



WHARF

Established 1886

WHARF REAL ESTATE INVESTMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1997



Annual Report 2024



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Corporate Information

BOARD OF DIRECTORS

Mr Stephen T H Ng, *Chairman and Managing Director*
Mr Paul Y C Tsui, *Vice Chairman and Executive Director*
Ms Y T Leng, *Executive Director*
Mr Horace W C Lee

Independent Non-executive Directors

Mr Alexander S K Au, *OBE*
Mr Tak Hay Chau, *GBS*
Ms L Y Chiang, *JP*
Hon Andrew K Y Leung, *GBM, GBS, JP*
Mr Desmond L P Liu
Mr R Gareth Williams
Dr Glenn S Yee
Professor E K Yeoh, *GBS, OBE, JP*

COMPANY SECRETARY

Mr Kevin C Y Hui, *FCCA, CPA, FCG, HKFCG*

AUDITORS

KPMG, Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor, Ocean Centre
Harbour City, Canton Road
Kowloon, Hong Kong
Telephone: (852) 2118 3118
Fax: (852) 2118 3208
Website: www.wharfreal.com

Shareholder *Information*

LISTING

Ordinary Shares
The Stock Exchange of Hong Kong Limited
Stock Code: 1997

As at 31 December 2024
Number of issued shares

3,036,227,327

FINANCIAL CALENDAR

2024 Second Interim Dividend	HK\$0.60 per share
Record Date and Time for 2024 Second Interim Dividend	6:00 pm, 7 April 2025
Payment Date of 2024 Second Interim Dividend	24 April 2025
Closure of Register of Members (to ascertain shareholders' right to attend and vote at 2025 Annual General Meeting)	12 May 2025 to 15 May 2025 (both days inclusive)
2025 Annual General Meeting (at Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong)	11:15 am, 15 May 2025

CONTACTS

Shareholder enquiries: sh@wharfreic.com
Investor enquiries: ir@wharfreic.com
Media enquiries: pr@wharfreic.com

Corporate Overview

Wharf Real Estate Investment Company Limited (Stock Code: 1997) was listed in 2017 and is a Hang Seng Index constituent stock on the Hong Kong Stock Exchange.

It is one of the largest real estate companies in Hong Kong with a proven track record in investing and operating in iconic properties, evidenced by the Group's portfolio of six premier quality assets in Hong Kong led by Harbour City and Times Square and two prime commercial properties in Singapore.

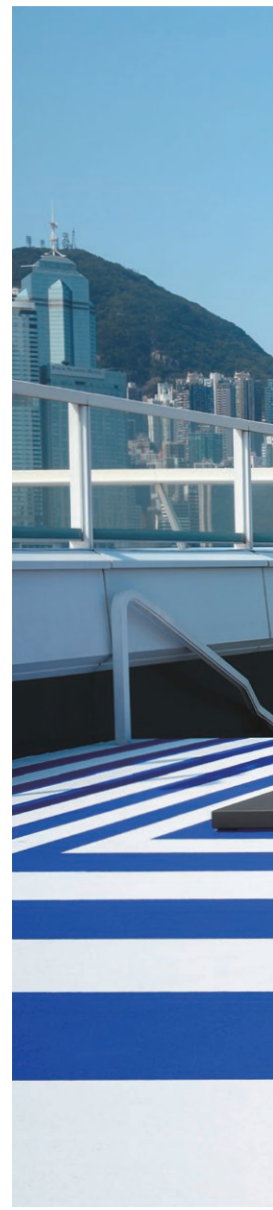
Sitting on rare 999-year leaseholds, Harbour City in Tsim Sha Tsui and Times Square in Causeway Bay are the Group's flagship properties in substantial scale in Hong Kong's most popular shopping destinations and busiest business districts, attracting constant flow of local shoppers and tourists. The Group's shopping malls have long time partnership with the world's most coveted brands and have long been destinations for high end as well as popular consumption.

Harbour City also hosts 10 Grade A office blocks, three international hotels, 256 luxury serviced apartments, a 138,000-sq.-ft. sports club and a full service international cruise terminal.

The Group strives to be a good corporate citizen through actively supporting a series of "Business-in-Community" initiatives benefitting different segments of society. The flagship youth development programme Project WeCan, The Wharf Hong Kong Secondary School Art Competition, The Wharf Art Scholarship Scheme and the Architectural Design Internship Programme have gained public recognitions over the years.

The Group is dedicated to achieving good practices beyond legal compliance in key environmental, social and governance areas, while delivering sustainable business performance. The Group has formulated the 2030 long term target to reduce environmental footprint, covering reduction of greenhouse gas ("GHG") emissions, electricity intensity and water consumption, as well as diversion of waste away from landfills. The Group has also committed to Science Based Targets Initiative ("SBTi") in setting near-term science-based targets to reduce carbon emissions.

In 2024, the Wharf Group was honoured with the Third Top Donor recognition by The Community Chest. The Group remains a Hang Seng Corporate Sustainability Index Series member with an AA+ rating, received a rating of A in the MSCI ESG Ratings assessment, awarded the Caring Company Logo and was included in the FTSE4Good Index Series.





Camille Walala, *Now You See It Now You Don't*

Chairman's *Statement*



Initial post-COVID recovery quickly lost momentum in 2023 and that carried into 2024, mainly due to global economic and geopolitical uncertainties. The strong local currency discouraged consumption in Hong Kong by both visitors and locals alike. The US Federal Reserve began an interest rate-cutting cycle but has indicated a slower pace ahead. In Mainland China, despite bold government measures to boost consumption and stimulate the economy, results have been limited thus far.

Hong Kong welcomed 45 million visitors during the year, a 31% year-on-year increase. This growth rate was partly distorted by the low base in early 2023 before borders reopened. Consumption by visitors was partially offset by increasing local outbound travel. Asset devaluation and a weaker Mainland job market also turned consumers cautious, especially regarding non-essential purchases. Retail sales declined year-on-year persistently throughout the year, except for the distortion at the beginning of the year referred to above, and the full year ended with a decline of 7% to HK\$377 billion.

The office sector also suffered amid the weak economy. Sluggish demand and abundant new supply intensified competition and pushed both occupancy and rental rates lower in the market.

The Hotel industry has had to adapt to the increasingly budget-conscious travellers. While occupancies remained stable, room rates continued to decline.

BUSINESS PERFORMANCE

Over the past decade, continuous premises improvements have shaped the Group's current asset portfolio. These value-creation initiatives, combined with ongoing brand refinement and effective marketing campaigns, have generated consistent foot traffic and retail sales to strengthen the brand value of Harbour City and Times Square.

Despite weak retail recovery, leasing demand at both malls remained resilient. Top-tier brands' continued investments demonstrated their confidence in the Group's management expertise and Hong Kong's long-term prospect. The prestigious Canton Road frontage now hosts 16 luxury brands, featuring *Fendi's* new flagship and *Giorgio Armani's* revitalised store. Inside Harbour City, *Celine* expanded to a duplex store and *Louis Vuitton* to four storeys, while other retail categories welcomed additional premium brands. At Times Square, *Louis Vuitton* returned and *LOEWE* also expanded.

In the Office sector, tenants prioritised cost optimisation amid operational challenges, while some less price-sensitive tenants leveraged lower rents to recentralise or upgrade their spaces. The Group's prime locations helped achieve 90% occupancy across its office portfolio. However, rental rates adjusted downward in line with market trends.

Through consistent service excellence, the Group's hotels maintained steady occupancy rates despite intense market competition. However, profit contribution suffered from declining room rates and rising costs. Restaurant and bar operations faced headwinds from Shenzhen competition and the changing consumption pattern.

FINANCIAL RESULTS

In this challenging operating environment, Group revenue decreased by 3% to HK\$12.9 billion (2023: HK\$13.3 billion). Revenue from Hong Kong Investment Properties ("IP"), representing 81% of total, declined by 1% to HK\$10.5 billion (2023: HK\$10.6 billion). Group operating profit decreased by 3% to HK\$9.7 billion (2023: HK\$10.0 billion).

With the Group's proactive debt management, total borrowing costs fell by 10% to HK\$2.1 billion (2023: HK\$2.3 billion). That helped Group underlying net profit to rise by 2% to HK\$6.1 billion (2023: HK\$6.0 billion). Taking into account the IP revaluation deficit of HK\$5.6 billion (2023: HK\$1.2 billion), Group profit attributable to equity shareholders amounted to HK\$0.9 billion (2023: HK\$4.8 billion).

The Group maintained its strong financial position and Moody's A2 issuer rating with stable outlook. As of 31 December 2024, total assets stood at HK\$238.1 billion, and book net asset value at HK\$187.8 billion (or HK\$61.86 per share). Net debt decreased further by HK\$2.1 billion to HK\$34.2 billion, maintaining a low gearing ratio of 17.8%. Average interest cost increased slightly to 5.6% with an interest cover of 4.7 times.

Applying the Group's long standing policy of distributing as dividends 65% of underlying net profit from Hong Kong IP and Hotels, a second interim dividend of HK\$0.60 (2023: HK\$0.61) per share has been declared in lieu of a final dividend. That will bring the total dividend for the year to HK\$1.24 (2023: HK\$1.28) per share.

Chairman's Statement

BUSINESS-IN-COMMUNITY

Sustainability remains a key priority for the Group. We actively monitor our environmental and social impact and are progressing toward our 2030 environmental targets for reducing GHG emissions, electricity and water consumption, and landfill waste. Our environmental initiatives have yielded measurable improvements through tailored solutions. Times Square recently achieved LEED (v4.1 Existing Buildings: Operations and Maintenance) Platinum Certification and is WELL Health-Safety Rated. We also work closely with partners to manage supply chain risks for long term decarbonisation.

Youth development remains central to our community engagement strategy. Flagship programme, Project WeCan, supported by over 70 partner organisations, has benefitted nearly 100,000 underprivileged students from 82 secondary schools, preparing them for higher education and future careers. We also sponsored The Wharf Hong Kong Secondary School Art Competition to foster art appreciation while the Architectural Design Internship Programme offers worldwide placement opportunities to outstanding architecture postgraduate students.

The Group continues its long-standing support of The Community Chest of Hong Kong and earned the Chest's third top donor recognition. We actively participate in additional fundraising initiatives to support the broader community.

By end of 2024, the Group had arranged HK\$11.1 billion sustainability-linked loans accumulatively to advance in sustainability goals. Our efforts have earned us membership of the Hang Seng Corporate Sustainability Index, with the ESG Rating of AA+. The Group also received a rating of A in the MSCI ESG Ratings assessment and was included in the FTSE4Good Index Series.

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 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.

VOTE OF THANKS

On behalf of all Shareholders and my fellow Directors, I extend sincere gratitude to our customers for their loyalty, our business partners for their collaboration and trust, and our staff for their dedication and commitments during these challenging times.

Stephen T H Ng

Chairman and Managing Director

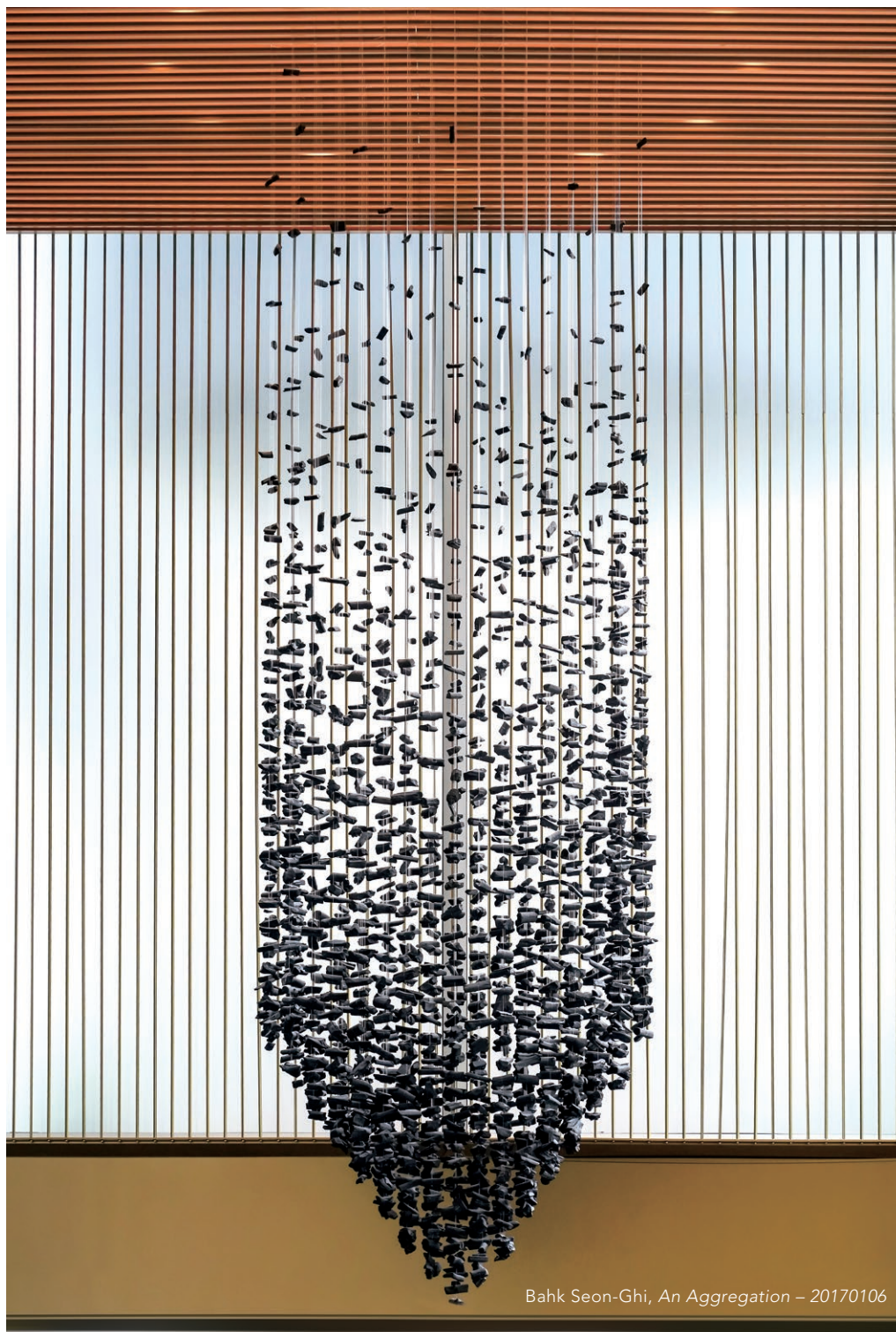
Hong Kong, 10 March 2025

Financial Highlights

	2024 HK\$ Million	2023 HK\$ Million	Change
Results			
Group revenue	12,912	13,306	-3%
Group operating profit	9,691	9,993	-3%
Group underlying net profit (note a)	6,139	6,011	+2%
Group profit attributable to equity shareholders	891	4,766	-81%
Core revenue (note b)	11,894	12,020	-1%
Core operating profit (note b)	8,991	9,228	-3%
Core underlying net profit (note b)	5,769	5,924	-3%
Total dividend for the year (note c)	3,765	3,886	-3%
Earnings per share			
Underlying net profit	HK\$2.02	HK\$1.98	+2%
Attributable to equity shareholders	HK\$0.29	HK\$1.57	-82%
Dividend per share			
First interim	HK\$0.64	HK\$0.67	-4%
Second interim	HK\$0.60	HK\$0.61	-2%
Total for the year	HK\$1.24	HK\$1.28	-3%
Financial Position			
Total assets	238,072	245,322	-3%
Total business assets (note d)	236,288	243,416	-3%
Total core assets (note b)	221,557	228,366	-3%
Net debt	34,230	36,301	-6%
Shareholders' equity	187,820	191,412	-2%
Total equity	191,984	195,607	-2%
Number of issued shares (in million)	3,036	3,036	+0%
Net asset value per share	HK\$61.86	HK\$63.05	-2%
Net debt to total equity	17.8%	18.6%	-0.8% pt

Notes:

- (a) Underlying net profit primarily excludes investment property revaluation deficit and mark-to-market changes on certain financial instruments.
- (b) Core items comprise investment properties and hotels in Hong Kong.
- (c) Equivalent to about 65% of core underlying net profit.
- (d) Business assets exclude unallocated corporate assets mainly comprising bank deposits and cash, derivative financial assets and deferred tax assets.



Bahk Seon-Ghi, An Aggregation – 20170106

Business Review

While Hong Kong's economy showed signs of moderate growth, demand for commercial properties remained weak. The strong local currency and rather slow 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

BUSINESS REVIEW

Harbour City



Total GFA

8.4 MILLION
SQUARE FEET

Leasehold

999 YEARS

Valuation

(Properties, Hotels and Club)

HK\$ 159.5 BILLION



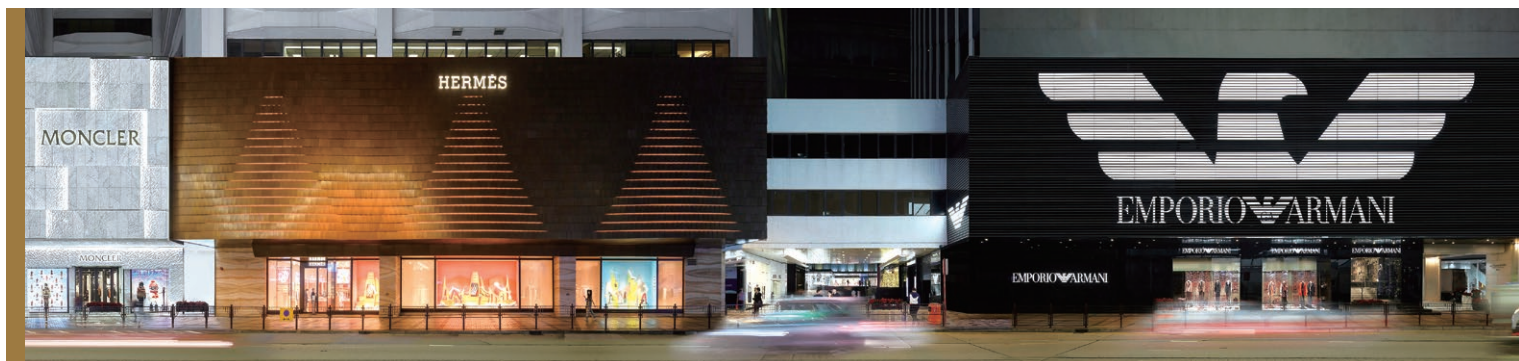
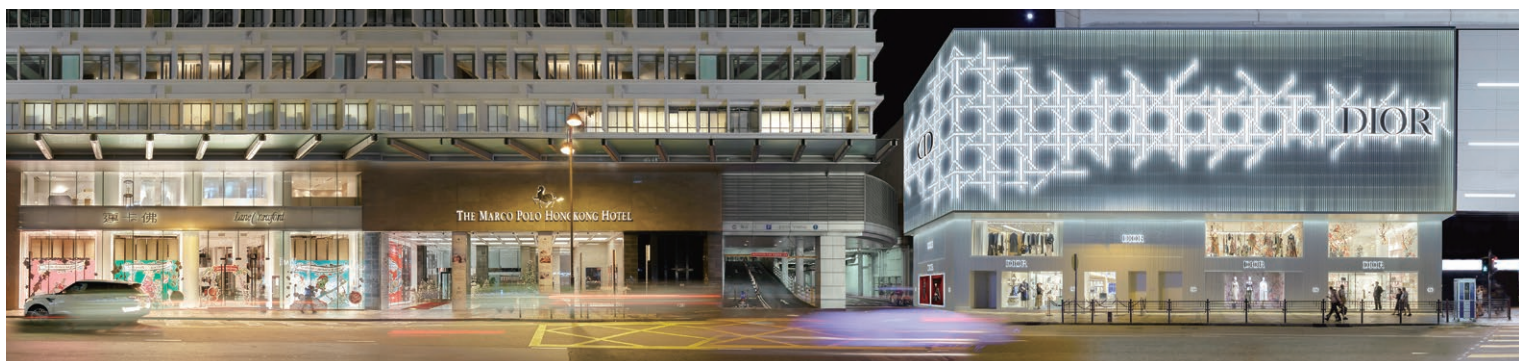
BUSINESS REVIEW

Harbour City

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

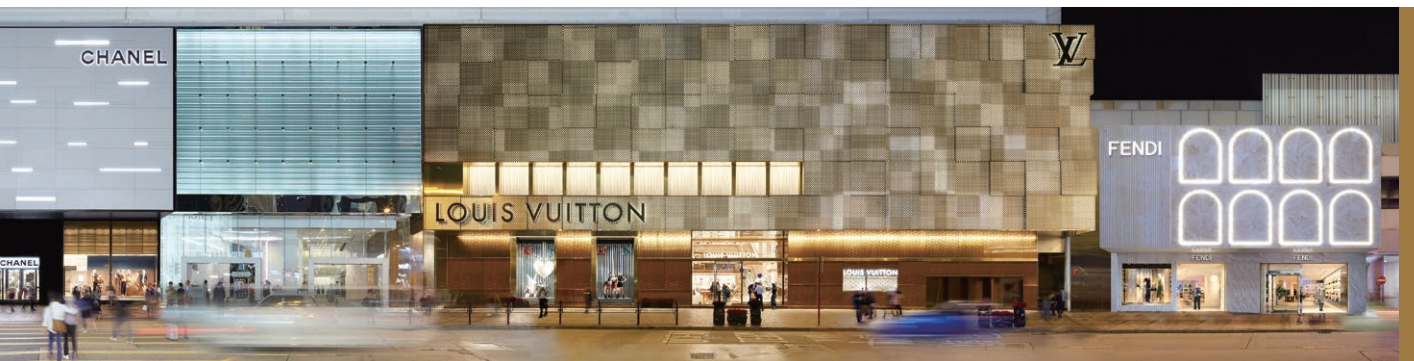
RETAIL

Harbour City further strengthened its market leadership through brands' expanded 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 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.



Harbour City

PORTFOLIO INFORMATION

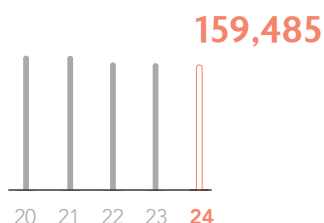
	Gross Floor Area ('000 sq ft)	Year-end Occupancy (%)	Year-end Valuation (HK\$ Million)
Retail	2,117	94	86,322
Office	4,563	90	61,318
Others	1,729	N/A	11,845

GROSS REVENUE

	2024 HK\$ Million	2023 HK\$ Million	Change
Retail	5,605	5,474	+2%
Office	2,289	2,304	-1%
Others	1,202	1,174	+2%
Total gross revenue	9,096	8,952	+2%

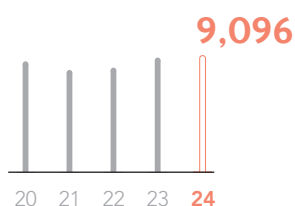
PROPERTY VALUE

(HK\$ Million)



GROSS REVENUE

(HK\$ Million)









Times Square

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 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.

Total GFA

2.0 MILLION
SQUARE FEET

Leasehold

999 YEARS

Valuation

HK\$ 43.7 BILLION





Times Square

PORTFOLIO INFORMATION

	Gross Floor Area (’000 sq ft)	Year-end Occupancy (%)	Year-end Valuation (HK\$ Million)
Retail	943	93	28,373
Office	1,033	90	15,376

GROSS REVENUE

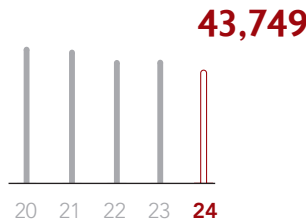
	2024 HK\$ Million	2023 HK\$ Million	Change
Retail	1,105	1,168	-5%
Office	556	593	-6%
Total gross revenue	1,661	1,761	-6%

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.

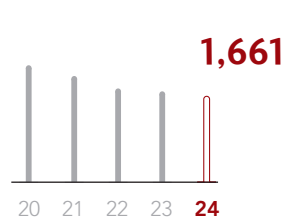
PROPERTY VALUE

(HK\$ Million)



GROSS REVENUE

(HK\$ Million)





Central Portfolio



The longest frontage on Queen's Road Central.



Wheelock House

Pedder Street, Central

BUSINESS REVIEW

Central Portfolio



The Murray, Hong Kong



336 Rooms

5 Celebrated Restaurants
and Bars



Plaza Hollywood

Total GFA

562,000
SQUARE FEET

Shops and Restaurants

290+

Singapore Assets



Awards & Recognitions

THE WHARF GROUP

Third Top Donor of Year 2023/2024
– The Community Chest



WHARF REIC

Annual Report 2023:

"Interior Design – Grand", "Traditional Annual Report – Silver" and "Photography – Silver"
– ARC Awards 2023

"Gold Winner Worldwide", "Top 50 Asia – Pacific Region Annual Report" and "Top 50 Chinese Reports"
– LACP Vision Award 2023



HARBOUR CITY

"Innovative Arts and Entertainment Shopping Mall Award"
– BusinessFocus Award 2024
"Top 10 My Favourite Shopping Mall" and
"Top 20 My Favourite Shopping Mall Event"
– Shopping Mall Award 2023/24
"U Favourite Food Spot"
– U Favourite Food Awards 2024
"Hong Kong Service Awards 2024"
– East Week

TIMES SQUARE

"Best Results-Driven Event – Silver" and
"Best Use of Venue – Bronze"
– Marketing Events Awards Hong Kong 2024
"Green Mall of the Year" and
"Excellent Green Practices Award – Waste Management"
– Hong Kong Green Shop Alliance Awards 2024

PLAZA HOLLYWOOD

"Top 20 My Favourite Shopping Malls Events Award" and
"My Favourite Kids Shopping Mall Award"
– Shopping Mall Award 2023/24



"Five-Star Award"

- MARCO POLO HOTELS

- ## MARCO POLO HONGKONG HOTEL

- “Recommended Hotel”
 - 2024 Forbes Travel Guide
- “Four-Star Restaurant” – Cucina
 - 2024 Forbes Travel Guide
- “Tatler Dining Awards 2024” – Cucina
- “Editor’s Choice” – Cafe Marco
 - Honeycombers Reader’s Choice Awards 2024
- “Superb Wedding Banquet (Hotel)”
 - Best Wedding Ballroom – Wedding Award 2024
- “Grand Prize Award”
 - ERB Manpower Development Award Scheme 2024
- “Joyful@Healthy Workplace Best Practices Award” – Merit
 - Occupational Health Award 2023-24

"Grand Prize Award"

- ERB Manpower Development Award Scheme 2024
- “Joyful@Healthy Workplace Best Practices Award” – Merit
- Occupational Health Award 2023-24

PRINCE HOTEL

- “Grand Prize Award”
– ERB Manpower Development Award Scheme 2024
“Joyful@Healthy Workplace Best Practices Award” – Merit
– Occupational Health Award 2023-24

STAR FERRY

- “Travelers’ Choice Award”
– Tripadvisor
- “Hong Kong Green Organisation”, “Wastewi\$e Certificate (Basic Level)” & “Energywi\$e Certificate (Basic Level)”
– Environmental Campaign Committee





Jaume Plensa, 'Awilda's White Head'

Corporate *Sustainability*

Driven by its enduring commitment to "Building for Tomorrow", the Group's focus extends beyond financial gains to create a positive and lasting impact on society while reducing its environmental footprints. By aligning its business strategies with the most relevant United Nations Sustainable Development Goals ("UNSDGs"), the Group undertakes various initiatives to support these goals. The Group is honoured to be a constituent member in the Hang Seng Corporate Sustainability Index Series, in recognition of its achievements in corporate sustainability.

The Group's significant Environmental, Social and Governance ("ESG") achievements for the reporting year are outlined in this section. A comprehensive standalone Sustainability Report 2024, prepared in accordance with the Environmental, Social and Governance Reporting Code (Appendix C2) issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("HKEX ESG Reporting Code"), the latest GRI Standards 2021, and the GRI G4 Construction and Real Estate Sector Disclosures, along with relevant metrics from the Sustainability Accounting Standards Board ("SASB") real estate industry-specific sustainability accounting standards, and the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures developed by the International Sustainability Standards Board ("ISSB"), is available on the respective websites of the Company (www.wharfreal.com) and Hong Kong Exchange and Clearing Limited (www.hkexnews.hk).

Corporate Sustainability

SUSTAINABILITY GOVERNANCE

The Group has established a robust and sustainable governance framework to proactively address and confront the inherent ESG challenges within our business operations. Under the leadership of Group Chairman, the Sustainability Steering Committee ("SSC") is tasked with developing and refining ESG strategies, and setting overarching corporate direction in managing impacts on the economy, environment, and society. Additionally, the Divisional Sustainability Committee ("DSC"), comprised of Business Units ("BUs") and Corporate Units ("CUs") heads and supported by the Cross-BU Sustainability Group, offers guidance to BUs in adopting leading ESG practices and monitoring their performance. Each BU is accountable for identifying and assessing ESG risks and opportunities within their operations, and implementing suitable management approaches to mitigate risks. The SSC conducts regular reviews of ESG performance of BUs.

The Group places considerable emphasis on business ethics and strictly adheres to laws and regulations related to anti-corruption practices. We maintain a zero-tolerance stance towards bribery, fraud, money laundering, anti-competitive behaviour and extortion. Our Anti-Corruption Policy, Statement of Business Integrity and Code of Conduct delineate our ethical standards and expectations for appropriate business conducts, while our Compliance Policy Statement underscores our unwavering dedication to upholding all relevant laws and regulations. To ensure transparency and accountability, the Group rigorously enforces the Whistleblowing Policy and Procedures, providing employees and contractors with a confidential and efficient channel to report any instances of business malpractice. For further insights into our governance structure, risk management and internal control systems, please refer to pages 48 to 68.



CLIMATE RESILIENCE

Climate change presents numerous challenges to our operations and supply chain management. To develop effective mitigation strategies, climate risk assessments are conducted for our BUs to identify and assess potential climate-related risks and opportunities in Hong Kong, Mainland China and Singapore. These assessments are conducted with reference to IFRS S2 Standards. The Group has enhanced the identification and evaluation of climate-related risks by implementing a comprehensive methodology that utilises data of higher granularity and involves broader stakeholder engagement. The Group faces climate-related physical risks, categorised into acute and chronic risks. Acute risks arise from extreme weather events, such as typhoons and rainfall floods, which can cause operational disruptions, facility damage, and higher recovery costs. Chronic risks, on the other hand, stem from long-term climate changes like extreme heat and rising sea levels, potentially leading to increased operational expenses. Regarding transition climate risks, gradual shifts towards low-carbon energy sources are either encouraged or required under selected scenarios. This transition involves phasing out traditional fossil fuels and high-carbon resources through reduction, replacement or prohibition. Additionally, the Group anticipates changes in policies, legal, market, technological advancements and consumer preferences, all of which could significantly affect the Group's operations, financial conditions and reputation. Despite these challenges, the Group has also identified substantial opportunities arising from the climate transition. Increased adoption of innovation and sustainable practices is expected to drive technological advancements, operational and energy efficiency enhancement, resulting in corporate reputation improvement.

As climate risks can impede our business across multiple dimensions and to varying extents through physical properties damages and socio-economical shifts towards low-carbon transitions, the Group is dedicated to enhancing our climate resilience by integrating climate risk factors into business strategy. Climate Change Policy Statement offers directives to BUs on effectively addressing the challenges posed by climate change. We consistently enhance the climate change management system to align with the evolving climate dynamics, while striving to diminish carbon emissions within our buildings and operations.



Corporate Sustainability

PROTECTING OUR ENVIRONMENT

The Group strictly adheres to local laws and regulations. We effectively manage and mitigate the environmental impact stemming from our operations by following the guidelines in the Group's Environmental Policy. In 2024, we had no significant instances of non-compliance with relevant laws and regulations.

Furthermore, the Group has committed to Science Based Targets Initiative ("SBTi") setting near-term science-based targets to reduce carbon emissions. We strive to align our aspiration to contribute to the global agenda of climate actions and low-carbon transition. We also have other environmental targets in place, including reducing water consumption and improving waste management practices, to ensure that our operations are utilising resources responsibly and managing environmental footprints effectively.

Over time, the Group has introduced various initiatives to bolster our comprehensive environmental management practices. During the reporting year, the Group has maintained its ISO 14001 Environmental Management System certification. In addition to promoting the advancement of renewable energy throughout our portfolios, we actively seek out opportunities to develop green and intelligent building retrofit technologies. The innovative chiller system at Harbour City enhances energy efficiency by enabling operational cooling adjustments based on factors such as cooling loads, ambient temperature, relative humidity and seawater temperature. Its outstanding performance and novelty were recognised with the "Energy Management Award – Grand Award" in the CLP "Smart Energy Award 2024". The AI technology applied in the Times Square's electricity-free cooling paint project, which received three awards last year for its innovation and environmental performance, Times Square was recognised with three awards during the year for its innovative and environmentally friendly products, which included the introduction of non-electric cooling paint through a pilot programme and the application of artificial intelligence technology. It has once again received the "2024 Hong Kong Institution of Engineers Grand Award - Innovation Application Grand Prize" for its innovation and environmental performance. These awards acknowledge the Group's continued efforts in promoting the application of innovative technologies in mitigating environmental impacts.

We also introduced initiatives to promote public awareness on environmental conservation. We launched a new series of sustainability displays themed around the three main carbon reduction strategies of "Zero-carbon Energy", "Green Transport" and "Waste Reduction". The displays have been roving in Harbour City, Times Square and Plaza Hollywood since December 2023, aiming to inspire the public to adopt and practice low-carbon lifestyles and support climate action. For details of our various efforts on environmental protection, please refer to our Sustainability Report 2024.

NURTURING OUR PEOPLE

The Group is dedicated to providing employees with a fulfilling, secure and inclusive work environment, while operating in compliance with pertinent laws and regulations. Our employment policies are designed to ensure a diversified, equitable and transparent recruitment process. To address significant occupational safety and health concerns and mitigate risks related to safety and health, we have established a Safety and Health Policy. BUs regularly convene Safety and Health Committee meetings to discuss occupational safety and health issues. A comprehensive array of safety training sessions and initiatives have been implemented to heighten employees' safety awareness and understanding of safety protocols. Last year, two engaging "Fun Days" focusing on health and fitness, as well as safety awareness building respectively were held. Additionally, various drills have been organised for building occupants to enhance overall safety preparedness. In 2024, the Group has maintained its ISO 45001 Occupational Safety and Health Management System certification, demonstrating our commitments toward employee safety management. During the reporting year, no non-compliance case regarding employment practices and workplace safety and health was recorded. There were no work-related fatality cases and the injury rate remains low, achieving a 3.1 per 100 employees. Times Square was awarded the WELL Health-Safety Rating, demonstrating our continued efforts towards health and wellbeing.

Our employees receive competitive remuneration packages and incentives based on performance. Annually, our Staff Recognition Programmes, such as the Best Employee Award and Star Award, acknowledge and reward employees for their exceptional contributions and accomplishments. Employees' feedback is highly valued, we have established multiple engagement channels to gather input, which is then used to regularly review and enhance existing policies.

The Group places strong emphasis on employees' wellbeing and professional growth. We offer a variety of activities throughout the year to promote workplace wellness and work-life balance for our employees and their families. For example, to enhance family bonding, we organised a large-scale outdoor fun day which was well attended by 185 colleagues and family members who enjoyed the host of activities, including tours of organic orchards, feeding goats in the farm, a BBQ session, and hands-on experience in Chinese traditional Cha-Guo-making. We also arranged a series of workshops to offer colleagues the chance to engage in various culinary and artistic activities, allowing them to spend fun and quality time with their team members amidst their busy work schedules.

To attract talent and enhance the professional development of our employees, we organised multifaceted talent development programmes, such as the Apprentice Training Programme and the Mid-career Acquisition Programme. In addition, a range of training programmes covering service excellence, industrial development, technology application and language skills were also provided. We believe that upskilling and reskilling employees are essential for retaining talent and ensuring the ongoing success of our people-focused business.



Corporate Sustainability



SUSTAINABLE FINANCE

Sustainable financing plays a crucial role in driving environmental initiatives and reaching our targets in alignment with Hong Kong Climate Action Plan 2050. By the end of 2024, the Group accumulatively secured HK\$11,100 million through sustainability-linked loans to support our sustainability commitment. Moving forward, we will further explore alternative sustainable finance solutions to fund our sustainable development projects effectively.

BUSINESS-IN-COMMUNITY

Our three significant Business-in-Community programmes that support youth development and cultivate emerging talents are gaining momentum and yielding results: Project WeCan ("WeCan"), a comprehensive programme designed for students who are disadvantaged in learning; The Wharf Hong Kong Secondary School Art Competition, a platform dedicated to nurturing young artistic talents and advancing art and cultural growth; and The Architectural Design Internship Programme, which aims to promote excellence among local architecture graduates.

Launched in 2011, WeCan has evolved into a programme with more than 70 partner organisations, benefitting a total of 82 schools and nearly 100,000 students. It aims at engaging and inspiring students to pursue further education and rewarding careers. The joint school programmes under WeCan, including but not limited to the Young Innovators Bazaar, the Career Exploration Day and the Job Tasting Programme, continued to offer students dynamic opportunities to immerse themselves in diverse industries, gaining insights into the professional world and discovering their own strengths and interests. WeCan also focuses on nurturing students' skills and competence. One of the examples is the Write! WeCan English programme offered in collaboration with South China Morning Post, it allows students to practice and learn different perspectives on language and communication, thereby honing their language proficiency and developing confidence in self-expression.

The Group aims to foster a broader appreciation of art and support the development of young artists. The Wharf Hong Kong Secondary School Art Competition, established in 2011, marks our dedication to promoting art in Hong Kong. The Group also introduced The Wharf Art Scholarship Scheme since 2013, allowing the top 18 finalists of The Wharf Hong Kong Secondary School Art Competition to apply for scholarships as they pursue tertiary education in related fields. To date, 22 students have been awarded to study creative-related subjects in renowned institutions around the world.

The Wharf Architectural Design Internship is another flagship programme established by the Group to cultivate excellence in architecture and develop aspiring architects of the future. The programme provides internship placements in architectural design for talented students. To date, 37 outstanding architectural postgraduates have successfully completed internships abroad through this unique initiative.

To extend our care and compassion to the broader community, we remain a keen supporter of the Community Chest, we participated in the 55th Anniversary Walk for Millions with about 140 staff and WeCan students' participation. The Wharf Group was also named the Top 3 donor of the Walk. Our colleagues also actively engaged in various volunteering activities that raised fund or provide direct support to underprivileged members of the community.



RESPONSIBLE PRODUCTS AND SERVICES

To uphold high-quality products and services, the Group consistently evaluates and updates our standard operating procedures to align with relevant product liability and safety regulations, as well as consumer laws. During the reporting year, the Group has successfully passed external reviews and maintained their certification of ISO 9001 Quality Management System, affirming the Group's commitment to deliver services of excellence in compliance with global benchmarks.

In order to maintain service quality, our employees undergo regular training to enhance their knowledge and skills. To provide superior products and services to our customers, we consistently devise improvement strategies based on customer feedback gathered from regular customer satisfaction surveys and mystery shoppers research conducted by BUs, as well as through credible platforms such as ReviewPro.

Aligned with the Group's Data Privacy Policy Statement, we are firmly dedicated to complying with the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong) and the EU's General Data Protection Regulation. Upholding the highest standards, the Group is committed to protecting our customers' personal data privacy, confidentiality, and security. Our employees are prohibited from disclosing customer information to third parties without explicit consent from the customers. During the reporting year, no incidents of personal data leaks or breaches of customer privacy were reported.

To mitigate the adverse environmental impact of our procurement operations, we have implemented the Green Procurement Policy. The majority of our suppliers are from local regions, and they are mandated to affirm their compliance with applicable laws and regulations, and acknowledged the Group's standards of business ethics, integrity, and ESG criteria which can further reduce our environmental footprints.

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 financing cost and 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).

Financial Review

(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:

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

	31 December 2024	31 December 2023
Net debt/(cash)	HK\$ Billion	HK\$ Billion
Group (excluding HCDL)	34.3	36.1
HCDL	(0.1)	0.2
Total	34.2	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:

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

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).

Financial Review

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:

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

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)DIVIDEND POLICY

The Company may declare or recommend interim, final or special dividends from time to time. In deciding whether to declare or recommend a dividend and in determining the dividend amount, the Board shall consider the Group's operations and earnings, capital requirements and surplus, general financial condition, legal and contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant.

Since the Company was listed in 2017, it has been adhering to the policy stated in its listing documents of paying dividends corresponding to approximately 65% of underlying net profit attributable to shareholders derived from IP and hotels in Hong Kong from year to year. Underlying net profit from IP and hotels excludes profit from unrealised revaluation gains, the recognition of deferred tax assets and any other material non-cash gains, and profit which the Board considers to be non-recurring in nature including but not limited to disposal gains or gains on the issuance of securities. Subject to its final determination at the relevant time, it is the current intention of the Board to adhere to that policy.

The Board will review this policy for change from time to time with reference to its future prospect, capital requirements and other changing circumstances both internally and externally.

(IV)BUSINESS MODEL AND STRATEGY

The principal strategy is to invest in premium quality properties with long-term growth potential.

The implementation of this strategy can be broadly categorised into (i) asset management strategy, and (ii) capital management strategy. Asset management strategy includes firstly proactive lease management and tenant mix optimisation, secondly continual asset enhancement and value creation, and thirdly implementation of effective and forward-looking marketing initiatives. As regards capital management strategy, it is the Group's intention that the capital structure should optimise the cost of capital while maintaining prudent and disciplined financial management and financing flexibility.

(V) HUMAN RESOURCES

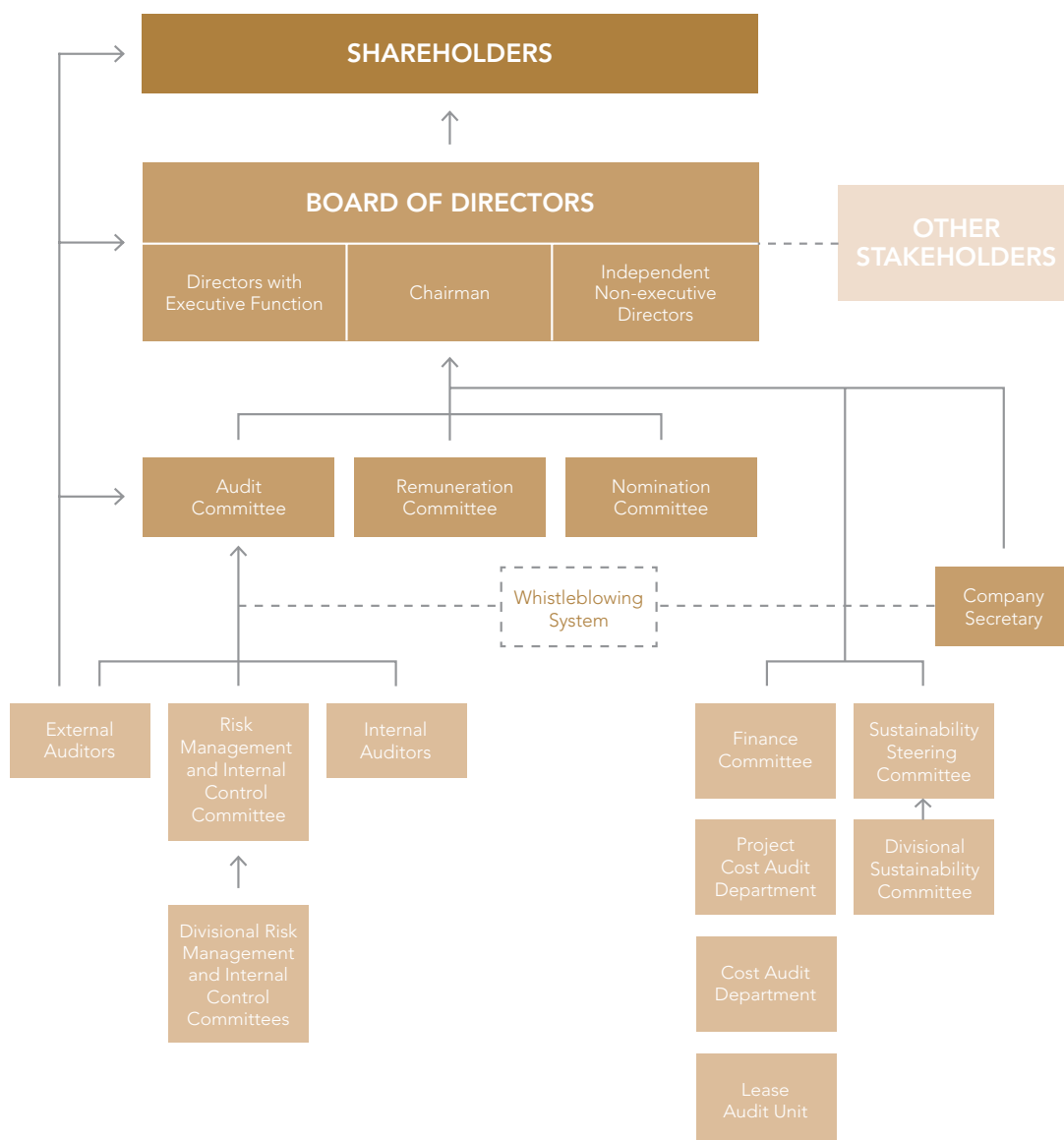
The Group had approximately 2,900 employees as at 31 December 2024. Employees are remunerated according to job responsibilities and market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

Corporate Governance *Report*

CORPORATE GOVERNANCE PRINCIPLES AND STRUCTURE

The Board of Directors of the Company (the “Board”) recognises that strong corporate governance is pivotal to the Group’s corporate success and long-term sustainable growth. The Group has reinforced its corporate governance structure for ensuring proper corporate management and business integrity as well as enhancing corporate transparency and accountability, which in turn maximises benefits of its shareholders (the “Shareholders”) and other stakeholders. This Corporate Governance Report explains the corporate governance structure and practices that the Company has adopted, and illustrates how the Company has applied the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board is the core of our corporate governance structure embracing support across the Group-wide spectrum on foundation of an efficient and accountable framework with commitments to promote the Group’s sustainability in discharge of its duties of safeguarding the interests of the Group, Shareholders as well as all other stakeholders, including *inter alia* investing public, regulators, banks, bondholders, creditors, customers, employees and the wider community. The Group’s corporate governance structure can be visualised as below:



COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout 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 of the Listing Rules, with one exception as follows:

Code Provision C.2.1 (Separation of the roles of Chairman and Chief Executive)

Mr Stephen T H Ng serves as Chairman as well as Managing Director of the Company. 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 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").

The Company is committed to maintain high standards of corporate governance to exceed the Listing Rules requirements and code provisions and adopts, where appropriate, the recommended best practices, which are to be elaborated further in this Corporate Governance Report.

CORPORATE CULTURE

The Board leads to establish, promote and continually reinforce the desired corporate culture of the Company which is underpinned by our corporate values of committing highest standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company's mission, corporate values and strategies.

For detailed information about the Company's mission, corporate values and strategies, please refer to the section of "Corporate Sustainability" on pages 35 to 41 of this Annual Report and the Sustainability section of the Company's website.

BOARD OF DIRECTORS

Roles and Responsibilities

The overall management of the Company's business is vested in the Board and the Directors of the Company (the "Directors") are collectively responsible for promoting the success of the Company. The Board directly, and indirectly through the Board Committees, provides effective oversight and strategic guidance on the Group's strategies and affairs, leading the achievement of strategic plans to enhance Shareholders' value.

Governance and Sustainability

- Establishing and fostering corporate culture and values
- Setting goals and commitments for Corporate Social Sustainability
- Developing corporate governance policies and oversight on relevant compliance

Strategic Planning

- Review of Business Strategy
- Trending on latest developments on macro operating environment
- Review of major expenditure plans

Risk Management

- Review of principal risks (including environmental, social and governance ("ESG") risks) and uncertainties
- Undertake overall responsibility on the Risk Management and Internal Control System

Performance Review

- Annual, interim and quarterly results
- Monthly management reports
- Quarterly business review

Corporate Governance *Report*

Board Composition and Board Diversity Policy

As of the date of this report, the Board consists of a total of twelve members, including four Directors with executive functions and eight INEDs, embracing a strong independent representation with two-thirds of its members being INEDs.

An up-to-date list of Directors and their roles and functions is available on the respective websites of the Company and the Stock Exchange. Directors' biographical details in full compliance with disclosure requirements under the Listing Rules are set out in "(A) Biographical Details of Directors and Senior Management" on pages 72 to 76. All Directors, including INEDs, are identified as such in all corporate communications that disclose the names of Directors.

The Board considers the current Board composition has provided the Company with a good balance of skills, experience and diversity of perspectives appropriate to the requirements of its business. The Board will continue to regularly review its composition taking into consideration board diversity for the needs and benefits of the Company's business.

With the Board Diversity Policy adopted by the Company, the Company recognises and embraces the benefits of having a diverse Board towards enhancement of its overall performance. With a vision to achieving a sustainable and balanced development, the Company regards Board diversity as an essential element for achieving its strategic goals. Appointments of Directors are made on merits having due regard to a range of diversity objectives, including *inter alia* gender, age, cultural and educational background, length of service, professional experience, knowledge of the Group's business and a broad range of individual attributes, interests and values.

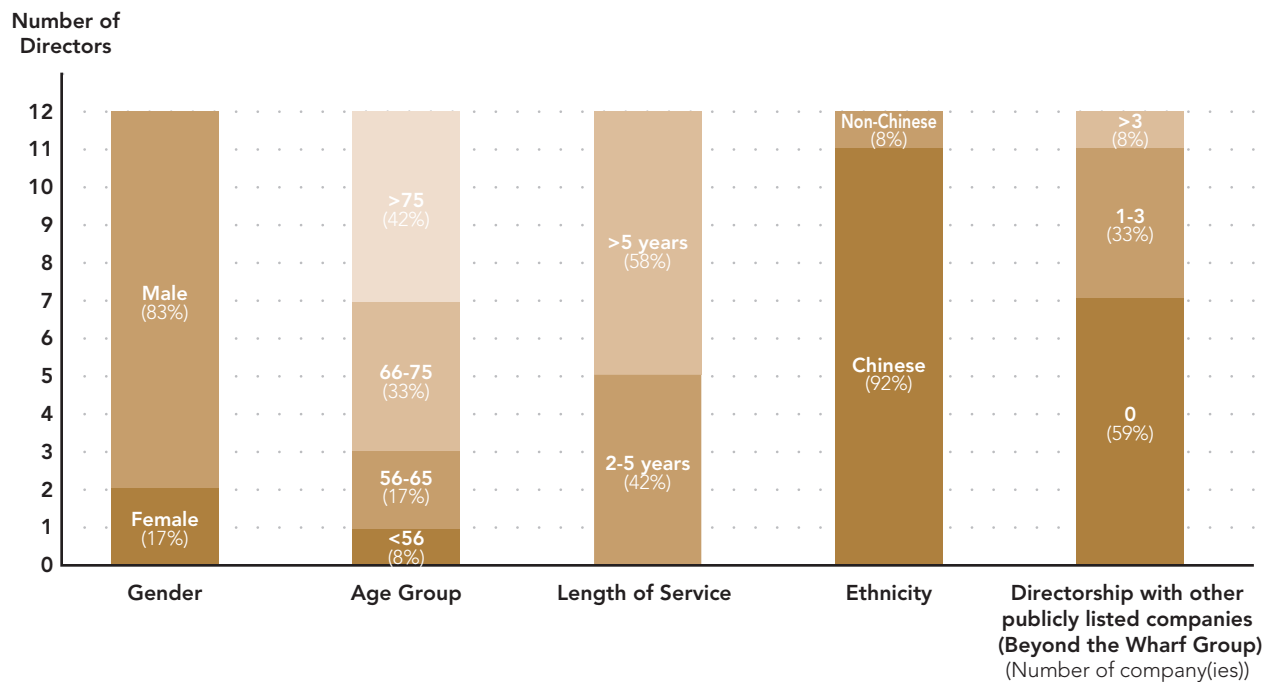
As to gender diversity, the Board has two female members representing 17% of the Board throughout the year and up to the date of this report, attesting to the Company's commitment to board diversity. The Company targets to maintain at least the current level of female representation on the Board with the ultimate goal of approaching gender parity.

The Nomination Committee reviews the implementation and effectiveness of the Board Diversity Policy at least annually to ensure it remains effective and appropriate for the Company and in compliance with regulatory requirements and good corporate governance practices.

To further enhance gender diversity, the Board and the Nomination Committee will stay vigilant in identifying a pipeline of potential successors to the Board. The Company constantly implement recruitment and promotion policies which encourage and attract qualified incumbents to take up senior managerial and board roles.

Details of the Group's gender diversity at workforce level are set out in the Group's standalone Sustainability Report 2024.

The following charts show the diversity profile of the Board as at the date of this report:



Corporate Governance *Report*

Appointment and Election of Directors

The Board, with support of the Nomination Committee, is responsible for developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of INEDs. A Nomination Policy was formally adopted (details provided below) which sets out the approach in identifying, assessing and nominating suitable candidates to the Board.

In accordance with the Articles of Association of the Company, all Directors are subject to retirement by rotation at an annual general meeting ("AGM") at least once every three years. Any new Directors appointed by the Board either to fill a casual vacancy or as an addition to the Board are subject to re-election by Shareholders at the next AGM of the Company. At each AGM, at least one-third of the Directors for the time being shall retire from office and the retiring Directors shall be eligible for re-election.

Mr Stephen T H Ng, Mr Alexander S K Au, Ms Lai Yuen Chiang and Mr Desmond L P Liu (collectively, the "Retiring Directors") will retire at the AGM to be held on 15 May 2025. The Retiring Directors, being eligible, offer themselves for re-election. The proposed re-election of the Retiring Directors was reviewed by the Nomination Committee and the Board with reference to the criteria set out in the Nomination Policy and the Board Diversity Policy adopted by the Company. Both the Nomination Committee and the Board are of the view that each of the Retiring Directors could continue to fulfil his/her role as required. The election of each candidate will be done through a separate resolution and there is no cumulative voting in Director elections. Details with respect to the Retiring Directors standing for re-election as Directors are set out in the AGM circular to Shareholders.

Board Independence

The Board recognises that board independence is of utmost importance and key to good corporate governance. As at the date of this report, the Board is composed of 67% INEDs, representing a strong independent element so that independent views carry weight for independent judgement. In addition, none of the Director has any relationship (including financial, business, family or other material or relevant relationships) with another Director.

Given the strong independent element on the board composition, independent views and inputs are always available to the Board no matter through formal or informal channels. The Chairman promotes a culture of openness and constructive relations between INEDs and other Directors to facilitate effective contribution of INEDs for independent views and inputs. The Chairman also holds separate meetings with INEDs without the presence of other Directors at least annually. Independent professional advice is sought when necessary or as required by Directors.

Each of the INEDs has made an annual confirmation of independence in accordance with the independence guidelines set out in the Listing Rules. All INEDs have demonstrated their ability to provide independent views to the Company's matters and have brought in fresh perspectives, skills and knowledge gained from their other appointments and areas of expertise on an ongoing basis. During their tenure as INEDs, none of them has been involved in the daily management of the Company nor has been financially dependent on the Company which would materially interfere with their exercise of independent judgement.

All INEDs have their respective terms of appointment coming to an end normally three years after their appointment to the Board or their last re-election as Directors. The re-election of any INED who has served on the Board for more than nine years is subject to (1) a separate resolution to be approved by Shareholders; and (2) further information to be set out in the circular to Shareholders stating why the Board or the Nomination Committee believes that the relevant director is still independent and should be re-elected.

For the year under review, the Nomination Committee has conducted an annual review on the independence of the INEDs and considered that the INEDs continued to be independent and the independence of the Board remains satisfactory.

Nomination Policy

The Company has adopted the formal Nomination Policy which sets out the approach in identifying, assessing and nominating suitable candidates to the Board. For an optimal composition of the Board with sustainability, the nomination will be in pursuit of a balance of skills, experience and diversity of perspectives in the Board appropriate to the requirements of the Company's business as well as succession continuity.

The criteria listed below will be used as reference in assessing the suitability of a proposed candidate:

- Character and integrity
- Skills, knowledge and experience relevant to the Company's business and corporate strategy
- Willingness and availability to dedicate sufficient time and attention to ensure the diligent performance of duties in concurrence with his/her other major appointments and significant commitments
- Attributes enhancing the Board diversity in line with the Company's Board Diversity Policy
- Such other perspectives appropriate to the Company's business
- Requirements in respect of INEDs under the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines as set out in the Listing Rules

For appointment of a new Director, the Nomination Committee as delegated by the Board shall identify and evaluate the candidate based on the criteria set out above to determine whether the candidate is qualified for directorship. If the candidate is considered qualified, the Nomination Committee shall recommend to the Board for consideration and the Board, if considered appropriate, shall approve the appointment of the proposed candidate as a new Director.

For re-election of a Director at general meeting, the Nomination Committee as delegated by the Board shall review the contribution made by the retiring Director and whether he/she can continue to fulfill his/her role as required with reference to the criteria set out above. The Board shall then, under advice of the Nomination Committee, make recommendation to Shareholders for the proposed re-election of Director(s) at the general meeting.

For any candidate (other than a retiring Director) nominated by the Board or Shareholder(s) to stand for election as a Director in a general meeting of the Company, the Nomination Committee shall, upon receipt of the proposal of nomination and the biographical information of the candidate, evaluate his/her suitability based on the same criteria as set out above. The Board, under advice of the Nomination Committee, may or may not make recommendation to Shareholders on their voting to the proposed election in the relevant announcement and/or circular to Shareholders.

Remuneration of Directors and Senior Management

The remuneration payable to Directors and senior management of the Company is determined with reference to calibres, experiences, job responsibilities, performance and profitability of the Group, and the remuneration benchmarks normally paid by listed companies in Hong Kong and overseas for ensuring a fair and competitive remuneration package in the market. The annual fees payable to the Board during the financial year ended 31 December 2024 are as follows:

Fee payable to:	At the rate of HK\$'000 per annum
Chairman of the Board	350
Director (other than Chairman)	300
Chairman of Audit Committee	200
Member of Audit Committee	175
Chairman and Member of Remuneration Committee	60

In respect of the remuneration payable to Directors and senior management of the Company, the details have been set out in Notes 2(b) and 2(c) to the Financial Statements on pages 102 and 103 respectively.

Corporate Governance Report

Directors' Trainings

Newly appointed Directors receive briefings and orientation on legal responsibilities as a Director and the role of the Board. The Company Secretary also provides latest information of the business development, market changes and updates in the Listing Rules and relevant legal and regulatory requirements as well as anti-corruption practices to the Directors in a timely manner in order to make an informed decision and discharge their duties and responsibilities.

The Company has also arranged for Directors to attend training sessions and forums which place emphasis on the roles, functions and duties of a listed company director, as well as the development of regulatory updates and issues. All Directors have been required to provide training records undertaken which are maintained by the Company Secretary. The Company regularly reviews and monitors the training and continuous professional development of Directors and senior management.

All the Directors have, during the financial year under review, pursued continuous professional development and the details are set out below:

Directors	Attending seminars, conferences and/or forums	Reading journals, updates, articles and/or materials, etc
Mr Stephen T H Ng, <i>Chairman and Managing Director</i>	✓	✓
Mr Paul Y C Tsui, <i>Vice Chairman and Executive Director</i>	✓	✓
Ms Y T Leng, <i>Executive Director</i>	✓	✓
Mr Horace W C Lee	✓	✓
Independent Non-executive Directors		
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	✓	✓
Professor E K Yeoh	✓	✓

Directors' Securities Transactions

The Company adopts its own set of code of conduct regarding Directors' securities transactions (the "Company's Code") with terms thereof being no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 of the Listing Rules. Indeed, the Company's Code has a higher standard than the Model Code to the extent that the absolute prohibitions under paragraphs A.1 and A.3 of the Model Code, viz. forbidding Directors from securities dealings at any time in possession of inside information and during the relevant blackout periods preceding publication of financial results, shall apply not only to the listed securities of the Company itself but also of its subsidiaries and associates.

The Company has made specific enquiry of all Directors and all Directors have complied with the required standard set out in the Model Code and the Company's Code during the financial year.

Written guidelines for securities dealings restrictions with similar standard set out in the Company's Code have also been established and provided to all employees of the Group and of its holding companies, whereby the employees who, because of such office, are likely to possess inside information in relation to the Company and its securities, are requested to comply with securities dealings restrictions.

BOARD EFFECTIVENESS

Division of Responsibilities

There is a clear division of responsibilities, accountabilities and contributions between the Board and the management. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, major investment and funding decisions and major commitments relating to the Group's operations. The Board reviews these arrangements periodically to ensure that they remain appropriate to the Group's needs.

CHAIRMAN AND MANAGING DIRECTOR

Mr Stephen T H Ng

- perform a leadership role in monitoring and evaluating the Group's business
- responsible for the overall strategic planning and major decision making for the Group
- lead the Board and manage the affairs of the Board to ensure its effective functioning
- facilitate and encourage active engagement of Directors, fully drawing on their skills, experience and knowledge
- ensure cohesive working relationship among members of the Board and the Management
- assume overall responsibility on corporate governance practices and procedures
- undertake executive responsibilities directly in certain major business and corporate units of the Group in his capacity as Managing Director

DIRECTORS WITH EXECUTIVE FUNCTIONS

Investment Properties

Mr Paul Y C Tsui (*Vice Chairman and Executive Director*)

Ms Y T Leng (*Executive Director*)

Finance

Mr Horace W C Lee

- perform full executive responsibilities over business directions, assurance of operational efficiency, risk management, financial and reporting control

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Professor E K Yeoh

- contribute diversified views and exercise independent judgment in Board's decision making process
- act as check-and-balance, particularly in situations where potential conflicts of interests may arise

All Directors have undertaken to devote sufficient time and attention to the business of the Company. No director has any other major appointment or significant commitment demanding time and attention that will compromise his/her ability to discharge duties as a director of the Company.

Corporate Governance Report

Company Secretary

Company Secretary, Mr Kevin C Y Hui, is a seasoned employee of the Group and is intimately familiar with the Group's state of affairs. He reports to the Chairman and the Board directly. The main responsibility of Company Secretary is supervision of the Company's compliances with laws and regulations, for instances, the Listing Rules, the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (the "SFO"), the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, the Companies Ordinance (Cap 622 of the laws of Hong Kong) and the Codes on Takeovers and Mergers and Share Buy-backs.

All Directors have access to the advice and services of Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations, are complied with. Company Secretary has also played the role of coordinator for arranging Directors' participation in the training sessions organised by external auditors.

Company Secretary confirmed that he had taken no less than 15 hours of relevant professional training during the financial year.

Directors' Meeting Attendance in 2024

Individual attendance records of Directors at the Board Meeting, Board Committees meetings and AGM during the financial year ended 31 December 2024 are set out below:

	2024 Meetings Attended/Held				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Mr Stephen T H Ng, <i>Chairman and Managing Director</i>	4/4	N/A	1/1	1/1	1/1
Mr Paul Y C Tsui, <i>Vice Chairman and Executive Director</i>	4/4	N/A	N/A	N/A	1/1
Ms Y T Leng, <i>Executive Director</i>	4/4	N/A	N/A	N/A	1/1
Mr Horace W C Lee	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr Alexander S K Au	4/4	N/A	1/1	1/1	1/1
Mr Tak Hay Chau	3/4	N/A	N/A	N/A	1/1
Ms Lai Yuen Chiang	4/4	N/A	N/A	N/A	1/1
Hon Andrew K Y Leung	4/4	N/A	N/A	N/A	1/1
Mr Desmond L P Liu	4/4	4/4	N/A	N/A	1/1
Mr R Gareth Williams	4/4	4/4	1/1	N/A	1/1
Dr Glenn S Yee	4/4	N/A	N/A	N/A	0/1
Professor E K Yeoh	4/4	4/4	N/A	1/1	1/1
Total Number of Meetings	4	4	1	1	1

During the financial year ended 31 December 2024, the Chairman held a meeting with INEDs without the presence of other Directors.

Board Process

Key Features of Board Process in 2024

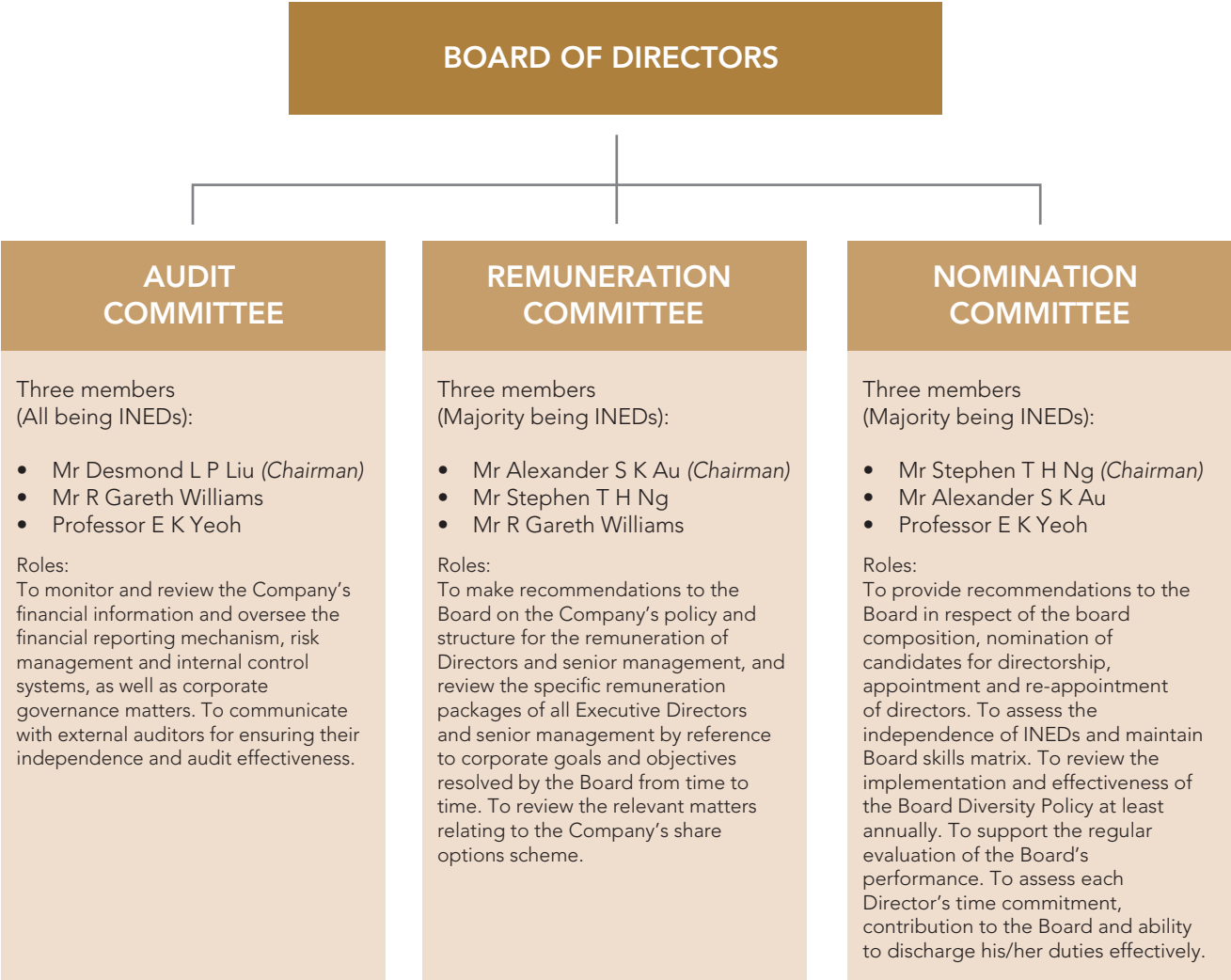
Regular Meetings	- The Board held four regular meetings in 2024. Directors' attendance records are disclosed on page 56 of this report. - Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association.
Meeting Notice	One-month formal notice would be given before each regular meeting and reasonable notices are given for all other ad hoc meetings.
Meeting Agenda	- All Directors are consulted as to whether they may want to include any matter in the agenda for each Board meeting. - Board papers are circulated not less than three business days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at Board meetings.
Important Decisions	Important matters are decided by Directors at Board meetings, or if necessary, dealt with by way of written resolutions so that all Directors (including INEDs) can note and comment, as appropriate, the matters before approval is granted.
Board and Board Committee Minutes/Written Resolutions	- Company Secretary prepares minutes and/or written resolutions and records matters discussed and decisions resolved by the Board and Board Committees. - Board and Board Committee meeting minutes are sent to all Directors and Board Committee members respectively for comments and records, and final version thereof are put on record within a reasonable time after each Board and Board Committee meeting. - Board and Board Committee minutes and resolutions are available for inspection by all Directors/Board Committee members. - Minutes record in sufficient detail of the matters considered by the Board/Board Committees and decisions reached.
Supply of and Access to Information	- Company Secretary and Financial Controller attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. - Communications between Directors on the one hand, and Company Secretary, who acts as co-ordinator for the business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.
Independent Professional Advice	Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
Conflicts of Interests	Directors are required to declare their direct/indirect interests, if any, in any proposed transaction, arrangement or contract to be considered by the Board pursuant to the applicable laws and rules, including the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands and the Company's Articles of Associations and, where appropriate, Directors who are interested are required to abstain from voting on the proposed transaction, arrangement or contract.
Indemnification and Insurance	The Company has arranged appropriate insurance cover of Directors' and Officers' liability.

Corporate Governance Report

Board Committees

The Company has established three Board Committees, namely Audit Committee, Remuneration Committee and Nomination Committee. The terms of reference for these Board Committees are reviewed and updated regularly to ensure that they are aligned with prevailing governance practices. Each Board Committee’s terms of reference, which outline the roles, authorities and procedures, and list of members are available in full on the websites of the Company and the Stock Exchange.

Board Committees report to the Board of their decisions and recommendations on specific area under their respective delegated responsibilities.



Summary of Works Performed by the Board Committees in 2024

Audit Committee

- Four Audit Committee meetings were held in 2024 with attendance records as disclosed on page 56 of this report
- Review of the annual audit plan of external auditors
- Approval of the remuneration and terms of engagement of external auditors
- Review of external auditors' independence and objectivity and the effectiveness of audit process in accordance with applicable standards
- Review of the quarterly, interim and annual financial statements before submission to the Board, with particular consideration of the duties of Audit Committee
- Review of the audit programme of and work done by internal auditors
- Review on the effectiveness of the Group's financial controls, risk management and internal control systems with the support of Risk Management and Internal Control Committee and internal auditors
- Meeting with external auditors without presence of executive Board members or the management
- Review of whistleblowing cases and relevant investigation results
- Review of corporate governance matters and the relevant reports of the Group
- Review of and monitoring the Group's compliance with legal and regulatory requirements
- Recommendation to the Board for the reappointment of external auditors
- Annual review of the Non-Assurance Services Pre-approval Policy and related matters

Remuneration Committee

- One Remuneration Committee meeting was held in 2024 with attendance records as disclosed on page 56 of this report
- Review of the Company's policy and structure for all remuneration of Directors and senior management
- Consideration and approval of the emoluments for all Directors and senior management
- Review of the level of fees for Directors and Board Committee members
- Review of the list of emoluments for Directors to be disclosed in annual report

Nomination Committee

- One Nomination Committee meeting was held in 2024 with attendance records as disclosed on page 56 of this report
- Recommendation to the Board for re-election of retiring directors, namely, Mr Paul Y C Tsui, Ms Y T Leng, Mr Horace W C Lee and Mr Tak Hay Chau at the 2024 AGM
- Review of the Board composition and independence of the INEDs
- Review of the Board diversity and the implementation and effectiveness of the Board Diversity Policy

Corporate Governance *Report*

FINANCIAL REPORTING AND AUDIT

Financial Reporting

The Board acknowledges its responsibilities for overseeing the preparation of financial statements for the financial year, which shall give a true and fair view of the financial position of the Group and of the Group's financial performance and cash flows for the relevant periods, and in compliance with all the relevant statutory requirements, Listing Rules requirements and applicable accounting standards. The Board is committed to present a clear, balanced and understandable assessment of the Group's performance and financial positions in all its financial reporting and to ensure relevant publications in a timely manner.

Below principles are strictly observed in preparation of the financial statements of the Group:

- appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;
- appropriate and reasonable judgments and estimates are made; and
- reason for any significant departure from applicable accounting standards, if any, is clearly stated.

Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in Code Provision D.1.3 of the Corporate Governance Code.

Directors are satisfied with the Group's performance on the basis that the Company generates or preserves value over the longer term and delivers the Company's objectives through its business model and strategy as discussed under Financial Review on page 47.

External Auditors

The Company has engaged KPMG as its Auditors for the financial year. The Audit Committee reviews and monitors the Auditors' independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards. KPMG has confirmed its independence as the Company's Auditors having regard to its policies, professional rules and relevant statutory requirements.

Meeting between the Audit Committee and the Auditors was held for reviewing the audit plan whereby the nature and scope of audit and reporting obligations were discussed with and approved by the Audit Committee before commencing the audit works for the financial year.

Under the engagement letter of the financial year, KPMG provided the following services:

1. Audit services of the Company and its subsidiaries (both incorporated in Hong Kong and other jurisdictions);
2. Checking the accuracy of extraction of the financial information in the preliminary announcement of annual results;
3. Attendance of 2025 AGM; and
4. Reporting on continuing connected transactions.

The Company has adopted the Non-Assurance Services Pre-approval Policy, under which the Auditors are required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

The remuneration paid/payable to the Auditors of the Company in respect of audit services and non-audit services for the financial year ended 31 December 2024 are set out below:

Fee paid/payable	2024 HK\$ Million	2023 HK\$ Million
Type of Services:		
Audit services	9	9
Non-audit services*	1	1
Total	10	10

*Note: Non-audit services include less than HK\$1 million for tax compliance services.

The Audit Committee was satisfied with KPMG's work and recommended to the Board that, subject to Shareholders' approval at the forthcoming AGM, KPMG be re-appointed as the Company's Auditors for 2025.

The statement by the Auditors regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 87 to 90.

Corporate Governance *Report*

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk Governance Structure

The Board acknowledges its responsibilities for the Group's risk management and internal control systems to safeguard the interests of the Company and its Shareholders as a whole. To this end, the Board oversees and approves the Group's risk management and internal control strategies and policies, which are aimed at evaluating and determining the nature and extent of the risks (including ESG risks) that are compatible with the Group's strategic objectives and risk appetite, with the main purpose of providing reasonable assurance against material misstatement or loss rather than absolute elimination of the risk of failure to achieve business objectives.

Reporting to the Board, Audit Committee is delegated with the authority and responsibility of ongoing monitoring and evaluation of the effectiveness of the relevant systems, with assistance of the Risk Management and Internal Control Committee ("RMICC").

Risk Management and Internal Control Committee

RMICC plays a central role in the on-going management of the Group's risk management and internal control systems, with the following features:

Objective	• Assist Audit Committee in discharge of its oversight responsibility over risk management and internal control system of the Group
Composition	• Chaired by Mr Paul Y C Tsui • Three other members comprising Executive Director, Director and Company Secretary
Structure	• Accountable to Audit Committee on all matters relating to risk management and internal control • Supervision on Divisional Risk Management and Internal Control Committees ("DRMICCs") which in turn are responsible for the identification and reporting of functional risks, and the ongoing supervision and monitoring of the risk management and internal control systems of all the respective business and corporate units of the Group
Scope and Duties	• Assist Audit Committee to conduct periodical reviews of the effectiveness of the risk management and internal control systems of the Group based on the certification procedure as further explained below • Report to Audit Committee on identified risks (including ESG risks), relevant evaluations and risk management strategy • Direct and monitor the proper functioning of DRMICCs and report to Audit Committee on any major internal control issues from time to time • Assume an advisory role on objective settings, formulation of internal control framework, policies and procedures

Internal Control functions

Internal control functions are inbuilt at every level of the Group's organisation to entrench safeguards against material errors and deficiencies. Below sets the major constituents with control functions monitoring key operations across the Group:

DRMICCs	• set up at the level of business and corporate units as divisional advisory bodies with composition of the respective key management staff together with those charged with the internal control functions • be responsible for the identification and reporting of functional risk, and the ongoing supervision and monitoring of the risk management and internal control systems • be entrusted with implementation of the Group's control policies and on-going assessment of control activities in the relevant business units
Finance Committee	• establish financing strategy and policies with reference to risk assessment formulate externally and internally and cash flow placing as well as the centralised treasury functions
Internal Audit Department	• monitor the compliance with group policies and standards, and review of the effectiveness of internal control measures of business and corporate units
Cost Audit Department	• scrutinise the expenditure proposals
Lease Audit Unit	• scrutinise the leasing activities
Project Cost Audit Department	• audit on tendering and contract relating to construction works
Sustainability Steering Committee	• alignment of business development with Corporate Sustainability goals and commitments

Practices and Processes

With diversified range of business activities, the Group is operating in dynamic environments with varying risk exposures according to business segments. Risk management and internal controls within the Group are not just serial processes but dynamic and integrated operations embedded in the day-to-day routines with the primary ownership vested on the respective business and corporate units under stewardship residing with the Board.

Areas of responsibility of each operational unit are clearly defined with specific limits of authority in place to ensure effective checks and balances. Procedures have been designed for safeguarding assets against unauthorised use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Risk management system, internal control measures and procedures are continuously under review and being improved where necessary in response to changes in business, operating and regulatory environments.

Corporate Governance Report

Whistleblowing System

The Group has established a Whistleblowing Policy and Procedures and implemented a system which acts as an open channel enabling employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence without fear of retribution, about any suspect misconduct or malpractice within the Group. The Whistleblowing Policy and Procedures are available for download under the Corporate Governance section of the Company's website. Well-defined procedures are put in place for independent investigations and follow-up actions. With delegated authority and responsibility, Audit Committee conducts periodical review on reports of whistleblowing cases submitted from the Internal Audit Department.

Periodical Reviews

Under the leadership of RMICC, system reviews in a comprehensive approach on the basis of COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework are conducted throughout the Group at least annually. Each business unit, through the co-ordination of DRMICCs, makes a self-assessment by a process as illustrated in the following flow diagram.



DRMICCs report on their reviews and findings, with the conclusions as to the effectiveness of the risk management and control activities of each individual business unit, while RMICC will draw an overall review and conclusion for reporting to Audit Committee and the Board. Such reviewing exercise is carried out on a regular basis and affords good opportunities for the Group to identify and prioritise risks, and to develop and manage appropriate measures to control risks within acceptable levels and with a greater focus on anti-fraud measures.

Annual Confirmation

During the financial year ended 31 December 2024, Audit Committee, with assistance of RMICC and DRMICCs, has conducted a review of the effectiveness of the Group's risk management and internal control systems and procedures covering all controls, including financial, operational and compliance and risk management, and the adequacy of, *inter alia*, resources, qualifications, experience and trainings of staff of the Company's accounting, internal audit and financial reporting function as well as those relating to the Group's ESG performance and reporting. Confirmations from management in the form of certification that risk management and internal control procedures are functioning effectively to meet the respective financial reporting, operational and compliance needs, are submitted by business and corporate unit heads to RMICC for consolidation and reporting to Audit Committee.

Based on the result of the review as reported by Audit Committee, in respect of the financial year ended 31 December 2024, Directors considered that the risk management and internal control systems and procedures of the Group were effective and adequate, and the Group has duly complied with the requirements under the Corporate Governance Code relating to the risk management and internal control.

A discussion on the principal risks, including *inter alia* material risks relating to ESG, and uncertainties encountered by the Group are set out on pages 84 to 86 in the Directors' Report.

Inside Information Policy

The Company recognises the significance of consistent practices of fair disclosure with the aim of disclosing inside information in a timely and accurate manner.

The Company has a policy with regard to the principles and procedures for handling and disseminating the Company's inside information in compliance with the requirements under Part XIVA of the SFO and the Listing Rules, and such policy has been communicated to the relevant senior executives of the Group. Company Secretary works closely with the senior executives in identifying potential inside information and assess the materiality thereof, and where appropriate, to escalate such information for the attention of the Board to resolve on further action(s) complying with the applicable laws and regulations.

In prevention of premature leakage of inside information, the Company has taken all reasonable measures from time to time to ensure proper preservation of confidentiality of inside information until disclosure to the general public, including *inter alia*:

- restrictive access to inside information to a limited number of employees on a need-to-know basis
- appropriate confidentiality agreements are put in place when entering into any significant negotiations
- inclusion of a strict prohibition on the unauthorised use or disclosure of inside information in the Company's Code of Conduct
- an Insider Dealing Circular is issued to all employees annually reminding their duties and obligations in respect of any dealings in the listed securities of the Company as well as its subsidiaries and associated corporations

Business Ethics and Integrity

The Company believes that a reputation of honesty, trustworthiness and fair play is an important business asset and is essential to the long-term growth and success of the Group. It is therefore crucial for all directors and staff of the Group to ensure our reputation is not tarnished by dishonesty and corruption. All directors and staff are thus required to abide by the laws of countries and places in which the Group operates its business and they are expected to apply the highest ethical standards in all aspects of their work.

The Company has adopted a Code of Conduct which establishes the general principles on the Group's business ethics and explains how such principles are applied throughout the Group. The Code of Conduct is reviewed and updated regularly to ensure its effectiveness, appropriateness and compliance with corporate and regulatory requirements.

As an integral part of the Group's corporate governance framework, the Group has adopted an Anti-Corruption Policy to fully support the global effort to stamp out corruption. The Group is committed to achieving the highest standards of business conduct and has zero tolerance for corruption and related malpractice. The Anti-Corruption Policy is available for download under the sections of "Corporate Governance" and "Sustainability" of the Company's website.

Corporate Governance *Report*

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of constructive and transparent communication with Shareholders and investors, and believes that Shareholders’ value can be enhanced by continuous and effective dialogue with its stakeholders. The Company is committed to fair and timely disclosure of key information of the Group to facilitate Shareholders and investment community to make investment decisions.

Shareholders Communication Policy

A Shareholders Communication Policy has been adopted by the Company to ensure balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile) are readily available to Shareholders.

The Shareholders Communication Policy sets out the framework the Company has put in place for ongoing open dialogue with Shareholders and investment community. According to the policy, there are multiple channels of shareholders communication and engagement as summarised in the following diagram and are described in more details below:



Shareholders may raise questions or make a request through designated channels for the Company’s information to the extent such information is publicly available. Please refer to pages 2 and 3 of this Annual Report for the address of the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited, and contact details of the Company. Shareholders can contact the Company’s Hong Kong Branch Share Registrar for questions about their shareholdings.

Information of the Company is also communicated to Shareholders through the Company’s Corporate Communications, including but not limited to financial reports (interim and annual reports), announcements and circulars. Such publications are available on the websites of the Company and the Stock Exchange as soon as practicable. The Corporate Communications shall be in plain language, and Shareholders have the right to choose English and/or Chinese version or means of receipt of such Corporate Communications to facilitate understandable, timely and environmental friendly communication.

Information on the Company’s website (www.wharfreic.com) is updated on a regular basis. A dedicated Investor Relations section is available with presentation materials and webcasts of the Company’s interim and annual results briefings provided in conjunction with the Company’s results announcements as soon as practicable after release to the public. Press releases and other Corporate Communications of the Group are also available on the Company’s website.

General meetings are held at least annually whereby there are opportunities for the Company to have direct interactions with Shareholders. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer questions from Shareholders and their appointed proxies. The process of the Company's general meetings is monitored and reviewed on a regular basis, and if necessary, changes will be made to ensure that Shareholders' needs are best served.

Communication with investment community is also conducted by employees of the Company under the Company's Code of Ethics on a regular basis in the form of investor/analysts briefings, one-on-one meetings, roadshows, media interviews, special-interest tours, etc whichever is appropriate.

The Company recognises the importance of Shareholders' privacy. Shareholders' privacy is protected under the Shareholders Communication Policy and Shareholders' information will not be disclosed without their consent, unless required by law to do so.

During the year, the Company has reviewed the implementation and effectiveness of the Shareholders Communication Policy. With the above measures in place, the Shareholders Communication Policy is considered to have been effectively implemented.

2024 Annual General Meeting

The 2024 AGM was held on 7 May 2024 in Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong, with attendance by a large majority of the Directors, details of which are set out in the table of Directors' meeting attendance on page 56. The Auditors of the Company, Messrs KPMG, attended the 2024 AGM, during which its representatives were available to answer questions raised by Shareholders. Details of voting results were disclosed in the announcement of the Company dated 7 May 2024 posted on the websites of the Company and the Stock Exchange.

2025 Annual General Meeting

The forthcoming AGM will be held on 15 May 2025 in Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong. All Shareholders are encouraged to vote on all resolutions to be proposed at the AGM. Details of resolutions to be proposed at the 2025 AGM are set out in the circular which is being despatched together with this Annual Report. Relevant notice of AGM and proxy form are available on the websites of the Company and the Stock Exchange.

Voting

The Company has the following procedures for Shareholders to vote by poll:

- (a) All resolutions (other than procedural or administrative matter) put to Shareholders in general meetings are voted by way of a poll. The circulars and notices of general meetings set out voting to be carried out by way of a poll.
- (b) Chairman or Company Secretary explains the procedures for voting by poll to Shareholders and answers any questions from Shareholders before a poll is required to be conducted at the meetings.
- (c) The Company ensures that votes cast are properly counted and recorded. Independent scrutineer, the Company's Hong Kong Branch Share Registrar, is appointed to count the number of votes cast at general meetings.
- (d) Poll results are announced and published on the websites of the Company and the Stock Exchange on the same day of the general meetings.

Corporate Governance *Report*

Shareholders' Rights

(a) Convene an Extraordinary General Meeting and Make Proposals at General Meetings

- (i) Pursuant to Article 58 of the Company's Articles of Association, any one or more Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The Board should within 21 days from the date of deposit of requisition convene such meeting to be held within 2 months from the date of deposit of requisition.
- (ii) The procedures for proposing candidate(s) for election as Director(s) at a general meeting are set out in the Corporate Governance section of the Company's corporate website.

(b) Send Enquiries to the Board

Shareholders may at any time address their enquiries to the Board through the Company's email address (for enquiry purpose only), postal address, fax number and telephone number, which are set out on pages 2 to 3 of this annual report and the Company's website (www.wharfreal.com).

Constitutional Documents

Shareholders' rights are also set out in the Articles of Association of the Company which is available on both the websites of the Company and the Stock Exchange. There is no significant change in the Company's Articles of Association during the financial year ended 31 December 2024.

Dividend Policy

A Dividend Policy, as set out in Financial Review on page 47, was adopted by the Company pursuant to Code Provision F.1.1 of the Corporate Governance Code.

Directors' Report

The Board of Directors has pleasure in submitting their Report and the Audited Financial Statements for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 152 and 153.

The principal activities of the Group are development, ownership and operation of properties and hotels in Hong Kong for investment purposes.

BUSINESS REVIEW

Discussion and analysis of the Group's business in accordance with Schedule 5 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) as required under the Listing Rules are covered in different sections of this Annual Report as set out below, which shall form an integral part of this Directors' Report:

- Corporate Overview (page 4)
- Chairman's Statement (pages 6 to 8)
- Business Review (pages 11 to 31)
- Business Model and Strategy (page 47)
- Financial Highlights (page 9) and Financial Review (pages 42 to 47)
- Principal Risks and Uncertainties (pages 84 to 86)
- Financial Risk Management and Fair Values — Note 22 to the Financial Statements (pages 120 to 126)
- Contingent Liabilities — Note 26 to the Financial Statements (page 130)
- Events after the reporting period — Note 30 to the Financial Statements (page 132)

In addition, the Group's policies and performance in the area of environmental, social and governance ("ESG"), and compliance with relevant laws and regulations are discussed in the section of "Corporate Sustainability" on pages 35 to 41 with more details in the Group's Sustainability Report 2024 which is published on the respective websites of the Company and the Stock Exchange.

RESULTS AND APPROPRIATIONS

The results of the Group for the financial year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss on page 91 and Consolidated Statement of Comprehensive Income on page 92.

Appropriations of profits during the financial year are set out in the Consolidated Statement of Changes in Equity on page 94.

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 investment properties and hotels in Hong Kong.

SHARE CAPITAL

Details of movements in share capital of the Company during the financial year are set out in Note 23(a) to the Financial Statements on page 127.

Directors' Report

DONATIONS

The Group made donations during the financial year totalling HK\$19 million.

EQUITY-LINKED AGREEMENT

No equity-linked agreement which may result in the Company issuing shares was entered into or existed during the financial year, save for the Company's share option scheme (the "Share Option Scheme") as disclosed on pages 80 and 81 and any outstanding options granted thereunder.

DIRECTORS

Directors of the Company ("Directors") during the financial year and up to the date of this report are Mr Stephen T H Ng, Mr Paul Y C Tsui, Ms Y T Leng, Mr Horace W C Lee, Mr Alexander S K Au, Mr Tak Hay Chau, Ms L Y Chiang, Hon Andrew K Y Leung, Mr Desmond L P Liu, Mr R Gareth Williams, Dr Glenn S Yee and Professor E K Yeoh.

Mr Stephen T H Ng, Mr Alexander S K Au, Ms L Y Chiang and Mr Desmond L P Liu (collectively, the "Retiring Directors") are due to retire by rotation from the Board in accordance with Article 84(1) of the Company's Articles of Association at the forthcoming AGM. The Retiring Directors, being eligible, offer themselves for re-election. None of the Retiring Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or holding companies, or any subsidiaries of such holding companies was a party, and in which a Director or any connected entities of a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during that financial year.

MANAGEMENT CONTRACTS

No contract for the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, its subsidiaries, its holding companies or any subsidiaries of such holding companies a party to any arrangement to enable Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of the Company, granted under the Share Option Scheme to certain Directors of the Company.

Under the rules of the Share Option Scheme (such rules being subject to the relevant laws and regulatory provisions applicable from time to time), shares of the Company would be issued at such price as being at least the higher of (a) the closing price as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange")'s daily quotation sheet on the date of grant of the options; (b) the average closing price as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the options; and (c) the nominal value of a share; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of the relevant options, as determined by the Board and stated in the offer letter.

During the financial year, no share was allotted and issued to any Director under the Share Option Scheme.

Further information of the Share Option Scheme is set out on pages 80 and 81.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses, which he/she may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts, to the extent as permitted by laws.

The Company has, together with its listed subsidiary (Harbour Centre Development Limited ("HCDL")) and its listed affiliated company (The Wharf (Holdings) Limited ("Wharf")), maintained directors' liability insurance which has been in force throughout the financial year and up to the date of this Report to provide appropriate insurance cover for directors of their respective group companies, including *inter alia* the Directors of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which in the event of new shares being issued by the Company, would oblige the Company to offer new shares to existing shareholders, or, in the event of any shareholders intending to dispose of any of their shareholdings in the Company, would require such shareholders to offer to sell the relevant shares to other shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial year, 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 and up to 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 are not entitled to receive the second interim dividend for 2024.

PROFESSIONAL TAX ADVICE RECOMMENDED

If shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the shares of the Company, they are advised to consult an expert.

AUDITORS

The Financial Statements now presented have been audited by KPMG, who will retire and being eligible, offer themselves for reappointment at the forthcoming AGM.

OTHER CORPORATE INFORMATION

Other corporate information supplementary to this Directors' Report are set out on pages 72 to 86.

By Order of the Board
Kevin C Y Hui
Company Secretary

Hong Kong, 10 March 2025

Directors' Report

OTHER CORPORATE INFORMATION

(A) Biographical Details of Directors and Senior Management

(i) Directors

Mr Stephen Tin Hoi Ng, *Chairman and Managing Director* (Age: 72)

Mr Ng has been Chairman and Managing Director of the Company since 2017. He also serves as chairman of Nomination Committee and a member of Remuneration Committee. Mr Ng is primarily responsible for the overall strategic planning and major decision making for the Group and performs a leadership role in monitoring and evaluating the Group's business.

In addition, Mr Ng serves on the boards of the following affiliated companies listed in Hong Kong: chairman of subsidiary company HCDL, chairman and managing director of Wharf and a non-executive director of Greentown China Holdings Limited. Mr Ng also serves as the deputy chairman of Wheelock and Company Limited ("WAC"), which is the controlling shareholder of the Company and listed in Hong Kong until July 2020.

Mr Ng was born in Hong Kong in 1952 and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, USA and the University of Bonn, Germany, and graduated in 1975 with a major in mathematics. He is chairman of Project WeCan Committee (a Business-in-Community school project).

Mr Paul Yiu Cheung Tsui, *Vice Chairman and Executive Director* (Age: 78)

Mr Tsui, *FCCA, FCPA, FCMA, CGMA, CPA, CGA*, has been Vice Chairman and an Executive Director of the Company since 2018.

Mr Tsui is vice chairman, an executive director and group chief financial officer of Wharf and is also an executive director and group chief financial officer of WAC. He joined WAC/Wharf group in 1996 and became a director of WAC in 1998. Furthermore, Mr Tsui is a director of the Company's subsidiary Wharf Estates Singapore Pte. Ltd. ("WESPL") and vice chairman of Wheelock Properties Limited, an associate of WAC. He formerly served as a director of HCDL until his resignation in August 2015.

Mr Tsui is currently a general committee member of Employers' Federation of Hong Kong ("EFHK") and chairman of EFHK's "Property & Construction" functional group.

Ms Yen Thean Leng, *Executive Director* (Age: 53)

Ms Leng, *BSc(Hons), MRICS, MHKIS, RPS*, joined the Company in 2017 and was appointed as an Executive Director. Amongst other subsidiaries of the Company of which she serves as a director, she is the vice chairman and managing director of Wharf Estates Limited with primary responsibility for managing the Group's core investment properties in Hong Kong and Singapore.

Ms Leng is an executive director of Wharf and the vice chairman and managing director of Wharf China Estates Limited with responsibility for managing the investment properties in Mainland China. She was formerly a director of HCDL from 2012 to 2013.

Ms Leng has extensive experience in the real estate industry, in particular, leasing and management of large scale commercial properties, and the planning, design and development of property and hotel projects. Ms Leng obtained a bachelor's degree in Land Management from the University of Portsmouth, the United Kingdom with first class honours. She is chartered surveyor of Royal Institution of Chartered Surveyors ("RICS") and the Hong Kong Institute of Surveyors ("HKIS") as well as a registered professional surveyor.

Mr Horace Wai Chung Lee, Director (Age: 64)

Mr Lee, CPA, has been a Director of the Company since 2021. He is also a director of WESPL and certain subsidiaries of the Company. Mr Lee joined WAC in 2012 and served as its director from January 2020 to July 2021. He has nearly 40 years of financial management experience across different business sectors and companies.

Mr Lee attained a Master of Business Administration degree (EMBA Programme) in 2004 from The Kellogg School of Management of Northwestern University and The Hong Kong University of Science and Technology ("HKUST") Business School. He is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Currently, Mr Lee is also a member of HKUST Business School Accounting Advisory Board.

Mr Alexander Siu Kee Au, OBE, Director (Age: 78)

Mr Au, FCA, FCCA, FCPA, FCIB, FHKIB, has been an Independent Non-executive Director ("INED") of the Company since 2017. He also serves as chairman of Remuneration Committee and a member of Nomination Committee.

A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from 1993 to 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from 1998 to 2002. Currently, Mr Au is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, manager of the publicly-listed Sunlight Real Estate Investment Trust. He is an INED of Henderson Land Development Company Limited, Henderson Investment Limited and Miramar Hotel and Investment Company, Limited, as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all publicly listed in Hong Kong. Mr Au was formerly an INED of WAC from 2002 to 2012, and of Wharf from 2012 to 2017.

An accountant by training, Mr Au is a Chartered Accountant as well as a fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and HKICPA.

Mr Tak Hay Chau, GBS, Director (Age: 82)

Mr Chau has been an INED of the Company since 2021.

Mr Chau graduated from The University of Hong Kong with a Bachelor of Arts Degree in Economics in 1967. He served in a number of principal official positions in the Hong Kong Government between 1988 and 2002, including Secretary for Commerce and Industry, Secretary for Broadcasting, Culture and Sport, and Secretary for Health and Welfare. Mr Chau was awarded the Gold Bauhinia Star by the Hong Kong SAR Government in 2002. He is an INED of Tradelink Electronic Commerce Limited, which is publicly listed in Hong Kong. Mr Chau was formerly an INED of WAC from October 2012 until its delisting in July 2020, and of SJM Holdings Limited, publicly listed in Hong Kong.

Directors' Report

Ms Lai Yuen Chiang, JP, Director (Age: 59)

Ms Chiang has been an INED of the Company since October 2022.

Ms Chiang graduated from Wellesley College in the United States with a Bachelor of Arts degree. She is currently the chairman and chief executive officer of Chen Hsong Holdings Limited, publicly listed in Hong Kong.

Ms Chiang is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference and a member of Advisory Council on Food and Environmental Hygiene of Environment and Ecology Bureau of the Hong Kong SAR Government. She is also a vice-president of China Plastics Machinery Industry Association, vice-chairman of the Federation of Shenzhen Industries, vice-president of China Shenzhen Machinery Association and vice-president of the Toys Manufacturers' Association of Hong Kong. Ms Chiang had served as a standing committee member of the Shenzhen Committee of the Chinese People's Political Consultative Conference during 2000 to 2021. She was formerly an INED of Hang Seng Bank Limited, publicly listed in Hong Kong.

Ms Chiang was awarded the "Young Industrialist Awards of Hong Kong" by the Federation of Hong Kong Industries in 2004. She has been appointed as Justice of the Peace by the Hong Kong SAR Government in 2012.

Hon Andrew Kwan Yuen Leung, GBM, GBS, JP, Director (Age: 74)

Mr Leung has been an INED of the Company since 2018.

Mr Leung is the President of the Seventh Legislative Council of Hong Kong and a member of the Industrial (First) Functional Constituency thereof. He is also the honorary president and a general committee member of Federation of Hong Kong Industries and an honorary chairman of Textile Council of Hong Kong Limited. He formerly served as a member of Competition Commission and the chairperson of the Staff Committee thereof, a director of The Hong Kong Mortgage Corporation Limited, a council member of Hong Kong Trade Development Council, a non-executive director of Mandatory Provident Fund Schemes Authority and a member of The National Committee of the Chinese People's Political Consultative Conference. Mr Leung was awarded the Grand Bauhinia Medal by the Hong Kong SAR Government in 2020.

Mr Leung is an Honorary Doctor of Business Administration, Coventry University, UK. He also holds a BSc (Hon) degree awarded by Leeds University, UK. He is also a Fellow of Textiles Institute and of Clothing & Footwear Institute. He has more than 33 years of management experience in the textile, manufacturing, wholesale and distribution businesses.

Mr Leung is currently an INED of Dah Sing Financial Holdings Limited and China South City Holdings Limited, both being public companies listed in Hong Kong. He also serves as director of Greater Bay Airlines Company Limited and Hong Kong Fashion Capital Limited. He was formerly chairman of Sun Hing Knitting Factory Limited and an INED of publicly listed Dah Sing Banking Group Limited. Mr Leung was also formerly an INED of HCDL from July 2012 until May 2018.

Mr Desmond Luk Por Liu, Director (Age: 71)

Mr Liu has been an INED of the Company since July 2022. He also serves as chairman of Audit Committee.

Mr Liu graduated from the International Christian University of Japan in June 1978 with a Bachelor of Arts degree and the Wharton School of University of Pennsylvania in the United States in May 1980 with a Master of Business Administration degree.

Mr Liu's career in banking and financial institutions has spanned over 35 years. At Standard Chartered Bank (Hong Kong) Limited from 2012 to 2017, his last position was regional head, private banking, Greater China and North Asia. At The Hongkong and Shanghai Banking Corporation Limited from 2007 to 2011, he was regional head, private banking, North Asia, including Greater China and the Philippines. Previously, he was head of private banking of DBS Bank (Hong Kong) Limited and managing director and senior vice president of Dryden Wealth Management (Hong Kong) Limited (formerly known as Prudential Bache Securities, a subsidiary of Prudential Insurance Company of America). Prior to that, he also worked in Citibank and Lehman Brothers.

Mr Liu has been a member of the Accreditation and Exemption Committee of Private Wealth Management Association since January 2018.

He was a member of the Equal Opportunities Commission from May 2005 to May 2009. He was also a member and a consultant of the Examinations Committee of the Hong Kong Securities and Investment Institute ("HKSI Institute") from 2003 to 2005 and served on the Corporate Advisory Council of the HKSI Institute for three terms from 2010 to 2013.

Mr Richard Gareth Williams, Director (Age: 77)

Mr Williams has been an INED of the Company since 2017. He also serves as a member of each of Audit Committee and Remuneration Committee.

Mr Williams has over 50 years of experience in the areas of property valuation and estate agency in Hong Kong. He is the principal of Gareth Williams & Associates, which was established in January 2006 and is principally engaged in property valuation and estate agency, where he is primarily responsible for specialist property valuation and acquisitions and disposal of investment properties.

Mr Williams was a property investment director of Wheelock Properties (Hong Kong) Limited from 2004 to 2006 where he was responsible for overseeing the property services business, and was formerly its INED until November 2017. From 2002 to 2004, he worked as the chief executive of the Hong Kong office of Knight Frank Asia Pacific Pte. Ltd., where he was responsible for its overall management. From 1979 to 2002, Mr Williams worked for Vigers Hong Kong Limited, with his last position as the chairman and chief executive officer, where he was primarily responsible for provision of property valuation and estate agency services. From 1974 to 1979, Mr Williams served as rating and valuation surveyor at the Rating and Valuation Department of the Hong Kong Government. He was also an INED of IBI Group Holdings Limited, a publicly listed company in Hong Kong, from September 2016 to October 2021.

Mr Williams has been certified as a fellow of the RICS in the United Kingdom and as a fellow of the HKIS since June 1984 and December 1984 respectively. He was admitted as a member of the Chartered Institute of Arbitrators and a practising member of The Academy of Experts, both based in the United Kingdom, in December 1999 and April 2009 respectively. Mr Williams has also been registered as a Registered Professional Surveyor (General Practice) with the Surveyors Registration Board in Hong Kong since 1 January 1993.

Directors' Report

Dr Glenn Sekkemn Yee, Director (Age: 74)

Dr Yee has been an INED of the Company since 2021.

Dr Yee is the chairman of Oakhaven Limited, a private investment company involved in green industry and other projects. Previously he was the founder, managing director and chairman of Pacific Can China Holdings Limited ("Pacific Can"), which was one of the largest aluminum beverage can manufacturers in China; this business was divested in 2018. Dr Yee obtained a B.S. in Mechanical Engineering from Worcester Polytechnic Institute ("WPI") in Massachusetts, an MBA Degree from Columbia University in New York, and received an Honorary Doctor of Engineering Degree from WPI. Starting his career in General Electric Company in New York, and later joining Continental Can Company in Stamford, Connecticut, he has held senior positions in Marketing and Finance areas and became managing director of Continental Can Hong Kong Ltd in 1988. He resigned in 1991 and subsequently started Pacific Can. Dr Yee is a Trustee Emeritus of WPI. He was formerly an INED of WAC from September 2010 until its delisting in July 2020.

Professor Eng Kiong Yeoh, GBS, OBE, JP, Director (Age: 78)

Professor Yeoh, MBBS(HK), FHKAM, FHKCCM, FHKCP, FFPHM(UK), FRCP(Edin), FRCP(Lond), FRCP(Glasg), FRACMA, FRACP, has been an INED of the Company since 2017. He also serves as a member of each of Audit Committee and Nomination Committee.

Professor Yeoh obtained bachelor's degrees in medicine and surgery from The University of Hong Kong in October 1971. He is Professor of Public Health and Director of the Centre for Health Systems and Policy Research at the Jockey Club School of Public Health and Primary Care of The Chinese University of Hong Kong. His research is in health systems, services and policy with an interest in applying systems thinking in studying how the complex components of health systems interact and interrelate to improve health.

Professor Yeoh served as Secretary for Health, Welfare and Food of the Hong Kong SAR Government between 1999 and 2004. He was a director of operations from 1990 to 1993 and a chief executive from 1994 to 1999 of the Hong Kong Hospital Authority with responsibility for the management and transformation of the public hospital system. Professor Yeoh was formerly an INED of Wharf from 2012 to 2017.

Professor Yeoh is a co-chairperson of Grant Review Board Executive of the Health and Medical Research Fund, Health Bureau of the Hong Kong SAR Government. Professor Yeoh was appointed a Justice of the Peace (non-official) in 1995. In 2005, he was awarded the Gold Bauhinia Star by the Hong Kong SAR Government in recognition of his public service.

Notes:

- (1) WAC (of which Mr Stephen T H Ng and Mr Paul Y C Tsui are directors and have directorship with its subsidiaries) has interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (the "SFO").
- (2) Mr Stephen T H Ng, Mr Paul Y C Tsui, Ms Y T Leng and Mr Horace W C Lee are currently directors of certain subsidiaries of the Company.

(ii) Senior Management

For the purpose of this Report, only those individuals with responsibilities under the immediate authority of the Board for the conduct of business of the Group are regarded as members of the Group's senior management, comprising the first four Directors named under (A)(i) above.

(B) Directors' Interests in Securities

(i) Interests in Shares

At 31 December 2024, Directors had the following beneficial interests, all being long positions, in the shares of the Company. The percentages which the relevant shares represented to the total number of shares in issue of the Company are also set out below:

	Quantity Held (percentage)	Nature of Interest
Stephen T H Ng	1,435,445 (0.0473%)	Personal Interest
Paul Y C Tsui	300,000 (0.0099%)	Personal Interest
Andrew K Y Leung	6,629 (0.0002%)	Family Interest
E K Yeoh	20,000 (0.0007%)	Personal Interest

(ii) Interests in Share Options

Set out below are particulars of all interests (all being personal interests) in share options of the Company held by Directors during the financial year ended 31 December 2024 to subscribe for ordinary shares of the Company granted/exercisable under the Share Option Scheme:

Name of Director	Date of grant (Day/Month/Year)	Number of share options			Exercise price per share (HK\$)	Vesting/ Exercise period (Day/Month/Year)
		As at 1 January 2024	Exercised during the year	31 December 2024 (percentage based on total number of shares in issue)		
Stephen T H Ng	14/08/2023	300,000	–	300,000	36.58	14/08/2024 – 13/08/2029
		300,000	–	300,000		14/08/2025 – 13/08/2029
		300,000	–	300,000		14/08/2026 – 13/08/2029
		300,000	–	300,000		14/08/2027 – 13/08/2029
		300,000	–	300,000		14/08/2028 – 13/08/2029
Total		1,500,000	–	1,500,000 (0.05%)		

Directors' Report

Number of share options						
Name of Director	Date of grant (Day/Month/Year)	As at 1 January 2024	Exercised during the year	31 December 2024 (percentage based on total number of shares in issue)	As at Exercise price per share (HK\$)	Vesting/ Exercise period (Day/Month/Year)
Y T Leng	14/08/2023	300,000	–	300,000	36.58	14/08/2024 – 13/08/2029
		300,000	–	300,000		14/08/2025 – 13/08/2029
		300,000	–	300,000		14/08/2026 – 13/08/2029
		300,000	–	300,000		14/08/2027 – 13/08/2029
		300,000	–	300,000		14/08/2028 – 13/08/2029
Total	1,500,000	–	1,500,000	(0.05%)		
Horace W C Lee	14/08/2023	100,000	–	100,000	36.58	14/08/2024 – 13/08/2029
		100,000	–	100,000		14/08/2025 – 13/08/2029
		100,000	–	100,000		14/08/2026 – 13/08/2029
		100,000	–	100,000		14/08/2027 – 13/08/2029
		100,000	–	100,000		14/08/2028 – 13/08/2029
Total	500,000	–	500,000	(0.02%)		
Grand Total	3,500,000	–	3,500,000			

Note: Except as disclosed above, no share option of the Company held by Directors and/or their associate(s) lapsed or was exercised or cancelled during the financial year, and no share option of the Company was granted to any Director and/or their associate(s) during the financial year.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (or any other applicable code), there were no interests, whether long or short positions, held or deemed to be interested as at 31 December 2024 by any of Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and its associated corporations held or deemed to be interested by any of them as at 31 December 2024.

(C) Substantial Shareholders' Interests

Given below are the names of all parties, other than person(s) who is/are Director(s), who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 31 December 2024, and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register"):

Names	Number of ordinary shares (percentage based on total number of shares in issue)
(i) Wheelock and Company Limited ("WAC")	1,487,742,651 (48.99%)
(ii) HSBC Trustee (C.I.) Limited ("HSBC Trustee")	1,487,742,651 (48.99%)

Notes:

- (1) For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against parties (i) and (ii) above represented the same block of shares.
- (2) WAC's deemed shareholding interests stated above included direct interests (of 5% or more) held through its wholly-owned subsidiary, namely Big Heritage Limited (44.82%).
- (3) HSBC Trustee's deemed shareholding interests stated above were held through WAC, of which it controls more than one-third of the voting power at general meetings.
- (4) The deemed shareholding interests of WAC and HSBC Trustee of 1,487,742,651 shares (48.99%) stated above included direct and indirect interests (of 5% or more) held through WAC's wholly-owned subsidiaries as below:

Names	Number of ordinary shares (percentage based on total number of shares in issue)
(i) Big Heritage Limited ("BHL")	1,360,780,651 (44.82%)
(ii) Great Merchant Global Limited ("GMGL")	1,360,780,651 (44.82%)
(iii) World International Asset Management Limited ("WIAML")	1,487,742,651 (48.99%)
(iv) World International Holdings Limited ("WIHL")	1,487,742,651 (48.99%)

Note: For the avoidance of doubt and double counting, it should be noted that the interests of WIHL and WIAML represented the same block of shares and were inclusive of interests of GMGL, which in turn included the direct interests held by BHL.

All the interests stated above represents long positions. As at 31 December 2024, there were no short position interests recorded in the Register.

Directors' Report

(D) Share Option Scheme

The Company adopted the Share Option Scheme at its annual general meeting on 9 May 2023. Under the Share Option Scheme, the Board shall be entitled to grant options to any eligible participant (as defined hereinafter) as the Board may in its absolute discretion select.

Summary of the Share Option Scheme disclosed in accordance with the Listing Rules are set out below:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to:

- (a) recognise the contribution and potential future contribution of Grantees (as defined in the Share Option Scheme) by providing them the opportunity to acquire equity interests in the Company;
- (b) motivate Grantees and give them additional incentive to optimise their valuable contributions towards the Group's continued growth and success;
- (c) attract and retain high-calibre personnel to strive for long term development of the Group; and
- (d) foster a sense of corporate identity and align interests of Grantees to Shareholders for promoting long term financial success of the Group.

(2) Eligible Participants of the Share Option Scheme

Eligible participants of the Share Option Scheme include (i) any director or any employee of the Company or of any of its subsidiaries from time to time ("Category A Participants"), and (ii) any director or employee (whether full time or part time) of any of the related entities (i.e. holding companies, fellow subsidiaries and associated companies) of the Company from time to time ("Category B Participants"), and is determined to be qualified (or, where applicable, continues to be qualified) for the share options by the Board in its absolute discretion.

(3) Total number of shares available for issue under the Share Option Scheme and percentage of issued shares as at the date of this Annual Report

During the financial year ended 31 December 2024, no share options were granted under the Share Option Scheme. Accordingly, the number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January and 31 December 2024 was 300,122,732.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 300,122,732 shares, which represented 9.88% of the total number of ordinary shares of the Company in issue.

(4) Number of shares that may be issued in respect of options granted under the Share Option Scheme

The number of shares that may be issued in respect of the share options granted under the Share Option Scheme during the financial year ended 31 December 2024 divided by the weighted average number of shares in issue of the Company for the year ended 31 December 2024 is 0.12%. However, all the share options so granted are subject to the relevant vesting periods not less than 12 months from the date of grant.

(5) Maximum entitlement of each eligible participant under the Share Option Scheme

Unless approved by the Shareholders, the total number of shares issued and to be issued in respect of the share options granted under the Share Option Scheme to each eligible participant in any 12-month period up to and including the date of grant must not exceed 1% of the ordinary shares of the Company in issue as at the date of such grant.

(6) The period within which the options may be exercised by the Grantee under the Share Option Scheme

A period to be notified by the Board to each Grantee and not more than 10 years from the date of grant.

(7) *Vesting period of options granted under the Share Option Scheme*

As determined by the Board on a case-by-case basis but in any case not less than 12 months.

(8) *The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid*

HK\$10.00 is to be paid as consideration for the grant of option within 28 days from the date of grant or such shorter period as the Board may determine.

(9) *The basis of determining the exercise price of options granted*

The exercise price shall be determined by the Board and stated in the offer letter, which must be at least the higher of:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;
- (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(10) *The remaining life of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the effective date, i.e. 12 May 2023 and shall expire on the tenth anniversary thereof, i.e. 11 May 2033.

(11) *Details of Share Options Granted*

Set out below are particulars and movement(s), if any, during the financial year of all of the Company's outstanding share options which were granted to certain employees (all of them being the present Directors), all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and are participants with options not exceeding the respective individual limits:

Date of grant (Day/Month/Year)	Number of share options			Vesting/ Exercise Period (Day/Month/Year)	Exercise price per share (HK\$)
	As at 1 January 2024	Exercised during the year	As at 31 December 2024		
14/08/2023	700,000	–	700,000	14/08/2024 – 13/08/2029	36.58
	700,000	–	700,000	14/08/2025 – 13/08/2029	
	700,000	–	700,000	14/08/2026 – 13/08/2029	
	700,000	–	700,000	14/08/2027 – 13/08/2029	
	700,000	–	700,000	14/08/2028 – 13/08/2029	
Total	3,500,000	–	3,500,000		

Note: Except as disclosed above, no share option of the Company lapsed or was granted, exercised or cancelled during the financial year.

Further details of the Company's share options granted to Directors and the relevant movement(s) during the financial year are set out in the sub-section headed "(ii) Interests in Share Options on pages 77 and 78.

Directors' Report

(E) Retirement Benefits Schemes

The Group's principal retirement benefits schemes available to its Hong Kong employees are defined contribution schemes (including the Mandatory Provident Fund) which are administered by independent trustees. Both the Group and the employees contribute respectively to the schemes sums which represent a certain percentage of the employees' salaries. The contributions by the Group are expensed as incurred and may be reduced by contribution forfeited for those employees who have left the schemes prior to full vesting of the relevant employee's contribution.

The employees of the Group's subsidiaries in Mainland China are members of the state-managed social insurance and housing funds operated by the Government of the People's Republic of China. The Mainland China subsidiaries are required to contribute a certain percentage of payroll costs to the funds to fund the benefits. The only obligation of the Group with respect to the retirement benefits of Mainland China employees is to make the specified contributions.

(F) Directors' Interests in Competing Business

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules.

Three Directors of the Company, namely Mr Stephen T H Ng, Mr Paul Y C Tsui and Ms Y T Leng, being directors of WAC and/or its certain subsidiary(ies) and/or associate(s) ("WAC Group"), are considered as having an interest in WAC Group under Rule 8.10(2) of the Listing Rules.

The investment in property assets and hotel businesses by WAC Group are considered as competing businesses for the Group. However, given the Group itself has adequate experience in investing in property and hotel businesses, it is capable of carrying on independently of WAC Group.

For safeguarding the interests of the Group, the INEDs and Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's (i) property leasing businesses; and (ii) hotel businesses are and continue to be run at arm's length from those of WAC Group.

(G) Major Customers and Suppliers

For the financial year ended 31 December 2024:

- (i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and
- (ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(H) Debentures, Bank Loans, Overdrafts and Other Borrowings

Particulars of debentures, bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 December 2024 with an analysis of maturities are set out in Note 18 to the Financial Statements on pages 116 and 117.

(I) Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the financial year ended 31 December 2024.

(J) Disclosure of Connected Transactions

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements of the Company dated 16 December 2022 and 8 December 2023 respectively and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company.

(i) Master Property Services Agreement

On 16 December 2022, a master property services agreement (the “Master Property Services Agreement”) was entered into by and amongst WAC, Wharf, the Company and HCDL, for a fixed term of three years commencing on 1 January 2023 and expiring on 31 December 2025, for the purpose of, *inter alia*, regulating the provision of or engagement in property services comprising property project management services, property sales and marketing services, property management services, leasing agency services and/or any other property related services by and amongst themselves. The Master Property Services Agreement had provided for, *inter alia*, the annual cap amounts of service fees payable by the Group (including HCDL group) to WAC group (including Wharf group) in relation thereto, which are fixed at HK\$79 million, HK\$17 million and HK\$17 million for the financial years of 2023, 2024 and 2025 respectively.

The aggregate annual amounts of service fees payable by the Group under the Master Property Services Agreement, which is subject to the relevant annual cap amounts as stated above, for the financial year ended 31 December 2024 amounted to HK\$13 million.

(ii) Master Hotel Services Agreement

On 16 December 2022, a master hotel services agreement (the “Master Hotel Services Agreement”) was entered into between Wharf and the Company, for a fixed term of three years commencing on 1 January 2023 and expiring on 31 December 2025, for the purpose of, *inter alia*, regulating the provision of hotel-related services comprising management, marketing and technical services and/or any other services relating to the development and/or operation of hotels and/or serviced apartment property(ies) by Wharf group to the Group. The Master Hotel Services Agreement had provided for, *inter alia*, the annual cap amounts of service fees payable by the Group to Wharf group in relation thereto, which are fixed at HK\$44 million, HK\$126 million and HK\$140 million for the financial years of 2023, 2024 and 2025 respectively.

Owing to the unbudgeted recovery of market conditions after the COVID-19 pandemic and the reopening of borders, hotel occupancies and room rates had exceeded the budget which had been formulated prudently according to pandemic market conditions. The service fees which were determined on basis of hotel business performance have increased accordingly. On 8 December 2023, the respective Boards of Wharf and the Company resolved to increase the annual cap amounts of the Master Hotel Services Agreement for the financial year of 2023 from HK\$44 million to HK\$70 million.

The aggregate annual amounts of service fees payable by the Group under the Master Hotel Services Agreement, which is subject to the relevant annual cap amount as stated above, for the financial year ended 31 December 2024 amounted to HK\$56 million.

(iii) Master Tenancy Agreement

On 16 December 2022, a master tenancy agreement (the “Master Tenancy Agreement”) was entered into by and amongst WAC, Wharf and the Company, for a fixed term of three years commencing on 1 January 2023 and expiring on 31 December 2025, for the purpose of, *inter alia*, regulating the renting and/or licensing of certain premises amongst WAC group (including Wharf group). The Master Tenancy Agreement had provided for, *inter alia*, the annual cap amounts of rental receivable by the Group from WAC group (including Wharf group) in relation thereto, which are fixed at HK\$137 million, HK\$140 million and HK\$144 million for the financial years of 2023, 2024 and 2025 respectively.

The aggregate annual amounts of rental service fees receivable by the Group under the Master Tenancy Agreement, which is subject to the relevant annual cap amount as stated above, for the financial year ended 31 December 2024 amounted to HK\$84 million.

WAC, being a controlling shareholder of the Company, and Wharf, being a subsidiary of WAC, are both regarded as connected persons of the Company within the meaning under the Listing Rules. Thus, the transactions mentioned under Section (J)(i) to (J)(iii) above constitute continuing connected transactions for the Company.

Directors' Report

(iv) Confirmation from Directors and Auditors

- (a) Directors, including INEDs, of the Company have reviewed the continuing connected transactions mentioned under Section (J)(i) to (J)(iii) above (the "Transactions") and confirmed that the Transactions were entered into:
- (1) by the Group in the ordinary and usual course of its business;
 - (2) on normal commercial terms or better; and
 - (3) according to the agreements governing the Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.
- (b) In accordance with paragraph 14A.56 of the Listing Rules, the Board engaged the Company's auditors to perform procedures on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA.

The auditors of the Company have advised nothing has come to their attention that causes them to believe that the Transactions:

- (1) had not been approved by the Company's Board of Directors;
 - (2) were not, in all material respects, in accordance with the pricing policies of the Group for the Transactions involving the provision of goods or services by the Group;
 - (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the Transactions; and
 - (4) have exceeded the relevant annual cap amounts, where applicable, during the financial year ended 31 December 2024.
- (v) With regard to the Material Related Parties Transactions as disclosed under Note 25 to the Financial Statements on page 130, the transactions stated under paragraphs (a), (b) and (c) therein constitute connected transactions (as defined under the Listing Rules) of the Company, the transactions under paragraphs (d) constitute a fully exempt connected transaction of the Company, for all of which the applicable requirements under the Listing Rules have been duly complied with.

(K) Principal Risks and Uncertainties

Global and local economies always face a barrage of challenges. Ongoing geopolitical risks and escalating trade tensions continued to cause uncertainties. US Fed rates trajectory and new tariff policies imposed may introduce economic volatility.

The following is a description of how our business segments interacting with the principal risks and uncertainties that are considered to be of significance and have potential to affect the Group's businesses, results of operations and financial conditions. However, this is non-exhaustive as there may be other risks and uncertainties resulting from changes in economic and other conditions over time. The Group employs a risk management and internal control framework to identify current and foreseeable risks at different levels of the organisation so as to take preventive actions to avoid or mitigate their adverse impacts.

Risks pertaining to Investment Properties ("IP")

IP segment is a core business with IP business assets accounting for 93% of the Group's total assets. With the majority of the properties located in Hong Kong, the general economic climate, regulatory changes, government policies and the political conditions may have a significant impact on the segment's performance. The Group's rental income may experience more frequent adjustments resulting from competition arising from oversupply in retail and office areas. Furthermore, rental levels may also be impacted by external economic and market conditions including but not limited to fluctuations in general supply and demand, performance in stock markets and financial volatility, which may indirectly affect the Group's IP performance.

IPs are stated at their fair values in accordance with the Hong Kong Financial Reporting Standards in the consolidated statement of financial position at each reporting period. The fair values are provided by independent professional surveyors, primarily using the income capitalisation approach which capitalised the net income of properties and takes into account the significant adjustments on term yield to account for the risk upon reversion and the changes in fair value are recognised in the consolidated statement of profit or loss. Given the size of the Group's IP portfolio, any significant change in the IP values may overwhelmingly affect the Group's results that may not reflect the Group's operating and cash flow performance.

In this respect, the Group regularly assesses changes in the economic environment and keeps alert to market needs and competition. Continuously maintaining the quality of the assets and the tenant mix also helps the Group to grow revenue and to sustain a sluggish economy. In addition, long-range planned and tactical promotions are seamlessly executed for maintaining the IP's leading brands and value.

Risks pertaining to Hotel Segment

The Group owns and operates four hotels in Hong Kong and one in Mainland China. Hotel performance is usually subject to a high degree of fluctuations caused by both predictable and unpredictable factors including seasonality, social stability, epidemic diseases and changes in economic conditions. Each factor has varied the development pattern of the tourism and hospitality industry with heavy reliance on the growth of crossborder visitor arrivals.

Global economic and geopolitical uncertainties, along with intensifying regional competition continue to challenge the hospitality sector in Hong Kong and Mainland China.

In this respect, Hotel Segment closely assesses the impact particularly on revenue and cash flow as well as cost control and operational efficiency to mitigate the adverse financial impacts. It also takes continual reviews of competition, legal and political changes as well as market trends for setting its business strategies including marketing and pricing to protect and drive profitability.

Risks pertaining to investment

The Group holds a portfolio of long-term investments, which accounted for about 2% of the Group's total assets (excluding cash). The portfolio is held for long term growth potential with reasonable return, consisting of mainly blue chips listed investments with each investment individually immaterial to the Group's total asset. Given that the volatility of the stock market, the portfolio is subject to market fluctuation and may affect the net asset value of the Group. The composition and performance of the portfolio is constantly assessed and monitored by top management.

Legal and Regulatory Compliance Risks

Whilst the Group has a diversified portfolio of business operations across Hong Kong and various cities in Mainland China, any failure to anticipate the trend of regulatory changes or cope with relevant requirements may result in non-compliance of local laws or regulations, leading to not only financial loss but also reputational damage to the Group. In mitigation of relevant risks, the Group actively assesses the effect of relevant developments and engages closely with regulatory authorities and external advisors on new laws and regulations and also trending legislations to ensure relevant requirements are properly complied with in an effective manner.

Financial Risks

The Group is exposed to financial risks related to interest rate, foreign currency, equity price, liquidity and credit in the normal course of its business. For further details of such risks and relevant management policies, please refer to Note 22 to the Financial Statements from pages 120 to 126.

Directors' Report

Environmental, Social and Governance Risks

Given climate change is a globally recognised environmental urgency faced by any business, and failure to build climate resilience can negatively impact our real estate portfolio, a comprehensive climate scenario analysis and risk mapping exercise encompassing our BUs was conducted to understand the impact at different climate landscapes and time frames, and various physical and transition risks and climate change opportunities were identified. The Group structured our climate risk and opportunity management and disclosure with reference to IFRS S2 Standard. To adapt to and mitigate the climate-related risks, our strategic approach integrates climate actions across our operations. We have the Climate Change Policy Statement in place, and have been strengthening our climate resilience by using more granular data for analysis, implementing measures for energy optimisation and conservation, adopting renewable energy if feasible, as well as applying green procurement and sustainable construction practices gradually. We also explore opportunities arising from sustainable finance landscape in capital markets.

The global and regional competition for skilled professionals has made talent attraction and retention a social risk to the Group. Our labour-intensive business nature also exposes the Group to common labour issues including occupational safety and health risks. The Group also adopts rigorous vendor management system for supply chain management and screening of new suppliers to avoid any form of significant supply chain risks, including the material ESG risks derived from our suppliers.

Just like any other sizable organisations with complex structure, the Group encounters governance risks that could result in significant financial losses and damage the reputation of the business. Constantly evolving regulatory framework, especially the rapid move in ESG regulations and standards could also result in compliance risks. To uphold our commitment to achieving the highest standards of business conduct, the Group adopts an integrated and holistic approach to reduce the inefficiencies, miscommunications and other perils of deficiencies in governance. Our Corporate Governance Report (pages 48 to 68) elaborates in details our systems and controls, policies and practices which aim to ensure proper corporate management and to instill a culture of good business ethics in our organisation.

For more details on how we address ESG and climate-related risks, please refer to the Group's standalone Sustainability Report 2024.

Independent Auditor's Report



Independent auditor's report to the shareholders of Wharf Real Estate Investment Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wharf Real Estate Investment Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 91 to 153, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of completed investment properties ("IP")

Refer to accounting policy (d) and Note 8 to the consolidated financial statements

The Key Audit Matter

The Group holds a portfolio of IP located in Hong Kong and Singapore which accounted for 93% of the Group's total assets as at 31 December 2024.

The fair values of the IP as at 31 December 2024 were assessed by the Group based on independent valuations prepared by qualified external property valuers.

We identified the valuation of IP as a key audit matter because these properties represent the majority of the Group's total assets and a small adjustment to or variances in the assumptions and data used to compute the valuation of individual properties, when aggregated, could have a significant impact on the Group's financial results and because the valuation of IP involves significant judgement and estimation, particularly in selecting appropriate valuation methodology, market rents and capitalisation rates, which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of IP included the following:

- obtaining and inspecting the valuation reports prepared by the external property valuers engaged by the Group;
- meeting the external property valuers to discuss and challenge the key estimates and assumptions adopted in the valuations, including prevailing market rents and capitalisation rates, and to assess the objectivity, qualifications and expertise of the external property valuers in the properties being valued;
- with the assistance of our internal valuation specialists, assessing the valuation methodologies adopted by the external property valuers and comparing the key estimates and assumptions adopted in the valuation of IP, on a sample basis, including market rents and capitalisation rates, with available market data and/or government statistics; and
- conducting site visits to IP and comparing tenancy information used in the valuation models, including committed rents adopted by the external property valuers with underlying contracts and related documentation, on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Sze Kit, Roy.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

10 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Note	2024 HK\$ Million	2023 HK\$ Million
Revenue	1	12,912	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		9,928	10,239
Depreciation and amortisation	2	(237)	(246)
Operating profit	2	9,691	9,993
Decrease in fair value of investment properties	8(a)	(5,665)	(1,147)
Other net income/(loss)	3	83	(726)
		4,109	8,120
Finance costs	4	(1,800)	(2,170)
Share of results after tax of an associate	10(b)	(256)	(168)
Profit before taxation		2,053	5,782
Income tax	5	(1,178)	(1,138)
Profit for the year		875	4,644
Profit attributable to:			
Shareholders of the Company		891	4,766
Non-controlling interests		(16)	(122)
		875	4,644
Earnings per share:			
Basic and diluted	7	HK\$0.29	HK\$1.57

The notes and material accounting policies on pages 97 to 153 form part of these financial statements. Details of dividend payable to equity shareholders of the Company are set out in Note 6.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

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

The notes and material accounting policies on pages 97 to 153 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	31 December 2024 HK\$ Million	31 December 2023 HK\$ Million
Non-current assets			
Investment properties	8	221,776	227,586
Hotel and club properties, plant and equipment	9	7,116	7,406
Interest in an associate	10	326	591
Interest in a joint venture	11	10	10
Other long term investments	12	5,334	5,760
Deferred tax assets	19	–	225
Derivative financial assets	17	185	202
Other non-current assets		61	60
		234,808	241,840
Current assets			
Properties for sale	13	932	1,118
Inventories		17	17
Trade and other receivables	14	995	1,221
Prepaid tax	5(d)	–	2
Derivative financial assets	17	12	–
Bank deposits and cash	15	1,308	1,124
		3,264	3,482
Total assets		238,072	245,322
Non-current liabilities			
Derivative financial liabilities	17	(1,737)	(2,188)
Deferred tax liabilities	19	(2,549)	(2,666)
Other deferred liabilities		(358)	(352)
Bank loans and other borrowings	18	(24,739)	(29,832)
		(29,383)	(35,038)
Current liabilities			
Trade and other payables	16	(5,371)	(6,256)
Pre-sale deposits and proceeds	20	(35)	(78)
Derivative financial liabilities	17	(120)	(364)
Taxation payable	5(d)	(380)	(386)
Bank loans and other borrowings	18	(10,799)	(7,593)
		(16,705)	(14,677)
Total liabilities		(46,088)	(49,715)
NET ASSETS		191,984	195,607
Capital and reserves	23		
Share capital		304	304
Reserves		187,516	191,108
Shareholders' equity		187,820	191,412
Non-controlling interests		4,164	4,195
TOTAL EQUITY		191,984	195,607

The notes and material accounting policies on pages 97 to 153 form part of these financial statements.

Stephen T H Ng
Chairman and Managing Director

Paul Y C Tsui
Vice Chairman and Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Investment revaluation reserves	Share option reserves	Exchange reserves	Revenue reserves	Total	
		HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
At 1 January 2023		304	696	(212)	–	214	189,362	190,364	4,517
Changes in equity for 2023:									
Profit for the year		–	–	–	–	–	4,766	4,766	(122)
Other comprehensive income		–	–	45	–	123	(5)	163	(200)
Total comprehensive income		–	–	45	–	123	4,761	4,929	(322)
Transfer to revenue reserves upon de-recognition of equity investments		–	–	(885)	–	–	885	–	–
Equity settled share-based payments		–	–	–	5	–	–	5	–
2022 second interim dividend paid		–	–	–	–	–	(1,852)	(1,852)	–
2023 first interim dividend paid	6	–	–	–	–	–	(2,034)	(2,034)	–
At 31 December 2023 and 1 January 2024		304	696	(1,052)	5	337	191,122	191,412	4,195
Changes in equity for 2024:									
Profit for the year		–	–	–	–	–	891	891	(16)
Other comprehensive income		–	–	(418)	–	(282)	1	(699)	(15)
Total comprehensive income		–	–	(418)	–	(282)	892	192	(31)
Transfer to revenue reserves upon de-recognition of equity investments		–	–	(7)	–	–	7	–	–
Equity settled share-based payments		–	–	–	11	–	–	11	–
2023 second interim dividend paid	6	–	–	–	–	–	(1,852)	(1,852)	–
2024 first interim dividend paid	6	–	–	–	–	–	(1,943)	(1,943)	–
At 31 December 2024		304	696	(1,477)	16	55	188,226	187,820	4,164

The notes and material accounting policies on pages 97 to 153 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK\$ Million	2023 HK\$ Million
Operating cash inflow	(a)	9,626	9,741
Changes in working capital	(a)	(429)	(782)
Cash generated from operations	(a)	9,197	8,959
Net interest paid		(2,084)	(2,242)
Interest paid		(2,116)	(2,280)
Interest received		32	38
Dividend received from other long term investments		293	494
Hong Kong Profits Tax paid		(1,021)	(1,293)
Overseas tax paid		(47)	(53)
Net cash generated from operating activities		6,338	5,865
Investing activities			
Payment for investment properties		(136)	(75)
Payment for hotel and club properties, plant and equipment		(41)	(50)
Net decrease in interest in an associate		–	60
Net decrease in interest in joint ventures		–	9
Purchase of other long term investments		(106)	(1)
Proceeds from disposals of other long term investments		109	7,225
Net cash (used in)/generated from investing activities		(174)	7,168
Financing activities			
Drawdown of bank loans and other borrowings	(b)	13,329	10,637
Repayment of bank loans and other borrowings	(b)	(15,499)	(20,002)
Dividends paid to equity shareholders		(3,795)	(3,886)
Net cash used in financing activities		(5,965)	(13,251)
Increase/(decrease) in cash and cash equivalents		199	(218)
Cash and cash equivalents at 1 January		1,124	1,340
Effect of exchange rate changes		(15)	2
Cash and cash equivalents at 31 December		1,308	1,124

The notes and material accounting policies on pages 97 to 153 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations

	2024 HK\$ Million	2023 HK\$ Million
Operating profit for the year	9,691	9,993
Adjustments for:		
Interest income	(32)	(38)
Dividend income from other long term investments	(281)	(465)
Equity settled share-based payment expenses	11	5
Depreciation and amortisation	237	246
Operating cash inflow	9,626	9,741
Decrease in properties for sale	15	160
Increase in inventories	–	(1)
Decrease in trade and other receivables	133	64
Decrease in trade and other payables	(519)	(540)
Decrease in pre-sale deposits and proceeds	(42)	(141)
Decrease in derivative financial instruments	(16)	(324)
Changes in working capital	(429)	(782)
Cash generated from operations	9,197	8,959

(b) Reconciliation of liabilities arising from financing activities

	Bank loans and other borrowings	
	2024 HK\$ Million	2023 HK\$ Million
At 1 January	37,425	46,489
Changes from financing cash flows:		
Drawdown of bank loans and other borrowings	13,329	10,637
Repayment of bank loans and other borrowings	(15,499)	(20,002)
Total changes from financing cash flows	(2,170)	(9,365)
Exchange adjustment	(73)	12
Fair value loss	356	289
	(1,887)	(9,064)
At 31 December	35,538	37,425

Notes to the Financial Statements

1 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.

Notes to the Financial Statements

(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
For 2024							
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
For 2023							
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

(b) Disaggregation of revenue

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

Investment income includes dividend income of HK\$1 million (2023: HK\$133 million) relating to listed equity investments designated as financial assets at fair value through other comprehensive income which were disposed of during the year.

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date in relation to its:

- property management fees and other rental related income 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; and
- revenue from sales of completed properties as the contract has an original expected duration of one year or less.

(c) Analysis of inter-segment revenue

	Total Revenue HK\$ Million	2024 Inter- segment revenue HK\$ Million	Group Revenue HK\$ Million	Total Revenue HK\$ Million	2023 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
	12,967	(55)	12,912	13,355	(49)	13,306

(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	236,288	243,416
Unallocated corporate assets	1,784	1,906
Total assets	238,072	245,322

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

Segment assets held through an associate and a joint venture included in the above are:

	2024 HK\$ Million	2023 HK\$ Million
Development properties	336	601

Notes to the Financial Statements

(e) Other segment information

	Capital expenditure 2024 HK\$ Million	2023 HK\$ Million
Investment properties	133	38
Hotel	19	33
Others	2	1
Group total	154	72

	Depreciation and amortisation 2024 HK\$ Million	2023 HK\$ Million
Investment properties	5	8
Hotel	228	234
Segment total	233	242
Others	4	4
Group total	237	246

(f) Geographical information

	Revenue 2024 HK\$ Million	2023 HK\$ Million	Operating profit 2024 HK\$ Million	2023 HK\$ Million
Hong Kong	12,181	12,329	9,201	9,475
Outside Hong Kong	731	977	490	518
Group total	12,912	13,306	9,691	9,993

	Specified non-current assets 2024 HK\$ Million	2023 HK\$ Million	Total business assets 2024 HK\$ Million	2023 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	229,228	235,593	236,288	243,416

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.

2 OPERATING PROFIT

(a) Operating profit is arrived at:

	2024 HK\$ Million	2023 HK\$ Million
After charging:		
Depreciation and amortisation on		
– hotel and club properties, plant and equipment	224	230
– leasehold land	13	16
Total depreciation and amortisation	237	246
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	1,644	1,598
After crediting:		
Gross revenue from investment properties	10,757	10,878
Interest income (Note (ii))	32	38
Dividend income from other long term investments	281	465

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.

Notes to the Financial Statements

(b) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the years ended 31 December 2024 and 2023 are as follows:

	Fees HK\$'000	Salaries, allowance and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Contribution to pension schemes HK\$'000	2024 Total emoluments HK\$'000	2023 Total emoluments HK\$'000
Executive Directors						
Mr Stephen T H Ng (Note iii)	410	3,856	4,100	–	8,366	8,193
Mr Paul Y C Tsui	300	2,521	1,700	–	4,521	4,397
Ms Y T Leng	300	3,445	7,500	340	11,585	10,856
Mr Horace W C Lee	300	2,774	2,700	14	5,788	4,957
Independent Non-executive Directors						
Mr Alexander S K Au (Note iii)	360	–	–	–	360	300
Mr Tak Hay Chau	300	–	–	–	300	250
Ms Lai Yuen Chiang	300	–	–	–	300	250
Hon Andrew K Y Leung	300	–	–	–	300	250
Mr Desmond L P Liu (Note ii)	500	–	–	–	500	400
Mr R Gareth Williams (Notes i & iii)	535	–	–	–	535	450
Dr Glenn Sekkern Yee	300	–	–	–	300	250
Professor E K Yeoh (Note i)	475	–	–	–	475	400
Total	4,380	12,596	16,000	354	33,330	30,953
Total for 2023	3,650	12,115	14,850	338	–	30,953

Notes:

- (i) Includes Audit Committee Member's fee for the year ended 31 December 2024 of HK\$175,000 (2023: HK\$150,000) received/receivable by each of the relevant Directors.
- (ii) Includes Audit Committee Chairman's fee for the year ended 31 December 2024 of HK\$200,000 (2023: HK\$150,000) received/receivable.
- (iii) Includes Remuneration Committee Member's fee for the year ended 31 December 2024 of HK\$60,000 (2023: HK\$50,000) received/receivable by each of the relevant Directors.
- (iv) The emoluments of Mr Stephen T H Ng and Mr Paul Y C Tsui included amounts reimbursed to The Wharf (Holdings) Limited ("Wharf") calculated at a pre-determined percentage of the basic remuneration for being Executive Directors and employees of the Company and Wharf pursuant to framework agreements entered into between the Group and Wharf.
- (v) There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the Directors in respect of the years ended 31 December 2024 and 2023.
- (vi) In addition to the above emoluments, certain Directors were granted share options under the share option schemes adopted by the Company. Details of the share options granted by the Company to the individuals are disclosed in Note 21(d).

(c) Individuals with highest emoluments

Of the five individuals with the highest emoluments, three for the year ended 31 December 2024 (2023: four) are Directors, whose emoluments are disclosed in Note 2(b). The aggregate of the emoluments in respect of the remaining two (2023: one) individuals is as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowance and benefits in kind	7,608	3,368
Discretionary bonuses	5,093	4,100
Contribution to pension schemes	51	–
Total	12,752	7,468

The emoluments of the two (2023: one) individuals with highest emoluments are within the following bands:

Bands (in HK\$)	2024 No. of individual	2023 No. of individual
HK\$5,000,001 – HK\$5,500,000	1	–
HK\$7,000,001 – HK\$7,500,000	–	1
HK\$7,500,001 – HK\$8,000,000	1	–
	2	1

3 OTHER NET INCOME/(LOSS)

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

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

4 FINANCE COSTS

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

Notes to the Financial Statements

5 INCOME TAX

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

	2024 HK\$ Million	2023 HK\$ Million
Current income tax		
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)	–
	1,061	1,180
Land appreciation tax ("LAT") (Note (c))	6	7
Deferred tax		
Origination and reversal of temporary differences	111	(49)
Total	1,178	1,138

Notes:

- 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%).
- 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%).
- 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.
- Prepaid tax/taxation payable in the consolidated statement of financial position is expected to be utilised/settled within one year.
- 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.
- The Mainland China tax law imposes a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China. For the year ended 31 December 2024, the Group has written back HK\$119 million (2023: HK\$49 million), for withholding taxes on accumulated earnings generated by its Mainland China subsidiaries which have been/will be distributed to their immediate holding companies outside Mainland China in the foreseeable future.

- (g) Reconciliation between the actual total tax charge and profit before taxation at applicable tax rates:

	2024 HK\$ Million	2023 HK\$ Million
Profit before taxation	2,053	5,782
Notional tax on profit before taxation calculated at applicable tax rates	337	901
Tax effect of non-deductible expenses	62	85
Tax effect of non-taxable income	(65)	(110)
Tax effect of non-deductible fair value loss on investment properties	930	188
(Over)/under-provision in respect of prior years	(95)	23
Tax effect of tax losses not recognised	56	110
Tax effect of previously unrecognised tax losses utilised	(24)	(14)
Tax effect of other temporary differences	90	(3)
LAT on properties for sales	6	7
Withholding tax	(119)	(49)
Actual total tax charge	1,178	1,138

- (h) In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion (“GloBE”) Model Rules (“Pillar Two model rules”) for a new global minimum tax reform applicable to large multinational enterprises. Singapore in which the Group operates have enacted domestic minimum top-up tax rules that will take effect from 1 January 2025 based on this framework. Under the legislation, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for the jurisdiction and the 15% minimum rate.

Since the Pillar Two legislation was not effective for the year ended 31 December 2024, the Group has no related current tax exposure. The Group applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

If the new tax laws had been applied in 2024, it is unlikely to have a significant impact on the consolidated financial statements.

6 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
	1.24	3,765	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.

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

Notes to the Financial Statements

8 INVESTMENT PROPERTIES

(a) Cost or valuation

	HK\$ Million
At 1 January 2023	228,559
Exchange adjustment	141
Additions	33
Revaluation deficits	(1,147)
At 31 December 2023 and 1 January 2024	227,586
Exchange adjustment	(261)
Additions	116
Revaluation deficits	(5,665)
At 31 December 2024	221,776

(b) The analysis of cost or valuation of the above assets is as follows:

	HK\$ Million
2024 valuation	221,776
At cost	–
	221,776
2023 valuation	227,586
At cost	–
	227,586

(c) Tenure of title to properties:

	HK\$ Million
At 31 December 2024	
Held in Hong Kong	
Long term leases	198,192
Medium term leases	8,222
Short term leases	8,172
	214,586
Held outside Hong Kong	
Freehold	1,581
Long term leases	5,609
	221,776
At 31 December 2023	
Held in Hong Kong	
Long term leases	203,595
Medium term leases	17,474
	221,069
Held outside Hong Kong	
Freehold	1,275
Long term leases	5,242
	227,586

The Group holds investment properties to lease out under operating leases (see Note 8(e)). The Group is the registered owner of the property interests of these investment properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(d) Investment properties revaluation

The investment properties stated at fair value as at 31 December 2024 were revalued by Knight Frank Petty Limited ("Knight Frank") and Savills Valuation And Professional Services (S) Pte Ltd ("Savills"), independent firms of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors and the Singapore Institute of Surveyors and Valuers respectively with extensive experience in valuing properties in Hong Kong and Singapore. Knight Frank and Savills have valued the investment properties on a market value basis and taken into account the net income of the respective properties, allowing for reversionary potential and/or recent transaction prices of comparable properties where appropriate.

The revaluation deficit arising on revaluation of investment properties is recognised in the line item "Decrease in fair value of investment properties" on the consolidated statement of profit or loss.

The following table presents the investment properties which are measured at fair value at the end of the reporting period across the three levels of the inputs to the revaluation methodologies in accordance with HKFRS 13, *Fair value measurement*. The levels are defined as follows:

- Level 1 valuations: Fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's investment properties are at Level 3 valuation and are analysed as below:

	Level 3			
	Retail HK\$ Million	Office HK\$ Million	Residential HK\$ Million	Total HK\$ Million
Recurring fair value measurements				
At 31 December 2024				
Hong Kong	125,744	84,001	4,841	214,586
Singapore	4,692	2,498	–	7,190
	130,436	86,499	4,841	221,776
At 31 December 2023				
Hong Kong	128,271	87,827	4,971	221,069
Singapore	3,937	2,580	–	6,517
	132,208	90,407	4,971	227,586

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Financial Statements

Valuation processes

The Group reviews the valuations performed by the independent valuers for financial reporting purposes by verifying all major inputs and assessing the reasonableness of the property valuations. Valuation reports with an analysis of changes in fair value measurement are reviewed and approved by the senior management.

Valuation methodologies

The valuations of retail, office and residential properties in Hong Kong were based on the income capitalisation approach which capitalised the net income of the properties and takes into account the significant adjustments on term yield to account for the risk upon reversion. For retail and office properties in Singapore, market comparison approach had also been considered in addition to income capitalisation approach (2023: income capitalisation approach only). The market comparison approach is based on market observable transactions of comparable properties and adjusted to reflect the conditions and locations of the subject property.

Level 3 valuation methodologies

Completed investment properties

Set out below is a table which presents the significant unobservable inputs:

	Capitalisation rate		Market rent	
	2024	2023	2024	2023
Hong Kong			HK\$ psf	HK\$ psf
– Retail	5.2%	5.2%	251	253
– Office	4.2%	4.2%	50	52
– Residential	4.5%	4.5%	55	57
Singapore			SGD psf	SGD psf
– Retail	4.4%	4.5%	14.2	13.5
– Office	3.8%	3.6%	12.2	11.8

The fair value measurement of completed investment properties is negatively correlated to the capitalisation rate and positively correlated to the market rent.

- (e) The Group leases out properties under operating leases, which generally run for a period of two to ten years. Lease payments may be varied periodically to reflect market rentals and may contain variable lease payment which is based on various percentages of tenants' sales receipts.
- (f) The Group's total future undiscounted lease income under non-cancellable operating leases is receivable as follows:

	2024 HK\$ Million	2023 HK\$ Million
Within 1 year	7,659	7,469
After 1 year but within 2 years	4,904	4,691
After 2 years but within 3 years	2,369	2,644
After 3 years but within 4 years	934	997
After 4 years but within 5 years	473	402
After 5 years	727	129
	17,066	16,332

9 HOTEL AND CLUB PROPERTIES, PLANT AND EQUIPMENT

(a) Reconciliation

	Leasehold land HK\$ Million	Hotel and club properties HK\$ Million	Plant and equipment HK\$ Million	Total HK\$ Million
Cost				
At 1 January 2023	428	9,729	1,658	11,815
Exchange adjustment	(1)	(9)	–	(10)
Additions	–	5	34	39
Disposals	–	–	(3)	(3)
Reclassification	46	1,024	1	1,071
At 31 December 2023 and 1 January 2024	473	10,749	1,690	12,912
Exchange adjustment	(3)	(44)	(1)	(48)
Additions	–	5	33	38
Adjustments	–	(71)	–	(71)
Disposals	–	–	(5)	(5)
At 31 December 2024	470	10,639	1,717	12,826
Accumulated depreciation and impairment losses				
At 1 January 2023	124	2,923	1,453	4,500
Exchange adjustment	(2)	1	–	(1)
Charge for the year	16	183	47	246
Written back on disposals	–	–	(3)	(3)
Reclassification	27	736	1	764
At 31 December 2023 and 1 January 2024	165	3,843	1,498	5,506
Exchange adjustment	(1)	(27)	–	(28)
Charge for the year	13	187	37	237
Written back on disposals	–	–	(5)	(5)
At 31 December 2024	177	4,003	1,530	5,710
Net book value				
At 31 December 2024	293	6,636	187	7,116
At 31 December 2023	308	6,906	192	7,406

Notes to the Financial Statements

(b) Tenure of title to properties:

	Leasehold land HK\$ Million	Hotel and club properties HK\$ Million	Total HK\$ Million
At 31 December 2024			
Held in Hong Kong			
Long term leases	81	288	369
Medium term leases	152	5,575	5,727
	233	5,863	6,096
Held outside Hong Kong			
Medium term leases	60	773	833
	293	6,636	6,929
At 31 December 2023			
Held in Hong Kong			
Long term leases	81	295	376
Medium term leases	165	5,714	5,879
	246	6,009	6,255
Held outside Hong Kong			
Medium term leases	62	897	959
	308	6,906	7,214

(c) Right-of-use assets:

The depreciated carrying amount of the ownership interests in leasehold land is identified as right-of-use assets. The analysis of expense items in relation to these leases are as follows:

	2024 HK\$ Million	2023 HK\$ Million
Amortisation charge of leasehold land	13	16

The Group holds hotel properties for the operation of hotel business. The Group is the registered owner of the property interests of these hotel properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

10 INTEREST IN AN ASSOCIATE

	2024 HK\$ Million	2023 HK\$ Million
Share of net assets	326	591
Amount due to an associate (Note 16)	(14)	(14)
	312	577

Details of the associate are set out below:

Name of entity	Place of establishment and operation	Class of shares	Percentage of equity interest	Principal activities
上海萬九綠合置業有限公司	Mainland China	Registered capital	19	Property development

- (a) The amount due to an associate at 31 December 2024 and 2023 was unsecured, interest free and had no fixed terms of repayment.

(b) Summary financial information of the associate

	2024 HK\$ Million	2023 HK\$ Million
Carrying amount of the associate in the consolidated financial statements	326	591
Amounts of the Group's share of the associate's		
– Loss for the year	(256)	(168)
– Other comprehensive income	(9)	(10)
Total comprehensive income	(265)	(178)

11 INTEREST IN A JOINT VENTURE

	2024 HK\$ Million	2023 HK\$ Million
Share of net assets	10	10

Details of the joint venture are set out below:

Name of entity	Place of incorporation and operation	Class of shares	Percentage of equity interest	Principal activities
Speedy Champ Investments Limited	Hong Kong	Ordinary shares	39	Holding company

Summary financial information of the joint venture:

	2024 HK\$ Million	2023 HK\$ Million
Carrying amount of the joint venture in the consolidated financial statements	10	10
Aggregate amounts of the Group's share of the joint venture		
– Profit for the year	–	–
– Other comprehensive income	–	(1)
Total comprehensive income	–	(1)

Notes to the Financial Statements

12 OTHER LONG TERM INVESTMENTS

	2024 HK\$ Million	2023 HK\$ Million
Equity investments at fair value through other comprehensive income stated at market value		
– Listed in Hong Kong	2,920	3,384
– Listed outside Hong Kong	2,414	2,376
	5,334	5,760

- (a) Equity investments are designated as financial assets at fair value through other comprehensive income as they are not held for trading but for long term purposes. The Group has irrevocably elected them at initial recognition to recognise these investments in this category. It mainly represents a portfolio of scalable organisations holding for long term growth potential with reasonable dividend return that is in line with relevant markets and each investment within the portfolio is individually immaterial to the Group's total assets.

The Group regularly reviews the performance of the listed equity investments within the investment portfolio, and would change the portfolio mix (including acquisitions and disposals of listed equity investments) taking into account various factors, including the volatility of stock markets, interest rate environment and financial resources management of the Group.

- (b) Analysed by industry sectors as follows:

	2024 HK\$ Million	2023 HK\$ Million
Properties	5,000	5,356
Others	334	404
	5,334	5,760

13 PROPERTIES FOR SALE

	2024 HK\$ Million	2023 HK\$ Million
Completed properties for sale	932	1,118

The carrying value of leasehold land included in properties for sale is summarised as follows:

	2024 HK\$ Million	2023 HK\$ Million
Held outside Hong Kong		
– Long term leases	19	22
– Medium term leases	65	70
	84	92

14 TRADE AND OTHER RECEIVABLES

(a) Ageing analysis

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
Other receivables and prepayments	217 778	258 963
	995	1,221

The Group has established credit policies for each of its core business. 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.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. Given the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is therefore insignificant.

The movement in the allowance for credit losses during the year is as follows:

	2024 HK\$ Million	2023 HK\$ Million
At 1 January	14	35
Provision of loss allowance recognised	3	9
Uncollectible amount written off	(10)	(30)
At 31 December	7	14

15 BANK DEPOSITS AND CASH

	2024 HK\$ Million	2023 HK\$ Million
Bank deposits and cash	1,308	1,124

At 31 December 2024, bank deposits and cash included:

	2024 HK\$ Million	2023 HK\$ Million
Balances placed with banks in Mainland China (Note (a))	247	346

Notes:

- (a) The remittance is subject to relevant rules and regulations of foreign exchange control promulgated by Mainland China government.
- (b) The effective annual interest rate on bank deposits was 2.6% at 31 December 2024 (2023: 3.1%).

Notes to the Financial Statements

Bank deposits and cash are denominated in the following currencies:

	2024 HK\$ Million	2023 HK\$ Million
RMB	242	341
HKD	651	449
USD	65	110
SGD	326	220
Other currencies	24	4
	1,308	1,124

16 TRADE AND OTHER PAYABLES

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

	2024 HK\$ Million	2023 HK\$ Million
Trade payables		
0 - 30 days	72	75
31 - 60 days	14	19
61 - 90 days	3	7
Over 90 days	16	9
	105	110
Rental and customer deposits	2,962	3,067
Construction costs payable	648	1,158
Amount due to an associate (Note 10)	14	14
Other payables	1,642	1,907
	5,371	6,256

The amount of trade and other payables that is expected to be settled after more than one year as at 31 December 2024 is HK\$1,740 million (2023: HK\$1,687 million) which is mainly for rental and customer deposits. The Group considers the effect of discounting these items would be immaterial. All of the other trade and other payables are expected to be settled or recognised as income within one year or are payable on demand.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Assets HK\$ Million	Liabilities HK\$ Million	Assets HK\$ Million	Liabilities HK\$ Million
At fair value through profit or loss				
Fixed-to-floating interest rate swaps	–	768	–	1,031
Floating-to-fixed interest rate swaps	186	1	202	11
Cross currency interest rate swaps	–	1,086	–	1,481
Forward foreign exchange contracts	11	2	–	29
Total	197	1,857	202	2,552
Analysis				
Current	12	120	–	364
Non-current	185	1,737	202	2,188
Total	197	1,857	202	2,552

An analysis of the remaining maturities at the end of the reporting period of the above derivative financial instruments is as follows:

	2024		2023	
	Assets HK\$ Million	Liabilities HK\$ Million	Assets HK\$ Million	Liabilities HK\$ Million
Fixed-to-floating interest rate swaps				
Expiring within 1 year	–	36	–	18
Expiring after more than 1 year but not exceeding 5 years	–	521	–	791
Expiring after 5 years	–	211	–	222
	–	768	–	1,031
Floating-to-fixed interest rate swaps				
Expiring within 1 year	1	–	–	–
Expiring after more than 1 year but not exceeding 5 years	164	1	181	11
Expiring after 5 years	21	–	21	–
	186	1	202	11
Cross currency interest rate swaps				
Expiring within 1 year	–	82	–	318
Expiring after more than 1 year but not exceeding 5 years	–	514	–	562
Expiring after 5 years	–	490	–	601
	–	1,086	–	1,481
Forward foreign exchange contracts				
Expiring within 1 year	11	2	–	28
Expiring after more than 1 year but not exceeding 5 years	–	–	–	1
	11	2	–	29
Total	197	1,857	202	2,552

- (a) The notional principal amounts of derivative financial instruments outstanding at the end of the reporting period were as follows:

	2024 HK\$ Million	2023 HK\$ Million
Fixed-to-floating interest rate swaps	14,907	16,485
Floating-to-fixed interest rate swaps	9,172	4,972
Cross currency interest rate swaps	11,598	16,936
Forward foreign exchange contracts	4,321	3,563

- (b) Derivative financial assets represent the amounts the Group would receive whilst derivative financial liabilities represent the amounts the Group would pay if the positions were closed at the end of the reporting period. Derivative financial instruments do not qualify for hedge accounting and their corresponding changes in fair values have been recognised in the consolidated statement of profit or loss.
- (c) The Group enters into derivative transactions under International Swaps and Derivatives Association (“ISDA”) master agreements providing offsetting mechanisms under certain circumstances. At 31 December 2024 and 2023, the Group has not offset any of the financial instruments as no parties have exercised their rights to offset the recognised amounts in the consolidated financial statements.

Notes to the Financial Statements

18 BANK LOANS AND OTHER BORROWINGS

	2024 HK\$ Million	2023 HK\$ Million
Notes (unsecured)		
Due within 1 year	7,267	6,571
Due after more than 1 year but not exceeding 2 years	3,059	7,235
Due after more than 2 years but not exceeding 5 years	7,579	10,002
Due after more than 5 years	3,942	3,933
	21,847	27,741
Bank loans (secured)		
Due within 1 year	32	22
Due after more than 1 year but not exceeding 2 years	32	33
Due after more than 2 years but not exceeding 5 years	205	160
Due more than 5 years	96	111
	365	326
Bank loans (unsecured)		
Due within 1 year	3,500	1,000
Due after more than 1 year but not exceeding 2 years	4,943	2,150
Due after more than 2 years but not exceeding 5 years	4,883	6,208
	13,326	9,358
Total bank loans and other borrowings	35,538	37,425
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	10,799	7,593
Non-current borrowings		
Due after more than 1 year but not exceeding 2 years	8,034	9,418
Due after more than 2 years but not exceeding 5 years	12,667	16,370
Due after more than 5 years	4,038	4,044
	24,739	29,832
Total bank loans and other borrowings	35,538	37,425

- (a) The Group's borrowings are denominated in the following currencies (after the effects of cross currency interest rate swaps and forward foreign exchange contracts arrangements as detailed in Note 22(b)):

	2024 HK\$ Million	2023 HK\$ Million
HKD	30,246	31,929
SGD	4,927	4,897
USD	–	273
RMB	365	326
	35,538	37,425

- (b) The effective interest rate per annum on bank loans and other borrowings ranged from 3.5% to 8.0% for the year ended 31 December 2024 (2023: from 2.2% to 8.0%).
- (c) All the interest-bearing borrowings are carried at amortised cost except for amounts of HK\$16,109 million (2023: HK\$22,660 million) which are carried at their fair values. None of the non-current interest-bearing borrowings are expected to be settled within one year from the end of the reporting period.
- (d) As at 31 December 2024, banking facilities of the Group in an amount of HK\$491 million (2023: HK\$524 million) are secured by hotel and development properties in Mainland China of RMB1,213 million equivalent to HK\$1,310 million (2023: RMB1,287 million equivalent to HK\$1,420 million).
- (e) At 31 December 2024, the Group's bank loans included HK\$365 million (2023: HK\$526 million), which are borrowed by Harbour Centre Development Limited and its subsidiaries. The loans are without recourse to the Company and its other subsidiaries.
- (f) Certain of the above borrowings are attached with financial covenants of which HK\$9,826 million (2023: HK\$8,158 million) is classified as non-current which require that at any time, the consolidated tangible net worth is not less than HK\$30 billion and the ratio of borrowings (defined as all bank loans and other borrowings plus lease and contingent liabilities, less bank deposits and cash and market value of listed securities) to consolidated tangible net worth is not higher than 100%. During the years ended 31 December 2024 and 2023, all these covenants have been complied with by the Group.

The Group did not identify any difficulties complying with the covenants and considered the financial covenants are unlikely to be breached.

19 DEFERRED TAXATION

- (a) Deferred tax liabilities/(assets) recognised in the consolidated statement of financial position:

	2024 HK\$ Million	2023 HK\$ Million
Deferred tax liabilities	2,549	2,666
Deferred tax assets	–	(225)
Net deferred tax liabilities	2,549	2,441

The components of deferred tax liabilities/(assets) and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation HK\$ Million	Future benefit of tax losses HK\$ Million	Others HK\$ Million	Total HK\$ Million
At 1 January 2023	2,414	(66)	141	2,489
Charged/(credited) to profit or loss	15	–	(64)	(49)
Exchange adjustment	2	–	(1)	1
At 31 December 2023 and 1 January 2024	2,431	(66)	76	2,441
Charged/(credited) to profit or loss	69	(13)	55	111
Exchange adjustment	(3)	2	(2)	(3)
At 31 December 2024	2,497	(77)	129	2,549

Notes to the Financial Statements

(b) Deferred tax assets not recognised

	2024		2023	
	Deductible temporary differences/tax losses HK\$ Million	Deferred tax assets HK\$ Million	Deductible temporary differences/tax losses HK\$ Million	Deferred tax assets HK\$ Million
Deductible temporary differences	4,113	813	4,641	903
Future benefit of tax losses				
– Hong Kong	1,850	305	1,216	201
– Outside Hong Kong	154	39	156	39
	2,004	344	1,372	240
Total	6,117	1,157	6,013	1,143

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations and deductible temporary differences of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2024 and 2023. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses of HK\$154 million (2023: HK\$156 million) arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

20 PRE-SALE DEPOSITS AND PROCEEDS

The Group receives contract value as deposits from customers when they sign the sale and purchase agreement. This deposit is recognised as a contract liability presented as “Pre-sale deposits and proceeds” until the properties are completed and legally assigned to or accepted by the customer. The rest of the consideration is typically paid when the legal assignment is completed or the property is accepted by the customer.

Movements in pre-sale deposits and proceeds:

	2024 HK\$ Million	2023 HK\$ Million
At 1 January	78	222
Exchange adjustment	(1)	(3)
Decrease in pre-sale deposits and proceeds as a result of recognising revenue during the year	(151)	(235)
Increase in pre-sale deposits and proceeds as a result of receiving pre-sale deposits	109	94
At 31 December	35	78

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts is HK\$42 million (2023: HK\$110 million). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sale contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in future when the properties are assigned to or accepted by the customers, which is expected to occur over the next 12 months.

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted in May 2023 whereby the Board is authorised, at its discretion, to invite eligible participants to take up options at a consideration of HK\$10 to subscribe for shares of the Company ("Shares"). The exercise price of the options shall be determined by the Board and stated in the offer letter, which must be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the options; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the options; and (iii) the nominal value of a Share. The granted options are divided into five tranches, which will be vested each year between one year and five years after the date of grant.

(a) Options outstanding

As of 31 December 2024, the Company has 3,500,000 (2023: 3,500,000) share options granted to directors on 14 August 2023, of which the contractual life is six years after the date of grant.

(b) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted based on the Black-Scholes Option-pricing Model by taking into account the terms and conditions of the option granted. During the year ended 31 December 2024, no new share options were granted.

(c) Movements of the share options and the weighted average exercise prices of share options during the years ended 31 December 2024 and 2023 are as follows:

Number of share options								
2024	Date of grant	Exercise price (HK\$)	At 1 January 2024	Granted	Exercise, forfeited or lapsed	At 31 December 2024	Exercisable at 31 December 2024	Remaining contractual life
	14 August 2023	36.58	3,500,000	–	–	3,500,000	700,000	5 years

Number of share options								
2023	Date of grant	Exercise price (HK\$)	At 1 January 2023	Granted	Exercise, forfeited or lapsed	At 31 December 2023	Exercisable at 31 December 2023	Remaining contractual life
	14 August 2023	36.58	–	3,500,000	–	3,500,000	–	6 years

(d) In respect of share options of the Company granted to the directors of the Company, the related charge (based on the fair value as at the date of grant) recognised for the year ended 31 December 2024, calculated in accordance with the Group's accounting policy in note (v)(iii), was as follows:

	2024 HK\$'000	2023 HK\$'000
Mr Stephen T H Ng	4,863	2,216
Ms Y T Leng	4,863	2,216
Mr Horace W C Lee	1,621	739
	11,347	5,171

Notes to the Financial Statements

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group is exposed to financial risks related to interest rate, foreign currency, equity price, liquidity and credit in the normal course of business. To manage some of these risks, the Group Finance Committee develops, maintains and monitors the Group's financial management policies designed to facilitate cost efficient funding to the Group and to mitigate the impact of fluctuations in interest rates and exchange rates. The financial management policies are implemented by the Group's Treasury department, which operates as a centralised service unit in close co-operation with the Group's operating units for managing the day-to-day treasury functions and financial risks and for providing cost efficient funding to the Group.

The Group uses derivatives, principally forward foreign currency contracts, interest rate swaps ("IRS") and cross currency interest rate swaps ("CCS"), as deemed appropriate and hedging transactions and for managing risks associated with the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions and invest in financial products with significant underlying leverage which are commercially speculative.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main exposure to interest rate risk relates principally to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk whilst borrowings at fixed rate expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure in accordance with defined policies and reviews this exposure with a focus on reducing the Group's overall cost of funding as well as maintaining the floating/fixed rate mix appropriate to its current business portfolio.

In line with the Group's prevailing strategy, the Group has entered into a number of IRS and CCS which have the economic effect of converting certain fixed rate interest-bearing notes with notional amounts totalling HK\$22,081 million (2023: HK\$28,996 million) into floating rate borrowings. For each of the IRS and CCS entered into by the Group, the tenor and timing of the IRS and CCS cash flows match those of the notes.

To ensure the certainty of a proportion of funding costs in the forthcoming years, the Group has entered into various floating-to-fixed IRS with notional amounts totalling HK\$6,600 million (2023: HK\$2,400 million) with maturity dates in 2025 or 2026. Effectively, this arrangement has locked in fixed interest rates ranging from 3.5% to 3.8% (2023: 3.5% to 3.8%) per annum for a certain portion of the Group's floating rate loan portfolio.

As at 31 December 2024, after taking into account of IRS and CCS, approximately 80% (2023: 94%) of the Group's borrowings were at floating rates and 20% (2023: 6%) were at fixed rates.

Based on a sensitivity analysis performed as at 31 December 2024, it was estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have decreased/increased the Group's post-tax profit and total equity by approximately HK\$234 million (2023: HK\$293 million). This takes into account the effect of interest-bearing bank deposits.

The sensitivity analysis above indicates the instantaneous change in the Group's post-tax profit/loss and total equity that would have arisen assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's post-tax profit/loss and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis for 2023.

(b) Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and secondarily in Mainland China and Singapore, with its cash flows being denominated substantially in HKD, RMB and SGD which exposes the Group to foreign currency risk with respect to RMB and SGD related to its property development in Mainland China and property investment in Singapore, respectively.

The Group is also exposed to foreign currency risk in respect of its borrowings denominated in USD, JPY and SGD. Anticipated foreign exchange payments relate primarily to interest expense payments, repayment of principal and capital expenditure. Where appropriate or available in a cost-efficient manner, the Group may enter into forward foreign exchange contracts and cross currency swap contracts to manage its foreign currency risk arising from above anticipated transactions denominated in currencies other than its entities' functional currencies.

The Group's borrowings are predominantly denominated in the functional currency of the entity taking out the borrowings. In the case of group companies whose functional currencies are HKD, their borrowings are mostly denominated in HKD or USD. For managing the overall financing costs of existing and future capital requirements for the projects in Mainland China, the Group has adopted a diversified funding approach and has entered into certain CCS and forward foreign exchange contracts. Based on the prevailing accounting standards, the swaps and forward foreign exchange contracts are marked to market with the valuation movement being recognised in the consolidated statement of profit or loss.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets/(liabilities) denominated in a currency other than the functional currency of the Group's entities to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of investment in a subsidiary are excluded.

	2024				
	USD Million	RMB Million	JPY Million	SGD Million	GBP Million
Other long term investments	167	–	–	–	114
Bank deposits and cash	8	1	–	1	2
Bank loans and other borrowings	(1,465)	(950)	(13,000)	(296)	–
Inter-company balances	–	66	–	–	–
Gross exposure arising from recognised assets and liabilities	(1,290)	(883)	(13,000)	(295)	116
Notional amount of forward foreign exchange contracts	409	–	–	–	(138)
Notional amount of CCS	1,230	950	13,000	(576)	–
Overall net exposure	349	67	–	(871)	(22)

	2023				
	USD Million	RMB Million	JPY Million	SGD Million	GBP Million
Other long term investments	131	–	–	–	136
Bank deposits and cash	7	–	–	1	–
Bank loans and other borrowings	(1,765)	(3,435)	(13,000)	(280)	–
Inter-company balances	–	66	–	–	–
Gross exposure arising from recognised assets and liabilities	(1,627)	(3,369)	(13,000)	(279)	136
Notional amount of forward foreign exchange contracts	310	–	–	–	(137)
Notional amount of CCS	1,530	3,435	13,000	(576)	–
Overall net exposure	213	66	–	(855)	(1)

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In addition, at 31 December 2024, Mainland China subsidiaries of the Group with RMB as their functional currency are exposed to foreign currency risk with respect to HKD/USD by holding HKD/USD denominated bank deposits and cash in the amount of HK\$6 million (2023: HK\$5 million).

Based on the sensitivity analysis performed as at 31 December 2024, it was estimated that the impact on the Group's post tax profit/loss and total equity would not be material in response to possible changes in the exchange rates of foreign currencies to which the Group is exposed.

It is further analysed that the sensitivity of the translation of Mainland China operations from 1% increase/decrease of exchange rate of RMB against HKD, the Group's total equity would have increased/decreased by HK\$14 million (2023: HK\$11 million) while for Singapore operations, if there is 1% increase/decrease of exchange rate of SGD against HKD, the Group's total equity would have increased/decreased by HK\$73 million (2023: HK\$66 million).

(c) Equity price risk

The Group is exposed to equity price changes arising from listed investments.

Listed investments held in the equity investment portfolio have been chosen for their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of listed investments.

Based on a sensitivity analysis performed as at 31 December 2024, it is estimated that an increase/decrease of 5% in the market value of the Group's listed investments, with all other variables held constant, would not have affected the Group's post-tax profit/loss but would have increased/decreased the Group's total equity by HK\$267 million (2023: HK\$288 million). The analysis has been performed on the same basis for 2023.

(d) Liquidity risk

The Group adopts a prudent liquidity risk management policy, maintaining sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding with staggered maturities to reduce refinancing risk in any year from major financial institutions and to maintain flexibility for meeting its liquidity requirements in the short and longer term. The Group's management regularly monitors the current and expected liquidity requirements and its compliance with lending covenants.

Certain non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence of the Company.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and carried at the exchange rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow					
	Carrying amount HK\$ Million	Total HK\$ Million	Within 1 year or on demand HK\$ Million	More than 1 year but less than 2 years HK\$ Million	More than 2 years but less than 5 years HK\$ Million	More than 5 years HK\$ Million
At 31 December 2024						
Bank loans and other borrowings	(35,538)	(39,255)	(11,978)	(8,868)	(14,087)	(4,322)
Trade and other payables	(5,371)	(5,371)	(3,631)	(829)	(794)	(117)
Forward foreign exchange contracts	9	9	9	–	–	–
Cross currency interest rate swaps	(1,086)	(956)	(214)	(162)	(502)	(78)
Interest rate swaps	(583)	(702)	(259)	(211)	(249)	17
	(42,569)	(46,275)	(16,073)	(10,070)	(15,632)	(4,500)
At 31 December 2023						
Bank loans and other borrowings	(37,425)	(41,701)	(8,865)	(10,389)	(17,990)	(4,457)
Trade and other payables	(6,256)	(6,256)	(4,569)	(756)	(833)	(98)
Forward foreign exchange contracts	(29)	(29)	(28)	(1)	–	–
Cross currency interest rate swaps	(1,481)	(1,217)	(520)	(195)	(383)	(119)
Interest rate swaps	(840)	(1,401)	(498)	(349)	(494)	(60)
	(46,031)	(50,604)	(14,480)	(11,690)	(19,700)	(4,734)

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade and other receivables (including rental receivables), bank deposits and cash and over-the-counter derivative financial instruments. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies and procedures in each of the Group's core businesses. In respect of rental receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. Further, evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates.

The Group measures loss allowance for trade receivables from customers in accordance with accounting policies (j)(i). The allowance for expected credit losses is insignificant.

Cash at bank, deposits placed with financial institutions and investments and transactions involving derivative financial instruments are with counter parties with sound credit ratings to minimise credit exposure.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any guarantee which would expose the Group to material credit risk.

Notes to the Financial Statements

(f) Fair values of assets and liabilities

(i) Assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as defined in Note 8(d).

Financial instruments carried at fair value

The fair value measurement information for financial instruments in accordance with HKFRS 13 is given below:

	Fair value measurements as at 31 December 2024 categorised into		
	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million
Assets			
Other long term investments:			
– Listed securities	5,334	–	5,334
Derivative financial instruments:			
– Interest rate swaps	–	186	186
– Forward foreign exchange contracts	–	11	11
	5,334	197	5,531
Liabilities			
Derivative financial instruments:			
– Interest rate swaps	–	768	768
– Cross currency interest rate swaps	–	1,086	1,086
– Forward foreign exchange contracts	–	2	2
Bank loans and other borrowings:			
– Notes	–	15,426	15,426
– Bank loans	–	683	683
	–	17,965	17,965

Fair value measurements as at 31 December 2023 categorised into			
	Level 1 HK\$ Million	Level 2 HK\$ Million	Total HK\$ Million
Assets			
Other long term investments:			
– Listed securities	5,760	–	5,760
Derivative financial instruments:			
– Interest rate swaps	–	202	202
	5,760	202	5,962
Liabilities			
Derivative financial instruments:			
– Interest rate swaps	–	1,042	1,042
– Cross currency interest rate swaps	–	1,481	1,481
– Forward foreign exchange contracts	–	29	29
Bank loans and other borrowings:			
– Notes	–	21,891	21,891
– Bank loans	–	769	769
	–	25,212	25,212

Valuation techniques and inputs used in Level 2 fair value measurements:

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates.

The fair value of interest rate swaps and cross currency interest rate swaps in Level 2 is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair values of bank loans and other borrowings in level 2 is determined based on cash flows discounted using the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those debts being valued.

During the years ended 31 December 2024 and 2023, there were no transfers of instruments between Level 1 and Level 2 or transfers into or out of Level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period in which they occur.

(ii) Assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

Notes to the Financial Statements

(g) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less bank deposits and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and non-controlling interests.

The net debt-to-equity ratios as at 31 December 2024 and 2023 were as follows:

	2024 HK\$ Million	2023 HK\$ Million
Bank loans and other borrowings (Note 18)	35,538	37,425
Less: Bank deposits and cash (Note 15)	(1,308)	(1,124)
Net debt	34,230	36,301
Equity attributable to shareholders of the Company	187,820	191,412
Total equity	191,984	195,607
Net debt-to-shareholders' equity ratio	18.2%	19.0%
Net debt-to-total equity ratio	17.8%	18.6%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the requirement to comply with the financial covenants attached to the Group's borrowing as disclosed in Note 18(f).

23 SHARE CAPITAL AND RESERVES

(a) Share capital

The Company was incorporated in the Cayman Islands on 13 April 2017 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. Details of share capital of the Company are set out below:

	Number of shares Million	HK\$ Million
Authorised ordinary shares of HK\$0.1 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	5,000	500

	Number of shares Million	HK\$ Million
Issued and fully paid ordinary shares		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	3,036	304

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

Notes to the Financial Statements

(c) Reserves

The Group's equity, apart from share capital, share premium and other statutory capital reserves, includes investment revaluation reserves for dealing with the movements on revaluation of equity investments, share option reserves for dealing with the grant date fair value of the outstanding share options in accordance with the accounting policy note (v) (iii) and the exchange reserves mainly for dealing with the exchange differences arising from the translation of the financial statements of operations outside Hong Kong in accordance with the accounting policy note (o).

The revenue reserves of the Group at 31 December 2024 included HK\$127 million (2023: HK\$127 million) in respect of statutory reserves of the subsidiaries in Mainland China.

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	Share capital HK\$ Million	Share premium HK\$ Million	Share option reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
Balance at 1 January 2023	304	696	–	4,814	5,814
Changes in equity for 2023:					
Profit and total comprehensive income for the year	–	–	–	3,989	3,989
Equity settled share-based payments	–	–	5	–	5
2022 second interim dividend paid	–	–	–	(1,852)	(1,852)
2023 first interim dividend paid	–	–	–	(2,034)	(2,034)
Balance at 31 December 2023 and 1 January 2024	304	696	5	4,917	5,922
Changes in equity for 2024:					
Profit and total comprehensive income for the year	–	–	–	4,001	4,001
Equity settled share-based payments	–	–	11	–	11
2023 second interim dividend paid	–	–	–	(1,852)	(1,852)
2024 first interim dividend paid	–	–	–	(1,943)	(1,943)
Balance at 31 December 2024	304	696	16	5,123	6,139

- (d) Reserves of the Company available for distribution to equity shareholders of the Company as at 31 December 2024, including share premium of HK\$696 million (2023: HK\$696 million), amounted to HK\$5,819 million (2023: HK\$5,613 million).

- (e) At the end of the reporting period, the Directors declared the second interim dividend of HK\$0.60 per share amounting to HK\$1,822 million based on 3,036 million issued ordinary shares. The dividend has not been recognised as a liability at the end of the reporting period.

24 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2024 HK\$ Million	2023 HK\$ Million
Non-current asset			
Interest in subsidiaries		6,184	5,962
Current asset			
Bank deposits and cash		6	9
Total assets		6,190	5,971
Current liability			
Payables		(51)	(49)
NET ASSETS		6,139	5,922
Capital and reserves			
Share capital	23(a)	304	304
Reserves		5,835	5,618
TOTAL EQUITY		6,139	5,922

Stephen T H Ng
Chairman and Managing Director

Paul Y C Tsui
Vice Chairman and Executive Director

Notes to the Financial Statements

25 MATERIAL RELATED PARTIES TRANSACTIONS

Material transactions between the Group and related parties during year ended 31 December 2024 are as follows:

- (a) There was rental income of HK\$46 million (2023: HK\$96 million) earned from various tenants which are subsidiaries of Wheelock and Company Limited ("WAC") and Wharf.
- (b) There were in existence agreements with a subsidiary of Wharf for the management, marketing, project management and technical services of the Group's hotel operations. For the year ended 31 December 2024, total fees payable under this arrangement amounted to HK\$56 million (2023: HK\$61 million).
- (c) There were in existence agreements with subsidiaries of WAC and Wharf for the property services in respect of the Group's property projects. For the year ended 31 December 2024, total fees payable under this arrangement amounted to HK\$3 million (2023: HK\$23 million).
- (d) Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company and the two highest paid employees are disclosed in Notes 2(b) and 2(c).

The transactions (a), (b) and (c) above also constitute connected transactions as defined under Listing Rules.

In addition to the above transactions, details of the Group's amount due to an associate are disclosed in Note 10 and Note 16.

26 CONTINGENT LIABILITIES

As at 31 December 2024, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans, credit facilities and notes of up to HK\$46,399 million (2023: HK\$51,546 million).

As at 31 December 2024, there were guarantees of HK\$10 million (2023: HK\$34 million) provided by the Group to the banks in favour of their customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's development properties.

As at the end of the reporting period, the Directors do not consider it is probable that a claim will be made against the Group and the Company under any of the guarantees.

27 COMMITMENTS

The Group's outstanding commitments as at 31 December 2024 are detailed as below:

Planned expenditure

	2024			2023		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
Investment properties						
Hong Kong	65	507	572	82	214	296
Development properties						
Mainland China	142	133	275	231	336	567
	207	640	847	313	550	863
Hotels						
Hong Kong	20	–	20	16	–	16
Total	227	640	867	329	550	879

- (i) Properties commitments are mainly for construction costs to be incurred in the forthcoming years.
- (ii) The outstanding commitments for development properties included attributable amounts for developments undertaken by an associate of HK\$275 million at 31 December 2024 in Mainland China (2023: HK\$567 million).

28 CHANGES IN ACCOUNTING POLICIES

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 adoption of these developments does not have any significant impact on the Group's results and financial position for the current and prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The "material accounting policies" set out on pages 133 to 151 summaries the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group.

Notes to the Financial Statements

29 FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in the consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for HKFRS 18, where the presentation and disclosure of the Group's consolidated financial statements are expected to change.

30 EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the Directors declared a second interim dividend. Further details are disclosed in Note 6.

31 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 10 March 2025.

Material Accounting Policies

a. Statement of compliance

These financial statements 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 28 to the financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b. Basis of preparation of the financial statements

Wharf Real Estate Investment Company Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands on 13 April 2017.

The consolidated financial statements for the year comprise the Company and its subsidiaries (together, "the Group") and the Group's interest in an associate and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note (w).

Material Accounting Policies

c. Basis of consolidation

(i) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interest's proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note (f) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note (f)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note (c)(ii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note (j)(iii)).

(ii) *An associate and a joint venture*

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint ventures that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note (j)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income. Adjustments are made on consolidation to the financial information of an associate and joint ventures where necessary to ensure consistency with the accounting policies adopted by the Group.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long term interests that, in substance, form part of the Group's net investment in the associate or joint venture after applying the ECL model to such other long-term interests where applicable (see note (j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated statement of profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note (f)).

In the Company's statement of financial position, investments in an associate and a joint venture are stated at cost less impairment losses (see note (j)(ii)).

Material Accounting Policies

d. Investment properties and hotel and club properties, plant and equipment

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note (i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the consolidated statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Investment properties under development are stated at cost less impairment losses (see note (j)(ii)) if the fair value cannot be measured reliably. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated statement of profit or loss. Rental income from investment properties is accounted for as described in note (p)(i).

(ii) Hotel and club properties, plant and equipment

Hotel and club properties, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note (j)(ii)). Hotel properties under development are stated at cost less impairment losses (see note (j)(ii)).

Gains or losses arising from the retirement or disposal of an item of hotel and club properties, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

e. Depreciation

Depreciation is calculated to write-off the cost of items of hotel and club properties, plant and equipment, less their estimated residual value, if any, using a straight line method over their estimated useful lives as follows:

(i) Investment properties

No depreciation is provided on investment properties.

(ii) Hotel and club properties, plant and equipment

Depreciation is provided on the cost of the leasehold land of hotel and club properties over the unexpired period of the lease. Costs of buildings thereon are depreciated on a straight line basis over their estimated useful lives of not more than 50 years.

Depreciation is provided on a straight line basis over their estimated useful lives of plant and equipment of 3 to 10 years.

Where parts of an item of hotel and club properties, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

f. Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Material Accounting Policies

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The Group has designated all investments in equity instruments (listed or unlisted) that are not held for trading as at FVOCI.

(ii) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

(iii) Classification and measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iv) Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) with modified terms is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading.

g. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note (h)).

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Material Accounting Policies

h. Hedging

(i) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the consolidated statement of profit or loss. The gain or loss from remeasuring the hedging instrument at fair value together with the gain or loss on the hedged item attributable to the hedged risk are recorded in the consolidated statement of profit or loss.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised directly in other comprehensive income and accumulated separately in equity. The ineffective portion of any gain or loss is recognised immediately in the profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the consolidated statement of profit or loss in the same period or periods during which the asset acquired or liability assumed affects the consolidated statement of profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to the consolidated statement of profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to the consolidated statement of profit or loss immediately.

i. Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (see note (e) for each type of underlying asset) and impairment losses (see note (j)(ii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note (d)(i); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note (k).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see note (f)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of modification.

The Group includes right-of-use assets that do not meet the definition of investment property and properties for sale in "Hotel and club properties, plant and equipment" in the consolidated statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note (p)(i).

Material Accounting Policies

j. Impairment of assets

(i) Impairment of financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of financial instruments since initial recognition, in which the ECLs are measured at an amount equal to lifetime ECLs. For trade receivables (including lease receivables), the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, *Financial Instruments*, which requires the use of the lifetime expected losses provision for all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that results from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) *Impairment of non-financial assets (including right-of-use assets)*

The carrying amounts of non-financial assets, other than properties carried at revalued amounts (including investments in subsidiaries in the Company's statement of financial position, investments in an associate and joint ventures accounted for under the equity method (see note (c)(ii))), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Material Accounting Policies

k. Properties for sale

(i) Completed properties for sale

Completed properties for sale are stated at the lower of cost or net realisable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalised (see note (q)), attributable to unsold units. Net realisable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price less costs to be incurred in selling the property. Cost of completed properties for sale comprises all costs of purchase, costs of conversion and costs incurred in bringing the inventories to their present location and condition.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated statement of profit or loss in the period in which the reversal occurs.

(ii) Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost or net realisable value. Cost includes identified costs including the acquisition cost of interest in freehold and leasehold land, aggregate cost of development, borrowing costs capitalised (see note (q)), material and supplies, wages, other direct expenses and an appropriate proportion of overheads. Net realisable value is estimated by management, taking into account the expected price that can ultimately be achieved, based on prevailing market conditions and the anticipated costs of completion and costs to be incurred in selling the property.

The amount of any write down of or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated statement of profit or loss in the period in which the reversal occurs.

l. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is estimated by the management, based on the expected selling price in the ordinary course of business less the anticipated costs of completion and the estimated costs necessary to make the sale.

m. Contract assets and liabilities

A contract asset is recognised when the Group recognises revenue (see note (p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note (p)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note (p)).

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note (j)(i).

o. Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the statement of financial position of foreign operations are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into Hong Kong dollars at the monthly weighted average exchange rates for the year. Consolidated statements of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. Differences arising from the translation of the financial statements of foreign operations are recognised in other comprehensive income and accumulated separately in equity in the exchange reserves and those arising from the financing of properties under development by foreign currency borrowings are capitalised as part of the development costs. All other exchange differences are dealt with in the consolidated statement of profit or loss.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is reclassified from equity to the consolidated statement of profit or loss and is included in the calculation of the profit or loss on disposal.

p. Recognition of revenue

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group's revenue recognition policies are as follows:

- (i) Rental income under operating leases is recognised in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised in the accounting period in which they are earned.

Material Accounting Policies

- (ii) Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the legal assignment is completed or the property is accepted by the customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position and regarded as contract liabilities (see note (m)).

When residential properties are marketed by the Group while the property is still under construction, the Group may offer a discount compared to the listed sales price, provided the customer agrees to pay the balance of the consideration early. In such cases, if the advance payments are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of legal assignment or the date when the property is accepted by the customer. This accrual increases the balance of "Pre-sale deposits and proceeds" during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs* (see note (q)). The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

- (iii) Income from hotel and club operations is recognised at the time when the services are provided.
- (iv) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.
- (v) Interest income is recognised as it accrues using the effective interest method.

q. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

r. Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated statement of profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may be capable to support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associate and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note (d) (i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that will probably arise from the distribution of dividends are recognised when the related dividends are likely to be payable in the foreseeable future.

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities and deferred tax assets against deferred tax liabilities if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:
- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Material Accounting Policies

s. Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

t. Financial guarantees issued, provisions, contingent liabilities and onerous contracts

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note (t) (ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the carrying amount in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(iii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

Material Accounting Policies

u. Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

v. Employee benefits

(i) Short-term employee benefits, including salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Central Provident Fund in Singapore*

Contributions to the Central Provident Fund in Singapore as required under the Central Provident Fund Act are charged to the consolidated statement of profit or loss when incurred.

(iii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserves within equity. The fair value is measured at grant date using the Black-Scholes Option-pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to share option reserves. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserves) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in share option reserves until either the option is exercised (when it is transferred to the share premium) or the option expires (when it is released directly to revenue reserves).

w. Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Note 22 contains information about the assumptions and their risks relating to financial instruments. Other key sources of estimation uncertainty are as follows:

– *Valuation of investment properties*

Investment properties are included in the consolidated statement of financial position at their market value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. The market value of investment properties is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential and redevelopment potential of the properties.

The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market rental and the appropriate capitalisation rate, and the price per square foot on comparable market transactions (which is available to public) where appropriate.

– *Assessment of the useful economic lives for depreciation of hotel and club properties, plant and equipment*

In assessing the estimated useful lives of hotel and club properties, plant and equipment, management takes into account factors such as the expected usage of the asset by the Group based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Group.

Management reviews the useful lives of hotel and club properties, plant and equipment annually and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation rate for the future periods will be adjusted accordingly.

– *Assessment of impairment of non-current assets*

Management assesses the recoverable amount of each asset based on its value in use (using relevant rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the asset. Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows. Cash flow projections for the remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

– *Assessment of provision for properties for sale*

Management determines the net realisable value of properties for sale by using (i) prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers; and (ii) internal estimates of costs based on quotes by suppliers.

Management's assessment of the net realisable value of properties under development for sale requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from the properties under development for sale. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate and estimates may need to be adjusted in later periods.

– *Recognition of deferred tax assets*

The recognition of deferred tax assets requires formal assessment by the Group of the future profitability of related operations. In making this judgement, the Group evaluates, amongst other factors, the forecast financial performance, changes in technology and operational and financing cashflows.

Principal Subsidiaries

As at 31 December 2024

(A) INCORPORATED IN HONG KONG:

Company name	Place of incorporation/ operation	Issued ordinary share capital and paid up capital	Percentage of equity attributable to shareholders		Principal activities
			Direct	Indirect	
Bright Smart Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	100	Property investment
Excellent Base Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	100	Property investment
Harbour Centre Development Limited *	Hong Kong	HK\$3,641,350,047 divided into 708,750,000 shares	–	72	Holding company
Harbour City Estates Limited	Hong Kong	HK\$330,100,000 divided into 20,000 shares	–	100	Property investment
Harriman Leasing Limited	Hong Kong	HK\$2,000,990 divided into 10,100,049 shares	–	100	Leasing services
HCDL China Finance Limited	Hong Kong	HK\$1 divided into 1 share	–	72	Finance
HCDL Finance Limited	Hong Kong	HK\$5,000,000 divided into 5,000,000 shares	–	72	Finance
HCDL Investments Limited	Hong Kong	HK\$1 divided into 1 share	–	72	Holding company
HCDL Investments Finance Limited	Hong Kong	HK\$1 divided into 1 share	–	72	Finance
Manniworth Company Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	72	Property investment
Mullein Company Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	100	Property investment
Oripuma Investments Limited	Hong Kong	HK\$2 divided into 2 shares	–	100	Property investment
Plaza Hollywood Limited	Hong Kong	HK\$10,000,000 divided into 10,000,000 shares	–	100	Property investment
Ridge Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	100	Property investment
The Murray Limited	Hong Kong	HK\$1 divided into 1 share	–	72	Hotel
The Hongkong Hotel Limited	Hong Kong	HK\$100,000 divided into 100,000 shares	–	72	Hotel and property investment
The Marco Polo Hotel (Hong Kong) Limited	Hong Kong	HK\$1,000 divided into 1,000 shares	–	100	Hotel
The Prince Hotel Limited	Hong Kong	HK\$2 divided into 2 shares	–	100	Hotel
The "Star" Ferry Company, Limited	Hong Kong	HK\$7,200,000 divided into 1,440,000 shares	–	100	Public transport
Times Square Limited	Hong Kong	HK\$20 divided into 2 shares	–	100	Property investment
Wavatah Company Limited	Hong Kong	HK\$1,000 divided into 1,000 shares	–	100	Property investment
Wealthy Flow Company Limited	Hong Kong	HK\$1 divided into 1 share	–	72	Treasury
Wettersley Company Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	100	Property investment
Wharf Estates Limited	Hong Kong	HK\$1,000,000 divided into 1,000,000 shares	–	100	Holding company
Wharf Realty Limited	Hong Kong	HK\$2 divided into 2 shares	–	100	Property investment
Wharf REIC Corporate Management Limited	Hong Kong	HK\$1 divided into 1 share	–	100	Management services
Wharf REIC Finance Limited	Hong Kong	HK\$10,000 divided into 10,000 shares	–	100	Finance
Wharf REIC Treasury Limited	Hong Kong	HK\$1 divided into 1 share	–	100	Treasury
Wharf Transport Investments Limited	Hong Kong	HK\$2 divided into 2 shares	–	100	Holding company

* A company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(B) ESTABLISHED IN THE PEOPLE'S REPUBLIC OF CHINA:

Company name	Place of establishment/ operation	Registered and paid up capital	Percentage of equity attributable to shareholders		Principal activities
			Direct	Indirect	
常州馬哥李羅酒店有限公司(Note (iii))	The People's Republic of China	US\$8,500,000	–	72	Inactive
九龍倉(常州)置業有限公司(Note (iii))	The People's Republic of China	US\$144,950,000	–	72	Property
蘇州高龍房產發展有限公司(Note (i))	The People's Republic of China	RMB1,500,000,000	–	57	Property
蘇州尼依格羅酒店有限公司(Note (iii))	The People's Republic of China	RMB30,000,000	–	57	Hotel

(i) The entity is registered as a non-wholly owned foreign-invested enterprise under PRC law.

(ii) These entities are registered as a wholly owned foreign-invested enterprise under PRC law.

(iii) This entity is registered as a wholly domestic owned enterprise under PRC law.

(C) INCORPORATED IN THE BRITISH VIRGIN ISLANDS:

Company name	Place of incorporation/ operation	Issued ordinary share capital and paid up capital	Percentage of equity attributable to shareholders		Principal activities
			Direct	Indirect	
Algebra Assets Limited #	British Virgin Islands/International/ Hong Kong	500 US\$1 shares	–	72	Investment
Harbour Centre (Hong Kong) Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	72	Holding company
HCDL China Development Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	72	Holding company
Marvel Initial Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	100	Investment
Star Attraction Limited #	British Virgin Islands/Hong Kong	1,500 US\$1 shares	–	100	Holding company
Victor Horizon (0051) Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	72	Investment
Wharf REIC Finance (BVI) Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	100	Finance
Wharf REIC Holdings Limited #	British Virgin Islands/Hong Kong	501 US\$1 shares	100	–	Holding company
Wharf REIC Corporate Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	100	Holding company
Wisdom Height Limited #	British Virgin Islands/Hong Kong	500 US\$1 shares	–	100	Investment

Registered in Hong Kong under Part 16 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) as a registered non-Hong Kong company.

(D) INCORPORATED IN SINGAPORE:

Company name	Place of incorporation/ operation	Issued ordinary share capital and paid up capital	Percentage of equity attributable to equity shareholders		Principal activities
			Direct	Indirect	
Wharf Estates Singapore Pte. Ltd.	Singapore	S\$165,450,102.9 divided into 1,183,562,814 shares	–	100	Holding company/ Property
Everbilt Developers Pte Ltd	Singapore	S\$160,000,000 divided into 160,000,000 shares	–	100	Property

Note: The above lists give the principal subsidiaries of the Group which, in the opinion of the Directors, principally affect the results and assets of the Group.

(E) DEBT SECURITIES ISSUED BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND GUARANTEED BY THE COMPANY:

Name of subsidiary/borrower	Description of debt securities	Outstanding principal amount
Wharf REIC Finance (BVI) Limited	HK\$ Guaranteed Fixed Rate Notes due 2025	HK\$2,623 Million
	HK\$ Guaranteed Fixed Rate Notes due 2026	HK\$2,414 Million
	HK\$ Guaranteed Fixed Rate Notes due 2027	HK\$1,350 Million
	HK\$ Guaranteed Fixed Rate Notes due 2028	HK\$1,400 Million
	HK\$ Guaranteed Fixed Rate Notes due 2030	HK\$1,790 Million
	US\$ Guaranteed Fixed Rate Notes due 2025	US\$490 Million
	US\$ Guaranteed Fixed Rate Notes due 2026	US\$75 Million
	US\$ Guaranteed Fixed Rate Notes due 2028	US\$600 Million
	US\$ Guaranteed Fixed Rate Notes due 2030	US\$300 Million
	RMB Guaranteed Fixed Rate Notes due 2025	RMB800 Million
	RMB Guaranteed Fixed Rate Notes due 2026	RMB150 Million
	SG\$ Guaranteed Fixed Rate Notes due 2029	SG\$100 Million

Schedule of Principal Properties

As at 31 December 2024

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
	Total	Office	Retail	Hotel	Serviced Apartments/ Others
HONG KONG					
Properties – Investment					
Harbour City, Tsimshatsui					
Ocean Terminal	725,000	–	580,000	–	145,000
Ocean Centre	987,000	613,000	374,000	–	–
Wharf T & T Centre	251,000	225,000	26,000	–	–
World Commerce Centre	248,000	225,000	23,000	–	–
World Finance Centre	513,000	476,000	37,000	–	–
Ocean Galleries	357,000	–	357,000	–	–
Gateway I	1,241,000	1,127,000	114,000	–	–
Gateway II	2,641,000	1,879,000	434,000	–	328,000
Marco Polo Hongkong Hotel	737,000	18,000	172,000	547,000	–
Gateway Hotel	287,000	–	–	287,000	–
Prince Hotel	284,000	–	–	284,000	–
Pacific Club Kowloon	138,000	–	–	–	138,000
	8,409,000	4,563,000	2,117,000	1,118,000	611,000
Times Square					
Sharp Street East, Causeway Bay	1,976,000	1,033,000	943,000	–	–
Plaza Hollywood					
3 Lung Poon Street, Diamond Hill	562,000	–	562,000	–	–
Crawford House					
64-70A Queen's Road Central, Central	189,000	104,000	85,000	–	–
Wheelock House					
3/F-24/F., & Shop C, Wheelock House, 20 Pedder Street, Central	215,000	211,000	4,000	–	–
Others					
	56,000	5,000	51,000	–	–
	2,998,000	1,353,000	1,645,000	–	–
The Murray					
Cotton Tree Drive, Central	336,000	–	–	336,000	–
Total Hong Kong Property – Investment	11,743,000	5,916,000	3,762,000	1,454,000	611,000
MAINLAND CHINA					
Property – Investment					
Suzhou International Finance Square					
Xing Hu Jie, Suzhou Industrial Park, Suzhou	237,000	–	–	–	237,000
Marco Polo Changzhou					
88 Hehai East Road, Xinbei District, Changzhou	474,000	–	–	343,000	131,000
Niccolo Suzhou					
Tower 1 Suzhou IFS, 409 Suzhou Avenue East, Suzhou Industrial Park, Suzhou	374,000	–	–	374,000	–
Total Mainland China Property – Investment	1,085,000	–	–	717,000	368,000
Property – Development					
Suzhou International Finance Square					
Xing Hu Jie, Suzhou Industrial Park, Suzhou	644,000	497,000	–	–	147,000
Total Mainland China	1,729,000	497,000	–	717,000	515,000
SINGAPORE					
Property – Investment					
Wheelock Place, 501 Orchard Road					
Scotts Square (Retail Podium), 6 & 8 Scotts Road	465,700	221,800	243,900	–	–
	130,900	–	130,900	–	–
Total Singapore Property – Investment	596,600	221,800	374,800	–	–
Group Total	14,068,600	6,634,800	4,136,800	2,171,000	1,126,000

Notes:

- (a) These properties with total site area of 428,719 sq.ft. form part of Harbour City.
- (b) This property forms part of Suzhou International Finance Square which has a total site area of 229,069 sq.ft..
- (c) In addition to the above floor areas, the Group has total carpark areas of approximately 2 million sq. ft..
- (d) Under negotiation.

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion	Effective Equity Interest to the Company
(A 605-room hotel) (A 400-room hotel) (A 394-room hotel) (Club House)	346,719	KIL11178	2033	1966	100%
	126,488	KML 11 S.A.	2880	1977	100%
	Note (a)	KML 11 S.B.	2880	1981	100%
	Note (a)	KML 11 S.B.	2880	1981	100%
	Note (a)	KML 11 S.D.	2880	1983	100%
	Note (a)	KML 11 S.B. & D.	2880	1981/83	100%
	Note (a)	KML 11 R.P.	2880	1994	100%
	Note (a)	KML 11 S.B. & D.	2880	1998/99	100%
	58,814	KML 91 S.A. & KML 10 S.B.	2863	1969	72%
	Note (a)	KML 11 S.B.	2880	1981	100%
	Note (a)	KML 11 S.D.	2880	1983	100%
	48,309	KIL 11179	2021 Note(d)	1990	100%
	112,441	IL 731, IL 728, IL 727, IL 725 S.A. & R.P., IL 724 S.A.	2850/60/80	1993	100%
	280,510	NKIL 6160	2047	1997	100%
	12,286	IL 7 R.P. & IL 45 S.A.R.P.	2842	1977	100%
	N/A	ML 99 S.A., S.C. & R.P. & ML 100 S.A., S.B. & R.P.	2854	1984	100%
	N/A	N/A	N/A	N/A	N/A
(A 336-room hotel)	68,136	IL 9036	2063	2017	72%
(A 271-room hotel and The Mansion)	Note (b)	N/A	2047	2020	57%
	842,531	N/A	2048	2014	72%
	Note (b)	N/A	2047	2021	57%
(A 233-room hotel)	Note (b)	N/A	2047	2021	57%
	Note (b)	N/A	2047/77	2020	57%
	N/A	N/A	2089	1993	100%
	N/A	N/A	Freehold	2011	100%

Five-year Financial Summary

Year ended 31 December	2024 HK\$ Million	2023 HK\$ Million	2022 HK\$ Million	2021 HK\$ Million	2020 HK\$ Million
Consolidated Statement of Profit or Loss					
Revenue	12,912	13,306	12,459	16,043	15,515
Operating profit	9,691	9,993	8,841	9,064	9,973
Underlying net profit (Note a)	6,139	6,011	6,175	6,518	7,477
Profit before property revaluation (deficit)/surplus	6,512	5,940	6,019	6,591	5,911
Profit/(loss) attributable to equity shareholders	891	4,766	(8,856)	4,391	(7,854)
Dividends attributable to shareholders	3,765	3,886	3,977	3,977	4,463
Consolidated Statement of Financial Position					
Investment properties	221,776	227,586	228,559	243,348	245,473
Hotel and club property, plant and equipment	7,116	7,406	7,315	7,794	7,700
Interest in associates/joint ventures	336	601	835	983	1,082
Other long term investments	5,334	5,760	13,130	13,870	13,041
Properties for sale	932	1,118	1,793	2,308	5,207
Bank deposits and cash	1,308	1,124	1,340	1,800	2,260
Other assets	1,270	1,727	2,277	2,165	3,151
Total assets	238,072	245,322	255,249	272,268	277,914
Bank loans and other borrowings	(35,538)	(37,425)	(46,489)	(49,334)	(54,278)
Other liabilities	(10,550)	(12,290)	(13,879)	(12,058)	(14,227)
Net assets	191,984	195,607	194,881	210,876	209,409
Share capital	304	304	304	304	304
Reserves	187,516	191,108	190,060	205,802	204,247
Shareholders' equity	187,820	191,412	190,364	206,106	204,551
Non-controlling interests	4,164	4,195	4,517	4,770	4,858
Total equity	191,984	195,607	194,881	210,876	209,409
Net debt	34,230	36,301	45,149	47,534	52,018
Financial Data					
<i>Per share data</i>					
Earnings/(loss) per share (HK\$)					
– Underlying net profit	2.02	1.98	2.03	2.15	2.46
– Before property revaluation (deficit)/surplus	2.14	1.96	1.98	2.17	1.95
– Attributable to equity shareholders	0.29	1.57	(2.92)	1.45	(2.59)
Net asset value per share (HK\$)	61.86	63.05	62.70	67.89	67.38
Dividends per share (HK\$ Cents)	124.00	128.00	131.00	131.00	147.00
<i>Financial ratios</i>					
Net debt to shareholders' equity (%)	18.2%	19.0%	23.7%	23.1%	25.4%
Net debt to total equity (%)	17.8%	18.6%	23.2%	22.5%	24.8%
Interest cover (Times) (Note b)	4.7	4.4	7.4	12.7	10.3
Return on shareholders' equity (%) (Note c)	0.5%	2.5%	(4.5%)	2.1%	(3.7%)
Dividend payout (%)					
– Underlying net profit	61.3%	64.6%	64.4%	61.0%	59.7%
– Attributable to equity shareholders	422.6%	81.5%	N/A	90.6%	N/A

(a) Underlying net profit primarily excludes investment property revaluation (deficit)/surplus, impairment provision on hotel properties and mark-to-market changes on certain financial instruments.

(b) Interest cover is based on EBITDA over finance costs (before capitalisation and fair value gain/loss).

(c) Return on shareholders' equity is based on profit/(loss) attributable to shareholders over average shareholders' equity during the year.

The Chinese version of this Annual Report is available on our Company's website at www.wharfreic.com.
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