

Corporate Profile

Backed by a long standing mission of “Building for Tomorrow” and a distinguished track record, 2012 marked a record year for Wharf. The Group’s strong value creation ability and product leadership in new and existing projects are evidenced by and culminated in a record financial performance in 2012 — a return on Shareholder’s equity of 21% and an increase in core profit by 37% to HK\$11 billion, nearly four times the value of the entire Company in 1982. Its net book value stood at HK\$249 billion in 2012, a surge when compared with HK\$3 billion in 1982. The Group’s prudent and disciplined financial management ensures sustainability at all times.

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 retail management remain its strategic differentiation.

Select investment properties form the backbone of Wharf’s business model. The entire investment property portfolio (including hotels) represented 61% of Wharf’s total operating profit in 2012.

Landmark Harbour City and Times Square lead Wharf’s prized portfolio of select investment properties. They represented 50% of Wharf’s total business assets and accounted for nearly 10% of total Hong Kong retail sales in 2012 with unique critical mass. They command a combined value of HK\$177 billion, underpinned by a 20% compound annual growth rate in retail sales in the past 10 years. Our leadership position in retail is further maintained with the new lease for the Ocean Terminal lot.

Wharf’s mission of Building for Tomorrow underlines the Group’s asset expansion programme in recent years. The new base includes a land bank of 12.3 million square metres across 15 cities, a fast emerging hotel business and valuable port assets in China. The Mainland portfolio contributes to 30% of the Group’s core profit.

Two International Finance Square (IFS) projects under development in Chengdu and Changsha lead Wharf’s new select investment properties and create substantial new value. Each is designed to be a prime property as large as Harbour City and as dominant in their respective markets. Three other IFSs are also being built in Chongqing, Wuxi and Suzhou. Rental income from the Mainland for the first time exceeded HK\$1 billion in 2012 and it will multiply upon the completion of the five IFSs by 2016.

China property is our second most important business with attributable property sales (excluding Greentown China Holdings Limited (“Greentown”)) in 2012 totaled RMB15 billion.

In mid-2012, the Group acquired 25% of equity stake in Greentown, a leading property developer in the Mainland, for about HK\$2.7 billion. This timely investment added synergy to Wharf’s China development initiative and increased our attributable development land bank in the Mainland by 50% to 18 million square metres across more than 40 cities.

The Group’s Marco Polo Hotels operates 13 owned or managed hotels in Asia Pacific, principally in China. 10 new hotels will come on stream over the next five years to significantly expand Marco Polo’s network.

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”). An up to 1% of annual core profit is earmarked to support the community backed by our enthusiastic staff volunteers through our ‘Business-in-Community’ initiative.

In 2012, besides “Caring Company” logo, the Group’s flagship Project WeCan was awarded the Outstanding Partnership Project Award, a prestigious honour by the Hong Kong Council of Social Service to recognise the partnership commitment and the collective efforts demonstrated in the Project to support the deserving students. We are also named a constituent member of Hang Sang Sustainability Benchmark Index with an A-rating for the Group’s sound performance in CSR.