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# WHARF

*Established 1886*

## THE WHARF (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 4

### **2024 Final Results Announcement**

## **OVER-CAPACITY DENTS ASSET VALUES**

### **HIGHLIGHTS**

- Revenue declined by 36% & Operating Profit by 18%, led by Mainland Development Properties (“DP”)
- Underlying Net Profit declined by 22% on further de-risking of DP stock
- Investment Properties provisions produced a Group loss of HK\$3.2 billion
- Low net debt with gearing at 5%

### **GROUP RESULTS**

Group underlying net profit decreased to HK\$2,798 million (2023: HK\$3,566 million), equivalent to HK\$0.92 (2023: HK\$1.17) per share, mainly due to development properties (“DP”) in Mainland China, with lower recognition and higher attributable impairment provisions of HK\$2,018 million (2023: HK\$1,855 million).

After the inclusion of investment properties (“IP”) net revaluation deficit of HK\$5,990 million (2023: HK\$1,617 million) and other non-cash items, the Group reported a loss attributable to equity shareholders of HK\$3,224 million (2023: profit of HK\$945 million). Basic loss per share was HK\$1.05 (2023: earnings per share of HK\$0.31).

### **DIVIDENDS**

A first interim dividend of HK\$0.20 per share was paid on 12 September 2024. In lieu of a final dividend, a second interim dividend of HK\$0.20 per share will be paid on 24 April 2025 to Shareholders on record as at 6:00 p.m. on 7 April 2025. Total distribution for the year 2024 will amount to HK\$0.40 (2023: HK\$0.40) per share.

## **2024 BUSINESS REVIEW**

### **HONG KONG PROPERTIES**

The residential market stabilised following the much anticipated lifting of cooling measures and interest rate cuts. Luxury residential demand strengthened after the enhancement of the New Capital Investment Entrant Scheme. The Group's prestigious Peak Portfolio, highly sought-after by discerning buyers, secured the sale of two properties: an apartment at 50%-owned Mount Nicholson for HK\$600 million (HK\$131,000 per square foot) and the final house at 77/79 Peak Road for HK\$501 million (HK\$80,000 per square foot). With further improvement in market sentiment in this segment, preparations to invite buyers for some of the 20 newly completed and meticulously crafted houses at 1 Plantation Road have started.

On an attributable basis, DP revenue fell by 71% to HK\$322 million and operating profit by 36% to HK\$173 million, primarily due to fewer recognitions. The net order book stood at HK\$501 million at year-end. All existing projects remained on schedule.

### **MAINLAND CHINA DEVELOPMENT PROPERTIES**

Despite various government policy measures to strengthen the residential market and boost buying sentiment, sales remained slow as policy effects needed time to materialise. Office inventory moved slowly with minimal market demand.

Having not acquired new land since 2019, the Group's active projects and stock for sale both diminished. Attributable contracted sales in 2024 fell to RMB1.4 billion (2023: RMB2.6 billion) and net order book to RMB0.6 billion at year-end (31 December 2023: RMB2.3 billion). Total stock, both developed and undeveloped, measured 1.2 million square metres (31 December 2023: 1.4 million square metres), including 0.4 million square metres of completed but very slow moving non-residential properties.

On an attributable basis, recognised revenue decreased by 65% to HK\$3,210 million, and operating profit by 9% to HK\$930 million. In addition, an attributable impairment provision of HK\$2,018 million (2023: HK\$1,855 million) was made in respect of existing stock, mainly in respect of very slow moving stock, particularly non-residential.

### **MAINLAND CHINA INVESTMENT PROPERTIES**

Domestic consumption weakened significantly despite government incentives. The sagging economy and property market diminished consumer wealth, leading shoppers to prioritise value. Increased overseas spending further affected mall tenants. Rising competition particularly challenged the Group's smaller and older Times Squares.

For the office sector, persistent oversupply and weak demand continued to depress occupancy and rent levels. Cost-conscious tenants increasingly relocated to lower-grade properties, seeking more affordable options.

Overall segment revenue declined by 4% to HK\$4,571 million and operating profit by 6% to HK\$2,983 million.

## **WHARF HOTELS**

The recovery of international flight capacity and visa relaxations in various destinations siphoned off part of the demand from Mainland consumers for domestic travels and gave rise to price competition among onshore hotels, leading to lower room rates. Reduced travel and dining budgets among business and leisure travellers also impacted hotel performance.

Wharf Hotels operates 16 hotels across Hong Kong, Mainland China and the Philippines under three brands – Niccolo, Marco Polo and Maqo. The Group wholly owns four of these properties and holds a 50% stake in another.

In June 2024, a third hotel opened owned by the Group at Changsha IFS under a Park Hyatt flag, the Group's first hotel with management outsourced since the mid-1980s.

Including this addition, segment revenue increased by 1% to HK\$617 million but operating profit decreased by 90% to HK\$11 million.

## **LOGISTICS INFRASTRUCTURE**

Modern Terminals' Hong Kong throughput fell by 6% to 3.5 million TEUs, amid intense regional competition. In Shenzhen, DaChan Bay Terminals' throughput rose by 15% to 2.2 million TEUs, while Shekou Container Terminals increased by 5% to 6.4 million TEUs.

The 21%-owned Hong Kong Air Cargo Terminals recorded 24% increase in cargo volume to 2.0 million tonnes, supported by thriving e-commerce activities.

Overall segment revenue declined by 7% to HK\$2,205 million and operating profit by 17% to HK\$315 million.

## **OUTLOOK**

Looking ahead, a major looming trade war, heightened geopolitical tensions, US Fed rates trajectory and new tariff policies may introduce economic volatility.

In Mainland China, the effect of large-scale fiscal support measures is awaiting to materialise to ease the property sector's debt burden. However, rebuilding consumer confidence remains challenging. In Hong Kong, improving underlying economic condition is key to property market recovery.

As we navigate this complex landscape, the Group will maintain prudent financial management while focusing on our core competencies to drive progress.

## FINANCIAL REVIEW

### (I) Review of 2024 Final Results

Group underlying net profit (“UNP”) decreased by 22% to HK\$2,798 million (2023: HK\$3,566 million) mainly due to increase in Mainland DP loss arising from lower recognition and higher impairment provision, partly compensated by lower borrowing costs after swapping into Renminbi (“RMB”) debt at a lower effective rate. All other segments reported decline except Logistics with a marginal profit increase.

Group loss attributable to equity shareholders amounted to HK\$3,224 million (2023: profit of HK\$945 million) after attributable net IP revaluation deficit of HK\$5,990 million (2023: HK\$1,617 million).

#### Revenue and Operating Profit (“OP”)

Group revenue decreased by 36% to HK\$12,115 million (2023: HK\$18,950 million) and OP by 18% to HK\$5,644 million (2023: HK\$6,896 million), mainly due to DP.

IP revenue decreased by 4% to HK\$4,644 million (2023: HK\$4,843 million) and OP by 6% to HK\$3,026 million (2023: HK\$3,208 million) from softer retail and office rental in Mainland.

DP revenue dropped by 74% to HK\$2,254 million (2023: HK\$8,562 million) and OP by 61% to HK\$466 million (2023: HK\$1,202 million), with a higher overall operating margin of 21% (2023: 14%) mainly from the completion of a Hangzhou project. No sales recognition in Hong Kong.

Hotels revenue grew slightly by 1% to HK\$617 million (2023: HK\$611 million) but OP declined by 90% to HK\$11 million (2023: HK\$107 million) mainly suffering from decline in both room rates and occupancy amid a soft market and losses incurred by start-up Park Hyatt and Maqo in Changsha.

Logistics revenue decreased by 7% to HK\$2,205 million (2023: HK\$2,370 million) and OP by 17% to HK\$315 million (2023: HK\$378 million) mainly due to lower throughput in Hong Kong partly compensated by favourable gate mix.

Investments OP decreased by 7% to HK\$1,897 million (2023: HK\$2,030 million) from decrease in dividend income.

#### IP Revaluation Deficits

Including IP held by joint ventures, independent valuation as at 31 December 2024 gave rise to an attributable but unrealised net revaluation deficit (after movements in related deferred tax and non-controlling interests) of HK\$5,990 million (2023: HK\$1,617 million), which was charged to the consolidated income statement.

### Other Net Charges

Other net charges amounted to HK\$2,271 million (2023: HK\$1,600 million) mainly representing impairment provisions of HK\$1,604 million (2023: HK\$489 million) for Mainland DP, net exchange loss of HK\$388 million (2023: HK\$72 million), and a fair value loss of HK\$221 million (2023: HK\$1,041 million) on long term fund investments.

### Finance Credits / (Costs)

Finance credits amounted to HK\$15 million (2023: charges of HK\$905 million) after unrealised mark-to-market gain of HK\$390 million (2023: loss of HK\$21 million) on cross currency and interest rate swaps.

Excluding the mark-to-market gains/losses, finance costs before capitalisation of HK\$286 million (2023: HK\$375 million) decreased by 47% to HK\$661 million (2023: HK\$1,259 million). Effective borrowing rate fell to 3.7% (2023: 4.7%) for the year, mainly benefitting from higher exposure to Renminbi borrowings at lower interest rates.

### Share of Results (after taxes) of Joint Ventures and Associates

Associates' attributable profit increased by 20% to HK\$300 million (2023: HK\$249 million) while joint ventures' attributable loss narrowed to HK\$513 million (2023: HK\$1,699 million), mainly due to impairment provisions of HK\$521 million (2023: HK\$1,449 million) made for DP projects and higher profit recognition for Mount Nicholson DP project in Hong Kong.

### Taxation

The Group recorded net tax credits of HK\$3,705 million (2023: charges of HK\$1,090 million) mainly due to write-back of deferred tax provision of HK\$4,571 million (2023: charges of HK\$86 million) on partial reversal of revaluation surpluses on certain Mainland IP booked in previous years.

### Profit/(Loss) to Shareholders

Group UNP (a performance indicator of the Group's major business segments) decreased by 22% to HK\$2,798 million (2023: HK\$3,566 million). By segment, DP loss increased by HK\$988 million to HK\$1,951 million (2023: loss of HK\$963 million), IP profit decreased by 2% to HK\$2,345 million (2023: HK\$2,393 million), Investments decreased by 7% to HK\$1,854 million (2023: HK\$1,988 million), while Logistics grew modestly by 4% to HK\$379 million (2023: HK\$365 million).

Including attributable net IP valuation deficits of HK\$5,990 million (2023: HK\$1,617 million), investment revaluation deficits of HK\$221 million (2023: HK\$1,041 million) and mark-to-market and exchange gain on certain financial instruments of HK\$270 million (2023: HK\$78 million), Group loss attributable to equity shareholders amounted to HK\$3,224 million (2023: profit of HK\$945 million). Basic loss per share was HK\$1.05 based on weighted average of 3,056 million shares (2023: basic earnings per share HK\$0.31 based on 3,056 million shares).

## **(II) DP Sales and Net Order Book (Inclusive of Joint Venture Projects on an Attributable Basis)**

Total contracted sales fell by 26% to HK\$2,355 million (2023: HK\$3,189 million).

Hong Kong sales increased by HK\$458 million to HK\$801 million (2023: HK\$343 million) following sales of the remaining house at 77/79 Peak Road. Net order book amounted to HK\$501 million.

Mainland sales decreased by 44% to RMB1,439 million (2023: RMB2,579 million). Net order book decreased by 73% to RMB616 million (December 2023: RMB2,275 million).

## **(III) Liquidity, Financial Resources and Capital Commitments**

### Shareholders' and Total Equity

As at 31 December 2024, shareholders' equity decreased by 4% to HK\$136.8 billion (December 2023: HK\$143.0 billion), equivalent to HK\$44.77 (December 2023: HK\$46.79) per share.

Total equity including non-controlling interests also decreased by 4% to HK\$142.5 billion (December 2023: HK\$148.2 billion).

### Assets

Total business assets, excluding bank deposits and cash, certain financial and deferred tax assets, dropped by 7% to HK\$179.6 billion (December 2023: HK\$192.8 billion). Properties, Logistics and Investments assets accounted for 69%, 8%, 23% (December 2023: 69%, 9%, 22%) of the Group total, respectively.

Geographically, Hong Kong business assets increased by 3% to HK\$97.7 billion (December 2023: HK\$94.9 billion), Mainland decreased by 19% to HK\$72.5 billion (December 2023: HK\$89.1 billion); and Overseas (mainly Investments) increased by 6% to HK\$9.4 billion (December 2023: HK\$8.8 billion), representing 55%, 40% and 5% (December 2023: 49%, 46% and 5%) of the Group total, respectively.

### Investment properties

IP portfolio was valued at HK\$60.8 billion (December 2023: HK\$71.2 billion), representing 34% (December 2023: 37%) of total business assets. This portfolio comprised Hong Kong IP of HK\$19.4 billion (December 2023: HK\$18.0 billion) and Mainland IP of HK\$41.4 billion (December 2023: HK\$53.2 billion).

Net of deferred taxes and non-controlling interests, IP value (including IPs held by joint ventures) attributable to the Group was HK\$53.5 billion (December 2023: HK\$60.6 billion), comprising Hong Kong IP of HK\$17.6 billion (December 2023: HK\$16.9 billion) and Mainland IP of HK\$35.9 billion (December 2023: HK\$43.7 billion).

### Properties for sale

DP assets decreased by 4% to HK\$35.8 billion (December 2023: HK\$37.2 billion), comprising Hong Kong DP of HK\$31.3 billion (December 2023: HK\$29.3 billion) and Mainland DP of HK\$4.5 billion (December 2023: HK\$7.9 billion) mainly due to provision for impairment made in current year.

### Interests in associates and joint ventures

Interests in associates and joint ventures decreased by 2% to HK\$27.3 billion (December 2023: HK\$27.7 billion).

### Long term investments

Long term investments decreased slightly by 1% to HK\$42.0 billion (December 2023: HK\$42.4 billion), among which HK\$33.9 billion (December 2023: HK\$34.6 billion) were listed equity shares, primarily blue chips held for long term capital growth and/or reasonable dividend yield. None of the investments is individually material to the Group's total assets.

During the year, fair value changes on listed investments produced a deficit of HK\$1.0 billion (2023: HK\$9.8 billion) as reflected in the consolidated statement of comprehensive income. The portfolio performed overall in line with the relevant markets.

The Group's investment portfolio, analysed by industry sectors and by geographical locations, is as below:

	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>HK\$ Billion</b>	<b>HK\$ Billion</b>
<u>Analysed by industry sectors</u>		
Properties	17.6	18.9
New economy	12.6	11.2
Others	11.8	12.3
<b>Group Total</b>	<b>42.0</b>	<b>42.4</b>
<u>Analysed by geographical locations</u>		
Hong Kong	33.9	33.5
Overseas	8.1	8.9
<b>Group Total</b>	<b>42.0</b>	<b>42.4</b>

### Deposits from sale of properties

Deposits from sale of properties decreased to HK\$0.2 billion (December 2023: HK\$1.7 billion) pending recognition in the coming years.

### Net Debt and Gearing

Net debt as at 31 December 2024 decreased by 9% to HK\$7.1 billion (December 2023: HK\$7.8 billion). Major expenditure included DP construction cost and net purchases of long term investments, but well covered by operating net cash inflow and dividend income. The ratio of net debt to total equity remained low at 5.0% (December 2023: 5.3%).

The Group's net debt comprised HK\$9.7 billion in bank deposits and cash and HK\$16.8 billion in debts. It included Modern Terminals' net debt of HK\$3.0 billion (December 2023: HK\$3.0 billion), which is non-recourse to the Company and its other subsidiaries. The Group will continue to maintain a reasonable level of surplus cash to facilitate business and investment activities.

#### Finance and Availability of Facilities

Total available loan facilities and issued debt securities as at 31 December 2024 amounted to HK\$34.4 billion, of which HK\$16.8 billion utilised, are analysed as below:

	<b>Available Facilities HK\$ Billion</b>	<b>Utilised Facilities HK\$ Billion</b>	<b>Un-utilised Facilities HK\$ Billion</b>
<u>Company/ wholly-owned subsidiaries</u>			
Committed and uncommitted facilities	27.0	10.9	16.1
Debt securities	2.8	2.8	-
	29.8	13.7	16.1
<u>Non-wholly-owned subsidiaries</u>			
Committed and uncommitted facilities			
- Modern Terminals	4.6	3.1	1.5
<b>Group total</b>	34.4	16.8	17.6

Of the above debts, HK\$11.6 billion (December 2023: HK\$9.0 billion) was secured by mortgages over certain IP, DP and other property, plant and equipment together with carrying value of HK\$38.5 billion (December 2023: HK\$37.9 billion).

The Group's debt portfolio comprised primarily United States dollar, HKD and RMB. Funds sourced from such debt portfolio were mainly used to finance IP, DP and port investments.

The use of derivative financial instruments is strictly monitored and controlled. Most of the derivative financial instruments entered are primarily used for management of interest rate and currency exposures.

The Group continued to maintain a strong financial position with ample surplus cash and undrawn committed facilities to facilitate business and investment activities. In addition, the Group also maintained a portfolio of liquid listed investments with an aggregate market value of HK\$33.9 billion (December 2023: HK\$34.6 billion).

#### Cash Flows for the Group's Operating and Investing Activities

For the year under review, the Group recorded net operating cash inflow of HK\$4.2 billion (2023: HK\$5.2 billion) before changes in working capital. A decrease in working capital of HK\$1.5 billion (2023: HK\$2.0 billion) mainly from decrease in deposits from sale of properties coupled with other changes generated a net cash inflow from operating activities of HK\$3.8 billion (2023: HK\$2.4 billion).

For investing activities, the Group recorded a net outflow of HK\$2.6 billion (2023: HK\$3.5 billion), mainly for net acquisitions of long term investments.



## Major Capital and Development Expenditures

Major expenditures incurred in 2024 are analysed as follows:

	<b>Hong Kong HK\$ Million</b>	<b>Mainland China HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>Properties</b>			
IP	355	59	414
DP	1,753	1,462	3,215
	2,108	1,521	3,629
<b>Others</b>	146	41	187
<b>Group total</b>	2,254	1,562	3,816

- i. DP and IP expenditures included HK\$0.6 billion for property projects undertaken by associates and joint ventures.
- ii. Other expenditure was mainly for Modern Terminals' terminal equipment.

## Commitment

As at 31 December 2024, major expenditures to be incurred in the coming years was estimated at HK\$18.7 billion, of which HK\$6.5 billion was committed, analysed by segment as below:

	<b>Committed HK\$ Million</b>	<b>Uncommitted HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>IP</b>			
Hong Kong	98	6,337	6,435
Mainland China	3	111	114
	101	6,448	6,549
<b>DP</b>			
Hong Kong	3,968	5,548	9,516
Mainland China	847	132	979
	4,815	5,680	10,495
<b>Others</b>	1,618	14	1,632
<b>Group total</b>	6,534	12,142	18,676

Properties commitments are mainly for construction cost, inclusive of attributable commitments to associates and joint ventures, to be incurred by stages. These expenditures will be funded by internal financial resources including surplus cash, cash from operations, including pre-sale proceeds, as well as bank and other borrowings. Other available resources include listed equity investments available for sale.

#### **(IV) Human Resources**

The Group had approximately 6,400 employees (full-time and part-time staff) as at 31 December 2024, including about 1,000 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

**CONSOLIDATED INCOME STATEMENT**  
**For The Year Ended 31 December 2024**

	Note	2024 HK\$ Million	2023 HK\$ Million
<b>Revenue</b>	2	<b>12,115</b>	18,950
Direct costs and operating expenses		<b>(4,343)</b>	(9,898)
Selling and marketing expenses		<b>(369)</b>	(422)
Administrative and corporate expenses		<b>(1,051)</b>	(1,028)
Operating profit before depreciation, amortisation, interest and tax		<b>6,352</b>	7,602
Depreciation and amortisation		<b>(708)</b>	(706)
<b>Operating profit</b>	2 & 3	<b>5,644</b>	6,896
Decrease in fair value of investment properties		<b>(9,491)</b>	(746)
Other net charges	4	<b>(2,271)</b>	(1,600)
Finance credits/(costs)	5	<b>15</b>	(905)
Share of results after taxes of:			
Associates		<b>300</b>	249
Joint ventures		<b>(513)</b>	(1,699)
(Loss)/profit before taxation		<b>(6,316)</b>	2,195
Income tax	6	<b>3,705</b>	(1,090)
<b>(Loss)/profit for the year</b>		<b>(2,611)</b>	1,105
<b>(Loss)/profit attributable to:</b>			
Equity shareholders		<b>(3,224)</b>	945
Non-controlling interests		<b>613</b>	160
		<b>(2,611)</b>	1,105
<b>(Loss)/earnings per share</b>	7		
Basic and diluted		<b>(HK\$1.05)</b>	HK\$0.31

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Year Ended 31 December 2024**

	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million
<b>(Loss)/profit for the year</b>	<u><b>(2,611)</b></u>	<u>1,105</u>
<b>Other comprehensive income</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Fair value changes on equity investments	<b>(1,021)</b>	(9,761)
Revaluation on reclassification of other properties (2023: net of tax of HK\$75 million)	<b>-</b>	3,320
	<u><b>(1,021)</b></u>	<u>(6,441)</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of Mainland operations	<b>(658)</b>	(605)
Share of other comprehensive income of associates/joint ventures	<b>(130)</b>	(236)
Others	<b>1</b>	(3)
	<u><b>(787)</b></u>	<u>(844)</u>
<b>Other comprehensive income for the year</b>	<u><b>(1,808)</b></u>	<u>(7,285)</u>
<b>Total comprehensive income for the year</b>	<u><b>(4,419)</b></u>	<u>(6,180)</u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	<b>(4,968)</b>	(7,374)
Non-controlling interests	<b>549</b>	1,194
	<u><b>(4,419)</b></u>	<u>(6,180)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		31 December 2024	31 December 2023
	Note	HK\$ Million	HK\$ Million
<b>Non-current assets</b>			
Investment properties		60,767	71,244
Property, plant and equipment		12,261	12,597
Interests in associates		13,345	13,491
Interests in joint ventures		13,912	14,221
Other long term investments		41,969	42,363
Goodwill and other intangible assets		298	298
Deferred tax assets		8	133
Derivative financial assets		14	15
Other non-current assets		23	21
		<b>142,597</b>	<b>154,383</b>
<b>Current assets</b>			
Properties for sale		35,755	37,196
Trade and other receivables	9	1,507	1,618
Derivative financial assets		462	87
Bank deposits and cash		9,718	11,593
		<b>47,442</b>	<b>50,494</b>
<b>Total assets</b>		<b>190,039</b>	<b>204,877</b>
<b>Non-current liabilities</b>			
Derivative financial liabilities		(422)	(344)
Deferred tax liabilities		(10,012)	(14,602)
Other non-current liabilities		(34)	(33)
Bank loans and other borrowings		(13,844)	(14,932)
		<b>(24,312)</b>	<b>(29,911)</b>
<b>Current liabilities</b>			
Trade and other payables	10	(19,581)	(19,844)
Deposits from sale of properties		(167)	(1,717)
Derivative financial liabilities		(172)	(433)
Taxation payable		(327)	(269)
Bank loans and other borrowings		(3,010)	(4,500)
		<b>(23,257)</b>	<b>(26,763)</b>
<b>Total liabilities</b>		<b>(47,569)</b>	<b>(56,674)</b>
<b>NET ASSETS</b>		<b>142,470</b>	<b>148,203</b>
<b>Capital and reserves</b>			
Share capital		30,381	30,381
Reserves		106,451	112,608
<b>Shareholders' equity</b>		<b>136,832</b>	<b>142,989</b>
<b>Non-controlling interests</b>		5,638	5,214
<b>TOTAL EQUITY</b>		<b>142,470</b>	<b>148,203</b>

## NOTES TO THE FINANCIAL INFORMATION

### 1. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

This financial information is extracted from the consolidated financial statements which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (“Companies Ordinance”). The consolidated financial statements also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial information are consistent with those used in the annual financial statements for the year ended 31 December 2023 except for the changes mentioned below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s consolidated financial statements:

Amendments to HKAS 1	Presentation of financial statements – Classification of liabilities as current or non-current
Amendments to HKAS 1	Presentation of financial statements – Non-current liabilities with covenants and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
Amendments to HKFRS 7	Financial instruments: Disclosures – Supplier finance arrangements
Amendments to HKFRS 16	Leases – Lease liability in a sale and leaseback

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The financial information relating to the two financial years ended 31 December 2024 and 2023 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for these financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course. The Company’s auditor has reported on those financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are investment properties, development properties, hotels, logistics and investments. No operating segments have been aggregated to form the reportable segments.

Investment properties segment primarily includes property leasing and management operations. The Group's properties portfolio, which mainly consists of retail, office and serviced apartments is primarily located in Mainland China.

Development properties segment encompasses activities relating to the acquisition, development, sales and marketing of the Group's trading properties primarily in Hong Kong and Mainland China.

Hotels segment includes hotel management in Asia. The Group currently operates 16 hotels in Asia under Wharf Hotels. Including the recently opened Park Hyatt Changsha, six hotels are wholly or partly owned by the Group.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited, and Hong Kong Air Cargo Terminals Limited.

Investments segment includes a diversified portfolio of listed equity investments in Hong Kong and overseas and unlisted investments, mainly property and new economy companies. The performance of the portfolio is assessed and monitored by top management regularly.

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, deferred tax assets and derivative financial assets.

Revenue and expenses are allocated with reference to revenue generated by those segments and expenses incurred by those segments or which arise from the depreciation and amortisation of assets attributable to those segments.

## 2. SEGMENT INFORMATION

### a. Analysis of segment revenue and results

	Revenue HK\$ Million	Operating profit/ (loss) HK\$ Million	(Decrease)/ increase in fair value of investment properties HK\$ Million	Other net income/ (charges) HK\$ Million	Finance credits/ (costs) HK\$ Million	Share of results after taxes of associates HK\$ Million	Share of results after taxes of joint ventures HK\$ Million	(Loss)/ profit before taxation HK\$ Million
For the year ended 31 December 2024								
Investment properties	4,644	3,026	(9,491)	1	(298)	-	(238)	(7,000)
Hong Kong	73	43	1,388	-	(9)	-	-	1,422
Mainland China	4,571	2,983	(10,879)	1	(289)	-	(238)	(8,422)
Development properties	2,254	466	-	(1,868)	(12)	25	(291)	(1,680)
Hong Kong	-	(41)	-	-	-	(1)	78	36
Mainland China	2,254	507	-	(1,868)	(12)	26	(369)	(1,716)
Hotels	617	11	-	(40)	-	(22)	8	(43)
Logistics	2,205	315	-	(63)	(39)	297	8	518
Terminals	2,183	292	-	(22)	(39)	182	8	421
Others	22	23	-	(41)	-	115	-	97
Investments	1,897	1,897	-	(221)	(38)	-	-	1,638
Segment total	11,617	5,715	(9,491)	(2,191)	(387)	300	(513)	(6,567)
Others	498	245	-	(80)	402	-	-	567
Corporate expenses	-	(316)	-	-	-	-	-	(316)
Group total	12,115	5,644	(9,491)	(2,271)	15	300	(513)	(6,316)
For the year ended 31 December 2023								
Investment properties	4,843	3,208	(746)	3	(308)	-	(440)	1,717
Hong Kong	86	48	(181)	-	(8)	-	-	(141)
Mainland China	4,757	3,160	(565)	3	(300)	-	(440)	1,858
Development properties	8,562	1,202	-	(596)	4	(29)	(1,272)	(691)
Hong Kong	787	114	-	-	5	-	31	150
Mainland China	7,775	1,088	-	(596)	(1)	(29)	(1,303)	(841)
Hotels	611	107	-	-	-	3	8	118
Logistics	2,370	378	-	(44)	(178)	275	5	436
Terminals	2,347	355	-	(3)	(178)	169	5	348
Others	23	23	-	(41)	-	106	-	88
Investments	2,030	2,030	-	(1,041)	(29)	-	-	960
Segment total	18,416	6,925	(746)	(1,678)	(511)	249	(1,699)	2,540
Others	534	268	-	78	(394)	-	-	(48)
Corporate expenses	-	(297)	-	-	-	-	-	(297)
Group total	18,950	6,896	(746)	(1,600)	(905)	249	(1,699)	2,195



## 2. SEGMENT INFORMATION

### b. Disaggregation of revenue

	2024	2023
	HK\$ Million	HK\$ Million
<b>Revenue recognised under HKFRS 15</b>		
Sale of development properties	2,254	8,562
Management and services income	525	576
Hotels	617	611
Logistics	2,205	2,370
	<u>5,601</u>	<u>12,119</u>
<b>Revenue recognised under other accounting standards</b>		
Rental income under investment properties segment		
- Fixed	3,061	2,934
- Variable	1,058	1,333
Investments	1,897	2,030
Others	498	534
	<u>6,514</u>	<u>6,831</u>
Group total	<u>12,115</u>	<u>18,950</u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15, Revenue from Contract with Customers, to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date, i.e. revenue from hotels, logistics and management and services income under investment properties segment, as the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.

## 2. SEGMENT INFORMATION

### c. Analysis of segment business assets

	2024	2023
	HK\$ Million	HK\$ Million
Investment properties	<b>61,397</b>	68,469
Hong Kong	<b>19,475</b>	14,557
Mainland China	<b>41,922</b>	53,912
Development properties	<b>59,067</b>	61,016
Hong Kong	<b>40,532</b>	37,932
Mainland China	<b>18,535</b>	23,084
Hotels	<b>3,371</b>	3,292
Logistics	<b>13,812</b>	17,640
Terminals	<b>13,172</b>	16,976
Others	<b>640</b>	664
Investments	<b>41,969</b>	42,363
Total segment business assets	<b>179,616</b>	192,780
Unallocated corporate assets	<b>10,423</b>	12,097
Group total assets	<b>190,039</b>	204,877

Unallocated corporate assets mainly comprise deferred tax assets, bank deposits and cash and derivative financial assets.

Segment assets held through associates and joint ventures included in the above are:

	2024	2023
	HK\$ Million	HK\$ Million
Development properties	<b>22,752</b>	23,310
Logistics	<b>4,505</b>	4,402
Group total	<b>27,257</b>	27,712

2. SEGMENT INFORMATION  
d. Other segment information

	Capital expenditure		Increase in interests in associates and joint ventures		Depreciation and amortisation	
	2024	2023	2024	2023	2024	2023
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million	Million	Million
Investment properties	<b>85</b>	106	-	-	<b>79</b>	85
Hong Kong	<b>26</b>	31	-	-	<b>4</b>	4
Mainland China	<b>59</b>	75	-	-	<b>75</b>	81
Development properties	-	-	<b>569</b>	273	-	-
Hong Kong	-	-	<b>552</b>	170	-	-
Mainland China	-	-	<b>17</b>	103	-	-
Hotels	-	9	-	-	<b>121</b>	91
Logistics - Terminals	<b>515</b>	408	-	-	<b>463</b>	484
Investments	-	-	-	-	-	-
Segment total	<b>600</b>	523	<b>569</b>	273	<b>663</b>	660
Others	<b>45</b>	-	-	-	<b>45</b>	46
Group total	<b>645</b>	523	<b>569</b>	273	<b>708</b>	706

The Group had no significant non-cash expenses other than (i) net provision of HK\$2,164 million (2023: HK\$1,938 million) made for mainly certain development projects undertaken by subsidiaries, joint ventures and associates, and (ii) depreciation and amortisation.

## 2. SEGMENT INFORMATION

### e. Geographical information

	Revenue		Operating Profit	
	2024	2023	2024	2023
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	<b>3,486</b>	4,717	<b>1,950</b>	2,455
Mainland China	<b>8,214</b>	14,030	<b>3,284</b>	4,243
Others	<b>415</b>	203	<b>410</b>	198
Group total	<b>12,115</b>	18,950	<b>5,644</b>	6,896

  

	Specified non-current assets		Total business assets	
	2024	2023	2024	2023
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	<b>33,542</b>	31,728	<b>97,740</b>	94,868
Mainland China	<b>67,041</b>	80,123	<b>72,486</b>	89,078
Others	-	-	<b>9,390</b>	8,834
Group total	<b>100,583</b>	111,851	<b>179,616</b>	192,780

Specified non-current assets exclude other long term investments, deferred tax assets, derivative financial assets and other non-current assets.

The geographical location of revenue and operating profit is analysed based on the location at which services are provided or sales are completed, and in the case of equity investments/unlisted investments, where they are listed/incorporated. The geographical location of specified non-current assets and total business assets is based on the physical location of operations.

### 3. OPERATING PROFIT

#### Operating profit is arrived at:

	2024 HK\$ Million	2023 HK\$ Million
<b>After charging:</b>		
Depreciation and amortisation on		
- Hotel and other property, plant and equipment	584	581
- leasehold land	79	79
- right-of-use assets	45	46
Total depreciation and amortisation	<u>708</u>	<u>706</u>
Provision of loss allowances of trade receivables	1	2
Staff costs (Note a)	1,609	1,580
Auditors' remuneration		
- audit services	14	17
- other services (advisory services and compliance)	9	1
Cost of trading properties for recognised sales	1,550	7,043
Direct operating expenses of investment properties	1,618	1,636
Loss on disposals of property, plant and equipment	<u>1</u>	<u>-</u>
<b>After crediting:</b>		
Gross rental revenue from investment properties	4,644	4,843
Rental income under operating leases in respect of owned plant and equipment	9	9
Interest income (Note b)	290	322
Dividend income from other long term investments	1,897	2,030
Gain on disposals of property, plant and equipment	-	6
Reversal of loss allowances for trade receivables	<u>3</u>	<u>10</u>

#### Notes:

- a. Staff costs include contributions to defined contribution pension schemes of HK\$193 million (2023: HK\$186 million), which included MPF schemes after a forfeiture of HK\$1 million (2023: HK\$2 million).
- b. Interest income of HK\$290 million (2023: HK\$322 million) was in respect of financial assets, including bank deposits, that are measured at amortised cost.

#### 4. OTHER NET CHARGES

Other net charges for the year amounting to HK\$2,271 million (2023: HK\$1,600 million) mainly comprises:

- a. Net provisions of HK\$1,604 million (2023: HK\$489 million) made for certain development properties held by subsidiaries in Mainland China.
- b. Net fair value loss of HK\$221 million (2023: HK\$1,041 million) on other long term investments which are classified as financial assets at fair value through profit or loss.
- c. Net exchange loss of HK\$388 million (2023: HK\$72 million) which included a fair value loss on forward foreign exchange contracts of HK\$117 million (2023: HK\$30 million).

#### 5. FINANCE (CREDITS)/COSTS

	2024 HK\$ Million	2023 HK\$ Million
Interest charged on:		
Bank loans and overdrafts	385	649
Other borrowings	220	573
Lease liabilities	3	2
Total interest charge	<u>608</u>	<u>1,224</u>
Other finance costs	53	35
Less: Amount capitalised	<u>(286)</u>	<u>(375)</u>
	<u>375</u>	<u>884</u>
Fair value (gain)/loss:		
Cross currency interest rate swaps	(368)	68
Interest rate swaps	<u>(22)</u>	<u>(47)</u>
	<u>(390)</u>	<u>21</u>
Group total	<u>(15)</u>	<u>905</u>

## 6. INCOME TAX

Taxation (credited)/charged to the consolidated income statement includes:

	2024 HK\$ Million	2023 HK\$ Million
<b>Current tax</b>		
Hong Kong		
- provision for Profits tax for the year	58	103
- over-provision in respect of prior years	(15)	(15)
Outside Hong Kong		
- provision for the year	497	626
- over-provision in respect of prior years	(45)	(545)
	<u>495</u>	<u>169</u>
<b>Current tax</b>		
Mainland China		
- Land appreciation tax (“LAT”) (Note c)	55	97
	<u>55</u>	<u>97</u>
<b>Deferred tax</b>		
Change in fair value of investment properties	(4,571)	86
Origination and reversal of temporary differences	321	738
Benefit of previously unrecognised tax losses now recognised	(5)	-
	<u>(4,255)</u>	<u>824</u>
Group total	<u>(3,705)</u>	<u>1,090</u>

Notes:

- a. The provision for Hong Kong Profits tax is based on the profit for the year as adjusted for tax purposes at a rate of 16.5% (2023: 16.5%).
- b. Income tax on assessable profits outside Hong Kong is mainly corporate income tax and withholding tax in Mainland China, calculated at a rate of 25% (2023: 25%) and up to 10% (2023: 10%), respectively.
- c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate properties in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowings costs and all development property expenditure.
- d. Tax attributable to associates and joint ventures for the year ended 31 December 2024 of HK\$144 million (2023: HK\$89 million) is included in the share of results of associates and joint ventures.

## 7. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the loss attributable to equity shareholders for the year of HK\$3,224 million (2023: profit of HK\$945 million) and the weighted average of 3,056 million shares (2023: 3,056 million shares) in issue during the year. There were no dilutive potential shares for the years presented.

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	<b>2024</b>	<b>2024</b>	2023	2023
	<b>HK\$ per share</b>	<b>HK\$ Million</b>	HK\$ per share	HK\$ Million
First interim dividend declared and paid	<b>0.20</b>	<b>611</b>	0.20	611
Second interim dividend declared after the end of the reporting period (Notes a and b)	<b>0.20</b>	<b>611</b>	0.20	611
Group total	<b>0.40</b>	<b>1,222</b>	0.40	1,222

Notes:

- a. The second interim dividend based on 3,056 million issued shares (2023: 3,056 million shares) declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.
- b. The second interim dividend of HK\$611 million for 2023 was approved and paid in 2024.



## 9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of loss allowances for bad and doubtful debts) with an ageing analysis based on the invoice date as at 31 December 2024 as follows:

	2024 HK\$ Million	2023 HK\$ Million
Trade receivables		
0 - 30 days	86	118
31 - 60 days	22	15
61 - 90 days	9	21
Over 90 days	77	60
	<u>194</u>	<u>214</u>
Other receivables and prepayments	1,313	1,404
Group total	<u>1,507</u>	<u>1,618</u>

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the receivables and prepayments are expected to be recoverable or recognised as expenses within one year.

## 10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on the invoice date as at 31 December 2024 as follows:

	2024 HK\$ Million	2023 HK\$ Million
Trade payables		
0 - 30 days	417	345
31 - 60 days	268	262
61 - 90 days	26	25
Over 90 days	125	251
	<u>836</u>	<u>883</u>
Rental and customer deposits	1,327	1,354
Construction costs payable	3,763	4,851
Amounts due to associates	7,970	8,013
Amounts due to joint ventures	2,903	1,823
Other payables	2,782	2,920
Group total	<u>19,581</u>	<u>19,844</u>

## 11. REVIEW OF FINANCIAL RESULTS

The financial results for the year ended 31 December 2024 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the Group's financial results for the year ended 31 December 2024 in this announcement have been agreed by the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

## **CORPORATE GOVERNANCE CODE**

During the financial year ended 31 December 2024, the Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with one exception as regards Code Provision C.2.1 providing for the roles of the chairman and chief executive to be performed by different individuals.

Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be Chairman of the Company as well as to discharge the executive functions of a chief executive under the Group's corporate structure thereby enabling more effective planning and better execution of long-term strategies. The Board of Directors of the Company (the "Board") believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors ("INEDs").

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the financial year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company. As at 31 December 2024 till the date hereof, the Company does not hold any treasury shares (whether in the Central Clearing and Settlement System, or otherwise). All treasury shares, if any, held by the Company is not entitled to receive the second interim dividend for 2024.

## **RELEVANT DATES FOR SECOND INTERIM DIVIDEND AND ANNUAL GENERAL MEETING**

### Second Interim Dividend

Ex-entitlement date	3 April 2025 (Thu)
Latest time to lodge share transfer	4:30 p.m., 7 April 2025 (Mon)
Record date and time	6:00 p.m., 7 April 2025 (Mon)
Payment date	24 April 2025 (Thu)

In order to qualify for the second interim dividend for 2024, all transfer, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 7 April 2025.

### Annual General Meeting ("AGM")

Ex-entitlement date	6 May 2025 (Tue)
Latest time to lodge share transfer	4:30 p.m., 7 May 2025 (Wed)
Book closure period	8 May 2025 (Thu) to 13 May 2025 (Tue), both days inclusive
Record date	8 May 2025 (Thu)
AGM date and time	11:15 a.m., 13 May 2025 (Tue)

In order to be eligible for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 7 May 2025.

By Order of the Board  
**The Wharf (Holdings) Limited**  
**Kevin C. Y. Hui**  
*Director and Company Secretary*

Hong Kong, 13 March 2025

*As at the date of this announcement, the Board comprises Mr. Stephen T. H. Ng, Mr. Paul Y. C. Tsui, Ms. Y. T. Leng, Mr. Kevin K. P. Chan and Mr. Kevin C. Y. Hui, together with seven INEDs, namely Professor Edward K. Y. Chen, Mr. Vincent K. Fang, Mr. Hans Michael Jebsen, Ms. Elizabeth Law, Mr. Richard Y. S. Tang, Ms. Nancy S. L. Tse and Mr. David Muir Turnbull.*