

“Building for Tomorrow” over 125 years has culminated in a record financial performance in 2011 and a return on Shareholders’ equity of 17%. It has also culminated in a grade A asset base of over HK\$300 billion and a management organisation with execution capability and governance to deliver even higher returns to Shareholders in the coming years.

While proud of its past achievements with Hong Kong as base, “Building for Tomorrow” in Mainland China underlines Wharf’s asset expansion programme in recent years for the future. That new base includes a land bank of over 12 million square metres across 14 cities, a fast emerging hotel business and valuable port assets. 40% of the Group’s business assets are already based in the Mainland. In 2011, Mainland contribution increased to 21% of the Group’s core profit.

With prime real estate as the Group’s primary strategic focus, site acquisition, financing, development planning, design, construction and marketing are its core competencies. Mall development and management remain its strategic differentiation.

Landmarks Harbour City and Times Square form the backbone of Wharf’s prime real estate in Hong Kong. They represent 47% of total business assets and 58% of operating profit. They command a combined valuation of HK\$131 billion, underpinned by respective compound annual growth rates in rental income of 12% and 9% since 2003. With unique critical mass and shopper stickiness, they accounted for an exceptional 9% share of total retail sales throughout Hong Kong in 2011.

Development properties in the Mainland are the new growth initiative. Wharf remains enthusiastic about the market fundamentals. Continuation of urbanisation and wealth creation at a breakneck pace will continue to stimulate demand not only quantitatively but also qualitatively. From a land bank of over 12 million square metres, presales in 2011 totaled RMB12.7 billion for 854,000 square metres to increase the net order book as at the end of 2011 to RMB13.5 billion for 903,000 square metres.

Another new tomorrow being built are the investment properties in the Mainland that will be comparable in scale and significance to Harbour City and Times Square in Hong Kong. The portfolio in Shanghai is already as big as Times Square in Hong Kong. In Changsha, Chengdu, Chongqing, Suzhou and Wuxi, five International Finance Centre projects with a total GFA of 2.4 million square metres (3 times the size of Harbour City) are being built to better the Harbour City model.

The Group’s Marco Polo Hotels operates 13 owned or managed hotels in Asia Pacific, principally in China. In addition, nine new hotels are in the pipeline to nearly double its scale by 2016. Residences will also be added. In 2011, Marco Polo Hotels was awarded the “Best International Hotel Management Group of China” by China Hotel Starlight Awards.

Also contributing to Wharf’s presence in the Mainland are key port assets along the China coast, the most dynamic coastline in the world for cargo movement in the coming decades.

Building for Tomorrow also extends to Wharf’s corporate social responsibility (“CSR”) and organisational development. Through our “Business-in-Community” initiative, we have stepped up our efforts in community service and are committed to making a difference by promoting staff volunteerism, building a better Hong Kong and the sustainability of the community.

In 2011, Wharf was again presented the “Global Chinese Business 1000 — Best Performance Awards” by Yazhou Zhoukan for its stellar performance. Wharf has also been awarded “Caring Company” by the Hong Kong Council of Social Service and a constituent member of Hang Sang Sustainability Benchmark Index with an A-rating for the Group’s sound performance in CSR.