



HARBOUR CENTRE DEVELOPMENT LIMITED

Stock Code : 51

INTERIM REPORT 2025



## GROUP RESULTS

Underlying net loss amounted to HK\$86 million (2024: profit of HK\$74 million) mainly due to higher attributable impairment provision of HK\$211 million (2024: HK\$103 million) made for Development Properties ("DP"). Inclusive of net deficit of HK\$113 million (2024: HK\$82 million) on revaluation of Investment Properties ("IP"), Group loss attributable to equity shareholders was HK\$199 million (2024: HK\$8 million).

Basic loss per share was HK\$0.28 (2024: HK\$0.01).

## INTERIM DIVIDEND

The Board of Directors of the Company has resolved not to declare any interim dividend for the half-year period ended 30 June 2025 (2024: Nil).

## BUSINESS REVIEW

Consumer spending in Hong Kong remained subdued throughout the period, reflecting persistent economic uncertainties. Meanwhile, outbound travel continued to savour the appeal of competitively priced regional destinations. These factors have collectively placed significant pressure on Hong Kong's retail and hospitality sectors.

Nonetheless, flashes of encouraging signs of stabilisation have begun to emerge. Inbound visitor arrivals increased by 12% year-on-year in the first half. Hong Kong retail sales ended its long post-Covid slide in May with a 2.4% improvement over last year. Recent currency movements could further bolster domestic consumption if this trend continues.

In Mainland China, the hospitality sector continued to face headwinds amid sluggish economic growth and weak consumer sentiment. The situation is further exacerbated by intensifying competition from regional destinations, adding considerable pressure on domestic establishments.



## **Hong Kong**

### **Hotels**

The Murray, Hong Kong, a Niccolo Hotel ("The Murray") and Marco Polo Hongkong Hotel ("MP Hong Kong") recorded higher occupancy levels, which partially relieved pressure on room rates and non-room revenue. Meanwhile, proactive cost management measures and service innovation initiatives continued to yield positive results, contributing to improvements in both revenue and profit. However, both properties are under-performing and call for investment of capital and/or operating expenditures to enhance their competitiveness.

### **Investment Properties**

Amid cautious consumer spending sentiment, the Group's retail portfolio experienced downward pressure, with IP revenue and operating profit down by 22% and 23% respectively.

The portfolio was independently revalued as at 30 June 2025 and a net revaluation deficit of HK\$113 million was reported.

## **Mainland China**

### **Hotels**

Niccolo Suzhou continued to encounter persistent challenges in a weak market with intensified competition. Aggressive competitive pricing exerted pressure on room rates, resulting in a decline in room revenue. Non-room revenue was similarly affected by subdued consumer spending sentiment.

### **Development Properties**

During the period, attributable impairment provisions totaling HK\$211 million (2024: HK\$103 million) were made to mark down the unsold inventory to market value.

As of 30 June 2025, book value of unsold DP assets — primarily the slow-moving inventory at Suzhou International Finance Square ("SZIFS") and Shanghai South Station JV project — had been marked down to approximately RMB1.7 billion (equivalent to HK\$1.9 billion), representing approximately 12% of Group assets. Attributable contracted sales in the period amounted to only RMB19 million (equivalent to HK\$21 million).

## **OUTLOOK**

Hong Kong's retail and tourism sectors are exhibiting early signs of potential recovery. However, consumer sentiment remains fragile, and competition from regional shopping and travel destinations continues to divert spending abroad.

In Mainland China, economic growth is expected to remain subdued, with cautious consumer spending patterns continuing to affect the luxury hospitality sector. Persistent competition within the hotel industry and a general re-allocation of discretionary spending toward outbound travel present ongoing challenges.

The Group's strategy remains focused on enhancing operational excellence, elevating service quality, and optimising its asset portfolio. Efforts will continue to strengthen its competitive positioning while exploring strategic growth opportunities that align with long-term vision. Despite near-term headwinds, the Group's strong balance sheet provides a solid foundation for navigating the evolving market landscape.



## FINANCIAL REVIEW

### (I) Review of 2025 Interim Results

Group underlying net loss amounted to HK\$86 million (2024: profit of HK\$74 million) mainly due to higher attributable DP impairment provision of HK\$211 million (2024: HK\$103 million). DP loss widened to HK\$196 million (2024: HK\$34 million) and IP profit decreased by 21% to HK\$71 million (2024: HK\$90 million), despite Hotels loss narrowing by 35% to HK\$31 million (2024: HK\$48 million).

After attributable IP revaluation deficit of HK\$113 million (2024: HK\$82 million), the Group reported a net loss of HK\$199 million (2024: HK\$8 million) attributable to equity shareholders.

#### Revenue and Operating Profit

Group revenue increased by 5% to HK\$654 million (2024: HK\$623 million) while operating profit decreased by 40% to HK\$125 million (2024: HK\$209 million) mainly due to DP.

Hotels revenue increased by 1% to HK\$426 million (2024: HK\$422 million) and operating loss reduced by 33% to HK\$29 million (2024: HK\$43 million).

Hong Kong revenue increased by 4% to HK\$383 million (2024: HK\$370 million) and operating loss narrowed by 69% to HK\$11 million (2024: HK\$36 million) mainly attributable to increase in occupancy.

Mainland revenue decreased by 17% to HK\$43 million (2024: HK\$52 million) and operating loss worsened to HK\$18 million (2024: HK\$7 million).

IP revenue decreased by 22% to HK\$96 million (2024: HK\$123 million) and operating profit by 23% to HK\$85 million (2024: HK\$111 million) primarily affected by lower retail rental income.

DP revenue increased to HK\$58 million (2024: HK\$8 million) with thin margin resulting in an operating loss of HK\$1 million (2024: profit of HK\$74 million).

Investments operating profit, mainly from dividend income, was HK\$70 million (2024: HK\$69 million).

### IP Revaluation Change

The Group's IP were stated at fair value based on independent valuation as at 30 June 2025, resulting in a revaluation deficit of HK\$113 million (2024: HK\$82 million) in the consolidated income statement.

### Other Net Charge

Other net charge of HK\$39 million (2024: HK\$1 million) arose primarily from impairment provision for DP project held by a subsidiary.

### Finance Costs

Net finance costs decreased to HK\$7 million (2024: HK\$10 million) mainly due to the reduction in debt.

### Share of Results (after tax) of an Associate

Attributable loss of an associate amounted to HK\$155 million (2024: HK\$113 million) after impairment provision of HK\$178 million (2024: HK\$103 million) for DP.

### Income Tax

Taxation charge for the period was HK\$22 million (2024: HK\$20 million).

### Loss Attributable to Equity Shareholders

Group loss attributable to equity shareholders for the period was HK\$199 million (2024: HK\$8 million). Loss per share was HK\$0.28 (2024: HK\$0.01) based on 708.8 million ordinary shares in issue.

Underlying net (loss)/profit (a performance indicator of the Group's major business segments and arrived at after excluding the attributable net IP revaluation deficit) attributable to equity shareholders was as below:

	Six months ended 30 June	
	2025 HK\$ Million	2024 HK\$ Million
<b>Underlying net (loss)/profit</b>	(86)	74
Attributable net IP revaluation deficit	(113)	(82)
<b>Loss attributable to equity shareholders</b>	<b>(199)</b>	<b>(8)</b>

## **(II) Review of Financial Position, Liquidity, Resources and Commitments**

### **Shareholders' and Total Equity**

As at 30 June 2025, shareholders' equity increased to HK\$14,597 million (31 December 2024: HK\$14,217 million), equivalent to HK\$20.59 per share (31 December 2024: HK\$20.06 per share). The increase was mainly attributable to HK\$596 million surplus arising from investment revaluation net of reported loss. Including non-controlling interests, the Group's total equity amounted to HK\$14,700 million (31 December 2024: HK\$14,330 million).

Hotel properties are stated at cost less accumulated depreciation and impairment provision (if any) in accordance with prevailing HKFRS Accounting Standards. Restating hotel properties based on independent valuation as at 30 June 2025 would give rise to a revaluation surplus of HK\$3,523 million and increase the Group's shareholders' equity as at 30 June 2025 to HK\$18,120 million, equivalent to HK\$25.57 per share.

### **Assets and Liabilities**

Group total assets amounted to HK\$16,090 million (31 December 2024: HK\$15,801 million). Business assets, excluding bank deposits and cash, totaled HK\$15,494 million (31 December 2024: HK\$15,370 million).

Geographically, HK\$12,288 million or 80% of total business assets were located in Hong Kong (31 December 2024: HK\$12,200 million or 79%) and HK\$1,900 million or 12% in Mainland China (31 December 2024: HK\$2,163 million or 14%).

### **Hotels**

Hotel properties, at cost less depreciation and impairment provision, amounted to HK\$6,350 million (31 December 2024: HK\$6,426 million), which comprised The Murray, MP Hong Kong, Niccolo Suzhou and Marco Polo Changzhou.

### **Investment Properties**

IP amounted to HK\$4,833 million (31 December 2024: HK\$4,946 million), which comprised MP Hong Kong's commercial podium and Star House units.

### **Development Properties for Sale/Interests in an Associate and a Joint Venture**

Total DP amounted to HK\$859 million (31 December 2024: HK\$932 million), comprising SZIFS. In addition, those undertaken through an associate and a joint venture amounted to HK\$184 million (31 December 2024: HK\$336 million).



## Equity Investments

Equity investments were marked to market at HK\$3,051 million (31 December 2024: HK\$2,505 million), including mainly blue-chip equity shares held for long term capital growth and dividend return. The value of the whole portfolio represented 19% (31 December 2024: 16%) of the Group's total assets and each investment within which was individually not material to the Group's total assets. Marking these investments to market produced a net surplus of HK\$596 million (30 June 2024: deficit of HK\$421 million) as reflected in other comprehensive income, of which certain equity investments were disposed for realised gain of HK\$5 million (30 June 2024: HK\$Nil) transferring from Investments Revaluation Reserves directly to Revenue Reserves upon de-recognition.

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

	30 June 2025 HK\$ Million	31 December 2024 HK\$ Million
<b>Analysed by industry sectors</b>		
— Properties	2,633	2,171
— Others	418	334
<b>Total</b>	<b>3,051</b>	2,505
<b>Analysed by geographical locations</b>		
— Hong Kong	1,745	1,498
— Overseas	1,306	1,007
<b>Total</b>	<b>3,051</b>	2,505

## Net Cash

As at 30 June 2025, the Group had net cash of HK\$167 million (31 December 2024: HK\$66 million), consisting of HK\$596 million in cash (mainly held in Hong Kong) and HK\$429 million in bank borrowings (drawn in Mainland China).

### **Finance and Availability of Facilities and Funds**

The Group's debts were principally denominated in Hong Kong dollars ("HK\$"/"HKD") and Renminbi ("RMB") at floating rates.

As at 30 June 2025, the Group's available loan facilities amounted to HK\$1,333 million, of which HK\$429 million were utilised. Certain banking facilities amounting to RMB1,203 million (equivalent to HK\$1,319 million) (31 December 2024: RMB1,213 million (equivalent to HK\$1,310 million)) were secured by hotel and DP in the Mainland China.

The use of derivative financial instruments is strictly controlled. Instruments entered into by the Group are mainly used for managing and hedging interest rate and currency exposures.

The Group continued to maintain a reasonable level of surplus cash denominated principally in HKD and RMB to facilitate its business and investment activities. As at 30 June 2025, the Group also held a portfolio of liquid listed equity investments with an aggregate market value of HK\$3,051 million (31 December 2024: HK\$2,505 million), which is available for use if necessary.

### **Net Cash Flows for Operating and Investing Activities**

For the period under review, the Group generated a net operating cash inflow of HK\$94 million (2024: HK\$25 million). For investing activities, the Group recorded a net cash inflow of HK\$44 million (2024: outflow of HK\$10 million), mainly from disposal of equity investments.

### **Commitments to Capital and Development Expenditure**

As at 30 June 2025, major capital and development expenditure planned for the coming years was about HK\$314 million, mainly related to DP.

The above expenditure will be funded by internal financial resources, including cash currently on hand, as well as bank loans. Other available resources include equity investments that can be liquidated when in need.

## **(III) Human Resources**

The Group had approximately 1,100 employees as at 30 June 2025. 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 Group's achievement and results.

## CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 30 June 2025 — Unaudited

		Six months ended 30 June	
	Note	2025 HK\$ Million	2024 HK\$ Million
<b>Revenue</b>	2	<b>654</b>	623
Direct costs and operating expenses		(325)	(220)
Selling and marketing expenses		(37)	(34)
Administrative and corporate expenses		(71)	(71)
Operating profit before depreciation, interest and tax		<b>221</b>	298
Depreciation		(96)	(89)
<b>Operating profit</b>	2 & 3	<b>125</b>	209
Changes in fair value of investment properties		(113)	(82)
Other net charge	4	(39)	(1)
		(27)	126
Finance costs	5	(7)	(10)
Share of results after tax of an associate		(155)	(113)
(Loss)/profit before taxation		(189)	3
Income tax	6(a)	(22)	(20)
<b>Loss for the period</b>		<b>(211)</b>	(17)
<b>Loss attributable to:</b>			
Equity shareholders		(199)	(8)
Non-controlling interests		(12)	(9)
		(211)	(17)
<b>Loss per share</b>	7		
Basic		(HK\$0.28)	(HK\$0.01)
Diluted		(HK\$0.28)	(HK\$0.01)



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2025 — Unaudited

	Six months ended 30 June	
	2025 HK\$ Million	2024 HK\$ Million
<b>Loss for the period</b>	<b>(211)</b>	<b>(17)</b>
<b>Other comprehensive income</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Fair value changes on equity investments	<b>596</b>	(421)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of the operations of subsidiaries	<b>17</b>	(5)
Share of reserves of an associate and a joint venture	<b>3</b>	(4)
<b>Other comprehensive income for the period</b>	<b>616</b>	(430)
<b>Total comprehensive income for the period</b>	<b>405</b>	(447)
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	<b>415</b>	(437)
Non-controlling interests	<b>(10)</b>	(10)
	<b>405</b>	(447)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 — Unaudited

	Note	30 June 2025 HK\$ Million	31 December 2024 HK\$ Million
<b>Non-current assets</b>			
Investment properties		4,833	4,946
Hotel properties, plant and equipment		6,425	6,504
Interest in an associate		175	326
Interest in a joint venture		9	10
Equity investments		3,051	2,505
Other non-current assets		37	34
		<b>14,530</b>	<b>14,325</b>
<b>Current assets</b>			
Properties for sale		859	932
Inventories		8	9
Trade and other receivables	9	96	104
Prepaid tax		1	—
Bank deposits and cash		596	431
		<b>1,560</b>	<b>1,476</b>
<b>Total assets</b>		<b>16,090</b>	<b>15,801</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(156)	(153)
Bank loans		(396)	(333)
		<b>(552)</b>	<b>(486)</b>
<b>Current liabilities</b>			
Trade and other payables	10	(722)	(847)
Pre-sale deposits and proceeds		(5)	(35)
Taxation payable		(78)	(71)
Bank loans		(33)	(32)
		<b>(838)</b>	<b>(985)</b>
<b>Total liabilities</b>		<b>(1,390)</b>	<b>(1,471)</b>
<b>NET ASSETS</b>		<b>14,700</b>	<b>14,330</b>
<b>Capital and reserves</b>			
Share capital		3,641	3,641
Reserves		10,956	10,576
<b>Shareholders' equity</b>		<b>14,597</b>	<b>14,217</b>
<b>Non-controlling interests</b>		<b>103</b>	<b>113</b>
<b>TOTAL EQUITY</b>		<b>14,700</b>	<b>14,330</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 June 2025 — Unaudited

	Shareholders' equity					Non-controlling interests	Total equity
	Share capital	Investments revaluation reserves	Exchange reserves	Revenue reserves	Total shareholders' equity		
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
<b>At 1 January 2025</b>	3,641	(826)	183	11,219	14,217	113	14,330
<b>Changes in equity for the period:</b>							
Loss	–	–	–	(199)	(199)	(12)	(211)
Other comprehensive income	–	596	16	2	614	2	616
Total comprehensive income	–	596	16	(197)	415	(10)	405
Transfer to revenue reserves upon de-recognition of equity investments	–	(5)	–	5	–	–	–
2024 interim dividend paid	–	–	–	(35)	(35)	–	(35)
<b>At 30 June 2025</b>	3,641	(235)	199	10,992	14,597	103	14,700
<b>At 1 January 2024</b>	3,641	(809)	209	11,288	14,329	109	14,438
<b>Changes in equity for the period:</b>							
Loss	–	–	–	(8)	(8)	(9)	(17)
Other comprehensive income	–	(421)	(9)	1	(429)	(1)	(430)
Total comprehensive income	–	(421)	(9)	(7)	(437)	(10)	(447)
<b>At 30 June 2024</b>	3,641	(1,230)	200	11,281	13,892	99	13,991



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Six Months Ended 30 June 2025 — Unaudited

	Six months ended 30 June	
	2025 HK\$ Million	2024 HK\$ Million
<b>Operating cash inflow</b>	<b>147</b>	227
Changes in working capital/others	(41)	(194)
Tax paid	(12)	(8)
Net cash generated from operating activities	<b>94</b>	25
<b>Investing activities</b>		
Payment for hotel properties, plant and equipment	(5)	(10)
Other cash generated from investing activities	49	—
Net cash generated from/(used in) investing activities	<b>44</b>	(10)
<b>Financing activities</b>		
Dividends paid to equity shareholders	(35)	—
Other cash generated from/(used in) financing activities	57	(125)
Net cash generated from/(used in) financing activities	<b>22</b>	(125)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>160</b>	(110)
Cash and cash equivalents at 1 January	<b>431</b>	381
Effect on exchange rate changes	5	(2)
<b>Cash and cash equivalents at 30 June (Note)</b>	<b>596</b>	269
Note:		
Cash and cash equivalents		
Bank deposits and cash in the consolidated statement of financial position	<b>596</b>	269

## NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

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

This unaudited interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The preparation of the unaudited interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2024. The unaudited interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2024 except for the changes mentioned below.

With effect from 1 January 2025, the Group has adopted the below amendment which is relevant to the Group’s consolidated financial statements:

Amendments to HKAS 21	The effects of changes in foreign exchange rates: Lack of exchangeability
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The Group has assessed the impact of the adoption of the above amendment and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

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

The financial information relating to the financial year ended 31 December 2024 that is included in the unaudited interim financial information as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) (the "Companies Ordinance") is as follows:

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

## **2. SEGMENT INFORMATION**

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

Hotels segment represents the operations of The Murray, Hong Kong, a Niccolo Hotel, Marco Polo Hongkong Hotel, Niccolo Suzhou and Marco Polo Changzhou.

Investment properties segment primarily represents the property leasing of the Group's investment properties in Hong Kong.

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

Investments segment represents equity investment in global capital markets. The performance of the portfolio is assessed and monitored by top management regularly.

Management evaluates performance based on operating profit as well as the equity share of results of an associate and a joint venture of each segment.

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.

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



(a) Analysis of segment revenue and results

Six months ended	Revenue HK\$ Million	Operating profit/(loss) HK\$ Million	Changes in fair value of investment properties HK\$ Million	Other net charge HK\$ Million	Finance costs HK\$ Million	Associate HK\$ Million	Profit/(loss) before taxation HK\$ Million
<b>30 June 2025</b>							
Hotels	426	(29)	-	-	-	-	(29)
Investment properties	96	85	(113)	-	-	-	(28)
Development properties	58	(1)	-	(39)	(7)	(155)	(202)
Investments	70	70	-	-	-	-	70
<b>Segment total</b>	<b>650</b>	<b>125</b>	<b>(113)</b>	<b>(39)</b>	<b>(7)</b>	<b>(155)</b>	<b>(189)</b>
Others	4	-	-	-	-	-	-
<b>Group total</b>	<b>654</b>	<b>125</b>	<b>(113)</b>	<b>(39)</b>	<b>(7)</b>	<b>(155)</b>	<b>(189)</b>
<b>30 June 2024</b>							
Hotels	422	(43)	-	-	(1)	-	(44)
Investment properties	123	111	(82)	-	(3)	-	26
Development properties	8	74	-	(1)	(6)	(113)	(46)
Investments	69	69	-	-	-	-	69
<b>Segment total</b>	<b>622</b>	<b>211</b>	<b>(82)</b>	<b>(1)</b>	<b>(10)</b>	<b>(113)</b>	<b>5</b>
Others	1	(2)	-	-	-	-	(2)
<b>Group total</b>	<b>623</b>	<b>209</b>	<b>(82)</b>	<b>(1)</b>	<b>(10)</b>	<b>(113)</b>	<b>3</b>

No inter-segment revenue has been recorded during the current and prior periods.

(b) Disaggregation of revenue

Six months ended 30 June		
	2025 HK\$ Million	2024 HK\$ Million
<b>Revenue recognised under Hong Kong Financial Reporting Standard ("HKFRS") 15</b>		
Hotels	426	422
Management and services income and other rental related income	19	19
Sale of development properties	58	8
	<b>503</b>	449
<b>Revenue recognised under other accounting standards</b>		
Rental income under investment properties segment		
— Fixed	70	102
— Variable	7	2
Investments	70	69
Others	4	1
	<b>151</b>	174
<b>Total revenue</b>	<b>654</b>	623

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

- hotel operation 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.
- property management fees and other rental related income as the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.
- sales of completed properties as the performance obligation is part of a contract that had an original expected duration of one year or less.

### 3. OPERATING PROFIT

Operating profit is arrived at:

Six months ended 30 June		
	2025 HK\$ Million	2024 HK\$ Million
<b>After charging/(crediting):</b>		
Depreciation	96	89
Staff costs (Note)	197	196
Cost of trading properties for recognised sales	47	(70)
Direct operating expenses of investment properties	5	8
<b>After crediting:</b>		
Gross rental revenue from investment properties	96	123
Interest income	4	2
Dividend income from equity investments	70	69

Note: Staff costs included defined contribution pension schemes costs of HK\$8 million (2024: HK\$8 million), which included MPF schemes after a forfeited contribution of HK\$1 million (2024: HK\$Nil).

### 4. OTHER NET CHARGE

Other net charge amounted to HK\$39 million (2024: HK\$1 million) mainly represented impairment provision for Mainland DP held by a subsidiary.

### 5. FINANCE COSTS

Six months ended 30 June		
	2025 HK\$ Million	2024 HK\$ Million
Interest on bank borrowings	7	9
Other finance costs	–	1
<b>Total</b>	<b>7</b>	<b>10</b>

## 6. INCOME TAX

(a) Taxation charged to the consolidated income statement represents:

Six months ended 30 June		
	2025 HK\$ Million	2024 HK\$ Million
<b>Current income tax</b>		
Hong Kong		
— provision for the period	19	22
— over-provision in respect of prior years	(1)	—
Mainland China		
— over-provision in respect of prior years	—	(110)
	18	(88)
<b>Land appreciation tax ("LAT") (Note (d))</b>	1	—
<b>Deferred tax</b>		
Origination and reversal of temporary differences	3	108
<b>Total</b>	<b>22</b>	<b>20</b>

- (b) The provision for Hong Kong Profits Tax is at the rate of 16.5% (2024: 16.5%) of the estimated assessable profits for the period.
- (c) Income tax on profit assessable in Mainland China are corporate income tax calculated at a rate of 25% (2024: 25%) and withholding tax at a rate of up to 10%.
- (d) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.
- (e) Under the tax law in Mainland China, withholding tax at 10% is imposed unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China.
- (f) Tax attributable to an associate for the six months ended 30 June 2025 of HK\$5 million (2024: credit of HK\$3 million) is included in the share of results of an associate.

- (g) The Group is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development starting from 1 January 2025.

The Group's profits in Hong Kong are subject to the domestic minimum top-up tax introduced by the respective governments. The Group's profits in Mainland China, where a domestic minimum top-up tax has not been implemented, are liable to Pillar Two income taxes under the Hong Kong legislation.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

## **7. LOSS PER SHARE**

Basic and diluted loss per share is calculated by dividing the loss attributable to equity shareholders for the period of HK\$199 million (2024: HK\$8 million) by 708.8 million ordinary shares (2024: 708.8 million ordinary shares) in issue during the period.

## **8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS**

An interim dividend of HK\$35 million in respect of the financial year ended 31 December 2024 was approved and paid during the financial period under review.

## 9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of loss allowance) with an ageing analysis based on invoice date as at 30 June 2025 as follows:

	30 June 2025 HK\$ Million	31 December 2024 HK\$ Million
Trade receivables		
0–30 days	18	24
31–60 days	2	2
Over 60 days	1	1
	21	27
Prepayments	28	28
Other receivables	16	5
Amounts due from fellow subsidiaries	31	44
<b>Group total</b>	<b>96</b>	<b>104</b>

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

## 10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on invoice date as at 30 June 2025 as follows:

	30 June 2025 HK\$ Million	31 December 2024 HK\$ Million
Trade payables		
0–30 days	18	32
31–60 days	4	4
61–90 days	1	–
	23	36
Other payables and provisions	318	354
Construction costs payable	365	439
Amounts due to fellow subsidiaries	2	4
Amount due to an associate	14	14
<b>Group total</b>	<b>722</b>	<b>847</b>

## 11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement* ("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. 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 are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

#### *Financial instruments carried at fair value*

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

	30 June 2025 HK\$ Million	31 December 2024 HK\$ Million
<b>Level 1</b>		
<b>Assets</b>		
Equity investments:		
— Listed investments	3,051	2,505

During the six months ended 30 June 2025, there were no transfers of instruments between Level 1 and Level 2, or transfer into or out of Level 3 (31 December 2024: Nil).

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

### (b) Assets and liabilities carried at other than fair value

All financial instruments carried at cost or amortised costs are carried at amounts not materially different from their fair values as at 30 June 2025 and 31 December 2024. Amounts due from/(to) fellow subsidiaries and related parties are unsecured, interest free and have no fixed repayment terms.

## 12. MATERIAL RELATED PARTY TRANSACTIONS

Material transactions between the Group and other related parties during the six months ended 30 June 2025 are set out below:

- (a) There were in existence agreements with a subsidiary of The Wharf (Holdings) Limited ("Wharf"), being a related company of the Group, for the management, marketing, project management and technical services of the Group's hotel operations. Total fees payable under this arrangement during the current period amounted to HK\$15 million (2024: HK\$15 million). Such transaction does not constitute a connected transaction under the Listing Rules.
- (b) There were in existence agreements with a subsidiary of Wharf and subsidiaries of Wharf Real Estate Investment Company Limited, being the parent company of the Group, for the property services in respect of the Group's property projects. Total fees payable under this arrangement during the current period amounted to HK\$2 million (2024: HK\$3 million), of which HK\$2 million (2024: HK\$3 million) of such transaction constitutes a connected transaction as defined under the Listing Rules.
- (c) There were in existence leasing agreements entered into between subsidiaries of Wharf and subsidiaries of the Group for leases, tenancies or licences in respect of certain areas situated on 6/F of Suzhou International Finance Square. Total rental income under this arrangement during the current period amounted to HK\$1 million (2024: HK\$1 million). Such transaction does not constitute a connected transaction under the Listing Rules.

## 13. CONTINGENT LIABILITIES

As at 30 June 2025, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to bank overdrafts, short term loans and credit facilities up to HK\$840 million (31 December 2024: HK\$840 million).

As at 30 June 2025, there were guarantees of HK\$8 million (31 December 2024: HK\$10 million) provided by the Group to the banks in favour of their customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's development properties.

The Group and the Company have not recognised any deferred income of the above guarantees as their fair value cannot be reliably measured and their transaction price was HK\$Nil (31 December 2024: 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.



## 14. COMMITMENTS

The Group's outstanding commitments as at 30 June 2025 are detailed as below:

	30 June 2025			31 December 2024		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
<b>Investment Properties</b>						
Hong Kong	13	4	17	13	4	17
<b>Hotels</b>						
Hong Kong	19	–	19	20	–	20
<b>Development Properties</b>						
Mainland China	145	133	278	142	133	275
<b>Total</b>						
Hong Kong	32	4	36	33	4	37
Mainland China	145	133	278	142	133	275
	177	137	314	175	137	312

## 15. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2025 has been reviewed with no disagreement by the Audit Committee of the Company.

## **CORPORATE GOVERNANCE CODE**

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

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

## **CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted its own set of code of conduct (the "Company's Code") governing securities transactions of the Directors of the Company (the "Director(s)") 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") contained in Appendix C3 to the Listing Rules. 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 period under review.

## DIRECTORS' INTERESTS IN SECURITIES

### (i) Interests in Shares and Debentures

At 30 June 2025, Directors had the following beneficial interests in the shares (all being long positions) and/or debentures of the Company, Wharf Real Estate Investment Company Limited ("Wharf REIC") (parent company of the Company) and Wharf REIC Finance (BVI) Limited (fellow subsidiary of the Company). The percentages (where applicable) which the relevant shares represented to the total number of shares in issue of the Company and Wharf REIC respectively are also set out below:

	Quantity/Amount held (percentage, where applicable)	Nature of Interest
<b>The Company – Ordinary Shares</b>		
Michael T P Sze	9,000 (0.0013%)	Family Interest
<b>Wharf REIC – Ordinary Shares</b>		
Stephen T H Ng	1,435,445 (0.0473%)	Personal Interest
Peter Z K Pao	201,216 (0.0066%)	Family Interest
Michael T P Sze	53,949 (0.0018%)	Family Interest
<b>Wharf REIC Finance (BVI) Limited – USD Fixed Rate Notes due 2030</b>		
Brian S K Tang	US\$1,000,000	Personal Interest

Notes:

- (1) The interests in shares disclosed above do not include interests in share options of the Company's associated corporation(s) held by Directors as at 30 June 2025. Details of such interests in share options are separately set out below under the sub-section headed "(ii) Interests in Share Options of Wharf REIC".
- (2) The shareholding classified as "Family Interest", in which the Directors concerned were taken to be interested under Part XV of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (the "SFO"), were interests held by spouse or any child aged under 18 of the relevant Directors.

## (ii) Interests in Share Options of Wharf REIC

Set out below are particulars of all interests (all being personal interests) in share options held by Director(s) of the Company during the six months ended 30 June 2025 to subscribe for ordinary shares of Wharf REIC granted/exercisable under the share option scheme of Wharf REIC:

Name of Director	Date of grant (Day/Month/Year)	Number of Wharf REIC's share options			Exercise price per share (HK\$)	Vesting/Exercise Period (Day/Month/Year)
		As at 1 January 2025	Exercised during the period	As at 30 June 2025 (percentage based on total number of shares in issue)		
Stephen T H Ng	14/08/2023	300,000	–	300,000	36.58	14/08/2024–13/08/2029
		300,000	–	300,000		14/08/2025–13/08/2029
		300,000	–	300,000		14/08/2026–13/08/2029
		300,000	–	300,000		14/08/2027–13/08/2029
		300,000	–	300,000		14/08/2028–13/08/2029
	Total	1,500,000	–	1,500,000	(0.05%)	

*Note: Except as disclosed above, no share option of Wharf REIC held by Directors of the Company and/or their associate(s) lapsed or was exercised or cancelled during the six months ended 30 June 2025, and no share option of Wharf REIC was granted to any Director of the Company and/or their associate(s) during the six months ended 30 June 2025.*

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 (or any other applicable code), there were no interests, whether long or short positions, held or deemed to be interested as at 30 June 2025 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 30 June 2025.

## 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 30 June 2025, and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register"):

Names	Number of Ordinary Shares (percentage based on total number of shares in issue)
(i) Wharf REIC	506,946,196 (71.53%)
(ii) Wheelock and Company Limited ("WAC")	506,946,196 (71.53%)
(iii) HSBC Trustee (C.I.) Limited ("HSBC Trustee")	506,946,196 (71.53%)
(iv) Harson Investment Limited	57,054,375 (8.05%)

Notes:

- (1) For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against parties (i) to (iii) above represented the same block of shares.
- (2) Wharf REIC's deemed shareholding interests stated above were held through its three wholly-owned subsidiaries, namely Wharf REIC Holdings Limited, Wharf Estates Limited and Upfront International Limited.
- (3) WAC's deemed shareholding interests stated above were held through Wharf REIC, of which it controls more than one-third of the voting power at general meetings.
- (4) 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.

All the interests stated above represent long positions. As at 30 June 2025, there were no short position interests recorded in the Register.

## CHANGES IN INFORMATION OF DIRECTORS

Given below are the changes in information of the Directors required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the publication of the last annual report of the Company:

Effective Date	
<b>Michelle Cheng</b>	
<ul style="list-style-type: none"><li>Harbour Centre Development Limited<ul style="list-style-type: none"><li>— appointed as member of Nomination Committee</li></ul></li></ul>	7 May 2025
<b>Michael T P Sze</b>	
<ul style="list-style-type: none"><li>Harbour Centre Development Limited<ul style="list-style-type: none"><li>— ceased to be member of Nomination Committee</li></ul></li></ul>	7 May 2025

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company. As at 30 June 2025 and up to the date hereof, the Company does not hold any treasury shares (whether in the Central Clearing and Settlement System, or otherwise).

By Order of the Board

**Harbour Centre Development Limited**

**Grace L C Ho**

*Company Secretary*

Hong Kong, 5 August 2025

*As at the date of this interim report, the Board comprises Mr Stephen T H Ng, Hon Frankie C M Yick and Mr Peter Z K Pao, together with six Independent Non-executive Directors, namely, Ms Michelle Cheng, Mr David T C Lie-A-Cheong, Mr Roger K H Luk, Mr Michael T P Sze, Mr Brian S K Tang and Mr Ivan T L Ting.*

*This Interim Report in both English and Chinese is available on the Company's website at [www.harbourcentre.com.hk](http://www.harbourcentre.com.hk) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).*