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**WHARF**

*Established 1886*

**WHARF REAL ESTATE INVESTMENT COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1997

## **2024 Final Results Announcement**

### **TOP LINE CHALLENGES REMAIN HARD**

#### **HIGHLIGHTS**

- Revenue slipped by 3%
- Continuing deleveraging to 18% reduced borrowing cost by 10%
- Total value of Investment Properties declined by 3%

#### **GROUP RESULTS**

Underlying net profit increased by 2% to HK\$6,139 million (2023: HK\$6,011 million), equivalent to HK\$2.02 (2023: HK\$1.98) per share.

Including a net Investment Properties (“IP”) revaluation deficit of HK\$5,621 million (2023: HK\$1,174 million), Group profit attributable to equity shareholders was HK\$891 million (2023: HK\$4,766 million). Basic earnings per share were HK\$0.29 (2023: HK\$1.57).

#### **DIVIDENDS**

A first interim dividend of HK\$0.64 per share was paid on 10 September 2024. In lieu of a final dividend, a second interim dividend of HK\$0.60 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 of 2024 will amount to HK\$1.24 (2023: HK\$1.28) per share, representing 65% of underlying net profit from IP and hotels in Hong Kong.

## **BUSINESS REVIEW**

While Hong Kong's economy showed signs of moderate growth, demand for commercial properties remained weak. The strong local currency and rather gradual pace of interest rate cuts continued to dampen retail sales, which has been drifting downward again after an initial post-COVID burst in early 2023. Office demand was also soft as businesses sought to control costs in an uncertain environment.

Vacancy at Harbour City and Times Square malls remained modest but weaker turnover rent amid declining tenant sales affected revenue. While increased visitor arrivals supported hotel occupancy rates, room rates decreased in line with market.

Office tenants remained cost conscious in the uncertain operating environment. The Group maintained competitiveness by offering flexible lease terms and accelerating premises improvement, and successfully increased occupancy to 90% by year-end.

The Group adopted a proactive approach to debt management amid uncertain interest rate outlook. Net debt was further reduced to HK\$34.2 billion, representing the lowest level since listing, and alleviated borrowing costs impact to Group profit.

### **Harbour City**

Revenue at Harbour City (including hotels) increased by 2% and operating profit was maintained.

#### ***Retail***

Harbour City further strengthened its market leadership through expanded brand flagships and exclusive marketing events. *Fendi's* new store on Canton Road, along with *Celine's* and *Louis Vuitton's* vertical expansions, demonstrated major international brands' confidence despite the soft market. Occupancy was 94% at year-end.

#### ***Office***

The office towers, benefitting from their location and Harbour City's unique appeal, attracted increased leasing interests from finance and insurance related companies. Occupancy rose to 90% despite weak market conditions and substantial new supply.

### **Times Square**

Revenue and operating profit at Times Square both decreased by 6%.

#### ***Retail***

Times Square maintained its position as a major retail landmark in Causeway Bay, appealing to both locals and tourists. Proactive re-tenanting enhanced competitiveness. *Louis Vuitton* soft opened in January 2025, while the additional aspirational brands and thematic pop-up stores including *BLACKPINK THE GAME*, *Jellycat @ Lane Crawford Bridge* and *Pinkfong Baby Shark* broadened the mall's appeal. Cultural events, artistic installations and brands' workshops enriched the shopping experience. Occupancy reached 93% at year-end.

#### ***Office***

Despite challenging conditions, Times Square secured in-house expansions and new commitments from technology, media and financial firms. Occupancy rose to 90% by year-end. However, intensifying competition from upcoming supply and increased fitted options put pressure on rents.

## **OUTLOOK**

2025 presents both challenges and opportunities. The external environment has grown more complex with escalating trade conflicts and increasing global economic uncertainty. The Renminbi (“RMB”) faces pressure while US Federal Reserve rate cut prospect remains uncertain, adding challenges to Hong Kong’s economic growth.

However, the completion and operation of Hong Kong International Airport’s three-runway system has enhanced passenger and cargo flight capacity. The Central Government’s substantial stimulus packages aim to rebuild market confidence, while the Hong Kong government intensifies efforts to attract quality visitors. Additional supportive policies may follow. These combined measures should boost the retail and hotel sectors and help revitalise the market once cyclical factors turned.

## FINANCIAL REVIEW

### (I) Review of 2024 Full Year Results

Underlying net profit increased by 2% to HK\$6,139 million (2023: HK\$6,011 million) with lower attributable impairment loss from Development Properties (“DP”). Profit attributable to equity shareholders amounted to HK\$891 million (2023: HK\$4,766 million), after including the net revaluation deficit of IP.

#### Revenue and Operating Profit

Group revenue decreased by 3% to HK\$12,912 million (2023: HK\$13,306 million). Operating profit decreased by 3% to HK\$9,691 million (2023: HK\$9,993 million).

IP revenue decreased by 1% to HK\$10,801 million (2023: HK\$10,916 million) and operating profit decreased by 2% to HK\$9,102 million (2023: HK\$9,247 million).

Hotel revenue decreased by 1% to HK\$1,541 million (2023: HK\$1,561 million). Operating profit decreased by 53% to HK\$99 million (2023: HK\$209 million).

Within the IP and Hotel segments, total revenue of Harbour City (including hotels) increased by 2% to HK\$9,096 million (2023: HK\$8,952 million) and operating profit by 0.4% to HK\$7,204 million (2023: HK\$7,175 million), representing 70% (2023: 67%) of Group revenue and 74% (2023: 72%) of Group operating profit respectively.

DP revenue decreased by 36% to HK\$152 million (2023: HK\$238 million). Operating profit of HK\$166 million (2023: HK\$28 million) was reported, mainly due to prior year cost adjustments.

Investment operating profit, primarily from dividend income, decreased by 40% to HK\$281 million (2023: HK\$465 million).

#### Fair Value Change of IP

IP assets were stated at HK\$221.8 billion based on independent valuations, giving rise to a revaluation deficit of 3%. Unrealised valuation loss attributable to equity shareholders, net of non-controlling interests, was HK\$5,621 million (2023: HK\$1,174 million).

#### Other Net Income/(Loss)

Other net income amounted to HK\$83 million, which mainly comprised net foreign exchange gain, including the impact arising from forward foreign exchange contracts (2023: other net loss of HK\$726 million, which included write-downs of HK\$493 million of DP by the listed subsidiary, Harbour Centre Development Limited (“HCDL”)).

### Finance Costs

Finance costs amounted to HK\$1,800 million (2023: HK\$2,170 million) after including an unrealised mark-to-market gain of HK\$296 million (2023: HK\$163 million) on cross currency and interest rate swaps in accordance with the applicable accounting standards.

Effective borrowing rate rose to 5.6% (2023: 5.4%) primarily due to higher HIBOR.

### Income Tax

Taxation charge for the year increased by 4% to HK\$1,178 million (2023: HK\$1,138 million).

### Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders amounted to HK\$891 million (2023: HK\$4,766 million). Basic earnings per share were HK\$0.29 (2023: HK\$1.57), based on 3,036 million ordinary shares in issue.

Underlying net profit (excluding the impact of IP revaluation and mark-to-market of certain financial instruments) increased by 2% to HK\$6,139 million (2023: HK\$6,011 million). Underlying earnings per share were HK\$2.02 (2023: HK\$1.98).

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

### Shareholders' and Total Equity

Shareholders' equity decreased by HK\$3.6 billion to HK\$187.8 billion as at 31 December 2024 (2023: HK\$191.4 billion), equivalent to HK\$61.86 (2023: HK\$63.05) per share. Total equity including non-controlling interests decreased by HK\$3.6 billion to HK\$192.0 billion (2023: HK\$195.6 billion).

### Assets

Total assets amounted to HK\$238.1 billion (2023: HK\$245.3 billion), 95% (2023: 95%) of which in Hong Kong. Total business assets, excluding bank deposits and cash, derivative financial assets and deferred tax assets, were HK\$236.3 billion (2023: HK\$243.4 billion).

### IP

IP assets totalled HK\$221.8 billion (2023: HK\$227.6 billion), representing 94% (2023: 93%) of business assets. Harbour City (excluding the three hotels) was valued at HK\$152.5 billion and Times Square at HK\$43.7 billion.

## Hotels

Hotel properties were stated at cost less accumulated depreciation and impairment (if any) at HK\$6.9 billion (2023: HK\$7.2 billion).

## DP

DP assets, all held by HCDL, including interests in an associate and a joint venture, amounted to HK\$1.3 billion (2023: HK\$1.7 billion).

## Other Long Term Investments

Other long term investments were stated at market value of HK\$5.3 billion (2023: HK\$5.8 billion). An attributable mark-to-market deficit of HK\$418 million (2023: surplus of HK\$45 million) was reflected in other comprehensive income and a gain on disposal of HK\$7 million (2023: HK\$885 million) was recorded as a transfer to revenue reserves in the statement of changes in equity. The portfolio included blue chips held for long term capital appreciation and reasonable dividend return and each portfolio holding is individually not material to the Group's total assets.

The Group's investment portfolio analysed by industry sector and by geographical location as below:

	<b>31 December 2024 HK\$ Million</b>	31 December 2023 HK\$ Million
Analysed by industry sector:		
- Properties	<b>5,000</b>	5,356
- Others	<b>334</b>	404
Total	<b>5,334</b>	5,760
Analysed by geographical location:		
- Hong Kong	<b>2,920</b>	3,384
- Outside of Hong Kong	<b>2,414</b>	2,376
Total	<b>5,334</b>	5,760

## Debts and Gearing

Net debt decreased by HK\$2.1 billion to HK\$34.2 billion as at 31 December 2024 (2023: HK\$36.3 billion). It comprised debts of HK\$35.5 billion and bank deposits and cash of HK\$1.3 billion.

An analysis of net debt is depicted below:

	<b>31 December 2024 HK\$ Billion</b>	31 December 2023 HK\$ Billion
<b><u>Net debt/(cash)</u></b>		
Group (excluding HCDL)	<b>34.3</b>	36.1
HCDL	<b>(0.1)</b>	0.2
Total	<b>34.2</b>	36.3

The ratio of net debt to total equity dropped to 17.8% (2023: 18.6%).

Listed HCDL is an independent credit entity and the Group (excluding HCDL) is not contractually exposed to HCDL's debts. HCDL recorded net cash at 31 December 2024.

#### Finance and Availability of Facilities

Total available loan facilities and issued debt securities as at 31 December 2024 amounted to HK\$46.9 billion, of which HK\$35.5 billion was utilised. The breakdown is depicted below:

	<b>31 December 2024</b>		
	<b>Available Facility HK\$ Billion</b>	<b>Total Debt HK\$ Billion</b>	<b>Undrawn Facility HK\$ Billion</b>
Committed and uncommitted Group (excluding HCDL)	45.6	35.2	10.4
HCDL	1.3	0.3	1.0
Total	<u>46.9</u>	<u>35.5</u>	<u>11.4</u>

Certain banking facilities extended to HCDL were secured by hotel and DP in the Mainland of RMB1.2 billion (equivalent to HK\$1.3 billion) (2023: RMB1.3 billion (equivalent to HK\$1.4 billion)).

The debt portfolio was principally denominated in United States dollar, Hong Kong dollar, Singapore dollar and RMB. The respective funds were mainly used to finance the Group's IP.

The use of derivative financial instruments is strictly monitored and controlled. The majority of the derivative financial instruments entered into are used for mitigating interest rate and currency exposures.

The Group continued to adhere to a high level of financial discipline with a strong financial position. Financial resources are well prepared to support business and investment activities. In addition, the Group also maintained a portfolio of liquid listed investments with an aggregate market value of HK\$5.3 billion (2023: HK\$5.8 billion).

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

For the year under review, the Group recorded operating cash inflow of HK\$9.6 billion (2023: HK\$9.7 billion) primarily generated from rental income. Together with the changes in working capital and others of HK\$3.3 billion (2023: HK\$3.8 billion), the net cash inflow from operating activities amounted to HK\$6.3 billion (2023: HK\$5.9 billion). For investing activities, the Group recorded a net cash outflow of HK\$174 million (2023: inflow of HK\$7.2 billion).

## Capital Commitments

As at 31 December 2024, major planned expenditures for the coming years were estimated at HK\$0.9 billion, of which HK\$0.2 billion was committed. A breakdown (by segment) is as follows:

	<b>As at 31 December 2024</b>		
	<b>Committed HK\$ Million</b>	<b>Uncommitted HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>IP</b>			
Hong Kong	65	507	572
<b>DP</b>			
Mainland China	142	133	275
	207	640	847
<b>Hotels</b>			
Hong Kong	20	-	20
<b>Total</b>	<b>227</b>	<b>640</b>	<b>867</b>

These expenditures will be funded by internal financial resources, including existing cash and surplus from operations, as well as bank loans and other borrowings. Other available resources include monetisation of the Group's equity investments.

Included in the above are HCDL's expenditures totaling HK\$0.3 billion, which will be funded by its own financial resources.

### **(III) Human Resources**

The Group had approximately 2,900 employees as at 31 December 2024. Employees are remunerated according to job responsibilities and market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the year ended 31 December 2024**

	Note	2024 HK\$ Million	2023 HK\$ Million
<b>Revenue</b>	2	<b>12,912</b>	13,306
Direct costs and operating expenses		(2,572)	(2,622)
Selling and marketing expenses		(249)	(274)
Administrative and corporate expenses		(163)	(171)
Operating profit before depreciation, amortisation, interest and tax		<b>9,928</b>	10,239
Depreciation and amortisation		(237)	(246)
<b>Operating profit</b>	2 & 3	<b>9,691</b>	9,993
Decrease in fair value of investment properties		(5,665)	(1,147)
Other net income/(loss)	4	83	(726)
Finance costs	5	(1,800)	8,120
Share of results after tax of an associate		(256)	(2,170)
Profit before taxation		<b>2,053</b>	5,782
Income tax	6	(1,178)	(1,138)
<b>Profit for the year</b>		<b>875</b>	<b>4,644</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		891	4,766
Non-controlling interests		(16)	(122)
		<b>875</b>	<b>4,644</b>
<b>Earnings per share</b>	7		
Basic		<b>HK\$0.29</b>	HK\$1.57
Diluted		<b>HK\$0.29</b>	HK\$1.57

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2024**

	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million
<b>Profit for the year</b>	<u><b>875</b></u>	<u>4,644</u>
<b>Other comprehensive income (nil tax impact)</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Fair value changes on equity investments at fair value through other comprehensive income	<b>(423)</b>	(146)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of subsidiaries outside Hong Kong	<b>(283)</b>	125
Share of other comprehensive income of an associate and joint ventures	<b>(9)</b>	(11)
Others	<u><b>1</b></u>	<u>(5)</u>
<b>Other comprehensive income for the year</b>	<u><b>(714)</b></u>	<u>(37)</u>
<b>Total comprehensive income for the year</b>	<u><b>161</b></u>	<u>4,607</u>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>192</b>	4,929
Non-controlling interests	<b>(31)</b>	(322)
	<u><b>161</b></u>	<u>4,607</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2024**

	Note	31 December 2024 HK\$ Million	31 December 2023 HK\$ Million
<b>Non-current assets</b>			
Investment properties		221,776	227,586
Hotel and club properties, plant and equipment		7,116	7,406
Interest in an associate		326	591
Interest in a joint venture		10	10
Other long term investments		5,334	5,760
Deferred tax assets		-	225
Derivative financial assets		185	202
Other non-current assets		61	60
		<u>234,808</u>	<u>241,840</u>
<b>Current assets</b>			
Properties for sale		932	1,118
Inventories		17	17
Trade and other receivables	9	995	1,221
Prepaid tax		-	2
Derivative financial assets		12	-
Bank deposits and cash		1,308	1,124
		<u>3,264</u>	<u>3,482</u>
<b>Total assets</b>		<u>238,072</u>	<u>245,322</u>
<b>Non-current liabilities</b>			
Derivative financial liabilities		(1,737)	(2,188)
Deferred tax liabilities		(2,549)	(2,666)
Other deferred liabilities		(358)	(352)
Bank loans and other borrowings		(24,739)	(29,832)
		<u>(29,383)</u>	<u>(35,038)</u>
<b>Current liabilities</b>			
Trade and other payables	10	(5,371)	(6,256)
Pre-sale deposits and proceeds		(35)	(78)
Derivative financial liabilities		(120)	(364)
Taxation payable		(380)	(386)
Bank loans and other borrowings		(10,799)	(7,593)
		<u>(16,705)</u>	<u>(14,677)</u>
<b>Total liabilities</b>		<u>(46,088)</u>	<u>(49,715)</u>
<b>NET ASSETS</b>		<u>191,984</u>	<u>195,607</u>
<b>Capital and reserves</b>			
Share capital		304	304
Reserves		187,516	191,108
<b>Shareholders' equity</b>		<u>187,820</u>	<u>191,412</u>
<b>Non-controlling interests</b>		<u>4,164</u>	<u>4,195</u>
<b>TOTAL EQUITY</b>		<u>191,984</u>	<u>195,607</u>

## 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 disclosure requirements of the 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 amended HKFRSs that are first effective starting from 1 January 2024. 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 (2020 amendments)
Amendments to HKAS 1	Presentation of financial statements: Non-current liabilities with covenants (2022 amendments)
Amendments to HKAS 7	Statement of cash flows and 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 developments and considered that there was no significant impact on the Group’s results and financial position.

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

## 2. SEGMENT INFORMATION

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

Investment properties segment primarily entails property leasing and management operations. Currently, the Group's investment properties portfolio, which mainly consists of retail, office and serviced apartments, is primarily located in Hong Kong.

Development properties segment encompasses activities relating to the acquisition of land, development, construction and sales of trading properties mainly in Mainland China.

Hotel segment includes hotel operations in Hong Kong and Mainland China.

Investment segment represents equity investments in global capital markets.

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

Segment business assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, derivative financial assets and deferred tax 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 in fair value of investment properties HK\$ Million	Other net income/ (loss) HK\$ Million	Finance costs HK\$ Million	Share of results after tax of an associate HK\$ Million	Profit/ (loss) before taxation HK\$ Million
<b>2024</b>							
Investment properties	10,801	9,102	(5,665)	-	(2,007)	-	1,430
Development properties	152	166	-	(3)	(12)	(256)	(105)
Hotel	1,541	99	-	-	(1)	-	98
Investment	281	281	-	-	(72)	-	209
Inter-segment revenue	(44)	-	-	-	-	-	-
Segment total	12,731	9,648	(5,665)	(3)	(2,092)	(256)	1,632
Others	181	117	-	86	292	-	495
Corporate expenses	-	(74)	-	-	-	-	(74)
Group total	12,912	9,691	(5,665)	83	(1,800)	(256)	2,053
<b>2023</b>							
Investment properties	10,916	9,247	(1,147)	-	(2,170)	-	5,930
Development properties	238	28	-	(493)	(13)	(168)	(646)
Hotel	1,561	209	-	-	(7)	-	202
Investment	465	465	-	-	(138)	-	327
Inter-segment revenue	(38)	-	-	-	-	-	-
Segment total	13,142	9,949	(1,147)	(493)	(2,328)	(168)	5,813
Others	164	113	-	(233)	158	-	38
Corporate expenses	-	(69)	-	-	-	-	(69)
Group total	13,306	9,993	(1,147)	(726)	(2,170)	(168)	5,782

## 2. SEGMENT INFORMATION

### b. Disaggregation of revenue

	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million
<b>Revenue recognised under HKFRS 15</b>		
Management and services income	<b>1,218</b>	1,196
Other rental related income	<b>208</b>	191
Revenue under investment properties segment	<b>1,426</b>	1,387
Hotel and club operations	<b>1,541</b>	1,561
Sale of development properties	<b>152</b>	238
	<b>3,119</b>	3,186
<b>Revenue recognised under other accounting standards</b>		
Rental income		
- Fixed	<b>8,550</b>	8,451
- Variable	<b>781</b>	1,040
	<b>9,331</b>	9,491
Investment income	<b>281</b>	465
Others	<b>181</b>	164
	<b>9,793</b>	10,120
Total revenue	<b>12,912</b>	13,306

## 2. SEGMENT INFORMATION

### c. Analysis of inter-segment revenue

	2024			2023		
	Total Revenue HK\$ Million	Inter-segment revenue HK\$ Million	Group Revenue HK\$ Million	Total Revenue HK\$ Million	Inter-segment revenue HK\$ Million	Group Revenue HK\$ Million
Investment properties	10,801	(44)	10,757	10,916	(38)	10,878
Development properties	152	-	152	238	-	238
Hotel	1,541	-	1,541	1,561	-	1,561
Investment	281	-	281	465	-	465
Others	192	(11)	181	175	(11)	164
Group total	<b>12,967</b>	<b>(55)</b>	<b>12,912</b>	<b>13,355</b>	<b>(49)</b>	<b>13,306</b>

### d. Analysis of segment business assets

	2024 HK\$ Million	2023 HK\$ Million
Investment properties	222,445	228,376
Development properties	1,318	1,758
Hotel	7,168	7,491
Investment	5,357	5,791
Total segment business assets	<b>236,288</b>	<b>243,416</b>
Unallocated corporate assets	<b>1,784</b>	<b>1,906</b>
Total assets	<b>238,072</b>	<b>245,322</b>

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

## 2. SEGMENT INFORMATION

### e. Geographical information

	Revenue		Operating profit	
	2024	2023	2024	2023
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	12,181	12,329	9,201	9,475
Outside Hong Kong	731	977	490	518
Group total	<b>12,912</b>	<b>13,306</b>	<b>9,691</b>	<b>9,993</b>
	Specified non-current assets		Total business assets	
	2024	2023	2024	2023
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	220,854	227,497	224,477	231,750
Outside Hong Kong	8,374	8,096	11,811	11,666
Group total	<b>229,228</b>	<b>235,593</b>	<b>236,288</b>	<b>243,416</b>

Specified non-current assets excludes deferred tax assets, other long term investments, 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 the sale are made and in the case of other long term investments, where they are listed. 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 club properties, plant and equipment	224	230
- leasehold land	13	16
Total depreciation and amortisation	<u>237</u>	<u>246</u>
Impairment loss on trade receivables	3	9
Staff costs (Note (i))	1,113	1,012
Auditors' remuneration		
- audit services	9	9
- non-audit services	1	1
Cost of trading properties for recognised sales	122	165
Direct operating expenses of investment properties	<u>1,644</u>	<u>1,598</u>
<b>After crediting:</b>		
Gross revenue from investment properties	10,757	10,878
Interest income (Note (ii))	32	38
Dividend income from other long term investments	<u>281</u>	<u>465</u>

#### Notes:

- (i) Staff costs included defined contribution pension schemes costs of HK\$59 million (2023: HK\$52 million), which included MPF schemes after a forfeiture of HK\$1 million (2023: HK\$2 million) and equity settled share-based payment expenses of HK\$11 million (2023: HK\$5 million).
- (ii) Interest income for the year ended 31 December 2024 of HK\$32 million (2023: HK\$38 million) are generated in respect of financial assets (mainly comprising bank deposits) stated at amortised cost.

#### 4. OTHER NET INCOME/(LOSS)

Other net income for the year amounted to HK\$83 million (2023: loss of HK\$726 million) mainly comprising:

- a. Net foreign exchange gain of HK\$74 million (2023: loss of HK\$233 million) which included the impact arising from forward foreign exchange contracts.
- b. Write-down of HK\$493 million in 2023 in relation to development property projects in Mainland China.

#### 5. FINANCE COSTS

	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million
Interest charged on:		
- Bank loans and overdrafts	<b>626</b>	649
- Other borrowings	<b>1,398</b>	1,612
Total interest charge	<b>2,024</b>	2,261
Other finance costs	<b>72</b>	72
	<b>2,096</b>	2,333
Fair value gain:		
- Cross currency interest rate swaps	<b>(207)</b>	(86)
- Interest rate swaps	<b>(89)</b>	(77)
	<b>(296)</b>	(163)
Total	<b>1,800</b>	2,170

## 6. INCOME TAX

Taxation charged/(credited) to the consolidated statement of profit or loss includes:

	2024 HK\$ Million	2023 HK\$ Million
<b>Current income tax</b>		
Hong Kong		
- Provision for the year	1,120	1,113
- Under-provision in respect of prior years	14	23
Outside Hong Kong		
- Provision for the year	36	44
- Over-provision in respect of prior years	(109)	-
	<u>1,061</u>	<u>1,180</u>
<b>Land appreciation tax (“LAT”) (Note c)</b>	<u>6</u>	<u>7</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>111</u>	<u>(49)</u>
Total	<u>1,178</u>	<u>1,138</u>

- 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 Mainland China corporate income tax calculated at a rate of 25% (2023: 25%), Mainland China withholding tax on dividend at a rate of up to 10% (2023: 10%) and Singapore income tax at a rate of 17% (2023: 17%).
- c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property 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, borrowing costs and all property development expenditure.
- d. Tax attributable to an associate for the year ended 31 December 2024 of HK\$24 million (2023: HK\$118 million) is included in the share of results of an associate.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK\$891 million (2023: HK\$4,766 million) and 3,036 million ordinary shares in issue during the year (2023: 3,036 million ordinary shares in issue).

There are no dilutive potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2024 HK\$ Per share	2024 HK\$ Million	2023 HK\$ Per share	2023 HK\$ Million
First interim dividend declared and paid	0.64	1,943	0.67	2,034
Second interim dividend declared after the end of the reporting period (Note (b))	0.60	1,822	0.61	1,852
	<b>1.24</b>	<b>3,765</b>	1.28	3,886

(a) The second interim dividend based on 3,036 million (2023: 3,036 million) ordinary shares in issue 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\$1,852 million for 2023 was approved and paid in 2024.

## 9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance) with an ageing analysis based on the invoice date as follows:

	2024 HK\$ Million	2023 HK\$ Million
Trade receivables		
0 - 30 days	165	229
31 - 60 days	10	9
61 - 90 days	7	4
Over 90 days	35	16
	<b>217</b>	258
Other receivables and prepayments	778	963
	<b>995</b>	1,221

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 from which the proceeds are receivable pursuant to the terms of the agreements. All the trade and other receivables are expected to be recoverable within one year, except for other receivables of HK\$196 million (2023: HK\$266 million), which are expected to be utilised or recovered after more than one year.

## 10. TRADE AND OTHER PAYABLES

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

	<b>2024</b>	2023
	<b>HK\$ Million</b>	HK\$ Million
Trade payables		
0 - 30 days	72	75
31 - 60 days	14	19
61 - 90 days	3	7
Over 90 days	16	9
	<u>105</u>	<u>110</u>
Rental and customer deposits	2,962	3,067
Construction costs payable	648	1,158
Amount due to an associate	14	14
Other payables	1,642	1,907
	<u>5,371</u>	<u>6,256</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 in this announcement for the year ended 31 December 2024 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.

## **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 transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services 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	8 May 2025 (Thu)
Latest time to lodge share transfer	4:30 p.m., 9 May 2025 (Fri)
Book closure period	12 May 2025 (Mon) to 15 May 2025 (Thu), both days inclusive
Record date	12 May 2025 (Mon)
AGM date and time	11:15 a.m., 15 May 2025 (Thu)

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 Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 9 May 2025.

By Order of the Board  
**Wharf Real Estate Investment Company Limited**  
**Kevin C. Y. Hui**  
*Company Secretary*

Hong Kong, 10 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 and Mr. Horace W. C. Lee, together with eight Independent Non-executive Directors, namely Mr. Alexander S. K. Au, Mr. Tak Hay Chau, Ms. Lai Yuen Chiang, Hon. Andrew K. Y. Leung, Mr. Desmond L. P. Liu, Mr. R. Gareth Williams, Dr. Glenn S. Yee and Professor E. K. Yeoh.*