



WHARF

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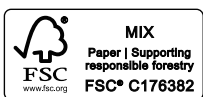
THE WHARF (HOLDINGS) LIMITED

Stock Code: 4

INTERIM REPORT 2024



www.wharfholdings.com



Capital Values Fall in Lethargic Market

HIGHLIGHTS

- Consumption and investment in property sector stalled as markets lost vibrancy
- Underlying Net Profit stable at HK\$2.0 billion with most segments weaker
- HK\$2.6 billion Group loss resulted after non-cash Investment Properties revaluation deficit
- Net debt management in line with plan and gearing remains low

GROUP RESULTS

Group underlying net profit increased by 9% to HK\$1,979 million (2023: HK\$1,811 million) mainly due to lower impairment provision of HK\$564 million (2023: HK\$1,033 million) on Development Properties (“DP”).

After the inclusion of Investment Properties (“IP”) revaluation deficit and other unrealised accounting losses, Group loss attributable to shareholders amounted to HK\$2,637 million (2023: profit of HK\$696 million).

INTERIM DIVIDEND

A first interim dividend of HK\$0.20 (2023: HK\$0.20) per share will be paid on 12 September 2024 to Shareholders on record as at 6:00 p.m. on 28 August 2024. This will absorb a total amount of HK\$611 million (2023: HK\$611 million).

BUSINESS REVIEW

Recovery across different sectors has been uneven, hindered by the slowing global economic growth, geopolitical tensions, and persistently high US interest rates.

In Hong Kong, the removal of market cooling measures in February boosted primary residential properties transactions. Although residential price was stabilising, it remained below pre-COVID level due to high interest rate and subdued economic activities. Port business was affected by the restructuring of supply chains, Red Sea disruptions, and heightened regional competition, reducing throughput volume.

In Mainland China, the retail market stayed weak. Consumers remained cautious about spending, especially on discretionary items, due to concerns over the economy and property market turmoil. The retail and hospitality sectors faced additional challenges from spending leakage due to the resurgence of outbound travel. Despite the Central Government's supportive policies, the impact on DP varied by city with overall activity remaining timid.

Amid this uncertain business climate, the Group upheld prudent treasury policy and maintained a very healthy gearing ratio at 6.2% with majority of exposure in Renminbi, mitigating the impact from high US interest rates and navigating future challenges.

HONG KONG PROPERTIES

Removal of market cooling measures in February induced the release of latent demand and an increase in transactions. However, that proved to be short-lived. In a quiet market, an apartment at the 50%-owned Mount Nicholson was sold for HK\$600 million, equivalent to HK\$131,000 per square foot.

On an attributable basis, DP revenue decreased by 2% to HK\$305 million and operating profit increased by 113% to HK\$179 million. All existing residential projects in Hong Kong land bank are progressing on track.

MAINLAND CHINA INVESTMENT PROPERTIES

A slow-down in domestic consumption, partly due to leakage to overseas, resulted in lacklustre trading performance for mall tenants and thereby putting pressure on occupancy and rent. The smaller and older Times Squares face greater pressure.

On the other hand, deteriorating supply and demand imbalance cast a long shadow on the office sector. Occupancy is depressed by defection to lower grade properties as well as business downsizing and/or closure. Rents are also soft.

Overall segment revenue declined by 4% to HK\$2,326 million and operating profit by 6% to HK\$1,551 million.

MAINLAND CHINA DEVELOPMENT PROPERTIES

The housing market continued to struggle as the supportive policies take time to rebuild market confidence. Office sales remained muted due to consistently high inventory and weak demand recovery. The Group has not replenished land bank since 2019, resulting in less saleable inventory. Attributable contracted sales decreased to RMB0.7 billion (2023: RMB1.4 billion), mainly from projects in Suzhou. Net order book at period-end was RMB0.6 billion (31 December 2023: RMB2.3 billion). Stock, amounted to 1.3 million square metres (31 December 2023: 1.4 million square metres), including both developed and undeveloped.

On an attributable basis, revenue recognised decreased by 25% to HK\$2,504 million yet operating profit increased by HK\$409 million to HK\$485 million. Lower attributable impairment provision of HK\$564 million (2023: HK\$1,033 million) was made for the Group's unsold stock.

HOTELS

In line with market trend, overall performance in 2024 declined from 2023, particularly in room rates. Segment revenue decreased by 2% to HK\$291 million and operating profit by 73% to HK\$12 million.

After opening its second hotel at Changsha IFS in last November under a new premium lifestyle brand Maqo, Wharf Hotels currently operates 16 hotels in Hong Kong, Mainland China and the Philippines across three brands – Niccolo, Marco Polo and Maqo. Among them, four are 100% owned by the Group and one is 50%-owned.

Separately, a third hotel at Changsha IFS owned by the Group was opened in June under the Park Hyatt brand. This represents the first owned hotel not operated by the Group since the mid-1980s.

LOGISTICS INFRASTRUCTURE

Segment revenue decreased by 12% to HK\$1,073 million and operating profit by 39% to HK\$123 million, due to lower throughput in Hong Kong and unfavourable business mix in Mainland China.

Modern Terminals' throughput in Hong Kong decreased by 7% to 1.7 million TEUs. In Shenzhen, subsidiary DaChan Bay Terminals' throughput increased by 12% to 1.0 million TEUs, while throughput at associated company Shekou Container Terminals increased by 10% to 3.1 million TEUs.

Cargo volume handled by the 21%-owned Hong Kong Air Cargo Terminals increased by 28% to 0.9 million tonnes.

Outlook

The business outlook remains clouded by economic uncertainties and volatility. The global economy is highly sensitive to the US interest rate pivot, trade tensions and geopolitical risks. Mainland China faces challenges including high leverage and inventory in the property sector, subdued consumer sentiment and the elevated saving rate. In Hong Kong, the strong local currency and tight financial conditions are hindering the economic recovery. The Group will remain prudent in financial management and seize opportunities to drive business performance amid economic headwinds.

FINANCIAL REVIEW

(I) REVIEW OF 2024 INTERIM RESULTS

Group underlying net profit (“UNP”) increased by 9% to HK\$1,979 million (2023: HK\$1,811 million) mainly due to lower impairment provisions made for DP. IP profit decreased by 5% to HK\$1,207 million (2023: HK\$1,275 million) while DP loss narrowed to HK\$462 million (2023: HK\$727 million) after an attributable impairment provision of HK\$564 million (2023: HK\$1,033 million). Logistics and Investment profit decreased by 5% and 13% respectively.

Group loss attributable to equity shareholders amounted to HK\$2,637 million (2023: profit of HK\$696 million) after attributable net IP revaluation deficit of HK\$4,481 million (2023: HK\$356 million).

Revenue and Operating Profit (“OP”)

Group revenue decreased by 14% to HK\$7,032 million (2023: HK\$8,130 million) and OP by 2% to HK\$3,085 million (2023: HK\$3,139 million).

IP revenue decreased by 5% to HK\$2,364 million (2023: HK\$2,480 million) and OP by 6% to HK\$1,573 million (2023: HK\$1,679 million) mainly due to softer retail and office rental in the Mainland.

DP revenue dropped by 25% to HK\$2,028 million (2023: HK\$2,688 million) while OP improved to HK\$387 million (2023: HK\$54 million), achieving a better overall operating margin of 19% (2023: 2%), mainly due to completion of a Hangzhou project.

Hotels revenue decreased by 2% to HK\$291 million (2023: HK\$296 million) and OP by 73% to HK\$12 million (2023: HK\$44 million) primarily suffering from decline in room rates in a soft market.

Logistics revenue decreased by 12% to HK\$1,073 million (2023: HK\$1,221 million) and OP by 39% to HK\$123 million (2023: HK\$203 million) mainly due to lower throughput volume and unfavourable business mix for Modern Terminals.

Investments OP decreased by 12% to HK\$1,023 million (2023: HK\$1,160 million) due to decrease in dividend income.

IP Revaluation Deficit

Including IP held by joint ventures, independent valuation as at 30 June 2024 gave rise to an attributable but unrealised net revaluation deficit (after related deferred tax and non-controlling interests) of HK\$4,481 million (2023: HK\$356 million), which was charged to the consolidated income statement.

Other Net Charge

Other net charge of HK\$864 million (2023: HK\$997 million) mainly represented impairment provisions of HK\$322 million (2023: HK\$293 million) for Mainland DP held by subsidiaries, net exchange loss of HK\$304 million (2023: HK\$39 million) and a fair value loss of HK\$116 million (2023: HK\$769 million) on long term fund investment assets.

Finance Costs

Finance costs after capitalisation decreased to HK\$33 million (2023: HK\$333 million) after unrealised mark-to-market gains of HK\$218 million (2023: HK\$66 million) on cross currency and interest rate swaps.

Excluding the mark-to-market gains, finance costs before capitalisation of HK\$149 million (2023: HK\$184 million) decreased by 31% to HK\$400 million (2023: HK\$583 million). Effective borrowing rate fell to 3.9% (2023: 4.9%) for the period, mainly benefitting from higher exposure to Renminbi borrowings at lower rate.

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

Associates' attributable profit amounted to HK\$130 million (2023: HK\$66 million) while joint ventures' attributable loss amounted to HK\$233 million (2023: HK\$507 million), mainly due to impairment provisions of HK\$242 million (2023: HK\$740 million) made for Mainland DP projects and higher profit recognition for a Hong Kong DP project.

Taxation

The Group recorded a net tax credit of HK\$2,985 million (2023: charge of HK\$676 million) mainly due to reversal of deferred tax provision of HK\$3,527 million (2023: charge of HK\$242 million) previously made against previous revaluation surpluses of Mainland IP, resulting from IP revaluation deficits recorded for the period. This was partly offset by an increase in tax provisions for higher trading profits of Mainland DP.

Profit/(Loss) to Shareholders

Group underlying net profit (a performance indicator of the Group's major business segments) increased by 9% to HK\$1,979 million (2023: HK\$1,811 million). By segment, DP loss narrowed by 36% to HK\$462 million (2023: HK\$727 million), while IP profit decreased by 5% to HK\$1,207 million (2023: HK\$1,275 million), Investments decreased by 13% to HK\$999 million (2023: HK\$1,153 million), and Logistics decreased by 5% to HK\$165 million (2023: HK\$174 million).

Including attributable net IP valuation deficits of HK\$4,481 million (2023: HK\$356 million) and investment revaluation deficits of HK\$116 million (2023: HK\$769 million), Group loss attributable to equity shareholders amounted to HK\$2,637 million (2023: profit of HK\$696 million). Basic loss per share was HK\$0.86 based on weighted average of 3,056 million shares (2023: basic earnings per share was HK\$0.23 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 41% to HK\$1,066 million (2023: HK\$1,808 million). Hong Kong sales decreased by 13% to HK\$300 million (2023: HK\$343 million) and Mainland sales by 48% to RMB699 million (2023: RMB1,351 million).

Net order book decreased by 74% to RMB575 million (December 2023: RMB2,275 million).

(III) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders' and Total Equity

As at 30 June 2024, shareholders' equity decreased by 6% to HK\$134.7 billion (December 2023: HK\$143.0 billion), equivalent to HK\$44.07 (December 2023: HK\$46.79) per share, as a result of the investment revaluation deficit on listed equities of HK\$4.9 billion during the period.

Total equity including non-controlling interests decreased by 6% to HK\$139.9 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\$178.7 billion (December 2023: HK\$192.8 billion). Properties, Logistics and Investments assets accounted for 69%, 10%, 21% (December 2023: 69%, 9%, 22%) of the Group total, respectively.

Geographically, Hong Kong business assets decreased by 4% to HK\$91.3 billion (December 2023: HK\$94.9 billion), Mainland decreased by 12% to HK\$78.6 billion (December 2023: HK\$89.1 billion); and Overseas (mainly Investments) kept at HK\$8.8 billion (December 2023: HK\$8.8 billion), representing 51%, 44% and 5% (December 2023: 49%, 46% and 5%) of the Group total, respectively.

Investment Properties

IP portfolio was stated at HK\$63.3 billion (December 2023: HK\$71.2 billion), representing 35% (December 2023: 37%) of total business assets. This portfolio comprised Hong Kong IP of HK\$18.0 billion (December 2023: HK\$18.0 billion) and Mainland IP of HK\$45.3 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\$55.7 billion (December 2023: HK\$60.6 billion), comprising Hong Kong IP of HK\$16.8 billion (December 2023: HK\$16.9 billion) and Mainland IP of HK\$38.9 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\$29.9 billion (December 2023: HK\$29.3 billion) and Mainland DP of HK\$5.9 billion (December 2023: HK\$7.9 billion).

Interests in Associates and Joint Ventures

Interests in associates and joint ventures slightly decreased to HK\$27.6 billion (December 2023: HK\$27.7 billion).

Long Term Investments

Long term investments, marked to market, amounted to HK\$37.7 billion (December 2023: HK\$42.4 billion), among which HK\$30.0 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 period, fair value changes on listed investments produced a deficit of HK\$4.9 billion (2023: HK\$4.2 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:

	30 June 2024 <i>HK\$ Billion</i>	31 December 2023 <i>HK\$ Billion</i>
Analysed by industry sectors		
Properties	15.2	18.9
New economy	11.7	11.2
Others	10.8	12.3
Group total	37.7	42.4
Analysed by geographical locations		
Hong Kong	28.9	33.5
Overseas	8.8	8.9
Group total	37.7	42.4

Deposits from Sale of Properties

Deposits from sale of properties decreased to HK\$61 million (December 2023: HK\$1,717 million) pending recognition in the coming years.

Net Debt and Gearing

Net debt as at 30 June 2024 increased by 11% to HK\$8.7 billion (December 2023: HK\$7.8 billion) mainly for DP construction cost payments and purchases of long term investments during the period. The ratio of net debt to total equity remains low at 6.2% (December 2023: 5.3%).

The Group's net debt comprised HK\$19.3 billion in debts and HK\$10.6 billion in bank deposits and cash. 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 30 June 2024 amounted to HK\$34.7 billion, of which HK\$19.3 billion were 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	24.9	12.6	12.3
Debt securities	3.7	3.7	–
	28.6	16.3	12.3
Non-wholly-owned subsidiaries			
Committed and uncommitted – Modern Terminals	6.1	3.0	3.1
Group total	34.7	19.3	15.4

Of the above debts, HK\$11.6 billion (December 2023: HK\$9.0 billion) was secured by mortgages over certain IP, DP and other properties, plant and equipment together with carrying value of HK\$39.3 billion (December 2023: HK\$37.9 billion).

The Group's debt portfolio comprised primarily United States dollar, Hong Kong dollar and Renminbi. 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\$30.0 billion (December 2023: HK\$34.6 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\$2.3 billion (2023: HK\$2.1 billion) before changes in working capital. A decrease in working capital of HK\$1.7 billion (2023: HK\$0.1 billion) mainly due to decrease in deposits from sale of properties generated a total net inflow from operating activities of HK\$0.5 billion (2023: HK\$0.5 billion).

For investing activities, the Group recorded a net outflow of HK\$0.7 billion (2023: HK\$9.4 billion), mainly for acquisition 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	29	27	56
DP	1,070	1,108	2,178
	1,099	1,135	2,234
Others	146	7	153
Group total	1,245	1,142	2,387

- i. DP and IP expenditures included HK\$0.4 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 2024, major expenditures to be incurred in the coming years was estimated at HK\$21.4 billion, of which HK\$7.4 billion was committed, analysed by segment as below:

	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
IP			
Hong Kong	–	7,377	7,377
Mainland China	3	113	116
	3	7,490	7,493
DP			
Hong Kong	4,110	6,244	10,354
Mainland China	921	203	1,124
	5,031	6,447	11,478
Others	2,398	56	2,454
Group total	7,432	13,993	21,425

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 5,700 employees as at 30 June 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.

CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 30 June 2024 – Unaudited

		Six months ended 30 June	
	Note	2024	2023
		HK\$ Million	HK\$ Million
Revenue	2	7,032	8,130
Direct costs and operating expenses		(2,882)	(3,918)
Selling and marketing expenses		(173)	(206)
Administrative and corporate expenses		(540)	(511)
Operating profit before depreciation, amortisation, interest and tax		3,437	3,495
Depreciation and amortisation		(352)	(356)
Operating profit	2 & 3	3,085	3,139
(Decrease)/increase in fair value of investment properties		(7,628)	43
Other net charge	4	(864)	(997)
Finance costs	5	(5,407)	2,185
Share of results after tax of:		(33)	(333)
Associates		130	66
Joint ventures		(233)	(507)
(Loss)/profit before taxation		(5,543)	1,411
Income tax credit/(charge)	6	2,985	(676)
(Loss)/profit for the period		(2,558)	735
(Loss)/profit attributable to:			
Equity shareholders		(2,637)	696
Non-controlling interests		79	39
		(2,558)	735
(Loss)/earnings per share	7		
Basic and diluted		(HK\$0.86)	HK\$0.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2024 – Unaudited

	Six months ended 30 June	
	2024	2023
	HK\$ Million	HK\$ Million
(Loss)/profit for the period	(2,558)	735
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value changes on equity investments	(4,920)	(4,224)
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland operations	(104)	(1,540)
Share of other comprehensive income of associates/joint ventures	(49)	(387)
Others	–	(4)
Other comprehensive income for the period	(5,073)	(6,155)
Total comprehensive income for the period	(7,631)	(5,420)
Total comprehensive income attributable to:		
Equity shareholders	(7,689)	(5,368)
Non-controlling interests	58	(52)
	(7,631)	(5,420)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2024 – Unaudited

	Note	30 June 2024 HK\$ Million	31 December 2023 HK\$ Million
Non-current assets			
Investment properties		63,265	71,244
Property, plant and equipment		12,664	12,597
Interests in associates		13,504	13,491
Interests in joint ventures		14,072	14,221
Other long term investments		37,748	42,363
Goodwill and other intangible assets		298	298
Deferred tax assets		4	133
Derivative financial assets		18	15
Other non-current assets		22	21
		141,595	154,383
Current assets			
Properties for sale		35,819	37,196
Trade and other receivables	9	1,772	1,618
Derivative financial assets		196	87
Bank deposits and cash		10,630	11,593
		48,417	50,494
Total assets		190,012	204,877
Non-current liabilities			
Derivative financial liabilities		(503)	(344)
Deferred tax liabilities		(11,089)	(14,602)
Other non-current liabilities		(23)	(33)
Bank loans and other borrowings	11	(16,299)	(14,932)
		(27,914)	(29,911)
Current liabilities			
Trade and other payables	10	(18,846)	(19,844)
Deposits from sale of properties		(61)	(1,717)
Derivative financial liabilities		(141)	(433)
Taxation payable		(180)	(269)
Bank loans and other borrowings	11	(3,005)	(4,500)
		(22,233)	(26,763)
Total liabilities		(50,147)	(56,674)
NET ASSETS		139,865	148,203
Capital and reserves			
Share capital		30,381	30,381
Reserves		104,308	112,608
Shareholders' equity		134,689	142,989
Non-controlling interests		5,176	5,214
TOTAL EQUITY		139,865	148,203

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 June 2024 – Unaudited

	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 2024	30,381	(10,664)	(3,958)	127,230	142,989	5,214	148,203
Changes in equity for the period:							
(Loss)/profit for the period	-	-	-	(2,637)	(2,637)	79	(2,558)
Other comprehensive income	-	(4,920)	(132)	-	(5,052)	(21)	(5,073)
Total comprehensive income	-	(4,920)	(132)	(2,637)	(7,689)	58	(7,631)
Transfer to revenue reserves upon de-recognition of equity investments	-	(10)	-	10	-	-	-
Second interim dividend paid for 2023 (Note 8b)	-	-	-	(611)	(611)	-	(611)
Dividend paid to non-controlling interests	-	-	-	-	-	(96)	(96)
At 30 June 2024	30,381	(15,594)	(4,090)	123,992	134,689	5,176	139,865
At 1 January 2023	30,381	(2,243)	(3,159)	126,606	151,585	4,122	155,707
Changes in equity for the period:							
Profit for the period	-	-	-	696	696	39	735
Other comprehensive income	-	(4,224)	(1,836)	(4)	(6,064)	(91)	(6,155)
Total comprehensive income	-	(4,224)	(1,836)	692	(5,368)	(52)	(5,420)
Transfer to revenue reserves upon de-recognition of equity investments	-	(8)	-	8	-	-	-
Second interim dividend paid for 2022	-	-	-	(611)	(611)	-	(611)
Dividend paid to non-controlling interests	-	-	-	-	-	(19)	(19)
At 30 June 2023	30,381	(6,475)	(4,995)	126,695	145,606	4,051	149,657

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Six Months Ended 30 June 2024 – Unaudited

	Six months ended 30 June	
	2024 HK\$ Million	2023 HK\$ Million
Operating cash inflow	2,267	2,143
Changes in working capital/others	(1,322)	459
Tax paid	(412)	(2,149)
Net cash generated from operating activities	533	453
Investing activities		
Additions to investment properties and property, plant and equipment	(241)	(298)
Other cash used in investing activities	(480)	(9,070)
Net cash used in investing activities	(721)	(9,368)
Financing activities		
Dividends paid to equity shareholders	(611)	(611)
Other cash (used in)/generated from financing activities	(114)	4,039
Net cash (used in)/generated from financing activities	(725)	3,428
Decrease in cash and cash equivalents	(913)	(5,487)
Cash and cash equivalents at 1 January	11,593	14,648
Effect of exchange rate changes	(50)	(303)
Cash and cash equivalents at 30 June (Note)	10,630	8,858

Note:

Cash and cash equivalents in the condensed consolidated statement of cash flows

	2024 HK\$ Million	2023 HK\$ Million
Bank deposits and cash	10,630	8,858

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 (“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 annual financial statements for the year ended 31 December 2023. 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 Hong Kong Financial Reporting Standards (“HKFRSs”).

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 2023 except for the changes mentioned below.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this unaudited interim financial information for the current accounting period:

Amendments to HKAS 1	Classification of liabilities as current or non-current
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKFRS 16	Lease liability in a sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

The Group has assessed the impact of the adoption of the above amendments 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.

1. Principal Accounting Policies and Basis of Preparation (continued)

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 2023 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 2023 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 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 of assets attributable to those segments.

2. Segment Information (continued)

a. Analysis of segment revenue and results

For the six months ended	Revenue HK\$ Million	Operating profit/ (loss) HK\$ Million	(Decrease)/ increase in fair value of investment properties HK\$ Million	Other net charge HK\$ Million	Finance costs HK\$ Million	Share of results after tax of associates HK\$ Million	Share of results after tax of joint ventures HK\$ Million	(Loss)/profit before taxation HK\$ Million
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)
Group total	7,032	3,085	(7,628)	(864)	(33)	130	(233)	(5,543)
30 June 2023								
Investment properties	2,480	1,679	43	3	(140)	-	32	1,617
Hong Kong	46	26	(1)	-	(4)	-	-	21
Mainland China	2,434	1,653	44	3	(136)	-	32	1,596
Development properties	2,688	54	-	(173)	5	(53)	(546)	(713)
Hong Kong	-	(56)	-	-	5	(1)	119	67
Mainland China	2,688	110	-	(173)	-	(52)	(665)	(780)
Hotels	296	44	-	-	-	-	5	49
Logistics	1,221	203	-	(26)	(65)	119	2	233
Terminals	1,209	191	-	(5)	(65)	80	2	203
Others	12	12	-	(21)	-	39	-	30
Investments	1,160	1,160	-	(769)	(6)	-	-	385
Segment total	7,845	3,140	43	(965)	(206)	66	(507)	1,571
Others	285	163	-	(32)	(127)	-	-	4
Corporate expenses	-	(164)	-	-	-	-	-	(164)
Group total	8,130	3,139	43	(997)	(333)	66	(507)	1,411

2. Segment Information (continued)

b. Disaggregation of revenue

	Six months ended 30 June	
	2024	2023
	HK\$ Million	HK\$ Million
Revenue recognised under HKFRS 15		
Sale of development properties	2,028	2,688
Management and services income	259	297
Hotels	291	296
Logistics	1,073	1,221
	3,651	4,502
Revenue recognised under other accounting standards		
Rental income from investment properties		
– Fixed	1,518	1,480
– Variable	587	703
Investments	1,023	1,160
Others	253	285
	3,381	3,628
Group total	7,032	8,130

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.

2. Segment Information (continued)

c. Geographical information

	Six months ended 30 June			
	Revenue		Operating profit	
	2024	2023	2024	2023
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	1,943	2,149	1,166	1,301
Mainland China	5,028	5,876	1,865	1,736
Others	61	105	54	102
Group total	7,032	8,130	3,085	3,139

3. Operating Profit

Operating profit is arrived at:

	Six months ended 30 June	
	2024	2023
	HK\$ Million	HK\$ Million
After charging:		
Depreciation and amortisation on		
– hotel and other property, plant and equipment	291	292
– leasehold land	39	40
– right-of-use assets	22	24
Total depreciation and amortisation	352	356
Staff cost (Note)	817	825
Cost of trading properties for recognised sales	1,510	2,496
Direct operating expenses of investment properties	792	800
After crediting:		
Gross revenue from investment properties	2,364	2,480
Interest income	148	186
Dividend income from other long term investments	1,023	1,160
Gain on disposal of property, plant and equipment	–	6

Note: Staff cost included contributions to defined contribution pension schemes of HK\$96 million (2023: HK\$101 million), which included MPF schemes after a forfeiture of HK\$nil (2023: HK\$1 million).

4. Other Net Charge

Other net charge for the period amounted to HK\$864 million (2023: HK\$997 million) mainly comprises:

- a. Provision for diminution in value of HK\$322 million (2023: HK\$293 million) was made for certain development properties held by subsidiaries in Mainland China.
- b. Net exchange loss of HK\$304 million (2023: HK\$39 million), including impacts of foreign exchange contracts.
- c. Net fair value loss of HK\$116 million (2023: HK\$769 million) on other long term investments which were classified as financial assets at fair value through profit or loss.

5. Finance Costs

	Six months ended 30 June	
	2024 HK\$ Million	2023 HK\$ Million
Interest charged on:		
Bank loans and overdrafts	229	317
Other borrowings	145	249
Total interest charge	374	566
Other finance costs	26	17
Less: Amount capitalised	(149)	(184)
	251	399
Fair value (gain)/loss on:		
Cross currency interest rate swaps	(210)	(51)
Interest rate swaps	(8)	(15)
	(218)	(66)
Group total	33	333

- a. The Group's average effective borrowing rate for the period was 3.9% p.a. (2023: 4.9% p.a.).
- b. The above interest charge has taken into account the interest paid/receipts in respect of interest rate swaps and cross currency interest rate swaps.

6. Income Tax

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

	Six months ended 30 June	
	2024	2023
	HK\$ Million	HK\$ Million
Current tax		
Hong Kong		
– provision for Profits tax for the period	20	46
– over-provision in respect of prior years	(7)	(9)
Outside Hong Kong		
– provision for the period	238	279
– over-provision in respect of prior years	–	(552)
	251	(236)
Current tax		
Mainland China		
– Land appreciation tax (“LAT”) (note c)	74	180
Deferred tax		
Change in fair value of investment properties	(3,527)	242
Origination and reversal of temporary differences	217	490
	(3,310)	732
Group total	(2,985)	676

- 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% (2023: 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% (2023: 25%) and up to 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 of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.
- d. Tax credit attributable to associates and joint ventures for the six months ended 30 June 2024 of HK\$23 million (2023: charge of HK\$78 million) is included in the share of results of associates and joint ventures.

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 period of HK\$2,637 million (2023: profit of HK\$696 million) and the weighted average of 3,056 million shares (2023: 3,056 million shares) in issue during the period.

8. Dividends Attributable to Equity Shareholders

	Six months ended 30 June			
	2024		2023	
	HK\$ per share	HK\$ Million	HK\$ per share	HK\$ Million
First interim dividend declared after the end of the reporting period	0.20	611	0.20	611

- a. The first 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.

9. Trade and Other Receivables

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 30 June 2024 as follows:

	30 June 2024 <i>HK\$ Million</i>	31 December 2023 <i>HK\$ Million</i>
Trade receivables		
0–30 days	107	118
31–60 days	29	15
61–90 days	13	21
Over 90 days	89	60
	238	214
Other receivables and prepayments	1,534	1,404
Group total	1,772	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.

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 2024 as follows:

	30 June 2024 <i>HK\$ Million</i>	31 December 2023 <i>HK\$ Million</i>
Trade payables		
0–30 days	240	345
31–60 days	238	262
61–90 days	65	25
Over 90 days	205	251
	748	883
Rental and customer deposits	1,391	1,354
Construction costs payable	3,931	4,851
Amounts due to associates	8,023	8,013
Amounts due to joint ventures	2,005	1,823
Other payables	2,748	2,920
Group total	18,846	19,844

11. Bank Loans and Other Borrowings

	30 June 2024 <i>HK\$ Million</i>	31 December 2023 <i>HK\$ Million</i>
Bonds and notes (unsecured)	3,679	5,834
Bank loans (secured)	11,610	8,955
Bank loans (unsecured)	4,015	4,643
Total bank loans and other borrowings	19,304	19,432
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	3,005	4,500
Non-current borrowings		
Due after more than 1 year but not exceeding 2 years	4,016	2,039
Due after more than 2 years but not exceeding 5 years	6,480	6,967
Due after more than 5 years	5,803	5,926
	16,299	14,932
Total bank loans and other borrowings	19,304	19,432

12. 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.

12. Fair Value Measurement of Financial Instruments (continued)

a. Assets and liabilities carried at fair value (continued)

Financial instruments carried at fair value

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

	At 30 June 2024				At 31 December 2023			
	Level 1 HK\$ Million	Level 2 HK\$ Million	Level 3 HK\$ Million	Total HK\$ Million	Level 1 HK\$ Million	Level 2 HK\$ Million	Level 3 HK\$ Million	Total HK\$ Million
Assets								
Other long term investments:								
– Equity investments	29,953	–	–	29,953	34,591	–	–	34,591
– Unlisted investments	–	–	7,795	7,795	–	–	7,772	7,772
Derivative financial instruments:								
– Forward foreign exchange contracts	–	28	–	28	–	5	–	5
– Interest rate swaps	–	46	–	46	–	47	–	47
– Cross currency interest rate swaps	–	140	–	140	–	50	–	50
	29,953	214	7,795	37,962	34,591	102	7,772	42,465
Liabilities								
Derivative financial instruments:								
– Forward foreign exchange contracts	–	245	–	245	–	199	–	199
– Interest rate swaps	–	110	–	110	–	149	–	149
– Cross currency interest rate swaps	–	289	–	289	–	429	–	429
Bank loans and other borrowings:								
– Bonds and notes	–	1,794	–	1,794	–	3,475	–	3,475
	–	2,438	–	2,438	–	4,252	–	4,252

During the six months ended 30 June 2024 and 2023, there were no transfers of instruments 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 of change in circumstances that caused the transfer.

12. Fair Value Measurement of Financial Instruments (continued)

a. Assets and liabilities carried at fair value (continued)

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 borrowings being valued.

Valuation techniques and inputs used in Level 3 fair value measurements:

The Group's unlisted investments measured at categorised in Level 3 comprise private equity funds. These private equity funds were managed by unrelated 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.

12. Fair Value Measurement of Financial Instruments (continued)

a. Assets and liabilities carried at fair value (continued)

Valuation techniques and inputs used in Level 3 fair value measurements: (continued)

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

	2024 HK\$ Million
Unlisted investments	
At 1 January	7,772
Payment for purchases	428
Transfer to Level 1	(17)
Disposals	(272)
Net unrealised losses recognised in the consolidated income statement	(116)
At 30 June	7,795

Transfer out of level 3

The Group held certain unlisted investments in equity shares with fair value totalled HK\$17 million (2023: HK\$nil) 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 end of the reporting period.

Any gain or loss arising from the remeasurement of the Group's unlisted investments are recognised in the other net charge (Note 4) in the consolidated income statement.

b. 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 30 June 2024 and 31 December 2023.

13. Material Related Party Transactions

Material transactions between the Group and other related parties during the period ended 30 June 2024 are as follows:

- a. There was rental income totalling HK\$47 million (2023: HK\$49 million) 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 agreement with subsidiaries of Wharf Real Estate Investment Company Limited (“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 period amounted to HK\$27 million (2023: HK\$25 million). Such transactions also constitute continuing connected transactions as defined under Listing Rules.
- c. The Group paid property services fees in respect of the Group’s property projects totalling HK\$83 million (2023: HK\$72 million). Of which, HK\$47 million (2023: HK\$39 million) was paid to subsidiaries of WAC and Wharf REIC and constitute continuing connected transactions as defined under the Listing Rules.
- d. The Group recognised capitalised rent totalling HK\$134 million (2023: HK\$146 million) for the provision of rental services provided by Wharf REIC to the Group. Such transactions also constitute continuing connected transactions as defined under the Listing Rules.

14. Contingent Liabilities

As at 30 June 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\$30,029 million (31 December 2023: HK\$33,922 million). There were also contingent liabilities in respect of guarantees given by the Company on behalf of associates and joint ventures of HK\$5,618 million (31 December 2023: HK\$5,580 million) where the banking facilities had been drawn.

As at 30 June 2024, there were guarantees of HK\$334 million (31 December 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\$660 million (31 December 2023: HK\$1,100 million) provided by joint ventures and associates 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.

15. Commitments

The Group's outstanding commitments as at 30 June 2024 are detailed as below:

	30 June 2024			31 December 2023		
	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million	Committed HK\$ Million	Uncommitted HK\$ Million	Total HK\$ Million
(I) Properties						
Investment properties						
Hong Kong	–	7,377	7,377	–	–	–
Mainland China	3	113	116	3	114	117
	3	7,490	7,493	3	114	117
Development properties						
Hong Kong	4,110	6,244	10,354	2,172	7,958	10,130
Mainland China	921	203	1,124	1,207	293	1,500
	5,031	6,447	11,478	3,379	8,251	11,630
Properties total						
Hong Kong	4,110	13,621	17,731	2,172	7,958	10,130
Mainland China	924	316	1,240	1,210	407	1,617
	5,034	13,937	18,971	3,382	8,365	11,747
(II) Others	2,398	56	2,454	2,390	44	2,434
	2,398	56	2,454	2,390	44	2,434
Group total	7,432	13,993	21,425	5,772	8,409	14,181

The expenditure for development properties included attributable amounts for developments undertaken by joint ventures and associates totalled HK\$1,547 million (31 December 2023: HK\$1,249 million).

16. Review of Unaudited Interim Financial Information

The unaudited interim financial information for the six months ended 30 June 2024 has been reviewed with no disagreement by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

During the financial period under review, the Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix C1 to 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 ("INEDs").

CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

A set of the Company's own code of conduct (the "Company's Code") was adopted by the Company in 2014 to govern 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 SHARES

At 30 June 2024, Directors had the following beneficial interests, all being long positions, in the shares of the Company and Modern Terminals Limited ("Modern Terminals", the Company's subsidiary). The percentages which the relevant shares represented to the total number of shares in issue of the two companies respectively are also set out below:

	Number of Ordinary Shares (percentage)	Nature of Interest
The Company		
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		
Hans Michael Jebsen	3,787 (5.40%)	Corporate 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 Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (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 (or any other applicable code), there were no interests, whether long or short positions, held or deemed to be interested as at 30 June 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 30 June 2024.

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 2024, and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register"):

Names	Number of Ordinary Shares (percentage based on total number of shares in issue)
-------	--

(i) Wheelock and Company Limited ("WAC")	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	Number 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 30 June 2024, there were no short position interests recorded in the Register.

SHARE OPTION SCHEME

The Company adopted a new share option scheme (the “Share Option Scheme”) at its annual general meeting on 11 May 2023. Under the Share Option Scheme, the Board shall be entitled to grant options to any eligible participants as the Board may in its absolute discretion select.

No share option has been granted under the Share Option Scheme since its adoption and up to 30 June 2024. Accordingly, as at 30 June 2024, there was no share option outstanding under the Share Option Scheme and no shares of the Company that might be issued pursuant thereto.

The total number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 30 June 2024 were both 305,602,732.

CHANGES IN INFORMATION OF DIRECTORS

The changes in the 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 are set out below:

- (i) Given below is the latest information regarding annual emoluments calculated on an annualised basis, exclusive of any and all amounts which would be borne by WAC, Wharf Real Estate Investment Company Limited and/or their respective wholly-owned subsidiary(ies), of all those Directors for whom there have been changes of amounts of emoluments:

Director(s)	Salary and various allowances <i>HK\$'000</i>		Discretionary annual bonus in cash ^(Note) <i>HK\$'000</i>	
Stephen T H Ng	5,756	(2023: 5,620)	9,000	(2023: 9,000)
Paul Y C Tsui	2,503	(2023: 2,447)	5,600	(2023: 5,600)
Y T Leng	3,402	(2023: 3,282)	3,500	(2023: 2,000)
Kevin K P Chan	4,266	(2023: 4,143)	5,000	(2023: 5,000)
Kevin C Y Hui	2,691	(2023: 2,608)	1,125	(2023: 1,050)

Note: The amounts of such discretionary annual bonuses were fixed/decided unilaterally by the employers.

At the 2024 Annual General Meeting of the Company held on 9 May 2024, Shareholders approved the Board's recommendation to revise the annual fees payable to the Chairman of the Company, each of the Directors (other than Chairman), chairmen and members of the Audit Committee and the Remuneration Committee with retroactive effect from 1 January 2024. Details of the revision of annual fees payable to Directors are set out in the Company's circular to Shareholders dated 11 April 2024.

The current level of annual fees payable to Directors is set out below:

	HK\$ per person per annum	
	2024	2023
Chairman	350,000	300,000
Director (<i>other than Chairman</i>)	300,000	250,000
Audit Committee Chairman	200,000	150,000
Audit Committee Member (<i>other than Audit Committee Chairman</i>)	175,000	150,000
Remuneration Committee Chairman and Member	60,000	50,000

(II) Given below is a change in other information of a Director:

	Effective Date
Elizabeth Law	
<ul style="list-style-type: none"> Protection of Wages on Insolvency Fund Board – ceased to be member 	1 April 2024

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

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

Hong Kong, 8 August 2024

As at the date of this interim report, 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.

This Interim Report is printed in English and Chinese, and is available on the Company's website at www.wharfholdings.com and the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkexnews.hk. To minimise the use of paper and reduce our carbon footprints, the Company recommends Shareholders to elect to receive the Company's corporate communications (as defined in the Listing Rules) by electronic means via the websites of the Company and HKEX. Shareholders may at any time change their choice of language or means of receiving the Company's corporate communications by giving reasonable prior notice in writing to the Company c/o the Company's share registrar, Tricor Tengis Limited. The "Shareholder Services" section under "Investor Relations" of the Company's website sets out the relevant arrangements for Shareholders to make such change request(s).