

6. Expenses by Nature

Expenses from continuing operations included in cost of sales, distribution costs, administrative expenses and other operating expenses are analysed as follows:

	Note	2022 HK\$M	2021 HK\$M (Restated)
Direct rental outgoings in respect of investment properties*		2,997	3,062
Cost of goods sold		42,398	42,137
Write-down of stocks and work in progress		211	184
Impairment charges on trade receivables		54	23
Depreciation of property, plant and equipment	14	2,628	2,749
Depreciation of right-of-use assets			
– leasehold land held for own use		30	31
– land use rights		48	49
– property		844	901
– plant and equipment		40	51
Amortisation of			
– intangible assets	16	284	242
– initial leasing costs in respect of investment properties		79	35
– others		12	13
Staff costs		17,560	16,872
Other lease expenses**		178	112
Auditors' remuneration			
– audit services		59	59
– tax services		6	9
– other services		20	8
Other expenses		13,362	13,233
Total cost of sales, distribution costs, administrative expenses and other operating expenses		80,810	79,770

* Direct rental outgoings in respect of investment properties include impairment charges relating to ECL on forgiveness of lease payments of operating lease receivables, i.e. rent concession granted to tenants during the year, under HKFRS 9 of HK\$319 million (2021 (restated): HK\$432 million).

** These expenses relate to short-term leases, leases of low-value assets and leases with variable payments, net of rent concessions received of HK\$44 million (2021: HK\$83 million). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

7. Segment Information

The Group is organised on a divisional basis: Property, Beverages, Aviation and Trading & Industrial.

Accounting Policy

Segment information is reported in a manner consistent with the Group's internal financial reporting provided to the Executive Directors for making strategic decisions. A reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics or single operating segments which are disclosable separately because they cannot be aggregated or because they exceed certain quantitative thresholds.

The reportable segments within each of the divisions are classified according to the nature of the business. The Head Office is also considered to be a reportable segment as discrete financial information is available for the Head Office activities and regularly provided to the Board.

In 2021, the results of the SPO disposal group were presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as detailed in note 44.

7. Segment Information (continued)

(a) Information about reportable segments

Analysis of Consolidated Statement of Profit or Loss

Year ended 31st December 2022

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(loss) HK\$M	Finance charges HK\$M	Finance income HK\$M	Share of profits/(losses) of joint venture companies HK\$M	Share of profits/(losses) of associated companies HK\$M	Tax (charge)/credit HK\$M	Profit/(loss) for the year HK\$M	Profit/(loss) attributable to the Company's shareholders HK\$M	Underlying profit/(loss) attributable to the Company's shareholders HK\$M	Depreciation and amortisation charged to operating profit/(loss) HK\$M
Continuing operations												
Property												
Property investment	12,302	38	8,266	(359)	171	1,018	–	(973)	8,123	6,576	7,290	(254)
Change in fair value of investment properties	–	–	810	–	–	510	–	(1,042)	278	110	–	–
Property trading	921	–	209	–	1	(18)	66	(87)	171	140	89	–
Hotels	565	–	(259)	–	–	(67)	(54)	38	(342)	(280)	(280)	(181)
	13,788	38	9,026	(359)	172	1,443	12	(2,064)	8,230	6,546	7,099	(435)
Beverages												
Chinese Mainland	26,142	–	1,269	(53)	48	59	64	(372)	1,015	902	902	(1,168)
Hong Kong	2,330	2	221	(7)	–	–	–	(23)	191	191	191	(150)
Taiwan	2,123	–	176	(1)	–	–	–	(37)	138	138	138	(72)
USA	23,553	–	1,803	(69)	23	–	–	(365)	1,392	1,392	1,392	(782)
South East Asia	75	–	(48)	(5)	1	–	–	(5)	(57)	(57)	(57)	(7)
Central and other costs	–	–	(147)	–	4	(31)	–	–	(174)	(174)	(174)	–
	54,223	2	3,274	(135)	76	28	64	(802)	2,505	2,392	2,392	(2,179)
Aviation												
Cathay Pacific group	–	–	–	–	–	–	(2,947)	–	(2,947)	(2,947)	(2,947)	–
HAECO group [#]	13,828	–	270	(144)	29	391	–	(81)	465	185	185	(751)
Others	–	–	(32)	–	–	(6)	(281)	1	(318)	(310)	(310)	(46)
	13,828	–	238	(144)	29	385	(3,228)	(80)	(2,800)	(3,072)	(3,072)	(797)
Trading & Industrial												
Swire Resources	1,996	–	5	(13)	5	1	–	(3)	(5)	(5)	(5)	(285)
Taikoo Motors	5,636	–	226	(12)	1	–	–	(47)	168	168	168	(153)
Swire Foods [#]	1,520	68	(487)	(10)	2	–	–	(10)	(505)	(505)	(505)	(109)
Swire Environmental Services	169	–	57	–	–	–	–	(9)	48	48	48	(6)
Central costs	–	–	(13)	–	–	–	–	–	(13)	(13)	(13)	–
	9,321	68	(212)	(35)	8	1	–	(69)	(307)	(307)	(307)	(553)
Head Office, Healthcare and others												
Healthcare and others [#]	–	–	(168)	–	–	–	(170)	–	(338)	(338)	(338)	–
Net income/(expenses)	9	55	(354)	(1,212)	94	–	–	2	(1,470)	(1,470)	(1,470)	(1)
Others [^]	–	–	23	41	–	–	21	–	85	85	85	–
	9	55	(499)	(1,171)	94	–	(149)	2	(1,723)	(1,723)	(1,723)	(1)
Inter-segment elimination	–	(163)	–	91	(91)	–	–	–	–	–	–	–
Total – continuing operations	91,169	–	11,827	(1,753)	288	1,857	(3,301)	(3,013)	5,905	3,836	4,389	(3,965)
Discontinued operations												
Swire Pacific Offshore group [@]	524	–	(142)	(3)	–	–	–	(47)	(192)	(197)	(197)	–

Notes: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

[#] Impairment charges included under operating profit/(loss) in relation to the HAECO group, Qinyuan Bakery and Columbia China Healthcare were HK\$65 million, HK\$467 million and HK\$163 million respectively.

[^] Gain on partial disposal and deemed disposal of interest in Cadeler included under operating profit was HK\$64 million.

[@] The remeasurement gain in respect of the SPO disposal group was HK\$556 million. The net gain for the year in respect of the SPO disposal group was HK\$364 million.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of Consolidated Statement of Profit or Loss (continued)

Year ended 31st December 2021 (Restated)

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(loss) HK\$M	Finance charges HK\$M	Finance income HK\$M	Share of profits/(losses) of joint venture companies HK\$M	Share of profits/(losses) of associated companies HK\$M	Tax (charge)/credit HK\$M	Profit/(loss) for the year HK\$M	Profit/(loss) attributable to the Company's shareholders HK\$M	Underlying profit/(loss) attributable to the Company's shareholders HK\$M	Depreciation and amortisation charged to operating profit/(loss) HK\$M
Continuing operations												
Property												
Property investment	12,938	43	9,456	(582)	229	1,004	–	(1,352)	8,755	7,091	8,047	(215)
Change in fair value of investment properties	–	–	(1,931)	–	–	814	–	(644)	(1,761)	(1,492)	–	–
Property trading	2,443	–	492	(11)	1	120	–	2	604	493	(37)	–
Hotels	894	–	(174)	(14)	–	(70)	(82)	31	(309)	(252)	(234)	(212)
	16,275	43	7,843	(607)	230	1,868	(82)	(1,963)	7,289	5,840	7,776	(427)
Beverages												
Chinese Mainland	26,862	–	2,063	(60)	56	90	72	(619)	1,602	1,418	1,418	(1,180)
Hong Kong	2,395	2	242	(3)	–	–	–	(26)	213	213	213	(111)
Taiwan	2,071	–	172	(1)	1	–	–	(36)	136	136	136	(81)
USA	20,685	–	1,238	(83)	8	–	–	(174)	989	989	989	(752)
Central adjustments and other costs	1,912	–	(203)	–	3	(7)	–	–	(207)	(207)	(207)	–
	53,925	2	3,512	(147)	68	83	72	(855)	2,733	2,549	2,549	(2,124)
Aviation												
Cathay Pacific group [#]	–	–	–	–	–	–	(2,487)	–	(2,487)	(2,487)	(2,487)	–
HAECO group [*]	11,464	–	445	(156)	11	309	–	(198)	411	394	394	(808)
Others	–	–	108	–	–	(7)	(270)	–	(169)	(287)	(287)	(50)
	11,464	–	553	(156)	11	302	(2,757)	(198)	(2,245)	(2,380)	(2,380)	(858)
Trading & Industrial												
Swire Resources	2,106	–	(33)	(18)	2	–	–	7	(42)	(42)	(42)	(341)
Taikoo Motors	5,689	–	212	(13)	1	–	–	(40)	160	160	160	(151)
Swire Foods	1,624	63	(45)	(12)	3	–	–	(15)	(69)	(69)	(69)	(164)
Swire Environmental Services	134	–	63	–	–	4	–	(8)	59	59	59	(5)
Central costs	–	–	(13)	(1)	–	–	–	–	(14)	(14)	(14)	–
	9,553	63	184	(44)	6	4	–	(56)	94	94	94	(661)
Head Office, Healthcare and others												
Healthcare and others	–	–	(7)	–	–	–	(85)	–	(92)	(92)	(92)	–
Net income/(expenses)	12	52	(435)	(1,232)	129	–	–	2	(1,536)	(1,536)	(1,536)	(1)
Others [^]	–	–	448	–	–	14	19	–	481	481	481	–
	12	52	6	(1,232)	129	14	(66)	2	(1,147)	(1,147)	(1,147)	(1)
Inter-segment elimination	–	(165)	–	129	(129)	–	–	–	–	–	–	–
Total – continuing operations	91,229	(5)	12,098	(2,057)	315	2,271	(2,833)	(3,070)	6,724	4,956	6,892	(4,071)
Discontinued operations												
Swire Pacific Offshore group [@]	1,601	5	30	(17)	11	–	(1)	(16)	7	12	12	(244)

Notes: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

[#] Post-tax impairment and related charges included under share of loss of the Cathay Pacific group were HK\$333 million.

^{*} Impairment charges included under operating profit/(loss) in relation to the HAECO group were HK\$31 million.

[^] The remaining continuing operations of Marine Services are included in Head Office – Others.

[@] The remeasurement loss in respect of the SPO disposal group was HK\$1,611 million. The loss for the year after taking account of the remeasurement loss in respect of the SPO disposal group was HK\$1,604 million.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group

At 31st December 2022

	Segment assets HK\$M	Joint venture companies* HK\$M	Associated companies# HK\$M	Bank deposits HK\$M	Total assets HK\$M	Additions to non-current assets (Note) HK\$M
Property						
Property investment	278,059	35,439	–	4,252	317,750	7,689
Property trading	9,911	2,762	285	164	13,122	–
Hotels	4,107	1,661	240	86	6,094	34
	292,077	39,862	525	4,502	336,966	7,723
Beverages						
Swire Coca-Cola	40,504	1,189	1,742	3,106	46,541	2,464
Aviation						
Cathay Pacific group	–	–	19,565	–	19,565	–
HAECO group	11,914	1,910	–	1,943	15,767	740
Others	3,911	2,805	–	–	6,716	–
	15,825	4,715	19,565	1,943	42,048	740
Trading & Industrial						
Swire Resources	869	37	–	275	1,181	183
Taikoo Motors	2,526	–	–	74	2,600	187
Swire Foods	665	3	–	368	1,036	63
Swire Environmental Services	112	–	–	42	154	3
Other activities	1	–	–	2	3	–
	4,173	40	–	761	4,974	436
Head Office, Healthcare and others	950	–	1,985	1,302	4,237	1
	353,529	45,806	23,817	11,614	434,766	11,364

Note: In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial instruments, deferred tax assets, retirement benefit assets and non-current assets acquired in business combinations.

The assets relating to joint venture and associated companies include the loans due from these companies.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group^ (continued)

At 31st December 2021 (Restated)

	Segment assets HK\$M	Joint venture companies* HK\$M	Associated companies# HK\$M	Bank deposits HK\$M	Total assets HK\$M	Additions to non-current assets (Note) HK\$M
Property						
Property investment	273,997	33,428	–	14,161	321,586	4,374
Property trading	8,058	2,717	219	548	11,542	–
Hotels	4,574	1,409	242	124	6,349	122
	286,629	37,554	461	14,833	339,477	4,496
Beverages						
Swire Coca-Cola	31,612	1,263	1,834	3,791	38,500	3,377
Aviation						
Cathay Pacific group	–	–	23,611	–	23,611	–
HAECO group	11,932	1,887	–	2,338	16,157	887
Others	3,942	2,812	–	–	6,754	–
	15,874	4,699	23,611	2,338	46,522	887
Trading & Industrial						
Swire Resources	881	35	–	237	1,153	144
Taikoo Motors	2,151	–	–	635	2,786	416
Swire Foods	1,277	4	–	296	1,577	162
Swire Environmental Services	65	–	–	29	94	4
Other activities	27	–	–	2	29	–
	4,401	39	–	1,199	5,639	726
Head Office, Healthcare and others	460	–	2,499	733	3,692	–
	338,976	43,555	28,405	22,894	433,830	9,486

Note: In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial instruments, deferred tax assets, retirement benefit assets and non-current assets acquired in business combinations.

^ Assets classified as held for sale from discontinued operations are excluded from the above analysis.

The assets relating to joint venture and associated companies include the loans due from these companies.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total liabilities and non-controlling interests of the Group

At 31st December 2022

	Segment liabilities HK\$M	Current and deferred tax liabilities HK\$M	Inter-segment borrowings/ (advances) HK\$M	External borrowings HK\$M	Lease liabilities HK\$M	Total liabilities HK\$M	Non-controlling interests HK\$M
Property							
Property investment	8,529	11,401	(8,136)	22,821	614	35,229	53,328
Property trading	1,326	20	7,781	1	–	9,128	721
Hotels	167	–	355	13	–	535	1,024
	10,022	11,421	–	22,835	614	44,892	55,073
Beverages							
Swire Coca-Cola	15,710	1,492	4,731	25	801	22,759	495
Aviation							
HAECO group	3,831	370	2,123	77	2,390	8,791	1,912
Trading & Industrial							
Swire Resources	661	24	(54)	–	391	1,022	–
Taikoo Motors	650	46	–	–	558	1,254	–
Swire Foods	389	11	(6)	–	160	554	–
Swire Environmental Services	61	–	–	–	2	63	–
Other activities	18	–	6	–	–	24	–
	1,779	81	(54)	–	1,111	2,917	–
Head Office, Healthcare and others	798	37	(6,800)	45,436	–	39,471	–
	32,140	13,401	–	68,373	4,916	118,830	57,480

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total liabilities and non-controlling interests of the Group[^] (continued)

At 31st December 2021 (Restated)

	Segment liabilities HK\$M	Current and deferred tax liabilities HK\$M	Inter-segment borrowings/ (advances) HK\$M	External borrowings HK\$M	Lease liabilities HK\$M	Total liabilities HK\$M	Non-controlling interests HK\$M
Property							
Property investment	8,304	11,062	(5,762)	24,601	566	38,771	52,506
Property trading	1,336	21	5,412	–	–	6,769	861
Hotels	164	–	350	–	–	514	1,077
	9,804	11,083	–	24,601	566	46,054	54,444
Beverages							
Swire Coca-Cola	15,998	1,237	1,195	779	834	20,043	501
Aviation							
HAECO group	2,962	632	1,660	104	2,571	7,929	2,160
Trading & Industrial							
Swire Resources	642	24	(54)	–	497	1,109	–
Taikoo Motors	715	43	–	–	636	1,394	–
Swire Foods	422	21	(7)	–	233	669	–
Swire Environmental Services	27	1	–	–	3	31	–
Other activities	18	–	7	–	–	25	–
	1,824	89	(54)	–	1,369	3,228	–
Head Office, Healthcare and others	706	(71)	(2,801)	36,065	–	33,899	–
	31,294	12,970	–	61,549	5,340	111,153	57,105

[^] Liabilities associated with assets classified as held for sale from discontinued operations are excluded from the above analysis.

7. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of external revenue of the Group – Timing of revenue recognition from continuing operations

	Year ended 31st December 2022				Year ended 31st December 2021 (Restated)			
	At a point in time HK\$M	Overtime HK\$M	Rental income on leases HK\$M	Total HK\$M	At a point in time HK\$M	Overtime HK\$M	Rental income on leases HK\$M	Total HK\$M
Property								
Property investment	–	114	12,188	12,302	–	102	12,836	12,938
Property trading	921	–	–	921	2,443	–	–	2,443
Hotels	331	234	–	565	478	416	–	894
	1,252	348	12,188	13,788	2,921	518	12,836	16,275
Beverages								
Chinese Mainland	26,142	–	–	26,142	26,862	–	–	26,862
Hong Kong	2,330	–	–	2,330	2,395	–	–	2,395
Taiwan	2,123	–	–	2,123	2,071	–	–	2,071
USA	23,553	–	–	23,553	20,685	–	–	20,685
South East Asia	75	–	–	75	–	–	–	–
Central adjustment and other costs	–	–	–	–	1,912	–	–	1,912
	54,223	–	–	54,223	53,925	–	–	53,925
Aviation								
HAECO group	717	13,111	–	13,828	448	11,016	–	11,464
Trading & Industrial								
Swire Resources	1,996	–	–	1,996	2,106	–	–	2,106
Taikoo Motors	5,635	1	–	5,636	5,687	2	–	5,689
Swire Foods	1,485	35	–	1,520	1,574	50	–	1,624
Swire Environmental Services	–	169	–	169	–	134	–	134
	9,116	205	–	9,321	9,367	186	–	9,553
Head Office	–	9	–	9	–	12	–	12
Total	65,308	13,673	12,188	91,169	66,661	11,732	12,836	91,229

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong and the Chinese Mainland.

An analysis of revenue from continuing operations and non-current assets of the Group by principal markets is outlined below:

	Revenue		Non-current assets (Note)	
	2022 HK\$M	2021 HK\$M (Restated)	2022 HK\$M	2021 HK\$M
Hong Kong	17,559	17,404	238,429	237,767
Chinese Mainland and Taiwan	41,248	47,583	59,939	59,788
South East Asia	80	1,717	2,015	–
USA	31,266	24,261	15,642	15,275
Others	1,016	264	194	243
	91,169	91,229	316,219	313,073

Note: In this analysis, the total of non-current assets excludes joint venture and associated companies (and loans advanced to these companies), investments at fair value, prepayments and other receivables, financial instruments, deferred tax assets and retirement benefit assets.