximately 77,000 square feet. In March 2021, all the units were sold. These sales were recognised in 2021.

Indonesia

In 2019, a joint venture between the Group and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed into a residential development with an aggregate GFA of approximately 1,123,000 square feet. Superstructure works are scheduled to start in the first half of this year. The development is expected to comprise over 400 residential units and to be completed in 2024. The Group has a 50% interest in the joint venture.

Vietnam

In 2020, the Group agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development comprises 525 luxury apartments in three towers. The Group has an effective 20% interest in the development. Approximately 90% of the units had been pre-sold at 8th March 2022.

In March 2021, the Group made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases until 2027. The Group invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 45% of the residential units had been pre-sold at 8th March 2022.

Indonesia and Vietnam Residential Market Outlook

In Jakarta, Indonesia and Ho Chi Minh City, Vietnam, urbanisation, a growing middle class and limited supply of luxury residential properties are expected to support stable residential property markets.

Estate Management

The Group manages 19 residential estates which it has developed. It also manages OPUS HONG KONG, a residential property in Hong Kong which the Group redeveloped for Swire Pacific Limited. The management services include day to day assistance for occupants, management, maintenance, cleaning, security and renovation of common areas and facilities. The Group places great emphasis on maintaining good relationships with occupants.

Hotels

Managed Hotels and Restaurants

Overview

The Group owns and manages (through Swire Hotels) hotels in Hong Kong, the Chinese Mainland and the U.S.A. The House Collective, comprising The Upper House in Hong Kong, The Opposite House in Beijing, The Temple House in Chengdu and The Middle House in Shanghai, is a group of small and distinctive luxury hotels. EAST hotels are lifestyle hotels in Hong Kong, Beijing and Miami. In October 2021, EAST Miami ceased to be owned by the Company. It continues to be managed by Swire Hotels.

The managed hotels in Hong Kong were adversely affected by ongoing travel restrictions associated with COVID-19. The managed hotels in the Chinese Mainland and in the U.S.A. performed better.

THE OPPOSITE HOUSE

BEIJING

The operating profit before depreciation of our managed hotels (including restaurants and taking account of central costs) in 2021 was HK$22 million.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place in Hong Kong, revenue per available room and occupancy were adversely affected by COVID-19 associated travel restrictions. In 2021, the hotel was ranked number three in the Condé Nast Traveller awards for Top 10 Hotels in Hong Kong category. It was voted number four in the Top 5 Hotels in China category in Travel + Leisure's 2021 World's Best Awards.

EAST Hong Kong

At EAST Hong Kong, a 345-room hotel in Taikoo Shing, revenue per available room and occupancy were severely affected by COVID-19 associated travel restrictions. The hotel was recognised awards in the Klook Best Romantic Hotel Awards.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Its occupancy and revenue per available room recovered in 2021. In 2021, the hotel was ranked number one in the Top 5 Hotels in China in Travel + Leisure's 2021 World's Best Award, number one in the Top 15 Asia City Hotels and number three in the Top 100 Hotels in the World category. Jing Yaa Tang restaurant was named Chinese Hotel Dining of the Year in the Time Out Food Awards. UNION bar was named Hotel Bar of the Year in the DRiNK Awards 2021.

EAST Beijing

EAST Beijing is a 369-room lifestyle hotel at INDIGO in Beijing, in which the Company has a 50% interest. Occupancy and revenue per available room recovered in 2021. The hotel was recognised as best Outdoor Space of the Year and Hotel Brunch of the Year by Time Out Beijing. It was nominated as Best Business Hotel in the LIFE ELEMENT's 2021 Best Hotel Annual Awards.

The Temple House

The Temple House (in which the Company has a 50% interest) has 100 hotel rooms and 42 serviced apartments at Sino-Ocean Taikoo Li Chengdu. Revenue per available room and occupancy benefited from strong domestic demand but fluctuated because of COVID-19 associated travel restrictions. The hotel received awards from Condé Nast Traveler, Travel + Leisure and TripAdvisor. Destination Deluxe named the hotel number three Urban Hotel of the Year. The Mi Xun Spa was named Most Classic Spa Treatment of the Year in the SpaChina Wellness & Spa Awards 2021. The TIVANO restaurant and the Jing bar received awards in the Midwest Regional DRiNK Awards 2021.

The Middle House

The Middle House (in which the Company has 50% interest) has 111 hotel rooms and 102 serviced apartments at HKRI Taikoo Hui, Shanghai. Revenue per available room and occupancy recovered strongly in 2021. There was strong domestic demand. The food and beverages business recovered. The hotel received awards from Condé Nast Traveler, Travel + Leisure and TripAdvisor. The Frasca and Sui Tang Li restaurants were designated diamond in the 2021 Black Pearl Restaurant Guide. Mi Xun Spa's restorative facial treatment was named The Most Novel Facial Treatment of the Year award in the SpaChina Wellness & Spa Awards 2021.

EAST Miami

EAST Miami at the Brickell City Centre development in Miami has 263 hotel rooms and 89 serviced apartments. The hotel was sold to a third party in October 2021. It continues to be managed by Swire Hotels. Its occupancy and revenue per available room recovered strongly as COVID-19 stabilised in Miami. The hotel's Quinto la Huella restaurant was named Best 21 Restaurant in Miami by Condé Nast Traveller. Sugar was the only bar in Florida that to receive a Best Rooftop Bars in the U.S.A. award from Big 7 Travel.

Swire Restaurants

Swire Hotels operates restaurants in Hong Kong through its hotels. It also operates a standalone restaurant. The Upper House operates The Continental, a European restaurant, at Pacific Place. EAST Hong Kong operates Mr & Mrs Fox, a restaurant with an international menu, at Taikoo Place. PUBLIC café is a standalone restaurant at Taikoo Place.

Hotel Portfolio (managed by Swire Hotels)

	No. of Rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
– The Upper House	117	100%
– EAST Hong Kong	345	100%
– Headland Hotel [(1)]	501	0%
Chinese Mainland		
– The Opposite House	99	100%
– EAST Beijing	369	50%
– The Temple House [(2)]	142	50%
– The Middle House [(2)]	213	50%
U.S.A.		
– EAST Miami [(3)]	352	0%
Total	**2,138**	

(1) Headland Hotel is owned by Airline Property Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

(2) Comprising one hotel tower and one serviced apartment tower.

(3) EAST Miami (including the serviced apartments in the hotel tower) has been owned by a third party since October 2021.

Non-managed Hotels

Overview

The Group has ownership interests in (but does not manage) hotels with 3,142 rooms in aggregate.

Hotel Portfolio (not managed by the Group)

	No. of Rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
– Island Shangri-La Hong Kong	561	20%
– JW Marriott Hotel Hong Kong	608	20%
– Conrad Hong Kong	513	20%
– Novotel Citygate Hong Kong	440	20%
– The Silveri Hong Kong – MGallery	206	20%
Chinese Mainland		
– Mandarin Oriental, Guangzhou [1]	287	97%
– The Sukhothai Shanghai	201	50%
U.S.A.		
– Mandarin Oriental, Miami	326	75%
Total	**3,142**	

[1] Including serviced apartments in the hotel tower.

The non-managed hotels in Hong Kong were adversely affected by COVID-19. The non-managed hotels in the Chinese Mainland and in the U.S.A. performed better. Average room rates and occupancy were higher. The Mandarin Oriental, Guangzhou is a leading luxury hotel in Guangzhou. The Chinese restaurant at the hotel, Jiang by Chef Fei, obtained a 2-star Michelin award. The Sukhothai Shanghai is a luxury hotel in Shanghai.

Hotels Market Outlook

The outlook for our hotels in Hong Kong is difficult because of COVID-19 and associated travel restrictions. The Silveri Hong Kong – MGallery in Hong Kong is expected to open in phases, subject to COVID-19 conditions, this year. Our Chinese Mainland hotels are expected to continue to recover, with strong domestic travel demand. The hotel business in Miami is recovering.

The Group is committed to developing the "House" and "EAST" brands as they are integral to our mixed-use developments; and also expanding our reach through third-party management contracts.

Capital Commitments

Capital Expenditure and Commitments

Capital expenditure in 2021 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$3,281 million (2020: HK$1,452 million). Outstanding capital commitments at 31st December 2021 were HK$14,500 million (2020: HK$13,327 million), including the Group's share of the capital commitments of joint venture companies of HK$73 million (2020: HK$76 million).

Capital expenditure in 2021 on Chinese Mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, was HK$1,010 million (2020: HK$5,770 million). Outstanding capital commitments at 31st December 2021 were HK$6,184 million (2020: HK$5,337 million), including the Group's share of the capital commitments of joint venture companies of HK$4,777 million (2020: HK$4,300 million). The Group was committed to funding HK$1,146 million (2020: HK$1,330 million) of the capital commitments of joint venture companies.

Capital expenditure in 2021 on investment properties and hotels in the U.S.A. amounted to HK$49 million (2020: HK$65 million). There were no outstanding capital commitments at 31st December 2021 (2020: HK$6 million).

Profile of Capital Commitments at 31st December 2021 for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total Commitments[(1)]	Commitments relating to joint venture companies[(2)]
	2021 HK$M	2022 HK$M	2023 HK$M	2024 HK$M	2025 and later HK$M	At 31st December 2021 HK$M	At 31st December 2021 HK$M
Hong Kong	3,281	5,783	1,448	872	6,397	14,500	73
Chinese Mainland	1,010	1,475	1,172	999	2,538	6,184	4,777
U.S.A.	49	–	–	–	–	–	–
Total	4,340	7,258	2,620	1,871	8,935	20,684	4,850

(1) The capital commitments represent the Group's capital commitments of HK$15,834 million plus the Group's share of the capital commitments of joint venture companies of HK$4,850 million.

(2) The Group was committed to funding HK$1,146 million of the capital commitments of joint venture companies in the Chinese Mainland.

WHERE WELLNESS, COMMUNITY AND RETAIL COLLIDE

Development Highlights

Taikoo Li Qiantan, Shanghai

Taikoo Li Qiantan is a 1.19 million square feet retail complex in Shanghai's Pudong international business district. Taikoo Li complexes are known for their open plan designs and lanes. Taikoo Li Qiantan features an exciting and fresh mix of brands, digital innovation and wellness. There are green open spaces and lanes at ground and rooftop levels. Highlights are an 80-metre-long bridge overlooking the Huangpu River and (a first at a mall in Shanghai) a 450 metre AI-digitalised running track on the roof. The development represents our placemaking at its best and contributes to the growing importance of Pudong as a consumption centre.

Opening Year
2021

Over
250 STORES

Over **50 BRAND OWNERS**
opening stores for the first time in the Chinese Mainland

CELEBRATING 10 YEARS OF SUCCESS

Development Highlights

Taikoo Hui Guangzhou

Taikoo Hui Guangzhou, in the Tianhe central business district, is the Group's flagship mixed-use development in the Greater Bay Area. The development comprises a prime shopping mall, two Grade-A office towers and a Mandarin Oriental hotel. In 2021, Taikoo Hui Guangzhou celebrated its 10th anniversary. Over a successful decade, Taikoo Hui Guangzhou has become a landmark in the city. It has enhanced the local retail scene by debuting nearly 150 new brands in Guangzhou, including many first and flagship stores for international brands. Occupancy has been robust at the office towers, where tenants include leading international companies. The development has, since 2021, been 100% powered by renewable electricity, an example of the Company's commitment to Business Ambition for 1.5°C.

Opening Year
2011

Approximately
200 RETAIL OUTLETS

Approaching
150 BRAND OWNERS
opening stores for the first time in Guangzhou

Year-on-year sales growth of
39 QUARTERS
over 10 years

Opening Year
2021

Expands the area of the Taikoo Li Sanlitun development by almost **20%**

INNOVATIVE URBAN REGENERATION PROJECT BUILDING ON TAIKOO LI SANLITUN'S SUCCESS

Development Highlights

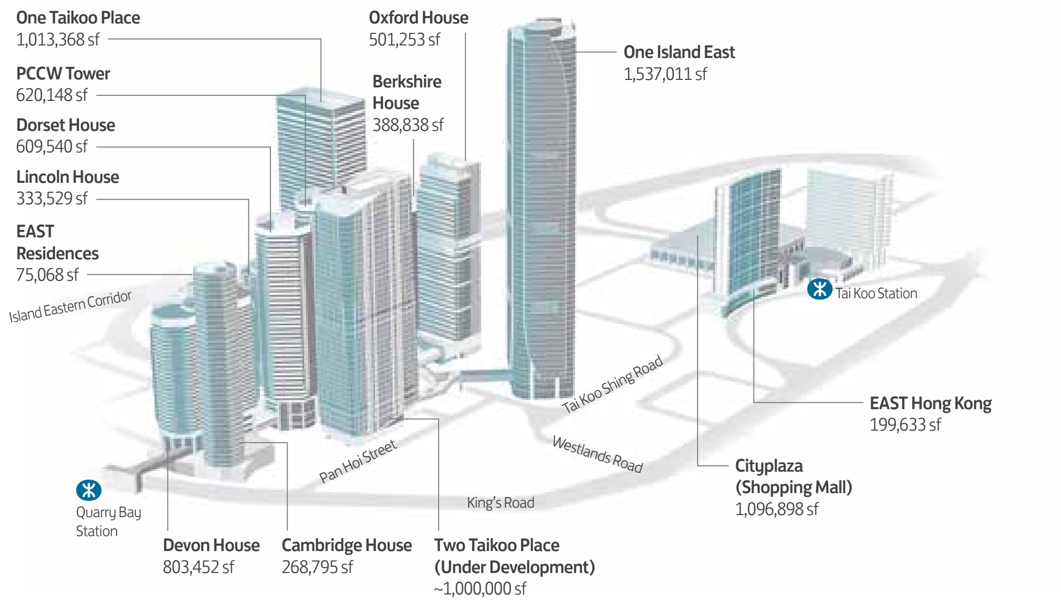
Taikoo Li Sanlitun West, Beijing

Opened in 2021, Taikoo Li Sanlitun West is to the west of the existing Taikoo Li Sanlitun retail development. The ten-storey, approximately 293,400 square feet building that makes up Taikoo Li Sanlitun West was transformed from the former Yashow Building – previously a clothing market. There are chic fashion, food and beverage, health and fitness, lifestyle and entertainment outlets. Building on the success of the existing development, it aims to attract flagship stores and brands opening for the first time in Beijing.

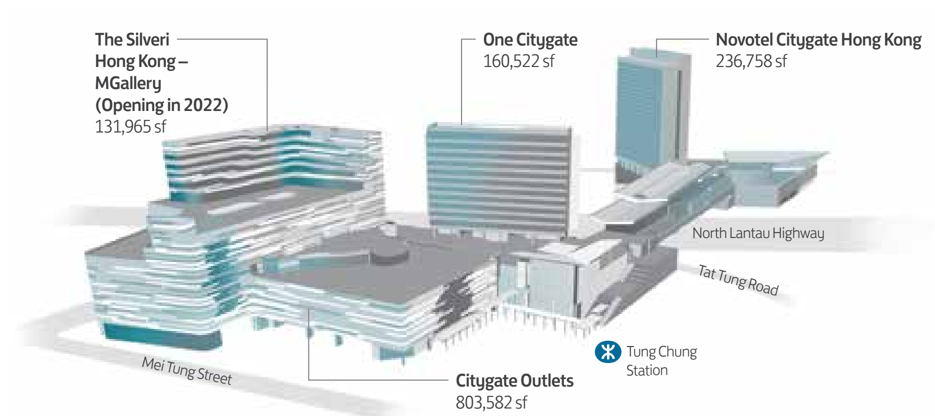
HKRI Taikoo Hui and Zhangyuan, Shanghai

HONG KONG

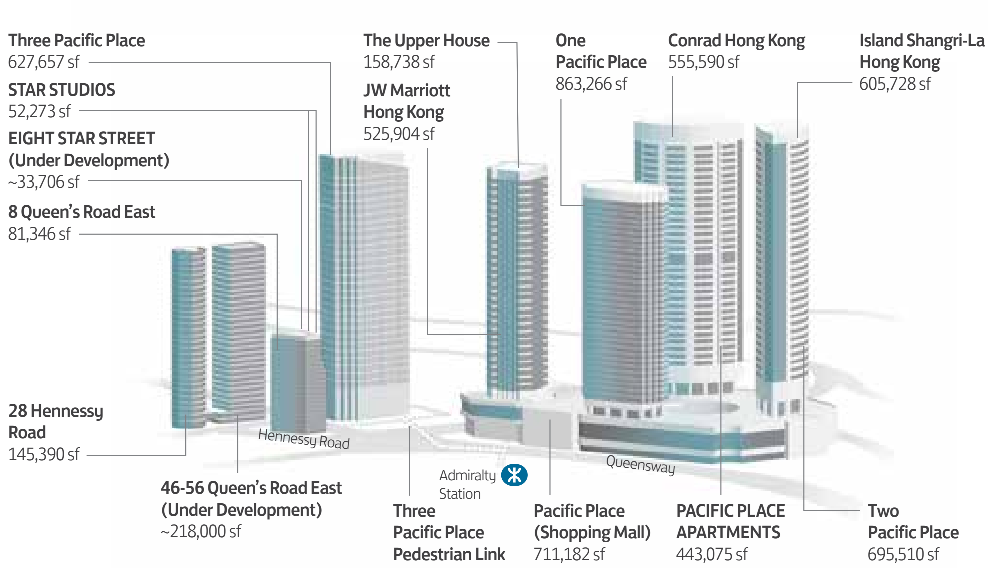
TAIKOO PLACE AND CITYPLAZA



CITYGATE



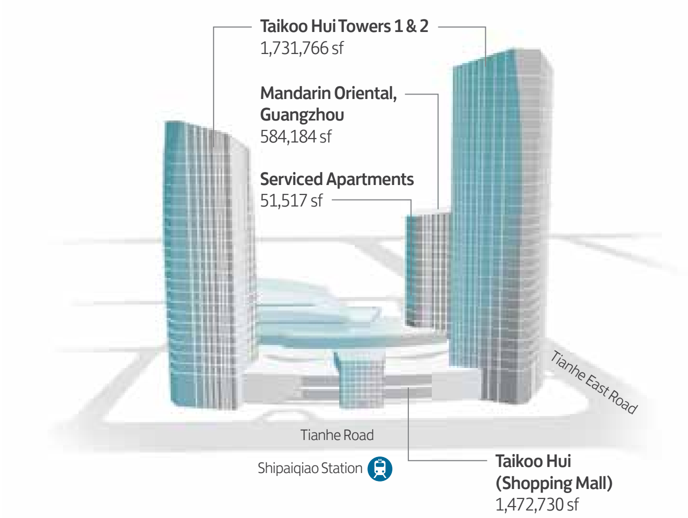
PACIFIC PLACE



CHINESE MAINLAND

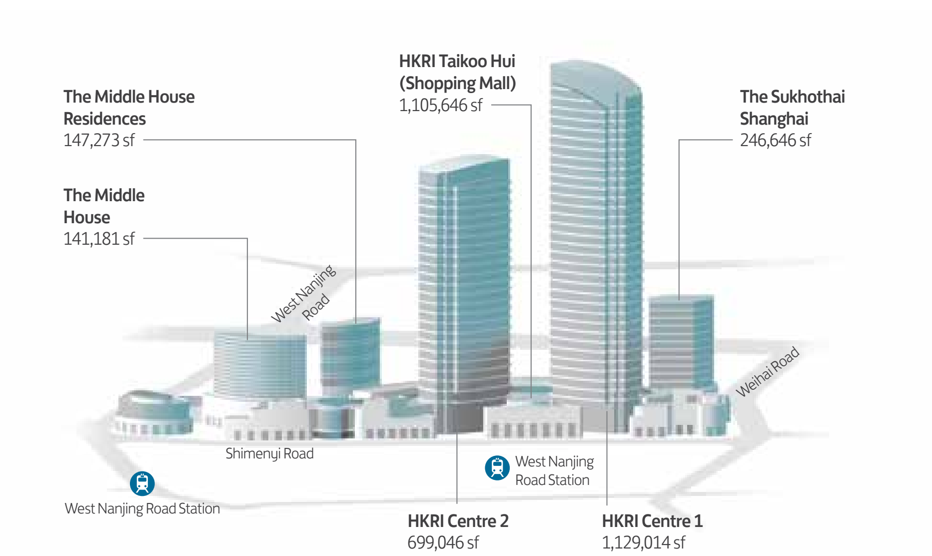
TAIKOO HUI

GUANGZHOU



HKRI TAIKOO HUI

SHANGHAI

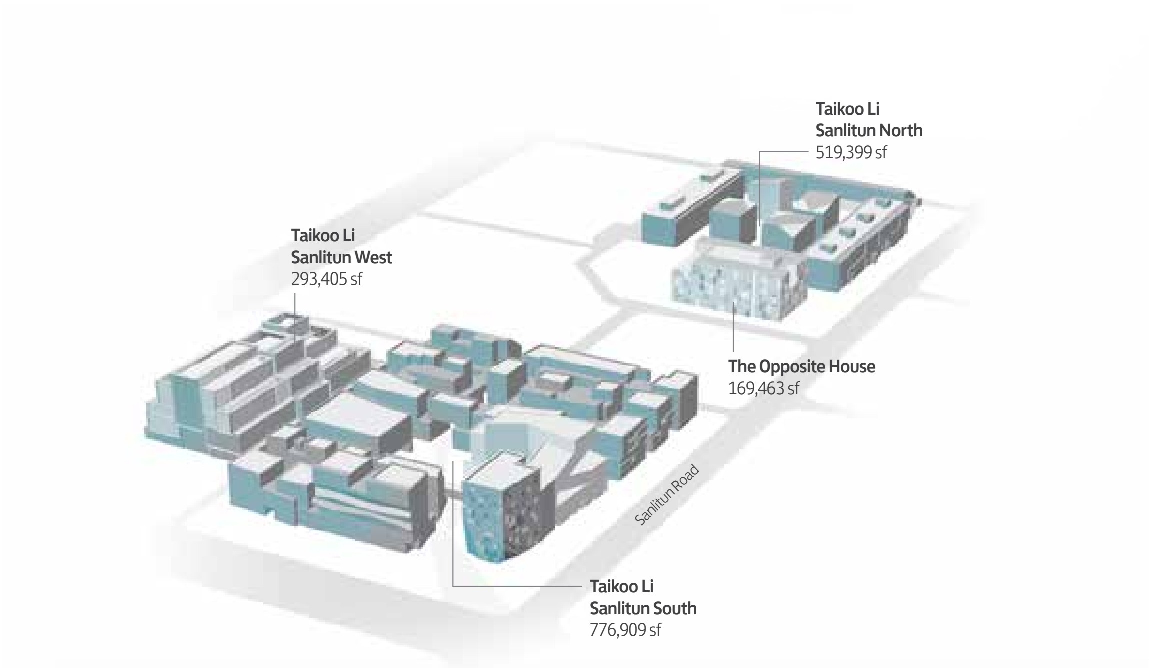


INDIGO

BEIJING

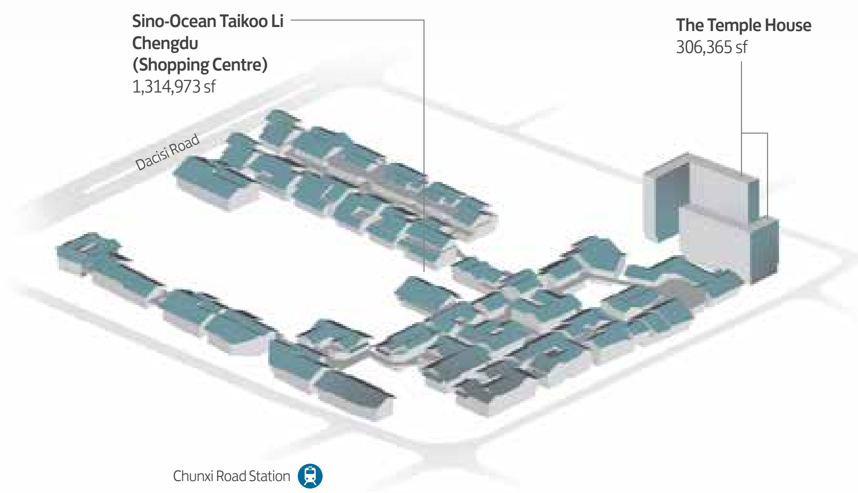
TAIKOO LI SANLITUN

BEIJING



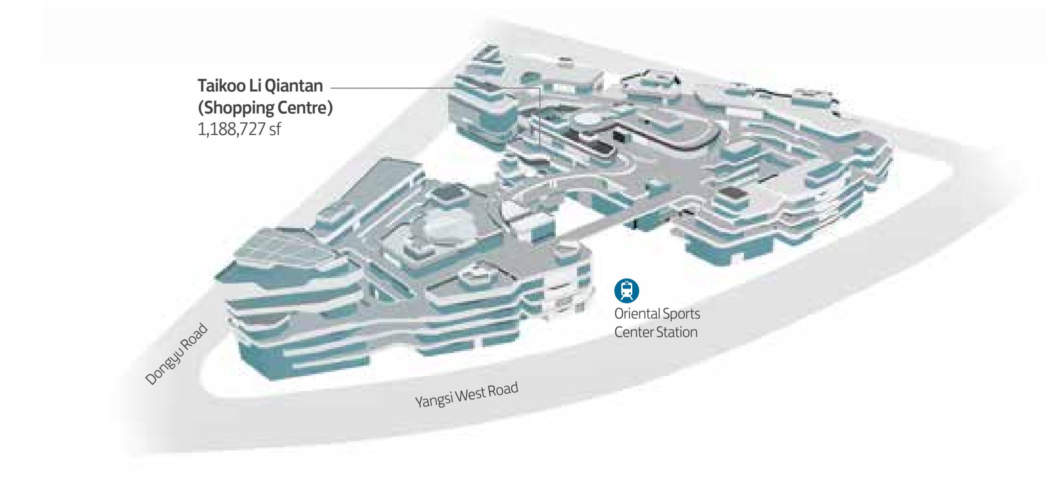
SINO-OCEAN TAIKOO LI CHENGDU

CHENGDU



TAIKOO LI QIANTAN

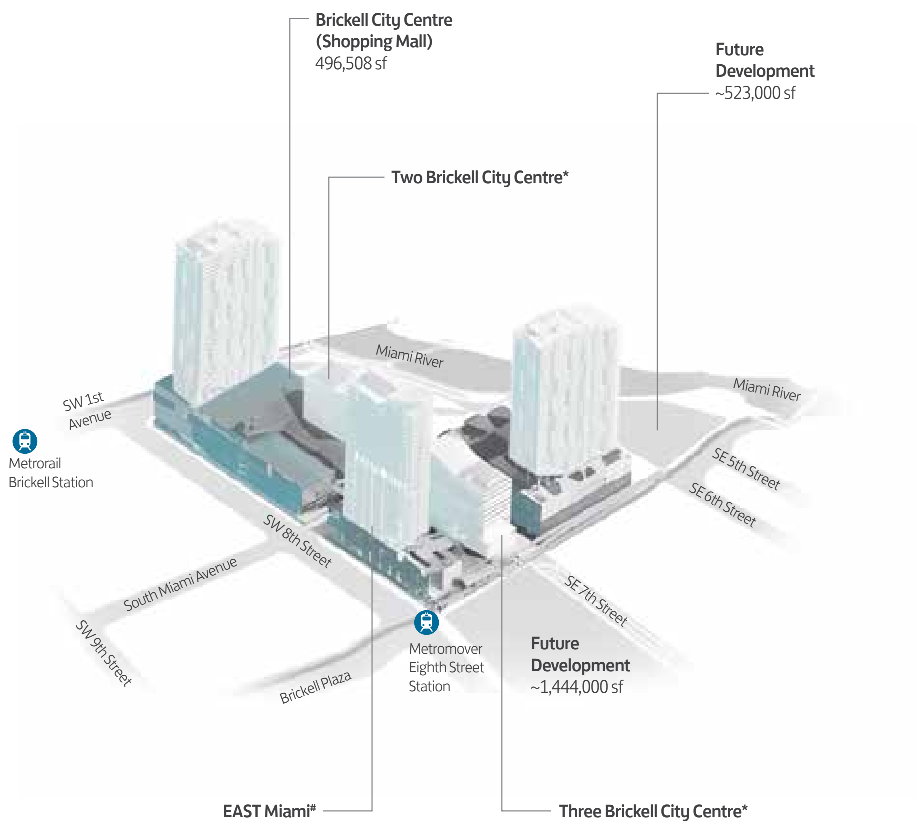
SHANGHAI



U.S.A.

BRICKELL CITY CENTRE

MIAMI, FLORIDA



* Two Brickell City Centre and Three Brickell City Centre were sold in 2020. The office towers are now managed by Swire Properties.

\# EAST Miami was sold in 2021. The hotel and serviced apartments are now managed by Swire Hotels.

Note:

These diagrams are not to scale and are for illustration purposes only.
These diagrams illustrate the major developments of Swire Properties. For details of other developments, please refer to the Schedule of Principal Group Properties on pages 200 to 210.

FINANCIAL REVIEW

References are to "Notes to the Financial Statements" on pages 135 to 193.

Consolidated Statement of Profit or Loss

	2021 HK$M	2020 HK$M	Reference
Revenue	**15,891**	13,308	Note 4

The increase in revenue of HK$2,583 million compared to 2020 was principally due to higher revenue from property trading.

Revenue from property trading increased by HK$2,131 million from 2020. In 2021, revenue was recognised from the sales of 20 EDEN units in Singapore and from 25 Reach units and 89 Rise units in Miami, U.S.A. In 2020, revenue was recognised from the sales of two Reach units and 29 Rise units in Miami, U.S.A.

Revenue from hotels increased by HK$253 million, mainly due to better performances in the Chinese Mainland and the U.S.A.

Gross rental income from investment properties increased by HK$198 million. In Hong Kong, gross rental income decreased by HK$599 million, due mainly to loss of rental income from the Cityplaza One office tower (which was disposed of in the second half of 2020) and amortisation of rental concessions given to retail tenants. Disregarding the effect of the disposal of Cityplaza One, gross rental income from office properties was approximately the same. The retail portfolio was adversely affected by COVID-19 but there were higher turnover rents due to increased retail sales. Rental concessions (on a cash basis) reduced considerably in 2021. In the Chinese Mainland, gross rental income increased by HK$699 million, due mainly to strong retail rental income. This reflected higher retail sales and Renminbi appreciation. In the U.S.A., gross rental income increased, mainly due to a recovery of retail sales from the adverse effect of COVID-19. The increase in retail rental income more than offset the loss of office rental income from the Two and Three Brickell City Centre (which was disposed of in the second half of 2020).

Consolidated Statement of Profit or Loss *(continued)*

	2021 HK$M	2020 HK$M	Reference
Gross Profit Gross profit increased by HK$610 million. Gross profit from property trading and hotels increased by HK$520 million and HK$171 million respectively. Gross profit from investment properties was lower. Gross profit from property trading reflected the recognition of profits on the sale of EDEN units in Singapore and units at the Reach and Rise developments in the U.S.A. Gross profit from hotels increased by HK$171 million as hotels in the Chinese Mainland and the U.S.A. performed better. Gross profit from investment properties decreased by HK$81 million, mainly due to lower profits from the office properties (reflecting the loss of rental income from the Cityplaza One office tower) and the retail properties (reflecting in part the amortisation of rental concessions given to retail tenants) in Hong Kong, partly offset by strong performance from the retail properties in the Chinese Mainland.	**10,522**	9,912	
Operating Profit The increase in operating profit of HK$2,333 million was principally due to a reduction in net valuation losses on investment properties, partly offset by a decrease in profit on sale of interests in investment properties in Hong Kong and the U.S.A. A net valuation loss on investment properties of HK$1,947 million was recorded in 2021, HK$2,518 million less than that recorded in 2020. Investment properties in Hong Kong recorded a net valuation loss of HK$3,648 million, principally due to rental decreases. There was an increase in the valuation of car parking spaces in Hong Kong. Investment properties in the Chinese Mainland recorded a valuation gain of HK$1,471 million, principally due to higher rents and a decrease of 25 basis points in the capitalisation rate applicable to the retail investment properties at Taikoo Hui, Guangzhou and Taikoo Li Sanlitun, Beijing. The investment properties at Brickell City Centre in Miami, U.S.A. recorded a valuation gain of HK$230 million, mainly due to a decrease of 25 basis points in the discount rate applicable to the retail portfolio. Administrative and selling expenses increased by HK$194 million compared to 2020. The increase principally reflected project related costs charged to expenses in 2021.	**7,839**	5,506	Notes 6 and 8(a)

Consolidated Statement of Profit or Loss *(continued)*

	2021 HK$M	2020 HK$M	Reference
Net Finance Charges The reduction of HK$5 million principally reflected a decrease in net borrowings in the U.S.A. and a decrease in the cost of borrowings in Hong Kong and the U.S.A., partly offset by an increase in the fair value of a put option in respect of a non-controlling interest.	**377**	382	Note 10
Share of Profit Less Losses of Joint Venture Companies The increase of HK$1,052 million principally reflected net valuation gains of HK$814 million, compared with net valuation losses of HK$53 million in 2020. There were lower operating losses from hotels.	**1,870**	818	Note 8(a)
Taxation The increase of HK$174 million was principally due to higher operating profit from investment properties in the Chinese Mainland and an increase in fair value gains in respect of investment properties in the Chinese Mainland and the U.S.A.	**1,961**	1,787	Note 11
Profit Attributable to the Company's Shareholders The increase of HK$3,025 million reflected lower net valuation losses from investment properties, partly offset by lower profits on the sale of interests in investment properties.	**7,121**	4,096	Note 8(a)

Consolidated Statement of Financial Position

	2021 HK$M	2020 HK$M	Reference
Property, Plant and Equipment The decrease in property, plant and equipment was principally due to the disposal of EAST Miami in the U.S.A. and depreciation, partly offset by additions to plant and equipment and foreign exchange translation gains (principally in respect of leasehold buildings in the Chinese Mainland).	**3,381**	4,322	Note 15
Investment Properties The increase in investment properties of HK$956 million was principally due to additions during the year of HK$4,247 million and foreign exchange translation gains of HK$1,155 million, partly offset by a net valuation loss of HK$1,947 million, the disposals of Taikoo Shing car parking spaces and of EAST Miami service apartments (such disposals aggregating HK$1,603 million) and the transfer of unsold Taikoo Shing car parking spaces of HK$1,646 million to assets classified as held for sale. The additions reflected capital expenditure at the Taikoo Place redevelopment and other projects in Hong Kong and the Chinese Mainland. The foreign exchange translation gains were principally in respect of investment properties in the Chinese Mainland.	**267,959**	267,003	Note 16
Right-of-use Assets The decrease of HK$859 million principally reflected net transfers to investment properties and amortisation of right-of-use assets.	**2,442**	3,301	Note 18
Joint Venture Companies and Loans Due from Joint Venture Companies The increase of HK$6,455 million principally reflected (i) increases in the equity of joint venture companies, (ii) the Company's share of profits of joint venture companies (including valuation gains), (iii) the Company's share of foreign exchange translation gains in respect of joint venture companies in the Chinese Mainland and (iv) movements in loans due from joint venture companies.	**37,618**	31,163	Note 20
Financial Assets at Fair Value through Profit or Loss The decrease of HK$546 million principally reflected the disposal of the Group's 22% interest in the holding company of the purchaser of the Cityplaza One office tower in Hong Kong, partly offset by new investments during the year.	**439**	985	
Other Financial Assets at Amortised Cost The increase of HK$14 million principally reflected a deferred payment to be received in respect of the sale of the Cityplaza One office tower.	**522**	508	Note 32

Consolidated Statement of Financial Position *(continued)*

	2021 HK$M	2020 HK$M	Reference
Properties For Sale The increase of HK$2,873 million principally reflected development expenditure in respect of EIGHT STAR STREET and Chai Wan Inland Lot No. 178 in Hong Kong, partly offset by sales of units at EDEN in Singapore and at the Reach and Rise developments at Brickell City Centre in the U.S.A.	**6,411**	3,538	Note 23
Trade and Other Receivables The increase of HK$101 million mainly reflected Taikoo Shing car parking spaces held in escrow pending sale.	**2,805**	2,704	Note 24
Assets Classified as Held For Sale This represents a 100% interest in 921 car parking spaces and 185 motorcycle parking spaces at Taikoo Shing, Hong Kong.	**1,740**	384	Note 33
Trade and Other Payables The increase of HK$1,488 million principally reflected a HK$942 million increase in advances from a non-controlling interest, a HK$479 million increase in interest-bearing advances from joint venture companies and a HK$58 million increase in accrued capital expenditure, partly offset by a HK$49 million decrease in deposits received on sale of investment properties.	**9,489**	8,001	Note 27
Long-Term Loans and Bonds (including the component due within one year) The decrease of HK$2,562 million was principally due to the repayment and prepayment of bank loans in Hong Kong, the U.S.A. and Singapore, and the repayment of medium term notes, partly offset by the drawdown of bank loans.	**24,601**	27,163	Note 29
Deferred Tax Liabilities The increase of HK$753 million principally reflected deferred tax in respect of valuation gains on investment properties and exchange translation gains in the Chinese Mainland.	**10,847**	10,094	Note 31
Equity Attributable to the Company's Shareholders The increase in equity attributable to the Company's shareholders represents the total comprehensive income for the year attributable to the Company's shareholders (HK$8,802 million), as reduced by dividends paid to the Company's shareholders.	**292,155**	288,736	Notes 35 and 36
Non-Controlling Interests The increase in non-controlling interests of HK$59 million reflected profits earned by and foreign exchange translation gains in respect of entities in which there are non-controlling interests, partly offset by dividends paid to the owners of non-controlling interests.	**2,003**	1,944	Note 38

Consolidated Statement of Cash Flows

	2021 HK$M	2020 HK$M	Reference
Cash Generated from Operations Cash generated from operations of HK$7,028 million principally comprised cash inflows from investment properties of approximately HK$9,726 million and from property trading of approximately HK$2,465 million, partly offset by operating expenses of approximately HK$1,412 million and expenditure on properties for sale of approximately HK$3,824 million (after netting off contribution from a non-controlling interest).	**7,028**	7,550	Note 43(a)
Tax Paid The increase principally reflected a better performance in the Chinese Mainland in 2021, partly offset by less tax paid in Hong Kong.	**1,635**	1,589	
Purchase of Property, Plant and Equipment The amount in 2021 principally reflected additions to plant and equipment and other capital expenditure.	**180**	121	Note 43(b)
Additions of Investment Properties The amount in 2021 principally reflected capital expenditure on the Taikoo Place redevelopment and on other projects in Hong Kong and the Chinese Mainland.	**3,860**	1,383	
Proceeds from Disposal of Property, Plant and Equipment and Investment Properties The amount in 2021 reflected the proceeds from sales of Taikoo Shing car parking spaces in Hong Kong and EAST Miami in the U.S.A.	**3,758**	1,394	
Equity and Loans (Net of Repayment) to Joint Venture Companies The amount in 2021 principally reflected equity in joint venture companies of HK$3,986 million and net movements of loans to joint venture companies.	**4,160**	(637)	
Repayment of Loans, Bonds and Lease Liabilities (Net of Loans Drawn and Refinancing) The amount in 2021 principally reflected the repayment and prepayment of bank loans in Hong Kong, the U.S.A. and Singapore, and the repayment of medium term notes, partly offset by the drawdown of bank loans during the year.	**2,856**	2,488	

Investment Appraisal and Performance Review

	Net Assets Employed		Capital Commitments[1]	
	2021 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M
Property investment	**288,794**	282,793	**20,276**	18,389
Property trading	**9,637**	7,249	**–**	–
Hotels	**6,061**	7,243	**408**	281
Total net assets employed	**304,492**	297,285	**20,684**	18,670
Less: net debt	**(10,334)**	(6,605)		
Less: non-controlling interests	**(2,003)**	(1,944)		
Equity attributable to the Company's shareholders	**292,155**	288,736		

	Equity Attributable to the Company's Shareholders[2]		Return on Average Equity Attributable to the Company's Shareholders[2]	
	2021 HK$M	2020 HK$M	**2021**	2020
Property investment	**281,581**	278,373	**2.4%**	1.7%
Property trading	**4,771**	4,269	**13.3%**	-2.0%
Hotels	**5,803**	6,094	**-5.2%**	-8.6%
Total	**292,155**	288,736	**2.5%**	1.4%

(1) The capital commitments represent the Group's capital commitments plus the Group's share of the capital commitments of joint venture companies.

(2) Refer to Glossary on page 211 for definitions.

FINANCING

- Capital Structure
- Medium Term Note Programme
- Changes in Financing
- Net Debt
- Sources of Finance
  - – Loans and Bonds
  - – Bank Balances and Short-term Deposits
- Maturity Profile and Refinancing
- Currency Profile
- Finance Charges
- Gearing Ratio and Interest Cover
- Capital Management
- Attributable Net Debt
- Debt in Joint Venture and Associated Companies

Capital Structure

The Group aims to maintain a capital structure which enables it to invest in and finance projects in a disciplined and targeted manner.

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as a going concern, so that it can continue to provide returns for shareholders, and to secure access to finance at a reasonable cost.

The Group considers a number of factors in monitoring its capital structure, which principally include the gearing ratio, cash interest cover and the return cycle of its investments.

Medium Term Note Programme

In 2012, Swire Properties MTN Financing Limited, a wholly-owned subsidiary of the Company, established a US$3 billion Medium Term Note ("MTN") Programme. The aggregate nominal amount of the MTN Programme was increased to US$4 billion in 2017. Notes issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. At 31st December 2021, the MTN Programme was rated A by Fitch and (P)A2 by Moody's, in each case in respect of notes with a maturity of more than one year.

The MTN Programme enables the Group to raise money directly from the capital markets. Under the MTN Programme, notes may be issued in US dollars or in other currencies, in various amounts and for various tenors.

Changes in Financing

Audited Financial Information

During the year, the Group repaid and prepaid term and revolving loan facilities of HK$3,884 million and repaid medium term notes of HK$300 million.

	Loans and bonds				
	due within one year HK$M	due after one year HK$M	Lease liabilities HK$M	Total 2021 HK$M	2020 HK$M
At 1st January	**1,914**	**25,343**	**580**	**27,837**	30,277
Loans drawn and refinanced	**1,100**	**300**	**–**	**1,400**	1,847
Bonds issued	**–**	**–**	**–**	**–**	1,920
Bonds matured	**(300)**	**–**	**–**	**(300)**	(3,875)
Repayment of loans	**(3,177)**	**(707)**	**–**	**(3,884)**	(2,326)
New leases arranged during the year	**–**	**–**	**51**	**51**	54
Principal elements of lease payments	**–**	**–**	**(72)**	**(72)**	(54)
Reclassification	**9,439**	**(9,439)**	**–**	**–**	–
Currency adjustment	**(1)**	**86**	**14**	**99**	(56)
Other non-cash movements	**25**	**18**	**(7)**	**36**	50
At 31st December	**9,000**	**15,601**	**566**	**25,167**	27,837

Net Debt

Audited Financial Information

Net debt at 31st December 2021 was HK$10,334 million, compared with HK$6,605 million at 31st December 2020. The increase in net debt principally reflected funding for INDIGO Phase Two in Beijing and capital and development expenditure in Hong Kong.

The Group's borrowings are principally denominated in Hong Kong dollars and US dollars. Outstanding borrowings at 31st December 2021 and 2020 were as follows:

	2021 HK$M	2020 HK$M
Borrowings included in non-current liabilities		
Bank borrowings – unsecured	**588**	6,511
Bonds – unsecured	**15,013**	18,832
Borrowings included in current liabilities		
Bank borrowings – unsecured	**5,102**	1,614
Bonds – unsecured	**3,898**	300
Total borrowings	**24,601**	27,257
Lease liabilities		
Included in non-current liabilities	**517**	510
Included in current liabilities	**49**	70
Less: short-term deposits and bank balances	**14,833**	21,232
Net debt	**10,334**	6,605

Sources of Finance

Audited Financial Information

At 31st December 2021, committed loan facilities and debt securities amounted to HK$29,318 million, of which HK$4,650 million (16%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$400 million. Sources of funds at 31st December 2021 comprised:

	Available HK$M	Drawn HK$M	Undrawn Expiring Within One Year HK$M	Undrawn Expiring After One Year HK$M
Facilities from third parties				
Term loans	**4,309**	**4,309**	**–**	**–**
Revolving loans	**6,050**	**1,400**	**2,750**	**1,900**
Bonds	**18,959**	**18,959**	**–**	**–**
Total committed facilities	**29,318**	**24,668**	**2,750**	**1,900**
Uncommitted facilities				
Bank loans and overdrafts	**400**	**–**	**400**	**–**
Total	**29,718**	**24,668**	**3,150**	**1,900**

Note:
The figures above are stated before unamortised loan fees of HK$67 million.

i) Loans and Bonds

Audited Financial Information

For accounting purposes, loans and bonds are classified as follows:

	2021			2020		
	Drawn, Before Unamortised Loan Fees HK$M	**Unamortised Loan Fees HK$M**	**Carrying Value HK$M**	Drawn, Before Unamortised Loan Fees HK$M	Unamortised Loan Fees HK$M	Carrying Value HK$M
Group						
Uncommitted bank loans and overdrafts						
– unsecured	**–**	**–**	**–**	94	–	94
Long-term loans and bonds at amortised cost						
– unsecured	**24,668**	**(67)**	**24,601**	27,273	(110)	27,163
Less: amount due within one year included under current liabilities	**9,008**	**(8)**	**9,000**	1,825	(5)	1,820
	15,660	**(59)**	**15,601**	25,448	(105)	25,343

ii) Bank Balances and Short-term Deposits

The Group had bank balances and short-term deposits of HK$14,833 million at 31st December 2021, compared to HK$21,232 million at 31st December 2020.

Maturity Profile and Refinancing

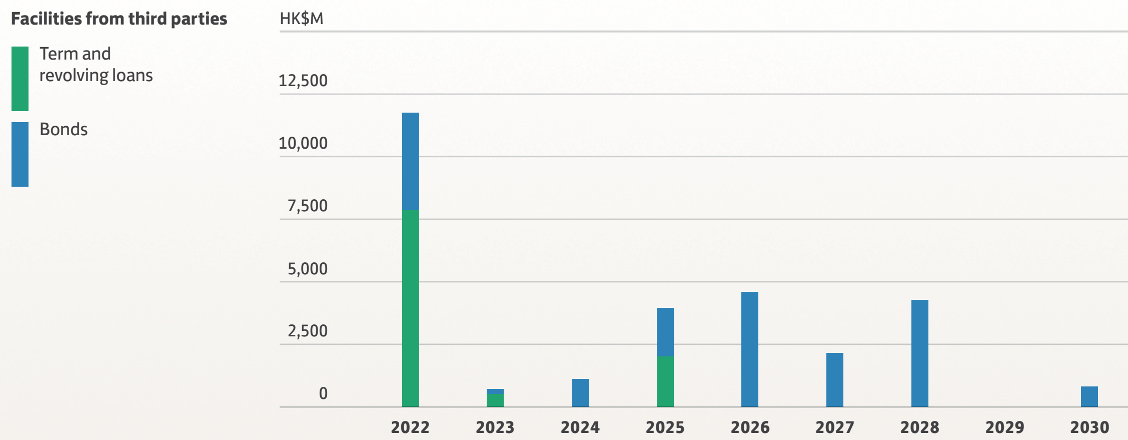
Bank loans and other borrowings are repayable on various dates up to 2030 (2020: up to 2030). The weighted average term and cost of the Group's debt are:

	2021	2020
Weighted average term of debt	**3.0 years**	3.2 years
Weighted average cost of debt	**3.0%**	3.1%

Note:
The weighted average cost of debt above is stated on gross debt basis.

The maturity profile of the Group's available committed facilities is set out below:

TOTAL AVAILABLE COMMITTED FACILITIES BY MATURITY



Audited Financial Information

The table below sets forth the maturity profile of the Group's borrowings:

	2021		2020	
	HK$M		HK$M	
Bank borrowings and bonds from third parties due				
Within 1 year	**9,000**	**37%**	1,914	7%
1-2 years	**199**	**1%**	9,385	34%
2-5 years	**8,207**	**33%**	4,224	16%
After 5 years	**7,195**	**29%**	11,734	43%
Total	**24,601**	**100%**	27,257	100%
Less: Amount due within one year included under current liabilities	**9,000**		1,914	
Amount due after one year included under non-current liabilities	**15,601**		25,343	

Currency Profile

Audited Financial Information

An analysis of the carrying amounts of gross borrowings by currency (after cross-currency swaps) is shown below:

	2021		2020	
	HK$M		HK$M	
Currency				
Hong Kong dollars	**20,747**	**84%**	21,077	77%
United States dollars	**3,854**	**16%**	5,371	20%
Singapore dollars	**–**	**–**	809	3%
Total	**24,601**	**100%**	27,257	100%

Finance Charges

Audited Financial Information

An analysis of outstanding borrowings by reference to whether they bear interest at fixed or floating rates is shown below:

	2021		2020	
	HK$M		HK$M	
Fixed	**20,518**	**83%**	20,743	76%
Floating	**4,150**	**17%**	6,624	24%
Sub-total	**24,668**	**100%**	27,367	100%
Less: Unamortised loan fee	**67**		110	
Total	**24,601**		27,257	

The exposure of the Group's borrowings to fixed and floating interest rates can be illustrated as follows:

		Fixed Interest Rates Maturing in:			
	Floating Interest Rates HK$M	1 Year or Less HK$M	1 to 5 Years HK$M	Over 5 Years HK$M	Total HK$M
At 31st December 2021	**4,132**	**5,456**	**7,818**	**7,195**	**24,601**
At 31st December 2020	6,579	300	8,644	11,734	27,257

Audited Financial Information *(continued)*

Interest charged and earned during the year was as follows:

	2021 HK$M	2020 HK$M
Interest charged on:		
Bank loans and overdrafts	61	121
Bonds	651	654
Interest-bearing advances from joint venture companies	9	–
Lease liabilities	18	18
Net fair value losses/(gains) on derivative instruments		
Cash flow hedges – transferred from other comprehensive income	14	24
Cross-currency swaps not qualifying as hedges	1	(1)
Other financing costs	131	144
	885	960
Losses/(Gains) on the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	64	(35)
Capitalised on:		
Investment properties	(293)	(240)
Properties for sale	(49)	(39)
	607	646
Interest income on:		
Short-term deposits and bank balances	(135)	(194)
Loans to joint venture companies	(79)	(68)
Others	(16)	(2)
	(230)	(264)
Net finance charges	377	382

The capitalised interest rates on funds both borrowed generally and used for the development of investment properties and properties for sale were between 3.3% and 3.4% per annum (2020: 3.3% and 3.6% per annum).

The amount transferred from other comprehensive income in respect of cash flow hedges in 2021 includes HK$4 million (2020: HK$4 million) relating to currency basis.

The interest rates per annum (after interest rate and cross-currency swaps) at 31st December were as follows:

	2021			2020		
	HK$ %	US$ %	SGD %	HK$ %	US$ %	SGD %
Uncommitted bank loans and overdrafts	–	–	–	–	–	1.1
Long-term loans and bonds	0.8-4.4	0.8-2.9	–	0.8-4.4	0.8-2.9	0.9

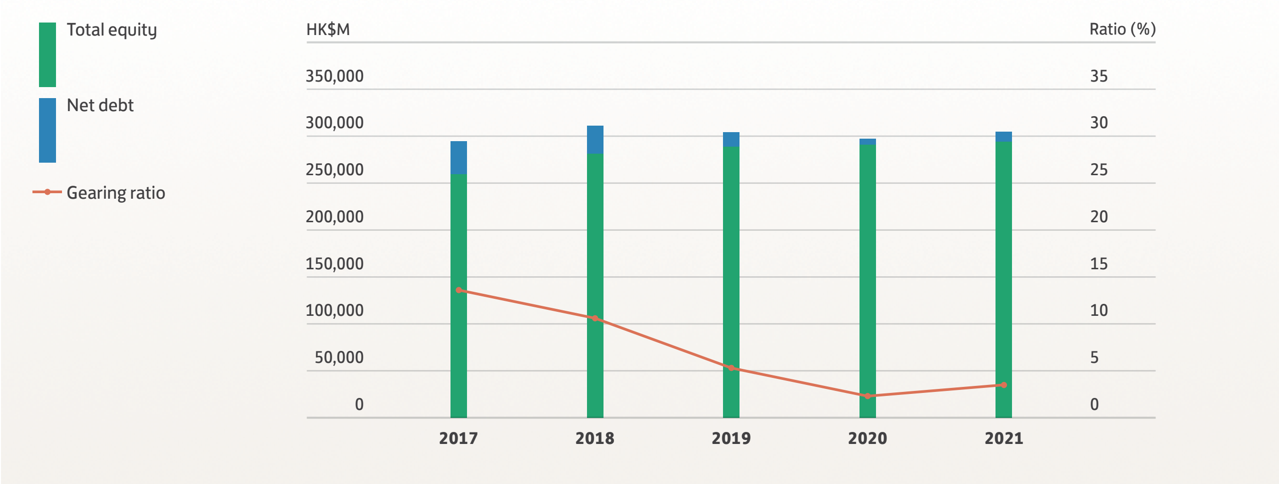
Audited Financial Information *(continued)*

Benchmark interest rates like London interbank offered rate (LIBOR) are being replaced. The cash flows of the Company and its subsidiaries primarily affected are those associated with US dollar denominated variable interest rate facilities and interest rate swaps which reference LIBOR. These facilities and swaps had principal and notional principal amounts equivalent in aggregate to HK$5,419 million at 31st December 2021. Most of the uncertainty arising from the Group's exposure to interbank offered rates (IBOR) will cease when affected facilities expire this year. Other variable interest rate facilities of the Company and its subsidiaries are not referenced to rates which are being replaced.

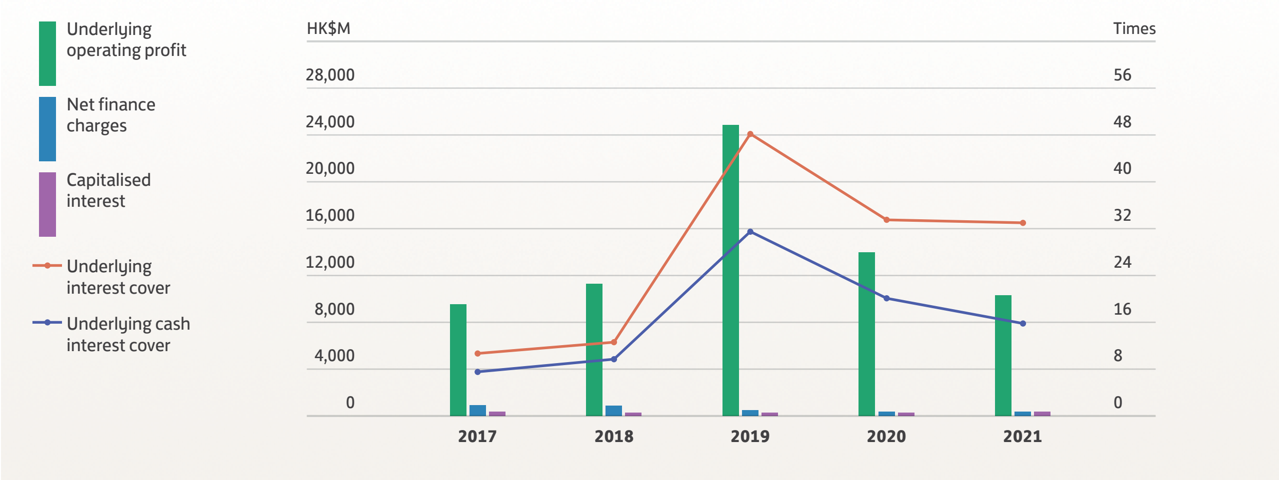
Gearing Ratio and Interest Cover

The following graphs illustrate the gearing ratio and underlying interest cover for each of the last five years:

GEARING RATIO



UNDERLYING INTEREST COVER



	2021	2020
Gearing ratio [1]	**3.5%**	2.3%
Interest cover – times [1]		
Per financial statements	**20.8**	14.4
Underlying	**33.0**	33.5
Cash interest cover – times [1]		
Per financial statements	**10.9**	8.3
Underlying	**15.8**	20.1

(1) Refer to Glossary on page 211 for definitions.

Capital Management

Audited Financial Information

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as a going concern, so that it can continue to provide returns for shareholders, and to secure access to finance at a reasonable cost.

The Group considers a number of factors in monitoring its capital structure, which principally include the gearing ratio, cash interest cover and the return cycle of its investments. For the purpose of the gearing ratio, the Group defines net debt as total borrowings and lease liabilities less short-term deposits and bank balances. Capital comprises total equity, as shown in the consolidated statement of financial position.

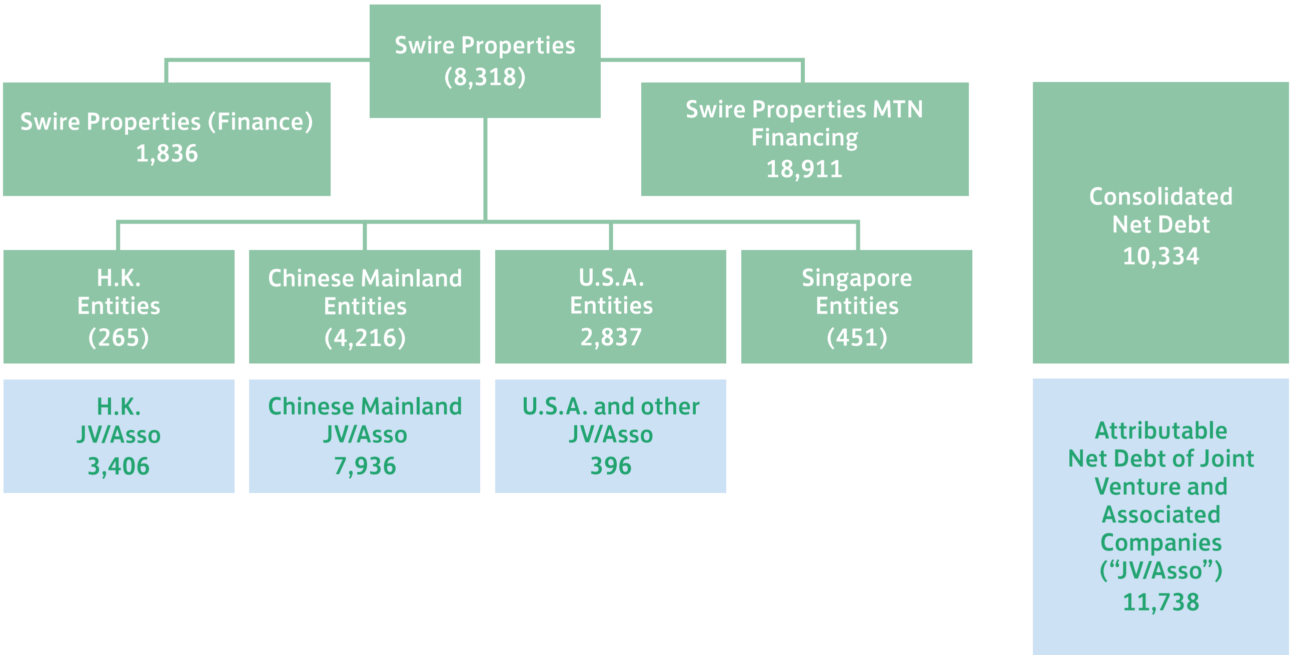
In order to maintain or adjust the gearing ratio, the Group may adjust the amount of dividends paid to shareholders, repurchase shares, raise new debt financing or sell assets to reduce debt. The gearing ratios at 31st December 2021 and 31st December 2020 were as follows:

	2021 HK$M	2020 HK$M
Total borrowings	**24,601**	27,257
Lease liabilities	**566**	580
Less: Short-term deposits and bank balances	**14,833**	21,232
Net debt	**10,334**	6,605
Total equity	**294,158**	290,680
Gearing ratio	**3.5%**	2.3%

The Group has given certain covenants under facilities from third-parties, including maintenance of a minimum amount of tangible net worth. The Group has significant headroom on all covenants, and does not expect any breach in the foreseeable future.

Attributable Net Debt

The chart below illustrates, by entity, the Group's attributable net debt (in HK$ million):



Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of the Group reported in the consolidated statement of financial position does not include the net debt of its joint venture and associated companies. These companies had the following net debt positions at the end of 2021 and 2020:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by the Group	
	2021 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M
Hong Kong Entities	**10,033**	9,434	**3,406**	3,162	**2,265**	2,265
Chinese Mainland Entities	**16,629**	20,042	**7,936**	8,958	**904**	–
U.S.A. and other Entities	**317**	614	**396**	473	**474**	471
Total	**26,979**	30,090	**11,738**	12,593	**3,643**	2,736

If the attributable portion of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 7.5%.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CORPORATE GOVERNANCE

Governance Culture

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

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders
- that the interests of those who deal with the Company are safeguarded
- that overall business risk is understood and managed appropriately
- the delivery of high-quality products and services to the satisfaction of customers and
- that high standards of ethics are maintained

Corporate Governance Statement

The Corporate Governance Code (the "CG Code") as published by The Stock Exchange of Hong Kong Limited sets out the principles of good corporate governance and provides two levels of recommendation:

- code provisions, with which issuers are expected to comply, but with which they may choose not to comply, provided they give considered reasons for non-compliance
- recommended best practices, with which issuers are encouraged to comply, but which are provided for guidance only

The Company supports the principles-based approach of the CG Code and the flexibility this provides for the adoption of corporate policies and procedures which recognise the individuality of companies. Swire Properties has adopted its own corporate governance code which is available on its website www.swireproperties.com. Corporate governance does not stand still; it evolves with each business and operating environment. The Company is always ready to learn and adopt best practices.

The Company complied with all the code provisions set out in the CG Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year covered by the annual report with the following exception which it believed does not benefit shareholders:

- Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Board considered the merits of establishing a nomination committee but concluded that it was in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allowed a more informed and balanced decision to be made by the Board as to suitability for the role.

During 2021, The Stock Exchange of Hong Kong Limited consulted on changes to the CG Code and related Listing Rules. One of the outcomes of the consultation is that nomination committees have become mandatory. The Board has resolved to form a nomination committee. See further under "Nomination Committee" below.

The Board of Directors

Role of the Board

The Company is governed by a Board of Directors, which has responsibility for strategic leadership and control of the Group designed to maximise shareholder value, while taking due account of the interests of those with whom the Group does business and others.

Responsibility for achieving the Company's objectives and running the business on a day-to-day basis is delegated to management. The Board exercises a number of reserved powers which include:

- maintaining and promoting the culture of the Company
- formulation of long-term strategy
- approving public announcements, including financial statements
- committing to major acquisitions, divestments and capital projects
- authorising significant changes to the capital structure and material borrowings
- any issue, or buy-back, of equity securities under the relevant general mandates
- approving treasury policy
- setting dividend policy
- approving appointments to the Board
- reviewing the board diversity policy with a view to the Board having a balance of skills, experience and diversity of perspectives appropriate to the Company's businesses
- ensuring that appropriate management development and succession plans are in place
- setting the Group remuneration policy
- approving annual budgets and forecasts
- reviewing operational and financial performance
- reviewing the effectiveness of the Group's risk management and internal control systems
- ensuring the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions
- overseeing sustainable development matters

To assist it in fulfilling its duties, the Board has established three primary committees, the Audit Committee (see pages 96 to 97), the Remuneration Committee (see page 94) and the Nomination Committee (see page 97).

Chairman and Chief Executive

The CG Code requires that the roles of Chairman and Chief Executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who run the business.

G.M.C. Bradley, the Chairman, is responsible for:

- leadership of the Board
- setting its agenda and taking into account any matters proposed by other Directors for inclusion in the agenda
- facilitating effective contributions from and dialogue with all Directors and constructive relations between them
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that they receive accurate, timely and clear information
- obtaining consensus amongst the Directors
- ensuring, through the Board, that good corporate governance practices and procedures are followed

T.J. Blackburn, the Chief Executive, is responsible for implementing the policies and strategies set by the Board in order to ensure the successful day-to-day management of the Group's business.

Throughout the year, there was a clear division of responsibilities between the Chairman and the Chief Executive.

Board Composition

The Board is structured with a view to ensuring it is of a high calibre and has a balance of key skills and knowledge so that it works effectively as a team and individuals or groups do not dominate decision-making.

The Board comprises the Chairman, three other Executive Directors and nine Non-Executive Directors. Their biographical details are set out in the section of this annual report headed Directors and Officers and are posted on the Company's website.

T.J. Blackburn, G.M.C. Bradley, F.N.Y. Lung, M.S.C. Ma and M.J. Murray are directors and/or employees of the John Swire & Sons Limited ("Swire") group. N.A.H. Fenwick and M.B. Swire are shareholders, directors and/or employees of and R.S.K. Lim is an adviser to the Swire group. Before they ceased to be directors of the Company, P. Healy and M.M.S. Low were directors and employees of the Swire group.

The Non-Executive Directors bring independent advice, judgement and, through constructive challenge, scrutiny of executives and review of performance and risks. The Audit and Remuneration Committees of the Board comprise only Non-Executive Directors.

The Board considers that five of the nine Non-Executive Directors are independent in character and judgement and fulfil the independence guidelines set out in Rule 3.13 of the Listing Rules. S.T. Fung has served as an Independent Non-Executive Director for more than nine years. The Directors are of the opinion that he remains independent, notwithstanding his length of tenure. S.T. Fung continues to demonstrate the attributes of an Independent Non-Executive Director noted above and there is no evidence that his tenure has had any impact on his independence. The Board believes that his detailed knowledge and experience of the Group's business and his external experience continue to be of significant benefit to the Company, and that he maintains an independent view of its affairs.

Confirmation has been received from all Independent Non-Executive Directors that they are independent as set out in Rule 3.13 of the Listing Rules. None of the Independent Non-Executive Directors holds cross-directorships or has significant links with other Directors through involvements in other companies or bodies.

The Independent Non-Executive Directors:

- provide open and objective challenge to management and other Board members
- raise intelligent questions and challenge constructively and with vigour
- bring outside knowledge of the businesses and markets in which the Group operates, providing informed insight and responses to management

The number of Independent Non-Executive Directors represents at least one-third of the Board of Directors.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-Executive Directors to be independent.

Appointment and Re-election

Potential new Directors are identified and considered for appointment by the Board. A Director appointed by the Board is subject to election by shareholders at the first annual general meeting after his or her appointment, and all Executive and Non-Executive Directors are subject to re-election by shareholders every three years.

Potential new Board members are identified on the basis of skills and experience which, in the opinion of the Directors, will enable them to make a positive contribution to the performance of the Board.

On 8th March 2022, the Board, having reviewed the Board's composition, nominated T.J. Blackburn, G.M.C. Bradley, N.A.H. Fenwick, S.T. Fung, M.S.C. Ma and M.B. Swire for recommendation to shareholders for election/re-election at the 2022 Annual General Meeting. The nominations were made in accordance with objective criteria (including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service, number of directorships of listed companies and the legitimate interests of the Company's principal shareholders), with due regard for the benefits of diversity, as set out in the board diversity policy. The Board also took into account the respective contributions of G.M.C. Bradley, N.A.H. Fenwick, S.T. Fung and M.B. Swire to the Board and their firm commitment to their roles. The Board is satisfied with the independence of S.T. Fung having regard to the criteria laid down in the Listing Rules. The particulars of the Directors standing for election/re-election are set out in the section of this annual report headed Directors and Officers and will also be set out in the circular to shareholders to be distributed with this annual report and posted on the Company's website.

Full details of changes in the Board during the year and to the date of this report are provided in the section of this annual report headed Directors' Report.

Board Diversity

The Board has adopted a board diversity policy, which is available on the Company's website. The Board's composition reflects an appropriate mix of skills, experience and diversity among its members that are relevant to the Company's strategy, governance and business and contribute to the Board's effectiveness. A summary is set out in the table below:

Age	Gender	Ethnicity	Years of service as Director	Skills, expertise and experience
43-50 years (23%)	Male (69%)	British (38%)	3 years or below (46%)	real estate (31%)
51-60 years (46%)	Female (31%)	Chinese (54%)	4-9 years (31%)	company executive (38%)
61-66 years (31%)		Singaporean (8%)	over 9 years (23%)	accounting, banking and finance (23%)
				e-commerce (8%)

In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders.

Responsibilities of Directors

On appointment, the Directors receive information about the Group including:

- the role of the Board and the matters reserved for its attention
- the role and terms of reference of Board Committees
- the Group's corporate governance practices and procedures
- the powers delegated to management and
- the latest financial information

Directors update their skills, knowledge and familiarity with the Group through their participation at meetings of the Board and its committees and through regular meetings with management at the head office and in the divisions. Directors are regularly updated by the Company Secretary on their legal and other duties as Directors of a listed company.

Through the Company Secretary, Directors are able to obtain appropriate professional training and advice.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Group. All Directors disclose to the Board on their first appointment their interests as a Director or otherwise in other companies or organisations and such declarations of interests are updated regularly. No Director was a director of more than three listed companies (including the Company) at 31st December 2021.

Details of Directors' other appointments are shown in their biographies in the section of this annual report headed Directors and Officers.

Board Processes

All committees of the Board follow the same processes as the full Board.

The dates of the 2021 Board meetings were determined in 2020 and any amendments to this schedule were notified to Directors at least 14 days before regular meetings. Suitable arrangements are in place to allow Directors to include items in the agenda for regular Board meetings.

The Board met five times in 2021. The attendance of individual Directors at meetings of the Board and its committees is set out in the table on page 92. Average attendance at Board meetings was 97%. All Directors attended Board meetings in person or through electronic means of communication during the year.

Agendas and accompanying Board papers are circulated with sufficient time to allow the Directors to prepare before meetings.

The Chairman takes the lead to ensure that the Board acts in the best interests of the Company, that there is effective communication with the shareholders and that their views are communicated to the Board as a whole.

Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

Minutes of Board meetings are taken by the Company Secretary and, together with any supporting papers, are made available to all Directors. The minutes record the matters considered by the Board, the decisions reached, and any concerns raised or dissenting views expressed by Directors. Draft and final versions of the minutes are sent to all Directors for their comment and records respectively.

Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings.

A typical Board meeting would consist of:

- review of the health and safety performance
- review of the operating environment for the business and of the most recent financial results and outlook
- review and discussion of longer term financial plans, including a discussion of capital allocation and investment plans
- discussion of strategy, including in relation to major investments and divestments
- the raising of new initiatives and ideas
- the presentation of papers to support decisions requiring Board approval
- an update on sustainability matters
- an update of legal and compliance matters for the Board's consideration
- any declarations of interest

The executive management provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly.

When necessary, the Independent Non-Executive Directors meet privately to discuss matters which are their specific responsibility.

The Chairman meets at least annually with the Independent Non-Executive Directors without the presence of other Directors.

	Meetings Attended/Held			
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**2021 Annual General Meeting**
Executive Directors				
G.M.C. Bradley – Chairman (elected on 25th August 2021)	5/5			√
T.J. Blackburn (appointed on 25th August 2021)	1/1			N/A
F.N.Y. Lung	5/5			√
M.S.C. Ma (appointed on 25th August 2021)	1/1			N/A
Non-Executive Directors				
N.A.H. Fenwick	5/5		2/2	√
P. Healy (resigned on 24th August 2021)	4/4			√
R.S.K. Lim	5/5			√
M.M.S. Low (resigned on 31st March 2021)	2/2	1/1		N/A
M.J. Murray (appointed on 1st April 2021)	3/3	2/2		√
M.B. Swire (re-designated on 25th August 2021)	4/5			√
Independent Non-Executive Directors				
L.K.L. Cheng	5/5	3/3		√
T.T.K. Choi	5/5		2/2	√
S.T. Fung	5/5		2/2	√
J.L. Wang	4/5			√
M.Y. Wu	5/5	3/3		√
Average attendance	97%	100%	100%	100%

Continuous Professional Development

Continuous professional development for directors was conducted through the following:

- Directors were provided with training materials about matters relevant to their duties as directors;
- Directors were invited to attend seminars and conferences about financial, commercial, economic, legal, regulatory and/or business affairs; and
- Directors attended training from external legal advisers about applicable laws and regulations and topics pertinent to the business of the Company.

The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

Conflicts of Interest

If a Director has a material conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and abstains from voting. The matter is considered at a Board meeting and voted on by Directors who have no material interest in the transaction.

Delegation by the Board

Responsibility for delivering the Company's strategies and objectives, as established by the Board, and responsibility for day-to-day management is delegated to the Chief Executive. The Chief Executive has been given clear guidelines and directions as to his powers and, in particular, the circumstances under which he should report back to, and obtain prior approval from, the Board before making commitments on behalf of the Company.

The Board monitors management's performance against the achievement of financial and non-financial measures, the principal items monitored being:

- detailed monthly management accounts consisting of statements of profit or loss, financial position and cash flows compared to budget, together with forecasts
- internal and external audit reports
- feedback from external parties such as customers, others with whom the Group does business, trade associations and service providers.

Securities Transactions

The Company has adopted a code of conduct (the "Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. These rules are available on the Company's website.

A copy of the Securities Code has been sent to each Director of the Company and will be sent to each Director twice annually, immediately before the two financial period ends, with a reminder that the Director cannot deal in the securities and derivatives of the Company during the blackout period before the Group's interim and annual results have been published, and that all their dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, Directors and senior executives of the Company are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in the case of the Chairman himself, he must notify the Chairman of the Audit Committee and receive a dated written acknowledgement before any dealing.

On specific enquiries made, all the Directors of the Company have confirmed that they have complied with the required standard set out in the Securities Code.

Directors' interests at 31st December 2021 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are set out in the section of this annual report headed Directors' Report.

Remuneration Committee

Full details of the remuneration of the Directors are provided in note 9 to the financial statements.

The Remuneration Committee comprises three Non-Executive Directors, S.T. Fung, T.T.K. Choi and N.A.H. Fenwick. Two of the Committee Members are Independent Non-Executive Directors, one of whom, S.T. Fung, is Chairman. All the members served for the whole of 2021.

The Remuneration Committee reviews and approves the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The Remuneration Committee exercises the powers of the Board to determine the remuneration packages of individual Executive Directors (including salaries, bonuses, benefits in kind and the terms on which they participate in any provident fund or other retirement benefit scheme), taking into consideration salaries paid by comparable companies, time commitments and responsibilities and employment conditions elsewhere in the Group.

The terms of reference of the Remuneration Committee have been reviewed with reference to the CG Code and are posted on the Company's website.

In order to be able to attract and retain staff of suitable calibre, the Swire group provides a competitive remuneration package designed to be commensurate, overall, with those of its peer group. This typically comprises salary, housing, retirement benefits, leave passage and education allowances and, after three years' service, a bonus related to the overall profit of the Swire Pacific group. Although the remuneration of executives is not entirely linked to the profits of the Company, it is considered that these arrangements have contributed considerably to the maintenance of a flexible, motivated and high-calibre management team within the Group.

The Remuneration Committee reviewed the structure and levels of remuneration paid to Executive Directors at its meeting in October 2021. At this meeting the Committee considered a report prepared for it by Mercer Limited, an independent firm of consultants, which confirmed that the remuneration of the Company's Executive Directors, as disclosed in note 9 to the financial statements, was comparable with that paid to equivalent executives in peer group companies.

No Director takes part in any discussion about his or her own remuneration.

The following fee levels have been approved by the Board:

Fee	**2021 HK$**	2022 HK$
Director's Fee	**575,000**	575,000
Fee for Audit Committee Chairman	**268,000**	268,000
Fee for Audit Committee Member	**186,000**	186,000
Fee for Remuneration Committee Chairman	**83,000**	83,000
Fee for Remuneration Committee Member	**60,000**	60,000

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for:

- the proper stewardship of the Company's affairs, to ensure the integrity of financial information
- preparing annual and interim financial statements and other related information that give a true and fair view of the Group's affairs and of its results and cash flows for the relevant periods, in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance
- selecting appropriate accounting policies and ensuring that these are consistently applied
- making judgements and estimates that are prudent and reasonable
- ensuring that the application of the going concern assumption is appropriate

Risk Management and Internal Control

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's risk management and internal control systems. This responsibility is primarily fulfilled on its behalf by the Audit Committee as discussed on pages 96 to 97.

The foundation of strong risk management and internal control systems is dependent on the ethics and culture of the organisation, the quality and competence of its personnel, the direction provided by the Board, and the effectiveness of management.

Since profits are, in part, the reward for successful risk taking in business, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key components of the Group's control structure are as follows:

Culture: The Board believes that good governance reflects the culture of an organisation. This is more significant than any written procedures.

The Company aims at all times to act ethically and with integrity, and to instil this behaviour in all its employees by example from the Board down. The Company has a Code of Conduct, which is posted on its internal intranet site.

The Company is committed to developing and maintaining high professional and ethical standards. These are reflected in the rigorous selection process and career development plans for all employees. The organisation prides itself on being a long-term employer which instils in individuals, as they progress through the Group, a thorough understanding of the Company's ways of thinking and acting.

Channels of communication are clearly established, allowing employees a means of communicating their views upwards with a willingness on the part of more senior personnel to listen. Employees are aware that, whenever the unexpected occurs, attention should be given not only to the event itself, but also to determining the cause.

Through the Company's Code of Conduct, employees are encouraged (and instructed as to how) to report control deficiencies or suspicions of impropriety to those who are in a position to take necessary action.

Risk assessment: The Board of Directors and the management each have a responsibility to identify and analyse the risks underlying the achievement of business objectives, and to determine how such risks should be managed and mitigated.

Management structure: The Group has a clear organisational structure that, to the extent required, delegates the day-to-day responsibility for the design, documentation and implementation of procedures and monitoring of risk. Individuals appreciate where they will be held accountable in this process.

A control self-assessment process requires management to assess, through the use of detailed questionnaires, the adequacy and effectiveness of risk management and internal controls over the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. This process and its results are reviewed by internal auditors and form part of the Audit Committee's annual assessment of control effectiveness.

Controls and review: The control environment comprises policies and procedures intended to ensure that relevant management directives are carried out and actions that may be needed to address risks are taken. These may include approvals and verifications, reviews, safeguarding of assets and segregation of duties. Control activities can be divided into operations, financial reporting and compliance, although there may, on occasion, be some overlap between them. The typical control activities include:

- analytical reviews: for example, conducting reviews of actual performance versus budgets, forecasts, prior periods and competitors
- direct functional or activity management: reviews of performance reports, conducted by managers in charge of functions or activities
- information-processing: performing controls intended to check the authorisation of transactions and the accuracy and completeness of their reporting, for example, exception reports
- physical controls: ensuring equipment, inventories, securities and other assets are safeguarded and subjected to periodic checks

- performance indicators: carrying out analyses of different sets of data, operational and financial, examining the relationships between them, and taking corrective action where necessary
- segregation of duties: dividing and segregating duties among different people, with a view to strengthening checks and minimising the risk of errors and abuse

The Company has in place effective processes and systems for the identification, capture and reporting of operational, financial and compliance-related information in a form and time-frame intended to ensure that staff carry out their designated responsibilities.

Internal audit: Independent of management, the Internal Audit department reports directly to the Audit Committee and performs regular reviews of key risk areas and monitors compliance with Group accounting, financial and operational procedures. The role of Internal Audit is discussed further on pages 97 to 98.

Audit Committee

The Audit Committee, consisting of three Non-Executive Directors, M.Y. Wu, L.K.L. Cheng and M.J. Murray, assists the Board in discharging its responsibilities for corporate governance and financial reporting. Two of the Committee members are Independent Non-Executive Directors, one of whom, M.Y. Wu, is Chairman. M.J. Murray succeeded M.M.S. Low as a member of the Audit Committee with effect from 1st April 2021. All the other members served for the whole of 2021.

The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and comply with the CG Code. They are available on the Company's website.

The Audit Committee met three times in 2021. Regular attendees at the meetings are the Finance Director, the Head of Internal Audit of the Swire group and the external auditors. The Audit Committee meets at least twice a year with the external auditors, and at least once a year with the Head of Internal Audit, without the presence of management. Each meeting receives written reports from the external auditors and Internal Audit. The valuer (Cushman & Wakefield Limited) also attended two of the meetings.

The work of the Committee during 2021 included reviews of the following matters:

- the completeness, accuracy and integrity of formal announcements relating to the Group's performance including the 2020 annual and 2021 interim reports and announcements, with recommendations to the Board for approval
- the Group's compliance with regulatory and statutory requirements
- the Group's risk management and internal control systems
- the Group's risk management processes
- the Group's cybersecurity
- the approval of the 2022 annual Internal Audit programme and review of progress on the 2021 programme
- periodic reports from Internal Audit and progress in resolving any matters identified in them
- significant accounting and audit issues
- the Company's policy regarding connected transactions and the nature of such transactions
- the relationship with the external auditors as discussed on page 98
- the Company's compliance with the CG Code

In 2022, the Committee has reviewed, and recommended to the Board for approval, the 2021 financial statements.

Assessing the Effectiveness of Risk Management and Internal Control Systems

On behalf of the Board, the Audit Committee reviews annually the continued effectiveness of the Group's risk management and internal control systems dealing with risk and financial accounting and reporting, the effectiveness and efficiency of operations, compliance with laws and regulations, and risk management functions.

This assessment considers:

- the scope and quality of management's ongoing monitoring of risks and of the risk management and internal control systems, the work and effectiveness of Internal Audit and the assurances provided by the Finance Director
- the changes in the nature and extent of significant risks since the previous review and the Group's ability to respond to changes in its business and the external environment
- the extent and frequency with which the results of monitoring are communicated, enabling the Committee to build up a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed

- the incidence of any significant control failings or weaknesses that have been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition
- the effectiveness of the Company's processes in relation to financial reporting and statutory and regulatory compliance
- areas of risk identified by management
- significant risks reported by Internal Audit
- work programmes proposed by both Internal Audit and the external auditors
- significant issues arising from internal and external audit reports
- the results of management's control self assessment exercise

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate and have complied with the CG Code provisions on risk management and internal control throughout the year and up to the date of this annual report.

Nomination Committee

The Nomination Committee consists of three Non-Executive Directors, T.T.K. Choi, N.A.H. Fenwick and S.T. Fung. Two of the Committee members are Independent Non-Executive Directors, one of whom, S.T. Fung, is Chairman. The Nomination Committee was formed with effect from 10th March 2022. Its terms of reference comply with the CG Code and are posted on the Company's website.

Company Secretary

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. The Company Secretary undertakes at least 15 hours of relevant professional training annually to update skills and knowledge.

Internal Audit Department

The Swire group has had an Internal Audit Department ("IA") in place for 26 years. IA plays a critical role in monitoring the governance of the Group. The department is staffed by 25 audit professionals and conducts audits of the Group and of other companies in the Swire group. The 25 professionals include a team based in the Chinese Mainland which reports to IA in Hong Kong.

IA reports directly to the Audit Committee without the need to consult with management, and via the Audit Committee to the Board. IA has unrestricted access to all areas of the Group's business units, assets, records and personnel in the course of conducting its work.

The annual IA work plan and resources are reviewed and agreed with the Audit Committee.

Scope of Work

Business unit audits are designed to provide assurance that the risk management and internal control systems of the Company are implemented properly and operating effectively, and that the risks associated with the achievement of business objectives are being properly identified, monitored and managed.

The frequency of each audit is determined by IA using its own risk assessment methodology, which is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework, considering such factors as recognised risks, organisational change, overall materiality of each unit, previous IA results, external auditors' comments, output from the work of the Swire Pacific Group Risk Management Committee and management's views. Each business unit is typically audited at least once every three years. Acquired businesses would normally be audited within 12 months. 13 assignments were conducted for Swire Properties in 2021.

IA specifically assists the Audit Committee in carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems through its review of the process by which management has completed the annual Control Self Assessment, and the results of this assessment.

IA conducts ad-hoc projects and investigative work as may be required by management or the Audit Committee.

Audit Conclusion and Response

Copies of IA reports are sent to the Chairman of the Board, the Chief Executive, the Finance Director and the external auditors. The results of each review are also presented to the Audit Committee.

Management is called upon to present action plans in response to IA's recommendations, including those aimed at resolving material internal control defects. These are agreed by IA, included in its reports and followed up with a view to ensuring that they are satisfactorily undertaken.

External Auditors

The Audit Committee acts as a point of contact, independent from management, with the external auditors (the "auditors"). The auditors have direct access to the Chairman of the Audit Committee, who meets with them periodically without management present.

The Audit Committee's duties in relation to the auditors include:

- recommending to the Board, for approval by shareholders, the auditors' appointment
- approval of the auditors' terms of engagement
- consideration of the letters of representation to be provided to the auditors in respect of the interim and annual financial statements
- review of reports and other ad-hoc papers from the auditors
- annual appraisal of the quality and effectiveness of the auditors
- assessment of the auditors' independence and objectivity, including the monitoring of non-audit services provided, with a view to ensuring that their independence and objectivity are not, and are not seen to be, compromised
- approval of audit and non-audit fees

Auditors' Independence

Independence of the auditors is of critical importance to the Audit Committee, the Board and shareholders. The auditors write annually to the members of the Audit Committee confirming that they are independent accountants within the meaning of Section 290 of the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants and that they are not aware of any matters which may reasonably be thought to bear on their independence. The Audit Committee assesses the independence of the auditors by considering and discussing each such letter (and having regard to the fees payable to the auditors for audit and non-audit work and the nature of the non-audit work) at a meeting of the Audit Committee.

Provision of Non-audit Services

In deciding whether the auditors should provide non-audit services the following key principles are considered:

- the auditors should not audit their own firm's work
- the auditors should not make management decisions
- the auditors' independence should not be impaired
- quality of service

In addition, any services which may be considered to be in conflict with the role of the auditors must be submitted to the Audit Committee for approval prior to engagement, regardless of the amounts involved.

Fees paid to the auditors are disclosed in note 7 to the financial statements.

Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission
- has included in its Corporate Code of Conduct a strict prohibition on the unauthorised use of confidential or inside information
- ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information

Shareholders

Communication with Shareholders and Investors

The Board and senior management recognise their responsibility to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company.

The methods used to communicate with shareholders include the following:

- the Chief Executive and Finance Director make themselves available for meetings with major shareholders, investors and analysts over two-month periods immediately after the announcement of the interim and annual results and at certain other times during the year. In addition, they attended regular meetings with analysts and investors in Hong Kong, analyst briefings, investor group briefings, overseas roadshows and investor conferences during the year
- through the Company's website. This includes electronic copies of financial reports, audio webcasts of analyst presentations given at the time of the interim and annual results announcements, slides of presentations given at investor conferences, latest news, public announcements and general information about the Group's businesses
- through publication of interim and annual reports
- through the annual general meeting as discussed below

Shareholders may send their enquiries and concerns to the Board by post or email at ir@swireproperties.com. The relevant contact details are set out in the Financial Calendar and Information for Investors section of this annual report.

The Annual General Meeting

The annual general meeting is an important forum to engage with shareholders. The most recent annual general meeting was held on 11th May 2021. The meeting was open to shareholders. The Directors who attended the meeting are shown in the table on page 92.

At the annual general meeting, separate resolutions were proposed for each issue and were voted on by poll. The procedures for conducting a poll were explained at the meeting prior to the polls being taken. The agenda items were:

- receiving the report of the Directors and the audited financial statements for the year ended 31st December 2020
- electing/re-electing Directors
- re-appointing the auditors and authorising the Directors to set their remuneration
- a general mandate authorising the Directors to make on-market share buy-backs
- a general mandate authorising the Directors to allot and issue shares up to 20% of the number of shares then in issue, provided that the aggregate number of the shares so allotted wholly for cash would not exceed 5% of the number of the shares then in issue

Minutes of the meeting together with voting results are available on the Company's website.

Dividend Policy

The Company has a policy on the payment of dividends, which is set out in the section of this annual report headed Directors' Report.

Shareholder Engagement

Pursuant to Article 95 of the Company's Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, he or she should deposit a written notice of nomination at the registered office of the Company within the 7-day period commencing on and including the day after the despatch of the notice of the meeting. The procedures for nominating candidates to stand for election as Directors at general meetings are set out in the Corporate Governance Section of the Company's website.

If they wish to propose a resolution relating to other matters to be considered at a general meeting, shareholders are requested to follow the requirements and procedures set out in the Corporate Governance Section of the Company's website.

Shareholder(s) representing at least 5% of the total voting rights of all members may request the Board to convene a general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the Corporate Governance Section of the Company's website.

Other Information for Shareholders

Key shareholder dates for 2022 are set out in the section of this annual report headed Financial Calendar and Information for Investors and in the Financial Calendar on the Company's website.

No amendment has been made to the Company's Articles of Association during the year.

From information publicly available to the Company and within the knowledge of its Directors, at least 10.28% (being the minimum public float percentage which the Company is required to maintain) of the Company's total number of issued shares are held by the public. Details of substantial shareholders' and other interests are included in the section of this annual report headed Directors' Report.

RISK MANAGEMENT

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems.

The Board and management are responsible for identifying and analysing the risks underlying the achievement of business objectives, and for determining how such risks should be managed and mitigated. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management provides confirmations to the Board on the effectiveness of these systems.

The management of risks is subject to audit by IA, with support from specialist external consultants where necessary.

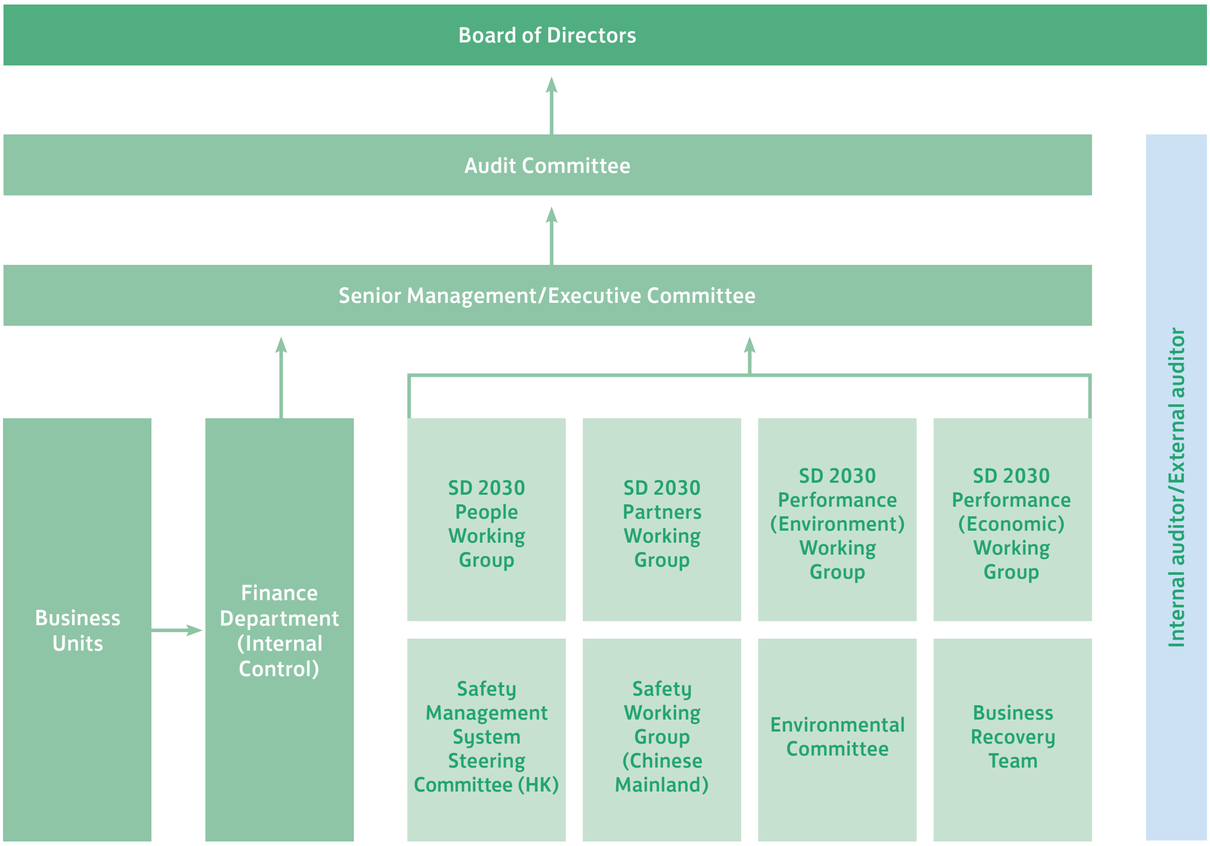
Further discussion of risk management is set out in the sections of the Corporate Governance Report headed "Accountability and Audit – Risk Management and Internal Control", "Audit Committee – Assessing the Effectiveness of Risk Management and Internal Control Systems" and "Internal Audit Department – Scope of Work" on pages 95 to 96, pages 96 to 97 and page 97 respectively.

Executive Committee

The Executive Committee meets twice a month and is responsible for overseeing the day-to-day operations of the Company. It comprises three Executive Directors and eight members of senior management. The Chief Executive chairs the Executive Committee.

The Executive Committee provides oversight of all the risks to which the Group is subject and is responsible for the design, implementation and monitoring of the relevant risk management and internal control systems of the Group. Matters of significance that arise are reported as appropriate via the Audit Committee to the Board of Directors.

Risk Governance Framework



Financial Risk Management

The Group's approach to financial risk management is discussed in note 2 to the financial statements.

Risk Profile

The following table provides an overview of our risk profile, including what we consider to be Swire Properties' principal existing and emerging risks, possible associated impacts and mitigation measures that are in place or under development.

Existing Risks and Possible Impacts	Mitigation Measures
Business disruption Severe disruption to the business caused by acts of man or acts of nature may have adverse financial effects on the Company.	• A business recovery plan for major incidents, and other business compliance measures for specific scenarios, operational emergencies and health and safety, are in place and are regularly updated and tested. • In response to pandemic, standard operating procedures and guidelines are in place, ensuring intensive cleaning and disinfection of our premises. Government's requirements and guidelines on pandemic or social distancing are strictly observed. • Strategic plans are regularly reviewed to maintain business resilience and sustainability. • Conduct site surveys and consult professional advisors to ensure properties in earthquake and hurricane zones are built to meet the relevant building codes and safety standards. • Purchase insurance to the extent practicable to cover financial loss due to property damage, business interruption and third-party liabilities.
Political risks Changes in the global and local political landscape and priorities may have significant impact on the business environment.	• Closely monitor social media and government policies and respond in a timely manner. • Senior management engagement with government authorities to anticipate political developments in order to plan appropriate responses and to ensure compliance with applicable laws and regulations. • Maintain robust corporate governance practice through oversight functions (internal audit, risk management, the company secretary, legal counsel and independent non-executive directors).
Business risks The lack of compelling development projects and business disruption may lead to a slowdown in business and so affect financial performance.	• Obtain suitable reserves of land, reinforce existing assets and actively explore investment opportunities. • Monitor and evaluate disruptive business models, with a view to making our operations more robust. • Enhance competitiveness by increasing efficiency, using appropriate technology and operational procedures.

Existing Risks and Possible Impacts	Mitigation Measures
Brand and image The failure to maintain brand position and perception may make us less competitive.	• Crisis communication and social media policies are in place and are updated and tested regularly to ensure consistent, responsible and responsive communication (including when handling major incidents) in order to safeguard the Company's reputation. • Closely monitor social media in order to evaluate and provide responses to negative social media content. • Engagement with third parties to understand their perceptions of the Company and to anticipate current and potential economic, political, social or environmental issues that may adversely affect our reputation.
Development risks Delay in the completion of developments may have an adverse financial effect by delaying the timing of property sales and leasing.	• Closely work with contractors to monitor and manage construction progress in order to avoid delays. • Stringent contractor prequalification requirements and stringent requirements for approving design changes. • Build in contingencies for statutory approvals and communicate with government authorities on a timely basis.

Emerging Risks and Possible Impacts	Mitigation Measures
Climate change Extreme weather conditions and climate change may increase the risks of physical damage to properties and adversely affect their valuation.	• A climate change policy is in place and is updated regularly. • Conduct climate risk assessments at all portfolios. • Science-based targets have been established to achieve long-term decarbonisation. • Monitor and reduce carbon emissions from construction activities and embodied carbon from major building and construction materials.

DIRECTORS AND OFFICERS

Executive Directors

BRADLEY, Guy Martin Coutts, aged 56, has been a Director of the Company since January 2008 and its Chairman since August 2021. He is also Chairman of John Swire & Sons (H.K.) Limited and Swire Pacific Limited, and a Director of Cathay Pacific Airways Limited. He was the Company's Chief Executive from January 2015 to August 2021 and a Director of Swire Pacific Limited from January 2015 to May 2017. He joined the Swire group in 1987 and has worked with the group in the Hong Kong SAR, Papua New Guinea, Japan, the United States, Vietnam, the Chinese Mainland, Taiwan region and the Middle East. He is a chartered surveyor, a fellow of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. He is Vice-President of the Real Estate Developers Association of Hong Kong.

BLACKBURN, Timothy Joseph, aged 50, has been a Director and Chief Executive of the Company since August 2021. He is also a Director of John Swire & Sons (H.K.) Limited. He joined the Swire group in 1994 and has worked with the group in the Hong Kong SAR, Australia, Papua New Guinea, Singapore, London and the Chinese Mainland. He is a chartered surveyor and a member of The Royal Institution of Chartered Surveyors.

LUNG, Ngan Yee Fanny, aged 55, has been Finance Director of the Company since October 2017. She was previously Group Director Finance of Hong Kong Aircraft Engineering Company Limited. She joined the Swire group in 1992. She is a member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Management Accountants and a fellow of the Association of Chartered Certified Accountants. She is also a member of the Financial Reporting Review Panel of the Financial Reporting Council.

MA, Suk Ching Mabelle, aged 54, has been a Director of the Company since August 2021. She is also the Director Development and Valuations of the Company. She joined the Swire group in 1996. She is a chartered surveyor, a member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. She has worked in the real estate industry for over 30 years.

Non-Executive Directors

FENWICK, Nicholas Adam Hodnett, aged 61, has been a Director of the Company since May 2018. He is also a Director of John Swire & Sons Limited. He was employed by the Swire group from 1985 to 1995 and worked for the group in the Hong Kong SAR, Singapore, Taiwan region, the Philippines and the United States.

LIM, Siang Keat Raymond, aged 62, has been a Director of the Company since July 2013. He is also Senior Adviser to John Swire & Sons (H.K.) Limited. He is Executive Chairman of APS Asset Management Pte Ltd and a Director of Raffles Medical Group Ltd. He was a Member of the Singapore Parliament from 2001 to 2015.

MURRAY, Martin James, aged 55, has been a Director of the Company since April 2021. He is also Finance Director of Swire Pacific Limited and a Director of John Swire & Sons (H.K.) Limited. He was previously a Director and Chief Financial Officer of Cathay Pacific Airways Limited and before that deputy Finance Director of Swire Pacific Limited. He joined the Swire group in 1995 and has worked with the group in the Hong Kong SAR, the United States, Singapore and Australia. He is a member of the Institute of Chartered Accountants of Scotland and the Hong Kong Institute of Certified Public Accountants.

SWIRE, Merlin Bingham, aged 48, has been a Director of the Company since January 2009. He is also Deputy Chairman, Chief Executive and a shareholder of John Swire & Sons Limited and a Director of Cathay Pacific Airways Limited and Swire Pacific Limited. He was Chairman of the Company and Swire Pacific Limited from July 2018 to August 2021. He joined the Swire group in 1997 and has worked with the group in the Hong Kong SAR, Australia, the Chinese Mainland and London.

Independent Non-Executive Directors

CHENG, Lily Ka Lai, aged 43, has been a Director of the Company since March 2017. She is an Independent Non-Executive Director of Chow Tai Fook Jewellery Group Limited, Octopus Cards Limited, SUNeVision Holdings Ltd. as well as an Adviser to Mars Inc. and HotelBeds Group. She is an Executive Director of Hubel Labs Limited and was the former President of TripAdvisor Asia Pacific and Senior Director at Expedia Inc. She has more than ten years of experience as a corporate executive of technology companies providing consumer-facing software and internet services, including implementation of cybersecurity protocols.

CHOI, Tak Kwan Thomas, aged 66, has been a Director of the Company since May 2019. He is a fellow of the Royal Institution of Chartered Surveyors in the U.K. and of The Hong Kong Institute of Surveyors. He is also an Authorized Person (Surveyor). He was a member of the Appeal Tribunal Panel (Buildings) from December 2000 to November 2013. He was employed by the Company in Hong Kong from 1981 to 2002. He was employed by China Resources (Holdings) Company Limited and worked in the Chinese Mainland from 2002 until his retirement in 2016.

FUNG, Spencer Theodore, aged 48, has been a Director of the Company since December 2012. He is Group Executive Chairman of Li & Fung. He is also an Alternate Representative of Hong Kong, China to APEC Business Advisory Council and a member of the General Committee of The Hong Kong Exporters' Association, Young Presidents' Organization and the Board of Trustees at Northeastern University.

WANG, Jinlong, aged 64, has been a Director of the Company since September 2019. He is an Independent Non-Executive Director of Kerry Group plc and Sonova Holding AG. He was previously an Operating Partner of Hony Capital Limited, Chairman and Chief Executive Officer of PizzaExpress Group Holdings Limited, President of Starbucks Asia Pacific, and Chairman and President of Starbucks Greater China.

WU, May Yihong, aged 54, has been a Director of the Company since May 2017. She is Board Advisor of Homeinns Hotel Group and an Independent Director of Noah Holdings Limited.

Company Secretary

LOMAS, Bernadette Mak, aged 56, has been Company Secretary since February 2022. She is also Group General Counsel of the Swire Pacific Limited group. She is qualified to practise law in the Hong Kong SAR and in the State of New York. Prior to joining the Swire Pacific Limited group, she was group general counsel and company secretary of a leading Hong Kong listed company.

Notes:

1. The Audit Committee comprises M.Y. Wu (committee chairman), L.K.L. Cheng and M.J. Murray.
2. The Nomination Committee comprises S.T. Fung (committee chairman), T.T.K. Choi and N.A.H. Fenwick.
3. The Remuneration Committee comprises S.T. Fung (committee chairman), T.T.K. Choi and N.A.H. Fenwick.
4. T.J. Blackburn, G.M.C. Bradley, F.N.Y. Lung, M.S.C. Ma, M.J. Murray and M.B. Swire are employees of the John Swire & Sons Limited group.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31st December 2021, which are set out on pages 130 to 199.

Principal Activities

The principal activities of Swire Properties Limited (the "Company") and its subsidiaries (together, the "Group") are: (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

The principal activities of the Company's principal subsidiary, joint venture and associated companies are shown on pages 197 to 199. An analysis of the Group's performance for the year by reportable business segment and geographical area is set out in note 8 to the financial statements.

Consolidated Financial Statements

The consolidated Financial Statements incorporate the financial statements of the Group together with the Group's interests in joint venture and associated companies. Details of the joint venture and associated companies are provided in notes 20 and 21 to the financial statements.

Dividends

The Directors have declared a second interim dividend of HK$0.64 per share which, together with the first interim dividend of HK$0.31 per share paid in October 2021, amount to full year dividend of HK$0.95 (2020: HK$0.91) per share. The second interim dividend will be paid on 5th May 2022 to shareholders registered at the close of business on the record date, being Friday, 1st April 2022. Shares of the Company will be traded ex-dividend as from Wednesday, 30th March 2022.

The Company's dividend policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time.

Closure of Register of Members

The register of members will be closed on Friday, 1st April 2022, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 31st March 2022.

To facilitate the processing of proxy voting for the annual general meeting to be held on 10th May 2022, the register of members will be closed from 4th May 2022 to 10th May 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 3rd May 2022.

Business Review

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the sections of this annual report headed Chairman's Statement, Chief Executive's Statement, Key Business Strategies, Review of Operations, Financial Review and Financing and in the notes to the financial statements. To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the section of this annual report headed Sustainable Development. To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's compliance with the relevant laws and regulations that have a significant impact on the Group is provided in the sections of this annual report headed Sustainable Development, Corporate Governance, Risk Management and Directors' Report.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in notes 36 and 37 to the financial statements.

Share Capital

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the year and the Group has not adopted any share option scheme.

At 31st December 2021, 5,850,000,000 shares were in issue (31st December 2020: 5,850,000,000 shares). Details of the movement of share capital are set out in note 35 to the financial statements.

Accounting Policies

The principal accounting policies of the Group are set out in the relevant notes to the financial statements (if they relate to a particular item) and in the section of this annual report headed Principal Accounting Policies.

Auditors

PricewaterhouseCoopers retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company is to be proposed at the forthcoming annual general meeting.

Financial Review

A review of the consolidated results, financial position and cash flows of the Group is shown in the section of this annual report headed Financial Review. A ten-year financial summary of the results and of the assets and liabilities of the Group is shown in the section of this annual report headed Ten-Year Financial Summary.

Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the year covered by the annual report with the following exception which it believed did not benefit shareholders:

- Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Board considered the merits of establishing a nomination committee but concluded that it was in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allowed a more informed and balanced decision to be made by the Board as to suitability for the role.

During 2021, The Stock Exchange of Hong Kong Limited consulted on changes to the CG Code and related Listing Rules. One of the outcomes of the consultation is that nomination committees have become mandatory. The Board has resolved to form a nomination committee.

Details of the Company's corporate governance practices (including details of the nomination committee) are set out in the section of this annual report headed Corporate Governance.

Environmental, Social and Governance

The Company has complied or will comply with all the applicable provisions set out in the Environmental, Social and Governance Reporting Guide contained in Appendix 27 to the Listing Rules for the year covered by the annual report.

Donations

During the year, the Group made donations for charitable purposes of HK$39 million and donations towards various scholarships of HK$0.1 million.

Fixed Assets

For details of movements in fixed assets refer to notes 15 and 16 to the financial statements.

The annual valuation of the Group's investment property portfolio, whether completed or in the course of development, was carried out by professionally qualified valuers (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer) on the basis of market value at 31st December 2021. This valuation resulted in a decrease of HK$1,947 million in the carrying value of the investment property portfolio.

A schedule of the principal properties of the Group and its joint venture and associated companies is given in the section of this annual report headed Schedule of Principal Group Properties.

Borrowings

For details of the Group's borrowings refer to the section of this annual report headed Financing.

Interest

For details of the amount of interest capitalised by the Group refer to page 82.

Major Customers and Suppliers

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers and suppliers respectively.

Directors

M.J. Murray was appointed as a Director with effect from 1st April 2021 and T.J. Blackburn and M.S.C. Ma were appointed as Directors with effect from 25th August 2021. All the other Directors of the Company whose names are listed in the section of this annual report headed Directors and Officers served throughout the calendar year 2021. With effect from 25th August 2021, M.B. Swire ceased to be Chairman and was re-designated from an Executive Director to a Non-Executive Director, G.M.C. Bradley was elected as Chairman, and T.J. Blackburn succeeded G.M.C. Bradley as Chief Executive. M.M.S. Low and P. Healy resigned as Directors with effect from 1st April 2021 and 25th August 2021 respectively.

Independence Confirmation

The Company has received from all of its Independent Non-Executive Directors (listed in the section of this annual report headed Directors and Officers) confirmation of their independence pursuant to Listing Rule 3.13 and considers all of them to be independent.

Term of Appointment

Article 93 of the Company's Articles of Association provides for all Directors to retire at the third annual general meeting following their election by ordinary resolution. In accordance therewith, G.M.C. Bradley, N.A.H. Fenwick, S.T. Fung and M.B. Swire retire this year and, being eligible, offer themselves for re-election. T.J. Blackburn and M.S.C. Ma, having been appointed to the Board under Article 91 since the last annual general meeting, also retire this year and offer themselves for election.

Each of the Directors has entered into a letter of appointment, which constitutes a service contract, with the Company for a term of up to three years until retirement under Article 91 or Article 93 of the Articles of Association of the Company, which will be renewed for a term of three years upon each election or re-election. No Director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Fees and Emoluments

Full details of Directors' fees and emoluments are set out in note 9 to the financial statements.

Directors' fees paid to the Independent Non-Executive Directors during the year totalled HK$3.5 million. They received no other emoluments from the Group.

Directors' Interests

At 31st December 2021, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that Directors held the following interests in the shares of Swire Properties Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited and Swire Pacific Limited:

	Capacity					
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Voting Shares (%)	Note
Swire Properties Limited						
L.K.L. Cheng	1,000	–	–	1,000	0.00002	
M.B. Swire	–	–	1,148,812	1,148,812	0.01964	(3)

	Capacity					
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Issued Share Capital (comprised in the class) (%)	Note
John Swire & Sons Limited						
Ordinary Shares of £1						
N.A.H. Fenwick	–	–	3,136,000	3,136,000	3.14	(1)
M.B. Swire	2,693,550	130,000	17,293,967	20,117,517	20.12	(2)
8% Cum. Preference Shares of £1						
N.A.H. Fenwick	–	–	2,822,400	2,822,400	3.14	(1)
M.B. Swire	3,966,125	–	13,384,780	17,350,905	19.28	(2)

	Capacity					
	Beneficial Interest					
	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Voting Shares (comprised in the class) (%)	Note
Swire Pacific Limited						
'A' shares						
L.K.L. Cheng	10,000	–	–	10,000	0.0011	
M.B. Swire	180,000	–	301,000	481,000	0.0531	(3)
'B' shares						
M.B. Swire	390,000	–	3,024,617	3,414,617	0.1145	(2)

Notes:

(1) N.A.H. Fenwick was a trustee of a trust which held 3,136,000 ordinary shares and 2,822,400 preference shares in John Swire & Sons Limited included under Trust interest and did not have any beneficial interest in those shares.

(2) M.B. Swire was a trustee and/or a potential beneficiary of trusts which held 5,970,631 ordinary shares and 3,172,378 preference shares in John Swire & Sons Limited and 1,225,395 'B' shares in Swire Pacific Limited included under Trust interest and did not have any beneficial interest in those shares. M.B. Swire was one of the executors of a will which held 1,799,222 'B' shares in Swire Pacific Limited included under Trust interest and did not have any beneficial interest in those shares.

(3) All shares held by M.B. Swire under Trust interest were held by him as one of the executors of a will and he did not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Neither during nor prior to the year under review has any right been granted to, or exercised by, any Director of the Company, or to or by the spouse or minor child of any Director, to subscribe for shares, warrants or debentures of the Company.

Other than as stated in this report, no transaction, arrangement or contract of significance to which the Group was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

At no time during the year was the Company, or any of its associated corporations, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Competing Businesses

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Directors of Subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31st December 2021 or during the period from 1st January 2022 to the date of this Report are kept at the Company's registered office and made available for inspection by the members of the Company in accordance with Section 390(6) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

Permitted Indemnity

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director is entitled under the Company's Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

Substantial Shareholders' and Other Interests

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 31st December 2021 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	Number of Shares	Percentage of Voting Shares (%)	Type of Interest (notes)
Swire Pacific Limited	4,796,765,835	82.00	Beneficial owner (1)
John Swire & Sons Limited	4,796,765,835	82.00	Attributable interest (2)

Notes:

(1) Swire Pacific Limited was interested in 4,796,765,835 shares of the Company as beneficial owner.

(2) John Swire & Sons Limited and its wholly-owned subsidiary John Swire & Sons (H.K.) Limited were deemed to be interested in a total of 4,796,765,835 shares of the Company, in which Swire Pacific Limited was interested, by virtue of the John Swire & Sons Limited group being interested in 57.89% of the equity of Swire Pacific Limited and controlling 66.24% of the voting rights attached to shares in Swire Pacific Limited.

Public Float

Listing Rule 8.08(1) of the Listing Rules requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. The Company has been granted by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a waiver from strict compliance with Listing Rule 8.08(1) so as to allow a lower public float percentage of 10% (or such higher percentage as was held by the public upon completion of the listing of the shares of the Company on the Stock Exchange). On such completion on 18th January 2012, the public float percentage was approximately 10.28%. From information that is publicly available to the Company and within the knowledge of its Directors at the date of this report, at least 10.28% of the Company's total number of issued shares are held by the public.

Continuing Connected Transactions

During the year ended 31st December 2021, the Group had the following continuing connected transactions, details of which are set out below:

(a) Services Agreement

There is an agreement for services ("Services Agreement"), in respect of which John Swire & Sons (H.K.) Limited ("JS&SHK"), a wholly-owned subsidiary of John Swire & Sons Limited ("Swire"), provided to the Company and its subsidiaries advice and expertise of the directors and senior officers of the Swire group, including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, certain staff services (including full or part time services of members of the staff of the Swire group), certain central services and such other services as may be agreed from time to time, and procured for the Company and its subsidiary, joint venture and associated companies the use of relevant trademarks owned by Swire. No fee is payable in consideration of such procuration obligation or such use. The procuration obligation would fall away if the Services Agreement were terminated or not renewed.

In return for these services, JS&SHK receives annual service fees calculated as 2.5% of the Company's consolidated profit before taxation and non-controlling interests after certain adjustments. The fees for each year are payable in cash in arrear in two instalments, an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment. The Company also reimburses the Swire group at cost for most of the expenses incurred in the provision of the services.

The Services Agreement, which was entered into between JS&SHK and the Company on 1st December 2004, took effect from 1st January 2005, was renewed on 1st October 2007, was amended and restated with effect from 1st January 2010, was renewed again on 1st October 2010, 14th November 2013 and 1st October 2016, was amended and restated on 9th August 2019 and was renewed again on 1st October 2019. The current term of the Services Agreement is from 1st January 2020 to 31st December 2022 and it is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

Particulars of the fees paid and the expenses reimbursed for the year ended 31st December 2021 are given in note 42 to the financial statements.

(b) Tenancy Framework Agreement

The Company, JS&SHK and Swire Pacific Limited ("Swire Pacific") entered into a tenancy framework agreement ("Tenancy Framework Agreement") on 14th August 2014 to govern existing and future tenancy agreements between members of the Group, members of the JS&SHK group and members of the Swire Pacific group. The Tenancy Framework Agreement, which took effect from 1st January 2014 and was renewed on 1st October 2015 and 1st October 2018, was renewed again on 1st October 2021 for a term of three years from 1st January 2022 to 31st December 2024. It is renewable for successive periods of three years thereafter unless any party to it gives to the other parties notice of termination of not less than three months expiring on any 31st December. Pursuant to the Tenancy Framework Agreement, members of the Group, members of the JS&SHK group and members of the Swire Pacific group enter into tenancy agreements from time to time on normal commercial terms based on prevailing market rentals.

For the year ended 31st December 2021, the aggregate rentals payable to the Group under tenancies subject to the Tenancy Framework Agreement totalled HK$156 million.

At 31st December 2021, the Swire group was interested in 57.89% of the equity of Swire Pacific and controlled 66.24% of the voting rights attached to shares in Swire Pacific and Swire Pacific owned 82.00% of the Company's total number of issued shares. JS&SHK, as a wholly-owned subsidiary of Swire, and Swire Pacific are therefore connected persons of the Company under the Listing Rules. The transactions under the Services Agreement and the Tenancy Framework Agreement are continuing connected transactions in respect of which announcements dated 9th August 2019 and 13th May 2021 respectively were published.

As directors and/or employees of (or in one case as an adviser to) the Swire group, T.J. Blackburn, G.M.C. Bradley, R.S.K. Lim, F.N.Y. Lung and M.J. Murray are interested in the Services Agreement and the Tenancy Framework Agreement. N.A.H. Fenwick and M.B. Swire are so interested as shareholders, directors and/or employees of Swire. Before they ceased to be directors of the Company, P. Healy and M.M.S. Low were so interested as directors and employees of the Swire group.

The Independent Non-Executive Directors of the Company, who are not interested in any connected transactions with the Group, have reviewed and confirmed that the continuing connected transactions as set out above have been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also reviewed these transactions and confirmed to the Board that nothing has come to their attention that causes them to believe that they have not been approved by the Board of the Company; that they were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; that they were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and that the relevant annual caps have been exceeded.

Discloseable Transactions

On 29th September 2021, Joyful Sincere Limited ("Joyful Sincere"), in which the Company has an 80% interest, accepted the HKSAR Government's offer of the land exchange pursuant to which Joyful Sincere surrendered the lot located at No. 391 Chai Wan Road, Chai Wan, Hong Kong to the HKSAR Government and the HKSAR Government granted Chai Wan Inland Lot No. 178 to Joyful Sincere for a premium of HK$4,540,210,000 subject to the terms and conditions of the relevant agreement. The transaction constituted a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 29th September 2021 was published. The land exchange was executed on 28th December 2021.

On 4th March 2022, Chance Ascent Limited ("Chance Ascent"), an indirect wholly-owned subsidiary of the Company, formed a project company (the "Project Company") with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. to acquire the land use rights of a land (the "Target Land") located in the Beilin district of Xi'an for a consideration of RMB2,575 million. The Project Company will acquire and hold such land use rights and will be principally engaged in the development of the Target Land. Chance Ascent has a 70% interest in the Project Company and is obliged to contribute approximately RMB2,558 million to its registered capital. Chance Ascent's total capital commitment to the acquisition and development of the Target Land is estimated to be RMB7,000 million. The formation of the Project Company constituted a discloseable transaction for the Company under the Listing Rules, in respect of which an announcement dated 4th March 2022 was published.

On behalf of the Board

Guy Bradley
Chairman
Hong Kong, 10th March 2022

SUSTAINABLE DEVELOPMENT

WE BELIEVE THAT LONG-TERM VALUE CREATION DEPENDS ON THE SUSTAINABLE DEVELOPMENT OF OUR BUSINESS AND THE COMMUNITIES IN WHICH WE OPERATE.

In 2021, Swire Properties continued its SD 2030 Strategy. The SD 2030 Strategy incorporates specific commitments and is designed to integrate sustainable development ("SD") into every aspect of our business. Our SD 2030 Strategy has five pillars:

SD2030

Places | People | Partners | Performance (Environment) | Performance (Economic)

We have established new targets for 2025 and 2030.
The details are in our Sustainable Development Report 2021.

Hosted the first White Christmas Street Fair community celebration with zero-waste goal

Hong Kong

Became Principal Patron for new Museum of Art Pudong in Shanghai

Chinese Mainland

Fighting Climate Change, We're All In

We held the "Fighting Climate Change, We're All In" campaign in May 2021. The campaign highlighted our commitment to Business Ambition for 1.5°C and our goal of net-zero emissions by 2050. It encouraged our employees, our tenants and the wider public to get involved.

Places

Places are at the heart of, and central to, the achievement of our SD 2030 Strategy.

Swire Properties' Placemaking Academy and White Christmas Street Fair 2021

In 2021, we hosted our third youth empowerment programme, under the Swire Properties Placemaking Academy. Seven students were mentored by senior management, industry experts and thought leaders. The students led the design, planning and execution of our White Christmas Street Fair. Over HK$800,000 was raised for Operation Santa Claus. Over 90% of waste was diverted from landfills, making it our first community celebration with zero-waste goal.

Supporting Art and Culture in Hong Kong and the Chinese Mainland

In May 2021, the art installation *Please Be Seated* by British design firm Paul Cocksedge Studio made its debut at Taikoo Place in Hong Kong. In September 2021, three sculptures – *High Heel (pink), Headphones (blue)* and *Bright Idea* by Michael Craig-Martin were put on permanent display at Taikoo Li Qiantan.

In November 2021, *The indirect exchange of uncertain value (2021)* by British artists Joanne Tatham and Tom O'Sullivan was put on display as part of Taikoo Li Qiantan's permanent artwork collection.

Art Programmes in Hong Kong and the Chinese Mainland

2021 marks the ninth year of Swire Properties' partnership with Art Basel Hong Kong.

In May 2021, we supported the Sanlitun Culture and Art Festival in Beijing for the fourth consecutive year.

In July 2021, Swire Properties became the principal patron for the new Museum of Art Pudong.

In October 2021, we sponsored the Beijing Music Festival for the 12th consecutive year.

Sponsored Beijing Music Festival for the 12th year

Chinese Mainland

Unveiled The Underline, transformed from underutilised land below Miami's Metrorail

U.S.A.

Street Markets

The Tong Chong Street Market attracted over 1.3 million visitors from March to December 2021. Tenants and visitors were encouraged to bring their own containers and utensils.

In June 2021, Citygate Outlets held an outdoor market with booths from over 40 local artisans, social enterprises and NGOs.

The Underline

In 2016, Swire Properties Inc. (U.S.A.) became a founding sponsor of The Underline, a ten-mile-long park which is transforming underutilised land below Miami's Metrorail. In February 2021, the park's first section, "Brickell Backyard", officially opened. It contains over 30,000 plants and trees, art installations, an amphitheatre, an outdoor gym and gathering spaces.

As part of its sponsorship, Swire Properties Inc. retained naming rights for the Flex Court, a flexible outdoor space for recreational activities and continues contributory efforts to community programmes such as eight youth clinics in 2021 with the Miami HEAT, NBA Basketball team as well as a partnership with the Miami-Dade County Art in Public Places programme, which brought artist Cara Despain's *Water/Tables* art and play installation to life.

People

The contributions of our employees are critical to our success.

Employees

Swire Properties employs around 5,000 people in Hong Kong, the Chinese Mainland and the U.S.A. Attracting and developing talented employees is central to our success. We are an equal opportunities employer and aim to provide an environment at work that is respectful, challenging, rewarding and safe.

In 2021, we provided more than 130,600 hours of training and development in leadership and management, technology, IT, languages, health and safety and employee wellness.

Health and Safety

In 2021, our lost time injury rate decreased by 23.2% and our lost day rate increased by 26.8% compared to 2020.

In 2021, we started management safety walks. Senior staff walk around properties in order to identify potential hazards. Our near-miss and hazard reporting system allows staff to report near misses and hazards.

Celebrated 20th anniversary of the Swire Properties Community Ambassador programme

Hong Kong

Hosted six musical concerts as part of the PROJECT AFTER 6 programme

Hong Kong

We won two awards at the 20th Hong Kong Occupational Safety & Health Award organised by the Hong Kong Occupational Safety and Health Council. Our Sustainable Development Report 2020 won a Silver Award of Occupational Safety and Health Annual Report. Island Place Management Limited won an Outstanding Award of Safety Performance Award.

In 2021, we made a zero harm commitment, with a view to eliminating hazards and creating a safe environment for our employees, those with whom we do business and the communities in which we operate.

Volunteering

The Swire Properties community ambassadors continued to support the wider community in 2021. There were 64 events in 2021. 1,575 ambassadors contributed over 4,800 hours of service.

An exhibition at Taikoo Place and Cityplaza showcased our two decades of volunteering and support to the community. Olympic cycling bronze medalist Sarah Lee Wai-sze helped to promote the spirit of volunteering.

In the Chinese Mainland, 300 ambassadors, with families and friends, raised funds by participating in the walk for love. The funds raised were used to buy hygiene supplies for students at boarding schools in the Yushu Tibetan Autonomous Prefecture.

Newly recruited ambassadors at Taikoo Li Qiantan provided school uniforms for 500 students in less-developed areas.

In October 2021, we distributed (with Swire Trust) 3,000 noodle packs through three charities in Hong Kong.

Partners

Our business partners play a critical part in the success of our SD 2030 Strategy.

Suppliers

We include our suppliers in our approach to sustainable development. We address sustainability and manage risks related to regulatory compliance, environmental protection, health and safety, labour practices, human rights and product responsibility in our supply chain through our supplier monitoring and evaluation system and our supplier code of conduct.

We monitor our sustainable purchasing with a sustainable procurement tracking system. In 2021, HK$946 million worth of sustainable products and services were procured.

Unveiled Hong Kong's highest urban farm, the fourth "The Loop"

Hong Kong

Held "+UP! Better Living Pop-ups" campaign at Taikoo Place

Hong Kong

Tenants

We work closely with our commercial tenants in order to integrate sustainability practices into their operations. We offer our office and retail tenants in Hong Kong and the Chinese Mainland free energy audits to help them identify energy saving opportunities. At 31st December 2021, our energy audits covered approximately 5.8 million square feet of tenanted area.

Since 2019, we have given Green Kitchen Awards to 51 food and beverage tenants in Hong Kong and the Chinese Mainland. By upgrading ventilation systems, installing efficient kitchen appliances and recycling waste, these tenants have saved energy and water, reduced waste and improved the kitchen environment.

Under our Green Performance Pledge, we collaborate with tenants on fit-outs and operations in order to improve their energy, water and waste performance. We aim to have office tenants occupying 50% of the wholly-owned office space at Taikoo Place and Pacific Place in Hong Kong and Taikoo Hui in Guangzhou sign the pledge by 2025.

PROJECT AFTER 6

We hosted six musical concerts in 2021. Over 240 tenants participated.

The Loop

The Loop is what we call our urban farms. With DBS Hong Kong and Rooftop Republic, we have an urban farm on the roof of One Island East in Hong Kong. In December 2021, we donated 80 kg of food to Feeding Hong Kong, a food bank. In July 2021, we started an urban farm at INDIGO in Beijing.

Discover Taikoo Place

Taikoo Place held the "+UP! Better Living Pop-ups" campaign from September to November 2021, featuring wellness activities. There was a two-day spinning race in which more than 420 people from 20 tenants participated, raising HK$530,452 for the charity Mind HK.

Annual Shopper Research

This research was conducted in our eight malls in Hong Kong and the Chinese Mainland, with the aim of identifying shopper profiles and gauging customer behaviour. Shoppers from peer malls were also interviewed, with over 9,000 shoppers in total participating.

Introduced "Fighting Climate Change, We're All In" campaign to encourage all stakeholders to limit global warming to 1.5°C

Hong Kong

Became Principal Partner for Hong Kong's first Advancing Net Zero (ANZ) Ideas Competition to drive carbon neutrality

Hong Kong

Performance (Environment)

As a leading property developer, we are committed to building and managing our developments sustainably.

Climate Change

In 2021, we became the first real estate developer in Hong Kong and the Chinese Mainland to have our 1.5°C-aligned science-based targets endorsed by the Science Based Targets initiative. We are committed to achieving net-zero emissions by 2050.

Swire Properties was the principal partner of Hong Kong's first "Advancing Net Zero Ideas Competition", presented by the Hong Kong Green Building Council. In support of the global target of achieving carbon neutrality by 2050, the competition received 22 entries from around the world for designs that will bring positive change to the built environment.

Energy

In 2021, our energy intensity decreased by 5.2% compared to a 2019 baseline in our Hong Kong and Chinese Mainland properties. The reduction reflected better monitoring of heating, ventilation and air conditioning systems through our cloud-based smart energy management platform, the introduction of electrically-commutated motor plug fans, the retrofitting of air conditioning systems and the use of more energy efficient lighting. In July 2021, Taikoo Hui in Guangzhou became fully powered by renewable electricity through procurement of offsite wind power. It followed Sino-Ocean Taikoo Li Chengdu (which became powered by 100% renewable electricity in 2020) in achieving net-zero carbon emissions from electricity consumption.

Resource and Circularity

In 2021, 70% of our food and beverages tenants at Citygate, Cityplaza, Taikoo Place, Pacific Place and Island Place recycled food waste. At Taikoo Place, eight café operators participated in the smart reusable cup system and have avoided the disposal of more than 12,000 disposable coffee cups. In 2021, 10 office tenants and our staff started to use smart scales and a digital engagement platform.

Achieved 100% renewable electricity through off-site wind power at Taikoo Hui in Guangzhou

Chinese Mainland

Presented "Save Your Plastics" campaign to promote recycling and upcycling

Hong Kong

In September 2021, Starstreet Precinct presented the Save Your Plastics campaign and invited the neighbourhood to recycle plastics. Around 44,000 plastic items weighing close to 600 kg were collected and recycled.

Green Building

In 2021, Taikoo Li Qiantan in Shanghai achieved a Final Gold rating under LEED for Building Design and Construction: Core and Shell Development Version 2009, and became the first shopping mall in the world to obtain the WELL Core Platinum certification. One INDIGO and INDIGO Mall in Beijing achieved the China Green Building Label 2-Star.

Cityplaza was the facilities management team winner at the RICS Awards 2021 Hong Kong.

Performance (Economic)

We believe that long-term value creation depends on the sustainable development of our business.

Details of our financial performance in 2021 are in other parts of this report.

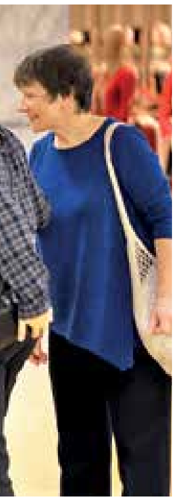
In 2021, the Company ranked seventh out of 237 real estate companies in the world and first in Asia in the Dow Jones Sustainability World Index. It retained its Global Sector Leader title under the Global Real Estate Sustainability Benchmark for the fifth consecutive year. It ranked number one in the Hang Seng Corporate Sustainability Index for the fourth consecutive year. It was included in the FTSE4Good Index and the MSCI World ESG Leaders Indexes. At 31st December 2021, approximately 30% of our financing was in the form of green bonds, sustainability-linked loans and green loans. Swire Properties has been named one of the top 10 organisations globally in the "Post-Issuance Reporting in the Green Bond Market 2021" study conducted by the Climate Bonds Initiative.

Further details of our sustainable development performance, including details of our SD 2030 Strategy, are in our Sustainable Development Report 2021.

COMMUNITY AMBASSADOR – TOGETHER FOR 20 YEARS

Community care has always been a crucial part of Swire Properties' culture, and for the past 20 years the Swire Properties Community Ambassador programme – an employee-led initiative – has brought positive change to local communities through a multitude of initiatives and activities.

Comprising an ever-growing network of volunteers – staff and their families and friends, business partners, tenants, customers and more – this initiative not only addresses social issues and helps those in need, but empowers and connects members of the community, helping us nurture long-term partnerships and fulfil our Community Ambassador vision – "TOGETHER, WE BUILD COMMUNITIES"!



ACTIVITIES

Over

1,000

AMBASSADORS

Over

8,500

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HAM TIN VILLAS, Hong Kong

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Swire Properties Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Swire Properties Limited ("the Group financial statements") and its subsidiaries ("the Group"), which are set out on pages 130 to 199, comprise:

- The consolidated statement of financial position as at 31st December 2021;
- The consolidated statement of profit or loss for the year then ended;
- The consolidated statement of other comprehensive income for the year then ended;
- The consolidated statement of cash flows for the year then ended;
- The consolidated statement of changes in equity for the year then ended; and
- The notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Group Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Group financial statements as at and for the year ended 31st December 2021. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Key Audit Matter

Valuation of investment properties

Refer to note 16 in the Group financial statements

The fair value of the Group's investment properties amounted to HK$267,959 million at 31st December 2021, with a fair value loss of HK$1,947 million recorded in the consolidated statement of profit or loss for the year.

Valuations were obtained from third party valuers (the "valuers") in respect of 97% of the investment properties as at 31st December 2021. The valuations are dependent on certain key assumptions that require significant management judgement, including capitalisation rates and market rents. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin.

How our audit addressed the Key Audit Matter

Our procedures in relation to the valuation of investment properties included:

- Evaluation of the valuers' competence, capabilities, independence and objectivity;
- Meeting the valuers to discuss the valuations and key assumptions used;
- Review of the external valuation reports to assess the appropriateness of methodologies used;
- Comparison of the capitalisation rates, market rents and expected developer's profit margin used by the valuers to an estimated range, determined by reference to publicly available information by our in-house valuation experts;
- Checking the accuracy of the rental data provided by management to the valuers by agreeing them on a sample basis to the Group's records; and
- For investment properties under development, comparing the estimated construction costs to complete with the Group's budgets.

We found the key assumptions were supported by the available evidence. We found the disclosures in note 16 to be appropriate.

Other Information in the Annual Report

The directors are responsible for the Other Information. The Other Information comprises all the information in the Swire Properties 2021 annual report other than the Group financial statements and our auditor's report thereon ("the Other Information").

Our opinion on the Group financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Group Financial Statements

The directors are responsible for the preparation of Group financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Group Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the Group financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John J. Ryan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10th March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December 2021

	Note	2021 HK$M	2020 HK$M
Revenue	4	**15,891**	13,308
Cost of sales	5	**(5,369)**	(3,396)
Gross profit		**10,522**	9,912
Administrative and selling expenses		**(1,888)**	(1,694)
Other operating expenses		**(200)**	(201)
Other net gains/(losses)	6	**1,231**	(19)
Gains on disposal of subsidiary companies	43(c)	**121**	1,973
Change in fair value of investment properties		**(1,947)**	(4,465)
Operating profit		**7,839**	5,506
Finance charges		**(607)**	(646)
Finance income		**230**	264
Net finance charges	10	**(377)**	(382)
Share of profit less losses of joint venture companies		**1,870**	818
Share of profit less losses of associated companies		**(82)**	(86)
Profit before taxation		**9,250**	5,856
Taxation	11	**(1,961)**	(1,787)
Profit for the year		**7,289**	4,069
Profit for the year attributable to:			
The Company's shareholders	36	**7,121**	4,096
Non-controlling interests	38	**168**	(27)
		7,289	4,069
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	14	**1.22**	0.70

The notes on pages 135 to 199 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2021

	2021 HK$M	2020 HK$M
Profit for the year	**7,289**	4,069
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of properties previously occupied by the Group		
– gains recognised during the year	**94**	100
– deferred tax	**(4)**	–
Defined benefit plans		
– remeasurement (losses)/gains recognised during the year	**(26)**	50
– deferred tax	**4**	(8)
	68	142
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
– losses recognised during the year	**(38)**	(70)
– transferred to net finance charges	**14**	24
– transferred to operating profit	**–**	3
– deferred tax	**4**	7
Share of other comprehensive income of joint venture and associated companies	**561**	861
Net translation differences on foreign operations recognised during the year	**1,095**	1,979
	1,636	2,804
Other comprehensive income for the year, net of tax	**1,704**	2,946
Total comprehensive income for the year	**8,993**	7,015
Total comprehensive income attributable to:		
The Company's shareholders	**8,802**	7,015
Non-controlling interests	**191**	–
	8,993	7,015

The notes on pages 135 to 199 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2021

	Note	2021 HK$M	2020 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**3,381**	4,322
Investment properties	*16*	**267,959**	267,003
Intangible assets	*17*	**203**	198
Right-of-use assets	*18*	**2,442**	3,301
Properties held for development	*19*	**1,207**	1,200
Joint venture companies	*20*	**21,999**	15,806
Loans due from joint venture companies	*20*	**15,619**	15,357
Associated companies	*21*	**461**	543
Derivative financial instruments	*30*	**133**	145
Deferred tax assets	*31*	**78**	73
Financial assets at fair value through profit or loss		**439**	985
Other financial assets at amortised cost	*32*	**522**	508
		314,443	309,441
Current assets			
Properties for sale	*23*	**6,411**	3,538
Stocks		**71**	72
Trade and other receivables	*24*	**2,805**	2,704
Amount due from immediate holding company – Swire Pacific Limited	*25*	**1**	16
Derivative financial instruments	*30*	**19**	–
Short-term deposits maturing after three months		**–**	30
Cash and cash equivalents	*26*	**14,833**	21,202
		24,140	27,562
Assets classified as held for sale	*33*	**1,740**	384
		25,880	27,946
Current liabilities			
Trade and other payables	*27*	**9,339**	8,001
Contract liabilities		**120**	22
Taxation payable		**348**	576
Derivative financial instruments	*30*	**7**	–
Short-term loans	*29*	**–**	94
Long-term loans and bonds due within one year	*29*	**9,000**	1,820
Lease liabilities due within one year	*28*	**49**	70
		18,863	10,583
Net current assets		**7,017**	17,363
Total assets less current liabilities		**321,460**	326,804
Non-current liabilities			
Long-term loans and bonds	*29*	**15,601**	25,343
Long-term lease liabilities	*28*	**517**	510
Derivative financial instruments	*30*	**–**	42
Other payables	*27*	**150**	–
Deferred tax liabilities	*31*	**10,847**	10,094
Retirement benefit liabilities	*34*	**187**	135
		27,302	36,124
NET ASSETS		**294,158**	290,680
EQUITY			
Share capital	*35*	**10,449**	10,449
Reserves	*36*	**281,706**	278,287
Equity attributable to the Company's shareholders		**292,155**	288,736
Non-controlling interests	*38*	**2,003**	1,944
TOTAL EQUITY		**294,158**	290,680

Guy Bradley
May Y. Wu
Directors

Hong Kong, 10th March 2022

The notes on pages 135 to 199 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2021

	Note	2021 HK$M	2020 HK$M
Operating activities			
Cash generated from operations	*43(a)*	**7,028**	7,550
Interest paid		**(768)**	(845)
Interest received		**203**	273
Tax paid		**(1,635)**	(1,589)
		4,828	5,389
Dividends received from joint venture and associated companies and financial assets at fair value through other comprehensive income		**217**	80
Net cash from operating activities		**5,045**	5,469
Investing activities			
Purchase of property, plant and equipment	*43(b)*	**(180)**	(121)
Additions of investment properties		**(3,860)**	(1,383)
Purchase of intangible assets		**(52)**	(39)
Proceeds from disposal of property, plant and equipment		**889**	92
Proceeds from disposal of investment properties		**2,869**	1,302
Proceeds from disposal of subsidiary companies, net of cash disposed of	*43(c)*	**212**	8,219
Proceeds from disposal of financial assets at fair value through profit or loss		**973**	–
Purchase of shares in associated companies		**–**	(219)
Purchase of financial assets at fair value through profit or loss		**(390)**	(61)
Equity to joint venture companies		**(3,986)**	(1)
Loans to joint venture companies		**(787)**	(298)
Repayment of loans by joint venture companies		**613**	936
Advances from joint venture companies		**479**	–
Decrease/(Increase) in deposits maturing after three months		**30**	(8)
Initial leasing costs incurred		**(6)**	(3)
Net cash (used in)/from investing activities		**(3,196)**	8,416
Net cash inflow before financing activities		**1,849**	13,885
Financing activities			
Loans drawn and refinanced		**1,400**	1,847
Bonds issued		**–**	1,920
Repayment of loans and bonds		**(4,184)**	(6,201)
Principal elements of lease payments		**(72)**	(54)
		(2,856)	(2,488)
Dividends paid to the Company's shareholders	*36*	**(5,383)**	(5,206)
Dividends paid to non-controlling interests	*38*	**(132)**	(119)
Net cash used in financing activities		**(8,371)**	(7,813)
(Decrease)/Increase in cash and cash equivalents		**(6,522)**	6,072
Cash and cash equivalents at 1st January		**21,202**	14,963
Effect of exchange differences		**153**	167
Cash and cash equivalents at 31st December		**14,833**	21,202
Represented by:			
Bank balances and short-term deposits maturing within three months	*26*	**14,833**	21,202

The notes on pages 135 to 199 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2021

	Note	Attributable to the Company's shareholders				Non-controlling interests	Total equity
		Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	HK$M	HK$M
At 1st January 2021		**10,449**	**276,245**	**2,042**	**288,736**	**1,944**	**290,680**
Profit for the year		**–**	**7,121**	**–**	**7,121**	**168**	**7,289**
Other comprehensive income		**–**	**(22)**	**1,703**	**1,681**	**23**	**1,704**
Total comprehensive income for the year	*36, 38*	**–**	**7,099**	**1,703**	**8,802**	**191**	**8,993**
Dividends paid		**–**	**(5,383)**	**–**	**(5,383)**	**(132)**	**(5,515)**
At 31st December 2021		**10,449**	**277,961**	**3,745**	**292,155**	**2,003**	**294,158**

	Note	Attributable to the Company's shareholders				Non-controlling interests	Total equity
		Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	HK$M	HK$M
At 1st January 2020		10,449	277,289	(811)	286,927	1,984	288,911
Profit for the year		–	4,096	–	4,096	(27)	4,069
Other comprehensive income		–	42	2,877	2,919	27	2,946
Total comprehensive income for the year	*36, 38*	–	4,138	2,877	7,015	–	7,015
Transfer		–	24	(24)	–	–	–
Dividends paid		–	(5,206)	–	(5,206)	(119)	(5,325)
Others		–	–	–	–	79	79
At 31st December 2020		10,449	276,245	2,042	288,736	1,944	290,680

The notes on pages 135 to 199 form part of these financial statements.

General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal activity of the Company is that of a holding company. The principal activities of its major subsidiary, joint venture and associated companies are shown on pages 197 to 199.

1. Changes in Accounting Policies and Disclosures

(a) The following revised standards were required to be adopted by the Group effective from 1st January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

An amendment to HKFRS 16 "COVID-19-related rent concessions beyond 30 June 2021" was issued in April 2021 and is effective for annual reporting periods beginning on or after 1st April 2021. The Group has early adopted this amendment from 1st January 2021. This amendment extended the availability of the practical expedient (as referred to below) to rent concessions occurring as a direct consequence of COVID-19 for which any reduction in lease payments affects only payments originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient set out in the 2020 amendment to HKFRS 16 "COVID-19-related rent concessions", which was adopted by the Group from 1st January 2020, are met. The Group has applied the practical expedient to all rent concessions that meet the conditions.

None of the remaining revised standards had a significant effect on the Group's financial statements or accounting policies.

(b) The Group has not early adopted the following relevant new and revised standards and interpretation that have been issued but are effective for annual periods beginning on or after 1st January 2022 and such standards have not been applied in preparing these consolidated financial statements:

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations[1]
Annual improvements project	Annual Improvements to HKFRSs 2018-2020[1]
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1	Classification of liabilities as Current or Non-current[2]
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1, HKAS 8 and HKAS 12	Narrow-scope Amendments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] To be applied by the Group from 1st January 2022.
[2] To be applied by the Group from 1st January 2023.
[3] The effective date is to be determined.

None of these new and revised standards and interpretation is expected to have a significant effect on the Group's financial statements.

2. Financial Risk Management

Financial risk factors

The Group is exposed to financial risks attributable to interest rates, currencies, credit and liquidity. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

2. Financial Risk Management *(continued)*

(i) Interest rate exposure

The Group's interest rate risk arises primarily from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group earns interest income on cash deposits and some loans due from joint venture companies.

The Group has entered into interest rate swaps to manage its long-term interest rate exposure.

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a 100 basis-points increase or decrease in market interest rates from the rates applicable at 31st December, with all other variables held constant, would have been:

	100 basis-points increase in interest rates HK$M	100 basis-points decrease in interest rates HK$M
At 31st December 2021		
Impact on profit or loss: gains/(losses)	**107**	**(74)**
Impact on other comprehensive income: gains/(losses)	**33**	**(34)**
At 31st December 2020		
Impact on profit or loss: gains/(losses)	146	(95)
Impact on other comprehensive income: gains/(losses)	14	(12)

This analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profit or losses. The analysis assumes the following:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments
- Changes in market interest rates only affect interest income or expense in relation to fixed rate financial instruments if these are recognised at fair value
- Changes in market interest rates affect the fair value of derivative financial instruments
- All other variable financial assets and liabilities are held constant

(ii) Currency exposure

The Group operates internationally and the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations are mainly in Renminbi and US dollars.

The Group is not subject to any significant foreign currency risk as the revenue, expenses and borrowings of the Group's foreign operating subsidiaries are denominated in the functional currencies of those operations. However, the Group is exposed to insignificant foreign exchange risk on US dollar medium-term notes and the Group managed this exposure by hedging through cross-currency swap contracts entered by the Group.

Foreign currency funding and deposit exposure is monitored on a continuous basis. Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

The impact on the Group's consolidated statements of profit or loss and other comprehensive income of a strengthening or weakening in the Hong Kong dollar against the US dollar from the year-end rate of 7.7966 (2020: 7.7521), with all other variables held constant, would have been:

2. Financial Risk Management *(continued)*

(ii) Currency exposure (continued)

	Strengthening in HK$ to lower peg limit (7.75) HK$M	Weakening in HK$ to upper peg limit (7.85) HK$M
At 31st December 2021		
Impact on profit or loss	**–**	**–**
Impact on other comprehensive income: (losses)/gains	**(6)**	**7**
At 31st December 2020		
Impact on profit or loss	–	–
Impact on other comprehensive income: gains	–	22

The analysis is based on a hypothetical situation, as in practice market exchange rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

– All foreign currency cash flow hedges are expected to be highly effective
– Currency risk does not arise from financial assets or liabilities denominated in the functional currencies of the Company and its subsidiary companies
– Currency risk does not arise from financial instruments that are non-monetary items

(iii) Credit exposure

The Group's credit risk is mainly attributable to trade and other receivables, cash and deposits with banks and financial institutions and receivables from joint venture companies.

Risk management
The exposure to these credit risks is closely monitored on a continuous basis by reference to established credit policies. For banks and financial institutions, only independently rated parties with investment grade credit ratings are accepted. Tenants are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. The Group does not grant credit terms to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given. The Group also holds non-interest-bearing rental deposits as security against trade debtors. In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries and joint venture companies through exercising control over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group has the following major types of assets that are subject to the expected credit loss model:

– Trade receivables
– Other financial assets at amortised cost

Trade receivables
The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. As the Group's historical credit loss experience does not indicate different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The expected loss rates are based on historical payment profiles. These rates are adjusted to reflect current and forward-looking information about economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost
Other financial assets at amortised cost include other receivables and loans due from related parties. Loans due from joint venture companies are considered to have low credit risk as the financial positions and performances of these companies are regularly monitored and reviewed by management of the Group.

2. Financial Risk Management *(continued)*

(iv) Liquidity exposure

The Group takes liquidity risk into consideration when deciding its sources of funds and their tenors, so as to avoid over reliance on funds from any one source and to prevent substantial refinancing in any one period. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the head office. The head office monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

The tables below analyse the contractual undiscounted cash flows of the Group's financial liabilities by relevant maturity groupings based on the remaining period at the year-end date to the earliest contractual maturity date.

At 31st December 2021

	Note	Carrying amount HK$M	Total contractual undiscounted cash flow HK$M	Within 1 year or on demand HK$M	More than 1 year but less than 2 years HK$M	More than 2 years but less than 5 years HK$M	More than 5 years HK$M
Trade creditors	*27*	**721**	**721**	**721**	**–**	**–**	**–**
Rental deposits from tenants	*27*	**2,782**	**2,782**	**754**	**609**	**984**	**435**
Other payables	*27*	**5,425**	**5,432**	**5,278**	**52**	**102**	**–**
Put option in respect of a non-controlling interest	*27*	**551**	**551**	**551**	**–**	**–**	**–**
Lease liabilities	*28*	**566**	**682**	**66**	**69**	**166**	**381**
Borrowings (including interest obligations)	*29*	**24,601**	**27,086**	**9,584**	**679**	**9,358**	**7,465**
Derivative financial instruments	*30*	**7**	**7**	**7**	**–**	**–**	**–**
Financial guarantee contracts	*40*	**–**	**3,719**	**76**	**1,449**	**1,290**	**904**
		34,653	**40,980**	**17,037**	**2,858**	**11,900**	**9,185**

At 31st December 2020

	Note	Carrying amount HK$M	Total contractual undiscounted cash flow HK$M	Within 1 year or on demand HK$M	More than 1 year but less than 2 years HK$M	More than 2 years but less than 5 years HK$M	More than 5 years HK$M
Trade creditors	*27*	655	655	655	–	–	–
Rental deposits from tenants	*27*	2,745	2,745	692	570	1,057	426
Other payables	*27*	4,029	4,029	4,029	–	–	–
Put option in respect of a non-controlling interest	*27*	513	513	513	–	–	–
Lease liabilities	*28*	580	695	87	66	155	387
Borrowings (including interest obligations)	*29*	27,257	30,418	2,646	9,984	5,554	12,234
Derivative financial instruments	*30*	42	42	–	42	–	–
Financial guarantee contracts	*40*	–	2,903	167	–	2,736	–
		35,821	42,000	8,789	10,662	9,502	13,047

3. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, inevitably, seldom be equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed in the relevant notes as follows:

Impairment of property, plant and equipment (note 15)
Fair value of investment properties (note 16)
Retirement benefits (note 34)

4. Revenue

Accounting Policy

Revenue is recognised when a customer obtains control of a good or service and thus has ability to direct the use and obtain benefits from the good or service. Provided the collectability of the related receivable is probable, revenue is recognised as follows:

Rental income is recognised when a lease commences. According to the contractual terms, leased properties do not have alternative uses to the Group after the leasing period stipulated in the signed tenancy agreements commence. Rental income is recognised on a straight-line basis over the shortest of (i) the remaining lease term, (ii) the period to the next rent review date and (iii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the lease term. Turnover rent is recognised when the lessee's revenue transaction is recognised.

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the buyers. According to the contractual terms, the properties generally do not have alternative uses to the Group after the signing of sales contracts with the buyers. However, in Hong Kong and the U.S.A., an enforceable right to payment does not arise until legal title of the property has been transferred to the buyer. Therefore, revenue is recognised upon completion of the transfer of legal title to the buyer. Revenue from sales of properties in Singapore is recognised over time because after the signing of a sales contract with the buyer, the Group has an enforceable right to payment for performance completed to date. Revenue from sales of these properties is recognised based on the stage of completion of the contract using the input method.

Sales of services, including services provided by hotel operations and estate management, are recognised when the customers receive and consume the benefits provided by the Group. Hence, revenues are recognised as the Group renders its services over time.

Sale of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership. Sales of food and beverages happen at a point in time and do not include any significant separate performance obligations.

Definition of terms

Contract asset: An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, the entity's future performance).

Contract liability: An entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

When the Group enters into sale and purchase contracts for properties or sale contracts for services other than tenancy agreements, if the performance obligations fulfilled by the Group exceed the total payments received to date, a contract asset is recognised; if the total payments to date exceed the performance obligation fulfilled, a contract liability is recognised. Deposits received upon signing of sale and purchase contracts, or sale contracts are recognised as contract liabilities.

Direct costs incurred to obtain a contract are capitalised if the Group expects to recover those costs. Costs of obtaining a contract are amortised on a straight-line basis over the expected life of the contract. The Group has elected to adopt the practical expedient to expense such direct costs to profit or loss since the period of amortisation is generally one year or less with no material impact to the Group.

4. Revenue *(continued)*

Revenue represents sales by the Company and its subsidiary companies to external customers and comprises:

	2021 HK$M	2020 HK$M
Gross rental income from investment properties	**12,452**	12,254
Property trading	**2,443**	312
Hotels	**894**	641
Rendering of other services	**102**	101
	15,891	13,308

	2021 HK$M	2020 HK$M
Revenue recognised in the current reporting period that was related to the contract liability balance at the beginning of the year	**4**	7

Of the contract liabilities of HK$120 million (2020: HK$22 million) outstanding at 31st December 2021, HK$120 million (2020: HK$22 million) is expected to be recognised as revenue within one year.

The following table shows unsatisfied performance obligations resulting from contracts with customers.

	2021 HK$M	2020 HK$M
Aggregate amount of the transaction price allocated to revenue contracts that are partially or fully unsatisfied at the end of the year	**992**	421

Of the amount disclosed above at 31st December 2021, HK$992 million (2020: HK$421 million) is expected to be recognised as revenue within one year.

5. Cost of Sales

	2021 HK$M	2020 HK$M
Direct rental outgoings in respect of investment properties that		
– generated rental income	**2,453**	2,173
– did not generate rental income	**177**	177
	2,630	2,350
Property trading	**1,856**	245
Hotels	**883**	801
	5,369	3,396

6. Other Net Gains/(Losses)

Accounting Policy

Government Grants

The Group recognises government grants when there is reasonable assurance that the Group will comply with the conditions attached to the grants and the grants will be received. Government grants, that are intended to compensate the Group for expenses incurred, are recognised in the consolidated statement of profit or loss on a systematic basis in the periods in which the related expenses are recognised.

	2021 HK$M	2020 HK$M
Gains/(Losses) on disposal of investment properties	**1,028**	(147)
Gains/(Losses) on disposal of property, plant and equipment	**9**	(3)
Gains on disposal of assets classified as held for sale	**36**	–
Change in fair value of assets classified as held for sale	**42**	–
Change in fair value of financial assets at fair value through profit or loss	**(12)**	–
Net foreign exchange gains	**60**	23
Government subsidies	**15**	61
Others	**53**	47
	1,231	(19)

7. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses, and other operating expenses are analysed as follows:

	2021 HK$M	2020 HK$M
Depreciation of property, plant and equipment (note 15)	**273**	279
Depreciation of right-of-use assets		
– leasehold land held for own use	**27**	27
– property	**38**	34
Amortisation of		
– intangible assets (note 17)	**47**	40
– initial leasing costs in respect of investment properties	**35**	33
Staff costs	**1,965**	1,965
Other lease expenses*	**32**	31
Auditors' remuneration		
– audit services	**11**	12
– tax services	**5**	3
– other services	**2**	4

* These expenses include expenses relating to short-term leases and leases of low-value assets, net of rent concessions received of HK$1 million (2020: HK$1 million). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

8. Segment Information

The Group is organised on a divisional basis: Property investment, Property trading and Hotels. The reportable segments within each of the three divisions are classified according to the nature of the business.

Accounting Policy

Segment information is reported in a manner consistent with the Group's internal financial reporting provided to the Executive Directors for making strategic decisions. A reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics or single operating segments which are discloseable separately because they cannot be aggregated or because they exceed certain quantitative thresholds.

(a) Information about reportable segments

Analysis of Consolidated Statement of Profit or Loss

	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(losses) after depreciation and amortisation HK$M	Finance charges HK$M	Finance income HK$M	Share of profit less losses of joint venture companies HK$M	Share of profit less losses of associated companies HK$M	Profit/(Losses) before taxation HK$M	Taxation HK$M	Profit/(Losses) for the year HK$M	Profit/(Losses) attributable to the Company's shareholders HK$M	Depreciation and amortisation charged to operating profit HK$M
Year ended 31st December 2021												
Property investment	**12,554**	**3**	**9,468**	**(582)**	**229**	**1,006**	**–**	**10,121**	**(1,350)**	**8,771**	**8,663**	**(208)**
Property trading	**2,443**	**–**	**492**	**(11)**	**1**	**120**	**–**	**602**	**2**	**604**	**601**	**–**
Hotels	**894**	**4**	**(174)**	**(14)**	**–**	**(70)**	**(82)**	**(340)**	**31**	**(309)**	**(307)**	**(212)**
Change in fair value of investment properties	**–**	**–**	**(1,947)**	**–**	**–**	**814**	**–**	**(1,133)**	**(644)**	**(1,777)**	**(1,836)**	**–**
Inter-segment elimination	**–**	**(7)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	15,891	**–**	**7,839**	**(607)**	**230**	**1,870**	**(82)**	**9,250**	**(1,961)**	**7,289**	**7,121**	**(420)**
Year ended 31st December 2020												
Property investment	12,355	20	10,330	(600)	263	1,024	–	11,017	(1,584)	9,433	9,352	(192)
Property trading	312	–	(49)	(29)	1	1	–	(76)	(11)	(87)	(87)	–
Hotels	641	2	(310)	(17)	–	(154)	(86)	(567)	43	(524)	(524)	(221)
Change in fair value of investment properties	–	–	(4,465)	–	–	(53)	–	(4,518)	(235)	(4,753)	(4,645)	–
Inter-segment elimination	–	(22)	–	–	–	–	–	–	–	–	–	–
	13,308	–	5,506	(646)	264	818	(86)	5,856	(1,787)	4,069	4,096	(413)

Note:
Sales between business segments are accounted for at competitive prices charged to unaffiliated customers for similar goods and services.

8. Segment Information *(continued)*

(a) Information about reportable segments *(continued)*

Analysis of external revenue of the Group – timing of revenue recognition

	At a point in time HK$M	Over time HK$M	Rental income on leases HK$M	Total HK$M
Year ended 31st December 2021				
Property investment	**–**	**102**	**12,452**	**12,554**
Property trading	**2,443**	**–**	**–**	**2,443**
Hotels	**478**	**416**	**–**	**894**
	2,921	**518**	**12,452**	**15,891**
Year ended 31st December 2020				
Property investment	–	101	12,254	12,355
Property trading	312	–	–	312
Hotels	380	261	–	641
	692	362	12,254	13,308

Analysis of total assets of the Group

	Segment assets HK$M	Joint venture companies* HK$M	Associated companies HK$M	Bank deposits and cash HK$M	Total assets HK$M	Additions to non-current assets (Note) HK$M
At 31st December 2021						
Property investment	**274,779**	**33,492**	**–**	**14,161**	**322,432**	**4,374**
Property trading	**8,058**	**2,717**	**219**	**548**	**11,542**	**–**
Hotels	**4,574**	**1,409**	**242**	**124**	**6,349**	**122**
	287,411	**37,618**	**461**	**14,833**	**340,323**	**4,496**
At 31st December 2020						
Property investment	273,863	27,328	–	20,996	322,187	1,893
Property trading	4,885	2,451	219	96	7,651	(6)
Hotels	5,701	1,384	324	140	7,549	110
	284,449	31,163	543	21,232	337,387	1,997

* The assets relating to joint venture companies include the loans due from these companies.

Note:
In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets, retirement benefit assets and other financial assets at amortised cost.

8. Segment Information *(continued)*

(a) Information about reportable segments *(continued)*

Analysis of total liabilities and non-controlling interests of the Group

	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
At 31st December 2021						
Property investment	**8,303**	**11,174**	**18,839**	**566**	**38,882**	**1,969**
Property trading	**1,336**	**21**	**5,412**	**–**	**6,769**	**2**
Hotels	**164**	**–**	**350**	**–**	**514**	**32**
	9,803	**11,195**	**24,601**	**566**	**46,165**	**2,003**
At 31st December 2020						
Property investment	7,729	10,669	22,955	580	41,933	1,881
Property trading	305	1	3,043	–	3,349	33
Hotels	166	–	1,259	–	1,425	30
	8,200	10,670	27,257	580	46,707	1,944

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong, the Chinese Mainland and the U.S.A.

An analysis of revenue and non-current assets of the Group by principal markets is outlined below:

	Revenue		Non-current assets (Note)	
	2021 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M
Hong Kong	**8,776**	9,309	**228,318**	231,522
Chinese Mainland	**3,850**	3,082	**40,766**	37,280
U.S.A. and elsewhere	**3,265**	917	**6,108**	7,222
	15,891	13,308	**275,192**	276,024

Note:
In this analysis, the total of non-current assets exclude joint venture and associated companies, financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets, retirement benefit assets and other financial assets at amortised cost.
Of the joint venture and associated companies balances, HK$7,126 million (2020: HK$7,111 million) is based in Hong Kong, HK$14,971 million (2020: HK$8,912 million) is based in the Chinese Mainland and HK$363 million (2020: HK$326 million) is based in U.S.A. and elsewhere.

9. Directors' and Executive Officers' Emoluments

(a) The total emoluments of Directors of the Company disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Cash				Non-cash				
	Salary HK$'000	Fees HK$'000	Discretionary bonus (note (i)) HK$'000	Allowance and benefits HK$'000	Retirement scheme contributions HK$'000	Discretionary bonus paid into retirement scheme HK$'000	Housing and other benefits (note (ii)) HK$'000	Total 2021 HK$'000	Total 2020 HK$'000
For the year ended 31st December 2021									
Executive Directors									
G.M.C. Bradley (Chairman) (notes (iii))	3,606	–	1,914	326	793	1,914	2,781	11,334	15,410
M.B. Swire (notes (iv))	–	–	–	–	–	–	–	–	1,622
T.J. Blackburn (note (v))	1,054	–	–	1,484	232	–	–	2,770	–
F.N.Y. Lung	3,528	–	1,437	1,229	812	–	–	7,006	7,347
M.S.C. Ma (note (vi))	1,106	–	–	213	159	–	–	1,478	–
Non-Executive Directors									
N.A.H. Fenwick	–	–	–	–	–	–	–	–	–
R.S.K. Lim	–	575	–	–	–	–	–	575	575
M.J. Murray (note (vii))	–	–	–	–	–	–	–	–	–
M.B. Swire (note (iv))	–	–	–	–	–	–	–	–	–
P. Healy (note (viii))	–	–	–	–	–	–	–	–	–
M.M.S. Low (note (ix))	–	–	–	–	–	–	–	–	–
Independent Non-Executive Directors									
L.K.L. Cheng	–	761	–	–	–	–	–	761	761
T.T.K. Choi	–	635	–	–	–	–	–	635	635
S.T. Fung	–	658	–	–	–	–	–	658	658
J.L. Wang	–	575	–	–	–	–	–	575	575
M.Y. Wu	–	843	–	–	–	–	–	843	843
Total 2021	9,294	4,047	3,351	3,252	1,996	1,914	2,781	26,635	N/A
Total 2020	8,832	4,047	5,991	1,508	1,913	1,257	4,878	N/A	28,426

Notes:
(i) The bonuses disclosed above are related to services as Executive Directors for the previous year.
(ii) Other benefits include medical and insurance benefits and overseas tax subsidies.
(iii) G.M.C. Bradley was Chief Executive until 24th August 2021 and was elected as Chairman with effect from 25th August 2021.
(iv) M.B. Swire was Chairman and an Executive Director until 24th August 2021 and was re-designated as a Non-Executive Director with effect from 25th August 2021.
(v) T.J. Blackburn was appointed as an Executive Director and became Chief Executive with effect from 25th August 2021.
(vi) M.S.C. Ma was appointed as an Executive Director on 25th August 2021.
(vii) M.J. Murray was appointed as a Non-Executive Director on 1st April 2021.
(viii) P. Healy resigned as a Non-Executive Director on 24th August 2021.
(ix) M.M.S. Low resigned as a Non-Executive Director on 31st March 2021.

9. Directors' and Executive Officers' Emoluments *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group are as follows:

	Year ended 31st December	
	2021	2020
Number of individuals:		
Executive Directors (note (i))	**1**	2
Executive Officers (note (ii))	**4**	3
	5	5

Notes:

(i) Details of the emoluments paid to these Executive Directors were included in the disclosure as set out in note 9(a) above.

(ii) An Executive Officer was appointed as an Executive Director with effect from 25th August 2021. Details of the aggregate of the emoluments paid to this Executive Director (including the emoluments paid to this Executive Director and disclosed in note 9(a) above) and the other three highest paid Executive Officers are as follows:

	Year ended 31st December	
	2021 HK$'000	2020 HK$'000
Cash:		
Salary	**10,194**	7,212
Discretionary bonus (Note)	**5,155**	5,442
Allowance and benefits	**3,690**	2,182
Non-cash:		
Retirement scheme contributions	**1,656**	1,233
Bonus paid into retirement scheme	**659**	719
Housing and other benefits	**13,089**	11,498
	34,443	28,286

Note:

The bonuses disclosed above are related to services for the previous year.

The number of the above Executive Officers whose emoluments fell within the following bands:

	Year ended 31st December	
	2021	2020
HK$11,000,001 – HK$11,500,000	**–**	1
HK$10,000,001 – HK$10,500,000	**1**	–
HK$9,500,001 – HK$10,000,000	**1**	–
HK$8,500,001 – HK$9,000,000	**–**	1
HK$8,000,001 – HK$8,500,000	**–**	1
HK$7,000,001 – HK$7,500,000	**2**	–
	4	3

10. Net Finance Charges

Accounting Policy

Interest costs incurred are charged to the consolidated statement of profit or loss except for those interest charges attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) which are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Interest income on financial assets at fair value through profit or loss ("FVPL") is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income ("FVOCI") calculated using the effective interest method is recognised on a time proportion basis in the consolidated statement of profit or loss as part of finance income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other net gains/(losses). Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Refer to the table with heading "Audited Financial Information" on page 82 for details of the Group's net finance charges.

11. Taxation

Accounting Policy

The tax charge comprises current and deferred tax. The tax charge is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in the consolidated statement of other comprehensive income or directly to equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

	2021		2020	
	HK$M	HK$M	HK$M	HK$M
Current taxation				
Hong Kong profits tax	780		836	
Overseas tax	627		477	
Under-provisions in prior years	4		8	
		1,411		1,321
Deferred taxation (note 31)				
Change in fair value of investment properties	437		215	
Origination and reversal of temporary differences	113		251	
		550		466
		1,961		1,787

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

11. Taxation *(continued)*

The tax charge on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate of the Company as follows:

	2021 HK$M	2020 HK$M
Profit before taxation	**9,250**	5,856
Calculated at a tax rate of 16.5% (2020: 16.5%)	**1,526**	966
Share of results of joint venture and associated companies	**(295)**	(121)
Effect of different tax rates in other countries	**373**	222
Fair value losses on investment properties	**595**	857
Income not subject to tax	**(278)**	(427)
Expenses not deductible for tax purposes	**20**	55
Unused tax losses not recognised	**59**	44
Utilisation of previously unrecognised tax losses	**(80)**	(3)
Recognition of previously unrecognised tax losses	**(53)**	(25)
Withholding tax	**90**	211
Under-provisions in prior years	**4**	8
Tax charge	**1,961**	1,787

The Group's share of joint venture companies' tax charges of HK$538 million (2020: HK$197 million) and share of associated companies' tax credits of HK$14 million (2020: HK$12 million) respectively are included in the share of profit less losses of joint venture and associated companies shown in the consolidated statement of profit or loss.

12. Profit Attributable to the Company's Shareholders

Of the profit attributable to the Company's shareholders, HK$5,629 million (2020: HK$12,814 million) is dealt with in the financial statements of the Company.

13. Dividends

Accounting Policy

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or declared by the Company's Directors, where appropriate.

	2021 HK$M	2020 HK$M
First interim dividend paid on 5th October 2021 of HK$0.31 per share (2020: HK$0.30)	**1,814**	1,755
Second interim dividend declared on 10th March 2022 of HK$0.64 per share (2020: HK$0.61)	**3,744**	3,569
	5,558	5,324

The second interim dividend is not accounted for in 2021 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2021 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2022 when declared.

The Directors have declared a second interim dividend of HK$0.64 (2020: HK$0.61) per share which, together with the first interim dividend of HK$0.31 per share paid in October 2021, amounts to full year dividends of HK$0.95 (2020: HK$0.91) per share. The second interim dividend, which totals HK$3,744 million (2020: HK$3,569 million), will be paid on Thursday, 5th May 2022 to shareholders registered at the close of business on the record date, being Friday, 1st April 2022. Shares of the Company will be traded ex-dividend from Wednesday, 30th March 2022.

The register of members will be closed on Friday, 1st April 2022, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 31st March 2022.

To facilitate the processing of proxy voting for the annual general meeting to be held on 10th May 2022, the register of members will be closed from 4th May 2022 to 10th May 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 3rd May 2022.

14. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$7,121 million (2020: HK$4,096 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during 2021 (2020: 5,850,000,000 ordinary shares).

15. Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

With the exception of freehold land, all other items of property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives in the following manner:

Buildings	2% to 5% per annum
Plant and equipment	10% to 33 ⅓% per annum

The assets' expected useful lives and residual values are regularly reviewed and adjusted, if appropriate, at the end of each reporting date to take into account operational experience and changing circumstances.

On the transfer of owner-occupied property to investment property, increases in the carrying amount arising on revaluation of land and buildings are credited to the consolidated statement of other comprehensive income and shown as property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in the consolidated statement of other comprehensive income and debited against property revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within other net gains/(losses) in the consolidated statement of profit or loss. When revalued assets are sold, the amounts included in the property revaluation reserve are transferred to revenue reserve.

Critical Accounting Estimates and Judgements

At each reporting date or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indication that assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated using fair value less costs of disposal and/or value in use calculations as appropriate. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment loss is recognised in the consolidated statement of profit or loss within other net gains/(losses).

15. Property, Plant and Equipment *(continued)*

	Land and buildings HK$M	Plant and equipment HK$M	Total HK$M
Cost:			
At 1st January 2021	5,479	1,818	7,297
Translation differences	68	17	85
Additions	9	181	190
Disposals	(1,216)	(38)	(1,254)
Net transfers to investment properties	(49)	–	(49)
Revaluation surplus	16	–	16
At 31st December 2021	4,307	1,978	6,285
Accumulated depreciation and impairment:			
At 1st January 2021	1,521	1,454	2,975
Translation differences	25	13	38
Charge for the year (note 7)	152	121	273
Disposals	(337)	(37)	(374)
Transfers to investment properties	(8)	–	(8)
At 31st December 2021	1,353	1,551	2,904
Net book value:			
At 31st December 2021	2,954	427	3,381

At 31st December 2021 and 2020, none of the Group's property, plant and equipment was pledged as security for the Group's long-term loans.

Refer to the table with heading "Audited Financial Information" on page 82 for details of the Group's capitalised interest rates and the amount of interest capitalised.

15. Property, Plant and Equipment *(continued)*

	Land and buildings HK$M	Plant and equipment HK$M	Total HK$M
Cost:			
At 1st January 2020	5,475	1,695	7,170
Translation differences	116	31	147
Additions	7	165	172
Disposals	(99)	(73)	(172)
Disposal of subsidiary companies	(20)	–	(20)
At 31st December 2020	5,479	1,818	7,297
Accumulated depreciation and impairment:			
At 1st January 2020	1,329	1,384	2,713
Translation differences	40	25	65
Charge for the year (note 7)	164	115	279
Disposals	(7)	(70)	(77)
Disposal of subsidiary companies	(5)	–	(5)
At 31st December 2020	1,521	1,454	2,975
Net book value:			
At 31st December 2020	3,958	364	4,322

16. Investment Properties

Accounting Policy

Investment property comprises freehold land, leasehold land and buildings held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Property held by the lessee as a right-of-use asset is classified and accounted for as an investment property when the rest of the definition of investment property is met.

Investment properties (including those under development) are carried at fair value and are valued twice a year. The majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and are on the basis of market value related to individual properties, and separate values are not attributed to land and buildings. These values represent their fair values in accordance with HKFRS 13. Land and buildings that are being developed for future use as investment properties and investment properties that are being redeveloped for continuing use as investment properties are measured at fair value and included as investment properties under development. Changes in fair values are recognised in the consolidated statement of profit or loss.

Subsequent expenditure is charged to an investment property's carrying amount only when it is probable that future economic benefits associated with that expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs in respect of an investment property are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment or leasehold land under right-of-use assets, and its fair value at the date of reclassification becomes its deemed cost for accounting purposes.

Expenditure incurred in leasing out the Group's investment properties during development is deferred and amortised on a straight-line basis to the consolidated statement of profit or loss upon occupation of the property over a period not exceeding the term of the leases.

Critical Accounting Estimates and Judgements

Cushman & Wakefield Limited, an independent property valuer, was engaged to carry out a valuation of the major portion of the Group's investment property portfolio at 31st December 2021. This valuation was carried out in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors, which define market value as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties each acted knowledgeably, prudently and without compulsion". The assumptions are principally in respect of market rents and yields.

Management has reviewed the independent property valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the independent property valuation of the Group's investment property portfolio is reasonable.

16. Investment Properties *(continued)*

	Completed HK$M	Under Development HK$M	Total HK$M
At 1st January 2021	**239,493**	**27,338**	**266,831**
Translation differences	**1,142**	**13**	**1,155**
Additions	**1,191**	**3,056**	**4,247**
Cost written back	**(6)**	**–**	**(6)**
Disposals	**(1,603)**	**–**	**(1,603)**
Transfer between categories	**1,131**	**(1,131)**	**–**
Net transfers from property, plant and equipment and right-of-use assets	**283**	**633**	**916**
Transfer to assets classified as held for sale	**(1,646)**	**–**	**(1,646)**
Disposal of subsidiary companies	**–**	**(132)**	**(132)**
Net fair value (losses)/gains	**(3,282)**	**1,335**	**(1,947)**
	236,703	**31,112**	**267,815**
Add: Initial leasing costs	**144**	**–**	**144**
At 31st December 2021	**236,847**	**31,112**	**267,959**
At 1st January 2020	252,260	24,531	276,791
Translation differences	1,946	44	1,990
Additions	568	1,373	1,941
Cost written back	–	(206)	(206)
Disposals	(1,239)	–	(1,239)
Transfer between categories	(883)	883	–
Transfer to properties for sale	–	(2)	(2)
Net transfers from right-of-use assets	–	90	90
Transfer to assets classified as held for sale	(384)	–	(384)
Disposal of subsidiary companies	(7,685)	–	(7,685)
Net fair value (losses)/gains	(5,090)	625	(4,465)
	239,493	27,338	266,831
Add: Initial leasing costs	172	–	172
At 31st December 2020	239,665	27,338	267,003

16. Investment Properties *(continued)*

Geographical Analysis of Investment Properties

	2021 HK$M	2020 HK$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	**31,586**	33,202
On long-term leases (over 50 years)	**192,378**	193,142
	223,964	226,344
Held in the Chinese Mainland		
On short-term leases (less than 10 years)	**–**	7
On medium-term leases (10 to 50 years)	**39,207**	35,681
	39,207	35,688
Held in U.S.A.		
Freehold	**4,644**	4,799
	267,815	266,831

Additions include capital expenditure in response to climate change, in line with the Group's sustainable development strategy to achieve carbon and energy reduction to mitigate climate-related risks and to reach net-zero carbon emissions targets. For further details, refer to the Sustainable Development section on pages 113 to 123.

Refer to the table with heading "Audited Financial Information" on page 82 for details of the Group's capitalised interest rates and the amount of interest capitalised.

Valuation processes and techniques underlying management's estimate of fair value

The Group's investment properties were valued at their fair values at 31st December 2021. 95% by value were valued by Cushman & Wakefield Limited and 2% by value were valued by another independent valuer, in each case on the basis of market value. The independent professionally qualified valuers hold recognised relevant professional qualifications in the jurisdictions in which they valued the Group's investment properties and have recent experience in the locations and types of investment properties valued. The remaining properties were valued by management. The current use of the investment properties equates to the highest and best use.

The valuation of the Group's completed investment property portfolio is derived by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions available in the relevant property market.

The valuation of the Group's investment properties under development is derived by making reference to market capitalisation rates and recent comparable sales transactions in the relevant property market (on the assumption that the property had already been completed at the valuation date). It also takes into account the construction cost already incurred as well as the estimated cost to be incurred to complete the project plus the developer's estimated profit and margin for risk.

The fair values of the Group's investment properties are sensitive to changes in both observable and unobservable inputs. If capitalisation rates increase, the fair values decrease. If market rents increase, the fair values increase. If estimated costs to complete or the developer's estimated profit and margin for risk increase, the fair values decrease. The opposite is true for decreases in these inputs.

There are inter-relationships between observable and unobservable inputs. Expected vacancy rates may have an impact on yields, with higher vacancy rates resulting in higher yields. For investment properties under development, increases in construction costs that enhance the properties' features may result in an increase in future rental values. An increase in future rental income may be linked with higher costs.

The Group reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between management and the independent valuers at least once every half year, in line with the Group's half year reporting dates.

16. Investment Properties *(continued)*

Fair value hierarchy

The Group's investment properties are measured at fair value and categorised within the fair value hierarchy as follows:

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2021 Total HK$M
Fair value hierarchy								
Level 2	**1,773**	**210**	**–**	**1,983**	**13,127**	**–**	**13,127**	**15,110**
Level 3	**191,079**	**38,997**	**4,644**	**234,720**	**17,985**	**–**	**17,985**	**252,705**
Total	**192,852**	**39,207**	**4,644**	**236,703**	**31,112**	**–**	**31,112**	**267,815**
Add: initial leasing costs								**144**
At 31st December 2021								**267,959**

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2020 Total HK$M
Fair value hierarchy								
Level 2	3,394	184	–	3,578	11,919	–	11,919	15,497
Level 3	196,498	34,618	4,799	235,915	14,533	886	15,419	251,334
Total	199,892	34,802	4,799	239,493	26,452	886	27,338	266,831
Add: initial leasing costs								172
At 31st December 2020								267,003

Notes:
The levels in the hierarchy represent the following:
Level 2 – Investment properties measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.
Level 3 – Investment properties measured at fair value using inputs not based on observable market data.

The above investment properties principally comprise completed commercial and residential properties in Hong Kong and the Chinese Mainland and commercial and residential properties under development in Hong Kong. The Group has other investment property projects, principally comprising the Brickell City Centre mall, in Miami which was completed in 2016. Because of the unique nature of the Group's investment properties, most of them are valued by reference to a level 3 fair value measurement.

16. Investment Properties *(continued)*

Fair value hierarchy *(continued)*

The change in level 3 fair value of investment properties during the year is as follows:

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2021 Total HK$M
At 1st January 2021	**196,498**	**34,618**	**4,799**	**235,915**	**14,533**	**886**	**15,419**	**251,334**
Translation differences	**–**	**1,109**	**28**	**1,137**	**–**	**13**	**13**	**1,150**
Additions	**329**	**818**	**43**	**1,190**	**2,555**	**92**	**2,647**	**3,837**
Cost written back	**(6)**	**–**	**–**	**(6)**	**–**	**–**	**–**	**(6)**
Disposals	**–**	**(7)**	**(456)**	**(463)**	**–**	**–**	**–**	**(463)**
Transfer between categories	**445**	**1,131**	**–**	**1,576**	**–**	**(1,131)**	**(1,131)**	**445**
Net transfers from property, plant and equipment and right-of-use assets	**265**	**–**	**–**	**265**	**–**	**–**	**–**	**265**
Net fair value (losses)/gains	**(6,452)**	**1,328**	**230**	**(4,894)**	**897**	**140**	**1,037**	**(3,857)**
At 31st December 2021	**191,079**	**38,997**	**4,644**	**234,720**	**17,985**	**–**	**17,985**	**252,705**

	Completed				Under Development			
	Hong Kong HK$M	Chinese Mainland HK$M	U.S.A. HK$M	Total HK$M	Hong Kong HK$M	Chinese Mainland HK$M	Total HK$M	2020 Total HK$M
At 1st January 2020	211,003	31,224	6,417	248,644	12,085	768	12,853	261,497
Translation differences	–	1,960	(25)	1,935	–	44	44	1,979
Additions	361	150	56	567	1,204	118	1,322	1,889
Cost written back	–	–	–	–	(205)	–	(205)	(205)
Disposals	–	–	(1,139)	(1,139)	–	–	–	(1,139)
Transfer between categories	–	–	–	–	883	–	883	883
Transfer to properties for sale	–	–	–	–	(2)	–	(2)	(2)
Disposal of subsidiary companies	(7,685)	–	–	(7,685)	–	–	–	(7,685)
Net fair value (losses)/gains	(7,181)	1,284	(510)	(6,407)	568	(44)	524	(5,883)
At 31st December 2020	196,498	34,618	4,799	235,915	14,533	886	15,419	251,334

16. Investment Properties *(continued)*

Information about level 3 fair value measurements using significant unobservable inputs

	Fair value HK$M	Valuation technique	Market rent per month[1] HK$ per sq. ft. (lettable)	Capitalisation rate
At 31st December 2021				
Completed				
Hong Kong	**191,079**	**Income capitalisation**	**Less than 10 – Low 500's**	**2.50% – 4.88%**
Chinese Mainland	**38,997**	**Income capitalisation**	**Less than 10 – High 200's**	**6.00% – 6.75%**
U.S.A.	**4,644**	**Income capitalisation**	**Less than 10 – Low 70's**	**5.00% – 5.50%**
Sub-total	**234,720**			
Under development				
Hong Kong	**17,985**	**Residual[2]**	**Low 60's – High 70's**	**3.63% – 3.75%**
Total (Level 3)	**252,705**			
At 31st December 2020				
Completed				
Hong Kong	196,498	Income capitalisation	Less than 10 – Low 500's	2.50% – 4.88%
Chinese Mainland	34,618	Income capitalisation	Less than 10 – Mid 200's	6.25% – 7.50%
U.S.A.	4,346	Income capitalisation	Less than 10 – Mid 60's	5.00% – 5.50%
U.S.A.	453	Sales comparison	–	–
Sub-total	235,915			
Under development				
Hong Kong	14,533	Residual[2]	Low 60's – Low 80's	3.63% – 3.75%
Chinese Mainland	886	Residual[2]	High 20's – High 100's	6.75%
Sub-total	15,419			
Total (Level 3)	251,334			

1 Market rent is determined in accordance with the definition of that term in the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors, which is "the estimated amount for which all interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion". It is in effect the rental income (exclusive of usual outgoings) which a property would be expected to earn if it were vacant and available to let. It is not necessarily the same as the rent which a tenant is actually committed to pay.

2 In using the residual method to make fair value measurements of investment properties, two additional unobservable inputs have been used. These are the estimated costs to complete the development and the developer's estimated profit and margin for risk.

17. Intangible Assets

Accounting Policy

Computer software

Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software costs recognised as assets are amortised over their estimated useful lives (three to five years).

	Computer Software HK$M	**Others HK$M**	**Total HK$M**
Cost:			
At 1st January 2021	**211**	**205**	**416**
Additions	**52**	**–**	**52**
At 31st December 2021	**263**	**205**	**468**
Accumulated amortisation:			
At 1st January 2021	**138**	**80**	**218**
Amortisation for the year (note 7)	**25**	**22**	**47**
At 31st December 2021	**163**	**102**	**265**
Net book value:			
At 31st December 2021	**100**	**103**	**203**

	Computer Software HK$M	Others HK$M	Total HK$M
Cost:			
At 1st January 2020	172	205	377
Additions	39	–	39
At 31st December 2020	211	205	416
Accumulated amortisation:			
At 1st January 2020	120	58	178
Amortisation for the year (note 7)	18	22	40
At 31st December 2020	138	80	218
Net book value:			
At 31st December 2020	73	125	198

Amortisation of HK$47 million (2020: HK$40 million) is included in cost of sales and administrative expenses in the consolidated statement of profit or loss.

18. Right-of-use Assets

Accounting Policy

The Group (acting as lessee) leases land, offices, warehouses and equipment. Except for certain long-term leasehold land in Hong Kong, rental contracts are typically made for fixed periods of 1 to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for other borrowing purposes.

Leases are recognised by lessees as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term used in the computation assumes the lessee exercises an option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. However, if the ownership of the underlying asset is expected to be transferred to the Group by the end of the lease term and if the cost of the right-of-use asset has already included the exercise price of a purchase option, depreciation is calculated on a straight-line basis to write off the cost over the anticipated useful life of the underlying asset to its estimated residual value.

Payments by lessees associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expenses in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise information technology equipment and small items of office furniture.

18. Right-of-use Assets *(continued)*

The recognised right-of-use assets relate to the following types of assets:

	2021 HK$M	2020 HK$M
Leasehold land held for own use	2,367	3,191
Property	75	110
	2,442	3,301

For leasehold land, the Group is the registered owner of these property interests. Upfront payments were made to acquire these land interests and there are no ongoing payments to be made under the terms of the land lease (i.e. no lease liabilities are recognised), other than government rents and rates and other payments to the relevant government authorities, which may vary from time to time. Their remaining lease periods are as follows:

	Leasehold land held for own use	
	2021 HK$M	2020 HK$M
Held in Hong Kong		
On medium-term leases (10-50 years)	360	369
On long-term leases (over 50 years)	2,007	2,822
	2,367	3,191

Lease arrangements for other types of assets are negotiated on an individual asset basis and contain a wide range of different terms and conditions including lease payments and lease terms.

Properties occupied by the Group are transferred to investment properties following the end of occupation by the Group. The valuation increase from carrying amount to fair value in respect of such transfers during the year ended 31st December 2021 was HK$94 million (2020: HK$100 million).

Additions to right-of-use assets during the year ended 31st December 2021 were HK$5 million (2020: HK$54 million).

During the year ended 31st December 2021, cash outflows for leases were included in the consolidated statement of cash flows as (a) interest paid of HK$18 million (2020: HK$18 million) under "operating activities", (b) payment for short-term and low-value assets leases of HK$32 million (2020: HK$31 million) under "operating activities" and (c) principal elements of lease payments of HK$72 million (2020: HK$54 million) under "financing activities".

19. Properties Held for Development

Accounting Policy

Properties held for development comprise freehold land at cost and related costs of preliminary works, less provisions for possible losses. Properties held for development are not expected to be sold or developed within the Group's normal operating cycle and are classified as non-current assets.

	2021 HK$M	2020 HK$M
Properties held for development		
Freehold land	986	981
Development cost	221	219
	1,207	1,200

20. Joint Venture Companies

Accounting Policy

Joint venture companies are those companies held for the long term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where the Group has rights to the net assets of those companies. The use of the equity method by the Group to account for the investment in joint venture companies is disclosed in the "Basis of Consolidation" of the Principal Accounting Policies on pages 194 to 196.

	2021 HK$M	2020 HK$M
Share of net assets, unlisted	21,999	15,806
Loans due from joint venture companies less provisions		
– Interest-free	13,426	13,230
– Interest-bearing at 0.86% to 6.5% (2020: 0.85% to 7.5%)	2,193	2,127
	15,619	15,357

The loans due from joint venture companies are unsecured and have no fixed terms of repayment. These loans are considered to have low credit risk. The financial positions and performances of these companies are regularly monitored and reviewed by the management of the Group.

In December 2020, a wholly-owned subsidiary of the Group entered into a joint venture arrangement with Sino-Ocean Holding Group (China) Limited ("SOG China") to invest in a new joint venture company, Beijing Xingtaitonggang Properties Company Limited ("BJTG"). In accordance with a shareholders' agreement and memorandum of understanding:

(i) the Group has a call option to acquire from SOG China a 14.895% equity interest in BJTG (together with the corresponding shareholder loan) (the "Call Option") at an exercise price determined by reference to the average of the valuations of BJTG by two valuers. The Call Option may be exercised when certain criteria are fulfilled; and

(ii) each of the Group and SOG China as grantor (the "Grantor") has granted a call option (the "Linlian Call Option") to the other as grantee (the "Grantee") which gives the Grantee the right to acquire the Grantor's entire 50% interest in Beijing Linlian Real Estate Company Limited ("BJLL") (comprising an equity interest and loans) at an exercise price of RMB2,700 million. The Linlian Call Option may be exercised when certain criteria are fulfilled.

At 31st December 2021, the Group's interest in BJLL amounted to HK$2,757 million. The Group has not recognised any asset or liability in the consolidated financial statements in relation to the call options as their fair values are considered not to be significant.

20. Joint Venture Companies *(continued)*

The Group's share of assets and liabilities and results of joint venture companies is summarised below:

	2021 HK$M	2020 HK$M
Non-current assets	**51,676**	49,031
Current assets	**4,002**	3,545
Current liabilities	**(2,649)**	(4,386)
Non-current liabilities	**(31,030)**	(32,384)
Net assets	**21,999**	15,806
Revenue	**2,915**	2,332
Change in fair value of investment properties	**1,197**	158
Expenses	**(1,704)**	(1,475)
Profit before taxation	**2,408**	1,015
Taxation	**(538)**	(197)
Profit for the year	**1,870**	818
Other comprehensive income	**561**	861
Total comprehensive income for the year	**2,431**	1,679

Capital commitments and contingencies in respect of joint venture companies are disclosed in notes 39 and 40.

The principal joint venture companies of Swire Properties Limited are shown on pages 197 to 199. There are no joint venture companies that are considered individually material to the Group.

21. Associated Companies

Accounting Policy

Associated companies are those companies over which the Group has significant influence, but not control or joint control, over their management including participation in financial and operating policy decisions, generally accompanying a shareholding representing between 20% and 50% of the voting rights. The use of the equity method by the Group to account for the investment in associated companies is disclosed in the "Basis of Consolidation" of the Principal Accounting Policies on pages 194 to 196.

	2021 HK$M	2020 HK$M
Share of net assets, unlisted	**461**	543

The Group's share of assets and liabilities and results of associated companies is summarised below:

	2021 HK$M	2020 HK$M
Non-current assets	**612**	596
Current assets	**339**	562
Current liabilities	**(158)**	(319)
Non-current liabilities	**(332)**	(296)
Net assets	**461**	543
Revenue	**188**	149
Profit and total comprehensive income for the year	**(82)**	(86)

The principal associated companies of Swire Properties Limited are shown on pages 197 to 199. There are no associated companies that are considered individually material to the Group.

22. Financial Instruments by Category

Accounting Policy

Financial Assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through the consolidated statement of other comprehensive income ("OCI") or through the consolidated statement of profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in the consolidated statement of profit or loss or the consolidated statement of OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on their trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

– Debt instruments:
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in other net gains/(losses) together with foreign exchange gains and losses.

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in other net gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other net gains/(losses).

22. Financial Instruments by Category *(continued)*

Accounting Policy *(continued)*

Financial Assets *(continued)*

(c) Measurement (continued)

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated statement of profit or loss and presented net within other net gains/(losses) in the period in which it arises.

– Equity instruments:

The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognised in the consolidated statement of profit or loss as other net gains/(losses) when the Group's right to receive payments is established. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investment.

Changes in the fair value of equity investments at FVPL are recognised in other net gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by HKFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(e) Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse to actions such as realising security. The Group considers information that is reasonable and supportable, including historical experience and forward-looking information that is available.

(f) Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

Financial liabilities

Non-derivative financial liabilities with fixed or determinable payments and fixed maturities are measured at amortised cost. They are included in non-current liabilities, except for maturities less than twelve months after the period-end date where these are classified as current liabilities.

Put options in respect of non-controlling interests in subsidiary companies included in trade and other payables are measured at fair value through the consolidated statement of profit or loss.

22. Financial Instruments by Category *(continued)*

The accounting policies applied to financial instruments are shown below by line item:

	Note	At fair value through profit or loss HK$M	Derivatives used for hedging HK$M	Amortised cost HK$M	Total carrying amount HK$M	Fair value HK$M
Assets as per consolidated statement of financial position						
At 31st December 2021						
Loans due from joint venture companies	*20*	**–**	**–**	**15,619**	**15,619**	**15,619**
Amount due from immediate holding company	*25*	**–**	**–**	**1**	**1**	**1**
Trade and other receivables excluding prepayments	*24*	**–**	**–**	**2,734**	**2,734**	**2,734**
Cash and cash equivalents	*26*	**–**	**–**	**14,833**	**14,833**	**14,833**
Derivative financial assets	*30*	**–**	**152**	**–**	**152**	**152**
Financial assets at fair value through profit or loss						
– Unlisted equity investments		**439**	**–**	**–**	**439**	**439**
Other financial assets at amortised cost	*32*	**–**	**–**	**522**	**522**	**522**
Total		**439**	**152**	**33,709**	**34,300**	**34,300**
At 31st December 2020						
Loans due from joint venture companies	*20*	–	–	15,357	15,357	15,357
Amount due from immediate holding company	*25*	–	–	16	16	16
Trade and other receivables excluding prepayments	*24*	–	–	2,625	2,625	2,625
Short-term deposits maturing after three months		–	–	30	30	30
Cash and cash equivalents	*26*	–	–	21,202	21,202	21,202
Derivative financial assets	*30*	–	145	–	145	145
Financial assets at fair value through profit or loss						
– Unlisted equity investments		985	–	–	985	985
Other financial assets at amortised cost	*32*	–	–	508	508	508
Total		985	145	39,738	40,868	40,868
Liabilities as per consolidated statement of financial position						
At 31st December 2021						
Trade and other payables excluding non-financial liabilities	*27*	**551**	**–**	**8,925**	**9,476**	**9,476**
Long-term loans and bonds	*29*	**–**	**–**	**24,601**	**24,601**	**25,461**
Lease liabilities	*28*	**–**	**–**	**566**	**566**	**566**
Derivative financial liabilities	*30*	**–**	**7**	**–**	**7**	**7**
Total		**551**	**7**	**34,092**	**34,650**	**35,510**
At 31st December 2020						
Trade and other payables excluding non-financial liabilities	*27*	513	–	7,418	7,931	7,931
Short-term loans	*29*	–	–	94	94	94
Long-term loans and bonds	*29*	–	–	27,163	27,163	28,749
Lease liabilities	*28*	–	–	580	580	580
Derivative financial liabilities	*30*	–	42	–	42	42
Total		513	42	35,255	35,810	37,396

22. Financial Instruments by Category *(continued)*

The fair values of financial instruments traded in active markets are based on quoted market prices at the year-end date. The quoted market prices used for financial assets held by the Group are the current bid prices.

The fair values of financial instruments that are not traded in active markets are determined by using valuation techniques such as estimated discounted cash flows, which use assumptions that are based on market conditions existing at each year-end date.

The book values of trade and other receivables, trade and other payables and provisions approximate their fair values.

The fair value of current borrowings equals their carrying value, as the impact of discounting is not significant. The fair value of non-current borrowings is not equal to their carrying value but is based on cash flows discounted using assumptions sourced from the relevant financial institutions or quotes from market makers or alternative market participants supported by observable inputs, such as interest rates. Non-current borrowings would be categorised within level 2 of the fair value hierarchy if they were accounted for at fair value.

Financial instruments that are measured at fair value are included in the following fair value hierarchy:

	Level 2 HK$M	Level 3 HK$M	Total carrying amount HK$M
Assets as per consolidated statement of financial position			
At 31st December 2021			
Derivatives used for hedging (note 30)	**152**	**–**	**152**
Financial assets at fair value through profit or loss			
– Unlisted equity investments	**–**	**439**	**439**
	152	**439**	**591**
At 31st December 2020			
Derivatives used for hedging (note 30)	145	–	145
Financial assets at fair value through profit or loss			
– Unlisted equity investments	–	985	985
	145	985	1,130
Liabilities as per consolidated statement of financial position			
At 31st December 2021			
Derivatives used for hedging (note 30)	**7**	**–**	**7**
Put option in respect of a non-controlling interest (note 27)	**–**	**551**	**551**
	7	**551**	**558**
At 31st December 2020			
Derivatives used for hedging (note 30)	42	–	42
Put option in respect of a non-controlling interest (note 27)	–	513	513
	42	513	555

Notes:
The levels in the hierarchy represent the following:
Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.
Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

22. Financial Instruments by Category *(continued)*

The fair value of derivatives used for hedging in level 2 has been based on quotes from market makers or alternative market participants supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates and yields.

There were no transfers of financial instruments between level 2 and level 3 fair value hierarchy classifications and there were no transfers into or out of level 3 fair value hierarchy classifications. The Group's policy is to recognise any transfer into and out of fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

There has been no change in the valuation techniques for level 2 and level 3 fair value hierarchy classifications.

The Group's finance department performs the valuations of financial instruments required for reporting purposes, including level 3 fair values. The valuations are reviewed and approved by the Finance Director.

The following table presents the changes in level 3 financial instruments for the year ended 31st December 2021:

	Financial assets at fair value through profit or loss HK$M	Put option in respect of a non-controlling interest HK$M
At 1st January 2021	**985**	**513**
Translation differences	**–**	**3**
Additions	**436**	**–**
Disposals	**(970)**	**–**
Distribution during the year	**–**	**(29)**
Change in fair value recognised as net finance charges	**–**	**64**
Change in fair value recognised as other net gains/(losses)	**(12)**	**–**
At 31st December 2021	**439**	**551**
Total losses for the year included in profit or loss in respect of financial instruments held at 31st December 2021	**12**	**64**
At 1st January 2020	–	564
Translation differences	–	(2)
Additions	985	–
Distribution during the year	–	(14)
Change in fair value recognised as net finance charges	–	(35)
At 31st December 2020	985	513
Total gains for the year included in profit or loss in respect of financial instruments held at 31st December 2020	–	(35)

The fair value of unlisted investments classified within level 3 is determined using discounted cash flow valuation techniques. The significant unobservable inputs used are expected future growth rates and discount rates. Changing these unobservable inputs based on reasonable alternative assumptions would not significantly change the valuation of the investments.

The fair value estimate of the put option over a non-controlling interest in the U.S.A. classified within level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is in 2022 and the discount rate used is 6.3% (2020: 6.3%).

The investment property's fair value at the expected time of exercise is itself subject to a number of unobservable inputs which are similar to the inputs for the Group's other completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the time of exercise is higher, the fair value of the put option would also be higher at 31st December 2021. If the expected time of exercise is later or if the discount rate is higher, the fair value of the put option would be lower. The opposite is true for an earlier time of exercise or a lower discount rate.

23. Properties for Sale

Accounting Policy

Properties for sale comprise freehold and leasehold land at cost, construction costs and interest costs capitalised, less provisions for possible losses. Properties under development are active construction projects which are expected to be sold within the Group's normal operating cycle and are classified as current assets. Properties for sale are available for immediate sale and are classified as current assets.

	2021 HK$M	2020 HK$M
Properties for sale		
Properties under development		
– development costs	494	188
– leasehold land	5,759	1,255
Completed properties		
– development costs	8	1,344
– freehold land	149	750
– leasehold land	1	1
	6,411	3,538

Refer to the table with heading "Audited Financial Information" on page 82 for details of the Group's capitalised interest rates and the amount of interest capitalised.

24. Trade and Other Receivables

Accounting Policy

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. Other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for loss allowance. Trade and other receivables in the consolidated statement of financial position are stated net of such provisions.

	2021 HK$M	2020 HK$M
Trade debtors	396	411
Prepayments and accrued income	81	93
Deposit paid for financial assets at fair value through profit or loss	–	46
Other receivables	2,328	2,154
	2,805	2,704

The analysis of the age of trade debtors at the year end (based on the invoice date) is as follows:

	2021 HK$M	2020 HK$M
Up to 3 months	338	357
Between 3 and 6 months	24	45
Over 6 months	34	9
	396	411

Other receivables include rent free and other lease incentives to tenants of HK$1,860 million (2020: HK$1,802 million), which are amortised over the relevant lease terms.

There is no concentration of credit risk with respect to trade and other receivables, as the Group has a large number of customers.

The Group does not grant any credit terms to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given. The Group also holds non-interest-bearing rental deposits as security against trade debtors. At 31st December 2021, trade debtors of HK$124 million (2020: HK$339 million) were past due. The majority of the amount past due is under three months. These relate to a number of independent customers for whom there is no recent history of default. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31st December 2021 and 31st December 2020 is the carrying value of trade debtors and other receivables disclosed above. The carrying value of rental deposits from tenants held as security against trade debtors at 31st December 2021 was HK$2,782 million (2020: HK$2,745 million).

25. Amount Due from Immediate Holding Company – Swire Pacific Limited

The amount due from immediate holding company is unsecured, interest-free and repayable within one year.

26. Cash and Cash Equivalents

Accounting Policy

In the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts. In the consolidated statement of financial position, cash and cash equivalents exclude bank overdrafts which are shown within borrowings in current liabilities.

	2021 HK$M	2020 HK$M
Short-term deposits maturing within three months	**8,060**	14,496
Bank balances	**6,773**	6,706
	14,833	21,202

The effective interest rates on short-term deposits of the Group ranged from 0.1% to 2.6% (2020: 0.3% to 2.4%) per annum; these deposits have maturities from 22 to 94 days (2020: 14 to 92 days).

The maximum exposure to credit risk in respect of bank balances and short-term deposits at 31st December 2021 and 31st December 2020 is the carrying value of the bank balances and short-term deposits disclosed above.

27. Trade and Other Payables

Accounting Policy

Trade and other payables (except put options over non-controlling interests in subsidiary companies) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Put options in respect of non-controlling interests in subsidiary companies are measured at the fair value of the expected redemption amounts, and are designated at fair value through profit or loss.

27. Trade and Other Payables *(continued)*

	2021 HK$M	2020 HK$M
Trade creditors	**721**	655
Rental deposits from tenants	**2,782**	2,745
Deposits received on sale of investment properties	**10**	59
Put option in respect of a non-controlling interest	**551**	513
Other payables		
Accrued capital expenditure	**1,363**	1,305
Amounts due to intermediate holding company	**100**	99
Amounts due to an associated company	**5**	20
Interest-bearing advances from joint venture companies at 1.42% to 4.65%	**479**	–
Advances from a non-controlling interest	**1,130**	188
Others	**2,348**	2,417
	5,425	4,029
	9,489	8,001
Amounts due after one year included under non-current liabilities	**(150)**	–
	9,339	8,001

Amounts due to intermediate holding company, an associated company, joint venture companies and a non-controlling interest are unsecured and have no fixed term of repayment, except for interest-bearing advances from a joint venture company of HK$150 million which are repayable after 2022. Apart from the interest-bearing advances from the joint venture companies, the balances are interest-free.

The analysis of the age of trade creditors at the year end is as follows:

	2021 HK$M	2020 HK$M
Up to 3 months	**721**	655

28. Lease Liabilities

	2021 HK$M	2020 HK$M
Maturity profile at the year end is as follows:		
Within 1 year	**49**	70
Between 1 and 2 years	**53**	50
Between 2 and 5 years	**126**	117
Over 5 years	**338**	343
	566	580

At 31st December 2021, the weighted average incremental borrowing rate applied in measuring the lease liabilities is 3.3% (2020: 3.2%).

For the accounting policy in respect of lease liabilities, please refer to right-of-use assets (note 18).

29. Borrowings

Accounting Policy

Borrowings are recognised initially at fair value and subsequently measured at amortised cost. Transaction costs incurred are included in respect of those not held at fair value through profit or loss. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the period-end date.

For disclosure purposes, the fair value of borrowings stated at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

29. Borrowings *(continued)*

Refer to the tables with the headings "Audited Financial Information" on pages 78 to 81 for details of the Group's borrowings.

	2021 HK$M	2020 HK$M
Short-term loans – unsecured	–	94
Long-term bank loans – unsecured		
Repayable within 1 year	5,102	1,520
Repayable between 1 and 2 years	–	5,513
Repayable between 2 and 5 years	588	998
	5,690	8,031
Other borrowings – unsecured		
Repayable within 1 year	3,898	300
Repayable between 1 and 2 years	199	3,872
Repayable between 2 and 5 years	7,619	3,226
Repayable after 5 years	7,195	11,734
	18,911	19,132
Amount due within one year included under current liabilities	(9,000)	(1,820)
	15,601	25,343

(a) The effective interest rates per annum (before interest rate and cross-currency swaps) at 31st December were as follows:

	2021			2020		
	HK$ %	US$ %	SGD %	HK$ %	US$ %	SGD %
Uncommitted bank loans	–	–	–	–	–	1.1
Long-term loans and bonds	0.8-3.6	0.8-4.4	–	0.8-3.6	0.8-4.4	0.9

Bank loans and other borrowings are repayable on various dates up to 2030 (2020: up to 2030).

(b) The carrying amounts of these long-term bank loans and other borrowings (before cross- currency swaps) are denominated in the following currencies:

	2021 HK$M	2020 HK$M
Hong Kong dollars	9,071	9,474
United States dollars	15,530	16,974
Singapore dollars	–	715
	24,601	27,163

30. Derivative Financial Instruments

Accounting Policy

Derivatives are initially recognised at fair value on the dates derivative contracts are entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Group documents at the inception of the transactions the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

All of the Group's derivatives relate to cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

When cross-currency swap contracts are used to hedge future cash flows, the Group designates only the change in fair value of the swap contract after exclusion of the foreign currency basis spread component as the hedging instrument. Gains or losses relating to the effective portion of the swap contract after exclusion of the foreign currency basis spread component are recognised in the cash flow hedge reserve within equity. The change in fair value of the foreign currency basis spread of the swap contract, to the extent it relates to the hedged item, is recognised separately as a cost of hedging on a systematic and rational basis over the period of the hedging relationship within OCI in equity. Hedge ineffectiveness is recognised in the consolidated statement of profit or loss within finance costs.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the consolidated statement of profit or loss. The gains or losses relating to the effective portion of (a) the interest rate swaps hedging variable rate borrowings and (b) cross-currency swap contracts hedging borrowings in foreign currency are recognised in the consolidated statement of profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

If the hedge ratio for risk management purpose is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in the consolidated statement of profit or loss at the time of the hedge relationship rebalancing.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss.

	2021		2020	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Interest rate and cross-currency swaps – cash flow hedges				
– due within one year	19	7	–	–
– due after one year	133	–	145	42

The interest rate swaps hedge long-term interest rate exposures. The cross-currency swaps hedge the foreign currency risk relating to US dollar note issues. Gains and losses recognised in the consolidated statement of other comprehensive income on interest rate and cross-currency swaps at 31st December 2021 are expected to affect the consolidated statement of profit or loss in the years to redemption of the notes and expiry of loans (up to and including 2028).

30. Derivative Financial Instruments *(continued)*

The notional principal amounts of the outstanding derivative financial instruments are as follows:

	2021 HK$M	2020 HK$M
Cross-currency swaps	**11,695**	11,628
Interest rate swaps	**1,559**	1,550

In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items.

For the years ended 31st December 2021 and 31st December 2020, all cash flow hedges qualifying for hedge accounting were highly effective.

31. Deferred Taxation

Accounting Policy

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the recognition, has no impact on taxable or accounting profit or loss, it is not recognised. Tax rates enacted or substantively enacted by the period-end date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary, joint venture and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to investment properties in Hong Kong and the U.S.A. is calculated having regard to the presumption that the value of these properties is capable of being recovered entirely through sale. This presumption is rebutted in relation to investment properties in the Chinese Mainland, because the business model applicable to them is to consume substantially all the economic benefits embodied in them over time rather than through sale. Accordingly, deferred tax relating to investment properties in the Chinese Mainland is determined on the basis of recovery through use.

The movement on the net deferred tax liabilities account is as follows:

	2021 HK$M	2020 HK$M
At 1st January	**10,021**	9,302
Translation differences	**202**	359
Charged to profit or loss (note 11)	**550**	466
(Credited)/Charged to other comprehensive income	**(4)**	1
Disposal of subsidiary companies	**–**	(28)
Others	**–**	(79)
At 31st December	**10,769**	10,021

31. Deferred Taxation *(continued)*

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. These were recognised as these entities are expected to generate sufficient taxable profits in the future. The Group has unrecognised tax losses of HK$2,367 million (2020: HK$2,814 million) to carry forward against future taxable income. These amounts are analysed as follows:

	Unrecognised tax losses	
	2021 HK$M	2020 HK$M
No expiry date	**1,161**	1,586
Expiring within 1 year	**40**	37
Expiring between 1 and 5 years	**424**	350
Expiring between 5 and 10 years	**–**	–
Expiring between 10 and 20 years	**742**	841
	2,367	2,814

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year was as follows:

Deferred tax liabilities

	Accelerated tax depreciation		Valuation of investment properties		Others		Total	
	2021 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M
At 1st January	**4,228**	4,251	**5,503**	5,084	**749**	533	**10,480**	9,868
Translation differences	**30**	97	**168**	239	**4**	17	**202**	353
Charged/(Credited) to profit or loss	**126**	(42)	**437**	215	**51**	200	**614**	373
Credited to other comprehensive income	**–**	–	**–**	–	**–**	(7)	**–**	(7)
Disposal of subsidiary companies	**–**	(28)	**–**	–	**–**	–	**–**	(28)
Others	**–**	(50)	**–**	(35)	**–**	6	**–**	(79)
At 31st December	**4,384**	4,228	**6,108**	5,503	**804**	749	**11,296**	10,480

Deferred tax assets

	Tax losses		Others		Total	
	2021 HK$M	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M
At 1st January	**210**	264	**249**	302	**459**	566
Translation differences	**1**	–	**(1)**	(6)	**–**	(6)
Credited/(Charged) to profit or loss	**38**	(54)	**26**	(39)	**64**	(93)
Credited/(Charged) to other comprehensive income	**–**	–	**4**	(8)	**4**	(8)
At 31st December	**249**	210	**278**	249	**527**	459

31. Deferred Taxation *(continued)*

Deferred tax assets *(continued)*

Deferred tax assets and liabilities are netted off when the taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately in the consolidated statement of financial position:

	2021 HK$M	2020 HK$M
Deferred tax assets		
– to be recovered after more than 12 months	(78)	(73)
– to be recovered within 12 months	–	–
	(78)	(73)
Deferred tax liabilities		
– to be settled after more than 12 months	10,847	10,094
– to be settled within 12 months	–	–
	10,847	10,094
	10,769	10,021

32. Other Financial Assets at Amortised Cost

	2021 HK$M	2020 HK$M
Mortgage receivables	17	18
Other receivable	505	490
	522	508

Mortgage receivables consist of mortgage financing offered to certain buyers of trading properties in the U.S.A. Mortgages are offered at up to an 80% loan-to-value ratio and at a fixed interest rate of 5.5%. Loan repayments for the first four years are at a rate that would repay the loan over 30 years, but there is a balloon payment in the fifth year upon maturity. The non-current other receivables are due and payable within two to three years from the end of the reporting period.

The other receivable represents a deferred payment for the sale of the Group's interest in the Cityplaza One office tower in Hong Kong in 2020. In accordance with the sale and purchase agreement, the deferred payment is to be received on the third anniversary of the completion of the disposal. The deferred payment is recognised at amortised cost using an effective interest rate of 3% per annum.

The Group holds the mortgage and other receivables to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amounts outstanding.

The Group applies the expected credit loss model to measure the impairment of other financial assets at amortised cost.

33. Assets Classified as Held for Sale

Accounting Policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value.

Assets classified as held for sale represent the Group's 100% interest in investment properties comprising 921 car parking spaces and 185 motorcycle parking spaces at stages II to IV and VI to IX of the Taikoo Shing residential development in Hong Kong. The spaces in stage VI were offered to registered owners at Taikoo Shing in the fourth quarter of 2020, and the Group offered further car parking spaces in stages II to IV and VII to IX in batches during the year.

34. Retirement Benefits

The Group operates a number of defined benefit and defined contribution retirement benefit schemes for its employees, the assets of which are held in separate trustee administered funds.

A defined benefit scheme is a retirement plan that defines the benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has an obligation to provide participating employees with these benefits.

A defined contribution scheme is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

Accounting Policy

For defined benefit schemes, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the consolidated statement of profit or loss so as to spread the regular cost over the service lives of employees.

The asset or liability recognised in the consolidated statement of financial position is the present value of the cost of providing these benefits (the defined benefit obligation) less the fair value of the plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries and is determined by discounting the estimated future cash outflows using interest rates payable in respect of high quality corporate bonds. The plan assets are valued on a bid price basis.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the consolidated statement of other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the consolidated statement of profit or loss. Any differences between the implicit and actual return on assets are charged as remeasurements to the consolidated statement of other comprehensive income.

For defined contribution schemes, the Group's contributions are charged to the consolidated statement of profit or loss in the periods to which the contributions relate.

Critical Accounting Estimates and Judgements

The Group's obligations and expenses in respect of defined benefit schemes are dependent on a number of factors that are determined using a number of actuarial assumptions. The details of the actuarial assumptions used, including applicable sensitivities are disclosed in this note.

34. Retirement Benefits *(continued)*

For the year ended 31st December 2021, disclosures in respect of defined benefit schemes are based on valuations prepared by Mercer (Hong Kong) Limited at 31st December 2021. For the year ended 31st December 2020, disclosures are based on valuations prepared by Mercer (Hong Kong) Limited at 31st December 2018, which were updated to reflect the position at 31st December 2020 by Cannon Trustees Limited, the main administration manager of the Group's defined benefit schemes.

The majority of the Group's schemes are final salary guaranteed lump sum defined benefit plans.

Contributions to the defined benefit retirement schemes are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. The funding rates are subject to annual review and are determined by taking into consideration the difference between the market values of the plans' assets and the present value of accrued past service liabilities, on an ongoing basis, as computed by reference to actuarial valuations. The principal schemes in Hong Kong are valued by qualified actuaries for funding purposes under the provisions of Hong Kong's Occupational Retirement Schemes Ordinance. The latest actuarial valuations indicate that the funding level for the year was 113% (2020: 108%) of the accrued liabilities on an ongoing basis. The Group expects to make contributions of HK$76 million to its defined benefit schemes in 2022.

Most new employees in Hong Kong are offered the choice of joining the defined benefit retirement schemes or the mandatory provident fund ("MPF") scheme. Where staff elect to join the MPF scheme, both the Company and the staff are required to contribute 5% of the employees' relevant monthly income (capped at HK$30,000). Staff may elect to contribute more than the minimum as a voluntary contribution. Employees engaged outside Hong Kong are covered by appropriate local arrangements.

Total retirement benefit costs charged to the consolidated statement of profit or loss for the year ended 31st December 2021 amounted to HK$124 million (2020: HK$122 million), including HK$21 million (2020: HK$23 million) in respect of defined contribution schemes.

(a) The amounts recognised in the consolidated statement of financial position are as follows:

	2021 HK$M	2020 HK$M
Present value of funded obligations	**1,442**	1,361
Fair value of plan assets	**(1,255)**	(1,226)
Net retirement benefit liabilities	**187**	135
Represented by:		
Retirement benefit liabilities	**187**	135

34. Retirement Benefits *(continued)*

(b) Changes in the present value of the defined benefit obligations are as follows:

	2021 HK$M	2020 HK$M
At 1st January	1,361	1,243
Current service cost	101	95
Interest expense	22	36
Actuarial losses from changes in:		
– financial assumptions	147	183
Experience gains	(40)	(115)
Transfer	(25)	2
Benefits paid	(124)	(83)
At 31st December	1,442	1,361

The weighted average duration of the defined benefit obligations is 10.90 years (2020: 10.73 years).

(c) Changes in the fair value of plan assets are as follows:

	2021 HK$M	2020 HK$M
At 1st January	1,226	1,078
Interest income	20	32
Return on plan assets, excluding interest income	82	118
Contributions by employers	76	79
Transfer	(25)	2
Benefits paid	(124)	(83)
At 31st December	1,255	1,226

There were no plan amendments, curtailments or settlements during the year.

(d) Net expenses recognised in the consolidated statement of profit or loss are as follows:

	2021 HK$M	2020 HK$M
Current service cost	101	95
Net interest cost	2	4
	103	99

The above net expenses were included in cost of sales and administrative expenses in the consolidated statement of profit or loss.

The actual return on defined benefit plan assets was a gain of HK$102 million (2020: HK$150 million).

34. Retirement Benefits *(continued)*

(e) The plan assets are invested in the Swire Group Unitised Trust ("the Trust"). The Trust has three sub-funds in which the assets may be invested in accordance with separate and distinct investment policies and objectives. The Trust and sub-funds are overseen by an investment committee, which meets four times a year.

The make-up of the Trust is the result of the asset allocation of each plan. The asset allocation of each plan targets a mix of equities, bonds and absolute return funds.

The management of the assets within the sub-funds is delegated by the investment committee to a number of reputable investment managers. The plan assets comprise:

	Defined benefit plans	
	2021 HK$M	2020 HK$M
Equities		
Asia Pacific	**88**	97
Europe	**104**	123
North America	**317**	194
Emerging markets	**320**	377
Bonds		
Global	**91**	99
Emerging markets	**13**	13
Absolute return funds	**316**	284
Cash	**6**	39
	1,255	1,226

At 31st December 2021, the prices of 96% of equities and 21% of bonds were quoted on active markets (2020: 95% and 13% respectively). The remainder of the prices were not quoted on active markets.

The most significant risk facing the defined benefit schemes of the Group is market risk. This risk embodies the potential for losses and gains and includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of investments by the appointed investment managers. Investment managers enter into agreements that stipulate the performance objective of the investments, which is referenced to a recognised benchmark. The investment committee monitors the overall market risk position on a quarterly basis.

34. Retirement Benefits *(continued)*

(f) The significant actuarial assumptions used are as follows:

	2021	2020
Discount rate	2.08%	1.64%
Expected rate of future salary increases	5.40% to 6.90% p.a. for 2022; 4.50% p.a. thereafter	3.30% to 3.70% p.a. for 2021; 3.00% p.a. thereafter

The sensitivity of the defined benefit obligations to changes in actuarial assumptions is:

	2021 Increase/(Decrease) in defined benefit obligation			2020 Increase/(Decrease) in defined benefit obligation		
	Change in assumption	Increase in assumption HK$M	Decrease in assumption HK$M	Change in assumption	Increase in assumption HK$M	Decrease in assumption HK$M
Discount rate	0.5%	(74)	80	0.5%	(74)	78
Expected rate of future salary increases	0.5%	78	(73)	0.5%	77	(73)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method has been applied as when calculating the retirement benefit liability recognised within the consolidated statement of financial position.

35. Share Capital

	Ordinary shares	HK$M
Issued and fully paid with no par value:		
At 1st January 2021 and 31st December 2021	**5,850,000,000**	**10,449**
At 1st January 2020 and 31st December 2020	5,850,000,000	10,449

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the years ended 31st December 2021 and 31st December 2020.

36. Reserves

	Revenue reserve HK$M	Merger reserve HK$M	Property revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2021	276,245	(1,108)	1,915	41	1,194	278,287
Profit for the year	7,121	–	–	–	–	7,121
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
– gains recognised during the year	–	–	94	–	–	94
– deferred tax	–	–	(4)	–	–	(4)
Defined benefit plans						
– remeasurement losses recognised during the year	(26)	–	–	–	–	(26)
– deferred tax	4	–	–	–	–	4
Cash flow hedges						
– losses recognised during the year	–	–	–	(38)	–	(38)
– transferred to net finance charges	–	–	–	14	–	14
– deferred tax	–	–	–	4	–	4
Share of other comprehensive income of joint venture and associated companies	–	–	–	7	554	561
Net translation differences on foreign operations recognised during the year	–	–	–	–	1,072	1,072
Total comprehensive income for the year	7,099	–	90	(13)	1,626	8,802
2020 second interim dividend (note 13)	(3,569)	–	–	–	–	(3,569)
2021 first interim dividend (note 13)	(1,814)	–	–	–	–	(1,814)
At 31st December 2021	277,961	(1,108)	2,005	28	2,820	281,706

36. Reserves *(continued)*

	Revenue reserve HK$M	Merger reserve HK$M	Property revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2020	277,289	(1,108)	1,839	81	(1,623)	276,478
Profit for the year	4,096	–	–	–	–	4,096
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
– gains recognised during the year	–	–	100	–	–	100
Defined benefit plans						
– remeasurement gains recognised during the year	50	–	–	–	–	50
– deferred tax	(8)	–	–	–	–	(8)
Cash flow hedges						
– losses recognised during the year	–	–	–	(70)	–	(70)
– transferred to net finance charges	–	–	–	24	–	24
– transferred to operating profit	–	–	–	3	–	3
– deferred tax	–	–	–	7	–	7
Share of other comprehensive income of joint venture and associated companies	–	–	–	(4)	865	861
Net translation differences on foreign operations recognised during the year	–	–	–	–	1,952	1,952
Total comprehensive income for the year	4,138	–	100	(40)	2,817	7,015
Transfer	24	–	(24)	–	–	–
2019 second interim dividend	(3,451)	–	–	–	–	(3,451)
2020 first interim dividend (note 13)	(1,755)	–	–	–	–	(1,755)
At 31st December 2020	276,245	(1,108)	1,915	41	1,194	278,287

(a) The Group's revenue reserve includes retained revenue reserves from joint venture companies amounting to HK$13,135 million (2020: HK$10,857 million) and retained revenue reserves from associated companies amounting to HK$148 million (2020: HK$230 million).

(b) The Group's revenue reserve includes HK$3,744 million (2020: HK$3,569 million) representing the declared second interim dividend for the year (note 13).

(c) The Group adopted merger accounting in accordance with Accounting Guideline 5, Merger Accounting for Common Control Combinations (issued by the HKICPA) to account for the acquisition of all the shares of Swire Properties US Inc and Swire Properties One LLC in January 2010. These companies were wholly-owned subsidiaries of the immediate holding company of Swire Properties Limited.

(d) At 31st December 2021, the Group's cash flow hedge reserve includes a credit of HK$25 million (net of tax) (2020: credit of HK$41 million) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging.

37. Company Statement of Financial Position and Reserves

(a) Company Statement of Financial Position

At 31st December 2021	Note	2021 HK$M	2020 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**29**	33
Intangible assets		**100**	73
Right-of-use assets		**8**	19
Subsidiary companies		**118,148**	85,236
Loans due from joint venture companies		**2,673**	2,678
Associated companies		**3**	3
Deferred tax assets		**10**	7
Other financial assets at amortised cost		**505**	490
		121,476	88,539
Current assets			
Trade and other receivables		**62**	134
Taxation recoverable		**3**	–
Cash and cash equivalents		**8,319**	16,727
		8,384	16,861
Current liabilities			
Trade and other payables		**42,091**	17,890
Taxation payable		**–**	3
Lease liabilities due within one year		**8**	12
		42,099	17,905
Net current liabilities		**(33,715)**	(1,044)
Total assets less current liabilities		**87,761**	87,495
Non-current liabilities			
Long-term lease liabilities		**1**	8
Retirement benefit liabilities		**160**	115
		161	123
NET ASSETS		**87,600**	87,372
EQUITY			
Equity attributable to the Company's shareholders			
Share capital	*35*	**10,449**	10,449
Reserves	*37(b)*	**77,151**	76,923
TOTAL EQUITY		**87,600**	87,372

Guy Bradley
May Y. Wu
Directors

Hong Kong, 10th March 2022

37. Company Statement of Financial Position and Reserves *(continued)*

(b) The movement of the Company reserves during the year are as follows:

	Revenue reserve HK$M
Company	
At 1st January 2021	**76,923**
Profit for the year (note 12)	**5,629**
Other comprehensive income	
Defined benefit plans	
– remeasurement losses recognised during the year	**(22)**
– deferred tax	**4**
Total comprehensive income for the year	**5,611**
2020 second interim dividend (note 13)	**(3,569)**
2021 first interim dividend (note 13)	**(1,814)**
At 31st December 2021	**77,151**
Company	
At 1st January 2020	69,280
Profit for the year (note 12)	12,814
Other comprehensive income	
Defined benefit plans	
– remeasurement gains recognised during the year	42
– deferred tax	(7)
Total comprehensive income for the year	12,849
2019 second interim dividend	(3,451)
2020 first interim dividend (note 13)	(1,755)
At 31st December 2020	76,923

(i) Distributable reserves of the Company at 31st December 2021 amounted to HK$77,151 million (2020: HK$76,923 million).

(ii) The Company's revenue reserve includes HK$3,744 million (2020: HK$3,569 million) representing the declared second interim dividend for the year (note 13).

38. Non-controlling Interests

The movement of non-controlling interests during the year is as follows:

	2021 HK$M	2020 HK$M
At 1st January	**1,944**	1,984
Share of profit less losses for the year	**168**	(27)
Share of translation differences on foreign operations	**23**	27
Share of total comprehensive income	**191**	–
Dividends paid and payable	**(132)**	(119)
Others	**–**	79
At 31st December	**2,003**	1,944

39. Capital Commitments

	2021 HK$M	2020 HK$M
The Group's outstanding capital commitments at the year end in respect of:		
Property, plant and equipment		
Contracted but not provided for	**13**	–
Authorised by Directors but not contracted for	**356**	225
Investment properties		
Contracted but not provided for	**4,541**	4,022
Authorised by Directors but not contracted for	**10,924**	10,047
	15,834	14,294
The Group's share of capital commitments of joint venture companies at the year end*		
Contracted but not provided for	**150**	23
Authorised by Directors but not contracted for	**4,700**	4,353
	4,850	4,376

* of which the Group is committed to funding HK$1,146 million (2020: HK$1,330 million).

At 31st December 2020, the Group was committed to inject capital of HK$3,946 million into a joint venture company.

At 31st December 2021, the Group had unprovided contractual obligations for future repairs and maintenance on investment properties of HK$213 million (2020: HK$270 million).

40. Contingencies

Accounting Policy

Contingent liabilities are possible obligations that arise from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments" and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

	2021 HK$M	2020 HK$M
Guarantees provided in respect of bank loans and other liabilities of joint venture companies	**3,643**	2,736
Bank guarantees given in lieu of utility deposits and others	**76**	167
	3,719	2,903

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

41. Lease Commitments

Accounting Policy

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts by the Group as a lessor under operating leases (net of any incentives paid to lessees) are recognised as income in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

For commenced leases (which are not identified as low-value or short-term leases) undertaken by the Group as a lessee, right-of-use assets and the corresponding lease liabilities are recognised in the financial statements when the leased assets become available for use. Commitments in respect of leases payable by the Group as a lessee represent the total future lease payments for (i) committed leases which have not yet commenced at the year-end date and (ii) short-term leases.

The Group acts as both lessor and lessee under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

(a) Lessor – lease receivables

The Group leases out investment properties under operating leases. The leases for investment properties typically run for periods of three to six years. The retail turnover-related rental income received from investment properties during the year amounted to HK$986 million (2020: HK$642 million).

The future aggregate minimum lease receipts under non-cancellable operating leases were receivable by the Group at the year end as follows:

	2021 HK$M	2020 HK$M
Investment properties		
Within 1 year	**8,868**	8,798
Between 1 and 2 years	**7,219**	7,266
Between 2 and 3 years	**5,512**	5,289
Between 3 and 4 years	**3,925**	3,760
Between 4 and 5 years	**2,922**	2,658
Later than 5 years	**4,408**	4,771
	32,854	32,542

Assets held for deployment on operating leases at the year end were as follows:

	2021 HK$M	2020 HK$M
Investment properties at fair value	**236,703**	239,493

(b) Lessee

At 31st December 2021, there are no future lease payments under leases committed but not yet commenced by the Group and no short-term leases commitments which are significantly dissimilar to the portfolio of short-term leases for which expenses were recognised for the year ended 31st December 2021 (2020: None).

42. Related Party Transactions

Accounting Policy

Related parties of the Group are individuals and companies, including subsidiary, fellow subsidiary, joint venture and associated companies and key management of the Group or the parent of the Group (including close members of their families), where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

There is an agreement for services ("Services Agreement"), in respect of which John Swire & Sons (H.K.) Limited ("JS&SHK"), an intermediate holding company, provides services to the Company and its subsidiary companies and under which costs are reimbursed and fees payable. In return for these services, JS&SHK receives annual fees calculated as 2.5% of the Group's relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The current Services Agreement commenced on 1st January 2020 for a period of three years expiring on 31st December 2022. For the year ended 31st December 2021, service fees payable amounted to HK$200 million (2020: HK$201 million). Expenses of HK$88 million (2020: HK$90 million) were reimbursed at cost; in addition, HK$82 million (2020: HK$69 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement (the "Tenancy Framework Agreement") between JS&SHK, Swire Pacific Limited and the Company dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JS&SHK group and members of the Swire Pacific group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2021 for a further term of three years expiring on 31st December 2024. For the year ended 31st December 2021, the aggregate rentals payable to the Group by members of the JS&SHK group and members of the Swire Pacific group under tenancies to which the Tenancy Framework Agreement applies amounted to HK$113 million (2020: HK$106 million) and HK$43 million (2020: HK$47 million) respectively.

The above transactions under the Services Agreement and the Tenancy Framework Agreement are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

In addition, the following is a summary of significant transactions between the Group and related parties (including transactions under the Tenancy Framework Agreement), which were carried out in the normal course of the Group's business, in addition to those transactions disclosed elsewhere in the financial statements.

		Joint venture companies		Fellow subsidiary companies		Immediate holding company		Intermediate holding company		Other related parties	
	Notes	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M	**2021 HK$M**	2020 HK$M
Purchase of goods	*(a)*	**–**	–	**–**	–	**–**	–	**–**	–	**1**	–
Purchase of services	*(a)*	**–**	–	**28**	26	**–**	–	**–**	–	**–**	–
Rendering of services	*(a)*	**57**	53	**–**	–	**–**	–	**1**	2	**1**	2
Rental revenue	*(b)*	**–**	–	**32**	35	**11**	12	**113**	106	**1**	1
Rental expenses	*(b)*	**7**	8	**–**	–	**–**	–	**–**	–	**–**	–
Revenue from hotels		**19**	12	**–**	–	**–**	–	**1**	–	**14**	3
Interest income	*(c)*	**79**	68	**–**	–	**–**	–	**–**	–	**–**	–
Interest charges	*(c)*	**9**	–	**–**	–	**–**	–	**–**	–	**–**	–

Notes:

(a) Purchase of goods and rendering of services from and to related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged by/to and contracted with other suppliers/customers of the Group.

(b) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to eight years. The leases were entered into on normal commercial terms.

(c) Loans advanced to joint venture companies at 31st December 2021 are disclosed in note 20. Advances from joint venture and associated companies are disclosed in note 27.

The amount due from the immediate holding company at 31st December 2021 is disclosed in note 25. The balance arises in the normal course of business, is non-interest-bearing and repayable within one year. Remuneration of key management, which includes Executive and Non-Executive Directors and Executive Officers, is disclosed in note 9.

43. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2021 HK$M	2020 HK$M
Operating profit	**7,839**	5,506
Change in fair value of investment properties	**1,947**	4,465
Change in fair value of assets classified as held for sale	**(42)**	–
Change in fair value of financial assets at fair value through profit or loss	**12**	–
Depreciation	**338**	340
Amortisation of initial leasing costs on investment properties	**35**	33
Amortisation of intangible assets	**47**	40
Gains on disposal of subsidiary companies	**(121)**	(1,973)
(Gains)/Losses on disposal of investment properties	**(1,028)**	147
(Gains)/Losses on disposal of property, plant and equipment	**(9)**	3
Gains on disposal of assets classified as held for sale	**(36)**	–
Other items	**(28)**	107
Operating profit before working capital changes	**8,954**	8,668
Decrease/(Increase) in amount due from immediate holding company	**15**	(12)
(Increase)/Decrease in properties for sale	**(2,832)**	119
Decrease/(Increase) in stocks	**1**	(1)
Increase in trade and other receivables	**(101)**	(855)
Increase/(Decrease) in trade and other payables	**867**	(392)
Increase in contract liabilities	**98**	3
Increase in retirement benefit liabilities	**26**	20
Cash generated from operations	**7,028**	7,550

(b) Purchase of property, plant and equipment

	2021 HK$M	2020 HK$M
Land and buildings	**8**	10
Plant and equipment	**172**	111
Total	**180**	121

The above purchase amounts do not include interest capitalised on property, plant and equipment.

43. Notes to the Consolidated Statement of Cash Flows *(continued)*

(c) Disposal of subsidiary companies

	2021 HK$M
Net assets disposed of:	
Investment properties	132
Gains on disposal	121
	253
Satisfied by:	
Cash received (net of transaction costs)	212
Other consideration	41
	253
Analysis of net inflow of cash and cash equivalents from disposal:	
Net cash proceeds	212

The disposal of subsidiary companies consists of the sale of the Group's interests in certain properties in Hong Kong.

Refer to the tables with the headings "Audited Financial Information" on page 78 for details of the changes in financing during the year.

44. Immediate and Ultimate Holding Company

The immediate holding company is Swire Pacific Limited, a company incorporated and listed in Hong Kong.

The ultimate holding company is John Swire & Sons Limited, a company incorporated in the United Kingdom.

45. Event After the Reporting Period

On 4th March 2022, Chance Ascent Limited ("Chance Ascent"), an indirect wholly-owned subsidiary of the Company, formed a project company (the "Project Company") with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. to acquire the land use rights of a land (the "Target Land") located in the Beilin district of Xi'an for a consideration of RMB2,575 million. The Project Company will acquire and hold such land use rights and will be principally engaged in the development of the Target Land. Chance Ascent has a 70% interest in the Project Company and is obliged to contribute approximately RMB2,558 million to its registered capital. Chance Ascent's total capital commitment to the acquisition and development of the Target Land is estimated to be RMB7,000 million.

PRINCIPAL ACCOUNTING POLICIES

Apart from the accounting policies presented within the corresponding notes to the financial statements, the other principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements include "Audited Financial Information" in the Financing section on pages 77 to 85. The consolidated financial statements have been prepared under the historical cost convention as modified in relation to the revaluation of investment properties, put options in respect of non-controlling interests, financial assets at fair value through profit or loss and other comprehensive income, defined benefits assets/liabilities and derivative financial instruments, each of which are carried at fair value.

2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Swire Properties Limited, its subsidiary companies (together referred to as the "Group") and the Group's interests in joint venture and associated companies.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are generally expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the consolidated statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture company or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss.

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity. Changes to the value of the financial liability are recognised in the consolidated statement of profit or loss within net finance charges.

2. Basis of Consolidation *(continued)*

In the Group's consolidated statement of financial position, its interests in joint venture and associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The excess of the cost of investment in joint venture and associated companies over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition represents goodwill. The Group's interests in joint venture and associated companies include goodwill identified on acquisitions, net of any accumulated impairment loss.

The Group's share of its joint venture and associated companies' post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in the consolidated statement of other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest in the joint venture or associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associated company.

The Group assesses at the end of each reporting period whether there is any objective evidence that its interests in joint venture and associated companies are impaired. Such objective evidence includes whether there has been any significant adverse changes in the technological, market, economic or legal environment in which the joint venture and associated companies operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in a joint venture or associated company is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in the consolidated statement of profit or loss for the amount by which the carrying amount is higher than the higher of the investment's fair value less costs of disposal or value-in-use. Any reversal of such impairment loss in subsequent periods is credited to the consolidated statement of profit or loss.

The Group recognises the disposal of an interest in a joint venture company when it ceases to have joint control and the risks and rewards of ownership have passed to the acquirer.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss where appropriate.

Unrealised gains on transactions between the Group and its joint venture and associated companies are eliminated to the extent of the Group's interest in these companies. Unrealised losses on assets transferred between the Group and its joint venture and associated companies are also eliminated unless the transactions provide evidence of impairment of the assets transferred. Accounting policies of joint venture and associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in respect of investments in associated companies are recognised in the consolidated statement of profit or loss.

3. Subsidiary Companies

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiary companies in the Company's standalone financial statements are stated at cost less provision for any impairment losses. Income from subsidiary companies is accounted for on the basis of dividends received and receivable. Long-term loans to subsidiary companies are considered to be quasi-equity in nature where there is no defined repayment terms and no expectation of repayment.

4. Joint Venture and Associated Companies

In the Company's statement of financial position, its investments in joint venture and associated companies are stated at cost less provision for any impairment losses. Income from joint venture and associated companies is recognised by the Company on the basis of dividends received and receivable. Long-term loans to joint venture and associated companies are subject to expected credit losses assessment. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

5. Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in the consolidated statement of other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

When a gain or loss on a non-monetary item is recognised directly in the consolidated statement of other comprehensive income, any associated translation difference is also recognised directly in the consolidated statement of other comprehensive income. When a gain or loss on a non-monetary item is recognised in the consolidated statement of profit or loss, any associated translation difference is also recognised in the consolidated statement of profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the statement of other comprehensive income and accumulated in a separate component in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to the consolidated statement of other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified in the consolidated statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

6. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

PRINCIPAL SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

Showing proportion of capital owned at 31st December 2021

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up shares/Registered capital	Principal activities
Subsidiary companies:					
Incorporated in Hong Kong with limited liability and operating in Hong Kong:					
Citiluck Development Limited	100	–	100	1,000 shares (HK$1,000)	Property investment
Cityplaza Holdings Limited	100	100	–	100 shares (HK$1,000)	Property investment
Coventry Estates Limited	100	–	100	4 shares (HK$40)	Property investment
Joyful Sincere Limited (d)	80	–	100	1 share (HK$1)	Property trading
One Queen's Road East Limited	100	100	–	2 shares (HK$2)	Property investment
Pacific Place Holdings Limited	100	100	–	2 shares (HK$2)	Property investment
Redhill Properties Limited	100	100	–	250,000 shares (HK$7,300,000)	Property investment
Super Gear Investment Limited	100	100	–	2 shares (HK$2)	Property investment
Swire Properties (Finance) Limited	100	100	–	1,000,000 shares (HK$1,000,000)	Financial services
Swire Properties Management Limited	100	100	–	2 shares (HK$20)	Property management
Swire Properties MTN Financing Limited	100	100	–	1 share (HK$1)	Financial services
Swire Properties Real Estate Agency Limited	100	100	–	2 shares (HK$20)	Real estate agency
Taikoo Place Holdings Limited	100	100	–	2 shares (HK$2)	Property investment
Incorporated in the Chinese Mainland with limited liability and operating in the Chinese Mainland:					
(Sino-foreign joint venture)					
Taikoo Hui (Guangzhou) Development Company Limited (b)	97	–	97	Registered capital of RMB3,050,000,000	Property investment
(Wholly foreign owned enterprises)					
Beijing Anye Property Management Company Limited (b)(d)	100	–	100	Registered capital of RMB209,500,000	Property Investment
Beijing Sanlitun Hotel Management Company Limited (b)	100	–	100	Registered capital of RMB800,000,000	Hotel investment
Beijing Sanlitun North Property Management Company Limited (b)	100	–	100	Registered capital of RMB2,784,000,000	Property investment
Beijing Sanlitun South Property Management Company Limited (b)	100	–	100	Registered capital of RMB1,598,000,000	Property investment
Sunshine Melody (Guangzhou) Properties Management Limited	100	–	100	Registered capital of RMB295,000,000	Property investment
Swire Properties (China) Investment Company Limited (b)	100	–	100	Registered capital of US$30,000,000	Holding company
(Domestic company)					
Beijing Tianlian Real Estate Company Limited (b)(d)	100	–	100	Registered capital of RMB865,000,000	Holding company

Notes:

(a) This table lists the principal subsidiary, joint venture and associated companies of the Group including those which, in the opinion of the Directors, materially contribute to the net income of the Group or hold a material portion of the assets or liabilities of the Group. To give full details of these companies would, in the opinion of the Directors, result in particulars of excessive length.

(b) Translated name.

(c) Group interest held through joint venture and associated companies.

(d) Companies the accounts of which are not audited by PricewaterhouseCoopers. These companies accounted for approximately 2.0% of attributable net assets at 31st December 2021.

Showing proportion of capital owned at 31st December 2021

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up shares/Registered capital	Principal activities
Subsidiary companies (continued):					
Incorporated in the United States with limited liability and operating in the United States:					
700 Brickell City Centre LLC	100	–	100	Limited Liability Company	Property investment
Brickell City Centre Plaza LLC	100	–	100	Limited Liability Company	Property investment
Brickell City Centre Project LLC	100	–	100	Limited Liability Company	Property trading and investment
Brickell City Centre Retail LLC	62.93	–	87.93	Limited Liability Company	Property investment
FTL/AD LTD	75	–	75	Florida Partnership	Property trading
Swire Jadeco LLC	100	–	100	Limited Liability Company	Property trading
Swire Properties Inc	100	–	100	1,000 shares of US$0.01 each	Holding company
Swire Properties One LLC	100	–	100	Limited Liability Company	Holding company
Swire Properties US Inc	100	–	100	1,000 shares of US$0.01 each	Holding company
Swire Realty LLC	100	–	100	Limited Liability Company	Real estate agency
Incorporated in the British Virgin Islands with limited liability and operating in Hong Kong:					
Boom View Holdings Limited	100	100	–	2 shares of US$1 each	Property investment
Cherish Shine Limited	100	100	–	1 share of US$1	Property investment
High Grade Ventures Limited	100	100	–	1 share of US$1	Property trading and investment
Novel Ray Limited	100	100	–	1 share of US$1	Property investment
One Pacific Place Limited	100	–	100	1 share of US$1	Property investment
Sino Flagship Investments Limited	100	100	–	1 share of US$1	Property investment
Swire and Island Communication Developments Limited (d)	60	60	–	100 shares of HK$10 each and 1 non-voting dividend share of HK$10	Property investment
Swire Properties China Holdings Limited	100	100	–	1 share of US$1	Holding company
Joint venture companies:					
Incorporated in Hong Kong with limited liability and operating in Hong Kong:					
Hareton Limited (d)	50	–	50	100 shares (HK$1,000)	Property investment
Pacific Grace Limited	50	–	(c)	2 shares (HK$2)	Property investment
Richly Leader Limited	50	–	50	1,000,000,000 shares (HK$700,000,000)	Property investment
Incorporated in the United States with limited liability and operating in the United States:					
Swire Brickell Key Hotel, Ltd.	75	–	75	Florida Partnership	Hotel investment

	Attributable to the Group %	Owned directly %	Owned by subsidiaries %	Issued and fully paid up shares/Registered capital	Principal activities
Joint venture companies (continued):					
Incorporated in the British Virgin Islands with limited liability:					
Dazhongli Properties Limited (operating in the Chinese Mainland)	50	–	50	1,000 shares of US$1 each	Holding company
Fortune Access Holdings Limited (operating in Hong Kong)	25	–	25	100 shares of US$1 each	Holding company
Great City China Holdings Limited (operating in the Chinese Mainland)	50	–	50	100 shares of US$1 each	Holding company
Honster Investment Limited (operating in Hong Kong)	50	–	50	2 shares of US$1 each	Holding company
Newfoundworld Investment Holdings Limited (operating in Hong Kong)	20	–	20	5 shares of US$1 each	Holding company
Incorporated in the Chinese Mainland with limited liability and operating in the Chinese Mainland:					
(Domestic companies)					
Beijing Linlian Real Estate Company Limited (b)	50	–	50	Registered capital of RMB400,000,000	Property investment
Shanghai Kaiye Commercial Management Company Limited (b)(d)	60	–	60	Registered capital of RMB10,000,000	Property management
(Wholly foreign owned enterprises)					
Chengdu Qianhao Real Estate Company Limited	50	–	(c)	Registered capital of US$329,000,000	Property investment
Guan Feng (Shanghai) Real Estate Development Company Limited (b)	50	–	(c)	Registered capital of US$1,136,530,000	Property investment
(Sino-foreign owned enterprises)					
Beijing Xingtaitonggang Properties Company Limited (b)	35	–	35	Registered capital of RMB9,500,000,000	Property investment
Shanghai Qianxiu Company Limited (b)	50	–	50	Registered capital of RMB1,549,777,000	Property investment
Incorporated in Indonesia with limited liability and operating in Indonesia:					
PT Jantra Swarna Dipta	50	–	50	1,202,044 shares of Rp1,000,000 each	Property trading
Associated companies:					
Incorporated in Hong Kong with limited liability and operating in Hong Kong:					
Greenroll Limited (d)	20	20	–	45,441,000 shares (HK$454,410,000)	Hotel investment
Queensway Hotel Limited (d)	20	–	(c)	100,000 shares (HK$1,000,000)	Hotel investment
Shangri-La International Hotels (Pacific Place) Limited	20	20	–	10,005,000 shares (HK$10,005,000)	Hotel investment
Incorporated in Vietnam with limited liability and operating in Vietnam:					
City Garden Thu Thiem Limited Liability Company (d)	20	–	(c)	Charter capital of VND969,797,500,000	Property trading

SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2021

	Gross floor areas in square feet							
	Hong Kong		Chinese Mainland		U.S.A. and Elsewhere		Totals	
	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through other companies	Held through subsidiaries	Held through subsidiaries and other companies
Completed properties for investment								
Retail	2,318,734	167,927	3,173,037	2,328,520	496,508	–	5,988,279	8,484,726
Office	7,480,117	727,847	1,731,766	1,208,566	–	–	9,211,883	11,148,296
Residential/Serviced apartment	555,551	–	51,517	128,565	–	–	607,068	735,633
Hotels	358,371	411,189	753,647	471,318	–	258,750	1,112,018	2,253,275
	10,712,773	1,306,963	5,709,967	4,136,969	496,508	258,750	16,919,248	22,621,930
Property developments for investment								
Retail	2,851	–	–	–	–	–	2,851	2,851
Office	1,218,000	–	–	–	–	–	1,218,000	1,218,000
Residential/Serviced apartment	14,768	–	–	–	–	–	14,768	14,768
Under planning	–	–	–	1,416,087	1,444,000*	–	1,444,000	2,860,087
	1,235,619	–	–	1,416,087	1,444,000	–	2,679,619	4,095,706
Property developments for sale								
Retail	2,002	–	–	–	–	–	2,002	2,002
Residential/Mixed-use	723,131	159,576	–	–	1,073,000	1,852,408	1,796,131	3,808,115
	725,133	159,576	–	–	1,073,000	1,852,408	1,798,133	3,810,117
	12,673,525	1,466,539	5,709,967	5,553,056	3,013,508	2,111,158	21,397,000	30,527,753

* One Brickell City Centre is currently under planning. The site is included under "Properties held for development" in the financial statements.

Notes:

1. All properties held through subsidiary companies are wholly-owned except for Island Place (60% owned), Chai Wan Inland Lot No. 178 (80% owned), Taikoo Hui, Guangzhou (97% owned) and Brickell City Centre (Retail: 62.93% owned). The above summary table includes the floor areas of these four properties in 100%.
2. "Other companies" comprise joint venture companies, associated companies and financial assets at fair value through profit or loss. The floor areas of properties held through such companies are shown on an attributable basis.
3. Gross floor areas in Hong Kong and the Chinese Mainland exclude car parking spaces; there are about 9,490 completed car parking spaces in Hong Kong and the Chinese Mainland, which are held by subsidiaries and other companies for investment.
4. When a Hong Kong property is held under a renewable lease, the expiry date of the renewal period is shown.
5. All properties in the U.S.A. are freehold.
6. Gross floor areas for all properties in the U.S.A. represent saleable or leasable areas for completed and nearly completed properties, which exclude car parking spaces; there are about 1,976 completed car parking spaces held by subsidiaries and other companies for investment.

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office							
1. Pacific Place, 88 Queensway, Central							
One Pacific Place	IL 8571 (part)	2135	115,066 (part)	863,266	–	1988	
Two Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	695,510	–	1990	
2. Three Pacific Place, One Queen's Road East	IL 47A sA RP IL 47A sB RP IL 47A sC RP IL 47B sC RP IL 47A RP IL 47C sA ss1 RP IL 47C sA RP IL 47B sA RP IL 47B sB RP IL 47B RP IL 47A sB ss2 IL 47A sD IL 47B sD IL 47C RP IL 47D RP IL 47D sA RP IL 47 sA ss1 IL 47 sA RP IL 47 sB ss1 & RP IL 47 sC ss1 & ss2 sA & ss2 RP & ss3 sA & ss3 RP & ss4 & ss5 & ss6 sA & ss6 RP & ss7 RP & RP IL 47 sP IL 47 RP IL 47 sC ss5 Ext. IL 47 sC ss1 Ext.	2050-2852	40,236	627,657	111	2004/07	Linked to The Mall at Pacific Place and Admiralty MTR station.
3. Devon House, Taikoo Place	QBML 1 sE ss2 (part) QBML 1 sF ss1 (part) QBML 1 sF RP (part) ML 703 sN (part)	2881	70,414 (part)	803,452	311	1993	Linked to Dorset House and Cambridge House.
4. Dorset House, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	609,540	215	1994	Linked to Devon House.
5. Lincoln House, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	333,529	164	1998	Linked to PCCW Tower and One Taikoo Place.
6. Oxford House, Taikoo Place	QBML 1 sC ss4 QBML 1 sC ss7 (part) QBML 2 & Ext. sD	2881/2899	33,434	501,253	182	1999	Linked to One Taikoo Place.

At 31st December 2021

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office *(continued)*							
7. Cambridge House, Taikoo Place	QBML 1 sE ss2 (part) QBML 1 sF ss1 (part) QBML 1 sF RP (part) ML 703 sN (part)	2881	70,414 (part)	268,795	–	2003	Linked to Devon House.
8. One Island East, Taikoo Place	QBML 1 sC ss5 QBML 1 sC ss6 QBML 2 & Ext. sF QBML 2 & Ext. sG QBML 2 & Ext. sH ss6 sB RP QBML 2 & Ext. sH RP QBML 2 & Ext. RP QBIL 15 sD	2881/2899	109,929	1,537,011	–	2008	
9. One Taikoo Place, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	1,013,368	82	2018	Linked to Lincoln House and Oxford House.
10. 8 Queen's Road East, Wanchai	IL 5250 IL 7948 IL 7950	2089/ 2103/2113	4,612	81,346	–	2013 (Refurbishment)	With ground floor retail.
11. 28 Hennessy Road, Wanchai	ML 23 IL 2244 RP IL 2245 RP	2843	9,622	145,390	–	2012	
	Total held through subsidiaries			**7,480,117**	**1,065**		
12. PCCW Tower, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	620,148	217	1994	Linked to Dorset House. Floor area shown represents the whole development, in which the Group owns a 50% interest.
13. Berkshire House, Taikoo Place	IL 8854	2047	25,926	388,838	84	1998	Floor area shown represents the whole development, in which the Group owns a 50% interest.
14. One Citygate, Tung Chung, Lantau	TCTL 2 (part)	2047	358,557 (part)	160,522	63	1999/ 2000	Above Citygate shopping centre. Floor area shown represents the whole of the office area of the development, in which the Group owns a 20% interest.
15. South Island Place, Wong Chuk Hang	AIL 461 RP	2064	25,260	382,499	137	2018	Floor area shown represents the whole development, in which the Group owns a 50% interest.
	Total held through joint venture companies			**1,552,007**	**501**		
	– of which attributable to the Group			**727,847**			

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail							
1. Pacific Place, 88 Queensway, Central							
The Mall at Pacific Place	IL 8571 (part) IL 8582 & Ext. (part)	2135/2047	318,289 (part)	711,182	426	1988/90	Shopping centre with restaurants and a cinema. Access to Admiralty MTR station. Pacific Place also comprises serviced apartments and hotels, details of which are given in the Residential and Hotel categories below.
2. Cityplaza, Taikoo Shing	QBML 2 & Ext. sK ss5 (part) QBML 2 & Ext. sR RP (part) QBML 2 & Ext. sR ss1 sA (part) QBML 2 & Ext. sR ss2 (part) QBML 2 & Ext. sQ RP (part) QBML 2 & Ext. sQ ss7 sA (part) QBML 2 & Ext. sQ ss7 RP (part) QBML 2 & Ext. sQ ss2 sB (part) QBML 2 & Ext. sQ ss2 sA ss1 (part) QBML 2 & Ext. sQ ss2 sA RP (part) QBML 2 & Ext. sJ RP (part)	2899	334,475 (part)	1,096,898	845	1983/87/ 97/2000	Shopping centre with restaurants, ice-skating rink, cinema and access to Tai Koo MTR station.
3. Commercial areas in Stages I - X of Taikoo Shing	SML 1 sA ss1, SML 1 sA RP SML 1 sB, SML 2 sC RP SML 2 sC ss2 SML 2 sD, SML 2 RP QBML 2 & Ext. sJ ss1 QBML 2 & Ext. sJ ss3 QBML 2 & Ext. sL QBML 2 & Ext. sN QBML 2 & Ext. sQ ss4 & ss5 QBML 2 & Ext. sQ ss2 sC QBML 2 & Ext. sS ss1 QBML 2 & Ext. sH ss1 QBML 2 & Ext. sH ss3 sA QBML 2 & Ext. sK ss3 sA QBML 2 & Ext. sU ss1 QBML 2 & Ext. sK ss3 RP QBML 2 & Ext. sK ss4 sA & RP QBML 2 & Ext. sT ss1 & RP QBML 2 & Ext. sU RP QBML 2 & Ext. sK ss9 & ss10 & ss11 & ss13 & ss16 (part)	2081/ 2889/2899	–	329,810	2,432	1977-85	Neighbourhood shops, schools and car parking spaces.
4. Island Place 500 King's Road, North Point	IL 8849 (part)	2047	106,498 (part)	150,223	288	1996	Floor area shown represents the whole shopping centre podium, in which the Group owns a 60% interest.
5. StarCrest, 9 Star Street, Wanchai	IL 8853 (part)	2047	40,871 (part)	13,112	83	1999	Floor area shown represents the whole of the retail podium.
6. EAST Residences, 23 Tong Chong Street, Taikoo Place	ML 703 sI (part)	2881	8,664 (part)	12,312	–	2014	Floor area shown represents the whole of a 3-storey retail podium (excluding serviced-suites above).
7. STAR STUDIOS I & II 8-10 & 18 Wing Fung Street	IL 47 sF (part) IL 47 sG (part) IL 47 sH (part) IL 47 sI (part) IL 8464 (part)	2056/2852	6,775 (part)	5,197	–	2016 (Refurbishment)	Floor area shown represents the retail area (excluding residential apartments).
	Total held through subsidiaries			**2,318,734**	**4,074**		

At 31st December 2021

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail *(continued)*							
8. Tung Chung Crescent, Tung Chung, Lantau	TCTL 1 (part)	2047	331,658 (part)	36,053	75	1998/ 1999	Floor area shown represents the retail space, in which the Group owns a 20% interest.
9. Citygate Outlets, Tung Chung, Lantau	TCTL 2 (part) TCTL 11 (part)	2047/ 2063	466,476 (part)	803,582	1,197	1999/ 2000/ 2019	Floor area shown represents the whole of the retail area of the development, in which the Group owns a 20% interest.
	Total held through joint venture companies			**839,635**	**1,272**		
	– of which attributable to the Group			**167,927**			
Residential							
1. Pacific Place Apartments, 88 Queensway	IL 8582 & Ext. (part)	2047	203,223 (part)	443,075	–	1990	270 serviced suites within the Conrad Hong Kong Hotel tower.
2. EAST Residences, 23 Tong Chong Street, Taikoo Place	ML 703 sI (part)	2881	8,664 (part)	62,756	–	2014	106 serviced suites above a 3-storey retail podium. Floor area shown excludes retail portion.
3. STAR STUDIOS I & II 8-10 & 18 Wing Fung Street	IL 47 sF (part) IL 47 sG (part) IL 47 sH (part) IL 47 sI (part) IL 8464 (part)	2056/2852	6,775 (part)	47,076	–	2016 (Refurbishment)	120 apartments above ground floor shops. Floor area shown excludes retail area (5,197 square feet).
4. House B, 36 Island Road, Deep Water Bay	RBL 507 & Ext. (part)	2097	20,733 (part)	2,644	–	1980	One detached house.
	Total held through subsidiaries			**555,551**	**–**		
Hotel							
1. EAST Hong Kong, Taikoo Shing	QBML 2 & Ext. sR RP (part) QBML 2 & Ext. sR ss1 sA (part) QBML 2 & Ext. sR ss2 (part) QBML 2 & Ext. sQ RP (part) QBML 2 & Ext. sQ ss7 sA (part) QBML 2 & Ext. sQ ss7 RP (part) QBML 2 & Ext. sQ ss2 sB (part) QBML 2 & Ext. sQ ss2 sA ss1 (part) QBML 2 & Ext. sQ ss2 sA RP (part) QBML 2 & Ext. sJ RP (part)	2899	146,184 (part)	199,633	–	2009	345-room hotel.
2. The Upper House, Pacific Place	IL 8571 (part)	2135	115,066 (part)	158,738	–	2009 (Refurbishment)	117-room hotel above the JW Marriott Hotel.
	Total held through subsidiaries			**358,371**	**–**		
3. JW Marriott Hotel, Pacific Place	IL 8571 (part)	2135	115,066 (part)	525,904	–	1988	608-room hotel, in which the Group owns a 20% interest.
4. Conrad Hong Kong Hotel, Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	555,590	–	1990	513-room hotel, in which the Group owns a 20% interest.
5. Island Shangri-La Hotel, Pacific Place	IL 8582 & Ext. (part)	2047	203,223 (part)	605,728	–	1991	561-room hotel, in which the Group owns a 20% interest.
	Total held through associated companies			**1,687,222**	**–**		
	– of which attributable to the Group			**337,444**			

Completed properties for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Hotel *(continued)*							
6. Novotel Citygate Hong Kong, Citygate	TCTL 2 (part)	2047	358,557 (part)	236,758	25	2005	440-room hotel, in which the Group owns a 20% interest.
7. The Silveri Hong Kong – MGallery, Citygate	TCTL 11 (part)	2063	107,919 (part)	131,965	5	2019	206-room hotel, in which the Group owns a 20% interest.
	Total held through joint venture companies			**368,723**	**30**		
	– of which attributable to the Group			**73,745**			

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail							
1. Taikoo Li Sanlitun (Taikoo Li Sanlitun South)	19 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	776,909	417	2007	Shopping centre with restaurants and cinema.
2. Taikoo Li Sanlitun (Taikoo Li Sanlitun North)	11 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	519,399	340	2007	Shopping centre with restaurants.
3. Taikoo Li Sanlitun (Taikoo Li Sanlitun West)	58 Gongti North Road, Chaoyang district, Beijing	2033	40,102	293,405	50	2021	Shopping centre with restaurants leased by the Group.
4. Building 15	15 Sanlitun North, Chaoyang district, Beijing	2048	4,861	19,747	–	2000s	Commercial building acquired by the Group.
5. Hui Fang	75 Tianhe East Road, Tianhe district, Guangzhou	2044	174,377 (part)	90,847	100	2008	Shopping centre with restaurants.
6. Taikoo Hui	381-389 Tianhe Road (odd numbers), Tianhe district, Guangzhou	2051	526,941 (part)	1,472,730	718	2011	Shopping centre with restaurants. Floor area shown represents the retail portion, in which the Group owns a 97% interest.
	Total held through subsidiaries			**3,173,037**	**1,625**		
7. INDIGO	18 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for car parks)	631,072 (part)	939,493	617	2012	Shopping centre with restaurants and cinema. Floor area shown represents the retail portion, in which the Group owns a 50% interest.
8. Sino-Ocean Taikoo Li Chengdu	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	1,314,973	1,051	2014	Shopping centre with restaurants and cinema. Floor area shown represents the retail portion, in which the Group owns a 50% interest.
9. Heritage Buildings in Sino-Ocean Taikoo Li Chengdu	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2034	N/A (part)	40,387	–	2014	Heritage Buildings leased from the local government as part of the retail operation of Sino-Ocean Taikoo Li Chengdu, in which the Group owns a 50% interest.
10. HKRI Taikoo Hui	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2049	676,091 (part)	1,105,646	240	2016	Floor area shown represents the retail portion, in which the Group owns a 50% interest.

At 31st December 2021

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail *(continued)*							
11. Metrolink in HKRI Taikoo Hui	South of West Nanjing Road and underneath Shi Men Yi Road, Jing'an district, Shanghai	2028	N/A (part)	67,813	–	2018	Shopping corridor leased from Shanghai Shentong Metro and operated by HKRI Taikoo Hui, in which the Group owns a 50% interest.
12. Taikoo Li Qiantan	East of Yangsi West Road, West of Dongyu Road, North of Haiyang West Road, Pudong New district, Shanghai	2053	638,125 (part)	1,188,727	907	2020	The Group owns a 50% interest.
	Total held through joint venture companies			**4,657,039**	**2,815**		
	– of which attributable to the Group			**2,328,520**			
Office							
1. Taikoo Hui Towers 1 & 2	North of Tianhe Road and west of Tianhe East Road, Tianhe district, Guangzhou	2051	526,941 (part)	1,731,766	–	2011	Floor area shown represents the office portion, in which the Group owns a 97% interest.
	Total held through subsidiaries			**1,731,766**	**–**		
2. ONE INDIGO	20 Jiuxianqiao Road, Chaoyang district, Beijing	2054	631,072 (part)	589,071	390	2011	Floor area shown represents the office portion, in which the Group owns a 50% interest.
3. HKRI Centre 1 and HKRI Centre 2	South of West Nanjing Road and east of Shi Men Yi Road, Jing'an district, Shanghai	2059	676,091 (part)	1,828,060	798	2016	Floor area shown represents the office portion, in which the Group owns a 50% interest.
	Total held through joint venture companies			**2,417,131**	**1,188**		
	– of which attributable to the Group			**1,208,566**			
Hotel							
1. The Opposite House	11 Sanlitun Road, Chaoyang district, Beijing	2044 (2054 for car parks)	566,332 (part)	169,463	32	2007	99-room hotel.
2. Mandarin Oriental, Guangzhou	North of Tianhe Road and west of Tianhe East Road, Tianhe district, Guangzhou	2051	526,941 (part)	Hotel: 584,184 Serviced apartment: 51,517 635,701	– –	2012	263-room hotel and 24 serviced apartments, in which the Group owns a 97% interest.
	Total held through subsidiaries			**805,164**	**32**		
3. EAST Beijing	22 Jiuxianqiao Road, Chaoyang district, Beijing	2044 (2054 for office and car parks)	631,072 (part)	358,301	240	2012	369-room hotel, in which the Group owns a 50% interest.
4. The Temple House	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	814,604 (part)	Hotel: 196,508 Serviced apartment: 109,857 306,365	– –	2015	100-room hotel and 42 serviced apartments, in which the Group owns a 50% interest.

Completed properties for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Hotel *(continued)*							
5. The Sukhothai Shanghai Hotel	380 Weihai Road, Jing'an district, Shanghai	2049	676,091 (part)	Hotel: 246,646	79	2018	201-room hotel, in which the Group owns a 50% interest.
The Middle House	366 Shi Men Yi Road, Jing'an district, Shanghai			Hotel: 141,181	43	2018	111-room hotel, in which the Group owns a 50% interest.
The Middle House Residences	366 Shi Men Yi Road, Jing'an district, Shanghai			Serviced apartment: 147,273	40	2018	102 serviced apartments, in which the Group owns a 50% interest.
				535,100			
	Total held through joint venture companies			**1,199,766**	**402**		
	– of which attributable to the Group			**599,883**			

Completed properties for investment in the United States	Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Retail						
1. Brickell City Centre – retail portion	701 S Miami Avenue, Miami, Florida	380,670 (part)	496,508	1,137	2016	Floor area shown represents the whole shopping centre, in which the Group owns a 62.93% interest.
2. Car parking spaces for Two Brickell City Centre, Three Brickell City Centre, EAST Residences and EAST Miami	78 SW 7th Street and 788 Brickell Plaza, Miami, Florida	380,670 (part)	–	389	2016	The Group owns the 389 car parking spaces of the sold properties.
	Total held through subsidiaries		**496,508**	**1,526**		
Hotel						
1. Mandarin Oriental, Miami	South Brickell Key, Miami, Florida	120,233	345,000	600	2000	326-room luxury hotel in central Miami, in which the Group owns a 75% interest.
	Total held through joint venture companies		**345,000**	**600**		
	– of which attributable to the Group		**258,750**			

Property developments for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Residential								
1. Rocky Bank, 6 Deep Water Bay Road	RBL 613 RP	2099	28,197	14,768	–	Site formation is in progress	2023	Floor area shown is an approximation.
	Total held through subsidiaries			**14,768**	**–**			

SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2021

Property developments for investment in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
Office								
1. Two Taikoo Place, Taikoo Place	QBML 1 sQ (part) QBML 1 sR ss1 (part) QBML 1 sR RP (part) QBML 1 sS (part) QBML 1 sT ss1 (part) QBML 1 sT ss2 (part) QBML 1 sT RP (part) QBML 1 sU (part) QBML 1 sW (part) QBML 1 RP (part)	2881	238,582 (part)	1,000,000	346	Superstructure and interior fitting out works are in progress	2022	Floor area shown is an approximation.
2. 46-56 Queen's Road East	IL 2242 IL 2244 sA IL 2244 sB IL 2244 sC IL 2245 sA IL 2245 sB IL 2245 sC IL 2245 sD IL 2245 sE IL 2245 sF	2843	14,433	218,000	88	Superstructure works in progress	2023	Floor area shown is an approximation.
	Total held through subsidiaries			**1,218,000**	**434**			
Retail								
1. EIGHT STAR STREET	IL 526 sA ss1 sC IL 526 sA ss1 sB ss1 IL 526 sA ss1 sB RP IL 526 sA ss2 IL 526 sA ss3 IL 526 sA RP	2856	3,609 (part)	2,851	–	Superstructure and interior fitting out works are in progress	2022	Residential block over retail podium. Floor area shown represents the retail portion of the development. The area shown is subject to change.
	Total held through subsidiaries			**2,851**	**–**			

Property developments for investment in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Stage of completion	Expected completion date	Remarks
1. INDIGO Phase Two, Beijing	Next to and on the east of current INDIGO, Beijing	2060 for retail and hotel, 2070 for office	842,807 (part)	Under planning: 4,045,964	To be determined	Foundation works in progress	Phase 1: 2025 Phase 2: 2026	An office-led, mixed-use extension of the existing INDIGO project comprising a shopping mall, office towers, and a hotel. The Group owns a 35% interest.
	Total held through joint venture companies			**4,045,964**	**–**			
	– of which attributable to the Group			**1,416,087**				

Property developments for investment in the United States	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. One Brickell City Centre, Miami, Florida	123,347	Under planning: 1,444,000	To be determined	To be determined	One Brickell City Centre is being planned as a future mixed-use development comprised of retail, Grade A office space, condominiums and a hotel. Located at the corner of Brickell Avenue and SW 8th Street, One Brickell City Centre (comprising approximately 1.4 million square feet) is planned as an 80-storey luxury high rise tower.
	Total held through subsidiaries	**1,444,000**	**–**		

Completed properties for sale in the Chinese Mainland	Address	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Year of completion	Remarks
Office							
1. Pinnacle One	Daci Temple Area, 9 Dongda Street, Jinjiang district, Chengdu	2051	702,243 (part)	–	202	2014	Pinnacle One has been completed; the remaining one-and-half floors will be retained for its own use by the joint venture company which owns the property. The tradable assets outstanding are the 202 car parking spaces. The car parking spaces are under contract estimated to be closed in 2022.
	Total held through joint venture companies			**–**	**202**		
	– of which attributable to the Group			**–**			

Property developments for sale in Hong Kong	Lot number	Leasehold expiry	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
Residential							
1. EIGHT STAR STREET	IL 526 sA ss1 sC IL 526 sA ss1 sB ss1 IL 526 sA ss1 sB RP IL 526 sA ss2 IL 526 sA ss3 IL 526 sA RP	2856	3,609 (part)	30,855	–	2022	Residential block over retail podium. Floor area shown represents the residential portion of the development. The area shown is subject to change.
2. Chai Wan Inland Lot No. 178	CWIL 178	2071	96,876 (part)	692,276	To be determined	2025	The residential portion of the whole development, in which the Group owns an 80% interest.
	Total held through subsidiaries			**723,131**	**–**		
3. Wong Chuk Hang Station Package Four Property Development	AIL 467	2067	738,199 (part)	638,305	To be determined	2024	Floor area shown represents the whole Package Four development, in which the Group owns a 25% interest.
	Total held through joint venture companies			**638,305**	**–**		
	– of which attributable to the Group			**159,576**			
Retail							
1. Chai Wan Inland Lot No. 178	CWIL 178	2071	96,876 (part)	2,002	To be determined	2025	The retail portion of the whole development, in which the Group owns an 80% interest.
	Total held through subsidiaries			**2,002**	**–**		

SCHEDULE OF PRINCIPAL GROUP PROPERTIES

At 31st December 2021

Property developments for sale in the United States	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. South Brickell Key, Miami, Florida	105,372	Residential: 550,000	395	–	Development site in central Miami acquired in January 1997 along with Mandarin Oriental site. Plans for condominium tower currently on hold.
2. Development Site, Fort Lauderdale, Florida	203,941	Under contract: N/A	N/A	–	The sale of the property was completed in January 2022.
3. North Squared, Miami, Florida	380,670 (part)	Residential: 523,000	544	–	The development on the North Squared site is currently on hold.
	Total held through subsidiaries	**1,073,000**	**939**		

Property developments for sale in Indonesia	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. Savyavasa, South Jakarta	Jalan Wijaya II No.37A Kebayoran Baru, South Jakarta	227,982	Residential: 1,122,728	1,079	2024	Residential tower with 431 units, in which the Group owns a 50% interest.
	Total held through joint venture companies		**1,122,728**	**1,079**		
	– of which attributable to the Group		**561,364**			

Property developments for sale in Vietnam	Lot number/Address	Site area in square feet	Gross floor area in square feet	Number of car parks	Expected completion date	Remarks
1. The River	Thu Thiem, Lot 3.15	165,518	Residential: 846,201	780	2022	3 residential towers with 525 units, in which the Group effectively owns a 20% interest. GFA excludes 6,886 sqm of parking and 4,500 sqm of retail which is not included in the Group's investment.
	Total held through associated companies		**846,201**	**780**		
	– of which attributable to the Group		**169,240**			
2. Empire City	Thu Thiem, (Zone 2b)	1,200,527	Residential/ Mixed-use: 7,131,624	6,621	In phases up to 2027	A residential-led mixed-use project comprising luxury residential condominiums, an office tower, a hotel, serviced apartments and a retail mall. To be completed in phases until 2027. The Group effectively owns a 15.73% interest. GFA excludes 254,474 sqm of parking (although this is included in the Group's investment).
	Total held through financial assets at fair value through profit or loss		**7,131,624**	**6,621**		
	– of which attributable to the Group		**1,121,804**			

GLOSSARY

References in this document to Hong Kong are to Hong Kong SAR.

Attributable gross rental income Gross rental income less amount shared by non-controlling interests plus the Group's share of gross rental income of joint venture and associated companies.

Equity attributable to the Company's shareholders Equity before non-controlling interests.

Gross borrowings Total of loans, bonds and overdrafts.

Net assets employed Total equity plus net debt.

Net debt Total borrowings and lease liabilities less short-term deposits and bank balances.

Underlying profit Reported profit adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

Recurring underlying profit Underlying profit adjusted for significant credits and charges of a non-recurring nature, including gains on the sale of interests in investment properties.

Ratios

$$\text{Earnings per share} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Return on average equity attributable to the Company's shareholders} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Average equity during the year attributable to the Company's shareholders}}$$

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity before non-controlling interests}}{\text{Number of shares in issue at the end of the year}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

$$\text{Interest cover} = \frac{\text{Operating profit}}{\text{Net finance charges}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividends paid and declared}}{\text{Profit attributable to the Company's shareholders}}$$

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

Financial Calendar 2022

Shares traded ex-dividend	30th March
Share register closed for 2021 second interim dividend entitlement	1st April
Annual Report available to shareholders	4th April
Payment of 2021 second interim dividend	5th May
Share register closed for attending and voting at Annual General Meeting	4th – 10th May
Annual General Meeting	10th May
Interim results announcement	August
2022 first interim dividend payable	October

Registered Office

Swire Properties Limited
33rd Floor, One Pacific Place
88 Queensway
Hong Kong

Registrars

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Website: www.computershare.com

Stock Code

Hong Kong Stock Exchange 01972

Auditors

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22nd Floor, Prince's Building
Central
Hong Kong

Investor Relations

E-mail: ir@swireproperties.com

Public Affairs

E-mail: pad@swireproperties.com
Tel: (852) 2844-3888
Fax: (852) 2918-9960
Website: www.swireproperties.com

Request for Feedback

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swireproperties.com.

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