

Focus on Properties Unchanged



The Wharf (Holdings) Limited
2018 Final Results
7 Mar 2019

Results Highlights

Properties (Book Value ~\$165B)

- ~80% of Total Non-cash Assets
- ~80% of Group Revenue, 90% of Operating Profit & Underlying Net Profit

DP

- China: Another Good Year of Earnings
- HK: Lower Recognition More than Erased Gains from Other Segments

IP

- China IP Reported Promising Gains

Results Highlights

Logistics (Book Value \$16B)

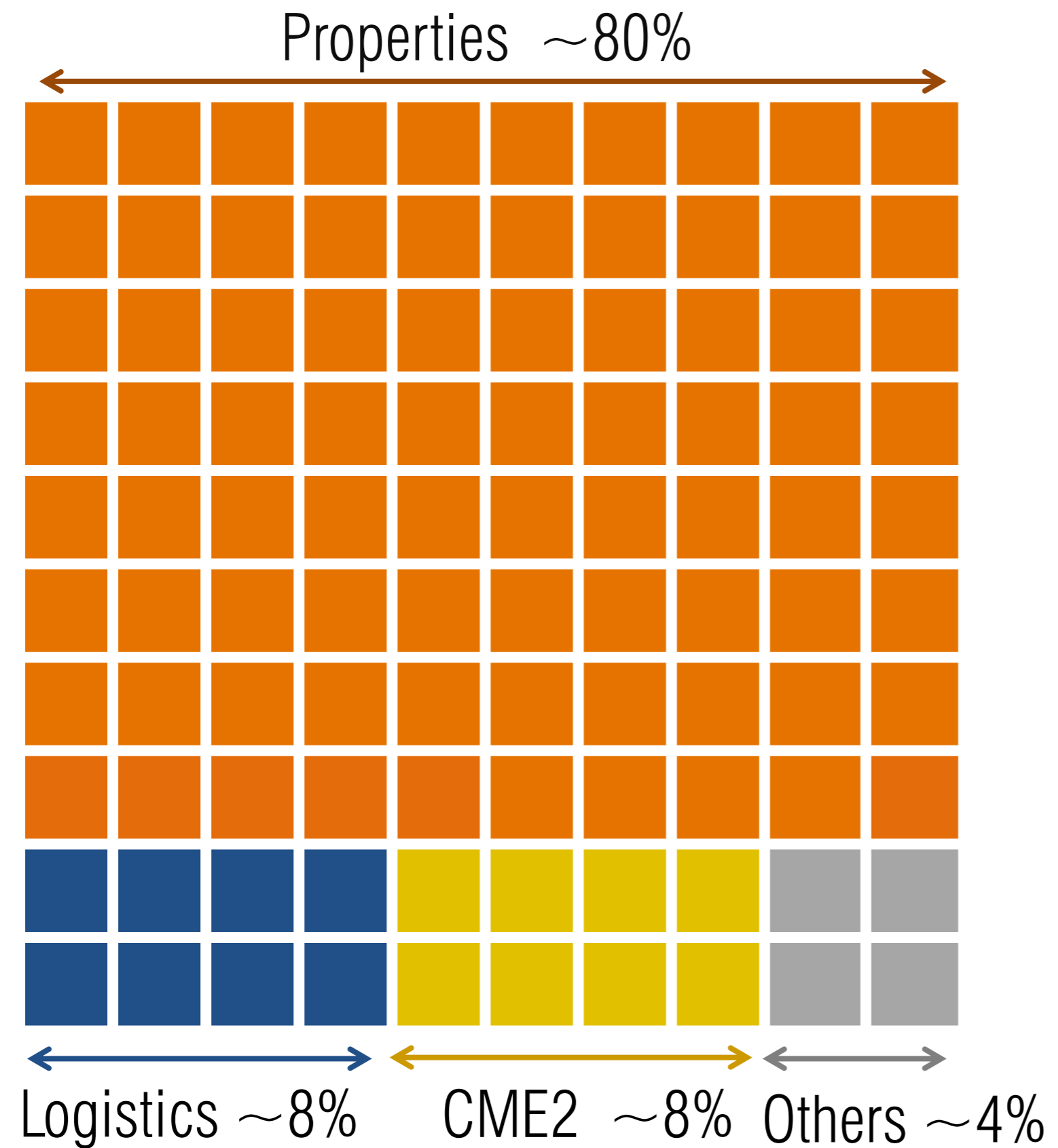
- Performance Declined amid HK's Loss of Competitiveness
- Seek to Reverse through Strategic Alliance among Local Operators

CME2 (Book Value \$16B)

- Formative Stage
- Insignificant Additions to Position & No Disposal in 2018

Asset Balance

Total Assets (Excl. cash) \$210 B



- Properties: Backbone HK/China
- Logistics: MTL & HACTL
- CME2: Listed & Unlisted Investments

Financial Highlights

HKD Million	2018	2017 (Ex. WREIC*)	% Chg
Group Revenue	21,055	24,321	-13%
Operating Profit	8,752	6,458	+36%
Underlying Net Profit [#]	6,511	7,328	-11%
Profit Attributable to Shareholders	6,623	13,119	-50%
Earnings Per Share (HK\$)			
- Attributable to Shareholders	2.18	4.32	-50%
- Underlying Net Profit [#]	2.14	2.42	-12%
Dividend Per Share (HK\$)	0.65	NA	NA

- NAV \$135B (\$44.45/Share)

- IP Valuation \$75B

- Listed Equities [^]

- 55% CME2

- 45% Blue Chip HK Prop Stocks

Mkt Value \$26B as at 31 Dec 2018⁺

Mkt Value \$31B as at 28 Feb 2019⁺

*Wharf REIC (WREIC) was Demerged in Nov 2017

[#] Underlying Net Profit - Excl. IP Revaluation Surplus & Exceptional Items

[^] Excl. the 25% Interest in Greentown China Holdings Limited

⁺ Unrealized Deficit \$3B as at 31 Dec 2018; Surplus \$2B as at 28 Feb 2019

Segment Results

HKD Million	Underlying Net Profit*			2018 Segmental Analysis		
	2018	2017 (Ex. WREIC)	% Chg	% of Underlying Net Profit	% of Operating Profit	% of Revenue
HK Properties	847	2,391	-65%	13%	1%	1%
China DP	3,856	3,840	Flat	59%	64%	61%
China IP	1,012	755	+34%	16%	22%	16%
Others	796	342	+133%	12%	13%	22%
Total	6,511	7,328	-11%	100%	100%	100%

*Underlying Net Profit - Excl. IP Revaluation Surplus & Exceptional Items

Agenda

Hong Kong Properties

China DP

China IP

Others

Financial Management

Agenda

Hong Kong Properties

China DP

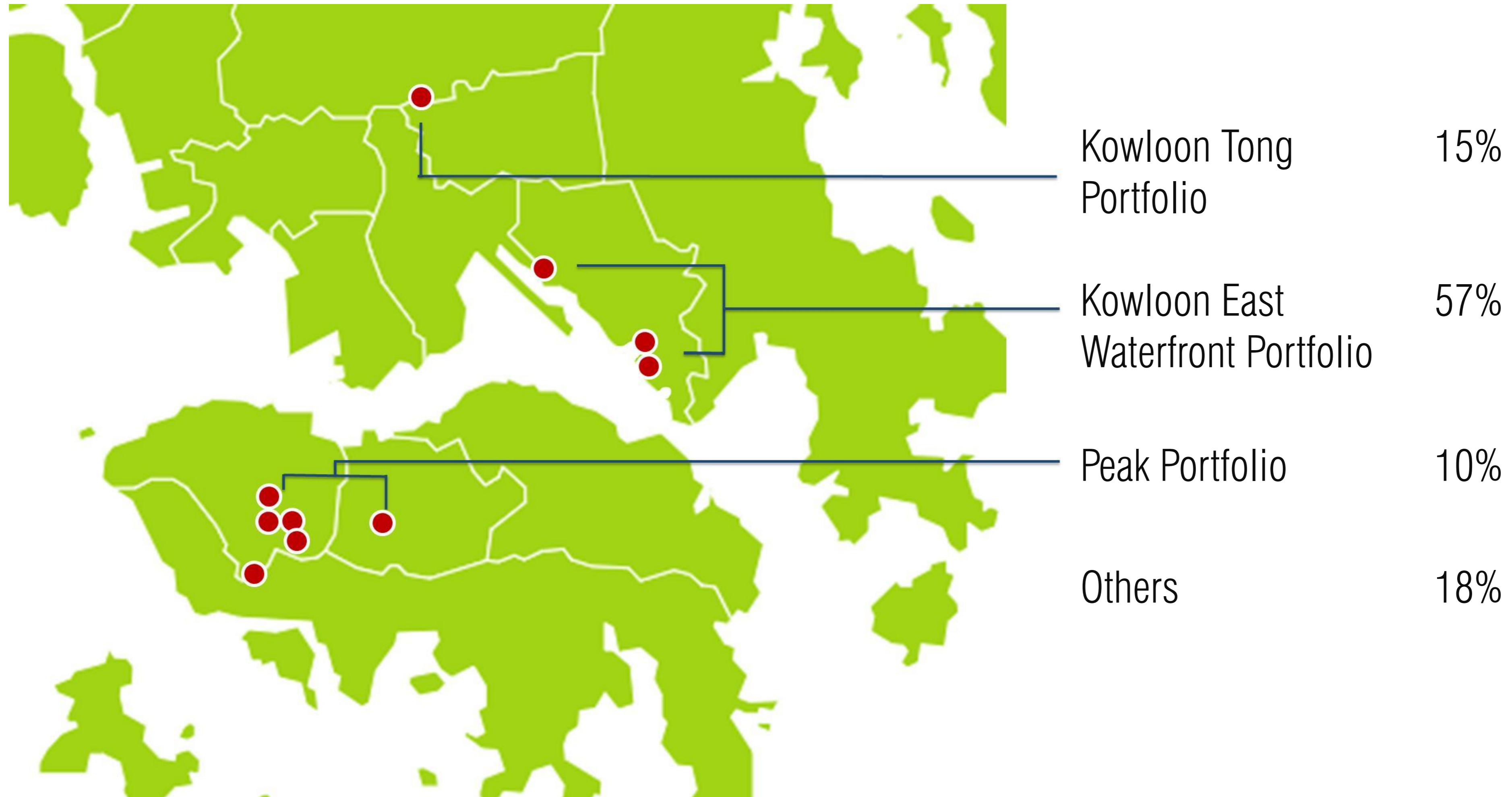
China IP

Others

Financial Management

Land Bank

Total Attributable GFA: 3.0M s.f



Luxury & Scarcity

Peak Portfolio

- Mount Nicholson
- 1 & 11 Plantation Road
- 77 Peak Road
- Chelsea Court
- Strawberry Hill

Kowloon Tong Portfolio

- Residential Land Site on Lung Cheung Road

Kowloon East Waterfront Portfolio

- Kowloon Godown
- Yau Tong Bay (15% JV)
- Peninsula East



Mount Nicholson

2018 Sales

2 Houses

\$126,700 psf
(Average)

3 Apartments

\$123,200 psf
(Average)



- Most Valuable in Asia
- Total Proceeds \$3.8B (Gross Basis)
- Attributable Profit Booked \$0.9B

Kowloon Tong Portfolio



Lung Cheung Road Site

Acquisition Date	Jan 2018
Site Location	Lung Cheung Road, Kowloon
Product Type	Private Luxury Residential
GFA	436,400 sf
No. of Block	4
No. of Storey	13

Agenda

Hong Kong Properties

China DP

China IP

Others

Financial Management

Contracted Sales Beat Target

2018 Contracted Sales

Sales	RMB22.8B	-5%
GFA	0.7M s.m	-16%
ASP	RMB 31,400 psm	+20%

2019 Sales Target

2019 Target	RMB 18B
Sellable Resources	0.8M s.m

- Another Year of Good Earnings
- Dec 18 was Record Month for Sales – Firm Market Demand Confirmed
- 96% Accumulated Sell-through Rate

Margin Improvement

2018 Operating Matrix*

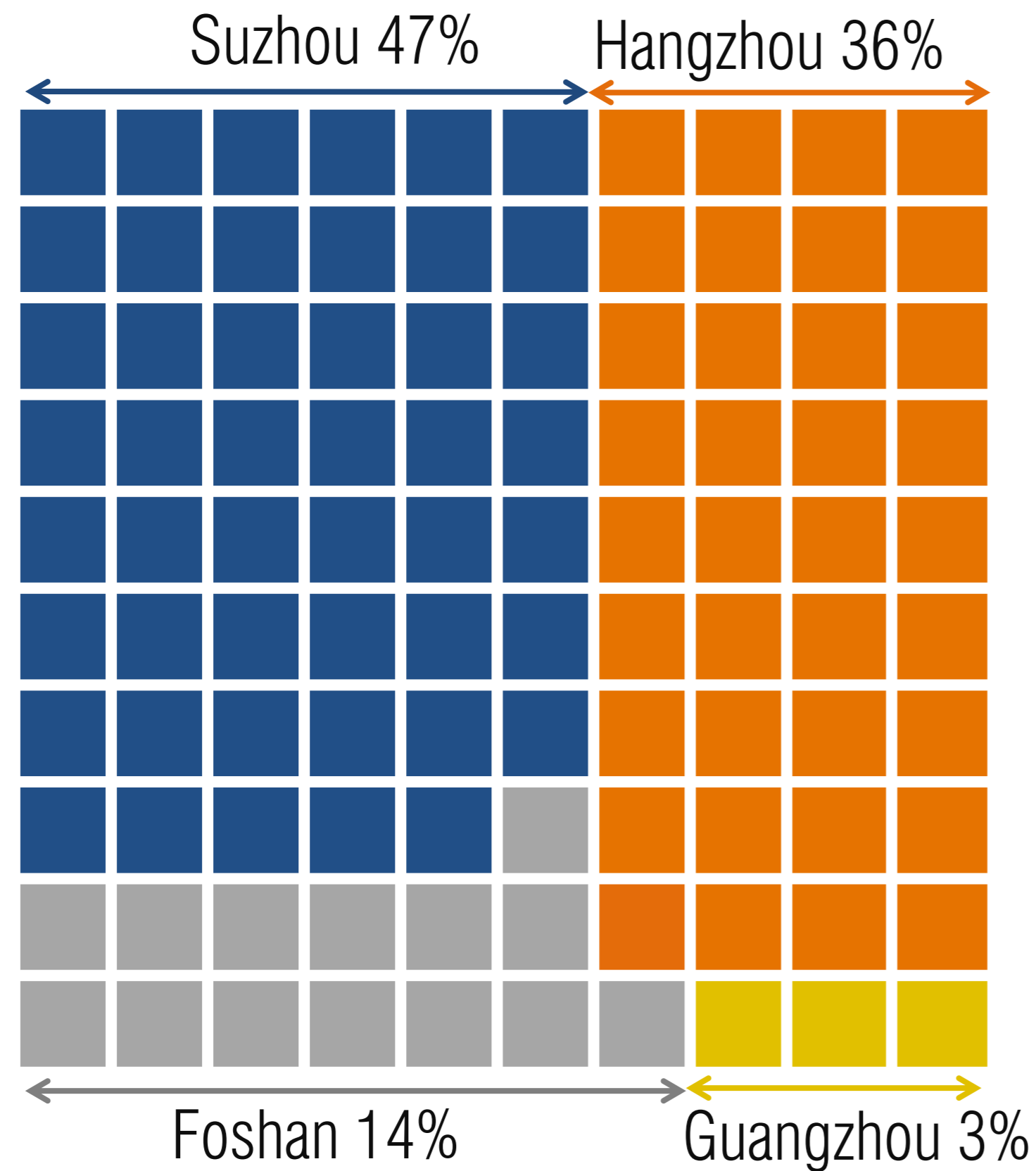
Revenue	\$22,236M	-21%
Operating Profit	\$7,949M	+19%
Operating Margin	36%	+12 ppts
Completed GFA	0.8M s.m	+7%
Recognized GFA	0.8M s.m	-20%

- Net Order Book RMB21.8B (0.7M s.m)
- 2019 Target Completion 0.8M s.m

* Incl. JVs & Associates on an Attributable Basis

Selective & Disciplined

Land Acquisition
0.81M s.m*



- Selective Purchase to Enhance Quality & Return
- Strategic Focus: Beijing, Shanghai, Suzhou, Hangzhou, Guangzhou & Shenzhen
- China DP Landbank 3.7M* s.m

* Up to End-Dec 2018

Agenda

Hong Kong Properties

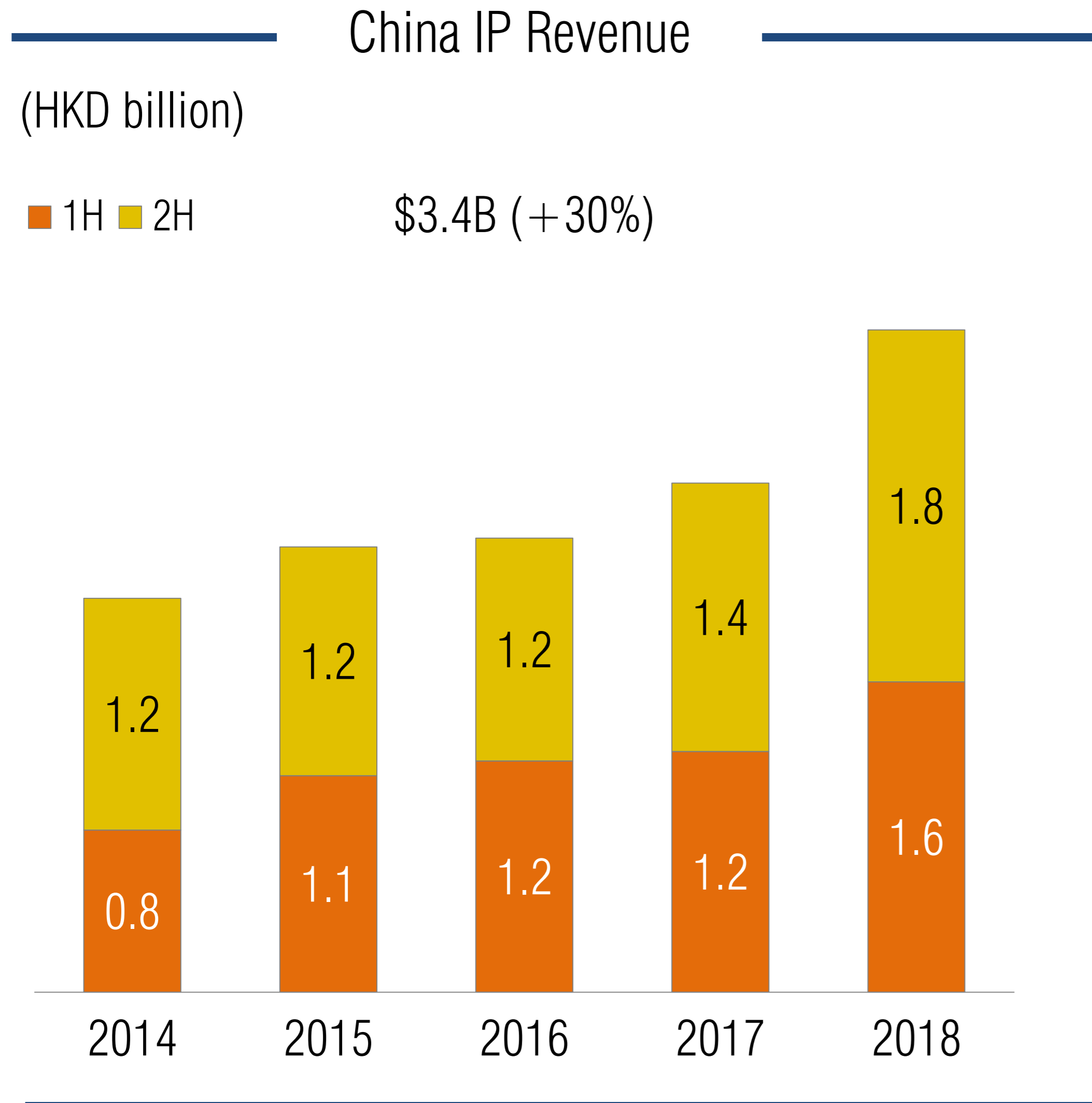
China DP

China IP

Others

Financial Management

Creating Value



- Operating Profit +28%; Underlying Net Profit +34%
- Retail Sales Firm Despite Online Competition
- Office Take-up Gradual & Steady

IFS - Impetus for Growth

International Finance Square



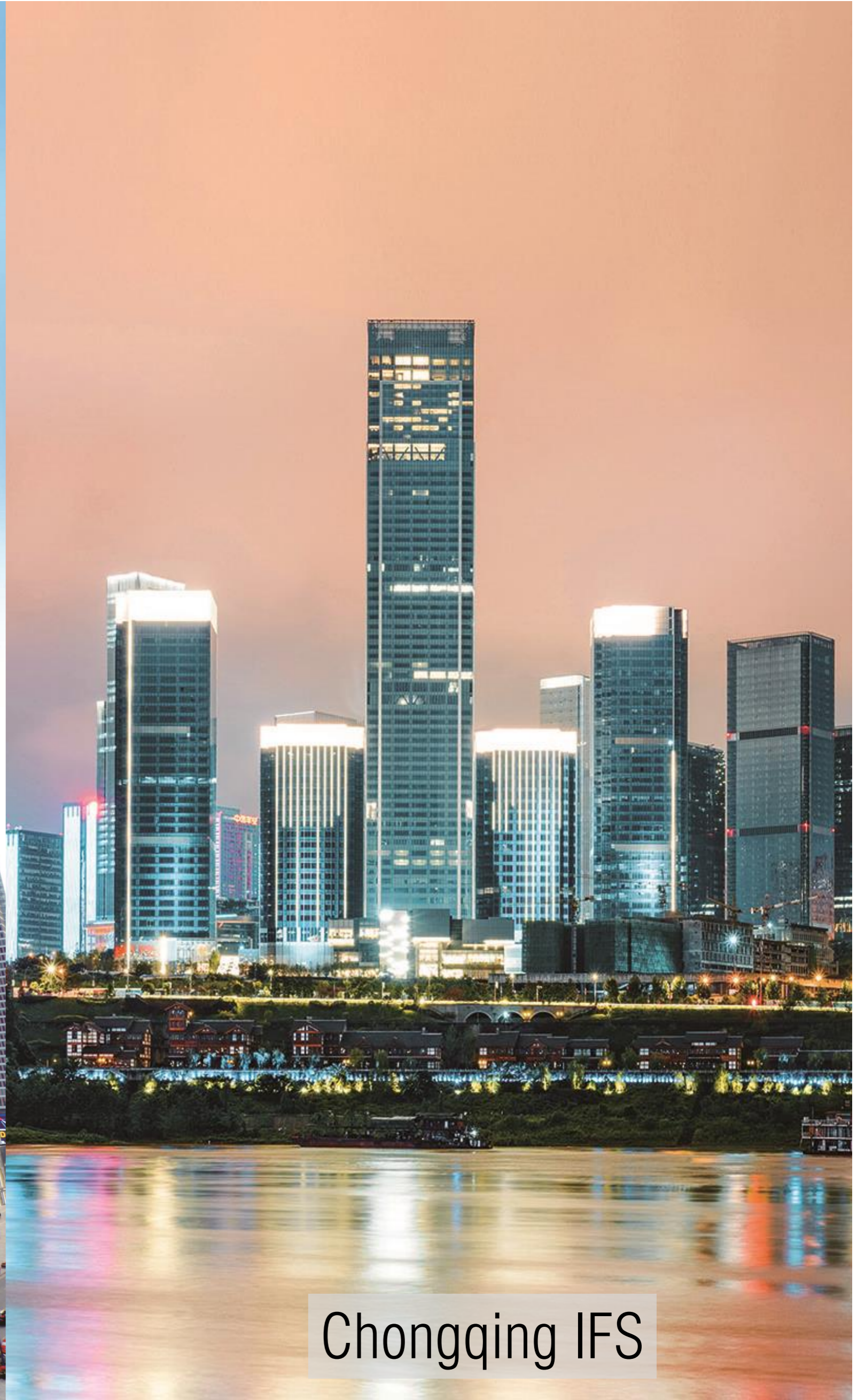
- Trendsetting Landmark in Ground Zero Location or New CBD
- “City within a City” Concept:
 - One-stop Retailtainment Experience
 - Grade A Office
 - Contemporary Chic Hotel by Niccolo



Changsha IFS



Chengdu IFS



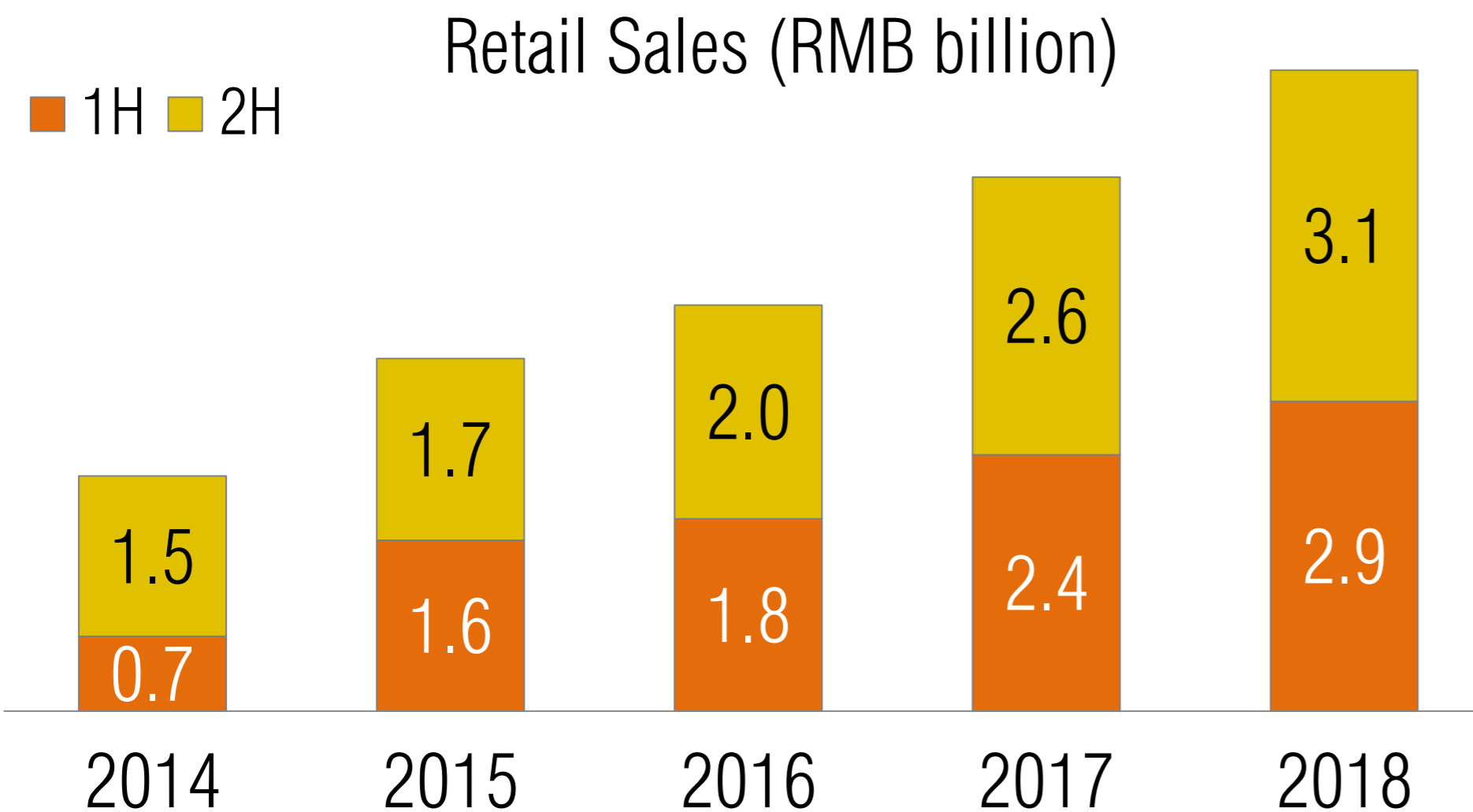
Chongqing IFS

Strong Momentum

Chengdu IFS Mall

Net Revenue (Net of Tax)	RMB879M (+16%)
Average Monthly Sales (psm)	>RMB5,000
Foot Traffic Growth	+18%
Turnover Rent Portion	28%
Occupancy Cost*	13%

- Retail Sales RMB6B (+20%)
- Leading Sales Productivity in China West
- Office Rental Rates among the City's Highest; 77% Committed



*Occupancy Cost = Retail Rental/ Retail Sales

Changsha IFS



- Opened in May 2018
- First 7 Full Months Sales*
RMB2.2B+ (Matching Chengdu IFS
Sales in Year 1 #)
- 370+ Retail Shops (70+ Hunan
Debuts, 30+ Duplex Flagships)
- Over 295,000 Foot Traffic on NYE

* Jun – Dec 2018 (First 7 Full Months after Opening)

Chengdu IFS was Opened in Jan 2014

Replicating Success

2H Performance in Year 1 (W/ Seasonality Neutralized)

	Changsha IFS Mall	Chengdu IFS Mall
Opening	May 2018	Jan 2014
GFA (s.m.)	246,000	204,000
Retail Area Leased*	98%	99%
Retail Opening Rate*	96%	97%
No. of Shops*	380	255
Average Monthly Sales#	RMB 304M	RMB 239M
Average Monthly Sales (psm on Trading Area) #	RMB 3,049	RMB 2,613
Daily Traffic	86,000	68,000

*CSIFS: As of 31 Dec 2018; CDIFS: As of 31 Dec 2014

#CSIFS: Avg. Jul-Dec 2018; CDIFS: Avg. Jul-Dec 2014

New Landmark

Chongqing IFS Mall

GFA (s.m.)*	109,300
Retail Area Leased	98%
Retail Sales	RMB791M
Occupancy Cost#	11%

- Emerging Financial Hub w/ Enhancing Infrastructure
- Largest Cluster of First-tier Brands in Chongqing
- Office 47% Committed

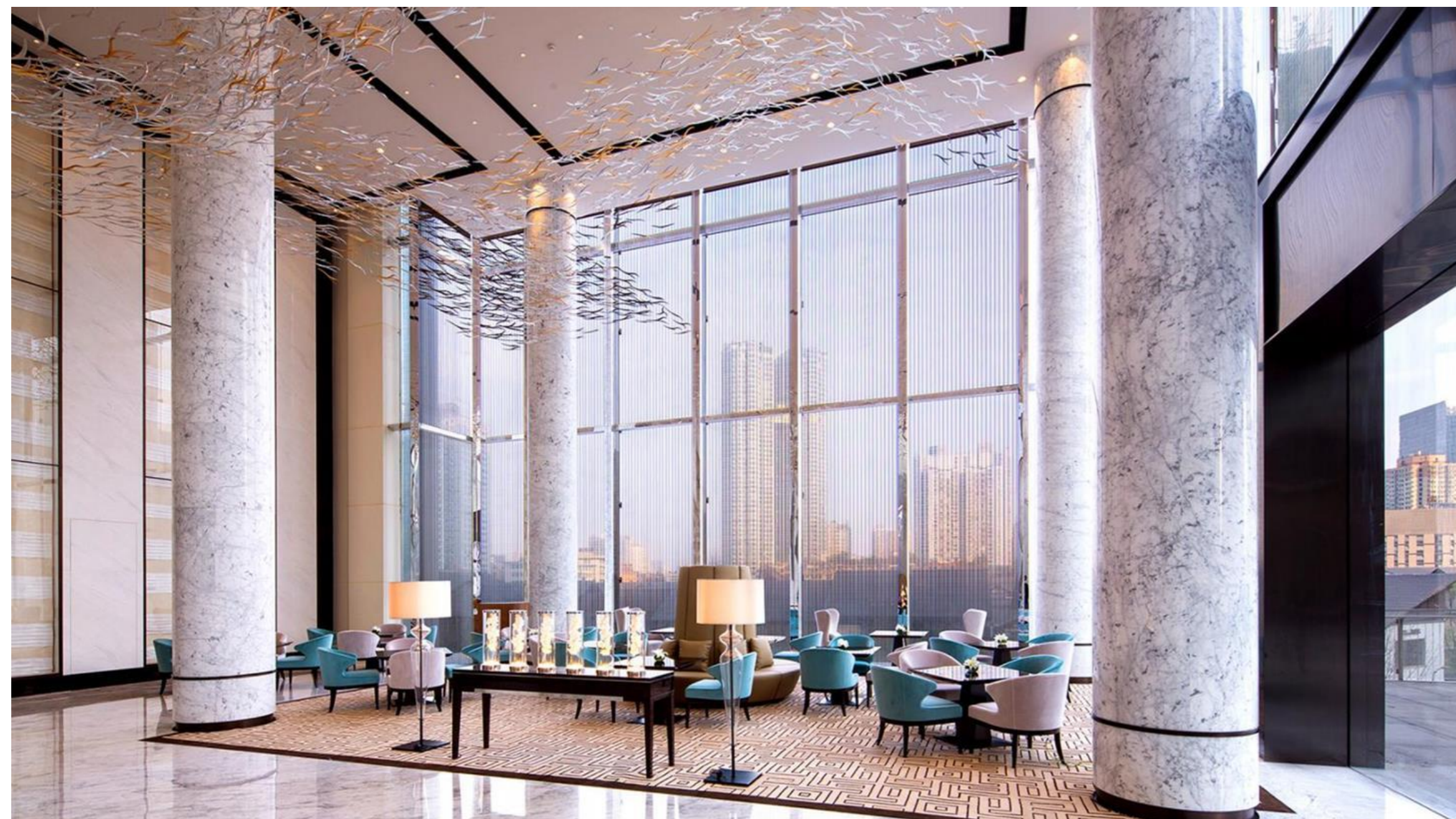


*Chongqing IFS is 50%-owned, 109,300 s.m is Total Retail Area
 #Occupancy Cost = Retail Rental/ Retail Sales

Niccolo Hotels

Niccolo Hotels in IFSs

	Chengdu	Chongqing [^]	Changsha
No. of Room	230	252	243
RGI*	168	118 [#]	NA ^{##}



- Chengdu (Opened Apr 2015): Market Leader in Room Yield since 2016
- Chongqing (Opened Sep 2017): Amazing GOP (> 32%) in First Full Year
- Changsha (Opened Oct 2018): Market Leader in Room Rate

* RGI (Revenue Generating Index) is an Index Widely Used in the Industry to Measure How Much Revenue a Hotel Yields per Room Relative to its Direct Competitors. 100 is par. An RGI of 168 Implies 68% Out-performance.

[#] Figure of 4Q18 (Start of 2nd Year after Opening)

[^] Niccolo Chongqing is 50%-owned

^{##} Opened in Oct 2018

Agenda

Hong Kong Properties

China DP

China IP

Others

Financial Management

Wharf Hotels Management



Niccolo

Contemporary Chic Hotels

Hong Kong	The Murray, Hong Kong, a Niccolo Hotel*
China	Niccolo Chengdu
	Niccolo Chongqing
	Niccolo Changsha
	Niccolo Suzhou* (Opening in 1Q20)

Marco Polo

Classic Brand Providing Upscale Full-service

Hong Kong	Marco Polo Hongkong Hotel* Gateway Hotel* Prince Hotel*
China	Marco Polo Parkside, Beijing * Marco Polo Shenzhen* Marco Polo Wuhan Marco Polo Xiamen* Marco Polo Lingnan Tiandi, Foshan* Marco Polo Changzhou* Marco Polo Jinjiang*
Philippines	Marco Polo Ortigas, Manila* Marco Polo Plaza, Cebu* Marco Polo Davao*

* Management Contract

Wharf Hotels Management



2018 Operating Matrix

Total No. of Rooms	5,750	+11%
Total Revenue	\$2,868M	+22%
Total GOP	\$849M	+20%
Total No. of Staff	6,639	+21%

Logistics - Macro Uncertainties

Modern Terminals

Revenue	\$2,605M (-4%)	
Operating Profit	\$587M (-10%)	
Throughput (million TEUs)		
Kwai Tsing, HK	5.3	+2%
DCB (65%-owned)	1.2*	-7%
SCT (20%-owned)	5.7*	+7%
Total	12.2	+3%

Hong Kong Air Cargo Terminals Ltd

Total Throughput 1.65M Tonnes (-8.4%)

*Total Throughput (Instead of Attributable)

Market Throughput: Kwai Tsing: -5%; Shenzhen: +3%

- Macro Uncertainties & Regional Competition
- Combined Book Value \$16B
- Taking All Necessary Actions to Rebuild Competitiveness

To Rebuild HK Port's Competitiveness

Hong Kong Seaport Alliance

Agreement Date January 2019

Companies Modern Terminals Limited

 Hongkong International Terminals Limited

 COSCO-HIT Terminals (Hong Kong)
 Limited

 Asia Container Terminals Limited

- Jointly Operate 23 Berths in Kwai Tsing Container Terminals
- More Efficient Operation to Save Time & Cost
- Customers Welcome Service Enhancement
- HK's Competitiveness Also Enhanced

CME2

CME1

Wharf T&T & i-CABLE Exited in 2016 & 17
(HK-based Business with Market Size Limit)

CME 2

Re-Invest Capital & Profit Released from CME1

Infrastructure & Strategic Play in New Economy
(Larger Markets with Greater Potential)

- Long-term Investment
- Timing Dec 2017 & Jan 2018 (after WREIC Demerger & New B/S)
- Insignificant Additions & No Disposal since then
- Combined Book Value \$16B
- 8% of Total Assets (Excl. Cash)

Agenda

Hong Kong Properties

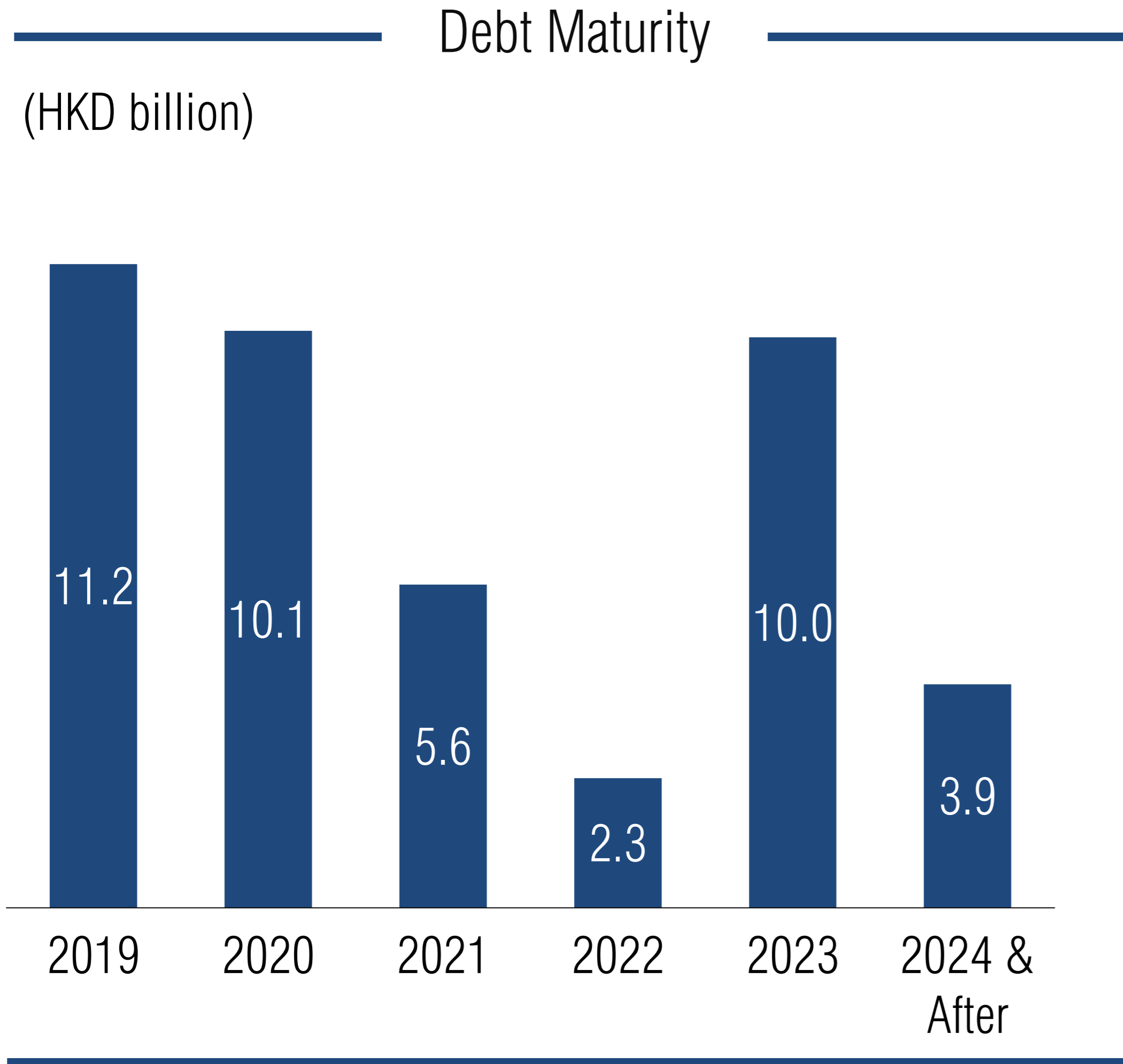
China DP

China IP

Others

Financial Management

Prudent Financial Management



- Net Debt: \$25.6B
- Gearing: 18.5%
- Average Interest Cost: 3.5%
- Interest Cover: 6.5x
- Floating Rate Debt: 70%

Outlook

Cautious Outlook

- | Sino-US Conflicts

- | European Political Instability/Brexit

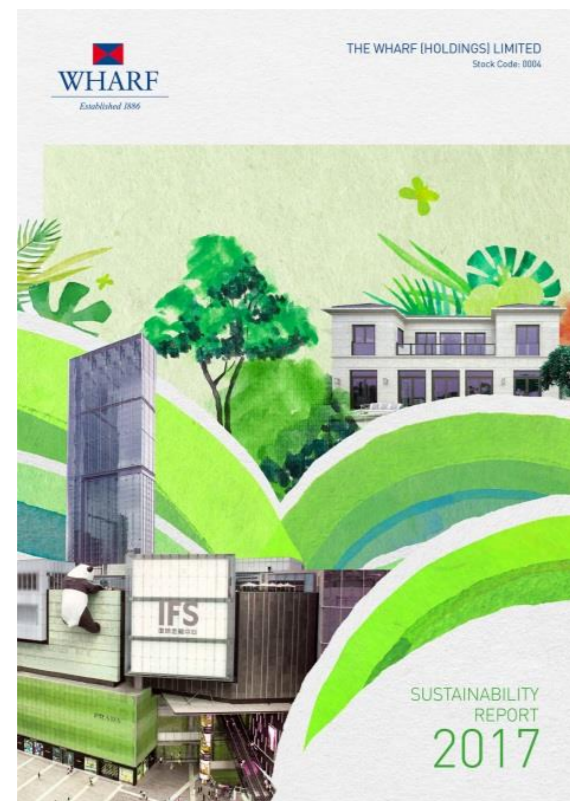
- | Global Currency & Interest Rate Movements

- | Global Economic Slowdown



Sustainability

2018 Key Achievements



Hang Seng Corporate Sustainability Index Series Member 2018-2019



- Published the 4th standalone Sustainability Report in accordance with GRI Standards
- Awarded a “Special Mention of the Sustainability and Social Responsibility Reporting Award (Non-HSI Large Market Capitalization)” at HKICPA’s 2018 Best Corporate Governance Awards
- Hang Seng Corporate Sustainability Index Series Member 2018-2019
- Accredited Hong Kong Quality Assurance Agency’s CSR Index Plus mark
- 5 years + Caring Company Logo
- Supports green financing with the Group’s first Green Loan in the amount of HK\$2 billion for Chengdu IFS

Business-in-Community



Project WeCan
「學校起動」計劃



- Project *WeCan* is a Business-in-Community initiative launched by Wharf in 2011, providing secondary school students who are disadvantaged in learning with opportunities and care
- Using an “Adopt a School” model, there are now 68 project partners:

48 Companies	5 Universities
10 Organisations	5 Consulates
- In 2018, the no. of partner schools reached 76, over 66,000 students benefitted
- Business Units of WHL are partnering with 2 *WeCan* schools to provide support

Community Care

Highlights



- Supported various community programmes in the areas of environmental protection, animal welfare and social inclusion, etc. through donations, venue sponsorship, logistics support and staff volunteerism.

Sustainable Property Design

China IP



- Incorporated green features and used locally sourced materials in property design
- Take into accounts of energy efficiency, indoor air quality, emissions reduction and the like
- Aim to earn LEED certification for its Mainland China development projects
- Awarded LEED certification:
 - Shanghai Wheelock Square - **LEED Gold**
 - Wuxi IFS – **LEED Gold**
 - Chengdu IFS – **LEED Platinum**

Appendix

Summary of HK Properties

Portfolio	Usage	Status	Locations	Attributable GFA (s.f.)
1. Peak Portfolio	Residential	Sales	Mount Nicholson (50%-JV)	52,100
		Lease	Chelsea Court	43,100
			Strawberry Hill	13,300
	Redevelopment	1 Plantation Road	90,700	
		11 Plantation Road	46,300	
		77 Peak Road	42,200	
		Sub-total	287,700	
2. Kowloon East Waterfront Portfolio	Commercial	Sales	Peninsula East	42,600
	Industrial	Redevelopment	Kowloon Godown [#]	1,032,200
	Residential	Development	Yau Tong Bay (15%-JV)	611,400
	Sub-total	1,686,200		
3. Non-Core	Commercial	Lease	Cable TV Tower Units	566,300
4. Kowloon Tong Portfolio	Residential	Development	Kowloon Tong	436,400
			Total	2,976,000

As of 31 Dec, 2018 ; [#] GFA of Existing Building

China Contracted Sales Breakdown by City

Region	City	Contracted Sales (%)	GFA Sold (%)
Eastern China	Shanghai	31%	8%
	Suzhou	1%	1%
	Wuxi	10%	17%
	Ningbo	1%	1%
	Hangzhou	15%	15%
Eastern China Sub-Total:		58%	42%
Western China	Chengdu	9%	21%
	Chongqing	11%	19%
Western China Sub-Total:		20%	40%
Southern China	Foshan	4%	8%
Others	Beijing	15%	7%
	Tianjin, Dalian & Wuhan	3%	3%
Southern & Others Sub-Total:		22%	18%

9 Projects Launched in 2018

Projects	City	New Launch	Attributable Proceeds (RMB M)	Attributable GFA sold (s.m)	Average Price (RMB psm)
Xixi Yunlu	Hangzhou	Feb	147	2,200	64,000
Rosy Mansion	Foshan	Jun	72	5,600	12,900
Jingan Garden	Shanghai	Aug	4,457	34,300	130,100
Glory Garden	Foshan	Sep	25	1,700	14,500
Times Town, Shuangliu Development Zone	Chengdu	Nov	652	57,700	11,300
Longfor Jade Mansion	Hangzhou	Nov	121	2,500	47,600
West Manor	Beijing	Dec	2,082	26,500	78,700
One Liangma	Beijing	Dec	230	2,300	98,600
Villa One	Suzhou	Dec	211	5,500	38,800

China Key Projects on Sales in 2018

Projects	City	Attributable Proceeds (RMB M)	Attributable GFA sold (s.m)	Average Price (RMB psm)	Ownership
Jingan Garden	Shanghai	4,457	34,300	130,100	55%
Shanghai Pudong Huangpujiang (E18)	Shanghai	2,628	24,000	109,500	100%
West Manor	Beijing	2,082	26,500	78,700	80%
The Throne	Chongqing	1,639	85,100	19,000	50%
Wuxi Glory of Time	Wuxi	1,075	54,700	19,500	100%
Longxi	Hangzhou	1,038	25,800	38,900	100%
Chengdu Times City	Chengdu	982	76,700	12,800	100%

China DP – New Land Acquisitions*

City	Date	Attributable GFA (s.m)	Attributable Consideration (RMB)	Ownership
Foshan	Jan-18	109,100	0.81B	50%
Guangzhou	Jan-18	7,700	0.19B	10%
	Jan-18	21,800	0.72B	18%
Hangzhou	Jan-18	95,600	1.97B	50%
	Jan-18	69,500	2.82B	100%
	Jan-18	42,000	1.64B	100%
	Feb-18	21,100	0.93B	26%
	Aug-18	52,300	1.73B	50%
Suzhou	Feb-18	123,800	2.12B	100%
	Feb-18	169,500	2.77B	100%
	Feb-18	52,000	1.54B	49%
	Aug-18	35,800	0.85B	30%
Total		806,200	18.09B	

* Up to End-Dec 2018

China DP Land Bank Breakdown by City*

Region	City	GFA million (s.m)	% Total
Eastern China	Shanghai	0.1	3%
	Suzhou	0.8	22%
	Wuxi	0.1	3%
	Ningbo	0.0	0%
	Hangzhou	0.6	15%
Eastern China Sub-Total:		1.6	43%
Western China	Chengdu	0.8	22%
	Chongqing	0.3	8%
Western China Sub-Total:		1.1	30%
Southern China	Foshan & Guangzhou	0.3	9%
Others	Beijing	0.2	5%
	Changsha	0.4	11%
	Tianjin, Dalian & Wuhan	0.1	2%
Southern & Others Sub-Total:		1.0	27%
Total:		3.7	100%

* Up to End-Dec 2018

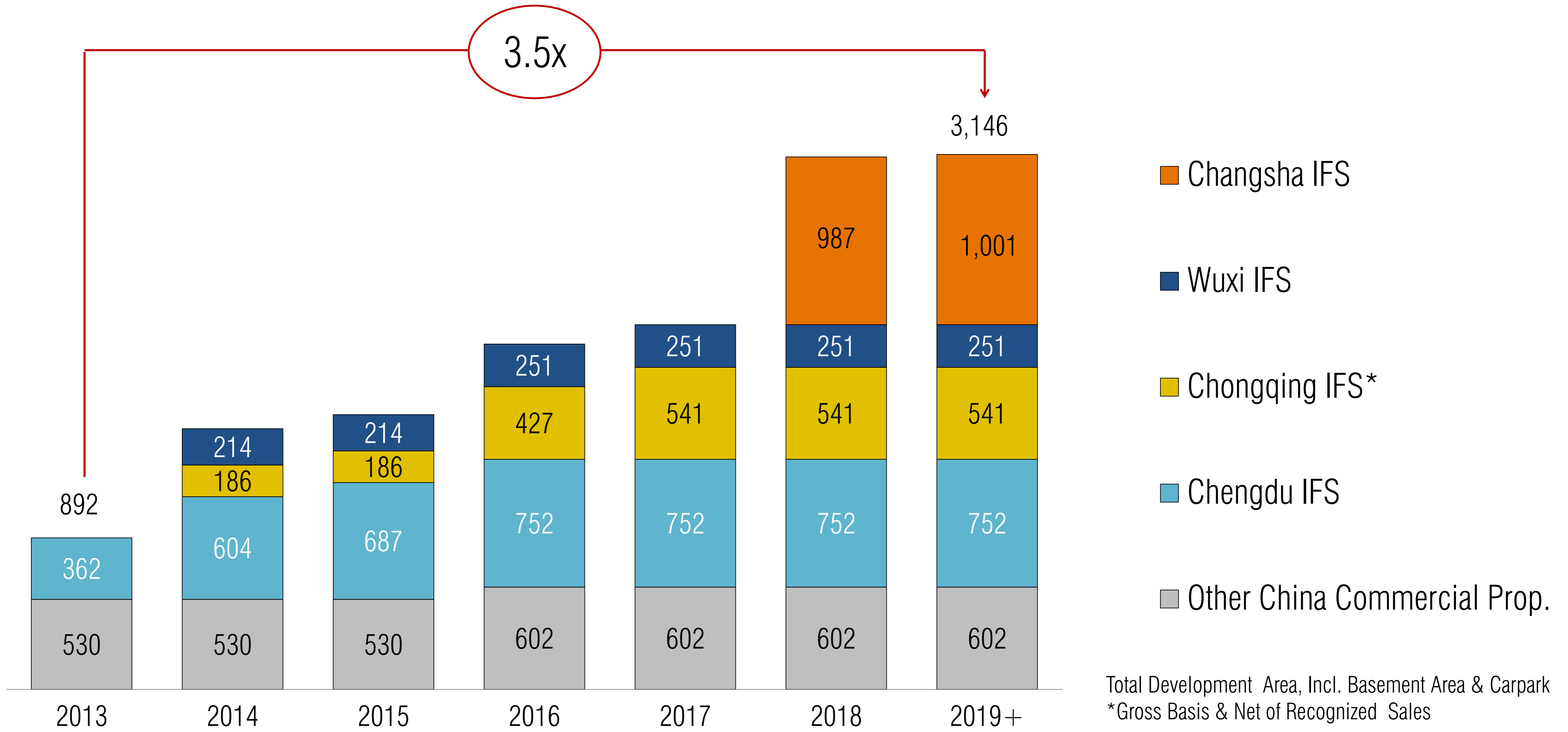
China Key Properties Completion

Projects	Attributable GFA (s.m)
<u>Key Completion in 2018</u>	
Wuxi Glory of Time	122,200
Suzhou Bellagio, G09 (碧堤半島)	82,500
Wuxi Times City	79,700
Suzhou Bellagio, G08 (碧堤雅苑)	75,800
Wuxi River Pitti	65,000
<u>Projected Key Completion in 2019</u>	
Suzhou Yangcheng Lake (Site 27)	129,000
The Thorne	111,000
Hangzhou Qianjiang Development Area	68,100
Wuxi River Pitti	61,800
Suzhou Yuanhe Road Project	60,000
Sunrise Coast	58,000
Shanghai Jingan Garden	56,900
Suzhou Gaoxin District Huangpu Street (Site 82)	56,700

China New Projects for Sales in 2019

Projects	City	Ownership
Yangcheng Lake (Site 27)	Suzhou	100%
Xiangcheng Yaoxiang Road (Site 77)	Suzhou	100%
Xiangcheng Huayuan Road (Site 78)	Suzhou	100%
Gaoxin District Huangpu Street (Site 82)	Suzhou	49%
Xingtang Street East	Suzhou	30%
Jinshan Road (Site 14)	Suzhou	30%
Yuanhe Road Project	Suzhou	33%
Imperial Park	Hangzhou	100%
Qinglong (Site 92)	Hangzhou	100%
Qinglong (Site 28)	Hangzhou	50%
Guiyu Qiaoyang	Hangzhou	50%
Central Manor	Guangzhou	18%
Baiyun Land Site	Guangzhou	10%

Commercial Properties Completion Schedule ('000 s.m)



Total Development Area, Incl. Basement Area & Carpark
 *Gross Basis & Net of Recognized Sales

Overview of Application of Funds

Major Capital & Development Expenditure

HKD	2018 (Actual)	2019 (Projected)
Hong Kong Properties	12.8B	0.9B
China IP	4.6B	0.7B
China DP	27.7B	12.2B
Others	0.2B	0.6B
Total	45.3B	14.4B

* China DP Self-financed by Sales; China IP Mainly IFS Under Construction

Focus on Properties Unchanged

Thank You

End of Presentation

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

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