

Report of the Directors

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 183 to 185.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 December 2014 are set out in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income on pages 122 to 123.

Appropriations of profits and movements in reserves during the financial year are set out in the Consolidated Statement of Change in Equity on page 126 and Note 27 to the Financial Statements on pages 164 to 165.

DIVIDENDS

A first interim dividend of HK\$0.55 per share was paid on 30 September 2014. In lieu of a final dividend, a second interim dividend of HK\$1.26 per share will be paid on Friday, 15 May 2015 to Shareholders on record as at 4 May 2015. Total distribution for the year of 2014 will amount to HK\$1.81 (2013:HK\$1.70) per share.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 9 and 10 to the Financial Statements on pages 139 to 144.

DONATIONS

The Group made donations during the financial year totalling HK\$32 million.

SHARE CAPITAL

Details of movement in share capital of the Company during the financial year are set out in Note 27 to the Financial Statements on page 164.

DIRECTORS

The Directors of the Company during the financial year were Mr P K C Woo, Mr S T H Ng, Mr A O K Chow, Ms D Y F Lee, Mr T Y Ng (retired on 31 December 2014), Mr P Y C Tsui, Ms Y T Leng, Mr A S K Au, Professor E K Y Chen, Dr R K F Ch'ien, Hon V K Fang, Mr H M Jebesen, Mr W Li, Mr J E Thompson (retired on 9 June 2014), Mr D M Turnbull and Professor E K Yeoh (appointed effective from 1 July 2014).

Professor E K Yeoh (appointed as 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 Messrs P K C Woo, S T H Ng, P Y C Tsui, A O K Chow and Ms D Y F Lee will retire from the Board in accordance with Article 106(A) of the Company's Articles of Association, at the forthcoming Annual General Meeting of 2015 ("2015 AGM"). Mr P K C Woo, chairman of the Company, has decided not to stand for re-election. The other retiring Directors, being eligible, 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).

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company was a party and in which a Director of the Company 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, its subsidiaries or its ultimate holding company or any subsidiary of such ultimate holding company 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 Wheelock and Company Limited ("Wheelock") granted under the Company's share option scheme (the "Scheme") and Wheelock'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 rules applicable from time to time), shares of the Company and/or Wheelock would be issued at such respective prices as being not less than the highest of (a) the indicative price as specified in the written offer; (b) the closing price on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant of the options; and (c) 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 and/or Wheelock respectively.

During the financial year, no share of the Company and/or Wheelock were allotted and issued to any Director of the Company under Wharf's and/or Wheelock's share option scheme respectively.

PURCHASE, SALE OR REDEMPTION OF SHARES

On 7 June 2014, Wharf Finance (2014) Limited, a wholly-owned subsidiary of the Company, fully redeemed its 3-year convertible bonds in the principal amount of HK\$6,220 million on maturity, which were issued in 2011 and listed on the Singapore Exchange Securities Trading Limited.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities 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.

OTHER CORPORATE INFORMATION

Other corporate information supplementary to this Report of the Directors are set out on page 109 to 120.

By Order of the Board

Kevin C Y Hui

Company Secretary

Hong Kong, 14 March 2015

OTHER CORPORATE INFORMATION

(A) Biographical Details of Directors and Senior Managers

(i) Directors

Hon Peter Kwong Ching Woo, *GBM, GBS, JP, Chairman* (Age: 68)

Mr Woo has been Chairman of the Company since 2002. He was first appointed to the Board of the Company in 1978 and served his first term as Chairman from 1986 to 1994. He also serves as a member and the chairman of the Company's Nomination Committee and as a member of the Company's Remuneration Committee. He is currently a senior director (and was Chairman until January 2014) of the Company's ultimate holding company, namely, Wheelock and Company Limited ("Wheelock"), listed in Hong Kong, and is also a director of Salvatore Ferragamo S.p.A., a listed public company in Italy. He had begun his career with Chase Manhattan Bank in New York in 1972 and joined World-Wide Shipping Group in Hong Kong in 1975.

For many years, Mr Woo has also been actively engaged in community and related services, both locally and internationally, and has held various lay appointments by Government.

He serves as a member of the Standing Committee of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference (CPPCC) of the People's Republic of China. He is the convener of Hong Kong CPPCC members.

In Hong Kong, he was awarded the Grand Bauhinia Medal in June 2012 and the Gold Bauhinia Star in 1998 by the Hong Kong SAR Government and appointed a Justice of the Peace in 1993. He has been a non-official member of the Commission on Strategic Development since June 2007. Previously, he served as chairman of Hospital Authority from 1995 to 2000, council chairman of Hong Kong Polytechnic University from 1993 to 1997 and chairman of Hong Kong Trade Development Council from 2000 to 2007. He was chairman of the Hong Kong Environment and Conservation Fund Committee set up in 1994 which he co-funded with the Government.

Internationally, he served as a deputy chairman in 1991 to Prince of Wales Business Leaders Forum, and as a member of the International Advisory Council of JPMorgan Chase & Co., National Westminster Bank, Banca Nazionale del Lavoro, Elf Aquitaine and General Electric.

Mr Woo received an MBA from Columbia University in New York, U.S.A. in 1972. He has also received Honorary Doctorates from various universities in Australia, Hong Kong and the United States.

Under the existing service contract between the Group and Mr Woo, his basic salary and various allowances for the year of 2015, exclusive of the amounts which would be borne by Wheelock and/or its wholly-owned subsidiaries and calculated on an annualised basis, would be approximately HK\$14.59 million (2014: HK\$13.9 million) per annum.

Mr Stephen Tin Hoi Ng, *Deputy Chairman & Managing Director* (Age: 62)

Mr Ng joined the Company in 1981. He has been Managing Director of the Company since 1989 and became Deputy Chairman in 1994. Among other listed companies in Hong Kong and Singapore, he is deputy chairman of Wheelock and Company Limited, holding company of the Company, chairman of Harbour Centre Development Limited, i-CABLE Communications Limited, Joyce Boutique Holdings Limited and Wheelock Properties (Singapore) Limited, as well as a non-executive director of Hotel Properties Limited; he also formerly served as a non-executive director of Greentown China Holdings Limited ("Greentown") until his resignation effective 27 March 2015.

Mr. Ng was born in Hong Kong in 1952 and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, U.S.A. and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He is deputy chairman of Hong Kong General Chamber of Commerce and a council member of the Employers' Federation of Hong Kong.

Upon conclusion of 2015 AGM, Mr Ng will succeed Mr Peter K C Woo as new Chairman of the Company for a term of 3 years and will continue to be Managing Director of the Company.

Under the existing service contract between the Group and Mr Ng, his basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK\$6.65 million (2014: HK\$6.3 million) per annum.

Mr Andrew On Kiu Chow, *Vice Chairman* (Age: 64)

Mr Chow has been a Director and Vice Chairman of the Company since July 2011. As chairman of Wharf China Development Limited, he oversees the Group's development property business in Mainland China. He joined the Group in 2006.

Mr Chow has extensive experience in the finance and property sectors in Hong Kong and Mainland China, and formerly held senior executive positions in Tian An China Investment Limited and Next Media Limited. He is a graduate of The University of Hong Kong where he obtained his bachelor's degree in Social Science. He has been appointed as a non-executive director and vice chairman of Greentown with effect from 27 March 2015, and is also an independent non-executive director of Hong Kong Economic Times Holdings Limited, publicly listed in Hong Kong.

Upon conclusion of 2015 AGM, Mr Chow will be appointed as Deputy Chairman of the Company.

Under the existing service contract between the Group and Mr Chow, his basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK\$5.06 million (2014: HK\$5.06 million) per annum.

Ms Doreen Yuk Fong Lee, *Executive Director (Age: 58)*

Ms Lee has been a Director of the Company since 2003 and became an Executive Director in March 2007. As chairman of Wharf Estates Limited and Wharf China Estates Limited, she oversees the Group's portfolio of investment properties in Hong Kong and Mainland China.

Ms. Lee was formerly a director of Harbour Centre Development Limited (a publicly listed subsidiary of the Company) from July 2010 to July 2012. She is a graduate of The University of Hong Kong where she obtained her bachelor's degree in Arts (Hon). She is also a director of Joyce Boutique Holdings Limited, publicly listed in Hong Kong.

Upon conclusion of 2015 AGM, Ms Lee will be appointed as Vice Chairman of the Company.

Under the existing service contract between the Group and Ms Lee, her basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK\$5.3 million (2014: HK\$4.8 million) per annum.

Mr Paul Yiu Cheung Tsui, *Executive Director and Group Chief Financial Officer (Age: 68)*

Mr Tsui, *FCCA, FCPA, FCMA, CGMA, FCIS, CGA-Canada*, is an Executive Director & Group Chief Financial Officer of both the Company and Wheelock and Company Limited ("Wheelock"), holding company of the Company. He joined the Wheelock/Wharf group in 1996 and became a director of Wheelock in 1998. He is also a director of Harbour Centre Development Limited and i-CABLE Communications Limited, both publicly listed subsidiaries of the Company. Furthermore, Mr. Tsui is a director of Wheelock Properties (Singapore) Limited (a fellow subsidiary of the Company listed in Singapore), vice chairman of Wheelock Properties Limited, as well as a director of Greentown China Holdings Limited (an associated company of the Company) and Joyce Boutique Holdings Limited, both publicly listed in Hong Kong.

Upon conclusion of 2015 AGM, Mr Tsui will be appointed as Vice Chairman of the Company.

Under the existing service contract between the Group and Mr Tsui, his basic salary and various allowances for the year 2015, exclusive of the amounts which would be borne by Wheelock and/or its wholly-owned subsidiary(ies) and calculated on an annualised basis, would be approximately HK\$3.6 million (2014: HK\$3.38 million) per annum.

Ms Yen Thean Leng, *Director (Age: 43)*

Ms Leng, *BSc(Hons), MRICS, MHKIS, RPS*, has been a Director of the Company since 11 April 2013. She joined the Group in 2004. Being an executive director of Wharf Estates Limited, Ms Leng is responsible, inter alia, for managing the Group's core investment properties in Hong Kong, namely, Harbour City, Times Square and Plaza Hollywood. She was formerly a director of Harbour Centre Development Limited from 1 July 2012 to 10 April 2013. Ms Leng is a chartered surveyor and holds a Bachelor Degree in Land Management with first class honors and has extensive experience in the real estate industry.

Under the existing service contract between the Group and Ms Leng, her basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK\$3.7 million (2014: HK\$3.5 million) per annum.

Mr Alexander Siu Kee Au, *OBE, Director (Age: 68)*

Mr Au, *ACA, FCCA, FCPA, AAI, FCIB, FHKIB*, has been an Independent Non-executive Director of the Company since 22 October 2012. He also serves as a member of the Company's Audit Committee. A banker by profession, he was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. Currently, Mr Au is the chairman and non-executive director of Henderson Sunlight Asset Management Limited, being the manager of the publicly-listed Sunlight Real Estate Investment Trust. He is an independent non-executive director of publicly-listed Henderson Land Development Company Limited, and also a non-executive director of two other companies publicly-listed in Hong Kong, namely, Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited. Mr Au was formerly an independent non-executive director of publicly-listed Wheelock and Company Limited, which is the Company's holding company, during the period from 5 September 2002 to 21 October 2012. An accountant by training, Mr Au is a Chartered Accountant as well as a fellow of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Professor Edward Kwan Yiu Chen, *GBS, CBE, JP, Director (Age: 70)*

Professor Chen has been an Independent Non-executive Director of the Company since 2002. He was the president of Lingnan University in Hong Kong from September 1995 to August 2007. He is an honorary professor of the Open University of Hong Kong and a distinguished fellow of the Hong Kong Institute for the Humanities and Social Sciences at The University of Hong Kong. He is now Chairman of HKU SPACE and President of the Qianhai Institute for Innovative Research in Shenzhen. He was a member of the Legislative Council of Hong Kong from 1991 to 1992, and a member of the Executive Council of Hong Kong from 1992 to 1997. He is a director of a publicly-listed company in Hong Kong, namely, First Pacific Company Limited. He was formerly a director of publicly-listed Asia Satellite Telecommunications Holdings Limited.

Professor Chen was educated at The University of Hong Kong (Bachelor of Arts and Master of Social Science) and Oxford University (Doctor of Philosophy). He was appointed a Justice of the Peace in 1993 and awarded a CBE in 1995. In 2003, he was awarded the Gold Bauhinia Star Medal by the Hong Kong SAR Government.

Dr Raymond Kuo Fung Ch'ien, *GBS, CBE, JP, Director (Age: 63)*

Dr Ch'ien has been an Independent Non-executive Director ("INED") of the Company since 2002. He is the chairman of MTR Corporation Limited and Hang Seng Bank Limited as well as an INED of China Resources Power Holdings Company Limited, all being companies publicly-listed in Hong Kong. Dr Ch'ien also serves on the boards of The Hongkong and Shanghai Banking Corporation Limited; and Swiss Re Ltd which is listed in Switzerland. Dr Ch'ien was formerly the chairman and a director of Sino Splendid Holdings Limited (formerly known as China.com Inc.) (listed on Growth Enterprise Market) and a former INED of Convenience Retail Asia Limited until he resigned with effect from 1 April 2014. He was also a former INED of UGL Limited, which is publicly-listed in Australia, until 30 October 2014.

In public service, Dr Ch'ien has been appointed a member of the Economic Development Commission of the HKSAR Government, a member of the Committee on Real Estate Investment Trusts of the Securities and Futures Commission and a member of the Standing Committee of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. Dr Ch'ien is an honorary president and past chairman of the Federation of Hong Kong Industries. From 1992 to 1997, Dr Ch'ien was a member of the Executive Council of Hong Kong, then under British administration. He was appointed a member of the Executive Council of the Hong Kong SAR on 1 July 1997 and served until June 2002.

Dr Ch'ien received a doctoral degree in Economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006. He was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal by the Hong Kong SAR Government. In 2008, he was conferred the honour of Chevalier de l'Ordre du Merite Agricole of France.

Hon Vincent Kang Fang, *SBS, JP, Director (Age: 71)*

Mr Fang has been an Independent Non-executive Director of the Company since 1993. He also serves as a member and chairman of the Company's Audit Committee. He is the chief executive officer of Toppo Company (Hong Kong) Limited and managing director of Fantastic Garments Limited.

Mr Fang currently serves as a member of Legislative Council representing Wholesale and Retail in Functional Constituency. He is the advisor of the Quality Tourism Services Association, an honorary president & international advisor of Hong Kong Retail Management Association and a director of The Federation of Hong Kong Garment Manufacturers. Mr Fang formerly served as the chairman of Hospital Governing Committee of Princess Margaret Hospital and Kwai Chung Hospital, and a member of the Hospital Authority, Hong Kong Tourism Board, the Operations Review Committee of the Independent Commission Against Corruption and the Airport Authority.

Mr Fang is a graduate of North Carolina State University where he obtained both his bachelor's and master's degrees in Science of Textiles Engineering. Mr Fang was awarded the Silver Bauhinia Star by the Hong Kong SAR Government in 2008. He is also a Justice of the Peace.

Mr Hans Michael Jebsen, *BBS, Director (Age: 58)*

Mr Jebsen has been an Independent Non-executive Director of the Company since 2001. He also serves as a member of the Company's Audit Committee, Nomination Committee and Remuneration Committee. He is the chairman of Jebsen and Company Limited and also a non-executive director of publicly-listed Hysan Development Company Limited. He currently holds a number of public offices, namely, a trustee of World Wide Fund for Nature Hong Kong, the vice chairman and a board member of the Asian Cultural Council Board of Trustees, affiliate of the Rockefeller Brothers Fund, New York; a member of the Advisory Council of the School of Business and Management and a member of the Institutional Advancement and Outreach Committee of the Hong Kong University of Science & Technology, Hong Kong European Union Business Co-operation Committee of the Hong Kong Trade Development Council, Advisory Council as well as Board of Trustees of Asia Society Hong Kong Center and Advisory Board of the Hong Kong Red Cross.

After schooling in Germany and Denmark, he received a two-year banking education in Germany and the UK and studied Business Administration at the University of St. Gallen in Switzerland from 1978 to 1981.

Mr Jebsen was awarded the Bronze Bauhinia Star by the Hong Kong SAR Government in 2001, made a Knight of the Dannebrog by receiving the Silver Cross of the Order of Dannebrog by H. M. The Queen of Denmark in 2006, was awarded the Merit Cross of the Order of the Merit of the Federal Republic of Germany in 2008 and received the title "Hofjægermester" by H. M. The Queen of Denmark in January 2011. In 2014, Mr Jebsen was awarded the Knight of 1st Class of the Order of Dannebrog, Denmark. Since 2015, he has also been a member of the Operations Review Committee of the Independent Commission Against Corruption.

Mr Wyman Li, Director (Age: 70)

Mr Li has been an Independent Non-executive Director of the Company since 2 September 2013. He is currently a member of the board of directors and the Manager (Administration) of Hong Kong Sanatorium & Hospital, Limited. He is also the President of Hong Kong Gun Club, the Chairman of Clearwater Bay Golf & Country Club and the Chairman of Hong Kong Shooting Association. He formerly served as a member of corruption prevention advisory committee of the Independent Commission Against Corruption. Mr. Li is a graduate of Pepperdine University where he obtained his master's degree in Business Administration.

Mr David Muir Turnbull, Director (Age: 59)

Mr Turnbull has been an Independent Non-executive Director ("INED") of the Company since 18 November 2013. Mr Turnbull graduated from Cambridge University in 1976 with a Bachelor of Arts degree in Economics and subsequently earned a Master of Arts degree. He joined the Swire Group upon graduation and held various senior management positions with international responsibilities covering aviation, shipping and property during his 30 years' service thereof. He was appointed as a director of Cathay Pacific Airways Limited in 1994 and took up the positions of deputy managing director in 1994, managing director in 1996 and deputy chairman and chief executive in 1998 before his appointment as the chairman in 2005. He is also the former chairman of Swire Pacific Limited from January 2005 to January 2006, and of Hong Kong Aircraft Engineering Company Limited from March 1995 to August 2006.

Mr Turnbull is currently the executive chairman of Pacific Basin Shipping Limited and an INED of Sands China Ltd., both being companies publicly-listed in Hong Kong. Mr Turnbull also serves as non-executive director of Green Dragon Gas Limited and Greka Drilling Limited, both being companies publicly-listed on Alternative Investment Market, a sub-market of the London Stock Exchange.

Professor Eng Kiong Yeoh, GBS, OBE, JP, Director (Age: 68)

Professor Yeoh MBBS(HK), FHKAM, FHKCCM, FHKCP, FFPHM(UK), FRCP(Edin), FRCP(Lond), FRCPS(Glasg), FRACMA, FRACP, is Professor of Public Health, Director at the Jockey Club School of Public Health and Primary Care of The Chinese University of Hong Kong and also Head of Division of Health System, Policy and Management at the Jockey Club School of Public Health and Primary Care. He is involved in collaborative work with research networks in studies on health systems and in training for public policy, as Chairman of the World Bank Institute/Asia Network for Capacity Building in Health Systems Strengthening (1 July 2009 – 30 June 2014). Professor Yeoh is a member to the International Advisory Board of the National University of Singapore Initiative to improve health in Asia, which seeks to contribute to thinking and policy formulation in public health & health systems development in Asia.

Professor Yeoh served as Secretary for Health, Welfare and Food of the Government of the Hong Kong Special Administrative Region ("HK Government") between 1999 and 2004. From 1990 to 1999, he was Head of the Hong Kong Hospital Authority with responsibility for the management and transformation of the public hospital system.

As a clinician, Professor Yeoh pioneered public health programmes in the prevention of Hepatitis B and HIV/AIDS. He has held many key positions in professional bodies, both locally and internationally. Professor Yeoh was appointed a Justice of the Peace in 1993 and awarded an Order of the British Empire in 1997. In 2005, he was awarded the Gold Bauhinia Star Medal by HK Government in recognition of his public service.

Notes:

- (1) Wheelock (of which Mr P K C Woo, Mr S T H Ng and Mr P Y C Tsui are directors) has interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").
- (2) Mr P K C Woo formerly served as the chairman and a director of WPSL from May 2006 to March 2013.
- (3) All of Mr P K C Woo, Mr S T H Ng, Mr A O K Chow, Ms D Y F Lee, Mr P Y C Tsui and Ms Y T Leng are currently directors of certain subsidiaries of the Company.
- (4) The Company confirms that it has received written confirmation from each of the Independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and considers them independent.

(ii) Senior Management

Various businesses of the Group are respectively under the direct responsibility of the first six Directors named under (A)(i) above, led by the Chairman. Only those six Directors are regarded as members of the Group's senior management.

(B) Directors' Interests in Securities

(i) Interests in Shares

At 31 December 2014, present Directors of the Company had the following beneficial interests, all being long positions, in the shares and/or debt securities of the Company, Wheelock (which is the Company's parent company) and two subsidiaries of the Company, namely, i-CABLE and Modern Terminals, and two associates of the Company, namely, Greentown and Moon Wise Global Limited ("Moon Wise"). The percentages (where applicable) which the relevant securities represented to the total number of shares in issue of the six companies respectively are also set out below:

	Quantity held (percentage, where applicable)	Nature of Interest
The Company		
Alexander S K Au	100,000 (0.0033%)	Personal Interest
Vincent K Fang	100,000 (0.0033%)	Personal Interest
Stephen T H Ng	804,445 (0.0266%)	Personal Interest
E K Yeoh	4,000 (0.0001%)	Personal Interest
Wheelock		
Peter K C Woo	1,231,866,330 (60.6278%)	Personal Interest in 8,847,510 shares, Corporate Interest in 227,797,142 shares and Other Interest in 995,221,678 shares
Stephen T H Ng	300,000 (0.0148%)	Personal Interest
i-CABLE		
Stephen T H Ng	1,265,005 (0.0629%)	Personal Interest
Modern Terminals		
Hans Michael Jebesen	3,787 (5.40%)	Corporate Interest
Greentown China		
Andrew O K Chow	430,000 (0.02%)	Personal Interest
Moon Wise		
– Subordinated perpetual Capital Securities		
Andrew O K Chow	US\$200,000	Personal Interest

Notes:

- (1) The interests in shares disclosed above do not include interests in share options of the Company and/or associated corporation(s) held by Directors of the Company as at 31 December 2014. Details of such interests in share options are separately set out below under the sub-sections headed "(ii) Interests in Share Options of the Company" and "(iii) Interests in Share Options of Wheelock".
- (2) The 995,221,678 shares of Wheelock stated above as "Other Interest" against the name of Mr Peter K C Woo represented an interest comprised in certain trust properties in which Mr Woo was taken, under certain provisions in Part XV of the Securities and Futures Ordinance (the "SFO") which are applicable to a director or chief executive of a listed company, to be interested.
- (3) The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively either entitled to exercise (or taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.
- (4) Moon Wise, being a wholly-owned subsidiary of Greentown, is the issuer of certain Subordinated Perpetual Capital Securities which are unconditionally and irrevocably guaranteed by Greentown.

(ii) *Interests in Share Options of the Company*

Set out below are particulars of interests (all being personal interests) in options held during the financial year ended 31 December 2014 by present Directors (or their respective associate(s)) of the Company to subscribe for ordinary shares of the Company granted/exercisable under the Share Option Scheme of the Company:

Name of Director	Total as at 31 December 2014 (percentage based on total number of shares in issue)	Date of grant (Day/Month/Year)	No. of Shares under Option		Subscription Price per Share (HK\$)	Vesting/ Exercise Period (Day/Month/Year)
			As at 1 January 2014	As at 31 December 2014		
Peter K C Woo (Note 3)	3,500,000 (0.12%)	04/07/2011 05/06/2013	1,500,000 2,000,000	1,500,000 2,000,000	55.15 70.20	05/07/2011 – 04/07/2016 ⁽¹⁾ 06/06/2013 – 05/06/2018 ⁽²⁾
Stephen T H Ng	3,500,000 (0.12%)	04/07/2011 05/06/2013	1,500,000 2,000,000	1,500,000 2,000,000	55.15 70.20	05/07/2011 – 04/07/2016 ⁽¹⁾ 06/06/2013 – 05/06/2018 ⁽²⁾
Andrew O K Chow	3,500,000 (0.12%)	04/07/2011 05/06/2013	1,500,000 2,000,000	1,500,000 2,000,000	55.15 70.20	05/07/2011 – 04/07/2016 ⁽¹⁾ 06/06/2013 – 05/06/2018 ⁽²⁾
Doreen Y F Lee	3,320,000 (0.11%)	04/07/2011 05/06/2013	1,320,000 2,000,000	1,320,000 2,000,000	55.15 70.20	05/07/2011 – 04/07/2016 ⁽¹⁾ 06/06/2013 – 05/06/2018 ⁽²⁾
Paul Y C Tsui	2,200,000 (0.07%)	04/07/2011 05/06/2013	1,200,000 1,000,000	1,200,000 1,000,000	55.15 70.20	05/07/2011 – 04/07/2016 ⁽¹⁾ 06/06/2013 – 05/06/2018 ⁽²⁾
Y T Leng	1,250,000 (0.04%)	04/07/2011 05/06/2013	500,000 750,000	500,000 750,000	55.15 70.20	05/07/2011 – 04/07/2016 ⁽¹⁾ 06/06/2013 – 05/06/2018 ⁽²⁾

Notes:

- (1) *The options granted by the Company on 4 July 2011, being outstanding as at both 1 January 2014 and 31 December 2014, were/will be vested in five tranches 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 relevant total number of Shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 5th of July in the years 2011, 2012, 2013, 2014 and 2015 respectively, with the exception that:*
- (i) *the relevant options held by Mr Paul Y C Tsui as at 31 December 2014 were/will be vested in four tranches, with each tranche covering options for 300,000 Shares being exercisable from 5th of July in the years 2012, 2013, 2014 and 2015 respectively; and*
- (ii) *the relevant options held by Ms Doreen Y F Lee as at 31 December 2014 were/will be vested in five tranches, with the 1st tranche covering options for 120,000 Shares being exercisable from 5 July 2011, and the remaining four tranches each covering options for 300,000 Shares being exercisable from 5th July in the years 2012, 2013, 2014 and 2015 respectively.*
- (2) *The options granted by the Company on 5 June 2013, being outstanding as at 1 January 2014 and 31 December 2014, were/will be vested in five tranches 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 relevant total number of shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 6th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.*
- (3) *As at both the beginning and the end of the financial year ended 31 December 2014, an associate of Mr Peter K C Woo, namely, Mr Douglas C K Woo held options granted by the Company on 4 July 2011 covering 800,000 shares of the Company (not included in the 3,500,000 shares stated above under Mr Peter K C Woo's name), with the subscription and vesting/exercise period thereof being similar to those applicable to options granted on the same date by the Company to its Directors (other than Mr Paul Y C Tsui and Ms Doreen Y F Lee) as stated above.*
- (4) *Except as disclosed above, no option of the Company held by Directors and/or their associate(s) lapsed or was exercised or cancelled during the financial year, and no option of the Company was granted to any Director and/or their associate(s) during the financial year.*

(iii) *Interests in Share Options of Wheelock*

Set out below are particulars of all interests (all being personal interests) in options held during the financial year ended 31 December 2014 by the Directors of the Company to subscribe for ordinary shares of Wheelock granted/exercisable under the share option scheme of Wheelock:

Name of Director	Date of grant (Day/Month/Year)	No. of Wheelock Shares under Option		Subscription price per Share (HK\$)
		As at 1 January 2014	As at 31 December 2014 (percentage based on total number of shares in issue)	
Peter K C Woo	14/06/2013	2,000,000	2,000,000 (0.098%)	39.98
Paul Y C Tsui	14/06/2013	1,500,000	1,500,000 (0.074%)	39.98

Notes:

- (a) *The share options of Wheelock outstanding as at both 1 January 2014 and 31 December 2014 were/will be vested in five tranches 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 relevant total number of Wheelock's shares, and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 15th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.*
- (b) *No share option of Wheelock held by Directors of the Company lapsed or was exercised or cancelled during the financial year and no share option of Wheelock was granted to any Director of the Company during the financial year.*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the 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 Model Code (or any other applicable code) for Securities Transactions by Directors of Listed Issuers, there were no interests, both long and short positions, held as at 31 December 2014 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and 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 its associated corporations held by any of them as at 31 December 2014.

(C) **Substantial Shareholders' Interests**

Given below are the names of all parties, other than person(s) who is/are Director(s) of the Company, who/which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at 31 December 2014, the respective relevant numbers of 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") and the percentages which the shares represented to the total number of shares in issue of the Company:

Names	No. of Ordinary Shares (percentage based on total number of shares in issue)	
(i) Wheelock and Company Limited	1,668,885,608	(55.08%)
(ii) HSBC Trustee (C.I.) Limited	1,668,885,608	(55.08%)

Notes:

- (1) *For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against parties (i) and (ii) represented the same block of shares.*
- (2) *Wheelock and Company Limited's deemed shareholding interests stated above included interests held through its wholly-owned subsidiaries, namely, Lynchpin Limited ("LL"), WF Investment Partners Limited ("WIPL") and Wheelock Investments Limited ("WIL"), with 248,652,072 shares (8.21%) being the deemed interests held by LL, 1,321,896,536 shares (43.63%) being the deemed interests held by WIPL and 1,668,885,608 shares (55.08%) being the deemed interests held by WIL.*

All the interests stated above represented long positions. As at 31 December 2014, there were no short position interests recorded in the Register.

(D) Share Option Scheme

(I) Summary of the Share Option Scheme (the "Scheme")

- (a) Purpose of the 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 jointly-controlled entities and subsidiary(ies) of associates and of jointly-controlled entity(ies).
- (c) (i) Total number of ordinary shares in the capital of the Company (the "Shares") available for issue under the Scheme as at the date of this annual report:
278,724,732
- (ii) Percentage of the issued share capital that it represents as at the date of this annual report:
9.2%
- (d) Maximum entitlement of each eligible participant under the Scheme:
Not to exceed 1% of the Shares in issue in any 12-month period unless approved by Shareholders of the Company
- (e) Period within which the 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 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 the 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;
- (iii) the average closing price of the 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; and
- (iv) the nominal value of a Share (not applicable due to the abolition of par value upon implementation of the new Companies Ordinance, Cap 622 of the Laws of Hong Kong on 3 March 2014).
- (i) The remaining life of the Scheme:
Approximately 6 years (expiring on 8 June 2021)

(II) Details of Share Options Granted

Details of the Company's share options granted to Directors of the Company and the relevant movement(s) during the financial year are set out in the sub-section headed "Interests in Share Options of the Company".

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

Date of grant (Day/Month/Year)	No. of shares under option			Vesting/Exercise Period (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
	As at 1 January 2014	Lapsed during the year	As at 31 December 2014		
04/07/2011	1,540,000	–	1,540,000	05/07/2011 – 04/07/2016	55.15
	2,420,000	100,000	2,320,000	05/07/2012 – 04/07/2016	
	2,420,000	100,000	2,320,000	05/07/2013 – 04/07/2016	
	2,420,000	100,000	2,320,000	05/07/2014 – 04/07/2016	
	2,420,000	100,000	2,320,000	05/07/2015 – 04/07/2016	
	11,220,000	400,000	10,820,000		
05/06/2013	2,650,000	150,000	2,500,000	06/06/2013 – 05/06/2018	70.20
	2,650,000	150,000	2,500,000	06/06/2014 – 05/06/2018	
	2,650,000	150,000	2,500,000	06/06/2015 – 05/06/2018	
	2,650,000	150,000	2,500,000	06/06/2016 – 05/06/2018	
	2,650,000	150,000	2,500,000	06/06/2017 – 05/06/2018	
	13,250,000	750,000	12,500,000		
Total:	24,470,000	1,150,000	23,320,000		

Notes:

(1) Share options for a total of 1,150,000 shares of the Company lapsed in accordance with the terms of the Company's Share Option Scheme during the financial year.

(2) Except as disclosed above, no share option of the Company 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 Hong Kong employees 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 certain percentage of the employees' salaries. The contributions by the Group are expensed as incurred and may be reduced by contribution forfeited for those employees who have left the schemes prior to full vesting of the relevant employee's contribution.

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) Directors' Interests in Competing Business

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules.

Five Directors of the Company, namely, Mr P K C Woo, who is also a Senior Director and a substantial shareholder of Wheelock (the Company's substantial shareholder), and Messrs S T H Ng, A O K Chow, P Y C Tsui and Ms D Y F Lee, being also directors of Wheelock and/or certain subsidiary(ies) and/or associate(s) of Wheelock ("Wheelock Group"), are considered as having an interest in Wheelock Group under Rule 8.10(2) of the Listing Rules of the Hong Kong Stock Exchange.

The development and/or investment in property assets and hotel businesses by Wheelock Group are considered as competing businesses for the Group. However, the Group itself has adequate experience in property and hotel businesses, which it is capable of carrying on independently of the Wheelock Group.

For safeguarding the interests of the Group, the Independent Non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, inter alia, that the Group's (i) development of properties for sale and/or investment; (ii) property leasing businesses; and (iii) hotel businesses are and continue to be run at arm's length from those of the Wheelock Group.

(G) Major Customers and Suppliers

For the financial year ended 31 December 2014:

- (i) 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 less than 30% of the Group's total purchases; and
- (ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(H) 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 2014 which are repayable on demand or within a period not exceeding one year are set out in Note 23 to the Financial Statements on pages 154 and 156. Those which would fall due for repayment after a period of one year are particularised in Note 23 to the Financial Statements on pages 154 and 156. Certain information regarding the convertible bonds issued in June 2011 and fully redeemed on 7 June 2014 (the "Convertible Bonds") are set out in Note 23(g) to the Financial Statements on page 156.

(I) 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 2014.

(J) Disclosure of Connected Transaction

Set out below is information in relation to connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in announcements of the Company dated 30 December 2011, 11 August 2014 and 26 September 2014 respectively and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company.

(i) Master Tenancy Agreements

During the financial year, 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 tenants certain retail/commercial premises owned by the Group for operating various retail businesses, including Lane Crawford stores and City Super stores.

On 30 December 2011, the Company entered into a master tenancy agreement (the "MTA") with WGL for a term of three years from 1 January 2012 to 31 December 2014. 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 providing for the aggregate annual cap amount of rentals in relation thereto during the said three-year term.

On 26 September 2014, a supplemental agreement to the MTA (the "Supplemental Agreement") was entered into between the Company and WGL, for the purpose of revising the annual cap amount applicable to the financial year ended 31 December 2014 to HK\$1,100 million (instead of the aggregate annual cap amount of rentals of HK\$900 million as provided in the MTA), so as to enable the Group to receive from WGL group members full amounts of the rents for the year 2014, which was expected to exceed the original annual cap amount of HK\$900 million and which would be payable by the latter under various tenancy agreements.

Also on 26 September 2014, the Company entered into a renewal master tenancy agreement (the "Renewal MTA") with WGL for a new term of three years commencing on 1 January 2015 and expiring on 31 December 2017. The Renewal MTA is for the purpose of providing, inter alia, for the aggregate annual cap amount of rentals, which is fixed at HK\$1,580 million per annum, in respect of the leasing of premises owned by members of the Group to members of WGL group and its associated or affiliated companies during the said three-year term.

As WGL is indirectly wholly-owned by a trust, the settlor of which is the Chairman of the Company, namely, Mr P K C Woo, the MTA and the Supplemental Agreement and various transactions contemplated and/or governed thereunder (collectively, the "MTA Transactions"), and also the Renewal MTA, constitute 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 26 September 2014, received by Wharf group from WGL group for the financial year ended 31 December 2014 amounted to HK\$998 million.

(ii) Acquisition of Crawford House

On 11 August 2014, City State Ventures Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Green Assets Group Limited (the "Vendor"), a wholly-owned subsidiary of Wheelock, to acquire the entire issued share capital and shareholder's loan in Lucky Bay Investments Limited (the "Target Company") which principal asset is the property known as Crawford House situated at 64-70A Queen's Road Central, Central, Hong Kong, for a total consideration of HK\$2,754 million as mentioned in the abovementioned announcement dated 11 August 2014. The Company also agreed to provide a new guarantee in respect of the relevant bank facility of HK\$3,000 million, in substitution for the guarantee previously given by Wheelock.

As the Vendor is a wholly-owned subsidiary of Wheelock, which in turn is the holding company of the Company, the entering into of the transaction constituted a connected transaction for the Company under the Listing Rules.

- (iii)* With regard to the Related Party Transactions as disclosed under Note 28 to the Financial Statements on page 166, the transactions stated under paragraphs (a) and (c) therein constitute connected transactions (as defined under the Listing Rules) of the Company/ and the one under paragraph (b) constitute fully exempt connected transactions of the Company, for all of which the applicable requirements under the Listing Rules have been duly complied with.

Report of the Directors

(iv) *Confirmation from the Directors*

- (a) The Directors, including the Independent Non-executive Directors, of the Company have reviewed the MTA Transactions mentioned under Section (J)(i) above and confirmed that the MTA Transactions were entered into:
- (1) by the Group in the ordinary and usual course of its business;
 - (2) on normal commercial terms; and
 - (3) according to the relevant agreements governing the MTA Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.
- (b) 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 the 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 2014; 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.