WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

Stock Code: 4

Annual Report 2024

Contents

Corporate Profile

Founded in 1886, The Wharf (Holdings) Limited ("Wharf", Stock Code: 4) was the 17th company registered in Hong Kong and is currently the 7th with the longest history. Wharf is also one of the 30 constituent stocks in the original Hang Seng Index from the 1960s.

The Group upholds a long standing mission of "Building for Tomorrow". With a proven track record in management and execution, the Group's businesses comprise Investment Properties, Development Properties and Hotels in Hong Kong and Mainland China. Other businesses include Logistics Infrastructure through Modern Terminals and Hong Kong Air Cargo Terminals.

In Hong Kong, the Group's exclusive Peak Portfolio, comprising a rare collection of unique properties, features the highest bespoke quality and craftsmanship catering to the demands of a privileged and discerning clientele. As at the end of 2024, the Group's attributable land bank in Hong Kong was about 2.8 million square feet, of which about 550,000 square feet on The Peak.

The Group's Mainland China Investment Properties are led by the International Finance Squares ("IFS") at the very heart of CBD in select cities. IFS developments in Chengdu and Changsha have become trendsetting landmarks with unrivalled location, superior planning and design, retailer and shopper critical mass and top-notch management.

The Mainland China Development Properties land bank further depleted to 1.2 million square metres at the end of 2024. The bulk of unsold stocks are commercial properties in grossly over-supplied markets.

Wharf Hotels operates 16 hotels across Hong Kong, Mainland China and the Philippines under three brands – Niccolo, Marco Polo and Maqo. The Group wholly owns four of these properties and holds a 50% stake in another. In June 2024, a third hotel owned by the Group at Changsha IFS opened under a Park Hyatt flag.

The Group also owns and operates Modern Terminals, which operates container terminals in Hong Kong and Shenzhen, and is a founding partner in Hong Kong Air Cargo Terminals. Both have been key components for Hong Kong's success as an international trade and transportation hub for decades.

"Building for Tomorrow" also extends to Wharf's "Business-in-Community" ("BIC") commitment. Flagship school improvement programme "Project *WeCan*" grows from strength to strength along with a series of BIC initiatives, with an aim of helping different segments of society in Hong Kong and the Mainland.

The Group has also been devoting effort to embrace sustainable practices in our businesses for building a more sustainable future. Recognising the impact of climate change, the Group works towards its 2030 targets to minimise carbon emissions and explores energy efficiency and renewable energy in operations. The Group has also committed to setting science-based targets and has submitted near-term targets for validation by the Science Based Targets initiative ("SBTi").

The Group was recognised with a host of awards for its business achievements and contributions to the community. It is named the Third Top Donor for 2023/2024 campaign year by The Community Chest, remains as a constituent member of Hang Seng Corporate Sustainability Index Series with an ESG rating of AA+, and attained the "10 Years Plus Caring Company Logo" from The Hong Kong Council of Social Service.

Group Business Structure

THE WHARF (HOLDINGS) LIMITED

HONG KONG PROPERTIES

Peak Portfolio

Kowloon Tong Portfolio

Kowloon East Portfolio

MAINLAND CHINA DEVELOPMENT PROPERTIES

MAINLAND CHINA INVESTMENT PROPERTIES

International Finance Squares (IFS)
– Chengdu
– Chongqing
– Changsha

Wheelock Square
– Shanghai

Times Squares
– Shanghai
– Dalian
– Chongqing

HOTELS

Wharf Hotels
– Niccolo
– Marco Polo
– Maqo

Niccolo Chengdu

Niccolo Chongqing

Niccolo Changsha

Marco Polo Wuhan

Maqo Changsha

Park Hyatt Changsha

LOGISTICS INFRASTRUCTURE

Modern Terminals

Hong Kong Air Cargo Terminals

Corporate Information

Board of Directors

Mr Stephen T H Ng, *Chairman and Managing Director*
Mr Paul Y C Tsui, *Vice Chairman, Executive Director and Group Chief Financial Officer*
Ms Y T Leng, *Executive Director*
Mr Kevin K P Chan
Mr Kevin C Y Hui

Independent Non-Executive Directors

Professor Edward K Y Chen, *GBS, CBE, JP*
Mr Vincent K Fang, *GBS, JP*
Mr Hans Michael Jebsen, *BBS*
Ms Elizabeth Law, MH, *JP*
Mr Richard Y S Tang, *GBS, JP*
Ms Nancy S L Tse, *JP*
Mr David Muir Turnbull

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

Share Registrars

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

Registered Office

16th Floor, Ocean Centre, Harbour City,
Canton Road, Kowloon, Hong Kong
Telephone: (852) 2118 8118
Fax: (852) 2118 8018
Website: www.wharfholdings.com

Shareholder Information

Listing

Ordinary Shares
The Stock Exchange of Hong Kong Limited
Stock Code: 4

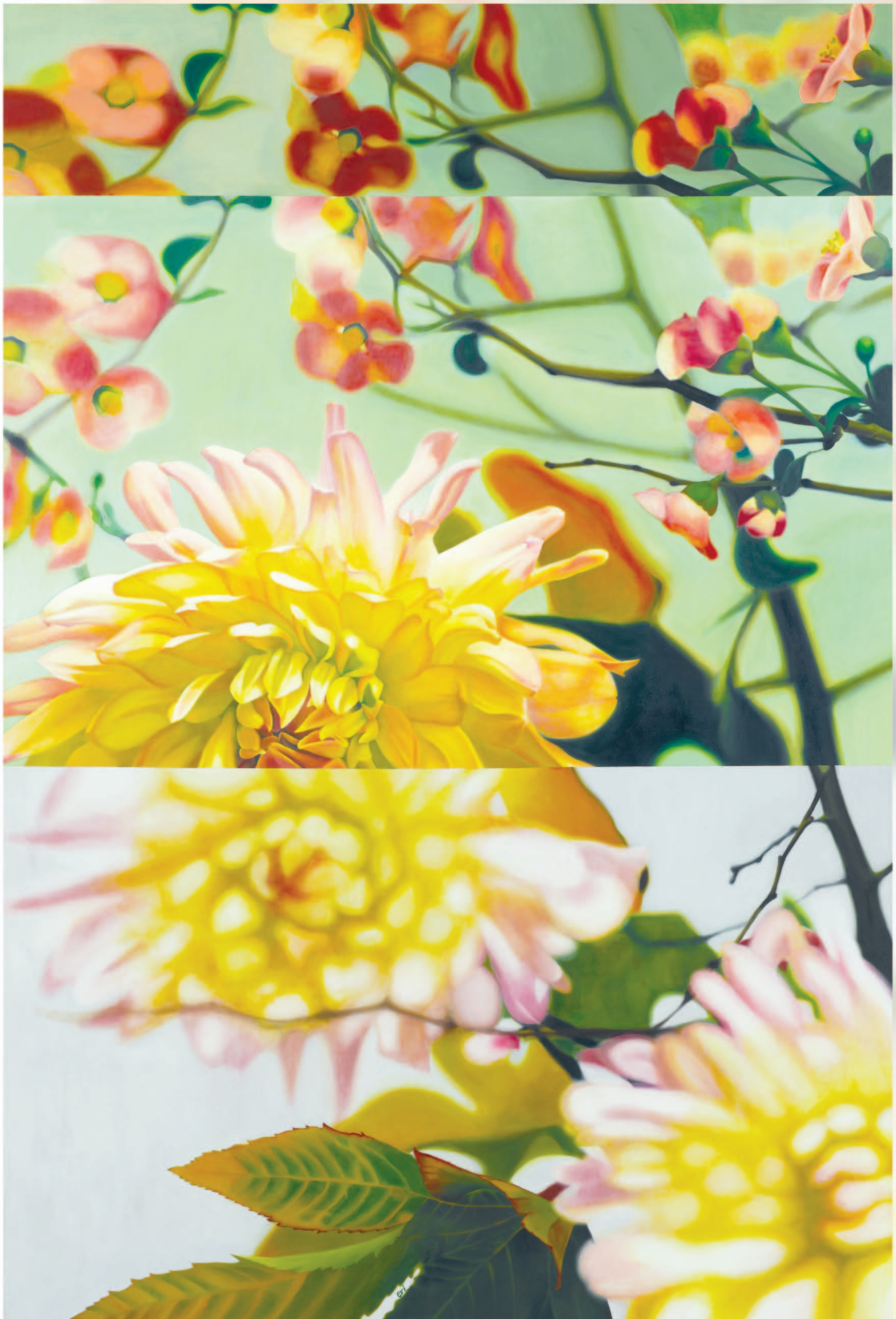
Number of issued shares as at 31 December 2024	3,056,027,327

Financial Calendar

2024 2nd Interim Dividend	HK$0.20 per share
Record Date and Time for 2024 2nd Interim Dividend	6:00 p.m., 7 April 2025
Payment Date of 2024 2nd Interim Dividend	24 April 2025
Closure of Register of Members (to ascertain shareholders' right to attend and vote at 2025 Annual General Meeting)	8 May 2025 to 13 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 a.m., 13 May 2025

Contacts

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



Chairman's STATEMENT

The external environment remained challenging in 2024, marked by escalating geopolitical and trade tensions that affected international economies, capital flows and market sentiment. While the market welcomed the start of the US interest rate cutting cycle, the slower than expected pace limited the stimulus effect on economic activities.

Throughout the year, Central and Hong Kong governments implemented successive supportive measures to boost consumer sentiment. Despite some steady progress, overall demand remained weak and required an extended recovery period.

General Economy

In Mainland China, Central Government launched the largest monetary stimulus package in years to boost economic development, stabilise the property market, and promote domestic consumption. This decisive action demonstrated its commitment to economic revival. However, market sentiment was muted after the initial optimism faded, amid concerns over a weakening renminbi, property sector oversupply and debt issues, and uncertain outlook.

In Hong Kong, removal of cooling measures and interest rate cuts helped stabilise the residential market. The enhanced New Capital Investment Entrant Scheme sparked increased interest in luxury residential properties from high-net-worth buyers. Meanwhile, the port business faced intense competition and challenges from supply chains and carrier alliances re-alignment.

Business Performance

The Group's businesses felt the impact of the sluggish market. Development Properties ("DP") saw lower sales recognition due to diminishing inventory, and an impairment provision was made for the slow-moving stock in the Mainland.

Mainland Investment Properties ("IP") experienced revenue and operating profit decline, reflecting a broader market condition. While our smaller and older malls faced greater pressure, flagship International Finance Squares ("IFS") maintained market-leading position. Office properties continued to face challenges from prolonged supply and demand imbalances, affecting both occupancy and rent.

Hotels segment performance saw weaker performance, with room rate declining amid competition, price-sensitive guests, and increased destination choices. Changsha IFS, the one-stop destination for locals and tourists, opened its third hotel with the first Park Hyatt hotel opening her door in Central China in June 2024.

For logistics segment, persistent weakness in global trade continued to affect throughput and segment performance, particularly in Hong Kong.

Chairman's Statement

Financial Results

Group revenue decreased by 36% to HK$12,115 million, mainly due to lower DP recognition with diminished inventory. Most segments fared weaker, and a DP impairment provision of HK$2,125 million was made during the year (2023: HK$1,933 million). As a result, underlying net profit decreased by 22% to HK$2,798 million. The weak market in the Mainland also led to softer capital values. Inclusive of IP revaluation deficit, a loss attributable to shareholders of HK$3,224 million was reported, compared to a profit of HK$945 million in the previous year.

Total assets amounted to HK$190.0 billion. Book net asset value was HK$136.8 billion (or HK$44.77 per share). The Group's debt management was in line with plan during the year. Total debt was further reduced to mitigate finance cost and net debt remained low at HK$7.1 billion. Gearing ratio was healthy at 5.0%. Effective borrowing rate fell to 3.7% (2023: 4.7%) for the year, mainly benefitting from the higher exposure to renminbi borrowings at lower rate, which also provided a natural hedge for the Group's renminbi assets.

In lieu of a final dividend, a second interim dividend of HK$0.20 (2023: HK$0.20) per share has been declared, bringing the total dividend for the year to HK$0.40 (2023: HK$0.40) per share.

Business-in-Community

The Group remains steadfast in its mission of Building for Tomorrow through sustainable development strategies to create a positive community impact.

Our commitment to 2030 environmental targets and sustainable building design have earned LEED Platinum certification for Changsha IFS, Chengdu IFS and Shanghai Wheelock Square. The Group remains a member of Hang Seng Corporate Sustainability Index Series with an AA+ ESG rating.

In line with our Business-in-Community philosophy, we support youth development through initiatives including our flagship Project *WeCan* programme. Over the 13-year history, the programme has benefitted more than 98,000 students and 82 most resource-needed schools, supported by over 70 partner organisations. 2024 also marks the 10th anniversary of the *WeCan* Scholarship Scheme, which has awarded nearly 900 scholarships totalling approximately HK$70 million.

Additionally, the Group has supported the Wu Zhi Qiao (Bridge of China) Charitable Foundation since 2011, contributing to the construction of 13 footbridges in the Mainland, with over 100 secondary students from Project *WeCan* schools participated in those projects.

As a long-time supporter of The Community Chest to help the needy, the Wharf Group has earned recognition as the Third Top Donor in 2023/2024 — the fourth consecutive year among the top-three donors ranking.

The Group and Modern Terminals also received the "10 Years Plus Caring Company Logo" and "15 Years Plus Caring Company Logo" respectively, reflecting our enduring commitment to community service.

Outlook

Looking ahead, heightened geopolitical tensions, US Fed rates trajectory and new tariff policies may introduce economic volatility.

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

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

Vote of Thanks

On behalf of all Shareholders and my fellow directors, I extend my heartfelt gratitude to our customers and business partners for their unwavering support, and to our staff for their dedication and contributions throughout the year.

STEPHEN T H NG
Chairman and Managing Director

Hong Kong, 13 March 2025

Financial Highlights

	2024 HK$ Million	2023 HK$ Million	Change +/-%
RESULTS			
Revenue	**12,115**	18,950	-36%
Operating profit	**5,644**	6,896	-18%
Underlying net profit (note a)	**2,798**	3,566	-22%
(Loss)/profit attributable to equity shareholders	**(3,224)**	945	N/A
Total dividend for the year	**1,222**	1,222	0%
(Loss)/earnings per share			
Underlying net profit	**HK$0.92**	HK$1.17	-22%
(Loss)/profit attributable to equity shareholders	**(HK$1.05)**	HK$0.31	N/A
Dividend per share			
First interim	**HK$0.20**	HK$0.20	0%
Second interim	**HK$0.20**	HK$0.20	0%
Total for the year	**HK$0.40**	HK$0.40	0%
FINANCIAL POSITION			
Total assets	**190,039**	204,877	-7%
Total business assets (note b)	**179,616**	192,780	-7%
Net debt	**7,136**	7,839	-9%
Shareholders' equity	**136,832**	142,989	-4%
Total equity	**142,470**	148,203	-4%
Number of issued shares (in million)	**3,056**	3,056	0%
Net asset value per share	**HK$44.77**	HK$46.79	-4%
Net debt to total equity	**5.0%**	5.3%	-0.3% pt

Notes:

(a) *Underlying net profit primarily excludes changes in revaluation of investment properties, mark-to-market changes on financial instruments and non-recurring items.*

(b) *Business assets exclude unallocated corporate assets mainly comprising derivative financial assets and bank deposits and cash.*

Business REVIEW


봄·봄
2013

Hong Kong PROPERTIES

Private Terrace, 1 Plantation Road

HONG KONG PROPERTIES

77/79 Peak Road

Total Land Bank#

2,785,000 sq ft

Kowloon Tong Residential Project#

436,000 sq ft

Kowloon East Portfolio#

1,802,000 sq ft

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

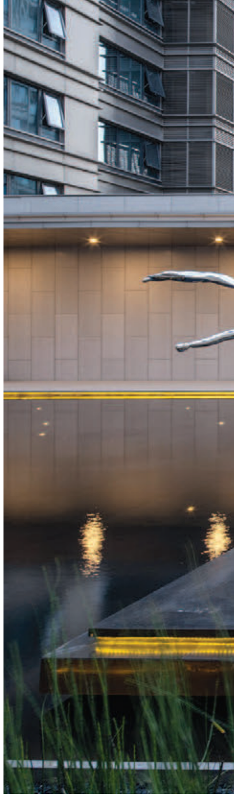
On an attributable basis, DP revenue fell by 71% to HK$322 million and operating profit by 36% to HK$173 million, primarily due to fewer recognitions. The net order book stood at HK$501 million at year-end. All existing projects remained on schedule.

The Peak Portfolio#

547,000 sq ft

Attributable GFA

Mainland China DEVELOPMENT PROPERTIES



The Legend


The Legend

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

Having not acquired new land since 2019, the Group's active projects and stock for sale both diminished. Attributable contracted sales in 2024 fell to RMB1.4 billion (2023: RMB2.6 billion) and net order book to RMB0.6 billion at year-end (31 December 2023: RMB2.3 billion). Total stock, both developed and undeveloped, measured 1.2 million square metres (31 December 2023: 1.4 million square metres), including 0.8 million square metres of completed but very slow moving non-residential properties.

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

Total Land Bank

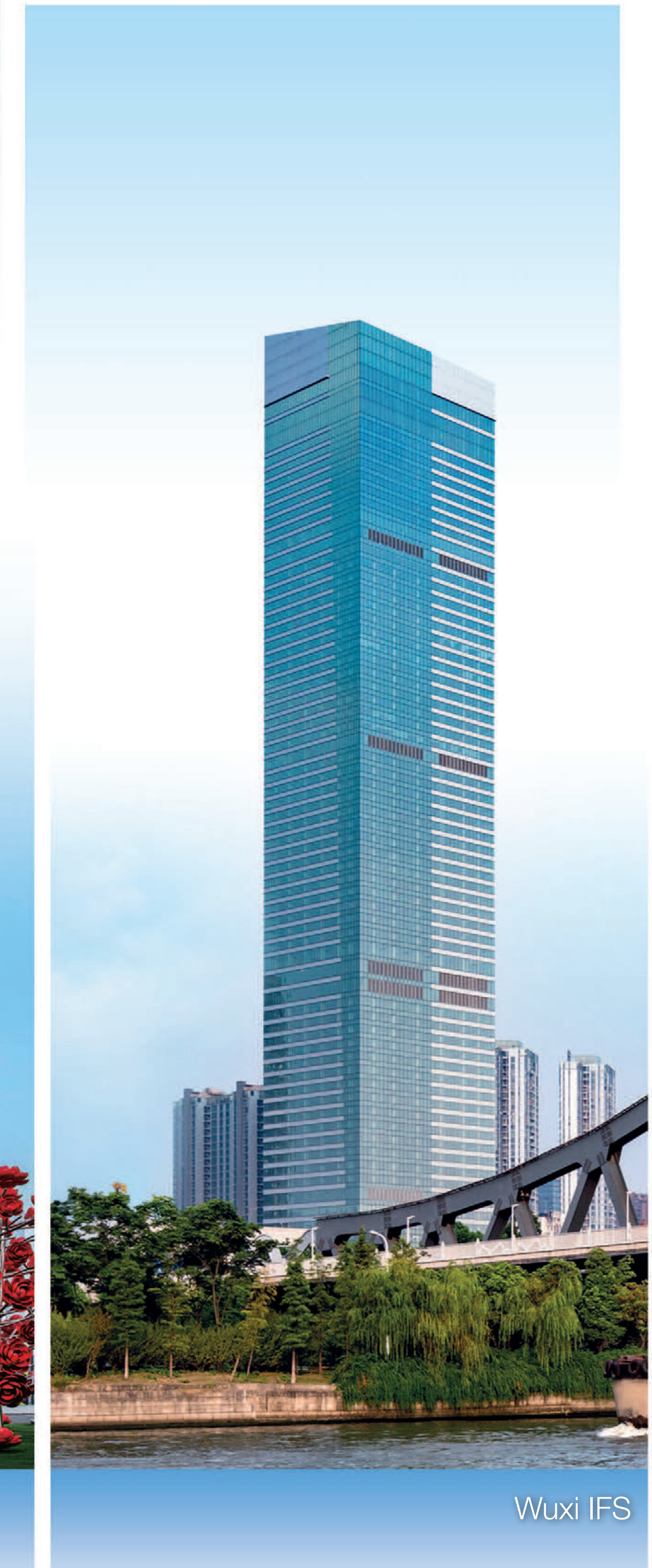
(Attributable GFA)

1,210,000 sq m

Changsha IFS

Chengdu IFS

Chongqing IFS



Wuxi IFS

Mainland China
INVESTMENT PROPERTIES

MAINLAND CHINA INVESTMENT PROPERTIES

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

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

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

Chengdu IFS

Changsha IFS

Changsha IFS

Hotels

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

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

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

Including the addition of Park Hyatt Changsha, segment revenue increased by 1% to HK$617 million but operating profit decreased by 90% to HK$11 million.

Clockwise (from upper right):
Niccolo Chengdu, Park Hyatt Changsha,
Maqo Changsha, Niccolo Changsha,
Popinjays at The Murray Hong Kong

LOGISTICS *Infrastructure*

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

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

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

6.5 Million TEUs

(Attributable Total Throughput)


Modern Terminals
Hong Kong

Awards & Recognitions

The Group was recognized with a host of awards for its business achievements and contributions to the community.


大连时代广场
熊猫星球
中购联购物中心行业二〇二四年度
特色消费场景卓越榜
2024年度
品牌营销创新奖
GOGO Shanghai
PLAY BIG
OUTSTANDING
LANDMARK
AWARDS CEREMONY
2025
年度时尚艺术
商业地标
大上海时代广场
2024 旅游天地
The 8th Stars Awards
最佳潮流购物中心
大上海时代广场
Dalian
Times Square
Shanghai
Times Square
Management Innovation
Award
6S
2024
上海夏利文物业管理有限公司
GOLDEN KEYS CHINA
中國服務
優秀服務團隊
Excellent Service team
INDUSTRY CARES
MODERN TERMINALS LIMITED
香港工業總會
FHKI
香港海關
2024年度優秀企業伙伴卓越獎
Customs and Excise Department
Elite Enterprise Partnership Distinguished Award 2024
現代貨箱碼頭有限公司
Modern Terminals Limited
Commissioner of Customs & Excise
Shanghai
Wheelock Square
Modern Terminals
2024
Forbes
TRAVEL GUIDE
携程口碑榜
2024
豪华酒店榜
武汉马哥孛罗酒店
中国百佳酒店
China's Top 100 Hotels
2024CHINA
TRAVEL AWARDS
漫旅中国·旅行奖
成都尼依格罗酒店
Niccolo Chengdu
Awards Voyage
2024年第16届 Voyage 酒店大奖
Voyage Hotels & Resort Awards
年度精选奢华酒店
苏州尼依格罗酒店
重庆尼依格罗酒店
长沙尼依格罗酒店
Wharf Hotels

Corporate SUSTAINABILITY

The Group is unwavering in its pursuit of "Building for Tomorrow" to improve the sustainability of business practices. In line with our vision and mission of sustainability, we seek to reduce the adverse impacts of our operations on the environment and society by actively engaging with stakeholders and fostering collaboration within the Group. We are honoured to be a constituent member of the Hang Seng Corporate Sustainability Index Series since 2014.

In this section, we present an overview of the Group's significant environmental, social and governance ("ESG") achievements and align our operational strategies with the Sustainable Development Goals ("SDGs") established by the United Nations. For more details, please refer to the Group's standalone Sustainability Report 2024, available on www.wharfholdings.com. The report has been prepared in accordance with the Environmental, Social, and Governance Reporting Code (Appendix C2) issued by The Stock Exchange of Hong Kong Limited ("HKEX ESG Reporting Code"), the latest GRI Standards 2021 ("GRI Standards"), and the GRI G4 Construction and Real Estate Sector ("CRE") Disclosures. The report also includes relevant metrics from the Sustainability Accounting Standards Board ("SASB") real estate industry-specific sustainability accounting standards and references 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").

Sustainability Governance

To proactively oversee and manage ESG issues across our operations, the Group has established a rigorous sustainability governance structure. The Sustainability Steering Committee ("SSC"), delegated by the Board and chaired by the Group's Chairman, meets twice a year to formulate ESG strategies and guide corporate ESG approach. The Divisional Sustainability Committee, assisted by the Cross-Business Units ("BUs") Sustainability Group, is responsible for tracking the ESG performance and initiatives of our various BUs. Each BU is tasked with the identification and assessment of ESG risks and opportunities within their operation and executing suitable management strategies to mitigate the risks. The SSC regularly reviews ESG performance of BUs.

The Group maintains a zero-tolerance policy towards bribery and corruption and adheres to the highest standards of ethical business conduct. We have established the Compliance Policy Statement, Anti-Corruption Policy, Statement of Business Integrity, and Code of Conduct, strictly aligning with relevant laws and regulations. To ensure a thorough understanding of our ethical standards among our workforce, we provide anti-corruption training with examples to reinforce awareness. Our Whistleblowing Policy and Procedures outline the processes by which employees and business partners can confidentially report any instances of misconduct and malpractice. For more details on our governance structure, risk management, and internal control systems, please refer to pages 40 to 61.

Corporate Sustainability

Climate Resilience

Faced with the escalating climate impacts and evolving ESG regulations, the Group continually evaluates its strategy for sustainable operations and climate resilience. Guided by the IFRS S2 Standards, the Group has conducted a comprehensive assessment with refinement made during the year to identify related climate risks and corresponding mitigation measures across its operations in Hong Kong, Mainland China, and the Philippines. The enhanced assessment methodology employed incorporating more granular data covering the material physical assets and operations of the Group and engaging with a wider group of stakeholders in understanding the risks from various perspectives. Climate-related physical risks impact the Group through both acute and chronic risks. Acute risks involve sudden extreme weather events, such as typhoons or rainfall floods, leading to operational disruptions, facility damage, and increased recovery costs. Chronic risks encompass long-term changes like extreme heat and sea level rise, which can increase operational expenses. These risks necessitate strategic planning and risk management to ensure business resilience and competitiveness in a changing climate. For transition climate risks across our portfolio assets under the chosen scenarios, the use of low-carbon resources is encouraged or mandated over time, while the consumption of traditional fossil fuels or high-carbon resources is gradually reduced, replaced, or prohibited. Changes in policy and law, market, technology and consumer behaviour may occur, and are anticipated by the Group's businesses. These changes could significantly impact the Group's operations and negatively affect its financial position and reputation. In the meantime, significant potential for upside transition climate opportunities were also identified that the expected increase in technology may be attributed to the adoption of renewable energy sources, promoting more sustainable operations, improving the Group's reputation and attracting environmentally conscious customers.

As climate risks may hinder our business across multiple dimensions and to varying extents through physical damages to properties and socio-economical shifts towards low-carbon transitions, the Group is committed to enhancing climate resilience by incorporating climate risk factors into our business strategy. Our Climate Change Policy Statement, serving as guidance for all BUs on addressing climate change, undergoes regular review and updates. It establishes the foundation for the Group to integrate climate risks and opportunities as significant considerations into our business strategy and decision making. We will continually upgrade our strategies and plans in response to the ever-changing climate and associated market anticipation.

Protecting Our Environment

The Group remains dedicated to operating in compliance with local legislations, while implementing its Environmental Policy to manage and minimise negative environmental impacts. The Group was not aware of any environmental non-compliance that resulted in penalties or fines in 2024.

The Group is devoted to fostering long-term environmental stewardship through the implementation of carbon reduction and other environmental targets by 2030. Striving to align our ambition towards carbon-neutrality with the global agenda, we have committed to setting science-based targets and have submitted the near-term targets for validation by the Science Based Targets initiative ("SBTi"). To make continuous progress, we have implemented a range of measures focused on efficiency enhancement and sustainable building initiatives. These include green office initiatives, lighting upgrade projects, as well as the utilisation of renewable energy via solar photovoltaic systems and hydropower in our properties. We also actively pursue credible recognitions of our environmental practices. During the reporting year, the Group has maintained green building certification and ISO 14001 environmental management system certification at our key properties as well as ISO 50001 energy management system certification at Shanghai Time Square; our hotels received numerous EarthCheck certifications, which testified our efforts in serving with not only quality, but also with the mind of preserving the environment.

The Group has initiated several programmes across our properties to enhance public and employees' environmental awareness in resource conservation and waste reduction. In March 2024, we participated in the "Earth Hour" to raise awareness on energy conservation. Moreover, the waste sorting initiative at our hotel operations continued to be a key demonstration with the support of our employees to effectively categorising waste for reduction. Waste recycling facilities are also installed in our Investment Properties to encourage employees and tenants to recycle. For more details on our initiatives and achievements, please refer to our standalone Sustainability Report 2024.

Sustainable Finance

The Group strives to integrate green initiatives and develop a roadmap that aligns with global, national, and local objectives aimed at low-carbon transition. Sustainable financing plays an essential role in achieving this ambition. In recent years, the Group has obtained green loans to enhance the environmental sustainability of Chengdu IFS, Changsha IFS and Shanghai Wheelock Square. Furthermore, we obtained sustainability-linked loans to strengthen our commitment to progressively enhance our ESG performance. By end of 2024, the Group raised HK$20,300 million sustainable financing facilities accumulatively. We continue to explore sustainable financial solutions that support our ongoing sustainable development.

Nurturing Our People

The Group is dedicated to fostering a fair and equal, diverse, and inclusive work environment that supports the professional development of our employees. Our employment policies ensure all our employees are treated equally and fairly, and evaluated based on their qualifications, abilities, and expertise. Our employees are remunerated by performance-based compensation package which are market-competitive. Multiple engagement platforms are available for employees to provide feedback and share their comments. All employees are provided with appropriate and business or job-specific training and development programmes, which include compliance updates, leadership training, mental resilience workshops, transition and adaptation team building and safety knowledge reinforcement, among others, to support employee growth and our business needs. In 2024, the Group delivered over 160,000 hours of training to our employees.

We place a high priority on the wellbeing, safety and health of our employees. The Group's Safety and Health Policy, along with respective BU's customised management systems, ensure a safe work environment aligned with local laws and regulations and operational requirements are provided to employees. Moreover, we perform regular workplace safety and health audits to assess compliance and identify areas for improvement and enhancement. In the event of incidents, thorough investigations are carried out, and subsequent necessary corrective actions are implemented to prevent recurrences. We achieved notable progress in our safety management with a low injury incident rate of 1.6 per 100 employees.

We also offer to our employees and their families a variety of activities to promote physical and mental wellbeing, fostering work-life balance. For example, workshops focusing on physical exercises and mindfulness practices were organised across our IPs in Mainland China, empowering our employees to embrace self-care that addresses both physical and mental wellness. Family members of our employees were also invited to participate in the Group's artistic DIY workshops, which allow them to share quality time together and deepen their understanding of traditional festivals.

Business-in-Community

In line with the Group's "Business-in-Community" philosophy, our flagship programme Project *WeCan* provides diversified opportunities for secondary school students who are disadvantaged in learning with an aim to empower and engage them to pursue their future studies and careers. A total of 82 schools and nearly 100,000 students have benefited from the programme with the support of over 70 partner organisations since its launch in 2011.

Besides, the Group also devoted significant resources and efforts towards promoting community care, arts and culture, as well as environmental protection. Our BUs engaged in or sponsored various events held by different charitable organisations, such as hiking trails and invasive species clean-up, fund raising for the needy, and art lectures and exhibitions, etc. In Mainland China, the volunteer teams of IPs have been actively organising a wide range of activities including cultural heritage conservation, environmental protection, and caring for vulnerable communities, a total of 78 volunteering events are hosted in 2024. To foster a volunteering culture and acknowledge the dedication of volunteer teams from Mainland IPs, volunteers were awarded certificates to recognise their contributions. Please refer to the Group's Sustainability Report 2024 for more information on our community support.

Responsible Products and Services

To ensure the delivery of top-quality goods and services to our customers, we routinely conduct customer satisfaction surveys to collect feedback and introduce enhancements that improve the overall customer experience. In 2024, our property and hotel businesses received exceptionally positive satisfaction ratings, as reflected in the surveys we conducted.

Furthermore, the Group strictly complies with local statutory requirements for disclosing fair and transparent information to ensure the protection of both customer and corporate privacy. The Data Privacy Policy Statement is established in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong) and the Law of Protection of Consumer Rights and Interests of the People's Republic of China. In particular, the Group ensures the confidentiality of all collected personal data by restricting access to authorised personnel only and obtaining customers' consent prior to information disclosure. Our information handling procedures are regularly updated to align with the latest compliance standards. During the reporting year, the Group received no customer complaints regarding data privacy breaches.

Our ESG commitments are integrated across the entire supply chain. We have implemented Green Procurement Policy and vendor management practices to evaluate the ESG performance of our suppliers, ensuring the provision of responsible products and services to our customers. To the extent feasible, we prioritise sourcing from local suppliers to reduce our environmental footprints and bolster the local economy.

Financial Review

(I) Review of 2024 Final Results

Group underlying net profit ("UNP") decreased by 22% to HK$2,798 million (2023: HK$3,566 million) mainly due to lower recognition and higher impairment provision for Mainland DP, partly compensated by lower borrowing costs after swapping into Renminbi ("RMB") debt at a lower effective rate. Nearly all segments reported decline.

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

Revenue and Operating Profit ("OP")

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

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

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

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

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

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

IP Revaluation Deficits

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

Other Net Charges

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

Financial Review

Finance Credits/(Costs)

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

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

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

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

Taxation

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

Profit/(Loss) to Shareholders

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

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

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

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

Hong Kong sales increased by HK$458 million to HK$801 million (2023: HK$343 million). Net order book amounted to HK$501 million.

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

(III) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

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

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

Assets

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

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

Investment properties

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

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

Properties for sale

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

Interests in associates and joint ventures

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

Long term investments

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

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

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

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

Deposits from sale of properties

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

Net Debt and Gearing

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

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

Finance and Availability of Facilities

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

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

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

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

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

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

Cash Flows for the Group's Operating and Investing Activities

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

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

Major Capital and Development Expenditures

Major expenditures incurred in 2024 are analysed as follows:

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

i. DP and IP expenditures included HK$0.6 billion for property projects undertaken by associates and joint ventures.

ii. Other expenditure was mainly for Modern Terminals' terminal equipment.

Commitment

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

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

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

(IV) Dividend Policy

Apart from compliance with the applicable legal requirements, the Company would adopt a dividend policy which targets to provide shareholders with recurrent dividends and intend to pay around 30% of the underlying net profit of the Group. The actual dividend payout from year to year will be subject to upward or downward adjustments as decided by the Board after taking into account of the Group's immediate as well as expected prevailing financial performance, cash flow, financial position, capital commitments and future requirements as well as the general business and economic environments.

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

(V) Human Resources

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

(VI) Business Model

The Group is principally engaged in Hong Kong and Mainland properties including hotels and with interests in logistics infrastructure. In addition, the Group owns a strategic investment portfolio with a long term perspective.

On an attributable basis, DP in Hong Kong and the Mainland achieved combined sales of HK$2.4 billion and revenue recognition of HK$3.5 billion. Current land bank amounted to 2.8 million square feet in Hong Kong and 1.2 million square metres in the Mainland.

Flagship projects in Hong Kong include Mount Nicholson, a record-setting luxury residential joint venture, and 1 Plantation Road in the Peak portfolio.

IP in the Mainland is spearheaded by Chengdu IFS and Changsha IFS, which are dominant in their respective markets. The Group proactively manages or optimises its tenant mix across its IP portfolio from time to time and implements effective marketing strategies to maintain the leading market position.

(VII) Corporate Strategy

The Group endeavours to continuously enhance its competitiveness and drive sustainable growth through:

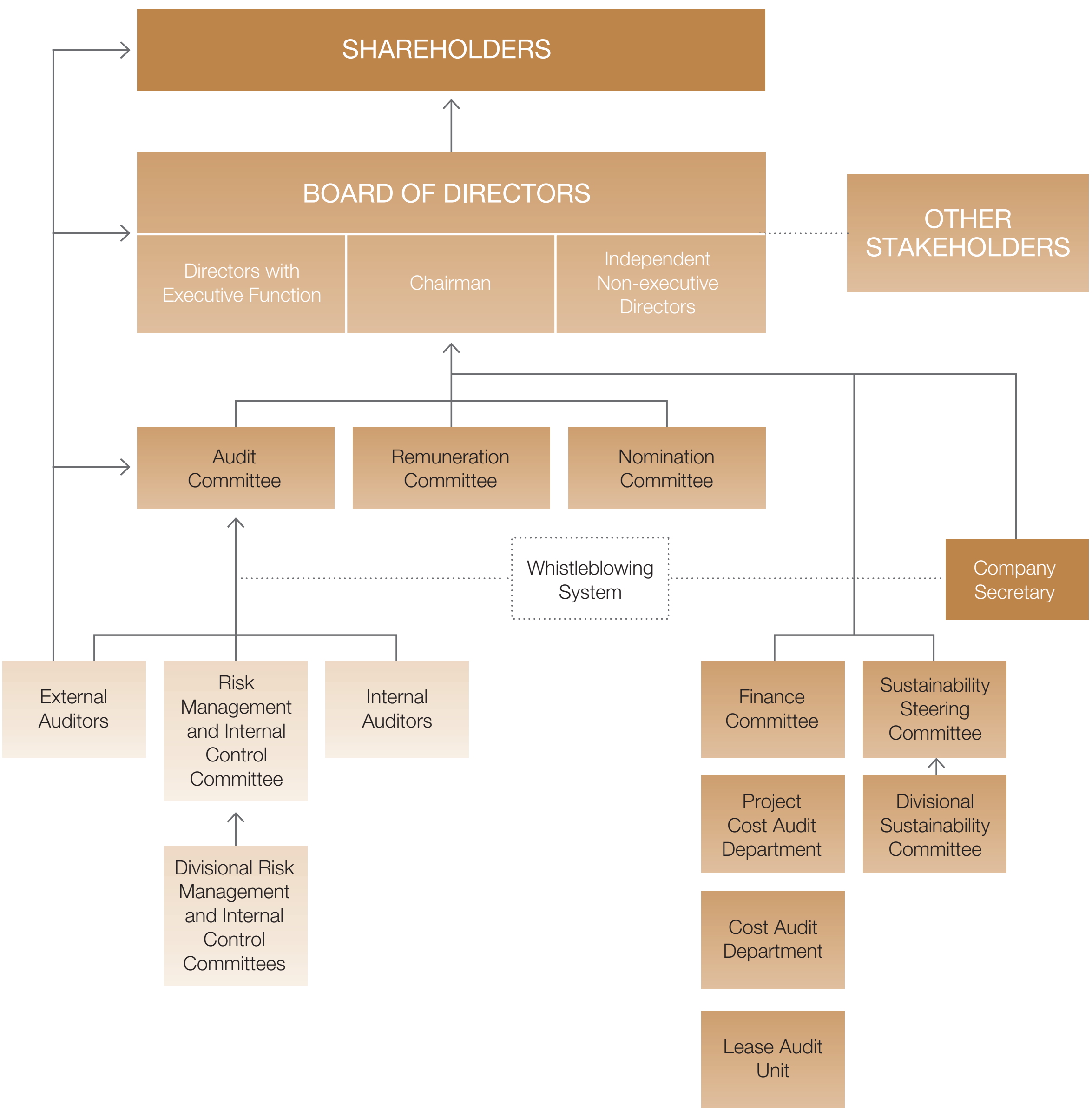
1. For DP, applying core competencies in site selection and acquisition, product planning and design, construction management, premium branding and marketing to achieve premium sales results and profit margin;
2. For IP, leadership in management and strong professional relationship with key tenants to operate market leading complexes to create new value and present long-term growth potential;
3. Continuous development of sustainable and localised organisations with local market know-how and international standards and execution expertise; and
4. Exercising prudent and disciplined financial management to ensure sustainability at all times.

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 of 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 maintaining 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 28 to 32 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
- Review of 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 12 members, including five Directors with executive functions and seven 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 65 to 69. 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 of achieving 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.

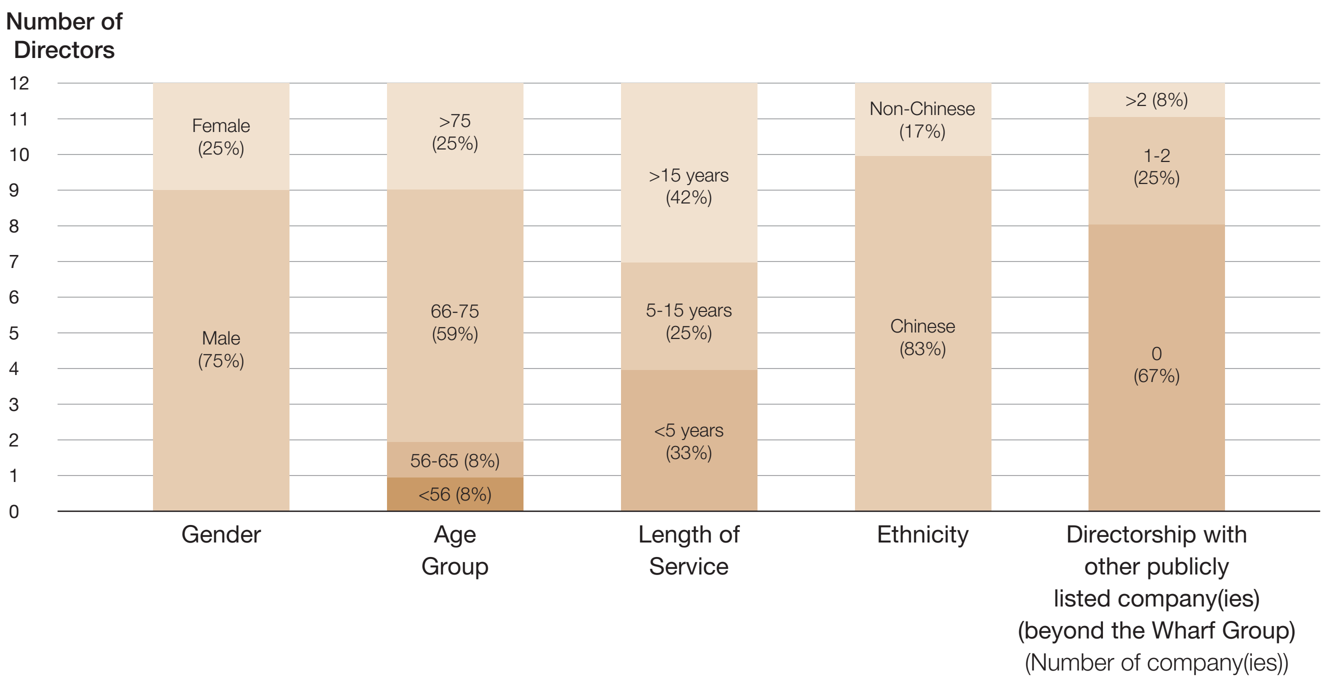
As to gender diversity, the Board has three female members, representing 25% of the Board throughout the year and up to the date of this report, attesting to the Company's commitment to board diversity. The Company targets to maintain at least the current level of female representation on the Board with 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 implements 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:



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 (the "Articles of Association"), 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 general meeting 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 Kevin C Y Hui, Mr Vincent K Fang and Mr Hans Michael Jebsen (collectively, the "Retiring Directors") will retire at the AGM to be held on 13 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 candidates 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 58% 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 INED is still independent and should be re-elected.

In recommending the re-election of a retiring INED who has served on the Board for more than nine years, the Nomination Committee will consider and satisfy itself that the length of his/her tenure has not affected his/her independence having regard to his/her actual contributions, continuing impartiality and ability to continue to demonstrate effective oversight of the Company's management.

For the year under review, the Nomination Committee has conducted an annual assessment 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's Nomination Policy 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 a 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 the 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 100 and 101 respectively.

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 the 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 as 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.

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.
Executive Directors		
Mr Stephen T H Ng, *Chairman and Managing Director*	✓	✓
Mr Paul Y C Tsui, *Vice Chairman and Group Chief Financial Officer*	✓	✓
Ms Y T Leng	✓	✓
Directors		
Mr Kevin K P Chan	✓	✓
Mr Kevin C Y Hui	✓	✓
Independent Non-executive Directors		
Professor Edward K Y Chen		✓
Mr Vincent K Fang	✓	✓
Mr Hans Michael Jebsen		✓
Ms Elizabeth Law	✓	✓
Mr Richard Y S Tang	✓	✓
Ms Nancy S L Tse	✓	✓
Mr David Muir Turnbull	✓	✓

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.

Corporate Governance Report

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

- be responsible for Group strategies and Board issues
- 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 responsibility directly in certain major business and corporate units of the Group in his capacity as Managing Director

DIRECTORS WITH EXECUTIVE FUNCTIONS

Mainland Development Properties
Mr Kevin K P Chan

Mainland Investment Properties
Ms Y T Leng *(Executive Director)*

Group Finance
Mr Paul Y C Tsui *(Vice Chairman, Executive Director and Group Chief Financial Officer)*

- carry full executive responsibilities over business directions and operational efficiency of the business and corporate units under his management

Sustainability & Risk Management
Mr Kevin C Y Hui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Edward K Y Chen
Mr Vincent K Fang
Mr Hans Michael Jebsen
Ms Elizabeth Law
Mr Richard Y S Tang
Ms Nancy S L Tse
Mr David Muir Turnbull

- contribute diversified views and exercise independent judgment in the 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 businesses of the Company. No director has any other major appointment and significant commitment demanding time and attention that will compromise his/her ability to discharge their duties as a director of the Company.

Company Secretary

The 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 the 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 Ordinance (Cap 622 of the laws of Hong Kong) (the "Companies Ordinance") and the Codes on Takeovers and Mergers and Share Buy-backs.

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

The 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 our Directors at Board meetings, Board Committees meetings and AGM during the financial year ended 31 December 2024 are set out below:

	2024 Meetings Attended/Held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr Stephen T H Ng, *Chairman and Managing Director*	4/4	N/A	1/1	1/1	1/1
Mr Paul Y C Tsui, *Vice Chairman and Group Chief Financial Officer*	4/4	N/A	N/A	N/A	1/1
Ms Y T Leng	4/4	N/A	N/A	N/A	1/1
Directors					
Mr Kevin K P Chan	4/4	N/A	N/A	N/A	1/1
Mr Kevin C Y Hui	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Professor Edward K Y Chen	4/4	N/A	N/A	N/A	1/1
Mr Vincent K Fang	3/4	3/4	N/A	N/A	1/1
Mr Hans Michael Jebsen	4/4	4/4	1/1	1/1	1/1
Ms Elizabeth Law	4/4	4/4	N/A	N/A	1/1
Mr Richard Y S Tang	4/4	N/A	N/A	N/A	1/1
Ms Nancy S L Tse	4/4	N/A	N/A	N/A	1/1
Mr David Muir Turnbull	4/4	4/4	1/1	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 49 of this report. • Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the 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 Board meetings to enable 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	• The 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 record, 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	• The Company Secretary and the Group Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communication between Directors on the one hand, and the 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	• The 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 Companies Ordinance and the Articles of Association 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 for Directors' and Officers' liability.

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.

BOARD OF DIRECTORS

AUDIT COMMITTEE

Four members (All being INEDs):

- **Mr Vincent K Fang *(Chairman)***
- **Mr Hans Michael Jebsen**
- **Ms Elizabeth Law**
- **Mr David Muir Turnbull**

Roles:
To monitor and review the Company's financial information and oversee the financial reporting mechanism, risk management and internal control systems, as well as corporate governance matters. To communicate with external auditors for ensuring their independence and audit effectiveness.

REMUNERATION COMMITTEE

Three members (Majority being INEDs):

- **Mr Hans Michael Jebsen *(Chairman)***
- **Mr Stephen T H Ng**
- **Mr David Muir Turnbull**

Roles:
To make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, and review the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. To review relevant matters under the Company's share option scheme.

NOMINATION COMMITTEE

Three members (Majority being INEDs):

- **Mr Stephen T H Ng *(Chairman)***
- **Mr Hans Michael Jebsen**
- **Mr David Muir Turnbull**

Roles:
To provide recommendations to the Board in respect of board composition, nomination of candidates for directorship, appointment and re-appointment of directors. To assess INEDs' independence and maintain board skills matrix. To review the implementation and effectiveness of the Board Diversity Policy at least annually. To support the regular evaluation of the Board's performance. To assess each Director's time commitment, contribution to the Board and ability to discharge his/her duties effectively.

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 49 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 the 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 the 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 the external auditors without presence of executive Board members or the management
- Review of whistleblowing cases and relevant investigation results
- Review of the 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 re-appointment 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 49 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 49 of this report
- Recommendation to the Board for re-election of retiring Directors, namely, Ms Y T Leng, Professor Edward K Y Chen, Mr Richard Y S Tang and Mr David Muir Turnbull at the 2024 AGM
- Review the Board composition and assess the independence of INEDs
- Review of Board diversity and the implementation and effectiveness of the Board Diversity Policy

Audit, Internal Control and Risk Management

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
- reasons for any significant departure from applicable accounting standards, if any, are 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 corporate strategy as discussed under Financial Review on page 39.

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 provides the following services:

1. Audit services of the Company and its subsidiaries (both incorporated in Hong Kong and other jurisdictions);
2. Performing an agreed-upon procedures engagement in respect of the preliminary announcement of annual results in accordance with the Hong Kong Standard on Related Services ("HKSRS") 4400 (Revised) "Agreed-Upon Procedures Engagements" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the HKICPA;
3. Attendance of 2025 AGM; and
4. Reporting on continuing connected transactions.

Corporate Governance Report

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 is set out below:

Fee paid/payable	**2024** **HK$ Million**	2023 HK$ Million
Type of Services:		
Audit services	**14**	17
Non-audit services		
— Advisory services and compliance	**9**	1
Total	**23**	18

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 81 to 85.

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, the 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 the 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 • Two other members comprising Mr Kevin K P Chan and Mr Kevin C Y Hui
Structure	• Accountable to the 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 the 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 the 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 the 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 out 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 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 Auditors	• 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	• ensure the alignment of business development with Corporate and Social 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 different business segments. Risk management and internal control 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.

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, the Audit Committee conducts periodical review on reports of whistleblowing cases submitted from Internal Auditors.

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 the 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, the 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 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 the Audit Committee.

Based on the result of the review as reported by the Audit Committee, in respect of the financial year ended 31 December 2024, the 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 77 to 80 in the Directors' Report.

Corporate Governance 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. The 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 "Corporate Governance" section and "Sustainability" section of the Company's website.

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 4 and 5 of this Annual Report for the address of the Company's Share Registrar, Tricor Tengis Limited and contact details of the Company. Shareholders can contact the Company's 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.wharfholdings.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 the 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 9 May 2024 in Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong, with attendance by all the Directors, details of which are set out in the table of Directors' meeting attendance on page 49. 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 9 May 2024 published on the websites of the Company and the Stock Exchange.

2025 Annual General Meeting

The forthcoming AGM will be held on 13 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 matters) put to Shareholders in general meetings are voted by a poll demanded by the Chairman at the beginning of the meetings. The circulars and notices of general meetings express the Chairman's intention to call for voting by poll.

(b) The Chairman or the 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 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.

Shareholders' Rights

(a) Convene an Extraordinary General Meeting

Pursuant to Section 566 of the Companies Ordinance, on written requisition by Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings, the Directors must convene an extraordinary general meeting.

(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, telephone number and fax number, which are set out on pages 4 and 5 of this Annual Report and the Company's website (www.wharfholdings.com).

(c) Make Proposals at General Meetings

(i) The procedures for proposing candidate(s) for election as Director(s) at general meetings are set out in the "Corporate Governance" section of the Company's website.

(ii) The procedure for proposing resolution(s) to be moved at the Company's AGM are as follows:

Pursuant to Section 615 of the Companies Ordinance, Shareholders can submit written requisition to move a resolution at the Company's AGM if they represent:

- at least 2.5% of the total voting rights of all Shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or
- at least 50 members who have a right to vote on the resolution at the AGM to which the requests relate.

The relevant written requisition must:

(a) identify the resolution of which notice is to be given;

(b) be authenticated by the Shareholder(s) making it; and

(c) be received by the Company not later than six weeks before the relevant AGM to which the requests relate, or if later, the time at which notice is given of that meeting.

Any written requisitions from Shareholders to the Company pursuant to Sections 566 and 615 of the Companies Ordinance must be deposited at the Company's registered office at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

Constitutional Documents

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

Dividend Policy

A Dividend Policy, as set out in Financial Review on page 39, was adopted by the Company pursuant to Code Provision F.1.1 of the Corporate Governance Code.

Directors' Report

The Board of Directors of the Company (the "Board") has pleasure in submitting its 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 165 to 173.

The principal activities of the Group are investment properties ("IP") and development properties ("DP") in Hong Kong and the Mainland, hotels ownership and management, logistics and investment.

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) are covered in different sections of this Annual Report as set out below, which shall form an integral part of this Directors' Report:

— Corporate Profile (page 2)
— Chairman's Statement (pages 6 to 8)
— Financial Highlights (page 9)
— Business Review (pages 10 to 25)
— Financial Review (with Business Model and Corporate Strategy) (pages 33 to 39)
— Principal Risks and Uncertainties (pages 77 to 80)
— Financial Risk Management and Fair Values — Note 22 to the Financial Statements (pages 126 to 134)
— Contingent Liabilities — Note 26 to the Financial Statements (page 139)
— Events after the Reporting Period — Note 30 to the Financial Statements (page 141)

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 28 to 32 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, Appropriations and Reserves

The results of the Group for the financial year ended 31 December 2024 are set out in the Consolidated Income Statement on page 86 and Consolidated Statement of Comprehensive Income on page 87.

Appropriations of profits and movements in reserves of the Group and of the Company during the financial year are set out in the Consolidated Statement of Changes in Equity on page 89 and Note 23 to the Financial Statements on pages 135 and 136.

Dividends

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

Donations

The Group made donations during the financial year totalling HK$15 million.

Share Capital

Details of movement in share capital of the Company during the financial year are set out in Note 23 to the Financial Statements on pages 135 and 136.

Equity-Linked Agreement

No equity-linked agreement which may result in the Company issuing shares was entered into or existed during the financial year.

Directors

The Directors of the Company 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 Kevin K P Chan, Mr Kevin C Y Hui, Professor Edward K Y Chen, Mr Vincent K Fang, Mr Hans Michael Jebsen, Ms Elizabeth Law, Mr Richard Y S Tang, Ms Nancy S L Tse and Mr David Muir Turnbull.

Mr Stephen T H Ng, Mr Kevin C Y Hui, Mr Vincent K Fang and Mr Hans Michael Jebsen (collectively, the "Retiring Directors") are due to retire by rotation in accordance with Article 106(A) of the Articles of Association of the Company (the "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).

A list of persons who serve/served as directors of the Company's subsidiaries during the financial year and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.

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 of the Company or any connected entities of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the 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 subsidiary of such holding companies a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director of the Company is entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution and/or discharge of the duties of his/her office, to the extent as permitted by laws.

The Company has, together with its two listed affiliated companies (Wharf Real Estate Investment Company Limited ("Wharf REIC") and Harbour Centre Development Limited ("HCDL")), 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* Directors of the Company.

Purchase, Sale or Redemption of Shares

During the financial year, neither the Company nor any of its subsidiaries 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 is not entitled to receive the second interim dividend for 2024.

Auditors

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

Other Corporate Information

Other corporate information supplementary to this Directors' Report are set out on pages 65 to 80.

By Order of the Board
Kevin C Y Hui
Director and Company Secretary

Hong Kong, 13 March 2025

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 joined the Group in 1981. He has been Managing Director of the Company since 1989 and became Chairman in 2015. He also serves as chairman of Nomination Committee and a member of Remuneration Committee.

In addition, Mr Ng serves on the boards of the following affiliated companies listed in Hong Kong: chairman and managing director of Wharf REIC, chairman of HCDL and a non-executive director of Greentown China Holdings Limited ("Greentown"). Mr Ng also serves as the deputy chairman of Wheelock and Company Limited ("WAC"), which is the holding company 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, Executive Director and Group Chief Financial Officer* (Age: 78)
Mr Tsui, *FCCA, FCPA, FCMA, CGMA, CPA, CGA*, has been Executive Director and Group Chief Financial Officer of the Company since 2008 and became Vice Chairman in 2015.

Mr Tsui is vice chairman and an executive director of Wharf REIC, 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 the vice chairman of Wheelock Properties Limited, an associate of WAC, and a director of Wharf Estates Singapore Pte. Ltd. He formerly served as a director of HCDL until his resignation in August 2015.

Mr Tsui is currently a general committee member of the 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*, was appointed as a Non-executive Director of the Company in October 2020, and has been re-designated to an Executive Director since August 2021. She is the vice chairman and managing director of Wharf China Estates Limited with responsibility to manage the Group's IP in Mainland China.

Ms Leng is an executive director of Wharf REIC and the vice chairman and managing director of Wharf Estates Limited with primary responsibility for managing its IP in Hong Kong and Singapore.

Ms Leng was formerly a director of HCDL from 2012 to 2013 and of the Company from 2013 until 2017 when Wharf REIC was separately listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 a chartered surveyor of Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors as well as a registered professional surveyor.

Mr Kevin Kwok Pong Chan, *Director* (Age: 64)
Mr Chan joined the Group in 1993 and has been a Director of the Company since 2015. He has been involved in various property development projects of the Group in both Mainland China and Hong Kong. Among various other subsidiaries of the Company of which he serves as a director, he is an executive director of Wharf China Development Limited and Wharf China Estates Limited with responsibility to work on the Group's Mainland DP strategy as well as to oversee the Group's massive Mainland IP construction projects. He was formerly a non-executive director of HCDL from 2013 to 2015.

Mr Chan graduated from The Hong Kong Polytechnic University with Associateship in Civil & Structural Engineering. He is a member of the Hong Kong Institution of Engineers as well as the Institution of Civil Engineers, UK and also a chartered engineer of the Engineering Council UK.

Mr Kevin Chung Ying Hui, *Director* (Age: 68)
Mr Hui, *FCCA, CPA, FCG, HKFCG*, has been a Director of the Company since July 2021. An accountant by profession since 1986, Mr Hui is presently a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and a council member of The Taxation Institute of Hong Kong. He is also a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. In addition, he is a member of the Project *WeCan* Committee.

Mr Hui joined WAC in 1986 and has worked for WAC group and subsequently for the Group, serving as the group financial controller for years and gaining extensive experience in financial management and reporting control, auditing, taxation and corporate governance. He was appointed as a director of WAC in January 2023 while he has been a director of the Group's subsidiary companies Wharf Limited and Modern Terminals Limited ("Modern Terminals"). Mr Hui has been the Company Secretary of the Company since July 2013 and he is also the company secretary of Wharf REIC. Mr Hui was formerly a director of Wharf REIC from 2020 to 2021 and HCDL from 2015 to 2020. Mr Hui was the vice president of The Taxation Institute of Hong Kong until September 2024.

Professor Edward Kwan Yiu Chen, *GBS, CBE, JP, Director* (Age: 80)
Professor Chen has been an Independent Non-executive Director ("INED") of the Company since 2002.

Professor Chen is an honorary professor of the HKU Business School and of the Hong Kong Metropolitan University, and a fellow of the Hong Kong Institute for the Humanities and Social Sciences at The University of Hong Kong. He is now a member of the board of directors of the Hong Kong Institute for Monetary and Financial Research of the Hong Kong Monetary Authority. Professor Chen was the president of Lingnan University in Hong Kong from 1995 to 2007, and chairman of HKU SPACE from 2013 to 2022. He was also a member of the Legislative Council of Hong Kong from 1991 to 1992, member of the Executive Council of Hong Kong from 1992 to 1997, and a non-official member of the Human Resources Planning Commission from 2016 to 2024.

Professor Chen is also an INED of First Pacific Company Limited (publicly listed in Hong Kong) and Delta Asia Financial Group. He was formerly an INED of Asia Satellite Telecommunications Holdings Limited (publicly listed in Hong Kong until September 2019), and an INED of Hang Seng Qianhai Fund Management Company Limited until June 2022.

Professor Chen was educated at The University of Hong Kong (Bachelor of Arts and Master of Social Sciences) and Oxford University (Doctor of Philosophy). He was appointed a Justice of the Peace in 1993 and awarded a CBE in 1995. In 2003, he was awarded the Gold Bauhinia Star by the Hong Kong SAR Government.

Mr Vincent Kang Fang, *GBS, JP, Director* (Age: 81)
Mr Fang has been an INED of the Company since 1993. He also serves as chairman of the Audit Committee. He is chief executive officer of Toppy Company (Hong Kong) Limited and managing director of Fantastic Garments Limited.

Mr Fang is a director of The Federation of Hong Kong Garment Manufacturers. He was formerly a non-official member of the Commission on Strategic Development of the Hong Kong SAR Central Policy Unit and of the Commercial Properties Committee of Housing Department. He served as a member of Legislative Council representing Wholesale and Retail in Functional Constituency since 2004 until his retirement in September 2016. He also served as chairman of the Hospital Governing Committee of Princess Margaret Hospital and Kwai Chung Hospital, advisor of the Quality Tourism Services Association, a functional constituency representative for retail and wholesale of the Hong Kong Retail Management Association and a member of the Airport Authority Hong Kong, the Hong Kong Tourism Board, the Hong Kong Hospital Authority ("HA") and the Operations Review Committee of the Independent Commission Against Corruption ("ICAC").

Mr Fang is a graduate of North Carolina State University where he obtained both his bachelor's and master's degrees in Science of Textiles Engineering. He was awarded the Silver Bauhinia Star in 2008 and the Gold Bauhinia Star in 2016 by the Hong Kong SAR Government. He is also a Justice of the Peace.

Mr Hans Michael Jebsen, *BBS, Director* (Age: 68)
Mr Jebsen has been an INED of the Company since 2001. He also serves as a member of the Audit Committee and Nomination Committee and chairman of Remuneration Committee.

Mr Jebsen is chairman of Jebsen and Company Limited. He currently holds a number of public offices, namely, chairman and member of Hong Kong-Europe Business Council of the Hong Kong Trade Development Council, chairman of the Advisory Council of the Business School of the Hong Kong University of Science and Technology, board member of the Asian Cultural Council Hong Kong ("ACC"), a trustee of World Wide Fund for Nature Hong Kong and a member of Board of Trustees of Asia Society Hong Kong Center. Since 2017, Mr Jebsen co-founded and has served as executive council member of the Asian Academy of International Law. He was formerly a non-executive director of Hysan Development Company Limited (publicly listed in Hong Kong) from 1994 to May 2023. Mr Jebsen was also served as chairman of the ACC, and a member of the Operations Review Committee of the ICAC and of Advisory Board of the Hong Kong Red Cross.

After schooling in Germany and Denmark, Mr Jebsen received a two-year banking education in Germany and the UK and studied Business Administration at the University of St. Gallen in Switzerland from 1978 to 1981.

Mr Jebsen was awarded the Bronze Bauhinia Star by the Hong Kong SAR Government in 2001, made a Knight of the Dannebrog by receiving the Silver Cross of the Order of Dannebrog by H.M. The Queen of Denmark in 2006, was awarded the Merit Cross of the Order of the Merit of the Federal Republic of Germany in 2008 and received the title "Hofjægermester" by H.M. The Queen of Denmark in 2011. In 2014, Mr Jebsen was awarded the Knight of 1st Class of the Order of Dannebrog, Denmark. In 2015, he was awarded Doctor of Business Administration honoris causa of the Hong Kong University of Science and Technology. In 2018, Mr Jebsen was awarded the Blanchette Hooker Rockefeller Award. He was bestowed with the Danish title of "Kammerherre" by H.M. The Queen of Denmark in 2020. In November 2021, Mr Jebsen was conferred the title of Guangzhou Honorary Citizen.

Ms Elizabeth Law, *MH, JP, Director* (Age: 70)
Ms Law has been an INED of the Company since 2017. She also serves as a member of the Audit Committee.

Ms Law graduated from McGill University, Canada in 1976. She is currently a managing director of Law & Partners CPA Limited, and the proprietor of Stephen Law & Company. Ms Law is a fellow Certified Public Accountant (Practising) in Hong Kong, a member of the Chartered Professional Accountants, Canada, a fellow member of The Institute of Chartered Accountants in England & Wales, a fellow member of Certified Public Accountants Australia, and a certified tax adviser in Hong Kong.

Ms Law is a member of the Advisory Committee of the Accounting and Financial Reporting Council ("AFRC"). She is also the honorary founding president and a council member of Association of Women Accountants (Hong Kong) Limited, and a council member of The Society of Chinese Accountants and Auditors ("SCAA"). She was appointed a Justice of the Peace in 2009.

Ms Law is currently an INED of Clifford Modern Living Holdings Limited, Sunwah Kingsway Capital Holdings Limited, Onewo Inc., Starlite Holdings Limited and Wise Ally International Holdings Limited (all being publicly listed in Hong Kong).

Ms Law served as president of SCAA and a council member of HKICPA. She had been an INED of China Vanke Company Limited (being publicly listed in Hong Kong) since 2012 until her retirement in June 2017 and Sunwah International Limited (until its delisting from the Toronto Stock Exchange in June 2021).

Mr Richard Yat Sun Tang, *GBS, JP, Director* (Age: 72)
Mr Tang has been an INED of the Company since 2021.

Mr Tang is an MBA graduate from the University of Santa Clara, California, USA and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, USA.

Mr Tang is currently chairman and managing director of Richcom Company Limited. He is also the chairman of King Fook Holdings Limited and an executive director of Miramar Hotel and Investment Company, Limited, both companies being publicly listed in Hong Kong. Furthermore, he is a director of various private business enterprises and an advisor of Tang Shiu Kin and Ho Tim Charitable Fund. Mr Tang was formerly an INED of WAC from October 2012 until its delisting in July 2020 and Hang Seng Bank Limited until his retirement in May 2018. He was also formerly a steward of the Hong Kong Jockey Club. Mr Tang was awarded the Gold Bauhinia Star by the Hong Kong SAR Government in 2023.

Ms Nancy Sau Ling Tse, *JP, Director* (Age: 72)
Ms Tse has been an INED of the Company since 2021.

Ms Tse obtained her Bachelor of Arts (Honours) degree in Mathematics and Master of Business Administration degree in Finance/Accounting from the University of California, Los Angeles, USA; and qualified as Chartered Accountant in Canada. She is also a fellow of HKICPA and a fellow member of the Hong Kong Institute of Directors.

Ms Tse is currently an INED of DBS Bank (Hong Kong) Limited. She is also an INED and the chairman of HSBC Provident Fund Trustee (Hong Kong) Limited.

Ms Tse is an adjunct professor of The Jockey Club School of Public Health and Primary Care of The Chinese University of Hong Kong, and an honorary adviser and a member of the Policy, Registration and Oversight Committee and the Sustainability and Climate Action Task Force of AFRC. Ms Tse is also a member of the Professional Accountants in Business Advisory Group of the International Federation of Accountants. She serves on the boards and committees of a number of other charitable organisations and non-government organisations. Ms Tse was the Chief Financial Officer and Director (Finance and Information Technology Services) of the Hong Kong Hospital Authority. She was formerly an INED of WAC from October 2013 until its delisting in July 2020 and Link Asset Management Limited (as manager of Link Real Estate Investment Trust, publicly listed in Hong Kong) until her retirement in July 2023. She was also a member of the Board of Governors of the Prince Philip Dental Hospital from August 2017 to July 2023.

Mr David Muir Turnbull, *Director* (Age: 69)
Mr Turnbull has been an INED of the Company since 2013. He also serves as a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr Turnbull graduated from Cambridge University in 1976 with a Bachelor of Arts degree in Economics and subsequently earned a Master of Arts degree. He joined the Swire group upon graduation and held various senior management positions with international responsibilities covering aviation, shipping and property during his 30 years' service thereof. He was appointed as a director of Cathay Pacific Airways Limited in 1994 and took up the positions of deputy managing director in 1994, managing director in 1996 and deputy chairman and chief executive in 1998 before his appointment as chairman in 2005. He is also the former chairman of Swire Pacific Limited from January 2005 to January 2006, and of Hong Kong Aircraft Engineering Company Limited from March 1995 to August 2006. He was formerly an INED of Sands China Ltd. from October 2009 to March 2016. He had been the chairman and executive director of Pacific Basin Shipping Limited (being publicly listed in Hong Kong) since 2018 until his retirement in April 2023.

Notes:

(1) WAC (of which Mr Stephen T H Ng, Mr Paul Y C Tsui and Mr Kevin C Y Hui are directors) 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, Mr Kevin K P Chan and Mr Kevin C Y Hui are currently directors of certain subsidiaries of the Company.

(ii) Senior Management

Various businesses of the Group are respectively under the direct responsibility of the first five Directors named under (A)(i) above, led by the Chairman and Managing Director. For the purpose of this Annual Report, only those five Directors are regarded as members of the Group's senior management.

(B) Directors' Interests in Shares and Debentures

At 31 December 2024, Directors of the Company had the following beneficial interests in the shares (all being long positions) and/or debentures of the Company, Modern Terminals (a subsidiary of the Company) and Greentown (an associated corporation of the Company within the meaning of Part XV of the SFO). The percentages (where applicable) which the relevant shares represented to the total number of shares in issue of the Company and Modern Terminals respectively are also set out below:

	Quantity Held (percentage, where applicable)	**Nature of Interest**
The Company — Ordinary Shares		
Stephen T H Ng	4,185,445 (0.1370%)	Personal Interest
Paul Y C Tsui	300,000 (0.0098%)	Personal Interest
Y T Leng	1,050,000 (0.0344%)	Personal Interest
Kevin K P Chan	350,000 (0.0114%)	Personal Interest
Vincent K Fang	628,000 (0.0205%)	Personal Interest
David Muir Turnbull	95,000 (0.0031%)	Personal Interest
Modern Terminals — Ordinary Shares		
Hans Michael Jebsen	3,787 (5.40%)	Corporate Interest
Greentown — 4.7% Senior Notes due 2025		
Stephen T H Ng	US$250,000	Personal Interest
Greentown — 5.65% Senior Notes due 2025		
Stephen T H Ng	US$250,000	Personal Interest

Note:

The shareholding classified as "Corporate Interest" in which the Director concerned was taken to be interested as stated above was interest of corporation(s) at general meetings of which the relevant Director was either entitled to exercise (or taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporation(s).

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 the 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	No. of Ordinary Shares (percentage based on total number of shares in issue)
(i)	Wheelock and Company Limited ("WAC")	2,093,500,651 (68.50%)
(ii)	HSBC Trustee (C.I.) Limited ("HSBC Trustee")	2,093,500,651 (68.50%)

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) 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.

(3) The deemed shareholding interests of WAC and HSBC Trustee of 2,093,500,651 shares (68.50%) stated above included direct and indirect interests (of 5% or more) held through WAC's wholly-owned subsidiaries as below:

	Names	*No. of Ordinary Shares (percentage based on total number of shares in issue)*
(i)	*Lynchpin Limited ("LL")*	*265,576,072 (8.69%)*
(ii)	*WF Investment Partners Limited ("WIPL")*	*711,224,579 (23.27%)*
(iii)	*High Fame Investments Limited ("HFIL")*	*537,558,100 (17.59%)*
(iv)	*Crystal Pond Limited ("CPL")*	*575,872,900 (18.84%)*
(v)	*Innovative Circle Limited ("ICL")*	*2,090,231,651 (68.39%)*
(vi)	*World International Asset Management Limited ("WIAML")*	*2,093,500,651 (68.50%)*
(vii)	*World International Holdings Limited ("WIHL")*	*2,093,500,651 (68.50%)*

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 ICL's interests, which in turn included the direct interests held by LL, WIPL, HFIL and CPL respectively.

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

(D) Share Option Scheme

On 11 May 2023, the Company adopted a new share option scheme (the "Scheme") for a term of 10 years. Under the 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 Scheme disclosed in accordance with the Listing Rules are set out below:

(1) Purpose of the Scheme

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

(a) recognise the contribution and potential future contribution of Grantees (as defined in the 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 of the Company (the "Shareholders") for promoting long term financial success of the Group.

(2) Eligible participants of the Scheme

Eligible participants of the 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"), 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 Scheme and percentage of issued shares as at the date of this Annual Report

The total number of share options available for grant under the scheme mandate of the Scheme as at 1 January 2024 and 31 December 2024 were both 305,602,732.

There was no share option granted under the Scheme since its adoption on 11 May 2023. Accordingly, as at 31 December 2024, there was no share option outstanding under the Scheme and no shares of the Company that might be issued pursuant thereto.

As at the date of this Annual Report, the total number of shares available for issue under the Scheme remained at 305,602,732 shares, which represented approximately 10% of the ordinary shares of the Company in issue.

(4) Maximum entitlement of each participant under the Scheme

Unless approved by the Shareholders, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in any 12-month period must not exceed 1% of the total number of shares of the Company in issue at the date of such grant.

(5) The period within which the option may be exercised by the Grantee under the Scheme

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

(6) The vesting period of options granted under the Scheme

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

(7) 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.

(8) 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; and (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.

(9) The remaining life of the Scheme

The Scheme shall be valid and effective for a period of 10 years commencing on the effective date, i.e. 17 May 2023 and shall expire on the tenth anniversary thereof, i.e. 16 May 2033.

(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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Five Directors of the Company, namely, Mr Stephen T H Ng, Mr Paul Y C Tsui, Ms Y T Leng, Mr Kevin K P Chan and Mr Kevin C Y Hui, 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 development and/or 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 property and hotel businesses, it is capable of carrying on independently of WAC Group.

For safeguarding the interests of the Group, the INEDs and the 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) development of properties for sale and/or investment; (ii) property leasing businesses; and (iii) 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 any and all 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 20 to the Financial Statements on pages 123 to 125.

(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 Annual 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 Hotel Services Agreement

On 16 December 2022, a master hotel services agreement (the "Master Hotel Services Agreement") was entered into between the Company and Wharf REIC, 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 the Group to Wharf REIC group. The Master Hotel Services Agreement has provided for, *inter alia*, the annual cap amounts of service fees receivable by the Group from Wharf REIC 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 had increased accordingly. On 8 December 2023, the respective Boards of the Company and Wharf REIC 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 amount of service fees receivable by the Group under the Master Hotel Services Agreement, which is subject to the relevant revised annual cap amount as stated above, for the financial year ended 31 December 2024 amounted to HK$56 million.

(ii) 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, the Company, Wharf REIC 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 has provided for, *inter alia*, the annual cap amounts of service fees payable/receivable by the Group to/from WAC group and/or Wharf REIC group (including HCDL group) in relation thereto, which are fixed at HK$166 million, HK$194 million and HK$220 million for the financial years of 2023, 2024 and 2025 respectively in respect of service fees payable and HK$59 million for the financial year of 2023 in respect of service fees receivable.

The aggregate amounts of service fee payable by the Group under the Master Property 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$84 million.

(iii) Master Tenancy Agreement

On 16 December 2022, a master tenancy agreement (the "Master Tenancy Agreement") was entered into by and amongst WAC, the Company and Wharf REIC, 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 by and amongst themselves. The Master Tenancy Agreement has provided for, *inter alia*, the annual cap amounts of capitalised rent recognised by the Group in relation thereto, which are fixed at HK$178 million, HK$187 million and HK$195 million for the financial years of 2023, 2024 and 2025 respectively.

The aggregate amount of capitalised rent recognised 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$123 million.

With WAC being the holding company of the Company, WAC and its associates (as defined under the Listing Rules) including *inter alia* Wharf REIC and HCDL are regarded as connected persons of the Company under the Listing Rules. Thus, the transactions mentioned under section (J)(i) to (J)(iii) above (the "Transactions") constitute continuing connected transactions for the Company.

(iv) Confirmation from Directors and Auditors

(a) The Directors, including the INEDs, of the Company have reviewed 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 relevant 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 HKICPA.

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

(1) have not been approved by the Board;

(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 during the financial year ended 31 December 2024.

(v) With regard to the Material Related Party Transactions as disclosed under Note 25 to the Financial Statements on page 138, the transactions stated under paragraphs (b), (c), (d), and (e) therein constitute connected transactions (as defined under the Listing Rules) of the Company and the transactions under paragraph (f) 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 interact 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 other risks and uncertainties may arise 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 DP

DP segment is one of the Group's major businesses. It is subject to economic, political and legal developments.

In past years, the DP market in Mainland China was concurrently affected by economic factors and government policies including but not limited to changes affecting the issue of pre-sale licenses and permitted selling price, mortgage levels and ownership, despite of recent government's robust measures to strengthen the residential market and boost buying sentiment. While in Hong Kong, the DP market has been subject to the volatility of local economic conditions, interest rate cuts as well as removal of cooling measures as stipulated by the government. The Group's DP segment is expected to continue to be exposed to these risks, which may affect the Group's investment strategy and business model as well as the performance in DP.

In this respect, the Group actively assesses the overall economic, political and legal developments as well as the property markets both in Hong Kong and in Mainland China for deciding viable acquisitions and selling strategies. For each potential project, detailed feasibility studies and stress tests regarding all aspects are carried out before acquisition to minimise the commercial and legal risks.

Risks pertaining to IP

IP segment is another core business. With most of its IP located in Mainland China, the general economic climate, regulatory changes, government policies and the political conditions in Mainland China may have a significant impact on the Group's overall financial results and condition. The Group's rental income may experience more frequent adjustments resulting from keen competition in retail market and oversupply in office areas. Furthermore, rental levels may also be impacted by trade tensions, 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 statement of financial position at each reporting period. The fair values are provided by independent professional surveyors, using the income capitalisation approach which capitalised the net income of properties and takes into account the significant adjustments on reversionary yield to account for the risk upon reversion, and the direct comparison method to compare with other recently transacted comparable properties, and the changes in fair value are recognised in the consolidated income statement. 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 be able to 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 competitors' offensives in order to maintain competitiveness. Continuously maintaining the quality of the assets and building up a diversified and high-quality tenant-mix also help the Group to grow revenue and to resist a sluggish economy. In addition, long-range planned and tactical promotions are seamlessly executed for maintaining the IPs' leading brands and value.

Risks pertaining to Logistics Segment

The Group operates container terminals both in Hong Kong and Mainland China. The global container business is affected by soft demand in international trade, ongoing geopolitical tensions and uncertainties over US tariff policies. De-globalisation and de-concentration of supply chains may diminish China's role in world trade.

Amidst all that, Modern Terminals will remain focused on improving operational performance and delivering on customer requirements to maximise cash flow and strengthen the company's balance sheet. The multi-year programme has been on track to increase operational efficiency and infrastructure capability.

Risks pertaining to Hotel Segment

The Group operates 16 hotels in Asia, six of which are wholly or partly owned by the Group. Hotel performance is usually subject to a high degree of fluctuations caused by both predictable and unpredictable factors including seasonality, economic conditions and social stability. Each factor varies the development pattern of the tourism and hospitality industry.

In this respect, Hotels segment 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 and cash flow.

Risks pertaining to Investment Segment

The Group holds a diversified portfolio of long-term investments both for capital growth and/or reasonable yields. It mainly consists of blue chips investments. None of the investments is individually material to the Group's total assets. Given the volatility of the stock market, the portfolio is subject to market fluctuation and may affect the net asset value and/or financial performance 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 portfolio of business operations principally across Hong Kong and various Mainland cities, any failure to anticipate the trend of regulatory changes or cope with relevant requirements may result in noncompliance with local laws or regulation, 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 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 126 to 134.

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 Business Units 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 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 achieve 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 40 to 61) 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

TO THE MEMBERS OF THE WHARF (HOLDINGS) LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of The Wharf (Holdings) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 86 to 173, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, 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 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") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 completed IP located in Hong Kong and in major cities across Mainland China which amounted to HK$59 billion 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 a qualified external property valuer.

We identified the valuation of IP as a key audit matter because a small adjustment to or variances in the assumptions and data used to compute the valuation of individual property, 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 methodologies, market rents and capitalisation rates or market selling prices, where applicable, 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 valuer engaged by the Group;
- meeting the external property valuer to discuss and challenge the key estimates and assumptions adopted in the valuations, including prevailing market rents and capitalisation rates or market selling prices, where applicable, and to assess the objectivity, qualifications and expertise of the external property valuer in the properties being valued;
- with the assistance of our internal property valuation specialists, assessing the valuation methodologies adopted by the external property valuer and comparing the key estimates and assumptions adopted in the valuation of IP, on a sample basis, including market rents and capitalisation rates or market selling prices, where applicable, 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 valuer with underlying contracts and related documentation, on a sample basis.

Assessing the net realisable value of properties for sale

Refer to accounting policy I and Note 14 to the consolidated financial statements

The Key Audit Matter

The Group had a number of property development projects located in Hong Kong and major cities across Mainland China which were stated at the lower of cost and net realisable value at an aggregate amount of HK$36 billion as at 31 December 2024.

The calculation of the net realisable value of each property for sale, including both completed properties for sale and properties under development for sale ("PUD"), either directly held by the Group or through its joint ventures and associates, at the financial reporting date is performed by the Group management.

The calculation of net realisable value of properties for sale involves significant management judgement and estimation in preparing and updating project feasibility studies and estimations of the costs to complete each PUD as well as in assessing the expected selling prices for each property for sale.

We identified the assessment of net realisable value of properties for sale as a key audit matter because of the inherent risks involved in estimating the costs to complete each PUD and the future selling prices for each property for sale, particularly in light of the current economic circumstances, and because of the risk of management bias in the judgement and estimates used in the calculation of the net realisable value.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value of properties for sale, either directly held by the Group or through its joint ventures and associates, included the following:

- conducting site visits to properties for sale on a sample basis, discussing the progress with the Group management and comparing the observed progress with the latest development budgets for PUD provided by management;
- assessing the Group management's qualifications, experience and expertise in the properties being valued;
- evaluating the Group management's valuation methodology and assessing the key estimates, data inputs and assumptions adopted in the valuations, which included comparing expected future average selling prices with available market data such as recently transacted prices for similar properties located in the nearby vicinity of each property for sale and comparing costs to complete each PUD with publicly available construction cost information for similar properties (taking into account both property type and location), on a sample basis;
- re-performing the calculations made by the Group management in arriving at the year end assessments of net realisable value of properties for sale, and comparing the estimated costs to complete the PUD with the Group's latest budgets, on a sample basis; and
- performing sensitivity analyses to determine the extent of change in those estimates that, either individually or collectively, would be required for properties for sale to be materially misstated and considering the likelihood of such a movement in those key estimates arising and whether there was any evidence of management bias.

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 consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and 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, in accordance with section 405 of the Hong Kong Companies Ordinance, 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.
- 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 for 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

13 March 2025

Consolidated Income Statement

For The Year Ended 31 December 2024

	Note	2024 HK$ Million	2023 HK$ Million
Revenue	1	**12,115**	18,950
Direct costs and operating expenses		**(4,343)**	(9,898)
Selling and marketing expenses		**(369)**	(422)
Administrative and corporate expenses		**(1,051)**	(1,028)
Operating profit before depreciation, amortisation, interest and tax		**6,352**	7,602
Depreciation and amortisation	2	**(708)**	(706)
Operating profit	1 & 2	**5,644**	6,896
Decrease in fair value of investment properties	8	**(9,491)**	(746)
Other net charges	3	**(2,271)**	(1,600)
		(6,118)	4,550
Finance credits/(costs)	4	**15**	(905)
Share of results after taxes of:			
Associates	10	**300**	249
Joint ventures	11	**(513)**	(1,699)
(Loss)/profit before taxation		**(6,316)**	2,195
Income tax	5	**3,705**	(1,090)
(Loss)/profit for the year		**(2,611)**	1,105
(Loss)/profit attributable to:			
Equity shareholders		**(3,224)**	945
Non-controlling interests		**613**	160
		(2,611)	1,105
(Loss)/earnings per share			
Basic and diluted	7	**(HK$1.05)**	HK$0.31

The notes and material accounting policies on pages 93 to 173 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit or loss for the year are set out in Note 6.

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2024

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

The notes and material accounting policies on pages 93 to 173 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Note	31 December 2024 HK$ Million	31 December 2023 HK$ Million
Non-current assets			
Investment properties	8	**60,767**	71,244
Property, plant and equipment	9	**12,261**	12,597
Interests in associates	10	**13,345**	13,491
Interests in joint ventures	11	**13,912**	14,221
Other long term investments	12	**41,969**	42,363
Goodwill and other intangible assets	13	**298**	298
Deferred tax assets	21	**8**	133
Derivative financial assets	16	**14**	15
Other non-current assets		**23**	21
		142,597	154,383
Current assets			
Properties for sale	14	**35,755**	37,196
Trade and other receivables	15	**1,507**	1,618
Derivative financial assets	16	**462**	87
Bank deposits and cash	17	**9,718**	11,593
		47,442	50,494
Total assets		**190,039**	204,877
Non-current liabilities			
Derivative financial liabilities	16	**(422)**	(344)
Deferred tax liabilities	21	**(10,012)**	(14,602)
Other non-current liabilities		**(34)**	(33)
Bank loans and other borrowings	20	**(13,844)**	(14,932)
		(24,312)	(29,911)
Current liabilities			
Trade and other payables	18	**(19,581)**	(19,844)
Deposits from sale of properties	19	**(167)**	(1,717)
Derivative financial liabilities	16	**(172)**	(433)
Taxation payable	5(d)	**(327)**	(269)
Bank loans and other borrowings	20	**(3,010)**	(4,500)
		(23,257)	(26,763)
Total liabilities		**(47,569)**	(56,674)
NET ASSETS		**142,470**	148,203
Capital and reserves			
Share capital	23	**30,381**	30,381
Reserves		**106,451**	112,608
Shareholders' equity		**136,832**	142,989
Non-controlling interests		**5,638**	5,214
TOTAL EQUITY		**142,470**	148,203

The notes and material accounting policies on pages 93 to 173 form part of these financial statements.

Stephen T H Ng
Chairman and Managing Director

Paul Y C Tsui
Vice Chairman, Executive Director and Group Chief Financial Officer

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2024

	Attributable to equity shareholders of the Company						
	Share capital HK$ Million	Investments revaluation and other reserves HK$ Million	Exchange reserves HK$ Million	Revenue reserves HK$ Million	Total shareholders' equity HK$ Million	Non-controlling interests HK$ Million	Total equity HK$ Million
At 1 January 2023	30,381	(2,243)	(3,159)	126,606	151,585	4,122	155,707
Changes in equity for 2023:							
Profit for the year	–	–	–	945	945	160	1,105
Other comprehensive income	–	(7,516)	(799)	(4)	(8,319)	1,034	(7,285)
Total comprehensive income	–	(7,516)	(799)	941	(7,374)	1,194	(6,180)
Transfer to revenue reserves upon de-recognition of equity investments	–	(905)	–	905	–	–	–
Capital repatriation to non-controlling interests	–	–	–	–	–	(19)	(19)
2022 second interim dividend paid	–	–	–	(611)	(611)	–	(611)
2023 first interim dividend paid	–	–	–	(611)	(611)	–	(611)
Dividends paid to non-controlling interests	–	–	–	–	–	(83)	(83)
At 31 December 2023 and 1 January 2024	30,381	(10,664)	(3,958)	127,230	142,989	5,214	148,203
Changes in equity for 2024:							
(Loss)/profit for the year	–	–	–	(3,224)	(3,224)	613	(2,611)
Other comprehensive income	–	(1,021)	(724)	1	(1,744)	(64)	(1,808)
Total comprehensive income	–	(1,021)	(724)	(3,223)	(4,968)	549	(4,419)
Transfer to revenue reserves upon de-recognition of equity investments	–	17	–	(17)	–	–	–
2023 second interim dividend paid	–	–	–	(611)	(611)	–	(611)
2024 first interim dividend paid	–	–	–	(611)	(611)	–	(611)
Unclaimed dividends forfeited	–	–	–	33	33	–	33
Dividends paid to non-controlling interests	–	–	–	–	–	(125)	(125)
At 31 December 2024	30,381	(11,668)	(4,682)	122,801	136,832	5,638	142,470

The notes and material accounting policies on pages 93 to 173 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)	4,166	5,244
Changes in working capital	(a)	(1,454)	(1,998)
Cash generated from operations	(a)	2,712	3,246
Net interest paid		(566)	(960)
Interest paid		(838)	(1,281)
Interest received		272	321
Dividends received from associates/joint ventures		263	651
Dividends received from other long term investments		1,902	1,753
Hong Kong Profits Tax paid		(53)	(142)
Tax paid outside Hong Kong		(428)	(2,169)
Net cash generated from operating activities		3,830	2,379
Investing activities			
Payment for investment properties		(577)	(197)
Payment for property, plant and equipment		(231)	(577)
Net decrease in interests in associates		14	27
Net (increase)/decrease in interests in joint ventures		(184)	1,093
Purchase of other long term investments		(1,056)	(10,416)
Proceeds from disposals of property, plant and equipment		5	6
Proceeds from disposals of other long term investments		196	6,515
Placement of deposits with original maturity greater than 3 months		(754)	–
Net cash used in investing activities		(2,587)	(3,549)
Financing activities			
Drawdown of bank loans and other borrowings	(c)	4,745	10,997
Repayment of bank loans and other borrowings	(c)	(7,067)	(11,371)
Capital repatriation to non-controlling interests		–	(19)
Capital element of lease rental paid	(c)	(48)	(45)
Interest element of lease rental paid	(c)	(3)	(2)
Dividends paid to equity shareholders		(1,222)	(1,222)
Dividends paid to non-controlling interests		(125)	(83)
Net cash used in financing activities		(3,720)	(1,745)
Decrease in cash and cash equivalents		(2,477)	(2,915)
Cash and cash equivalents at 1 January		11,593	14,648
Effect of exchange rate changes		(152)	(140)
Cash and cash equivalents at 31 December	(b)	8,964	11,593

The notes and material accounting policies on pages 93 to 173 form part of these financial statements.

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	5,644	6,896
Adjustments for:		
Interest income	(290)	(322)
Dividend income from other long term investments	(1,897)	(2,030)
Depreciation and amortisation	708	706
Loss/(gain) on disposals of property, plant and equipment	1	(6)
Operating cash inflow	4,166	5,244
Increase in properties under development for sale	(2,654)	(3,170)
Decrease in completed properties for sale	1,739	7,606
Decrease in trade and other receivables	79	119
Increase/(decrease) in trade and other payables	999	(189)
Decrease in deposits from sale of properties	(1,549)	(6,408)
Changes in derivative financial instruments	(98)	44
Other non-cash items	30	–
Changes in working capital	(1,454)	(1,998)
Cash generated from operations	2,712	3,246

b. Cash and cash equivalents in the consolidated statement of cash flows

	2024 HK$ Million	2023 HK$ Million
Bank deposits and cash in the consolidated statement of financial position (Note 17)	9,718	11,593
Less: Bank deposits with original maturity greater than 3 months	(754)	–
Cash and cash equivalents in the consolidated statement of cash flows	8,964	11,593

Notes to the Consolidated Statement of Cash Flows

c. Reconciliation of liabilities arising from financing activities

	Bank loans and other borrowings HK$ Million	Lease liabilities HK$ Million	Total HK$ Million
At 1 January 2023	19,964	72	20,036
Changes from financing cash flows:			
Drawdown of bank loans and other borrowings	10,997	–	10,997
Repayment of bank loans and other borrowings	(11,371)	–	(11,371)
Capital element of lease rental paid	–	(45)	(45)
Interest element of lease rental paid	–	(2)	(2)
Total changes from financing cash flows	(374)	(47)	(421)
Exchange adjustments	(314)	–	(314)
Other changes:			
Fair value loss	156	–	156
Increase in lease liabilities from entering into new leases during the year	–	52	52
Decrease in lease liabilities arising from termination of a lease	–	(7)	(7)
Interest expenses	–	2	2
At 31 December 2023 and 1 January 2024	**19,432**	**72**	**19,504**
Changes from financing cash flows:			
Drawdown of bank loans and other borrowings	**4,745**	**–**	**4,745**
Repayment of bank loans and other borrowings	**(7,067)**	**–**	**(7,067)**
Capital element of lease rental paid	**–**	**(48)**	**(48)**
Interest element of lease rental paid	**–**	**(3)**	**(3)**
Total changes from financing cash flows	**(2,322)**	**(51)**	**(2,373)**
Exchange adjustments	**(314)**	**–**	**(314)**
Other changes:			
Fair value loss	**58**	**–**	**58**
Increase in lease liabilities from entering into new leases during the year	**–**	**45**	**45**
Interest expenses	**–**	**3**	**3**
At 31 December 2024	**16,854**	**69**	**16,923**

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 five reportable operating segments for measuring performance and allocating resources. The segments are investment properties, development properties, hotels, logistics and investments. No operating segments have been aggregated to form the reportable segments.

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

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

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

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

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

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

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

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

a. Analysis of Segment Revenue and Results

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

b. Disaggregation of Revenue

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

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

c. Analysis of Segment Business Assets

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

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

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

	2024 HK$ Million	2023 HK$ Million
Development properties	**22,752**	23,310
Logistics	**4,505**	4,402
Group total	**27,257**	27,712

d. Other Segment Information

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

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

e. Geographical Information

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

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

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

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

2. Operating Profit

a. Operating Profit is Arrived at:

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

i. Staff costs include contributions to defined contribution pension schemes of HK$193 million (2023: HK$186 million), which included MPF schemes after a forfeiture of HK$1 million (2023: HK$2 million).

ii. Interest income of HK$290 million (2023: HK$322 million) was in respect of financial assets, including bank deposits, that are measured at amortised cost.

b. Directors' Emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance (Cap 622 of the laws of Hong Kong) (the "Companies Ordinance") and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Contributions to pension schemes HK$'000	2024 Total emoluments HK$'000	2023 Total emoluments HK$'000
Board of Directors						
Stephen T H Ng (Note iii and iv)	410	5,784	9,000	–	15,194	14,970
Paul Y C Tsui (Note iv)	300	2,521	5,600	–	8,421	8,297
Y T Leng (Note iv)	300	3,445	3,500	340	7,585	5,856
Kevin K P Chan	300	4,311	5,000	18	9,629	9,411
Kevin C Y Hui	300	2,725	1,125	–	4,150	3,908
Independent Non-executive Directors						
Edward K Y Chen	300	–	–	–	300	250
Vincent K Fang (Note ii)	500	–	–	–	500	400
Hans Michael Jebsen (Note ii and iii)	535	–	–	–	535	450
Elizabeth Law (Note ii)	475	–	–	–	475	400
Richard Y S Tang	300	–	–	–	300	250
Nancy S L Tse	300	–	–	–	300	250
David Muir Turnbull (Note ii and iii)	535	–	–	–	535	450
Total	4,555	18,786	24,225	358	47,924	
Total for 2023	3,800	18,100	22,650	342		44,892

i. There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the Directors of the Company in respect of the years ended 31 December 2024 and 2023.

ii. 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 relevant Directors.

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 relevant Directors.

iv. The above emoluments other than fees of Mr Stephen T H Ng and Mr Paul Y C Tsui excluded amounts borne by Wharf Real Estate Investment Company Limited ("Wharf REIC") calculated on a pre-determined percentage of the basic remuneration for being executive directors and employees of the Company and Wharf REIC pursuant to a framework agreement entered into between the Company and Wharf REIC. The fees to Ms Y T Leng were paid to Wharf REIC.

c. Emoluments of the Highest Paid Employees

For the year ended 31 December 2024, information regarding emoluments of one (2023: one) employees of the Group who, not being Directors of the Company, were among the top five highest paid individuals (including Directors of the Company and other employees of the Group) employed by the Group has been set out below:

Aggregate emoluments	2024 HK$ Million	2023 HK$ Million
Salaries, allowances and benefits in kind	5	5
Discretionary bonuses	9	9
Total	14	14

Bands (in HK$)	2024 Number	2023 Number
$14,000,001—$14,500,000	1	1

3. Other Net Charges

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

a. Net provisions of HK$1,604 million (2023: HK$489 million) made for certain development properties held by subsidiaries in Mainland China.

b. Net fair value loss of HK$221 million (2023: HK$1,041 million) on other long term investments which are classified as financial assets at fair value through profit or loss.

c. Net exchange loss of HK$388 million (2023: HK$72 million) which included a fair value loss on forward foreign exchange contracts of HK$117 million (2023: HK$30 million).

4. Finance (Credits)/Costs

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

a. Interest was capitalised at an average annual rate of approximately 2.9% (2023: 3.9%).

b. Included in the total interest charge are amounts totalling HK$486 million (2023: HK$1,011 million) in respect of interest bearing borrowings that are measured at amortised cost.

c. The above interest charge has taken into account the interest paid/received in respect of interest rate swaps and cross currency interest rate swaps.

5. Income Tax

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

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

a. The provision for Hong Kong Profits Tax is based on the profit for the year as adjusted for tax purposes at a rate of 16.5% (2023: 16.5%).

b. Income tax on assessable profits outside Hong Kong is mainly corporate income tax and withholding tax in Mainland China, calculated at a rate of 25% (2023: 25%) and up to 10% (2023: 10%), respectively.

c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate properties in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowing costs and all development property expenditure.

d. Taxation payable in the consolidated statement of financial position is expected to be settled within one year.

e. Tax attributable to associates and joint ventures for the year ended 31 December 2024 of HK$144 million (2023: HK$89 million) is included in the share of results of associates and joint ventures.

f. The 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 earnings generated since 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. For the year ended 31 December 2024, a net total of HK$22 million (2023: HK$135 million) was reversed 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 (credits)/charges and (loss)/profit before taxation at applicable tax rates:

	2024 HK$ Million	2023 HK$ Million
(Loss)/profit before taxation	(6,316)	2,195
Notional tax on (loss)/profit before taxation calculated at applicable tax rates	(1,719)	994
Tax effect of non-deductible expenses	969	400
Tax effect of non-taxable income	(488)	(711)
Tax effect of (non-taxable)/non-deductible fair value (gain)/loss on investment properties	(229)	30
Net over-provision in respect of prior years	(60)	(560)
Tax effect of tax losses not recognised	188	179
Tax effect of previously unrecognised tax losses utilised	(159)	(83)
Tax effect of tax losses previously not recognised now recognised	(5)	–
Tax effect on temporary difference not recognised	119	715
LAT on trading properties	55	97
Deferred LAT on changes in fair value of investment properties	(2,356)	164
Withholding tax on distributed/undistributed earnings	(20)	(135)
Actual total tax (credits)/charges	(3,705)	1,090

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. Both Mainland China and Hong Kong in which our Group operates are in the process of implementing their Pillar Two income tax legislation. Under the legislation, the Group is liable to pay a top-up tax for the difference between its applicable effective tax rate per jurisdiction and the 15% minimum tax 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 exemption to recognise and disclose 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	0.20	611	0.20	611
Second interim dividend declared after the end of the reporting period (Notes a and b)	0.20	611	0.20	611
Group total	0.40	1,222	0.40	1,222

a. The second interim dividend based on 3,056 million issued shares (2023: 3,056 million shares) declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

b. The second interim dividend of HK$611 million for 2023 was approved and paid in 2024.

7. (Loss)/Earnings per Share

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

8. Investment Properties

	Completed HK$ Million	Under development HK$ Million	Total HK$ Million
a. Cost or valuation			
At 1 January 2023	69,109	113	69,222
Exchange adjustment	(758)	–	(758)
Additions	19	10	29
Transfer	3,497	–	3,497
Revaluation deficits	(736)	(10)	(746)
At 31 December 2023 and 1 January 2024	**71,131**	**113**	**71,244**
Exchange adjustment	**(992)**	**–**	**(992)**
Additions	**42**	**315**	**357**
Transfer	**(349)**	**(2)**	**(351)**
Revaluation (deficits)/surpluses	**(10,857)**	**1,366**	**(9,491)**
At 31 December 2024	**58,975**	**1,792**	**60,767**
b. The analysis of cost or valuation of the above assets is as follows:			
2024 valuation	**58,975**	**1,792**	**60,767**
	58,975	**1,792**	**60,767**
2023 valuation	71,131	111	71,242
At cost	–	2	2
	71,131	113	71,244
c. Tenure of title to properties:			
At 31 December 2024			
Held in Hong Kong			
Medium term leases	**17,607**	**1,792**	**19,399**
Held outside Hong Kong			
Medium term leases	**41,368**	**–**	**41,368**
	58,975	**1,792**	**60,767**
At 31 December 2023			
Held in Hong Kong			
Medium term leases	17,951	111	18,062
Held outside Hong Kong			
Medium term leases	53,180	2	53,182
	71,131	113	71,244

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 Group's investment properties under development are stated at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the properties.

The investment properties stated at fair value as at 31 December 2024 were revalued by Knight Frank Petty Limited ("Knight Frank"), an independent firm of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with extensive experience in valuing properties in Hong Kong and Mainland China. Knight Frank has valued the investment properties on a market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The revaluation surpluses or deficits arising on revaluation on investment properties is recognised in the line item "increase/(decrease) in fair value of investment properties" on the consolidated income statement.

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.

Except for certain investment properties in Hong Kong and Mainland China totalled HK$7,682 million (2023: HK$7,774 million) which are at Level 2 valuations as at 31 December 2024, the Group's investment properties are at Level 3 valuations and are analysed as below:

			Level 3		
	Retail	Office	Residential	Others	Total
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Recurring fair value measurements					
At 31 December 2024					
Hong Kong	**–**	**–**	**6,375**	**5,389**	**11,764**
Mainland China	**25,926**	**12,400**	**2,995**	**–**	**41,321**
	25,926	**12,400**	**9,370**	**5,389**	**53,085**
At 31 December 2023					
Hong Kong	–	–	6,809	3,583	10,392
Mainland China	31,234	18,022	3,820	–	53,076
	31,234	18,022	10,629	3,583	63,468

The movements during the year in the balance of Level 3 fair value measurements are as follows:

		Under	
	Completed	development	Total
	HK$ Million	HK$ Million	HK$ Million
At 1 January 2023	61,450	–	61,450
Exchange adjustment	(758)	–	(758)
Additions	19	–	19
Transfer	3,393	–	3,393
Revaluation deficits	(636)	–	(636)
At 31 December 2023 and 1 January 2024	**63,468**	**–**	**63,468**
Exchange adjustment	**(946)**	**–**	**(946)**
Additions	**42**	**305**	**347**
Transfer	**(351)**	**–**	**(351)**
Revaluation (deficits)/surpluses	**(10,809)**	**1,376**	**(9,433)**
At 31 December 2024	**51,404**	**1,681**	**53,085**

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

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the event of change in circumstances that caused the transfer.

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. A valuation report with an analysis of changes in fair value measurement is prepared at each interim and annual reporting date and is reviewed and approved by the senior management.

Valuation Methodologies

As at 31 December 2024 and 2023, certain completed properties and a property under development were based on market comparison approach with reference to recent market transactions of comparable properties, which were regarded as Level 2 valuations.

For certain investment properties in Hong Kong which are still under development, the valuations were determined on development basis and by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete construction, financing cost and a reasonable profit margin.

Except for those mentioned above, the valuations of completed properties in Hong Kong and Mainland China were based on the income capitalisation approach which capitalised the net income of the properties and took into account the significant adjustments on reversionary yield to account for the risk upon reversion.

Level 3 valuation methodologies

Completed Investment Properties

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

	Weighted average			
	Capitalisation rate		Market rent	
	2024	2023	2024	2023
Hong Kong			HK$ psf	HK$ psf
— Residential	1.6%	1.5%	76	78
— Others	5.0%	–	12	–
Mainland China			RMB psm	RMB psm
— Retail	7.0%	6.4%	335	345
— Office	7.1%	6.5%	120	152
— Residential	4.4%	4.3%	120	151

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

For certain investment properties under development that are stated at fair value, key assumptions including gross development value and costs to complete construction were estimated based on market conditions at the end of the reporting period, where the valuation is considered a level 3 valuation. The gross development value is determined at estimated market rents as if the properties are completed at the end of the reporting period, while the construction costs to complete these developments are estimated at a range of HK$6,000 million to HK$7,000 million.

The fair value of this investment property under development is positively correlated to the estimated market rent and negatively correlated to the estimated construction costs to completion.

e. The Group leases out properties under operating leases, which generally run for a period of two to five 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	**3,083**	3,137
After 1 year but within 2 years	**2,093**	2,279
After 2 years but within 3 years	**1,323**	1,469
After 3 years but within 4 years	**921**	970
After 4 years but within 5 years	**773**	783
After 5 years	**140**	161
	8,333	8,799

9. Property, Plant and Equipment

	Leasehold land HK$ Million	Hotel properties HK$ Million	Properties under redevelopment HK$ Million	Other property, plant and equipment HK$ Million	Right-of-use assets HK$ Million	Total HK$ Million
a. Analysis as below:						
Cost						
At 1 January 2023	3,762	3,435	122	14,992	139	22,450
Exchange adjustment	(34)	(49)	(2)	(83)	–	(168)
Additions	–	–	206	287	52	545
Disposals	–	–	–	(121)	(52)	(173)
Write-off	–	–	–	–	(12)	(12)
Transfer	–	976	(80)	(3,955)	–	(3,059)
Revaluation surplus arising from transfer to investment properties	–	–	–	3,395	–	3,395
At 31 December 2023 and 1 January 2024	3,728	4,362	246	14,515	127	22,978
Exchange adjustment	(50)	(93)	(5)	(125)	–	(273)
Additions	–	–	39	205	45	289
Disposals	–	–	–	(79)	(42)	(121)
Transfer	–	308	(3)	3	–	308
At 31 December 2024	3,678	4,577	277	14,519	130	23,181
Accumulated depreciation and impairment losses						
At 1 January 2023	1,294	1,119	–	7,881	68	10,362
Exchange adjustment	(8)	(18)	–	(30)	–	(56)
Charge for the year	79	89	–	492	46	706
Written back on disposals	–	–	–	(121)	(52)	(173)
Write-off	–	–	–	–	(5)	(5)
Transfer	–	–	–	(453)	–	(453)
At 31 December 2023 and 1 January 2024	1,365	1,190	–	7,769	57	10,381
Exchange adjustment	(14)	(27)	–	(52)	–	(93)
Charge for the year	79	118	–	466	45	708
Written back on disposals	–	–	–	(73)	(42)	(115)
Impairment loss (Note 9(c))	–	39	–	–	–	39
At 31 December 2024	1,430	1,320	–	8,110	60	10,920
Net book value						
At 31 December 2024	2,248	3,257	277	6,409	70	12,261
At 31 December 2023	2,363	3,172	246	6,746	70	12,597

	Leasehold land HK$ Million	Hotel properties HK$ Million	Properties under redevelopment HK$ Million	Other property HK$ Million	Total HK$ Million
b. Tenure of title to properties:					
At 31 December 2024					
Held in Hong Kong					
Medium term leases	604	–	–	1,922	2,526
Held outside Hong Kong					
Medium term leases	1,644	3,257	277	2,759	7,937
	2,248	3,257	277	4,681	10,463
At 31 December 2023					
Held in Hong Kong					
Medium term leases	631	–	–	2,001	2,632
Held outside Hong Kong					
Medium term leases	1,732	3,172	246	2,908	8,058
	2,363	3,172	246	4,909	10,690

c. Impairment of Property, Plant and Equipment

The carrying amounts of hotel properties, plant and equipment are assessed at the end of the reporting period where there is any indication of impairment by estimating the recoverable amount, which is the greater of its fair value less costs of disposal and value in use. In assessing the impairments, an independent valuation is obtained from Knight Frank using the market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential where appropriate. For the year ended 31 December 2024, an impairment provision of HK$39 million (2023: HK$ nil) was recognised for certain hotel properties in Mainland China. Key assumptions used in the discounted cash flows included long-term growth rate of room rate at 3%, long-term occupancy rates ranging from 68% to 85% and discount rate at 6.5%.

d. Hotel Properties Under Development

As at 31 December 2023, hotel properties under development amounting to HK$583 million were not subject to depreciation.

e. Right-of-use Assets

The Group holds a number of properties and leasehold land to lease out under operating leases or held for own use as the Group's offices (as right-of-use assets) and for the operations of hotels and logistics businesses (see Notes 8 and 9(b)). The Group is the registered owner of these property interests (except for those presented as right-of-use assets in Note 9(a)). 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. Interests in Associates

	2024 HK$ Million	2023 HK$ Million
Share of net assets	9,970	10,118
Goodwill	1,853	1,853
	11,823	11,971
Amounts due from associates	1,522	1,520
	13,345	13,491
Amounts due to associates (Note 18)	(7,970)	(8,013)
	5,375	5,478

a. Details of principal associates at 31 December 2024 are shown on page 171.

b. All of the above associates are accounted for using the equity method in the consolidated financial statements.

c. Except for the amounts due from associates totalling HK$657 million (2023: HK$663 million) which are interest bearing at market rates, all the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment and not expected to be recoverable within twelve months from the end of the reporting period.

   Amounts due to associates are unsecured, interest-free and have no fixed terms of repayment.

d. Included in interest in associates is goodwill of HK$1,853 million (2023: HK$1,853 million) relating to the acquisition of Mega Shekou Container Terminals Limited by Modern Terminals Limited, a 67.6%-owned subsidiary of the Group, under an agreement for rationalisation of the interests in Shekou Container Terminals Phases I, II and III in 2007.

e. At 31 December 2024, no associate is considered to be individually material to the Group. Aggregate information of associates that are not individually material is summarised below:

	2024 HK$ Million	2023 HK$ Million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	11,823	11,971
Aggregate amounts of the Group's share of those associates		
Share of results after tax for the year	300	249
Other comprehensive income for the year	(119)	(225)
Total comprehensive income for the year	181	24

11. Interests in Joint Ventures

	2024 HK$ Million	2023 HK$ Million
Share of net assets	**5,947**	6,069
Amounts due from joint ventures	**7,965**	8,152
	13,912	14,221
Amounts due to joint ventures (Note 18)	**(2,903)**	(1,823)
	11,009	12,398

a. Details of principal joint ventures at 31 December 2024 are shown on page 172.

b. All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

c. Except for the amounts due from joint ventures totalling HK$2,270 million (2023: HK$2,329 million) which are interest bearing at market rates, all the amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment and not expected to be recoverable within twelve months from the end of the reporting period.

Amounts due to joint ventures are unsecured, interest-free and have no fixed terms of repayment.

d. At 31 December 2024, no joint venture is considered to be individually material to the Group. Aggregate information of joint ventures that are not individually material is summarised below:

	2024 HK$ Million	2023 HK$ Million
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**5,947**	6,069
Aggregate amounts of the Group's share of those joint ventures		
Share of results after tax for the year	**(513)**	(1,699)
Other comprehensive income for the year	**(11)**	(11)
Total comprehensive income for the year	**(524)**	(1,710)

12. Other Long Term Investments

	2024 HK$ Million	2023 HK$ Million
Equity investments at fair value through other comprehensive income (“FVOCI”)		
Listed in Hong Kong	32,534	33,483
Listed outside Hong Kong	1,323	1,108
	33,857	34,591
Other financial assets at fair value through profit or loss (“FVTPL”)		
Unlisted investments	8,112	7,772
Group total	41,969	42,363

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 blue chips including property counters and investments in new economy companies holding for long term growth potential with reasonable dividend return that is in line with relevant market and each investment within the portfolio is individually immaterial to the Group’s total assets. Unlisted investments are classified as financial assets at fair value through profit or loss.

b. 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 volatility of stock markets, interest rate environment and financial resources management of the Group.

c. Analysed by industry sectors as follows:

	2024 HK$ Million	2023 HK$ Million
Properties	17,547	18,917
New economy	12,601	11,143
Others	11,821	12,303
Group total	41,969	42,363

d. Analysed by geographical locations as follows:

	Equity investments at FVOCI HK$ Million	Other financial assets at FVTPL HK$ Million	Total HK$ Million
As at 31 December 2024			
Hong Kong	**32,534**	**–**	**32,534**
Overseas	**1,323**	**8,112**	**9,435**
Group total	**33,857**	**8,112**	**41,969**
As at 31 December 2023			
Hong Kong	33,483	–	33,483
Overseas	1,108	7,772	8,880
Group total	34,591	7,772	42,363

13. Goodwill and Other Intangible Assets

	Goodwill HK$ Million	Other intangible assets HK$ Million	Total HK$ Million
Cost			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**298**	**12**	**310**
Accumulated amortisation			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**–**	**12**	**12**
Net carrying value			
At 31 December 2024	**298**	**–**	**298**
At 31 December 2023	298	–	298

Goodwill mainly relates to the Group's terminals business. As at 31 December 2024, an impairment test was performed by comparing the attributable carrying amount of the business with the recoverable amount. The recoverable amount of the terminals business is based on its value in use. No impairment was recorded.

14. Properties for Sale

	2024 HK$ Million	2023 HK$ Million
Properties under development for sale	31,839	31,127
Completed properties for sale	3,916	6,069
	35,755	37,196

a. At 31 December 2024, properties under development for sale of HK$30,931 million (2023: HK$29,327 million) are expected to be completed after more than one year.

b. Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The total carrying value of properties stated at net realisable value at 31 December 2024 was HK$16,457 million (2023: HK$19,397 million).

c. At 31 December 2024, the carrying value of leasehold land and land deposits included in properties under development for sale and completed properties for sale is summarised as follows:

	2024 HK$ Million	2023 HK$ Million
Held in Hong Kong		
Medium term leases	23,807	23,705
Held outside Hong Kong		
Long term leases	1,155	2,028
Medium term leases	1,027	1,556
	25,989	27,289

15. Trade and Other Receivables

a. Ageing Analysis

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

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

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

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 account for credit losses during the year, including both specific and collective loss components, is as follows:

	2024 HK$ Million	2023 HK$ Million
At 1 January	7	15
Provision of loss allowance recognised	1	2
Reversal of provision of loss allowance recognised	(3)	(10)
At 31 December	5	7

16. 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	–	65	3	147
Floating-to-fixed interest rate swaps	18	–	44	2
Cross currency interest rate swaps	355	213	50	429
Forward foreign exchange contracts	103	316	5	199
Total	476	594	102	777
Analysis				
Current	462	172	87	433
Non-current	14	422	15	344
Group total	476	594	102	777

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	–	34	–	26
Expiring after more than 1 year but not exceeding 5 years	–	31	3	121
	–	65	3	147
Floating-to-fixed interest rate swaps				
Expiring within 1 year	18	–	–	–
Expiring after more than 1 year but not exceeding 5 years	–	–	44	2
	18	–	44	2
Cross currency interest rate swaps				
Expiring within 1 year	297	–	43	244
Expiring after more than 1 year but not exceeding 5 years	58	213	7	185
	355	213	50	429
Forward foreign exchange contracts				
Expiring within 1 year	103	69	–	10
Expiring after more than 1 year but not exceeding 5 years	–	247	5	189
	103	316	5	199
Group total	476	594	102	777

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	**3,400**	5,557
Floating-to-fixed interest rate swaps	**1,800**	1,800
Cross currency interest rate swaps	**17,322**	10,258
Forward foreign exchange contracts	**565**	3,503

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 income statement.

c. During the year ended 31 December 2024, a loss of HK$117 million (2023: HK$30 million) in respect of forward foreign exchange contracts was recognised in the consolidated income statement.

d. During the year ended 31 December 2024, fair value gain on cross currency interest rate swaps in the amounts of HK$368 million (2023: loss of HK$68 million) and gain on interest rate swaps in the amounts of HK$22 million (2023: HK$47 million) have been included within finance costs in the consolidated income statement.

e. 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, the Group did not offset any of the financial instruments as no parties have exercised their rights to offset the recognised amounts in the consolidated financial statements.

17. Bank Deposits and Cash

	2024 HK$ Million	2023 HK$ Million
Bank deposits and cash	**9,718**	11,593

At 31 December 2024, bank deposits and cash included:

a. HK$5,819 million equivalent (2023: HK$7,173 million equivalent) placed with banks in Mainland China, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

b. RMB589 million equivalent to HK$636 million (2023: RMB868 million equivalent to HK$958 million) which is solely for certain designated properties development projects in Mainland China.

The effective annual interest rate on bank deposits was 2.6% (2023: 2.1%). Bank deposits and cash are denominated in the following currencies:

	2024 HK$ Million	2023 HK$ Million
RMB	**5,705**	7,103
HKD	**1,999**	2,455
USD	**1,914**	2,033
Other currencies	**100**	2
	9,718	11,593

18. Trade and Other Payables

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

	2024 HK$ Million	2023 HK$ Million
Trade payables		
0–30 days	**417**	345
31–60 days	**268**	262
61–90 days	**26**	25
Over 90 days	**125**	251
	836	883
Rental and customer deposits	**1,327**	1,354
Construction costs payable	**3,763**	4,851
Amounts due to associates (Note 10)	**7,970**	8,013
Amounts due to joint ventures (Note 11)	**2,903**	1,823
Other payables	**2,782**	2,920
Group total	**19,581**	19,844

The amount of trade and other payables that is expected to be settled after more than one year is HK$1,627 million (2023: HK$1,664 million), which is mainly 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.

19. Deposits From Sale of Properties

Movement in deposits from sale of properties	2024 HK$ Million	2023 HK$ Million
Balance at 1 January	**1,717**	8,202
Exchange adjustments	**(12)**	(77)
Decrease in deposits from sale of properties as a result of recognising revenue during the year that was included in the opening balance	**(1,704)**	(6,607)
Increase in deposits from sale of properties as a result of receiving sales deposits	**166**	199
Balance at 31 December	**167**	1,717

None of the deposits from sale of properties are expected to be recognised as revenue in the consolidated income statement after more than one year (2023: Nil).

The Group receives whole or a portion of contract value as deposits from customers when they sign the sale and purchase agreement. These deposits are recognised as contract liabilities and presented as "Deposits from sale of properties" until the properties are completed and legally assigned to/accepted by the customers.

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$239 million (2023: HK$1,781 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. The Group will recognise the expected revenue in future at the completion date of legal assignment, or when the properties are accepted by the customers, which is expected to occur over the next 12 months.

20. Bank Loans and Other Borrowings

	2024 HK$ Million	2023 HK$ Million
Bonds and notes (unsecured)		
Due within 1 year	**1,324**	3,750
Due after more than 1 year but not exceeding 2 years	**783**	772
Due after more than 2 years but not exceeding 5 years	**446**	1,062
Due after more than 5 years	**250**	250
	2,803	5,834
Bank loans (secured)		
Due within 1 year	**345**	268
Due after more than 1 year but not exceeding 2 years	**1,201**	328
Due after more than 2 years but not exceeding 5 years	**4,911**	2,683
Due after more than 5 years	**5,145**	5,676
	11,602	8,955
Bank loans (unsecured)		
Due within 1 year	**1,341**	482
Due after more than 1 year but not exceeding 2 years	**1,021**	939
Due after more than 2 years but not exceeding 5 years	**87**	3,222
	2,449	4,643
Total bank loans and other borrowings	**16,854**	19,432
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	**3,010**	4,500
Non-current borrowings		
Due after more than 1 year but not exceeding 2 years	**3,005**	2,039
Due after more than 2 years but no exceeding 5 years	**5,444**	6,967
Due after more than 5 years	**5,395**	5,926
	13,844	14,932
Total bank loans and other borrowings	**16,854**	19,432

a. The Group's borrowings are considered by the management to be 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	–	4,992
RMB	16,854	14,440
	16,854	19,432

b. The interest rate profile of the Group's borrowings (after the effects of interest rate swaps and cross currency interest rate swaps as detailed in Note 22(a)) were as follows:

	2024		2023	
	Effective interest rate %	HK$ Million	Effective interest rate %	HK$ Million
Fixed rate borrowings				
Bonds and notes	4.4	2,803	4.1	5,834
Bank loans	1.7	3,112	2.3	1,625
		5,915		7,459
Floating rate borrowings				
Bank loans	4.4	10,939	4.1	11,973
Total borrowings		16,854		19,432

c. All the interest bearing borrowings are carried at amortised cost except for borrowings in an amount of HK$1,221 million (2023: HK$3,475 million) which are carried at their fair values. None of the non-current interest-bearing borrowings are expected to be settled within one year.

d. Included in the Group's total borrowings are bank loans totalling HK$5,632 million (2023: HK$6,061 million) borrowed by certain subsidiaries in Mainland China and Modern Terminals Limited. The loans are without recourse to the Company and its other subsidiaries.

e. As at 31 December 2024, certain banking facilities of the Group are secured by mortgages over certain properties under development, investment properties and property, plant and equipment with an aggregate carrying value of HK$38,470 million (2023: HK$37,881 million).

f. Certain of the above non-current bank loans and other borrowings are attached with financial covenants which require that at any time, the consolidated tangible net worth of the Group (defined as shareholders' equity plus attributable revaluation surplus of hotel properties less goodwill and declared dividend) is not less than HK$30,000 million, and the ratio of consolidated 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% of the Group. During the year under review, 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.

21. Deferred Taxation

a. Net deferred tax liabilities/(assets) recognised in the consolidated statement of financial position:

	2024 HK$ Million	2023 HK$ Million
Deferred tax liabilities	**10,012**	14,602
Deferred tax assets	**(8)**	(133)
Net deferred tax liabilities	**10,004**	14,469

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	Surplus on revaluation of investment properties HK$ Million	Others HK$ Million	Total HK$ Million
At 1 January 2023	2,955	10,025	744	13,724
Charged to the consolidated income statement	289	86	449	824
Charged to other comprehensive income	–	–	75	75
Exchange adjustment	(38)	(144)	28	(154)
At 31 December 2023 and 1 January 2024	**3,206**	**9,967**	**1,296**	**14,469**
Charged/(credited) to the consolidated income statement	**267**	**(4,571)**	**49**	**(4,255)**
Exchange adjustment	**(62)**	**(145)**	**(3)**	**(210)**
At 31 December 2024	**3,411**	**5,251**	**1,342**	**10,004**

b. Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	2024		2023	
	Tax losses HK$ Million	Deferred tax assets HK$ Million	Tax losses HK$ Million	Deferred tax assets HK$ Million
Future benefit of tax losses				
— Hong Kong	5,937	980	6,351	1,048
— Outside Hong Kong	2,000	500	1,847	462
	7,937	1,480	8,198	1,510

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations 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 outside Hong Kong mainly arose in Mainland China, which can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

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 currency contracts and interest rate and cross currency interest rate swaps, as deemed appropriate, for financing 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 interest rate swaps ("IRS") and cross currency interest rate swaps ("CCS") which have the economic effect of converting certain fixed rate interest bearing notes with notional amounts totalling HK$1,399 million (2023: HK$3,711 million) into floating rate borrowings. For each of these IRS and CCS entered into by the Group, the tenor and timing of the IRS and CCS cash flows matches those of the notes.

To ensure the certainty of a proportion of funding cost, the Group has entered into various RMB CCSs totalling HK$16,071 million (2023: HK$7,264 million) which effectively locked in fixed interest rates ranging from 2.25% to 3.01% (2023: 2.3% to 3.1%) per annum for a certain portion of the Group's floating rate loan portfolio for 1 to 2 years (2023: 1 year).

As at 31 December 2024, after taking into account of IRS and CCS, approximately 65% of the Group's borrowings were at floating rates and the remaining 35% were at fixed rates (2023: approximately 62% of the Group's borrowings were at floating rates and the remaining 38% were at fixed rates) (see Note 20(b)).

Based on a sensitivity analysis performed as at 31 December 2024, it was estimated that a general increase/decrease of 1% (2023: 1%) in interest rates, with all other variables held constant, would have decreased/increased post-tax loss and increased/decreased total equity of the Group by approximately HK$2 million (2023: decreased/increased post-tax profit and total equity of the Group by approximately HK$5 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 results 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 as for 2023.

b. Foreign Currency Risk

The Group owns assets and conducts its businesses both in Hong Kong and Mainland China, with its cash flows denominated substantially in HKD and RMB which exposes the Group to foreign currency risk with respect to RMB arising from its properties development and port-related operations and investments in Mainland China.

The Group is also exposed to foreign currency risk in respect of its borrowings denominated in RMB and JPY. 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 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 and managing the currency risk on assets in mainland China, the Group has adopted a diversified funding approach and has entered into certain cross currency interest rate swaps 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 movements recognised in the consolidated income statement.

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				2023			
	USD Million	EUR Million	RMB Million	JPY Million	USD Million	RMB Million	JPY Million	SGD Million
Bank deposits and cash	229	12	23	–	242	68	–	1
Other long term investments	1,204	–	–	–	1,132	–	–	12
Trade and other receivables	–	–	–	–	2	–	–	–
Trade and other payables	–	–	(1)	–	–	(29)	–	–
Bank loans and other borrowings	–	–	(700)	(9,992)	–	(1,450)	(9,987)	–
Inter-company balances	1	–	88	–	2	92	–	–
Gross exposure arising from recognised assets and liabilities	1,434	12	(590)	(9,992)	1,378	(1,319)	(9,987)	13
Notional amount of forward foreign exchange contracts	30	(12)	(150)	7,000	30	2,383	7,000	(11)
Notional amount of cross currency interest rate swap	(30)	–	(14,895)	3,000	(30)	(5,219)	3,000	–
Overall net exposure	1,434	–	(15,635)	8	1,378	(4,155)	13	2

In addition, at 31 December 2024, the PRC 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 and inter-company borrowings in the amount of HK$127 million and HK$75 million respectively (2023: HK$143 million and HK$81 million respectively).

Based on a sensitivity analysis performed as at 31 December 2024, it was estimated that a general increase/decrease of 1% in RMB rates, with all other variables held constant, would have increased/decreased post-tax loss and decreased/increased total equity of the Group by approximately HK$167 million. While as at 31 December 2023, it was estimated that the impact on the Group's post-tax profit and total equity would not be material in response to possible changes in the foreign exchange rates of foreign currencies to which the Group was exposed.

It is further analysed that the sensitivity on the translation of the Mainland China operations from 1% (2023: 1%) increase/decrease of exchange rate of RMB against HKD, the Group's total equity would have decreased/increased by HK$438 million (2023: HK$548 million).

The above analyses have been performed on the same basis as for 2023.

c. Equity Price Risk

The Group is exposed to equity price changes arising from other long term investments held for long-term investment purpose.

Other long term investments held in the 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 equity investments.

Based on a sensitivity analysis performed as at 31 December 2024, it was estimated that an increase/decrease of 10% in the market value of the Group's listed equity investments, with all other variables held constant, would not have affected the Group's post-tax results but would have increased/decreased the Group's total equity by HK$3,386 million (2023: HK$3,459 million). The analysis has been performed on the same basis as for 2023.

The Group also holds certain unlisted investments which are measured at FVTPL, mainly in new economy sector. The fair value of these unlisted investments may not have a direct correlation with the trend of stock market indices, given the marketability of such unlisted investments are not comparable with the listed investments. Based on a sensitivity analysis performed as at 31 December 2024, it was estimated that an increase/decrease of 10% in the market value of the Group's unlisted investments, with all other variables held constant, would have decreased/increased the post-tax loss and increased/decreased the total equity of the Group by HK$811 million (2023: increased/decreased the post-tax profit and total equity of the Group by HK$777 million). The analysis has been performed on the same basis as 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 cash management is substantially centralised within the Group Treasury department, which 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	**(16,854)**	**(19,334)**	**(3,584)**	**(3,436)**	**(6,063)**	**(6,251)**
Trade and other payables	**(19,581)**	**(19,582)**	**(17,953)**	**(1,376)**	**(229)**	**(24)**
Forward foreign exchange contracts	**(213)**	**(213)**	**29**	**–**	**(242)**	**–**
Cross currency interest rate swaps	**142**	**(193)**	**130**	**(322)**	**(1)**	**–**
Interest rate swaps	**(47)**	**(61)**	**(53)**	**(8)**	**–**	**–**
Other non-current liabilities	**(34)**	**(35)**	**–**	**(26)**	**(9)**	**–**
	(36,587)	**(39,418)**	**(21,431)**	**(5,168)**	**(6,544)**	**(6,275)**
At 31 December 2023						
Bank loans and other borrowings	(19,432)	(25,039)	(4,955)	(2,347)	(7,311)	(10,426)
Trade and other payables	(19,844)	(19,845)	(18,181)	(1,390)	(255)	(19)
Forward foreign exchange contracts	(194)	(194)	(11)	–	(183)	–
Cross currency interest rate swaps	(379)	(508)	(185)	(53)	(270)	–
Interest rate swaps	(102)	(173)	(98)	(64)	(11)	–
Other non-current liabilities	(33)	(34)	–	(22)	(12)	–
	(39,984)	(45,793)	(23,430)	(3,876)	(8,042)	(10,445)

The Company is exposed to liquidity risk that arises from financial guarantees given by the Company on behalf of subsidiaries. The guarantees are callable if the respective subsidiary is unable to meet its obligations and the maximum amount callable as at 31 December 2024 was HK$11.2 billion (2023: HK$13.4 billion).

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), cash and cash equivalents 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 policy (k). 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. Except for the financial guarantees given by the Company as set out in Note 26, the Group does not provide any other guarantee which would expose the Group or the Company to material credit risk.

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 consolidated financial instruments measured at the end of the 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 recurring financial instruments in accordance with HKFRS 13 is given below:

	Recurring fair value measurements as at 31 December 2024 categorised into			
	Level 1 HK$ Million	Level 2 HK$ Million	Level 3 HK$ Million	Total HK$ Million
Assets				
Other long term investments:				
— Equity investments	33,857	–	–	33,857
— Unlisted investments	–	–	8,112	8,112
Derivative financial instruments:				
— Forward foreign exchange contracts	–	103	–	103
— Interest rate swaps	–	18	–	18
— Cross currency interest rate swaps	–	355	–	355
	33,857	476	8,112	42,445
Liabilities				
Derivative financial instruments:				
— Forward foreign exchange contracts	–	316	–	316
— Interest rate swaps	–	65	–	65
— Cross currency interest rate swaps	–	213	–	213
Bank loans and other borrowings:				
— Bonds and notes	–	1,221	–	1,221
	–	1,815	–	1,815

	Recurring fair value measurements as at 31 December 2023 categorised into			
	Level 1 HK$ Million	Level 2 HK$ Million	Level 3 HK$ Million	Total HK$ Million
Assets				
Other long term investments:				
— Equity investments	34,591	–	–	34,591
— Unlisted investments	–	–	7,772	7,772
Derivative financial instruments:				
— Forward foreign exchange contracts	–	5	–	5
— Interest rate swaps	–	47	–	47
— Cross currency interest rate swaps	–	50	–	50
	34,591	102	7,772	42,465
Liabilities				
Derivative financial instruments:				
— Forward foreign exchange contracts	–	199	–	199
— Interest rate swaps	–	149	–	149
— Cross currency interest rate swaps	–	429	–	429
Bank loans and other borrowings:				
— Bonds and notes	–	3,475	–	3,475
	–	4,252	–	4,252

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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 remaining for the debt being valued.

Valuation Techniques and Inputs Used in Level 3 Fair Value Measurements

The Group's unlisted investments categorised in Level 3 comprise private equity funds. These are private equity funds managed by independent asset managers who applied various investment strategies to accomplish their respective investment objectives. The fair value of these funds is recorded based on valuations supplied by the fund managers. These valuations are measured by the percentage of ownership of the private equity's net asset value, which is an unobservable input. The fund managers estimated the fair value of underlying investments based on direct market quote for Level 1 financial instruments. For other investments, the fund managers apply appropriate valuation techniques such as latest transaction price, discounted cash flow, or a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instruments or based on any available observable market data.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 HK$ Million	2023 HK$ Million
Unlisted investments		
At 1 January	7,772	8,651
Payment for purchases	624	476
Transfer to Level 1	(33)	(8)
Disposals	(30)	(306)
Net unrealised losses recognised in the consolidated income statement	(221)	(1,041)
At 31 December	8,112	7,772

Transfer Out of Level 3

The Group held certain unlisted investments in equity shares with fair values totalled HK$33 million (2023: HK$8 million) as at the date of transfer. The fair value of these investments was categorised at Level 3 at the end of previous reporting period (for information on the valuation technique, see above). This was because the shares were not listed on any stock exchange markets and there were no recent observable arm's length transactions in the shares.

During 2024, those unlisted investments in equity shares have been listed on exchange markets and they are currently actively traded. Because the equity shares now have published price quotations in active markets, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy at the date of transfer.

Any gain or loss arising from the remeasurement of the Group's unlisted investments were recognised in the other net charges (see Note 3) in the consolidated income statement.

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.

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 20)	16,854	19,432
Less: Bank deposits and cash (Note 17)	(9,718)	(11,593)
Net debt	7,136	7,839
Shareholders' equity	136,832	142,989
Total equity	142,470	148,203
Net debt-to-shareholders' equity ratio	5.2%	5.5%
Net debt-to-total equity ratio	5.0%	5.3%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23. Share Capital and Reserves

a. Share capital

	2024 No. of shares Million	2023 No. of shares Million	2024 HK$ Million	2023 HK$ Million
Issued and fully paid ordinary shares				
At 1 January and 31 December	**3,056**	3,056	**30,381**	30,381

In accordance with section 135 of the Companies Ordinance, the ordinary shares of the Company do not have a par value.

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. The Group's equity, apart from share capital and other statutory capital reserves, includes investments revaluation reserves for dealing with the movements on revaluation of equity investments designated at FVOCI, property revaluation reserves for dealing with the revaluation of properties held for own use upon transfer to investment properties in accordance with the accounting policy note (d)(iii) and the exchange reserves mainly for dealing with the exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy note (o).

The revenue reserves of the Group at 31 December 2024 included HK$1,794 million (2023: HK$1,847 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.

The Company's equity and the details of the changes in the individual components between the beginning and the end of the year are set out below:

	Share capital HK$ Million	Revenue reserves HK$ Million	Total HK$ Million
The Company			
At 1 January 2023	30,381	74,985	105,366
Profit and total comprehensive income for the year	–	2,257	2,257
2022 second interim dividend paid	–	(611)	(611)
2023 first interim dividend paid	–	(611)	(611)
At 31 December 2023 and 1 January 2024	**30,381**	**76,020**	**106,401**
Profit and total comprehensive income for the year	**–**	**1,751**	**1,751**
Unclaimed dividends forfeited	**–**	**33**	**33**
2023 second interim dividend paid	**–**	**(611)**	**(611)**
2024 first interim dividend paid	**–**	**(611)**	**(611)**
At 31 December 2024	**30,381**	**76,582**	**106,963**

c. Reserves of the Company available for distribution to equity shareholders of the Company as at 31 December 2024 amounted to HK$76,582 million (2023: HK$76,020 million).

d. After the end of the reporting period, the Directors declared a second interim cash dividend of HK$0.20 (2023: HK$0.20) per share amounting to HK$611 million based on 3,056 million issued shares (2023: HK$611 million based on 3,056 million issued shares). This dividend has not been recognised as a liability at the end of the reporting period.

24. Company Level — Statement of Financial Position

	Note	2024 HK$ Million	2023 HK$ Million
Non-current assets			
Interests in subsidiaries		**108,757**	108,303
Amount due from an associate		**371**	371
		109,128	108,674
Current assets			
Receivables		**1**	2
Bank deposits and cash		**8**	6
		9	8
Total assets		**109,137**	108,682
Current liabilities			
Payables		**(21)**	(55)
Amounts due to subsidiaries		**(1,620)**	(1,693)
Amount due to an associate		**(533)**	(533)
Total current liabilities		**(2,174)**	(2,281)
NET ASSETS		**106,963**	106,401
Capital and reserves			
Share capital	23	**30,381**	30,381
Reserves		**76,582**	76,020
TOTAL EQUITY		**106,963**	106,401

Stephen T H Ng
Chairman and Managing Director

Paul Y C Tsui
Vice Chairman, Executive Director and Group Chief Financial Officer

25. Material Related Party Transactions

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

a. The Group earned rental income totalling HK$76 million (2023: HK$99 million) received from various tenants which are wholly or partly owned by companies which in turn are wholly-owned by the family interests of close family members of, or by a trust the settlor of which is a close family member of the chairman of Wheelock and Company Limited ("WAC").

b. There were in existence agreements with subsidiaries of Wharf REIC for the management, marketing, project management and technical services on Wharf REIC's hotel operations. Total fees receivable under this arrangement during the current year amounted to HK$56 million (2023: HK$61 million). Such transactions also constituted continuing connected transactions as defined under the Listing Rules.

c. The Group paid property services fees in respect of the Group's property projects totalling HK$153 million (2023: HK$153 million). Of which, HK$84 million (2023: HK$88 million) was paid to Wharf REIC and associates of WAC and constituted continuing connected transactions as defined under the Listing Rules.

d. The Group recognised capitalised rent totalling HK$123 million (2023: HK$127 million) for the provision of rental services provided by Wharf REIC to the Group. Such transactions also constituted continuing connected transactions as defined under the Listing Rules.

e. There were in existence agreements with subsidiaries of Wharf REIC for the provision of property services on Wharf REIC's property projects. Total fee receivable under this agreement during the current year amounted to HK$nil (2023: HK$9 million). Such transactions also constituted continuing connected transactions as defined under the Listing Rules.

f. Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company and the five highest paid employees are disclosed in Notes 2(b) and 2(c).

In addition to the above transactions, details of the Group's amounts due from and to related parties are disclosed in Notes 10 and 11.

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 and credit facilities, bonds and notes of up to HK$36,442 million (2023: HK$33,922 million). There were also contingent liabilities in respect of guarantees given by the Company on behalf of joint ventures and associates of HK$6,364 million (2023: HK$5,580 million) of which HK$5,651 million (2023: HK$5,580 million) had been drawn.

As at 31 December 2024, there were guarantees of HK$143 million (2023: HK$892 million) provided by the Group to the financial institutions in favour of their customers in respect of the mortgage loans provided by the financial institutions to those customers for the purchase of the Group's development properties. There were also mortgage loan guarantees of HK$428 million (2023: HK$1,100 million) provided by associates and joint ventures of the Group to the financial institutions in favour of their customers.

The Group and the Company have not recognised any deferred income of the above guarantees for subsidiaries, associates and joint ventures as their fair value cannot be reliably measured and their transaction price was HK$Nil.

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:

	2024			2023		
	Committed HK$ Million	Uncommitted HK$ Million	Total HK$ Million	Committed HK$ Million	Uncommitted HK$ Million	Total HK$ Million
Properties						
Investment properties						
Hong Kong	98	6,337	6,435	–	–	–
Mainland China	3	111	114	3	114	117
	101	6,448	6,549	3	114	117
Development properties						
Hong Kong	3,968	5,548	9,516	2,172	7,958	10,130
Mainland China	847	132	979	1,207	293	1,500
	4,815	5,680	10,495	3,379	8,251	11,630
Properties total						
Hong Kong	4,066	11,885	15,951	2,172	7,958	10,130
Mainland China	850	243	1,093	1,210	407	1,617
	4,916	12,128	17,044	3,382	8,365	11,747
Others	1,618	14	1,632	2,390	44	2,434
	1,618	14	1,632	2,390	44	2,434
Total	6,534	12,142	18,676	5,772	8,409	14,181

The expenditure for development properties included attributable amounts for developments undertaken by joint ventures and associates of HK$1,500 million (2023: HK$1,249 million).

28. Changes in Accounting Policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group as follows:

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

The above developments do not have significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies. In addition, the Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

The "material accounting policies" set out on pages 142 to 164 summaries the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group.

29. Future Changes in Accounting Policies

Up to the date of issue of these 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 these 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 amendments 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 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. Parent and Ultimate Holding Company

The Directors consider the parent and ultimate holding company at 31 December 2024 to be Wheelock and Company Limited, which is incorporated in Hong Kong. Wheelock and Company Limited does not produce financial statements available for public use.

32. Approval of the Financial Statements

The consolidated financial statements were approved and authorised for issue by the Directors on 13 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 requirements of the 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 ("Listing Rules"). Material accounting policies adopted by the Group are detailed below.

The HKICPA has issued certain revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. 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

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

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).

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 the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and 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 income statement 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 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 (k)(ii)).

ii. Associates and Joint Ventures

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) (see note (c)(iii)). 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 (k)(ii)). 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 income statement, 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 associates 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.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures 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 income statement.

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 individual Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note (k)(ii)).

iii. Goodwill

Goodwill represents the excess of

(a) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(b) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (b) is greater than (a), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note (k)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

d. Investment Properties and Property, 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)(ii)) 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 properties.

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 (k)(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 income statement. Rental income from investment properties is accounted for as described in note (p)(i).

If the property was previously held for own use, then it is accounted for as property, plant and equipment up to the date of the change in use. Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation of property, plant and equipment in accordance with note (d)(iii) below, even if the property was previously measured at cost. Any existing or arising revaluation surplus previously recognised in other comprehensive income is not transferred to consolidated income statement at the date of transfer or on subsequent disposal of the investment property. However, on subsequent disposal, any existing revaluation surplus that was recognised when revaluation model was applied to the property may be transferred to revenue reserves.

ii. Hotel Properties

Hotel properties are stated at cost less accumulated depreciation and impairment losses (see note (k)(ii)).

iii. Other property, Plant and Equipment Held for Own Use

Other property, plant and equipment held for own use is stated at cost less accumulated depreciation and impairment losses (see note (k)(ii)) or fair value.

Changes arising on the revaluation of properties held for own use under fair value model (including properties previously under cost model immediately before transferring to investment properties) are generally dealt with in consolidated statement of comprehensive income and are accumulated separately in equity in the property revaluation reserves. The only exceptions are as follows:

— when a deficit arises on revaluation, it will be charged to consolidated income statement to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

— when a surplus arises on revaluation, it will be credited to consolidated income statement to the extent that a deficit on revaluation in respect of that same asset had previously been charged to consolidated income statement.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

iv. Gains or losses arising from the retirement or disposal of an item of property, 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 income statement on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

e. Depreciation of Property, Plant and Equipment

Depreciation is calculated to write-off the cost of items of property, 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 Properties

Depreciation is provided on the cost of the leasehold land of hotel 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 40 years.

iii. Other Property, Plant and Equipment Held for Own Use

Depreciation is provided on the cost of the leasehold land of all other properties held for own use over the unexpired period of the lease. Costs of the buildings thereon are depreciated on a straight line basis over their unexpired period of leases or estimated useful live whichever is shorter.

Depreciation is provided on a straight line basis over their estimated useful lives of these assets of 3 to 25 years.

Where parts of an item of property, 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. Financial assets and financial liabilities are initially measured at fair value.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, 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 fair value through profit or loss (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.

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.

Investments in Debt and Equity Securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

The 'other long term investments' caption in the consolidated statement of financial position includes:

— equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss; and

— equity investment securities designated as at FVOCI.

The Group elects to present in OCI changes in the fair value of investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Investments in equity securities (other than investments in subsidiaries, associates and joint ventures) are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets.

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.

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 significant 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 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.

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.

In the case of equity investments, cumulative gains and losses recognised in OCI are never reclassified to the consolidated income statement but transferred to revenue reserves on disposal of an investment.

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 HKFRS, 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 (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.

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 income statement. 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 income statement.

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 income statement in the same period or periods during which the asset acquired or liability assumed affects the consolidated income statement (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 income statement 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 income statement immediately.

iii. Hedge of net investment in a foreign operation

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserves until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to the consolidated income statement. The ineffective portion is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

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 which are presented as variable rental income in the consolidated financial statements 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 (k)(ii)), except for the following types of right-of-use asset:

— right-of-use assets that meet the definition of investment properties 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 (l).

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 properties and properties for sale in 'property, 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).

j. 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 expected credit losses 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.

k. 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 providing for expected credit losses prescribed by HKFRS 9, Financial Instrument, which requires the use of the lifetime expected loss provision for all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 ECL 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 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 of the issuers.

Presentation of Allowance for ECL 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.

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 associates 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. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of Recoverable Amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and 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 (for example, head office building) 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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, 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**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed (including those provided during the interim financial reporting).

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.

— **Interim Financial Reporting and Impairment**

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill, are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

l. Properties for Sale

i. Completed Properties for Sale

Completed properties for sale are stated at the lower of cost and 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 income statement 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 and net realisable value. Cost includes identified costs including the acquisition cost of 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 income statement in the period in which the reversal occurs.

m. Inventories

Inventories are stated at the lower of cost and 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.

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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

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 statements 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. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, 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 reserve 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 income statement.

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 income statement 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. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. 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.

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 (i.e. variable rental income) that do not depend on an index or a rate are recognised in the accounting period in which they are earned.

ii. Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, or when the property is accepted by customer, 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 under contract liabilities as “Deposits from sale of properties”.

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 either the completion date of legal assignment or the date when the property is accepted by the customer. This accrual increases the balance of “Deposits from sale of properties” 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)).

iii. Revenue from the rendering of logistics services represents amounts received or receivable for the services rendered, net of discounts and sales related tax and is recognised when service is provided to the customer.

iv. Income from hotel operations is recognised at the time when the services are provided.

v. 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.

vi. Interest income is recognised as it accrues using the effective interest method.

vii. Income received in advance attributable to long term service contracts is deferred and recognised over the contract period on a straight line basis.

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 income statement 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 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, associates 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.

Deferred tax assets also arise from unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with 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 date, 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 measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

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.

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 and Contingent Liabilities

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. 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 currently in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

ii. Other Provisions and Contingent Liabilities

Provisions are recognised for other liabilities of uncertain timing or amount 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.

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. Share Based Payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in capital reserves within equity. The fair value is measured at grant date using Binomial 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 income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital 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 capital 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 the capital reserves until either the option is exercised (when it is transferred to the other statutory capital reserves) or the option expires (when it is released directly to revenue reserves).

ii. Employee Benefits and Contributions to Defined Contribution Retirement Plans

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.

w. Significant Accounting Estimates and Judgements

Note 22 contains information about the assumptions and their risk 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, redevelopment potential of the properties or recent market transactions of comparable properties where applicable.

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 or current market selling prices.

— 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 estimation of future 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 differ from actual outcomes and estimates may need to be adjusted in later periods.

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2024

	Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/registered and paid up capital	Percentage of equity attributable to shareholders	Principal activities
	Properties				
#	**Wharf Development Limited**	Hong Kong	HK$7,000,000,000 divided into 7,000,000,000 shares	100	Holding company
	Wharf Peak Properties Limited	Hong Kong	HK$30,000,000 divided into 3,000,000 shares	100	Property
	Alpha Pioneer Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Divine Value Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Eminent Triumph Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Excellent Direction Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Fresh Treasure Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Joyful Connection Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Joyous Luck Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Leading Pearl Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Lucky Element Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Novel Bliss Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Perfect Blossom Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Prosperous Honour Limited	Hong Kong	HK$1 divided into 1 share	100	Property
	Vision Charm Limited	Hong Kong	HK$1 divided into 1 share	100	Property
#	**Wharf China Holdings (0004) Limited**	British Virgin Islands/Hong Kong	5,129,000,000 US$1 shares	100	Holding company
	Wharf China Estates (0004) Limited	British Virgin Islands/Hong Kong	1,000,000 US$1 shares	100	Holding company
	Broader Link Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
	Bucksfull Company Limited	Hong Kong	HK$158 divided into 158 shares	100	Holding company
	Cardell Company Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
	Cheerwill Properties Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
	Chengdu IFC Development Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
	Genius View International Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
	Blooming Point Limited (formerly, Harriman China Limited)	Hong Kong	HK$1 divided into 1 share	100	Holding company
	Harvest Moment Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
	Holmwood Limited	Hong Kong	HK$2 divided into 2 shares	100	Ownership of trade marks
	Merry Bond (0004) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
	Radiant Lead Global Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
	Rising Chain International Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
	Sharp Hero Holdings Limited	British Virgin Islands/Hong Kong	1 US$1 share	100	Holding company
	Singford International Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
	Strong Field International Limited	Hong Kong	HK$1 divided into 1 share	100	Ownership of trade marks
	Topusko Limited	Hong Kong	HK$20 divided into 2 shares	100	Holding company
	Treasure Board (0004) Limited	British Virgin Islands/Hong Kong	1 US$1 share	100	Holding company
	Wharf Beijing Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
	Wharf China Estates Limited	Hong Kong	HK$1 divided into 1 share	100	Management services

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2024

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/registered and paid up capital	Percentage of equity attributable to shareholders	Principal activities
Wharf Chongqing Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf Dalian Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf Estates China Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf IFS Limited	Hong Kong	HK$1 divided into 1 share	100	Management services
Wharf Shanghai Estates Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Wise Noble Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
[ii] 上海龍興房產發展有限公司	The People's Republic of China	US$45,000,000	100	Property
[ii] 上海夏利文物業管理有限公司	The People's Republic of China	US$500,000	100	Property management
[ii] 大連時代廣場發展有限公司	The People's Republic of China	RMB272,000,000	100	Property
[ii] 大連時代豪庭物業管理有限公司	The People's Republic of China	RMB1,000,000	100	Property management
[ii] 龍慶物業發展(重慶)有限公司	The People's Republic of China	RMB223,533,440	100	Property
[ii] 重慶時代廣場物業管理有限公司	The People's Republic of China	US$70,000	100	Property management
[i] 上海會德豐廣場發展有限公司	The People's Republic of China	US$14,000,000	98	Property
[ii] 龍昌綜合開發(成都)有限公司	The People's Republic of China	HK$221,000,000	100	Property
[ii] 龍錦綜合開發(成都)有限公司	The People's Republic of China	US$1,010,400,000	100	Property
[ii] 九龍倉國金(成都)物業管理有限公司	The People's Republic of China	RMB5,000,000	100	Property management
[ii] 長沙國金中心物業管理有限公司	The People's Republic of China	RMB3,000,000	100	Property management
[ii] 成都時代奧特萊斯商業有限公司	The People's Republic of China	HK$70,000,000	100	Property
[ii] 長沙時代奧特萊斯商業有限公司	The People's Republic of China	US$40,000,000	100	Property
[ii] 九龍倉(長沙)置業有限公司	The People's Republic of China	Registered capital US$1,904,000,000 (paid up US$2,024,905,949)	100	Property
[iii] 龍潤房地產開發(成都)有限公司	The People's Republic of China	RMB20,000,000	100	Property
[ii] 九龍倉(北京)企業管理有限公司	The People's Republic of China	US$2,000,000	100	Holding company
[iii] 致昌(北京)企業管理有限公司	The People's Republic of China	RMB10,000,000	100	Holding company
[iii] 大連德高企業管理有限公司	The People's Republic of China	RMB5,000,000	100	Holding company
[iii] 大連盈致企業管理有限公司	The People's Republic of China	RMB10,000,000	100	Holding company
Wharf China Development (0004) Limited	British Virgin Islands/Hong Kong	1,000,000 US$1 shares	100	Holding company
Advance Trend Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
All Delight Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
All Genius Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Amicable Creation Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Apex Mind Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Bright Wave Group Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Concept Plus Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Corning Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Creative City Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Dragon Legacy Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Eventful Decade Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Fantastic Gain Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Fame Treasure International (0004) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/registered and paid up capital	Percentage of equity attributable to shareholders	Principal activities
Famous Master International Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Favour Year Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Fine Noble Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Fine Super Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Gold Unicorn Holdings Limited	Hong Kong	HK$1,459,380,000 divided into 1,459,380,000 shares	100	Holding company
Greatworth Investments Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Global Bloom Investments Limited	Hong Kong	HK$100,000,000 divided into 100,000,000 shares	100	Holding company
Great Venturer Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Idea Treasure Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Joyful Honour Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Key Advance Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Lion Voice Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Main Light Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Max Speed International Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Mega Full Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Merit Joy Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Noble Key Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
One Victory Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Onyee Properties Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Perfect Joy Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Pilot Focus International Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Power Shine Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Promise Well Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Power Unicorn Holdings Limited	British Virgin Islands/Hong Kong	1 US$1 share	100	Holding company
Radiant South (0004) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Real Sky Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Rumba Company Limited	Hong Kong	HK$10,000 divided into 10,000 shares	82	Holding company
Show All Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Silver Zone International Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Simply Thrive Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Sino Season Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Sky Join Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Smart Bloom Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Smartworth Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Smooth Flow Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
South Honest (0004) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Star Apex International Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Star Colour (0004) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Star Rank Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2024

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/registered and paid up capital	Percentage of equity attributable to shareholders	Principal activities
Step Line Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Sunny Point Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Times Square International Property Management Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Total Up International Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Trade Right Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Trendy Win Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Utmost Success Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Walsham Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Wharf China Development Limited	Hong Kong	HK$1 divided into 1 share	100	Management services
Wharf China Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Management services
Wharf China Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Wharf CIM Limited	Hong Kong	HK$2 divided into 2 shares	100	Management services
Wharf Chengdu Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf (Jingan) Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf Ningbo Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf Shanghai Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	100	Holding company
Wharf Wuhan Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
Wharf Properties China (0004) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Wharf Properties China Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Wiser Global Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
[ii] 漢龍實業綜合開發(武漢)有限公司	The People's Republic of China	US$33,100,000	100	Property
[ii] 九龍倉(武漢)置業有限公司	The People's Republic of China	US$46,000,000	100	Property
[i] 上海龍申房地產發展有限公司	The People's Republic of China	US$22,330,000	55	Property
[ii] 上海莉源房地產開發有限公司	The People's Republic of China	Registered capital US$5,000,000 (paid up US$14,000,000)	100	Property
[ii] 上海萊源房地產開發有限公司	The People's Republic of China	US$1,000,000	100	Property
[ii] 九龍倉(上海)企業管理有限公司	The People's Republic of China	US$2,000,000	100	Management services
[ii] 大上海時代廣場物業管理(上海)有限公司	The People's Republic of China	US$500,000	100	Property management
[ii] 龍茂房地產開發(成都)有限公司	The People's Republic of China	HK$26,000,000	100	Property
[ii] 龍悦房地產開發(成都)有限公司	The People's Republic of China	US$3,000,000	100	Property
[ii] 龍嘉房地產開發(成都)有限公司	The People's Republic of China	HK$47,500,000	100	Property
[ii] 蘇州蘇龍地產發展有限公司	The People's Republic of China	US$6,800,000	100	Property
[ii] 蘇州瑞龍地產發展有限公司	The People's Republic of China	Registered capital US$3,000,000 (paid up US$7,486,378)	100	Property
[ii] 蘇州銀龍地產發展有限公司	The People's Republic of China	US$21,000,000	100	Property
[ii] 蘇州耀龍投資管理有限公司	The People's Republic of China	RMB5,000,000	100	Holding company

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/registered and paid up capital	Percentage of equity attributable to shareholders	Principal activities
i 蘇州祥龍地產發展有限公司	The People's Republic of China	Registered capital RMB317,150,000 (paid up RMB417,150,000)	100	Property
i 蘇州兆龍地產發展有限公司	The People's Republic of China	RMB1,189,110,000	100	Property
iii 杭州堡華房地產開發有限公司	The People's Republic of China	RMB400,000,000	100	Property
ii 蘇州昌龍地產發展有限公司	The People's Republic of China	RMB181,500,000	100	Property
ii 蘇州昇龍地產發展有限公司	The People's Republic of China	RMB763,000,000	100	Property
ii 九龍倉(無錫)置業有限公司	The People's Republic of China	US$247,580,000	100	Property
ii 無錫港龍置業有限公司	The People's Republic of China	US$3,200,000	100	Property
ii 無錫河畔置業有限公司	The People's Republic of China	US$100,000	100	Property
ii 無錫都會置業有限公司	The People's Republic of China	US$5,600,000	100	Property
ii 港盈房地產(杭州)有限公司	The People's Republic of China	Registered capital US$1,990,000 (paid up US$2,505,411)	100	Property
ii 九龍倉(杭州)置業有限公司	The People's Republic of China	US$7,870,000	100	Property
ii 堡盈房地產(杭州)有限公司	The People's Republic of China	US$9,330,000	100	Property
ii 錦興房地產開發(杭州)有限公司	The People's Republic of China	US$15,000,000	100	Property
i 洋立房地產(杭州)有限公司	The People's Republic of China	HK$28,100,000	100	Property
ii 富匯房地產開發(富陽)有限公司	The People's Republic of China	Registered capital US$8,000,000 (paid up US$9,300,000)	100	Property
ii 杭州杭龍置業管理有限公司	The People's Republic of China	US$160,000	100	Holding company
i 富景房地產開發(富陽)有限公司	The People's Republic of China	US$10,000,000	100	Property
ii 龍鼎房地產(杭州)有限公司	The People's Republic of China	Registered capital RMB5,000,000 (paid up RMB15,263,363)	100	Property
ii 寰華房地產(杭州)有限公司	The People's Republic of China	Registered capital RMB120,000,000 (paid up RMB138,000,000)	100	Property
ii 九龍倉置業(廣州)有限公司	The People's Republic of China	HK$1,000,000	100	Holding company
ii 九龍倉置業(重慶)有限公司	The People's Republic of China	US$300,000	100	Property
ii 九龍倉(中國)物業管理有限公司	The People's Republic of China	HK$60,000,000	100	Property management
ii 九龍倉(中國)投資有限公司	The People's Republic of China	US$30,000,007	100	Holding company
i 大連時代廣場商業有限公司	The People's Republic of China	US$4,500,000	100	Property
Logistics				
Modern Terminals Limited	Hong Kong	HK$82,049,200 divided into 70,116 shares	68	Container terminal
i Shenzhen Dachan Bay Modern Port Development Company, Limited	The People's Republic of China	RMB5,775,550,000	44	Container terminal

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2024

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/registered and paid up capital	Percentage of equity attributable to shareholders	Principal activities
Hotels				
# **Wharf Hotels Limited**	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Chengdu Niccolo Holdings (Hong Kong) Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Go Triumph Company Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Extra Talent Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Primal Talent Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Wharf China Hotels Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Wharf Hotels Management Limited	Hong Kong	HK$20 divided into 2 shares	100	Hotel management
ii 武漢馬哥孛羅酒店有限公司	The People's Republic of China	US$3,850,000	100	Hotel
ii 成都馬哥孛羅酒店有限公司	The People's Republic of China	US$4,000,000	100	Hotel
ii 長沙尼依格羅酒店有限公司	The People's Republic of China	US$4,000,000	100	Hotel
ii 長沙國金酒店有限公司	The People's Republic of China	Registered capital RMB50,000,000 (paid up nil)	100	Hotel
Investment and others				
# **Wharf Capital (0004) Limited**	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Wharf CME2 Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Holding company
Wharf Limited	Hong Kong	HK$20 divided into 2 shares	100	Management services
Wharf Finance Limited	Hong Kong	HK$2 divided into 2 shares	100	Finance
Wharf Finance (BVI) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Finance
Wharf China Finance Limited	Hong Kong	HK$5,000,000 divided into 5,000,000 shares	100	Finance
Flying Will Company Limited	Hong Kong	HK$1 divided into 1 share	100	Finance
Wharf Finance (No.1) Limited	Hong Kong	HK$2 divided into 2 shares	100	Finance
Every Success Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Finance
Proper Run Limited	Hong Kong	HK$1 divided into 1 share	100	Finance
Wobble Company Limited	Hong Kong	HK$500,000,000 divided into 500,000,000 shares	100	Finance
Classic Partner Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company
Spring Day Holdings Limited	Hong Kong	HK$1 divided into 1 share	100	Holding company

Associates	Place of incorporation/ operation	Class of Shares	Percentage of equity attributable to shareholders	Principal activities
Properties				
Elite Mind International Limited	Hong Kong	Ordinary	40	Holding company
Harpen Company Limited	Hong Kong	Ordinary	50	Holding company
Magic Delight Limited	Hong Kong	Ordinary	50	Holding company
Cheerful Age Company Limited	Hong Kong	Ordinary	50	Holding company
重慶嘉江房地產開發有限公司	The People's Republic of China	Registered	40	Property
佛山依雲房地產有限公司	The People's Republic of China	Registered	50	Property
佛山依雲上園房地產有限公司	The People's Republic of China	Registered	50	Property
佛山招商果嶺房地產有限公司	The People's Republic of China	Registered	40	Property
佛山招商光華房地產有限公司	The People's Republic of China	Registered	50	Property
佛山招商中環房地產有限公司	The People's Republic of China	Registered	50	Property
廣州市萬尚房地產有限公司	The People's Republic of China	Registered	33	Property
北京廣盈房地產開發有限公司	The People's Republic of China	Registered	33	Property
北京亞林東房地產開發有限公司	The People's Republic of China	Registered	25	Property
北京亞林西房地產開發有限公司	The People's Republic of China	Registered	25	Property
北京亮馬置業有限公司	The People's Republic of China	Registered	30	Property
蘇州孚元置業有限公司	The People's Republic of China	Registered	33	Property
杭州龍孜投資管理有限公司	The People's Republic of China	Registered	26	Property
蘇州工業園區園嶸捷建設發展有限公司	The People's Republic of China	Registered	30	Property
蘇州新高智建建設發展有限公司	The People's Republic of China	Registered	30	Property
浙江綠九置業有限公司	The People's Republic of China	Registered	50	Property
龍景房地產(杭州)有限公司	The People's Republic of China	Registered	50	Property
Logistics				
Hong Kong Air Cargo Terminals Limited	Hong Kong	Ordinary	21	Air cargo terminal
Mega Shekou Container Terminals Limited	British Virgin Islands	Ordinary	14	Holding company

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2024

Joint Ventures	Place of incorporation/ operation	Class of Shares	Percentage of equity attributable to shareholders	Principal activities
Properties				
Clear Elegant Limited	British Virgin Islands/Hong Kong	Ordinary	30	Holding company
Lucrative Year Limited	British Virgin Islands/Hong Kong	Ordinary	50	Holding company
Market Prospect Limited	Hong Kong	Ordinary	50	Property
Empire Land Investments Limited	Hong Kong	Ordinary	50	Holding company
Green Magic Investments Limited	Hong Kong	Ordinary	60	Holding company
Tower Beyond Limited	Hong Kong	Ordinary	50	Holding company
Vanguard Insight Limited	Hong Kong	Ordinary	50	Holding company
Long Global Investment Limited	Hong Kong	Ordinary	30	Holding company
Tartar Investments Limited	British Virgin Islands/Hong Kong	Ordinary	30	Holding company
Victor Choice Investments Limited	Hong Kong	Ordinary	49	Holding company
蘇州茂龍地產發展有限公司	The People's Republic of China	Registered	49	Property
重慶嘉益商業管理有限公司	The People's Republic of China	Registered	50	Property
祥寶投資(成都)有限公司	The People's Republic of China	Registered	30	Property
寧波姚景房地產開發有限公司	The People's Republic of China	Registered	50	Property
寧波瑞峰置業有限公司	The People's Republic of China	Registered	50	Property
蘇州皓龍地產發展有限公司	The People's Republic of China	Registered	60	Property
大連九龍倉綠城置業有限公司	The People's Republic of China	Registered	60	Property
上海龍驤房地產開發有限公司	The People's Republic of China	Registered	50	Property
深圳前晉置業有限公司	The People's Republic of China	Registered	50	Property
北京西局置業有限公司	The People's Republic of China	Registered	80	Property
廣州建融房地產開發有限公司	The People's Republic of China	Registered	18	Holding company
廣州建穗房地產開發有限公司	The People's Republic of China	Registered	18	Property
廣州安合房地產開發有限公司	The People's Republic of China	Registered	10	Property
Hotels				
重慶尼依格羅酒店有限公司	The People's Republic of China	Registered	50	Hotel

\# *Subsidiaries held directly*

i *This entity is registered as a non-wholly owned foreign-invested enterprise under PRC law*

ii *This entity is 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*

Notes:

(a) *All the subsidiaries listed above were, as at 31 December 2024, indirect subsidiaries of the Company except where marked #.*

(b) *The above list gives the principal subsidiaries, associates and joint ventures of the Group which, in the opinion of the Directors, principally affect the profit and assets of the Group.*

(c) *Set out below is details of debt securities issued by the wholly-owned subsidiaries of the Company and guaranteed by the Company:*

Name of subsidiary/Borrower	Description of debt securities	Outstanding principal amount
Wharf Finance (BVI) Limited	RMB Guaranteed Fixed Rate Notes due 2025	RMB500 Million
	HK$ Guaranteed Fixed Rate Notes due 2026	HK$300 Million
	RMB Guaranteed Fixed Rate Notes due 2027	RMB200 Million
Wharf Finance Limited	HK$ Guaranteed Fixed Rate Notes due 2025	HK$800 Million
	HK$ Guaranteed Fixed Rate Notes due 2027	HK$230 Million
	HK$ Guaranteed Fixed Rate Notes due 2040	HK$250 Million
Wharf Finance (No. 1) Limited	JPY Guaranteed Fixed Rate Notes due 2026	JPY10,000 Million

Schedule of Principal Properties

As at 31 December 2024

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	Total	Office	Retail	Residential	Others
HONG KONG					
Properties — Investment					
Units at Strawberry Hill, 8 Plunkett's Road & 32 Plantation Road, The Peak	13,000	–	–	13,000	–
Chelsea Court, 63 Mount Kellett Road, The Peak	43,000	–	–	43,000	–
11 Plantation Road, The Peak	46,300	–	–	46,300	–
1 Plantation Road, The Peak	91,000	–	–	91,000	–
Modern Terminals Limited Warehouse Building	1,418,200	–	–	–	1,418,200
Modern Terminals Limited Logistic Centre	4,945,000	–	–	–	4,945,000
Total Hong Kong Properties — Investment	**6,556,500**	**–**	**–**	**193,300**	**6,363,200**
Properties — Development					
Kowloon Tong Residential Project, Lung Cheung Road, Kowloon	436,400	–	–	436,400	–
No.2-8 Mansfield Road	259,300	–	–	259,300	–
Kowloon Godown, 1-5 Kai Hing Road, Kowloon Bay	829,000	–	6,400	822,600	–
	1,524,700	–	6,400	1,518,300	–
Associates/joint ventures (Attributable — Note g)					
Various Lots at Yau Tong Bay, Yau Tong	611,400	–	13,700	597,700	–
Mount Nicholson, 8 Mount Nicholson Road, The Peak	17,000	–	–	17,000	–
Kai Tak Area 4A Site 2, Kai Tak, Kowloon	361,500	–	11,900	324,500	25,100
No. 9, 11 Mansfield Road	72,500	–	–	72,500	–
	1,062,400	–	25,600	1,011,700	25,100
Total Hong Kong Properties — Development	**2,587,100**	**–**	**32,000**	**2,530,000**	**25,100**
HONG KONG TOTAL	**9,143,600**	**–**	**32,000**	**2,723,300**	**6,388,300**

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	N/A	RBL 512 & 1004	2027/28	1974/77	N/A	100%
	29,640	RBL 556 S.A.R.P. & S.B.	2035	2001	N/A	100%
	32,145	RBL 522, 639, 661	2027	2017	N/A	100%
	97,670	RBL 534 S.E., S.F. & R.P.	2028	2022	Fitout works in progress	100%
Warehouse	202,997	R.P. of KCL 5 and ext.	2047	1981/1991	N/A	68%
Warehouse	331,152	KCL 2	2047	2026	Foundation in progress	68%
	121,224	NKIL 6579	2068	2025	Superstructure completed	100%
	134,884	RBL 1211	2071	2027	Superstructure in progress	100%
	165,809	NKIL 6647	2072	2028	Foundation in progress	100%
	808,398	R.P. of YTML 22 & ext., YTML 28 & ext., YTML 29 & ext., and YTML 12, 32 and 33 together with adjoining lots at Yau Tong Bay	2047	N/A	Planning stage	15%
	250,930	IL 9007	2060	2016	N/A	50%
	197,552	NKIL 6554	2069	2025	Superstructure completed	30%
	54,541	RBL 1222	2071	2027	Foundation completed	50%

Schedule of Principal Properties

As at 31 December 2024

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	Total	Office	Retail	Residential	Others
MAINLAND CHINA					
Properties — Investment					
Completed Investment Properties					
Shanghai Times Square 93-111 Huai Hai Zhong Road, Shanghai	973,000	331,000	447,000	195,000	–
Chongqing Times Square 100 Zou Rong Road, Yuzhong District, Chongqing	591,800	13,800	578,000	–	–
Wuhan Times Square 160 Yan Jiang Da Dao, Jiangan District, Wuhan	8,000	–	8,000	–	–
Dalian Times Square 50 Ren Min Road, Zhongshan District, Dalian	188,000	–	188,000	–	–
Times Outlets Chengdu No. 99 Shuangnan Avenue (Middle Section) Shuangliu County, Chengdu	680,000	–	680,000	–	–
Chengdu International Finance Square Junction of Hongxing Road and Da Ci Si Road, Jinjiang District	6,042,000	3,092,000	2,195,000	755,000	–
Wuxi International Finance Square Taihu Plaza, Nanchang District, Wuxi	2,036,000	2,036,000	–	–	–
Chongqing International Finance Square Zones A of Jiangbei City, Jiang Bei District, Chongqing (Attributable — Note g)	1,214,000	641,000	573,000	–	–
Shanghai Wheelock Square 1717 Nan Jing Xi Road, Jingan District, Shanghai	1,199,000	1,149,000	50,000	–	–
Changsha International Finance Square Furong District, Changsha	2,619,000	–	2,619,000	–	–
Times Outlets Changsha 168 Ou Zhou Bei Lu, Jinzhou New District Industrial Concentration Zone Changsha, Hunan China	772,000	–	772,000	–	–
The Koko Site no. T102-0262, Qianhai, Nanshan District, Shenzhen (Attributable — Note g)	267,000	–	41,000	226,000	–
Chengdu ICC South of Shuanggui Road, North of Niusha Road East of Erhuan Road, West of Shahe, Jinjiang District, Chengdu (Attributable — Note g)	412,000	–	412,000	–	–
	17,001,800	7,262,800	8,563,000	1,176,000	–

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	148,703	N/A	2043	2000	N/A	100%
	76,205	N/A	2050	2004	N/A	100%
	(a)	N/A	2053	2008	N/A	100%
	(b)	N/A	2039	2009	N/A	100%
	(c)	N/A	2047	2009	N/A	100%
	(d)	N/A	2049/79	2013/14/16	N/A	100%
	313,867	N/A	2047/57	2014	N/A	100%
	(e)	N/A	2051	2017	N/A	50%
	136,432	N/A	2049	2010	N/A	98%
	(f)	N/A	2051	2018	N/A	100%
	1,299,000	N/A	2055	2016	N/A	100%
	80,000	N/A	2057	2023	N/A	50%
	2,212,128	N/A	2048/78	2022	N/A	30%

Schedule of Principal Properties

As at 31 December 2024

Address	Total	Office	Retail	Residential	Others
	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Marco Polo Wuhan 160 Yan Jiang Da Dao, Jiangan District, Wuhan	405,000	–	–	–	405,000
Niccolo Chengdu Tower 3, IFS, No.1, Section 3, Hongxing Road Jinjiang District, Chengdu, Sichuan 610021, China	448,000	–	–	–	448,000
Niccolo Changsha Tower 1, Changsha IFS, 188 Jiefang West Road, Furong District, Changsha, Hunan 410005, China	442,000	–	–	–	442,000
Maqo Changsha Tower 2, Changsha IFS, 1 Cai'e Middle Road, Furong District, Changsha, Hunan Province, China, 410005	327,000	–	–	–	327,000
Park Hyatt Changsha Tower 2, Changsha IFS, 188 Jiefang West Road, Furong District, Changsha, Hunan Province, China, 410005	373,000	–	–	–	373,000
Niccolo Chongqing Tower 1, Chongqing IFS, 38 North Avenue Jiangbeicheng, Jiangbei District, Chongqing 400023, China (Attributable — Note g)	219,000	–	–	–	219,000
	2,214,000	–	–	–	2,214,000
Total Mainland China Properties — Investment	**19,215,800**	**7,262,800**	**8,563,000**	**1,176,000**	**2,214,000**

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
(A 356-room hotel)	(a)	N/A	2053	2008	N/A	100%
(A 238-room hotel)	(d)	N/A	2049	2015	N/A	100%
(A 243-room hotel)	(f)	N/A	2051	2018	N/A	100%
(A 286-room hotel)	(f)	N/A	2051	2023	N/A	100%
(A 231-room hotel)	(f)	N/A	2051	2024	N/A	100%
(A 252-room hotel on 100% ownership)	(e)	N/A	2051	2017	N/A	50%

Schedule of Principal Properties

As at 31 December 2024

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	Total	Office	Retail	Residential	Others
Properties — Development					
Hangzhou Imperial Park Lot#XC0502-R21-40, Santang Unit, Xiacheng District, Hangzhou	79,000	–	–	79,000	–
Parc Regal Site FG01-R21-07, Qinglong Unit, Gongshu District, Hangzhou	51,000	–	–	47,000	4,000
Parc Royale Site FG01-R21-05, Qinglong Unit, Gongshu District, Hangzhou	2,000	–	–	–	2,000
Shanghai One Jingan 398 Wanhangdu Road, Jingan District, Shanghai	31,000	–	23,000	–	8,000
Bellagio (Yin Shan Lake Project) Wang Wu Lu, Guo Sin Lu, Wu Chong New District, Suzhou	23,000	–	12,000	11,000	–
The Legend (Wuzhong Lot #24) East of Ying Chun Lu, Guo Xin Qu, Wu Zhong District, Suzhou	22,000	–	–	22,000	–
Suzhou Yangcheng Lake Lot #27 South of Yang Cheng Hu Zhen Xiang Zhou Road, East of Shun Xian Road, Xiangcheng District, Suzhou	691,000	–	11,000	680,000	–
Suzhou Xiangcheng Yuan He Street Lot #77 South of Yuan He Street An Yuan Road, East of Wen Ling Road, Xiangcheng District, Suzhou	40,000	–	–	40,000	–
Villa One (Huayuan Road Lot#78 project) North of HuangQiao Street HuaYuan Road, East of TongHu Road, Xiangcheng District, Suzhou	531,000	–	–	531,000	–
River Pitti Nanchang District and abutting on Jinhang Canal, Wuxi	22,000	–	–	22,000	–
Times Town, Shuangliu Development Zone Junction of Shuang Nan Avenue and Guang Hua Avenue, Shuangliu County, Chengdu	3,322,000	2,348,000	962,000	12,000	–
Changsha International Finance Square Furong District, Changsha	3,736,000	2,719,000	–	916,000	101,000
Dalian Times Square 50 Ren Min Road, Zhongshan District, Dalian	10,000	–	–	10,000	–
Luxurious Mountain View Xianzhu Road/Xiangyang Road, Shouxiang Shijiayuan Village, Fuyang	14,000	–	–	14,000	–
	8,574,000	5,067,000	1,008,000	2,384,000	115,000

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	115,648	N/A	2087	2023	N/A	100%
	356,321	N/A	2088	2023	N/A	100%
	180,824	N/A	2088	2022	N/A	100%
	170,825	N/A	2043/63	2020	N/A	55%
	2,501,747	N/A	2081	2022	N/A	100%
	181,643	N/A	2087	2023	N/A	100%
	1,112,825	N/A	2057/87	2022	N/A	100%
	533,173	N/A	2058/88	2021	N/A	100%
	1,013,022	N/A	2088	2025	Superstructure in progress	100%
	2,121,662	N/A	2048/78	2019	N/A	100%
	(c)	N/A	2047/77	2026	Superstructure in progress	100%
	(f)	N/A	2051	2025	Fitout works in progress	100%
	(b)	N/A	2069	2009	N/A	100%
	3,210,772	N/A	2082	2024	N/A	100%

Schedule of Principal Properties

As at 31 December 2024

Address	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
	Total	Office	Retail	Residential	Others
Associates/joint ventures (Attributable — Note g)					
Sunrise Coast	4,000	–	–	4,000	–
South of Jinchang South Lu, Chencunzhen, Shunde District, Foshan					
Glory Garden	5,000	–	5,000	–	–
West of Jiansheyi Lu, Southwest Street, Sanshui District, Foshan					
Guangzhou Central Manor	5,000	–	3,000	2,000	–
Guangzhou Baiyun District Shijing Town Shitan Road No.568					
Guangzhou Montkam Garden	6,000	–	–	6,000	–
Guangzhou Baiyun District Guanghuayi Road East					
One LiangMa	54,000	–	43,000	5,000	6,000
North to Jiu Xianqiao South Street, East to Jiangtai East Road, South to Liangmahe North Road, West to planning road, Chaoyang District, Beijing					
West Manor	322,000	–	–	180,000	142,000
Near to Lize Bridge NW corner, Beijing					
Parc Grande	4,000	–	–	–	4,000
Site FG01-R21-06, Qinglong Unit, Gongshu District, Hangzhou					
Poetic Palace	386,000	–	–	386,000	–
Suzhou Xiang Cheng District Yuanhe Road					
Villa One (Huayuan Road Lot#25 project)	5,000	–	–	5,000	–
The Junction between Hua Yuan Road and Tong Hu Road, Hu Qiu Wetland Park, Xiang Cheng District, Suzhou					

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	740,000	N/A	2056/86	2020	N/A	40%
	759,000	N/A	2057/87	2022	N/A	50%
	395,000	N/A	2087	2021	N/A	18%
	308,000	N/A	2087	2023	N/A	10%
	605,000	N/A	2086	2021	N/A	30%
	395,000	N/A	2087	2021	N/A	80%
	606,185	N/A	2088	2022	N/A	50%
	1,206,849	N/A	2087	2025	Superstructure in progress	33%
	724,116	N/A	2087	2021	N/A	60%

Schedule of Principal Properties

As at 31 December 2024

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**
Chengdu ICC South of Shuanggui Road, North of Niusha Road East of Erhuan Road, West of Shahe, Jinjiang District, Chengdu	2,766,000	1,253,000	118,000	1,271,000	124,000
The Throne Zones C of Jiangbei City, Jiang Bei District, Chongqing	30,000	–	30,000	–	–
International Community Zone C of Danzishi, Nanan District, Chongqing	274,000	–	204,000	70,000	–
	3,861,000	1,253,000	403,000	1,929,000	276,000
Total Mainland China Properties — Development	**12,435,000**	**6,320,000**	**1,411,000**	**4,313,000**	**391,000**
MAINLAND CHINA TOTAL	**31,650,800**	**13,582,800**	**9,974,000**	**5,489,000**	**2,605,000**
GROUP PROPERTIES — INVESTMENT	**25,772,300**	**7,262,800**	**8,563,000**	**1,369,300**	**8,577,200**
GROUP PROPERTIES — DEVELOPMENT	**15,022,100**	**6,320,000**	**1,443,000**	**6,843,000**	**416,100**
GROUP TOTAL (Note i)	**40,794,400**	**13,582,800**	**10,006,000**	**8,212,300**	**8,993,300**

Notes:

(a) This property forms part of Wuhan Times Square which has a total site area of 188,090 sq. ft.

(b) This property forms part of Dalian Times Square which has a total site area of 171,356 sq. ft.

(c) This property forms part of Chengdu Shuangliu Development Zone which has a total site area of 3,900,589 sq. ft.

(d) This property forms part of Chengdu International Finance Square which has a total site area of 590,481 sq. ft.

(e) This property forms part of Chongqing International Finance Square which has a total site area of 516,021 sq. ft.

(f) This property forms part of Changsha International Finance Square which has a total site area of 800,452 sq. ft.

(g) The floor areas of properties held through joint ventures and associates are shown on an attributable basis.

(h) Total Mainland development properties area included 309,000 sq. ft. pre-sold areas which have not yet been recognised in the financial statements.

(i) In addition to the above floor areas, the Group has total attributable carpark areas of approximately 12 million sq. ft. mainly in Mainland China.

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	2,212,128	N/A	2048/78	2014 and beyond	Superstructure in progress	30%
	2,335,535	N/A	2050/60	2020	N/A	50%
	6,080,656	N/A	2047/57	2022	N/A	40%

Ten-Year Financial Summary

Year ended 31 December	2024 HK$ Million	2023 HK$ Million	2022 HK$ Million	2021 HK$ Million	2020 HK$ Million
Consolidated Income Statement					
Revenue	**12,115**	18,950	18,064	22,378	20,997
Operating profit	**5,644**	6,896	6,603	8,536	11,104
Underlying net profit (Note a)	**2,798**	3,566	303	3,646	3,417
(Loss)/profit attributable to equity shareholders	**(3,224)**	945	(1,705)	6,019	3,864
Dividends attributable to shareholders	**1,222**	1,222	1,222	1,222	1,221
Consolidated Statement of Financial Position					
Investment properties	**60,767**	71,244	69,222	76,525	78,151
Property, plant and equipment	**12,261**	12,597	12,088	12,967	13,250
Interests in associates/joint ventures	**27,257**	27,712	30,845	35,859	33,139
Other long term investments	**41,969**	42,363	48,924	52,902	66,875
Properties for sale	**35,755**	37,196	42,986	48,485	42,396
Bank deposits and cash	**9,718**	11,593	14,648	23,559	16,668
Other assets	**2,312**	2,172	3,032	3,403	3,616
Total assets	**190,039**	204,877	221,745	253,700	254,095
Bank loans and other borrowings	**(16,854)**	(19,432)	(19,964)	(36,745)	(42,174)
Other liabilities	**(30,715)**	(37,242)	(46,074)	(50,578)	(48,445)
Net assets	**142,470**	148,203	155,707	166,377	163,476
Share capital and other statutory capital reserves	**30,381**	30,381	30,381	30,381	30,270
Reserves	**106,451**	112,608	121,204	131,639	128,584
Shareholders' equity	**136,832**	142,989	151,585	162,020	158,854
Non-controlling interests	**5,638**	5,214	4,122	4,357	4,622
Total equity	**142,470**	148,203	155,707	166,377	163,476
Net debt	**7,136**	7,839	5,316	13,186	25,506
Financial Data					
Per share data					
Earnings/(loss) per share (HK$)					
— Underlying net profit	**0.92**	1.17	0.10	1.19	1.12
— Attributable to equity shareholders	**(1.05)**	0.31	(0.56)	1.97	1.27
Net asset value per share (HK$)	**44.77**	46.79	49.60	53.02	52.07
Cash dividends per share (HK$ Cents)	**40.00**	40.00	40.00	40.00	40.00
Financial ratios					
Net debt to shareholders' equity (%)	**5.2%**	5.5%	3.5%	8.1%	16.1%
Net debt to total equity (%)	**5.0%**	5.3%	3.4%	7.9%	15.6%
Interest cover (Times) (Note c)	**9.6**	6.0	8.8	9.8	9.3
Return on shareholders' equity (%) (Note b)	**(2.3%)**	0.6%	(1.1%)	3.8%	2.6%
Dividend payout (%)					
— Underlying net profit	**43.7%**	34.3%	403.3%	33.5%	35.7%
— Profit attributable to equity shareholders	**N/A**	129.3%	N/A	20.3%	31.5%

Notes:

(a) *Underlying net profit primarily excludes investment property revaluation deficit/surplus, mark-to-market changes on financial instruments and non-recurring items, including the gain of HK$4,499 million from disposal of investment properties in 2017, and the gain of HK$7,260 million from disposal of Wharf T&T in 2016.*

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

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

Year ended 31 December	2019 HK$ Million	2018 HK$ Million	2017 HK$ Million	2016 HK$ Million	2015 HK$ Million
Consolidated Income Statement					
Revenue	16,874	21,055	43,273	46,627	40,875
Operating profit	7,869	8,752	20,622	17,065	14,853
Underlying net profit (Note a)	3,016	6,798	16,142	13,980	11,180
Profit attributable to equity shareholders	3,386	6,623	21,876	21,440	16,024
Dividends attributable to shareholders (Note d)	991	1,981	4,836	6,520	5,759
Consolidated Statement of Financial Position					
Investment properties	74,811	74,738	82,128	319,298	310,177
Property, plant and equipment	13,056	13,670	13,201	20,735	22,779
Interest in associates/joint ventures	43,085	41,859	30,445	31,147	35,397
Other long term investments	36,531	30,544	19,109	5,723	8,102
Properties for sale	44,083	45,954	25,200	23,874	37,768
Bank deposits and cash	27,292	17,448	45,697	36,957	23,510
Other assets	3,360	3,136	6,867	6,093	6,183
Total assets	242,218	227,349	222,647	443,827	443,916
Bank loans and other borrowings	(46,336)	(43,086)	(36,409)	(60,794)	(70,707)
Other liabilities	(49,539)	(45,503)	(40,767)	(57,627)	(56,029)
Net assets	146,343	138,760	145,471	325,406	317,180
Share capital and other statutory capital reserves	30,221	30,173	29,760	29,497	29,441
Reserves	112,653	105,251	112,214	287,297	278,287
Shareholders' equity (Note e)	142,874	135,424	141,974	316,794	307,728
Non-controlling interests	3,469	3,336	3,497	8,612	9,452
Total equity	146,343	138,760	145,471	325,406	317,180
Net debt/(cash)	19,044	25,638	(9,288)	23,837	47,197
Financial Data					
Per share data					
Earnings/(loss) per share (HK$)					
— Underlying net profit	0.99	2.23	5.32	4.61	3.69
— Attributable to equity shareholders	1.11	2.18	7.21	7.07	5.29
Net asset value per share (HK$) (Note e)	46.86	44.45	46.75	104.48	101.53
Cash dividends per share (HK$ Cents) (Note d)	32.50	65.00	159.00	215.00	190.00
Financial ratios					
Net debt to shareholders' equity (%)	13.3%	18.9%	N/A	7.5%	15.3%
Net debt to total equity (%)	13.0%	18.5%	N/A	7.3%	14.9%
Interest cover (Times) (Note c)	5.1	6.5	12.9	8.5	7.6
Return on shareholders' equity (%) (Note b)	2.4%	4.8%	9.5%	6.9%	5.2%
Dividend payout (%)					
— Underlying net profit	32.9%	29.1%	30.0%	46.6%	51.5%
— Profit attributable to equity shareholders	29.3%	29.9%	22.1%	30.4%	35.9%

Notes (continued):

(d) *Distribution in specie in the form of shares in i-CABLE and in Wharf REIC of HK$562 million (equivalent to HK$0.19 per share) and HK$197,779 million (equivalent to HK$65.14 per share), respectively, was made during 2017 in addition to the above cash dividend distribution.*

(e) *Shareholders' equity and net asset value per share decreased significantly in 2017 over 2016 mainly resulting from the Wharf REIC spinoff implemented by distribution of a special interim dividend.*

(f) *Certain figures have been restated to comply with the prevailing HKFRSs.*

ART PIECE CREDIT:

Minami Eri, A Mellow Afterimage F120, page 6
Choi Sung-Hwan, *Spring*, page 10–11
Choi Sung-Hwan, *Breeze*, page 28

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