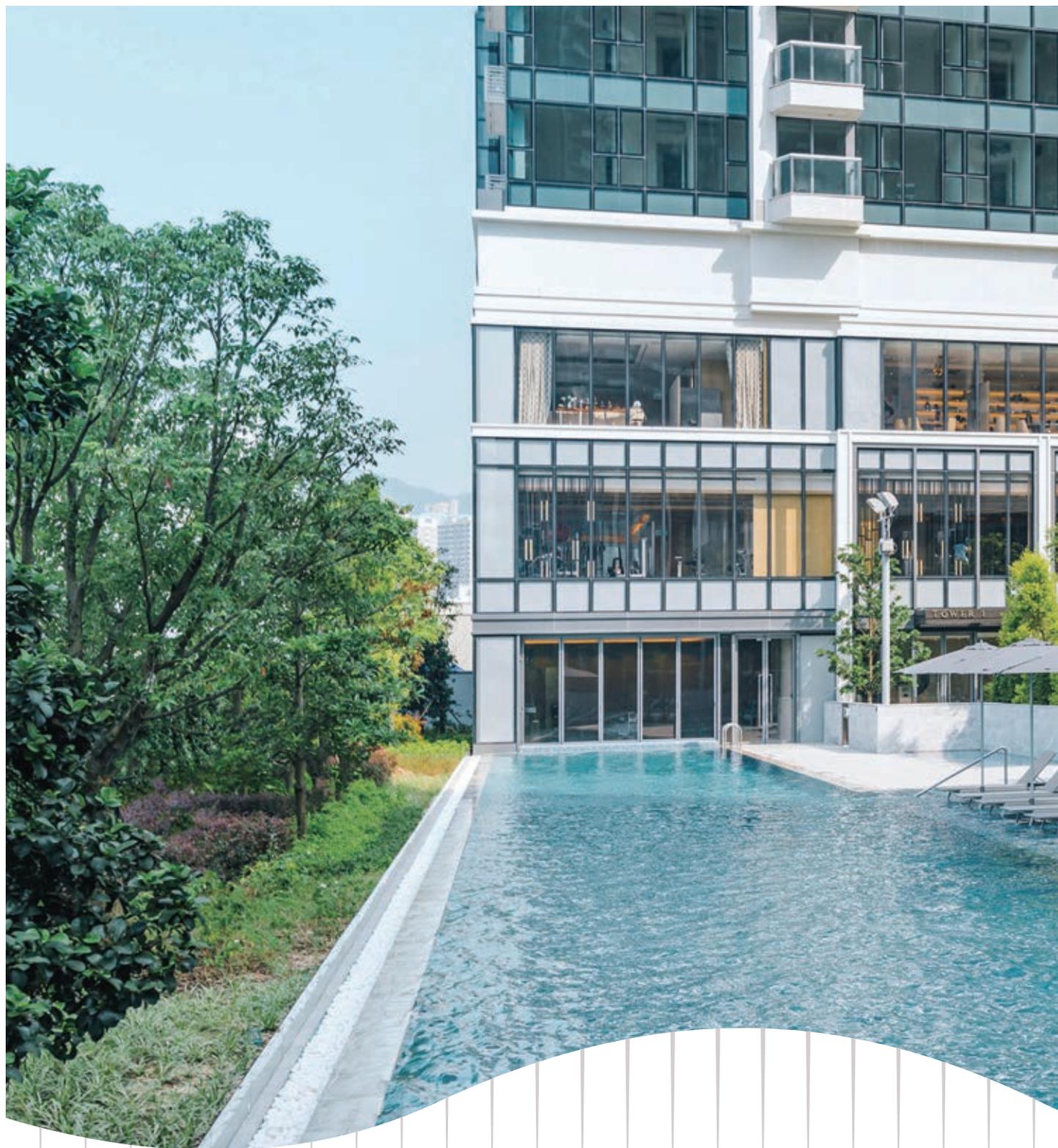
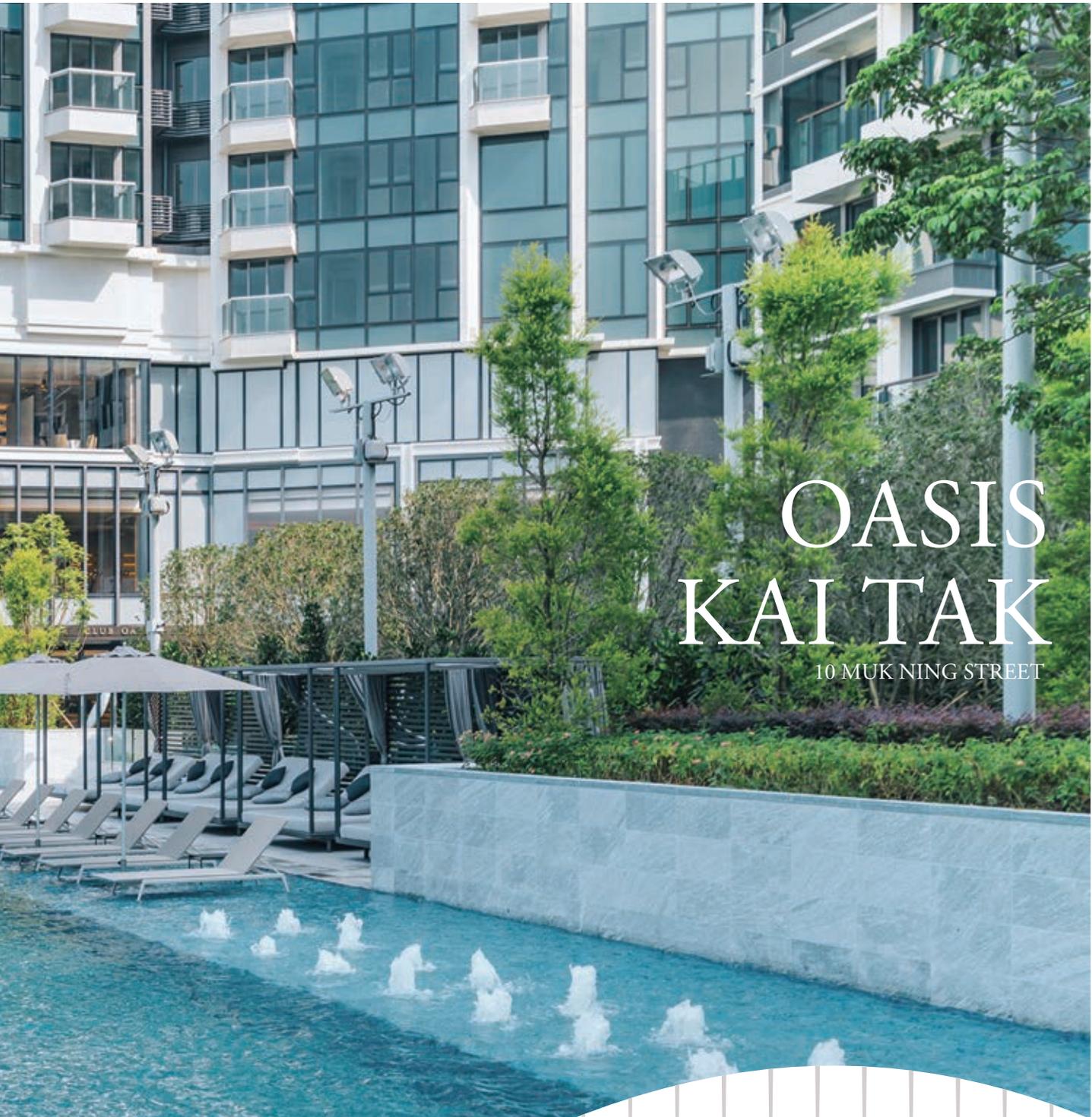


# BUSINESS REVIEW





# OASIS KAITAK

10 MUK NING STREET

## BUSINESS REVIEW

### HONG KONG PROPERTIES

In 2019, contracted residential sales reached HK\$23.6 billion, with 2,080 units transacted.

The Group launched two residential projects in LOHAS Park ("LP"): **MONTARA & GRAND MONTARA** (LP 7) and **MARINI & GRAND MARINI** (LP 9) of the **O'EAST** portfolio during the year under review. The new launches received satisfactory responses and contributed HK\$16.1 billion with a total of 1,906 units presold, accounting for 68% of contracted residential sales.

**MONTARA & GRAND MONTARA**, comprising two high-rise residential towers, were launched for presale in the second quarter. 100% of the total stock, or 1,120 units, were promptly presold for proceeds of HK\$9.8 billion in less than three days.

Following strong sales momentum in the first half, sales take-up of **MARINI & GRAND MARINI**, which were launched for presale in the third quarter, had somewhat moderated. In 2019, a total of 786 units were presold for HK\$6.3 billion, representing a sell-through rate of 82% on launched units.

Up to end February 2020, the two abovementioned projects alongside a previously launched development, **MALIBU** (LP 5), generated total sales proceeds of HK\$31.9 billion for the O'EAST portfolio with more than 3,500 units sold. Featuring urban living, the developments are within walking distance of the upcoming 480,000-square-foot MTR mall, "The LOHAS". They are also easily accessible to LOHAS Park MTR station, and future transport links such as the Cross Bay Link and Tseung Kwan O – Lam Tin Tunnel. Moreover, the developments boast exclusive fully-equipped clubhouses, each offering 24-hour gymnasium, swimming pool and many other amenities.



Grand Montara

Sales recognition of Hong Kong Development Properties ("HKDP") increased to HK\$13.7 billion, as compared to HK\$9.7 billion in 2018. Major projects recognised during the year were **MONTEREY** and **OASIS KAI TAK**. Net order book (i.e. presold but contracted sales not yet recognised) for total Hong Kong properties grew to HK\$32.5 billion, from HK\$26.7 billion at year-end 2018.

There are four major projects in the sales pipeline, spanning across diverse locations. **OCEAN MARINI**, the final phase of the Group's third development in the **O'EAST** portfolio, was launched in early March. Other developments include **Sin Fat Road** in Kwun Tong, **NKIL6564** in Kai Tak and **Hing Wah Street** in West Kowloon. Meanwhile, sales of inventory units are progressing as planned.



Kai Tak Runway Portfolio boasts panoramic views of Victoria Harbour

### Land bank

During the year, the Group continued to replenish its land bank in urban areas. A total of five **Kai Tak** sites with an attributable gross floor area of 1.6 million square feet were acquired. As at the end of December 2019, Group HKDP land bank grew moderately to 6.6 million square feet (December 2018: 6.3 million square feet). Following a successful bid for **LP 12** of **O'EAST** in February 2020, the land bank further rose to 7.5 million square feet. The Group strives to maintain an adequate level of land bank through selective replenishment.

Kai Tak is poised to be a vibrant, self-contained community with a wide variety of lifestyle, leisure, sports and healthcare infrastructures. Its 24-hectare Metro Park, Kai Tak Sports Park and 11-kilometre Promenade facing Victoria Harbour offer distinctive features for the community. Furthermore, Kai Tak is easily accessible to various core districts following the commencement of operation for Shatin-to-Central link in February 2020. Its connectivity will be further enhanced upon the completion of the Central Kowloon Route.

## CORPORATE SOCIAL RESPONSIBILITY (“CSR”) AND BUSINESS-IN-COMMUNITY (“BIC”)

Community well-being is prioritised as a key consideration in the Group’s business decision making. The Group supports a wide range of CSR programmes and initiatives spanning education, community, sustainable development, and lifestyle.

### Education

**Project WeCan**, the Group’s key BIC initiative, aims to provide secondary school students with support to broaden their horizons, equip them and unleash their potential for future careers. With the support of 68 partners, the programme has been benefitting over 70,000 students in 76 secondary schools in Hong Kong through various enrichment activities. In summer 2019, the annual Job Tasting Programme was held, and six students were assigned to work in

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different departments of the Group. During the Completion Ceremony held on the programme's last day, the participating students shared with the Group's management, mentors and school principals their valuable experiences gained through the programme.

The Group endeavours to nurture young design talents. In its annual Wheelock Interior Design Internship Program (WIND), the Group has sponsored fresh graduates in interior design to undertake internships in overseas professional practices, helping them become well-rounded professionals with exposure to other cultures. In July 2019, two graduates from Savannah College of Art and Design and Insight School were awarded sponsorship of HK\$120,000 for each, to broaden their perspective through overseas internships.



National Geographic Wheelock Hong Kong Photo Contest 2019,  
People – Second Runner-Up : A Very Good Way to Space Out  
Glaycheong Wong

### Community

The Group looks to leverage on its skills, expertise and resources to foster initiatives that would benefit the society as a whole by addressing communities' needs. In December 2019, Wheelock Properties Limited ("WPL") announced two peppercorn leases to NGOs with the intention to provide approximately 2,000 units of transitional housing, subject to the approvals of regulatory and consultative bodies. The leases at HK\$1 to The Hong Kong Council of Social Service and The Lok Sin Tong Benevolent Society, Kowloon, will be for a defined term of 8 years.

WPL will support the preliminary land conversion planning applications. Green and sustainable design will be integrated in the project, to ensure a harmonious landscape for residents.

### Sustainable development

The Group has scaled up efforts to minimise environmental impact across our offices, managed properties and construction sites. It has been selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index, which underscores the Group's commitment to sustainability.

### Lifestyle

To encourage and nurture budding photographers, the third annual, global National Geographic Wheelock Hong Kong Photo Contest was launched in October 2019. The theme was "Hong Kong Story: Nature, City and People", welcoming users of both professional gear and mobile phones to uncover the city landscape and stories beyond words.



Monterey

## SUBSIDIARIES

**Wheelock and Company Limited is the majority shareholder of The Wharf (Holdings) Limited and Wharf Real Estate Investment Company Limited. Below is a report on their business performances in 2019.**

### The Wharf (Holdings) Limited (“WHL”)

WHL, a major listed subsidiary of Wheelock, is mainly engaged in property-focused businesses, comprising Investment Properties (“IP”), Development Properties (“DP”) and Hotel in Hong Kong and Mainland China.

Underlying net profit of WHL for the year decreased by 58% to HK\$2.7 billion.

Revenue from Mainland IP increased by 14% to HK\$3.9 billion and operating profit by 23%

to HK\$2.3 billion. Celebrating its first full year of operation, Changsha IFS generated revenue and operating profit of HK\$810 million and HK\$325 million respectively during the year. Another mega integrated complex, Chengdu IFS, saw an 11% growth in revenue to HK\$1.7 billion, with operating profit up by 21% to HK\$947 million. Retail complexes of Changsha IFS, Chengdu IFS and Chongqing IFS recorded high occupancy rates at 97% or above.

Despite steady underlying demand for quality properties in Mainland China, strict price controls prompted financial provisions which resulted in a decline in DP profit by 85%. Inclusive of joint ventures and associates on an attributable basis, revenue recognised during the year eased to HK\$14.8 billion. Operating profit decreased to HK\$4.9 billion while a healthy operating margin of 33% was recorded. Attributable contracted sales totalled RMB19.9 billion for 4,500 units. As of 31 December 2019, the net order book increased to RMB27.4 billion.

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Mount Nicholson

Raising the bar for luxury living, WHL's Peak Portfolio showcases ultra-luxury, exclusivity and scarcity. **MOUNT NICHOLSON**, featuring the finest selection of ultra-luxury residences, has seen continued interest and momentum. In 2019, four houses and three apartments were sold for total contracted sales of HK\$4.2 billion or an average of HK\$96,000 per square foot. It remained a key contributor to Hong Kong DP contracted sales. Alongside the Peak Portfolio, the development pipeline also comprises the Kowloon Tong Residential Project and the Kowloon East Waterfront Portfolio. Currently, WHL manages 17 hotels in Mainland China, Hong Kong and the Philippines, under the 5-star Marco Polo Hotels and luxury Niccolo Hotels brands.

### Wharf Real Estate Investment Company Limited ("Wharf REIC")

Wharf REIC, another major listed subsidiary of Wheelock, is a premium IP company with a primary focus on Hong Kong retail properties. Its portfolio of IPs/hotels in Hong Kong includes Harbour City, Times Square, Plaza Hollywood, Crawford House, Wheelock House and The Murray. In December 2019, Wharf REIC acquired two prime assets, namely Wheelock Place and Scotts Square, both in the heart of the renowned Orchard Road belt of Singapore, from the then wholly-owned subsidiary of Wheelock and Company Limited.

Wharf REIC's underlying net profit eased to HK\$9.8 billion during the year.

The prolonged uncertainties and challenging market conditions have weighed on the overall performance of the retail portfolio. IP revenue and operating profit slightly decreased to HK\$14.3 billion and HK\$12.5 billion respectively. Revenue from Harbour City (including hotels), the largest revenue contributor to Wharf REIC, dropped to HK\$11.6 billion. Times Square and Plaza Hollywood's revenue amounted to HK\$2.8 billion and HK\$552 million respectively.

Occupancies at Wheelock House and Crawford House remained high on the back of prime location and cost effectiveness. Revenue from the Central Portfolio increased to HK\$495 million and operating profit to HK\$431 million.

The ongoing headwinds are also evident in the tourism sector, which has recorded a significant decline in visitor arrivals since the middle of the year. As a result, total revenue for the three hotels at Harbour City – Marco Polo Hongkong, Gateway and Prince – retreated by 22% to HK\$1.2 billion and operating profit by 47% to HK\$250 million.

*Note: Privatisation of Wheelock Properties (Singapore) Pte. Ltd. (formerly known as Wheelock Properties (Singapore) Limited) was completed in November 2019 following a scheme of Selective Capital Reduction Exercise.*