

## 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	2023 HK\$M	2022 HK\$M
Direct rental outgoings in respect of investment properties <sup>(i)</sup>		3,266	2,997
Cost of goods sold		43,173	42,398
Write-down of stocks and work in progress		227	211
Impairment charges on trade receivables		88	54
Depreciation of property, plant and equipment	14	2,947	2,628
Depreciation of right-of-use assets			
– leasehold land held for own use		50	30
– land use rights		53	48
– property		886	844
– plant and equipment		41	40
Amortisation of			
– intangible assets	16	284	284
– initial leasing costs in respect of investment properties		96	79
– others		8	12
Staff costs		18,194	17,560
Other lease expenses <sup>(ii)</sup>		210	178
Auditors' remuneration			
– audit services		60	59
– tax services		15	6
– other services		25	20
Other expenses		13,768	13,362
<b>Total cost of sales, distribution costs, administrative expenses and other operating expenses</b>		<b>83,391</b>	<b>80,810</b>

### Notes:

(i) Direct rental outgoings in respect of investment properties include impairment charges relating to expected credit losses on forgiveness of lease payments of operating lease receivables, i.e. rent concession granted to tenants during the year, under HKFRS 9 of HK\$36 million (2022: HK\$319 million).

(ii) These expenses relate to short-term leases, leases of low-value assets and leases with variable payments, net of rent concessions received of HK\$3 million (2022: HK\$44 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.

## 7. Segment Information (continued)

### (a) Information about reportable segments

#### Analysis of Consolidated Statement of Profit or Loss

#### Year ended 31st December 2023

	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
<b>Continuing operations</b>												
<b>Property</b>												
Property investment	13,482	43	8,193	(725)	203	866	7	(1,116)	7,428	6,001	9,652	(322)
Change in fair value of investment properties	–	–	(2,860)	–	–	(667)	(454)	(461)	(4,442)	(3,649)	–	–
Property trading	166	–	(89)	–	15	(46)	–	(52)	(172)	(139)	(115)	–
Hotels	977	2	(103)	(13)	–	(29)	31	13	(101)	(82)	(82)	(201)
	<b>14,625</b>	<b>45</b>	<b>5,141</b>	<b>(738)</b>	<b>218</b>	<b>124</b>	<b>(416)</b>	<b>(1,616)</b>	<b>2,713</b>	<b>2,131</b>	<b>9,455</b>	<b>(523)</b>
<b>Beverages</b>												
Chinese Mainland	24,725	–	1,110	(56)	47	65	25	(313)	878	790	790	(1,412)
Hong Kong	2,415	2	225	(8)	–	–	–	(23)	194	194	194	(167)
Taiwan	2,275	–	160	(1)	–	–	–	(36)	123	123	123	(84)
South East Asia	4,504	–	318	(145)	127	–	–	(102)	198	198	198	(254)
USA <sup>(i)</sup>	17,923	–	24,856	(44)	31	–	–	(623)	24,220	24,220	24,220	(601)
Central and other costs <sup>(ii)</sup>	–	–	(467)	–	2	(5)	–	39	(431)	(428)	(428)	(2)
	<b>51,842</b>	<b>2</b>	<b>26,202</b>	<b>(254)</b>	<b>207</b>	<b>60</b>	<b>25</b>	<b>(1,058)</b>	<b>25,182</b>	<b>25,097</b>	<b>25,097</b>	<b>(2,520)</b>
<b>Aviation</b>												
Cathay group <sup>(iii)</sup>	–	–	–	–	–	–	4,405	–	4,405	4,405	4,405	–
HAECO group <sup>(iv)</sup>	17,787	–	224	(155)	55	427	–	(181)	370	45	45	(766)
Others <sup>(v)</sup>	–	–	(707)	–	–	3	(360)	–	(1,064)	(1,057)	(1,057)	(44)
	<b>17,787</b>	<b>–</b>	<b>(483)</b>	<b>(155)</b>	<b>55</b>	<b>430</b>	<b>4,045</b>	<b>(181)</b>	<b>3,711</b>	<b>3,393</b>	<b>3,393</b>	<b>(810)</b>
<b>Trading &amp; Industrial</b>												
Swire Resources	2,402	–	108	(15)	7	3	–	(13)	90	90	90	(264)
Taikoo Motors	6,401	–	222	(13)	–	–	–	(44)	165	165	165	(157)
Swire Foods	1,567	92	23	(7)	4	–	–	(13)	7	7	7	(84)
Swire Environmental Services	185	–	63	–	1	–	–	(11)	53	53	53	(7)
Central costs	–	–	(16)	–	–	–	–	–	(16)	(16)	(16)	–
	<b>10,555</b>	<b>92</b>	<b>400</b>	<b>(35)</b>	<b>12</b>	<b>3</b>	<b>–</b>	<b>(81)</b>	<b>299</b>	<b>299</b>	<b>299</b>	<b>(512)</b>
<b>Head Office, Healthcare and others</b>												
Healthcare and others <sup>(vi)</sup>	–	–	(393)	–	–	–	(165)	–	(558)	(558)	(558)	–
Net income/(expenses)	14	82	(246)	(1,656)	320	–	–	4	(1,578)	(1,578)	(1,578)	–
Others <sup>(vii)</sup>	–	–	–	–	–	–	69	–	69	69	69	–
	<b>14</b>	<b>82</b>	<b>(639)</b>	<b>(1,656)</b>	<b>320</b>	<b>–</b>	<b>(96)</b>	<b>4</b>	<b>(2,067)</b>	<b>(2,067)</b>	<b>(2,067)</b>	<b>–</b>
Inter-segment elimination	–	(221)	–	226	(226)	–	–	–	–	–	–	–
<b>Total – continuing operations</b>	<b>94,823</b>	<b>–</b>	<b>30,621</b>	<b>(2,612)</b>	<b>586</b>	<b>617</b>	<b>3,558</b>	<b>(2,932)</b>	<b>29,838</b>	<b>28,853</b>	<b>36,177</b>	<b>(4,365)</b>

#### 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.

(i) Gain on disposals of subsidiary companies (Swire Coca-Cola, USA) included under operating profit/(loss) was HK\$23,103 million.

(ii) Provision for amount due from and other payable of a joint venture company included under operating profit/(loss) was HK\$239 million.

(iii) After the share issuance of Air China in January 2023, the Cathay group's equity interest in Air China was reduced from 18.13% to 16.26%. Gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK\$868 million (HK\$1,929 million on a 100% basis). The share of profits also included a reversal of impairment charges of HK\$94 million (HK\$208 million on a 100% basis).

(iv) Loss on disposals of subsidiary companies included under operating profit/(loss) in relation to the HAECO group was HK\$420 million.

(v) Impairment charge included under operating profit/(loss) in relation to HAESL was HK\$675 million.

(vi) Impairment charges included under operating profit/(loss) in relation to interest in DeltaHealth and a convertible note receivable were HK\$250 million and HK\$140 million respectively.

(vii) Gain on deemed disposal of interest in Cadeler included under operating profit/(loss) was HK\$37 million.

## 7. Segment Information (continued)

### (a) Information about reportable segments (continued)

#### Analysis of Consolidated Statement of Profit or Loss (continued)

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
<b>Continuing operations</b>												
<b>Property</b>												
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)
	<b>13,788</b>	<b>38</b>	<b>9,026</b>	<b>(359)</b>	<b>172</b>	<b>1,443</b>	<b>12</b>	<b>(2,064)</b>	<b>8,230</b>	<b>6,546</b>	<b>7,099</b>	<b>(435)</b>
<b>Beverages</b>												
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)
South East Asia	75	–	(48)	(5)	1	–	–	(5)	(57)	(57)	(57)	(7)
USA	23,553	–	1,803	(69)	23	–	–	(365)	1,392	1,392	1,392	(782)
Central and other costs	–	–	(147)	–	4	(31)	–	–	(174)	(174)	(174)	–
	<b>54,223</b>	<b>2</b>	<b>3,274</b>	<b>(135)</b>	<b>76</b>	<b>28</b>	<b>64</b>	<b>(802)</b>	<b>2,505</b>	<b>2,392</b>	<b>2,392</b>	<b>(2,179)</b>
<b>Aviation</b>												
Cathay group	–	–	–	–	–	–	(2,947)	–	(2,947)	(2,947)	(2,947)	–
HAECO group <sup>(i)</sup>	13,828	–	270	(144)	29	391	–	(81)	465	185	185	(751)
Others	–	–	(32)	–	–	(6)	(281)	1	(318)	(310)	(310)	(46)
	<b>13,828</b>	<b>–</b>	<b>238</b>	<b>(144)</b>	<b>29</b>	<b>385</b>	<b>(3,228)</b>	<b>(80)</b>	<b>(2,800)</b>	<b>(3,072)</b>	<b>(3,072)</b>	<b>(797)</b>
<b>Trading &amp; Industrial</b>												
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 <sup>(i)</sup>	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)	–
	<b>9,321</b>	<b>68</b>	<b>(212)</b>	<b>(35)</b>	<b>8</b>	<b>1</b>	<b>–</b>	<b>(69)</b>	<b>(307)</b>	<b>(307)</b>	<b>(307)</b>	<b>(553)</b>
<b>Head Office, Healthcare and others</b>												
Healthcare and others <sup>(i)</sup>	–	–	(168)	–	–	–	(170)	–	(338)	(338)	(338)	–
Net income/(expenses)	9	55	(354)	(1,212)	94	–	–	2	(1,470)	(1,470)	(1,470)	(1)
Others <sup>(ii)</sup>	–	–	23	41	–	–	21	–	85	85	85	–
	<b>9</b>	<b>55</b>	<b>(499)</b>	<b>(1,171)</b>	<b>94</b>	<b>–</b>	<b>(149)</b>	<b>2</b>	<b>(1,723)</b>	<b>(1,723)</b>	<b>(1,723)</b>	<b>(1)</b>
Inter-segment elimination	–	(163)	–	91	(91)	–	–	–	–	–	–	–
<b>Total – continuing operations</b>	<b>91,169</b>	<b>–</b>	<b>11,827</b>	<b>(1,753)</b>	<b>288</b>	<b>1,857</b>	<b>(3,301)</b>	<b>(3,013)</b>	<b>5,905</b>	<b>3,836</b>	<b>4,389</b>	<b>(3,965)</b>
<b>Discontinued operations</b>												
Swire Pacific Offshore group <sup>(iii)</sup>	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.

(i) 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.

(ii) Gain on partial disposal and deemed disposal of interest in Cadeler included under operating profit was HK\$64 million.

(iii) 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 total assets of the Group

At 31st December 2023

	Segment assets HK\$M	Joint venture companies <sup>(i)</sup> HK\$M	Associated companies <sup>(i)</sup> HK\$M	Bank deposits HK\$M	Total assets HK\$M	Additions to non-current assets <sup>(ii)</sup> HK\$M
Property						
Property investment	288,836	25,799	8,366	4,854	327,855	3,206
Property trading	10,869	6,057	2,167	127	19,220	–
Hotels	4,594	2,201	259	116	7,170	67
	<b>304,299</b>	<b>34,057</b>	<b>10,792</b>	<b>5,097</b>	<b>354,245</b>	<b>3,273</b>
Beverages						
Swire Coca-Cola	32,087	1,115	533	4,642	38,377	2,564
Aviation						
Cathay group	–	–	22,777	–	22,777	–
HAECO group	12,510	1,987	–	2,447	16,944	1,011
Others	3,880	2,130	–	–	6,010	–
	<b>16,390</b>	<b>4,117</b>	<b>22,777</b>	<b>2,447</b>	<b>45,731</b>	<b>1,011</b>
Trading & Industrial						
Swire Resources	1,006	40	–	287	1,333	432
Taikoo Motors	2,873	–	–	44	2,917	293
Swire Foods	592	3	–	335	930	144
Swire Environmental Services	76	–	–	47	123	–
Other activities	2	–	–	2	4	–
	<b>4,549</b>	<b>43</b>	<b>–</b>	<b>715</b>	<b>5,307</b>	<b>869</b>
Head Office, Healthcare and others	1,900	–	1,011	1,181	4,092	2
	<b>359,225</b>	<b>39,332</b>	<b>35,113</b>	<b>14,082</b>	<b>447,752</b>	<b>7,719</b>

Notes:

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

(ii) 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.

## 7. Segment Information (continued)

### (a) Information about reportable segments (continued)

#### Analysis of total assets of the Group (continued)

At 31st December 2022

	Segment assets HK\$M	Joint venture companies <sup>(i)</sup> HK\$M	Associated companies <sup>(i)</sup> HK\$M	Bank deposits HK\$M	Total assets HK\$M	Additions to non-current assets <sup>(ii)</sup> HK\$M
<b>Property</b>						
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
	<b>292,077</b>	<b>39,862</b>	<b>525</b>	<b>4,502</b>	<b>336,966</b>	<b>7,723</b>
<b>Beverages</b>						
Swire Coca-Cola	40,504	1,189	1,742	3,106	46,541	2,464
<b>Aviation</b>						
Cathay group	–	–	19,565	–	19,565	–
HAECO group	11,914	1,910	–	1,943	15,767	740
Others	3,911	2,805	–	–	6,716	–
	<b>15,825</b>	<b>4,715</b>	<b>19,565</b>	<b>1,943</b>	<b>42,048</b>	<b>740</b>
<b>Trading &amp; Industrial</b>						
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	–
	<b>4,173</b>	<b>40</b>	<b>–</b>	<b>761</b>	<b>4,974</b>	<b>436</b>
Head Office, Healthcare and others	950	–	1,985	1,302	4,237	1
	<b>353,529</b>	<b>45,806</b>	<b>23,817</b>	<b>11,614</b>	<b>434,766</b>	<b>11,364</b>

Notes:

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

(ii) 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.

## 7. Segment Information (continued)

(a) Information about reportable segments (continued)

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

At 31st December 2023

	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	8,196	14,358	(15,773)	41,169	599	48,549	52,754
Property trading	1,670	89	14,422	–	–	16,181	548
Hotels	237	1	1,351	–	8	1,597	1,037
	<b>10,103</b>	<b>14,448</b>	<b>–</b>	<b>41,169</b>	<b>607</b>	<b>66,327</b>	<b>54,339</b>
Beverages							
Swire Coca-Cola	13,272	2,291	–	–	722	16,285	321
Aviation							
HAECO group	5,382	373	997	40	2,542	9,334	1,985
Trading & Industrial							
Swire Resources	723	24	(60)	–	542	1,229	–
Taikoo Motors	746	45	–	–	561	1,352	–
Swire Foods	301	15	(6)	–	104	414	–
Swire Environmental Services	25	1	–	–	1	27	–
Other activities	19	–	6	–	–	25	–
	<b>1,814</b>	<b>85</b>	<b>(60)</b>	<b>–</b>	<b>1,208</b>	<b>3,047</b>	<b>–</b>
Head Office, Healthcare and others	879	34	(937)	28,009	–	27,985	–
	<b>31,450</b>	<b>17,231</b>	<b>–</b>	<b>69,218</b>	<b>5,079</b>	<b>122,978</b>	<b>56,645</b>

## 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 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
<b>Property</b>							
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
	<b>10,022</b>	<b>11,421</b>	<b>–</b>	<b>22,835</b>	<b>614</b>	<b>44,892</b>	<b>55,073</b>
<b>Beverages</b>							
Swire Coca-Cola	15,710	1,492	4,731	25	801	22,759	495
<b>Aviation</b>							
HAECO group	3,831	370	2,123	77	2,390	8,791	1,912
<b>Trading &amp; Industrial</b>							
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	–
	<b>1,779</b>	<b>81</b>	<b>(54)</b>	<b>–</b>	<b>1,111</b>	<b>2,917</b>	<b>–</b>
Head Office, Healthcare and others	798	37	(6,800)	45,436	–	39,471	–
	<b>32,140</b>	<b>13,401</b>	<b>–</b>	<b>68,373</b>	<b>4,916</b>	<b>118,830</b>	<b>57,480</b>

## 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 2023				Year ended 31st December 2022			
	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
<b>Property</b>								
Property investment	–	117	13,365	13,482	–	114	12,188	12,302
Property trading	166	–	–	166	921	–	–	921
Hotels	465	512	–	977	331	234	–	565
	631	629	13,365	14,625	1,252	348	12,188	13,788
<b>Beverages</b>								
Chinese Mainland	24,725	–	–	24,725	26,142	–	–	26,142
Hong Kong	2,415	–	–	2,415	2,330	–	–	2,330
Taiwan	2,275	–	–	2,275	2,123	–	–	2,123
South East Asia	4,504	–	–	4,504	75	–	–	75
USA	17,923	–	–	17,923	23,553	–	–	23,553
	51,842	–	–	51,842	54,223	–	–	54,223
<b>Aviation</b>								
HAECO group	640	17,147	–	17,787	717	13,111	–	13,828
<b>Trading &amp; Industrial</b>								
Swire Resources	2,402	–	–	2,402	1,996	–	–	1,996
Taikoo Motors	6,399	2	–	6,401	5,635	1	–	5,636
Swire Foods	1,527	40	–	1,567	1,485	35	–	1,520
Swire Environmental Services	–	185	–	185	–	169	–	169
	10,328	227	–	10,555	9,116	205	–	9,321
<b>Head Office</b>	–	14	–	14	–	9	–	9
<b>Total</b>	<b>63,441</b>	<b>18,017</b>	<b>13,365</b>	<b>94,823</b>	<b>65,308</b>	<b>13,673</b>	<b>12,188</b>	<b>91,169</b>

### (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)	
	2023 HK\$M	2022 HK\$M	2023 HK\$M	2022 HK\$M
Hong Kong	18,816	17,559	233,545	238,429
Chinese Mainland and Taiwan	50,521	41,248	78,683	59,939
South East Asia	4,505	80	9,261	2,015
USA	20,863	31,266	7,854	15,642
Others	118	1,016	256	194
<b>Total</b>	<b>94,823</b>	<b>91,169</b>	<b>329,599</b>	<b>316,219</b>

**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, prepayment and other receivables, derivative financial instruments, deferred tax assets and retirement benefit assets.