



**John Swire & Sons Limited
Annual Report & Consolidated
Financial Statements**

31 December 2022

Company number: 133143



JOHN SWIRE & SONS LIMITED
Corporate profile



John Swire & Sons Limited is based, as it has been for the past 207 years in the United Kingdom, where it has certain trading activities which are being actively developed by its local subsidiaries. The Group has a significant presence in North America, Europe and South East Asia. It's main sphere of operations, however, is in the Chinese mainland and the Special Administrative Region of Hong Kong, where it has been operating for over 155 years. The wholly-owned shipping 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 and Chief Executive

M B Swire

Directors

M Cubbon

Baroness Dunn DBE

N A H Fenwick

J E Hughes-Hallett

G D McCallum

S C Pelling

J S Swire

S C Swire

W J Wemyss

Secretary

D C Morris

Group Financial Controller

J A Palfreyman

Registrars

Computershare Investor

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JOHN SWIRE & SONS LIMITED

Group Strategic Report

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 aim is to deliver shareholder value through sustainable growth in ordinary dividends, achieved by sound returns on equity over the long term.

Our Core Principles

- We are a global Group with a bias in 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 2022, after taxation and non-controlling interests, was £818 million, compared with a profit of £488 million for 2021.

The effect of COVID-19 continued to be felt throughout the Group and the operating environment remained challenging in 2022, particularly in Greater China. Swire Properties and Swire Coca-Cola were resilient, while Cathay Pacific continued to be loss-making. The privately-owned companies were more successful overall in 2022, with the Singapore based shipping businesses in particular having a historically strong year. During 2022 the Group extended its interests in the beverages industry with the acquisition of bottling companies in Cambodia and in the shipping industry with the acquisition of Westwood Shipping Lines Inc.

Over the same period, the equity interest of the Group in Swire Pacific increased from 57.9% to 59.8%.

Swire Pacific Limited

A major part of the Group's overall result 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 9 March 2023, are set out here.

"We are pleased with the performance of our businesses in 2022. They were resilient despite the challenges of COVID-19, inflation and economic uncertainty. We made significant progress towards our strategic objectives, in particular with exciting expansion for Swire Properties and Swire Coca-Cola. We commenced a share buy-back programme and have announced good dividend growth.

The economic environment remained challenging, with COVID-19 related measures continuing to affect our operating results. The measures made for a difficult first quarter in Hong Kong, especially for Cathay Pacific, and had a significant impact on all our businesses in the Chinese Mainland in the second and third quarters. So it was encouraging to see Cathay Pacific profitable again at the airline level in the second half and the easing of COVID-19 related measures.

2022 marked 25 years since the establishment of the Hong Kong Special Administrative Region. Hong Kong is our home. We are fully committed to supporting Hong Kong and reinforcing its position as an international financial and aviation centre and gateway to the Chinese Mainland under the 'One Country, Two Systems' principle. We remain very optimistic about the opportunities in, and development of, the Greater Bay Area.

As always, I would also like to express my gratitude to our wonderful team for their dedication over the past year in the face of many challenges.

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Group Strategic Report

Strategic Developments

We have made good progress towards achieving our strategic objectives. They include implementing the Swire Properties HK\$100 billion investment plan announced in March 2022. To date, HK\$39 billion has been committed to significant new property projects.

By acquiring the Coca-Cola franchise businesses in Cambodia and Vietnam, Swire Coca-Cola has extended its bottling operations to South East Asia. This should enable the business to benefit from strong consumption growth in the area.

Following the restructuring of Coca-Cola's non-sparkling beverage manufacturing operations in the Chinese Mainland, Swire Coca-Cola directly owns and operates six non-sparkling beverage production facilities in the Chinese Mainland. This will improve cost and distribution efficiencies.

In March 2022, Swire Properties entered into a joint venture (in which Swire Properties has a 70% interest) with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an. This mixed-use development is in the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. This marks Swire Properties' seventh development and fourth Taikoo Li development in the Chinese Mainland.

In October 2022, Swire Properties announced a premium, resort-style retail development project in Sanya, in which it has a 50% interest. This is Swire Properties' first project in Hainan. Under the Hainan Free Trade Port policy, Sanya has rapidly become a popular travel destination in the Chinese Mainland.

In December 2022, Swire Properties agreed to acquire the remaining interests in Sino-Ocean Taikoo Li Chengdu, which has, over the years, become a premium shopping and leisure destination in Chengdu. All three phases of the acquisition had been completed by February 2023. This industry-leading development has become a top destination in the country and a source of local pride. We see this acquisition as an important milestone in our regional growth story.

In Hong Kong, the acquisition of the whole of Zung Fu Industrial Building and the application for planning permission for a number of buildings in Quarry Bay have put Swire Properties in a position to strengthen further Taikoo Place's position as a global business district.

Swire Properties is expanding its Pacific Place portfolio, taking advantage of the growing importance of Admiralty, with its mass transit connectivity and prime location. Swire Properties continues to expand in South East Asia. In February 2023, it announced its first residential trading project in a rare freehold site in the core central business district of Bangkok, Thailand.

Results Summary

The consolidated profit attributable to shareholders was HK\$4,195 million in 2022, compared with HK\$3,357 million in 2021. The underlying profit attributable to shareholders (which principally adjusts for changes in the value of investment properties) was HK\$4,748 million in 2022, compared with HK\$5,293 million in 2021. Disregarding significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK\$3,800 million in 2022, compared with HK\$4,878 million in 2021.

The reduction in recurring underlying profit was principally due to increased losses at Cathay Pacific and decreased profits at HAECO and Swire Coca-Cola. The increased losses at Cathay Pacific reflected the results of associates. Disregarding associates, the results of Cathay Pacific improved. The underlying profit benefitted from a net gain on the disposal of Swire Pacific Offshore and the absence of 2021's impairment charges at Cathay Pacific. However, it also reflected a reduction in gains on disposal of investment properties and other assets and impairment charges, the latter mainly relating to the food business. The consolidated profit attributable to shareholders benefitted from net gains on the valuation of investment properties, compared with net losses in 2021.

Business Performance

Property Division

The 2022 performance of Swire Properties was solid, despite a weak Hong Kong office market and disruption, particularly to the hotel business, caused by COVID-19 related measures.

The recurring underlying profit of Swire Properties attributable to the Group in 2022 (which excludes gains from the sale of interests in investment properties of HK\$1,255 million, compared with HK\$1,959 million in 2021) was HK\$5,844 million, compared with HK\$5,817 million in 2021. There was an increase in profit from property trading, which mainly reflected profits at the EIGHT STAR STREET residential project in Hong Kong and at The River residential project in Vietnam. Recurring underlying profit from property investment decreased in 2022. This mainly reflected lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland. The results of the hotels continued to reflect the challenging operating environment.

Beverages Division

The 2022 performance of Swire Coca-Cola was adversely affected by COVID-19 related measures in Greater China and by cost pressures, but these adverse effects were offset to a significant extent by a strong performance in the USA.

Swire Coca-Cola reported a profit of HK\$2,392 million in 2022, a 6% decrease from HK\$2,549 million in 2021.

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Revenue increased, but volumes (adversely affected by COVID-19 related measures in Greater China) decreased. Higher costs (particularly of raw materials) affected margins. Attributable profits increased in the USA and Taiwan and decreased in the Chinese Mainland and Hong Kong.

Aviation Division

The Cathay Pacific group's attributable loss on a 100% basis was HK\$6,548 million in 2022 (2021: loss of HK\$5,527 million).

The increase in the loss reflected significantly weaker results from associates. The results of Cathay Pacific and its subsidiaries improved. The airline results were weak in the first half (before COVID-19 related measures started to be relaxed) but significantly improved in the second half, when net cash was generated and profits were made. The results of the associates (the most significant of which are accounted for three months in arrears) were adversely affected by COVID-19 related measures.

At HAECO, attributable profit fell to HK\$185 million in 2022 from HK\$394 million in 2021, mainly because of the absence of 2021's US government financial assistance. Disregarding that assistance, profit increased.

Other Businesses

Our healthcare investments were adversely affected by COVID-19 related lockdowns in the Chinese Mainland. In April 2022, we completed the disposal of Swire Pacific Offshore. The recurring profit of our trading & industrial businesses increased in 2022 despite a difficult business environment.

Looking Ahead

We are optimistic about the prospects for our businesses in 2023. COVID-19 related measures have ceased in Hong Kong and the Chinese Mainland. The border between Hong Kong and the Chinese Mainland is fully open. All this should have a significant positive impact on our businesses, in particular on our aviation businesses. Achieving our strategic objective of growing our core businesses remains our prime focus.

At Swire Properties, we expect a strong recovery in retail property investment income in the Chinese Mainland and in the hotel business. The office market in Hong Kong is expected to remain weak. We are optimistic about a recovery in our key markets and are ready to capture new opportunities as they arise.

At Swire Coca-Cola, we expect increased volumes in the Chinese Mainland with the ending of COVID-19 related measures. Commodity prices (and therefore raw material costs) are expected to be lower than their peak levels reached in 2022. The newly acquired bottling operations in Cambodia and Vietnam will contribute to profits.

Cathay Pacific is pleased to be at the rebuilding stage, reconnecting Hong Kong with the Greater Bay Area, the Chinese Mainland and the world. It is likely to make the largest contribution to improving our overall 2023 results. Capacity is still constrained, but it expects to operate about 70% of its pre-COVID-19 passenger flight capacity by the end of 2023.

Cargo yields are under some pressure, but are better than those achieved before the start of COVID-19.

Results are expected to improve at HAECO during the year with the recovery of international air traffic.

Our investments in healthcare were significantly affected by COVID-19 in 2022 but improved towards the end of the year. We continue to learn and remain confident about our investments in this sector. We will continue to look at opportunities within the Chinese Mainland and South East Asia in 2023.

Despite the uncertainty caused by inflation and geopolitical tension, there is much about which to be optimistic."

Turning to the Group's privately owned companies, the following sets out the performance of each major subsidiary:

United States Cold Storage

USCS reported record results in 2022. The Company sold four warehouses that were no longer regarded as core, while increased demand provided a platform for a material rise in rates across the board, offsetting increasing labour and power costs. The transport business continued growing and now accounts for a significant portion of the profits. The growth in this activity has provided some economies of scale and a valuable additional service for the customers. Meanwhile, 2022 saw the completion of a new extension in Tulare, and a partial opening of an automated expansion in Minooka.

2023 has started well, with inventories rising, but a slowing economy is of concern. USCS will this year complete an expansion in the Florida plant and start work on an automated facility in Indiana, adding significant capacity to the mid-west network. On the sustainability front, much effort is being put into solar power initiatives, with five more projects underway; several of these will include roof top arrays.

China Navigation Company

Shareholders will recall that in 2021 Swire Shipping and Swire Bulk were split into two separate entities under The China Navigation Company. This has proved to be the right decision, allowing for better focus on each and thereby driving better results. The businesses continue to operate safely and professionally, and 2022 was a strong result in The China Navigation Company's 150th anniversary year.

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Both Swire Shipping and Swire Bulk are fully engaged in the debate about the future of *green energy in shipping*. Decarbonisation is much discussed in the industry, but uncertainty is driving a lack of execution of ideas. It is our hope that in 2023 we will be able to make an affirmative step forward on this question.

Swire Shipping

Along with other container lines around the world, 2022 was a record year for Swire Shipping. A combination of factors led to this outcome: short supply of ships after several years of poor trading conditions, congestion caused by ongoing covid restrictions at ports around the world, and high volumes of cargo, especially from Asia to North America. Business remained strong for most of the year, easing off in the last quarter as the world opened up and economic uncertainty crept in.

The company continues to own and operate a fleet of efficient young vessels, and is constantly looking at new ways and opportunities to grow the business in its sphere of operations. Accordingly at the mid-year point it acquired Westwood Shipping Lines, a seven-ship operation based out of the Pacific Northwest running trades between the USA and Northeast Asia. This is a good addition to the company portfolio, combining growth in volumes with our expertise in specialised trades.

The company continued to trade a small number of ships on an Asia-North America express service, which proved to be highly profitable. Swire Projects has also grown, chartering multipurpose vessels and using them on specialised trades with a focus on non-standard project cargoes, particularly in the renewable energy sector.

While returns in the coming years are very unlikely to match those of 2022, Swire Shipping holds a strong position in its core markets and has healthy growth plans in place.

Swire Bulk

As with our container lines, Swire Bulk reported a record year in 2022. Again, a shortage of tonnage supply and congestion in key ports led to a squeeze which benefitted shipowners globally. Swire Bulk focuses on geared ships (ships with cranes, allowing them to operate in small ports with limited infrastructure), and operates a combined fleet of both wholly-owned and chartered-in vessels.

The company managed to maximise trading profits throughout the year, with a large number of ships operating profitably in all major markets. Management resisted the temptation to take on ships at high rates and thus expose the company in a subsequent downturn. As rates cooled in Q4, this was proved to have been a prudent approach.

The company is well set for the coming year, though there is uncertainty about the market in the near-term; rates have dropped off the back of slowing economic activity, but capacity supply still remains tight.

Argent Energy

As foreshadowed in last year's report, 2022 was a challenging year for Argent, the Group's waste-based biodiesel business. Market conditions remained weak as a result of depressed demand. At the operating level, performance at two of Argent's three plants was erratic, resulting in the business producing less biodiesel than planned (although virtually the same amount as in 2021). Compounding these issues, the price of two key manufacturing resources, namely chemicals and gas, increased sharply due to the Ukraine war and to other widely-reported inflationary pressures. Consequently, Argent performed significantly below expectation, making a material operating loss. This represented a substantial swing from the previous year.

Looking ahead, market conditions remain challenging and in addition to addressing the plant production issues that occurred in 2022, the initiative to triple the production capacity of the Amsterdam plant remains a key focus. Construction is underway after a protracted delay awaiting the required environmental and construction permits. Commissioning of the new plant is now expected during the second half of 2024.

James Finlay

Finlays performed better than 2021. Strong results in Tea Extracts, US Coffee and from the Kenyan tea estate complemented a flat, but credible performance from Damin, the joint venture in China, which was affected by the numerous COVID-19-related lockdowns and their effects on the food service channel. Finlay Beverages had a poor year, with weak sales both of tea and of coffee in a tough UK retail environment that in addition featured higher cost of supplies, energy and transport. At James Finlay Kenya, sales volumes during the year were lower than expected, but higher prices helped drive improved performance. Separately, there was a one-off benefit from the sale of the last Kenyan flower farm. Casa Fuentes, Finlay's tea estate in the Argentine, produced a solid result despite persistently high inflation.

Agreement was reached in May 2023 to sell the tea estates in Kenya with completion expected in the second half of 2023.

Steamships Trading Company

Steamships had an excellent year in 2022. The Papua New Guinea economy rebounded strongly from the COVID-19 pandemic and the sentiment around the major natural resource projects is buoyant. Foreign income from these projects will soon more than balance the country's books, further improving the economic

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outlook. All Steamships' divisions except for trucking had a good year. Hotels benefitted from the return of overseas visitors and midyear election spending; property from improving occupancy; and shipping from rising rates. By the end of 2023, the important Harbourside South property development should be completed. This consists of several floors of offices, a retail podium, a large health club and approximately 90 apartments. Separately, Steamships has purchased a substantial waterfront property at the western end of Port Moresby's harbour; this was handed over in April and will be revenue generating shortly.

Swire Energy Services

2022 was a strong year for the oil & gas side of SES, with utilisation and rates increasing as the oil price firmed up. The performance of the start-up wind turbine maintenance business, by contrast, was disappointing. Although the Company won several significant projects in the North Sea and the Baltic, cost over-runs and a shortage of technicians meant that results were very poor. However, 2023 has started well for both sides of SES: oil & gas equipment rental rates continue to rise while, in the wind-turbine activity, the recent focus on cost management and sales is already showing results.

Swire Water

Integration of the two Salt Lake City water businesses is now substantially complete - WesTech and Purestream have been unified under a single corporate structure and the former corporate names are now used as product brands. 2022 was a year of considerable change internally, with significant reorganisations, product rationalisation and a range of key senior management appointments. Headcount has, as a result, been trimmed. Despite this disruption, significant cost inflation and other supply chain issues, the team managed to deliver a respectable result. They ended the year with a substantial total order book with recent contracts being booked at improved margins. The rentals division has been tasked with converting some of the enticing prospects with more complex customers into longer term revenue streams - this being a key deliverable for 2023. After a poor end to 2022, asset utilisation at frack-water sites (a historic Purestream activity) has picked up, with expectations of full deployment by the mid-year.

Australia

As noted in the 2021 Annual Report, a decision was taken to sell our remaining businesses in Australia. These are HSE, which provides equipment to coking coal mines in Queensland, and Kalari, which operates specialist haulage services across the country. Kalari was sold in April 2023 and HSE is expected to be sold later this year.

Key Group financial and other performance indicators

	2022	2021
Profit for the year attributable to owners of the company (£m)	818	488
Operating profit margin (%)	11.9	10.7
Growth in ordinary dividend (%)	9.5	9.5

Principal Group risks and uncertainty

The Group is exposed to macro-economic and political influences worldwide. The geographic and commercial diversity of the Group's operations reduces overall exposure to any one single economy. The principal risks and uncertainties are as follows:

Economic Volatility

The Group is exposed to macro-economic influences worldwide. The geographic diversity of the Group's operations reduces overall exposure to any one single economy. Foreign exchange volatility remains a risk to the Group. This is mitigated by natural hedges and, where deemed appropriate, using appropriate hedging instruments.

Infectious Diseases and Pandemics

Mitigations in place include business continuity plans (which are regularly updated and tested), and implementing appropriate health measures.

Cyber Security

Cyber Security risk is mitigated by adoption and close monitoring of compliance with the Group's policies, together with testing and monitoring of systems.

Climate Change

Mitigations includes setting appropriate targets, consideration of climate change when making Group policies and long-term capital allocation plans and the use of new technologies.

Group 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.

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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 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, Chinese Renminbi 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 2022, 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.

Section 172 Statement

This statement serves as the Company's Section 172 Statement and should be read in conjunction with the Strategic Report and Statement of Directors' Responsibilities. Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole while having regard to a range of different matters. In discharging our section 172 duties, we do this.

In addition, the directors have regard to other factors which they consider relevant to the decision being made. Those factors for example include the interests and views of our shareholders and other "stakeholders", employees, suppliers, customers and others who may be impacted by the operations of the Group. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances and are made with an effective understanding of those matters of concern to all stakeholders.

As the principal activity of the Company is to act as a holding company for the other entities in the Swire Group, the Company has had no significant commercial business, customers or suppliers during the year, and as such the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

The Company, which considers its key stakeholders to be shareholders, employees, and group undertakings, engaged directly with shareholders and employees on a

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number of occasions during the year to provide regular updates on the operations and performance of its various businesses. While group undertakings operate autonomously, they do so in accordance with overall governance and control frameworks, and consideration of these controls on businesses and other relevant matters are embedded into Board decision-making. The directors consider the effect of their decisions on relevant stakeholders and the engagement with those stakeholders where appropriate while having due regard to all applicable policies and procedures.

Group Outlook

While trading conditions to date in 2023 have been positive, the current global economic environment gives cause for caution. The Group's directors believe that seeking sustainable growth in a broad range of businesses will be a successful strategy in the long term, and the Group is well positioned to achieve this with its significant available liquidity.

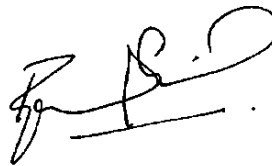
Employees

John Swire & Sons appreciates the value of a fully diverse workforce and so when recruiting for new employees, applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. Should existing members of staff become disabled, then every effort would be made to ensure that their employment with the Company continues and that appropriate training is arranged. Training development and promotion opportunities are available to all employees where appropriate.

The Company operates a policy of direct and systematic communication to all relevant employees appropriate to their circumstances. The Company circulates its in-house magazine "Swire News" to all its employees which contains reports and updates on all significant events and activities throughout the Group. John Swire & Sons staff are encouraged to engage with management and help input, influence and shape the Company's direction and share ideas.

I should like to thank our staff throughout the Group for their dedication and hard work in what has been a year of strong recovery for the Group as a whole.

**Approved by the Board of Directors on 6 June 2023
and signed on its behalf by:**



Barnaby Swire
Chairman

JOHN SWIRE & SONS LIMITED

Directors' Report

Directors' report

The directors submit their report and financial statements for the year ended 31 December 2022. The comparatives are for the year ended 31 December 2021.

Results

The profit for the year of the Group shows a profit attributable to shareholders of £818 million (2021: £488 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 £943 million (2021: £136 million).

Financial and risk management objectives and policies

See the Group Strategic Report for details of objectives and policies on pages 8 and 9. 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 or extending 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 including a scenario consisting of EBITDA reductions in 2023 and 2024, and the non-renewal of maturing debt instruments throughout the review period. This downside scenario, whilst considered by the directors to be extremely prudent, has an 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.

Greenhouse gas emissions

The Group is reporting greenhouse gas emissions data in line with the requirements of the Companies Act 2006 and its applicable provisions. Our total emissions, in tonnes of CO₂ equivalent ('tonnes CO₂e'), are reported in the table below.

The reporting period is 1 January 2022 to 31 December 2022.

Subsidiary companies falling under the reporting scope are exempt from disclosing emissions data in their own financial statements as these are included within the Group's emissions data below.

Methodology

The Group follows the principles of the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard together with BEIS conversion tables to calculate Scope 1, 2 and 3 emissions from our operations in the United Kingdom. This includes the Group's operations in James Finlay, Argent Energy, Swire Energy Services and the John Swire & Sons head office.

Reported Scope 1 emissions are those generated from gas and oil used in buildings, emissions from fuels used in UK company owned vehicles used for operations or business travel and emissions from the use of air conditioning and chiller/refrigerant plant. Reported Scope 2 emissions are generated from the use of electricity and are calculated by using both the location and market-based methodologies. Scope 3 emissions are only included to the extent that they relate to energy use from business travel.

Carbon Emissions (tonnes CO₂e)

	2022	2021
Total Scope 1	32,096	26,268
Total Scope 2	2,957	4,600
Total Scope 3	1,208	94
Total	36,261	30,962

Intensity ratio

GHG emissions (tonnes CO ₂ e)		
per £m of UK-income	79.3	77.8

Energy Consumption

Energy consumption (kWh)	180,774,169	162,155,683
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JOHN SWIRE & SONS LIMITED

Directors Report

Energy Efficiency

Sustainability is governed by a Sustainability Committee that includes two members of the John Swire & Sons board.

All John Swire & Sons operating companies continue to monitor and report their carbon, energy, water and waste impacts on a cloud based environmental reporting platform. A Group-level Data Manager has been employed to ensure continuous improvement of the data collected across the Group.

The Group continues to pursue energy savings at head office as well as at the operating company level. In addition, Swire House now utilises 100% renewable electricity, as does Argent Energy for two business units, as part of a three-year energy strategy for the UK.

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. For details of events after the report date, please refer to note 42.

Directors

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

Directors' indemnities

The Company maintains directors' and officers' liability insurance and pension trustees' liability insurance, which gives appropriate cover for any legal action brought against the directors and officers of the Company. The insurance does not provide cover in the event that an indemnified individual is proved to have acted fraudulently or dishonestly.

Dividends

The directors recommend the payment of a final dividend of 74.85 pence per ordinary share payable on 3 July 2023. Together with the first interim dividend of 24.95 pence per share paid on 5 December 2022, the final dividend, if approved by shareholders, makes a total for the year of 99.80 pence per share (2021: 91.14 pence per share).

Political contributions

The Parent Company did not make any political donations or incur any political expenditure during the year (2021: £nil).

Fostering Business Relations

The Company recognises its responsibility to take into consideration the needs and concerns of its stakeholders as part of its discussion and decision-making processes. When making decisions, the directors consider its primary stakeholders, shareholders, suppliers and its colleagues. However, given the role of the Company is principally one of a Holding Company, engagement with stakeholders generally takes place at operational or subsidiary company level, where we believe more effective engagement can take place and as a result deliver a greater positive impact for those stakeholders.

Employees

Details relating to the employees of the Company are set out on page 10 of the Group's Strategic Report.

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.

Directors' report approval

The Directors' report was approved by a duly authorised committee of the Board of Directors on 6 June 2023 and signed on its behalf by:


David C Morris

Company Secretary

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

JOHN SWIRE & SONS LIMITED

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 UK-adopted international accounting standards 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 UK-adopted international accounting standards;
- 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.

JOHN SWIRE & SONS LIMITED

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

Opinion

We have audited the financial statements of John Swire & Sons Limited ("the Company") for the year ended 31 December 2022 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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes, legal minutes, and internal audit reports.
- Using analytical procedures to identify any unusual or unexpected relationships.

JOHN SWIRE & SONS LIMITED

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

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to in scope component audit teams of relevant fraud risks identified at the Group level and request to in scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts where the corresponding entry was to cash and revenue.
- the risk of bias in accounting estimates and judgment made such as assumptions and data used when testing the impairment of goodwill and the reversal of impairment of property, plant and equipment; and
- the risk that beverages and aircraft and engine maintenance services revenue is misstated through recording revenues in the wrong period or does not reflect contractual terms, including risk of bias in associated accounting estimates for these revenue streams.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to in scope component audit teams of relevant laws and regulations identified at the Group level, and a request for in scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the financial nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

JOHN SWIRE & SONS LIMITED

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

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 13, 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 (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

6 June 2023

JOHN SWIRE & SONS LIMITED

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

	Note	2022 £'m	2021 £'m
Revenue	6	14,317	12,083
Cost of sales		(9,467)	(8,157)
Gross profit		4,850	3,926
Other income	7	487	258
Distribution expenses		(1,698)	(1,565)
Administrative expenses		(1,716)	(1,177)
Other operating expenses		(213)	(155)
Operating profit		1,710	1,287
Finance income	8	48	36
Finance costs	8	(200)	(206)
Net finance costs		(152)	(170)
Share of loss of equity-accounted investees, net of tax		(256)	(191)
Profit before tax		1,302	926
Income tax expense	13	(331)	(232)
Profit for the year from continuing operations		971	694
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		169	40
Equity-accounted investees – share of OCI		6	22
Net change in fair value of equity investments at fair value through OCI ("FVOCI")		27	(1)
Related tax		(25)	(5)
		177	56
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences – foreign operations		2,469	(29)
Equity-accounted investees – share of OCI		(241)	195
Effective portion of changes in fair value of cash flow hedges		(14)	(4)
Related tax		(1)	1
		2,213	163
Other comprehensive gain, net of tax		2,390	219
Total comprehensive income		3,361	913
		2022	2021
		£'m	£'m
Profit attributable to:			
Owners of the Company		818	488
Non-controlling interest		153	206
		971	694
Total comprehensive income/(loss) attributable to:			
Owners of the Company		2,248	1,004
Non-controlling interests		1,113	(91)
		3,361	913

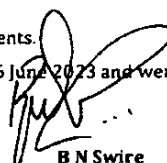
The notes on pages 25-99 form part of these financial statements.

JOHN SWIRE & SONS LIMITED
Consolidated statement of financial position

Group		31 December 2022	31 December 2021
	Note	£'m	£'m
Assets			
Property, plant and equipment	16	5,343	4,920
Intangible assets and goodwill	14	1,701	1,580
Biological assets	15	10	11
Trade and other receivables	25	109	184
Prepayments	42	680	—
Investment property	18	20,325	18,104
Right-of-use assets	17	714	682
Properties held for development	19	116	104
Equity-accounted investees	21	6,291	5,934
Other investments, including derivatives	22	12	22
Investments at fair value	23	128	91
Deferred tax assets	13	106	135
Employee benefits	9	34	23
Non-current assets		35,569	31,790
Inventories	24	1,039	736
Contract assets		126	103
Properties for sale	19	873	603
Other investments, including derivatives	22	747	72
Trade and other receivables	25	1,442	1,206
Prepayments		261	231
Current tax assets		80	37
Cash and cash equivalents	26	1,613	2,394
Assets held for sale	36	120	207
Current assets		6,301	5,589
Total assets		41,870	37,379
Equity			
Share capital	31	190	190
Reserves		7,375	6,493
Retained earnings		8,192	6,828
Equity attributable to owners of the Company		15,757	13,511
Non-controlling interests	32	12,449	11,929
Total equity		28,206	25,440
Liabilities			
Loans and borrowings	27	6,792	5,141
Employee benefits	9	88	193
Trade and other payables	28	314	427
Provisions	29	16	18
Other investments, including derivatives	22	11	18
Deferred tax liabilities	13	820	749
Non-current liabilities		8,041	6,546
Bank overdraft	26	10	13
Short-term loans		3	2
Loans and borrowings	27	1,838	2,240
Contract liabilities		168	129
Current tax liabilities		67	74
Trade and other payables	28	3,484	2,818
Other investments, including derivatives	22	13	—
Other financial liabilities		1	3
Provisions	29	25	28
Employee benefits	9	1	1
Liabilities held for sale	36	13	85
Current liabilities		5,623	5,393
Total liabilities		13,664	11,939
Total equity and liabilities		41,870	37,379

The notes on pages 25-99 form part of these financial statements.

These accounts were approved by the Board of Directors on 6 June 2023 and were signed on its behalf by:


B N Swire


S C Pelling
Directors

Registered in United Kingdom No. 133143

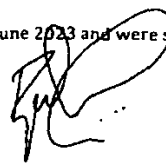
JOHN SWIRE & SONS LIMITED
Statement of financial position

Parent Company		31 December 2022	31 December 2021
	Note	£'m	£'m
Assets			
Property, plant and equipment	16	10	10
Investment in subsidiaries	20	10,388	10,132
Equity-accounted investees		6	6
Deferred tax assets		10	15
Non-current assets		10,414	10,163
Trade and other receivables	25	450	627
Other investments	22	650	—
Cash and cash equivalents	26	87	57
Current assets		1,187	684
Total assets		11,601	10,847
Equity			
Share capital	31	190	190
Reserves		8,054	8,089
Retained earnings		2,787	1,920
Total equity		11,031	10,199
Liabilities			
Employee benefits	10	21	32
Non-current liabilities		21	32
Loans and borrowings	27	—	147
Trade and other payables	28	545	468
Current tax liabilities		4	1
Current liabilities		549	616
Total liabilities		570	648
Total equity and liabilities		11,601	10,847

The Parent Company made a profit for the year of £943 million (2021: £136 million).

The notes on pages 25-99 form part of these financial statements.

These accounts were approved by the Board of Directors on 6 June 2023 and were signed on its behalf by:


B N Swire


S C Pelling
Directors

Registered in United Kingdom No. 133143

JOHN SWIRE & SONS LIMITED
Consolidated statement of changes in equity

Group

Balance at 1 January 2022
Total comprehensive income
Profit
Other comprehensive income
Total comprehensive income
Transactions with owners of the Company
Contributions and distributions
Dividends
Decrease in non-controlling interest
Contribution from a non-controlling interest
Balance at 31 December 2022

Share capital £'m	Attributable to owners of the Company			Total £'m	NCI £'m	Total equity £'m
	Revaluation reserve £'m	Other reserves £'m	Retained earnings £'m			
190	6,062	431	6,828	13,511	11,929	25,440
—	—	—	818	818	153	971
—	878	4	548	1,430	960	2,390
—	878	4	1,366	2,248	1,113	3,361
—	—	—	(84)	(84)	(340)	(424)
—	—	—	82	82	(361)	(279)
—	—	—	—	—	108	108
190	6,940	435	8,192	15,757	12,449	28,206

Group

Balance at 1 January 2021
Total comprehensive income
Profit
Other comprehensive income
Total comprehensive income
Transactions with owners of the Company
Contributions and distributions
Dividends
Change in composition of the Group
Balance at 31 December 2021

Attributable to owners of the Company							Total equity £'m
Share capital £'m	Revaluation reserve £'m	Other reserves £'m	Retained earnings £'m	Total £'m	NCI £'m		
190	6,035	(5)	6,398	12,618	12,274	24,892	
—	—	—	488	488	206	694	
—	27	436	53	516	(297)	219	
—	27	436	541	1,004	(91)	913	
—	—	—	(111)	(111)	(257)	(368)	
—	—	—	—	—	3	3	
190	6,062	431	6,828	13,511	11,929	25,440	

The notes on pages 25-99 form part of these financial statements.

JOHN SWIRE & SONS LIMITED
Statement of changes in equity

Parent Company

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Other reserves	Retained earnings		
	190	8,149	(60)	1,920	10,199	10,199
Balance at 1 January 2022	—	—	—	—	—	—
Total comprehensive income	—	(35)	—	943	908	908
Profit	—	—	—	8	8	8
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	(35)	—	951	916	916
Transactions with owners of the Company	—	—	—	—	—	—
Contributions and distributions	—	—	—	(84)	(84)	(84)
Dividends	—	—	—	—	—	—
Balance at 31 December 2021	190	8,114	(60)	2,787	11,031	11,031

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Other reserves	Retained earnings		
	£'m	£'m	£'m	£'m	£'m	£'m
Balance at 1 January 2021	190	8,149	(60)	1,869	10,168	10,168
Total comprehensive income	—	—	—	136	136	136
Profit	—	—	—	6	6	6
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	142	142	142
Transactions with owners of the Company	—	—	—	—	—	—
Contributions and distributions	—	—	—	(111)	(111)	(111)
Dividends	—	—	—	—	—	—
Balance at 31 December 2021	190	8,149	(60)	1,920	10,199	10,199

JOHN SWIRE & SONS LIMITED
Consolidated statement of cash flows

For the year ended 31 December

	Note	2022 £'m	2021 £'m
Cash flows from operations			
Profit for the year		971	694
Adjustments for:			
Depreciation		1,118	1,032
Amortisation		53	44
Impairment losses on property, plant and equipment and right-of-use assets	16	49	2
Impairment losses on intangible assets and goodwill	14	131	—
Impairment losses/(gains) on trade receivables		4	(1)
Remeasurement loss on assets held for sale	7	—	151
Remeasurement gain on disposal group	7	(57)	—
Change in fair value of biological assets	15	2	(3)
Gain on purchase of subsidiary	7	(28)	—
Gain on sale of equity-accounted investees		—	(65)
Change in fair value of financial instruments		7	7
Net finance costs	8	152	170
Share of loss of equity-accounted investees, net of tax		256	191
Gain on disposal of subsidiary companies	7	(63)	(23)
Gain on sale of investment property, property, plant and equipment		(232)	(200)
Gain on sale of held for sale assets		(2)	(27)
Tax expense	13	331	232
		2,692	2,204
Changes in:			
Inventories		(235)	(90)
Contract assets		7	1
Trade and other receivables		2	(149)
Assets for sale (including properties)		(188)	(268)
Prepayments		(6)	(14)
Trade and other payables		88	324
Employee benefits		(2)	(2)
Deferred items		8	6
Contract liabilities		5	34
Foreign exchange differences		129	38
Cash generated from operating activities		2,500	2,084
Interest paid		(233)	(209)
Interest portion on lease liabilities		(19)	(19)
Taxes paid		(330)	(256)
Net cash from operations		1,918	1,600
Cash flows from investing activities			
Interest received		47	38
Proceeds from sale of property, plant and equipment		258	303
Proceeds from sale of investment properties		165	268
Proceeds from disposal of subsidiary companies	35	124	40
Proceeds from sale of equity-accounted investments and other investments		207	180
Acquisition of subsidiary, net of cash acquired		(221)	(55)
Acquisition of property, plant and equipment and right-of-use assets		(597)	(713)
Acquisition of investment properties		(758)	(374)
Purchase of investments at fair value		(42)	(50)
Purchase of intangible assets		(35)	(52)
Loans repaid from equity-accounted investees		18	52
Prepayment of shares in respect of a subsidiary company		(680)	—
Acquisition of equity-accounted investees		(344)	(487)
Increase in deposits maturing after more than 3 months		(724)	(60)
Dividends from investments		1	—
Dividends from equity-accounted investees		90	64
Net cash used in investing activities		(2,491)	(846)

JOHN SWIRE & SONS LIMITED
Consolidated statement of cash flows

For the year ended 31 December

	Note	2022 £'m	2021 £'m
Cash flows from financing activities			
Proceeds from loans and borrowings	41	3,110	2,908
Repayment of borrowings	41	(2,664)	(3,648)
Payment of lease liabilities	41	(229)	(159)
Purchase of non-controlling interests		(281)	(221)
Dividends paid to shareholders		(88)	(106)
Capital contribution from controlling interests		108	—
Dividends paid to non-controlling interests		(339)	(256)
Net cash used in financing activities		(383)	(1,482)
Net increase/(decrease) in cash and cash equivalents		(956)	(728)
Cash and cash equivalents at 1 January	26	2,381	3,070
Effect of movements in exchange rates on cash held		178	39
Cash and cash equivalents at 31 December	26	1,603	2,381

The notes on pages 25-99 form part of these financial statements.

JOHN SWIRE & SONS LIMITED
Statement of cash flows

Parent Company

For the year ended 31 December

	Note	2022 £'m	2021 £'m
Cash flows from operations			
Profit for the year		943	136
Adjustments for:			
Net finance income		(1,691)	(159)
Impairment of subsidiary companies		730	—
Tax credit/(expense)		6	(11)
		(12)	(34)
Changes in:			
Trade and other receivables		54	(90)
Trade and other payables		(4)	86
Cash generated used in operating activities		38	(38)
Taxes received		—	—
Net cash generated from/(used in) operations		<u>38</u>	<u>(38)</u>
Cash flows from investing activities			
Interest received		18	10
Interest paid		(1)	(2)
Acquisition of subsidiary, net of cash acquired	20	—	(3)
Acquisition of property, plant and equipment		—	—
Dividends from subsidiaries		890	93
Increase in deposits maturing after more than three months		(701)	—
Net cash generated from investing activities		<u>206</u>	<u>98</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		—	163
Repayment of borrowings		(148)	(163)
Dividends paid to shareholders		(84)	(111)
Net cash used in financing activities		<u>(232)</u>	<u>(111)</u>
Net cash increase/(decrease) in cash and cash equivalents		12	(51)
Cash and cash equivalents at 1 January	26	57	108
Effect of movements in exchange rates on cash held		18	—
Cash and cash equivalents at 31 December	26	<u>87</u>	<u>57</u>

The notes on pages 25-99 form part of these financial statements.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").

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 6 June 2023.

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 13 – determination of the worldwide provision for income taxes.
- Note 21 – consolidation: whether the Group has de facto control over an investee.

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 2021 is included in the following notes:

- Notes 9 and 10 – Measurement of defined benefit obligations; and
- Notes 14, 16 and 17 – impairment test: key assumptions underlying recoverable amounts.

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,

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 4. continued

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.

Changes in accounting policies and disclosures

The Group has adopted the following IFRSs in these financial statements:

- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective 1 January 2022)
- Amendments to References to the Conceptual Framework in IFRS 3 (effective 1 January 2022)
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022)

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, financial instruments classified as fair value through the profit or loss or as available-for-sale, defined benefit assets/liabilities and biological assets (other than bearer plants). 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.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

The financial and risk management objectives are noted on pages 8 and 9.

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 6 June 2023 committed and undrawn debt facilities of £648 million are available at the John Swire & Sons Parent Company level.

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, including a severe but plausible downside scenario consisting of EBITDA reductions in 2023 and 2024, and the non-renewal of maturing debt instruments throughout the review period. This 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.

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.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

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.

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 interests in which are 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

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

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.

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.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

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.

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.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

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.

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

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

- 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:

- 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. Rental income forgiven not recognised as an expected credit loss of operating lease receivables is treated as a lease modification, and the revised future lease income under the new lease, including any prepaid or accrued lease income relating to the original lease, is subsequently recognised as income on a straight-line basis.
- The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the buyers. According to the contractual terms, the properties generally do not have alternative 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 recognised over time because after the signing of a sales contract with the buyer, the Group has an enforceable right to payment for performance completed to date. Revenue for these sales of properties is recognised based on the stage of completion of the contract using the input method.
- 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.
- 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.
- Revenue from vessel charter hire services is recognised over the period of charter hire in accordance with the vessel charter hire agreements.
- 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

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

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 benefit 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.

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

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 5. continued

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. Leased assets may not be used as security for other borrowing purposes.

Leases are recognised by lessees as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to 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.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payment of penalties for terminating the lease, if the lease term used in the computation assumes the lessee exercises an option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. However, if the ownership of the underlying asset is expected to be transferred to the Group by the end of the lease term and if the cost of the right-of-use asset has already included the exercise price of a purchase option, depreciation is calculated on a straight-line basis to write off cost over the anticipated useful life of the underlying asset to its estimated residual value.

Payments by lessees associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expenses in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 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 Group as a lessee, right-of-use assets and the corresponding lease liabilities are recognised in the financial statements when the leased assets became available for use by the Group. Commitments in respect of leases payable by the Group as lessees represent the future lease payments for (i) committed leases which have not yet commenced at the year-end date and (ii) short-term leases.

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

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Notes to the consolidated financial statements

Note 5. continued

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.

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 substantively 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.

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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 will be available against which they can be used. In supporting the recoverability of the deferred tax assets an assessment has been made based on the forecast performance of the relevant businesses, in the context of wider economic trends, and considered against the expiry of the relevant tax attributes.

Deferred taxation is provided on temporary differences arising on investments in subsidiary, joint venture and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax is provided for such items since it is not anticipated there would be a material withholding tax cost on any undistributed earnings in the foreseeable future.

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 when the taxes relate to the same taxation authority and either the same taxable entity or different taxable entities where there is a legally enforceable right for offsetting.

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.

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 distribution in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or for interim dividends, when paid.

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.

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Notes to the consolidated financial statements

Note S. continued

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.

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	5% to 34% per annum
Vessels and aircraft	3.3% to 7% per annum
Drydocking costs	20% to 40% 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.

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.

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.

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 ten 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.

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Note 5. continued

Other intangible assets

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). Development costs relating to software as a service are expensed as incurred.

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.

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.

Investment property land is depreciated on a straight-line basis over the lease period. Investment properties are depreciated on a straight-line basis over a period of 5-50 years.

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 deemed 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 and related costs of preliminary works, less provisions for possible losses. Properties held for development are not expected to be sold or developed within the Group's normal operating cycle and are classified as non-current assets.

Properties for sale comprise freehold and leasehold land at cost, construction costs and interest costs capitalised, less provisions for possible losses. Properties under development are active construction projects which are expected to be sold within the Group's normal operating cycle and are classified as current assets. Properties for sale are available for immediate sale and are classified as current assets.

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

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Notes to the consolidated financial statements

Note 5. continued

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.

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.

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Notes to the consolidated financial statements

Note 5. continued

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.

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

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.

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Notes to the consolidated financial statements

Note 5. continued

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.

The measurement of expected credit losses of operating lease receivables includes consideration of expectations of forgiveness of lease income recognised as part of the relevant receivable.

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.

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Note 5. continued

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.

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.

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Notes to the consolidated financial statements

Note 5. continued

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.

i. Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. Other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for loss allowance. Trade and other receivables in the consolidated statement of financial position are stated net of such provisions.

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.

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Note 5. continued

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.

AA. UK-adopted IFRS not yet applied

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statement.

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 and Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date 1 January 2024).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023).
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

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	
	2022 £'m	2021 £'m
Sale of goods	7,656	6,663
Rendering of services	3,802	2,740
Gross rental income from investment properties	1,261	1,173
Property trading	94	228
Hotels	90	112
Aircraft and engine maintenance services	1,282	965
Charter hire and equipment rental	132	202
	<u>14,317</u>	<u>12,083</u>

B. Revenue activity

	Continuing operations	
	2022 £'m	2021 £'m
Aviation	1,419	1,075
Marine	2,774	2,006
Property	1,458	1,523
Industrial	1,313	984
Trading	1,071	988
Beverages and food chain	6,280	5,487
Other activities net of central cost	2	20
	<u>14,317</u>	<u>12,083</u>

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 6. continued

C. Geographical analysis – origin

	Continuing operations	
	2022	2021
	£'m	£'m
Shipowning and operating*	2,603	1,867
Chinese Mainland	3,951	3,559
Hong Kong	1,824	1,612
Rest of Asia	871	960
North America	3,807	3,107
Africa	144	115
Australia	234	214
Papua New Guinea	132	109
United Kingdom	457	398
Europe and other areas	294	142
	14,317	12,083

* 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

	2022				2021			
	At a point	Over time	Rental income	Total	At a point	Over time	Rental income	Total
	in time	£'m	on leases	£'m	in time	£'m	on leases	£'m
Aviation	77	1,342	—	1,419	45	1,030	—	1,075
Marine	96	2,670	8	2,774	79	1,901	26	2,006
Property	130	93	1,235	1,458	275	98	1,150	1,523
Industrial	1,085	228	—	1,313	971	13	—	984
Trading	1,066	5	—	1,071	983	5	—	988
Beverages and food chain	6,280	—	—	6,280	5,477	10	—	5,487
Other activities (net of central cost)	2	—	—	2	7	13	—	20
Total	8,736	4,338	1,243	14,317	7,837	3,070	1,176	12,083

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.

	2022	2021
	£'m	£'m
Revenue recognised that was included in the contract liability balance at the beginning of the year	104	63

There is Enil (2021: Enil) revenue recognised during the year ended 31 December 2022 from performance obligations satisfied in previous years.

Of the contract liabilities of £168 million (2021: £129 million) outstanding at 31 December 2022, £155 million (2021: £112 million) is expected to be recognised as revenue within one year and the remaining balance of £13 million (2021: £17 million) over one year.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 6. continued

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

	2022 £'m	2021 £'m
Aggregate amount of the transaction price allocated to revenue contracts that are partially or fully unsatisfied as at 31 December	<u>304</u>	<u>397</u>

Of the amount disclosed above at 31 December 2022, £295 million is expected to be recognised as revenue within one year (2021: £344 million).

7. Income and expenses

A. Other income

	Note	2022 £'m	2021 £'m
Gain on sale of investment properties, properties, plant and equipment		232	200
Gain on sale of held for sale assets		2	27
Exchange gains		28	—
Change in fair value of biological assets		(2)	3
Remeasurement gain/(loss) on disposal group	35	57	(151)
Gain on purchase of subsidiary		28	—
Gain on sale of subsidiary companies	35	63	23
(Loss)/gain on sale of joint venture and associated companies		(10)	65
Government grants		33	51
Other income		56	40
		<u>487</u>	<u>258</u>

B. Expenses by nature

	2022 £'m	2021 £'m
Direct operating expenses of investment properties that:		
– generated rental income	343	247
Cost of stocks sold	6,570	5,623
Write-down of stocks and work in progress	22	18
Impairment losses recognised on:		
– property, plant and equipment	49	2
– intangible assets	131	—
– investment in associate	17	—
– trade receivables	4	(1)
Depreciation of investment property, property, plant and equipment	922	867
Depreciation of right-of-use assets	196	165
Amortisation of:		
– leasehold land and land use rights	6	5
– intangible assets	39	36
– initial leasing costs on investment properties	8	3
Staff costs	2,545	2,219
Auditor's remuneration:		
– audit services	2	2
Other expenses	2,240	1,868
Total cost of sales, distribution costs, administrative expenses and other operating expenses	<u>13,094</u>	<u>11,054</u>

Other expenses includes other cost of sales, distribution costs, administrative expenses and other operating expenses.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 7. continued

Remuneration of the Group auditor, KPMG LLP, and its worldwide associated firms, for Group audit services amounted to £2,622,623 (2021: £2,307,461), of which £264,000 (2021: £227,150) was in respect of the Parent Company. Fees relating to Group taxation, pension schemes and other services amounted to £599,211 (2021: £1,721,417), £244,801 (2021: £103,851), and £220,211 (2021: £366,709) respectively.

8. Net finance costs

	2022 £'m	2021 £'m
Interest income on:		
– Short-term deposits and bank balances	34	20
– Loans and receivables	8	11
Income from other investments	6	5
Finance income	48	36
Bank loans and overdrafts	60	24
Other loans and bonds	148	167
Finance charges on lease liabilities	24	26
Amortised loan fees – loans at amortised cost	13	12
Fair value losses on derivative instruments:		
– Interest rate swaps: cash flow hedges, transferred from other comprehensive income	—	1
Net interest cost on defined benefit schemes	5	2
Fair value loss on put options over non-controlling interests in subsidiary companies	7	6
Other financing costs capitalised on:		
– Investment properties	(38)	(27)
– Properties for sale	(19)	(5)
Finance costs	200	206
Net finance costs recognised in profit or loss	152	170

9. Other employee benefits (Group)

	2022 £'m	2021 £'m
Net defined benefit asset	34	23
Total employee benefit asset	34	23
Net defined benefit liability	73	168
Liability for post-employment medical and life benefits	16	26
Total employee benefit liabilities	89	194
Non-current	88	193
Current	1	1
	89	194

There are no schemes within the Group that require additional disclosure due to them being considered material. A significant proportion of the gross pension balances are held with Swire Pacific, details of which can be viewed within Swire Pacific's publicly available financial statements.

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 2022. The valuations applied the projected unit method.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 9. continued

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 6-35 years.

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 defined contribution expense for the year is £60 million (2021: £54 million). The Group expects to contribute £31 million to the various schemes in the year ended 31 December 2023.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 9. continued

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 2021	1,084	(1,229)	(14)	(159)
Included in profit or loss				
Translation cost	—	(1)	—	(1)
Service cost (current and past)	—	(46)	—	(46)
Effect of settlements	(22)	9	—	(13)
Interest income/(cost)	19	(22)	—	(3)
	(3)	(60)	—	(63)
Included in OCI				
Translation cost	2	—	—	2
Re-measurement (gain)/loss:				
- actuarial (gain)/loss arising from:				
- demographic assumptions	—	4	—	4
- financial assumptions	—	23	—	23
- experience adjustments	—	(41)	—	(41)
- change in asset ceiling	—	—	4	4
- return on plan assets excluding interest income	47	—	—	47
	49	(14)	4	39
Other				
Contributions paid by the employer	38	—	—	38
Contribution by scheme members	1	(1)	—	—
Benefits paid	(91)	91	—	—
	(52)	90	—	38
Balance at 31 December 2021	1,078	(1,213)	(10)	(145)
Balance at 1 January 2022	1,078	(1,213)	(10)	(145)
Included in profit or loss				
Translation cost	(9)	9	—	—
Service cost (current and past)	—	(46)	—	(46)
Effect of settlements	(1)	—	—	(1)
Interest income/(cost)	25	(29)	—	(4)
	15	(66)	—	(51)
Included in OCI				
Translation cost	103	(120)	—	(17)
Re-measurement (gain)/loss:				
- actuarial (gain)/loss arising from:				
- demographic assumptions	—	4	—	4
- financial assumptions	—	324	—	324
- experience adjustments	—	7	—	7
- change in asset ceiling	—	—	5	5
- return on plan assets excluding interest income	(202)	—	—	(202)
	(99)	215	5	121
Other				
Contributions paid by the employer	36	—	—	36
Contribution by scheme members	1	(1)	—	—
Benefits paid	(118)	118	—	—
	(81)	117	—	36
Balance at 31 December 2022	913	(947)	(5)	(39)

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 9. continued

Represented by:

	2022	2021
	£'m	£'m
Net defined benefit asset	34	23
Net defined benefit liability	(73)	(168)
	(39)	(145)

C. Plan assets

Plan assets comprise the following:

	2022	2021
	£'m	£'m
Equity securities	370	462
Debt securities – Corporate	92	42
Debt securities – Government	110	166
Real estate	1	1
Diversified growth fund	151	143
Cash and cash equivalents	75	95
Asset-backed securities	14	16
Insured assets	100	153
	913	1,078

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 (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):

	2022	2021
	%	%
Discount rate	1.2-5.4%	0.3-3.3%
Future salary growth	0.0-9.0%	0.0-4.5%
Future pension growth	0.0-4.9%	0.0-3.3%
Price inflation	0.0-4.0%	0.0-4.0%

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 9. continued

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

	2022 Years	2021 Years
Longevity at age 65 for current pensioners		
Males	20.0-23.3	20.0-23.6
Females	22.0-26.0	22.0-25.3
Longevity at age 65 for current members aged 45		
Males	22.0-23.6	22.0-24.0
Females	24.0-27.0	24.0-26.5

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.

	2022		2021	
	Increase £'m	Decrease £'m	Increase £'m	Decrease £'m
Discount Rate ((0.5%)/0.5% movement)	50	(42)	79	(59)
Salary increase (0.5%/(0.5%) movement)	24	(23)	30	(27)
Price inflation (0.5%/(0.5%) movement)	7	(2)	14	(4)

Given the large number of schemes that operate globally, it is not practicable to be able to provide a meaningful sensitivity in relation to longevity.

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.

	2022 £'m	2021 £'m
Net defined benefit liability	21	32
Total employee benefit liabilities	21	32
Non-current	21	32
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.

The last full actuarial valuation of the scheme was performed at 31 December 2018. To measure the defined benefit obligation as at 31 December 2022, the liabilities were rolled forward by a professional actuary to 31 December 2022, based on the figures carried forward from 2018 and information from the Scheme administrators.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 10. continued

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 defined contribution expense for the year is £1 million (2021: £1 million). The Parent Company does not expect to contribute to the plans in the period ended 31 December 2023.

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 2021	91	(116)	(9)	(34)
Included in profit or loss				
Current service cost	—	—	—	—
Effect of settlements	(12)	—	—	(12)
Interest income/(cost)	1	(2)	—	(1)
	(11)	(2)	—	(13)
Included in OCI				
Re-measurement loss/(gain):				
- actuarial loss/(gain) arising from:				
- demographic assumptions	—	—	—	—
- financial assumptions	—	5	—	5
- experience adjustments	—	(3)	—	(3)
- change in asset ceiling	—	—	9	9
- return on plan assets excluding interest income	(2)	—	—	(2)
	(2)	2	9	9
Other				
Contributions paid by the employer	6	—	—	6
Benefits paid	(5)	5	—	—
	1	5	—	6
Balance at 31 December 2021	79	(111)	—	(32)
Balance at 1 January 2022	79	(111)	—	(32)
Included in profit or loss				
Current service cost	—	(1)	—	(1)
Effect of settlements	—	—	—	—
Interest income/(cost)	2	(2)	—	—
	2	(3)	—	(1)
Included in OCI				
Re-measurement loss/(gain):				
- actuarial loss/(gain) arising from:				
- demographic assumptions	—	1	—	1
- financial assumptions	—	34	—	34
- experience adjustments	—	(1)	—	(1)
- change in asset ceiling	—	—	—	—
- return on plan assets excluding interest income	(23)	—	—	(23)
	(23)	34	—	11
Other				
Contributions paid by the employer	1	—	—	1
Benefits paid	(6)	6	—	—
	(5)	6	—	1
Balance at 31 December 2022	53	(74)	—	(21)

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 10. continued

Represented by:

	2022 £'m	2021 £'m
Net defined benefit asset	—	—
Net defined benefit liability	(21)	(32)
	<u>(21)</u>	<u>(32)</u>

C. Plan assets

Plan assets comprise the following:

	2022 £'m	2021 £'m
Insured assets	50	74
Debt securities – Government	2	4
Cash and cash equivalents	1	1
	<u>53</u>	<u>79</u>

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

In 2021, the JS&S Section purchased an insurance policy with Aviva Life & Pensions UK Limited to cover the defined benefit obligations for all past service liabilities accrued up to 30 June 2020. The inception date for the transaction was 9 March 2021. To purchase the insurance policy the JS&S section paid a sum of £84,838,783.52 to Aviva Life & Pensions UK Limited, this resulted in a charge of £12 million to the income statement of the Company.

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):

	2022 %	2021 %
Discount rate	4.75	1.85
Future salary growth	n/a	3.45
Future pension growth	3.15	3.30
Price inflation	3.25	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:

	2022 Years	2021 Years
Longevity at age 65 for current pensioners		
Males	23.3	23.6
Females	25.0	25.3
Longevity at age 65 for current members aged 45		
Males	23.6	23.9
Females	26.3	26.5

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 10. continued

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:

	2022		2021	
	Increase £'m	Decrease £'m	Increase £'m	Decrease £'m
Discount Rate (0.5% decrease)	4	—	9	—
Life expectancy (1 year increase)	3	—	5	—
Price inflation (0.5% increase)	3	—	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

	2022 £'m	2021 £'m
Wages and salaries	2,284	2,019
Social security contributions	181	153
Retirement and pension benefits	145	123
	2,610	2,295

Average number of employees employed

	2022 Number	2021 Number
Administration	12,900	13,199
Management	3,541	3,626
Sales	25,009	23,958
Production	31,373	38,694
	72,823	79,477

Average number of employees employed

	2022 Number	2021 Number
Male	51,764	53,079
Female	21,059	26,398
	72,823	79,477

The number of employees within the John Swire & Sons group of companies (including joint venture and associated companies) is approximately 98,000 (2021: 104,000).

12. Remuneration of directors

	2022	2021
Directors' remuneration (£'k)	3,191	2,685
Company contributions to money purchase pension plans	57	39

Retirement benefits are accruing to the following number of directors under:

Money purchase scheme	1	1
In respect of the highest paid director:		
Aggregate remuneration (£'k)	501	592

In respect of the highest paid director, pension contributions were £nil (2021: £nil).

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

13. Income taxes

The Group is subject to taxes in numerous jurisdictions and is routinely subject to audits by tax authorities in the territories in which it operates. There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain. The assessment of uncertain tax positions is subject to management's best judgement based on interpretation of the relevant legislation and appropriate professional advice. The Group recognised liabilities for potential tax exposures based on estimates of whether additional taxes will be due. If the Group concludes it is probable that a taxation authority will accept an uncertain tax treatment, the Group determines the taxable profit/(tax loss) consistently with the tax treatment used in the relevant income tax filings. If the Group concludes it is not probable that a taxation authority will accept an uncertain tax treatment, the Group reflects the effect of uncertainty for each uncertain tax treatment by using either (a) the most likely amount – the single most likely amount in a range of possible outcomes or (b) the expected value – the sum of the probability-weighted amounts in a range of possible outcomes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences affect the income tax and deferred tax provisions in the year in which the outcomes become known.

A. Amounts recognised in profit or loss

	2022 £'m	2021 £'m
Current tax expense		
UK taxation	(10)	1
Overseas taxation	(272)	(226)
Adjustment for prior years – UK	(1)	(1)
– Overseas	(7)	2
	<u>(290)</u>	<u>(224)</u>
Deferred tax expense		
Origination and reversal of temporary differences	(46)	(24)
Recognition of previously unrecognised tax losses	1	17
Changes in tax rate	—	4
Change in recognised deductible temporary differences	(2)	3
Under provision in prior years	6	(7)
Write-down of deferred tax asset	—	(1)
	<u>(41)</u>	<u>(8)</u>
Tax expense on continuing operations	<u>(331)</u>	<u>(232)</u>

Tax expense on continuing operations excludes the Group's share of the tax expense of equity-accounted investees of £23 million (2021: £19 million), which has been included in share of loss 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.

B. Amounts recognised in OCI

	2022			2021		
	Before tax £'m	Tax benefit £'m	Net of tax £'m	Before tax £'m	Tax benefit £'m	Net of tax £'m
Re-measurement of defined benefit liability/(asset)	169	(25)	144	40	(5)	35
Equity-accounted investees – share of OCI	(235)	—	(235)	217	—	217
Foreign operations – foreign currency translation differences	2,469	—	2,469	(29)	—	(29)
Cash flow hedges	(14)	(1)	(15)	(4)	1	(3)
Net change in fair value of equity investments at fair value through OCI	27	—	27	(1)	—	(1)
	<u>2,416</u>	<u>(26)</u>	<u>2,390</u>	<u>223</u>	<u>(4)</u>	<u>219</u>

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 13. continued

C. Reconciliation of effective tax rate

	2022 £'m	2021 £'m
Profit before tax from continuing operations	1,302	926
Tax using the Company's domestic tax rate of 19% (2021: 19%)	247	176
Effect of tax rates in foreign jurisdictions	50	43
Tax effect of:		
Difference in deferred tax rate	(1)	(4)
Share of profit of equity-accounted investees reported, net of tax	52	38
Expenses not deductible for tax purposes	70	186
Income not subject to tax	(132)	(213)
Unused tax losses and temporary differences not recognised	49	25
Utilisation of previously unrecognised tax losses	(10)	(17)
Recognition of previously unrecognised tax losses	(1)	(17)
Deferred tax assets written off	—	1
Utilisation of previous unrecognised temporary differences	(16)	(11)
Adjustments for prior years	(1)	6
Withholding tax	24	19
	331	232

Income not subjected to tax primarily relates to the shipping businesses in Singapore and the associated incentives made available to the maritime sector.

D. Movements in deferred tax balances

2022 – £'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	(623)	(72)	(22)	—	1	54	(662)	13	(675)
Intangible assets	(6)	(1)	(2)	—	3	—	(6)	5	(11)
Biological assets	7	1	—	—	—	—	8	8	—
Employee benefits	34	2	(1)	(25)	—	1	11	20	(9)
Provisions	38	5	(2)	—	—	5	46	46	—
Other items	(128)	(17)	(19)	(1)	(30)	11	(184)	116	(300)
Carry forward tax loss	64	5	5	—	—	(1)	73	73	—
Net tax assets/(liabilities) before set-off	(614)	(77)	(41)	(26)	(26)	70	(714)	281	(995)
Set off of tax	—	—	—	—	—	—	—	(175)	175
Net tax assets/(liabilities)	(614)	(77)	(41)	(26)	(26)	70	(714)	106	(820)
2021 – £'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	(579)	(3)	(7)	—	1	(35)	(623)	9	(632)
Intangible assets	(7)	(1)	(1)	—	—	3	(6)	2	(8)
Biological assets	6	—	—	—	1	—	7	7	—
Employee benefits	35	—	5	(5)	(1)	—	34	40	(6)
Provisions	55	(2)	(16)	—	—	1	38	38	—
Other items	(130)	7	(2)	1	—	(4)	(128)	114	(242)
Carry forward tax loss	41	(3)	13	—	—	13	64	64	—
Net tax assets/(liabilities) before set-off	(579)	(2)	(8)	(4)	1	(22)	(614)	274	(888)
Set off of tax	—	—	—	—	—	—	—	(139)	139
Net tax assets/(liabilities)	(579)	(2)	(8)	(4)	1	(22)	(614)	135	(749)

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

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Notes to the consolidated financial statements

Note 13. continued

E. Unrecognised deferred tax liabilities

There were Enil unrecognised deferred tax liabilities (2021: Enil).

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 £358 million (2021: £312 million) to carry forward against future taxable income, of which £166 million (2021: £148 million) will expire at various dates up to 2037.

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 2021	1,082	533	208	167	1,990
Effects of movements in exchange rates	6	11	(4)	3	16
Acquisitions through business combinations	21	—	—	2	23
Additions	—	22	4	26	52
Disposals	(6)	—	—	(3)	(9)
Change in composition of the group	—	—	(3)	(1)	(4)
Transfer to assets held for sale	—	—	—	(10)	(10)
Balance at 31 December 2021	1,103	566	205	184	2,058
Balance at 1 January 2022	1,103	566	205	184	2,058
Effects of movements in exchange rates	84	40	18	16	158
Acquisitions through business combinations	31	112	—	—	143
Additions	—	15	—	20	35
Disposals	(2)	—	—	(5)	(7)
Change in composition of the group	—	—	—	1	1
Balance at 31 December 2022	1,216	733	223	216	2,388
Accumulated amortisation and impairment losses					
Balance at 1 January 2021	(192)	(35)	(142)	(93)	(462)
Effects of movements in exchange rates	1	(1)	6	(1)	5
Amortisation	—	(6)	(13)	(17)	(36)
Disposals	4	—	—	2	6
Transfer to assets held for sale	—	—	—	9	9
Balance at 31 December 2021	(187)	(42)	(149)	(100)	(478)
Balance at 1 January 2022	(187)	(42)	(149)	(100)	(478)
Effects of movements in exchange rates	(16)	(5)	(12)	(10)	(43)
Amortisation	—	(9)	(11)	(19)	(39)
Impairment loss	(131)	—	—	—	(131)
Disposals	—	—	—	4	4
Balance at 31 December 2022	(334)	(56)	(172)	(125)	(687)
Carrying Amounts					
At 1 January 2021	890	498	66	74	1,528
At 31 December 2021	916	524	56	84	1,580
At 31 December 2022	882	677	51	91	1,701

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Notes to the consolidated financial statements

Note 14. continued

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

	2022	2021
	£'m	£'m
HAECO – Asia	371	333
Beverages/food chain	316	277
Argent Energy Holdings Limited	65	137
Chongqing New Qinyuan Bakery Co., Limited	—	35
Finlay Extracts & Ingredients USA, Inc	56	50
HAECO – USA	48	27
Marine	19	17
Trading and Industrial	7	40
	<u>882</u>	<u>916</u>

The recoverable amount of HAECO's businesses in Hong Kong and the Chinese Mainland has been determined using a value in use calculation. The recoverable amount represents the present value of estimates of cash flow projections covering a five-year period based on financial budgets prepared by management. The five-year forecast is considered appropriate for the business taking into account expected business recovery, growth plans, modest productivity improvements and relocation of Xiamen airport, with reference to internal and external evidence. A weighted average pre-tax discount rate of 12.0% (2021: 10.0%) has been applied and cash flows beyond the five-year period are assumed not to grow by more than 3.0% (2021: 2.0%) per annum. The results of the impairment test using these assumptions show that the recoverable amount exceeds the carrying amount by approximately 7.0% at 31 December 2022 (2021: 9%). The Group therefore concluded that no impairment was required to the goodwill allocated to HAECO's businesses in Hong Kong and the Chinese Mainland at 31 December 2022. The financial forecasts used to determine the recoverable amount remain highly sensitive to changes in external conditions. There is significant uncertainty over the shape and timing of the recovery in demand for aircraft maintenance services, which could give rise to possible impairments in future periods. A 100 basis-points increase in discount rate would decrease the estimated recoverable amount by £123 million. A 50 basis-points decrease in gross profit margin would decrease the estimated recoverable amount by £29 million. A one-year delay in business recovery to pre-COVID-19 levels would decrease the estimated recoverable amount by £72 million. Each of these sensitivities is based on an unfavourable change in an assumption while holding other assumptions constant.

Goodwill attributable to Swire Coca-Cola's businesses in Hong Kong and the Chinese Mainland relates to the acquisitions of new franchise territories and additional equity interests in existing 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 businesses in Hong Kong and the Chinese Mainland 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 rate of 11.5% (2021: 9.5%). Cash flows beyond the five-year period are assumed not to grow by more than 2.0% (2021: 0.5%) per annum. Reasonably possible changes in the key assumptions would not result in an impairment.

Goodwill attributable to Argent Energy Holdings Limited relates to the acquisition of businesses in the UK and the Netherlands. The recoverable amount of these businesses has been determined using a value-in-use calculation. The calculation uses cash flow projections based on financial budgets prepared by management covering a three-year period and a weighted average pre-tax discount ranging between 7.5% and 9.0% (2021: 6.2% and 9.8%). Cash flows beyond the three-year period are assumed not to grow more than 2.0% (2021: 2.0%) per annum. Having assessed the recoverable amounts, the goodwill attributable to the UK business was written off in full. Reasonably possible changes in the key assumptions would not result in an impairment of the business in the Netherlands.

The recoverable amount of HAECO—USA is derived on a value in use basis using financial budgets and plans prepared by management. Management applied a pre-tax discount rate of 13.5% (2021: 12.0%) and assumed growth of no more than 2.0% (2021: 0.5%) per annum for cash flows beyond the forecast period. Reasonably possible changes in the key assumptions would not result in an impairment.

The goodwill relating to Chongqing New Qinyuan Bakery Co., Limited was written off in full in the year.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

15. Biological assets

A. Reconciliation of carrying amount

	Tea Bushes £'m	Standing Timber £'m	Total £'m
Balance at 1 January 2021	—	18	18
Effect of movements in exchange rates	—	(1)	(1)
Changes in the composition of the Group	—	(9)	(9)
Changes in fair value less costs to sell:			
Due to price changes	—	3	3
Due to physical changes	—	—	—
Balance at 31 December 2021	—	11	11
Balance at 1 January 2022	—	11	11
Effect of movements in exchange rates	—	(1)	(1)
Changes in fair value less costs to sell:			
Due to price changes	—	—	—
Due to physical changes	1	(1)	—
Balance at 31 December 2022	1	9	10

Biological assets comprise tea bushes, flower plantations, rubber trees and standing timber. As at 31 December 2022 tea plantations comprised approximately 5,299 hectares of tea bushes (2021: 5,345 hectares), which range from newly established plants to plants that are over 50 years old.

As at 31 December 2022 standing timber comprised approximately 2,487 hectares of eucalyptus trees (2021: 2,785 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.	<ul style="list-style-type: none"> 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. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> 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).

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Notes to the consolidated financial statements

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 2021	3,634	2,900	4,042	38	10,614
Effect of movements in exchange rates	49	43	39	(1)	130
Additions	104	160	435	1	700
Disposals	(191)	(259)	(169)	—	(619)
Transfer between categories	3	—	(3)	—	—
Transfer to investment properties	(85)	—	—	—	(85)
Disposals of subsidiary companies	(4)	—	17	(13)	—
Reclassification to assets held for sale	(3)	(1,537)	(29)	—	(1,569)
Transfer to right of use assets	(3)	—	—	—	(3)
Balance at 31 December 2021	3,504	1,307	4,332	25	9,168
Balance at 1 January 2022	3,504	1,307	4,332	25	9,168
Effect of movements in exchange rates	312	151	266	—	729
Additions	134	27	436	2	599
Disposals	(36)	(77)	(183)	—	(296)
Transfer between categories	(10)	—	10	—	—
Transfer from investment properties	3	—	—	—	3
Business combinations acquired	35	53	44	—	132
Reclassification to assets held for sale	(27)	4	(98)	—	(121)
Transfer from right of use assets	43	—	3	—	46
Balance at 31 December 2022	3,958	1,465	4,810	27	10,260
Accumulated depreciation and impairment losses					
Balance at 1 January 2021	(1,190)	(1,843)	(2,361)	(20)	(5,414)
Effect of movements in exchange rates	(24)	(20)	(17)	1	(60)
Depreciation	(105)	(66)	(328)	(1)	(500)
Impairment reversal/(loss)	—	7	(6)	—	1
Disposals	67	183	136	—	386
Disposals of subsidiary companies	2	—	(1)	12	13
Reclassification to assets held for sale	1	1,303	18	—	1,322
Transfer between categories	1	—	(1)	—	—
Transfer to investment properties	1	—	—	—	1
Transfer to right of use assets	3	—	—	—	3
Balance as at 31 December 2021	(1,244)	(436)	(2,560)	(8)	(4,248)
Balance at 1 January 2022	(1,244)	(436)	(2,560)	(8)	(4,248)
Effect of movements in exchange rates	(119)	(53)	(180)	(1)	(353)
Depreciation	(110)	(55)	(347)	—	(512)
Impairment loss	(6)	—	(43)	—	(49)
Disposals	17	18	149	—	184
Reclassification to assets held for sale	14	—	53	—	67
Transfer between categories	(5)	—	5	—	—
Transfer from right of use assets	(3)	—	(3)	—	(6)
Balance as at 31 December 2022	(1,456)	(526)	(2,926)	(9)	(4,917)
Carrying amounts					
At 1 January 2021	2,444	1,057	1,681	18	5,200
At 31 December 2021	2,260	871	1,772	17	4,920
At 31 December 2022	2,502	939	1,884	18	5,343

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Note 16. continued

Land and buildings, vessels and aircraft, and plant and equipment include costs of £92 million (2021: £40 million), £nil million (2021: £21 million) and £91 million (2021: £97 million) respectively, including advance payments and deposits under contracts with third parties, in respect of assets under construction.

In May 2019, the Xiamen municipal government advised the Company that construction of a new airport in the Xiang'an district of Xiamen had been approved by the Chinese Central Government. Management discussed with the Xiamen authorities the relocation of HAECO Xiamen's premises from their existing location to the new airport, which will represent a significant change to its operations in Xiamen. HAECO Xiamen is entitled to compensation in relation to the move to the new airport. The total net book value of HAECO Xiamen's property, plant and equipment and right-of-use assets in the Group as at 31 December 2022 was £216 million (2021: £160 million), some of which will be subject to relocation. In September 2021, HAECO Xiamen signed a Land Reclamation Agreement with the Xiamen authorities. Based on this agreement, the recoverable amounts of property, plant and equipment at the existing Xiamen airport that are affected by the relocation are in excess of the carrying value as at 31 December 2022. Management considers that the carrying value of HAECO Xiamen's property, plant and equipment and right-of-use assets is recoverable as at 31 December 2022.

Parent Company	Land and Buildings £'m	Plant & Machinery £'m	Total £'m
Cost			
Balance at 1 January 2021	19	3	22
Additions	—	—	—
Balance at 31 December 2021	19	3	22
Balance at 1 January 2022	19	3	22
Additions	—	—	—
Disposals	—	(2)	(2)
Balance at 31 December 2022	19	1	20
Accumulated depreciation and impairment losses			
Balance at 1 January 2021	(10)	(2)	(12)
Depreciation	—	—	—
Balance at 31 December 2021	(10)	(2)	(12)
Balance at 1 January 2022	(10)	(2)	(12)
Depreciation	—	—	—
Disposals	—	2	2
Balance at 31 December 2022	(10)	—	(10)
Carrying amounts			
At 1 January 2021	9	1	10
At 31 December 2021	9	1	10
At 31 December 2022	9	1	10

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Notes to the consolidated financial statements

17. Right-of-use assets

Group	Total £'m
Cost	
Balance at 1 January 2021	958
Effect of movement in exchange rates	9
Additions	159
Acquisitions through business combinations	16
Transfer from property, plant and equipment	3
Lease modification	8
Early termination of lease	(146)
Balance at 31 December 2021	<u>1,007</u>
Balance at 1 January 2022	1,007
Effect of movement in exchange rates	93
Additions	190
Acquisitions through business combinations	35
Transfer to investment property	(7)
Transfer to property, plant and equipment	(46)
Lease modification	(18)
Eliminated on expiry of lease	(60)
Early termination of lease	(63)
Balance at 31 December 2022	<u>1,131</u>
Accumulated depreciation and impairment losses	
Balance at 1 January 2021	(283)
Effect of movement in exchange rates	(4)
Depreciation	(165)
Impairment	(3)
Transfer from property, plant and equipment	(3)
Early termination of lease	133
Balance at 31 December 2021	<u>(325)</u>
Balance at 1 January 2022	(325)
Effect of movement in exchange rates	(37)
Depreciation	(196)
Reclassification to investment property	2
Transfer to property, plant and equipment	6
Eliminated on expiry of lease	79
Early termination of lease	54
Balance at 31 December 2022	<u>(417)</u>
Carrying amounts	
At 1 January 2021	<u>675</u>
At 31 December 2021	<u>682</u>
At 31 December 2022	<u>714</u>

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Notes to the consolidated financial statements

18. Investment property
Reconciliation of carrying amount

Group	Completed £'m	Under development £'m	Total £'m
Cost			
Balance at 1 January 2021	18,824	1,601	20,425
Effect of movements in exchange rates	142	6	148
Additions	120	290	410
Disposals	(80)	(22)	(102)
Transfer between categories	107	(107)	—
Transfer to assets held for sale	(27)	—	(27)
Reclassification from property, plant and equipment	27	58	85
Balance at 31 December 2021	19,113	1,826	20,939
Balance at 1 January 2022	19,113	1,826	20,939
Effect of movements in exchange rates	2,035	193	2,228
Additions	67	715	782
Disposals	(28)	(28)	(56)
Transfer between categories	1,654	(1,654)	—
Transfer to assets held for sale	(9)	—	(9)
Reclassification to fixed assets	(3)	—	(3)
Additional leasing costs	3	—	3
Reclassification from right-of-use assets	7	—	7
Balance at 31 December 2022	22,839	1,052	23,891
Accumulated depreciation and impairment losses			
Balance at 1 January 2021	(2,444)	—	(2,444)
Effect of movements in exchange rates	(24)	—	(24)
Depreciation	(366)	—	(366)
Reclassification from property, plant and equipment	(1)	—	(1)
Balance at 31 December 2021	(2,835)	—	(2,835)
Balance at 1 January 2022	(2,835)	—	(2,835)
Effect of movements in exchange rates	(325)	—	(325)
Depreciation	(410)	—	(410)
Reclassification from right-of-use assets	(2)	—	(2)
Eliminated on disposal	6	—	6
Balance at 31 December 2022	(3,566)	—	(3,566)
Carrying amounts			
At 1 January 2021	16,380	1,601	17,981
At 31 December 2021	16,278	1,826	18,104
At 31 December 2022	19,273	1,052	20,325
Freeholds	519	—	519
Long leasehold	14,944	684	15,628
Medium leasehold	3,806	368	4,174
Short leasehold	4	—	4
Balance at 31 December 2022	19,273	1,052	20,325

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 £7,690 million (2021: £6,664 million).

The fair value of the investment properties held by the Group is £29,092 million (2021: £25,692 million).

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19. Properties held for development and properties for sale

Group	2022 £'m	2021 £'m
Properties held for development		
Freehold land	93	83
Development costs	23	21
Balance at 31 December	116	104
Properties for sale		
Completed properties – development costs	18	1
Completed properties – freehold land	—	14
Completed properties – leasehold land	12	—
Properties under development – development costs	60	42
Leasehold land under development for sale	783	546
Balance at 31 December	873	603

20. Investment in subsidiaries

Parent Company	2022 £'m	2021 £'m
Deemed cost		
At start of year	10,132	9,624
Additions	1,021	508
Disposals	—	—
Impairment	(765)	—
Balance at 31 December	10,388	10,132

During the year the Company invested £300 million (2021: £458 million) into subsidiary companies through the conversion of intercompany receivable balances into equity. The remaining additions and impairments arose as a result of restructuring the investment in two subsidiary companies.

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 £5,748 million (2021: £3,534 million), compared to a book value of £4,142 million (2021: £3,792 million).

21. Equity-accounted investees

Group	2022 £'m	2021 £'m
Cost and net book value		
At 1 January	5,934	5,482
Additions	344	487
Share of post-tax (losses)/profits	(491)	19
Movement on loan accounts	(18)	18
Dividends received and receivable	(94)	(68)
Exchange adjustments	638	23
Disposals	(22)	(27)
Balance at 31 December	6,291	5,934
	2022 £'m	2021 £'m
Interests in joint ventures	21A 3,614	3,094
Interests in associates	21B 2,677	2,840
Balance at 31 December	6,291	5,934

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Notes to the consolidated financial statements

Note 21. continued

A. Joint venture companies

	2022 £'m	2021 £'m
Unlisted shares at cost		
Share of net assets, unlisted	1,859	1,525
Goodwill	113	76
	<u>1,972</u>	<u>1,601</u>
Loans due from joint venture companies less provisions		
– Interest-free	1,421	1,281
– Interest-bearing at 1.7% to 6.5% (2021: 0.9% to 6.5%)	221	212
	<u>3,614</u>	<u>3,094</u>

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

The Group's interest in HAESL, a joint venture company of the Group

The Group's interest in joint venture companies includes £453 million in respect of the Group's interest in HAESL. The recoverable amount has been determined using a value in use calculation representing the present value of estimates of cash flow projections covering a five-year period based on financial budgets prepared by management. A pre-tax discount rate of 12.2% (2021: 9.7%) has been applied and cash flows beyond the five-year period are assumed not to grow by more than 3.0% (2021: 2.0%) per annum.

The results of the impairment test using these assumptions show that the recoverable amount approximates the carrying amount at 31 December 2022. The Group therefore concluded that no impairment was required in respect of the Group's interest in HAESL at 31 December 2022.

The financial forecasts used to determine the recoverable amount remain highly sensitive to changes in external conditions. Significant uncertainty remains over the shape and timing of the recovery in demand for engine maintenance services, which could give rise to possible impairments in future periods.

A 100 basis-points increase in discount rate would decrease the estimated recoverable amount by £53 million. A one-year delay in business recovery to pre-COVID-19 levels would decrease the estimated recoverable amount by £44 million. Each of these sensitivities is based on an unfavourable change in an assumption while holding other assumptions constant.

Other joint ventures

On 15 December 2022, Swire Properties group entered into three Master Agreements with Sino-Ocean Group Holding Limited and its subsidiaries (Sino-Ocean Group) to purchase in aggregate 50% interests in existing joint venture companies in Sino-Ocean Taikoo Li Chengdu for a total cash consideration of RMB5,550 million. In accordance with the Master Agreements and subject to certain conditions being satisfied:

- the Group agreed to acquire 15% interests in these joint venture companies under the first Master Agreement; and
- the Group agreed to acquire 35% interests in these joint venture companies under the second and third Master Agreements.

The first Master Agreement was completed in December 2022. The second and third Master Agreements were completed in February 2023.

RMB1,000 million of the total cash consideration was paid in 2022. The remaining RMB4,550 million was paid in February 2023. At 31 December 2022, these joint venture companies were still under the joint control of the Swire Properties group.

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Notes to the consolidated financial statements

Note 21. continued

The joint venture companies of the Group are shown on pages 97-99. 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:

	2022 £m	2021 £m
Non-current assets	4,628	4,214
Current assets	1,335	777
Non-current liabilities	(3,051)	(2,943)
Current liabilities	(1,053)	(523)
Net assets	<u>1,859</u>	<u>1,525</u>
Revenue	1,771	1,347
Expenses	(1,691)	(1,267)
Profit before taxation	80	80
Taxation	(23)	(19)
Profit for the year	57	61
Other comprehensive (loss)/income	(127)	41
Total comprehensive (loss)/income	<u>(70)</u>	<u>102</u>

None of the joint venture companies were listed investments in 2020 and 2021.

B. Associates

	2022 £m	2021 £m
Shares at cost		
Share of net assets, listed	2,098	2,252
Share of net assets, unlisted	331	361
Goodwill	234	227
	<u>2,663</u>	<u>2,840</u>
Loans due from associated companies less provisions		
- Interest-bearing at 6.4% -10.0% (2021: Nil)	14	—
	<u>2,677</u>	<u>2,840</u>

During the year ended 31 December 2022, an impairment provision of £17 million (2021: £nil) 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, except for part of an interest-bearing loan due from an associated company of £4 million which is repayable in 2027.

The market value of the Group's interest in Cadeler at 31 December 2022 was £95 million (2021: £120 million).

The associated companies of the Group are shown on pages 97-99.

The Group's interest in Cathay Pacific, an associated company of the Group

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.

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Notes to the consolidated financial statements

Note 21. continued

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.

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.

	2022 45%	2021 45%
	£'m	£'m
Percentage ownership interest		
Non-current assets	16,082	15,727
Current assets	2,787	2,742
Non-current liabilities	(7,791)	(7,708)
Current liabilities	(4,593)	(4,093)
Preference shares issued*	(2,063)	(1,850)
Net assets (100%)	4,422	4,818
Group's share of net assets (45%)	1,990	2,168
Goodwill	80	72
Carrying amount of interest in associate	2,070	2,240
Revenue	5,224	4,264
Loss from continuing operations (100%)	(670)	(517)
Other comprehensive (loss)/income (100%)	(186)	373
Total comprehensive loss (100%)	(856)	(144)
Group's share of total comprehensive loss (45%)	(385)	(65)

* The preference shares issued by Cathay Pacific are not attributable to the equity shareholders of Cathay Pacific.

The market value of the shares held in the listed associated company, Cathay Pacific at 31 December 2022 was £2,612 million (2021: £1,756 million).

The recoverable amount of the interest in Cathay Pacific is determined based on a value in use calculation using ten-year cash flow projections based on financial budgets approved by the Board and future business plans.

A ten-year forecast is considered appropriate for airline operations in order to take into account expected growth plans and productivity improvements. An estimated pre-tax discount rate of 9.5% (2021: 7.3%) has been applied and cash flows beyond the ten-year period are extrapolated using a general annual growth rate of 3.0% (2021: 2.25%).

The results of the impairment test using these assumptions show that the recoverable amount exceeds the carrying amount at 31 December 2022. Management of the Group considered more conservative assumptions by reducing the terminal growth rate to 1.5% (2021: 1.0%). This also indicated headroom above the carrying amount. The Group therefore concluded that no impairment was required in respect of the Group's interest in Cathay Pacific.

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Note 21. continued

The financial forecasts used to determine the recoverable amount remain highly sensitive to changes in external conditions. There is significant uncertainty over the shape and timing of the recovery in travel demand, which could give rise to possible impairments in future periods.

A 100 basis-point increase in the discount rate or a one-year delay in recovery of passenger travel to pre-COVID-19 levels would not reduce the estimated recoverable amount to below its carrying value. This sensitivity is based on an unfavourable change in the relevant assumption while holding other assumptions constant.

In August 2020, Cathay Pacific undertook a HK\$39 billion recapitalisation involving an issuance of preference shares and warrants, a rights issue of ordinary shares and a bridge loan facility. Swire Pacific subscribed in full for its entitlement under the rights issue, at a cost of HK\$5,272 million. In February 2021, Cathay Pacific completed an issue of convertible bonds in an amount of HK\$6.74 billion. Full conversion of these bonds and full exercise of the warrants issued by Cathay Pacific in 2020 would reduce the interest of Swire Pacific in the ordinary shares of Cathay Pacific from 45% to 38%. The carrying amount of the Group's interest in Cathay Pacific has been adjusted so as to exclude unpaid dividends of Cathay Pacific.

On 16 January 2023, Air China issued 1,676 million new A shares to other investors at an average share price of RMB8.95 for a total consideration of RMB15 billion. Consequently, Cathay Pacific's interest in Air China was diluted and reduced from 18.13% to 16.26%. This had no impact to the results of the Cathay Pacific group for the year ended 31 December 2022. Cathay Pacific continues to hold Air China as an associated company. The dilution is expected to result in a gain from the deemed partial disposal. The amount of the gain will be finalised once Air China's financial information for relevant subsequent periods is made available to Cathay Pacific.

Other associates

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.

	2022 £'m	2021 £'m
Carrying amount of interest in associates	607	600
Share of:		
- Profit from continuing operations	18	6
- Other comprehensive (loss)/income	(24)	8
	<u>(6)</u>	<u>14</u>

22. Other investments, including derivatives

	Group				Company			
	2022 Assets £'m	2022 Liabilities £'m	2021 Assets £'m	2021 Liabilities £'m	2022 Assets £'m	2022 Liabilities £'m	2021 Assets £'m	2021 Liabilities £'m
Cross-currency swaps – cash-flow hedges	15	13	27	11	—	—	—	—
Cross-currency swaps – not qualifying as hedges	—	10	—	7	—	—	—	—
Forward foreign exchange contracts								
- Cash flow hedges	1	1	—	—	—	—	—	—
- Fair value hedges	2	—	2	—	—	—	—	—
Short-term cash deposits greater than 3 months	641	—	65	—	550	—	—	—
Money market funds	100	—	—	—	100	—	—	—
	<u>759</u>	<u>24</u>	<u>94</u>	<u>18</u>	<u>650</u>	<u>—</u>	<u>—</u>	<u>—</u>
Non-current	12	11	22	18	—	—	—	—
Current	<u>747</u>	<u>13</u>	<u>72</u>	<u>—</u>	<u>650</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>759</u>	<u>24</u>	<u>94</u>	<u>18</u>	<u>650</u>	<u>—</u>	<u>—</u>	<u>—</u>

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23. Investments at fair value

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Non-current assets				
Shares listed overseas (fair valued through other comprehensive income)	35	24	—	—
Unlisted equity investments (fair valued through profit or loss)	79	55	—	—
Unlisted debt investments (fair valued through profit or loss)	14	12	—	—
	128	91	—	—

24. Inventories

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Raw materials and consumables	492	346	—	—
Work in progress	4	4	—	—
Finished goods	543	386	—	—
	1,039	736	—	—

25. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Trade receivables	948	828	—	—
Amounts owed by subsidiary undertakings	—	—	443	623
Amounts due from joint venture companies (note 40)	14	11	—	—
Amounts due from associated companies (note 40)	40	26	—	—
Amounts owed by related party	45	33	—	—
Accrued income	152	124	—	—
Lease receivable	32	33	—	—
Other receivables	320	335	7	4
	1,551	1,390	450	627
Non-current	109	184	—	—
Current	1,442	1,206	450	627
	1,551	1,390	450	627

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:

	2022	2021
	£'m	£'m
Up to three months	880	770
Between three and six months	54	40
Over six months	14	18
	948	828

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26. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Bank balances	1,176	2,047	16	57
Call deposits	437	347	71	—
Cash and cash equivalents in the statement of financial position	1,613	2,394	87	57
Bank overdrafts used for cash management purposes	(10)	(13)	—	—
Cash and cash equivalents in the statement of cash flows	1,603	2,381	87	57

27. Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Non-current liabilities				
Secured bank loans	30	244	—	—
Unsecured bank loans	2,774	615	—	—
Unsecured other loans	3,410	3,705	—	—
Lease liabilities	611	599	—	—
	6,825	5,163	—	—
Unamortised loan fees	(33)	(22)	—	—
	6,792	5,141	—	—
Current liabilities				
Current portion of:				
Secured bank loans	66	149	—	—
Unsecured bank loans	767	958	—	147
Unsecured other loans	819	967	—	—
Current portion of lease liabilities	187	170	—	—
	1,839	2,244	—	147
Unamortised loan fees	(1)	(4)	—	—
	1,838	2,240	—	147

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 £57 million (2021: £32 million) with a capitalisation rate of 2.9% - 3.7% (2021: 3.3% - 3.4%).

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Note 27. continued

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

				31 December 2022		31 December 2021	
				£'m	£'m	£'m	£'m
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured loans	PGK	3.00-5.00%	2023-25	63	61	55	55
Secured loans	USD	3.40-7.10%	2023-30	40	29	317	317
Secured loans	Various	2.50-8.70%	2023	6	6	10	10
Unsecured loans	HKD	0.18-5.74%	2023-32	4,701	4,843	2,546	2,498
Unsecured loans	RMB	3.50-4.00%	2023-32	122	113	64	64
Unsecured loans	USD	2.88-5.60%	2023-30	2,698	2,814	3,675	3,524
Unsecured loans	EUR		2022	—	—	172	170
Lease liabilities	HKD	0.92-5.95%	2023-36	352	278	386	309
Lease liabilities	RMB	3.40-6.13%	2023-40	163	149	120	110
Lease liabilities	USD	1.19-9.00%	2023-67	251	230	204	204
Lease liabilities	Various	0.59-13.50%	2023-57	175	141	167	146
Total interest bearing liabilities				<u>8,571</u>	<u>8,664</u>	<u>7,716</u>	<u>7,407</u>

The secured bank loans are secured over fixed assets with a carrying amount of £126 million (2021: £610 million).

The Group discounted lease payments using its incremental borrowing rate of 1.1-4.6% (2021: 2.1-5.6%).

28. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Trade payables	780	681	—	—
Amounts owed to subsidiary companies	—	—	537	461
Amounts owed to joint ventures (note 40)	15	3	—	—
Amounts owed to associates (note 40)	63	50	—	—
Interest-bearing advances from joint venture companies at 1.89%-4.65% (2021: 1.42%-4.65%)	108	122	—	—
Interest-bearing advances from an associated company at 6.02% (2021: 1.52%)	4	8	—	—
Advances from non-controlling interests	124	107	—	—
Accruals and deferred income	1,307	1,176	8	7
Rental deposits from tenants	617	518	—	—
Put options over non-controlling interest in properties	62	52	—	—
Put options over non-controlling interest in subsidiary companies	7	9	—	—
Contingent consideration	213	145	—	—
Accrued capital expenditure	145	143	—	—
Other trade payables	353	231	—	—
	<u>3,798</u>	<u>3,245</u>	<u>545</u>	<u>468</u>
Non-current	314	427	—	—
Current	<u>3,484</u>	<u>2,818</u>	<u>545</u>	<u>468</u>
	<u>3,798</u>	<u>3,245</u>	<u>545</u>	<u>468</u>

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 a joint venture company of £16 million and an associated company which are repayable after 2023. Apart from certain amounts due to joint venture and associated companies, which are interest-bearing as specified above, the balances are interest free.

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Note 28. continued

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

	2022 £'m	2021 £'m
Up to three months	749	660
Between three and six months	18	11
Over six months	13	10
	<u>780</u>	<u>681</u>

29. Provisions

Group	Employee Retirement Benefits £'m	Others £'m	Total £'m
Balance at 1 January 2022	12	34	46
Effect of movements in exchange rates	—	4	4
Additional provisions	1	50	51
Provisions used during the year	(1)	(57)	(58)
Provisions reversed during the year	(2)	—	(2)
Balance at 31 December 2022	<u>10</u>	<u>31</u>	<u>41</u>
Non-current	10	6	16
Current	—	25	25
	<u>10</u>	<u>31</u>	<u>41</u>

Employee Retirement Benefits

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

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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
At 1 January 2022	61	68	145
Translation differences	7	7	17
Additions	—	17	37
Distribution	(3)	—	—
Change in fair value during the year recognised in—profit or loss*	5	1	29
Payment of consideration	—	—	(16)
At 31 December 2022	70	93	212
* Included unrealised (losses)/gains recognised on balances held at 31 December 2022	(4)	1	(28)

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Note 30. continued

	Put options over non-controlling interests £'m	Unlisted investments £'m	Contingent consideration £'m
At 1 January 2021	57	110	119
Translation differences	1	—	1
Additions	—	50	—
Disposals	—	(92)	—
Distribution	(3)	—	—
Change in fair value during the year recognised in—profit or loss*	6	—	36
Payment of consideration	—	—	(11)
At 31 December 2021	<u>61</u>	<u>68</u>	<u>145</u>
* Included unrealised gains/(losses) recognised on balances held at 31 December 2021	<u>—</u>	<u>(6)</u>	<u>(36)</u>

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 United States classified within level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is 2023 and the discount rate used is 6.3% (2021: 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 2022. 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 time of exercise 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.

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Notes to the consolidated financial statements

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 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

	2022 £'m	2021 £'m
United States Dollar	618	522
Hong Kong Dollar	53	43
Australian Dollar	46	57
Chinese Renminbi	83	78
British Pound	23	23
Taiwan Dollar	45	39
Papua New Guinea Kina	31	26
Other	49	40
	948	828

Impairment

At 31 December 2022, the ageing of trade receivables that were not impaired was as follows:

	2022 £'m	2021 £'m
Neither past due nor impaired	747	695
Past due 1-90 days	169	119
Past due 91-120 days	19	9
Past due > 120 days	10	4
	945	827

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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 £1,613 million at 31 December 2022 (2021: £2,394 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 2022	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	3,798	3,798	3,109	84	193	412
Borrowings (including interest obligations)	7,832	8,365	1,801	744	4,257	1,563
Lease liabilities	798	878	203	172	174	329
Derivative financial instruments	24	24	14	—	8	2
Financial guarantee contracts	—	923	923	—	—	—
	<u>12,452</u>	<u>13,988</u>	<u>6,050</u>	<u>1,000</u>	<u>4,632</u>	<u>2,306</u>
31 December 2021	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	3,374	3,375	2,863	76	129	307
Borrowings (including interest obligations)	6,612	6,985	2,060	1,159	1,999	1,767
Lease liabilities	769	769	170	137	147	315
Derivative financial instruments	18	18	1	8	—	9
Financial guarantee contracts	—	1,212	1,212	—	—	—
	<u>10,773</u>	<u>12,359</u>	<u>6,306</u>	<u>1,380</u>	<u>2,275</u>	<u>2,398</u>

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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 2022, 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	
	2022	2021	2022	2021
United States Dollar	1.25	1.38	1.21	1.35
European Euro	1.18	1.16	1.13	1.19
Australian Dollar	1.78	1.83	1.78	1.86
Hong Kong Dollar	9.77	10.69	9.45	10.54
Kenyan Shilling	146.31	150.80	149.30	152.9
Papua New Guinea Kina	4.40	4.84	4.26	4.76

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.

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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:

	2022 £'m	2021 £'m
Financial assets	2,354	2,394
Financial liabilities	<u>(8,630)</u>	<u>(7,381)</u>
	<u>(6,276)</u>	<u>(4,987)</u>

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 2022		
Impact on profit or loss: (loss)/gain	(11)	12
Impact on other comprehensive income: gain/(loss)	<u>6</u>	<u>(5)</u>
At 31 December 2021		
Impact on profit or loss: gain/(loss)	6	(2)
Impact on other comprehensive income: gain/(loss)	<u>20</u>	<u>(21)</u>

31. Capital and reserves

A. Share capital

	Group		Company	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Authorised, issued and fully paid 100,000,000 Ordinary shares of £1 each				
In issue at 1 January and 31 December	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Authorised, issued and fully paid 90,000,000 8% cumulative Preference shares of £1 each				
In issue at 1 January and 31 December	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>
Total share capital	<u>190</u>	<u>190</u>	<u>190</u>	<u>190</u>

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.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

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:

	2022 £'m	2021 £'m
24.95 pence per qualifying ordinary share (2021: 39.50 pence)	25	40
8.0 pence per 8% preference share (2021: 8.0 pence)	7	7
	<u>32</u>	<u>47</u>

After the reporting date, the following dividend was proposed by the board of directors. The dividend has not been recognised as a liability and there are no tax consequences.

74.85 pence per qualifying ordinary share (2021: 51.64 pence)	<u>75</u>	<u>52</u>
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32. Non-controlling interests

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

31 December 2022	Swire Pacific	Steamships Trading Company	Swire Properties	Other immaterial subsidiaries	Foreign Currency translation differences	Total
NCI percentage	<u>40.22%</u>	<u>27.88%</u>	<u>18.00%</u>			
Non-current assets	31,983	298	24,071			
Current assets	4,126	57	1,689			
Non-current liabilities	(11,835)	(30)	(2,855)			
Current liabilities	(4,395)	(84)	(1,162)			
Net assets	<u>19,879</u>	<u>241</u>	<u>21,743</u>			
Carrying amount of NCI	<u>7,995</u>	<u>67</u>	<u>3,914</u>	473	—	12,449
Revenue	9,374	132	1,415			
Profit	58	13	376			
OCI	(370)	—	(254)			
Total comprehensive income	<u>(312)</u>	<u>13</u>	<u>122</u>			
Profit allocated to NCI	23	4	68	58	—	153
OCI allocated to NCI	(149)	—	(46)	(33)	1,188	960
Dividends paid to NCI during year	<u>177</u>	<u>2</u>	<u>103</u>			

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 32. continued

During 2022 the equity interest of the Group in Swire Pacific increased from 57.89% to 59.78%. The weighted average non-controlling interest share of Swire Pacific's profit in the year was 42.03%.

31 December 2021	Swire Pacific	Steamships Trading Company	Swire Properties	Other immaterial subsidiaries	Foreign Currency translation differences	Total
NCI percentage	42.11%	27.88%	18.00%			
Non-current assets	28,853	256	21,363			
Current assets	4,492	62	2,310			
Non-current liabilities	(9,970)	(66)	(1,990)			
Current liabilities	(4,580)	(42)	(1,804)			
Net assets	18,795	210	19,879			
Carrying amount of NCI	7,915	59	3,578	377	—	11,929
Revenue	8,632	117	1,487			
Profit	179	19	501			
OCI	302	—	81			
Total comprehensive income	481	19	582			
Profit allocated to NCI	74	5	90	37	—	206
OCI allocated to NCI	129	—	15	181	50	375
Dividends paid to NCI during year	121	2	91			

During 2021 the Group's interest in Swire Pacific increased from 55.20% to 57.89%. The weighted average non-controlling interest share of Swire Pacific's profit in the year was 41.18%.

33. Acquisition of NCI

Acquisition of additional interests in Swire Pacific

Throughout 2022 the Group acquired an additional 1.89% interest in Swire Pacific (a subsidiary company) for £279 million in cash, increasing its ownership from 57.89% to 59.78%. The effect of changes in the ownership interest in Swire Pacific is summarised as follows:

	2022 £'m	2021 £'m
Carrying amount of non-controlling interests acquired	361	670
Less : Consideration paid for additional shareholding	(279)	(221)
Excess of interest acquired recognised within equity	82	449

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

34. Business combinations

In November 2022, a subsidiary company, Swire Coca-Cola acquired 100% equity interests in Coca-Cola bottling companies in Cambodia from subsidiaries of The Coca-Cola Company.

In April 2022, a subsidiary company, SSPL US Inc. acquired 100% equity interest in Westwood Shipping Lines Inc. ('Westwood') a company based in the United States. As part of the acquisition, four vessels were also acquired.

Details of the net identifiable assets acquired/(liabilities assumed), goodwill, and the purchase consideration are as follows (on a provisional basis):

	Provisional fair value Coca-Cola bottling £'m	Fair value Westwood £'m	Provisional fair value Total £'m
Property, plant and equipment	74	58	132
Intangible assets	112	—	112
Right-of-use assets	5	30	35
Inventories	16	8	24
Trade and other receivables	6	62	68
Bank balances	8	77	85
Loans, borrowings and lease liabilities	(3)	(14)	(17)
Trade and other payables	(25)	(46)	(71)
Deferred taxation	(27)	—	(27)
Net identifiable assets acquired	166	175	341
Goodwill	31	(29)	2
	197	146	343
Purchase consideration transferred:			
Cash paid	197	109	306
Deferred consideration	—	37	37
	197	146	343
Purchase consideration settled in cash and net cash outflow on acquisition	189	32	221

Coca-Cola bottling

The fair value of the acquired assets (including identifiable intangible assets) is provisional pending final valuations and measurement period adjustments made by reference to completion accounts. The fair value of the franchise rights acquired was determined using discounted cash flow valuation techniques. The key assumptions included the discount rate and future revenues and margins.

The goodwill is mainly attributable to the new growth opportunity. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

The acquisition related costs were not material.

The contribution to the Group's revenue and net profit from the subsidiaries acquired during the year since the respective date of acquisition are not material in relation to the overall size of the Group.

Westwood

The assessment of the fair value of the acquired assets is complete.

The acquisition related costs were not material.

The contribution to the Group's revenue and net profit from the subsidiaries acquired during the year since the respective date of acquisition are not material in relation to the overall size of the Group.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

35. Disposal of subsidiary and other group companies

Disposal of Hong Kong Properties

The disposals of subsidiary companies in the Swire Pacific Property Division consist of the sale of interests in certain investment properties in Hong Kong.

Disposal of Swire Pacific Offshore

In April 2022, a subsidiary company, Swire Pacific Limited, disposed of its interest in Swire Pacific Offshore ('SPO') to Tidewater Inc for a total consideration of approximately US\$190 million.

	Disposal of Hong Kong Properties	Disposal of Swire Pacific Offshore	Total
	2022 £'m	2022 £'m	2022 £'m
Net assets disposed of:			
Property, plant and equipment	—	143	143
Investment property	28	—	28
Intangible assets	—	1	1
Inventories	—	8	8
Bank balances	—	28	28
Trade and receivables	—	66	66
Retirement benefit assets	—	1	1
Trade and other payables	(1)	(56)	(57)
Deferred taxation	(1)	—	(1)
Net identifiable assets and liabilities	<u>26</u>	<u>191</u>	<u>217</u>
Total consideration received:			
Cash received (net of transaction costs)	112	40	152
Other consideration received	—	128	128
Total consideration received	<u>112</u>	<u>168</u>	<u>280</u>
Profits on disposal of subsidiary	86	(23)	63
Remeasurement gain on the disposal group	—	57	57
Net inflow of cash and cash equivalents	<u>112</u>	<u>12</u>	<u>124</u>

During the year ended 31 December 2022, the remeasurement gain recognised in respect of the SPO disposal group represents the change in fair value of share warrants issued by Tidewater Inc. as part of the disposal consideration from 1 January 2022 to the date of completion of the disposal on 22 April 2022. This remeasurement results in a reversal of the impairment loss previously recognised against property, plant and equipment of the SPO disposal group.

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

Assets and liabilities classified as held for sale mainly relate to the disposal of Kalari Proprietary Limited ('Kalari').

As at 31 December 2022, management believe the disposal is highly probable and the carrying value of the Kalari disposal group will be recovered principally through sale rather than through continuing use. Accordingly, the Group's interest in the Kalari disposal group was reclassified as assets held for sale as at 31 December 2022 and was measured at the lower of carrying amount and fair value less costs to sell.

On 30 April 2023, Kalari was sold to Qube Holding Ltd for a cash consideration of approximately AUD 115 million.

Impairment losses relating to the disposal groups

The impairment losses were immaterial.

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 36. continued

Assets and liabilities of disposal groups held for sale

The disposal groups were stated at fair value less costs to sell and comprised the following assets and liabilities:

	Kalari disposal group £'m	Other disposal group £'m	2022 Disposal Group £'m
Properties, plant and equipment	51	7	58
Investment properties	—	33	33
Inventories	1	—	1
Trade and other receivables	23	—	23
Right-of-use assets	1	—	1
Deferred tax assets	4	—	4
Assets held for sale as at 31 December	<u>80</u>	<u>40</u>	<u>120</u>
Trade and other payables	5	—	5
Deferred tax liabilities	1	—	1
Lease liabilities	1	—	1
Provisions	6	—	6
Liabilities held for sale as at 31 December	<u>13</u>	<u>—</u>	<u>13</u>

37. Lease commitments

A. Lessee

The Group leases land and buildings, and plant and equipment under operating leases.

The future aggregate minimum lease payments under non-cancellable leases were as follows:

	2022 £'m	2021 £'m
Land and buildings:		
Less than one year	8	29
Between one and five years	17	13
More than five years	19	22
	<u>44</u>	<u>64</u>
Vessels:		
Less than one year	27	24
Between one and five years	42	24
	<u>69</u>	<u>48</u>
Plant and equipment:		
Less than one year	—	—
Between one and five years	1	—
More than five years	1	1
	<u>2</u>	<u>1</u>
	<u>115</u>	<u>113</u>

Amounts recognised in profit or loss

	2022 £'m	2021 £'m
Lease expense	590	513
Expenses relating to short-term leases	563	545
Expenses relating to leases of low-value assets	<u>27</u>	<u>17</u>

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 37. 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 one month to three years with an option to renew them after that date, at which time all terms are renegotiated.

The future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	2022 £'m	2021 £'m
Investment properties:		
Less than one year	875	859
Between one and two years	723	704
Between two and three years	523	523
Between three and four years	375	373
Between four and five years	244	277
More than five years	321	422
	<u>3,061</u>	<u>3,158</u>
Vessels:		
Less than one year	12	15
Between one and five years	—	6
	<u>12</u>	<u>21</u>
	<u>3,073</u>	<u>3,179</u>

Amounts recognised in profit or loss

	2022 £'m	2021 £'m
Lease income	<u>1,393</u>	<u>1,375</u>

38. Contingent liabilities

- (a) Contingent liabilities at 31 December 2022 amounted to £923 million (2021: £1,212 million) for guarantees given to third parties. These guarantees are mainly over bank borrowings.
- (b) John Swire & Sons Limited are guaranteeing certain UK subsidiaries of the Group, having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemptions from the audit of the individual accounts afforded by those sections for the year ended 31 December 2022.

These subsidiaries are:

- China Navigation Company (The) (registered number 00006005)
- Finlay Coffee Limited (registered number 08264857)
- Finlay Group Limited (registered number 04340352)
- Finlay Hull Limited (registered number 0495005)
- Finlay Tea Solutions UK Limited (registered number 00627015)
- Gordon Engineering Services Aberdeen Ltd (registered number SC171310)
- James Finlay Corporation Limited (registered number SC054570)
- James Finlay International Holdings Limited (registered number 01088739)
- John Swire & Sons (57BG) Limited (registered number 13489230)
- John Swire & Sons (58BG) Limited (registered number 09573734)
- John Swire & Sons (China) Limited (registered number 01759789)

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Notes to the consolidated financial statements

Note 38. continued

- John Swire & Sons (FHC) Limited (registered number 008550122)
 - John Swire & Sons (Finance) Limited (registered number 085514/4)
 - John Swire & Sons (Green Investments) Limited (registered number 09208409)
 - John Swire & Sons Overseas Limited (registered number 04986766)
 - JS&S (PNG) Limited (registered number 12104877)
 - Swire Investments (Australia) Limited (registered number 05927549)
 - Swire Shipping Limited (registered number 05912556)
 - Taikoo Limited (registered number 02432328)
 - Tasman Orient Line (U.K.) Limited (registered number 03029127)
- (c) 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.

The same 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 to the General Court against this decision, and on 30th March 2022 the General Court partially annulled the decision, and a refund of a portion of the fine, Euros 10 million, was paid to Cathay Pacific in June 2022. Cathay Pacific filed an appeal to the European Court of Justice (ECJ) in early June 2022 and a final ECJ judgement is expected by mid-2024.

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.

39. Commitments

	2022 £'m	2021 £'m
The Group's outstanding capital commitments at the year-end in respect of:		
Property, plant and equipment		
Contracted for	309	102
Authorised by Directors but not contracted for	811	764
Investment properties		
Contracted for	316	431
Authorised by Directors but not contracted for	1,802	1,036
Vessels		
Contracted for	—	—
Authorised by Directors but not contracted for	8	13
	<u>3,246</u>	<u>2,346</u>
The Group's share of capital commitments of joint venture and associate companies:		
Contracted for	—	92
Authorised by Directors but not contracted for	35	17
	<u>35</u>	<u>109</u>

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

40. 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		Associates		Joint ventures		Associates	
	Transactions values for the year ended		Transactions values for the year ended		Balance outstanding as at 31 December		Balance outstanding as at 31 December	
	2022	2021	2022	2021	2022	2021	2022	2021
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Revenue from								
Sale of beverages	127	128	2	1	14	9	4	—
Rendering of services	8	8	19	12	—	1	3	1
Aircraft and engine maintenance	3	4	191	145	—	1	33	25
Sale of goods	—	—	—	3	—	—	—	—
Purchase of beverages	17	18	451	411	2	3	—	—
Purchase of other goods	9	1	2	2	1	—	63	49
Purchase of services	2	3	—	1	12	—	—	1
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.

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

	Loans and borrowings	Lease liabilities	Total
	£'m	£'m	£'m
Balance at 1 January 2022	6,614	769	7,383
Proceeds from loans and borrowings	3,110	—	3,110
Repayment of borrowings	(2,664)	—	(2,664)
Payment of lease liabilities	—	(229)	(229)
Total changes from financing cash flows	446	(229)	217
New leases	—	220	220
Effect of changes in foreign exchange rates	737	66	803
Other changes			
Liability-related			
Other non-cash movements	60	(33)	27
Interest expense	208	24	232
Interest paid	(233)	(19)	(252)
Total liability-related other changes	35	(28)	7
Balance at 31 December 2022	7,832	798	8,630

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 41. continued

	Loans and borrowings £'m	Lease liabilities £'m	Total £'m
Balance at 1 January 2021	7,309	743	8,052
Proceeds from loans and borrowings	2,908	—	2,908
Repayment of borrowings	(3,648)	—	(3,648)
Payment of lease liabilities	—	(159)	(159)
Total changes from financing cash flows	(740)	(159)	(899)
New leases	—	206	206
Effect of changes in foreign exchange rates	37	3	40
Other changes			
Liability-related			
Other non-cash movements	26	(31)	(5)
Interest expense	191	26	217
Interest paid	(209)	(19)	(228)
Total liability-related other changes	45	185	230
Balance at 31 December 2021	6,614	769	7,383

42. Events after the reporting period

On 18 July 2022, the Group entered into agreements to acquire from The Coca-Cola Company ('TCCC') 100% of the equity interests in certain of its subsidiaries engaged in the business of preparation, packaging, distribution and sale of ready-to-drink beverages bearing trademarks owned by TCCC in Vietnam and Cambodia, for an aggregate consideration of US\$1,015 million. The purchase of the TCCC subsidiary in Cambodia was completed on 25 November 2022. The financial impact arising from the completion of this transaction is disclosed in note 34. The purchase of the TCCC subsidiary in Vietnam was completed on 1 January 2023. On 30th December 2022, the Group paid US\$823 million (equivalent to £680 million) in respect of this transaction and recognised this amount as a prepayment.

At the date of these financial statements, management is in the process of determining the financial impact of the Vietnam transaction together with the associated purchase price allocation. The relevant disclosures are expected to be made in the 2023 Group financial statements.

On 15 July 2022, the Group entered into an agreement for the purchase of equity interests in six of the beverages preparation and packaging subsidiaries of Coca-Cola Bottlers Manufacturing Holdings Limited. The transaction was completed on 1 January 2023. Management is in the process of determining the financial impact of this transaction. The relevant disclosures are expected to be made in the 2023 Group financial statements.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. Management is closely monitoring the progress of the legislative process in each jurisdiction in which the Group operates. Very initial assessments based on modelling carried out using the results of the year ended 31 December 2021 suggest that the introduction of a global minimum tax is unlikely to have a material impact on the reported tax of the Group. Management will review its assessment of the likely impact of these rules as legislation is enacted in relevant locations.

On 30 April 2023, the Group disposed of Kalari - please refer to note 36.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

43. Subsidiary undertakings and equity-accounted investees

The Group's related undertakings by country with the registered office, class of shares and the effective percentage owned of equity attributable to the Group at 31 December 2022 are set out/disclosed below.

Unless otherwise stated, the share capital disclosed comprises ordinary shares (UK and Hong Kong) or common stock (USA) (or local equivalent thereof) indirectly held by John Swire & Sons Limited. The percentage attributable to the Group is 100% unless otherwise stated.

The financial year-end of each company is 31 December unless otherwise indicated.

All subsidiaries are consolidated in the Group's financial statements.

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022

AMERICAN SAMOA

300 Beach Road, #27-01 The Concourse, Singapore 199555
Swire Shipping Pte Ltd, LLC⁵

ANGOLA

Rua Centro de Convenções 58, Masuika Office Plaza, Bloco B, 4B, Bairro Talatona, Distrito Urbano da Samba, Luanda
Swire Energy Services Angola Limitada

ARGENTINA

Tucumán N° 1, Piso 4to (CP C1049AAA), CABA, Buenos Aires
Argente SA¹⁶ Casa Fuentes SACIFI¹⁶

AUSTRALIA

c/o KPMG, Level 8, 235 St Georges Terrace, Perth, WA 6000

Swire Oilfield Services Pty. Ltd.

Level 16, 88 Phillip Street, Sydney, NSW 2000

John Swire & Sons (Australia) Pty Ltd

Polar Fresh Investments Pty Ltd

Swire Building Pty Ltd

Swire Mining Services Pty Ltd

850 Lorimer Street, Port Melbourne VIC 3207

HSE Group Holdings Pty Ltd

HSE Corporation Pty Ltd

HSE Finance Pty Ltd

HSE Group Limited

HSE Asset Management Pty Ltd

HSE Mining Pty Ltd

HSE Rental Pty Ltd

Kalari Proprietary Limited¹⁷

Swire Industrial Services Pty Ltd

BERMUDA

Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10

Banyan Overseas Limited

SPHI Ltd.

Swire Pacific Industries Limited

BRAZIL

Swire Bellavista, R:Piloto Rommel Oliveira Garcia, 700, Imboassica, Macae, Rio de Janeiro, CEP 27932-355

Swire Energy Services do Brasil Ltda

Av. Almirante Barroso 81, 36th floor - 36A-103, 20031-004, Rio de Janeiro RJ

Swire Bulk Brasil - Agência Marítima Ltda¹²

Rua Marques de Parangua, 360 - Consalacao, CEP 01303-050, Sao Paula

WestTech Equipamentos Industriais Ltda.

BRITISH VIRGIN ISLANDS

Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110

Dawn Rider Limited

Palm Grove House, P.O. Box 438, Road Town, Tortola

Asian Sports Marketing Limited

Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola

Swire Properties (Dalian) Limited

Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110

Able Choice Developments Limited

Ace Origin Limited

Ally Luck Limited

Alpha Innovation Invest Co., Ltd.

Alpha Rating Limited

Amber Sky Ventures Limited

Apex Best Investments Limited

Ascent Castle Limited

Ashburton International Group Ltd

Asian Sights Investment Ltd.

Baiyu Group Limited

Bao Wei Enterprises Limited

Barnstaple Holdings Ltd.

Best Effort Global Limited

Bewick Investments Limited

Biao Da Motors Limited

Boom View Holdings Limited

Bridlewood Group Limited

Bright Faith Limited

Bright Start Ventures Limited

Castle Spring Investments Limited

Charm State Limited

Charming Grace Limited

Charming Sky Limited

Cheer Favour Limited

Cherish Shine Limited

China Orchid International Limited

Choicest Enterprises Limited

Cityhome Limited

Clyde Developments Limited

Coldridge Limited

Colour Zone Holdings Limited

Cosmic Fame Limited

Cottelier Trading Limited

Creative Team Ventures Limited²⁴

Crystal Ball Holdings Limited

Da Long Limited

Dai Yee Assets Limited

Data Train International Limited

Deep Jungle Limited

Delano Steed Limited

Diamond Square Investments Limited

Dragon Legacy Global Limited

Dragon Power Trading Limited

Dragonwing Investments Limited

Dumasand Limited

Eager Champion Limited

Eastside Heights Ltd.

Elite Shine International Limited

Elm Park Group Limited

Empire Sun Global Limited

Endeavour Technology Limited (87.50%)

Evercity Finance Limited

Everide Limited

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

Excel Free Ltd.	Fancy Vision Enterprises Limited	Fast & Smart Limited
Fast Link Developments Limited	Fine Grace International Limited	Five Pacific Place Holdings Limited
Five Pacific Place Limited	Flybird Ltd	Fresh Mind International Limited
Galaxy Sea Limited	Giant Bright Holdings Limited	Giant Key Limited
Global Digital Holdings Limited	Global Linkage Investment Co., Ltd.	Gold Fountain Ventures Limited
Good Merga Enterprises Limited	Great City China Holdings Limited (65%)	Green Palace Ventures Limited
Green Vantage Enterprises Limited ²⁹	Hai Jian Limited	Handy Global Investments Limited
Harvest Now Limited	Head Turner Limited	Heathlee International Limited
Hendrix Holdings Limited	High Grade Ventures Limited	Highbrow Global Investments Limited
Highland Paths Limited	Highland Prospect Limited	Honest Crest Trading Limited
Honour Star Development Co., Ltd.	Improve Fame Limited	Improvemany Limited
Infoport Enterprises Limited	Innovative Dragon Global Limited	Isle Global Investments Limited
Isle Spring Limited	Jade Continent Limited	Jade Forest Holdings Limited
Jintu Investments Limited	Jolly Bloom Limited	Joy Beauty International Limited
Joyful Sonic Investments Limited	Joyous Pearl Enterprises Limited	Kawaglen Limited
Keen Elite Group Limited ²³	King Device Co., Ltd.	King Mark Finance Co., Ltd.
Kong Tai Investments Limited	Kontin International Limited	Lead Harvest Group Limited
Leap Power Limited	Li Yuan Investments Limited	Light Beam Global Limited
Liji Management Limited	Lowther Investments Limited	Luxford Global Limited
Malkearns Limited	Master Hand Technology Limited	Mayin Group Limited
Merton Lake Limited	Mighty On Limited	Me Sheen Limited
Modern Elect Investments Limited	Modest International Limited	Moonlight Century Limited
Mulderbush Limited	My Home Group Limited	New Pursuit Investments Limited
Noble Town Limited (65%)	North Summit Holdings Limited	Novel Ray Limited
Omeme Group Limited	One Pacific Place Holdings Limited	One Pacific Place Limited
Option Master Limited	Park Concept Group Limited	Parko Star Ltd
Parksea Investments Limited	Peragore Limited (80%)	Perfect Sense Global Limited
Powick Holdings Limited	Praiseland Enterprises Limited	Premier Town Limited (65%)
Prestige Land Limited	Prestige Town Limited (65%)	Prosperous Dynasty Limited
Qian Sheng Investments Limited	Rainbow State Holdings Limited	Ray Champ Limited
Real Boom International Enterprises Ltd.	Realm Global Group Limited	Robust Market Group Limited ²⁸
Rosy North Limited	Rui Jia Investments Limited	Sea Legend Global Limited
Shine Power Co., Ltd.	SIH Investment Property Limited	Sino Flagship Investments Limited
Sinoease Enterprises Limited	Skilful Technology Limited	Sky Zoom Limited
Smart Plan Developments Limited	Sound Dragon Trading Co., Ltd.	South Max Limited
SPHI Holdings Limited	Sturrock Limited	Success Ahead Ltd.
Sunny Treasure Group Limited	Super Achieve Limited	Supreme Motors Limited
Swire and Island Communication Developments Limited (60%) ^{24,27}	Swire Coca-Cola (S&D) Limited	Swire Coca-Cola Beverages Limited ²⁶
Swire Properties (Beijing) Limited	Swire Properties (Chengdu) Limited	Swire Properties (Guangzhou) Limited
Swire Properties (Shanghai) Limited	Swire Properties China Holdings Limited	Swiss Investment Property Holding Limited
Taikoo Motorcycle Limited	Taikoo Motors Limited	Think Wonder Limited ¹⁸
Three Pacific Place Holdings Limited	Three Pacific Place Limited	Time Century Ventures Limited
Top Roof Holdings Limited	Treasure Train Global Limited	Triple Sight International Limited
Two Pacific Place Holdings Limited ²⁵	Two Pacific Place Limited ²⁵	Ultra Shine Enterprises Ltd.
Ultra Vantage Global Limited	Virtue Value Investments Limited	Vision Chaser Limited
Wealthy Fame Limited	Williamstown Limited	Windcharm Investments Limited (80%)
Wise Elite Group Limited ²⁴	Wit Union Limited	Wit Way Enterprises Limited
Wo Lok International Limited	Wonder Cruise Group Limited	World Charm Group Limited ²³
Xinke Limited	Yue Ye Limited	

CAMBODIA

No. 287, National Road No. 5, Phum Mittapheap, Sangkat Russey Keo, Khan Russey Keo, Phnom Penh
Cambodia Beverage Company Ltd.^{6,30}

CAYMAN ISLANDS

Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108
Swire Pacific MTN Financing Limited

CANADA

100 King Street West, Suite 6600, 1 First Canadian Place, Toronto, M5X1B8
John Swire & Sons (Canada) Limited⁹⁸
Suite 2400, 745 Thurlow Street, Vancouver, BC V6E 0C5
Westwood Shipping Lines Canada, Inc.⁹⁸

CHINESE MAINLAND

Room 1297, No. 100, Lane 130, Taopu Road, Putuo District, Shanghai
Argent Energy China Limited^{5,7}
Room 2404B, F/24, Tower A Poly Central Pivot Plaza, 157 Linhexi Road, Tianhe District, Guangzhou, 510610
Taikoo Maritime Services (Guangdong) Ltd⁶
Unit 1312, HKRI Centre One, HKRI Taikoo Hui, 288 Shi Men Yi Road, Shanghai
Swire Shipping (China) Limited⁶
No 67 Fuhuo Street, Sitang Town, Sinan County, Tongren City, Guizhou Province, 565100
James Finlay (Guizhou) Tea Co., Ltd.⁶

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

Room 313 Unit 301 3/F, ONE INDIGO, 20 Jiuxianqiao Road, Chaoyang District, Beijing 100016
Swire (Beijing) Management Consultancy Limited⁶

No. 234, No. 1, Attachment 1, Tianchen Road, Shapingba District, Chongqing City, Chongqing
Chongqing WesTech Engineering, Inc.¹⁸

Room 2108, No. 500, Guangdong Road, Shanghai, 20001
Shanghai WesTech Engineering, Inc.¹⁸

1 Weiye Road, Luohe Economic and Technological Development Zone, Henan Province
Swire Coca-Cola Beverages Luohe Limited⁶

1302-1303 HKRI Centre One, 288 Shi Men Road (No.1), Shanghai
Shanghai Great Shine Management Consultancy Company Limited⁶

1303, Building 2, Central Plaza, Yingbin Road, Jiyang District, Sanya City, Hainan Province
Hainan Daji Investment Co., Ltd.⁶ Hainan Dajihemu Investment Co., Ltd.⁶

1318 Jinsha Avenue, Xiaolan Economic and Technological Development Zone, Nanchang County, Nanchang, Jiangxi Province
Swire Coca-Cola Beverages Jiangxi Limited⁶

1355 Tongji Zhong Road, Xinmin Town, Tong'an District, Xiamen
Xiamen Luquan Industries Company Limited⁶

155 Binhai Avenue, Xiuying District, Haikou, Hainan Province
Swire Coca-Cola Beverages Hainan Limited⁶

18 West Chuangxin Road, Nanning
Swire Coca-Cola Beverages Guangxi Limited⁶

20 Dailiao Road, Xiamen Gaoqi International Airport, Xiamen 361006, Fujian
HAECO Component Overhaul (Xiamen) Limited⁶ Taikoo (Xiamen) Aircraft Engineering Co., Ltd. (58.55%)⁶

26 Xinke'er Road, Jiangbei New Area, Nanjing
Swire Coca-Cola Beverages Jiangsu Limited⁶

280 Gaoqi South 5th Road, Gaoqi International Airport, Xiamen 361006 Fujian
Taikoo (Xiamen) Landing Gear Services Co., Ltd. (90.82%)⁶

3/F, Block 1, No. 5 Jinyi Road, Shibei Town, Gaoxin District, Chongqing
Chongqing Heed Food Company Limited⁶

401F of 401, 4th Floor, No. 15 Building, Sanlitun North Chaoyang District, Beijing
Beijing Anye Property Management Company Limited⁶

456 Zhongkai Avenue (Hui Huan Duan), Huizhou, Guangdong Province
Swire Guangdong Coca-Cola (Huizhou) Limited (85.19%)⁶

4th Floor, Building 1, Yanxiang Plaza, No. 3168 Yanxiang Road, Qujiang New District, Xi'an
Xi'an Tengyun Real Estate Company Limited (70%)^{6,32}

555 Dingxiang Road, Binhai Industrial District, Wenzhou Economic and Technological Development Zone, Zhejiang Province
Swire Coca-Cola Beverages Wenzhou Limited (92.85%)⁶

68 Kexue Avenue, Zhengzhou High & New Technology Industries Development Zone
Swire Coca-Cola Beverages Zhengzhou Ltd. (94.44%)⁶

6-8B, 20th Floor, Tower B, Pinnacle One, No. 199 Lower Dongda Street, Jinjiang District, Chengdu
Chengdu Great Hill Consultancy Company Limited⁶

8 Lejin Road, Zhanjiang Economic & Technological Development Zone
Swire Guangdong Coca-Cola Zhanjiang Limited⁶

99 Jinhua Road, Xiamen
Swire Coca-Cola Beverages Xiamen Ltd.⁶

99B Huangpu Road East, Huangpu District, Guangzhou, Guangdong Province
Swire Guangdong Coca-Cola Limited (62.96%)⁶

Block 1, No. 11 of Sanlitun Road, Chaoyang District, Beijing
Beijing Sanlitun Hotel Management Company Limited⁶

Block 10 Zi Bian, 48 Xinye Road, Huangpu District, Guangzhou City
Taikoo Sugar (China) Limited⁶

Building 1, No. 5 Jinyi Road, Jiulongpo District, Chongqing City
Chongqing New Qinyuan Bakery Co., Ltd.⁶

Building 5, Area 6A, 539 Guqiao Road, China (Shanghai) Pilot Free Trade Zone
Swire Coca-Cola (China) Co., Ltd.⁶

Lot A-2-10, Kunming New City Hi-Tech Industrial Base, Yunnan Province
Swire Coca-Cola Beverages Yunnan Limited (95.10%)⁶

No. 1 Taikoo Road, Quanzhou Comprehensive Bonded Zone, Cizao Town, Jinjiang City, Quanzhou City, Fujian Province
HAECO Composite Structures (Jinjiang) Co., Ltd. (84.10%)⁶

No. 1-12, 27/F, Block A, CR Plaza, 51 Xiejiawan Main Street, Jiulongpo District, Chongqing City
Chongqing Qinyuan Catering Management Co., Ltd.⁶

No. 1370 Lianhua Road, Economic and Technological Development Area, Hefei, Anhui Province
Swire Coca-Cola Beverages Hefei Ltd.⁶

No. 138 South Baiyun Road, Baiyun District, Guiyang City, Guizhou Province
Guiyang Yuyinyuan Food Company Limited⁶

No. 14, 1502 Luoshan Road, Pilot Free Trade Zone, Shanghai
Reservoir Management Services (Shanghai) Company Limited⁶

No. 18, 8th Avenue & 1-2 Floors, Block 3, No. 12, 11th Avenue, Hangzhou Economic & Technological Development Area, Zhejiang Province
Swire Coca-Cola Beverages Zhejiang Limited (80.00%)⁶

No. 2667, Section 3 Xihanggang Middle Avenue, Shuangliu District, Chengdu City
Chengdu Xin Qinyuan Food Company Limited⁶

No. 269 Fuling Road, Chengdu Jiaolong Industrial Port Shuangliu Park, Chengdu
Taikoo Sugar Chengdu Limited⁶

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

No. 27-12 (Block A, CR Plaza) 51 Xiejiawan Main Street, Jiulongpo District, Chongqing City
Swire Foods Trading (China) Limited⁶

No. 3 Plant, 33 Jingxi Road, Jingxi Town, Minhou County, Fuzhou, Fujian Province
Swire Coca-Cola Beverages Fuzhou Limited⁶

No. 44, Jiangyuan Road, Longquan Street, Longquanyi District, Chengdu City, Sichuan Province
Chengdu Xin Qinyuan Trading Company Limited⁶

No. 5 Gaoqi Nan 3 Road, Huli District, Xiamen 361006
Taikoo Engine Services (Xiamen) Co., Ltd. (76.59%)⁶

No. 51, Basement level 1, District D, Southwestern Ethnic Food Square, Guanshanhu District, Guiyang City, Guizhou Province
Guiyang Qinyuan Catering Management Co., Ltd.⁶

No. 8 Middle Shamao Street, Jinjiang District, Chengdu
Chengdu Qianhao Commerce & Management Company Limited (65%)⁶

Room 101, Building 2, No. 4255, Chuan Nanfeng Road, Zhuqiao Town, Pudong New Area, Shanghai
Shanghai Taikoo Aircraft Engineering Services Co., Ltd. (75%)⁶

Room 202, 2nd Floor, No.18, 8th Avenue, Hangzhou Economic & Technological Development Area, Hangzhou
Zhejiang Swire iTechnology Limited⁶

Room 309-A02, No. 78 Haibin Eighth Road, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin
Tianjin Liansong City Facilities Development Company Limited⁶

Room 309-A04, No. 78 Haibin Eighth Road, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin
Tianjin Linxuan City Facilities Development Company Limited⁶

Room 309-A06, No. 78 Haibin Eighth Road, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin
Tianjin Linsong City Facilities Development Company Limited⁶

Room 309-A07, No. 78 Haibin Eighth Road, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin
Sunny Palace (Tianjin) City Facilities Development Company Limited⁶

Room 309-A08, No. 78 Haibin Eighth Road, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin
Pine Grace (Tianjin) City Facilities Development Company Limited⁶

Room 312, Unit 301, 3rd Floor, One Indigo, 20 Jiuxianqiao Road, Chaoyang District, Beijing
Swire BCD Co., Ltd.⁶

Room 314A, Unit 301, 3rd Floor, Building 20, Jiuxianqiao Road, Chaoyang District, Beijing
Beijing Tianlian Real Estate Company Limited⁶

Room 314B, Unit 301, 3rd Floor, Building 20, Jiuxianqiao Road, Chaoyang District, Beijing
Beijing Great Well Consultancy Company Limited⁶

Room 316, Unit 301, 3rd Floor, Building 20, Jiuxianqiao Road, Chaoyang District, Beijing
Swire Properties (China) Investment Company Limited⁶

Room 411P01, 373-381 Nansuzhou Road, Huangpu District, Shanghai City
Chevron (Shanghai) Trading Company Limited⁶

Room 411P02, 373-381 Nansuzhou Road, Huangpu District, Shanghai City
Swire Resources (Shanghai) Trading Company Limited⁶

Room 509-1, International Business Center, Cross-border E-commerce Industrial Park, Haikou Comprehensive Bonded Zone, Haikou City, Hainan Province
Swire Coca-Cola Supply Chain Management (Hainan) Co., Ltd.^{6,31}

Rooms 3001-3008, 30th Floor, Tower B, No. 199 Lower Dongda Street, Jinjiang District, Chengdu
Chengdu Qianhao Property Services Company Chengdu Qianhao Real Estate Company Chengdu Yingang Real Estate Company
Limited (65%)⁶ Limited (65%)⁶ Limited (65%)⁶

Section 2, 4/F Hanger II Annex Building, 20 Dai Liao Road, Xiamen Area Pilot Free Trade Zone, Fujian
HAECO (Xiamen) Corporate Management Company Limited⁶

Suite 1801, Taikoo Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou 510620
Taikoo Hui (Guangzhou) Development Company Limited (97%)⁶

Suite 1801C, Taikoo Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou
Guangzhou Taikoo Hui Property Management Company Limited⁶

Suite 1801D, Taikoo Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou
Sunshine Melody (Guangzhou) Properties Management Limited⁶

Unit H, Room 431, 4th Floor, Building C, International Shipping Center, No. 93 Xiangyu Road, China Pilot Free Trade Zone, Xiamen, Fujian
HAECO Digital Services (Xiamen) Company Limited⁶

Unit N2-40, 4th Floor, Tower 2, No. 11 Sanlitun Road, Chaoyang District, Beijing
Beijing Sanlitun North Property Management Company Limited⁶

Unit N2-41, 4th Floor, Tower 2, No. 11 Sanlitun Road, Chaoyang District, Beijing
Beijing Sanlitun South Property Management Company Limited⁶

Wuhan Economic & Technological Development Zone, Wuhan
Swire Coca-Cola Beverages Hubei Limited (95.8%)⁶

COOK ISLANDS

Portcullis (Cook Islands) Ltd, T & F Chambers, Main Road, Rarotonga
Vincent Cook Islands Limited

DENMARK

Lyshojen 4, st.tv., 8520, Lystrup
Swire Energy Services A/S Swire Energy Services Holdings A/S

Fiji

Lot 1 Foster Road, Walubay Suva, P.O. Box 15832, Suva
Pacific Agencies (Fiji) Limited

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

GERMANY

Alsterarkaden 13, c/o Anderson Partners Business Center, D-20354, Hamburg
Swire Energy Services GmbH

HONG KONG

33rd Floor, One Pacific Place, 88 Queensway

2A Seymour (Management) Limited
B Star Street (Management) Limited
Alassio (Management) Limited
Aldrich Bay East Limited
Bel Air Motors Limited
Brickell Land Limited
Brilliant Mighty Limited
Cannon Trustees Limited
Charm Sight Limited
Chevon Holdings Limited(85%)
Citiluck Development Limited
Collingrove Nominees Limited
Courtyard Property Limited
Deli Holdings Limited
Elegant Riverline Limited
Excel Channel Limited
Glory Progress Limited
Great Well Development Limited
Ham Tin Villas (Management) Limited²⁵
HK TK Fund Investment 1 Limited
Hong Kong Island Limited
Island Delight Limited
Island Place (Management) Limited
Joyful Sincere Limited
Land Treasure Limited
Les Saisons (Management) Limited
Longyan Investment Limited
MobiServe Limited⁸
Mount Parker Residences (Management) Limited
Noble Head Limited(65%)
Pine Grace Limited
Quarry Bay Developments Limited
Riviera Property Limited
Sales Honour Limited⁸
Shiny Harbour Limited
Sky Treasure Limited
Star Street (Management) Limited
Sunny High Limited
Super Gear Investment Limited
Swire Bakery Limited

Swire Brands Limited⁹
Swire Duro Limited⁸
Swire Foods Holdings Limited
Swire Organisation for Youth Arts Limited³³
Swire Plastics Recycling Limited
Swire Properties Hotel Management Limited
Swire Properties Limited(82%)
Swire Properties Projects Limited
Swire Properties Services Limited⁹
Swire Resources Limited
Swire Waste Management Limited
Taikoo Energy Limited⁸
Taikoo Place Holdings Limited
Taikoo Sportswear Limited⁸
Top Noble Limited
Vere Nominees Limited
Waste Management China Holdings, Limited
Westlands Estates Limited⁸
Yuntung Motors Limited

53 Stubbs Road (Management) Limited
Abbey Head Company Limited
Aldeburgh Limited
Arezzo (Management) Limited
Beldare Motors Limited
Brickell Property Limited
Brilliant Mount Limited²⁷
Canterbury Holdings Limited
Chevon (Hong Kong) Limited
China Healthcare Investments Limited
City West Investment Limited
Colour Asset Limited
Coventry Estates Limited
Dunbar Place (Management) Limited
Elham Limited
Excel Marketing Limited⁸
Good2me Limited⁸
Green Day Properties Limited
Harbour Heights (Management) Limited
HK TK Investments Limited
International Automobiles Limited
Island Land (Management) Limited¹⁸
John Swire & Sons (H.K.) Limited⁸
Keen Well Holdings Limited
Lantau Development Limited
Liberty Motors Limited
Marathon Sports Limited⁸
Modern Hong Kong Limited⁸
Multi-Nice Limited
One Queen's Road East Limited
Premier Head Limited(65%)
Redhill Properties Limited
Robinson Place (Management) Limited
SCCH Limited⁸
Shrewsbury Holdings Limited
Sloane Property Limited
StarCrest (Management) Limited
Sunny Palace Limited
Super Honour Management Services Limited⁸
Swire Beverages Group Management Services Limited²⁴
Swire Coca-Cola HK Limited
Swire Environmental Services Limited
Swire Homes Management Limited
Swire Pacific Limited (59.78%)¹⁷
Swire Properties (Finance) Limited
Swire Properties Hotel Services Limited
Swire Properties Management Limited
Swire Properties Real Estate Agency Limited
Swire Properties Technical Services Limited
Swire Sirius (Stage III) Limited
Swire Waste Services Limited
Tai-Koo Limited
Taikoo Properties (1973) Limited
Taikoo Sugar Limited
United Hill Limited
Vibrant Holdings Limited
Wello Enterprises Limited
Whitesands (Management) Limited
Zarrinbad Limited

53 Stubbs Road Development Co. Limited
Achieve Bright Limited²⁸
Aldrich Bay Developments Limited
Argenta (Management) Limited
Braemar West Limited
BrightSky Property Limited
Brilliant Seaside Limited
Chance Ascent Limited
Chevon Asia Pacific Limited
Citi-Fame Development Limited
Cityplaza Holdings Limited
Consolidated Properties and Stores Limited
CrystalDew Property Limited
Elegant Ocean Limited
Ethos International Limited
Global Food Venture Investment Limited
Great Ascend Limited
HAECO (TM) Limited(70%)
Hilton Holdings Limited
Hong Kong Aircraft Engineering Company Limited
International Trader Limited
Island Lodge (Management) Limited
Join Keen Limited
Kornhill Developments Limited⁸
Lei King Wan (Management) Limited
Linkage Power Limited
Mitral Investment Limited
Mount Limited
Nice Access Limited⁹
Pacific Place Holdings Limited
Prestige Head Limited(65%)
Regis Crystal Limited
Ronhill Limited⁸
Shenzhen Health Investments Limited
Sky Ample Limited
South Shine Investments Limited
Success Excel Limited³⁵
Sunshine Melody Limited
Swift Holdings Limited
Swire Beverages Holdings Limited

Swire Coca-Cola Limited
Swire Finance Limited
Swire Industrial Limited
Swire Pacific MTN Financing (HK) Limited
Swire Properties Hotel Holdings Limited
Swire Properties Investments Limited
Swire Properties MTN Financing Limited
Swire Properties Real Estate Management Limited
Swire Recycling Limited
Swire Trading Limited
Taikoo Commercial Vehicles Limited
Taikoo Maritime Services Limited
Taikoo Shing (Management) Limited
The Floridian (Management) Limited
United Sheen Limited⁸
Waltham Limited
Westlands Court (Management) Limited
Wisdom Crown Limited

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

21/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central

Newmainco Limited

Room 1307-B, Dominion Centre, 43-59 Queen's Road East, Wanchai

Alpha Sky Management Company Limited

Grandway Management Limited

2601 Universal Trade Centre, 3-5a Arbuthnot Road, Central

Finlay Tea Solutions (Hong Kong) Limited

Best Wheel Limited³⁹

Surf Wide Investments Limited

Chinaway International (HK) Limited

Well Full International Investment Limited³⁹

HUNGARY

HU-1138 Budapest, Népfürdő utca 22., Building B, 13th Floor

SPHI Capital Management Limited Liability Company

Swire Properties Capital Management Limited Liability Company

ISLE OF MAN

Third Floor, St. George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE

Cicero Insurance Limited*

Spaciom Limited

Croesus Holdings Limited*

Croesus re PCC Limited

INDIA

105 Mahinder Chambers, Waman Tukaram Patil Marg, Chembur, Mumbai 400071

Swire Oilfield Services India Private Limited^{1,2,3}

Cowrks Residency Road, No: 135/1, Purva Premiere, Residency Rd, Ward No 76, Bangalore, Karnataka, 560025

Swire Digital Centre Private Limited²

E-155, Classic Apartment, Plot No. 11, Sector-22, Dwarka, New Delhi, 110075

WesTech Process Equipment India Private Limited (80%)

ITALY

Via Nuova, Rivoltana 35, Pioltella 20096, Milano

WesTech Process Equipment Italy S.R.L.¹⁸

JAPAN

1-3-1 Shibakoen, Minato-ku, Tokyo, 105-0011

Westwood Shipping Lines Japan, Inc⁴⁸

JERSEY

Havard House, 5-7 Great Union Road, St Helier, JE2 3YA

John Swire & Sons (Jersey) Limited*

KENYA

LR No. Mombasa/Block1/362, Mashundu Street, PO Box 84619-80100, Mombasa

James Finlay Mombasa Limited

MACAU

Travessa do Paralelo, No.1, Edf. Comercial Seng Cheong, 2 andar

Swire Resources (Macau) Limited⁴⁰

MALAWI

Bollere Transport and Logistics Complex, Makata Industrial Area, Maunde Road, P.O. Box 51387, Limbe

James Finlay (Blantyre) Limited

MALAYSIA

Tiara Labuan, Jalan Tanjung Batu, 87000 F.T. Labuan

Swire Energy Services Malaysia Limited

10th Floor, Menara Hap Seng No. 1&3, Jalan P. Ramlee 50250 Kuala Lumpur W.P.

Swire Energy Services Sdn. Bhd.

MEXICO

Avenida Moctezuma 2860, Jardines Del Sol, Zapopan, Jalisco, 45050

WEI Process Equipment Mexico, S.A. de C.V.⁹

MOROCCO

N 4 Lottissement Chah I, Route De Taddart, Californie, Casablanca, 20420

WesTech Process Equipment Morocco, SARL d'Associé Unique⁸

NETHERLANDS

Boulevard Bankert 300, 4382, AC Vlissingen

Swire Energy Services B.V.

Hornweg 61, 1044AN Amsterdam

Argent Energy Netherlands B.V.

Argent Energy Netherlands Real Estate B.V.

PTP Argent Real Estate B.V.

Argent Energy Netherlands Holding B.V.

Biodiesel Argent B.V.

Tank Storage Argent B.V.

Argent Energy Netherlands Office B.V.

PTP Argent B.V.

Finlay Extracts & Ingredients Holland B.V.

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

NEW CALEDONIA

22 Avenue James Cook, BP 97 98845, Noumea
Swire Shipping Agencies SAS (60%)

NEW ZEALAND

Level 14, 151 Queen Street, Auckland 1010
Cubic Transport Services Limited (60%) Swire Shipping (NZ) Limited Quadrant Pacific Limited

NIGERIA

Plot 280, Ajoose Adeogun Street, Victoria Island, Lagos
Swire Energy Services Nigeria Ltd (49%)* Swire Energy Services Sub-Sahara Africa Limited (80%)

NORWAY

NorSea Base, 4056 Tanager
Swire Energy Services AS
Hanaleite 2, 5555 Forde i Hordaland
Helifuel AS

PAPUA NEW GUINEA

C/- Swire Shipping, Level 1, Enb Haus, Harbour City, Port Moresby, National Capital District
New Guinea Australia Line Limited
Level 2, @345, Stanley Esplanade, Section 20, Allotments 3, 4 and 5 Granville, Port Moresby, National Capital District
Croesus Limited Gazelle Port Services Limited Kavieng Port Services Limited (60%)
Kiunga Stevedoring Company Ltd John Swire & Sons (P.N.G.) Limited*¹⁰ Lae Port Services Limited (51.50%)*¹⁰
Madang Port Services Limited (60%) Motukea United Limited (64.10%) New Britain Shipping Limited (50%)*
Oro Stevedoring Limited Palm Stevedoring & Transport Limited (66.67%) Port Services P.N.G. Limited (54.11%)*¹⁰
Portside Business Park Limited Sandaun Agency & Stevedoring Limited Steamships Ltd
Steamships Trading Company Limited (72.12%) United Stevedoring Limited (70%) Windward Apartments Limited
Wonye No. 2 Limited

PERU

Av. Jose Galvez Barrenechea Nro 765 Dpto. 604, Urb. Corpac, San Borja, Lima
WestTech Process Equipment Peru S.A.C *

POLAND

Gdynia, 59/15 Wladyslawa IV Street
Swire Energy Services Sp. z o.o.

PORTUGAL

TagusPark, Av. Jacques Delors, Edificio Inovacao II 411, Gab. 4 2740-122, Port Salvo
BladeInsight S.A. (75.46%)

QATAR

c/o TMF Group Services LLC, Office 1422, 14th Floor, Al Fardan Office Tower, West Bay, Doha
Swire Energy Services QFC LLC

REPUBLIC OF INDONESIA

Menara Anugrah Lt.11, Kantor Taman E3.3, Jl. Dr. Ide Anak Agung Gde Agung Lot. 8.6-8.7, Mega Kuningan, RT.5 RW.2,
Kuningan Timur, Setiabudi, Jakarta Selatan, DKI Jakarta
PT Swire Energy Services

REPUBLIC OF SINGAPORE

80 Robinson Road, #02-00, (068898)
CC Cambodia Holdings Pte. Ltd.^{6,10}
112 Robinson Road, #15-01, Robinson 112, 068902
Swire Energy Services Pte. Ltd
300 Beach Road, #12-06 Concourse, 199555
Celestial Fortune Pte. Ltd. Swire Properties Pte. Ltd. Win Fortune Pte. Limited
300 Beach Road, #15-01 The Concourse, 199555
John Swire & Sons (S.E. Asia) Pte. Limited
300 Beach Road, #27-01, The Concourse, 199555
Swire Shipping Pte. Ltd. Swire Marine Holdings Pte Ltd
300 Beach Road, #28-02, The Concourse, 199555
Swire Bulk Holdings Pte. Ltd. Swire Bulk Pte. Ltd.

SRI LANKA

Finlay House, 186 Vauxhall Street, Colombo 02
Finlay Airline Agencies (Pvt) Limited (99.82%)* Finlay Instant Teas (Pvt) Limited* Finlay Plantation Management (Pvt) Limited (99.82%)*¹
309/6/A, Negombo Road, Welisara, Ragama 11010
Finlay Properties (Pvt) Limited (99.82%) Finlay Tea Solutions Colombo (Pvt) Ltd (99.82%) Finlay Teas (Pvt) Limited (99.82%)
Finlays Colombo Limited (99.82%) Finlays Tea Estates Lanka (Pvt) Limited*

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

95A, Nambapana, Ingiriya
James Finlay Plantation Holdings (Lanka) Limited

SOLOMON ISLANDS

C/o Morris and Sojnocki, Level 2 City Centre Building, Mendana Ave, Honiara City
Tradco Shipping Limited
C/- Morris & Sojnocki, 1st Floor City Centre Building, Mendana Avenue, Honiara City
Pacific Towing SI Limited

SOUTH AFRICA

31&32 Wild Fig Business Park, Canberry Street, Honeydew, Johannesburg, 2040
WesTech Process Equipment Africa Proprietary WesTech Process Equipment South Africa Proprietary Limited¹⁸
Limited¹⁸

TAIWAN

5 F No. 297, Heping East Road, Section 2, Taipei 10670
Swire Shipping Agencies (Taiwan) Ltd
No. 230, Section 2, Dunhua South Road, Da'an District, Taipei City
Biao Yi Limited

TRINIDAD & TOBAGO

C/O PricewaterhouseCoopers, 11-13 Victoria Avenue, Port of Spain
Swire Oilfield Services Trinidad & Tobago Limited

UNITED ARAB EMIRATES

1st Floor Sales Office, The Kanoo Group, Plot No.26A, Esnaad Compound, Mussafah, Abu Dhabi
Swire Energy Services Middle East LLC (49%)⁴
Dubai Tea Trading Center, Plot No. S10814, Office 24, 28-30, Jebel Ali Free Zone - South, Dubai, PO BOX 17016
James Finlay (ME) DMCC

UNITED KINGDOM

60 Lime Street, Hull, HU8 7AF
Finlay Hull Limited
Elmsall Way, South Elmsall, Pontefract, West Yorkshire, WF9 2XS
Finlay Beverages Limited
Hareness Place, Altens Industrial Estate, Aberdeen, AB12 3GX
Gordon Engineering Services Aberdeen Limited James Finlay (Kenya) Limited James Finlay Corporation Limited
James Finlay International (U.K.) Limited⁹ James Finlay Limited⁴
c/o PKF Littlejohn, 15 Westferry Circus, Canary Wharf, London, E14 4HD
WesTech Process Equipment UK Limited
Unit 2 And Unit 4, Lhr Portal Scylla Road, London Heathrow Airport, Hounslow, TW6 3FE
HAECO Global Engine Support Limited
Swire House, 59 Buckingham Gate, London, SW1E 6AJ
Argent Energy Holdings Limited Argent Energy Limited Argent Energy Properties Limited¹
Argent Oil Terminal Limited² China Navigation Company Limited (The)⁴ Finlay Coffee Limited
Finlay Extracts & Ingredients UK Limited Finlay Group Limited^{2,3} Finlay Tea Solutions UK Limited
Furness Withy Limited¹³ James Finlay International Holdings Limited John Swire & Sons (57BG) Limited⁴
John Swire & Sons (58BG) Limited⁴ John Swire & Sons (China) Limited⁴ John Swire & Sons (FHC) Limited^{2,3}
John Swire & Sons (Finance) Limited⁴ John Swire & Sons (Green Investments) Limited⁴ John Swire & Sons (USPP) Limited¹⁸
John Swire & Sons Overseas Limited⁴ JS&S (PNG) Limited⁴ Monument Containers Limited
Swire Energy Services (Holdings) Limited⁴ Swire Energy Services Limited Swire Energy Services Wind Ltd
Swire Investments (Australia) Limited⁴ Swire Shipping Limited Taikoo Limited⁴
Tasman Orient Line (U.K.) Limited²
236-240 Biggar Road, Newarthill, Motherwell, ML1 5FA
Argent Energy Group Limited³ Argent Energy (UK) Limited Argent Oils (UK) Limited³

UNITED STATES OF AMERICA

c/o RL&F Service Corp, 920 North King Street, 2nd Floor, Wilmington, Delaware, DE 19801
Swire Energy Services (U.S.) Holdings LLC⁵
1667 Wiemann Road, Houma, Louisiana 70363
Swire Energy Services LLC⁵
12 Greenway Plaza, Suite 1100, Houston TX 77046
BladeInsight Inc (75.46%)
419 Milford-Harrington Road, Milford, DE, 19963
John Swire & Sons, Inc.⁴ JS & S Holdings, Inc. USCS Holdings G, Inc.
USCS Holdings L, Inc.
Ferry Terminal Building, 2 Aquarium Drive, Suite 400, Camden, NJ 08103
ColdVision, Inc. USCS Logistics, LLC⁵ USCS Transport, Inc.
United States Cold Storage, Inc.
PO Box 303, Milford, DE 9963
Cold Storage Financing Corporation

JOHN SWIRE & SONS LIMITED
Notes to the consolidated financial statements

Note 43. continued

SUBSIDIARY UNDERTAKINGS AS AT 31 DECEMBER 2022 continued

2525 East North Avenue Fresno, CA 93725
United States Cold Storage of California
2225 N Cockrell Hill Road, Dallas, TX 75212
United States Cold Storage, LP¹¹
15 Emery Street, Bethlehem, Pennsylvania 18018
United States Cold Storage, LLC⁵
899 Northgate Drive, Suite 200, San Rafael, CA 94903
Swire Bulk US LLC⁵
1019 39th Avenue SE, Suite 201, Puyallup, Washington, 98374
Westwood Shipping Lines, Inc
251 Little Falls Drive, Wilmington DE 19808
SSPL US INC¹⁴
2711 Centerville Road, Suite 400, Wilmington DE 19808
Finlay Extracts & Ingredients USA, Inc.
James Finlay International Inc
7015 Fairgrounds Parkway, San Antonio TX 78238
Aspen Enterprises, Ltd
Aspen Management Company, LLC⁵
3665 South West Temple, Salt Lake City UT 84115
Ashton Tucker, LLC⁵ Copper Mountain Fab, LLC^{5, 10} JS&S (Water Holdings) Inc.*
Purestream Services LLC⁵ WesTech Engineering, LLC⁵ WesTech Process Equipment, Inc.¹⁹
WTR Engineering, LLC⁵
C T Corporation System, 150 Fayetteville Street, Box 1011, Raleigh, North Carolina 27601
HAECO Americas Line Services, LLC⁵ HAECO Cabin Solutions, LLC⁵
C T Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201
HAECO Global Engine Support, LLC⁵
C T Corporation System, 818 West 7th Street, Los Angeles, California 90017
Brice Manufacturing Company, LLC⁵
Corporation Trust Center, 1209 Orange Street, County of New Castle, Wilmington, Delaware 19801
HAECO Airframe Services, LLC⁵ HAECO Americas, LLC⁵ HAECO USA Holdings, LLC⁵
Swire Infrastructure Inc. (formerly known as Swire Land, Inc.)¹¹ Swire Pacific Holdings Inc. TES Staffing, LLC⁵
Suite 500, Three Brickell City Centre, 98 S.E. 7th Street, Miami, Florida 33131
158 SW 7 Street General LLC⁵ 158 SW 7 Street Holdco LP¹¹ 158 SW 7 Street, LLC⁵
SOA Developer LLC^{5, 12} 700 Brickell City Centre LLC⁵ BCC Facilities Manager LLC⁵
BCC Hospitality Services LLC⁵ BCC Hotel LLC⁵ BCC Hotel Management Services LLC⁵
BCC North Residential LLC⁵ BCC North SCU LLC⁵ BCC North Squared LLC⁵
BCC Parking LLC⁵ BCC Reach Residential LP¹¹ BCC Retail Holdco LLC (71.57%)¹¹
BCC Rise Residential LP¹¹ BCC Road Improvement LLC⁵ BCC Serviced Apartments LLC⁵
BCC West Residential LLC⁵ BCC West SCU LLC⁵ Brickell City Centre Plaza LLC⁵
Brickell City Centre Project LLC⁵ Brickell City Centre Retail LLC (87.93%)⁵ Swire Art Trust LLC⁵
Swire BK Hotel LLC⁵ Swire Carbonell LLC Swire Carbonell One LLC⁵
Swire Commercial Leasing LLC⁵ Swire Development Sales LLC⁵ Swire General Hotel LLC⁵
Swire JadeCo LLC⁵ Swire Properties Inc Swire Properties Investments LLC⁵
Swire Properties One LLC⁵ Swire Properties Services LLC⁵ Swire Properties US Inc
Swire Realty LLC⁵ Three Brickell City Centre LLC⁵ Two Brickell City Centre LLC⁵
Suite 601, Three Brickell City Centre, 98 S.E. 7th Street, Miami, Florida 33131
BCC Property Management Services LLC

VIETNAM

8th Floor, Viet Tower, No 1 Thai Ha Street, Trung Liet Ward, Dong Da District, Hanoi
Finlay Vietnam Company Limited⁹

VANUATU

First Floor, Icount Building, Kumul Highway, Port Vila
Tropical Agency Limited (80%)

ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2022

AUSTRALIA

275 Robinson Road, Ravenhall VIC 3023
Polar Fresh Cold Chain Services Pty Ltd (50%)^{9, 20}

BRITISH VIRGIN ISLANDS

P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola
Mandarin Shipping Group Limited (24.99%)^{10, 15}
Coastal Building, Wickhams, Cay II, P.O. Box 2221, Road Town, Tortola
Mandarin Containers Limited (17.73%)¹⁰
Morgan & Morgan Building, Pasea Estate, Road Town, Tortola
Honster Investment Limited (50%)⁹
Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110
Calm Seas Developments Limited (50%)^{9, 20}

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2022 continued

Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110

Dazhongli Properties Limited (50%)⁹ Fortune Access Holdings Limited (25%)⁹ Marvel Glory Limited (50%)⁹
Newfoundland Investment Holdings Limited (27%)^{10,20} SHH Core Holding Limited (20%)^{10,43}

CAYMAN ISLANDS

Cricket Square, Hutchins Drive, PO Box 26881, Grand Cayman, KY1-1111

Damin International Holdings Limited (49.51%)¹⁰

P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106

DeltaHealth China Limited (22%)^{10,44}

CHINESE MAINLAND

2/F, Office Building, CDF Sanya Logistics Center, Longhaipo Road, Haitang District, Sanya, Hainan,

Sanya CDF Seaside Investment & Development Company Limited (50%)^{6,9,46}

Registered Office: 20 Dailiao Road, Xiamen Gaoqi International Airport, Xiamen 361006, Fujian

Goodrich TAECO Aeronautical Systems Honeywell TAECO Aerospace (Xiamen) Co.,

(Xiamen) Company Limited (35%)^{6,9} Ltd. (35%)^{6,9}

539 Guizhao Road, China (Shanghai) Pilot Free Trade Zone

Shanghai Shen-Mei Beverage and Food Co., Ltd. (53.85%)^{6,9}

68 Kexue Avenue, Zhengzhou High & New Technology Industries Development Zone

Zhengzhou Zi Tai Packaging Company Limited (50%)^{6,10}

Blocks 4 & 3, No.12, 11th Avenue, Hangzhou Economic & Technological Development Area, Zhejiang Province

Hangzhou Zi Tai Packaging Co. Limited (50%)^{6,10}

Building C, No. 888, Huanhu West Second Road, Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone

RetailEye (Shanghai) Digital Technology Co., Ltd. (20%)^{6,9}

No. 2 Taikoo Road, Quanzhou Export and Processing Zone, Cizao, Jinjiang 362200, Fujian

Dunlop Taikoo (Jinjiang) Aircraft Tyres Company Limited. (37%)^{6,9}

Room 104 (Front), No. 5 North Shamian Street, Liwan District, Guangzhou

Guangzhou Sunshine River Commercial Planning & Management Company Limited (50%)^{6,9,45}

Room 2310, 23rd Floor, 20 Jiuxianqiao Road, Chaoyang District, Beijing

Beijing Indigo Property Services Company Limited (50%)^{6,9}

Room 302J, Block 9, 696 Weihai Road, Jing'an District, Shanghai

Shanghai Kaiye Commercial Management Company Limited (60%)^{6,9}

Rooms 2201-2203, 22nd Floor, Building No. 20, Jiuxianqiao Road, Chaoyang District, Beijing

Beijing Xingtaitonggang Properties Company Limited (35%)^{6,9}

Tongji Industrial Zone, Tongji Road, Tong'an District, Xiamen

Xiamen Huari Foods Industrial Co., Ltd. (31%)^{6,10}

Unit 2309, Level 23, No. 20 Jiuxianqiao Road, Chaoyang District, Beijing

Beijing Linlian Real Estate Company Limited (50%)^{6,9}

Units 801, 802, 803 and 804, 8th Floor, 588 Dongyu Road, Pudong New District, Shanghai

Shanghai Qianxiu Company Limited (50%)^{6,9}

Yaoqiang International Airport, Jinan 250107, Shandong

Taikoo (Shandong) Aircraft Engineering Co., Ltd. (40%)^{6,9}

DENMARK

Fairway House, Arne Jacobsens Allé 7, 7th floor, DK-2300, Copenhagen S

Cadeler A/S (15.11%)¹⁰

FIJI

Registered Office: Lot 1 Foster Road, Walubay Suva, P.O. Box 15832

Container Services (Fiji) Limited (50%)⁹

HONG KONG

21/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central

Richly Leader Limited (50%)⁹

25th Floor, Jardine House, 1 Connaught Place, Central

Greenroll Limited (20%)¹⁰ Lindfield Limited (50%)^{9,20}

30th Floor, Jardine House, One Connaught Place, Central

Lotus Healthcare Limited (28.90%)¹⁰

33rd Floor, One Pacific Place, 88 Queensway

Campbell Swire (HK) Limited (40%)^{9,15} Cathay Pacific Airways Limited (45%)¹⁰

Coca-Cola Bottlers Manufacturing Holdings

Limited (41%)¹⁰

Goodrich Asia-Pacific Limited (49%)⁹

Hareton Limited (50%)⁹

Hong Kong Aero Engine Services Limited (50%)⁹

Intermarket Agencies (Far East) Limited (70%)⁹ New Life Plastics Limited (33.33%)⁹

Swire CTM Bulk Logistics Limited (50%)⁹

4th Floor, VC House, 4-6 On Lan Street, Central

CBPC Limited (33.33%)⁹

505 One Citygate, 20 Tat Tung Road, Tung Chung

Newfoundland Finance Limited (27%)^{10,20} Newfoundland Holdings Limited (27%)^{10,20}

Pacific Place, Supreme Court Road

Shangri-La International Hotels (Pacific Place) Limited (20%)¹⁰

Unit 606, 6th Floor, Alliance Building, 133 Connaught Road Central

Queensway Hotel Holdings Limited (20%)¹⁰

NETHERLANDS

Registered Office: Hornweg 61, 1044AN Amsterdam

Biodiesel Argent II BV (50%)⁹

JOHN SWIRE & SONS LIMITED

Notes to the consolidated financial statements

Note 43. continued

ASSOCIATED UNDERTAKINGS AND JOINT VENTURES AS AT 31 DECEMBER 2022 continued

NEW ZEALAND

Independent Stevedoring Ltd, 14 Cross road, Sulphur Point, Tauranga, 3110
Independent Stevedoring Limited (50%)⁹

PAPUA NEW GUINEA

Level 2, @345, Stanley Esplanade, Section 20, Allotments 3, 4 and 5 Granville, Port Moresby, National Capital District
Colgate-Palmolive (PNG) Limited (51%)^{9,21,22} Harbourside Development Limited (50%)⁹ North Solomons Stevedoring Company Limited (50%)^{9,21,28}

Viva No. 31 Ltd (50%)⁹ Wonye Limited (50%)⁹ Riback Stevedores Ltd (49%)^{10,18}
Morobe Terminals Limited (50%)^{9,18} Pacific Rumana Limited (50%)⁹ Makerio Stevedoring Limited (45.14%)¹⁰
Nikana Stevedoring Ltd (45%)¹⁰

REPUBLIC OF INDONESIA

Setiabudi 2 Building, Lantai 2 Suite 201 D, Jl. HR Rasuna Said Kav. 62, Karet, Setiabudi, Jakarta Selatan
PT Jantra Swarna Dipta (50%)⁹

SAMOA

Matautu Tai, Apia, Vaimauga Sisifo, PO Box 210, APIA
Tui Pacific Company Limited (34%)⁹

TAIWAN

No. 96, Mingde 3rd Road, Cidu District, Keelung City, 20651
Express Containers Terminal Corporation (20%)^{10,9}
22, Lane 156, Sec. 2, Hai-Shan Rd., Lu-Chu Township, Taoyuan County, 338
China Pacific Catering Services Limited (49%)¹⁰
No. 7, Lane 54, San Te Street, Lin 11, Keng-Kou Tsuen, Lu-chu Township, Taoyuan 338
China Pacific Laundry Services Limited (45%)¹⁰

UNITED STATES OF AMERICA

10 10th Street NE, Suite 1100, Atlanta, Georgia 3030
CONA Services, LLC (8.74%)^{11,9}
1999 Bryan Street, Suite 900 Dallas, Texas 75201
Western Container Corporation (19.79%)¹⁰
251 Little Falls Drive, Wilmington, Delaware 19808
Coca-Cola Bottlers' Sales & Services Company LLC (8.12%)^{11,13}
6732 West Canterbury Lane, Highland, Utah 84003
Delicious AI, LLC (12.92%)^{11,9}
Suite 500, Three Brickell City Centre, 98 S.E. 7th Street, Miami, Florida 33131
Swire Brickell Key Hotel, Ltd. (75%)^{11,9}

VIETNAM

5th Floor, The Landmark, 5B Ton Duc Thang, Ben Nghe ward, District 1, Ho Chi Minh City
Luminous Investment Joint Stock Company (49%)⁹

* Directly owned by the Company

¹ Equity Interest

² Year end 31 March

³ Dissolution in progress

⁴ Deemed a subsidiary in accordance with agreement attributing control

⁵ Membership Interest/units

⁶ Registered capital

⁷ Incorporated 7 July 2022

⁸ Dormant

⁹ Joint Venture

¹⁰ Associate

¹¹ Partnership Interest

¹² Equity Units

¹³ Dissolved 21 February 2023

¹⁴ Incorporated 20 April 2022

¹⁵ Year end 31 July

¹⁶ Year end 30 September

¹⁷ Ordinary A and Ordinary B shares

¹⁸ In Liquidation

¹⁹ Capital Stock

²⁰ Year end 30 June

²¹ Ordinary Class A

²² Agreement in place attributing JV relationship

²³ Acquired 13 July 2022

²⁴ Acquired 9 November 2022

²⁵ Acquired 6 September 2022

²⁶ Ordinary A and B shares

²⁷ Non-voting dividend shares

²⁸ Acquired 28 December 2022

²⁹ Acquired 22 February 2022

³⁰ Acquired 25 November 2022

³¹ Incorporated 8 August 2022

³² Incorporated 14 March 2022

³³ Limited by Guarantee

³⁴ Incorporated 2 December 2022

³⁵ Incorporated 11 March 2022

³⁶ Incorporated 9 November 2022

³⁷ Incorporated 26 January 2022

³⁸ Incorporated 12 April 2022

³⁹ Acquired 29 July 2022

⁴⁰ Paid up Registered Capital

⁴¹ Incorporated 29 November 2022

⁴² Incorporated 25 October 2022

⁴³ Series A Preferred shares

⁴⁴ Series E-1 Preferred Shares

⁴⁵ Incorporated 2 September 2022

⁴⁶ Incorporated 28 September 2022

⁴⁷ Sold 30 April 2023

⁴⁸ Acquired 30 June 2022