

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 152 to 159.

BUSINESS REVIEW

Discussion and analysis of the Group's business in accordance with Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are covered in different sections of this Annual Report as set out below, which shall form an integral part of this Directors' Report:

- Chairman's Statement (pages 4 to 7)
- Business Review (pages 12 to 18)
- Financial Highlights (pages 10 to 11) and Financial Review (pages 20 to 28)
- Principal Risks and Uncertainties (pages 61 to 62)

Throughout the financial year under review, the Group had duly complied with the relevant laws and regulations which have a significant impact on the Group, including Companies Ordinance, Competition Ordinance, Employment Ordinance, Minimum Wage Ordinance, Personal Data (Privacy) Ordinance, Residential Properties (First-hand Sales) Ordinance, Securities and Futures Ordinance, the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Codes on Takeovers and Mergers and Share Buy-backs.

In addition, the Group's policies and performance in the area of environment, social and governance are discussed in section (K) "Environment, Social and Governance" on pages 63 to 65.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 December 2019 are set out in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income on pages 73 to 74.

Appropriations of profits and movements in reserves of the Group and of the Company during the financial year are set out in the Consolidated Statement of Changes in Equity on page 76 and Note 25 to the Financial Statements on pages 121 to 122.

DIVIDENDS

A first interim dividend of HK\$0.525 per share was paid in September 2019. In lieu of a final dividend, a second interim dividend of HK\$1.050 per share will be paid on 24 April 2020 to Shareholders on record as at 7 April 2020. Total distribution for the year 2019 will amount to HK\$1.575 (2018: HK\$1.550) per share.

REPORT OF THE DIRECTORS (CONTINUED)

SHARE CAPITAL

During the financial year, as a result of exercises of share options previously granted under the Company's share option scheme, a total of 900,000 ordinary shares of the Company, credited as fully paid, were allotted and issued for a total consideration of HK\$32,940,000.

Details of movements in share capital of the Company during the financial year are set out in Note 25(a) to the Financial Statements on page 121.

DONATIONS

The Group made donations during the financial year totalling HK\$47 million.

DIRECTORS

The names of persons who serve/served as Directors of the Company during the financial year and/or during the period from the end of the financial year to the date of this Report are Mr Douglas C K Woo, Mr Stephen T H Ng, Mr Stewart C K Leung, Mr Paul Y C Tsui, Mr Ricky K Y Wong, Mr Horace W C Lee (appointed with effect from 1 January 2020), Mr Tak Hay Chau, Mrs Mignonne Cheng, Mr Winston K W Leong, Mr Alan H Smith, Mr Richard Y S Tang, Mr Kenneth W S Ting, Ms Nancy S L Tse and Dr Glenn S Yee.

At the forthcoming Annual General Meeting, Mr Horace W C Lee, who was appointed as a Director of the Company after the last Annual General Meeting, is due to retire from the Board in accordance with Article 97 of the Company's Articles of Association, and Mr Douglas C K Woo, Mr Ricky K Y Wong, Mr Winston K W Leong, Mr Richard Y S Tang and Dr Glenn S Yee will also retire by rotation from the Board in accordance with Article 106(A). Being eligible, they offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

A list of names of all persons who serve/served as directors of the Company's subsidiaries during the financial year and/or during the period from the end of the financial year to the date of this Report is set out in section (L) "Directors of Subsidiaries" on page 66.

INDEMNITY TO DIRECTORS

Under the Articles of Association of the Company, every Director of the Company is, and is entitled to be, indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution/discharge of the duties of his/her office or otherwise in relation thereto, to the extent as permitted by law.

Furthermore, during the financial year under review and up to the date of this Report, the Company maintains/maintained suitable directors' and officers' liability insurance providing appropriate insurance cover for the Directors of the Company and also for the directors of the Company's subsidiaries in respect of relevant legal action against those directors.

INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement and contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during that financial year.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of the Company and of a subsidiary of the Company, namely, The Wharf (Holdings) Limited ("WHL"), granted under the Company's share option scheme and WHL's share option scheme respectively to certain employees/directors of companies in the Group, some of whom were Directors of the Company during the financial year.

Under the respective rules of the two schemes (such rules being subject to the relevant laws and provisions applicable from time to time), shares of the Company or WHL would be issued at such prices as being not less than the highest of (i) the indicative price as specified in the written offer; (ii) the closing price on the Stock Exchange on the date of grant of the options; and (iii) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the boards of directors of the Company or WHL.

During the financial year, a total of 900,000 ordinary shares of the Company were allotted and issued to two Directors of the Company, namely, Mr Paul Y C Tsui and Mr Ricky K Y Wong, and a total of 1,100,000 ordinary shares of WHL were allotted and issued to two Directors of the Company, namely, Mr Stephen T H Ng and Mr Paul Y C Tsui, on their exercises of options respectively under the Company's and/or WHL's share option schemes. Further information of the share option schemes of the Company and WHL is set out on pages 56 to 58.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

AUDITORS

The Financial Statements now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board
Wilson W S Chan
Secretary

Hong Kong, 11 March 2020

REPORT OF THE DIRECTORS (CONTINUED)

SUPPLEMENTARY CORPORATE INFORMATION

(A) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS ETC.

(i) Directors

Douglas C K WOO, *JP, Chairman & Managing Director (Age: 41)*

Mr Woo has been Chairman of the Company since 2014 and a Director and Managing Director since 2013. He is chairman and member of the Nomination Committee and a member of the Remuneration Committee. He is also vice chairman and managing director of Wheelock Properties Limited ("WPL") and a director of certain other subsidiaries of the Company.

Mr Woo is a Non-official member of the Development Bureau's Land and Development Advisory Committee and a member of the Land Sub-Committee; chairman of the Environment and Conservation Fund; a director and Executive Committee member of The Real Estate Developers Association of Hong Kong ("REDA"); a member of the Notaries Public Disciplinary Tribunal Panel, the Judiciary of Hong Kong; a General Committee member, and member of the Real Estate & Infrastructure Committee of the Hong Kong General Chamber of Commerce ("HKGCC"); and Patron of Project *WeCan* (a Business-in-Community school project). Mr Woo is also a member of the Beijing Committee of the Chinese People's Political Consultative Conference and a member of the All-China Youth Federation. He was appointed a Justice of the Peace in 2016.

Mr Woo holds a Bachelor degree in Architecture from Princeton University in USA and a Master of Business Administration degree (EMBA Program) from The HKUST Business School and The Kellogg School of Management of Northwestern University. He was awarded an Honorary Doctor of Humane Letters degree by Savannah College of Art and Design (Hong Kong). Under the existing service contract between the Group and Mr Woo, his basic salary and various allowances for the year 2020, calculated on an annualised basis, would be approximately HK\$7.12 million (2019: HK\$6.94 million) per annum.

Stephen T H NG, *Deputy Chairman (Age: 67)*

Mr Ng has been a Director of the Company since 1988 and became Deputy Chairman in 1995. He is chairman and managing director of both The Wharf (Holdings) Limited ("WHL") and Wharf Real Estate Investment Company Limited ("Wharf REIC"), as well as chairman of Harbour Centre Development Limited ("HCDL"), all of which are publicly listed subsidiaries of the Company. Mr Ng is primarily responsible for the overall strategic planning and major decision making for WHL group and Wharf REIC group and performs a leadership role in monitoring and evaluating the two groups' businesses. Furthermore, he is non-executive chairman of publicly listed Joyce Boutique Group Limited ("JBGL") and a non-executive director of publicly listed Greentown China Holdings Limited ("Greentown"). Mr Ng is also chairman of Wheelock Properties (Singapore) Pte. Ltd. (formerly known as "Wheelock Properties (Singapore) Limited" which had been a subsidiary of the Company publicly listed in Singapore until October 2018). Mr Ng formerly served as chairman and chief executive officer of publicly listed i-CABLE Communications Limited ("i-CABLE") until his resignation in September 2017 and also a non-executive director of Hotel Properties Limited (publicly listed in Singapore) until his resignation in December 2018.

Mr Ng was born in Hong Kong in 1952 and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, USA and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He is chairman of Project *WeCan* Committee (a Business-in-Community school project), council member, vice chairman of General Committee and member of Executive Committee of the Employers' Federation of Hong Kong ("EFHK"), and a council member of HKGCC (on retirement from the Chamber Chair in 2018). Under the existing service contract between the Group and Mr Ng, his basic salary and various allowances for the year 2020, calculated on an annualised basis, would be approximately HK\$8.89 million (2019: HK\$8.65 million) per annum.

Stewart C K LEUNG, *Vice Chairman (Age: 81)*

Mr Leung has been Vice Chairman of the Company since 2012. He is currently the chairman of WPL and Wheelock Properties (Hong Kong) Limited (“WPHKL”), both being wholly-owned subsidiaries of the Company. Mr Leung has extensive experience in property development, construction, management and related businesses in Hong Kong. He was formerly a director of two publicly listed companies, namely, New World Development Company Limited and New World China Land Limited. Mr Leung is currently the chairman of the Executive Committee of REDA. Under the existing service contract between the Group and Mr Leung, his basic salary and various allowances for the year 2020, calculated on an annualised basis, would be approximately HK\$5.52 million (2019: HK\$5.52 million) per annum.

Paul Y C TSUI, *Executive Director & Group Chief Financial Officer (Age: 73)*

Mr Tsui, *FCCA, FCPA, FCMA, CGMA, CPA, CGA*, has been a Director of the Company since 1998. He became Executive Director of the Company in 2003 and is currently also Group Chief Financial Officer. Mr Tsui is a vice chairman and group chief financial officer of WHL; and a vice chairman and an executive director of Wharf REIC. Furthermore, he is a vice chairman of WPL and a director of certain other subsidiaries of the Company. Mr Tsui is also a director of JBGL. He formerly served as a director of i-CABLE until his resignation in September 2017. Mr Tsui is currently a member of the General Committee of the EFHK and chairman of the EFHK’s Property & Construction functional group. Under the existing service contract between the Group and Mr Tsui, his basic salary and various allowances for the year 2020, calculated on an annualised basis, would be approximately HK\$5.81 million (2019: HK\$5.64 million) per annum.

Ricky K Y WONG, *Executive Director (Age: 55)*

Mr Wong has been a Director of the Company since 2010 and became an Executive Director in January 2018. He joined the Group in 1989 and is currently the managing director of WPL and WPHKL, as well as a director of certain other subsidiaries of the Company. He is presently responsible for overseeing the property development and related business of the Group in Hong Kong. Mr Wong is currently a member of the General Committee of the EFHK, a member of the Legal Sub-committee of REDA, a fellow member of Royal Institution of Chartered Surveyors, a board member of Estate Agents Authority, and the chairman of the Advisory Committee on Enhancing Self-reliance through District Partnership (ESR) Programme of the Home Affairs Department.

Mr Wong was a director of The Hong Kong Green Building Council, an associate member of Hong Kong Special Administrative Region (“HKSAR”) – Central Policy Unit from 2013 to June 2017 and also served as a co-opted member of the Hong Kong Diploma of Secondary Education Examination (HKDSE) – Applied Learning Subject Committee of the Hong Kong Examinations and Assessment Authority from September 2015 to August 2018. Mr Wong graduated from University of Wisconsin in the US with a Master Degree in Business Administration. Under the existing service contract between the Group and Mr Wong, his basic salary and various allowances for the year 2020, calculated on an annualised basis, would be approximately HK\$5.42 million (2019: HK\$5.21 million) per annum.

REPORT OF THE DIRECTORS (CONTINUED)

Horace W C LEE, *Director (Age: 59)*

Mr Lee, *CPA (HKICPA)*, was appointed a Director of the Company in January 2020. He joined the Group in 2012 and has over 30 years of financial management experience across different business sectors and companies. He is also a director and group financial controller of Wheelock Corporation Limited and a director of WPHKL and certain other subsidiaries of the Company. Mr Lee is also a member of the Company's Finance Committee and a member of WPHKL's Management Committee. He assumes responsibilities for the Company's finance, banking, human resources, investor relations, corporate communications and information technology functions.

Mr Lee attained a Master of Business Administration degree (EMBA Programme) in 2004 from The Kellogg School of Management of Northwestern University and The Hong Kong University of Science & Technology Business School. Currently, he is a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. Under the existing service contract between the Group and Mr Lee, his basic salary and various allowances for the year 2020, calculated on an annualised basis, would be approximately HK\$3.28 million per annum.

Tak Hay CHAU, *GBS, Director (Age: 77)*

Mr Chau has been an Independent Non-executive Director ("INED") of the Company since 2012. He graduated from The University of Hong Kong in 1967. Mr Chau served in a number of principal official positions in the Hong Kong Government between 1988 and 2002, including Secretary for Commerce and Industry, Secretary for Broadcasting, Culture and Sport, and Secretary for Health and Welfare. Mr Chau was awarded the Gold Bauhinia Star by the Government of HKSAR in 2002. He is an INED of two companies publicly listed in Hong Kong, namely, SJM Holdings Limited and Tradelink Electronic Commerce Limited.

Mignonne CHENG, *Director (Age: 73)*

Mrs Cheng has been a Non-executive Director of the Company since 2012. Mrs Cheng, a seasoned banker, has amassed over 35 years of experience in the financial sector with over 25 years in senior management positions in corporate and commercial banking as well as investment banking. She joined BNP Paribas in 1990 and has held various senior positions in BNP Paribas group in the past 30 years. Mrs Cheng is currently the chairman of BNP Paribas Wealth Management for Asia Pacific and a member of the executive committee of BNP Paribas Wealth Management, since the appointment in 2010. In addition, she is the G100 member of BNP Paribas.

Prior to joining BNP Paribas, Mrs Cheng had been with Chase Manhattan Bank Hong Kong Branch for 18 years, where she took up various positions both on the control and on the operational sides. Mrs Cheng was a member of the Banking Advisory Committee chaired by the Financial Secretary of the Government of HKSAR, and also served as a member of The Consultative Committee of the Basic Law of the HKSAR between 1985 and 1989 when the Basic Law was being drafted.

In October 2006, Mrs Cheng was granted the "Top 100 Outstanding Women in Greater China Award" by The Chinese Women Entrepreneurs Association. In October 2007, Mrs Cheng was decorated "Chevalier de l'Ordre National du Mérite", a French national award, and subsequently "Chevalier de l'Ordre de la Légion d'Honneur" in May 2012. In August 2011, Mrs Cheng was honored as Top 20 Women in Finance by FinanceAsia. Mrs Cheng was granted the "Private Banker of the Year-Hong Kong" by The Asset in September 2015 and "Outstanding Private Banker-Asia Pacific 2016" by Private Banker International in October 2016.

Winston K W LEONG, *Director (Age: 60)*

Mr Leong has been an INED of the Company since 2013. He holds a Bachelor of Arts degree in economics and law from the University of Cambridge and a Bachelor of Laws degree from the University of British Columbia. He qualified to practise law in England & Wales, New York State and the Province of British Columbia, Canada, before working in investment banking and then management of private equity funds for investment in the Asia Pacific region. During the course of his career, he has worked in London, Vancouver, New York as well as Hong Kong. Mr Leong is currently a director of various private business enterprises. He was elected the Chairman of The Hong Kong Club for a one-year term in May 2019.

Alan H SMITH, *JP, Director (Age: 76)*

Mr Smith has been an INED of the Company since 2012. He also serves as a member and chairman of the Company's Audit Committee, and a member of the Company's Nomination Committee and Remuneration Committee. He was the vice chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was chief executive of the Jardine Fleming group from 1983 to 1994 and was chairman of the Jardine Fleming group from 1994 to 1996. Mr Smith has over 27 years of investment banking experience in Asia. He was elected a council member of the Stock Exchange on two occasions. He was a member of the Economic Advisory Committee of the Government of HKSAR, and had for 10 years been a member of the Hong Kong Government's Standing Committee on Company Law Reform. He was a trustee of the Hospital Authority Provident Fund Scheme from 2002 to 2014.

Mr Smith graduated with an LLB (Honours) degree from Bristol University, England in 1964, and was admitted as a solicitor in England in 1967 and in Hong Kong in 1970. Mr Smith is also a director of Genting Hong Kong Limited and Guangdong Land Holdings Limited, which are both listed on the Stock Exchange, and also an INED of ICBC Credit Suisse Asset Management Co., Ltd.

Richard Y S TANG, *SBS, JP, Director (Age: 67)*

Mr Tang, *BSc, MBA*, has been an INED of the Company since 2012. He is an MBA graduate from the University of Santa Clara, California, USA and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, USA. Mr Tang is currently chairman and managing director of Richcom Company Limited. He is also chairman of King Fook Holdings Limited and an executive director of Miramar Hotel and Investment Company, Limited, both companies being publicly listed on the Stock Exchange. Mr Tang formerly served as an INED of Hang Seng Bank Limited until his retirement in May 2018. Furthermore, he is a director of various private business enterprises and an advisor of Tang Shiu Kin and Ho Tim Charitable Fund.

Kenneth W S TING, *SBS, JP, Director (Age: 77)*

Mr Ting has been an INED of the Company since 2003. He also serves as a member and chairman of the Company's Remuneration Committee as well as a member of the Company's Audit Committee and Nomination Committee. Mr Ting is the chairman and managing director of publicly listed Kader Holdings Company Limited and chairman of Kader Industrial Company Limited. He is also an INED of publicly listed Cheuk Nang (Holdings) Limited. Mr Ting currently serves as the honorary president of HK Wuxi Trade Association Limited, the Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong and the Toys Manufacturers' Association of Hong Kong Limited, and also the Honorary Life President of Hong Kong Plastics Manufacturers' Association Limited. Mr Ting also serves as a member of a number of other trade organisations and public committees such as HKGCC. He is a Life Honorary Court member of The Hong Kong University of Science and Technology Court.

REPORT OF THE DIRECTORS (CONTINUED)

Nancy S L TSE, JP, Director (Age: 67)

Ms Tse, *FCPA (HKICPA), CPA, CA (Canada)*, has been an INED of the Company since 2013. She also serves as a member of the Company's Audit Committee. Ms Tse is currently an INED of Link Asset Management Limited (as manager of Link Real Estate Investment Trust, a publicly listed company in Hong Kong), DBS Bank (Hong Kong) Limited and HSBC Provident Fund Trustee (Hong Kong) Limited. She is also a member of the Board of Governors of the Prince Philip Dental Hospital. Ms Tse obtained her Bachelor of Arts (Honours) degree in Mathematics and Master of Business Administration degree in Finance/Accounting from the University of California, Los Angeles, United States; and qualified as Chartered Accountant in Toronto, Canada. She is also a Fellow of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors. Ms Tse was the Chief Financial Officer and Director (Finance and Information Technology Services) of the Hong Kong Hospital Authority ("HA") until her retirement at the end of August 2013. She joined the HA in 1991 when it was established. She is an Adjunct Professor of The Jockey Club School of Public Health and Primary Care of The Chinese University of Hong Kong and sits on the boards and committees of a number of other charitable organisations and non-government organisations. She served as a member of Audit Committee of The University of Hong Kong until June 2019.

Glenn S YEE, Director (Age: 69)

Dr Yee has been an INED of the Company since 2010. He also serves as a member of the Company's Audit Committee. Dr Yee is the founder, managing director and chairman of Pacific Can China Holdings Limited ("Pacific Can"), which was a leading beverage can manufacturers in China. In 2018, after completing the sale of the entire China manufacturing business to a Chinese entity, he founded Oakhaven Limited, a private investment company involved in green industry and other projects. Dr Yee obtained a B.S. in Mechanical Engineering from Worcester Polytechnic Institute ("WPI") in Massachusetts, an MBA Degree from Columbia University in New York, and received an Honorary Doctor of Engineering Degree from WPI. Starting his career in General Electric Company in New York, and later joining Continental Can Company in Stamford, Connecticut, he has held senior positions in Marketing and Finance areas and became managing director of Continental Can Hong Kong Ltd in 1988. He resigned in 1991 and subsequently started Pacific Can. Dr Yee is a member of the Board of Trustees at WPI.

Note: The Company confirms that it has received written confirmation from each of the INEDs confirming their independence pursuant to Rule 3.13 of the Listing Rules, and considers them independent.

(II) Senior Management

Various businesses of the Group are respectively under the direct responsibility of the Chairman & Managing Director, the Deputy Chairman, the Vice Chairman and the Executive Directors of the Company as named under (A)(I) above, who are regarded as senior management of the Group.

(B) DIRECTORS' INTERESTS IN SECURITIES**(I) Interests in Shares & Debt Securities**

At 31 December 2019, Directors of the Company had the following interests, all being personal, beneficial and long position interests, in the shares and/or debt securities of the Company, of three subsidiaries of the Company, namely, WHL, Wharf REIC and Wheelock Finance Limited, and also of Greentown, which is regarded as an associated corporation of the Company, and the percentages which the relevant shares represented as compared to the total number of shares in issue of the relevant companies respectively are also set out below:

	Quantity (percentage, where applicable) held
The Company	
Douglas C K Woo – Ordinary Shares	3,000,000 (0.1464%)
Stephen T H Ng – Ordinary Shares	176,000 (0.0086%)
Stewart C K Leung – Ordinary Shares	50,000 (0.0024%)
Paul Y C Tsui – Ordinary Shares	300,000 (0.0146%)
Ricky K Y Wong – Ordinary Shares	609,000 (0.0297%)
WHL	
Stephen T H Ng – Ordinary Shares	2,009,445 (0.0659%)
Kenneth W S Ting – Ordinary Shares	659,024 (0.0216%)
Wharf REIC	
Stephen T H Ng – Ordinary Shares	1,259,445 (0.0415%)
Kenneth W S Ting – Ordinary Shares	659,024 (0.0217%)
Wheelock Finance Limited	
Ricky K Y Wong – HKD Guaranteed Notes due 2022	HK\$5,000,000
Greentown China Holdings Limited	
Stephen T H Ng – Senior Notes due 2020	US\$210,000
Ricky K Y Wong – USD Fixed Rate Notes due 2020	US\$600,000

Note: The interests in shares disclosed above do not include interests in share options of the Company and/or its subsidiary(ies) held by Directors of the Company as at 31 December 2019. Details of such interests in share options are separately set out below under subsection (B)(II) "Interests in Share Options of the Company" and subsection (B)(III) "Interests in Share Options of WHL".

REPORT OF THE DIRECTORS (CONTINUED)

(II) Interests in Share Options of the Company

Set out below are particulars and movement(s), if any, of all options (all being personal interests) held during the financial year ended 31 December 2019 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of the Company ("Wheelock's share(s)") granted/exercisable under the share option scheme of the Company:

Name of Director	Total No. of Wheelock's shares under option held as at 31 December 2019 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of Wheelock's shares under option				Subscription price per share (HK\$)
			As at date of grant	As at 1 January 2019	Exercised during the year	As at 31 December 2019	
Douglas C K Woo	5,000,000 (0.24%)	07/07/2016	5,000,000	5,000,000	–	5,000,000	36.60
Stewart C K Leung	1,200,000 (0.06%)	07/07/2016	3,000,000	1,200,000	–	1,200,000	36.60
Paul Y C Tsui	600,000 (0.03%)	07/07/2016	1,500,000	900,000	300,000 (Note b)	600,000	36.60
Ricky K Y Wong	1,200,000 (0.06%)	07/07/2016	3,000,000	1,800,000	600,000 (Note c)	1,200,000	36.60

Notes:

- (a) Regarding the share options granted to the abovementioned Directors on the date of grant as set out above, the share options as originally granted (i.e. the original total quantity of options granted on the date of grant) were/are vested in five tranches exercisable within a period of 5 years, with each tranche covering one-fifth of the options, i.e. exercisable to the extent of one-fifth of the total number of Wheelock's shares under option, and with the 1st tranche exercisable from the day immediately following the date of grant, and the 2nd, 3rd, 4th and 5th tranches exercisable from the day immediately following the 1st, 2nd, 3rd and 4th anniversary dates of the date of grant respectively; all the options will lapse at the close of business on the 5th anniversary date of the date of grant.
- (b) The closing price of Wheelock's shares immediately before the date of exercise of options by Mr Paul Y C Tsui (all exercised on the same day) during the year was HK\$51.50 per share.
- (c) The closing price of Wheelock's shares immediately before the date of exercise of options by Mr Ricky K Y Wong (all exercised on the same day) during the year was HK\$58.65 per share.

(III) Interests in Share Options of WHL

There was in existence during the financial year a share option scheme of WHL (the “WHL’s Scheme”). Set out below are particulars and movement(s), if any, of all options (all being personal interests) held during the financial year ended 31 December 2019 by Directors (and/or their respective associate(s)) of the Company to subscribe for ordinary shares of WHL (“WHL’s share(s)”) granted/exercisable under the WHL’s Scheme:

Name of Director	Total No. of WHL’s shares under option held as at 31 December 2019 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of WHL’s shares under option				Subscription price per Share (HK\$)
			As at date of grant	As at 1 January 2019	Exercised during the year	As at 31 December 2019	
Stephen T H Ng	3,000,000 (0.10%)	07/07/2016	5,000,000	3,500,000	500,000 <i>(Note ii)</i>	3,000,000	15.92
Paul Y C Tsui	300,000 (0.01%)	07/07/2016	1,500,000	900,000	600,000 <i>(Note iii)</i>	300,000	15.92

Notes:

- (i) Regarding the share options granted to the abovementioned Directors on the date of grant as set out above, the share options as originally granted (i.e. the original total quantity of options granted on the date of grant) were/are vested in five tranches exercisable within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the total number of WHL’s shares under option, and with the 1st tranche exercisable from the day immediately following the date of grant, and the 2nd, 3rd, 4th and 5th tranches exercisable from the day immediately following the 1st, 2nd, 3rd and 4th anniversary dates of the date of grant respectively; all the options will lapse at the close of business on the 5th anniversary date of the date of grant.
- (ii) The closing price of WHL’s shares immediately before the date of exercise of options by Mr Stephen T H Ng (all exercised on the same day) during the year was HK\$17.66 per share.
- (iii) The closing price of WHL’s shares immediately before the date of exercise of options by Mr Paul Y C Tsui (all exercised on the same day) during the year was HK\$16.92 per share.

Except as disclosed above:

- (1) no share option of the Company and/or WHL held by Directors of the Company and/or their associate(s) lapsed or was exercised or cancelled during the financial year and no share option of the Company and/or WHL was granted to any Director of the Company and/or any of their associate(s) during the financial year; and
- (2) as recorded in the register kept by the Company under Section 352 of the Securities and Futures Ordinance (“SFO”) in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Listing Rules, there were no interests, both long and short positions, held as at 31 December 2019 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and/or its associated corporations held by any of them as at 31 December 2019.

REPORT OF THE DIRECTORS (CONTINUED)

(C) SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 31 December 2019 and the respective relevant numbers of shares (percentages based on all issued shares) in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under Section 336 of the SFO (the "Register"):

Names	Number (percentage) of Ordinary Shares
(i) Mr Peter K C Woo <i>(Note 2)</i>	368,948,652 (18.01%)
(ii) Mrs Bessie P Y Woo <i>(Note 2)</i>	368,948,652 (18.01%)
(iii) HSBC Trustee (C.I.) Limited	995,221,678 (48.57%)

Notes:

- (1) Duplication occurred in respect of the shareholdings stated against parties (i) and (ii) above to the extent that they represented the same block of shares.
- (2) For the purpose of disclosure of interests in share options of the Company and of WHL under the Listing Rules, Mr Douglas C K Woo is regarded as an associate of each of party (i) and party (ii). Particulars of Mr Douglas C K Woo's relevant share option interests (not included in the interests held by party (i) and party (ii) mentioned above) are set out above under subsections (II) and (III) in section (B) "Directors' Interests in Securities".

All the interests stated above represented long positions and as at 31 December 2019, there were no short position interests recorded in the Register.

(D) SHARE OPTION SCHEMES

(I) Summary of the Share Option Scheme of the Company (the "Company's Scheme")

- (a) Purpose of the Company's Scheme:
To provide directors and/or employees with the opportunity of acquiring an equity interest in the Company, to continue to provide them with the motivation and incentive to give their best contribution towards the Group's continued growth and success.
- (b) Eligibility:
Eligible participants include any person(s) who is/are full-time and/or part-time employee(s) and/or Director(s) of the Company, any of its subsidiary(ies), and/or any of its associate(s). "Associates" include joint venture(s) and subsidiary(ies) of associates and of joint ventures.
- (c) (i) Total number of Wheelock's shares available for issue under the Company's Scheme as at the date of this Annual Report:
182,184,928
- (ii) Percentage which the 182,184,928 Ordinary Shares represent to the total number of Wheelock's shares in issue as at the date of this Annual Report:
8.87%
- (d) Maximum entitlement of each eligible participant under the Company's Scheme:
Not to exceed 1% of all Wheelock's shares in issue in any 12-month period unless approved by Shareholders of the Company
- (e) Period within which Wheelock's shares must be taken up under an option:
Within 10 years from the date on which the option is offered or such shorter period as the Directors may determine

- (f) Minimum period for which an option must be held before it can be exercised:
No minimum period unless otherwise determined by the Board
- (g) (i) Price payable on application or acceptance of the option:
HK\$10.00
- (ii) The period within which payments or calls must or may be made:
28 days after the offer date of an option or such shorter period as the Directors may determine
- (iii) The period within which loans for the purposes of the payments or calls must be repaid:
Not applicable
- (h) Basis of determining the subscription price:
The subscription price shall be determined by the Directors at the time of offer but shall not be less than whichever is the highest of:
- (i) the indicative price per share for subscription of Wheelock's shares under the option as specified in the written offer containing the offer of the grant of the option to an eligible participant;
- (ii) the closing price of Wheelock's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of an option, which must be a Stock Exchange trading day; and
- (iii) the average closing price of Wheelock's shares as stated in the Stock Exchange's daily quotation sheets for the five Stock Exchange trading days immediately preceding the date of grant of an option.
- (i) The remaining life of the Company's Scheme:
Approximately 1 year (expiring on 8 June 2021)

(II) Details of Outstanding Options for Shares of the Company

Set out below are particulars and movement(s), if any, during the financial year of all share options of the Company outstanding during the year (all such share options were granted to Directors of the Company working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits):

Date of grant (Day/Month/Year)	No. of Wheelock's shares under option			Vesting/Exercise Period (both dates inclusive) (Day/Month/Year)	Subscription price per share (HK\$)
	As at 1 January 2019	Exercised during the year	As at 31 December 2019		
07/07/2016:	1,000,000	–	1,000,000	08/07/2016-07/07/2021	36.60
	1,000,000	–	1,000,000	08/07/2017-07/07/2021	36.60
	1,900,000	900,000	1,000,000	08/07/2018-07/07/2021	36.60
	2,500,000	–	2,500,000	08/07/2019-07/07/2021	36.60
	2,500,000	–	2,500,000	08/07/2020-07/07/2021	36.60
Total:	8,900,000	900,000	8,000,000		

Notes:

- (1) The weighted average closing price of Wheelock's shares immediately before the date(s) of exercise(s) of the options during the financial year as abovementioned was HK\$56.27 per share.
- (2) Except as disclosed above, no share option of the Company lapsed or was granted, exercised or cancelled during the financial year.

REPORT OF THE DIRECTORS (CONTINUED)

(III) Details of Outstanding Options for Shares of WHL

The terms, conditions, and relevant information of the WHL's Scheme are, *mutatis mutandis*, identical to those of the Company's Scheme (as set out under section (D)(I) above) in all material respects, except that for (c)(i) and (c)(ii) under section (D)(I) above, the relevant number/percentage for the WHL's Scheme are 276,144,732 and 9.06% respectively.

Set out below are particulars and movement(s), if any, during the financial year of all WHL's share options outstanding during the year (all such share options were granted to employees and/or directors of WHL and/or its subsidiaries (some being also Directors of the Company), all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits):

Date of grant (Day/Month/Year)	No. of WHL's shares under option			Vesting/Exercise Period (both dates inclusive) (Day/Month/Year)	Subscription price per share (HK\$)
	As at 1 January 2019	Exercised during the year	As at 31 December 2019		
07/07/2016:	–	–	–	08/07/2016-07/07/2021	15.92
	800,000	700,000	100,000	08/07/2017-07/07/2021	15.92
	2,300,000	500,000	1,800,000	08/07/2018-07/07/2021	15.92
	2,900,000	900,000	2,000,000	08/07/2019-07/07/2021	15.92
	2,900,000	–	2,900,000	08/07/2020-07/07/2021	15.92
Total:	8,900,000	2,100,000	6,800,000		

Notes:

- (1) The weighted average closing price of WHL's shares immediately before the date(s) of exercise(s) of the options during the financial year as abovementioned was HK\$17.77 per share.
- (2) Except as disclosed above, no share option of WHL lapsed or was granted, exercised or cancelled during the financial year.

(E) RETIREMENT BENEFITS SCHEMES

The Group's principal retirement benefits schemes available to its employees in Hong Kong are defined contribution schemes (including the Mandatory Provident Fund) which are administered by independent trustees. Both the Group and the employees contribute respectively to the schemes sums which represent a certain percentage of the employees' salaries. The contributions by the Group are expensed as incurred and may be reduced by contributions forfeited for those employees who have left the schemes prior to full vesting of the related employer's contributions.

The employees of the Group's subsidiaries in PRC are members of the state-managed social insurance and housing funds operated by the Government of PRC. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the funds to fund the benefits. The only obligation of the Group with respect to the retirement benefits of PRC employees is to make the specified contributions.

(F) MAJOR CUSTOMERS & SUPPLIERS

For the financial year ended 31 December 2019:

- (a) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented 22% of the Group's total purchases;
- (b) the largest supplier accounted for 8% of the Group's total purchases;
- (c) none of the Directors of the Company or their associates holds, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's equity capital hold, any interests in any of the Group's five largest suppliers; and
- (d) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

(G) BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of any and all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 December 2019 which were repayable on demand or within a period not exceeding one year or after one year are set out in Note 21 to the Financial Statements on pages 107 to 108.

(H) PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Report, the Company has maintained the prescribed public float under the Listing Rules throughout the financial year ended 31 December 2019.

(I) DISCLOSURE OF CONNECTED TRANSACTIONS

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcement made by the Company dated 2 January 2018, and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company:

(i) Master Tenancy Agreement between the Group and WGL

During the financial year under review, there existed various tenancy agreements entered into between certain subsidiaries of the Company as landlords and certain subsidiaries, associates and/or affiliates of Wisdom Gateway Limited ("WGL") as tenants (the "Eligible Tenants") for the purpose of the letting by the landlords to the Eligible Tenants certain properties owned by the Group for operating various retail businesses, including Lane Crawford stores and CitySuper stores.

On 2 January 2018, the Group entered into a master tenancy agreement (the "MTA") with WGL for a term of three years from 1 January 2018 to 31 December 2020. The MTA is for the purpose of, *inter alia*, regulating various continuing connected transactions in respect of the leasing of premises owned by members of the Group to the Eligible Tenants and the fixing of the aggregate annual cap amount of rentals in relation thereto during the said three-year term.

REPORT OF THE DIRECTORS (CONTINUED)

As WGL is indirectly wholly-owned by a trust, the settlor of which is Mr Peter K C Woo, who is a substantial shareholder of the Company, the MTA and various transactions contemplated therein and/or governed thereunder (collectively, the “MTA Transactions”) constituted continuing connected transactions for the Company under the Listing Rules.

The annual aggregate amount of rental under the MTA, which is subject to the relevant aggregate annual cap amount previously disclosed in the abovementioned announcement dated 2 January 2018, received by the Group from the Eligible Tenants for the financial year ended 31 December 2019 amounted to HK\$903 million.

- (ii) With regard to the Material Related Party Transactions as disclosed under Note 29 to the Financial Statements on page 125, the transactions stated under paragraph “(a)” therein constitutes connected transactions (as defined under the Listing Rules) of the Company and the one under paragraph “(b)” does not constitute a connected transaction for the Company.

(iii) Confirmation from Directors etc.

The Directors, including the INEDs, of the Company have reviewed the MTA Transactions mentioned under section (I)(i) above and confirmed that the MTA Transactions were entered into:

- (a) by the Group in the ordinary and usual course of its business;
- (b) on normal commercial terms or better; and
- (c) according to the agreements governing such MTA Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

In accordance with paragraph 14A.56 of the Listing Rules, the Board of Directors engaged the Company’s auditors to perform procedures on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants.

The auditors of the Company have advised that nothing has come to their attention that causes them to believe that:

- (1) the MTA Transactions had not been approved by the Company’s Board of Directors;
- (2) the MTA Transactions were not, in all material respects, entered into in accordance with the terms of the related agreements governing the MTA Transactions;
- (3) the relevant cap amounts, where applicable, have been exceeded during the financial year ended 31 December 2019; and
- (4) in the event that there would be any transactions involving the provision of goods and services by the Group, the transactions were not, in any material respects, in accordance with the pricing policies of the Group.

(J) PRINCIPAL RISKS AND UNCERTAINTIES

The following is a list of principal risks and uncertainties that are considered to be of significance as it currently stands and with potential affecting the Group's businesses, results of operations and financial conditions. However, this is non-exhaustive as there may be other risks and uncertainties arising from changes in economic and other conditions over time. The Group employs a risk management and internal control framework to identify current and foreseeable risks at different levels of the organisation so as to take preventive actions to avoid or mitigate their adverse impacts.

Risks pertaining to Development Properties ("DP")

DP segment is the Group's core business, primarily in Hong Kong and Mainland China. Accordingly, the DP segment is subject to economic, political and legal developments in Hong Kong and Mainland China as well as in the economies in the surrounding region.

In Hong Kong, the DP market has been affected by the economic and market conditions, escalating construction costs, environmental issues, government approval and the policies of the government through legislative or administrative measures. In recent years, the Government of HKSAR has imposed control measures including Residential Properties (First-hand Sales) Ordinance, heavier stamp duties and home loan curbs.

In recent years, the DP market in Mainland China has been concurrently affected by the economic trend and government policies such as the adoption of category-based regulatory measures and the bilateral regulatory measures for the real estate market, policy changes affecting the issue of pre-sale licenses and permitted selling prices, mortgage levels and ownership, interest rate changes, supply and demand conditions as well as the overall economic volatility in Mainland China.

The Group's DP segment is expected to continue exposing to these risks, which may affect the Group's investment strategy and business model as well as the performance in DP. In this respect, the Group actively assesses the overall economic, political and legal developments as well as the property markets in Hong Kong and Mainland China for deciding viable acquisitions and selling strategies. For each potential project, detailed feasibility and stress test with regard to all aspects will be carried out before an acquisition to minimise the commercial and legal risks.

Risks pertaining to Investment Properties ("IP")

IP segment is another core business of the Group accounting for over 55% of the Group's total assets. With the majority of the properties locating in Hong Kong and Mainland China, the general economic climate, regulatory changes, government policies and the political conditions in both Hong Kong and Mainland China may have a significant impact on the Group's overall financial results and condition. The Group's rental income may experience more frequent adjustments resulting from competition arising from an oversupply in retail and office areas. Furthermore, rental levels may also be impacted by external economic and market conditions including but not limited to the fluctuations in general supply and demand, performance in stock markets and financial volatility, which may indirectly affect the Group's IP performance.

IPs are stated at fair values in accordance with the Hong Kong Financial Reporting Standards in the statement of financial position at each reporting period. The fair values are provided by independent professional surveyors and the changes in fair value are recognised in the statement of profit or loss. Given the size of the Group's IP portfolio, any significant change in the IP values may overwhelmingly affect the Group's results that may not be able to reflect the Group's operating and cash flow performance.

REPORT OF THE DIRECTORS (CONTINUED)

In this respect, the Group regularly assesses changes in economic environment and stays alert to market needs and competitors' offensives in order to maintain competitiveness. Continuously upkeeping the quality of the assets and building up a diversified and high-quality tenant-mix also help the Group to grow revenue and to resist a sluggish economy. In addition, long-range planned and tactical promotions are seamlessly executed for maintaining the IPs' leading brands and value.

Non property related businesses

The Group operates container terminals both in Hong Kong and Mainland China. Amid soft trade and manufacturing activity, global economic growth slipped to the slowest pace since the financial crisis. Sino-US trade tension and a slowdown in Mainland China's growth further dampened confidence in investment and economic development.

The Group operates 18 hotels in the Asia Pacific region, 8 of which are owned by the Group. Hotel performance is usually subject to a high degree of fluctuations caused by both predictable and unpredictable factors including seasonality, social stability, epidemic diseases and changes in economic conditions.

The Group also set to capture opportunities in the new economy that covers much larger markets with greater growth potential and holds a portfolio of long-term investments, which accounted for about 8% of the Group's total assets. The diversified portfolio is held for long term growth potential with reasonable return that in line with the general market, consisting of mainly blue chips listed investments and investments in technology and new economy with each investment individually immaterial to the Group's total assets. Given that the volatility of the stock market, the portfolio is subject to market fluctuation and may affect the net asset value of the Group yet impacts on the Group's results should be insignificant. The performance of the portfolio is assessed and monitored by top management regularly.

Legal and Regulatory Compliance risks

Whilst the Group has a diversified portfolio of business operations across Hong Kong, various Mainland cities and various Asia Pacific regions, any failure to anticipate the trend of regulatory changes or cope with relevant requirements may result in non-compliance with local laws or regulations, leading to not only financial loss but also reputational damage to the Group. In mitigation of relevant risks, the Group actively assesses the effect of relevant developments and engages closely with regulatory authorities and external advisors on new laws and regulations and also trending legislations to ensure relevant requirements are properly complied with in an effective manner.

Financial risks

The Group is exposed to financial risks related to interest rate, foreign currency, equity price and credit in the normal course of the business. For further details of such risks and relevant management policies, please refer to Note 24 to the Financial Statements on pages 113 to 120.

(K) ENVIRONMENT, SOCIAL AND GOVERNANCE (“ESG”)

At Wheelock, our sustainability journey continues as we strive to progress and improve our performance diligently with regard to the environment, our people and our communities. We do this by bringing different stakeholders together to help accelerate progress and create greater impact. We continue to live up to our Business-in-Community principle, and shoulder responsibility as a sustainable company to proactively manage the emerging global ESG risks and opportunities.

In 2019, we further reinforced our holistic and long-term commitment to sustainability and elevated our sustainability efforts with some major achievements:

- Obtained HK\$2 billion sustainability-linked loan, first of its kind in Hong Kong. Pegging interest rates to our sustainability efforts as guided by the Sustainability Linked Loan Principles, the loan is a testament to the Group’s all-round sustainability management practices;
- Selected as constituent of Hang Seng Corporate Sustainability Benchmark Index for our continuous efforts in promoting sustainability over the years;
- Announced by WPL, two peppercorn leases to NGOs with the intended planned target for provision of approximately 2,000 units of transitional housing to address communities’ needs.

More information on our ESG policies and initiatives could be found in our next standalone Sustainability Report (previously named as CSR Report). It will be published in May 2020 on the Company’s corporate website (www.wheelockcompany.com). The Report will be prepared in accordance with the ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited and Core Option of the Global Reporting Initiative (GRI) Standards, and it will be independently assured to enhance content reliability.

Environment

Wheelock endeavours to exceed regulatory requirements and to demonstrate global environmental best practices across our offices, managed properties and construction sites.

Since its early ages, Wheelock has realised the importance of crafting properties that create positive environmental impacts and values for our stakeholders, by incorporating environmental sustainability in the life cycle management, in all stages of a project. We are committed to achieving BEAM Plus Gold certification for all developments and endeavour to attain LEED¹ Gold certification for all commercial developments. As of 31 December 2019, 100% of construction floor area has been certified with or under application for the relevant green building standards. In particular, our new O’EAST portfolio, together with the O’SOUTH portfolio, has formed a connected green living hub for residents in Tseung Kwan O to enjoy living in harmony with the environment.

Joining the global efforts in addressing climate risks, we conducted comprehensive impact evaluation of wind force and other environmental factors for all new developments to enhance building resilience against strong winds and other extreme weather events. Furthermore, we created additional values by improving the health and well-being standards in our commercial portfolio through maintaining indoor air quality.

¹ LEED (Leadership in Energy and Environmental Design) certification is the most widely used green building rating system in the world and is issued by the US Green Building Council.

REPORT OF THE DIRECTORS (CONTINUED)

Apart from bettering our development projects with green features, we continued to optimise our resources consumption and limit emissions generated from daily operations. In 2019, we achieved around 9% reduction in energy use at our headquarters as compared to 2018.

One step furthered in 2019, WPL has participated in the Low-carbon Office Operation Programme (LOOP) for the eight consecutive year and attained Platinum Label (carbon emission per employee has been reduced by 34% compared to eight years ago), a recognition as one of the top performing offices. WPL also received the “Corporate Social Responsibility Project of The Year – Winner” awards at RICS (Royal Institution of Chartered Surveyors) Awards 2019 for the sixth year consecutively. With the concerted effort within the Company, we will continue to strive for greener and more sustainable way of operation.

Community

Wheelock regards community investment as an indispensable element of our journey to connect people for knowledge-exchange, resources-sharing and value-creation. We support the communities with financial aids and volunteering in the areas of youth and art, community betterment, and nature and environment.

Our flagship youth development programme, Project *WeCan*, continued to serve as a platform to empower and provide underprivileged youth with more exposure to the society. The total number of students standing to benefit under the programme has grown above 70,000 since its launch in 2011, with the support from 68 partners within the year. During 2019, we received exceptional support from partners to share their experience and expertise on sales, product development and intellectual properties through one of its joint-school programmes – Young Innovators Bazaar, in order to equip the students with knowledge to run a retail business. Over 1,500 students participated in this programme and achieved remarkable results. In addition, we promote community betterment through connecting and engaging the innovative community, so as to facilitate the thriving of innovative ideas and business solutions. During the year, HKSTP@Wheelock Gallery continued to provide a venue for organising business meetings and events targeting at technopreneurs and startups. Over 2,600 business meetings and 120 events were organised.

Valuing our Employees

Wheelock is committed to creating a pleasant working environment and to providing opportunities for employees to grow. Our human resources policies outline the direction for the Group in managing employee affairs, including but not limited to recruitment, promotion and remunerations with strict compliance to all applicable laws and regulations. Through Group-wide Equal Opportunities Policy and Grievance Procedures, we ensure that every employee enjoys equal and non-biased treatment regardless of their characteristics and background.

To gear up our team for delivering high quality products and services to our customers, we arrange regular and extensive leadership and professional training programmes for employees in different business segments. The training topics cover technical skills such as Building Information Modelling (BIM) and PowerBI, as well as interpersonal and transferrable skills. To further develop staff with potentials, the CONNECT Mentorship Programme has been introduced during the year to link up employees of different seniorities for close coaching on soft skills like leadership. The average training hours per employee was around six hours in 2019.

Fostering a coherent and family-like working environment has also been our priority. We encourage employees to join us in different volunteering and leisure activities beyond work, as a way to maintain mental wellness and bond with colleagues from different teams.

Health and Safety

Wheelock strives to work towards a zero-harm workplace for securing the health and safety of members engaged in our operations. We have developed policies and guidelines, such as the Project Safety Manual for Corporate Level, to lead our health and safety risk control and monitoring measures. Safety training and workshops have been delivered not only to our employees but also subcontractor workers to raise their awareness on our safety standards. We have also commissioned external safety consultants to conduct site safety inspections to ensure alignment with relevant laws and regulations, as well as industry best practices. Besides, occupational health and safety management systems certified with ISO 45001 have been established at four of our managed sites.

In light of the outbreak of novel coronavirus disease, we undertake best practices and preventive measures for virus contagion, and open channels of communication with health authorities. We proactively carry out preventive initiatives, recommended behavioral best practices, operational business continuity plans and protocols in order to facilitate smooth business operations and the safety of our employees where possible. We continue to endeavour to provide a healthy and safe working environment for our employees.

Products and Services

Our winning combination of quality products and attentive services has brought us to the industry-leading position. We have dedicated internal committees and task forces to supervise the development and implementation of product concept, design and quality. We also embrace innovative solutions and utilise technology such as smart home services and mobile apps to provide customers with extraordinary and new experiences. Aiming to uplift the product and service standards, we actively gather customers' feedback and take it seriously as the major driving force for quality advancement. Club Wheelock, the property and esteemed lifestyle circle of WPL, allows our valued customers to enjoy an array of special privileges. While handling customer information, we pay extra attention to privacy issues and manage to comply with the Personal Data (Privacy) Ordinance.

Supply Chain Management

Wheelock works closely with suppliers and contractors to build a desirable community based on the shared belief and responsibilities regarding sustainable development. It has been our long-standing preference to source from local suppliers and those who operate and adhere to the same social and environmental standards as ours. In 2019, we continued to stipulate our ESG requirements in tendering documents and subsequent contracts. All our suppliers and contractors are required to adhere to our Supplier Code of Conduct, which defines our expectations on their practices relating to environmental protection, labour standards, business ethics and legal compliance, etc. As the partnerships progress, we continuously track suppliers' product and service quality, as well as all-round performance of contractors on construction sites, securing our supply chain with rigid compliance with laws and industrial standards.

Stakeholder Engagement

For the best development of the Company, Wheelock takes into considerations of our stakeholders' expectations for decision making and strategy development. We constantly carry out engagement exercises with all parties we value – employees, customers, business partners, community partners, government and regulators, investors and the media – and communicate our response to their key concern topics via our Sustainability Report, as well as other communication means. In addition, an extensive stakeholder engagement exercise, including survey, interviews and focus group discussions, has been conducted for the identification of key ESG topics for the Sustainability Report 2019.

REPORT OF THE DIRECTORS (CONTINUED)

(L) DIRECTORS OF SUBSIDIARIES

The names of all directors of the Company's subsidiaries who/which, during the period from the beginning of the financial year to 11 March 2020 (being the date of the Report of the Directors of the Company), serve/served as directors of one or more of those companies which, as at the end of the financial year, were subsidiaries of the Company are set out below:

Name	Name	Name
Admirable Corporation	LEUNG Kai Hang	WONG Man Fai
Andrea Limited	LEUNG Kwan Yuen Andrew	WONG Wing Sing
Ascend Link Limited	LEUNG Ping Chiu	WONG Yee Lut Eliot
AU Siu Kee Alexander	LEUNG Yan Yee Hester	WOO Chun Kuen Douglas
AU YEUNG Hung Yuen Steve	LEVESQUE Peter Jon	WU Guan
CHAK Hoi Kit Jacques	LI Jun	YEOH Eng Kiong
CHAN Kai Cheuk	LI Lei	YEUNG Kwok Sang
CHAN Kwok Pong Kevin	LI Qingan	YICK Chi Ming Frankie
CHAN Mable	LI Yubin	YIM Kong
CHAN Sik Wah	LIE-A-CHEONG Tai Chong David	YOUNG Stephen Ying Yuen
CHAN Wai Leung	LING Miu Ngan	ZEMAN Allan
CHAN Wing Sang Wilson	LO Wai Man	ZHANG Vicky Yuanyuan
CHAVALIT Uttasart	LUK Koon Hoo	ZHANG Yi
CHEN Kwan Yiu Edward	MAN Yuk Sim	ZHOU Lian Ying
CHEUNG Mark Quintin	NG Tin Hoi Stephen	王佳宏
CHIANG Sui Fook Lilian	NGAN Chiu Long Sunny	王玲
CHOI Kevin	OON Hock Neo	周建罡
CHOI Margaret	PAO Zen Kwok Peter	凌學風
CHOW Ming Po Aaron	POON Kwok Fai	唐雷明
CHOW On Kiu	SEATON Andrew James	徐斯偉
CHOW Siu Ngor	SIT Kien Ping Peter	符冰力
Divine Skyline Limited	SIU Man Ho Simon	郭志成
FANG Kang Vincent	SIU Wing Koon	陳小平
FU Wai Hung	SIU Yau Chung Joseph	陳信霖
GUO Guanghui	SUN Ligan	劉鳴
GUO Yong	SZE Tsai Ping Michael	聶煥新
HAU Shun	TAM Wai Choi	
HAU Wing Shing Vincent	TAN Bee Kim	
HENNIG Hans Helmuth	TAN Zing Yan	
HO Lai Chu	TANG See King	
HUI Chung Ying Kevin	TING Tien Li Ivan	
HUNG Hing On	TO King Yan Adam	
JEBSEN Hans Michael	TSANG Yiu Fat Peter	
LAM Man Shing	TSO Hok Chiu Vivian	
LAW Elizabeth	TSUI Yiu Cheung Paul	
LEE Wai Chung	TURNBULL David Muir	
LEE Yuk Fong Doreen	WEI Qing Shan	
LENG Yen Thean	WILLIAMS Richard Gareth	
LEUNG Chi Kin	WONG Hei Lan	
LEUNG Ka Hing	WONG Kwong Yiu	