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# WHARF

*Established 1886*

## THE WHARF (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 4

### **Interim Results Announcement for the half-year period ended 30 June 2025**

### **Prudent Balance Sheet with Healthy Liquidity**

#### **HIGHLIGHTS**

- Impairment provisions and revaluation deficits to mark assets to market
- Proactive capital management to maintain low gearing
- RMB assets natural hedge also lowers borrowing cost
- Liquid long term investment to preserve capital with satisfactory yield
- Group Underlying Net Profit (“UNP”) at par with last year
- Interim dividend per share same as last year

#### **GROUP RESULTS**

Group UNP increased by 3% to HK\$2,035 million (2024: HK\$1,979 million) in spite of weaker Investment Properties (“IP”) and Hotels.

After the inclusion of IP revaluation deficit and other unrealised accounting losses, Group profit attributable to shareholders reported HK\$535 million (2024: loss of HK\$2,637 million).

#### **INTERIM DIVIDEND**

A first interim dividend of HK\$0.20 (2024: HK\$0.20) per share will be paid on 16 September 2025 to Shareholders on record as at 6:00 p.m. on 1 September 2025. This will absorb a total amount of HK\$611 million (2024: HK\$611 million).

## **BUSINESS REVIEW**

Global economic environment has remained challenging, with US tariff increases disrupting demand and supply chains, while growing policy uncertainties and geopolitical instability continued to pressure markets. These headwinds have affected the Group's businesses to varying degrees.

In Hong Kong, residential market has demonstrated relative resilience, supported by a more favourable interest rate environment and relaxed market restrictions. The enhanced New Capital Investment Entrant Scheme, alongside recent stock market improvements, has further strengthened demand in the luxury residential sector. Meanwhile, Sino-US trade negotiations have added uncertainties to the port business, which was already facing intense regional competition and the realignment of shipping alliances.

Property market in Mainland China has remained cautious. Although government measures have stimulated some first-time buyer and upgrade demand, home prices have continued to decline. Nationwide retail sales experienced a modest increase in the first half of 2025, but were largely driven by trade-in programmes and promotional events. Broader consumer sentiment remained subdued.

Against this economic backdrop, the Group has maintained a healthy balance sheet with strong liquidity and a low gearing at 4.4% at period-end, positioning the Group well to navigate challenges and capitalise on opportunities as market conditions improve.

## **HONG KONG PROPERTIES**

Capitalising on improving market conditions, the launch of the prestigious Peak Portfolio for tender is proceeding as planned. With strategic focus on market and marketing, a penthouse at the 50%-owned Mount Nicholson was sold for HK\$609 million during the period, achieving a record high price per square foot for apartments of HK\$144,000. Preparations to engage buyers for 1 Plantation Road are also underway.

On an attributable basis, development properties revenue recognised during the period increased by 56% to HK\$475 million and operating profit decreased to HK\$31 million (2024: HK\$179 million). Net order book at period-end amounted to HK\$305 million.

## **MAINLAND CHINA INVESTMENT PROPERTIES**

Consumer sentiments have dampened, while capacity continues to be the issue alongside ever-evolving e-commerce trends. In light of the intensifying competition, the fundamentals of critical mass and strategic location, as well as innovative tenant mixes and marketing, remain key competitive elements of the Group's properties.

Office leasing struggles to recover amid downsizing and space consolidation. Significant oversupply exerts further pressure on both rental rates and occupancy levels.

Overall segment revenue declined by 4% to HK\$2,244 million and operating profit by 5% to HK\$1,470 million.

## **MAINLAND CHINA DEVELOPMENT PROPERTIES**

The Group's sustainability stems from strategic timing. The decision to suspend land replenishment after 2019 has derisked the portfolio in a timely manner.

With active projects and available stock diminishing, attributable contracted sales for the first half of 2025 were limited at RMB859 million (2024: RMB699 million), primarily from projects in Suzhou. Net order book at period-end was RMB743 million (31 December 2024: RMB616 million).

On an attributable basis, recognised revenue decreased by 79% to HK\$520 million, and operating profit by 92% to HK\$40 million. An attributable impairment provision of HK\$522 million (2024: HK\$564 million) was made, primarily relating to the slow-moving office inventory.

## **HOTELS**

Operating environment remains challenging. Cautious spending continues to put pressure on room rates which witnessed declines versus last year. Hong Kong's occupancy was supported by the improvement in visitor numbers, while Mainland China experienced softer occupancy due to heightened market competition and a wider selection of destination choices abroad.

Segment revenue from ownership and management, increased by 7% to HK\$312 million but an operating loss of HK\$11 million (2024: profit of HK\$12 million) was reported.

## **LOGISTICS INFRASTRUCTURE**

Concerns over Sino-US trade negotiations seriously disrupted cargo flow at the same time as major shipping alliances restructured services in the region. Modern Terminals' throughput in Hong Kong declined by 3% to 1.7 million TEUs and improvement may not be seen in the second half. In Shenzhen, DaChan Bay Terminals achieved a 20% growth in throughput to 1.2 million TEUs, while throughput at associated company Shekou Container Terminals increased by 11% to 3.4 million TEUs.

At the 21%-owned Hong Kong Air Cargo Terminals, cargo volume remained at 0.9 million tonnes.

Segment revenue slightly increased to HK\$1,076 million and operating profit by 11% to HK\$137 million.

## **OUTLOOK**

Looking ahead, the complex external environment, characterised by escalating geopolitical issues, trade and economic uncertainties, as well as shifting global supply chains, may continue to fuel market volatility and constrain global economic growth.

In Mainland China, potential policy changes may reshape the property market, but fundamental issues including persistent oversupply, weak confidence and labour market continue to impede recovery. Meanwhile, interest rate movements and the pace of overall economic recovery will be key determinants of Hong Kong's property market trajectory.

In this evolving economic landscape, the Group will remain vigilant regarding market developments and continue to adapt to changing market conditions.

## FINANCIAL REVIEW

### (I) Review of 2025 Interim Results

Group UNP increased by 3% to HK\$2,035 million (2024: HK\$1,979 million) mainly due to reduction in interest expenses and taxation.

Group profit attributable to equity shareholders amounted to HK\$535 million (2024: loss of HK\$2,637 million) after attributable net IP revaluation deficit of HK\$1,180 million (2024: HK\$4,481 million).

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

Group revenue decreased by 19% to HK\$5,669 million (2024: HK\$7,032 million) and OP by 14% to HK\$2,657 million (2024: HK\$3,085 million).

IP revenue decreased by 4% to HK\$2,281 million (2024: HK\$2,364 million) and OP by 6% to HK\$1,484 million (2024: HK\$1,573 million) due to softer retail and office rental.

DP revenue decreased by 64% to HK\$739 million (2024: HK\$2,028 million) and OP by 82% to HK\$71 million (2024: HK\$387 million). In Hong Kong, the last remaining house at 77/79 Peak Road was the sole sale recognised during the period. On the Mainland, the remaining stock is slow in liquidation.

Hotels revenue increased by 7% to HK\$312 million (2024: HK\$291 million) yet reported operating loss of HK\$11 million (2024: profit of HK\$12 million) mainly due to ramp-up for pre-mature Park Hyatt and Maqo in Changsha.

Logistics revenue improved slightly to HK\$1,076 million (2024: HK\$1,073 million) and OP by 11% to HK\$137 million (2024: HK\$123 million) mainly due to higher throughput in Mainland and favourable cargo mix in Hong Kong.

Investments OP decreased by 2% to HK\$1,000 million (2024: HK\$1,023 million) from decrease in dividend income.

#### IP Revaluation Deficit

Including IP held by joint ventures, independent valuation as at 30 June 2025 gave rise to an attributable but unrealised net revaluation deficit (after related deferred tax and non-controlling interests) of HK\$1,180 million (2024: HK\$4,481 million), which was charged to the consolidated income statements.

#### Other Net Charges

Other net charges amounted to HK\$32 million (2024: HK\$864 million), mainly representing impairment provision of HK\$396 million (2024: HK\$322 million) for Mainland DP, net exchange gain HK\$62 million (2024: loss of HK\$304 million), and a fair value gain of HK\$220 million (2024: loss of HK\$116 million) on long term fund investments.

## Finance Costs

Finance costs amounted to HK\$659 million (2024: HK\$33 million) after unrealised mark-to-market loss of HK\$612 million (2024: gain of HK\$218 million) on cross currency and interest rate swaps.

Excluding the mark-to-market gains/losses, finance costs before capitalisation of HK\$178 million (2024: HK\$149 million) decreased by 44% to HK\$225 million (2024: HK\$400 million). Effective borrowing rate fell to 2.4% (2024: 3.9%), mainly benefitting from higher exposure to Renminbi borrowings at lower interest rates.

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

Associates' attributable profit decreased by 1% to HK\$129 million (2024: HK\$130 million) while joint ventures' attributable loss reported at HK\$176 million (2024: HK\$233 million), mainly due to lower recognition and impairment provisions of HK\$126 million (2024: HK\$242 million) for Mainland DP.

## Taxation

The Group recorded a net tax charge of HK\$163 million (2024: credit of HK\$2,985 million), after a reversal of deferred tax provision of HK\$201 million (2024: HK\$3,527 million) on partial reversal of revaluation surpluses of Mainland IP made previously.

## Profit/(Loss) to Shareholders

Group UNP (a performance indicator of the Group's major business segments) increased by 3% to HK\$2,035 million (2024: HK\$1,979 million). By segment, IP profit decreased by 9% to HK\$1,103 million (2024: HK\$1,207 million), DP loss narrowed by 13% to HK\$403 million (2024: HK\$462 million), Logistics profit rebounded by 21% to HK\$200 million (2024: HK\$165 million), while Investments profit was stable at HK\$997 million (2024: HK\$999 million).

Including attributable net IP valuation deficits of HK\$1,180 million (2024: HK\$4,481 million), mark-to-market and exchange loss on certain financial instruments of HK\$519 million (2024: gain of HK\$21 million) and fair value gain on fund investments of HK\$220 million (2024: loss of HK\$116 million), Group profit attributable to equity shareholders reported at \$535 million (2024: loss of HK\$2,637 million). Basic earnings per share was HK\$0.18 (2024: loss per share of HK\$0.86) based on weighted average of 3,056 million shares.

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

Total contracted sales increased by 17% to HK\$1,247 million (2024: HK\$1,066 million).

Hong Kong sales increased by 2% to HK\$305 million (2024: HK\$300 million). Net order book amounted to HK\$305 million pending recognition as at 30 June 2025 (December 2024: HK\$501 million).

Mainland sales increased by 23% to RMB859 million (2024: RMB699 million). Net order book increased by 21% to RMB743 million (December 2024: RMB616 million).

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

#### Shareholders' and Total Equity

As at 30 June 2025, shareholders' equity increased by 5% to HK\$143.3 billion (December 2024: HK\$136.8 billion), equivalent to HK\$46.89 (December 2024: HK\$44.77) per share.

Total equity including non-controlling interests also increased by 5% to HK\$149.0 billion (December 2024: HK\$142.5 billion).

#### Assets

Total business assets, excluding bank deposits and cash, certain financial and deferred tax assets, increased by 3% to HK\$185.0 billion (December 2024: HK\$179.6 billion). Properties, Logistics and Investments assets accounted for 66%, 8%, 26% (December 2024: 69%, 8%, 23%) of the Group total, respectively.

Geographically, Hong Kong business assets increased by 7% to HK\$104.2 billion (December 2024: HK\$97.7 billion), Mainland decreased by 2% to HK\$71.3 billion (December 2024: HK\$72.5 billion); and Overseas (mainly Investments) increased by 2% to HK\$9.5 billion (December 2024: HK\$9.4 billion), representing 56%, 39% and 5% (December 2024: 55%, 40% and 5%) of the Group total, respectively.

#### Investment Properties

IP portfolio was valued at HK\$60.3 billion (December 2024: HK\$60.8 billion), representing 33% (December 2024: 34%) of total business assets. This portfolio comprised Hong Kong IP of HK\$19.4 billion (December 2024: HK\$19.4 billion) and Mainland IP of HK\$40.9 billion (December 2024: HK\$41.4 billion).

Net of deferred taxes and non-controlling interests, IP value (including IPs held by joint ventures) attributable to the Group was HK\$53.0 billion (December 2024: HK\$53.5 billion), comprising Hong Kong IP of HK\$17.5 billion (December 2024: HK\$17.6 billion) and Mainland IP of HK\$35.5 billion (December 2024: HK\$35.9 billion).

#### Properties for Sale

DP assets decreased by 1% to HK\$35.5 billion (December 2024: HK\$35.8 billion), comprising Hong Kong DP of HK\$31.7 billion (December 2024: HK\$31.3 billion) and Mainland DP of HK\$3.8 billion (December 2024: HK\$4.5 billion).

#### Interests in Associates and Joint Ventures

Interests in associates and joint ventures amounted to HK\$27.2 billion (December 2024: HK\$27.3 billion).

### Long Term Investments

Long term investments increased in value by 15% to HK\$48.4 billion (December 2024: HK\$42.0 billion), among which HK\$39.8 billion (December 2024: HK\$33.9 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 period, fair value changes on listed investments produced a surplus of HK\$6.0 billion (2024: deficit of HK\$4.9 billion) as reflected in the consolidated statement of comprehensive income. The portfolio performed overall in line with the relevant markets.

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

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>HK\$ Billion</b>	<b>HK\$ Billion</b>
<u>Analysed by industry sectors</u>		
Properties	19.6	17.6
New economy	14.1	12.6
Finance and Others	14.7	11.8
<b>Group Total</b>	<b>48.4</b>	<b>42.0</b>
<u>Analysed by geographical locations</u>		
Hong Kong	38.8	32.5
Overseas	9.6	9.5
<b>Group Total</b>	<b>48.4</b>	<b>42.0</b>

### Net Debt and Gearing

Net debt as at 30 June 2025 decreased by 9% to HK\$6.5 billion (December 2024: HK\$7.1 billion), mainly due to operating net cash inflow and dividend received, partly offset by DP construction costs. The ratio of net debt to total equity remained low at 4.4% (December 2024: 5.0%).

The Group's net debt comprised HK\$13.1 billion in bank deposits and cash and HK\$19.6 billion in debts. It included Modern Terminals' net debt of HK\$2.8 billion (December 2024: 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 30 June 2025 amounted to HK\$35.0 billion, of which HK\$19.6 billion utilised, are analysed as below:

	<b>Available Facilities HK\$ Billion</b>	<b>Utilised Facilities HK\$ Billion</b>	<b>Un-utilised Facilities HK\$ Billion</b>
<u>Company/ wholly-owned subsidiaries</u>			
Committed and uncommitted facilities	28.1	14.3	13.8
Debt securities	<u>2.3</u>	<u>2.3</u>	<u>-</u>
	30.4	16.6	13.8
<u>Non-wholly-owned subsidiaries</u>			
Committed and uncommitted facilities			
- Modern Terminals	<u>4.6</u>	<u>3.0</u>	<u>1.6</u>
<b>Group total</b>	<u>35.0</u>	<u>19.6</u>	<u>15.4</u>

Of the above debts, HK\$12.5 billion (December 2024: HK\$11.6 billion) was secured by mortgages over certain IP, DP and other property, plant and equipment together with carrying value of HK\$39.5 billion (December 2024: HK\$38.5 billion).

The Group's debt portfolio comprised primarily Renminbi, Hong Kong dollar and United States dollar. 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\$39.8 billion (December 2024: HK\$33.9 billion).

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

For the period under review, the Group recorded net operating cash inflow of HK\$1.9 billion (2024: HK\$2.3 billion) before changes in working capital. A decrease in working capital of HK\$0.5 billion (2024: HK\$1.7 billion) mainly from increase in property under development for sale coupled with lower interest paid generated a net cash inflow from operating activities of HK\$2.0 billion (2024: HK\$0.5 billion).

For investing activities, the Group recorded a net inflow of HK\$0.2 billion (2024: outflow of HK\$0.7 billion), mainly for deposits with maturity greater than 3 months has been released as at period end.

## Major Capital and Development Expenditures

Major expenditures incurred in 2025 are analysed as follows:

	<b>Hong Kong HK\$ Million</b>	<b>Mainland China HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>Properties</b>			
IP	87	23	110
DP	853	555	1,408
	940	578	1,518
<b>Others</b>	15	16	31
<b>Group total</b>	955	594	1,549

- i. DP and IP expenditures included HK\$0.1 billion for property projects undertaken by associates and joint ventures.
- ii. Other expenditure was mainly for Modern Terminals' terminal equipment.

## Commitment

As at 30 June 2025, major expenditures to be incurred in the coming years was estimated at HK\$17.6 billion, of which HK\$9.5 billion was committed, analysed by segment as below:

	<b>Committed HK\$ Million</b>	<b>Uncommitted HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>IP</b>			
Hong Kong	30	6,335	6,365
Mainland China	3	113	116
	33	6,448	6,481
<b>DP</b>			
Hong Kong	7,271	1,322	8,593
Mainland China	849	321	1,170
	8,120	1,643	9,763
<b>Others</b>	1,336	55	1,391
<b>Group total</b>	9,489	8,146	17,635

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

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

The Group had approximately 6,000 employees (full-time and part-time staff) as at 30 June 2025, including about 1,200 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

# **CONSOLIDATED INCOME STATEMENT** **For The Six Months Ended 30 June 2025 – Unaudited**

		<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
	<b>Note</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Revenue</b>	2	<b>5,669</b>	7,032
Direct costs and operating expenses		<b>(1,939)</b>	(2,882)
Selling and marketing expenses		<b>(194)</b>	(173)
Administrative and corporate expenses		<b>(529)</b>	(540)
Operating profit before depreciation, amortisation, interest and tax		<b>3,007</b>	3,437
Depreciation and amortisation		<b>(350)</b>	(352)
<b>Operating profit</b>	2 & 3	<b>2,657</b>	3,085
Decrease in fair value of investment properties		<b>(1,164)</b>	(7,628)
Other net charges	4	<b>(32)</b>	(864)
		<b>1,461</b>	(5,407)
Finance costs	5	<b>(659)</b>	(33)
Share of results after taxes of:			
Associates		<b>129</b>	130
Joint ventures		<b>(176)</b>	(233)
Profit/(loss) before taxation		<b>755</b>	(5,543)
Income tax	6	<b>(163)</b>	2,985
<b>Profit/(loss) for the period</b>		<b>592</b>	(2,558)
<b>Profit/(loss) attributable to:</b>			
Equity shareholders		<b>535</b>	(2,637)
Non-controlling interests		<b>57</b>	79
		<b>592</b>	(2,558)
<b>Earnings/(loss) per share</b>	7		
Basic and diluted		<b>HK\$0.18</b>	(HK\$0.86)

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **For The Six Months Ended 30 June 2025 – Unaudited**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Profit/(loss) for the period</b>	<b>592</b>	<b>(2,558)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes on equity investments	5,966	(4,920)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of Mainland operations	496	(104)
Share of other comprehensive income of associates/joint ventures	128	(49)
<b>Other comprehensive income for the period</b>	<b>6,590</b>	<b>(5,073)</b>
<b>Total comprehensive income for the period</b>	<b>7,182</b>	<b>(7,631)</b>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	7,083	(7,689)
Non-controlling interests	99	58
	<b>7,182</b>	<b>(7,631)</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **As At 30 June 2025 – Unaudited**

		<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>Note</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Non-current assets</b>			
Investment properties		<b>60,288</b>	60,767
Property, plant and equipment		<b>12,123</b>	12,261
Interests in associates		<b>13,289</b>	13,345
Interests in joint ventures		<b>13,919</b>	13,912
Other long term investments		<b>48,429</b>	41,969
Goodwill and other intangible assets		<b>298</b>	298
Deferred tax assets		<b>3</b>	8
Derivative financial assets		<b>18</b>	14
Other non-current assets		<b>23</b>	23
		<b>148,390</b>	142,597
<b>Current assets</b>			
Properties for sale		<b>35,494</b>	35,755
Trade and other receivables	9	<b>1,578</b>	1,507
Derivative financial assets		<b>63</b>	462
Bank deposits and cash		<b>13,081</b>	9,718
		<b>50,216</b>	47,442
<b>Total assets</b>		<b>198,606</b>	190,039
<b>Non-current liabilities</b>			
Derivative financial liabilities		<b>(406)</b>	(422)
Deferred tax liabilities		<b>(10,077)</b>	(10,012)
Other non-current liabilities		<b>(35)</b>	(34)
Bank loans and other borrowings		<b>(16,523)</b>	(13,844)
		<b>(27,041)</b>	(24,312)
<b>Current liabilities</b>			
Trade and other payables	10	<b>(18,407)</b>	(19,581)
Deposits from sale of properties		<b>(356)</b>	(167)
Derivative financial liabilities		<b>(352)</b>	(172)
Taxation payable		<b>(321)</b>	(327)
Bank loans and other borrowings		<b>(3,088)</b>	(3,010)
		<b>(22,524)</b>	(23,257)
<b>Total liabilities</b>		<b>(49,565)</b>	(47,569)
<b>NET ASSETS</b>		<b>149,041</b>	142,470
<b>Capital and reserves</b>			
Share capital		<b>30,381</b>	30,381
Reserves		<b>112,923</b>	106,451
<b>Shareholders' equity</b>		<b>143,304</b>	136,832
<b>Non-controlling interests</b>		<b>5,737</b>	5,638
<b>TOTAL EQUITY</b>		<b>149,041</b>	142,470

# NOTES TO THE FINANCIAL INFORMATION

## 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial information included in this interim announcement is extracted from the unaudited interim financial information which 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 (“HKICPA”) 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 2024 annual financial statements. The unaudited interim financial information and notes thereon do not include all 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 2024 annual financial statements except for the changes mentioned below.

The Group has applied the following amendment to HKFRS Accounting Standards issued by the HKICPA to this unaudited interim financial information for the current accounting period:

Amendment to HKAS 21	The effect 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 this 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) (“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 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 operates 16 hotels in Asia under Wharf Hotels. Including Park Hyatt Changsha with outsourced management, 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, new economy, finance and other companies. The performance of the portfolio is assessed and monitored by top management regularly.

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

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

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

## 2. SEGMENT INFORMATION (continued)

### a. Analysis of segment revenue and results

		Operating	Decrease in			Share of	Share of	Profit/
	Revenue	profit/	fair value of	Other net	Finance	results	results	(loss)
	HK\$	(loss)	investment	charges	costs	after tax	after tax	(loss)
For the six months ended	HK\$	HK\$	properties	HK\$	HK\$	of	of joint	before
	Million	Million	HK\$	HK\$	HK\$	associates	ventures	taxation
	Million	Million	Million	Million	Million	Million	Million	Million
30 June 2025								
Investment properties	2,281	1,484	(1,164)	-	(125)	-	(33)	162
Hong Kong	37	14	(130)	-	(11)	-	-	(127)
Mainland China	2,244	1,470	(1,034)	-	(114)	-	(33)	289
Development properties	739	71	-	(273)	(12)	(43)	(149)	(406)
Hong Kong	462	40	-	-	(1)	-	(38)	1
Mainland China	277	31	-	(273)	(11)	(43)	(111)	(407)
Hotels	312	(11)	-	-	-	-	2	(9)
Logistics	1,076	137	-	(6)	(83)	172	4	224
Terminals	1,066	127	-	15	(83)	127	4	190
Others	10	10	-	(21)	-	45	-	34
Investments	1,000	1,000	-	220	(2)	-	-	1,218
Segment total	5,408	2,681	(1,164)	(59)	(222)	129	(176)	1,189
Others	261	145	-	27	(437)	-	-	(265)
Corporate expenses	-	(169)	-	-	-	-	-	(169)
<b>Group total</b>	<b>5,669</b>	<b>2,657</b>	<b>(1,164)</b>	<b>(32)</b>	<b>(659)</b>	<b>129</b>	<b>(176)</b>	<b>755</b>
30 June 2024								
Investment properties	2,364	1,573	(7,628)	(1)	(155)	-	(186)	(6,397)
Hong Kong	38	22	(51)	-	(4)	-	-	(33)
Mainland China	2,326	1,551	(7,577)	(1)	(151)	-	(186)	(6,364)
Development properties	2,028	387	-	(551)	(5)	(17)	(54)	(240)
Hong Kong	-	(26)	-	-	-	-	174	148
Mainland China	2,028	413	-	(551)	(5)	(17)	(228)	(388)
Hotels	291	12	-	(19)	-	-	3	(4)
Logistics	1,073	123	-	(22)	(5)	147	4	247
Terminals	1,062	112	-	(1)	(5)	95	4	205
Others	11	11	-	(21)	-	52	-	42
Investments	1,023	1,023	-	(116)	(20)	-	-	887
Segment total	6,779	3,118	(7,628)	(709)	(185)	130	(233)	(5,507)
Others	253	134	-	(155)	152	-	-	131
Corporate expenses	-	(167)	-	-	-	-	-	(167)
<b>Group total</b>	<b>7,032</b>	<b>3,085</b>	<b>(7,628)</b>	<b>(864)</b>	<b>(33)</b>	<b>130</b>	<b>(233)</b>	<b>(5,543)</b>

## 2. SEGMENT INFORMATION (continued)

### b. Disaggregation of revenue

	Six months ended 30 June	
	2025	2024
	HK\$ Million	HK\$ Million
<b>Revenue recognised under HKFRS 15</b>		
Sale of development properties	739	2,028
Management and services income	278	259
Hotels	312	291
Logistics	1,076	1,073
	<b>2,405</b>	<b>3,651</b>
<b>Revenue recognised under other accounting standards</b>		
Rental income under investment properties segment		
- Fixed	1,506	1,518
- Variable	497	587
Investments	1,000	1,023
Others	261	253
	<b>3,264</b>	<b>3,381</b>
<b>Group total</b>	<b>5,669</b>	<b>7,032</b>

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. Geographical information

	Six months ended 30 June			
	Revenue		Operating profit	
	2025	2024	2025	2024
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	2,316	1,943	1,147	1,166
Mainland China	3,219	5,028	1,379	1,865
Others	134	61	131	54
<b>Group total</b>	<b>5,669</b>	<b>7,032</b>	<b>2,657</b>	<b>3,085</b>

### 3. OPERATING PROFIT

Operating profit is arrived at:

	Six months ended 30 June	
	2025	2024
	HK\$ Million	HK\$ Million
<b>After charging:</b>		
Depreciation and amortisation on		
– hotel and other property, plant and equipment	290	291
– leasehold land	39	39
– right-of-use assets	21	22
Total depreciation and amortisation	350	352
Staff cost (Note)	861	817
Cost of trading properties for recognised sales	540	1,510
Direct operating expenses of investment properties	797	792
<b>After crediting:</b>		
Gross revenue from investment properties	2,281	2,364
Interest income	143	148
Dividend income from other long term investments	1,000	1,023

Note: Staff costs included contributions to defined contribution pension schemes of HK\$99 million (2024: HK\$96 million), which included MPF schemes after a forfeiture of HK\$1 million (2024: HK\$nil).

### 4. OTHER NET CHARGES

Other net charges of HK\$32 million (2024: HK\$864 million) for the period mainly comprise:

- a. Impairment provision of HK\$396 million (2024: HK\$322 million) for certain development properties in Mainland China.
- b. Net exchange gain of HK\$62 million (2024: loss of HK\$304 million), including impacts of foreign exchange contracts.
- c. Net fair value gain of HK\$220 million (2024: loss of HK\$116 million) on long term investments which were classified as financial assets at fair value through profit or loss.

## 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Interest charged on:		
Bank loans and overdrafts	<b>99</b>	229
Other borrowings	<b>101</b>	145
Total interest charge	<b>200</b>	374
Other finance costs	<b>25</b>	26
Less: Amount capitalised	<b>(178)</b>	(149)
	<b>47</b>	251
Fair value (gain)/loss:		
Cross currency interest rate swaps	<b>625</b>	(210)
Interest rate swaps	<b>(13)</b>	(8)
	<b>612</b>	(218)
<b>Group total</b>	<b>659</b>	33

Note: The Group's average effective borrowing rate for the period was 2.4% p.a. (2024: 3.9% p.a.).

## 6. INCOME TAX

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Current tax</b>		
Hong Kong		
- provision for Profits tax for the period	<b>48</b>	20
- over-provision in respect of prior years	<b>(4)</b>	(7)
Outside Hong Kong		
- provision for the period	<b>219</b>	238
- over-provision in respect of prior years	<b>(6)</b>	-
	<b>257</b>	251
<b>Current tax</b>		
Mainland China		
- Land appreciation tax ("LAT") (note c)	<b>(27)</b>	74
<b>Deferred tax</b>		
Change in fair value of investment properties	<b>(201)</b>	(3,527)
Origination and reversal of temporary differences	<b>134</b>	217
	<b>(67)</b>	(3,310)
<b>Group total</b>	<b>163</b>	(2,985)

- a. The provision for Hong Kong Profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 16.5% (2024: 16.5%).
- b. Income tax on profits assessable outside Hong Kong is mainly corporate income tax and withholding tax in Mainland China, calculated at a rate of 25% (2024: 25%) and up to 10%, respectively.
- c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of 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.
- d. Tax attributable to associates and joint ventures for the six months ended 30 June 2025 of HK\$45 million (2024: credit of HK\$23 million) is included in the share of results of associates and joint ventures.

## 7. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to equity shareholders for the period of HK\$535 million (2024: loss of HK\$2,637 million) and the weighted average of 3,056 million shares (2024: 3,056 million shares) in issue during the period.

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2025	2025	2024	2024
	HK\$ per share	HK\$ Million	HK\$ per share	HK\$ Million
First interim dividend declared after the end of the reporting period	<b>0.20</b>	<b>611</b>	0.20	611

- a. The first interim dividend based on 3,056 million issued shares (2024: 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 2024 was approved and paid in 2025.

## 9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis based on the invoice date as at 30 June 2025 as follows:

	<b>30 June 2025 HK\$ Million</b>	<b>31 December 2024 HK\$ Million</b>
Trade receivables		
0 - 30 days	<b>64</b>	86
31 – 60 days	<b>25</b>	22
61 – 90 days	<b>13</b>	9
Over 90 days	<b>82</b>	77
	<b>184</b>	194
Other receivables and prepayments	<b>1,394</b>	1,313
<b>Group total</b>	<b>1,578</b>	1,507

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 virtually recoverable or recognised as expenses within one year.

## 10. TRADE AND OTHER PAYABLES

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

	<b>30 June 2025 HK\$ Million</b>	<b>31 December 2024 HK\$ Million</b>
Trade payables		
0 - 30 days	<b>293</b>	417
31 - 60 days	<b>232</b>	268
61 - 90 days	<b>148</b>	26
Over 90 days	<b>154</b>	125
	<b>827</b>	836
Rental and customer deposits	<b>1,323</b>	1,327
Construction costs payable	<b>2,887</b>	3,763
Amounts due to associates	<b>7,804</b>	7,970
Amounts due to joint ventures	<b>2,975</b>	2,903
Other payables	<b>2,591</b>	2,782
<b>Group total</b>	<b>18,407</b>	19,581

## 11. 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 on The Stock Exchange of Hong Kong Limited, with one exception as regards Code Provision C.2.1 providing for the roles of the chairman and chief executive to be performed by different individuals.

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

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial 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). All treasury shares, if any, held by the Company are not entitled to receive the first interim dividend for 2025.

## RELEVANT DATES FOR INTERIM DIVIDEND

Ex-entitlement date	29 August 2025 (Fri)
Latest time to lodge share transfer	4:30 p.m., 1 September 2025 (Mon)
Record date and time	6:00 p.m., 1 September 2025 (Mon)
Payment date	16 September 2025 (Tue)

In order to qualify for the above-mentioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 1 September 2025.

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

Hong Kong, 12 August 2025

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