SWIRE

John Swire & Sons Limited
Annual Report & Consolidated Financial Statements

31 December 2019

Company number: 133143

JOHN SWIRE & SONS LIMITED
Corporate profile

John Swire & Sons Limited is the parent company of the Swire Group. It controls a family of subsidiary companies which trade throughout the world, and is responsible for formulating and directing overall Group strategy. Under various agreements, a wide range of services are provided within the Group, remuneration for which is largely profit related. These services include the recruitment, employment and training of staff for overseas offices and the provision of a number of centralised support functions. The number of employees within the John Swire & Sons group of companies is approximately 128,000.

John Swire & Sons is based, as it has been for the past 204 years, in the United Kingdom, where it has certain trading activities which are being actively developed by its local subsidiaries. The Group's main sphere of operations, however, is in mainland China and the Special Administrative Region of Hong Kong; and to a lesser, but nevertheless significant, extent in North America, South America, Europe, the Middle East, Australia, Papua New Guinea, East and West Africa, and across South East Asia. The wholly-owned shipowning element of the Group trades worldwide, but the major sphere of its activity is in the Pacific and Australasia.

Further information, on what the Group does and where, can be obtained at www.swire.com.

JOHN SWIRE & SONS LIMITED
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JOHN SWIRE & SONS LIMITED
Directorate and principal offices

Chairman

B N Swire

Deputy Chairman

M B Swire

Directors

M Cubbon

Baroness Dunn DBE

N A H Fenwick

J E Hughes-Hallett

G D McCallum

J S Swire

S C Swire

W J Wemyss

Secretary

D C Morris

Group Financial Controller

B K Silver

Registrars

Computershare Investor
Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Principal offices

Head Office and registered office

Swire House
59 Buckingham Gate
London
SW1E 6AJ

Registered in England No.133143

Australia

John Swire & Sons (Australia) Pty Limited
Level 16, Aurora Place
88 Phillip Street
Sydney
New South Wales
2000

China

John Swire & Sons (China) Limited
14/F, One INDIGO
20 Jiuxianqiao Road
Chaoyang District
Beijing

Hong Kong

John Swire & Sons (H.K.) Limited
33/F One Pacific Place
88 Queensway
Hong Kong

Papua New Guinea

John Swire & Sons (P.N.G) Limited
PO Box 1
Port Moresby
National Capital District

United States of America

John Swire & Sons Inc
PO Box 140
Milford
Delaware

Principal activities

The principal activities of the Swire Group (the 'Group') are summarised in the tables in note 6 showing the revenue related to each main activity and geographical area.

Swire Group Strategy

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends.

Our Values

Integrity, endeavour, excellence, humility, teamwork, continuity.

Our Core Principles

- We focus on Asia, principally Greater China, because of its strong growth potential and because it is where the Group has long experience, deep knowledge and strong relationships.
- We mobilise capital, talent and ideas across the Group. Our scale and diversity increase our access to investment opportunities.
- We are prudent financial managers. This enables us to execute long-term investment plans irrespective of short-term financial market volatility.
- We recruit the best people and invest heavily in their training and development. The welfare of our people is critical to our operations.
- We build strong and lasting relationships, based on mutual benefit, with those with whom we do business.
- We invest in sustainable development, because it is the right thing to do and because it supports long-term growth through innovation and improved efficiency.
- We are committed to the highest standards of corporate governance and to the preservation and development of the Swire brand and reputation.

Our Investment Principles

- We aim to build a portfolio of businesses that collectively deliver a steady dividend stream over time.
- We are long-term investors. We prefer to have controlling interests in our businesses and to manage them for long-term growth. We do not rule out minority investments in appropriate circumstances.
- We concentrate on businesses where we can contribute expertise, and where our expertise can add value.
- We invest in businesses that provide high-quality products and services and that are leaders in their markets.
- We divest from businesses which have reached their full potential under our ownership, and recycle the capital released into existing or new businesses.

Review of the year

The profit of the Group for 2019, after taxation and non-controlling interests, was £518 million, compared to the £401 million of 2018.

In Hong Kong, Swire Properties delivered another good result, while in the Aviation Division, Cathay Pacific again yielded a profit. Swire Coca-Cola (formerly "Swire Beverages") had a successful year, but the results of the Marine Services Division were disappointing, having been adversely affected by continuing market stagnation and further impairment charges being recorded. The Trading & Industrial Division continued to be profitable. The performance overall of the privately-owned companies was an improvement on 2018, with enhanced results in the cold storage business in America and increased profits arising from the remaining Australian business. The Argent Energy group of companies also yielded better results benefitting from a full year's results at the Dutch biodiesel facility which was acquired at the end of 2018. The China Navigation Company, James Finlay and Steamships Trading Company failed to meet expectations, but the Swire Oilfield Services result was ahead of budget.

During 2019 the Group increased its equity interest in Swire Pacific from 55.10% to 55.20%.

Swire Pacific Limited

The major part of the Group's overall profit continues to be attributable to Swire Pacific, its listed subsidiary in Hong Kong. The main points from the Chairman's and Finance Director's statements in the Swire Pacific Annual Report, dated 12 March 2020, are set out here.

> **Year In Review**
>
> "After an encouraging first half, in which Swire Pacific delivered a continued recovery in earnings and a solid set of results, 2019 proved ultimately to be a challenging year. Social unrest in Hong Kong and global trade tensions (particularly in the second half) had direct and indirect effects on demand in a number of our businesses. However, the diversity of our portfolio helped us to weather the challenges and we faced them from a position of financial strength. Our recurring profit decreased by 4% in 2019, mainly because of a deterioration in the results of Cathay Pacific. There was also a much smaller increase in the value of our property portfolio than in recent years. This was the main reason for our return on equity falling to 3.3% in 2019 from 9.0% in 2018 and an average over the last five years of 6.7%.

The results of the Property Division were stable overall in 2019, with encouraging growth in rental income from our retail investment properties in Mainland China. Cathay Pacific did well in the first half, but was adversely affected by global trade tensions and, in the second half, by social unrest in Hong Kong. Most HAECO businesses performed solidly. The profits of Swire Coca-Cola grew strongly, in particular in Mainland China. Swire Pacific Offshore continued to incur losses and was subject to a further significant impairment charge.

During the year, we completed the disposal of a number of non-core assets at attractive valuations. The total proceeds of such disposals in 2018 and 2019 were around HK$34 billion, contributing to a significant strengthening of our balance sheet. At the end of 2019, our gearing, excluding lease liabilities, was 14.2% (compared with 19.3% at the end of 2018) and we had cash and undrawn committed facilities of HK$40 billion.

Results Summary

The consolidated profit attributable to shareholders for 2019 was HK$9,007 million, a 62% decrease compared to 2018. Underlying profit attributable to shareholders, which principally adjusts for changes in the value of investment properties, increased by 109% to HK$17,797 million. Disregarding significant non-recurring items in both years, the 2019 recurring underlying profit was HK$7,221 million, compared with HK$7,489 million in 2018. The decrease was mainly due to a deterioration in the results of Cathay Pacific.

The Property Division is the largest contributor to the Group's profit. The recurring underlying profit from the Property Division in 2019 (which excludes gains from the sales of interests in investment properties aggregating HK$13,528 million) was HK$6,269 million, compared with HK$6,177 million in 2018. Demand for leased office properties in Hong Kong, particularly from Mainland Chinese companies, started to weaken significantly in the second half of 2019. Retail sales in Hong Kong were adversely affected by social unrest in the second half of 2019. In Mainland China in 2019, office rents were under pressure in Guangzhou and in Beijing. Demand for office space was subdued in Shanghai. Retail sales grew satisfactorily in Beijing, Chengdu, Guangzhou and Shanghai. In Miami in the USA, demand for office space was healthy and retail sales increased, but demand for condominiums was weak. 2019 losses from hotels were higher than in 2018, principally as a result of social unrest in Hong Kong in the second half of the year.

The Aviation Division recorded a profit of HK$1,550 million in 2019, compared to HK$1,781 million in 2018. The reduction principally reflected a deterioration in the results of Cathay Pacific.

Swire Pacific's attributable share of Cathay Pacific's 2019 profit was HK$761 million, compared to HK$1,056 million in 2018. The operating environment for Cathay Pacific was extremely challenging in 2019. The passenger business was adversely affected by social unrest in Hong Kong in the second half. The cargo business was affected by global trade tensions during the whole year. Passenger and cargo yields were under intense pressure. Yields and load factors decreased for both passenger and cargo businesses. Fuel prices decreased, but the strength of the US dollar adversely affected net income. The acquisition of HK Express was completed in July 2019.

The HAECO group reported an attributable profit of HK$825 million in 2019, compared with HK$993 million in 2018 on a 100% basis. Disregarding non-recurring items in both years, the recurring profit of the HAECO group in 2019 was HK$1,059 million, compared with HK$951 million in 2018. The higher profit primarily reflected reduced losses at HAECO Americas and growth in the volume of work at HAESL.

The recurring profit of Swire Coca-Cola was HK$1,584 million in 2019, compared with HK$1,354 million in 2018. Revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 5% to HK$44,719 million. Volume increased by 2% to 1,786 million unit cases. Revenue and volume grew in Mainland China, Taiwan and the USA, reflecting successful revenue growth management. In Hong Kong, revenue and volume declined.

The recurring loss of the Marine Services Division was HK$1,347 million in 2019, compared to HK$1,122 million in 2018. These figures exclude impairment charges, a restructuring provision and a loss on disposal of vessels aggregating HK$2,287 million at Swire Pacific Offshore in 2019 and impairment charges and write-offs of HK$3,911 million at Swire Pacific Offshore in 2018. Offshore industry conditions remained difficult. Vessel utilisation rates were higher. However, the oversupply of offshore support vessels continued to put pressure on charter hire rates.

The recurring profit of the Trading & Industrial Division (which excludes net non-recurring losses of HK$493 million) was HK$41 million in 2019, compared with HK$164 million in 2018. The result principally reflected worse results from Swire Resources in the second half of the year and the disposal of the paints business (which was profit making), partly offset by the absence of losses from the cold storage business (which was loss making before its disposal).

Implementing Our Aims

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends. Capital allocation, achieved by way both of investment and divestment, is central to the achievement of our aims.

The second phase of the Taikoo Place redevelopment in Hong Kong will be completed in early 2022. Swire Properties has a 50% interest in a 1.25 million square feet retail development in Shanghai, which is expected to be completed by the end of 2020. In September 2019, a joint venture company in which Swire Properties has an 80% interest completed the acquisition of a plot of land in Chai Wan, Hong Kong. Subject to agreement with the Hong Kong government, 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 2019, a joint venture company in which Swire Properties has a 25% interest tendered successfully for a residential property development at Wong Chuk Hang in Hong Kong. The development is expected to comprise two residential towers with an aggregate gross floor area of approximately 638,000 square feet and about 800 residential units, and is expected to be completed in 2024. Swire Properties completed the sales of its interests in the Cityplaza Three and Cityplaza Four and 625 King's Road properties (all in Quarry Bay, Hong Kong) in April and July 2019 respectively.

Cathay Pacific completed the acquisition of low-cost carrier HK Express in July 2019. Swire Pacific remains supportive of the long-term investment plans of Cathay Pacific.

The HAECO group continues to invest in order to increase the scale of its operations and technical capabilities and to improve and widen the range of services it can offer to customers. In May 2019, the Xiamen municipal government advised HAECO Xiamen that construction of a new airport in the Xiang'an district of Xiamen had been approved by the Chinese Central Government. Management is discussing with the Xiamen authorities the relocation of HAECO Xiamen's premises from the existing location to the new airport.

In 2019, Swire Coca-Cola continued to expand its product and package portfolio and to invest in production assets, logistics infrastructure, merchandising equipment and digital capabilities.

In the Marine Services Division, Swire Pacific Offshore disposed of four older vessels in 2019.

In 2019, the Trading & Industrial Division disposed of its interests in Columbia China and in a sugar refinery business in Mainland China.

In 2019, we generated HK$12.8 billion from operations (compared with HK$18.3 billion in 2018) and HK$20.8 billion from disposals (compared with HK$14.0 billion in 2018) and we made total capital investments of HK$8.4 billion (compared with HK$14.6 billion in 2018). Our net debt at the end of 2019 was HK$46.7 billion, a reduction of 25% from its amount of HK$62.7 billion at the end of 2018. Our gearing ratio at the end of 2019 was 14.2%, reduced from 19.3% at the end of 2018.

Outlook By Division

At Swire Properties, in the central district of Hong Kong, reduced demand (particularly from Mainland Chinese companies) and increased vacancy rates are expected to exert downward pressure on office rents. High occupancy is expected to result in office rents at the Taikoo Place developments being relatively resilient (by comparison with rents in other areas) despite reduced demand and increased supply in Kowloon East and other districts. However, given the uncertain outlook, office tenants are delaying making lease commitments. With new supply in the central business districts of Guangzhou and Beijing and weak demand, office vacancy rates are expected to increase and rents to be under pressure in 2020. Demand from domestic and international companies for office space in Shanghai is expected to be weak in 2020. But with high occupancy and limited new supply in the central business district of Jing'an, Shanghai office rents are expected to be relatively resilient. In Miami, the supply of new Grade-A office space in the central business district and the Brickell area is low. Job growth in Miami-Dade County is expected to continue, resulting in sustainable demand for office space and stable rental rates.

COVID-19 is adversely affecting Swire Properties' retail investment properties and its hotel business in Hong Kong and Mainland China. Lower rental income is expected from the retail properties and serviced apartments in 2020. Temporary rental subsidies are being provided to retail tenants on a case by case basis. Occupancy and revenue are significantly down at Swire Properties' hotels. Costs will be saved where this can be done without damaging the long-term relationship with tenants and other customers.

As well as COVID-19, social unrest and economic uncertainty are adversely affecting retail sales in Hong Kong. In Mainland China, demand for retail space from international retailers and food and beverage operators is expected, despite the current effects of COVID-19, to be strong in the long term. In Miami, retail sales in Brickell City Centre are increasing steadily. However, established shopping districts in Miami are expanding. As a result, Brickell City Centre is expected to experience increased competition in the retail leasing market.

In Hong Kong, demand for residential accommodation has weakened due to social unrest, economic uncertainty and COVID-19. There is a shortage of land and a limited supply of housing in Hong Kong. This, together with low interest rates, is expected to result in demand for residential accommodation being resilient in the medium and long term. In Miami, demand for condominiums is weak due to weak South American economies, currency fluctuations and political uncertainty. In Singapore, growth in incomes and robust employment are expected to support a stable residential property market.

A non-managed hotel which is part of the Tung Chung Town Lot No. 11 development in Hong Kong is expected to open later in the first half of 2020. Steady growth in business is expected at the Miami hotels.

With its balanced portfolio and strong balance sheet, Swire Properties is well placed to withstand the effects of this difficult time and to benefit from improved conditions in the future.

Following the impact of social unrest in Hong Kong in the latter half of 2019, the first half of 2020 was expected to be extremely challenging financially for Cathay Pacific, with an already reduced winter season capacity. This has been exacerbated by the significant negative impact of COVID-19. It is difficult to predict when conditions will improve. Travel demand has dropped substantially and a series of short-term measures have been taken in response. These have included a sharp reduction of capacity in the passenger network. Despite these measures, Cathay Pacific expects to incur a substantial loss in the first half of 2020.

The passenger business is expected to be under severe pressure this year and the cargo business will continue to face headwinds. However, there is cautious optimism about cargo following the recent reduction in US-China trade tensions and cargo capacity has been maintained intact. The US dollar is expected to remain strong in 2020, and intense competition, especially in long-haul economy class, will continue to place significant pressure on passenger yields.

Demand for HAECO's airframe services is expected to be affected by less airframe maintenance being required as a result of COVID-19's effect on aircraft usage. Demand for line services in Hong Kong is being affected by a reduction in flights caused by COVID-19. Demand for engine services is expected to increase (though in time COVID-19's effect on aircraft usage will have some effect), with a varied mix of work. More seats are expected to be sold. Forward bookings for cabin integration work are low.

At Swire Coca-Cola, revenue in Mainland China and Taiwan would normally be expected to continue to grow in 2020, with revenue growing faster than volume. However, the results in Mainland China are being adversely affected by COVID-19. The beverages market in the USA is expected to grow moderately in 2020. In Hong Kong, the beverages market is expected to be difficult. As in Mainland China, the results are being adversely affected by COVID-19. In all regions, increased costs are expected to put pressure on profits.

In the Marine Services Division, SPO's 2019 vessel utilisation was the highest since 2014, but charter hire rates are depressed by the oversupply of vessels. Trade tensions and COVID-19 are adversely affecting the recovery of the offshore support industry. In any event, a significant overall increase in charter hire rates will be required to restore SPO's business to profitability.

In the Trading & Industrial Division, the results of Swire Resources, Qinyuan Bakery and Taikoo Sugar are being adversely affected by COVID-19. The results of Taikoo Motors are expected to be stable."

The China Navigation Company

2019 was a mixed year for CNCo. Unlike in 2018, Swire Shipping performed to expectations and maintained a leading position in its niche markets. On the other hand, Swire Bulk continued to make losses and thus dragged the overall company result into the red.

Despite ongoing fears about the Papua New Guinea economy, volumes have held up and the country remains Swire Shipping's largest import market, followed by the Pacific Islands. In such economies Swire Shipping remains a key player, which provides a stable base of revenue for as long as it maintains that position. In 2019 Swire Shipping began a project to look at further infrastructural investments in key markets, as a way to bring it closer to its customers. Work to reduce the cost base of the liner business is ongoing, and steps have been taken to digitalise some key processes. CNCo is building 8 new container ships in south China, for delayed delivery throughout 2020, all of which will operate on Swire Shipping's Asian and South Pacific trades. Work on these vessels continued through 2019.

The bulk side of the business has once again disappointed. CNCo owns 30 handysize bulk carriers and is building 8 more. In addition, Swire Bulk charters a range of 60-80 ships from the market, an increase on 2018 (this came about as a result of taking on Hamburg Sud's tramp trading book). The operating business is heavily affected by the market index rates, which have been consistently poor in the face of oversupply, expensively-built ships, and poor market conditions. Swire Bulk also has management gaps - these are being addressed in 2020.

Australia

The two main remaining businesses in Australia are focused on the mining logistics sector. HSE provides equipment and operators at coking coal mines in Queensland and New South Wales, and Kalari provides specialist trucking and haulage services across the country.

HSE had its best year since JS&S purchased the business in 2014. Its bottom line strongly exceeded budget, off the back of production increases and volume efficiencies onsite. The business remains in thrall to its main customer - BHP - but, despite a tense relationship, it continues to win work from them. HSE needs to win another production contract to widen its portfolio, but it has shown that it can make good money out of its existing business.

Kalari continues to struggle. It is a high-quality and therefore high-cost provider in a competitive and often cheap market. This works well in a booming commodities market, but it is more difficult in a more stable environment. This has been compounded by a failed foray into timber transportation, from which the business is now extricating itself.

Steamships Trading Company

2019 was another lacklustre year for the economy, despite high hopes for a deal on a second gas export facility and for the consequent improvement in economic sentiment. Although the business was marginally more profitable than in 2018, hotels and property underperformed, with occupancy being the culprit on the hotel side and rates on the property side - mainly due to oversupply in Port Moresby. The good news was the acquisition of the minority share in Consort Shipping, enabling Steamships to take unfettered management control of the business. Much of its senior management was replaced in the second half of the year - with almost immediate improvements in the operational benchmarks, in customer satisfaction and in results. The major ongoing capital expenditure in the year included the completion of a conference centre in the Mount Hagen hotel and the ground-breaking for the joint-venture office/residential building on the Port Moresby waterfront. This is scheduled for completion by 2023. The Board also approved the next stage in the redevelopment of the Melanesian Hotel in Lae.

United States Cold Storage

2019 was a standout year for the business. Recent investments have started to pay off, with overall industry demand exceeding supply, in part as USCS's major competitors are growing through acquisition rather than by adding new capacity. The additional scale added by our various expansions has benefited the nationwide transportation programme. This now accounts for almost 30% of revenue and 14% of the contribution at plant level. In 2019 three major expansions were completed: two conventional facilities in Miami and in California as well as one automated store in Indiana. Two large automated expansions were also started mid-year in Illinois and Atlanta, and USCS made an agreement to buy a large site in Southern California. The yet-to-be-built facility will service the LA market. A shortage of skilled staff remains USCS's largest obstacle and much of the new investment is now being targeted at automation - including retrofitting space in existing stores.

James Finlay

2019 was a mixed year for Finlay's, with profits finishing lower than in 2018. This was attributable mainly to low tea prices in both Kenya and Sri Lanka. Efforts to increase productivity are continuing in both countries in order to compensate for the low tea prices and rising wages. The tea estates in Argentina returned to profitability following a restructuring of operations in 2018. In the Extracts division, the expansion of cold brew coffee capacity in Texas (at Aspen Beverages) was completed smoothly and new business has been secured. Damin (Finlay's extracts JV in China) had a positive year with good cost control and growth in new products. However, an impairment charge had to be taken on the tea extract factory in Kenya following the decline in volume from two key customers. Furthermore, the two flower farms in Kericho were closed at the end of the year.

Swire Oilfield Services

The improvement in oil price and confidence in the sector helped the business return to profitability in 2019, with revenues and gross margin improving. The Middle East remained a strong market for SOS, with Qatar providing most of the growth, closely followed up by South East Asia. New markets in Burma and Central/ South America were also added, coming on-line early in 2020, but the decision was taken to exit Australia. The effort to grow the service business has begun to yield results, with this now accounting for almost 20% of revenue. The acquisition of a small helicopter-services business in 2018 exceeded expectations and is expected to lead to further expansion in this sector. Some inroads were also made into offshore renewable energy (inspecting equipment on wind turbines), with the focus now on a broadening of the range of SOS's offshore services.

Green Investments

As foreshadowed in last year's review, 2019 was a year of successful consolidation for Argent. The senior management team has been strengthened, while the principal focus has been on bringing all three plants up to a consistent level of output reflecting their total plated capacity of 220,000 tonnes. This has largely been achieved at Motherwell and in Amsterdam. There is more work to be done at Stanlow, where both the pre-treatment unit and the biodiesel plant operated some way short of acceptable performance in 2019 (pleasingly, Stanlow has been much more consistent in 2020 and has been operating more or less in line with the other two sites). There has been an emphasis also on procuring the right quality of feedstock at prices that enable Argent to earn acceptable returns on both bulk and blended biodiesel. Operating margins improved significantly in the second half of 2019, enabling Argent to generate substantial positive cashflows and to report a small profit for the year. The management team continues to strengthen standard operating and maintenance procedures across all locations, while focusing on the safety of staff and contractors.

Purestream

The company continued to make progress in the US oil and gas sector. The proven ability of the 'IGF+' product to upgrade waste water for re-use resulted in additional clients and a more than doubling in the quantity of water treated during the year, while consistent in-field performance led to increased sales orders across Purestream's product range and to new opportunities in the mining, power, and agricultural sectors. Tighter regulation of water treatment and the need to manage waste water more efficiently suggest good prospects for this fledgling company in a number of industries.

Key financial and other performance indicators

	2019	2018
Profit for the year attributable to owners of the company (£m)	**518**	401
Operating profit margin (%)	**12.8**	10.6
Growth in ordinary dividend (%)	**—**	20.0

Principal risks and uncertainty

The Group is exposed to macro-economic and political influences worldwide. The geographic diversity of the Group's operations reduces overall exposure to any one single economy. The principal risks and uncertainties are related to swings in foreign currency exchange rates.

The COVID-19 virus is likely to have an adverse impact on the performance of the Company's subsidiaries in the short term, but at this time, the expectation is that the performance of those subsidiaries will recover over the longer-term and the value of the Company's investments in the subsidiaries will not be impacted.

Financial and risk management objectives and policies

Structure and Policy

Management of the Company and its subsidiary undertakings set financial risk management procedures in accordance with objectives and policies approved by their Boards. These procedures cover interest rate, currency, credit and liquidity risks specific to transactions within their businesses.

It is the policy of the Group not to enter into derivative transactions for speculative purposes. Derivatives are used solely for management of an underlying risk and the Group minimises its exposure to market risk by applying hedge accounting for derivative instruments. By applying hedge accounting, gains and losses on the derivatives are offset by losses and gains on the assets, liabilities or transactions being hedged.

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.

The Group maintains a significant proportion of debt on a fixed rate basis with a view to increasing certainty of funding costs. The level of fixed rate debt for the Group is decided after taking into consideration the potential effect of higher interest rates on profit, interest cover and the cash flow cycles of the Group's businesses and investments. In this regard the Group uses interest rate swaps to manage its long-term interest rate exposure.

Currency Exposure

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Hong Kong dollars. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations.

The Group's policy is to hedge in full all highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or derivative contract is not prohibitively expensive having regard to the underlying exposure.

Exposure to movements in exchange rates on transactions is minimised by using appropriate hedging instruments where active markets for the relevant currencies exist. At 31 December 2019, the Group had hedged its significant foreign currency funding exposures, by fixing the foreign exchange rates with forward contracts.

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.

Credit Exposure

The Group's credit risk is primarily attributable to trade and other receivables with wholesale customers, derivative financial instruments, receivables from joint venture companies and associated companies and cash and deposits with banks and financial institutions. Individual operating entities are responsible for setting credit terms appropriate to their industry and assessing the credit profile of individual customers.

The Group's businesses have policies in place to ensure that sales of products are made to wholesale customers with appropriate credit histories. Sales to retail customers are made in cash or via major credit cards. The Group has no significant concentrations of credit risk with any one customer.

When depositing surplus funds or entering into derivative contracts, the Group controls its exposure to non-performance by counterparties by transacting with investment grade counterparties to the extent possible, setting approved counterparty limits and applying monitoring procedures. The Group is not required by its counterparties to provide collateral or any other form of security against any change in the market value of a derivative.

Liquidity Risk

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. The Group maintains significant undrawn committed revolving credit facilities and cash deposits in order to further reduce liquidity risk and allow for flexibility in meeting funding requirements.

Outlook

The global crisis caused by the COVID-19 viral outbreak makes it extremely difficult to forecast the fortunes of particular businesses in the group. Some will find their way through this comparatively unscathed, but for others both the present situation and their imminent prospects are poor. For a small number, the landscape looks dauntingly bleak. However, the Group's directors currently believes both that the Swire group is relatively well positioned to weather the current storm and that seeking sustainable growth in a broad range of businesses will be a successful strategy in the long term.

Staff

At no time in recent memory has it been truer than now that the commitment and hard work of the employees of the Group and of its joint venture and associated companies are central to our future success. I take this opportunity of saluting and thanking all my colleagues, in particular those who have been working under extremely difficult circumstances in frontline roles, for everything that they are doing to maintain operations and services around the world.

Barnaby Swire
Chairman
30 June 2020

Directors' report

The directors submit their report and financial statements for the year ended 31 December 2019. The comparatives are for the year ended 31 December 2018.

Results

The profit for the year of the Group shows a profit attributable to shareholders of £518 million (2018: £401 million). The Parent Company is exempt under the Companies Act 2006 from the requirement to present its own statement of profit or loss. The Parent Company made a profit of £127 million (2018: £34 million).

Financial and risk management objectives and policies

See Group Strategic Report for details of objectives and policies on pages 9 and 10. For details of exposures please refer to note 30.

Going concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial and risk management objectives and policies, details of its financial instruments, and its exposure to interest rate, credit, liquidity and foreign currency risk are described in the Group Strategic Report on the preceding pages.

The Group has financial resources and contracts with a number of customer and suppliers across different geographical areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The Group has considerable financial resources and plans for refinancing maturing facilities are under way.

Cash flow forecasts have been prepared for a period of twelve months from the date of approval of these consolidated financial statements. The directors have reviewed these cash flow forecasts in light of the COVID-19 pandemic, including a severe but plausible downside scenario consisting of significant revenue reductions through to Q3 2020 with a cautious pick-up in trading from this date through 2021, and the non-renewal of maturing debt instruments throughout the review period. This severe but plausible downside scenario, whilst considered by the directors to be extremely prudent, has a significant impact on sales, margin, and cash flow; however it shows that the Group will be able to operate within the current committed debt facilities with continued financial covenant compliance.

Having reviewed the forecasts and the available committed debt facilities, the directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least 12 months from the signing of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Parent Company.

Future developments

The directors aim to maintain and continuously improve the management policies which have resulted in the successful development of the Group in recent years.

Directors

The present constitution of the Board of directors is shown on page 3. All of these directors served throughout the year.

The directors are sad to report that J W J Hughes-Hallett a non-executive director and former Chairman of the Board who served on the board during 2019, died on 12 October 2019.

Dividends

The directors recommend the payment of a second interim dividend of 62.46 pence per ordinary share payable on 6 July 2020. Together with the first interim dividend of 18.64 pence per share paid on 6 December 2019, the second interim dividend, if approved by shareholders, makes a total for the year of 81.10 pence per share (2018: 81.10 pence per share).

Political contributions

The Parent Company did not make any political donations or incur any political expenditure during the year (2018: £nil).

Disclosure of information to the auditor

So far as each person who is a director at the date of approval of this report is aware, there is no relevant audit information, being information required by the Company's auditor in connection with the preparation of this report, of which the Company's auditor is unaware. Having made enquiries of fellow directors and the Company's auditor the directors have taken all the steps that as directors they ought to have taken as a director, in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board

David C Morris
Company Secretary
30 June 2020

Registered office:
Swire House
59 Buckingham Gate
London
SW1E 6AJ

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of John Swire & Sons Limited

Opinion

We have audited the financial statements of John Swire & Sons Limited for the year ended 31 December 2019 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and the Company statement of cash flows, and related notes, including the accounting policies in note 5.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Strategic report and directors' report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company'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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer

Jonathan Downer (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

30 June 2020

JOHN SWIRE & SONS LIMITED
Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December	Note	2019 £'m	2018 £'m
Continuing operations			
Revenue	6	**11,400**	10,580
Cost of sales		**(7,730)**	(7,251)
Gross profit		**3,670**	3,329
Other income	7	**1,085**	814
Distribution expenses		**(1,490)**	(1,376)
Administrative expenses		**(1,633)**	(1,513)
Other operating expenses		**(178)**	(137)
Operating profit		**1,454**	1,117
Finance income	8	**60**	29
Finance costs	8	**(290)**	(280)
Net finance costs		**(230)**	(251)
Share of profit of equity-accounted investees, net of tax		**179**	205
Profit before tax		**1,403**	1,071
Income tax expense	13	**(237)**	(250)
Profit for the year from continuing operations		**1,166**	821
Other comprehensive income ('OCI')			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit asset/liability and post-employment medical and life benefits		**10**	(21)
Equity-accounted investees - share of OCI		**48**	(14)
Net change in fair value of equity investments at fair value through OCI ("FVOCI")		**(6)**	(14)
Related tax		**—**	4
		52	(45)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		**(920)**	1,158
Equity-accounted investees - share of OCI		**(35)**	(52)
Effective portion of changes in fair value of cash flow hedges		**53**	(17)
Impairment reversal recognised		**—**	20
Net change in fair value of cash flow hedges reclassified to profit or loss		**1**	(9)
Reclassification of foreign currency differences on loss of significant influence		**—**	4
Related tax		**(8)**	3
		(909)	1,107
Other comprehensive (loss)/income, net of tax		**(857)**	1,062
Total comprehensive income		**309**	1,883

	2019 £'m	2018 £'m
Profit attributable to:		
Owners of the Company	**518**	401
Non-controlling interest	**648**	420
	1,166	821
Total comprehensive income attributable to:		
Owners of the Company	**145**	893
Non-controlling interests	**164**	990
	309	1,883

The notes on pages 23-113 form part of these financial statements.

JOHN SWIRE & SONS LIMITED
Consolidated statement of financial position

Group	Note	31 December 2019 £'m	31 December 2018 £'m
Assets			
Property, plant and equipment	16	**6,019**	6,520
Intangible assets and goodwill	14	**1,558**	1,635
Biological assets	15	**18**	17
Trade and other receivables	25	**68**	41
Investment property	18	**19,229**	20,143
Right-of-use assets	17	**778**	—
Properties held for development	19	**107**	126
Equity-accounted investees	21	**5,861**	6,054
Other investments, including derivatives	22	**37**	8
Equity investments at fair value through other comprehensive income	23	**22**	27
Deferred tax assets	13	**122**	115
Employee benefits	9	**1,029**	932
Non-current assets		**34,848**	35,618
Inventories	24	**691**	744
Contract assets		**140**	44
Properties for sale	19	**346**	147
Other investments, including derivatives	22	**13**	21
Trade and other receivables	25	**1,184**	1,336
Prepayments		**148**	173
Current tax assets		**16**	10
Cash and cash equivalents	26	**2,372**	1,114
Assets held for sale	33	**2**	882
Current assets		**4,912**	4,471
Total assets		**39,760**	40,089
Equity			
Share capital	31	**190**	190
Reserves		**6,100**	6,348
Retained earnings		**7,156**	6,970
Equity attributable to owners of the Company		**13,446**	13,508
Non-controlling interests	32	**12,991**	13,182
Total equity		**26,437**	26,690
Liabilities			
Loans and borrowings	27	**6,610**	6,516
Employee benefits	9	**1,214**	1,141
Trade and other payables	28	**259**	318
Provisions	29	**29**	30
Other investments, including derivatives	22	**10**	—
Deferred tax liabilities	13	**716**	696
Non-current liabilities		**8,838**	8,701
Bank overdraft	26	**61**	29
Short-term loans		**142**	398
Loans and borrowings	27	**1,596**	1,333
Contract liabilities		**85**	51
Current tax liabilities		**144**	91
Trade and other payables	28	**2,423**	2,713
Other financial liabilities		**5**	27
Provisions	29	**28**	32
Employee benefits	9	**1**	1
Liabilities held for sale	33	**—**	23
Current liabilities		**4,485**	4,698
Total liabilities		**13,323**	13,399
Total equity and liabilities		**39,760**	40,089

The notes on pages 23-113 form part of these financial statements.

These accounts were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by:

B N Swire **J E Hughes-Hallett**
Directors

Registered in United Kingdom No. 133143

JOHN SWIRE & SONS LIMITED

Consolidated statement of financial position

Group	Note	31 December 2019 £'m	31 December 2018 £'m
Assets			
Property, plant and equipment	16	**6,019**	6,520
Intangible assets and goodwill	14	**1,558**	1,635
Biological assets	15	**18**	17
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Provisions	29	**28**	32
Employee benefits	9	**1**	1
Liabilities held for sale	33	**—**	23
Current liabilities		**4,485**	4,698
Total liabilities		**13,323**	13,399
Total equity and liabilities		**39,760**	40,089

The notes on pages 23-113 form part of these financial statements.

These accounts were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by:

J. E. Hughes-Hallett

B N Swire **J E Hughes-Hallett**
Directors

Registered in United Kingdom No. 133143

JOHN SWIRE & SONS LIMITED
Statement of financial position

Parent Company	Note	31 December 2019 £'m	31 December 2018 £'m
Assets			
Property, plant and equipment	16	**10**	10
Investment in subsidiaries	20	**9,599**	9,576
Equity-accounted investees		**6**	6
Deferred tax assets		**7**	6
Employee benefits	10	**77**	71
Non-current assets		**9,699**	9,669
Trade and other receivables	25	**867**	964
Current tax assets		**—**	—
Cash and cash equivalents	26	**80**	45
Current assets		**947**	1,009
Total assets		**10,646**	10,678
Equity			
Share capital	31	**190**	190
Reserves		**8,172**	8,171
Retained earnings		**1,656**	1,618
Total equity		**10,018**	9,979
Liabilities			
Employee benefits	10	**109**	104
Trade and other payables	28	**—**	—
Non-current liabilities		**109**	104
Loans and borrowings	27	**148**	226
Trade and other payables	28	**359**	363
Current tax liabilities		**12**	6
Current liabilities		**519**	595
Total liabilities		**628**	699
Total equity and liabilities		**10,646**	10,678

The notes on pages 23-113 form part of these financial statements.

These accounts were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by:

B N Swire **J E Hughes-Hallett**
Directors

Registered in United Kingdom No. 133143

JOHN SWIRE & SONS LIMITED
Statement of financial position

Parent Company	Note	31 December 2019 £'m	31 December 2018 £'m
Assets			
Property, plant and equipment	16	**10**	10
Investment in subsidiaries	20	**9,599**	9,576
Equity-accounted investees		**6**	6
Deferred tax assets		**7**	6
Employee benefits	10	**77**	71
Non-current assets		**9,699**	9,669
Trade and other receivables	25	**867**	964
Current tax assets		**—**	—
Cash and cash equivalents	26	**80**	45
Current assets		**947**	1,009
Total assets		**10,646**	10,678
Equity			
Share capital	31	**190**	190
Reserves		**8,172**	8,171
Retained earnings		**1,656**	1,618
Total equity		**10,018**	9,979
Liabilities			
Employee benefits	10	**109**	104
Trade and other payables	28	**—**	—
Non-current liabilities		**109**	104
Loans and borrowings	27	**148**	226
Trade and other payables	28	**359**	363
Current tax liabilities		**12**	6
Current liabilities		**519**	595
Total liabilities		**628**	699
Total equity and liabilities		**10,646**	10,678

The notes on pages 23-113 form part of these financial statements.

These accounts were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by: J. E. Hughes-Hallett.

B N Swire **J E Hughes-Hallett**
Directors

Registered in United Kingdom No. 133143

JOHN SWIRE & SONS LIMITED
Consolidated statement of changes in equity

Group	Share capital £'m	Revaluation reserve £'m	Other reserves £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
	Attributable to owners of the Company						
Balance at 31 December 2018	**190**	**6,447**	**(99)**	**6,970**	**13,508**	**13,182**	**26,690**
Adjustment on initial application of IFRS 16 (net of tax)	—	—	—	(124)	(124)	—	(124)
Adjusted balance at 1 January 2019	**190**	**6,447**	**(99)**	**6,846**	**13,384**	**13,182**	**26,566**
Total comprehensive income/(loss)							
Profit	—	—	—	518	518	648	1,166
Other comprehensive (loss)	—	(209)	(39)	(125)	(373)	(484)	(857)
Total comprehensive income	—	**(209)**	**(39)**	**393**	**145**	**164**	**309**
Transactions with owners of the Company							
Contributions and distributions							
Dividends	—	—	—	(89)	(89)	(342)	(431)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	(23)	(23)
Change in composition of the Group	—	—	—	6	6	10	16
Balance at 31 December 2019	**190**	**6,238**	**(138)**	**7,156**	**13,446**	**12,991**	**26,437**

Group	Share capital £'m	Revaluation reserve £'m	Other reserves £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
	Attributable to owners of the Company						
Balance at 31 December 2017	190	6,136	(71)	6,422	12,677	12,722	25,399
Adjustment on initial application of IFRS 9 (net of tax)	—	—	(32)	32	—	—	—
Adjustment on initial application of IFRS 15 (net of tax)	—	—	—	32	32	3	35
Adjusted balance at 1 January 2018	190	6,136	(103)	6,486	12,709	12,725	25,434
Total comprehensive income							
Profit	—	—	—	401	401	420	821
Other comprehensive income	—	311	4	177	492	570	1,062
Total comprehensive income	—	311	4	578	893	990	1,883
Transactions with owners of the Company							
Contributions and distributions							
Dividends	—	—	—	(76)	(76)	(261)	(337)
Acquisition of additional interests in subsidiaries	—	—	—	(32)	(32)	(271)	(303)
Capital contribution from non-controlling interests	—	—	—	—	—	(5)	(5)
Change in composition of the Group	—	—	—	14	14	4	18
Balance at 31 December 2018	190	6,447	(99)	6,970	13,508	13,182	26,690

The notes on pages 23-113 form part of these financial statements.

JOHN SWIRE & SONS LIMITED
Statement of changes in equity

Parent Company

	Attributable to owners of the Company						
	Share capital £'m	**Revaluation reserve £'m**	**Other reserves £'m**	**Retained earnings £'m**	**Total £'m**	**Non-controlling interests £'m**	**Total equity £'m**
Balance at 1 January 2019	**190**	**8,231**	**(60)**	**1,618**	**9,979**	**—**	**9,979**
Total comprehensive income/(loss)							
Profit	**—**	**—**	**—**	**127**	**127**	**—**	**127**
Other comprehensive income	**—**	**1**	**—**	**—**	**1**	**—**	**1**
Total comprehensive income	**—**	**1**	**—**	**127**	**128**	**—**	**128**
Transactions with owners of the Company							
Contributions and distributions							
Dividends	**—**	**—**	**—**	**(89)**	**(89)**	**—**	**(89)**
Balance at 31 December 2019	**190**	**8,232**	**(60)**	**1,656**	**10,018**	**—**	**10,018**

	Attributable to owners of the Company						
	Share capital £'m	Revaluation reserve £'m	Other reserves £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 January 2018	190	8,230	(54)	1,658	10,024	—	10,024
Total comprehensive income							
Profit	—	—	—	34	34	—	34
Other comprehensive income/(loss)	—	1	(6)	2	(3)	—	(3)
Total comprehensive income/(loss)	—	1	(6)	36	31	—	31
Transactions with owners of the Company							
Contributions and distributions							
Dividends	—	—	—	(76)	(76)	—	(76)
Balance at 31 December 2018	190	8,231	(60)	1,618	9,979	—	9,979

The notes on pages 23-113 form part of these financial statements.

JOHN SWIRE & SONS LIMITED
Consolidated statement of cash flows

For the year ended 31 December	Note	2019 £'m	2018 £'m
Cash flows from operations			
Profit for the year		**1,166**	821
Adjustments for:			
Depreciation		**1,100**	875
Amortisation		**36**	32
Remeasurement gains on interests in joint venture companies which became subsidiary companies		**—**	(4)
Impairment losses on property, plant and equipment		**230**	366
Impairment losses on intangible assets and goodwill		**43**	8
Impairment (gain)/loss on trade receivables		**(1)**	2
Change in fair value of biological assets	15	**(1)**	—
Deemed (gain) on acquisition of equity investments		**(1)**	(8)
(Gain) on sale of equity-accounted investees		**(147)**	(304)
Change in fair value of financial instruments		**(10)**	(8)
Net finance costs	8	**230**	251
Share of profit of equity-accounted investees, net of tax		**(179)**	(205)
(Gain) on disposal of subsidiary companies	7	**(834)**	(368)
(Gain) on sale of investment property, property, plant and equipment		**(25)**	(50)
Write back of provisions relating to sale of subsidiary in previous year		**(10)**	—
(Gain) on sale of available-for-sale assets		**(16)**	(1)
Tax expense	13	**237**	250
		1,818	1,657
Changes in:			
Inventories		**(46)**	11
Right-of-use assets		**(22)**	—
Trade and other receivables		**252**	250
Assets for sale (including properties)		**(86)**	22
Prepayments		**(11)**	2
Trade and other payables		**(237)**	(202)
Employee benefits		**1**	4
Deferred items		**(19)**	(15)
Foreign exchange differences		**(27)**	146
Cash generated from operating activities		**1,623**	1,875
Interest paid		**(281)**	(284)
Interest portion on lease liabilities		**(23)**	—
Taxes paid		**(160)**	(227)
Net cash from operations		**1,159**	1,364
Cash flows from investing activities			
Interest received		**54**	29
Proceeds from sale of property, plant and equipment		**53**	90
Proceeds from sale of investment properties		**34**	32
Proceeds from disposal of subsidiary companies	34	**1,675**	1,082
Proceeds from sale of equity-accounted investments and other investments		**285**	401
Purchase of non-controlling interests		**(6)**	(293)
Acquisition of subsidiary, net of cash acquired		**9**	(157)
Acquisition of property, plant and equipment		**(654)**	(777)
Acquisition of investment properties		**(199)**	(393)
Purchase of available-for-sale investments		**(2)**	—
Purchase of intangible assets		**(73)**	(14)
Loans to equity-accounted investees		**(133)**	(128)
Acquisition of equity-accounted investees		**(27)**	(64)
(Increase)/decrease in deposits maturing after more than 3 months		**(1)**	10
Dividends from investments		**4**	3
Purchase of non-current biological assets		**—**	—
Dividends from equity-accounted investees		**136**	172
Net cash generated from/(used in) investing activities		**1,155**	(7)

For the year ended 31 December	Note	2019 £'m	2018 £'m
Cash flows from financing activities			
Proceeds from loans and borrowings	39	**2,370**	2,240
Repayment of borrowings	39	**(2,778)**	(3,214)
Payment of lease liabilities	39	**(198)**	(29)
Dividends paid to shareholders		**(90)**	(76)
Dividends paid to non-controlling interests		**(342)**	(261)
Net cash (used in) financing activities		**(1,038)**	(1,340)
Net increase in cash and cash equivalents		**1,276**	17
Cash and cash equivalents at 1 January	26	**1,085**	1,059
Effect of movements in exchange rates on cash held		**(50)**	9
Cash and cash equivalents at 31 December	26	**2,311**	1,085

The notes on pages 23-113 form part of these financial statements.

Parent Company

For the year ended 31 December	**Note**	**2019 £'m**	2018 £'m
Cash flows from operations			
Profit for the year		**127**	34
Adjustments for:			
Depreciation		**—**	—
Net finance (income)		**(275)**	(31)
Impairment of subsidiary companies		**112**	—
Tax expense		**—**	12
		(36)	15
Changes in:			
Trade and other receivables		**111**	(417)
Trade and other payables		**(4)**	107
Foreign exchange differences		**—**	—
Cash generated from/(used in) operating activities		**71**	(295)
Taxes received/(paid)		**7**	(1)
Net cash generated from/(used in) operations		**78**	(296)
Cash flows from investing activities			
Interest received		**22**	18
Interest paid		**(1)**	—
Disposal of subsidiary, net of cash disposed of		**(2)**	—
Foreign exchange surplus transferred to profit on disposal of subsidiary		**—**	(5)
Acquisition of subsidiary, net of cash acquired	20	**(152)**	(125)
Acquisition of property, plant and equipment		**—**	—
Dividends from subsidiaries		**249**	18
Net cash generated from/(used in) investing activities		**116**	(94)
Cash flows from financing activities			
Proceeds from loans and borrowings		**151**	361
Repayment of borrowings		**(218)**	(273)
Dividends paid to shareholders		**(89)**	(76)
Net cash (used in)/generated from financing activities		**(156)**	12
Net cash increase/(decrease) in cash and cash equivalents		**38**	(378)
Cash and cash equivalents at 1 January	26	**45**	423
Effect of movements in exchange rates on cash held		**(3)**	—
Cash and cash equivalents at 31 December	26	**80**	45

The notes on pages 23-113 form part of these financial statements.

1. Reporting entity

John Swire & Sons Limited (the 'Parent Company') is a company incorporated and domiciled in the United Kingdom. The Parent Company's registered office is at Swire House, 59 Buckingham Gate, London, SW1E 6AJ. The Group financial statements consolidate those of the Parent Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and joint ventures. The Parent Company financial statements present information about the Parent Company as a separate entity and not about its group. The Group is involved in a variety of industries - an analysis of the Group's revenues is provided in note 6 to these financial statements.

2. Basis of accounting

The Group and Parent Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). In preparing these financial statements, the Group applies the recognition, measurement and disclosure requirements of these Adopted IFRSs, but makes amendments where necessary in order to comply with the Companies Act 2006.

Under section s408 of the Companies Act 2006 the Parent Company is exempt from the requirement to present its own profit and loss account.

These financial statements were authorised for issue by the Parent Company's board of directors on 30 June 2020.

3. 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 British Pounds (GBP), which is the Parent Company's functional and Group's presentational currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6 - revenue recognition
- Note 21 - consolidation: whether the Group has de facto control over an investee.
- Note 27 - lease term: whether extension rights are reasonably certain to be exercised
- Note 41 - post balance sheet events

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2019 is included in the following notes:

- Note 9 - Measurement of defined benefit obligations;
- Note 13 - Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Notes 14, 15, 16, 17 and 18 - impairment test: key assumptions underlying recoverable amounts; and
- Notes 29 and 36 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Note 4. continued

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Local management will make regular reviews of significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then local management will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1* : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2* : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 15 - biological assets; and
- Note 30(B) - financial instruments;

5. Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

A. Changes in accounting policies

In these financial statements the Group has changed its accounting policies in the following areas:

- IFRS 16 Leases

IFRS 16 Leases

IFRS 16 replaces IAS 17 'Leases' and related interpretations where the distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised in the statement of financial position for all leases by lessees, except for leases that have a lease term of 12 months or less and leases of low-value assets. In the statement of profit or loss, operating lease rentals are replaced with depreciation and interest expenses. IFRS 16 also amends the definition of investment property under IAS 40 to include property held by a lessee 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 standard does not significantly change the accounting of lessors.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules for lessees are therefore recognised in the opening statement of financial position on 1 January 2019.

Note 5. continued

Adjustment recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the lessees at 1 January 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months at 1 January 2019 as short-term leases;
- exclusion of initial direct costs for the measurement of right-of-use assets at the date of initial application; and
- use of hindsight in determining lease terms where the contracts contain options to extend or terminate the leases.

The effect of the adoption of the amendments is detailed in note 40.

Other changes

In addition to the above changes in accounting policy, the Group has also adopted the following standards in these financial statements:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Standards 2015-2017 Cycle

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

B. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, (other than bearer plants) financial instruments classified as fair value through the profit or loss or as available-for-sale, and biological assets. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

C. Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report on pages 4 to 10.

The financial and risk management objectives are noted on pages 9 and 10.

Details of the Group's financial instruments and hedging activities are noted in accounting policy W.

The Group's exposure to credit risk and liquidity risk is discussed in note 30.

The Group has considerable financial resources and plans for refinancing maturing facilities are under way. At 31 May 2020 committed debt facilities of £1,050 million are available at the John Swire & Sons Parent Company level, of which £897 million are undrawn at 31 May 2020.

Cash flow forecasts have been prepared for a period of twelve months from the date of approval of these consolidated financial statements. The directors have reviewed these cash flow forecasts in light of the COVID-19 pandemic, including a severe but plausible downside scenario consisting of significant revenue reductions through to Q3 2020 with a cautious pick-up in trading from this date through 2021, and the non-renewal of maturing debt instruments throughout the review period. This severe but plausible downside scenario, whilst considered by the directors to be extremely prudent, has a significant impact on sales, margin, and cash flow; however it shows that the Group will be able to operate within the current committed debt facilities with continued financial covenant compliance.

Note 5. continued

Having reviewed the forecasts and the available committed debt facilities, the directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least 12 months from the signing of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Parent Company.

D. Basis of consolidation

i. Business combinations

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 value of the assets transferred, the liabilities incurred and any 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 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 consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss.

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 are recorded as goodwill. If this is less than the fair value of the net assets of the acquired subsidiary, in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Any goodwill that arises is tested annually for impairment (see accounting policy R(i)).

ii. Subsidiaries

Subsidiaries 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. Subsidiaries 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 Parent 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 where there are no defined repayment terms and no expectation of imminent repayment remain receivables as they are repayable at the Parent Company's demand, although the Parent Company would not demand repayment where it would be detrimental to the operations and long-term prospects of the subsidiary company.

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 non-controlling interest, which is not part of a business combination, the Group records a financial liability for 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 statement of profit or loss within net finance charges.

iii. Non-controlling interests

Non-controlling interests ('NCI') are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. 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.

Note 5. continued

iv. Loss of control

When the Group ceases to have control it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the 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 statement of other comprehensive income are reclassified to the statement of profit or loss.

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint venture and associated companies.

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.

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.

In the Group's consolidated statement of financial position, its investments in joint venture and associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of the total comprehensive income and equity movements of equity-accounted investees are included from the date that significant influence commences until the date that significant influence ceases. 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 losses.

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 have 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 associate is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount is lower than the higher of the investment's fair value less costs to sell or value in use. Any reversal of such impairment loss in subsequent periods is reversed through profit or loss.

In the Parent 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 Parent Company on the basis of dividends received and receivable. Long-term loans to joint venture and associated companies are considered to be quasi-equity in nature where there are no defined repayment terms and no historical repayment of the balances.

The Group's share of its joint venture and associated companies' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in the statement of other 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 legal or constructive obligations or made payments on behalf of the joint venture or associated company.

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 other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associated companies are recognised in the consolidated statement of profit and loss.

Note 5. continued

vi. Transactions eliminated on consolidation

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.

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 an impairment of the asset transferred.

E. Foreign currency

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 statement of profit or loss, except when deferred in 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 other comprehensive income, any associated translation difference is also recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in the statement of profit or loss, any associated translation difference is also recognised in the statement of profit or loss.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentational currency as follows:-

(i) Monetary 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) Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

(iii) 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

(iv) Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates prevailing at the dates of the transactions.

Note 5. continued

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to profit or loss as an adjustment to the profit or loss on disposal.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the operation and the Company's functional currency (sterling).

To the extent the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI and accumulated in the translation reserve. Any remaining differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

F. Discontinued operations and non-current assets held for sale

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale and measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from date of classification.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

This treatment, as regards the tangible fixed assets included in the disposal group, may be a departure from the requirements of the Companies Act concerning depreciation of tangible fixed assets. However, these tangible fixed assets are not held for consumption but for sale and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. There is no material effect on the Group's financial statements as a result of not depreciating tangible fixed assets held for sale.

Note 5. continued

G. Provisions

Provisions are recognised in the balance sheet 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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 IFRS 9 "Financial Instruments"; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 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.

H. Revenue

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

(a) Rental income is recognised when a lease commences. According to the contractual obligation, leased properties do not have alternative uses to the Group after the leasing periods stipulated in the signed tenancy agreements commences. 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.

(b) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the buyers. Owing to contractual restrictions, the properties generally do not have alternative use to the Group after the signing of sales contracts with the buyers. However, in Hong Kong and the USA, an enforceable right to payment does not arise until legal title of the property has been transferred to the buyer. Revenue from sales of properties in Singapore is recognized 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 for these sales of properties is recognized based on the stage of completion of the contract using the input method.

(c) Sales of services, including aircraft and engine maintenance services and services provided by hotel operations, are recognised when the services are rendered. For certain engine maintenance contracts, revenue is recognised over time rather than at a point in time.

Note 5. continued

(d) Sales 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 goods in the Group's beverages and retail operations happen at a point in time and do not include any significant separate performance obligations.

(e) Revenue from vessel charter hire services is recognised over the period of charter hire in accordance with the vessel charter hire agreements. Typical vessel charter hire agreements generally include rental income and performance obligations being the provision of the vessel and crew concurrently for a specified period.

(f) Revenue from transport of goods is recognised on a discharge-by-discharge basis in determining percentage of completion.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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 conditioned 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.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment received, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Contract asset and contract liability are defined in IFRS 15 "Revenue from Contracts with Customers". Therefore, these two terms do not apply to rental income from lease agreements which is specifically excluded from the scope of IFRS 15.

Please refer to note X for the accounting policy of contract assets and contract liabilities.

I. Employee benefits

i. Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contributions plans

A defined contribution plan is a post-employment benefit plan under which a company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. For defined contribution schemes, the Group's contributions are charged to the statement of profit or loss in the period to which the contributions relate.

iii. Defined benefits plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

Note 5. continued

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The Group operates defined benefit pension schemes around the world providing benefits to members based on final pensionable pay. The assets of the schemes are held separately from those of the Group. On the advice of an independent qualified actuary, contribution payments are made to the schemes to ensure that the schemes' assets are sufficient to cover future liabilities. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using the projected unit credit method and discounted at the rate of return on a high-quality rated corporate bond of equivalent term. Any increase in the present value of the liabilities of the scheme expected to arise from employee service is charged against operating profit.

iv. Other benefits

The Group has obligations to provide health care and life insurance benefits to certain employees and retired employees, mainly in the United States of America.

J. Right-of-use assets

The Group (acting as lessee) leases various land, offices, warehouses, retail stores, equipment and vessels. 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.

Prior to 1 January 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made by lessees under operating leases (net of any incentives received from the lessor) were charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, 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 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 lease period. 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.

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,

Note 5. continued

- any initial direct costs, and
- restoration costs.

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 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

K. Lease commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives paid to lessees or received from the lessors) are recognised as income or expenses in the 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 lessee, right-of-use assets and the corresponding lease liabilities are recognised in the financial statements from 1 January 2019 or at the date during 2019 when the leased assets became available for use by the Group. Commitments in respect of leases payable by lessees represent the future lease payments for committed leases which have not yet commenced and short-term leases at 31 December 2019.

L. Finance income and finance costs

Interest costs incurred are charged to the 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.

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through the profit or loss;
- The net interest cost on defined benefit schemes;
- Amortised loan fees; and
- The fair value loss on put options over non-controlling interests in subsidiary companies.

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 FVOCI calculated using the effective interest method is recognised on a time proportion basis in the 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 income 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). Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

M. Income tax

The tax charge comprises current and deferred tax. The tax charge is recognised in the statement of profit or loss except for items recognised in other comprehensive income or directly to equity.

Note 5. continued

i. Current tax

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.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

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 effect on either accounting or taxable profit or loss, it is not recognised. Tax rates enacted or substantially enacted by the period-end date are used to determine deferred taxation. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or
- 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; or
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit against which the temporary differences can be utilised will be available.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits against which they can be used will be available. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when probability of future taxable profits improves.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

N. Biological assets

Biological assets are measured at fair value less costs to sell, with any changes therein recognised in profit or loss. Biological assets not valued at fair value are measured at cost less accumulated depreciation, such as bearer plants.

Note 5. continued

O. Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost represents average unit cost and net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. The costs of finished goods and work in progress comprise direct material and labour costs and an appropriate proportion of production overhead expenses less provisions for foreseeable losses. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials or inventories.

The cost of tea, rubber, standing timber and flowers transferred from biological assets is its fair value less costs to sell at the date of harvest.

P. Dividends

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 directors, where appropriate.

Q. Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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.

The cost of certain items of property, plant and equipment at 1 January 2015, the Group's date of transition to adopted IFRS, was determined with reference to its fair value at that date.

Major renovation costs and modifications that extend the life or usefulness of vessels are capitalised and depreciated over the period until the next drydocking. All other repairs and maintenance are expensed in the statement of profit or loss during the financial period in which they are incurred. Vessels under construction are not depreciated until they are completed.

Leasehold land previously classified as held for own use under finance leases and recorded as property, plant and equipment was reclassified to right-of-use assets (note 17) at 1 January 2019.

With the exception of freehold land, all other 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 and is generally recognised in profit or loss in the following manner:

Property	2% to 5% per annum
Plant and machinery	7% to 34% per annum
Vessels and aircraft	5% to 7% per annum
Drydocking costs	20% to 50% per annum

The assets' expected useful lives and residual values are regularly reviewed and adjusted, if appropriate, at the end of each reporting period to take into account operational experience and changing circumstances.

Decreases in the carrying amount that offset previous increases of the same asset are charged in other comprehensive income and debited against property revaluation reserve directly in equity; all other decreases are charged to the statement of profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of profit or loss. When revalued assets are sold, the amounts included in the property revaluation reserve are transferred to retained earnings.

Note 5. continued

R. Intangible assets and goodwill

i. Recognition and measurement

Goodwill

Goodwill represents the excess of consideration transferred over the fair value of the Group's share of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Goodwill is treated as an asset of the entity acquired and where attributable to a foreign entity will be translated at the closing rate.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing, which is performed annually, or more often if an impairment indicator exists. Impairment losses recognised on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Computer software

Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to ten years).

Costs associated with maintaining computer software programmes are recognised as an expense 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 ten years).

Service, franchise and operating rights

Service, franchise and operating rights acquired are shown at historical cost. Service, franchise and operating rights acquired in a business combination are recognised at fair value at the acquisition date.

Service, franchise and operating rights that have a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of service, franchise and operating rights over their estimated useful life of twenty years to forty years.

Service, franchise and operating rights that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Customer relationships are amortised over their estimated useful life of fifteen years.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the statement of profit or loss as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Note 5. continued

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

S. Investment property

Investment properties 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.

Investment properties (including those under construction) are carried at deemed cost less associated depreciation. 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 cost and included as under development.

Subsequent expenditure is charged to an investment property's carrying amount 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 repair and maintenance costs are expensed in the 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, and its net book value at the date of reclassification becomes its cost for accounting purposes.

Expenditure incurred in leasing the Group's investment property during construction is deferred and amortised on a straight-line basis to the statement of profit or loss upon occupation of the property over a period not exceeding the term of the lease.

T. Properties held for development and properties for sale

Properties held for development comprise freehold land at cost, 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.

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 that are available for immediate sale or have conditional sale agreements in place that are expected to complete within 12 months, are classified as current assets.

U. Impairment excluding inventories and deferred tax assets

i. Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Note 5. continued

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

V. Financial instruments by category

Financial Assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity'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 will either be recorded in profit or loss or 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.

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.

Note 5. continued

Measurement

At initial recognition, except for trade debtors, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at FVPL are expensed in 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 profit or loss and presented in other 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 profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

(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 profit or loss and presented net within other 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 continue to be recognised in profit or loss as other 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 profit or loss following the derecognition of the investment.

Changes in the fair value of equity investments at FVPL are recognised in other gains/(losses) in the 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.

Impairment

From 1 January 2018, 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 IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Note 5. continued

Financial Liabilities

The Group classifies its financial liabilities in the following measurement categories:

(i) At fair value through profit or loss

Derivatives are included within this category unless they are designated as hedges. Put options over non-controlling interests in subsidiary companies and contingent consideration included in trade and other payables are measured at fair value through profit or loss.

(ii) Derivatives used for hedging

Derivative instruments are classified within this category if they qualify for hedge accounting.

(iii) Amortised cost

This category comprises non-derivative financial liabilities with fixed or determinable payments and fixed maturities.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the financial statement where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

W. Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at 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 designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);

(b) hedges of highly probable forecast transactions (cash flow hedges); or

(c) hedges of net investments in foreign operations (net investment hedges).

The Group documents at the inception of transactions the economic relationship between hedging instruments and hedged items, including whether the derivatives that are used in hedging transactions are expected to offset changes in cash flows of hedged items. The Group also documents its risk management objective and strategy for undertaking various hedge transactions.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity.

Note 5. continued

The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

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 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 statement of profit or loss within finance costs.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

(i) Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

(ii) 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 profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

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 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 statement of profit or loss.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

Gains and losses accumulated in equity are included in the statement of profit or loss when the foreign operation is disposed of.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

Rebalancing of hedge relationships

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 profit or loss at the time of the hedge relationship rebalancing.

X. Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Note 5. continued

i. Trade and other receivables

Trade and other receivables and contract assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for loss allowance. Trade and other receivables and contract assets in the statement of financial position are stated net of such provisions.

ii. Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

iii. Interest-bearing borrowings

Borrowings are recognised initially at fair value and subsequently measured at amortised cost. Transaction costs incurred are included for 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 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 12 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.

iv. Trade and other payables

Trade and other payables (except put options over non-controlling interests in subsidiary companies and contingent consideration) and contract liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Y. Related party transactions

Related parties of the Group are individuals and companies, including subsidiary, fellow subsidiary, joint venture and associated companies and key management of the Group (including close members of their families), where the individual, company or Group 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.

Z. Government grants

The Group recognises unconditional government grants in profit or loss as other income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in the profit or loss as other income over the estimate useful economic lives of the assets to which they relate.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Note 5. continued

AA. Standards and interpretation issued but not yet adopted

The following standards and interpretation have been issued but have not been adopted by the Group in these financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020).
- Amendments to IFRS 3 Business Combinations (effective date 1 January 2020).
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (effective date 1 January 2020).
- IFRS 17 Insurance Contracts (effective date 1 January 2021).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2022).

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

6. Revenue

Group revenue does not include the revenue of joint ventures or associated undertakings, the most significant of which is Cathay Pacific Airways Limited (see note 21).

A. Goods and services analysis

	Continuing operations	
	2019	2018
	£'m	£'m
Sale of goods	**6,280**	5,835
Rendering of services	**1,984**	1,732
Gross rental income from investment properties	**1,232**	1,163
Property trading	**52**	101
Hotels	**156**	162
Aircraft and engine maintenance services	**1,391**	1,255
Charter hire and equipment rental	**303**	327
Other revenue	**2**	5
	11,400	10,580

B. Revenue activity

	Continuing operations	
	2019	2018
	£'m	£'m
Aviation	**1,589**	1,423
Marine	**1,419**	1,240
Property	**1,455**	1,442
Industrial	**901**	799
Trading	**1,122**	1,172
Beverages and food chain	**4,900**	4,493
Other activities net of central cost	**14**	11
	11,400	10,580

Note 6. continued

C. Geographical analysis – origin

	Continuing operations 2019 £'m	2018 £'m
Shipowning and operating*	**1,248**	1,092
Hong Kong	**2,070**	2,024
Rest of Asia	**4,206**	3,970
North America	**2,781**	2,492
Africa	**141**	150
Australia	**242**	236
Papua New Guinea	**129**	133
United Kingdom and other areas	**583**	483
	11,400	10,580

* These activities are carried out internationally and it is considered inappropriate to attribute them to specific geographical areas.

Revenue by geographical area of destination is not considered to be materially different to the area of origin.

D. Analysis of external revenue of the Group

	2019 At a point in time £'m	Over time £'m	Rental income on leases £'m	Total £'m	2018 At a point in time £'m	Over time £'m	Rental income on leases £'m	Total £'m
Aviation	**86**	**1,502**	**—**	**1,588**	95	1,328	—	1,423
Marine	**98**	**1,248**	**72**	**1,418**	162	1,002	76	1,240
Property	**119**	**130**	**1,207**	**1,456**	218	77	1,147	1,442
Industrial	**901**	**—**	**—**	**901**	799	—	—	799
Trading	**1,119**	**4**	**—**	**1,123**	1,160	12	—	1,172
Beverages and food chain	**4,891**	**9**	**—**	**4,900**	4,487	6	—	4,493
Other activities (net of central cost)	**12**	**2**	**—**	**14**	10	1	—	11
Total	**7,226**	**2,895**	**1,279**	**11,400**	6,931	2,426	1,223	10,580

E. Contract balances

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	2019 £'m	2018 £'m
Revenue recognised that was included in the contract liability balance at the beginning of the year	**49**	25

There is £13 million (2018: nil) revenue recognised during the year ended 31 December 2019 from performance obligations satisfied in previous years.

Of the contract liabilities of £85 million (2018: £51 million) outstanding at 31 December 2019, £85 million (2018: £50 million) is expected to be recognised as revenue within one year and the remaining balance of £nil million (2018: £1 million) over one year.

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

	2019 £'m	2018 £'m
Aggregate amount of the transaction price allocated to revenue contracts that are partially or fully unsatisfied as at 31 December	**321**	270

Of the amount disclosed above at 31 December 2019, £234 million is expected to be recognised as revenue within one year.

7. Income and expenses

A. Other income

	Note	2019 £'m	2018 £'m
Gain on sale of investment properties, properties, plant and equipment		**25**	50
Gain on sale of available-for-sale assets		**16**	1
Exchange gains/(losses)		**38**	(7)
Change in fair value of biological assets		**1**	—
Deemed gain on acquisition of equity investments		**1**	8
Remeasurement gains on interests in joint venture companies which became subsidiary companies		**—**	4
Gain on sale of subsidiary companies	34	**834**	368
Gain on sale of joint venture companies		**147**	304
Gain from the acquisition of new franchise territories and assets in the USA		**—**	10
Write back of provisions relating to the sale of subsidiary in previous year		**10**	—
Other income		**13**	76
		1,085	814

B. Expenses by nature

	2019 £'m	2018 £'m
Direct operating expenses of investment properties that:		
- generated rental income	**246**	229
- did not generate rental income	**—**	—
Cost of stocks sold	**5,177**	4,912
Write-down of stocks and work in progress	**21**	23
Impairment losses recognised on:		
- property, plant and equipment	**230**	366
- intangible assets	**43**	8
- trade receivables	**(1)**	2
Depreciation of investment property, property, plant and equipment	**933**	875
Depreciation of right-of-use assets	**167**	—
Depreciation		
Amortisation of:		
- leasehold land and land use rights	**—**	6
- intangible assets	**32**	22
- initial leasing costs on investment properties	**4**	4
Staff costs	**2,249**	2,029
Operating lease rentals:		
- properties	**—**	140
- vessels	**—**	179
- plant and equipment	**—**	8
Auditor's remuneration:		
- audit services	**2**	1
Other expenses	**1,928**	1,473
Total cost of sales, distribution costs, administrative expenses and other operating expenses	**11,031**	10,277

Remuneration of the Group auditor, KPMG LLP, and its worldwide associated firms, for Group audit services amounted to £1,684,000 (2018: £1,260,000), of which £146,000 (2018: £144,000) was in respect of the Parent Company. Fees relating to Group taxation, pension schemes and other services amounted to £439,000 (2018: £317,000), £30,000 (2018: £17,000), and £157,000 (2018: £107,000) respectively.

8. Net finance costs

	2019 £'m	2018 £'m
Interest income on:		
- Short-term deposits and bank balances	**41**	14
- Loans and receivables	**12**	14
Income from other investments	**7**	1
Finance income	**60**	29
Bank loans and overdrafts	**89**	88
Other loans, bonds and perpetual capital securities	**190**	208
Finance charges on lease liabilities	**31**	—
Amortised loan fees - loans at amortised cost	**14**	14
Fair value gains on derivative instruments:		
- Interest rate swaps: cash flow hedges, transferred from other comprehensive income	**(7)**	(7)
Net interest cost on defined benefit schemes	**5**	4
Fair value (gain)/loss on put options over non-controlling interests in subsidiary companies	**(3)**	(1)
Other financing costs	**—**	1
Capitalised on:		
- Investment properties	**(24)**	(26)
- Properties for sale	**(3)**	—
- Land and buildings, plant and equipment	**(2)**	(1)
Finance costs	**290**	280
Net finance costs recognised in profit or loss	**230**	251

9. Other employee benefits (Group)

	2019 £'m	2018 £'m
Net defined benefit asset	**1,029**	932
Total employee benefit asset	**1,029**	932
Net defined benefit liability	**1,190**	1,116
Liability for post-employment medical and life benefits	**25**	26
Total employee benefit liabilities	**1,215**	1,142
Non-current	**1,214**	1,141
Current	**1**	1
	1,215	1,142

The Group operates a number of retirement schemes around the world representing both defined benefit and defined contribution arrangements, mostly with assets held in separate trustee administered funds. Defined benefit schemes are valued by independent actuaries on a regular basis in accordance with local practices. The differences between the market value of the schemes' assets and the present value of the projected past service liabilities on an on-going basis at the date of the actuarial valuation are taken into consideration when determining future funding rates in order to ensure that the schemes will be able to meet those liabilities as they become due.

The latest valuations of the principal overseas schemes were made as at 31 December 2019. The valuations applied the projected unit method.

The Group has obligations to provide health care and life insurance benefits to certain employees and retired employees, mainly in the United States of America. Provisions have been established for the unfunded liability based upon independent actuarial advice.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The duration of the funds' liabilities is 7-20 years.

Note 9. continued

A. Funding

The funding requirements are based on the various schemes' actuarial measurement framework set out in the funding policies of the plans. The funding is based on a separate actuarial valuation for funding purposes for which assumptions may differ from the assumptions set out in (D). The Group expects to contribute £40 million to the various schemes in the year ended 31 December 2020.

B. Movement in net defined benefit liability

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	Fair value of plans' assets £'m	Defined benefit obligation £'m	Effect of asset ceiling £'m	Net (liability)/asset £'m
Balance at 1 January 2018	1,012	(1,134)	(35)	(157)
Included in profit or loss				
Translation cost	(6)	5	1	—
Service cost (current and past)	—	(52)	—	(52)
Effect of settlements	(2)	(4)	—	(6)
Interest income/(cost)	29	(32)	(1)	(4)
	21	(83)	—	(62)
Included in OCI				
Translation cost	48	(42)	(1)	5
Re-measurement (gain)/loss:				
- actuarial (gain)/loss arising from:				
- demographic assumptions	—	2	—	2
- financial assumptions	—	53	—	53
- experience adjustments	—	(8)	—	(8)
- change in asset ceiling	—	—	—	—
- return on plan assets excluding interest income	(72)	—	—	(72)
	(24)	5	(1)	(20)
Other				
Contributions paid by the employer	55	—	—	55
Contribution by scheme members	1	(1)	—	—
Benefits paid	(97)	97	—	—
	(41)	96	—	55
Balance at 31 December 2018	968	(1,116)	(36)	(184)

Note 9. continued

	Fair value of plans' assets £'m	Defined benefit obligation £'m	Effect of asset ceiling £'m	Net (liability)/asset £'m
Balance at 1 January 2019	968	(1,116)	(36)	(184)
Included in profit or loss				
Translation cost	3	(2)	—	1
Service cost (current and past)	—	(52)	—	(52)
Effect of settlements	1	(1)	—	—
Interest income/(cost)	32	(36)	(1)	(5)
	36	(91)	(1)	(56)
Included in OCI				
Translation cost	(27)	9	—	(18)
Re-measurement (gain)/loss:				
- actuarial (gain)/loss arising from:				
- demographic assumptions	—	6	—	6
- financial assumptions	—	(80)	—	(80)
- experience adjustments	—	(18)	—	(18)
- change in asset ceiling	—	—	10	10
- return on plan assets excluding interest income	89	—	—	89
	62	(83)	10	(11)
Other				
Contributions paid by the employer	64	—	—	64
Contribution by scheme members	1	(1)	—	—
Benefits paid	(75)	75	—	—
	(10)	74	—	64
Balance at 31 December 2019	1,056	(1,216)	(27)	(187)

Represented by:

	2019 £'m	2018 £'m
Net defined benefit asset	13	8
Net defined benefit liability	(200)	(192)
	(187)	(184)

C. Plan assets

Plan assets comprise the following:

	2019 £'m	2018 £'m
Equity securities	483	494
Debt securities - Corporate	107	41
Debt securities - Government	278	284
Real estate	1	21
Diversified growth fund	105	48
Cash and cash equivalents	66	65
Other	16	15
	1,056	968

All equity securities and government bonds have quoted prices in active markets. All bonds are issued by European governments and are rated high quality.

Note 9. continued

At each reporting date, an Asset-Liability Matching study is performed by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the pension fund can be summarised as follows:

- Global equities (excluding Asia) - range 20%-40%
- Asia Pacific equities - range 20%-40%
- Property - range 5%-15%
- Corporate bonds and gilts - range 10%-30%
- Other - range 5%-15%

There are no transferrable instruments within plan assets.

D. Defined benefits obligation

i. Actuarial assumptions

The following were in principal actuarial assumptions at the reporting date (expressed as weighted average):

	2019	2018
	%	%
Discount rate	**0.7-4.0**	0.9-4.3
Future salary growth	**2.0-4.0**	2.0-4.5
Future pension growth	**0.0-3.3**	0.0-4.2
Price inflation	**0.0-4.0**	0.0-4.0

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2019	2018
	Years	Years
Longevity at age 65 for current pensioners		
Males	**21.0-24.1**	21.0-24.0
Females	**23.0-25.7**	23.0-25.7
Longevity at age 65 for current members aged 45		
Males	**23.0-25.0**	23.0-26.9
Females	**25.0-27.3**	25.0-28.7

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	2019		2018	
	Increase	**Decrease**	Increase	Decrease
	£'m	**£'m**	£'m	£'m
Discount Rate ((0.5%)/0.5% movement)	**79**	**(57)**	64	(48)
Salary increase (0.5%/(0.5%) movement)	**31**	**(29)**	34	(28)
Price inflation (0.5%/(0.5%) movement)	**16**	**(4)**	13	(3)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. The sensitivity of changing price inflation includes the impact on all inflation-linked assumptions.

10. Other employee benefits (Parent Company)

The disclosure below relates to the Parent Company and not the Group.

	2019 £'m	2018 £'m
Net defined benefit asset	77	71
Total employee benefit asset	77	71
Net defined benefit liability	109	104
Liability for post-employment medical and life benefits	—	—
Total employee benefit liabilities	109	104
Non-current	109	104
Current	—	—

The Parent Company contributes to the following UK-based post-employment defined benefits plans:

- The John Swire & Sons Pension Plan;
- The John Swire & Sons Overseas Pensioners Fund;
- The John Swire & Sons ex Gratia Scheme; and
- The John Swire & Sons post-retirement Medical Scheme.

These defined benefit plans expose the Parent Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The duration of the funds' liabilities is 11-22 years.

A. Funding

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which assumptions may differ from the assumptions set out in (D). The Parent Company does not expect to contribute to the plans in the period ended 31 December 2020.

B. Movement in defined benefit plans' net liability

The following table shows reconciliation from the opening balances to the closing balances for defined benefit plans' net liability and its components.

	Fair value of plans' assets £'m	Defined benefit obligation £'m	Effect of asset ceiling £'m	Net (liability)/asset £'m
Balance at 1 January 2018	90	(110)	(16)	(36)
Included in profit or loss				
Current service cost	—	(1)	—	(1)
Effect of settlements	—	—	—	—
Interest income/(cost)	2	(3)	—	(1)
	2	(4)	—	(2)
Included in OCI				
Re-measurement loss/(gain):				
- actuarial loss/(gain) arising from:				
- demographic assumptions	—	—	—	—
- financial assumptions	—	5	—	5
- experience adjustments	—	—	—	—
- change in asset ceiling	—	—	2	2
- return on plan assets excluding interest income	(5)	—	—	(5)
	(5)	5	2	2
Other				
Contributions paid by the employer	3	—	—	3
Benefits paid	(5)	5	—	—
	(2)	5	—	3
Balance at 31 December 2018	85	(104)	(14)	(33)

Note 10. continued

	Fair value of plans' assets £'m	Defined benefit obligation £'m	Effect of asset ceiling £'m	Net (liability)/asset £'m
Balance at 1 January 2019	85	(104)	(14)	(33)
Included in profit or loss				
Current service cost	—	—	—	—
Effect of settlements	—	—	—	—
Interest income/(cost)	3	(3)	(1)	(1)
	3	(3)	(1)	(1)
Included in OCI				
Re-measurement loss/(gain):				
- actuarial loss/(gain) arising from:				
- demographic assumptions	—	4	—	4
- financial assumptions	—	(9)	—	(9)
- experience adjustments	—	(2)	—	(2)
- change in asset ceiling	—	—	6	6
- return on plan assets excluding interest income	1	—	—	1
	1	(7)	6	—
Other				
Contributions paid by the employer	2	—	—	2
Benefits paid	(5)	5	—	—
	(3)	5	—	2
Balance at 31 December 2019	86	(109)	(9)	(32)

Represented by:

	2019 £'m	2018 £'m
Net defined benefit asset	—	—
Net defined benefit liability	(32)	(33)
	(32)	(33)

C. Plan assets

Plan assets comprise the following:

	2019 £'m	2018 £'m
Equity securities	14	53
Debt securities - Corporate	—	—
Debt securities - Government	61	9
Real estate	—	10
Diversified growth fund	—	10
Cash and cash equivalents	11	3
	86	85

All equity securities and government bonds have quoted prices in active markets. All bonds are issued by European governments and are rated high quality.

At each reporting date, an Asset-Liability Matching study is performed by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the pension fund can be summarised as follows:

- Global equities - range 20%-40%

Note 10. continued

- Property - range 5%-15%
- Corporate bonds and gilts - range 10%-30%
- Other - range 5%-15%

There are no transferrable instruments within plan assets.

D. Defined benefits obligation

i. Actuarial assumptions

The following were in principal actuarial assumptions at the reporting date (expressed as weighted average):

	2019	2018
	%	%
Discount rate	**2.00**	2.80
Future salary growth	**3.20**	3.45
Future pension growth	**3.10**	3.30
Price inflation	**3.20**	3.45

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2019	2018
	Years	Years
Longevity at age 65 for current pensioners		
Males	**24.1**	23.9
Females	**25.7**	25.7
Longevity at age 65 for current members aged 45		
Males	**24.7**	26.9
Females	**27.3**	28.7

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	2019		2018	
	Increase £'m	**Decrease £'m**	Increase £'m	Decrease £'m
Discount Rate (0.5% decrease)	**12**	**—**	8	—
Life expectancy (1 year increase)	**5**	**—**	4	—
Price inflation (0.5% increase)	**7**	**—**	7	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. The sensitivity of changing price inflation includes the impact on all inflation-linked assumptions.

11. Employee benefits expenses

	2019	2018
	£'m	£'m
Wages and salaries	**2,059**	1,859
Social security contributions	**147**	135
Retirement and pension benefits	**129**	100
	2,335	2,094

Note 11. continued

Average number of employees employed	2019 Number	2018 Number
Administration	**13,497**	13,490
Management	**3,872**	3,985
Sales	**24,510**	24,569
Production	**49,143**	50,212
	91,022	92,256

Average number of employees employed	2019 Number	2018 Number
Male	**61,686**	62,733
Female	**29,336**	29,523
	91,022	92,256

The number of employees within the John Swire & Sons group of companies (including joint venture and associated companies) is approximately 128,000 (2018: 128,000).

12. Directors' emoluments

	2019	2018
Aggregate emoluments in respect of qualifying services (£'k)	**2,985**	2,640
In respect of highest paid director:		
Aggregate remuneration (£'k)	**833**	796

Accrued pension at 31 December was £nil (2018: £nil).

13. Income taxes

A. Amounts recognised in profit or loss

	2019 £'m	2018 £'m
Current tax expense		
UK taxation	**2**	(2)
Overseas taxation	**(223)**	(252)
Adjustment for prior years - UK	**(1)**	(7)
- Overseas	**15**	2
	(207)	(259)
Deferred tax expense		
Origination and reversal of temporary differences	**(25)**	16
Recognition of previously unrecognised tax losses	**5**	1
Changes in tax rate	**2**	—
Change in recognised deductible temporary differences	**—**	(7)
(Under)/over provision in prior years	**(9)**	5
Write-down of deferred tax asset	**(3)**	(6)
	(30)	9
Tax expense on continuing operations	**(237)**	(250)

Tax expense on continuing operations excludes the Group's share of the tax expense of equity-accounted investees of £50 million (2018: £50 million), which has been included in share of profit of equity-accounted investees, net of tax.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 13. continued

B. Amounts recognised in OCI

	2019 Before tax £'m	2019 Tax benefit £'m	2019 Net of tax £'m	2018 Before tax £'m	2018 Tax benefit £'m	2018 Net of tax £'m
Re-measurement of defined benefit liability/(asset)	**10**	**—**	**10**	(21)	4	(17)
Equity-accounted investees - share of OCI	**13**	**—**	**13**	(66)	—	(66)
Foreign operations - foreign currency translation differences	**(920)**	**—**	**(920)**	1,158	—	1,158
Cash flow hedges	**54**	**(8)**	**46**	(26)	3	(23)
Reclassification of foreign currency differences on loss of significant influence	**—**	**—**	**—**	4	—	4
Net change in fair value of equity investments at fair value through OCI	**(6)**	**—**	**(6)**	(14)	—	(14)
Impairment reversal recognised	**—**	**—**	**—**	20	—	20
	(849)	**(8)**	**(857)**	1,055	7	1,062

C. Reconciliation of effective tax rate

	2019 £'m	2018 £'m
Profit before tax from continuing operations	**1,403**	1,071
Tax using the Company's domestic tax rate of 19% (2018: 19%)	**267**	203
Effect of tax rates in foreign jurisdictions	**(82)**	(1)
Tax effect of:		
Difference in deferred tax rate	**—**	—
Share of profit of equity-accounted investees reported, net of tax	**(34)**	(37)
Expenses not deductible for tax purposes	**122**	108
Income not subject to tax	**(84)**	(79)
Unused tax losses and temporary differences not recognised	**49**	45
Utilisation of previously unrecognised tax losses	**(2)**	(1)
Recognition of previously unrecognised tax losses	**(5)**	(1)
Deferred tax assets written off	**3**	6
Utilisation of previous unrecognised temporary differences	**(9)**	(4)
Recognition of previous unrecognised temporary differences	**(10)**	—
Withholding tax	**22**	11
	237	250

D. Movements in deferred tax balances

2019 - £'m	**Net balance at 1 January**	**Effects of movements on exchange rates**	**Recognised in profit or loss**	**Recognised in OCI**	**Acquired in business combination**	**Other**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	**(626)**	**20**	**(26)**	**—**	**(5)**	**10**	**(627)**	**8**	**(635)**
Intangible assets	**(6)**	**—**	**—**	**—**	**—**	**—**	**(6)**	**—**	**(6)**
Biological assets	**8**	**—**	**—**	**—**	**—**	**—**	**8**	**8**	**—**
Employee benefits	**39**	**(1)**	**—**	**—**	**—**	**(1)**	**37**	**42**	**(5)**
Provisions	**48**	**(2)**	**7**	**—**	**—**	**2**	**55**	**55**	**—**
Other items	**(91)**	**3**	**(15)**	**(8)**	**—**	**1**	**(110)**	**100**	**(210)**
Carry forward tax loss	**47**	**(2)**	**4**	**—**	**—**	**—**	**49**	**49**	**—**
Net tax assets/ (liabilities) before set-off	**(581)**	**18**	**(30)**	**(8)**	**(5)**	**12**	**(594)**	**262**	**(856)**
Set off of tax							**—**	**(140)**	**140**
Net tax assets/ (liabilities)							**(594)**	**122**	**(716)**

Note 13. continued

2018 - £'m	Net balance at 1 January	Effects of movements on exchange rates	Recognised in profit or loss	Recognised in OCI	Acquired in business combination	Other	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(603)	(35)	(13)	—	—	25	(626)	5	(631)
Intangible assets	(4)	—	(2)	—	—	—	(6)	—	(6)
Biological assets	7	—	—	—	—	1	8	8	—
Employee benefits	33	2	—	4	—	—	39	42	(3)
Provisions	61	3	(13)	—	—	(3)	48	48	—
Other items	(122)	(6)	32	3	(2)	4	(91)	112	(203)
Carry forward tax loss	45	2	5	—	—	(5)	47	47	—
Net tax assets/(liabilities) before set-off	(583)	(34)	9	7	(2)	22	(581)	262	(843)
Set off of tax							—	(147)	147
Net tax assets/(liabilities)							(581)	115	(696)

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) were substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at the balance sheet date have been calculated based on the rates substantively enacted at the balance sheet date.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

E. Unrecognised deferred tax liabilities

There were £nil unrecognised deferred tax liabilities (2018: £nil).

F. Unrecognised deferred tax assets

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. The Group has unrecognised tax losses of £389 million (2018: £393 million) to carry forward against future taxable income, of which £244 million (2018: £252 million) will expire at various dates up to 2036.

14. Intangible assets and goodwill

Group	Goodwill £'m	Service, franchise and operating rights £'m	Customer relationships £'m	Other intangibles £'m	Total £'m
Cost					
Balance at 1 January 2018	1,041	516	168	115	1,840
Effects of movements in exchange rates	38	17	3	14	72
Acquisitions through business combinations	87	—	42	—	129
Change in composition of Group	—	(34)	(3)	(1)	(38)
Additions	—	2	—	12	14
Disposals	(1)	—	—	(1)	(2)
Balance at 31 December 2018	1,165	501	210	139	2,015
Balance at 1 January 2019	**1,165**	**501**	**210**	**139**	**2,015**
Effects of movements in exchange rates	**(42)**	**(22)**	**(9)**	**(6)**	**(79)**
Acquisitions through business combinations	**5**	—	—	—	**5**
Additions	—	**56**	—	**17**	**73**
Disposals	**(27)**	—	—	**(4)**	**(31)**
Transfer (to)/from property, plant and equipment	**(16)**	—	—	**2**	**(14)**
Transfer between categories	**2**	—	**(2)**	—	—
Balance at 31 December 2019	**1,087**	**535**	**199**	**148**	**1,969**

Note 14. continued

Group	Goodwill £'m	Service, franchise and operating rights £'m	Customer relationships £'m	Other intangibles £'m	Total £'m
Accumulated amortisation and impairment losses					
Balance at 1 January 2018	(173)	(22)	(86)	(62)	(343)
Effects of movements in exchange rates	(7)	(2)	2	(1)	(8)
Amortisation	—	(3)	(8)	(11)	(22)
Impairment loss	(8)	—	—	—	(8)
Disposals	—	—	—	1	1
Balance at 31 December 2018	(188)	(27)	(92)	(73)	(380)
Balance at 1 January 2019	**(188)**	**(27)**	**(92)**	**(73)**	**(380)**
Effects of movements in exchange rates	**6**	**2**	**4**	**2**	**14**
Amortisation	—	**(6)**	**(13)**	**(13)**	**(32)**
Impairment loss	**(40)**	—	**(3)**	—	**(43)**
Disposals	**27**	—	—	**4**	**31**
Transfer (from) property, plant and equipment	—	—	—	**(1)**	**(1)**
Balance at 31 December 2019	**(195)**	**(31)**	**(104)**	**(81)**	**(411)**
Carrying Amounts					
At 1 January 2018	868	494	82	53	1,497
At 31 December 2018	977	474	118	66	1,635
At 31 December 2019	**892**	**504**	**95**	**67**	**1,558**

During 2019, the purchase price allocation assessment relating to the acquisition of Argent Energy Netherlands Holding BV was finalised. As a result £16 million was transferred from goodwill to land and buildings (see note 16).

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified by divisional business segment and geographic location.

	2019 £'m	2018 £'m
HAECO - Asia	**342**	352
Beverages/food chain	**264**	278
Argent Energy Holdings Limited	**137**	152
Chongqing New Qinyuan Bakery Co., Limited	**36**	57
Finlay Extracts & Ingredients USA, Inc	**51**	53
HAECO - USA	**27**	49
Marine	**18**	19
Trading and Industrial	**17**	17
	892	977

Goodwill attributable to HAECO's businesses in Hong Kong and Mainland China relates to the transaction to acquire majority control of HAECO and arose from its highly skilled workforce in the aircraft engineering and maintenance business. It also represents the premium paid over the traded market price to obtain control of the business in 2010. The recoverable amount of HAECO's businesses in Hong Kong and Mainland China has been determined using a value in use calculation. This calculation uses cash flow projections based on financial budgets prepared by management covering a five-year period and a weighted average pre-tax discount rate of 9.5% (2018: 8.2%). Cash flows beyond the five-year period are assumed not to grow by more than 2.0% per annum (2018: 2.0%).

Goodwill attributable to HAECO's business in the USA relates to the acquisition of HAECO Americas Inc (previously known as TIMCO Aviation Services, Inc.) and arose from its highly skilled workforce, management expertise and the synergies expected to be derived from improved services to a wider range of customers. The recoverable amount of HAECO's business in the USA has been determined on a value-in-use basis. The key assumptions for the recoverable value of the CGUs are the underlying cash flow forecasts, revenue growth rate and discount rate used. The valuation uses cash flow forecasts based on detailed financial budgets prepared by management covering a five-year (2018: five-

Note 14. continued

year) period for the airframe services CGU and a six-year (2018: seven-year) period until 2025 for the cabin solutions CGU. A six-year forecast (until 2025) is considered appropriate for cabin solutions to take into account the significant growth plans for the business which includes the development of new product models over the next three to five years upon whose market success the model is highly dependent.

Revenue growth is based on past performance, current industry trends and management's expectations of market development. Assumptions of no growth in cash flows after year five of the airframe services CGU and year seven of the cabin solutions CGU are made respectively. The discount rate is based on the Group's weighted average cost of capital, adjusted for country specific risk relating to the CGUs. The calculation of the value-in-use of the airframe services CGU also assumes a growth in the profitability arising from improved efficiency and work flow, which is based on management's expectations of the outcome to be achieved by improvement plans in places.

The key assumptions used for the airframe services and cabin solutions CGUs are as follows:

	Airframe Services		**Cabin Solutions**	
	2019	2018	**2019**	2018
	%	%	**%**	%
Pre-tax discount rate	**11.8**	8.5	**11.5**	8.5
Revenue growth - cumulative average growth rate per annum	**4.7**	8.1	**12.3**	12.6

During the year ended 31 December 2019, no goodwill impairment provision has been made in respect of the airframe services CGU. At 31 December 2019 the airframe services CGU's recoverable amount exceeded its carrying value by £29 million (2018: £19 million).

During the year ended 31 December 2019, a full goodwill impairment provision of £20 million has been recognized in respect of the cabin solutions CGU with no carrying value at 31 December 2019.

Goodwill attributable to Swire Coca-Cola's business in Hong Kong and Mainland China relates to the acquisitions of new franchise territories in previous years. The goodwill arose from the assembled workforce and synergies expected to be derived from back office and supply chain alignment. The recoverable amount of Swire Coca-Cola's business in Hong Kong and Mainland China has been determined using a value-in-use calculation. The calculation uses cash flow projections based on financial budgets prepared by management covering a five-year period and a weighted average pre-tax discount of 9.5% (2018: 9.7%). Cash flows beyond the five-year period are assumed not to grow more than 0.5% (2018: 0.5%) per annum.

The value in use calculations of the CGU within Swire Foods of the Trading & Industrial Division is derived using financial budgets and plans covering a ten-year period. A ten-year forecast is considered appropriate for the CGU's operations to take into account expected growth plans. During the year ended 31 December 2019, a goodwill impairment provision of £19 million has been recognized.

15. Biological assets

A. Reconciliation of carrying amount

	Tea Bushes £'m	Flowers £'m	Standing Timber £'m	Total £'m
Balance at 1 January 2018	1	—	16	17
Effect of movements in exchange rates	—	—	—	—
New planting additions	—	—	—	—
Changes in fair value less costs to sell:				
Due to price changes	(1)	—	—	(1)
Due to physical changes	—	—	1	1
Disposals	—	—	—	—
Balance at 31 December 2018	—	—	17	17
Balance at 1 January 2019	—	—	**17**	**17**
Effect of movements in exchange rates	—	—	—	—
New planting additions	—	—	—	—
Changes in fair value less costs to sell:				
Due to price changes	—	—	**1**	**1**
Due to physical changes	—	—	—	—
Disposals	—	—	—	—
Balance at 31 December 2019	—	—	**18**	**18**

Biological assets comprise tea bushes, flower plantations, rubber trees and standing timber. As at 31 December 2019 tea plantations comprised approximately 12,099 hectares of tea bushes (2018: 12,738 hectares), which range from newly established plants to plants that are 50 years old.

As at 31 December 2019 flower plantations comprised approximately 60 hectares of flower plants (2018: 85 hectares) which range from newly established plants to plants that are 7 years old.

As at 31 December 2019 standing timber comprised approximately 4,135 hectares of eucalyptus tree (2018: 4,551 hectares), which range from newly established plants to plants that are 10 years old.

B. Measurement of fair values

i. Fair value hierarchy

The fair value measurement for the standing timber has been categorised as Level 3 fair values based on inputs to the valuation techniques used.

ii. Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable and fair value measurement.
Standing timber	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantations. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated future timber market prices per cubic metre (6% of current prices). • Estimated future costs (6% annual cost inflation of current cost). • Estimated yields per hectare. • Risk adjusted annual discount rate.	The estimated fair value would increase/(decrease) if: • The estimated timber prices per cubic metre were higher/(lower); or • The estimated yields per hectare were higher/(lower); or • The estimated harvest, replanting, weeding and transportation costs were lower/(higher); or • The risk adjusted discount rates were lower/(higher).

16. Property, plant and equipment

Reconciliation of carrying amount

Group	Land and Buildings £'m	Vessels and Aircraft £'m	Plant and Equipment £'m	Agricultural Development Assets £'m	Total £'m
Cost					
Balance at 1 January 2018	3,605	3,611	3,448	46	10,710
Effect of movements in exchange rates	139	216	68	—	423
Additions	210	154	422	2	788
Disposals	(17)	(112)	(183)	(1)	(313)
(Disposals)/acquisitions through business combinations	(141)	—	10	—	(131)
Reclassification (to) assets held for sale	(14)	(43)	(6)	—	(63)
Reclassification (to) investment property	(14)	—	(8)	—	(22)
Balance at 31 December 2018	3,768	3,826	3,751	47	11,392
Balance at 1 January 2019	**3,768**	**3,826**	**3,751**	**47**	**11,392**
Reclassification (to) investment property	—	—	**(8)**	—	**(8)**
Reclassification (to) right-of-use assets	**(83)**	—	—	—	**(83)**
Adjusted balance at 1 January 2019	**3,685**	**3,826**	**3,743**	**47**	**11,301**
Foreign exchange	**(131)**	**(137)**	**(119)**	**(2)**	**(389)**
Additions	**137**	**109**	**410**	**3**	**659**
Disposals	**(32)**	**(98)**	**(168)**	**(4)**	**(302)**
Transfer between categories	**1**	—	**(1)**	—	—
Transfer from/(to) intangible assets	**16**	—	**(2)**	—	**14**
Acquisition/(disposal) through business combinations	**8**	—	**(2)**	—	**6**
Reclassification (to) assets held for sale	—	**(5)**	—	—	**(5)**
Reclassification (to) investment property	**(25)**	—	—	—	**(25)**
Balance at 31 December 2019	**3,659**	**3,695**	**3,861**	**44**	**11,259**
Accumulated depreciation and impairment losses					
Balance at 1 January 2018	(933)	(1,222)	(1,885)	(13)	(4,053)
Effect of movements in exchange rates	(35)	(97)	(46)	(1)	(179)
Depreciation	(108)	(141)	(283)	(1)	(533)
Impairment loss	—	(364)	(2)	—	(366)
Disposals	12	104	138	1	255
Disposals/(acquisitions) through business combinations	14	—	(24)	—	(10)
Reclassification (from)/to investment property	(6)	—	13	—	7
Reclassification to assets held for sale	1	3	3	—	7
Balance at 31 December 2018	(1,055)	(1,717)	(2,086)	(14)	(4,872)
Balance at 1 January 2019	**(1,055)**	**(1,717)**	**(2,086)**	**(14)**	**(4,872)**
Reclassification to right of use assets	**15**	—	—	—	**15**
Adjusted balance at 1 January 2019	**(1,040)**	**(1,717)**	**(2,086)**	**(14)**	**(4,857)**
Movement in exchange rates	**44**	**73**	**79**	**1**	**197**
Depreciation	**(136)**	**(143)**	**(294)**	**(2)**	**(575)**
Impairment loss	—	**(212)**	**(9)**	**(9)**	**(230)**
Disposals	**23**	**81**	**127**	**3**	**234**
Disposals through business combinations	—	—	**1**	—	**1**
Reclassification (from)/to assets held for sale	**(6)**	**2**	**(9)**	—	**(13)**
Transfer to other intangibles	—	—	**1**	—	**1**
Reclassification to investment property	**2**	—	—	—	**2**
Balance as at 31 December 2019	**(1,113)**	**(1,916)**	**(2,190)**	**(21)**	**(5,240)**
Carrying amounts					
At 1 January 2018	2,672	2,389	1,563	33	6,657
At 31 December 2018	2,713	2,109	1,665	33	6,520
At 31 December 2019	**2,546**	**1,779**	**1,671**	**23**	**6,019**

Note 16. continued

Land and buildings, vessels and aircraft, and plant and equipment include costs of £64 million (2018: £15 million), £94 million (2018: £48 million) and £71 million (2018: £12 million) respectively, including advance payments and deposits under contracts with third parties, in respect of assets under construction.

Parent Company	Land and Buildings £'m	Plant & Machinery £'m	Total £'m
Cost			
Balance at 1 January 2018	19	3	22
Additions	—	—	—
Balance at 31 December 2018	19	3	22
Balance at 1 January 2019	**19**	**3**	**22**
Additions	—	—	—
Balance at 31 December 2019	**19**	**3**	**22**
Accumulated depreciation and impairment losses			
Balance at 1 January 2018	(10)	(2)	(12)
Depreciation	—	—	—
Balance at 31 December 2018	(10)	(2)	(12)
Balance at 1 January 2019	**(10)**	**(2)**	**(12)**
Depreciation	—	—	—
Balance at 31 December 2019	**(10)**	**(2)**	**(12)**
Carrying amounts			
At 1 January 2018	9	1	10
At 31 December 2018	9	1	10
At 31 December 2019	**9**	**1**	**10**

17. Right-of-use assets

Group	Total £'m
Cost	
Balance at 1 January 2019	**—**
Recognition of right-of-use assets on initial application of IFRS 16	**624**
Reclassification from property, plant and equipment	**83**
Adjusted balance at 1 January 2019	**707**
Effect of movement in exchange rates	**1**
Additions	**247**
Acquisitions through business combinations	**10**
Expiry of lease	**(39)**
Early termination of lease	**(19)**
Balance at 31 December 2019	**907**
Accumulated depreciation and impairment losses	
Balance at 1 January 2019	**—**
Reclassification from property, plant and equipment	**(15)**
Adjusted balance at 1 January 2019	**(15)**
Effect of movement in exchange rates	**4**
Depreciation	**(167)**
Eliminated on expiry of lease	**39**
Early termination of lease	**10**
Balance at 31 December 2019	**(129)**
Carrying amounts	
At 1 January 2019	—
At 31 December 2019	**778**

18. Investment property
Reconciliation of carrying amount

Group	Completed £'m	Under development £'m	Total £'m
Cost			
Balance at 1 January 2018	18,529	2,853	21,382
Effect of movements in exchange rates	934	160	1,094
Additions	71	403	474
Disposals	(25)	(167)	(192)
Transfer between categories	1,714	(1,714)	—
Transfer (to) assets held for sale	(712)	(85)	(797)
Reclassification from/(to) property, plant and equipment	14	8	22
Balance at 31 December 2018	20,525	1,458	21,983
Balance at 1 January 2019	**20,525**	**1,458**	**21,983**
reclassification from property, plant and equipment	—	**8**	**8**
adjustment on adoption of IFRS 16	**1**	**41**	**42**
Adjusted balance at 1 January 2019	**20,526**	**1,507**	**22,033**
Effect of movements in exchange rates	**(673)**	**(45)**	**(718)**
Additions	**62**	**141**	**203**
Disposals	**(23)**	—	**(23)**
Transfer between categories	**6**	**(6)**	—
Transfer (to) assets held for sale	—	**(151)**	**(151)**
Reclassification from property, plant and equipment	**25**	—	**25**
Balance at 31 December 2019	**19,923**	**1,446**	**21,369**
Accumulated depreciation and impairment losses			
Balance at 1 January 2018	(1,429)	—	(1,429)
Effect of movements in exchange rates	(80)	—	(80)
Depreciation	(348)	—	(348)
Disposals	4	—	4
Reclassification (from) property, plant and equipment	(7)	—	(7)
Impairment reversal recognised through other comprehensive income	20	—	20
Balance at 31 December 2018	(1,840)	—	(1,840)
Balance at 1 January 2019	**(1,840)**	—	**(1,840)**
Effect of movements in exchange rates	**55**	—	**55**
Depreciation	**(358)**	—	**(358)**
Disposals	**5**	—	**5**
Reclassification (from) property, plant and equipment	**(2)**	—	**(2)**
Balance at 31 December 2019	**(2,140)**	—	**(2,140)**
Carrying amounts			
At 1 January 2018	17,100	2,853	19,953
At 31 December 2018	18,685	1,458	20,143
At 31 December 2019	**17,783**	**1,446**	**19,229**
Freeholds	**614**	—	**614**
Long leasehold	**13,445**	**1,322**	**14,767**
Medium leasehold	**3,724**	**124**	**3,848**
Balance at 31 December 2019	**17,783**	**1,446**	**19,229**

Investment properties were valued on the basis of open market value at 31 December 2013 by DTZ Debenham Tie Leung Limited in Hong Kong. Such value has been taken as the deemed cost as at 1 January 2014.

If the investment properties were stated on a historical cost basis, the book value would be £6,753 million (2018: £5,528 million).

The fair value of the investment properties held by the Group is £27,004 million (2018: £27,357 million).

19. Properties held for development and properties for sale

Group	2019 £'m	2018 £'m
Properties held for development		
Freehold land	**85**	104
Leasehold land	**—**	—
Development costs	**22**	22
Balance at 31 December	**107**	126
Properties for sale		
Completed properties - development costs	**142**	101
Completed properties - freehold land	**74**	9
Completed properties - leasehold land	**—**	—
Properties under development - development costs	**7**	3
Leasehold land under development for sale	**123**	34
Balance at 31 December	**346**	147

20. Investment in subsidiaries

Parent Company	2019 £'m	2018 £'m
Deemed cost		
At start of year	**9,576**	9,451
Additions	**152**	125
Disposals	**(18)**	—
Impairment provision	**(111)**	—
Balance at 31 December	**9,599**	9,576

The deemed cost of the investment in subsidiaries at 1 January 2014, the Group's date of transition to adopted IFRS, was determined with reference to its fair value at that date.

Market value of overseas listed investments included in subsidiary undertakings is £5,436 million (2018: £6,387 million), compared to a book value of £3,670 million (2018: £3,594 million).

21. Equity-accounted investees

Group	2019 £'m	2018 £'m
Cost and net book value		
At 1 January	**6,054**	5,319
Additions	**27**	210
Share of post-tax profits	**25**	177
Movement on loan accounts	**117**	277
Dividends received and receivable	**(137)**	(136)
Exchange adjustments	**(177)**	297
Disposals	**(48)**	(90)
Balance at 31 December	**5,861**	6,054

		2019 £'m	2018 £'m
Interests in joint ventures	21 A	**2,724**	2,715
Interests in associates	21 B	**3,137**	3,339
Balance at 31 December		**5,861**	6,054

Note 21. continued

A. Joint venture companies

	2019 £'m	2018 £'m
Unlisted shares at cost		
Share of net assets, unlisted	**1,012**	1,091
Goodwill	**74**	73
	1,086	1,164
Loans due from joint venture companies less provisions		
- Interest-free	**1,338**	1,398
- Interest-bearing at 1.7% to 7.5% (2018: 1.7% to 7.5%)	**300**	153
	2,724	2,715

The loans due from joint venture companies are unsecured and have no fixed terms of repayment.

The joint venture companies of the Group are shown on pages 109-113. There are no joint venture companies that are considered individually material to the Group.

The Group's share of assets and liabilities and results of joint venture companies is summarised below:

	2019 £'m	2018 £'m
Non-current assets	**3,740**	3,659
Current assets	**575**	602
Non-current liabilities	**(2,907)**	(2,754)
Current liabilities	**(397)**	(416)
Net assets	**1,011**	1,091
Revenue	**1,572**	1,522
Expenses	**(1,472)**	(1,426)
Profit before taxation	**100**	96
Taxation	**(16)**	(22)
Profit for the year	**84**	74
Other comprehensive income	**(26)**	(72)
Total comprehensive income	**58**	2

None of the joint venture companies were listed investments in 2018 and 2019.

B. Associates

	2019 £'m	2018 £'m
Shares at cost		
Share of net assets, listed	**2,757**	2,855
Share of net assets, unlisted	**222**	304
Goodwill	**157**	163
	3,136	3,322
Loans due from joint venture companies less provisions		
- Interest-free	**—**	12
- Interest-bearing at 4.0% (2018: 4.0% to 6.0%)	**1**	5
	3,137	3,339

During the year ended 31 December 2019, an impairment provision of £27 million has been recognised in respect of the investment in an associated company.

The loans due from associated companies are unsecured and have no fixed terms of repayment.

Note 21. continued

The associated companies of the Group are shown on pages 109-113.

Under IFRS 10, a company is required to consolidate as subsidiaries in its financial statements, companies which it controls. A company controls another company if it has (i) power over the other company, (ii) exposure or rights to variable returns from its involvement with the other company and (iii) ability to use its power over the other company to affect the amount of the company's returns. All three of these requirements must be met. Swire Pacific has considered whether to consolidate Cathay Pacific as a subsidiary in its financial statements in the light of the provisions of IFRS 10.

Under IFRS 10, Swire Pacific will be taken to have power over Cathay Pacific if Swire Pacific has rights which give Swire Pacific the current ability to direct the activities of Cathay Pacific which significantly affect Swire Pacific's returns from Cathay Pacific.

As Swire Pacific holds less than half (45%) of the voting rights in Cathay Pacific, Swire Pacific does not have power over Cathay Pacific by virtue of holding a majority of those voting rights. Swire Pacific has accordingly considered other relevant factors in order to determine whether it has such power. Swire Pacific is party to a shareholders agreement dated 8 June 2006 (the "Shareholders Agreement") between itself, Air China Limited ("Air China") and others in relation to the affairs of Cathay Pacific, as subsequently amended. The Shareholders Agreement contains provisions relating to the composition of the board of Cathay Pacific (including Air China being obliged to use its votes as a shareholder of Cathay Pacific to support Swire Pacific appointing a majority of the board of directors of Cathay Pacific). Swire Pacific is of the view, having considered the terms of the Shareholders Agreement, the terms of an operating agreement dated 8 June 2006 between Cathay Pacific and Air China and the way in which the board of Cathay Pacific governs the affairs of Cathay Pacific in practice, that Swire Pacific does not have power over Cathay Pacific for the purposes of IFRS 10. It follows that, as one of the three requirements in IFRS 10 for consolidation has not been met, Swire Pacific should not consolidate Cathay Pacific as a subsidiary in Swire Pacific's financial statements and should account for its interest in Cathay Pacific as an associated company.

Cathay Pacific acquired 100% of the voting equity interest of Hong Kong Express Airways Limited (HK Express), a low-cost carrier, on 19 July for a total consideration of £464 million, comprising (i) a cash consideration of £175 million, and (ii) a non-cash consideration of £289 million settled through the issue and novation of promissory loan notes.

The valuation of HK Express was determined following arm's length negotiation between the parties, based on the underlying value of HK Express and having regard to the trading multiples of comparable airlines. The goodwill arising on the acquisition of HK Express is principally attributable to improvements and synergistic benefits that Cathay Pacific foresees under full ownership given that the business models are largely complementary.

The following table summarises the financial information of Cathay Pacific as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Cathay Pacific.

	2019	2018
Percentage ownership interest	**45%**	45%
	£'m	£'m
Non-current assets	**18,162**	16,046
Current assets	**2,657**	2,971
Non-current liabilities	**(9,238)**	(7,824)
Current liabilities	**(5,537)**	(4,849)
Net assets (100%)	**6,044**	6,344
Group's share of net assets (45%)	**2,720**	2,855
Goodwill	**74**	76
Carrying amount of interest in associate	**2,794**	2,931
Revenue	**10,687**	10,618
Profit/(loss) from continuing operations (100%)	**169**	224
Other comprehensive income (100%)	**99**	43
Total comprehensive income (100%)	**268**	267
Group's share of total comprehensive income (45%)	**121**	120

Note 21. continued

The market value of the shares in the listed associated company, Cathay Pacific at 31 December 2019 was £1,986 million (2018: £1,978 million). The forecast cash flows of Cathay Pacific indicate that no impairment exists at 31 December 2019.

The Group also has interests in a number of individually immaterial associates.

The following table analyses in aggregate, the carrying amount and share of profit and OCI of these associates.

	2019 £'m	2018 £'m
Carrying amount of interest in associates	**343**	408
Share of:		
- Profit from continuing operations	**19**	31
- Other comprehensive (loss)/income	**(4)**	(10)
	15	21

22. Other investments, including derivatives

	Group				**Company**			
	2019		2018		**2019**		2018	
	Assets £'m	**Liabilities £'m**	Assets £'m	Liabilities £'m	**Assets £'m**	**Liabilities £'m**	Assets £'m	Liabilities £'m
Cross-currency swaps – cash-flow hedges	**42**	**2**	16	—	—	—	—	—
Cross-currency swaps – not qualifying as hedges	—	**3**	—	—	—	—	—	—
Interest rate swaps - cash-flow hedges	—	**3**	2	—	—	—	—	—
Forward foreign exchange contracts								
- Cash flow hedges	**1**	—	1	—	—	—	—	—
- Fair value hedges	**5**	—	8	—	—	—	—	—
Put option exercisable by joint venture partners for sale of interest	—	**2**	—	—	—	—	—	—
Short-term cash deposits greater than 3 months	**2**	—	2	—	—	—	—	—
	50	**10**	29	—	—	—	—	—
Non-current	**37**	**10**	8	—	—	—	—	—
Current	**13**	—	21	—	—	—	—	—
	50	**10**	29	—	—	—	—	—

23. Equity investments at fair value through other comprehensive income

	Group		**Company**	
	2019 £'m	2018 £'m	**2019 £'m**	2018 £'m
Non-current assets				
Shares listed in United Kingdom	**2**	6	—	—
Shares listed overseas	**12**	13	—	—
Unlisted investments	**8**	8	—	—
	22	27	—	—

24. Inventories

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Raw materials and consumables	**180**	167	**—**	—
Work in progress	**3**	77	**—**	—
Finished goods	**508**	500	**—**	—
	691	744	**—**	—

25. Trade and other receivables

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Trade receivables	**695**	756	**—**	—
Amounts owed by subsidiary undertakings	**—**	—	**865**	959
Amounts due from joint venture companies (note 38)	**5**	5	**—**	—
Amounts due from associated companies (note 38)	**24**	29	**—**	—
Amounts owed by related party	**52**	52	**—**	—
Accrued income	**125**	118	**—**	—
Lease receivable (2018: Finance lease receivable)	**28**	24	**—**	—
Other receivables	**323**	393	**2**	5
	1,252	1,377	**867**	964
Non-current	**68**	41	**—**	—
Current	**1,184**	1,336	**867**	964
	1,252	1,377	**867**	964

The amounts due from joint ventures and associated companies are unsecured, interest free (except where specified) and on normal trade credit terms.

The analysis of the age of trade receivables at the year-end is as follows:

	2019 £'m	2018 £'m
Up to three months	**648**	698
Between three and six months	**32**	41
Over six months	**15**	17
	695	756

26. Cash and cash equivalents

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Bank balances	**2,070**	777	**42**	45
Call deposits	**302**	337	**38**	—
Cash and cash equivalents in the statement of financial position	**2,372**	1,114	**80**	45
Bank overdrafts used for cash management purposes	**(61)**	(29)	**—**	—
Cash and cash equivalents in the statement of cash flows	**2,311**	1,085	**80**	45

27. Loans and borrowings

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Non-current liabilities				
Secured bank loans	**420**	420	—	—
Unsecured bank loans	**1,403**	1,564	—	—
Unsecured other loans	**4,139**	4,535	—	—
Lease liabilities	**670**	30	—	—
	6,632	6,549	—	—
Unamortised loan fees	**(22)**	(33)	—	—
	6,610	6,516	—	—
Current liabilities				
Current portion of:				
Secured bank loans	**76**	103	—	—
Unsecured bank loans	**977**	745	**148**	226
Unsecured other loans	**383**	439	—	—
Current portion of lease liabilities	**165**	51	—	—
	1,601	1,338	**148**	226
Unamortised loan fees	**(5)**	(5)	—	—
	1,596	1,333	**148**	226

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 30.

The amount of borrowing costs capitalised during the period was £29 million (2018: £27 million) with a capitalisation rate of 2.6% - 3.7% (2018: 2.1% - 3.9%).

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	31 December 2019 Face value £'m	31 December 2019 Carrying amount £'m	31 December 2018 Face value £'m	31 December 2018 Carrying amount £'m
Secured loans	PGK	4.20-5.95%	2021-22	**67**	**67**	70	70
Secured loans	USD	3.00-5.45%	2020-25	**394**	**394**	441	441
Secured loans	AUD	2.78-2.78%	2021	**12**	**12**	12	12
Secured loans	EUR	0.65-0.65%	2023	**23**	**23**	—	—
Unsecured loans	HKD	1.80-4.00%	2020-30	**2,651**	**2,651**	2,268	2,268
Unsecured loans	RMB	3.90-4.00%	2023	**60**	**60**	93	93
Unsecured loans	USD	2.00-4.50%	2020-28	**3,973**	**3,973**	4,637	4,637
Unsecured loans	EUR	0.45-0.63%	2020-22	**148**	**148**	158	158
Unsecured loans	Various	2.40-13.75%	2020-23	**70**	**70**	127	127
Lease liabilities (2018: finance lease liabilities)	HKD	1.95-4.73%	2020-36	**468**	**372**	—	—
Lease liabilities (2018: finance lease liabilities)	RMB	3.40-6.13%	2020-48	**124**	**101**	—	—
Lease liabilities (2018: finance lease liabilities)	USD	3.11-11.00%	2020-67	**259**	**251**	71	71
Lease liabilities (2018: finance lease liabilities)	Various	0.70-28.00%	2020-70	**125**	**111**	10	10
Total interest bearing liabilities				**8,374**	**8,233**	7,887	7,887

The secured bank loans are secured over fixed assets with a carrying amount of £611 million (2018: £719 million).

28. Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	£'m	£'m	**£'m**	£'m
Trade payables	**540**	524	**—**	—
Amounts owed to subsidiary companies	**—**	—	**355**	357
Amounts owed to joint ventures (note 38)	**1**	3	**—**	—
Amounts owed to associates (note 38)	**44**	31	**—**	—
Interest-bearing advances from joint venture companies at 3.24% (2018: 2.74%)	**5**	5	**—**	—
Interest-bearing advances from an associated company at 3.25% (2018: 4.12%)	**28**	29	**—**	—
Advances from non-controlling interests	**18**	4	**—**	—
Accruals and deferred income	**985**	1,271	**4**	6
Rental deposits from tenants	**556**	614	**—**	—
Put options over non-controlling interest in properties	**55**	60	**—**	—
Put options over non-controlling interest in subsidiary companies	**11**	10	**—**	—
Contingent consideration	**116**	145	**—**	—
Accrued capital expenditure	**123**	135	**—**	—
Other trade payables	**200**	200	**—**	—
	2,682	3,031	**359**	363
Non-current	**259**	318	**—**	—
Current	**2,423**	2,713	**359**	363
	2,682	3,031	**359**	363

The amounts due to and advances from joint venture companies, associated companies and non-controlling interests are unsecured and have no fixed terms of repayment, except for the interest-bearing advance from an associated company which is repayable in 2022. Apart from certain amounts due to joint venture and associated companies, which are interest-bearing as specified above, the balances are interest free.

The analysis of the age of trade payables at the year-end is as follows:

	2019	2018
	£'m	£'m
Up to three months	**518**	507
Between three and six months	**11**	9
Over six months	**11**	8
	540	524

29. Provisions

Group	**Employee Retirement Benefits**	**Others**	**Total**
	£'m	**£'m**	**£'m**
Balance at 1 January 2019	**23**	**39**	**62**
Effect of movements in exchange rates	**—**	**(3)**	**(3)**
Additional provisions	**2**	**29**	**31**
Provisions used during the year	**(2)**	**(26)**	**(28)**
Provisions reversed during the year	**(1)**	**(4)**	**(5)**
Balance at 31 December 2019	**22**	**35**	**57**
Non-current	**22**	**7**	**29**
Current	**—**	**28**	**28**
	22	**35**	**57**

Employee Retirement Benefits

Employee retirement benefits consists of ex-gratia retirement gratuities and other ex-gratia payments.

30. Financial Instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2019	Carrying amount						Fair value			
	Designated at fair value	Fair value-hedging instrument	Loans and receivable	At fair value through other comprehensive income	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Forward exchange contracts used for hedging	—	6	—	—	—	6	—	6	—	6
Cross-currency swaps – cash flow hedges	—	42	—	—	—	42	—	42	—	42
	—	48	—	—	—	48				
Financial assets not measured at fair value										
Trade and other receivables	—	—	1,018	—	—	1,018				
Cash and cash equivalents	—	—	2,372	—	—	2,372				
	—	—	3,390	—	—	3,390				
Financial liabilities measured at fair value										
Contingent consideration	(116)	—	—	—	—	(116)	—	—	(116)	(116)
Put option over NCI	(66)	—	—	—	—	(66)	—	—	(66)	(66)
	(182)	—	—	—	—	(182)				
Financial liabilities not measured at fair value										
Bank overdraft	—	—	—	—	(61)	(61)				
Secured bank loans	—	—	—	—	(496)	(496)	—	(496)	—	(496)
Unsecured bank loans and other loans	—	—	—	—	(6,902)	(6,902)	—	(6,902)	—	(6,902)
Lease liabilities	—	—	—	—	(835)	(835)	—	(835)	—	(835)
Trade payables	—	—	—	—	(540)	(540)				
	—	—	—	—	(8,834)	(8,834)				

31 December 2018	Carrying amount						Fair value			
	Designated at fair value	Fair value-hedging instrument	Loans and receivable	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Forward exchange contracts used for hedging	—	9	—	—	—	9	—	9	—	9
Cross-currency swaps – cash flow hedges	—	16	—	—	—	16	—	16	—	16
Equity investments at fair value through other comprehensive income	—	—	—	27	—	27	19	—	8	27
	—	25	—	27	—	52				
Financial assets not measured at fair value										
Trade and other receivables	—	—	1,149	—	—	1,149				
Cash and cash equivalents	—	—	1,114	—	—	1,114				
	—	—	2,263	—	—	2,263				
Financial liabilities measured at fair value										
Contingent consideration	(117)	—	—	—	—	(117)	—	—	(117)	(117)
Put option over NCI	(70)	—	—	—	—	(70)	—	—	(70)	(70)
	(187)	—	—	—	—	(187)				
Financial liabilities not measured at fair value										
Bank overdraft	—	—	—	—	(29)	(29)				
Secured bank loans	—	—	—	—	(523)	(523)	—	(523)	—	(523)
Unsecured bank loans and other loans	—	—	—	—	(7,283)	(7,283)	—	(7,283)	—	(7,283)
Finance lease liabilities	—	—	—	—	(81)	(81)	—	(81)	—	(81)
Trade payables	—	—	—	—	(524)	(524)				
	—	—	—	—	(8,440)	(8,440)				

Note 30. continued

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts, interest rate swaps and commodity contracts	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Other financial liabilities*	Discounted cash flows	Not applicable

*Other financial liabilities include secured and unsecured bank loans and lease liabilities.

ii. Transfers between Levels 1 and 2

There were no transfers of financial instruments between the levels in the fair value hierarchy. The Group's policy is to recognise any transfer into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

iii. Level 3 fair values

The change in level 3 financial instruments for the year is as follows:

	Put options over non-controlling interests £'m	Unlisted investments £'m	Contingent consideration £'m
1 January 2019	70	6	117
Translation differences	(2)	—	(4)
Additions	—	1	—
Disposals	—	—	—
Distribution during the year	(2)	—	—
Change in fair value recognised in profit or loss during the year	—	(2)	12
Payment of consideration	—	—	(9)
At 31 December 2019	66	5	116
Total losses for the year included in profit or loss in respect of financial instruments held at 31 December 2019	—	—	12
Change in unrealised losses for the year included in profit or loss of financial instruments held at 31 December 2019	—	2	—

Note 30. continued

	Put options over non-controlling interests £'m	Unlisted investments £'m	Contingent consideration £'m
1 January 2018	78	5	137
Translation differences	4	1	8
Additions	5	—	—
Adjustment on previous years acquisition	—	—	(37)
Change in fair value recognised in profit or loss during the year	(2)	—	17
Change in percentage of interest	(15)	—	—
Payment of consideration	—	—	(8)
At 31 December 2018	70	6	117
Total losses for the year included in profit or loss in respect of financial instruments held at 31 December 2018	2	—	(16)
Change in unrealised losses for the year included in profit or loss of financial instruments held at 31 December 2018	2	—	(16)

There has been no change in the valuation techniques for level 2 and level 3 fair value hierarchy classifications.

The fair value of derivatives used for hedging in level 2 has been based on quotes from market makers or discounted cash flow valuation techniques and is supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates, yields and commodity prices.

The fair value estimate of the put option over a non-controlling interest in the retail portion of an investment property in the United States (Brickell City Centre) 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 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 2020 and the discount rate used is 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 31 December 2019. If the expected time of exercise is later or if the discount rate is higher, then the fair value of the put option would be lower. The opposite is true for an earlier exercise time or a lower discount rate.

C. Financial risk management

The Group has exposure to the following risks arising from the financial instruments:

- credit risk
- liquidity risk
- market risk

i. Risk management framework

Management of the Parent Company and its subsidiary undertakings set risk management procedures in accordance with objectives and policies approved by their Boards.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures,. aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Note 30. continued

Audit Committees throughout the Group oversee how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committees are assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committees.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments debt securities.

The carrying amount of the financial assets represents the maximum credit exposure.

Trade and other receivables

The Group exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence credit risk of its customer base, including the default risk of the industry and country in which the customers operate. Further details of concentration of revenue are included in note 6.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a pre-payment basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade and other receivables.

At 31 December 2019, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

	2019 £'m	2018 £'m
United States Dollar	**373**	405
Hong Kong Dollar	**47**	69
Australian Dollar	**65**	68
Chinese Renminbi	**60**	61
British Pound	**44**	43
Taiwan Dollar	**34**	30
Papua New Guinea Kina	**22**	25
Other	**50**	55
	695	756

Impairment

At 31 December 2019, the ageing of trade receivables that were not impaired was as follows:

	2019 £'m	2018 £'m
Neither past due nor impaired	**543**	588
Past due 1-90 days	**138**	141
Past due 91-120 days	**8**	14
Past due > 120 days	**4**	10
	693	753

Note 30. continued

Management believe that the unimpaired amounts that are past due more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and cash equivalents

The Group held cash and cash equivalents of £2,372 million at 31 December 2019 (2018: £1,114 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+.

Derivatives

The derivatives are entered into with the bank and financial institution counterparties, which are rated AA- to AA+.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the effect of netting agreements.

31 December 2019	**Carrying amount £'m**	**Total £'m**	**Less than 1 year £'m**	**1-2 years £'m**	**2-5 years £'m**	**More than 5 years £'m**
Trade and other payables	2,767	2,841	2,473	65	117	186
Borrowings (including interest obligations)	**7,371**	**8,589**	**1,676**	**1,198**	**3,472**	**2,243**
Lease liabilities	**835**	**940**	**186**	**158**	**218**	**378**
Derivative financial instruments	**10**	**10**	**1**	**2**	**7**	—
Financial guarantee contracts	—	**1,765**	**1,765**	—	—	—
	10,983	**14,145**	**6,101**	**1,423**	**3,814**	**2,807**

31 December 2018	Carrying amount £'m	Total £'m	Less than 1 year £'m	1-2 years £'m	2-5 years £'m	More than 5 years £'m
Trade and other payables	3,082	3,223	2,679	156	201	187
Borrowings (including interest obligations)	7,849	9,061	1,811	1,247	3,643	2,360
Derivative financial instruments	21	21	4	1	10	6
Financial guarantee contracts	—	1,464	1,464	—	—	—
	10,952	13,769	5,958	1,404	3,854	2,553

Note 30. continued

Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars and Hong Kong dollars. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations.

The Group's policy is to hedge in full all highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or other derivative contract is not prohibitively expensive having regard to the underlying exposure.

Exposure to movements in exchange rates on transactions is minimised by using appropriate hedging instruments where active markets for the relevant currencies exist. At 31 December 2019, the Group had hedged its significant foreign currency funding exposures by fixing the foreign exchange rates with forward contracts.

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 gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flows amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The interest payments on variable interest rate loans in the table above reflect market forward interest rate at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iv. Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by management of the Parent Company and its subsidiary undertakings.

The following significant exchange rates have been applied during the year:

	Average rate		Year-end spot rate	
	2019	2018	**2019**	2018
United States Dollar	**1.28**	1.33	**1.32**	1.27
European Euro	**1.14**	1.13	**1.18**	1.11
Australian Dollar	**1.84**	1.79	**1.88**	1.81
Hong Kong Dollar	**10.01**	10.46	**10.27**	9.97
Kenyan Shilling	**130.20**	135.20	**133.70**	129.70
Papua New Guinea Kina	**4.33**	4.40	**4.51**	4.29

Sensitivity analysis

Sensitivity analysis was performed by strengthening/weakening the main foreign currencies of the Group, being the US dollar and the Hong Kong dollar. Assuming that all variables, in particular interest rates, remain constant and the effect of forecast sales and purchases are ignored, a +/- 1% movement in these currencies has an immaterial effect on both equity and on the profit or loss.

Note 30. continued

Interest rate risk

The Group adopts a policy of ensuring that interest rate charges are minimised as much as possible.

Exposure to interest rate risk

The Group's interest bearing financial instruments are as follows:

	2019 £'m	2018 £'m
Financial assets	**2,372**	1,114
Financial liabilities	**(8,206)**	(7,849)
	(5,834)	(6,735)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	100 basis-points increase in interest rates £'m	100 basis-points decrease in interest rates £'m
At 31 December 2019		
Impact on profit or loss: (loss)/gain	**(4)**	**4**
Impact on other comprehensive income: gain/(loss)	**4**	**(3)**
At 31 December 2018		
Impact on profit or loss: (loss)/gain	(20)	20
Impact on other comprehensive income: gain/(loss)	12	(12)

31. Capital and reserves

A. Share capital

	Group		Company	
Authorised, issued and fully paid	**2019 £'m**	2018 £'m	**2019 £'m**	2018 £'m
100,000,000 Ordinary shares of £1 each				
In issue at 1 January and 31 December	**100**	100	**100**	100
Authorised, issued and fully paid				
90,000,000 8% cumulative Preference shares of £1 each				
In issue at 1 January and 31 December	**90**	90	**90**	90
Total share capital	**190**	190	**190**	190

At general meetings every holder of ordinary shares present in person and by proxy has one vote on a show of hands. On a poll each shareholder present in person or by proxy has four votes for every £1 nominal ordinary share. If a resolution alters the rights of the 8% preference shares, or the dividend on that class of share is six months in arrears, preference shareholders have one vote for every £1 nominal 8% preference share. In the event of the company being wound up or the capital reduced preference shareholders would be entitled to a sum equal to the capital paid up on the preference shares plus an amount in respect of accrued and unpaid dividends.

Note 31. continued

B. Nature and purpose of reserves

Revaluation reserve

The investment revaluation reserve relates to the revaluation of investment property immediately before its reclassification as investment property at deemed cost.

Other reserves

Other reserves consists of translation reserve. The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

C. Dividends

The following dividends were declared and paid by the company during the year:

	2019 £'m	2018 £'m
18.64 pence per qualifying ordinary share (2018: 17.59 pence)	19	18
8.0 pence per 8% preference share (2018: 8.0 pence)	7	7
	26	25

After the reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

62.46 pence per qualifying ordinary share (2018: 63.51 pence)	62	64

32. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries.

31 December 2019	Swire Pacific	Steamships Trading Company	Swire Properties	Other immaterial subsidiaries	Foreign Currency translation differences	Total
NCI percentage	44.80%	27.88%	18.00%			
	£'m	£'m	£'m	£'m	£'m	£'m
Non-current assets	30,993	262	22,274			
Current assets	3,934	60	2,004			
Non-current liabilities	(11,274)	(93)	(3,737)			
Current liabilities	(3,657)	(33)	(1,506)			
Net assets	19,996	196	19,035			
Carrying amount of NCI	8,958	55	3,426	552	—	12,991
Revenue	8,545	129	1,421			
Profit/(loss)	842	12	1,270			
OCI	(24)	—	(60)			
Total comprehensive income	818	12	1,210			
Profit/(loss) allocated to NCI	377	3	229	39	—	648
OCI allocated to NCI	(11)	—	(11)	(5)	581	554
Dividends paid to NCI during year	212	3	90			

Note 32. continued

During 2019 the Group's interest in Swire Pacific increased from 55.10% to 55.20%. The average non-controlling interest in the year was 44.89%.

31 December 2018	Swire Pacific	Steamships Trading Company	Swire Properties	Other immaterial subsidiaries	Foreign Currency translation differences	Total
NCI percentage	44.90%	27.88%	18.00%			
	£'m	£'m	£'m	£'m	£'m	£'m
Non-current assets	32,022	256	23,229			
Current assets	3,563	95	1,456			
Non-current liabilities	(11,402)	(54)	(3,621)			
Current liabilities	(3,805)	(82)	(1,201)			
Net assets	20,378	215	19,863			
Carrying amount of NCI	9,150	60	3,575	397	—	13,182
Revenue	8,077	133	1,407			
Profit/(loss)	546	16	615			
OCI	(256)	—	(207)			
Total comprehensive income	290	16	408			
Profit/(loss) allocated to NCI	245	4	111	60	—	420
OCI allocated to NCI	(115)	—	(37)	(14)	736	570
Dividends paid to NCI during year	148	2	80			

During 2018 the Group's interest in Swire Pacific increased from 55.06% to 55.10%. The average non-controlling interest in the year was 44.90%.

33. Assets and liabilities held for sale ("disposal groups")

In May 2019, a subsidiary of Swire Properties entered into a sale and purchase agreement with a third party for the sale of its entire 50% interest in a joint venture company which held 625 King's Road, a 26-storey office building in North Point, Hong Kong. The consideration for the sale of £231 million (before net asset value adjustments) resulted in a profit on sale of the joint venture company being recorded in July 2019 when the transaction was completed. Prior to completion of the transaction, the Group's interest in that joint venture company was included under assets classified as held for sale.

At 31 December 2018, assets classified as held for sale mainly related to a sale and purchase agreement entered into by a subsidiary of Swire Properties with a third party for the sale of Swire Properties' interests in office buildings at 14 Taikoo Wan Road and 12 Taikoo Wan Road, Hong Kong. The consideration for the sale of £1,461 million (before net asset value adjustments) resulted in a profit on sale of subsidiaries being recorded in April 2019 when the transaction was completed. Assets classified as held for sale at 31 December 2018 also included several wholly-owned subsidiaries of Swire Properties holding investment properties in Hong Kong in respect of which a sale and purchase agreement was entered into in August 2018. The total consideration for the sale of £198 million resulted in a profit on sale of subsidiaries being recorded in January 2019 when the transaction was completed.

34. Disposals of subsidiary and other group companies

Disposal of Hong Kong properties

The disposal of subsidiary companies in the Swire Pacific Property Division consists of the sale of two office buildings, formerly known as Cityplaza Three and Cityplaza Four, in Taikoo Shing, Hong Kong, and properties in Quarry Bay, Hong Kong.

Disposal of Finlay Cold Storage

In January 2019, the James Finlay Group disposed of its interest in Finlay Cold Storage for a total consideration of £15m.

IFRS 5 ('Non-current Assets Held for Sale and Discontinued Operations') requires disclosure of discontinuing operations if, inter alia, it represents a separate line of business or geographical area of operation. None of the above disposals meet the criteria of discontinuing operations.

	Disposal of Hong Kong Properties 2019 £'m	Disposal of Cold Stores in Colombo 2019 £'m	Other 2019 £'m	Total 2019 £'m
Net assets disposed of:				
Properties for sale	(804)	—	—	(804)
Assets held for sale	—	(5)	(1)	(6)
Trade and other receivables	—	—	(3)	(3)
Trade and other payables	—	—	1	1
Net identifiable assets and liabilities	(804)	(5)	(3)	(812)
Total consideration received:				
Cash received (net of transaction costs)	1,654	15	6	1,675
Other consideration received	(29)	—	—	(29)
Total consideration received	1,625	15	6	1,646
Profit on disposal of subsidiary	821	10	3	834
Net inflow of cash and cash equivalents	1,654	15	6	1,675

35. Lease commitments

A. Lessee

The Group leases land and buildings, vessels and other equipment under operating leases. The leases typically run for an initial period of one to fifteen years with an option to renew them after that date, at which time all terms are renegotiated.

At 31 December 2018 (before the adoption of IFRS 16), the future aggregate minimum lease payments under non-cancellable leases were as follows:

	2018 £'m
Land and buildings:	
Less than one year	125
Between one and five years	282
More than five years	313
	720
Vessels:	
Less than one year	85
Between one and five years	52
More than five years	—
	137
Other equipment:	
Less than one year	5
Between one and five years	10
More than five years	—
	15
	872

At 31 December 2019, the future aggregate lease payments under leases committed but not yet commenced were payable by the Group as follows:

	2019 £'m
Land and buildings:	
Less than one year	**14**
Between one and five years	**42**
More than five years	**20**
	76
Plant and equipment:	
Less than one year	**—**
Between one and five years	**1**
More than five years	**1**
	2
	78

Amounts recognised in profit or loss

	2019 £'m	2018 £'m
Lease expense	**279**	327

Note 35. continued

B. Lessor – lease receivables

The Group leases out investment properties and vessels under operating leases. The leases for investment properties typically run for periods of three to six years. The leases for vessels typically run for an initial period of six months to five years with an option to renew them after that date, at which time all terms are renegotiated.

At 31 December 2019, the future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	2019 £'m	2018 £'m
Investment properties:		
Less than one year	**926**	942
Between one and five years	**2,163**	2,296
More than five years	**756**	876
	3,845	4,114
Vessels:		
Less than one year	**25**	26
Between one and five years	**9**	6
	34	32
	3,879	4,146

Amounts recognised in profit or loss

	2019 £'m	2018 £'m
Lease income	**1,535**	1,490

36. Contingent liabilities

(a) Contingent liabilities at 31 December 2019 amounted to £1,765 million (2018: £1,464 million) for guarantees given to third parties. These guarantees are mainly over bank borrowings.

(b) In November 2010, the European Commission issued a decision in its airfreight investigation finding that, amongst other things, Cathay Pacific and a number of other international cargo carriers agreed to cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on Cathay Pacific.

However, the European Commission's finding against Cathay Pacific, and the imposition of this fine, was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to Cathay Pacific in February 2016. The European Commission issued a new decision against Cathay Pacific and the other airlines involved in the case in March 2017.

Another fine of Euros 57.12 million was imposed on Cathay Pacific, which was paid by Cathay Pacific in June 2017. Cathay Pacific filed an appeal against this latest decision, to which the European Commission filed a defence.

In December 2017, Cathay Pacific filed a Reply to this Defence. On 9 March 2018, the European Commission filed a rejoinder to Cathay Pacific's Reply. The appeal hearing in the General Court took place on 5 July 2019. There is no fixed date for the General Court to issue its decision.

Cathay Pacific is a defendant in a number of civil claims, including class litigation and third-party contribution claims, in a number of countries including Germany, the Netherlands and Norway alleging violations of applicable competition laws arising from Cathay Pacific's alleged conduct relating to its air cargo operations. Cathay Pacific is represented by legal counsel and is defending these actions.

37. Commitments

	2019 £'m	2018 £'m
The Group's outstanding capital commitments at the year-end in respect of:		
Property, plant and equipment		
Contracted for	**106**	98
Authorised by Directors but not contracted for	**717**	152
Investment properties		
Contracted for	**515**	120
Authorised by Directors but not contracted for	**994**	1,475
Vessels		
Contracted for	**242**	301
Authorised by Directors but not contracted for	**32**	52
	2,606	2,198
The Group's share of capital commitments of joint venture and associate companies:		
Contracted for	**1**	6
Authorised by Directors but not contracted for	**46**	40
	47	46

38. Related party transactions

A. Transactions with key management personnel

A number of key management personnel hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

B. Other related party transactions

Group	Joint ventures Transactions values for the year ended 2019 £'m	2018 £'m	Associates Transactions values for the year ended 2019 £'m	2018 £'m	Joint ventures Balance outstanding as at 31 December 2019 £'m	2018 £'m	Associates Balance outstanding as at 31 December 2019 £'m	2018 £'m
Revenue from								
Sale of beverages	**4**	1	**3**	3	**1**	—	—	—
Rendering of services	**1**	—	**14**	17	**2**	3	**2**	6
Aircraft and engine maintenance	**4**	5	**332**	302	**2**	2	**22**	23
Purchase of beverages	**6**	1	**381**	344	—	2	—	—
Purchase of other goods	—	—	**18**	2	—	—	**42**	29
Purchase of services	**8**	4	—	—	**1**	1	**2**	2
Rental revenue	—	—	—	—	—	—	—	—

All outstanding balances with these related parties are priced on an arm's length basis. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

39. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings £'m	Lease liabilities £'m	Total £'m
Balance at 1 January 2019	**8,166**	**81**	**8,247**
Recognition of lease liabilities on initial application of IFRS 16	**(34)**	**743**	**709**
	8,132	**824**	**8,956**
Adjusted balance at 1 January 2019			
Proceeds from loans and borrowings	**2,370**	**—**	**2,370**
Repayment of borrowings	**(2,778)**	**—**	**(2,778)**
Payment of lease liabilities	**—**	**(198)**	**(198)**
Total changes from financing cash flows	**(408)**	**(198)**	**(606)**
New leases	**—**	**214**	**214**
Effect of changes in foreign exchange rates	**(220)**	**—**	**(220)**
Other changes			
Liability-related			
Other non-cash movements	**11**	**(13)**	**(2)**
Interest expense	**279**	**31**	**310**
Interest paid	**(281)**	**(23)**	**(304)**
Total liability-related other changes	**(211)**	**209**	**(2)**
Balance at 31 December 2019	**7,513**	**835**	**8,348**

	Loans and borrowings £'m	Finance leases £'m	Total £'m
Balance at 1 January 2018	8,641	77	8,718
Proceeds from loans and borrowings	2,240	—	2,240
Repayment of borrowings	(3,214)	—	(3,214)
Payment of lease liabilities	—	(29)	(29)
Total changes from financing cash flows	(974)	(29)	(1,003)
Changes arising from obtaining or losing control of subsidiaries or other businesses	4	—	4
Effect of changes in foreign exchange rates	480	9	489
Other changes			
Liability-related			
Other non-cash movements	(14)	24	10
Interest expense	313	—	313
Interest paid	(284)	—	(284)
Total liability-related other changes	15	24	39
Balance at 31 December 2018	8,166	81	8,247

40. Changes in significant accounting policies

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings.

The impact on transition is summarised below:

	1 January 2019 £'m
Right-of-use assets - property, plant and equipment	707
Property, plant and equipment	(76)
Investment properties	50
Equity-accounted investees	(107)
Trade and other receivables	(1)
Deferred tax asset	5
Trade and other payables	7
Loans and borrowings	34
Lease liabilities	(743)
Retained earnings	124
	—

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2.2-5.6%.

Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	872
Discounted using the incremental borrowing rate at 1 January 2019	813
Finance lease liabilities recognised as at 31 December 2018	81
– Recognition exemption for leases of low-value assets	3
– Recognition exemption for leases with less than 12 months of lease term at transition	(169)
– Extension options reasonably certain to be exercised	15
Lease liabilities recognised at 1 January 2019	**743**

41. Events after the reporting period

The COVID-19 outbreak has developed rapidly in 2020 and we have provided information on the impact on our business in the strategic report.

Whether the impact of COVID-19 is an adjusting or non-adjusting post balance sheet event is a significant judgement which impacts its treatment in these accounts. A post balance sheet event is adjusting if it provides more information about circumstances that existed at the year-end. The directors have concluded that COVID-19 is a non-adjusting post balance sheet event at 31 December 2019 on the basis that at that date:

- The World Health Organisation had not declared a global health emergency;
- There was no significant spread of COVID-19 outside of China; and
- There were no cases in the UK and US and no evidence that the virus was not contained in Europe and the US at that stage.

We have therefore made no adjustments in these financial statements to account for the impact of the COVID-19 above that was known at 31 December 2019. Management's current assessment is that as at the date of approval of these financial statements, there are no material changes in our estimates and judgements impacting the Group and Parent Company balance sheets as presented at 31 December 2019.

Cathay Pacific has included the following event after the reporting period note to its financial statements for the year ended and as at 31 December 2019.

"The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment, and will adversely impact Cathay Pacific's financial performance and liquidity position. Travel demand has dropped substantially and Cathay Pacific has taken a number of short-term measures in response, including aggressive reduction of passenger capacity measured in Available Seat Kilometres ('ASK') by approximately 30% for February and 65% for March and April, with frequencies cut approximately 65% and 75% over the same periods. Substantial passenger capacity and frequency reduction is also likely for May as we continue to monitor and match market demand. As at the end of February, passenger load factor had declined to approximately 50% and year-on-year yield had also fallen significantly. It is difficult to predict when these conditions will improve. However, Cathay Pacific is expected to incur a substantial loss for the first half of 2020. Cathay Pacific's available unrestricted liquidity as at 31 December 2019 was HK$20.0 billion. The Directors believe that with the cost saving measures being taken, the Group's strong vendor relationships, as well as the Group's liquidity position and availability of sources of funds, the Group will remain a going concern."

In June 2020, Cathay Pacific announced plans to raise HK$39.0bn in new capital. The Hong Kong government is providing a package consisting of loans and preferred share purchases worth HK$27.3bn; the rest of the capital will come from issuing new stock. As a consequence, the Group's equity share in Cathay Pacific will fall from 45.0% to 42.3%.

The negative effect of COVID-19 on Cathay Pacific, together with less significant adverse effects of COVID-19 on some of the Group's other businesses, means that the Group expects to incur a loss for the first half of 2020.

42. Subsidiary undertakings and equity-accounted investees

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
ANGOLA				
Registered Office: Rua Centro de Convencoes S8, Masuika Office Plaza, Bloco B, 4B, Bairro Talatona, Distrito Urbano da Samba, Luanda, Angola				
Prime Power Angola Limitada	Ordinary	100%	100%	
ARGENTINA				
Registered Office: 1085 Libertad Avenue, Obera, Misiones, N3361DQK, Argentina				
Casa Fuentes SACIFI	Ordinary	100%	100%	30 September year end
Registered Office: Tucumán Nº 1, Piso 4to (CP C1049AAA), CABA, Buenos Aires, Argentina				
Argente SA	Ordinary	100%	100%	30 September year end
AUSTRALIA				
Registered Office: 850 Lorimer Street, Port Melbourne VIC 3207, Australia				
HSE Asset Management Pty Ltd	Ordinary	100%	100%	
HSE Corporation Pty Ltd	Ordinary	100%	100%	Non-trading
HSE Finance Pty Ltd	Ordinary	100%	100%	
HSE Group Holdings Pty Ltd	Ordinary	100%	100%	
HSE Group Limited	Ordinary	100%	100%	
HSE Mining Pty Ltd	Ordinary	100%	100%	
HSE Rental Pty Ltd	Ordinary	100%	100%	
Kalari Proprietary Limited	Ordinary	100%	100%	
Swire Industrial Services Pty Ltd	Ordinary	100%	100%	
Registered Office: 'Atwell Buildings', Level 2, 3 Cantonment Street, Fremantle, WA 6160, Australia				
Swire Pacific Offshore Pty Limited	Ordinary	55.2%	100%	
Swire Pacific Ship Management (Australia) Pty. Limited	Ordinary	55.2%	100%	
Registered Office: c/o KPMG, Level 8, 235 St Georges Terrace, Perth, WA 6000, Australia				
Swire Oilfield Services Pty. Ltd.	Ordinary	100.0%	100%	
Registered Office: Level 16, 88 Phillip Street, Sydney, NSW 2000, Australia				
John Swire & Sons (Australia) Pty Ltd	Ordinary	100%	100%	
Polar Fresh Investments Pty Ltd	Ordinary	100%	100%	
Swire Building Pty Ltd	Ordinary	100%	100%	
Swire Mining Services Pty Ltd	Ordinary	100%	100%	
AZERBAIJAN				
Registered Office: 38A Natig Aliyev Street, AZ1025, Baku, Azerbaijan				
Swire Pacific Offshore (Caspian) LLC	Ordinary	55.2%	100%	Dormant
BAHAMAS				
Registered Office: P.O Box SS-5498, #72 Nassau Street, Nassau Bahamas				
Polynesia Line Ltd	Ordinary	100%	100%	Dormant
BERMUDA				
Registered Office: Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda				
Banyan Overseas Limited	Ordinary	55.2%	100%	Formerly known as Banyan Limited
SPHI Ltd.	Ordinary	55.2%	100%	
Swire Pacific Industries Limited	Ordinary	55.2%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Swire Pacific Offshore Holdings Limited	Ordinary	55.2%	100%	
Swire Pacific Offshore Limited	Ordinary	55.2%	100%	
BRAZIL				
Registered Office: Rua Lauro Müller, 116, Room 604, Edificio Rio Sul-Botafogo, Rio de Janeiro, 22.290-160, RJ, Brazil				
Swire Pacific Navegacao Offshore Ltda.	Quota	55.2%	100%	
Swire Bellavista, R:Piloto Rommel Oliveira Garcia, 700, Imboassica, CEP 27932-355, Macae, Rio de Janeiro, Brazil				
Swire Oilfield Services do Brasil Ltda	Ordinary	100%	100%	
Registered Office: Av. Almirante Barroso, 81, 36th floor - 36A-103, 20031-004, Rio de Janeiro, RJ, Brazil				
Swire Bulk Brasil - Agência Marítima Ltda	Quotas	100%	100%	
BRITISH VIRGIN ISLANDS				
Registered Office: Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands				
Asian Sports Marketing Limited	Ordinary	55.2%	100%	
Registered Office: Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands				
Swire Properties (Dalian) Limited	Ordinary	45.3%	100%	
Registered Office: Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands				
Ace Origin Limited	Ordinary	45.3%	100%	
Achieve Praise Limited	Ordinary	45.3%	100%	
Ally Luck Limited	Ordinary	45.3%	100%	
Alpha Innovation Invest Co., Ltd.	Ordinary	45.3%	100%	
Alpha Rating Limited	Ordinary	45.3%	100%	
Amber Sky Ventures Limited	Ordinary	45.3%	100%	
Anling Limited	Ordinary	45.3%	100%	
Apex Best Investments Limited	Ordinary	45.3%	100%	
Ascent Castle Limited	Ordinary	45.3%	100%	
Ashburton International Group Ltd.	Ordinary	45.3%	100%	
Asian Sights Investment Ltd.	Ordinary	45.3%	100%	
Baiyu Group Limited	Ordinary	45.3%	100%	
Bao Wei Enterprises Limited	Ordinary	45.3%	100%	
Barnstaple Holdings Ltd.	Ordinary	45.3%	100%	
Best Effort Global Limited	Ordinary	45.3%	100%	
Bewick Investments Limited	Ordinary	45.3%	100%	
Biao Da Motors Limited	Ordinary	55.2%	100%	
Boom View Holdings Limited	Ordinary	45.3%	100%	
Brace Ocean Limited	Ordinary	45.3%	100%	
Bridlewood Group Limited	Ordinary	45.3%	100%	
Bright Faith Limited	Ordinary	45.3%	100%	
Bright Start Ventures Limited	Ordinary	45.3%	100%	
Castle Spring Investments Limited	Ordinary	45.3%	100%	
Charm State Limited	Ordinary	45.3%	100%	
Charming Grace Limited	Ordinary	45.3%	100%	
Charming Sky Limited	Ordinary	45.3%	100%	Incorporated on 18 June 2019

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Cheer Favour Limited	Ordinary	45.3%	100%	
Cherish Shine Limited	Ordinary	45.3%	100%	
China Orchid International Limited	Ordinary	45.3%	100%	
Choicest Enterprises Limited	Ordinary	45.3%	100%	
Chuang An Limited	Ordinary	45.3%	100%	
Cityhome Limited	Ordinary	45.3%	100%	
Coldridge Limited	Ordinary	45.3%	100%	
Colour Zone Holdings Limited	Ordinary	45.3%	100%	
Cosmos Apex Overseas Ltd.	Ordinary	45.3%	100%	
Cottelier Trading Limited	Ordinary	45.3%	100%	
Crystal Ball Holdings Limited	Ordinary	45.3%	100%	
Da Long Limited	Ordinary	45.3%	100%	
Dai Yee Assets Limited	Ordinary	45.3%	100%	
Dawn Rider Limited	Ordinary	100%	100%	
Deep Jungle Limited	Ordinary	45.3%	100%	
Delano Steed Limited	Ordinary	45.3%	100%	
Diamond Square Investments Limited	Ordinary	45.3%	100%	
Dragon Legacy Global Limited	Ordinary	45.3%	100%	
Dragon Power Trading Limited	Ordinary	55.2%	100%	
Dragonwing Investments Limited	Ordinary	45.3%	100%	
Dumasand Limited	Ordinary	45.3%	100%	
Eager Champion Limited	Ordinary	45.3%	100%	
Eastside Heights Ltd.	Ordinary	45.3%	100%	
Elite Shine International Limited	Ordinary	45.3%	100%	
Elm Park Group Limited	Ordinary	45.3%	100%	
Empire Sun Global Limited	Ordinary	45.3%	100%	
Endeavour Technology Limited	Ordinary	39.6%	87.5%	
Evercity Finance Limited	Ordinary	45.3%	100%	
Everide Limited	Ordinary	45.3%	100%	
Excel Free Ltd.	Ordinary	45.3%	100%	
Fancy Vision Enterprises Limited	Ordinary	45.3%	100%	
Fast & Smart Limited	Ordinary	45.3%	100%	
Fast Link Developments Limited	Ordinary	45.3%	100%	
Fine Finish Investments Limited	Ordinary	45.3%	100%	
Fine Grace International Limited	Ordinary	45.3%	100%	
Flybird Ltd	Ordinary	45.3%	100%	
Fresh Mind International Limited	Ordinary	45.3%	100%	
Fuhe Holdings Limited	Ordinary	45.3%	100%	
Fuk Wang Limited	Ordinary	45.3%	100%	
Full Pearl Limited	Ordinary	45.3%	100%	
Galaxy Sea Limited	Ordinary	45.3%	100%	
Giant Bright Holdings Limited	Ordinary	45.3%	100%	
Giant Key Limited	Ordinary	45.3%	100%	
Global Digital Holdings Limited	Ordinary	45.3%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Global Linkage Investment Co., Ltd.	Ordinary	45.3%	100%	
Good Mega Enterprises Limited	Ordinary	45.3%	100%	
Green Joy Enterprises Limited	Ordinary	45.3%	100%	
Green Palace Ventures Limited	Ordinary	45.3%	100%	
Guangzhou Express Ltd.	Ordinary	45.3%	100%	
Hai Jian Limited	Ordinary	45.3%	100%	
Harvest Now Limited	Ordinary	45.3%	100%	
Head Turner Limited	Ordinary	45.3%	100%	
Health All Limited	Ordinary	45.3%	100%	
Heathlee International Limited	Ordinary	55.2%	100%	
Hendrix Holdings Limited	Ordinary	55.2%	100%	
High Grade Ventures Limited	Ordinary	45.3%	100%	
Highbrow Global Investments Limited	Ordinary	45.3%	100%	
Highland Paths Limited	Ordinary	45.3%	100%	
Highland Prospect Limited	Ordinary	45.3%	100%	
Hing Kai Investments Limited	Ordinary	45.3%	100%	
Hon Fai International Limited	Ordinary	45.3%	100%	
Honest Crest Trading Limited	Ordinary	45.3%	100%	
Honour Star Development Co., Ltd.	Ordinary	45.3%	100%	
Improve Fame Limited	Ordinary	45.3%	100%	
Improvemany Limited	Ordinary	45.3%	100%	
Infoport Enterprises Limited	Ordinary	45.3%	100%	
Jade Continent Limited	Ordinary	45.3%	100%	
Jade Forest Holdings Limited	Ordinary	45.3%	100%	
Jintu Investments Limited	Ordinary	45.3%	100%	
Jolly Bloom Limited	Ordinary	45.3%	100%	
Joy Beauty International Limited	Ordinary	45.3%	100%	
Joyful Sonic Investments Limited	Ordinary	45.3%	100%	
Joyous Pearl Enterprises Limited	Ordinary	45.3%	100%	
Kawaglen Limited	Ordinary	45.3%	100%	
Kawei Limited	Ordinary	45.3%	100%	
King Device Co., Ltd.	Ordinary	45.3%	100%	
King Mark Finance Co., Ltd.	Ordinary	45.3%	100%	
Kong Tai Investments Limited	Ordinary	45.3%	100%	
Kontin International Limited	Ordinary	45.3%	100%	
Lead Harvest Group Limited	Ordinary	45.3%	100%	
Leap Power Limited	Ordinary	45.3%	100%	
Li Yuan Investments Limited	Ordinary	45.3%	100%	
Light Beam Global Limited	Ordinary	45.3%	100%	
Liji Management Limited	Ordinary	45.3%	100%	
Lowther Investments Limited	Ordinary	45.3%	100%	
Luxford Global Limited	Ordinary	45.3%	100%	
Magern Enterprises Limited	Ordinary	45.3%	100%	
Malkearns Limited	Ordinary	45.3%	100%	
Master Hand Technology Limited	Ordinary	45.3%	100%	
Mayin Group Limited	Ordinary	45.3%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Mega Joy Enterprises Limited	Ordinary	45.3%	100%	
Merton Lake Limited	Ordinary	55.2%	100%	
Metro Harbour Limited	Ordinary	45.3%	100%	
Metsola Finance Limited	Ordinary	45.3%	100%	
Mighty On Limited	Ordinary	45.3%	100%	
Mile Sheen Limited	Ordinary	45.3%	100%	
Modest International Limited	Ordinary	45.3%	100%	
Moonlight Century Limited	Ordinary	45.3%	100%	
Mulderbush Limited	Ordinary	45.3%	100%	
My Home Group Limited	Ordinary	45.3%	100%	
Novel Ray Limited	Ordinary	45.3%	100%	
Omemee Group Limited	Ordinary	45.3%	100%	
Option Master Limited	Ordinary	45.3%	100%	
Orchid View Ventures Corp.	Ordinary	45.3%	100%	
Park Concept Group Limited	Ordinary	45.3%	100%	
Parko Star Ltd	Ordinary	45.3%	100%	
Parksea Investments Limited	Ordinary	45.3%	100%	
Peragore Limited	Ordinary	36.2%	80%	
Perfect Perform Industrial Limited	Ordinary	45.3%	100%	
Powick Holdings Limited	Ordinary	45.3%	100%	
Praiseland Enterprises Limited	Ordinary	45.3%	100%	
Prestige Land Limited	Ordinary	45.3%	100%	
Prime Day Enterprises Limited	Ordinary	45.3%	100%	
Prosperous Dynasty Limited	Ordinary	45.3%	100%	
Qi Wei Limited	Ordinary	45.3%	100%	
Qian Sheng Investments Limited	Ordinary	45.3%	100%	
Rainbow State Holdings Limited	Ordinary	45.3%	100%	
Ray Champ Limited	Ordinary	45.3%	100%	
Real Boom International Enterprises Ltd.	Ordinary	45.3%	100%	
Robust King Investments Limited	Ordinary	45.3%	100%	
Rosy North Limited	Ordinary	45.3%	100%	
Rui Jia Investments Limited	Ordinary	45.3%	100%	
Seaport Group Limited	Ordinary	45.3%	100%	
Sheen Boom Enterprises Limited	Ordinary	45.3%	100%	
Shine Power Co., Ltd.	Ordinary	45.3%	100%	
Sino Flagship Investments Limited	Ordinary	45.3%	100%	
Sinoease Enterprises Limited	Ordinary	45.3%	100%	
Skilful Technology Limited	Ordinary	45.3%	100%	
Sky Zoom Limited	Ordinary	45.3%	100%	
Smart Key Group Limited	Ordinary	45.3%	100%	
Sound Dragon Trading Co., Ltd.	Ordinary	45.3%	100%	
South Max Limited	Ordinary	45.3%	100%	
South Waves International Limited	Ordinary	45.3%	100%	
SPHI Holdings Limited	Ordinary	55.2%	100%	
Star Matrix Holdings Limited	Ordinary	45.3%	100%	
Sturrock Limited	Ordinary	45.3%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Success Ahead Ltd.	Ordinary	45.3%	100%	
Sunny Treasure Group Limited	Ordinary	45.3%	100%	
Super Achieve Limited	Ordinary	36.2%	100%	
Supreme Motors Limited	Ordinary	55.2%	100%	
Sustainable Capital Holdings Limited	Ordinary	55.2%	100%	
Swire and Island Communication Developments Limited	"A" Ordinary, "B" Ordinary and Non-voting Dividend Share	27.2%	60%	
Swire Coca-Cola (S&D) Limited	Ordinary	55.2%	100%	
Swire Coca-Cola Beverages Limited	Ordinary Class A & Ordinary Class B	55.2%	100%	
Swire Properties (Beijing) Limited	Ordinary	45.3%	100%	
Swire Properties (Chengdu) Limited	Ordinary	45.3%	100%	
Swire Properties (Guangzhou) Limited	Ordinary	45.3%	100%	
Swire Properties (Shanghai) Limited	Ordinary	45.3%	100%	
Swire Properties China Holdings Limited	Ordinary	45.3%	100%	
Swire Resources Overseas Limited	Ordinary	55.2%	100%	
Taikoo Motorcycle Limited	Ordinary	55.2%	100%	
Taikoo Motors Limited	Ordinary	55.2%	100%	
Team Trade Innovation Co., Limited	Ordinary	45.3%	100%	
Think Wonder Limited	Ordinary	45.3%	100%	
Tong Mu International Limited	Ordinary	45.3%	100%	
Top Roof Holdings Limited	Ordinary	45.3%	100%	
Triple Sight International Limited	Ordinary	45.3%	100%	
Ultra Shine Enterprises Ltd.	Ordinary	45.3%	100%	
Visual Technology Limited	Ordinary	45.3%	100%	
Wealthy Fame Limited	Ordinary	45.3%	100%	
Williamstown Limited	Ordinary	45.3%	100%	
Windcharm Investments Limited	Ordinary	36.2%	80%	
Wit Union Limited	Ordinary	45.3%	100%	
Wit Way Enterprises Limited	Ordinary	45.3%	100%	
Wo Lok International Limited	Ordinary	45.3%	100%	
Wonder Cruise Group Limited	Ordinary	45.3%	100%	
Xin Lei International Limited	Ordinary	45.3%	100%	
Xinke Limited	Ordinary	45.3%	100%	
Yue Ye Limited	Ordinary	45.3%	100%	

BRUNEI

Registered Office: Lot 4825, Simpang 350 X10, Jalan Maulana, Kuala Belait KA2931, Brunei Darussalam

Swire Bahagia (B) Sdn Bhd	Ordinary	55.2%	100%

CAMEROON

Registered Office: Vallée des Ministres, 1st Floor GICAM Building, Douala-Bonanjo, PO Box 15508, Cameroon

Swire Pacific Offshore Africa	Ordinary	55.2%	100%

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
CANADA				
Registered Office: 100 King Street West, Suite 6600, 1 First Canadian Place				
John Swire & Sons (Canada) Limited	Common Stock	100%	100%	Dormant
Registered Offices: Newfoundland and Labrador: McInnes Cooper, P.O. Box 5939, 5th Floor, 10 Fort William Place, St. John's, Newfoundland and Labrador, Canada A1C 5X4				
Swire Pacific Offshore Canada Limited	Common Stock	55.2%	100%	
CAYMAN ISLANDS				
Registered Office: Clifton House, 75 Fort Street, PO Box 1350GT, Grand Cayman, Cayman Islands				
Swire Pacific MTN Financing Limited	Ordinary	55.2%	100%	
Registered Office: The offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands				
Cell Energy Limited	Ordinary	55.2%	100%	In liquidation
CHINA				
Registered Office: 1 Weiyi Road, Luohe Economic and Technological Development Zone, Henan Province, China				
Swire Coca-Cola Beverages Luohe Limited	Registered Capital	52.1%	100%	
Registered Office: 1302-1303 HKRI Centre One, 288 Shi Men Road (No.1), Shanghai, China				
Shanghai Great Shine Management Consultancy Company Limited	Registered Capital	45.3%	100%	
Registered Office: 1318 Jinsha Avenue, Xiaolan Economic and Technological Development Zone, Nanchang County, Nanchang, Jiangxi Province, China				
Swire Coca-Cola Beverages Jiangxi Limited	Registered Capital	55.2%	100%	
Registered Office: 1355 Tongji Zhong Road, Xinmin Town, Tong'an District, Xiamen, China				
Xiamen Luquan Industries Company Limited	Registered Capital	55.2%	100%	
Registered Office: 155 Binhai Avenue, Xiuying District, Haikou, Hainan Province, China				
Swire Coca-Cola Beverages Hainan Limited	Registered Capital	55.2%	100%	
Registered Office: 18 West Chuangxin Road, Nanning, China				
Swire Coca-Cola Beverages Guangxi Limited	Registered Capital	55.2%	100%	
Registered Office: 20 Dailiao Road, East Gaoqi International Airport, Xiamen 361006, Fujian, China				
HAECO Component Overhaul (Xiamen) Limited	Registered Capital	55.2%	100%	
Taikoo (Xiamen) Aircraft Engineering Co., Ltd.	Registered Capital	34.6%	58.55%	
Registered Office: 26 Xinke'er Road, Jiangbei New Area, Nanjing, China				
Swire Coca-Cola Beverages Jiangsu Limited	Registered Capital	55.2%	100%	
Registered Office: 280 Gaoqi South 5th Road, Gaoqi International Airport, Xiamen 361006 Fujian, China				
Taikoo (Xiamen) Landing Gear Services Co., Ltd.	Registered Capital	49.9%	90.8%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Registered Office: Block 10 Zi Bian, 48 Xinye Road, Huangpu District, Guangzhou City, China				
Taikoo Sugar (China) Limited	Registered Capital	55.2%	100%	
Registered Office: 456 Zhongkai Avenue (Hui Huan Duan), Huizhou, Guangdong Province, China				
Swire Guangdong Coca-Cola (Huizhou) Limited	Registered Capital	34.8%	85.2%	
Registered Office: 555 Dingxiang Road, Binhai Industrial District, Wenzhou Economic and Technological Development Zone, Zhejiang Province, China				
Swire Coca-Cola Beverages Wenzhou Limited	Registered Capital	44.2%	92.9%	
Registered Office: 68 Kexue Avenue, Zhengzhou High & New Technology Industries Development Zone, China				
Swire Coca-Cola Beverages Zhengzhou Ltd.	Registered Capital	52.1%	94.4%	
Registered Office: 8 Lejin Road, Zhanjiang Economic & Technological Development Zone, China				
Swire Guangdong Coca-Cola Zhanjiang Limited	Registered Capital	55.2%	100%	
Registered Office: 99 Jinhu Road, Xiamen, China				
Swire Coca-Cola Beverages Xiamen Ltd.	Registered Capital	55.2%	100%	
Registered Office: 998 Huangpu Road East, Huangpu District, Guangzhou, Guangdong Province, China				
Swire Guangdong Coca-Cola Limited	Registered Capital	34.8%	62.96%	
Registered Office: B023 of Room 408, 4th Floor, Building No.1, No. 15 Guanghua Street, Chaoyang District, Beijing, China				
Beijing Great Well Consultancy Company Limited	Registered Capital	45.3%	100%	
Registered Office: B229 of Room 406, 4th Floor, Building No.1, No. 15 Guanghua Street, Chaoyang District, Beijing, China				
Beijing Tianlian Real Estate Company Limited	Registered Capital	45.3%	100%	
Registered Office: Block 1, No. 11 of Sanlitun Road, Chaoyang District, Beijing, China				
Beijing Sanlitun Hotel Management Company Limited	Registered Capital	45.3%	100%	
Registered Office: Building 1, No. 5 Jinyi Road, Jiulongpo District, Chongqing City, China				
Chongqing New Qinyuan Bakery Co., Ltd	Registered Capital	55.2%	100%	
Registered Office: Building 5, Area 6A, 539 Guiqiao Road, China (Shanghai) Pilot Free Trade Zone, China				
Swire Coca-Cola (China) Co., Ltd.	Registered Capital	55.2%	100%	Incorporated on 8 July 2019
Registered Office: Economic and Technological Development Area, Hefei, Anhui Province, China				
Swire Coca-Cola Beverages Hefei Ltd.	Registered Capital	55.2%	100%	
Registered Office: Lot A-2-10, Kunming New City Hi-Tech Industrial Base, Yunnan Province, China				
Swire Coca-Cola Beverages Yunnan Limited	Registered Capital	52.5%	95.1%	
Registered Office: No. 1 Taikoo Road, Quanzhou Export Processing Zone, Cizao, Jinjiang 362200, Fujian, China				
HAECO Composite Structures (Jinjiang) Co., Ltd.	Registered Capital	45.6%	84.1%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Registered Office: No. 1-12, 27/F, Block A, CR Plaza, 51 Xiejiawain Main Street, Jiulongpo District, Chongqing City, China				
Chongqing Qinyuan Catering Management Co., Ltd.	Registered Capital	55.2%	100%	
Chongqing Qinyuan Trading Company Limited	Registered Capital	55.2%	100%	
Registered Office: No. 130 with No. 238, Zhishannan Road, Damian Street, Longquanyi District, Chengdu City, Sichuan Province, China				
Chengdu Xin Qinyuan Trading Company Limited	Registered Capital	55.2%	100%	
Registered Office: No. 138 South Baiyun Road, Baiyun District, Guiyang City, Guizhou Province, China				
Guiyang Yuqinyuan Food Company Limited	Registered Capital	55.2%	100%	
Registered Office: No. 14, 1502 Luoshan Road, Pilot Free Trade Zone, Shanghai, China				
Reservoir Management Services (Shanghai) Company Limited	Registered Capital	55.2%	100%	
Registered Office: No. 18, 8th Avenue & 1-2 Floors, Block 3, No. 12, 11th Avenue, Hangzhou Economic & Technological Development Area, Zhejiang Province, China				
Swire Coca-Cola Beverages Zhejiang Limited	Registered Capital	44.2%	80%	
Registered Office: No. 2667, Section 3 Xihanggang Middle Avenue, Xihanggang Street, Shuangliu District, Chengdu City, China				
Chengdu Xin Qinyuan Food Company Limited	Registered Capital	55.2%	100%	
Registered Office: No. 269 Fuling Road, Chengdu Jiaolong Industrial Port Shuangliu Park, Chengdu, China				
Taikoo Sugar Chengdu Limited	Registered Capital	55.2%	100%	
Registered Office: No. 27-12 (Block A, CR Plaza) 51 Xiejiawan Main Street, Jiulongpo District, Chongqing City, China				
Swire Foods Trading (China) Limited	Registered Capital	55.2%	100%	
Registered Office: No. 3 Plant, 33 Jingxi Road, Jingxi Town, Minhou County, Fuzhou, Fujian Province, China				
Swire Coca-Cola Beverages Fuzhou Limited	Registered Capital	55.2%	100%	
Registered Office: No. 4, 27th Floor, CITIC Building, 19 Jianguomenwai Dajie, Chaoyang District, Beijing, China				
Swire BCD Co., Ltd.	Registered Capital	55.2%	100%	
Registered Office: No. 40 Southwestern Ethnic Food Square, Guanshanhu District, Guiyang City, Guizhou Province, China				
Guiyang Qinyuan Catering Management Co., Ltd.	Registered Capital	55.2%	100%	
Registered Office: No. 5 Gaoqi Nan 3 Road, Huli District, Xiamen 361006, PR China				
Taikoo Engine Services (Xiamen) Co., Ltd.	Registered Capital	42.7%	76.59%	
Registered Office: No 67 Fuhuo Street, Sitang Town, Sinan County, Tongren City, Guizhou Province, 565100, China				
James Finlay (Guizhou) Tea Co., Ltd.	Registered Capital	100%	100%	
Registered Office: Rm1403, 14/F., ONE INDIGO, 20 Jiuxianqiao Road, Chaoyang District, Beijing 100016, China				
Swire (Beijing) Management Consultancy Limited	Registered Capital	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Registered Office: Room 101, Building 2, No. 4255, Chuan Nanfeng Road, Zhuqiao Town, Pudong New Area, Shanghai, China				
Shanghai Taikoo Aircraft Engineering Services Co., Ltd.	Registered Capital	38.3%	75%	
Registered Office: 1801 - 1802 Baoxian Dasha, 68 Hubin Bei Lu, Xiamen, Fujian, 361012, China				
Xiamen James Finlay Trading Co. Limited	Registered Capital	100%	100%	
Registered Office: Room 201, No. 138 Dong Fang Dai Dao, Tianjin Port Free Trade Zone, Tianjin, China				
Tianjin Linxuan City Facilities Development Company Limited	Registered Capital	45.3%	100%	
Registered Office: Room 202, 2nd Floor, No.18, 8th Avenue, Hangzhou Economic & Technological Development Area, China				
Zhejiang Swire iTechnology Limited	Registered Capital	55.2%	100%	
Registered Office: Room 205, No. 138 Dong Fang Dai Dao, Tianjin Port Free Trade Zone, Tianjin, China				
Tianjin Linsong City Facilities Development Company Limited	Registered Capital	45.3%	100%	
Registered Office: Room 206, No. 138 Dong Fang Dai Dao, Tianjin Port Free Trade Zone, Tianjin, China				
Tianjin Liansong City Facilities Development Company Limited	Registered Capital	45.3%	100%	
Registered Office: Room 208, No. 138 Dong Fang Dai Dao, Tianjin Port Free Trade Zone, Tianjin, China				
Sunny Palace (Tianjin) City Facilities Development Company Limited	Registered Capital	45.3%	100%	
Registered Office: Room 209, No. 138 Dong Fang Dai Dao, Tianjin Port Free Trade Zone, Tianjin, China				
Pine Grace (Tianjin) City Facilities Development Company Limited	Registered Capital	45.3%	100%	
Registered Office: Room 404-53, No.63 Runan Street, Huangpu District, Shanghai City, China				
Nice Access (Shanghai) Trading Company Limited	Registered Capital	55.2%	100%	
Registered Office: Room 411P01, 373-383 Nansuzhou Road, Huangpu District, Shanghai City, China				
Chevon (Shanghai) Trading Company Limited	Registered Capital	46.9%	100%	
Registered Office: Room 411P02, 373-383 Nansuzhou Road, Huangpu District, Shanghai City, China				
Swire Resources (Shanghai) Trading Company Limited	Registered Capital	55.2%	100%	
Registered Office: Room 1711,China Shine Plaza, No.9 Lin He Xi Road, Tian He District, Guangzhou, 510610, China				
Taikoo Maritime Services (Guangdong) Ltd	Ordinary	100%	100%	
Registered Office: Section 2, 4/F Hanger II Annex Building, 20 Dai Liao Road, Xiamen Area Pilot Free Trade Zone, Fujian, China				
HAECO (Xiamen) Corporate Management Company Limited	Registered Capital	55.2%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Registered Office: Suite 1801, Taikoo Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou 510620, China				
Taikoo Hui (Guangzhou) Development Company Limited	Registered Capital	43.9%	97%	
Registered Office: Suite 1801C, Taikoo Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou, China				
Guangzhou Taikoo Hui Property Management Company Limited	Registered Capital	43.9%	100%	
Registered Office: Suite 1801D, Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou, China				
Sunshine Melody (Guangzhou) Properties Management Limited	Registered Capital	45.3%	100%	
Registered Office: Unit 03, 53/F, XinXing Square, ShenNan Dong Road, Guiyuan Street, Luohu District, Shenzhen City, China				
Shenzhen Honour Automobiles Limited	Registered Capital	55.2%	100%	In member's voluntary liquidation
Registered Office: Unit 1, 5th Floor, Tower 1, No. 199 Lower Dongda Street, Jin Jiang District, Chengdu, PRC 610021				
	Registered Capital	45.3%	100%	
Registered Office: Unit 1312, HKRI Centre One, HKRI Taikoo Hui, 288 Shi Men Yi Road, Shanghai, China				
The China Navigation Company (China) Limited	Registered Capital	100%	100%	Incorporated on 1 February 2019
Registered Office: Unit N2-40, 4th Floor, Tower 2, No. 11 Sanlitun Road, Chaoyang District, Beijing, China				
Beijing Sanlitun North Property Management Company Limited	Registered Capital	45.3%	100%	
Registered Office: Unit N2-41, 4th Floor, Tower 2, No. 11 Sanlitun Road, Chaoyang District, Beijing, China				
Beijing Sanlitun South Property Management Company Limited	Registered Capital	45.3%	100%	
Registered Office: Unit W7-1, 7th Floor, No. 58 Gongtibei Road, Chaoyang District, Beijing				
Beijing Anye Property Management Company Limited	Registered Capital	45.3%	100%	
Registered Office: Units 1401-1402 and 1406-1408, 14th Floor, 20 Jiuxianqiao Road, Chaoyang District, Beijing, China				
Swire Properties (China) Investment Company Limited	Registered Capital	45.3%	100%	
Registered Office: Wuhan Economic & Technological Development Zone, Wuhan, China				
Swire Coca-Cola Beverages Hubei Limited	Registered Capital	52.9%	95.80%	
COOK ISLANDS				
Registered Office: Portcullis (Cook Islands) Ltd, T & F Chambers, Main Road, Rarotonga, Cook Islands				
Vincent Limited	Ordinary	45.27%	100%	
CYPRUS				
Registered Office: Kennedy, 23, Globe House, Floor 4, 1075 Nicosia, Cyprus				
Swire Pacific Offshore (Cyprus) Limited	Ordinary	55.2%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Registered Office: Olympion, 25, Omiros & Araouzos Tower, Floor 4, Limassol, 3035, Cyprus				
Atlantic Sky Shipping Company Limited	Ordinary	100%	100%	
Tasman Orient Line (Cyprus) Limited	Ordinary	100%	100%	
DENMARK				
Registered Office: Fairway House, Arne Jacobsens Allé 7, 7th floor, DK-2300, Copenhagen S, Denmark				
Orange Rederiet ApS	Ordinary	55.2%	100%	
Swire Blue Ocean A/S	Ordinary	55.2%	100%	
FIJI				
Registered Office: Lot 1 Foster Road, Walubay Suva, P.O. Box 15832, Suva Fiji				
Pacific Agencies (Fiji) Limited	Ordinary	66.7%	100%	
HONG KONG				
Registered Office: 21/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong				
Newmainco Limited	Ordinary	45.3%	100%	
Registered Office: 2601 Universal Trade Centre, 3-5a Arbuthnot Road, Central, Hong Kong				
Finlay Tea Solutions (Hong Kong) Limited	Ordinary	100%	100%	
Registered Office: 33/F, One Pacific Place, 88 Queensway, Hong Kong				
Taikoo Maritime Services Limited	Ordinary	100%	100%	
Registered Office: 33rd Floor, One Pacific Place, 88 Queensway, Hong Kong				
2A Seymour (Management) Limited	Ordinary	45.3%	100%	
53 Stubbs Road (Management) Limited	Ordinary	45.3%	100%	
53 Stubbs Road Development Co. Limited	Ordinary	45.3%	100%	
Abbey Head Company Limited	Ordinary	45.3%	100%	
Alassio (Management) Limited	Ordinary	45.3%	100%	
Aldeburgh Limited	Ordinary	55.2%	100%	
Aldrich Bay Developments Limited	Ordinary	45.3%	100%	
Aldrich Bay East Limited	Ordinary	45.3%	100%	
Arezzo (Management) Limited	Ordinary	45.3%	100%	
Argenta (Management) Limited	Ordinary	45.3%	100%	
Bel Air Motors Limited	Ordinary	55.2%	100%	
Beldare Motors Limited	Ordinary	55.2%	100%	
Boomfit Company Limited	Ordinary	45.3%	100%	
Braemar West Limited	Ordinary	45.3%	100%	
Brickell Land Limited	Ordinary	45.3%	100%	
Brickell Property Limited	Ordinary	45.3%	100%	
Cannon Trustees Limited	Ordinary	100%	100%	
Canterbury Holdings Limited	Ordinary	100%	100%	
Cathay Limited	Ordinary	45.3%	100%	
Chance Ascent Limited	Ordinary	45.3%	100%	
Charm Sight Limited	Ordinary	45.3%	100%	
Chevon (Hong Kong) Limited	Ordinary	46.9%	100%	
Chevon Asia Pacific Limited	Ordinary	46.9%	100%	
Chevon Holdings Limited	Ordinary	46.9%	85%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
China Ace Group Limited	Ordinary	45.3%	100%	
Chun Kwong Group Limited	Ordinary	45.3%	100%	
Citi-Fame Development Limited	Ordinary	45.3%	100%	
Citiluck Development Limited	Ordinary	45.3%	100%	
City West Investment Limited	Ordinary	45.3%	100%	
Cityplaza Holdings Limited	Ordinary	45.3%	100%	
Cityplaza Three (Management) Limited	Ordinary	45.3%	100%	
Collingrove Nominees Limited	Ordinary	100%	100%	
Colour Asset Limited	Ordinary	45.3%	100%	
Consolidated Properties and Stores Limited	Ordinary	45.3%	100%	
Coventry Estates Limited	Ordinary	45.3%	100%	
Crossfield Investment Limited	Ordinary	45.3%	100%	
Deli Holdings Limited	Ordinary	55.2%	100%	
DP Marketing Limited	Ordinary	55.2%	100%	Dormant
Dunbar Place (Management) Limited	Ordinary	45.3%	100%	
Elegant Ocean Limited	Ordinary	45.3%	100%	
Elham Limited	Ordinary	100%	100%	
Emmeno Limited	Ordinary	45.3%	100%	
Ethos International Limited	Ordinary	100%	100%	
Excel Channel Limited	Ordinary	45.3%	100%	
Excel Marketing Limited	Ordinary	55.2%	100%	
Fortune Mate Development Limited	Ordinary	45.3%	100%	
Glory Progress Limited	Ordinary	55.2%	100%	
Good2me Limited	Ordinary	45.3%	100%	Dormant
Great Ascend Limited	Ordinary	45.3%	100%	
Great Well Development Limited	Ordinary	45.3%	100%	
Green Day Properties Limited	Ordinary	100%	100%	
HAECO ITM Limited	Ordinary	46.1%	70%	
Harbour Heights (Management) Limited	Ordinary	45.3%	100%	
Hilton Holdings Limited	Ordinary	100%	100%	
Hong Kong Aircraft Engineering Company Limited	Ordinary	55.2%	100%	
Hong Kong Island Limited	Ordinary	45.3%	100%	
International Automobiles Limited	Ordinary	55.2%	100%	
International Trader Limited	Ordinary	39.6%	100%	
Island Delight Limited	Ordinary	39.6%	100%	
Island Land (Management) Limited	Ordinary	45.3%	100%	
Island Lodge (Management) Limited	Ordinary	45.3%	100%	
Island Place (Management) Limited	Ordinary	45.3%	100%	
John Swire & Sons (H.K.) Limited	Ordinary	100%	100%	
Joyful Sincere Limited	Ordinary	36.2%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Keen Well Holdings Limited	Ordinary	36.2%	100%	
Kornhill Developments Limited	Ordinary	45.3%	100%	Dormant
Land Treasure Limited	Ordinary	45.3%	100%	
Lantau Development Limited	Ordinary	45.3%	100%	
Lei King Wan (Management) Limited	Ordinary	45.3%	100%	
Les Saisons (Management) Limited	Ordinary	45.3%	100%	
Liberty Limited	Ordinary	55.2%	100%	
Liberty Motors Limited	Ordinary	55.2%	100%	
Linkage Power Limited	Ordinary	45.3%	100%	
Longyan Investment Limited	Ordinary	45.3%	100%	
Marathon Sports Limited	Ordinary	55.2%	100%	Dormant
Massrich Investment Limited	Ordinary	45.3%	100%	
Modern Hong Kong Limited	Ordinary	45.3%	100%	
Mount Limited	Ordinary	55.2%	100%	
Mount Parker Residences (Management) Limited	Ordinary	45.3%	100%	
Multi-Nice Limited	Ordinary	55.2%	100%	
Nice Access Limited	Ordinary	55.2%	100%	
One Queen's Road East Limited	Ordinary	45.3%	100%	
Pacific Place Holdings Limited	Ordinary	45.3%	100%	
Pine Grace Limited	Ordinary	45.3%	100%	
Quarry Bay Developments Limited	Ordinary	45.3%	100%	
Redhill Properties Limited	Ordinary	45.3%	100%	
Regis Crystal Limited	Ordinary	45.3%	100%	
Rise Merit Limited	Ordinary	55.2%	100%	
Robinson Place (Management) Limited	Ordinary	45.3%	100%	
Ronhill Limited	Ordinary	100%	100%	Dormant
Sales Honour Limited	Ordinary	100%	100%	Dormant
SCCH Limited	Ordinary	55.2%	100%	
Shrewsbury Holdings Limited	Ordinary	100%	100%	
Sky Treasure Limited	Ordinary	45.3%	100%	
South Shine Investments Limited	Ordinary	36.2%	100%	
Star Street (Management) Limited	Ordinary	45.3%	100%	
StarCrest (Management) Limited	Ordinary	45.3%	100%	
Sunny High Limited	Ordinary	45.3%	100%	
Sunny Palace Limited	Ordinary	45.3%	100%	
Sunshine Melody Limited	Ordinary	45.3%	100%	
Super Gear Investment Limited	Ordinary	45.3%	100%	
Super Honour Management Services Limited	Ordinary	55.2%	100%	Dormant
Swire Bakery Limited	Ordinary	55.2%	100%	
Swire Beverages Holdings Limited	Ordinary	55.2%	100%	
Swire Brands Limited	Ordinary	55.2%	100%	
Swire Coca-Cola HK Limited	Ordinary	55.2%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Swire Coca-Cola Limited (formerly known as Swire Beverages Limited)	Ordinary	55.2%	100%	Name changed on 25 March 2019
Swire Duro Limited	Ordinary	55.2%	100%	Dormant
Swire Environmental Services Limited	Ordinary	55.2%	100%	
Swire Finance Limited	Ordinary	55.2%	100%	
Swire Foods Holdings Limited	Ordinary	55.2%	100%	
Swire Homes Management Limited	Ordinary	45.3%	100%	
Swire Industrial Limited	Ordinary	55.2%	100%	
Swire International School Limited	Limited by Guarantee	100%	100%	
Swire MP Foods Limited	Ordinary	33.1%	60%	Dormant
Swire Organisation for Youth Arts Limited	Limited by Guarantee	45.3%	100%	
Swire Pacific Limited	Ordinary Class A, Ordinary Class B	55.2%	55.2%	
Swire Pacific MTN Financing (HK) Limited	Ordinary	55.2%	100%	Incorporated on 19 March 2019
Swire Pacific Ship Management Limited	Ordinary	55.2%	100%	
Swire Properties (Finance) Limited	Ordinary	45.3%	100%	
Swire Properties European Holdings Limited	Ordinary	45.3%	100%	
Swire Properties Hotel Holdings Limited	Ordinary	45.3%	100%	
Swire Properties Hotel Management Limited	Ordinary	45.3%	100%	
Swire Properties Hotel Services Limited	Ordinary	45.3%	100%	
Swire Properties Investments Limited	Ordinary	45.3%	100%	
Swire Properties Limited	Ordinary	45.3%	82%	
Swire Properties Management Limited	Ordinary	45.3%	100%	
Swire Properties MTN Financing Limited	Ordinary	45.3%	100%	
Swire Properties Projects Limited	Ordinary	45.3%	100%	
Swire Properties Real Estate Agency Limited	Ordinary	45.3%	100%	
Swire Properties Services Limited	Ordinary	45.3%	100%	Dormant
Swire Properties Technical Services Limited	Ordinary	45.3%	100%	
Swire Properties UK Holdings Limited	Ordinary	45.3%	100%	
Swire Recycling Limited	Ordinary	55.2%	100%	Incorporated on 11 June 2019
Swire Resources Limited	Ordinary	55.2%	100%	
Swire Schools Sponsoring Body limited	Limited by Guarantee	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Swire Sirius (Stage III) Limited	Ordinary	45.3%	100%	
Swire Trading Limited	Ordinary	55.2%	100%	
Taikoo Commercial Vehicles Limited	Ordinary	55.2%	100%	
Taikoo Energy Limited	Ordinary	100%	100%	
Tai-Koo Limited	Ordinary	100%	100%	
Taikoo Place Holdings Limited	Ordinary	45.3%	100%	
Taikoo Properties (1973) Limited	Ordinary	45.3%	100%	
Taikoo Shing (Management) Limited	Ordinary	45.3%	100%	
Taikoo Sportswear Limited	Ordinary	55.2%	100%	Dormant
Taikoo Sugar Limited	Ordinary	55.2%	100%	
The Floridian (Management) Limited	Ordinary	45.3%	100%	
Tong Chong Residences (Management) Limited	Ordinary	45.3%	100%	Dormant
Top Noble Limited	Ordinary	55.2%	100%	
United Hill Limited	Ordinary	45.3%	100%	
United Sheen Limited	Ordinary	55.2%	100%	
Vere Nominees Limited	Ordinary	100%	100%	
Waltham Limited	Ordinary	100%	100%	
Wello Enterprises Limited	Ordinary	55.2%	100%	
Westlands Court (Management) Limited	Ordinary	45.3%	100%	
Westlands Estates Limited	Ordinary	45.3%	100%	
Whitesands (Management) Limited	Ordinary	45.3%	100%	
Wisdom Crown Limited	Ordinary	45.3%	100%	
Yuntung Motors Limited	Ordinary	55.2%	100%	
Zarrinbad Limited	Ordinary	45.3%	100%	
Registered Office: Room 1307-8, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong				
Alpha Sky Management Company Limited	Ordinary	45.3%	100%	
Chinaway International (HK) Limited	Ordinary	45.3%	100%	
Grandway Management Limited	Ordinary	45.3%	100%	
Lucky Pearl Investments Limited	Ordinary	45.3%	100%	
Renown Limited	Ordinary	45.3%	100%	
Surf Wide Investments Limited	Ordinary	45.3%	100%	

HUNGARY

Registered Office: HU-1138 Budapest, Népfürdő utca 22., Building B, 13th Floor, Hungary

HAECO Capital Management Limited Liability Company	Registered Capital and Capital Reserve	55.2%	100%	
SPHI Capital Management Limited Liability Company	Registered Capital	55.2%	100%	
Swire Properties Capital Management Limited Liability Company	Registered Capital	45.3%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
INDIA				
Registered Office: 105 Mahinder Chambers, Waman Tukaram Patil Marg, Chembur, Mumbai 400071, India				
Swire Oilfield Services India Private Limited	Equity	100%	100%	Year end 31 March
Registered Office: Cowrks Residency Road, No: 135/1, Purva Premiere, Residency Rd, Ward No 76, Bangalore, Karnataka, India				
China Navigation Digital Centre (India) Pvt Ltd	Ordinary	100%	100%	Incorporated on 11 April 2019
ISLE OF MAN				
Registered Office: Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man				
Spaciom Limited	Ordinary	55.2%	100%	
Cicero Insurance Limited	Ordinary	100%	100%	
Croesus Holdings Limited	Ordinary	72%	100%	
Croesus re PCC Limited	Ordinary	72%	100%	
JERSEY				
Registered Office: Havard House, 5-7 Great Union Road, St Helier, Jersey, JE2 3YA				
John Swire & Sons (Jersey) Limited	Ordinary	100%	100%	
KENYA				
Registered Office: 2nd Floor, Apollo Centre, Ring Road, Parklands, Westlands, PO Box 764-00400, Nairobi, Kenya				
Swire Oilfield Services (Kenya)	Ordinary	100%	100%	Dormant
Registered Office: LR No. Mombasa/Block1/362, Mashundu Street, PO Box 84619-80100, Mombasa, Kenya				
James Finlay Mombasa LImited	Ordinary	100%	100%	
LIBERIA				
Registered Office: 80 Broad Street, Monrovia, Liberia				
Gentry Investment Limited	Registered shares	55.2%	100%	
MACAU				
Registered Office: Travessa do Paralelo, No.1, Edf. Comercial Seng Cheong, 2 andar, Macau				
Swire Resources (Macau) Limited	Paid Up Registered Capital	55.20%	100%	
MALAWI				
Registered Office: Nunes Building, Ground Floor, Off Masauko Chipembere Highway, P.O.Box 51387, Limbe, Malawi, Central Africa				
James Finlay (Blantyre) Limited	Ordinary	100%	100%	
MALAYSIA				
Registered Office: 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia				
Auto Commerz Sdn. Bhd.	Ordinary	55.2%	100%	
Swire Motors Sales and Services Sdn. Bhd.	Ordinary	55.2%	100%	
Registered Office: Tiara Labuan, Jalan Tanjung Batu, 87000 F.T. Labuan, Malaysia				
Swire Oilfield Services Malaysia Limited	Ordinary	100%	100%	
NETHERLANDS				
Registered Office: Hornweg 61, 1044AN Amsterdam, Netherlands				
Argent Energy Netherlands B.V.	Ordinary	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Argent Energy Netherlands Holding B.V.	Ordinary	100%	100%	
Argent Energy Netherlands Office B.V.	Ordinary	100%	100%	
Argent Energy Netherlands Real Estate B.V.	Ordinary	100%	100%	
Biodiesel Argent B.V.	Ordinary	100%	100%	
PTP Argent B.V.	Ordinary	100%	100%	Incorporated on 24 April 2019
PTP Argent Real Estate B.V.	Ordinary	100%	100%	
Tank Storage Argent B.V.	Ordinary	100%	100%	
NEW CALEDONIA				
Registered Office: 22 Avenue James Cook, BP 97 98845, Noumea, New Caledonia				
Swire Shipping Agencies SAS	Ordinary	60%	60%	
NEW ZEALAND				
Registered Office: 68-106 Paritutu Road, New Plymouth, New Zealand				
Swire Pacific Offshore NZ Limited	Ordinary	55.2%	100%	
Registered Office: Level 14, 151 Queen Street, Auckland 1010, New Zealand				
Cubic Transport Services Limited	Ordinary	40%	60%	
Quadrant Pacific Agencies Limited	Ordinary	66.7%	100%	
Quadrant Pacific Limited	Ordinary	66.7%	66.7%	
The China Navigation Company N.Z. Limited	Ordinary	100%	100%	
NIGERIA				
Registered Office: Plot 280, Ajose Adeogun Street, Victoria Island, Lagos, Nigeria				
Swire Oilfield Services (Nigeria) Ltd	Ordinary	49%	49%	Deemed as subsidiary in accordance with agreement attributing control
Swire Oilfield Services (West Africa) Limited	Ordinary	80%	80%	
NORWAY				
Registered Office: NorSea Base, 4056 Tananger, Norway				
Swire Oilfield Services AS	Ordinary	100%	100%	
Registered Office: Sandviksbodene 66, 5035 Bergen, Norway				
Swire Seabed AS	Ordinary	55.2%	100%	
Swire Seabed Sea AS	Ordinary	55.2%	100%	In liquidation
Swire Seabed Shipping AS	Ordinary	55.2%	100%	
Swire Seabed Subsea AS	Ordinary	55.2%	100%	In liquidation
PANAMA				
Registered Office: Bloc Office Hub, Fifth Floor, Santa Maria Business District, Panama, Republic of Panama				
Gallivat Corporation	Common nominative shares	55.2%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
PAPUA NEW GUINEA				
Registered Office: C/- Swire Shipping, Level 1, Enb Haus, Harbour City, Port Moresby, National Capital District, Papua New Guinea				
New Guinea Australia Line Limited	Ordinary	100%	100%	
Registered Office: Level 5, Harbourside West, Stanley Esplande, Portions 771 & 1158, Granville, Port Moresby, NCD, Papua New Guinea				
Amalgamated Telecon Holdings (PNG) Limited	Ordinary	72%	100%	Amalgamated with Steamships Trading Company 30 June 2019
Consort Express Lines Limited	Ordinary	50.7%	70%	Amalgamated with Steamships Ltd 31 December 2019
Consort Investments Limited	Ordinary	50.7%	100%	Amalgamated with Steamships Ltd 31 December 2019
Croesus Limited	Ordinary	72%	100%	
John Swire & Sons (P.N.G.) Limited	Ordinary	100%	100%	In liquidation
Kavieng Port Services Limited	Ordinary	43.2%	60%	
Kiunga Stevedoring Company Ltd	Ordinary	72%	100%	
Lae Port Services Limited	Ordinary	37.1%	51.5%	In liquidation
Madang Port Services Limited	Ordinary	43.2%	60%	
Morobe Terminals Limited	Ordinary	36%	50%	In liquidation
Motukea United Limited	Ordinary	46.22%	64%	
New Britain Shipping Limited	Ordinary	36%	50%	Deemed a subsidiary, consolidated by virtue of control
Oro Stevedoring Limited	Ordinary	72%	100%	
Pacific Towing (PNG) Limited	Ordinary	72%	100%	
Palm Stevedoring & Transport Limited	Ordinary	48%	66.7%	
Port Services P.N.G Limited	Ordinary	39%	54.1%	In liquidation
Steamships Ltd	Ordinary	72%	100%	
Steamships Trading Company Limited	Ordinary	72%	72%	
United Stevedoring Limited	Ordinary	72%	100%	
Windward Apartments Limited	Ordinary	72%	100%	
QATAR				
Registered Office: C/o TMF Group Services LLC, Office 1422, 14th Floor, Al Fardan Office Tower, West Bay, Doha, Qatar				
Swire Oilfield Services QFC LLC	Ordinary	100%	100%	Incorporated on 28 November 2019
THE REPUBLIC OF IRELAND				
Registered Office: 8th Floor Block E, Iveagh Court, Harcourt Road, Dublin 2, The Republic of Ireland				
Finrunner Limited	Ordinary	100%	100%	In liquidation
REPUBLIC OF SINGAPORE				
Registered Office: 112 Robinson Road, #15-01, Robinson 112, 068902, Singapore				
Swire Oilfield Services Pte Ltd	Ordinary	100%	100%	
Registered Office: 300 Beach Road, #15-01 Concourse, Singapore, 199555, Singapore				
Celestial Fortune Pte. Ltd.	Ordinary	45.27%	100%	
Dromond Shipping Pte Limited	Ordinary	55.2%	100%	
John Swire & Sons (S.E. Asia) Pte. Limited	Ordinary	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Swire Emergency Response Services Pte. Ltd.	Ordinary	55.2%	100%	
Swire Pacific Offshore Operations (Pte) Limited	Ordinary / Preference	55.2%	100% / 100%	
Swire Pacific Offshore Services (Pte) Limited	Ordinary	55.2%	100%	
Swire Production Solutions Pte. Limited	Ordinary	55.2%	100%	
Swire Properties Pte. Ltd.	Ordinary	45.3%	100%	
Swire Salvage Pte. Ltd.	Ordinary	55.2%	100%	
Win Fortune Pte. Limited	Ordinary	45.3%	100%	
Registered Office: 300 Beach Road, #27-01, The Concourse, 199555, Singapore				
The China Navigation Company Pte. Ltd.	Ordinary	100%	100%	
Registered Office: 80 Robinson Road, #02-00, 068898, Singapore				
Castlemaine Pte Ltd	Ordinary	72.1%	100%	
Registered Office: One Marina Boulevard #28-00, 018989, Singapore				
Singapore HAECO Pte. Limited	Ordinary	55.2%	100%	In liquidation
SOLOMON ISLANDS				
Registered Office: C/- Morris & Sojnocki, 1st Floor City Centre Building, Mendana Avenue, Honiara, Solomon Islands				
Pacific Towing SI Limited	Ordinary	72%	100%	
Travel Industry Services Limited	Ordinary	69%	100%	
Biao Yi Limited	Ordinary	55.2%	100%	
Registered Office: C/o Morris and Sojnocki, Level 2 City Centre Building, Mendana Ave, Honiara City, Solomon Islands				
G.T.S. Limited	Ordinary	69%	69%	
Tradco Shipping Limited	Ordinary	83.3%	83.3%	
SRI LANKA				
Registered Office: 95A, Nambapana, Ingiriya, Sri Lanka				
Hapugastenne Plantations plc	Ordinary	90%	90%	
James Finlay Plantation Holdings (Lanka) Limited	Ordinary	100%	100%	
Newburgh Green Teas (Pvt) Limited	Ordinary	48%	54%	
Udapussellawa Plantations plc	Ordinary	90%	90%	
Registered Office: Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka				
Finlay Airline Agencies (Pvt) Limited	Ordinary	100%	100%	Dormant
Finlay Instant Teas (Pvt) Limited	Ordinary	100%	100%	
Finlay Plantation Management (Pvt) Limited	Ordinary	100%	100%	Dormant
Finlay Properties (Pvt) Limited	Ordinary	100%	100%	
Finlay Tea Solutions Colombo (Pvt) Ltd	Ordinary	100%	100%	
Finlay Teas (Pvt) Limited	Ordinary	100%	100%	
Finlays Colombo Limited	Ordinary	100%	100%	
Finlays Tea Estates Lanka (Pvt) Limited	Ordinary	100%	100%	Dormant
TAIWAN				
Registered Office: 5 F No. 297, Heping East Road, Section 2, Taipei 10670, Taiwan, R.O.C.				
Swire Shipping Agencies (Taiwan) Ltd	Ordinary	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
TRINIDAD & TOBAGO				
Registered Office: C/O PwC, 11-13 Victoria Avenue, Port of Spain, Trinidad & Tobago				
Swire Oilfield Services Trinidad & Tobago Limited	Ordinary	100%	100%	
UNITED ARAB EMIRATES				
Registered Office: 1st Floor Sales Office, The Kanoo Group, Plot No.26A, Esnaad Compound, Mussafah, Abu Dhabi, UAE				
Swire Oilfield Middle East Petroleum Equipment & Services LLC	Ordinary	49%	49%	Deemed as subsidiary in accordance with agreement attributing control
Registered Office: Dubai Tea Trading Center, Plot No. S10814, Office 24, 28-30, Jebel Ali Free Zone—South, Dubai, PO BOX 17016, UAE				
James Finlay (ME) DMCC	Ordinary	100%	100%	
UNITED KINGDOM				
Registered Office: 236-240 Biggar Road, Newarthill, Motherwell, ML1 5FA, Scotland				
Argent Energy Group Limited	Ordinary	100%	100%	
Argent Energy (UK) Limited	Ordinary	100%	100%	
Argent Oils (UK) Limited	Ordinary	100%	100%	
Registered Office: 60 Lime Street, Hull, HU8 7AF, United Kingdom				
Finlay Hull Limited	Ordinary	100%	100%	
Registered Office: Elmsall Way, South Elmsall, Pontefract, West Yorkshire, WF9 2XS, United Kingdom				
Finlay Beverages Limited	Ordinary	100%	100%	
Registered Office: Hays Galleria 1, Hays Lane London, SE1, 2RD, United Kingdom				
Swire Pacific Offshore (North Sea) Limited	Ordinary	55.2%	100%	
Registered Office: Swire House, 59 Buckingham Gate, London, SW1E 6AJ, United Kingdom				
Argent Energy Holdings Limited	Ordinary	100%	100%	
Argent Energy Limited	Ordinary	100%	100%	
Argent Energy Properties Limited	Ordinary	100%	100%	
Argent Oil Terminal Limited	Ordinary	100%	100%	
China Navigation Company Limited(The)	Ordinary	100%	100%	
Finlay Coffee Limited	Ordinary	100%	100%	
Finlay Extracts & Ingredients UK Limited	Ordinary	100%	100%	
Finlay Group Limited	Ordinary	100%	100%	
Finlay Tea Solutions UK Limited	Ordinary	100%	100%	
Furness Withy Limited	Ordinary	100%	100%	Incorporated on 20 September 2019
James Finlay International Holdings Limited	Ordinary	100%	100%	
John Swire & Sons (58BG) Limited	Ordinary	100%	100%	
John Swire & Sons (China) Limited	Ordinary	100%	100%	
John Swire & Sons (FHC) Limited	Ordinary	100%	100%	
John Swire & Sons (Finance) Limited	Ordinary	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
John Swire & Sons (Green Investments) Limited	Ordinary	100%	100%	
John Swire & Sons Overseas Limited	Ordinary	100%	100%	
John Swire & Sons (USPP) Limited	Ordinary	100%	100%	
JS&S (PNG) Limited	Ordinary	100%	100%	Incorporated on 15 July 2019
Monument Containers Limited	Ordinary	100%	100%	
Scotts' of Greenock Limited	Ordinary	100%	100%	Dormant
Swire Investments (Australia) Limited	Ordinary	100%	100%	
Swire Oilfield Services (Holdings) Limited	Ordinary	100%	100%	
Swire Oilfield Services Limited	Ordinary	100%	100%	
Swire Shipping Limited	Ordinary	100%	100%	
Taikoo Limited	Ordinary	100%	100%	
Tasman Orient Line (U.K.) Limited	Ordinary	100%	100%	
Registered Office: Swire House, Souter Head Road, Altens, Aberdeen, AB12 3LF, Scotland				
Gordon Engineering Services Aberdeen Limited	Ordinary	100%	100%	
James Finlay (Kenya) Limited	Ordinary	100%	100%	
James Finlay Corporation Limited	Ordinary	100%	100%	
James Finlay International (U.K.) Limited	Ordinary	100%	100%	
James Finlay Limited	Ordinary	100%	100%	
UNITED STATES OF AMERICA				
Registered Office: 15 Emery Street, Bethlehem, Pennsylvania 18018, United States of America				
United States Cold Storage, LLC	Membership Interest	100%	100%	
Registered Office: 1667 Wiemann Road, Houma, Louisiana 70363, United States of America				
Swire Oilfield Services LLC	Membership Interest	100%	100%	
Registered Office: 206 E. 9th St Ste 1300, Austin, TX, 78701-4411 United States of America				
Swire Pacific Offshore Americas LLC	Membership interest	55%	100%	
Registered Office: 251 Little Falls Drive, Wilmington, Delaware 19808, United States of America				
Mile High Coca-Cola Production LLC	Membership Interest	55%	100%	
Western Washington Coca-Cola Bottling LLC	Membership Interest	55%	100%	
Registered Office: 2225 N Cockrell Hill Road, Dallas, TX 75212, United States of America				
United States Cold Storage, LP	Partnership Interest	100%	100%	
Registered Office: 2525 East North Avenue Fresco, CA 93725, United States of America				
United States Cold Storage of California	Common Stock	100%	100%	
Registered Office: 2711 Centerville Road, Suite 400, Wilmington DE 19808, United States of America				
Finlay Extracts & Ingredients USA, Inc.	Common Stock	100%	100%	
James Finlay International Inc	Common Stock	100%	100%	
Registered Office: 419 Milford-Harrington Road, Milford, DE, 19963, United States of America				
John Swire & Sons, Inc.	Common Stock	100%	100%	
JS & S Holdings, Inc.	Common Stock	100%	100%	
USCS Holdings G, Inc.	Common Stock	100%	100%	
USCS Holdings L, Inc.	Common Stock	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
Registered Office: 711 Capitol Way S Ste 204, Olympia, Washington, 98501, United States of America				
Blue Mountain Vending, Inc.	Common	55%	100%	
Registered Office: 790, Komas Drive, Salt Lake City, UT 84108, United States of America				
Purestream Services, LLC	Membership Interest	100%	100%	
Registered Office: 7015 Fairgrounds Parkway, San Antonio TX 78238, United States of America				
Aspen Enterprises, Ltd	Common Stock	100%	100%	
Aspen Management Company, LLC	Membership Units	100%	100%	
Registered Office: 899 Northgate Drive, Suite 200, San Rafael, CA 94903, United States of America				
The China Navigation Company US LLC	Membership Interest	100%	100%	
Registered Office: c/o RL&F Service Corp, 920 North King Street, 2nd Floor, Wilmington, Delaware, DE 19801, United States of America				
Swire Oilfield Services (U.S.) Holdings LLC	Membership Interest	100%	100%	
Registered Office: C T Corporation System, 150 Fayetteville Street, Box 1011, Raleigh, North Carolina 27601, United States of America				
HAECO Americas Line Services, LLC	N/A	55%	100%	
HAECO Cabin Solutions, LLC	N/A	55%	100%	Formerly known as TIMCO Aerosystems, LLC
HAECO Special Services, LLC	N/A	55%	100%	
Registered Office: C T Corporation System, 818 West 7th Street, Los Angeles, California 90017, United States of America				
Brice Manufacturing Company, LLC	N/A	55%	100%	Formerly known as Brice Manufacturing Company, Inc.
Registered Office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States of America				
HAECO Airframe Services, LLC	N/A	55%	100%	Formerly known as HAECO Airframe Services, Inc.
HAECO Americas, LLC	N/A	55%	100%	Formerly known as HAECO Americas, Inc.
HAECO USA Holdings, LLC	N/A	55%	100%	Formerly known as HAECO USA Holdings, Inc.
Mile High Coca-Cola, LLC	Membership Interest	55%	100%	
Swire Pacific Holdings Inc.	Common	55%	100%	
TES Staffing, LLC formerly known as TES Staffing, Inc.	N/A	55%	100%	Formerly known as HAECO USA Holdings, Inc
Registered Office: Ferry Terminal Building, 2 Aquarium Drive, Suite 400, Camden, NJ 08103, United States of America				
ColdVision, Inc.	Common Stock	100%	100%	Incorporated on 7 May 2019
United States Cold Storage, Inc.,	Common Stock	100%	100%	
USCS Logistics, LLC	Membership Interest	100%	100%	
USCS Transport, Inc.	Common Stock	100%	100%	
Registered Office: PO Box 303, Milford, DE 9963, United States of America				
Cold Storage Financing Corporation	Common Stock	100%	100%	
Registered Office: Suite 601, Three Brickell City Centre, 98 S.E. 7th Street, Miami, Florida 33131, United States of America				
158 SW 7 Street General LLC	Membership interest	45%	100%	
158 SW 7 Street Holdco LP	Partnership interest	45%	100%	
158 SW 7 Street, LLC	Membership interest	45%	100%	
700 Brickell City Centre LLC	Membership interest	45%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the Group	Percentage held by subsidiary	Items to Note
BCC Facilities Manager LLC	Membership interest	45%	100%	
BCC Hospitality Services LLC	Membership interest	45%	100%	
BCC Hotel LLC	Membership interest	45%	100%	
BCC Hotel Management Services LLC	Membership interest	45%	100%	
BCC North Residential LLC	Membership interest	45%	100%	
BCC North SCU LLC	Membership interest	45%	100%	
BCC North Squared LLC	Membership interest	45%	100%	
BCC Parking LLC	Membership interest	45%	100%	
BCC Reach Residential LP	Partnership interest	45%	100%	
BCC Retail Holdco LLC	Partnership interest	32%	71.57%	
BCC Rise Residential LP	Partnership interest	45%	100%	
BCC Road Improvement LLC	Membership interest	45%	100%	
BCC Serviced Apartments LLC	Membership interest	45%	100%	
BCC West Residential LLC	Membership interest	45%	100%	
BCC West SCU LLC	Membership interest	45%	100%	
Brickell City Centre Plaza LLC	Membership interest	45%	100%	
Brickell City Centre Project LLC	Membership interest	45%	100%	
Brickell City Centre Retail LLC	Membership interest	28%	87.93%	
East Lauderdale Properties LLC	Membership interest	34%	100%	
FTL/AD General LLC	Membership interest	45%	100%	
FTL/AD LLC	Membership interest	45%	100%	
FTL/AD LTD	Partnership interest	34%	75%	
Swire Art Trust LLC	Membership interest	45%	100%	
Swire BK Hotel LLC	Membership interest	45%	100%	
Swire Carbonell LLC	Membership interest	45%	100%	
Swire Carbonell One LLC	Membership interest	45%	100%	
Swire Commercial Leasing LLC	Membership interest	45%	100%	
Swire Development Sales LLC	Membership interest	45%	100%	
Swire General Hotel LLC	Membership interest	45%	100%	
Swire JadeCo LLC	Membership interest	45%	100%	
Swire Pacific Holdings Asia LLC	Membership interest	45%	100%	
Swire Properties Inc	Common Stock	45%	100%	
Swire Properties Investments LLC	Membership interest	45%	100%	
Swire Properties One LLC	Membership interest	45%	100%	
Swire Properties Services LLC	Membership interest	45%	100%	
Swire Properties US Inc	Common Stock	45%	100%	
Swire Realty LLC	Membership interest	45%	100%	
Three Brickell City Centre LLC	Membership interest	45%	100%	
Two Brickell City Centre LLC	Membership interest	45%	100%	
VANUATU				
Registered Office: First Floor, Icount Building, Kumul Highway, Port Vila, Vanuatu				
Tropical Agency Limited	Ordinary	80%	80%	
VIETNAM				
Registered Office: 8th Floor, Viet Tower, No 1 Thai Ha Street, Trung Liet Ward, Dong Da District, Hanoi, Vietnam				
Finlay Vietnam Company Limited	Ordinary	100%	100%	

Note 42. continued

JOHN SWIRE & SONS LIMITED
ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the group	Percentage held by the subsidiary	Associate (A) / Joint Venture (JV)	Items to Note
AMERICAN SAMOA					
Registered Office: P.O. BOX 1478, Fagato Road, Pago Pago, American Samoa 96799					
Polynesia Shipping Services Inc	Ordinary	50%	50%	JV	Winding up
AUSTRALIA					
Registered Office: 275 Robinson Road, Ravenhall VIC 3023, Australia					
Polar Fresh Cold Chain Services Pty Ltd	Ordinary	50%	50%	JV	In dissolution
Registered Office: C/-John Swire & Sons (Australia) Pty. Ltd., Level 16, 88 Philip Street, Sydney, NSW 2000					
North West Melbourne Recycling Pty Ltd	Ordinary	50%	50%	JV	In dissolution
ANGOLA					
Registered Office: Rua Major Kanhangulo no. 41/43, Bairro da Ingombota, Ingombota District, Luanda, Angola					
Swire Servicos Maritimos, Lda	Ordinary	27%	49%	JV	
BRITISH VIRGIN ISLANDS					
Registered Office: Coastal Building, Wickhams, Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands					
Mandarin Containers Limited	Ordinary	17.34%	17.34%	A	
Registered Office: Morgan & Morgan Building, Pasea Estate, Road Town, Tortola, British Virgin Islands					
Honster Investment Limited	Ordinary	23%	50%	JV	
Registered Office: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands					
Mandarin Shipping Group Limited	Ordinary	25%	25%	A	31 July Year End
Registered Office: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands					
Calm Seas Developments Limited	Ordinary	23%	50%	JV	30 June Year End
Registered Office: Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands					
Dazhongli Properties Limited	Ordinary	23%	50%	JV	
Fortune Access Holdings Limited	Ordinary	11%	25%	JV	Acquired on 1 November 2019
Great City China Holdings Limited	Ordinary	23%	50%	JV	
Marvel Glory Limited	Ordinary	23%	50%	JV	
Newfoundworld Investment Holdings Limited	Ordinary	9%	20%	A	30 June Year End
CAYMAN ISLANDS					
Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands					
Damin International Holdings Limited	Ordinary	49.51%	49.51%	A	
CHINA					
Registered Office: 20 Dailiao Road, Gaoqi International Airport, Xiamen 361006, Fujian, China					
Goodrich TAECO Aeronautical Systems (Xiamen) Company Limited	Registered Capital	12%	35%	JV	
Honeywell TAECO Aerospace (Xiamen) Co., Ltd.	Registered Capital	17%	35%	JV	
Registered Office: 25/F, No.5, 255 Dongyu Road, Pudong New Area, Shanghai, China					
Shanghai Qianxiu Company Limited	Registered Capital	23%	50%	JV	

Note 42. continued

JOHN SWIRE & SONS LIMITED
ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the group	Percentage held by the subsidiary	Associate (A) / Joint Venture (JV)	Items to Note
Registered Office: 539 Guiqiao Road, China (Shanghai) Pilot Free Trade Zone, China					
Shanghai Shen-Mei Beverage and Food Co., Ltd.	Registered Capital	30%	53.85%	JV	
Registered Office: 68 Kexue Avenue, Zhengzhou High & New Technology Industries Development Zone, China 0%					
Zhengzhou Zi Tai Packaging Company Limited	Registered Capital	26%	50%	A	
Registered Office: Blocks 4 & 3, No.12, 11th Avenue, Hangzhou Economic & Technological Development Area, Zhejiang Province, China					
Hangzhou Zi Tai Packaging Co. Limited	Registered Capital	22%	50%	A	
Registered Office: No. 2 Taikoo Road, Quanzhou Export and Processing Zone, Cizao, Jinjiang 362200, Fujian, China					
Dunlop Taikoo (Jinjiang) Aircraft Tyres Company Limited.	Registered Capital	19%	37%	JV	
Registered Office: Room 202-15, Building 4, No. 1399 Liangmu Road, Cangqian Sub-District, Yuhang District, Hangzhou, Zhejiang Province, China					
RetailEye (Hangzhou) intelligent Technology Co., Ltd.	Registered Capital	11%	20%	JV	Acquired on 12 October 2019
Registered Office: Tongji Industrial Zone, Tongji Road, Tong'an District, Xiamen, China					
Xiamen Huari Foods Industrial Co., Ltd.	Registered Capital	17%	31%	A	
Registered Office: Unit 1, 7th Floor, Tower 1, No. 199 Lower Dongda Street, Jin Jiang District, Chengdu, China					
Chengdu Yingang Real Estate Company Limited	Registered Capital	23%	50%	JV	
Registered Office: Unit 2309, Level 23, No. 20 Jiuxianqiao Road, Chaoyang District, Beijing, China					
Beijing Linlian Real Estate Company Limited	Registered Capital	23%	50%	JV	
Registered Office: Yaoqiang International Airport, Jinan 250107, Shandong, China					
Taikoo (Shandong) Aircraft Engineering Co., Ltd.	Registered Capital	20%	40%	JV	
EQUATORIAL GUINEA					
Registered Office: Carretela del Aeropueto Aptmoto Excma Abayak Building City of Malabo, Republic of Equatorial Guinea					
Swire Marine Services EG, S.A. Con C.A.	Ordinary	36%	65%	JV	
FIJI					
Lot 1 Foster Road, Walubay Suva, P.O. Box 15832, Suva, Fiji					
Container Services (Fiji) Limited	Ordinary	33.3%	50%	JV	
GHANA					
Registered Office: C33/12, Brown Link, Dzorwulu, Accra, Ghana					
Swire Adonai Services Limited	Ordinary	27%	49%	JV	
HONG KONG					
Registered Office: 21/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong					
Richly Leader Limited	Ordinary	23%	50%	JV	
Registered Office: 25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong					
Greenroll Limited	Ordinary	9%	20%	A	
Lindfield Limited	Ordinary	23%	50%	JV	30 June Year End

Note 42. continued

JOHN SWIRE & SONS LIMITED
ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the group	Percentage held by the subsidiary	Associate (A) / Joint Venture (JV)	Items to Note
Registered Office: 33/F, 1 Pacific Place, 88 Queensway, Hong Kong					
Swire CTM Bulk Logistics Limited	Ordinary	50%	50%	JV	
Registered Office: 33rd Floor, One Pacific Place, 88 Queensway, Hong Kong					
Campbell Swire (HK) Limited	Ordinary	22%	40%	JV	31 July Year End
Campbell Swire Equipment Leasing Limited	Ordinary	22%	40%	JV	31 July Year End In liquidation
Cathay Pacific Airways Limited	Ordinary	25%	45%	A	
Coca-Cola Bottlers Manufacturing Holdings Limited	Ordinary	23%	41%	A	
Goodrich Asia-Pacific Limited	Ordinary	27%	49%	JV	
Hareton Limited	Ordinary	23%	50%	JV	
Hong Kong Aero Engine Services Limited	Ordinary	28%	50%	JV	
Intermarket Agencies (Far East) Limited	Ordinary	39%	70%	JV	
New Life Plastics Limited	Ordinary	18%	33.33%	JV	
Swire Waste Management Limited	Ordinary	28%	50%	JV	
Registered Office: 4th Floor, VC House, 4-6 On Lan Street, Central, Hong Kong					
CBPC Limited	Ordinary	18%	33.33%	A	
Registered Office: 505 One Citygate, 20 Tat Tung Road, Tung Chung, Hong Kong					
Newfoundworld Finance Limited	Ordinary	9%	20%	A	30 June Year End
Newfoundworld Holdings Limited	Ordinary	9%	20%	A	30 June Year End
Registered Office: Pacific Place, Supreme Court Road, Hong Kong					
Shangri-La International Hotels (Pacific Place) Limited	Ordinary	9%	20%	A	
Registered Office: TYTL 108 RP, Sai Tso Wan Road, Tsing Yi Island, New Territories, Hong Kong					
Hongkong United Dockyards Limited	Ordinary	28%	50%	JV	
The Hongkong Salvage & Towage Company Limited	Ordinary	28%	50%	JV	Dormant
Registered Office: Unit 606, 6th Floor, Alliance Building, 133 Connaught Road Central, Hong Kong					
Queensway Hotel Holdings Limited	Ordinary	9%	20%	A	
MALAYSIA					
Registered Office: 8-2, Jalan 9/125D, Taman Desa Petaling, 57100 Kuala Lumpur, Malaysia					
Bahtera Wira Sdn. Bhd	Ordinary	27%	48.48%	JV	
NEW ZEALAND					
Registered Office: Town & Country Accountants, 15d Minden Road, Rd 6, Tauranga, 3176, New Zealand					
Independent Stevedoring Limited	Ordinary	33.3%	50%	JV	
Registered Office: OMV Stores, 68-106 Paritutu Road, New Plymouth, 4301, New Zealand					
Offshore Solutions Limited	Ordinary	28%	51%	JV	

Note 42. continued

JOHN SWIRE & SONS LIMITED
ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the group	Percentage held by the subsidiary	Associate (A) / Joint Venture (JV)	Items to Note
PAPUA NEW GUINEA					
Registered Office: Level 5, Harbourside West, Stanley Esplande, Portions 771 & 1158, Granville, Port Moresby, National Capital District, Papua New Guinea					
Colgate-Palmolive (PNG) Limited	Ordinary Class A	36%	50%	JV	Agreement in place attributing JV relationship
Harbourside Development Limited	Ordinary	36%	50%	JV	
Makerio Stevedoring Limited	Ordinary	32.55%	45%	A	
Nikana Stevedoring Ltd	Ordinary	32.45%	45%	A	Proposed for Liquidation
North Solomons Stevedoring Company Limited	Ordinary Class A	36%	50%	JV	Dormant
Pacific Rumana Limited	Ordinary	36%	50%	JV	
Riback Stevedores Ltd	Ordinary	35.33%	49%	A	Proposed for liquidation
Viva No. 31 Ltd	Ordinary	36%	50%	JV	
Wonye Limited	Ordinary	36%	50%	JV	
PHILIPPINES					
Registered Office: G/F Two Ecom (Tower B), Harbor Drive corner Bayshore Avenue, Mall of Asia Complex, Pasay City, Philippines					
Anscor Swire Ship Management Corporation	Ordinary	30%	25.0%	JV	
Serrata Investments, Inc.	Ordinary	22%	40%	JV	
REPUBLIC OF INDONESIA					
Registered Office: Menara Anugrah Building, 26th Floor, Kantor Taman E.3.3, J1. Mega Kuningan Lot.8.6-8.7, Kawasan Mega Kuningan, Kelurahan Kuningan Timur, Kecamatan Setiabudi, South Jakarta, 12950, Indonesia					
PT. Swire Altus	Ordinary	44%	80%	JV	In liquidation
Registered Office: Setiabudi 2 Building, Lantai 2 Suite 201 D, Jl. HR Rasuna Said Kav. 62, Karet, Setiabudi, Jakarta Selatan, Indonesia					
PT Jantra Swarna Dipta	Ordinary	23%	50%	JV	
Registered Office: Menara Karya Building, 12th Floor, Jl. H.R. Rasuna Said Block X-5 Kav. 1-2, Kuningan, Jakarta 12950, Indonesia					
PT Mitrabahtera Segara Sejati Tbk	Ordinary	25.7%	25.7%	A	
SAUDI ARABIA					
Registered Office: P.O. Box 31605 Khobar Postal Code 31952					
Swire Offshore Arabia Company Limited	Ordinary	27%	49%	JV	
REPUBLIC OF SINGAPORE					
Registered Office: One Marina Boulevard, #28-00, 018989, Singapore					
Haydn Holdings (Commercial) Pte. Ltd.	Ordinary	23%	50%	JV	
Haydn Holdings (Residential) Pte. Ltd.	Ordinary	23%	50%	JV	

Note 42. continued

JOHN SWIRE & SONS LIMITED
ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2019

Full Company Name	Class of share	Percentage attributable to the group	Percentage held by the subsidiary	Associate (A) / Joint Venture (JV)	Items to Note
SRI LANKA					
Registered Office: No. 117 Sir Chittampalam A Gardiner Mawatha, Colombo, 00200, Sri Lanka					
Vauxhall Land Development (Private) Limited	Ordinary	40.00%	40.00%	A	
Swire Ocean Salvage (Pte.) Limited	Ordinary	28%	50%	JV	
TAIWAN					
Registered Office: 22, Lane 156, Sec. 2, Hai-Shan Rd., Lu-Chu Township, Taoyuan County, 338 R.O.C., Taiwan					
China Pacific Catering Services Limited	Ordinary	12%	49%	A	
Registered Office: No. 7. Lane 54, San Te Street, Lin 11, Keng-Kou Tsuen, Lu-chu Township, Taoyuan 338, Taiwan					
China Pacific Laundry Services Limited	Ordinary	25%	45%	A	
Registered Office: No. 96, Mingde 3rd Road, Cidu District, Keelung City 20651, Taiwan (R.O.C.)					
Express Containers Terminal Corporation	Ordinary	20%	20%	A	
UNITED STATES OF AMERICA					
Registered Office: Suite 601, Three Brickell City Centre, 98 S.E. 7th Street, Miami, Florida 33131, United States of America					
Swire Brickell Key Hotel, Ltd.	Partnership interest	34%	75%	JV	
UNITED ARAB EMIRATES					
Registered Office: 3rd Floor, Office Block "B" Mazaya Centre, Sheikh Zayed Road (After 1st Interchange), PO Box 8127, Dubai United Arab Emirates					
Swire Pacific Offshore (Dubai) (L.L.C)	Ordinary	27%	49%	JV	

JOHN SWIRE & SONS LIMITED

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