

# Profit Attained with Smaller Property Provisions



WHARF

*Established 1886*

The Wharf (Holdings) Limited  
2023 Final Results  
12 Mar 2024

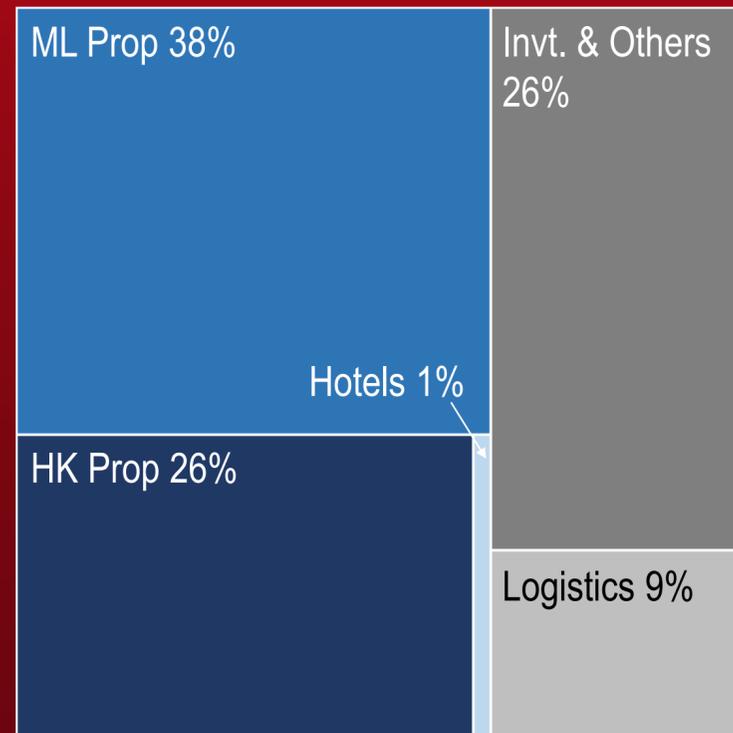


## Results Highlights

- Total Property Sales -44% from 2022
- Net Order Book at Year End -75%
- Impairment Provisions Totaled \$1.9B (\$3.8B Lower than 2022)
- UNP Before Provisions Fell by \$0.5B (or 9%)
- UNP After Provisions Improved by \$3.3B
- Attributable Profit Improved by \$2.7B

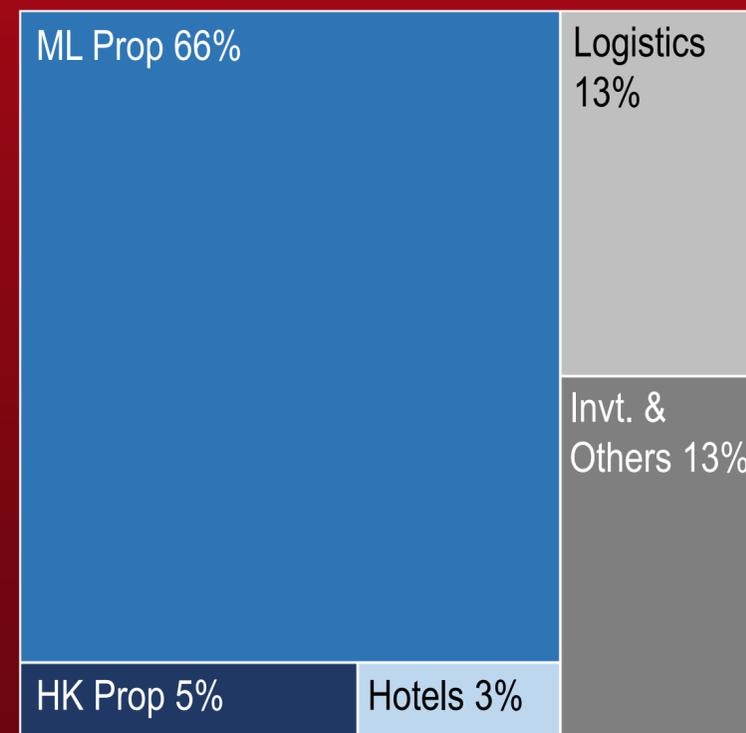
## Property-focused

Total Assets  
2023: \$204.9B



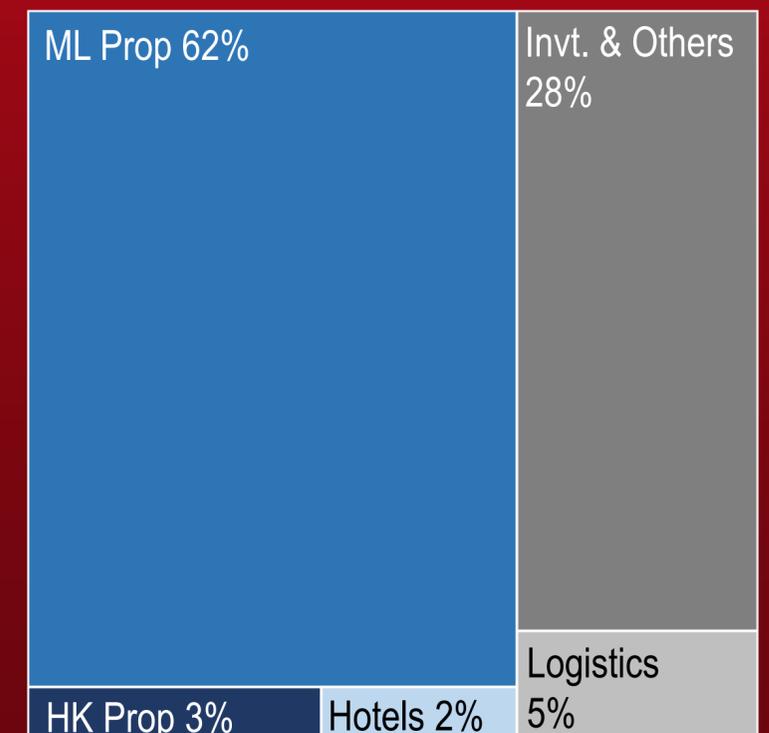
**Properties 65%**

Group Revenue  
2023: \$19.0B



**Properties 74%**

Operating Profit  
2023: \$6.9B



**Properties 67%**

## Financial Highlights

- Tepid Macro Environment Drove Uneven Recovery
- Translation from Weak RMB Understated ML Performance in HKD
- Group Revenue +5% to \$19.0B
- UNP +1,077% to \$3.6B (Incl. \$1.9B DP Impairment)
- FY DPS \$0.40

HKD Million	2023	2022	%Chg.
Group Revenue	18,950	18,064	+5%
Operating Profit	6,896	6,603	+4%
Underlying Net Profit*	3,566	303	+1,077%
Attributable IP Revaluation (Deficit) After Taxation	(1,617)	(735)	+120%
Profit/(Loss) Attributable to Equity Shareholders	945	(1,705)	N/A
Earnings/(Loss) Per Share (HK\$)			
- Attributable to Equity Shareholders	0.31	(0.56)	N/A
- Underlying*	1.17	0.10	+1,070%
Dividend Per Share (HK\$)	0.40	0.40	Flat

\* Underlying Net Profit – Excl. IP Revaluation Deficit & Exceptional Items

## Disciplined Financial Management

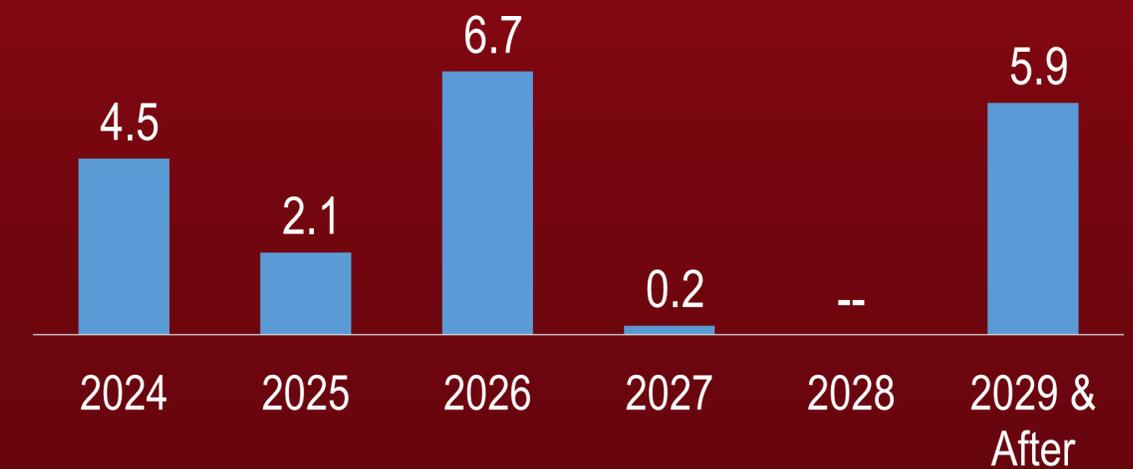
- Total Gross Debt Lowest in 10+ Years
- 74% of Total Debt in RMB
- HK Debt Cut by \$9.2B FY, \$11.2B in 2H
- Avg. Interest Cost 4.7% p.a. (4.9% 1H, 4.5% 2H)

Total Debt (HKD Billion)



Debt Maturity (HKD Billion)

Total: \$19.4B (As at 31 Dec 23)



## Sound Financial Health

- Total Equity \$148.2B; Net Debt \$7.8B
- Gearing 5.3%
- Long Term Investments
  - Total Return (after MTM) since 2018 ~\$7B
  - \$2.0B Div. Income Booked to P&L 2023

HKD Billion	31 Dec 23	31 Dec 22	% Chg.
Total Assets	204.9	221.7	-8%
Investment Properties	71.2	69.2	+3%
Development Properties*	60.5	69.4	-13%
Other Long Term Investments	42.4	48.9	-13%
- Liquid Listed Equities MV	34.6	40.3	-14%
Net Debt	7.8	5.3	+47%
Net Debt to Total Equity	5.3%	3.4%	+1.9 ppt
Total Equity	148.2	155.7	-5%
Shareholders' Equity	143.0	151.6	-6%
Net Asset Value per Share (HK\$)	46.79	49.60	-6%

\* Inclusive of JVs & Associates on an Attributable Basis

# Hong Kong Properties

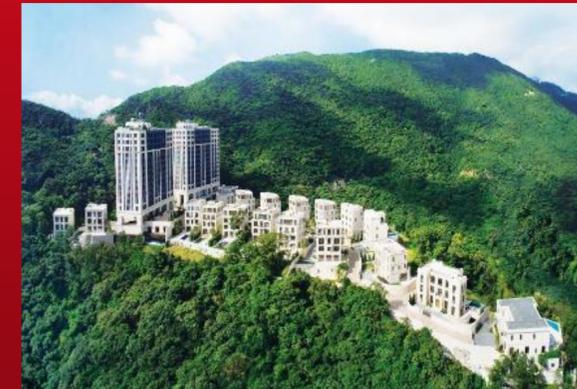


## Ultra-luxury & Scarcity

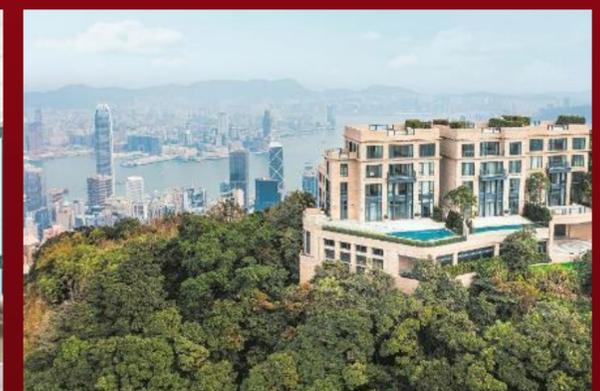
- Revenue \$1.1B; OP \$300M
- Long Selling Cycle Insulated Unique Properties from Lacklustre General Market
- Contracted Sales \$289M
- Landbank 2.8M s.f
- All Projects Proceeding on Track
- Removal of Stamp Duty “Penalties” Broadens Buyer Catchment

Note: All Figures On Attributable Basis

Mount Nicholson



11 Plantation Road



# Mainland Development Properties



# Mainland Development Properties

## Extended Market Woes

- Demand is Taking Longer to Rebuild
- Office Oversupply is More Serious
- \$1.9B Provisions Made for Slow-moving Stocks
- No Land Replenishment Since 2019
- Contracted Sales Reflected Lower ASP & Saleable Inventory

Note: All Figures Inclusive of JVs & Associates on an Attributable Basis

### Operating Matrix & Contracted Sales

Revenue	\$9,258M (-35%)
Operating Profit	\$1,020M (-37%)
Contracted Sales	RMB 2.6B (-38%)
ASP	RMB 16,300 psm (-34%)
Net Order Book (Year-end)	RMB 2.3B or 0.12M s.m

### Landbank

MLDP Landbank (Year-end)	1.4M s.m
2024 Sellable Resources	0.4M s.m
2024 Target Completion	0.2M s.m

# Mainland Investment Properties



# Mainland Investment Properties

## Growing but Slowly

- Revenue +4% in RMB in Cautious Market
  - Offset by Currency Translation to HKD Terms
- Retail Affected by Feeble Consumption Sentiment
- Office Fragile amid Economic Uncertainty & Oversupply

Mainland IP Revenue (RMB Billion)



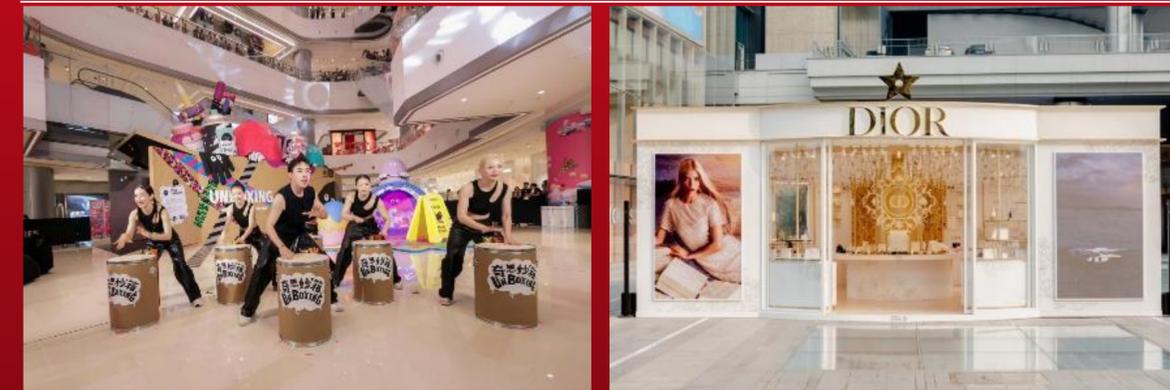
# Mainland Investment Properties

## IFS Malls – Distinguished Positioning

- One-stop Shopping, Lifestyle Landmarks at Heart of Cities
- Resilient Leasing Demand amid Competitive Market
  - Double-digit +ve Retail Rental Reversion
  - Occupancy\*: CDIFS 93%; CSIFS 98%

\* As at 31 Dec 2023

Chengdu IFS



Changsha IFS



# Hotels



# Wharf Hotels Management



  
**NICCOLO**  
HOTELS  
Since 2015

5 Award-winning, Contemporary Hotels  
Locations: HK, Chengdu, Changsha, Chongqing, Suzhou (3 Owned)

*Inspired by Fashion, Informed by Creativity,  
& Compelled by a Desire to Deliver  
Luxurious Experiences*



**MARCO POLO**  
HOTELS

Since 1970s

11 Deluxe Hotels in Key Asian Destinations  
Locations: HK, ML & Philippines  
(1 Owned)

*Place Guests in the Heart of Each City  
& Inspire Guests to Embark on a Journey of  
Discovery Whether for Business or Leisure*



**Maqo**

Since Nov 2023

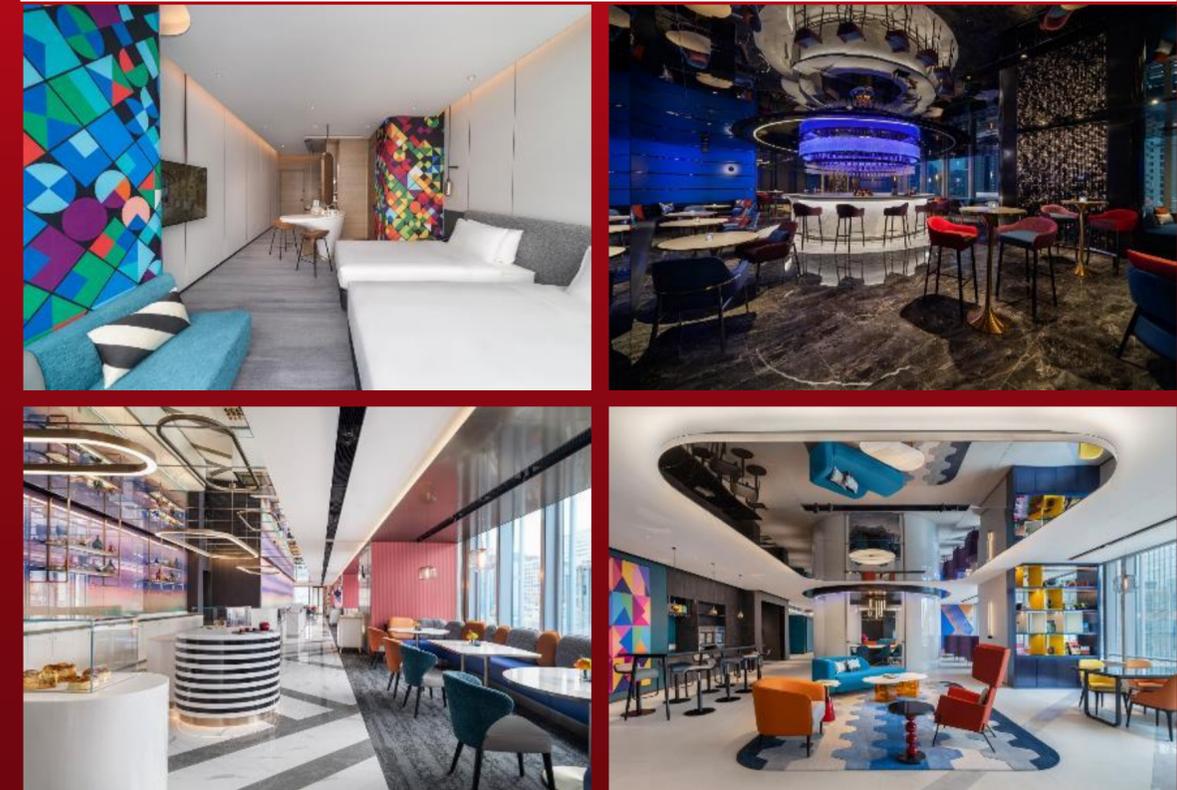
286-room Hotel at Changsha IFS  
Location: Changsha (Owned)

*Our Repertoire, Your Lifestyle  
We Create Experiences Tailored for People who  
Understand that More is not Better. Only Better is  
Better. A Place where Every Experience is Distilled,  
Edited, Curated, & Perfected to Surprise at Every  
Turn. We are SPIRITED. STYLISH. EDGY.  
& Even a Little PROVOCATIVE.*

## Post-pandemic Recovery

- Record Year for Owned Hotels Despite Momentum Loss in 4Q
- Niccolo Consistently a ML Market Leader
- Marco Polo under Renovation to Rejuvenate
- Maqo Debuted in Premium Lifestyle Segment in Nov

Maqo Changsha



# Logistics Infrastructure





## Continuing Weakness

- Ocean Throughput Hit Harder by Macro Factors
- Additional Uncertainties from Wars in Ukraine & Middle East
- Sharpening Operating Efficiency & Productivity
- Increasing Focus on Investment Properties in Logistics

### Modern Terminals (2023)

Revenue \$2,347M (-21%)	Operating Profit \$355M (-53%)		
Throughput* (million TEUs)	2023	vs 2022	vs 2019
HK	3.7	-15%	-25%
DaChan Bay (DCB)#	1.9	-5%	+51%
Shekou Container Terminals (SCT)#	6.1	+2%	+7%
Total	11.7	-5%	-2%

### Hong Kong Air Cargo Terminals Ltd (HACTL) #

Total Throughput	1.6M Tonnes (-2%)
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\*Total Throughput (Instead of Attributable);

Market Throughput Kwai Tsing -14%; Shenzhen -1%

#DCB: 65%-owned; SCT: 20%-owned; HACTL: 20.8%-owned

# Project Pipeline



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## HK

- 1 Plantation Road
- Kowloon Tong Site
- Kai Tak Site (30%-JV)
- Kowloon Godown Redevelopment

## Mainland

- CSIFS Tower 2
  - Prestigious High-rise Apt (Total 398 Units)
  - 231-room Park Hyatt Hotel (Mid-2024)

# Outlook



## Pressures to Persist

- Escalating Geopolitical Uncertainties & Global Fragmentation to Add Pressure to Growth
- Restoring Confidence & Boosting Domestic Demand Key to ML Recovery
- More Gov't Stimulus Measures Expected but Promoting Sustainable Growth Takes Time

# Sustainability



## Recognitions



- Member of Hang Seng Corporate Sustainability Index Series
- “AA+” Sustainability Rating
- “A” at MSCI ESG Rating
- Management Band Score “B-” at CDP
- Sustainalytics ESG Risk Rating “Low Risk”
- CSR Index Plus Mark
- 10 Years Plus Caring Company Logo
- Social Capital Builder Logo Award

## Certifications



- |   |  |
|---|--|
| <p><b>LEED Platinum:</b></p> <ul style="list-style-type: none"> <li>■ Chengdu IFS</li> <li>■ Changsha IFS</li> <li>■ Shanghai Wheelock Square</li> </ul>  | <p><b>LEED Gold:</b></p> <ul style="list-style-type: none"> <li>■ Wuxi IFS</li> </ul>  |
| <p><b>Gold:</b></p> <ul style="list-style-type: none"> <li>■ Niccolo Chengdu</li> <li>■ Niccolo Chongqing*</li> <li>■ Marco Polo Wuhan</li> <li>■ Marco Polo Lingnan Tiandi, Foshan^</li> <li>■ Marco Polo Xiamen^</li> </ul> | <p><b>Silver:</b></p> <ul style="list-style-type: none"> <li>■ Niccolo Changsha</li> <li>■ Marco Polo Parkside, Beijing^</li> <li>■ Marco Polo Cebu^</li> <li>■ Marco Polo Ortigas, Manila^</li> </ul> |
- \*50%-owned*  
*^Managed Hotels*

## 2030 Targets

 GHG Emission (Scope 1 & 2) Intensity  
↓ **25%\***

 MLIP Electricity Intensity  
↓ **20%\***

 Waste Management  
**Divert Waste away from Landfills\***

 Water Management  
**Reduce Consumption\***

*\*Baseline: 2017*

## Sustainable Finance

### Green or Sustainability-linked Loans

Raised **~\$14.8B** Accumulatively  
(By End of 2023)

## Renewable Energy

Chengdu IFS  
**50-80%** of  
Electricity from  
Hydroelectric Power

Modern Terminals  
Expanded to  
**761** Solar Panels  
**431,000** kWh/yr  
↓ **168** Tonnes Carbon Emission p.a.

Others  
Support Solar Energy Generation –  
**CSIFS, CDIFS & Shanghai Times Square**

## Donations

- The Wharf Group\* Named **3<sup>rd</sup> Top Donor** 2022/23 by The Community Chest



\*The Wharf Group incl. Wharf REIC & Wharf Holdings

## Sponsorship

Events Supported



## Project WeCan



- Empowering Students for Pursuing Future Studies or Careers
- Benefitting **~93,000** Students of **82** Schools
- With Support from **70+** Partner Organisations
- Accumulated WeCan Scholarships **~\$60M**, **800+** Students Benefit to-date



## Employee Wellbeing

- Training & Development: Total **159,000+** Hours of Training Provided in 2023
- Diversity & Inclusion: Good Distribution of Gender Diversity **40%+** Female Representation in 2023
- Safe & Healthy Workplace: **ISO 45001:2018** Certified OSH Systems at CDIFS & CSIFS

## Anti-Corruption

- Total No. of Hours of Anti-corruption Training in 2023: **2,600+ Hours**
- For Board Members, Directors & Employees

## Board Engagement & Diversity

- The Group's Sustainability Risks and Opportunities are Discussed and Evaluated by the Board on a Regular Basis

**Attendance** **96%** For 4 Board Meetings in 2023

- Strive for Full Compliance on Board Diversity as a Listed Issuer

12 Board Members (As at 31 Dec 2023)

<b>Designation</b>	Executive Board Members 42%	INEDs 58%	
<b>Age</b>	<60 8%	60-69 42%	≥70 50%
<b>Gender</b>	Male 75%		Female 25%
<b>Ethnicity</b>	Chinese 83%		Non-Chin. 17%

# Appendix



# Summary of HK Properties

Portfolio	Usage	Status	Locations	Attributable GFA (s.f.)
<b>1. Peak Portfolio</b>	Residential	Development	No. 2-8 Mansfield Road	259,300
			No. 9,11 Mansfield Road (50%-JV)	72,500
		Sales	Mount Nicholson (50%-JV)	19,000
			77/79 Peak Road	4,700
		Lease	Chelsea Court	43,000
			Strawberry Hill	13,000
			11 Plantation Road	46,300
		Fitout works in progress	1 Plantation Road	91,000
			<b>Sub-total</b>	<b>548,800</b>
<b>2. Kowloon East Portfolio</b>	Residential	Development	Kowloon Godown	829,000*
			Yau Tong Bay (15%-JV)	611,400
		Planning	Kai Tak (30%-JV)	361,500
			<b>Sub-total</b>	<b>1,801,900</b>
<b>3. Kowloon Tong Portfolio</b>	Residential	Development	Kowloon Tong	436,400
			<b>Total</b>	<b>2,787,100</b>

Land Bank as at 31 Dec 23 (Net of Recognised Sales); \* Redevelopable GFA

# Mainland Contracted Sales Breakdown by City

Region	City	Contracted Sales (%)	GFA Sold (%)
<b>Eastern China</b>	Suzhou	40.9%	40.1%
	Hangzhou	9.3%	9.0%
	Shanghai	4.5%	0.0%
	<b>Eastern China Sub-Total</b>	<b>54.7%</b>	<b>49.1%</b>
<b>Southern China</b>	Foshan	25.3%	42.4%
	Guangzhou	10.3%	4.4%
	<b>Southern China Sub-Total</b>	<b>35.6%</b>	<b>46.8%</b>
<b>Northern &amp; Central China</b>	Changsha, Beijing and Dalian	6.1%	1.5%
<b>Western China</b>	Chongqing & Chengdu	3.6%	2.6%

# Mainland Key Projects on Sales in 2023

Projects	City	Attributable Proceeds (RMB M)	Attributable GFA Sold (s.m)	Average Price (RMB psm)	Ownership
Poetic Palace 蘇州荷岸曉風	Suzhou	298	15,389	19,400	33%
Glory Garden 佛山樾園	Foshan	278	25,558	10,500	50%
Rosy Mansion 佛山悅府	Foshan	219	20,370	10,300	50%
Yangcheng Lake Lot 27 蘇州天曦	Suzhou	182	12,327	14,800	100%
Guangzhou Central Manor 廣州央璽	Guangzhou	168	3,895	41,700	18%
Xiangcheng Yuan He Street Lot 77 蘇州天逸翠樾庭	Suzhou	154	5,897	22,800	100%
Villa One (Huayuan Road Lot 78) 蘇州天灝逅灣雅苑	Suzhou	129	7,976	16,200	100%
The Legend 蘇州久尋花園	Suzhou	119	3,441	28,000	100%
Hangzhou Guiyu Chaoyang 杭州蕭山桂語朝陽	Hangzhou	104	7,711	11,900	50%

# Mainland DP Land Bank Breakdown by City

Region	City	GFA million (s.m)	% Total
<b>Western China</b>	Chengdu	0.57	40%
	Chongqing	0.09	7%
	<b>Western China Sub-Total</b>	0.66	47%
<b>Eastern China</b>	Suzhou	0.22	15%
	Hangzhou	0.09	7%
	<b>Eastern China Sub-Total</b>	0.31	22%
<b>Northern &amp; Central China</b>	Changsha	0.39	27%
	Beijing	0.04	3%
<b>Southern China</b>	Foshan	0.02	1%
	<b>Total</b>	1.42	100%

# Mainland Key Projects Completion

Projects	Attributable GFA (s.m)
<b>Key Completion in 2023</b>	
Hangzhou Parc Regal 杭州天璽二期	69,500
Chengdu ICC 成都環貿廣場	39,500
Suzhou Poetic Palace 蘇州荷岸曉風	33,100
Suzhou The Legend 蘇州久尋花園	31,400
Hangzhou Imperial Park 杭州天御	30,100
Suzhou Villa One (Huayuan Road Lot 78) 蘇州天灝逅灣雅苑	22,200
<b>Projected Key Completion in 2024</b>	
Changsha IFS 長沙國金中心	79,700
Hangzhou Luxurious Mountain View 杭州雍景山	76,800
Suzhou Villa One (Huayuan Road Lot 78) 蘇州天灝逅灣雅苑	22,400

# Mainland IP – Different Series

Times Square				IFS & Times Outlets			
Property	Project Nature	Total GFA * (s.m.)	Year of Completion	Property	Project Nature	Total GFA * (s.m.)	Year of Completion
<b>Times Square</b>				<b>Mixed-use IFS Complexes</b>			
Chongqing **	O/R	55,000	2004	Chengdu	R/O/S.A/ H	603,000	2013-2016
Dalian**	R	17,000	2009	Chongqing**	R/O/H	266,000	2017
Marco Polo Wuhan**	H	38,000	2008	Changsha	R/H	315,000	2018
				Wuxi	O	189,000	2014
<b>Shanghai IPs</b>				<b>Times Outlets</b>			
Times Square	R/O/S.A	90,000	2000	Chengdu	R	63,000	2009
Wheelock Square	O/R	111,000	2010	Changsha	R	72,000	2016

R = Retail; O = Office; S.A = Serviced Apartments; H = Hotel

\*Total Development Area, Excl. Basement Area & Carpark

\*\*Gross Area & Net of Recognised Sales

# Wharf Hotels Management

## Niccolo (Since 2015)

### Hong Kong

- The Murray, Hong Kong, a Niccolo Hotel\*

### Mainland

- Niccolo Chengdu
- Niccolo Changsha
- Niccolo Chongqing#
- Niccolo Suzhou\*

## Maqo (Since 2023)

### Mainland

- Maqo Changsha (Opened in Nov-23)

## Marco Polo (Since 1970s)

### Hong Kong

- Marco Polo Hongkong Hotel\*
- Gateway Hotel\*
- Prince Hotel\*

### Mainland

- Marco Polo Parkside, Beijing^
- Marco Polo Wuhan
- Marco Polo Xiamen^
- Marco Polo Lingnan Tiandi, Foshan^
- Marco Polo Jinjiang^

### Philippines

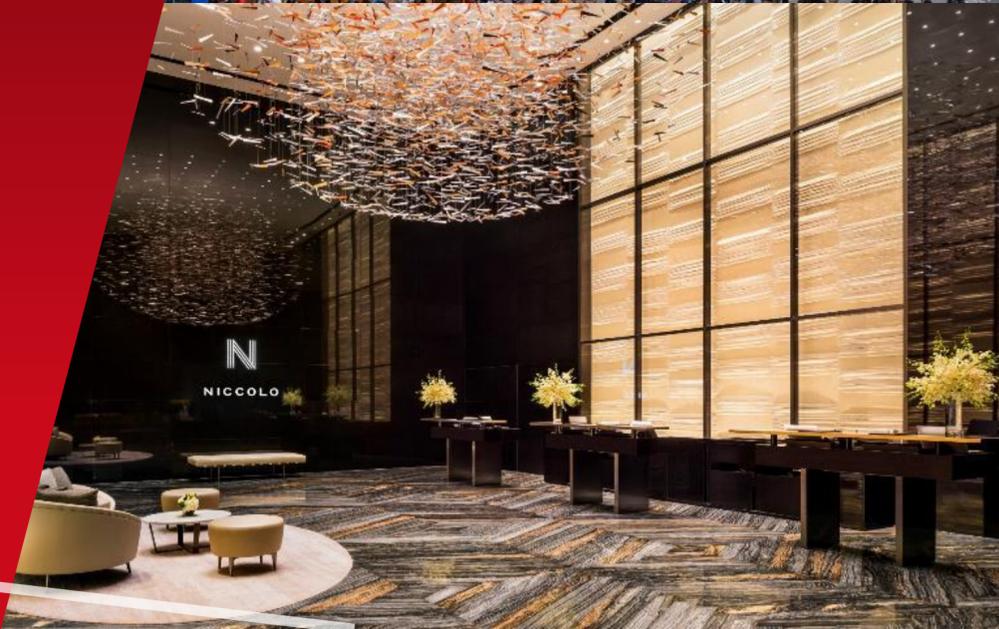
- Marco Polo Ortigas, Manila^
- Marco Polo Plaza, Cebu^
- Marco Polo Davao^  
(Suspended Operation)

\*Owned by WREIC; #50%-owned; ^Owned by Third Party

## Major Capital & Development Expenditure

HKD	Incurred in 2023	To be Incurred in Coming Years		
		Committed	Uncommitted	Total
Hong Kong Properties	2,013M	2,172M	7,958M	10,130M
Mainland China IP	75M	3M	114M	117M
Mainland China DP	2,629M	1,207M	293M	1,500M
Others	417M	2,390M	44M	2,434M
<b>Total</b>	<b>5,134M</b>	<b>5,772M</b>	<b>8,409M</b>	<b>14,181M</b>

**Thank You**  
**Profit Attained with**  
**Smaller Property Provisions**



## End of Presentation

The Wharf (Holdings) Limited [HKEx Stock Code: 0004.HK]

### Disclaimer

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