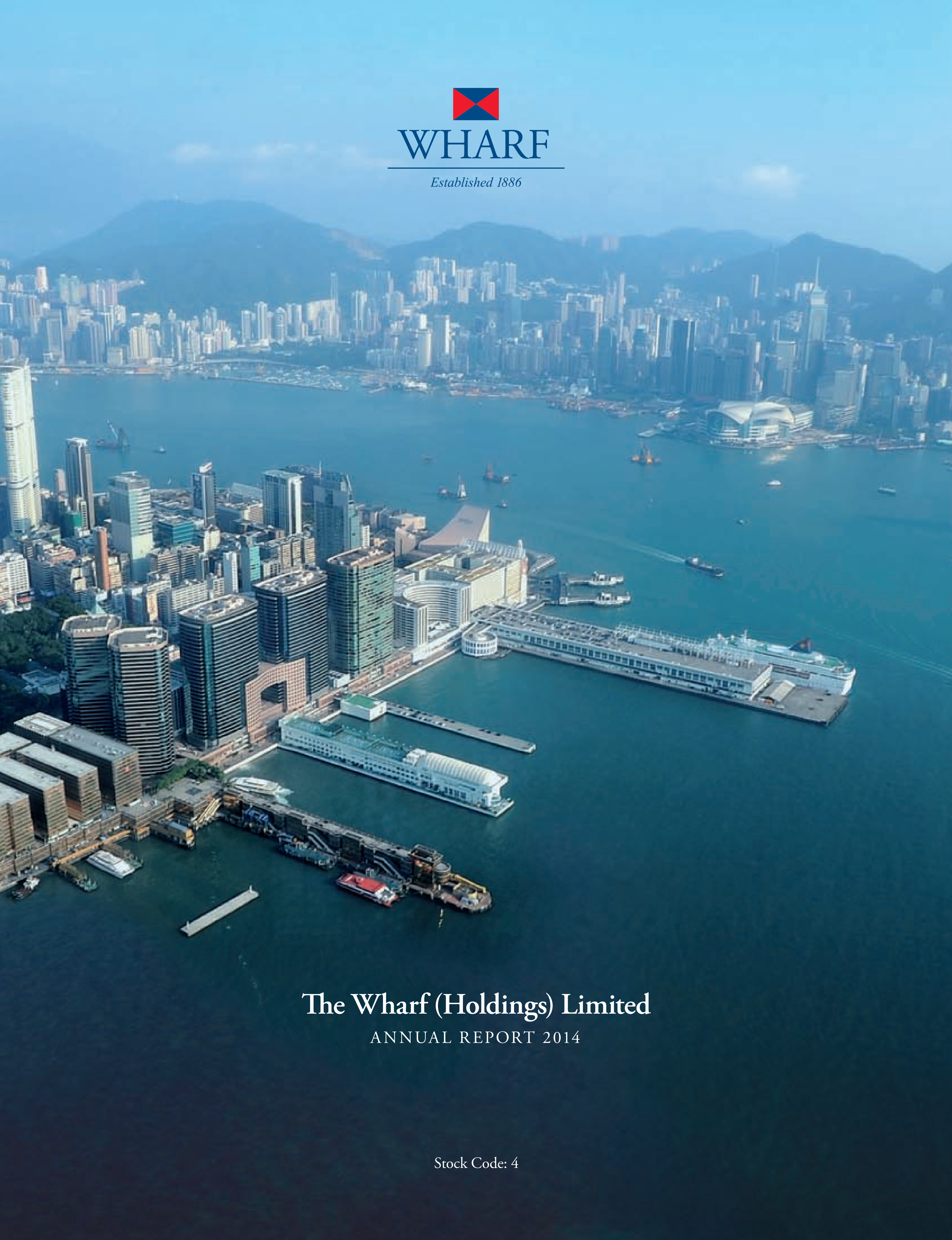


WHARF

Established 1886

The Wharf (Holdings) Limited

ANNUAL REPORT 2014

Stock Code: 4

In Building for Tomorrow, Wharf has achieved a few "firsts" in the past decades. That include the first all-weather mall in Hong Kong (Ocean Terminal), the first and only mall with retail sales exceeding 7% of Hong Kong retail sales (Harbour City), the first 17-storey vertical mall in Hong Kong (Times Square) and the first 40-storey industrial building in Hong Kong (CABLE TV Tower).

Wharf has also been Building for Tomorrow in other sectors. That includes building and operating of the first cruise terminal in Hong Kong (Ocean Terminal), the first container terminal in Hong Kong (Modern Terminals), the first cross-harbour tunnel in Hong Kong (Hunghom Tunnel), the first electronic toll collection system in Hong Kong (Autopass), the first multi-channel Pay TV service in Hong Kong (CABLE TV), the first 24-hour news channel in Cantonese and the first 24-hour entertainment news channel in Cantonese in the world (i-CABLE News and i-CABLE Entertainment).

Corporate Profile

Backed by a long standing mission of "Building for Tomorrow" and a distinguished track record, the Group has produced consistent and quality growth over the years. Wharf is among the top local blue chip stocks that are most actively traded and widely held.

Through years of value creation and new investment, the Group's investment properties ("IP") portfolio has grown to a book value of HK$302 billion as at the end of 2014. It represented 73% of the Group's underlying core profit.

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

With its leadership in retail management, the Group continued to maintain pole position in the Hong Kong retail market. Harbour City and Times Square, both landmark properties, had a combined value of HK$220 billion at the end of 2014, up by 15% from HK$192 billion in 2013, and represented 51% of the Group's business assets. Total retail sales at Harbour City, Times Square and Plaza Hollywood surged to another record of HK$48.1 billion in 2014, taking a record market share of nearly 10% of total Hong Kong retail sales and servicing over 155 million shoppers annually.

Building for Tomorrow came to underline the Group's asset expansion programme in the Mainland in recent years. The new base includes a land bank of 10 million square metres across 15 cities, a fast emerging hotel business and valuable port assets.

IP in China reported a solid performance with total rental revenue increasing by 57% to HK$2.0 billion. Operating Profit increased by 30% to HK$991 million.

The Group is developing a series of five IFSs in China, with a scale comparable to or surpassing that of Harbour City and Times Square in Hong Kong. These IFSs, upon full completion by end of 2017, will significantly enhance the Group's recurrent income base in China and be a significant growth driver.

The IFS retail malls in Chengdu and Changsha, with an aggregate retail area of 436,000 square metres, will be equivalent to the creation of more than two Harbour City malls. Chengdu IFS' shopping complex, a new landmark in this Capital of China West, officially opened in mid-January 2014. Changsha IFS is scheduled for completion in 2017. Three other IFS projects are also being built in Chongqing, Wuxi and Suzhou.

Attributable sales from China Development Properties in 2014 totalled RMB21.5 billion (excluding Greentown China Holdings Limited). Margin was however lower.

Wharf Hotels operates 14 Marco Polo hotels in Asia Pacific, five of them owned. A portfolio of 11 owned hotels (including six new hotels in the Mainland) will serve as a core platform of an expanding network in five years' time. An urban chic hotel brand, Niccolo, is soon to be introduced to the market with debut in Chengdu IFS in mid 2015. Conversion of Murray Building in Central, Hong Kong, is scheduled for completion in 2017.

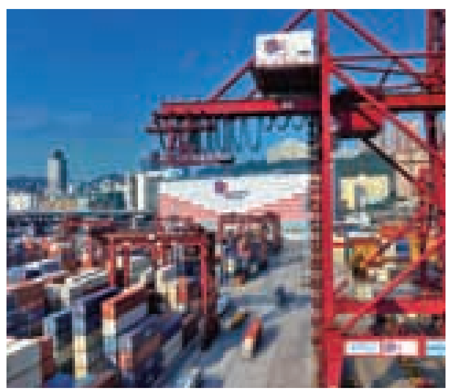
Also contributing to Wharf's presence in the Mainland are key port assets along the China coast, the most dynamic coastline in the world for cargo movement in the coming decades.

"Building for Tomorrow" also extends to Wharf's corporate social responsibility. In addition to flagship school improvement programme "Project *WeCan*", the Group has also supported a series of "Business-in-Community" initiatives. Staff volunteering plays a pivotal role while much effort has also been put into promoting professionals, retirees and citizens in community to play an increasing part. In 2010, Wharf was awarded "Caring Company" for five consecutive years by The Hong Kong Council of Social Service and was named a constituent member of the Hang Seng Sustainability Benchmark Index for the fourth consecutive year in recognition of the Group's sound performance in CSR.

The Group was awarded "The Excellence of Listed Enterprise Awards 2014" by Capital Weekly for the fourth consecutive year and ranked among Top 4 "Best IR in Sector — Industrials" in IR Magazine Awards' Greater China 2014 organised by IR Magazine.

Contents


NICCOLO




CABLE TV
Wharf T&T

Corporate Information

BOARD OF DIRECTORS

Hon Peter K C Woo, GBM, GBS, JP, *Chairman*
Mr Stephen T H Ng, *Deputy Chairman & Managing Director*
Mr Andrew O K Chow, *Vice Chairman*
Ms Doreen Y F Lee, *Executive Director*
Mr Paul Y C Tsui, *Executive Director & Group Chief Financial Officer*
Ms Y T Leng
Mr Kevin K P Chan*

Independent Non-executive Directors

Mr Alexander S K Au, OBE
Professor Edward K Y Chen, GBS, CBE, JP
Dr Raymond K F Ch'ien, GBS, CBE, JP
Hon Vincent K Fang, SBS, JP
Mr Hans Michael Jebsen, BBS
Mr Wyman Li
Mr David M Turnbull
Professor E K Yeoh, GBS, OBE, JP

* Appointment effective post 2015 Annual General Meeting

COMPANY SECRETARY

Mr Kevin C Y Hui, FCCA, HKICPA

AUDITORS

KPMG, Certified Public Accountants

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

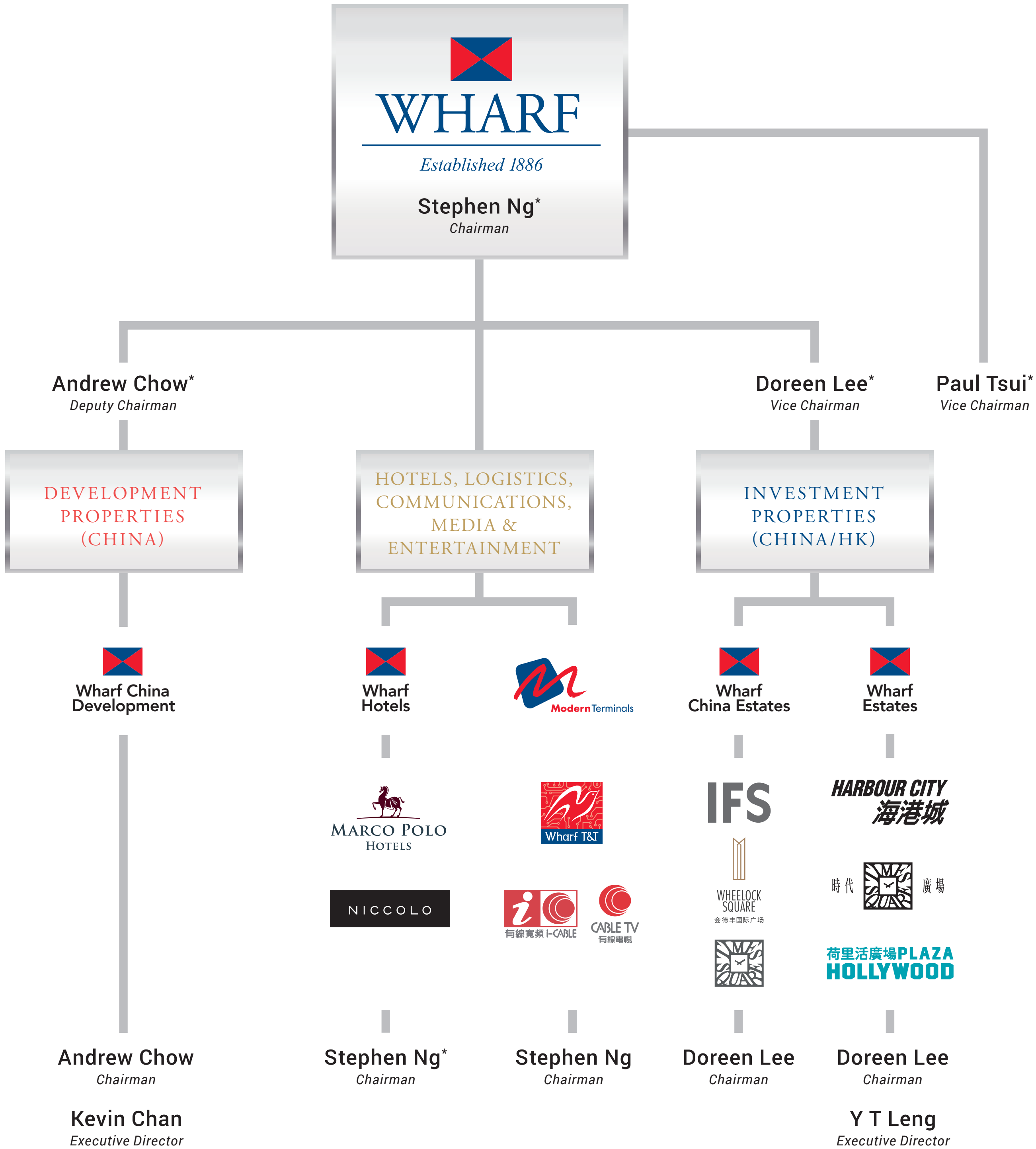
REGISTRARS

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

16th Floor, Ocean Centre, Harbour City,
Canton Road, Kowloon, Hong Kong
Telephone: (852) 2118 8118
Fax: (852) 2118 8018
Website: www.wharfholdings.com

Group Business Structure



* Appointment effective post 2015 Annual General Meeting

Chairman's Statement

I first came across Wharf in 1978. Mr Li Ka-shing had visited Sir YK Pao to discuss a 10% stake in The Hongkong and Kowloon Wharf and Godown Company Limited (now known as The Wharf (Holdings) Limited). In what reminded me of my earlier banking days in New York, I was combing over the 1977 Wharf annual report and Mr Li's one page summary, to make my buy-or-not recommendation overnight. I witnessed their quick handshake on the deal the next afternoon and the rest is history. Mr Li also went on to achieve super success.

I became a director of Wharf in 1978. This year marks my 37th year on the board. In January 2014, Mr Douglas Woo became the Chairman of Wheelock, Wharf's parent company, working with its two vice chairmen, Mr Stephen Ng and Mr Stewart Leung. Mr Leung currently chairs Wheelock Properties Limited, another principal subsidiary of Wheelock. I will now take leave as Chairman at the forthcoming annual general meeting ("AGM") and Mr Ng will become chairman of Wharf.

THE WHARF JOURNEY

During my time at Wharf, we have witnessed and benefited from the opening of China with the first wave of market reforms and economic expansion, running from the late 1970s through to 2012. Wharf has actively participated from a front row seat in the economic renaissance of our enormous hinterland.

In 1992, Wharf published the "Hong Kong Plus" paper, highlighting the seldom talked about opportunities Hong Kong would have pre and post 1997 with the opening of mainland China. The paper outlined my optimism for this new era of Hong Kong against a wave of "the sky is falling" panic preceding and throughout the change of sovereignty.

With a strong belief and confidence in the trade services explosion, which would drive and anchor Hong Kong's economic fundamentals, Wharf considered its substantial investments in Hong Kong to be compelling opportunities for the company. Wharf undertook to do this after the 1982–1984 Sino British negotiation on the handover of Hong Kong and the subsequent joint declaration.

Wheelock Marden, established in 1857, was one of Hong Kong's premier 'hongs' that headed eight listed companies. Against the backdrop of prolonged disputes between its two main shareholders, in February 1985, Wharf was the invited white-knight and made its successful swift general offer and takeover bid, in opposition to the hostile bid from Tan Sri Khoo Teck Puat of Singapore. That was Wharf's first such major investment.

Then came the redevelopment from 1989 to 1993 of the old tram depot into today's two million square foot Times Square, the start-up of the first ever multi-channel pay TV service in Hong Kong, i-CABLE, in 1993, and its sister telecommunications company Wharf T&T in 1995 to lead the market deregulation, and the substantial rebuilding of Harbour City from 1990 to 2000 kicking off with Gateway I. At Harbour City, 2.4 million square feet of GFA were added, nearly 30% of the expanded development, which today has a market value of HK$170 billion. Time Square's current market value is over HK$50 billion. All bold and pioneering projects in times of great political uncertainty.

Wharf's business began in a wharf and godown in Tsim Sha Tsui in 1886. In the 1970s, cargo containerisation was a game changer and Kwai Chung was the selected location. Urbanisation provided the defining opportunity for Wharf — when the harbourfront godowns were demolished, we were able to create The Hongkong Hotel, Ocean Centre and the rest of Harbour City.

Wharf eventually became a 25.6% shareholder in Modern Terminals Limited ("MTL") with the consolidation of Container Terminals 1 and 5 in Kwai Chung. Wharf then progressively increased its stake in MTL from 1987 to 2005 and is now the controlling shareholder with 67.6%. With its addition of Container Terminals 2 and 9 (South) during the same period, MTL now boasts four terminals covering 92.61 hectares of land with seven berths and a total quay length of 2,432 metres. Wharf's cargo-handling pedigree moved from Tsim Sha Tsui to Kwai Chung. Perhaps there awaits a sequel of sorts — Wharf 2?

Our retail malls now together capture nearly 10% of total Hong Kong retail sales, servicing over 155 million shoppers annually.

Harbour City takes a 7.1% share of Hong Kong retail sales. In the 1960s Nathan Road was the major tourist and nightlife destination and Canton Road was a dilapidated street that few dared to visit when the sun went down. We maximised Harbour City's plot ratio untapped by previous management, which represents an increase of nearly 50% on a large base. We revamped retail shop fronts on Canton Road and added sizeable new retail GFA. With two million square feet of mall space under one roof, and 530 metres of contiguous retail frontage along Canton Road, Harbour City has critical mass and street exposure. It became an international retail landmark. It is a most preferred location and show case to the mainland market for the world's best brands. Our long waiting list is a huge comfort to our proactive management approach anchored on solid retailing principles. Louis Vuitton and Chanel have their best performing stores here. Harbour City sets new records in sales and retail revenue every year. She compares more than favourably with industry-leading international benchmarks. Annual retail sales in 2014 exceeded HK$35 billion (growing fivefold in 10 years) making it perhaps one of the most productive, if not the most productive, malls in the world.

Transforming an old tram depot and wet markets into Times Square was a thrill in itself. A 17-storey vertical mall of one million square feet was unheard of at that time in Hong Kong and the world. The redevelopment project began in 1989 when there was a crisis of confidence in Hong Kong and some thought I was a bit on the crazy side to do this project at that time. With its signature open Piazza, bonus plot ratio was allowed for Times Square. Now, the 17-storey retail mall is perhaps the most successful vertical mall in the world. It is also a must-visit shopping landmark in town. Since its opening in 1993, Times Square's New Year's Eve Apple Countdown appears on the front page of leading local newspapers every year. Once a neighbourhood of fruit and fresh meat stalls, it is now home to coveted luxury brands such as Louis Vuitton and Chanel. From a zero book value in 1989, the subsequent value created for the two million square feet project has exceeded our own expectations.

However, the story that is not well known is that this property was previously put into a joint venture with a local developer to build small flats for sale. That would have been perhaps a totally forgotten project, perhaps a non-event, and Hong Kong would have missed having a substantial landmark. However, due to a very weak and nervous market at that time, the deal was put in abeyance by mutual consent. We took a strong stance subsequently and succeeded in terminating that deal for good. The outcome was a huge bonus indeed for Wharf shareholders.

GIVING BACK

We believe it is only right that Business should engage itself in the Community. Five years ago we identified an area where Wharf could give back to the community by working with students of Band 3 schools. These students are disadvantaged in learning due to environment and circumstance, not lack of ability. 150 out of 450 middle schools are designated Band 3. Only 20% of all graduating middle school students go on to university. What about the remaining 80%? The lower half of the 80% attend Band 3 schools. Through guidance, opportunity and exposure, we aim to help equip and empower these students to strive to take a meaningful role in society and the workforce, and simply to give these students feeling that they exist and that someone cares.

Together with our many caring corporate partners, we are investing about $300 million in a Business-in-Community initiative named Project *WeCan*. But this is not a financial donation, it is a programme that utilises our corporate resources and provides equipment, software, training and activities. When a Group subsidiary or a corporate partner 'adopts' a school, it provides exposure to careers through workplace visits; job tasting and mentorships; software; customised programmes for individual development; community service in China; career planning; and skills building including English, basic accounting, IT competence and 3D printer training; and also importantly, teachers development.

We started with 10 schools over four years ago. In 2013, we had 450 volunteers working across 14 schools. In Autumn 2014, we added another 30 schools with the *WeCan* 2 programme, and the initiative now covers 30% of all Band 3 schools and 40,000 students.

Chairman's Statement

The Government has fully endorsed and supported the programme with the Chief Executive Leung Chun-ying highlighting Project *WeCan* in his 2014 Policy Address as one of the examples of the business sector leading the effort in assisting the disadvantaged. But it is the testimonials of the students who through this programme have gained more self-confidence and stated their aspirations to dream bigger and work harder to rise from the menial to the meaningful with goals and objectives that really hits home.

Our aim is that with more working partners, we can eventually cover all 150 schools of this banding in the not too distant future. We are looking for more Business-in-Community volunteers including Professionals-in-Community and Retirees-in-Community to take on more schools as Wharf has finite human resources. Many of our staff give their time to coaching and mentoring these students for which I am immensely grateful. The silver lining is that not only do the students and teachers get great value out of the programme, our staff really enjoys being involved and are highly engaged in "giving back" — they care.

However, we don't do this alone and I would also like to extend my gratitude to the other caring corporations and institutions that have helped make Project *WeCan* so impactful:

AIA, Bluebell Hong Kong Limited, BNP Paribas, City University of Hong Kong, Coach Hong Kong Limited, Consulate General of France in Hong Kong and Macau, DBS Bank, Elegant Watch & Jewellery, Emperor Watch & Jewellery, Grosvenor Limited, I.T Limited, Lane Crawford, LWK & Partners (HK) Ltd, Midland Charitable Foundation, Parfums Christian Dior Hong Kong Limited, Prince Jewellery and Watch Company Limited, Standard Chartered Hong Kong 150th Anniversary Community Foundation, The Chinese University of Hong Kong and The Hong Kong Polytechnic University.

One day, a *WeCan* student said to me, "I get it". I said, "What?" And he replied, "I don't want to be earning an hourly wage at McDonald's. I want a job in an office like yours..." Once these students know what they want, they are motivated to work towards it. That made my day.

THE FUTURE

Since 2013, China has been led by a new and dynamic generation of strong leaders who will steer China's second wave as the world's second largest economy. In 2014, China's economy grew by 7.4% — the slowest growth rate in a quarter of a century. This reflects what the new Chinese leaders call the "new normal" of slightly slower but higher quality growth, say at around 7%, for a more sustainable and environmentally friendly economic expansion. This second wave will have more in-depth reform, rule of law and austere party discipline as anchor policy focus.

Recently, domestic consumption has contributed more to growth than investment for the first time. China's top policy makers are committed to pivoting from investment-led growth in industry and infrastructure toward services and consumption and to focus on domestic demand, and the restructuring and rebalancing of the economy. A prodigious pace of urbanisation continues with 200 million people moving from the rural areas to the cities and towns over the next twenty years. The high-speed rail network will facilitate the spread of economic activities, resulting in an emergence and connection of metropolitan regions across the country. This means the further integration and enhancement of the critical mass of the emerging domestic markets.

The huge commitment to double GDP from 2010 to 2020 will further accelerate urbanisation and wealth accumulation for the next decade.

This is good news for Hong Kong — these growth stories underline the needs of quality consumers in the Mainland for services and merchandise unavailable in their hometowns and cities, but available here. Hong Kong is the convenient premier business and services platform, which offers quality, selection and reliability. Hong Kong needs to continue to develop and build capacity to cater for and properly service this huge demand from visitors and local residents.

Wharf reported total profit of HK$36 billion for 2014. After dividends, the Group's net asset value increased by HK$30 billion. In 1978, when my family first invested in a 10% stake of Wharf, Wharf's market capitalisation was just HK$3.5 billion. Currently, Wharf's net book value stands at HK$300 billion. Our asset base continues to grow. Wharf is one of the top local blue chip stocks with liquidity.

Investment Properties ("IP") is the core of our portfolio representing 72% of total assets with recurring income in 2014 of HK$13 billion. Harbour City and Times Square are sitting on rare 999-year leaseholds. New growth will also be coming from mainland China. Shanghai Wheelock Square is the premier landmark office tower and the tallest in Puxi, Shanghai, at 270 metres. Chengdu International Finance Square ("IFS"), an 6.6-million-square-foot multi-use complex comprising a 2.2-million-square-foot mall, is comparable to Harbour City in Hong Kong. Changsha IFS, a 7.8-million-square-foot multi-use complex consisting of a 2.5-million-square-foot mall, is yet another Harbour City. Both IFSs are located in the most prime locations in their cities. Our tenants have come with us to these new markets reflecting their trust and confidence in our judgment and value creation capability.

As an integral part of our multi-purpose IFS complexes, our hotel group will be launching its first Niccolo, a collection of contemporary urban chic hotels, at Chengdu IFS in mid-2015. A further three Niccolo hotels will be opened in the IFS complexes in Chongqing, Changsha and Suzhou.

We are excited about winning the government tender in 2013 on the Murray Building. This allows us to convert the 50-year-old iconic landmark in Hong Kong, with its majestic arches, into a unique urban chic hotel. This is a conservation project which will feature 340 luxury guestrooms overlooking the heart of Central.

IP will remain the core of our portfolio. We continue to be selective in our search for prime opportunities.

Post AGM this year, Mr Stephen Ng will chair the company. With his proven track record and experience, I am supremely confident that he will do well as Chairman. Mr Andrew Chow, Chairman of Wharf China Development Limited, who has pioneered our strategic investments in China with the mainland business portfolio now accounting for close to 50% of Group revenue, will assume the role of Deputy Chairman. Ms Doreen Lee, Chairman of Wharf Estates Limited in Hong Kong and China, who has ably managed our IP portfolio in Hong Kong and Mainland China representing 72% of our total assets, will be a Vice Chairman of Wharf. Mr Paul Tsui, who is highly knowledgeable and experienced in overseeing finance and administration, will be another Vice Chairman of Wharf.

IN CLOSING

During my tenure, Hong Kong has had more than its fair share of huge ups and downs. With challenges still to come on the domestic and international fronts, I am confident Wharf is well positioned for an exciting and successful future and that it will continue to be vigilant.

Many say Wharf has been fortunate. With the gradual removal of travel restrictions on mainland Chinese wanting to visit Hong Kong, starting on 28 July 2003, the number of visitors has grown from 12 million in 2004 to 47 million at present. The exponential growth in the critical mass of Hong Kong's financial services platform has also made quantum jumps from a total market cap and average turnover on the Hong Kong stock market of under HK$7 trillion and HK$16 billion respectively in 2004, to HK$25 trillion and HK$69 billion respectively in 2014.

Well, Wharf did not succeed by being idle. Persistent and substantial investments were made in hardware of around 5 million square feet of IP build, plus software, in marketing and customer relationship management with mainland customers during those 15 years leading up to 2004. These initiatives reaped sizeable rewards when harvest came.

Chairman's Statement

Those 15 years starting in 1989, of which the period of 1995 through to 1997 was a bubble economy, were either turbulent and or deflationary. That was the period when Wharf chose to build and refine our unique platforms in Harbour City and Times Square. "Building for Tomorrow" was our motto and that was what we did. We did not build for the sake of building or for the sake of short-term profits or to win design awards. Simply, Wharf built to create value.

We were therefore ready and in time to serve the surge when the gates opened in 2003, as both people and capital started to actively seek high usage from Hong Kong's high performance services platform. Over the subsequent 10 years from 2004 to 2014, Wharf added almost HK$80 per share to its NAV (2014: HK$100.82; 2004: HK$22.46), with 2014's almost five times that of 2004. Perhaps not too coincidentally, total retail sales in Harbour City in 2014 was also nearly five times that in 2004. This speaks for itself.

Personally, this has been an unforgettable journey. However, all that has been achieved at Wharf could have just been points on a "to do" list if not for a dedicated and passionate group of managers and staff who have helped make all of this possible. In this regard, I'd like to make special mention of my former Deputy Chairman, Mr Gonzaga Li, who helped make our mission impossible possible, often times exceeding what I had imagined, and Mr Stephen Ng, my current Deputy Chairman, who took i-CABLE from a start-up through to a successful IPO and also launched Wharf T&T, which now generates around HK$300 million profit a year. I would like to take this opportunity to express my heartfelt gratitude and appreciation to my fellow Directors, senior colleagues and every one of our hard working staff for their enormous contribution. And I would like to thank our customers and business partners for their unwavering support, enthusiasm and commitment over the past three decades that have enhanced the Group.

Last but certainly not least, I wish to sincerely thank our shareholders for their confidence and unfailing support over the years and I invite them to continue to do so.

Peter K C Woo
Chairman
Hong Kong
14 March 2015

Managing Director's Report

Financial Highlights

	2014 HK$ Million	2013 HK$ Million	Change %
Results			
Revenue	**38,136**	31,887	+20%
Operating profit	**14,283**	13,280	+8%
Underlying core profit (note a)	**10,474**	11,298	-7%
Profit before property revaluation surplus	**8,247**	12,206	-32%
Profit attributable to equity shareholders	**35,930**	29,380	+22%
Total dividend for the year	**5,486**	5,151	+7%
Earnings per share (note b)			
Underlying core profit	**HK$3.46**	HK$3.73	-7%
Before property revaluation surplus	**HK$2.72**	HK$4.03	-33%
Attributable to equity shareholders	**HK$11.86**	HK$9.70	+22%
Dividend per share			
First interim	**HK$0.55**	HK$0.50	+10%
Second interim	**HK$1.26**	HK$1.20	+5%
Total for the year	**HK$1.81**	HK$1.70	+6%
Financial Position			
Total assets	**444,658**	415,052	+7%
Total business assets (note c)	**422,412**	387,696	+9%
Total investment properties	**301,890**	261,097	+16%
Net debt	**59,259**	58,072	+2%
Shareholders' equity	**305,495**	275,557	+11%
Total equity	**314,111**	284,255	+11%
Number of issued shares (in millions)	**3,030**	3,030	–
Net asset value per share	**HK$100.82**	HK$90.94	+11%
Net debt to total equity	**18.9%**	20.4%	-1.5% pt

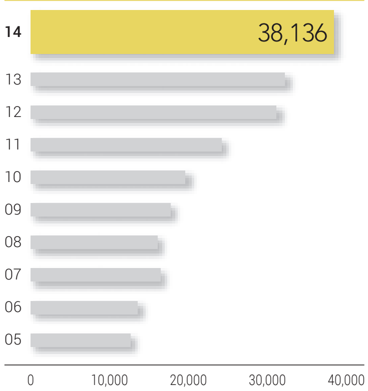
Notes:

(a) Underlying core profit excludes net property revaluation surplus, mark-to-market gains on certain financial instruments and net impairment provision for properties.

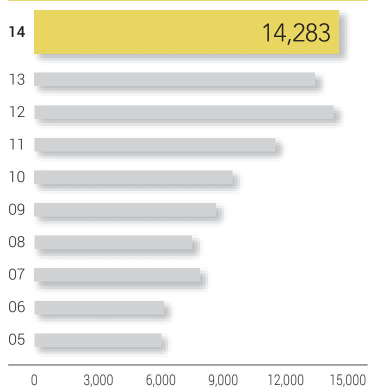
(b) Earnings per share for 2014 is calculated based on 3,030 million ordinary shares in issue during the year (2013: 3,030 million ordinary shares).

(c) Business assets exclude unallocated corporate assets mainly comprising financial investments, deferred tax assets and bank deposits and cash.

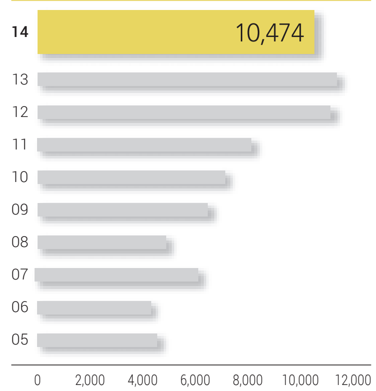
REVENUE
(HK$ Million)



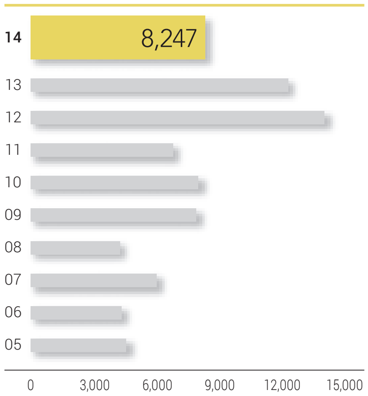
OPERATING PROFIT
(HK$ Million)



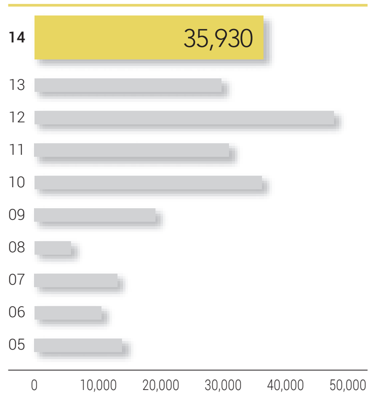
UNDERLYING CORE PROFIT
(HK$ Million)



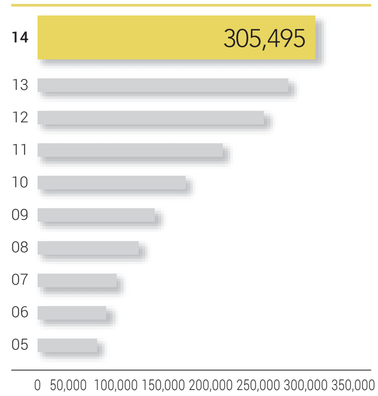
PROFIT BEFORE PROPERTY REVALUATION SURPLUS
(HK$ Million)



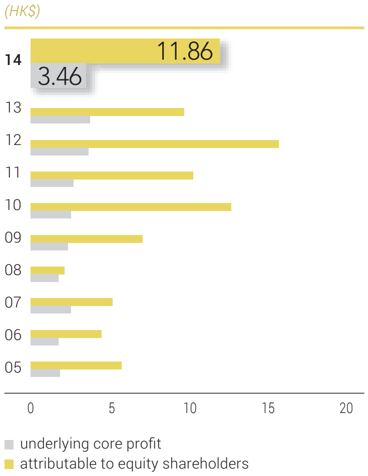
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(HK$ Million)



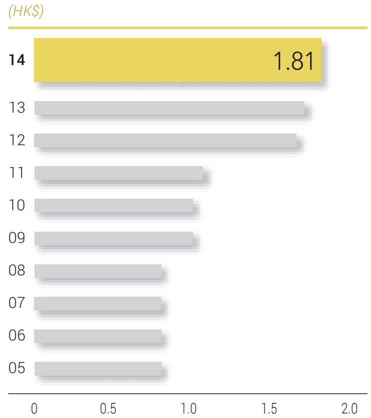
SHAREHOLDERS' EQUITY
(HK$ Million)



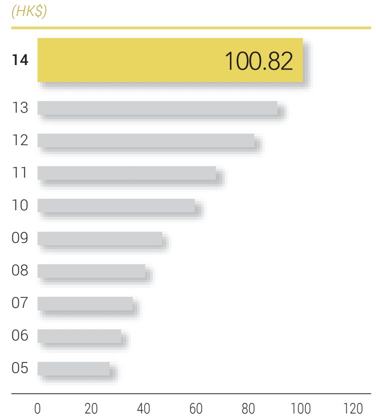
EARNINGS PER SHARE
(HK$)



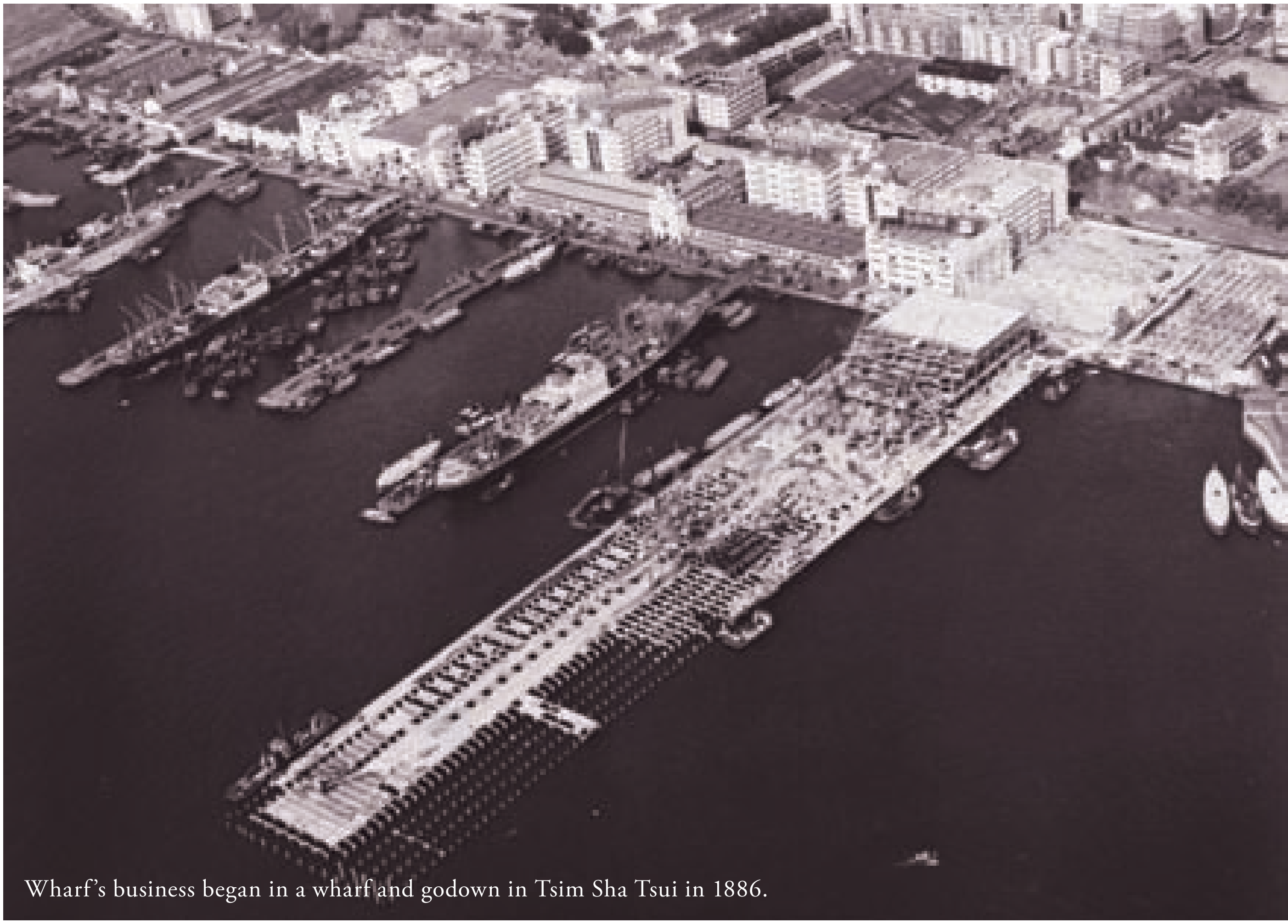
DIVIDEND PER SHARE
(HK$)



NET ASSET VALUE PER SHARE
(HK$)



Harbour City



Wharf's business began in a wharf and godown in Tsim Sha Tsui in 1886.

Urbanisation provided the defining opportunity for Wharf. The redevelopment of Harbour City turned Canton Road from a dilapidated street nobody dared to visit after sunset to the most high traffic focal point of TST today.

BUSINESS ASSETS

169,074

HK$ Million

GROSS REVENUE

9,550

HK$ Million

OPERATING PROFIT

7,474

HK$ Million

An international retail landmark, Harbour City takes a 7.1% of Hong Kong retail sales and sets new records in sales and retail revenue every year.

Business Review
HARBOUR CITY

BUSINESS ASSETS

As at 31 December	2014 HK$ Million	2013 HK$ Million	Change
Properties (at valuation)	159,700	137,770	+16%
Hotel and club* (at valuation)	8,420	8,340	+1%
Other assets	954	1,067	-11%
Total business assets	169,074	147,177	+15%

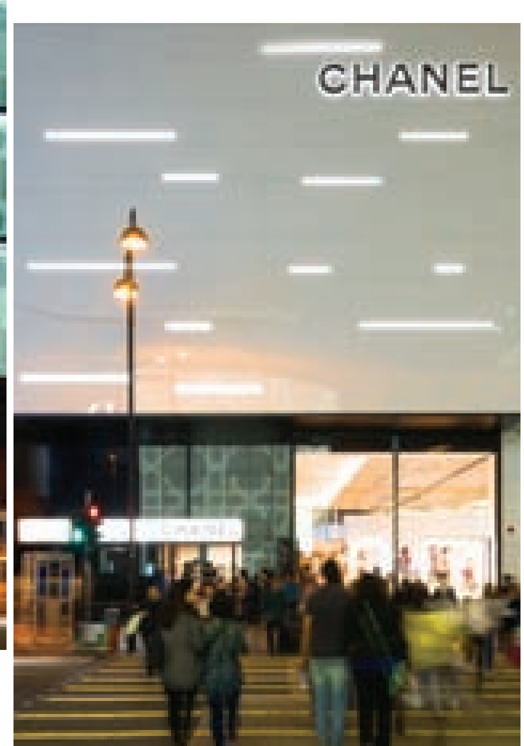
* Hotel and Club are stated at cost less depreciation in the financial statements.

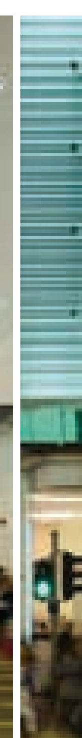
GROSS REVENUE

	2014 HK$ Million	2013 HK$ Million	Change
Retail	5,674	4,909	+16%
Office	2,121	1,885	+13%
Serviced Apartments	301	305	-1%
Hotel and Club	1,454	1,372	+6%
Total gross revenue	9,550	8,471	+13%

OPERATING PROFIT

	2014 HK$ Million	2013 HK$ Million	Change
Retail	5,066	4,384	+16%
Office	1,793	1,594	+12%
Serviced Apartments	195	211	-8%
Hotel and Club	420	393	+7%
Total operating profit	7,474	6,582	+14%





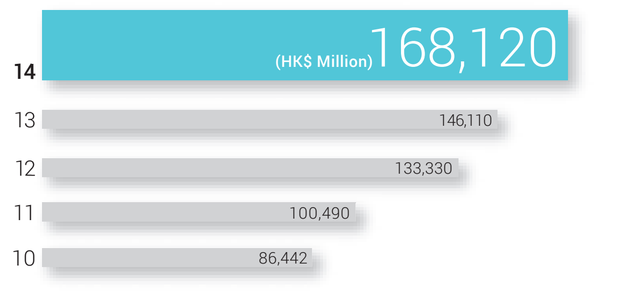
Harbour City was valued at HK$168 billion at the end of 2014, representing an increase of 15% over 2013 and 39% of the Group's business assets. Revenue increased by 13% to HK$9,550 million and operating profit by 14% to HK$7,474 million.

Retail

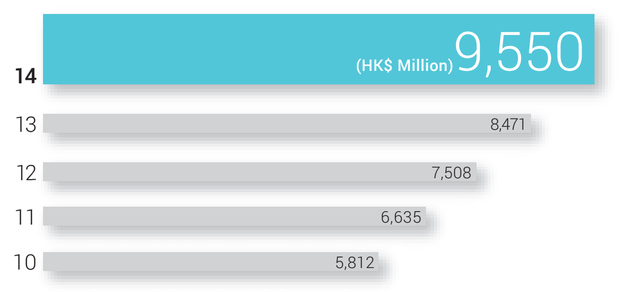
In 2014, Hong Kong retail market saw a 0.2 percent year-on-year drop in sales, primarily due to the Mainland's anti-extravagance campaign that dented luxury spending and competition from Europe, Korea and Japan as their currencies continued to weaken relative to Hong Kong Dollar and Renminbi. The "Occupy Movement" towards the end of the year inflicted further damage.

Harbour City again outperformed the market in a challenging retail environment. Total sales grew by 3.4% to set another record of HK$35 billion. Market share improved further to 7.1%, manifesting its productivity and leading position in the marketplace. Revenue to Harbour City from retail increased by 16% to HK$5,674 million.

PROPERTY VALUE



GROSS REVENUE



Business Review
HARBOUR CITY

Management, size and location are the key success factors contributing to the outperformance in a competitive retail landscape. With two million square feet of mall space, Harbour City is among the world's leading shopping destinations. It is the core of the "Greater Harbour City" cluster with six million square feet spanning vibrant shopping, entertainment, dining and lifestyle in Tsimshatsui's most dynamic retail area. Its presence strengthens the prominence of the region. The coveted Harbour City and its 530-metre contiguous retail frontage along Canton Road is well positioned as a global retail showcase for celebrated brands and has become the most sought-after location for the best-of-class retailers. Demand from renowned fashion brands for expansion and flagship stores at Harbour City remains intense. New additions (Bvlgari and Valentino) and expansion (Prada) were committed on Canton Road. Other committed expansions included Celine, Jimmy Choo, Moncler and Roger Vivier.

New openings or commitments further refined the diverse tenant mix. These included top performers across various trade categories such as fine jeweler Chaumet and Van Cleef & Arpels, as well as Italian fashion brand Armani Collezioni. Michelin star chef's Italian restaurant La Locanda by Giancarlo Perbellini, French fine dining Dalloyau and Wedgewood's Café opened their debut stores in Hong Kong at Harbour City. Jamie's Italian is also set to open its Kowloon debut at Harbour City. Following the opening of Uniqlo's largest flagship store in Kowloon in April, Page One's 37,000-square-foot full concept store and Versace's three-level full concept store were opened in late September and October respectively.

Ocean Terminal's ("OT") value-accretive renovation is progressing to plan. Upon completion of the new escalators and a new atrium at KidX as well as creation of three new shops taken up by Hublot, IWC Schaffhausen and Montblanc in Golden Mile, new retail and F&B attractions on the third floor will be created by mid-2015.

Designed by Foster & Partners, the extension building plan for OT is approved. New culinary options with breathtaking panoramic views of the Hong Kong harbour and skyline will be offered at the extension building.

A series of trade-mix enhancements as well as the renovation and extension of OT will further unleash retail value, add growth impetus and bring surprises and excitement to the customers.

Business Review
HARBOUR CITY

RETAIL TENANT MIX (by Rental, Area and Sales)

	% by Rental	% by Area	% by Sales
Fashion	34.4	30.0	25.0
Leather Goods - Shoes Bags & Related Trade	23.7	12.1	26.4
Department Store, Confectionery Products	11.3	19.7	12.1
Jewellery, Beauty and Accessories	18.7	7.7	21.7
Restaurant, Fast Food, F&B, Entertainment	3.3	14.7	3.1
Children's Wear, Toy & Related Trades	2.8	5.2	2.3
Electrical & Audio-visual Equipment	2.2	2.0	7.0
Sports Wear	1.9	2.2	1.5
Others	1.7	6.4	0.9
Total	100.0	100.0	100.0

PORTFOLIO INFORMATION

	Gross Floor Area (sq ft)	Revenue (HK$ Million)	Average Occupancy (%)	Year-end Valuation (HK$ Million)
Retail	2,049,000	5,674	98	94,602
Office	4,263,000	2,121	96	55,108
Serviced Apartments	670,000	301	74	9,990
Hotel and Club	1,368,000	1,454	89	8,420

Office

Demand at Harbour City was underpinned by business expansion and corporate upgrades. New lettings were largely supported by small to medium-sized requirements. Solid positive rental reversion increased revenue by 13% to HK$2,121 million. Rental rates for new commitments remained stable while occupancy reached 98% at year-end.

Lease renewal retention rate held up at 83% during the year, with favourable rental increments. These included AIA, All Nippon Airways, Mizuho Corporate Bank and West Kowloon Cultural District Authority.

Thanks to its favourable location and transportation, premium quality management, comprehensive ancillary features including the mega mall, three Marco Polo hotels, serviced apartments, a fitness centre and a private Pacific Club, Harbour City is a preferred office location for multinationals, as well as Mainland and local enterprises. These advantageous elements place Harbour City in an unrivalled position relative to "pure offices".

Serviced Apartments

Revenue amounted to HK$301 million, with occupancy (excluding 61 apartments closed for renovation) climbing to 87% at year-end. Upon completion of the substantial renovation, the refreshed apartments will be better-positioned to cater to customers' unique and sophisticated demands and enable the most discerning customers to enjoy an unmatched, tranquil and more blissful lifestyle.

Times Square

Transforming an old tram depot and wet markets into Times Square was a thrill in itself.

A17-storey vertical mall of one million square feet was unheard of at that time in Hong Kong and the world.


時代廣場
TIMES SQUARE
GUCCI

BUSINESS ASSETS

52,142

HK$ Million

GROSS REVENUE

2,544

HK$ Million

OPERATING PROFIT

2,276

HK$ Million

Times Square is one of the world's most successful vertical malls and a must-visit shopping landmark in Hong Kong.


Lane Crawford

Business Review
TIMES SQUARE

BUSINESS ASSETS

As at 31 December	2014 HK$ Million	2013 HK$ Million	Change
Properties (at valuation)	52,100	46,200	+13%
Other assets	42	35	+20%
Total business assets	52,142	46,235	+13%

GROSS REVENUE

	2014 HK$ Million	2013 HK$ Million	Change
Retail	1,883	1,492	+26%
Office	661	604	+9%
Total gross revenue	2,544	2,096	+21%

OPERATING PROFIT

	2014 HK$ Million	2013 HK$ Million	Change
Retail	1,701	1,301	+31%
Office	575	529	+9%
Total operating profit	2,276	1,830	+24%

The completion of a value-accretive revamp at the mall spurred a significant increase in overall revenue by 21% to HK$2,544 million and operating profit by 24% to HK$2,276 million.

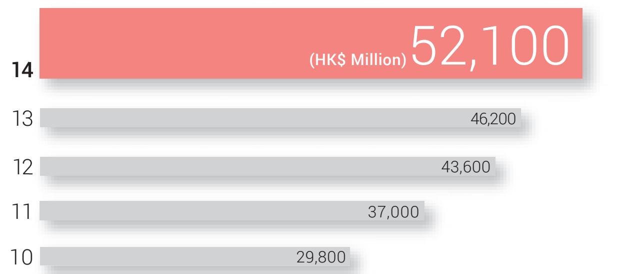
Retail

Times Square, prominently located at the most dynamic retail district in Causeway Bay, is among the most successful vertical malls in the world and remains a must-visit shopping landmark in town.

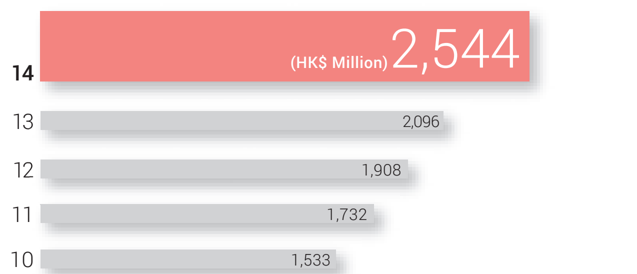
Its unique 17-level mall design, expertly-managed trade-mix and direct connection to the Mass Transit Railway as well as its signature Open Piazza set Times Square apart from others in the vibrant district.

Similar to Harbour City, Times Square is the core of a "Greater Times Square" cluster of high-traffic shopping, entertainment, dining and lifestyle, and enhances the appeal of the region.

PROPERTY VALUE



GROSS REVENUE



TIMES SQUARE

The enhanced Times Square has pushed the bar to new heights and caters to higher levels of service, sophistication and entertainment demands from a broader range of shoppers. This sparked new growth in retail sales and revenue in 2014. Retail sales grew by 11% to set another record of HK$10.5 billion while retail revenue increased by 26% to HK$1,883 million with occupancy maintained at virtually 100%.

A line-up of new anchors and coveted luxury brands including Chanel, De Beers, Dior Homme, Fendi and Louis Vuitton sustained retail momentum. Refined culinary offerings including Pak Loh Chiu Chow Restaurant, Yun Yan, and Enmaru, the top-ranked Izakaya style Japanese restaurant, as well as Laduree Tea Room, the renowned French café's debut, have met with encouraging responses.

The state-of-the-art five-house cinema CINE TIMES across the 12th to 14th floors with top-notch audio/visual facilities drove foot traffic, boosted sales and created value. Success also lies in the installation of bigger and faster elevators from ground level to bring shoppers to the upper levels much more conveniently.

Trade-mix was further enhanced with recruitment of a diverse range of tenants from leading high-end brands such as Celine, Hugo Boss and Jimmy Choo to popular mass brands such as American Eagle Outfitters and Topshop. Gucci is set to open a vertical duplex store by mid-2015 whereas some tenants at the atrium floors will relocate with new images.

The creation of a semi-retail zone at the upper floors further strengthened the tenant mix. Il Colpo opened a 4,800-square-foot salon and Sulwhasoo opened its first 10,000-square-foot flagship beauty and spa centre on Hong Kong Island.

Constant value-accretive initiatives will continue to drive growth and performance.

TIMES SQUARE

RETAIL TENANT MIX (by Rental, Area and Sales)

	% by Rental	% by Area	% by Sales
Fashion	35.6	24.4	22.4
Jewellery, Beauty, Healthcare and Accessories	32.0	14.8	28.4
Department Store, Confectionery Products	12.2	22.0	24.9
Electrical & Audio-visual Equipment	6.6	6.3	12.8
Sports Wear	5.0	3.8	3.7
Restaurant, Fast Food, F&B, Entertainment	7.4	25.7	6.8
Others	1.2	3.0	1.0
Total	100.0	100.0	100.0

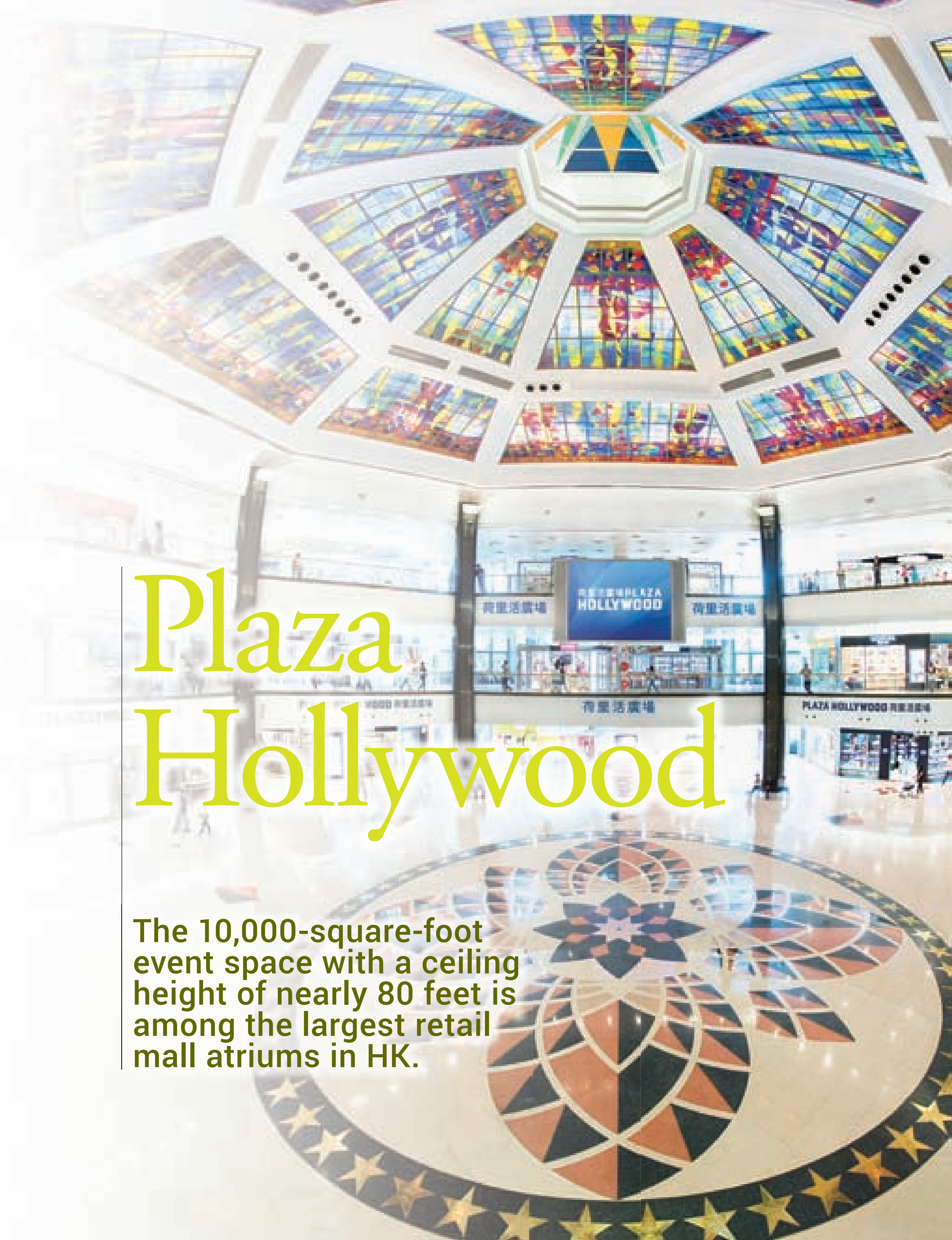
Office

Positive rental reversion increased Times Square's revenue by 9% to HK$661 million. Occupancy was 98% at year-end. Lease renewal retention was maintained at 75%.

Times Square remained the preferred office location for multinationals in the service and consumer goods industries. New lettings in 2014 included The Bank of East Asia, Giant Interactive and Park Linker. Demand was fueled by in-house expansions or relocations including AXA China Region Insurance, Dennis Lau & Ng Chun Man and Huawei Investment.

PORTFOLIO INFORMATION

	Gross Floor Area (sq ft)	Revenue (HK$ Million)	Average Occupancy (%)	Year-end Valuation (HK$ Million)
Retail	936,000	1,883	100	37,127
Office	1,033,000	661	96	14,973



Plaza Hollywood

The 10,000-square-foot event space with a ceiling height of nearly 80 feet is among the largest retail mall atriums in HK.

PLAZA HOLLYWOOD

Plaza Hollywood, a leading shopping mall in Kowloon East with a population catchment area of 1.5 million residents, offers enormous growth potential. Relentless tenant mix enhancement and powerful retail marketing drove its growth and performance. Revenue increased by 8% to HK$513 million and operating profit by 9% to HK$397 million. Occupancy was 99% at year-end.

Prominent location and efficient transport infrastructure places Plaza Hollywood in an excellent position to attract phenomenal foot traffic and creates a good catchment area for the mall. It is not only located atop the Diamond Hill MTR Station, the future interchange hub for the new Shatin-Central link with the existing MTR network but it is also located at the entrance to Tate's Cairn tunnel, a vehicular artery linking Kowloon East with the New Territories and beyond to Shenzhen, and directly linked to the Diamond Hill bus terminus. Plaza Hollywood is set to benefit from the government's "Energizing Kowloon East" initiative as the entire region will become increasingly more attractive and vibrant.

The favourable location alongside various adjacent cultural landmarks and tourist attractions including Tang Dynasty-styled Chi Lin Nunnery and the renowned Wong Tai Sin Temple differentiate Plaza Hollywood from other malls in the region.

Plaza Hollywood is purposely-designed without towers above it to maximize planning flexibility. It has a highly efficient layout (65% of GFA is lettable), and a valuable critical mass for shoppers and retailers, with its over 250 retail outlets, 20 restaurants, and a purposely-built stadium seating six-screen cinema multiplex with 1,614 seats.

RETAIL TENANT MIX (by Rental, Area and Sales)

	% by Rental	% by Area	% by Sales
Fashion	22.0	22.0	14.8
Restaurant, Fast Food, F&B, Entertainment	21.2	34.7	21.2
Jewellery, Beauty and Accessories	19.5	11.8	18.9
Department Store, Healthecare, Confectionery Products	13.7	12.7	15.6
Travel, Telecommunication and Other Services	8.1	4.7	7.3
Electrical & Audio-visual Equipment	6.6	5.7	15.5
Sports Wear	4.9	4.1	4.1
Others	4.0	4.3	2.6
Total	100.0	100.0	100.0

AWARDS & RECOGNITIONS I

HARBOUR CITY

"Campaign Award" Gold Award, "Citation for Innovation" and "Citation for Creative Marketing Partnership" in HKMA/TVB Awards for Marketing Excellence 2014

"Media Innovation" Gold Award and "Tourism, Destination & Real Estate" Gold Award in Greater China Effie Awards 2014

"Greater China PR Campaign of the Year" in PRWeek Awards Asia 2014

Gold Award in ROI Festival 2014

"The Event Marketer of the Year – Brand" in Marketing Events Awards 2014

"Excellence in Sensory Marketing" Gold Award and "Excellence in Event Marketing" Silver Award in Marketing Excellence Awards 2014 by Marketing Magazine

TIMES SQUARE

"2014 Asia-Pacific Community Support Award" by ICSC Foundation

"Brand Revitalisation", "Brand Excellence in Retail Sector" and "Effective Use of Marketing Communications" in Global Brand Excellence Awards 2014

"Excellence in Mass Event" Sliver Award and "Excellence in Sensory Marketing" Bronze Award in Marketing Excellence Awards 2014 by Marketing Magazine

PLAZA HOLLYWOOD

"Best Shopping Website" in Internet Advertising Competition 2014 by Web Marketing Association of U.S.

"Excellence in Corporate Social Responsibility" Silver Award in Marketing Excellence Awards 2014 by Marketing Magazine

China Properties

Higher contribution from Chengdu IFS and Shanghai Wheelock Square increased revenue for China IP by 57%.

BUSINESS ASSETS

142,053

HK$ Million

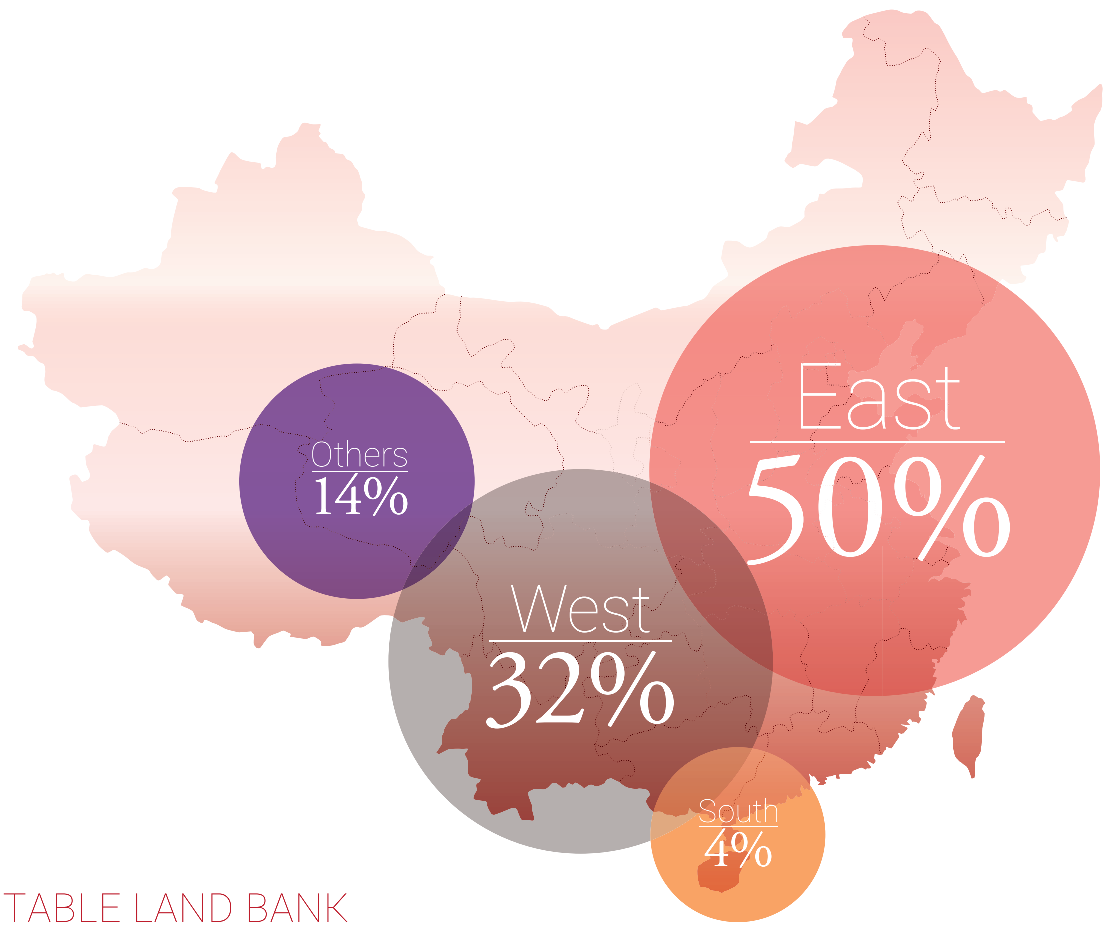
ATTRIBUTABLE LAND BANK
(excluded Greentown)

10.2

Million Square Metres


LOUIS VUITTON

CHINA PROPERTIES



ATTRIBUTABLE LAND BANK (excluded Greentown)

10.2

Million Square Metres

BUSINESS ASSETS

As at 31 December

	2014 HK$ Million	2013 HK$ Million	Change
Investment properties	56,779	50,567	+12%
Property inventory and development	46,687	53,037	-12%
Interest in associates/joint ventures	25,065	22,704	+10%
Investment in Greentown	7,384	10,067	-27%
Hotel properties and other fixed assets	2,108	1,062	+98%
Other assets and investments	4,030	4,956	-19%
Total business assets	142,053	142,393	0%

CHINA PROPERTIES - INVESTMENT PROPERTIES

INTERNATIONAL FINANCE SQUARES ("IFS")

Higher contribution from Chengdu IFS and Shanghai Wheelock Square increased revenue for China IP by 57% to HK$1,984 million. Operating profit increased by 30% to HK$991 million.

The Group is developing five IFSs in China, with a scale comparable to or surpassing that of Harbour City and Times Square in Hong Kong. These IFSs, upon full completion by end of 2017, will significantly enhance the Group's recurrent income base in China and be a significant growth driver for the Group.

In 2014, the Group completed and delivered the initial phase of Chengdu IFS: shopping mall (206,000 square metres) and the twin office towers (260,000 square metres). Also completed were Chongqing IFS' four office towers (92,000 square metres attributable to the Group) and Wuxi IFS office space (148,000 square metres).

CHENGDU IFS

Prominently located at the intersection of Hongxing Road, Dacisi Road and Beishamao Street, the city's busiest pedestrian shopping area, Chengdu IFS is modeled on Harbour City in Hong Kong. The prime location, comparable to a combination of Hong Kong's Central CBD, Causeway Bay and Tsim Sha Tsui, alongside the directly connected mass transit railway station (lines 2 and 3 intersect), puts Chengdu IFS in an unrivalled position to attract mainstream customers in the western China metropolis. With a total development area of 760,000 square metres, Chengdu IFS comprises a mega shopping mall designed by Benoy, two premium-grade A office towers designed by Kohn Pederson Fox Associates, a luxurious residential tower and a premium hotel. The 206,000-square-metre mall and the twin office towers were completed in 2014. Full completion is scheduled for 2015.

Retail

Since its opening in early 2014, the mega mall has become a one-stop lifestyle shopping landmark in Western China, thanks to its unparalleled location, critical mass, world-class management and services. Its most comprehensive trade mix, lifestyle and entertainment offering fuels strong demand from the rising middle class. The presence of nearly 300 of the world's most coveted brands (including over 100 debut stores of renowned brands in western China) underlined retailers' confidence in Wharf's management expertise. With its 530-metre retail street frontage on par with Harbour City's Canton Road frontage, Chengdu IFS is comparable to Harbour City in terms of showcase effect and attraction power. Its 15-metre tall outdoor giant panda was not only a hugely appealing draw for local residents, but also a part of the itinerary for tourists exploring Chengdu.

The shopping mall was over 99% leased, with 98% of shops already in operation. Since its opening, retail sales and foot traffic has jumped nearly 400% and 250% respectively at year-end. A spate of marketing events including Doraemon 100 Secret Gadgets Expo and Charity Luxury Car Show with "19 HIGHWAY" received overwhelming responses. The Doraemon Expo attracted over 280,000 shoppers on the campaign's first day and generated 106,000 media clippings throughout the campaign period. The mall generated a revenue of RMB483 million in 2014, 21% above target and is expected to reap an annual retail revenue of RMB600 million in full operation. In recognition of its top-quality management, Chengdu IFS garnered various prestigious awards in 2014 including a finalist to compete for "VIVA Best-of-the-Best" around the globe in Asia Pacific Shopping Centre Gold Award by ICSC, "China Property Awards 2014 (Best Mixed-Use Development)", "The 5th Golden Mouse E-Marketing Awards (Integrated Marketing) – Bronze" and "2014 Five-Star Shopping Mall" by Hua Xi Media Group.

Office, Hotel and Serviced Residence

Chengdu IFS features two premier Grade-A office towers (plus 31,000 square metres of office spaces in mixed-used Tower Three) with contemporary architecture and premium management services. These towers are not only among the top choices for multinationals and sizeable corporations but also raise the benchmark for tomorrow's offices in western China.

CHINA PROPERTIES - INVESTMENT PROPERTIES

Targeting prestigious financial and professional tenants, the premier office towers are best-positioned to be a marketplace for tenants to conduct seamless financial business interaction. Tower One (GFA: 130,000 square metres) was completed in early 2014 and 40% occupied (primarily low-mid level zone) at year-end. Another 26% is under final discussion. Such leasing status marked the highest penetration for office leasing in Chengdu, with a host of Fortune 500 companies, financial companies and leading domestic corporations committed. Newly recruited tenants included Active Network, KPMG and Lujiazui Finance. Tower Two, the same size and quality as that of Tower One, was completed at year-end and will be put up for lease by mid-2015. Significant potential prospects are underway. In recognition of their world-class management and services, the office towers were awarded "The Valuable Benchmarking Office Building" by the Economic Observer Commercial Properties Annual Forum.

Featuring 228 rooms and suites, the premium hotel under a new brand of Niccolo by Marco Polo, is scheduled for opening in mid-2015. Luxury serviced residences are due to open in the second half of 2015. These openings will strengthen Chengdu IFS' position as a must-visit city landmark.

CHANGSHA IFS

Capitalising on the most coveted location in Furong District's Jiefang Road, Changsha IFS is best-placed to be the new landmark of the core CBD. Modelled on Harbour City in Hong Kong, Changsha IFS boasts a total development area of 1,026,000 square metres and has retail street frontage of exceeding 700 metres. It commands an underground linkage to a future Wuyi Plaza Station (Metro Lines 1 and 2) and is in close proximity to one of the busiest pedestrian streets (Huangxing Road) in China. It is flanked by financial institutions including the People's Bank of China on one side and a traditional shopping cluster on the other. Such dual cluster can be aptly dubbed as a combination of Hong Kong's Central CBD, Causeway Bay and Tsim Sha Tsui. The development features an iconic 452-metre tower and a 315-metre tower above a mega mall of 230,000 square metres, offering upscale retail, Grade A offices and a premium hotel. Designed by Benoy, the retail mall will be a must-visit destination with its world-class lifestyle, retail, entertainment, and dining offering under one roof. The development will be completed in phases from 2016.

Setting the bar for future offices, the premier office towers will be an ideal location for a spate of financial institutions based in Hunan province.

CHONGQING IFS

Strategically located in Jiangbei District, Chongqing's new CBD where the Yangtze River meets the Jialing River, Chongqing IFS enjoys a fabulous panoramic river view and convenient connectivity through three nearby bridges. With light railway lines 6 and 9 set to pass that area with respective stations nearby, the development is adjacent to the Chongqing City Grand Theatre, the Chongqing Science Museum and the Central Park. The 50:50 joint venture development (with China Overseas Development) features an iconic 300-metre landmark tower and four other towers above a 102,000-square-meter retail podium. The boutique-sized Harbour City, providing a wide and dynamic range of offerings, is positioned to be a one-stop shopping and entertainment hub. The retail leasing is in good progress, with over 50% of the floor plates under offer including but not limited to the key anchors and various major players across different categories under serious negotiations. Over 80% of office Tower Two and Three was sold as at year-end. The office towers are slated for completion in phases from 2014. Full completion of the development is scheduled for 2016.

WUXI IFS

Wuxi IFS is a 339-metre landmark tower offering world-class Grade A offices and a premium hotel. Its positioning of being the tallest skyscraper in Wuxi CBD separates Wuxi IFS from the pack. With a GFA of 190,000 square metres, the development will sit on a 29,000-square metre overlooking the 670,000-square metre Taihu Plaza which includes the large adjacent landscaped square, a public library, the public museum and the historic Grand Canal. Various prospects including multinationals, financial institutions, media agencies, professional service firms, I.T. and high-tech firms are under negotiation. In recognition of its efforts in delivering a greener and sustainable office environment, Wuxi IFS acquired the LEED Gold Certification in 2014, adding an extra appeal for multinational tenants. Full completion is scheduled for 2016.

SUZHOU IFS

Located in the CBD overlooking Jinji Lake, Suzhou IFS is a 450-metre landmark commercial development adjacent to Xinghu Street MTR Station (Line 1). The development envisages a GFA of 278,000 square metres comprising international Grade A offices, luxury apartments and a 147-room premium hotel with full scenery of Suzhou. Neighboring high-end and large-scale shopping malls form a mature commercial cluster in the vicinity of Suzhou IFS. Full completion is scheduled by end of 2017.

Business Review

CHINA PROPERTIES - INVESTMENT PROPERTIES

SUZHOU IFS: 450 metres

CHANGSHA IFS: 452 metres

Business Review

CHINA PROPERTIES - INVESTMENT PROPERTIES

SHANGHAI WHEELOCK SQUARE

Shanghai Wheelock Square is a premier office tower with distinctive design in Nanjing Xi Road overlooking Jing'an Park in the heart of the Puxi CBD in Shanghai. It is strategically located next to the Yan'an elevated expressway, right opposite to Jing'an Temple Metro Station from where frequent trains commute to Pudong International Airport. It also sits between the Bund and Zhong Shan Xi Road with Hongqiao International Airport further to the west. Being the tallest landmark tower in Puxi at 270 metres, Wheelock Square is the preferred location for multinational firms and major corporations underpinned by its prime location, premium-quality services and world-class management. Key anchor tenants include Aecom, Bristol-Myers Squibb, Rio Tinto, Takeda, Tod's and Toyota Tsusho.

Office occupancy rate was 98% at year-end. Lease renewal retention rate was 76% with solid rental reversion. Various powerful promotions and marketing initiatives such as "Climbing to the Top of Puxi" and "Green Monday" with the theme of "Go Green" were held to further enhance Wheelock Square's "Core Office Tower" image in Puxi and to encourage a healthier lifestyle and greener diet among working executives in the tower.

In recognition of its premium-quality management and drive for a greener and more sustainable office environment, Wheelock Square had not only acquired "Gold Certification – LEED for Existing Buildings: Operations and Maintenance" by U.S. Green Building Certification Institute, but also garnered various awards including "High-End Commercial Property Service Excellence Award" by renowned Golden Key Properties Alliance in 2014.

Business Review

CHINA PROPERTIES - INVESTMENT PROPERTIES

CHINA INVESTMENT PROPERTIES

SHANGHAI TIMES SQUARE

Shanghai Times Square, strategically located on Huaihai Road, has transformed into a high-end retail destination with the largest Lane Crawford store in China and a mega lifestyle specialty store City'Super, with completion of its substantial renovation in 2013. The renewed mall alongside the new cluster on Huaihai Road and the new Lane Crawford complements one another and creates value. Shanghai Times Square was over 99% occupied at year-end. Tenant mix was further refined with additions of various new brands, culinary and lifestyle tenants. Innovative marketing and promotional events including "free make-up workshops" for office ladies were conducted to drive traffic and sales. In the "all-inclusive" whole floor kids zone with fashion, dining and playing elements, a series of exhibition and workshop activities were held to further uplift sales and traffic.

CHENGDU TIMES OUTLET

Located in close proximity to Chengdu Shuangliu International Airport, Chengdu Times Outlet has been among the most visited outlet destinations since opening in late 2009. It also ranks among the Top 10 outlet malls across China, one of the fastest growing sectors of commercial properties in China. With over 250 top international brands spreading across 63,000 square metres of the mall, Chengdu Times Outlet continued to deliver remarkable sales performance, with a 21% growth in sales during the year.

CHANGSHA NEW OUTLET MALL

Extending the outlet mall strategy, the Group acquired a 120,686-square-metre commercial site in Changsha in February 2015 for RMB153.6 million. Strategically located at the northwest area of Changsha, the development has direct access to multiple major motorways (including metro and high-speed expressway) connecting Changsha to a number of popular tourist attractions nationwide, such as Zhangjiajie, Wulingyuan and Dongting Lake etc. It will be developed into an outlet mall of about 70,000 square metres. Full completion is scheduled for 2016.

CHINA DEVELOPMENT PROPERTIES

Policy headwinds overshadowed the private housing market. However, a loosening of restrictions on mortgage in September and an unexpected interest-rate cut in November sparked a shortlived revival of sentiment in recent months. Despite early signs of stabilisation of property sales towards the end of the year, the challenging market environment weighed on the Group's Development Properties ("DP") business in 2014. While DP consolidated revenue increased by 35% to HK$15,426 million, a lower profit margin reduced net profit to HK$1,410 million, representing 13% of Group total (2013: 29%). 1,662,000 square metres of GFA were completed and recognised during the year (2013: 1,228,000 square metres).

Contracted sales in 2014 exceeded 2013 but slightly lagged target. A total of 50 development projects spanning 14 cities were offered for sale or pre-sale. On an attributable basis, a total of 1.5 million square metres were sold to generate proceeds of RMB21.5 billion, with 94% of the target achieved. GFA sold was above plan but average selling price below amidst various challenges in the market. The net order book (net of business tax) increased to RMB22 billion for 1.6 million square metres at the year end.

The Group acquired three DP sites in Beijing and Hangzhou at the end of 2014 and beginning of 2015 with an attributable GFA of 0.11 million square metres for a total of RMB2.4 billion. Inclusive of China IP, the current landbank was maintained at 10.2 million square metres, spanning 15 cities.

Against the backdrop of market conditions, the Group will continue to adopt a selective approach towards further acquisitions.

CHINA PROPERTIES - DEVELOPMENT PROPERTIES

DEVELOPMENT PROPERTIES - EASTERN CHINA

There are 25 projects on sale across six cities. Five new projects in three cities were launched during the year. In Hangzhou, the initial phases of Royal Seal were offered for pre-sale in January/March. A total of 16,700 square metres was pre-sold for proceeds of RMB724 million. The first phase of Greentown Wharf Qian Tang Bright Moon was launched for pre-sale in September, with 15,900 square metres pre-sold for proceeds of RMB400 million on an attributable basis. In Shanghai, the initial phases of Magnolia Mansion were offered for pre-sale in May, with 28,100 square metres sold for proceeds of RMB1,230 million on an attributable basis. The first phase of Zhoupu was launched for pre-sale in December, with 3,000 square metres sold for RMB98 million. In Suzhou, the initial phases of Bellagio were offered for pre-sale in May/June, with 36,100 square metres sold for proceeds of RMB338 million.

In Suzhou, Times City and Ambassador Villa sold a further 214,700 square metres and 42,900 square metres for proceeds of RMB2,740 million and RMB1,150 million respectively. In Shanghai, the Songjiang Xianhe Road Project offered additional phases and sold a further 24,730 square metres for proceeds of RMB735 million. In Hangzhou, Palazzo Pitti and Junting sold a further 49,200 square metres and 2,860 square metres for proceeds of RMB1,165 million and RMB18 million respectively.

DEVELOPMENT PROPERTIES - WESTERN CHINA

There are 11 projects on sale in Chengdu and Chongqing. In Chengdu, the first phase of Times City was offered for pre-sale in March and has met with good demand. Le Palais and Times Town of Shuangliu Development Zone sold a further 129,300 square metres and 61,500 square metres for proceeds of RMB1,181 million and RMB367 million respectively.

In Chongqing, International Community launched additional phases of retail and residential units and sold a further 97,100 square metres for proceeds of RMB676 million on an attributable basis. The U World and The Throne, on an attributable basis, sold a further 20,700 square metres and 41,300 square metres for proceeds of RMB384 million and RMB341 million respectively.

DEVELOPMENT PROPERTIES - SOUTHERN CHINA

There are seven projects on sale in Foshan and Guangzhou. In Foshan, initial phases of Evian Capital and Evian Kingbay were launched for pre-sale in October and November respectively and have met with favourable responses. Evian Riviera and Evian Buena Vista, on an attributable basis, sold a further 27,700 square metres and 37,600 square metres for proceeds of RMB563 million and RMB414 million respectively. Evian Town and Evian Uptown have met with good demand. These six projects are developed through 50:50 joint ventures with China Merchants Property.

In Guangzhou, Donghui City sold a further 22,100 square metres for proceeds of RMB379 million on an attributable basis. This is a joint venture development with China Vanke Co. Limited and China Merchants Property, in which the Group has a 33% interest.

DEVELOPMENT PROPERTIES - CENTRAL / NORTHERN CHINA

There are seven projects for sale in Beijing, Dalian, Tianjin and Wuhan. In Wuhan, the first phase of Moon Lake site B was launched for pre-sale in June, with 50,300 square metres pre-sold for proceeds of RMB515 million.

In Beijing, Unique Garden offered additional phases and received overwhelming responses. A total of 35,800 square metres were promptly sold for proceeds of RMB1,651 million on an attributable basis.

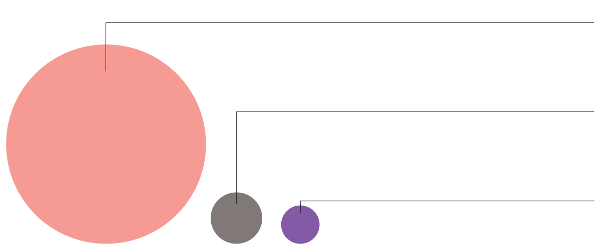
Business Review

CHINA PROPERTIES - DEVELOPMENT PROPERTIES

CHINA CONTRACTED SALES BREAKDOWN BY CITY

Region	City	No. of projects on sale	Contracted Sales (%)	GFA Sold (%)
Eastern China	Changzhou	2	5	11
	Hangzhou	7	14	8
	Ningbo	2	2	1
	Shanghai	5	10	4
	Suzhou	5	23	22
	Wuxi	4	8	13
		25	**62**	**59**
Western China	Chengdu	7	10	15
	Chongqing	4	7	11
		11	**17**	**26**
Southern China	Foshan & Guangzhou	7	8	8
Central & Northern China	Beijing	1	8	2
	Dalian, Tianjin & Wuhan	6	5	5
		14	**21**	**15**

TOTAL LANDBANK — 10.2M sq.m. across 15 cities
PROJECT NATURE (excluded Greentown)



76% Development Properties for Sale

14% IFS under Development

10% Completed* Investment Properties

* include completed portion of Chengdu IFS and Wuxi IFS.

CHINA PROPERTIES

CHINA PROPERTY LIST

	Project Nature				Attributable GFA (sqm)	Status			Effective % Owned
	Retail	Office	Residential	Hotel		Completed	Under Construction	Under Planning	
Eastern China — Changzhou									
Changzhou Times Palace — Residential			•		300,000		•		71
Changzhou Times Palace — Hotel				•	44,000	•			71
Feng Huang Hu Site 03 Project (Huang He Lu and Feng Xiang Lu)			•		245,000		•		100
Feng Huang Hu Shu			•		198,000		•		100
Eastern China — Hangzhou									
Junting			•		220,000		•		100
Palazzo Pitti			•		203,000		•		100
Greentown Zhijiang No.1	•		•		136,000		•		50
Shi Ji Hua Fu	•		•		129,000		•		100
Greentown Wharf Qian Tang Bright Moon	•		•		95,000		•		50
Hangzhou Royal Seal			•		82,000		•		100
Park Mansion (Formerly known as Hangzhou Gongshu district Shenhua Unit Project)	•		•		62,000		•		50
Hangzhou Xiaoshan Land A10	•		•		27,000			•	50
Eastern China — Ningbo									
Park Mansion			•		104,000		•		100
The Berylville			•		49,000		•		50
Petrus Bay			•		39,000		•		50
Eastern China — Shanghai									
Shanghai Pudong Huangpujiang Project			•		136,000		•		100
Shanghai South Station	•	•			134,000		•		19
Wheelock Square	•	•			111,000	•			98
Shanghai Zhoupu			•		98,000		•		100
Shanghai Times Square	•	•	•		90,000	•			100
Jingan Garden			•		71,000		•		55
Shanghai Songjiang Xianhe Road Project			•		52,000	•			100
Magnolia Mansion (Formerly known as Shanghai Tangzhen)	•		•		36,000		•		50
Shanghai Xi Yuan			•		1,000	•			71
Eastern China — Suzhou									
Suzhou Times City			•		585,000		•		57
Bellagio			•		335,000		•		100
Suzhou IFS		•	•	•	278,000		•		57
Suzhou Ambassador Villa			•		77,000		•		100
Suzhou Kingsville	•		•		3,000	•			50
Eastern China — Wuxi									
Wuxi Times City			•		412,000		•		100
River Pitti			•		334,000		•		100
Wuxi IFS — Office		•			148,000	•			100
Wuxi IFS — Hotel				•	42,000		•		100
Wuxi Glory of Time		•	•		153,000		•		100
Wuxi Xiyuan			•		140,000		•		100

	Project Nature				Attributable GFA (sqm)	Status			Effective % Owned
	Retail	Office	Residential	Hotel		Completed	Under Construction	Under Planning	
Western China – Chengdu									
Times Town	•	•	•		736,000		•		100
Chengdu IFS – Retail mall/Office	•	•			467,000	•			100
Chengdu IFS – Others		•	•	•	143,000		•		100
Chengdu ICC	•	•	•	•	353,000		•		30
Chengdu Times City	•		•		222,000		•		100
Le Palais	•		•		205,000		•		100
Times Outlets	•				63,000	•			100
Sorrento (also known as The Orion)			•		38,000	•			100
Tian Fu Times Square	•	•	•		9,000	•			100
Crystal Park	•				600	•			100
Western China – Chongqing									
The Throne	•		•		323,000		•		50
International Community	•		•		288,000		•		40
Chongqing IFS	•	•		•	214,000		•		50
The U World	•		•		110,000		•		39
Chongqing Times Square	•	•			55,000	•			100
Southern China									
Evian Capital, Foshan (Formerly known as Foshan Luocun Xiaodehu North Project)	•		•		149,000		•		50
Evian Buena Vista, Foshan	•		•		86,000		•		50
Evian Kingbay, Foshan (Formerly known as Foshan Chanxi Xincheng Ludaohu Project)	•		•		74,000		•		50
Evian Riviera, Foshan	•		•		10,000	•			50
Evian Uptown, Foshan	•		•		7,000	•			50
Evian Town, Foshan	•		•		3,000	•			50
Donghui City, Guangzhou	•		•		68,000		•		33
Central/Northern China									
Unique Garden, Beijing	•		•		60,000		•		33
Beijing Fengtai District Ya Lin Xi (West) Project	•		•		44,000			•	25
Beijing Fengtai District Ya Lin Xi (East) Project			•		40,000			•	25
Changsha IFS	•	•		•	725,000		•		100
Changsha Outlet Mall Project	•				70,000			•	100
Dalian Times Square	•		•		20,000	•			100
Garden Valley, Dalian (Formerly known as Dalian Buxiuxiang)			•		144,000		•		60
Scenery Bay, Tianjin (Formerly known as Tianjin Haihe Project)	•		•		91,000		•		50
Peaceland Cove, Tianjin	•				36,000		•		50
The Magnificent, Tianjin	•		•		8,000	•			50
Wuhan Moon Lake Site B			•		127,000		•		100
Wuhan Times Square	•			•	38,000	•			100

For details of completion date of above properties, please refer to Schedule of Principal Properties on pages 188 to 197

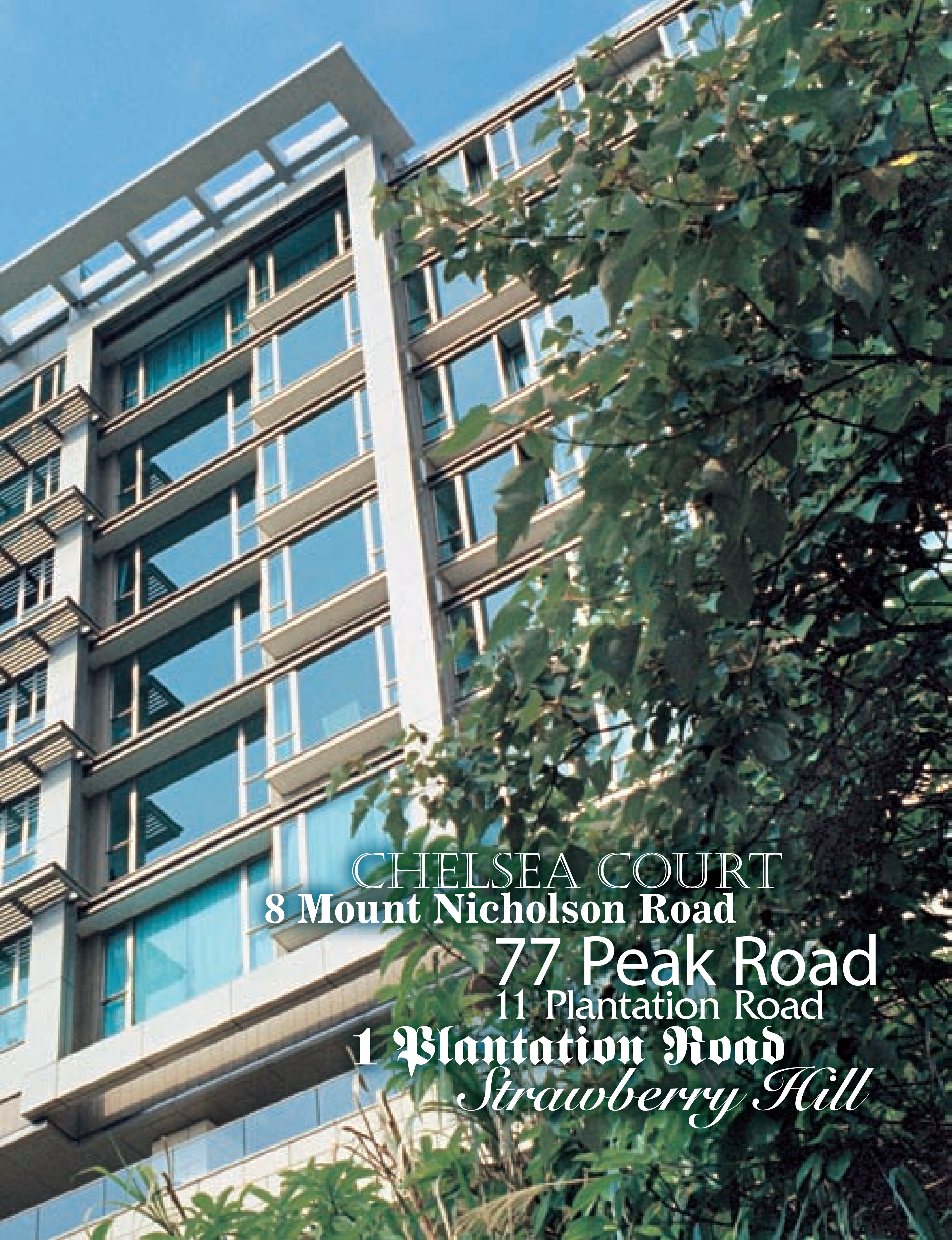
The Peak Portfolio & Other HK Properties

BUSINESS ASSETS

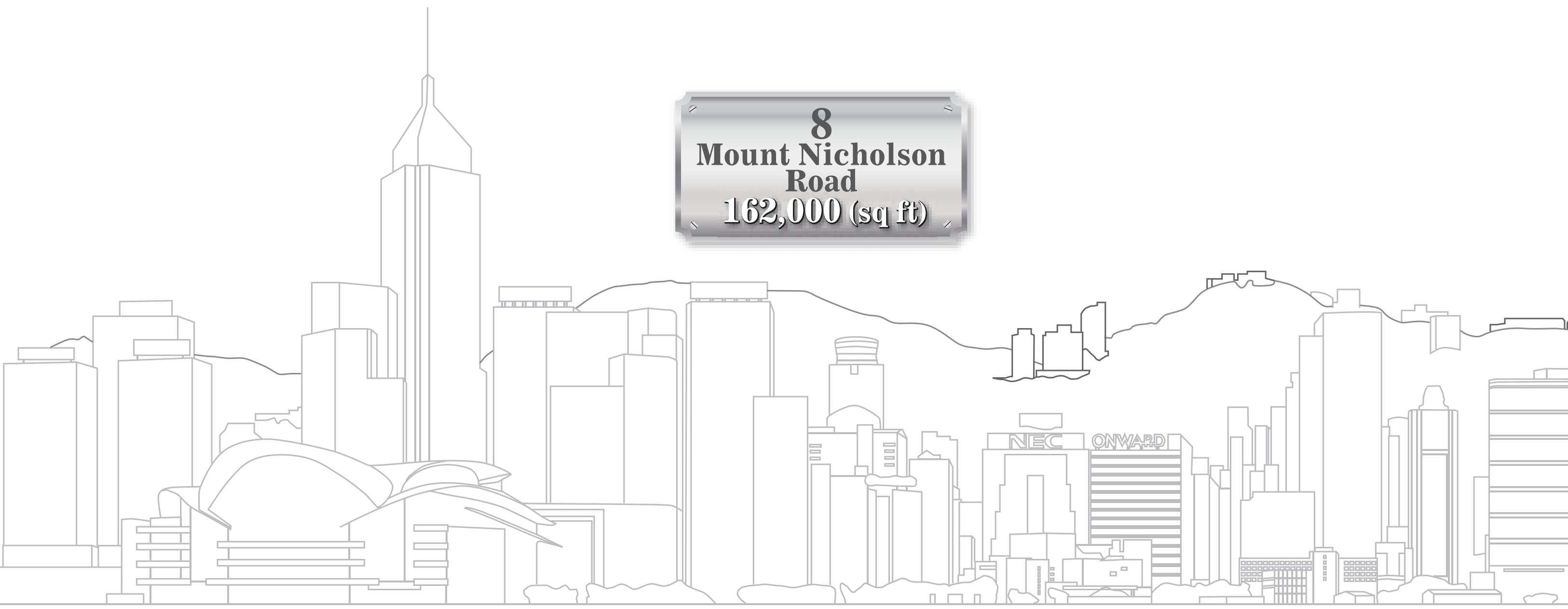
23,451

HK$ Million

The Peak Portfolio – Representing the most prominent and luxurious addresses in Hong Kong.


CHELSEA COURT
8 Mount Nicholson Road
77 Peak Road
11 Plantation Road
1 Plantation Road
Strawberry Hill

THE PEAK PORTFOLIO



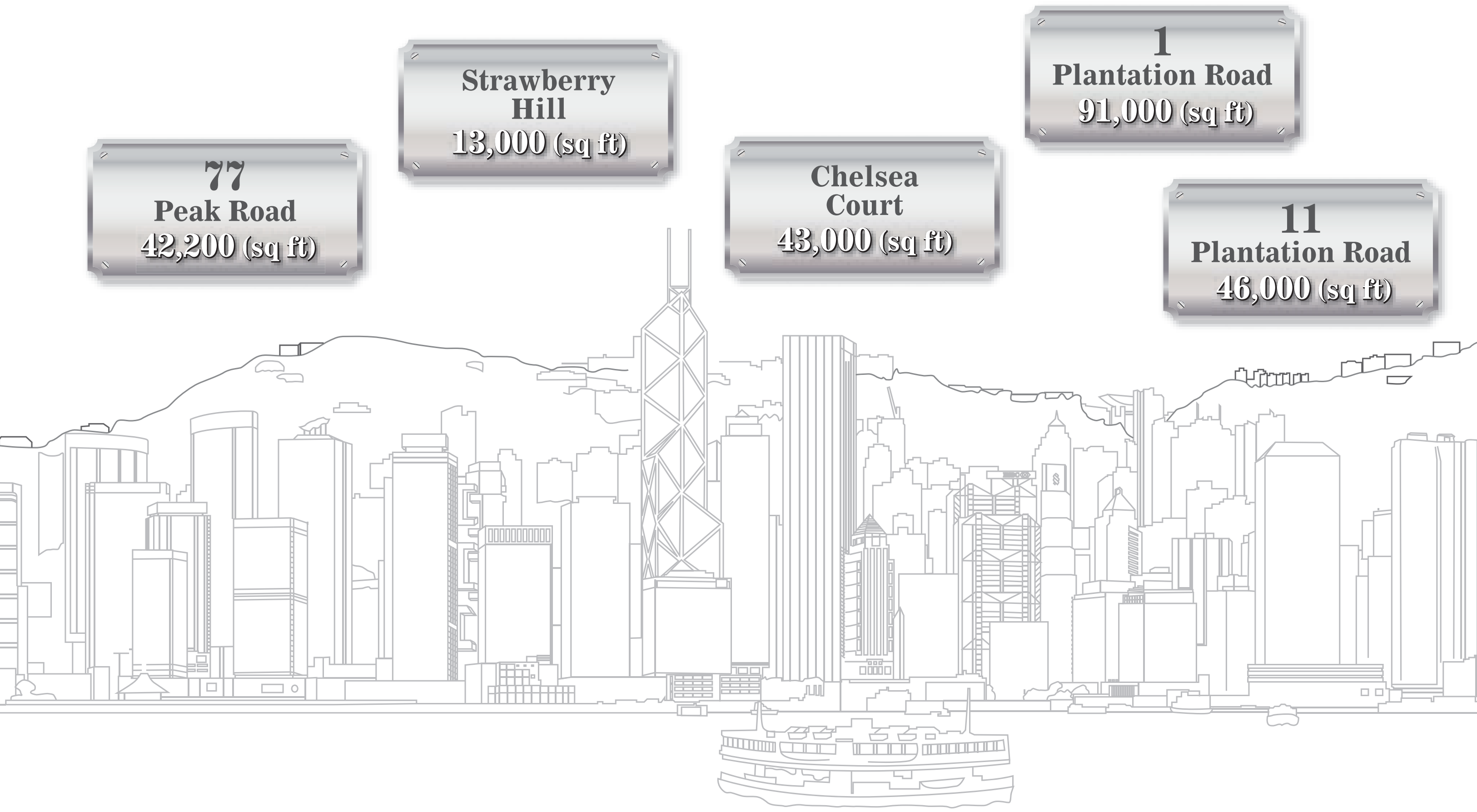
THE PEAK PORTFOLIO

Representing the most prominent and luxurious addresses in Hong Kong, Wharf's Peak Portfolio comprises an array of premier residences on the Peak. The combined value of these distinguished addresses with an attributable GFA in excess of 397,000 square feet far exceeds that of our general bank. It is estimated to be HK$28 billion (average accommodation value: about HK$70,000 per square foot of GFA).

Mount Nicholson is a 50:50 joint venture development with Nan Fung group with an attributable GFA of approximately 162,000 square feet. It is being developed into exclusive and super deluxe residences with a breathtaking panoramic view of Victoria Harbour. Construction is underway, with full completion scheduled for 2015. Pre-sale preparation is underway, with launch of the first phase possibly by mid-2015.

Re-development of the Peak Portfolio including 1 Plantation Road, 11 Plantation Road and 77 Peak Road is progressing as planned. The relevant re-development plan was approved. Foundation work for the various projects is underway.

1 Plantation Road, 11 Plantation Road and 77 Peak Road will feature 20 houses (total GFA: 91,000 square feet), seven houses (total GFA: 46,000 square feet) and eight houses (total GFA: 42,200 square feet) respectively.



"WHEN YOU'RE TALKING ABOUT
BUILDING A HOUSE,
YOU'RE TALKING ABOUT DREAMS"

— Robert A.M. Stern

OTHER HK PROPERTIES

In light of the enormous potential to be unveiled in Kowloon East, a vibrant and alternative CBD designated by the Government, the Group boasts a good cluster of projects under development or re-development in the region. Kowloon Godown, Wharf T&T Square and Wheelock's One Bay East at the heart of the new CBD2 spanning a 500-metre coastline with a stunning view of Victoria Harbour create the "Kowloon East Waterfront Portfolio". The re-development of Kowloon Godown into a residential and commercial development (GFA: 829,000 square feet) has been approved.

The general building plan for the re-development of Wharf T&T Square into a high rise Grade A commercial building (GFA: 596,200 square feet) was approved. The premium for lease modification was settled while the premium offer for permitting bonus GFA was accepted. The building was vacated in early 2015 for demolition.

The re-development of Yau Tong Godown into a residential and commercial property (GFA: 256,000 square feet) was approved and the premium for lease modification was settled. Construction work is underway.

The master layout plan for the Yau Tong joint venture project, in which the Group has approximately a 15% interest, was approved. The development features 12 blocks of residential and commercial buildings (GFA: approximately four million square feet).

	Project Nature					
Other Hong Kong Properties Highlights	Retail	Office	Residential	Industrial	Attributable GFA (sq ft)	Owned (%)
Hong Kong						
Crawford House	•	•			189,000	100
Kowloon						
Star House - various units	•				50,800	71
Wharf T&T Square#+		•			513,000	100
Kowloon Godown#	•		•		829,000	100
Peninsula East*	•		•		256,000	100
Yau Tong JV Project#	•		•		596,000	15
New Territories						
Cable TV Tower - various units				•	566,000	100

* under development
\# planning for re-development
\+ Including carpark area, total GFA amounted to 596,200 square feet

THE PEAK PORTFOLIO & OTHER HK PROPERTIES BUSINESS ASSETS

As at 31 December

	2014 HK$ Million	2013 HK$ Million	Change
Properties	**18,672**	18,218	+2%
Interest in associates/joint ventures	**3,739**	3,562	+5%
Property inventory and development	**856**	727	+18%
Other assets	**184**	23	+700%
Total business assets	**23,451**	22,530	+4%

Murray Building, an iconic building in Central, will become a unique chic hotel

Wharf Hotels

OWNED AND MANAGED

14 Hotels

in Asia Pacific

INTRODUCING

NICCOLO

Business Review
WHARF HOTELS

Currently, the Group operates 14 Marco Polo hotels in the Asia Pacific region, five of which are owned by the Group.

As an integral part of the Group's expansion plan in Asia Pacific, there will be a portfolio of 11 owned hotels (including six new hotels in the Mainland) in five years' time. Conveying an aura of exquisiteness and modishness, these new hotels are poised to offer superb design and impeccable service. At least three of the new hotels are luxury hotels with a splash of modern and chic under Niccolo, a new brand by Marco Polo. These contemporary urban luxury hotels with the most desirable addresses will raise the bar in style, service and hospitability for the group. The first Niccolo hotel will open in Chengdu IFS by mid-2015, thanks to the untapped potential of business and leisure travel across the region.

Marco Polo Changzhou, destined to be an exclusive urban oasis and the city's prime destination for sophisticated events and weddings, has opened since late August 2014. In Hong Kong, the "Occupy Movement" curtailed the performance of the three hotels in Harbour City. Initial operating losses for Marco Polo Changzhou further weighed on the hotel segment. Total revenue increased by 5% to HK$1,600 million while operating profit decreased by 4% to HK$387 million. Consolidated occupancy of the three Macro Polo hotels in Hong Kong reached 89% with a 10% increase in average room rate.

MURRAY BUILDING

A Conservation Project for a Unique, Urban Chic Hotel in Central

Murray Building is a prominent landmark building with an intricate design and nearly 50 years of history. It guards the intersection of traffic arteries in Central that run east-west and north-south and commands open green views over Hong Kong Park. It is also well connected to other buildings in the neighborhood, as well as to the Mass Transit Railway. The Group will convert this iconic building into a unique urban chic hotel which will feature 340 deluxe guestrooms overlooking the heart of Central, for a total investment exceeding HK$7 billion. Site inspection works have commenced, with opening of the hotel targeted for 2017.

CURRENT MARCO POLO HOTELS' NETWORK

Hong Kong
Marco Polo Hongkong Hotel
Gateway, Hong Kong
Prince, Hong Kong

The Philippines
Marco Polo Davao
Marco Polo Plaza, Cebu
Marco Polo Ortigas, Manila

China
Marco Polo Parkside, Beijing
Marco Polo Changzhou
Marco Polo Lingnan Tiandi, Foshan
Marco Polo Jinjiang
Marco Polo Shenzhen
Marco Polo Suzhou
Marco Polo Xiamen
Marco Polo Wuhan

The Red Gantries — the first container terminal operator in Hong Kong, established more than 40 years ago.

BUSINESS ASSETS

19,148

HK$ Million

THROUGHPUT (ATTRIBUTABLE TOTAL)

9.4

Million TEU

Modern Terminals

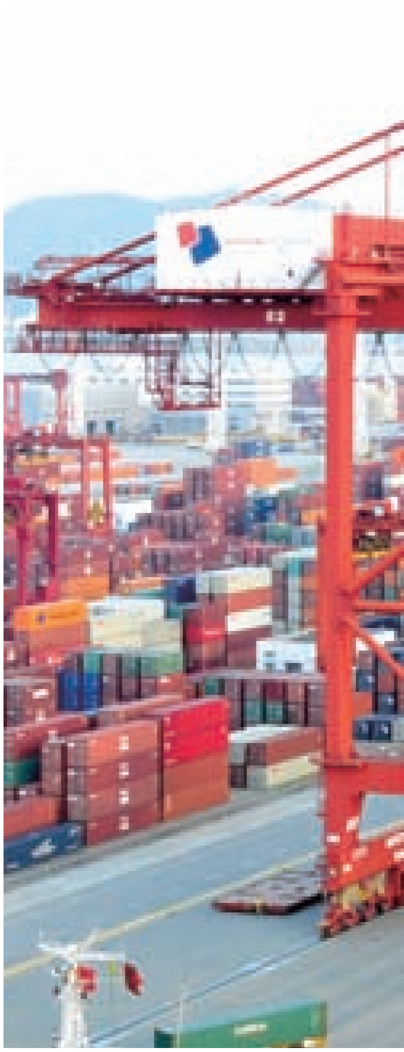
MODERN TERMINALS

Global trade flows ended with a lukewarm growth in 2014 driven by the fledging recovery of the US and European economies. South China's container throughput gained 5% year-on-year, with Kwai Tsing and Shenzhen throughput increased by 3% and 7% respectively. Market shares of Kwai Tsing and Shenzhen were 43% and 57% respectively.

In 2014, consolidated revenue of Modern Terminal reached HK$3,206 million, HK$100 million more than in 2013. Contracted throughput in Hong Kong was 5.4 million TEUs, in line with that of 2013. Operating profit increased by HK$90 million to HK$1,034 million despite continuous margin pressure arising from the shift of business mix towards the less profitable trans-shipment.

In the Mainland, throughput at Da Chan Bay Terminal One in Shenzhen and Taicang International Gateway in Suzhou grew by 25% and 23% to 1.3 million TEUs and 1.8 million TEUs respectively. Shekou Container Terminals in Shenzhen, in which Modern Terminals holds a 20% stake, handled 5.1 million TEUs. Chiwan Container Terminals, in which Modern Terminals holds an 8% attributable stake, handled 2.6 million TEUs.

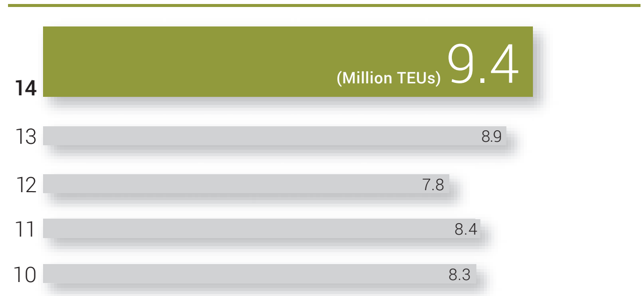
A solid base in the Pearl River Delta and Yangtze River Delta places Modern Terminals in a good position to benefit from China' steady economic development.



BUSINESS ASSETS

As at 31 December	**2014 HK$ Million**	2013 HK$ Million	Change
Fixed assets	**14,196**	14,293	-1%
Interest in associates/joint ventures	**4,253**	4,171	+2%
Goodwill	**297**	297	–
Other assets	**402**	377	+7%
Total business assets	**19,148**	19,138	–

THROUGHPUT (Attributable total)



COMMUNICATIONS, MEDIA & ENTERTAINMENT & Other Investments

i-CABLE

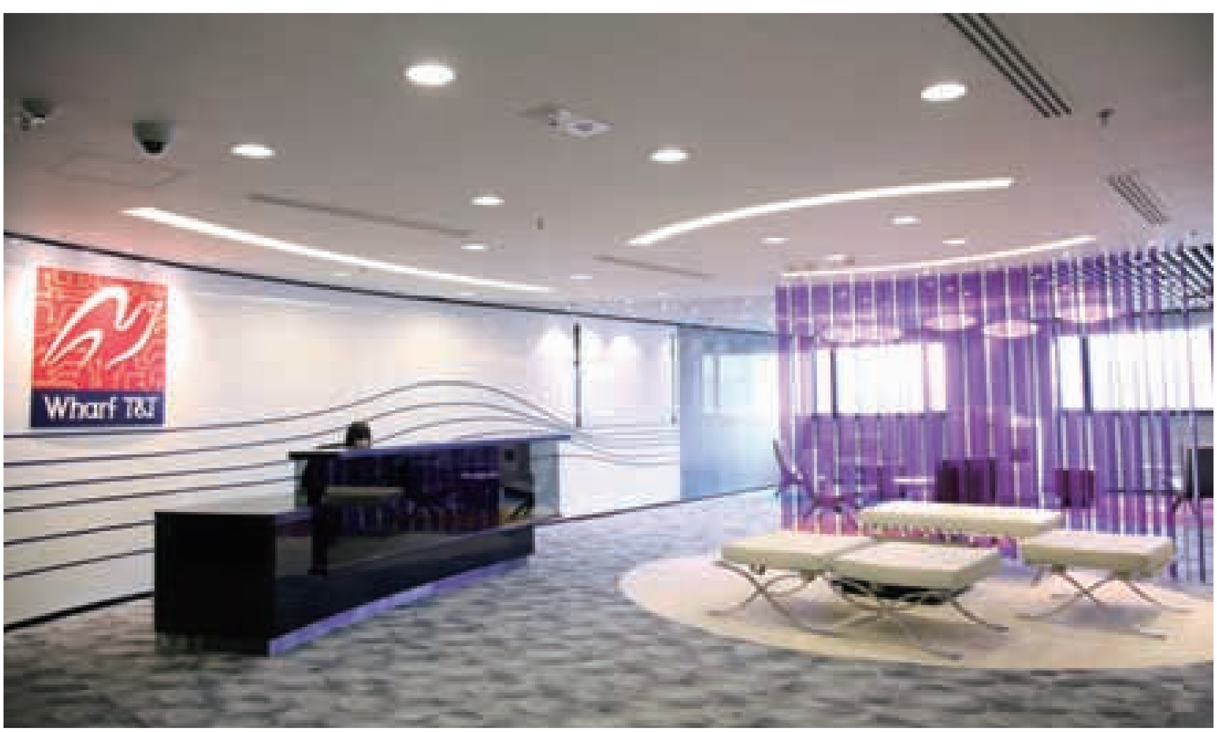
A weaker local consumption depressed demand, while intense competition and product substitution increased supply. They combined to put significant pressure on both subscription and airtime sales revenue. TV customer base contraction continued on weaker sales in a shrinking market despite signs of stabilisation towards the end of the year. Broadband business reported a minor growth in revenue and operating margin. It has become more necessary than ever to invest prudently in programming and other initiatives to prepare for challenging times ahead. Past operating losses have weakened i-CABLE's financial position. Net cash totaled HK$62 million (2013: HK$182 million). To sustain this investment, i-CABLE will evaluate funding options from internal resources, external debt as well as fresh equity. Net loss for the year was HK$139 million (2013: HK$93 million).

WHARF T&T

The importance of ICT investment to business results and modus operandi continue to rise in the business sector. The market, therefore, enjoyed a robust demand for the best part of 2014. Underpinned by the solid growth in its telecom business, Wharf T&T achieved another record-breaking year in its growth journey.

Total revenue rose by 5% to HK$1,950 million. Data business continued to deliver promising double-digit growth that reflected increased penetration in the market. EBITDA increased by 7% to HK$755 million, with margin improving to 39%. Operating profit increased by 17% to set a record of HK$352 million. Free cash flow improved to HK$380 million. Over and above the strong financial performance, Wharf T&T's continuous effort in service excellence earned a two-point gain, from a year earlier, in the annual Customer Satisfaction Index (CSI), and set another new record in the company's service history.

Building on a solid growth trajectory with relentless product and service focus, Wharf T&T is very well positioned to challenge the incumbent and benefit from the increased adoption of cloud services in the business sector.



THE "STAR" FERRY

The "Star" Ferry, a franchised public-service ferry operator, serves the community by providing passengers with reliable ferry crossings. It is one of the best value-for-money sightseeing trips in the world. A notable increase in rental revenue boosted Star Ferry's revenue and operating profit in 2014.

HONG KONG AIR CARGO TERMINALS

Hong Kong is one of the world's busiest airports for international cargo. Hong Kong Air Cargo Terminals, a 20.8% associate of the Group. It is a leading air cargo terminal operator in Hong Kong handling 1.8 million tonnes in 2014.

Business Review
AWARDS & RECOGNITIONS II

CHENGDU IFS

Gold Award for Marketing Excellence at The ICSC Asia Pacific Shopping Center Awards, entering as finalist to compete for its global honour "VIVA Best-of-the-Best"

"Best 10 Shopping Spaces" at the Asia Pacific Interior Design Awards

"Best Mixed-Use Development (South China)" in China Property Awards 2014

SHANGHAI WHEELOCK SQUARE

"Best Luxurious Commercial Property", "Luxury Attitude" and "Luxury Property Collection" by Golden Key International Alliance

LEED Gold Certification by U.S. Green Building Council

CHONGQING TIMES SQUARE

"Chongqing Good Shopping Mall" by Chongqing Commerce Commission, Chongqing Retailers Association, Chongqing Ribao and Chongqing Wanbao

WHARF T&T

"Your Choice@ Focus Hong Kong White Collar's Most Favourite Brand" by Focus Media Hong Kong

"The Best SMB Services – Unified Communications" in SMBWorld Awards by SMBWorld

"The Best Telecommunication Network Provider" in e-brand awards by e-zone

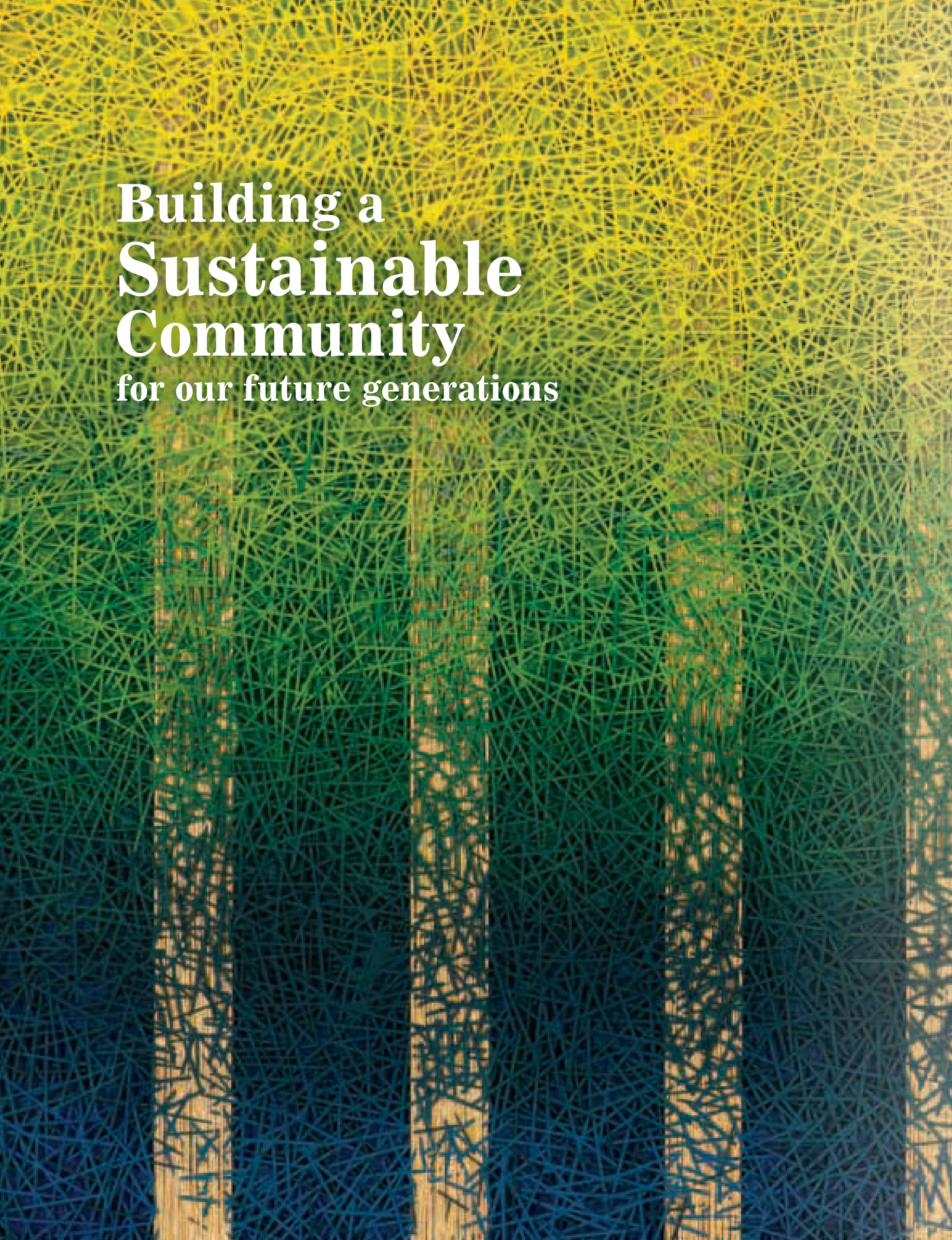
"Excellence HR Information System Provider Award" for Wharf T&T's IT service subsidiary COL Limited in HR Excellence awards 2014

CABLE TV

"Investigative Reporting/ News Documentary" Gold Plaque in Chicago International Film Festival Television Awards 2014

"TV News Category" Gold Award in Consumer Rights Reporting Awards 2014

Building a Sustainable Community for our future generations



Corporate Social Responsibility

Corporate Social Responsibility

OUR MISSION AND VALUE

"Building for Tomorrow" has been Wharf's long-standing mission. Apart from generating economic value to investors, the Group strives to bring lasting value to our community, environment and people. With sustainable development as the Group's top concern, we aim to balance corporate, social, economic and environmental responsibilities, respect fundamental dignity and value of people as we contribute to building a better Hong Kong.

Wharf has been selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index for the fourth consecutive year. Together with the sound Corporate Social Responsibility (CSR) performance of our business units, the Group was granted the CSR Plus Mark by the Hong Kong Quality Assurance Agency in 2014.

PROJECT WECAN – A FLAGSHIP BUSINESS-IN-COMMUNITY INITIATIVE

Over the past few years, Wharf has been spearheading the ambitious Project *WeCan* to enlist support from business community at large to provide much-needed assistance to the tens of thousands of secondary school students in Hong Kong who are disadvantaged in learning and generally destined to underperform.

The Group's flagship Business-in-Community initiative, Project *WeCan* aims to provide disadvantaged secondary students with resources and care to empower them to pursue higher studies and promising careers. The number of supported schools has increased by threefolds in the academic year 2014/15, from 14 to 44, representing a substantial 30% of all Band Three schools in Hong Kong.

Since the project has been extended to the community, it now has support from a total of 25 corporations, three universities, one Consulate, a number of business associations, professionals and retirees joining to assist 40,000 students. Volunteers from Wharf and partnering companies also work closely with schools to support this meaningful initiative.

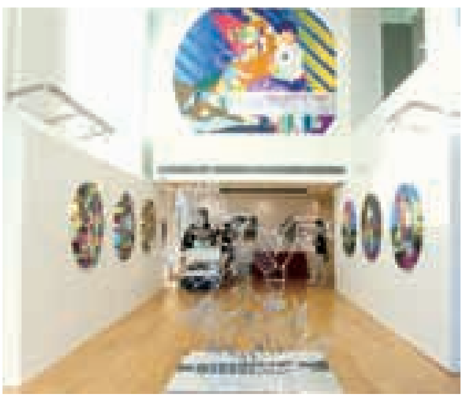
OUR COMMUNITY

In addition to Project *WeCan*, Wharf also takes an active role to support many other members in the community through volunteering work, donation and sponsorship with an aim to create shared value. In 2014, more than 1,000 volunteers clocked up over 10,000 hours of service, reaching out to share our care for the needy in Hong Kong.

Undertaking philanthropic responsibilities

In 2014, the Group sponsored four outstanding architectural postgraduates to intern in renowned architectural firms overseas through The Architectural Design Internship Programme, with an aim to broaden their horizons and equip them for future career.

The Group also continues to offer funding and volunteering support to Youth Outreach for extended service of its youth centre "Hang Out". The centre aims at providing a safe shelter and counselling service for at-risk teenagers, helping them to re-integrate into the society.



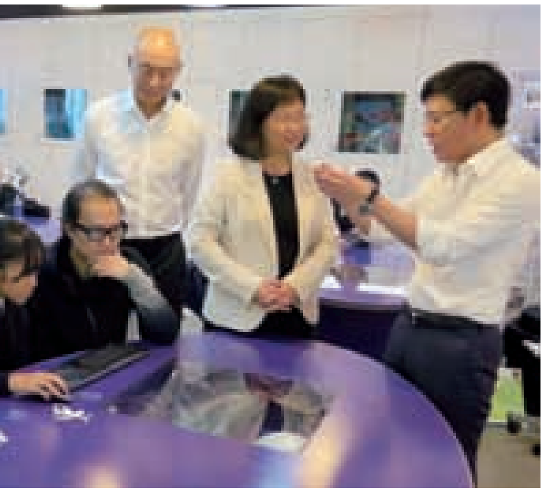
Promoting art and culture

Wharf strives to lift people's living quality through promoting art and culture. World class art exhibitions showcasing aesthetic masterpieces are held regularly at our landmarks Harbour City and Times Square.

Established in 2011, The Wharf Hong Kong Secondary School Art Competition is held annually to boost students' creativity and foster their interest in art and culture. In 2014, an overwhelming response of 1,400 entries from 200 secondary schools in Hong Kong were received.

In addition to cash prizes and joining exchange tour and art courses, the 18 finalists are eligible to apply for The Wharf Art Scholarship. Once approved, the awardees will be funded to study art-related bachelor programmes in their dream institutions locally or overseas. Seven students were awarded the scholarship to pursue studies on art, architecture and design in renowned institutions of their choice in Chicago, London, Hong Kong, Perth and Guangzhou respectively in 2013 and 2014, at a total amount of over HK$4.4 million.


Project WeCan 2 Grand Launch
「學校起動」計劃第二期啟動禮



WeCan Two

PolyU Serves · Yes! WeCan
理有心·齊起動

OUR ENVIRONMENT

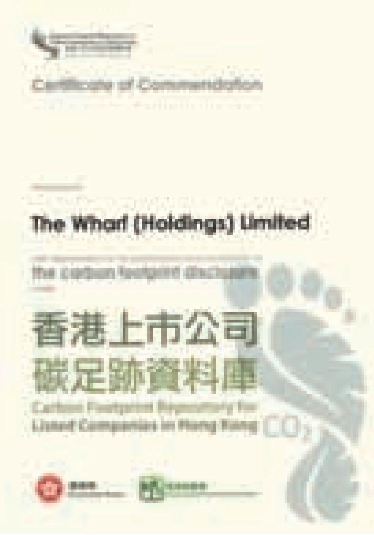
To build a greener future, Wharf implemented policies and measures to foster reduction of the Group's environmental impact. Energy saving and power monitoring systems are in place for various business units, to monitor our environmental performance.

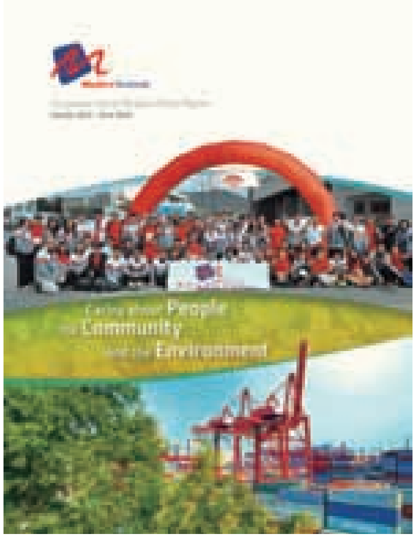
Managing environmental footprint

The Group is one of the first movers to disclose our carbon data through the carbon footprints repository on Environmental Protection Department's website. Wharf T&T has been the pioneer in the Group to join the WWF-Hong Kong's Low-carbon Office Operation Programme (LOOP) to reduce greenhouse gas emissions since 2010. Modern Terminals is awarded the ISO14001 by maintaining an effective environmental management system (EMS).

Raising green awareness

The Group teams up with various green groups to promote environmental conservation. Trainings and workshops are offered regularly to keep our staff and tenants abreast of the latest industry standards and best practices on green management. The e-Commuting Campaign at Wharf T&T encourages the staff to proactively improve their environmental performance. School visits to various business units are hosted regularly to educate young people about environmental protection.





OUR PEOPLE

We have over 15,000 employees in Hong Kong and the mainland China. As an equal opportunity employer, Wharf offers fair development opportunities for all staff members and puts staff wellness on top priority.

Enhancing staff capability

We offer a host of training programmes, workshops and seminars for staff at different levels to develop their skill sets and unleash their potential. In-house trainings for front line staff are conducted through our Wharf Institute of Service Excellence (WISE) programme.

Promoting wellness, occupational health and safety

The Wharf Staff Recreation Committee regularly organises different types of activities to foster the wellness of staff and their family members. Policies and manuals are in place to promote workplace safety. Occupational safety and health (OSH) committees are established in various business units to identify potential risks, formulate management plans, monitor OSH performance and implement preventive measures. Different suppliers are also reminded the requirements and standards. Site inspections, independent and internal audits are conducted, where appropriate.

Encouraging staff and customer engagement

We maintain an open communication with staff across the Group and business units through various means, including but not limited to management briefings, cross-unit team meetings, luncheons, emails, newsletters and regular news update on the Intranet. Besides, staff survey and client/tenant satisfaction surveys are conducted by customer-centric business units on a regular basis to solicit suggestions and feedback. Opinion gauged from staff and customers serve good indicators for different businees units to further improve our work and service.

CSR REPORTING

A full report on Wharf's 2014 CSR effort will be presented in accordance with the GRI sustainability reporting guidelines. It will be available online www.wharfholdings.com in due course.

商界展關懷 caringcompany

Hang Seng Corporate Sustainability Index Series Member 2014-2015

Financial Review

(I) REVIEW OF 2014 RESULTS

The Group's Investment Properties ("IP") core profit continued growing strongly in 2014 and achieved a year-on-year increase of 16% to HK$7,624 million, representing 73% (2013: 58%) of the Group underlying core profit. Unlike previous years of having higher margin projects, Development Property ("DP") profit, including joint ventures, declined by 55% to HK$1,474 million. Consolidated underlying core profit before impairment provisions, as further impacted by the absence of non-operating and investment disposal gains, decreased by 7% to HK$10,474 million (2013: HK$11,298 million).

The profit attributable to shareholders was HK$35,930 million (2013: HK$29,380 million), increased by 22% mainly due to the higher investment property surplus arising from the year-end revaluation.

Revenue and Operating Profit

IP revenue increased by 20% to HK$13,397 million (2013: HK$11,133 million). Hong Kong increased by 16% to HK$11,413 million, attributable to firm retail base rent persistently achieved from lease commitments and stable positive rental reversion for offices in both Harbour City and Times Square. Mainland revenue increased by 57% to HK$1,984 million from the expanding portfolio, particularly benefitting from the re-opening of the renovated mall at Shanghai Times Square and the newly-opened Chengdu IFS. Operating profit increased by 18% to HK$10,896 million (2013: HK$9,268 million) with Hong Kong increasing by 16% to HK$9,905 million and Mainland by 30% to HK$991 million.

DP recorded HK$15,539 million (2013: HK$11,514 million) of revenue and HK$1,762 million (2013: HK$2,633 million) of operating profit with lower margin from various Mainland projects.

Hotel revenue increased by 5% to HK$1,600 million (2013: HK$1,526 million), benefitting from Gateway Hotel in Hong Kong after its renovation was completed last year. Operating profit decreased by 4% to HK$387 million (2013: HK$404 million) partly impacted by operating losses of Marco Polo Changzhou, which was still building up its business since the soft opening in August.

Logistics revenue increased by 3% to HK$3,319 million (2013: HK$3,226 million), reflecting mainly the increase in throughput handled by Modern Terminals. Operating profit increased by 8% to HK$1,051 million (2013: HK$974 million).

CME revenue fell by 5% to HK$3,616 million (2013: HK$3,789 million). Wharf T&T's revenue increased by 5% against i-CABLE's decrease by 14%. Operating profit stabilised at HK$211 million (2013: HK$212 million) as Wharf T&T's operating profit increased by 17% to HK$352 million while i-CABLE recorded an operating loss of HK$140 million.

Investment and Others revenue fell by 2% to HK$1,035 million (2013: HK$1,052 million) and operating profit fell by 1% to HK$714 million (2013: HK$723 million), primarily due to a decrease in interest income.

Consolidated revenue and operating profit increased by 20% and 8% to HK$38,136 million and HK$14,283 million, respectively.

Fair Value Gain of Investment Properties

The book value of the Group's IP portfolio as at 31 December 2014 increased to HK$301.9 billion (2013: HK$261.1 billion) with HK$286.2 billion thereof stated at fair value based on an independent valuation as at that date, which produced a revaluation gain of HK$28,293 million (2013: HK$18,739 million), mainly reflecting the continuous rental growth of the IP portfolio. The attributable net revaluation gain of HK$27,683 million (2013: HK$17,174 million), after deducting related deferred tax and non-controlling interests, was credited to the consolidated income statement.

IP under development in the amount of HK$15,684 million is carried at cost and will not be carried at fair value until the earlier of their fair values first becoming reliably measurable or the dates of completion.

Other Net (Charge)/Income

Other net charge of HK$1,743 million was reported due to the inclusion of a provision for diminution in value of HK$1,812 million for certain Mainland DP projects (2013: income HK$277 million after impairment provision of HK$543 million for Changzhou Marco Polo Hotel).

Finance Costs

Finance costs charged to the consolidated income statement amounted to HK$1,930 million (2013: HK$552 million), including an unrealised mark-to-market loss of HK$230 million (2013: gain of HK$1,256 million) on the cross currency/interest rate swaps in accordance with the prevailing accounting standards. Net of non-controlling interests, the mark-to-market loss is HK$229 million (2013: gain of HK$1,231 million).

Excluding the unrealised mark-to-market loss, finance costs before capitalisation were HK$2,604 million (2013: HK$2,555 million), representing an increase of HK$49 million. The Group's effective borrowing rate for the year was 3.2% (2013: 3.2%).

Excluding the unrealised mark-to-market loss, finance costs after capitalisation of HK$904 million (2013: HK$747 million) in respect of the Group's related assets were HK$1,700 million (2013: HK$1,808 million), representing a decrease of HK$108 million.

Share of Results (after tax) of Associates and Joint Ventures

The attributable profit from associates decreased by 43% to HK$1,262 million (2013: HK$2,207 million) as impacted by the decrease in profit contributions from the Mainland DP projects.

Joint ventures reported a small loss of HK$11 million (2013: profit of HK$509 million) as impacted by lower profit contributions and HK$186 million attributable impairment provision recognised for the Mainland DP projects.

Income Tax

Taxation charge for the period was HK$3,730 million (2013: HK$4,328 million), which included deferred taxation of HK$543 million (2013: HK$1,459 million) provided for the current period's revaluation gain attributable to investment properties in the Mainland.

Excluding the above deferred tax, the tax charge increased by 11% to HK$3,187 million (2013: HK$2,869 million) mainly due to higher profit from IP segment.

Non-controlling Interests

Group profit attributable to non-controlling interests decreased by 34% to HK$494 million (2013: HK$752 million), reflecting the decrease in net profits of certain non-wholly-owned subsidiaries.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the year ended 31 December 2014 amounted to HK$35,930 million (2013: HK$29,380 million), representing an increase of 22%. Basic earnings per share were HK$11.86, based on weighted average of 3,030 million shares (2013: HK$9.70 based on 3,030 million shares).

Excluding the net IP revaluation gain of HK$27,683 million (2013: HK$17,174 million), Group profit attributable to shareholders for the year was HK$8,247 million (2013: HK$12,206 million), representing a decrease of 32%.

Excluding the net IP revaluation gain and exceptional items, which included the attributable net mark-to-market loss on certain financial instruments totalling HK$229 million (2013: gain of HK$1,231 million) and net provision for diminution in value for Mainland properties totalling HK$1,998 million (2013: HK$323 million) , the Group's underlying core profit dropped by 7% to HK$10,474 million (2013: HK$11,298 million). Underlying core earnings per share were HK$3.46 (2013: HK$3.73).

(II) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL COMMITMENTS

Shareholders' and Total Equity

As at 31 December 2014, the Group's shareholders' equity increased by HK$29,938 million or 11% to HK$305,495 million (2013: HK$275,557 million), equivalent to HK$100.82 per share based on 3,030 million issued shares (2013: HK$90.94).

The Group's total equity including the non-controlling interests increased by HK$29,856 million to HK$314,111 million (2013: HK$284,255 million).

Assets

The Group's total assets as at 31 December 2014 amounted to HK$445 billion (2013: HK$415.1 billion). Total business assets, excluding bank deposit and cash, certain available-for-sale investments, deferred tax assets and other derivative financial assets, increased by 9% to HK$422.4 billion (2013: HK$387.7 billion).

Including in the Group's total assets is the IP portfolio of HK$301.9 billion, representing 71% of its total business assets. The core assets in this portfolio are Harbour City and Times Square in Hong Kong, which were valued at HK$159.7 billion (excluding the three Marco Polo hotels) and HK$52.1 billion, respectively as at 31 December 2014, together representing 70% of the IP portfolio. Mainland IP amounted to HK$56.8 billion, including those under development at a cost of HK$15.5 billion.

DP (mainly in the Mainland) decreased by 12% to HK$47.5 billion (2013: HK$53.8 billion). In addition, DP undertaken through associates and joint ventures amounted to HK$32.4 billion (2013: HK$33.5 billion). Other major business assets included other properties and fixed assets of HK$25 billion.

Geographically, the Mainland business assets, mainly comprising properties and terminals, amounted to HK$155 billion (2013: HK$155.6 billion), representing 37% (2013: 40%) of the Group's total business assets.

Debts and Gearing

The Group's net debt as at 31 December 2014 increased by HK$1.2 billion to HK$59.3 billion (2013: HK$58.1 billion), which was made up of HK$78.0 billion in debts and HK$18.7 billion in bank deposits and cash. Included in the net debt was HK$10.3 billion (2013: HK$11.4 billion) attributable to Modern Terminals, HCDL and other subsidiaries, which is without recourse to the Company and its other subsidiaries. Excluding this non-recourse debt, the Group's net debt was HK$49.0 billion (2013: HK$46.7 billion). An analysis of the net debt is set out below:

Net debt/(cash)	**31 December 2014** *HK$ Million*	31 December 2013 *HK$ Million*
Wharf (excluding below subsidiaries)	**48,965**	46,656
Modern Terminals	**11,023**	11,185
HCDL	**(767)**	413
i-CABLE	**38**	(182)
	59,259	58,072

As at 31 December 2014, the ratio of net debt to total equity was 18.9% (2013: 20.4%).

Finance and Availability of Facilities

The Group's total available loan facilities and issued debt securities as at 31 December 2014 amounting to HK$99.2 billion, of which HK$78.0 billion was utilised, are analysed as set out below:

	31 December 2014		
	Available Facility *HK$ Billion*	**Total Debts** *HK$ Billion*	**Undrawn Facility** *HK$ Billion*
Company/wholly-owned subsidiaries			
Committed bank facilities	**48.4**	**32.2**	**16.2**
Debt securities	**30.3**	**30.2**	**0.1**
	78.7	**62.4**	**16.3**
Non-wholly-owned subsidiaries			
Committed and uncommitted			
— Modern Terminals	**14.5**	**11.2**	**3.3**
— HCDL	**5.8**	**4.4**	**1.4**
— i-CABLE	**0.2**	**–**	**0.2**
	99.2	**78.0**	**21.2**

Of the above debts, HK$7.8 billion (2013: HK$18.2 billion) was secured by a mortgage over certain fixed assets, IP and DP with total carrying value of HK$39.9 billion (2013: HK$44.0 billion).

The Group diversified the debt portfolio across a bundle of currencies including primarily United States dollar ("USD"), Hong Kong dollar ("HKD") and Renminbi ("RMB"). The funding sourced from such debt portfolio was mainly used to finance the Group's IP, DP and port investments in the Mainland.

The use of derivative financial instruments is strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group are primarily used for management of the Group's interest rate and foreign currency exposures.

The Group continued to maintain a strong financial position with ample surplus cash denominated principally in RMB, HKD and USD and undrawn committed facilities to facilitate the Group's business and investment activities. In addition, the Group also maintained a portfolio of available-for-sale investments with an aggregate market value of HK$3.7 billion (2013: HK$3.7 billion), which is immediately available for liquidation for the Group's use.

Cash Flows from the Group's Operating and Investing Activities

For the year under review, the Group recorded net cash inflows before changes in working capital of HK$15.1 billion (2013: HK$14.0 billion). The changes in working capital increased the net cash inflow from operating activities to HK$18.2 billion (2013: HK$15.8 billion). For investing activities, the Group recorded a cash outflow of HK$10.7 billion (2013: HK$12.0 billion), mainly for the acquisition of Crawford House and construction of various investment properties projects both in Hong Kong and Mainland and other fixed assets, which was partially offset by the proceeds received from redemption of the convertible securities issued by Greentown of HK$2.7 billion.

Major Capital and Development Expenditure and Commitments

The Group's major capital and development expenditure incurred in 2014 is analysed as follows:

A. *Major capital and development expenditure*

		Hong Kong *HK$ Million*	Mainland China *HK$ Million*	Total *HK$ Million*
Properties	IP	**6,760**	**6,560**	**13,320**
	DP	**317**	**16,109**	**16,426**
		7,077	**22,669**	**29,746**
Others	Hotels	**271**	**488**	**759**
	Modern Terminals	**359**	**42**	**401**
	Wharf T&T	**351**	**–**	**351**
	i-CABLE	**188**	**–**	**188**
		1,169	**530**	**1,699**
Group total		**8,246**	**23,199**	**31,445**

i. IP expenditure incurred during the period was mainly for the renovation of Harbour City, acquisition of Crawford House and construction of the IFS projects.
ii. DP expenditure in 2014 included HK$8.8 billion attributable DP projects undertaken by associates and joint ventures.
iii. For Modern Terminals, the capital expenditure was mainly for the additions to fixed assets and terminal equipment while those for Wharf T&T and i-CABLE were incurred substantially for procurement of production and broadcasting equipment, network rollout and internet service equipment. Modern Terminals and i-CABLE, respectively 67.6% and 73.8% owned by the Group, independently funded their own capital expenditure programmes.

B. *Commitments to capital and development expenditure*

As at 31 December 2014, the Group's major commitments to capital and development expenditure that are to be incurred in the forthcoming years were estimated at HK$60.6 billion, of which HK$22.0 billion was authorised and contracted for. By segment, the commitments are analysed as set out below:

		As at 31 December 2014		
		Authorised and contracted for *HK$ Million*	Authorised but not contracted for *HK$ Million*	Total *HK$ Million*
IP	Hong Kong	**1,598**	**1,011**	**2,609**
	Mainland China	**6,221**	**9,909**	**16,130**
		7,819	**10,920**	**18,739**
DP	Hong Kong	**1,123**	**–**	**1,123**
	Mainland China	**12,520**	**25,325**	**37,845**
		13,643	**25,325**	**38,968**
Others	Hotels	**173**	**2,042**	**2,215**
	Modern Terminals	**277**	**16**	**293**
	Wharf T&T	**106**	**109**	**215**
	i-CABLE	**5**	**208**	**213**
		561	**2,375**	**2,936**
Group total		**22,023**	**38,620**	**60,643**

Properties commitments are mainly for land and construction costs, inclusive of attributable commitments to associates and joint ventures, to be incurred by stages in the forthcoming years.

The above commitments and planned expenditure will be funded by Group's internal financial resources including its surplus cash of HK$18.7 billion, cash flows from operations, as well as bank and other financings with the construction costs self-financed mainly by pre-sale proceeds and project loans. Other available resources include available-for-sale investments.

(III) HUMAN RESOURCES

The Group had approximately 15,800 employees as at 31 December 2014, including about 2,600 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trends with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

(IV) BUSINESS MODEL

Select investment properties form the backbone of Wharf's business model. The total value they generate combine rental yield growth with annual capital appreciation. Their recurrent cash flow underpins a stable and rising dividend to shareholders. The conservatively leveraged equity cushion offers ample financial capacity to seize new investment opportunities in a timely and selective manner.

Including capital appreciation, the investment properties in operation offered a total return of HK$38 billion in 2014 on an asset base of HK$251 billion at the beginning of 2014. Harbour City and Times Square lead this prized portfolio of select investment properties and accounted for about 10% of total Hong Kong retail sales. With a combined GFA of over 10 million square feet and a market value of HK$220 billion, they generated HK$12.1 billion of revenue and HK$9.8 billion of operating profit in 2014.

New select investment properties under development are led by International Finance Square (IFS) in the very heart of Chengdu and Changsha. At a combined development cost of HK$40 billion, each of them will be as large as Harbour City and designed to be just as dominant in their respective markets. The first phase of Chengdu IFS including a retail mall and two office towers was completed in late 2013 and 2014, respectively. Three other IFSs are also under development in Chongqing, Wuxi and Suzhou.

This prized portfolio of select investment properties has also provided the financial capacity to enable Wharf to build other businesses.

From nearly a standing start in 2007, Wharf has built itself into one of the most active Hong Kong developers in the Mainland. Excluded Greentown, its attributable land bank comprises 10.2 million square metres across 15 cities. In 2014, contracted sales totalled RMB21.5 billion for 1.5 million square metres. Including the investment in Sino-Ocean Land, Wharf's total RMB portfolio relating to property investment in the Mainland totaled RMB112 billion or HK$142 billion.

In Hong Kong, the development land bank has a different scale and with a much higher AV per square foot comprises 3.2 million square feet. To selectively turn over this portfolio with timely acquisitions is the plan. The peak portfolio is a unique collection of properties which is being redeveloped over the next few years.

Outside of properties, other main business interests include hotel operation, container terminals and communications. All are recurrent earning based and many are land based.

(V) BUSINESS STRATEGY

The Group endeavours to continuously enhance its competitiveness and drive sustainable growth through:

1. Product leadership on new development projects to lead the local markets and on existing premises replanning and improvement, tenant-mix refinement and effective marketing to maximise operating investment properties' rental growth and value;

2. Replicating the success of Harbour City and Times Square, location advantage, and our special relationship with leading tenants, soft power advantage, to expand the portfolio of select investment properties selectively in the Mainland to create substantial new value;

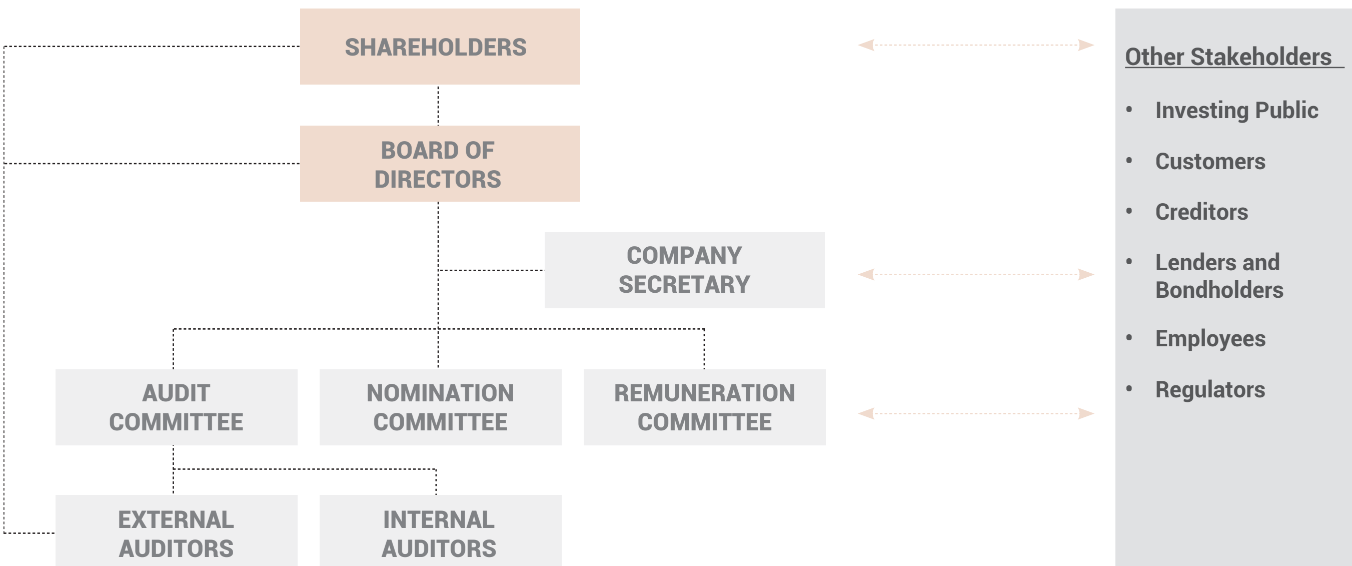
3. Applying core competencies in site selection and acquisition, development planning and design, construction, premium brand building and marketing to build up a young, fast growing and sustainable property development business in the Mainland to dovetail with the urbanisation programme locally;

4. Continuous development of sustainable and localised organisations in the different regions in the Mainland with local market know how and international standards and execution expertise; and

5. Exercising prudent and disciplined financial management to ensure sustainability at all times.

Corporate Governance Report

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 December 2014, all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") then in force, were met by the Company, with the exception of two deviations as set out under sections A.2.1and F.1.3 respectively.

The application of the relevant principles and the reasons for the abovementioned deviations from the Code provisions are stated in the relevant sections below. Key corporate governance principles and corporate governance practices of the Company during the financial year are summarised below:

I. Code Provisions

Code Ref.	Code Provisions
A.	**DIRECTORS**
A.1	**The Board** *Corporate Governance Principle* *The board should assume responsibility for its leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the company.* *The board should regularly review the contribution required from a director to perform his responsibilities to the company, and whether he is spending sufficient time performing them.*
Compliance Status	**Corporate Governance Practices**
✓✓ Exceed Requirement	Four regular meetings of the board of directors of the Company (the "Board") were held during the financial year ended 31 December 2014, all of which were attended by the large majority of the directors of the Company (the "Directors") entitled to attend. Please refer to the table set out on page 95 for details of the attendance records of the Directors. The Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association.

	All Directors are consulted as to whether they may want to include any matter in the agenda before the agenda for each regular Board meeting is issued. One month formal notice would be given before each regular meeting and reasonable notices are given for all other ad hoc meetings. The company secretary of the Company ("Company Secretary") prepares minutes and/or written resolutions and keeps records of matters discussed and decisions resolved at all Board and Board Committee meetings. Board and Board Committee minutes/resolutions are sent to all Directors/Board Committee members for their comments and record within a reasonable time after each Board and Board Committee meeting. Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members. Final version of Board minutes is put on record within a reasonable time after the Board meeting. Minutes record in sufficient details of the matters considered by the Board/Board Committees and decisions reached. The Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director. Important matters are decided by Directors by way of resolutions passed at Directors' meetings, or, on some occasions, dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors ("INEDs")) can note and comment, as appropriate, the matters before approval is granted. Under the Company's Articles of Association, a Director shall not vote or be counted in the quorum in respect of any contract or arrangement in which he/she or any of his/her associate(s) is/are materially interested. The Company has arranged appropriate insurance cover of Directors' and Officers' liability.
Code Ref.	Code Provisions
A.2	**Chairman and Chief Executive** *Corporate Governance Principle* *There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of business. There should be a clear division of responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	The Chairman is responsible for the Board, focuses on Group strategies and Board issues, ensures a cohesive working relationship between members of the Board and management, and also in his capacity as *de facto* chief executive, he directly has responsibilities in certain major business units of the Group. The Executive Directors have full executive responsibilities in the business directions and operational efficiency of the business units under their respective responsibilities and are accountable to the Chairman. With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive accurate, clear, adequate and reliable information on a timely basis. The Chairman takes into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda. The Chairman may delegate this responsibility to a designated director or the Company Secretary. The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established.

	The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that it acts in the best interests of the Company. The Chairman encourages Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus. The Chairman ensures that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors. The Chairman at least annually holds meetings with Non-executive Directors (including INEDs) without the executive directors present.
Code Ref.	Code Provisions
A.2.1	*The roles of chairman and chief executive should be separate and should not be performed by the same individual.*
Compliance Status	**Corporate Governance Practices**
X Not Comply with Requirement	Hon Peter K C Woo serves as the Chairman and also as the *de facto* chief executive of the Company. This is a deviation from the Code provision with respect to the roles of chairman and chief executive to be performed by different individuals. Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being INEDs.
Code Ref.	Code Provisions
A.3	**Board composition** *Corporate Governance Principle* *The board should have a balance of skills, experience and diversity of perspective appropriate for the requirements of the Company's business and should include a balanced composition of executive and non-executive directors so that independent judgement can effectively be exercised.*
Compliance Status	**Corporate Governance Practices**
✓✓ Exceed Requirement	The Board has a balance of skills and experience appropriate for the Company's business. Given below are names of the Directors in office during the year: *Chairman* Hon Peter K C Woo *Deputy Chairman & Managing Director* Mr Stephen T H Ng *Vice Chairman* Mr Andrew O K Chow *Executive Director* Ms Doreen Y F Lee Mr T Y Ng *(retired on 31 December 2014)* *Executive Director & Group Chief Financial Officer* Mr Paul Y C Tsui *Director* Ms Y T Leng

	Independent Non-executive Directors Mr Alexander S K Au Professor Edward K Y Chen Dr Raymond K F Ch'ien Hon Vincent K Fang Mr Hans Michael Jebsen Mr Wyman Li Mr James E Thompson *(retired on 9 June 2014)* Mr David M Turnbull Professor Eng Kiong Yeoh *(appointed effective from 1 July 2014)* The Directors' biographical information is set out on pages 109 to 112. As at the date of this Corporate Governance Report, the Board consists of a total of fourteen Directors, comprising eight INEDs. The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the INEDs is assessed according to the relevant rules and requirements under the Listing Rules. The composition of the Board, by category and position of Directors including the names of the Chairman, the Deputy Chairman and Managing Director, the Vice Chairman, the Executive Directors, the INEDs, is disclosed in all corporate communications. The Company maintains on its corporate website and on the Stock Exchange's website an updated list of Directors identifying their roles and functions and whether they are INEDs.
Code Ref.	Code Provisions
A.4	**Appointments, re-election and removal** *Corporate Governance Principle* *There should be a formal, considered and transparent procedure for the appointment of new directors and plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	All Directors, including the INEDs, are subject to retirement once every three years and are subject to re-election. The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. Each of the INEDs makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all INEDs meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. Non-executive Directors have their respective terms of appointment coming to an end normally three years after their appointment to the Board or (in the case of Directors who were re-elected to the Board at previous Annual General Meetings) their last re-election as Directors. The re-election of each of those INEDs who has served on the Board for more than nine years is subject to (1) a separate resolution to be approved by Shareholders at the relevant Annual General Meeting; and (2) further information being given to Shareholders together with the notice of meeting regarding the reasons why the Board believes the relevant Director is still independent and should be re-elected.

Code Ref.	Code Provisions
A.5	**Nomination Committee**
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	In accordance with the Code, the Company has set up a nomination committee (the "NC") with the majority of its members being INEDs. The NC comprises the Chairman of the Company, namely, Hon Peter K C Woo (as the chairman of the NC), and two INEDs, namely, Mr Hans Michael Jebsen, Mr James E Thompson *(retired on 9 June 2014)* and Mr David M Turnbull *(appointed effective from 9 June 2014)*. The terms of reference of the NC are aligned with the Code provisions set out in the Code. The NC is principally responsible for nominating candidates, for the Board's approval, to fill Board vacancies as and when they arise. Given below are the main duties of the NC: (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) to assess the independence of INEDs; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the chief executive. The roles and authorities of the NC are set out in its terms of reference which are available at the Company's corporate website at www.wharfholdings.com. During the year ended 31 December 2014, decisions to nominate the appointment of a INED, namely, Professor Eng Kiong Yeoh, was taken by way of circulated resolutions and the NC had not conducted any meeting. For the nomination by the Board of Professor Eng Kiong Yeoh to stand for re-election as INED at the Annual General Meeting in 2014, explanatory statements were included in the circular accompanying the relevant notice of meeting to set out the reasons why the Board consider him to be independent. The Board has adopted the Board Diversity Policy during the year. Under the Policy, the Company recognises and embraces the benefits of having a diverse Board towards enhancement of its overall performance. With a vision to achieving a sustainable and balanced development, the Company regards increasing diversity at the Board level as an essential element of its strategic goals. Appointments of directors are made on merits having due regard for the benefits of diversity on the Board. At present, more than half of the directors on the Board are INEDs. They represent diverse career experience in both international and local enterprises. They bring with them diverse professional backgrounds, spanning property development and investment, media and communications, banking, logistics and transportation, health services, academician and entrepreneurship. They also hold or have held important public service positions in Hong Kong and China, covering business, industry and commerce, sports, educations, regulatory and politics. The Board composition reflects various cultural and educational backgrounds, professional development, length of service, knowledge of the Company and a broad range of individual attributes, interests and values. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

Code Ref.	Code Provisions
A.6	**Responsibilities of directors** *Corporate Governance Principle* *Every director must always know his/her responsibilities as a director of the company and its conduct, business activities and development.*

Compliance Status	Corporate Governance Practices
✓ Comply with Requirement	Newly appointed Directors receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.

The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses, and changes to accounting standards, and adopted appropriate reporting format in its interim report, annual report and other related documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are either briefed during Board meetings or issued with regular updates and materials to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group.

The Company has also arranged for Directors to attend training sessions and forums which place emphasis on the roles, functions and duties of a listed company director, as well as the development of regulatory updates and issues. Since January 2012, all Directors have been required to provide training records to the Company and the training records have been maintained by the Company Secretary.

According to the records of training maintained by the Company Secretary, all the current Directors have, during the financial year under review, pursued continuous professional development and relevant details are set out below:

Directors	Type of training *(See Remarks)*
Hon Peter K C Woo	B
Mr Stephen T H Ng	A, B
Mr Andrew O K Chow	A, B
Ms Doreen Y F Lee	A, B
Mr Paul Y C Tsui	A, B
Ms Y T Leng	A, B
Mr Alexander S K Au	A, B
Professor Edward K Y Chen	A, B
Dr Raymond K F Ch'ien	A, B
Hon Vincent K Fang	A, B
Mr Hans Michael Jebsen	A, B
Mr Wyman Li	A, B
Mr David M Turnbull	A, B
Professor Eng Kiong Yeoh *(appointed effective from 1 July 2014)*	B

Remarks:
A: attending seminars and/or conferences and/or forums
B: reading journals, updates, articles and/or materials, etc

The INEDs exercise their independent judgement and advise on the future business direction and strategic plans of the Company.

The INEDs review the financial information and operational performance of the Company on a regular basis.

The INEDs are invited to serve on the Board Committees of the Company.

Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her necessary knowledge and expertise.

The Company has established written guideline, no less exacting the Model Code under the Listing Rules, for all the staff regarding dealings in securities issued by the Group and its associated companies.

Each Director discloses to the Company at the time of his/her appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments with indication of relevant time commitment.

Individual attendance records of our Directors at Board meetings, Board Committees meetings and Annual General Meeting during the financial year ended 31 December 2014, are set out below:

	Numbers of Meetings (Attended/Eligible to attend)			
Name of Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Annual general meeting
Hon Peter K C Woo	4/4	n/a	2/2	1/1
Mr Stephen T H Ng	4/4	n/a	n/a	1/1
Mr Andrew O K Chow	4/4	n/a	n/a	1/1
Ms Doreen Y F Lee	4/4	n/a	n/a	1/1
Mr T Y Ng *(retired on 31 December 2014)*	3/4	n/a	n/a	1/1
Mr Paul Y C Tsui	4/4	n/a	n/a	1/1
Ms Y T Leng	4/4	n/a	n/a	1/1
Mr Alexander S K Au	3/4	3/4	n/a	1/1
Professor Edward K Y Chen	2/4	n/a	n/a	1/1
Dr Raymond K F Ch'ien	3/4	n/a	n/a	1/1
Hon Vincent K Fang	2/4	4/4	n/a	0/1
Mr Hans Michael Jebsen	2/4	2/4	2/2	1/1
Mr Wyman Li	4/4	2/2	0/1	1/1
Mr James E Thompson *(retired on 9 June 2014)*	1/2	1/2	1/1	0/1
Mr David M Turnbull	4/4	n/a	n/a	1/1
Professor Eng Kiong Yeoh *(appointed effective from 1 July 2014)*	2/2	n/a	n/a	n/a
Total No. of Meetings Held	4	4	2	1

A large majority of our INEDs attended the last Annual General Meeting of the Company held in June 2014, with absence of two INEDs, due to their other important engagements at the relevant time. Please refer to the table set out above for details of attendance records of all Directors at the last Annual General Meeting of the Company held in June 2014.

Code Ref.	Code Provisions
A.7	**Supply of and access to information** *Corporate Governance Principle* *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	Board papers are circulated not less than three days before regular Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The Company Secretary and the Group Financial Controller attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.

Code Ref.	Code Provisions
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**
B.1	**The level and make-up of remuneration and disclosure** *Corporate Governance Principle* *The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	The Company has set up a remuneration committee (the "RC") with majority of the members being INEDs. The RC comprises the Chairman of the Board, Hon Peter K C Woo and two INEDs, namely, Mr James E Thompson *(as the chairman of RC until his retirement on 9 June 2014), Mr Hans Michael Jebsen (appointed as the chairman of RC effective from 9 June 2014) and Mr Wyman Li (appointed effective from 9 June 2014)*. The principal responsibilities of the RC include making recommendations to the Board on the Company's policy and structure for Directors and Senior Management remuneration, and reviewing the specific remuneration packages of all Executive Directors and Senior Management by reference to corporate goals and objectives resolved by the Board from time to time. The terms of reference of the RC are aligned with the Code provisions set out in the Code. Given below are the main duties of the RC: (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals by reference to the Board's corporate goals and objectives; (c) either: (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his associates is involved in deciding his/her own remuneration; and

(i) to advise Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under the Listing Rules.

The roles and authorities of the RC are set out in its terms of reference which are available at the Company's corporate website at www.wharfholdings.com.

There were two RC meetings held during the financial year ended 31 December 2014. Please refer to the table set out on page 95 for the details of attendance of the RC members.

The work performed by the RC, which has the delegated authority and responsibility, for the financial year ended 31 December 2014 is summarised below:

(a) review of the Company's policy and structure for all remuneration of Directors and Senior Management;

(b) consideration and approval of the emoluments for all Directors and Senior Management; and

(c) review of the level of fees for Directors and Audit Committee (the "AC") Members.

The RC has consulted the Chairman about proposals relating to the remuneration packages and other human resources issues of the Directors and Senior Management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.

The basis of determining the emoluments payable to its Directors and Senior Management by the Company is by reference to the level of emoluments normally paid by a listed company in Hong Kong to directors and senior executives of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate. The basis of determining the fee payable to the Chairman of the Company, currently at the rate of HK$200,000 per annum (proposed to be increased to HK$225,000 per annum with retroactive effect from 1 January 2015), the fee payable to each of the other Directors of the Company, currently at the rate of HK$100,000 per annum (proposed to be increased to HK$150,000 per annum with retroactive effect from 1 January 2015), and the fee payable to each of those Directors who are also Members of the Audit Committee of the Company, currently at the rate of HK$50,000 per annum (proposed to be increased to HK$75,000 per annum with retroactive effect from 1 January 2015), is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its directors. In respect of the remuneration payable to the Senior Management, please refer to Note 2(b) to the financial statements on page 134 for details.

To enable it to better advise on the Group's future remuneration policy and related strategies, the RC has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.

The Personnel Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the RC.

Code Ref.	Code Provisions
C.	**ACCOUNTABILITY AND AUDIT**
C.1	**Financial reporting** *Corporate Governance Principle* *The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	All Directors are provided with a review of the Group's major business activities and key financial information on a monthly basis. The Directors are responsible for overseeing the preparation of financial statements for the financial year ended 31 December 2014, which give a true and fair view of the affairs of the Company and of the Group and of the Group's results and cash flows for the year then ended and in compliance with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. In preparing the financial statements for the financial year ended 31 December 2014: (i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards; (ii) appropriate and reasonable judgements and estimates are made; and (iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable. The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the Code. The Directors are satisfied with the Group's performance on the basis that the Company generates or preserves value over the longer term (the business model) and delivers the Company's objectives as referred to in C.1.4 of the Code. With the assistance of the Company's Accounts Department which is under the supervision of the Group Financial Controller who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner. The statement by the external auditors of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 121. The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of the requirements under the applicable rules and regulations about timely disclosure of price-sensitive information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary works closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.

Code Ref.	Code Provisions
C.2	**Internal controls** *Corporate Governance Principle* *The board should ensure that the company maintains sound and effective internal controls to safeguard shareholders' investment and the company's assets.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	The Directors are ultimately responsible for the internal control system of the Group and, through the AC, have reviewed the effectiveness of the system including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programmes and budget. The internal control system comprises a well-defined organisational structure with specified limits of authority in place. Areas of responsibility of each business and operational units are also clearly defined to ensure effective checks and balances. Procedures have been designed for safeguarding assets against unauthorised use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Such procedures are designed to manage risks of failure in operational systems and can provide reasonable assurance against material errors, losses or fraud. The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures across the whole Group. Findings regarding internal control matters are reported to the AC. The external auditors have access to the full set of internal audit reports. A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, and the adequacy of, *inter alia*, resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function was conducted by the AC and subsequently reported to the Board during the financial year ended 31 December 2014. Based on the result of the review, in respect of the financial year ended 31 December 2014, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

Code Ref.	Code Provisions
C.3	**Audit Committee** *Corporate Governance Principle* *The board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the auditors.*
Compliance Status	**Corporate Governance Practices**
✓✓ Exceed Requirement	Minutes drafted by the Company Secretary are circulated to members of the AC within a reasonable time after each meeting. The Company has set up an audit committee (the "AC") with all members being INEDs, namely, Hon Vincent K Fang (as its chairman), Mr Alexander S K Au, Mr Han Michael Jebsen, Mr James E Thompson *(retired on 9 June 2014)* and Mr Wyman Li *(appointed effective from 9 June 2014)*. No member of the AC is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm. All Members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Group whenever required. The terms of reference of the AC are aligned with provisions set out in the Code and the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of AC: *(I) Relationship with the Company's auditors* (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;

(b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The AC should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences; and

(c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The AC should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

(II) Review of the Company's financial information

(a) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the AC should focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgemental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(b) regarding (II) (a) above:

(i) members of the AC should liaise with the Company's Board and Senior Management and the AC must meet, at least twice a year, with the Company's auditors; and

(ii) the AC should consider any significant or unusual items that are, or may need to be, reflected in the report and financial statements, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

(III) Oversight of the Company's financial reporting system and internal control procedures

(a) to review the Company's financial controls, internal control and risk management systems;

(b) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(c) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(d) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(e) to review the Group's financial and accounting policies and practices;

(f) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

(g) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(h) to report to the Board on the matters in the Code Provisions in the Listing Rules;

(i) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The AC should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(j) to act as the key representative body for overseeing the Company's relations with the external auditors; and

(k) to consider other topics, as defined by the Board.

(IV) Oversight of the Company's Corporate Governance Matters

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and Senior Management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to consider other topics, as defined by the Board.

The roles and authorities of the AC, including those set out in the code provision of C.3.3 of the Code, were set out in its terms of reference which are available at the Company's corporate website at www.wharfholdings.com.

There were four AC meetings held during the financial year ended 31 December 2014. Please refer to the table set out on page 95 for the details of attendance of the AC members.

The work performed by the AC for the financial year ended 31 December 2014 is summarised below:

(a) review of the annual audit plan of the external auditors before the audit commences, and discussion with them about the nature and scope of the audit;

(b) approval of the remuneration and terms of engagement of the external auditors;

(c) review of the external auditors' independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(d) review of the half-year and annual financial statements before submission to the Board, with particular consideration of the points mentioned C.3(II)(a) above regarding the duties of the AC;

(e) review of the audit programme of the internal audit function;

(f) review of the Group's financial controls, internal control and risk management systems;

(g) meeting with the external auditors without executive Board members present;

(h) review of the whistle-blowing cases and relevant investigation results;

(i) review of the corporate governance matters and the relevant reports of the Group; and

(j) review of and monitoring of the Group's compliance with legal and regulatory requirements.

	The AC recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, KPMG be re-appointed as the Company's external auditor for 2015. For the financial year ended 31 December 2014, the external auditors of the Company received approximately HK$23 million for audit services and HK$2 million for tax and other services. The Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the AC. A Whistleblowing Policy & Procedures has been adopted by the Group, with the authority and responsibility being delegated to the AC. Such Whistleblowing Policy is for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Company Secretary, and any and all relevant complaints received may then be referred to the AC and/or the Managing Director and/or Group Chief Financial Officer about possible improprieties in any matter related to the Company.

Code Ref.	Code Provisions
D.	**DELEGATION BY THE BOARD**
D.1	**Management functions** *Corporate Governance Principle* *The company should have a formal schedule of matters specifically reserved for board approval and those delegated to management.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	There is a clear division of responsibilities between the Board and the management. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, major investment and funding decisions and major commitments relating to the Group's operations.

Code Ref.	Code Provisions
D.2	**Board Committees** *Corporate Governance Principle* *Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	Three Board Committees, namely, Audit Committee, Remuneration Committee and Nomination Committee have been established with specific terms of reference as mentioned in C.3, B.1 and A.5 of above. Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Code Ref.	Code Provisions
D.3	**Corporate Governance Functions**
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	While the Board is and remains to be principally responsible for the corporate governance functions of the Company, it has delegated the relevant duties to the AC to ensure the proper performance of corporate governance functions of the Company. In this connection, the terms of reference of the AC includes various duties relating to corporate governance matters which are set out in paragraph "*(IV) Oversight of the Company's Corporate Governance Matters*" on page 101.

Code Ref.	Code Provisions
E.	**COMMUNICATION WITH SHAREHOLDERS**
E.1	**Effective communication** *Corporate Governance Principle* *The board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	The Company encourages its Shareholders to attend Annual General Meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Company's notice to Shareholders for the 2014 Annual General Meeting ("2014 AGM") of the Company was sent at least 20 clear business days before the meeting. Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors. The 2014 AGM of the Company was held on 9 June 2014 in the Centenary Room, Ground Floor, The Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong. The Directors, including the Chairman of the Board, the Chairmen of the Board Committees attended the 2014 AGM, with exception that Hon Vincent K Fang being the chairman of the AC was absent due to other important engagement but was represented by other three AC members during the meeting. Please refer to the table set out on page 95 for the details of attendance of the Directors in the 2014 AGM. The external auditors of the Company, Messrs KPMG, attended the 2014 AGM, during which its representative read out the report of the auditors and was available to answer questions raised by the Shareholders. The Company recognises the fundamental importance of transparency and accountability. Management believes that Shareholders' value can best be enhanced by articulating the corporate strategies, business strengths and weaknesses, growth opportunities and threats, and future prospects through a continuous and active dialogue with the investment community, the media and the public. To achieve this, the Company is committed to providing Shareholders and the general public access to key information that is reasonably required to make an investment decision on a fair and timely basis. The Company is aware of its statutory obligations in relation to the disclosure of inside information which is likely to have a material price effect and has established procedures to ensure that all communications with the public, including the investment community and the media, are fair; and that material non-public information is not disseminated on a selective basis. The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. Annual and interim reports are published/printed and printed copies of such reports or notifications of publication thereof on the Company's website are sent to all Shareholders. Press releases are posted and available for download at the Company's corporate website www.wharfholdings.com. In addition, the Company makes full use of the Internet to make information broadly available to Shareholders. The Company's website provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company's Board. Constantly being updated in a timely manner, the website also contains a wide range of additional information on the Group's business activities. As a standard part of the investor relations programme to maintain a constant dialogue on the Group's performance and objectives, senior executives hold regular briefings and attend conferences with institutional investors and financial analysts. A Shareholders Communication Policy has been adopted by the Company to ensure that shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders and the investment community to engage actively with the Company.

Code Ref.	Code Provisions
E.2	**Voting by poll** *Corporate Governance Principle* *The company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	Shareholders have the opportunity to participate effectively and vote in general meetings and are informed of the rules, including voting procedures, that govern general meetings: (a) Shareholders are furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meetings; (b) Shareholders have the opportunity to ask questions to the Board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations; (c) Effective shareholder participation in key corporate governance decisions; (d) Shareholders can make their view known on the remuneration policy for Board members and key executives; and (e) Shareholders can vote in person or by proxy, and equal effect is given to votes whether cast in person or by proxy. The Company has the following procedures to enable Shareholders to vote by poll: (a) All resolutions put to shareholders in general meetings are voted by a poll demanded by the Chairman at the beginning of the meetings. The circulars and notices of the general meetings express the Chairman's intention to call for voting by poll. (b) The Chairman or the Company Secretary explains the procedures for voting by poll to Shareholders and answer any questions from Shareholders before a poll is required to be conducted at the meetings. (c) The Company ensures votes cast are properly counted and recorded. Independent scrutineers are appointed to count the number of votes cast at general meetings. (d) Poll results are announced on the same day and also published on the Company's and the Stock Exchange's websites not later than the business day following the general meetings.

Code Ref.	Code Provisions
F.	**Company Secretary** *Corporate Governance Principle* *The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.*
Compliance Status	**Corporate Governance Practices**
✓ Comply with Requirement	The Company Secretary is an experienced employee of the Company and has day-to-day knowledge of the Company's affairs. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed. The Company Secretary has also played the role of coordinator to arrange for Directors' participation in the training sessions organised by the Company's auditors.

Code Ref.	Code Provisions
F.1.3	The company secretary should report to the board chairman and/or the chief executive
Compliance Status	**Corporate Governance Practices**
X Not Comply with Requirement	The Company Secretary of the Company has for some years directly reported to, and continues to report to, the Deputy Chairman of the Company, which is considered appropriate and reasonable given the size of the Group. In the view of the Directors, this reporting arrangement would in no way adversely affect the efficient discharge by the Company Secretary of his job duties.

MODEL CODE FOR DIRECTORS' DEALING IN SECURITIES

During the financial year ended 31 December 2014, the Company adopted its own set of code of conduct regarding directors' securities transactions (the "Company's Code") with terms thereof being no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and/or the Company's Code during the financial year.

SHAREHOLDERS' RIGHTS

I. Convene an Extraordinary General Meeting

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "CO"), on written requisition by Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings, the Directors of the Company must convene an extraordinary general meeting.

II. Send Enquiries to the Board

The Company's corporate website (www.wharfholdings.com) provides email address (for enquiry purpose only), postal address, fax number and telephone number by which Shareholders may at any time address their enquiries to the Company's Board.

III. Make Proposals at General Meetings

(i) The procedures for proposing candidate(s) for election as Director(s) at a Shareholders' meeting are set out in the Corporate Governance section of the Company's corporate website.

(ii) The procedures for proposing resolution(s) to be moved at the Company's annual general meeting(s) are as follows:

Pursuant to Section 615 of the CO, Shareholder(s) can submit a written requisition to move a resolution at the Company's annual general meeting(s) if they represent:

- at least 2.5% of the total voting rights of all Shareholders who have a right to vote at the annual general meeting to which the requests relate; or
- at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The relevant written requisition must–

(a) identify the resolution of which notice is to be given;

(b) be authenticated by the person or persons making it; and

(c) be received by the Company not later than 6 weeks before the relevant annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

Any written requisitions from Shareholders to the Company pursuant to Sections 566 and 615 of the CO must be deposited at the Company's registered office (16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong).

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

In accordance with the CO which came into effect on 3 March 2014, the Company's memorandum of association is technically regarded to have ceased to be in existence and all provisions thereof are deemed to form part of the Company's articles of association by operation of laws. A special resolution for the adoption of a revised set of articles of association ("New Articles") for the purpose of, inter alia, keeping in line with the CO was passed by the Shareholders at the Annual General Meeting held on 9 June 2014. The set of New Articles is available at the Company's corporate website (www.wharfholdings.com) .

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

	No. of shares under option				
Date of grant *(Day/Month/Year)*	**As at 1 January 2014**	**Lapsed during the year**	**As at 31 December 2014**	**Vesting/Exercise Period** *(Day/Month/Year)*	**Price per share to be paid on exercise of options** *(HK$)*
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.

(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.

Independent Auditor's Report

TO THE SHAREHOLDERS OF THE WHARF (HOLDINGS) LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of The Wharf (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 122 to 187, which comprise the consolidated and Company statements of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
14 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	2014 HK$ Million	2013 HK$ Million
Revenue	1	**38,136**	31,887
Direct costs and operating expenses		**(19,472)**	(14,141)
Selling and marketing expenses		**(1,363)**	(1,329)
Administrative and corporate expenses		**(1,496)**	(1,692)
Operating profit before depreciation, amortisation, interest and tax		**15,805**	14,725
Depreciation and amortisation	2	**(1,522)**	(1,445)
Operating profit	2	**14,283**	13,280
Increase in fair value of investment properties		**28,293**	18,739
Other net (charge)/income	3	**(1,743)**	277
		40,833	32,296
Finance costs	4	**(1,930)**	(552)
Share of results after tax of:			
Associates		**1,262**	2,207
Joint ventures	13	**(11)**	509
Profit before taxation		**40,154**	34,460
Income tax	5	**(3,730)**	(4,328)
Profit for the year		**36,424**	30,132
Profit attributable to:			
Equity shareholders	6	**35,930**	29,380
Non-controlling interests		**494**	752
		36,424	30,132
Earnings per share	8		
Basic		**HK$11.86**	HK$9.70
Diluted		**HK$11.86**	HK$9.52

The notes and principal accounting policies on pages 129 to 187 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 HK$ Million	2013 HK$ Million
Profit for the year	**36,424**	30,132
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	**(426)**	2,638
Net revaluation reserves of available-for-sale investments:	**(76)**	(615)
Deficit on revaluation	**(76)**	(496)
Transferred to consolidated income statement on disposal	**–**	(119)
Share of other comprehensive income of associates/joint ventures	**(288)**	697
Others	**9**	31
Other comprehensive income for the year	**(781)**	2,751
Total comprehensive income for the year	**35,643**	32,883
Total comprehensive income attributable to:		
Equity shareholders	**35,157**	32,026
Non-controlling interests	**486**	857
	35,643	32,883

The notes and principal accounting policies on pages 129 to 187 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK$ Million	2013 HK$ Million
Non-current assets			
Investment properties	9	**301,890**	261,097
Fixed assets	10	**25,027**	24,161
Interest in associates	12	**22,449**	19,205
Interest in joint ventures	13	**19,030**	19,585
Available-for-sale investments	14	**3,740**	3,744
Convertible securities	15	**–**	2,824
Goodwill and other intangible assets	16	**305**	297
Programming library		**168**	137
Deferred tax assets	25	**673**	721
Derivative financial assets	19	**885**	142
Other non-current assets		**41**	38
		374,208	331,951
Current assets			
Properties for sale	17	**47,543**	53,764
Inventories		**48**	47
Trade and other receivables	18	**3,851**	4,456
Derivative financial assets	19	**283**	319
Bank deposits and cash	20	**18,725**	24,515
		70,450	83,101
Current liabilities			
Trade and other payables	21	**(23,664)**	(20,089)
Deposits from sale of properties	22	**(14,496)**	(15,330)
Derivative financial liabilities	19	**(1,116)**	(209)
Taxation payable	5(d)	**(1,476)**	(1,615)
Bank loans and other borrowings	23	**(8,653)**	(9,502)
		(49,405)	(46,745)
Net current assets		**21,045**	36,356
Total assets less current liabilities		**395,253**	368,307
Non-current liabilities			
Derivative financial liabilities	19	**(1,071)**	(1,034)
Deferred tax liabilities	25	**(10,425)**	(9,630)
Other deferred liabilities		**(315)**	(303)
Bank loans and other borrowings	23	**(69,331)**	(73,085)
		(81,142)	(84,052)
NET ASSETS		**314,111**	284,255
Capital and reserves			
Share capital: nominal value		**–**	3,030
Other statutory capital reserves		**–**	26,346
Share capital and other statutory capital reserves	27	**29,376**	29,376
Reserves		**276,119**	246,181
Shareholders' equity		**305,495**	275,557
Non-controlling interests		**8,616**	8,698
TOTAL EQUITY		**314,111**	284,255

The notes and principal accounting policies on pages 129 to 187 form part of these financial statements.

Peter K C Woo
Chairman

Stephen T H Ng
Deputy Chairman & Managing Director

Company Statement of Financial Position

At 31 December 2014

	Note	2014 HK$ Million	2013 HK$ Million
Non-current assets			
Interest in subsidiaries	11	**88,697**	82,184
Amount due from an associate	12	**371**	379
		89,068	82,563
Current assets			
Receivables		**8**	8
Bank deposits and cash	20(c)	**2**	–
		10	8
Current liabilities			
Payables		**(45)**	(41)
Amounts due to subsidiaries	11	**(23,900)**	(22,383)
Amount due to an associate	12	**(533)**	(533)
		(24,478)	(22,957)
Net current liabilities		**(24,468)**	(22,949)
NET ASSETS		**64,600**	59,614
Capital and reserves			
Share capital: nominal value		**–**	3,030
Other statutory capital reserves		**–**	26,346
Share capital and other statutory capital reserves	27	**29,376**	29,376
Reserves		**35,224**	30,238
TOTAL EQUITY		**64,600**	59,614

The notes and principal accounting policies on pages 129 to 187 form part of these financial statements.

Peter K C Woo
Chairman

Stephen T H Ng
Deputy Chairman & Managing Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Shareholders' equity								
	Share capital HK$ Million	**Share premium** HK$ Million	**Capital redemption reserves** HK$ Million	**Investments revaluation and other reserves** HK$ Million	**Exchange reserves** HK$ Million	**Revenue reserves** HK$ Million	**Total shareholders' equity** HK$ Million	**Non-controlling interests** HK$ Million	**Total equity** HK$ Million
At 1 January 2013	3,029	26,278	7	1,470	6,209	211,508	248,501	8,405	256,906
Changes in equity for 2013:									
Profit	–	–	–	–	–	29,380	29,380	752	30,132
Other comprehensive income	–	–	–	(500)	3,123	23	2,646	105	2,751
Total comprehensive income	–	–	–	(500)	3,123	29,403	32,026	857	32,883
Shares issued under the share option scheme	1	61	–	(14)	–	–	48	–	48
Equity settled share-based payments	–	–	–	124	–	–	124	–	124
Acquisition of additional interest in a subsidiary	–	–	–	–	–	8	8	(23)	(15)
2012 second interim dividend paid	–	–	–	–	–	(3,635)	(3,635)	–	(3,635)
2013 first interim dividend paid	–	–	–	–	–	(1,515)	(1,515)	–	(1,515)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(541)	(541)
At 31 December 2013 and 1 January 2014	**3,030**	**26,339**	**7**	**1,080**	**9,332**	**235,769**	**275,557**	**8,698**	**284,255**
Changes in equity for 2014:									
Profit	**–**	**–**	**–**	**–**	**–**	**35,930**	**35,930**	**494**	**36,424**
Other comprehensive income	**–**	**–**	**–**	**(314)**	**(464)**	**5**	**(773)**	**(8)**	**(781)**
Total comprehensive income	**–**	**–**	**–**	**(314)**	**(464)**	**35,935**	**35,157**	**486**	**35,643**
Equity settled share-based payments	**–**	**–**	**–**	**84**	**–**	**–**	**84**	**–**	**84**
Share option lapse	**–**	**–**	**–**	**(11)**	**–**	**11**	**–**	**–**	**–**
Redemption of convertible bond	**–**	**–**	**–**	**(99)**	**–**	**99**	**–**	**–**	**–**
2013 second interim dividend paid	**–**	**–**	**–**	**–**	**–**	**(3,636)**	**(3,636)**	**–**	**(3,636)**
2014 first interim dividend paid	**–**	**–**	**–**	**–**	**–**	**(1,667)**	**(1,667)**	**–**	**(1,667)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(568)**	**(568)**
Transition to no-par value regime on 3 March 2014 (Note 27(a) and (b))	**26,346**	**(26,339)**	**(7)**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2014	**29,376**	**–**	**–**	**740**	**8,868**	**266,511**	**305,495**	**8,616**	**314,111**

The notes and principal accounting policies on pages 129 to 187 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	**2014** **HK$ Million**	2013 HK$ Million
Operating cash inflow	(a)	**15,108**	13,999
Changes in working capital	(a)	**6,992**	5,543
Cash generated from operations	(a)	**22,100**	19,542
Net interest paid		**(1,797)**	(1,832)
Interest paid		**(2,527)**	(2,552)
Interest received		**730**	720
Dividends received from associates/joint ventures		**824**	1,085
Dividends received from investments		**154**	115
Hong Kong profits tax paid		**(1,367)**	(1,444)
Overseas tax paid		**(1,661)**	(1,661)
Net cash generated from operating activities		**18,253**	15,805
Investing activities			
Additions to investment properties		**(9,463)**	(8,266)
Additions to fixed assets		**(1,696)**	(5,648)
Additions to programming library		**(118)**	(122)
Net (increase)/decrease in interest in associates		**(2,103)**	385
Net decrease in interest in joint ventures		**25**	375
Net proceeds from disposal of fixed assets		**9**	3
Purchase of available-for-sale investments		**(73)**	(672)
Redemption of convertible securities		**2,729**	–
Acquisition of interest in a subsidiary		**(6)**	(15)
Proceeds from disposal of investment properties		**47**	–
Proceeds from disposal of available-for-sale investments		**–**	428
Repayment of long term receivables		**–**	1
Net (placement)/release of bank deposits with maturity greater than three months		**(70)**	1,530
Net cash used in investing activities		**(10,719)**	(12,001)
Financing activities			
Proceeds from the issue of shares under the share option scheme		**–**	48
Drawdown of bank loans and other borrowings		**26,961**	21,727
Repayment of bank loans and other borrowings		**(34,417)**	(13,081)
Dividends paid to equity shareholders		**(5,303)**	(5,150)
Dividends paid to non-controlling interests		**(568)**	(541)
Net cash (used in)/generated from financing activities		**(13,327)**	3,003
(Decrease)/increase in cash and cash equivalents		**(5,793)**	6,807
Cash and cash equivalents at 1 January		**24,485**	17,235
Effect of exchange rate changes		**(67)**	443
Cash and cash equivalents at 31 December		**18,625**	24,485
Analysis of the balance of cash and cash equivalents			
Bank deposits and cash	(b)	**18,625**	24,485

The notes and principal accounting policies on pages 129 to 187 form part of these financial statements.

NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Reconciliation of operating profit to cash generated from operations

	2014 **HK$ Million**	2013 HK$ Million
Operating profit	**14,283**	13,280
Adjustments for:		
Interest income	**(633)**	(718)
Dividends receivable from listed investments	**(152)**	(148)
Depreciation and amortisation	**1,522**	1,445
Loss on disposal of fixed assets	**4**	16
Equity settled share-based payment expenses	**84**	124
Operating cash inflow	**15,108**	13,999
Increase in properties under development for sale	**(7,653)**	(10,224)
Decrease in completed properties for sale	**13,291**	8,378
Increase in inventories	**(1)**	(2)
Decrease in trade and other receivables	**103**	323
Increase in trade and other payables	**2,035**	1,731
(Decrease)/increase in deposits from sale of properties	**(834)**	4,676
Increase in derivative financial instruments	**37**	639
Other non-cash items	**14**	22
Changes in working capital	**6,992**	5,543
Cash generated from operations	**22,100**	19,542

b. Cash and cash equivalents

	2014 **HK$ Million**	2013 HK$ Million
Bank deposits and cash in the consolidated statement of financial position (Note 20)	**18,725**	24,515
Less: Bank deposits with maturity greater than three months	**(100)**	(30)
Cash and cash equivalents in the consolidated statement of cash flows	**18,625**	24,485

Notes to the Financial Statements

1. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are investment property ("IP"), development property ("DP"), hotels, logistics and communications and media and entertainment ("CME"). No operating segments have been aggregated to form the reportable segments.

Investment property segment primarily includes property leasing operations. Currently, the Group's properties portfolio, which mainly consists of retail, office and serviced apartments is primarily located in Hong Kong and Mainland China.

Development property segment encompasses activities relating to the acquisition, development, design, construction, sale and marketing of the Group's trading properties primarily in Hong Kong and Mainland China.

Hotels segment includes hotel operations in the Asia Pacific region. Currently, the Group operates 14 Marco Polo hotels in the Asia Pacific region, five of which are owned by the Group.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited ("Modern Terminals"), Hong Kong Air Cargo Terminals Limited ("Hactl") and other public transport operations.

CME segment comprises pay television, internet and multimedia and other businesses operated by i-CABLE Communications Limited ("i-CABLE") and the telecommunication businesses operated by Wharf T&T Limited.

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, certain financial investments, deferred tax assets and other derivative financial assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

a. Analysis of segment revenue and results

For the year ended 31 December 2014	Revenue HK$ Million	Operating profit HK$ Million	Increase in fair value of investment properties HK$ Million	Other net (charge)/ income HK$ Million	Finance costs HK$ Million	Associates HK$ Million	Joint ventures HK$ Million	Profit before taxation HK$ Million
Investment property	13,397	10,896	28,293	69	(1,303)	–	–	37,955
Hong Kong	11,413	9,905	27,864	18	(1,269)	–	–	36,518
Mainland China	1,984	991	429	51	(34)	–	–	1,437
Development property	15,539	1,762	–	(1,778)	(100)	930	(64)	750
Hong Kong	113	93	–	–	–	9	(23)	79
Mainland China	15,426	1,669	–	(1,778)	(100)	921	(41)	671
Hotels	1,600	387	–	–	(6)	–	–	381
Logistics	3,319	1,051	–	(61)	(246)	332	53	1,129
Terminals	3,206	1,034	–	(20)	(246)	234	53	1,055
Others	113	17	–	(41)	–	98	–	74
CME	3,616	211	–	1	(37)	–	–	175
i-CABLE	1,666	(140)	–	1	–	–	–	(139)
Telecommunications	1,950	352	–	–	(37)	–	–	315
Others	–	(1)	–	–	–	–	–	(1)
Inter-segment revenue	(370)	–	–	–	–	–	–	–
Segment total	37,101	14,307	28,293	(1,769)	(1,692)	1,262	(11)	40,390
Investment and others	1,035	714	–	26	(238)	–	–	502
Corporate expenses	–	(738)	–	–	–	–	–	(738)
Group total	38,136	14,283	28,293	(1,743)	(1,930)	1,262	(11)	40,154
For the year ended 31 December 2013								
Investment property	11,133	9,268	18,739	–	(1,162)	–	–	26,845
Hong Kong	9,872	8,507	15,675	–	(1,059)	–	–	23,123
Mainland China	1,261	761	3,064	–	(103)	–	–	3,722
Development property	11,514	2,633	–	170	(143)	1,881	462	5,003
Hong Kong	72	68	–	–	–	12	(4)	76
Mainland China	11,442	2,565	–	170	(143)	1,869	466	4,927
Hotels	1,526	404	–	(543)	(16)	–	–	(155)
Logistics	3,226	974	–	116	(160)	326	47	1,303
Terminals	3,106	944	–	157	(160)	199	47	1,187
Others	120	30	–	(41)	–	127	–	116
CME	3,789	212	–	(42)	(42)	–	–	128
i-CABLE	1,932	(88)	–	1	(3)	–	–	(90)
Telecommunications	1,857	300	–	(43)	(39)	–	–	218
Inter-segment revenue	(353)	–	–	–	–	–	–	–
Segment total	30,835	13,491	18,739	(299)	(1,523)	2,207	509	33,124
Investment and others	1,052	723	–	576	971	–	–	2,270
Corporate expenses	–	(934)	–	–	–	–	–	(934)
Group total	31,887	13,280	18,739	277	(552)	2,207	509	34,460

b. Analysis of inter-segment revenue

	2014 Total Revenue *HK$ Million*	2014 Inter-segment revenue *HK$ Million*	2014 Group Revenue *HK$ Million*	2013 Total Revenue *HK$ Million*	2013 Inter-segment revenue *HK$ Million*	2013 Group Revenue *HK$ Million*
Investment property	**13,397**	**(144)**	**13,253**	11,133	(148)	10,985
Development property	**15,539**	**–**	**15,539**	11,514	–	11,514
Hotels	**1,600**	**–**	**1,600**	1,526	–	1,526
Logistics	**3,319**	**–**	**3,319**	3,226	–	3,226
CME	**3,616**	**(94)**	**3,522**	3,789	(105)	3,684
Investment and others	**1,035**	**(132)**	**903**	1,052	(100)	952
	38,506	**(370)**	**38,136**	32,240	(353)	31,887

c. Analysis of segment business assets

	2014 *HK$ Million*	2013 *HK$ Million*
Investment property	**303,498**	262,412
Hong Kong	**246,005**	211,275
Mainland China	**57,493**	51,137
Development property	**87,421**	94,715
Hong Kong	**4,703**	4,288
Mainland China	**82,718**	90,427
Hotels	**7,208**	6,189
Logistics	**20,197**	20,260
Terminals	**19,148**	19,138
Others	**1,049**	1,122
CME	**4,088**	4,120
i-CABLE	**1,284**	1,295
Telecommunications	**2,804**	2,825
Total segment business assets	**422,412**	387,696
Unallocated corporate assets	**22,246**	27,356
Total assets	**444,658**	415,052

Unallocated corporate assets mainly comprise certain financial investments, deferred tax assets, bank deposits and cash and other derivative financial assets.

Segment assets held through associates and joint ventures included in above are:

	2014 *HK$ Million*	2013 *HK$ Million*
Development property	**36,187**	33,509
Logistics	**5,292**	5,281
Group total	**41,479**	38,790

d. Other segment information

	Capital expenditure		Increase in interests in associates and joint ventures		Depreciation and amortisation	
	2014 HK$ Million	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
Investment property	**13,316**	9,732	**–**	–	**98**	115
Hong Kong	**6,757**	1,063	**–**	–	**23**	68
Mainland China	**6,559**	8,669	**–**	–	**75**	47
Development property	**–**	–	**4,644**	3,209	**–**	
Hong Kong	**–**	–	**201**	771	**–**	–
Mainland China	**–**	–	**4,443**	2,438	**–**	–
Hotels	**759**	4,868	**–**	–	**204**	132
Logistics	**403**	309	**2**	3	**469**	462
Terminals	**402**	309	**2**	3	**466**	458
Others	**1**	–	**–**	–	**3**	4
CME	**504**	533	**–**	–	**751**	736
i-CABLE	**188**	150	**–**	–	**348**	331
Telecommunications	**316**	383	**–**	–	**403**	405
Group total	**14,982**	15,442	**4,646**	3,212	**1,522**	1,445

In addition, the CME segment incurred HK$152 million (2013: HK$122 million) for its programming library. The Group has no significant non-cash expenses other than (i) the provision for diminution in value of HK$1,812 million for development properties undertaken by the Group's subsidiaries in the Mainland China (2013: HK$543 million for the Changzhou Marco Polo Hotel) and (ii) depreciation and amortisation.

e. Geographical information

	Revenue		Operating Profit	
	2014 HK$ Million	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
Hong Kong	**19,126**	17,626	**11,549**	9,882
Mainland China	**18,977**	14,229	**2,701**	3,362
Singapore	**33**	32	**33**	36
Group total	**38,136**	31,887	**14,283**	13,280

	Specified non-current assets		Total business assets	
	2014 HK$ Million	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
Hong Kong	**264,523**	229,754	**267,328**	232,129
Mainland China	**106,443**	99,874	**155,084**	155,567
Group total	**370,966**	329,628	**422,412**	387,696

Specified non-current assets excluded deferred tax assets, certain available-for-sale investments, derivative financial assets and certain non-current assets.

The geographical location of revenue and operating profit are analysed based on the location at which services are provided and in the case of equity instruments, where they are listed. The geographical location of specified non-current assets and total business assets are based on the physical location of operations.

2. OPERATING PROFIT

a. Operating profit is arrived at:

	2014 **HK$ Million**	2013 HK$ Million
After charging/(crediting):		
Depreciation and amortisation on		
— assets held for use under operating leases	**169**	155
— other fixed assets	**1,158**	1,110
— leasehold land	**74**	86
— programming library	**121**	94
Total depreciation and amortisation	**1,522**	1,445
Impairment of trade receivables	**18**	17
Staff costs (Note (i))	**3,740**	3,444
Auditors' remuneration		
— audit services	**23**	23
— other services	**2**	2
Cost of trading properties for recognised sales	**13,291**	8,387
Rental charges under operating leases in respect of telecommunications equipment and services	**63**	57
Rental income less direct outgoings (Note (ii))	**(10,963)**	(9,352)
Rental income under operating leases in respect of owned plant and equipment	**(9)**	(11)
Interest income (Note (iii))	**(633)**	(718)
Dividend income from listed investments	**(152)**	(148)
Loss on disposal of fixed assets	**4**	16

Notes:

i. *Staff costs included contributions to defined contribution pension schemes of HK$271 million (2013: HK$238 million), which included MPF schemes after a forfeiture of HK$2 million (2013: HK$3 million), and equity-settled share-based payment expenses of HK$84 million (2013: HK$124 million).*

ii. *Rental income included contingent rentals of HK$2,036 million (2013: HK$2,069 million).*

iii. *Included in the interest income are amounts totalling HK$602 million (2013: HK$488 million) in respect of financial assets, mainly comprising bank deposits, that are stated at amortised cost.*

b. Directors' emoluments

Directors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), are as follows:

	Fees *HK$'000*	**Salaries, allowances and benefits in kind** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Contributions to pension schemes** *HK$'000*	**2014 Total emoluments** *HK$'000*	2013 Total emoluments *HK$'000*
Board of Directors						
Peter K C Woo	**200**	**13,891**	**18,500**	**–**	**32,591**	39,444
Stephen T H Ng	**100**	**6,335**	**15,000**	**17**	**21,452**	26,148
Andrew O K Chow	**100**	**5,063**	**12,500**	**17**	**17,680**	25,181
Doreen Y F Lee	**100**	**4,823**	**10,500**	**720**	**16,143**	15,868
T Y Ng	**100**	**4,823**	**20,000**	**–**	**24,923**	14,503
Paul Y C Tsui	**100**	**4,223**	**7,500**	**–**	**11,823**	12,222
Y T Leng	**100**	**3,523**	**5,000**	**348**	**8,971**	7,679
Independent Non-executive Directors						
Alexander S K Au (Note ii)	**150**	**–**	**–**	**–**	**150**	150
Edward K Y Chen	**100**	**–**	**–**	**–**	**100**	100
Raymond K F Ch'ien	**100**	**–**	**–**	**–**	**100**	100
Vincent K Fang (Note ii)	**150**	**–**	**–**	**–**	**150**	150
Hans Michael Jebsen (Note ii)	**150**	**–**	**–**	**–**	**150**	150
Wyman Li (Note ii)	**128**	**–**	**–**	**–**	**128**	33
Arthur K C Li (Notes iii)	**–**	**–**	**–**	**–**	**–**	62
James E Thompson (Notes ii and iv)	**66**	**–**	**–**	**–**	**66**	150
David M Turnbull	**100**	**–**	**–**	**–**	**100**	12
E K Yeoh (Note v)	**50**	**–**	**–**	**–**	**50**	–
	1,794	**42,681**	**89,000**	**1,102**	**134,577**	141,952
Total for 2013	1,680	39,324	100,000	948	–	141,952

i. There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the Directors of the Company in respect of the years ended 31 December 2014 and 2013.

ii. Includes Audit Committee Member's fee for the year ended 31 December 2014 of HK$50,000 (2013: HK$50,000) received/receivable by each of relevant Directors.

iii. Prof. the Hon. Arthur K C Li resigned and ceased to be a Director of the Company with effect from 16 August 2013.

iv. Mr. James E. Thompson retired as a Director of the Company with effect from 9 June 2014.

v. Professor E K Yeoh was appointed as a Director of the Company with effect from 1 July 2014.

vi. In addition to the above emoluments, certain directors and employees of the Company or its subsidiaries were granted share options under the share option schemes adopted by the Company. Details of the share options granted by the Company to the individuals are disclosed in Note 24(d).

c. Emoluments of the highest paid employees

For the years ended 31 December 2014 and 2013, the top five highest paid individuals are also Directors of the Group and the emoluments of whom are set out in Note 2(b) above.

3. OTHER NET (CHARGE)/INCOME

Other net charge for the year amounted to HK$1,743 million (2013: net gain of HK$277 million) mainly comprises:

a. Net foreign exchange gain of HK$123 million (2013: HK$449 million) which included the fair value loss on forward foreign exchange contracts of HK$29 million (2013: gain of HK$186 million).

b. Provision for diminution in value of HK$1,812 million was made in respect of certain development projects in the Mainland China undertaken by the Group's subsidiaries (2013: HK$543 million made in respect of the Changzhou Marco Polo Hotel by a listed subsidiary, Harbour Centre Development Limited).

4. FINANCE COSTS

	2014 **HK$ Million**	2013 HK$ Million
Interest charged on:		
Bank loans and overdrafts		
— repayable within five years	**817**	953
— repayable after five years	**274**	157
Other borrowings		
— repayable within five years	**873**	823
— repayable after five years	**323**	357
Total interest charge	**2,287**	2,290
Other finance costs	**317**	265
Less: Amount capitalised	**(904)**	(747)
	1,700	1,808
Fair value loss/(gain):		
Cross currency interest rate swaps	**97**	(521)
Interest rate swaps	**133**	(735)
	230	(1,256)
Total	**1,930**	552

a. Interest was capitalised at an average annual rate of approximately 2.0% (2013: 1.7%).

b. Included in the total interest charge are amounts totalling HK$1,893 million (2013: HK$1,836 million) in respect of interest bearing borrowings that are stated at amortised cost.

c. The above interest charge has taken into account the interest paid/received in respect of interest rate swaps and cross currency interest rate swaps.

5. INCOME TAX

Taxation charged to the consolidated income statement includes:

	2014 HK$ Million	2013 HK$ Million
Current income tax		
Hong Kong		
— provision for the year	**1,540**	1,345
— overprovision in respect of prior years	**(56)**	(102)
Outside Hong Kong		
— provision for the year	**860**	816
— under-provision in respect of prior years	**9**	17
	2,353	2,076
Land appreciation tax ("LAT") (Note 5(c))	**515**	618
Deferred tax		
Change in fair value of investment properties	**543**	1,459
Origination and reversal of temporary differences	**375**	196
Benefit of previously unrecognised tax losses now recognised	**(56)**	(21)
	862	1,634
Total	**3,730**	4,328

a. The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at a rate of 16.5% (2013: 16.5%).

b. Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2013: 25%) and China withholding tax at a rate of up to 10%.

c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowings costs and all property development expenditure.

d. Taxation recoverable/payable in the statement of financial position is expected to be recovered/settled within one year.

e. Tax attributable to associates and joint ventures for the year ended 31 December 2014 of HK$1,389 million (2013: HK$1,623 million) is included in the share of results of associates and joint ventures.

f. The China tax law imposes a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China for earnings generated since 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. For the year ended 31 December 2014, the Group has provided HK$154 million (2013: HK$126 million) for withholding taxes on accumulated earnings generated by its Mainland China subsidiaries which will be distributed to their immediate holding companies outside Mainland China in the foreseeable future.

g. Reconciliation between the actual total tax charge and profit before taxation at applicable tax rates:

	2014 ***HK$ Million***	2013 *HK$ Million*
Profit before taxation	**40,154**	34,460
Notional tax on profit before taxation calculated at applicable tax rates	**6,987**	5,818
Tax effect of non-deductible expenses	**402**	269
Tax effect of non-taxable income	**(329)**	(379)
Tax effect of non-taxable fair value gain on investment properties	**(4,598)**	(2,755)
Net overprovision in respect of prior years	**(47)**	(85)
Tax effect of tax losses not recognised	**425**	155
Tax effect of previously unrecognised tax losses utilised	**(97)**	(112)
Tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**(56)**	(21)
Effect of temporary differences not recognised	**6**	1
LAT on trading properties	**515**	618
Deferred LAT on change in fair value of investment properties	**368**	693
Withholding tax on distributed/undistributed earnings	**154**	126
Actual total tax charge	**3,730**	4,328

6. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

Profit attributable to equity shareholders for the year is dealt with in the financial statements of the Company to the extent of HK$10,216 million (2013: HK$10,149 million).

7. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2014 ***HK$ per share***	**2014** ***HK$ Million***	2013 *HK$ per share*	2013 *HK$ Million*
First interim dividend declared	**0.55**	**1,667**	0.50	1,515
Second interim dividend proposed after the end of the reporting period	**1.26**	**3,819**	1.20	3,636
	1.81	**5,486**	1.70	5,151

a. The proposed second interim dividend based on 3,031 million issued ordinary shares (2013: 3,030 million shares) after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

b. The second interim dividend of HK$3,636 million for 2013 was approved and paid in 2014.

8. EARNINGS PER SHARE

a. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK$35,930 million (2013: HK$29,380 million) and the weighted average of 3,030 million ordinary shares in issue during the year (2013: 3,030 million ordinary shares).

b. Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK$35,930 million (2013: HK$29,527 million) and the weighted average of 3,030 million ordinary shares in issue during the year (2013: 3,100 million ordinary shares), calculated as follows:

i. Profit attributable to ordinary equity shareholders (diluted)

	2014 **HK$ Million**	2013 *HK$ Million*
Profit attributable to ordinary equity shareholders	**35,930**	29,380
After tax effect of effective interest on the liability component of convertible bonds	**–**	147
	35,930	29,527

ii. Weighted average number of ordinary shares (diluted)

	2014 **No. of shares** **Million**	2013 *No. of shares* *Million*
Weighted average number of ordinary shares at 31 December	**3,030**	3,030
Effect of conversion of convertible bonds	**–**	69
Effect of share options	**–**	1
	3,030	3,100

9. INVESTMENT PROPERTIES

		Completed HK$ Million	Under development HK$ Million	Total HK$ Million
a.	**Cost or valuation**			
	At 1 January 2013	201,579	29,943	231,522
	Exchange adjustment	533	657	1,190
	Additions	1,231	8,376	9,607
	Transfer	7,975	(7,936)	39
	Revaluation surpluses	17,832	907	18,739
	At 31 December 2013 and 1 January 2014	**229,150**	**31,947**	**261,097**
	Exchange adjustment	**(91)**	**(74)**	**(165)**
	Additions	**6,988**	**6,215**	**13,203**
	Disposals	**(29)**	**–**	**(29)**
	Transfer	**12,319**	**(12,828)**	**(509)**
	Revaluation surpluses	**28,292**	**1**	**28,293**
	At 31 December 2014	**276,629**	**25,261**	**301,890**
b.	**The analysis of cost or valuation of the above assets is as follows:**			
	2014 valuation	**276,629**	**9,577**	**286,206**
	At cost	**–**	**15,684**	**15,684**
		276,629	**25,261**	**301,890**
	2013 valuation	229,150	13,193	242,343
	At cost	–	18,754	18,754
		229,150	31,947	261,097

During the year, additions to investment properties under development which are stated at cost amounted to HK$5,934 million (2013: HK$8,194 million).

		Completed HK$ Million	Under development HK$ Million	Total HK$ Million
c.	**Tenure of title to properties**			
	At 31 December 2014			
	Held in Hong Kong			
	Long term leases	**206,007**	**–**	**206,007**
	Medium term leases	**29,334**	**9,770**	**39,104**
		235,341	**9,770**	**245,111**
	Held outside Hong Kong			
	Medium term leases	**41,288**	**15,491**	**56,779**
		276,629	**25,261**	**301,890**
	At 31 December 2013			
	Held in Hong Kong			
	Long term leases	173,176	–	173,176
	Medium term leases	27,895	9,459	37,354
		201,071	9,459	210,530
	Held outside Hong Kong			
	Medium term leases	28,079	22,488	50,567
		229,150	31,947	261,097

d. Investment properties revaluation

The Group's investment properties under development are stated at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property.

The investment properties stated at fair value as at 31 December 2014 were revalued by Knight Frank Petty Limited ("Knight Frank"), an independent firm of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with extensive experience in valuing properties in Hong Kong and Mainland China. Knight Frank has valued the investment properties on a market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The revaluation surplus or deficit arising on revaluation on investment properties is recognised in the line item "Increase in fair value of investment properties" on the face of the consolidated income statement.

The following table presents the investment properties which are measured at fair value at the end of the reporting period across the three levels of the inputs to the revaluation methodologies in accordance with HKFRS 13, Fair value measurement. The levels are defined as follows:

Level 1 valuations: Fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

None of the Group's investment properties measured at fair value are categorised as Level 1 and Level 2 input. The Group's investment properties which are at Level 3 valuation are analysed as below:

Group — Level 3	Retail *HK$ Million*	Office *HK$ Million*	Residential *HK$ Million*	Others *HK$ Million*	Total *HK$ Million*
Recurring fair value measurements					
At 31 December 2014					
Hong Kong	**145,296**	**74,897**	**24,487**	**238**	**244,918**
Mainland China	**18,237**	**21,752**	**1,299**	**–**	**41,288**
	163,533	**96,649**	**25,786**	**238**	**286,206**
At 31 December 2013					
Hong Kong	121,330	66,137	22,680	219	210,366
Mainland China	16,241	14,444	1,292	–	31,977
	137,571	80,581	23,972	219	242,343

The movements during the year in the balance of Level 3 fair value measurements are as follows:

	Completed	Under development	Total
	HK$ Million	*HK$ Million*	*HK$ Million*
At 1 January 2013	201,579	8,485	210,064
Exchange adjustment	533	4	537
Additions	1,231	182	1,413
Transfer	7,975	3,615	11,590
Revaluation surplus	17,832	907	18,739
At 31 December 2013 and 1 January 2014	**229,150**	**13,193**	**242,343**
Exchange adjustment	**(91)**	**–**	**(91)**
Additions	**6,988**	**281**	**7,269**
Disposals	**(29)**	**–**	**(29)**
Transfer	**12,319**	**(3,898)**	**8,421**
Revaluation surplus	**28,292**	**1**	**28,293**
At 31 December 2014	**276,629**	**9,577**	**286,206**

During the years ended 31 December 2013 and 2014, there were no transfers among Level 1, Level 2 , or transfers into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation processes

The Group reviews the valuations performed by the independent valuers for financial reporting purposes by verifying all major inputs and assessing the reasonableness of the property valuations. A valuation report with an analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the senior management.

Valuation methodologies

The valuations of completed office and retail properties in Hong Kong and Mainland China were based on the income capitalisation approach which capitalised the net income of the properties and takes into account the significant adjustments on term yield to account for the risk upon reversion.

For certain office and residential properties in Hong Kong which are still under development/redevelopment, the valuations were based on the redevelopment basis by taking into account the fair value of properties under development/redevelopment assuming they had been completed as at the date of valuation and then deducting from that amount the estimated costs to complete construction, financing costs and profit and margin for risk.

Level 3 valuation methodologies

Completed investment properties

Set out below is a table which presents the significant unobservable inputs:

	Weighted average Capitalisation rate		Market rent	
	2014	2013	**2014**	2013
Hong Kong			**HK$psf**	HK$psf
— Retail	**5.2%**	5.2%	**278**	251
— Office	**4.2%**	4.2%	**47**	42
— Residential	**4.0%**	3.9%	**57**	49
China			**RMBpsm**	RMBpsm
— Retail	**7.5%**	7.5%	**372**	371
— Office	**6.4%**	6.4%	**184**	243
— Residential	**5.0%**	5.0%	**236**	233

The fair value measurement of completed investment properties is negatively correlated to the capitalisation rate and positively correlated to the market rent.

For investment properties under development that are stated at fair value, estimated costs to complete construction and profit and margin for risk required are estimated by valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the development budgets prepared by the Group based on management's experience and knowledge of market conditions. The fair value of investment properties under development is negatively correlated to the costs and the margins.

e. Gross rental revenue from investment properties amounted to HK$13,397 million (2013: HK$11,133 million). Direct operating expenses amounted to HK$2,402 million (2013: HK$1,757 million).

f. The Group leases out properties under operating leases, which generally run for a period of two to ten years. Lease payments may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenants' sales receipts.

g. The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	Group	
	2014 ***HK$ Million***	2013 *HK$ Million*
Within 1 year	**9,776**	8,309
After 1 year but within 5 years	**14,720**	11,945
After 5 years	**1,534**	1,019
	26,030	21,273

10. FIXED ASSETS

		Group					
		Leasehold land HK$ Million	Hotel and club properties HK$ Million	Properties under redevelopment HK$ Million	Other properties and fixed assets HK$ Million	CME equipment HK$ Million	Total HK$ Million
a.	**Cost**						
	At 1 January 2013	4,803	1,997	1,999	16,873	11,425	37,097
	Exchange adjustment	101	37	60	170	–	368
	Additions	–	4,687	33	678	437	5,835
	Disposals	–	–	–	(216)	(75)	(291)
	Reclassification	–	49	(3)	57	(1)	102
	At 31 December 2013 and 1 January 2014	**4,904**	**6,770**	**2,089**	**17,562**	**11,786**	**43,111**
	Exchange adjustment	**(11)**	**(5)**	**(7)**	**(19)**	**–**	**(42)**
	Additions	**4**	**704**	**42**	**621**	**408**	**1,779**
	Disposals	**–**	**–**	**–**	**(367)**	**(47)**	**(414)**
	Acquisition of a subsidiary	**–**	**–**	**–**	**36**	**–**	**36**
	Reclassification	**–**	**517**	**(14)**	**38**	**(1)**	**540**
	At 31 December 2014	**4,897**	**7,986**	**2,110**	**17,871**	**12,146**	**45,010**
	Accumulated depreciation and impairment losses						
	At 1 January 2013	812	735	–	7,170	8,510	17,227
	Exchange adjustment	11	4	–	35	–	50
	Charge for the year	86	68	–	663	534	1,351
	Written back on disposals	–	–	–	(197)	(75)	(272)
	Impairment	–	543	–	40	3	586
	Reclassification	–	5	–	3	–	8
	At 31 December 2013 and 1 January 2014	**909**	**1,355**	**–**	**7,714**	**8,972**	**18,950**
	Exchange adjustment	**(1)**	**(2)**	**–**	**(3)**	**–**	**(6)**
	Charge for the year	**74**	**78**	**–**	**708**	**541**	**1,401**
	Written back on disposals	**–**	**–**	**–**	**(356)**	**(45)**	**(401)**
	Acquisition of a subsidiary	**–**	**–**	**–**	**34**	**–**	**34**
	Reclassification	**–**	**–**	**–**	**5**	**–**	**5**
	At 31 December 2014	**982**	**1,431**	**–**	**8,102**	**9,468**	**19,983**
	Net book value						
	At 31 December 2014	**3,915**	**6,555**	**2,110**	**9,769**	**2,678**	**25,027**
	At 31 December 2013	3,995	5,415	2,089	9,848	2,814	24,161

Included in hotel and club properties are amounts totalling HK$4,625 million (2013: HK$4,422 million) relating to the Murray Building Project for which the costs attributable to land and buildings cannot be allocated reliably.

The hotel properties under development comprise the Murray Building Project as mentioned above (2013: HK$4,609 million included Changzhou Marco Polo Hotel of HK$187 million) which is not subject to depreciation.

		Group					
		Leasehold land HK$ Million	Hotel and club properties HK$ Million	Properties under redevelopment HK$ Million	Other properties and fixed assets HK$ Million	CME equipment HK$ Million	Total HK$ Million
b.	**Tenure of title to properties:**						
	At 31 December 2014						
	Held in Hong Kong						
	Long term leases	**82**	**140**	**–**	**6**	**–**	**228**
	Medium term leases	**907**	**4,703**	**–**	**2,885**	**–**	**8,495**
		989	**4,843**	**–**	**2,891**	**–**	**8,723**
	Held outside Hong Kong						
	Medium term leases	**2,926**	**1,712**	**2,110**	**2,701**	**–**	**9,449**
		3,915	**6,555**	**2,110**	**5,592**	**–**	**18,172**
	At 31 December 2013						
	Held in Hong Kong						
	Long term leases	82	163	–	7	–	252
	Medium term leases	940	4,493	–	2,847	–	8,280
		1,022	4,656	–	2,854	–	8,532
	Held outside Hong Kong						
	Medium term leases	2,973	759	2,089	2,774	–	8,595
		3,995	5,415	2,089	5,628	–	17,127

c. **Impairment of fixed assets**

The value of properties is assessed at the end of each reporting period for indications of impairment with reference to valuations undertaken by management. Such valuations assess the recoverable amount of each property being the higher of its value in use or its fair value less costs to sell. In 2013, an impairment provision for hotel properties under development of HK$543 million recognised in "other net income/charge" in the consolidated income statement which was made for the Changzhou Marco Polo Hotel in Mainland China. The recoverable amount was determined on the basis of its fair value less costs to sell on a market value basis and took into account the net income of the hotel property.

11. INTEREST IN SUBSIDIARIES

	Company	
	2014 HK$ Million	2013 HK$ Million
Unlisted shares, at cost less provision	**83,826**	71,864
Amounts due from subsidiaries, less provision	**4,871**	10,320
	88,697	82,184
Amounts due to subsidiaries	**(23,900)**	(22,383)

Details of principal subsidiaries at 31 December 2014 are shown on pages 183 to 185.

Amounts due from subsidiaries are unsecured, non-interest bearing with no fixed terms of repayment and hence are classified as non-current as these are not expected to be recoverable within the next twelve months. Amounts due to subsidiaries are unsecured and non-interest bearing with no fixed terms of payment.

12. INTEREST IN ASSOCIATES

	Group		Company	
	2014 HK$ Million	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
Listed in Hong Kong				
Share of net assets	**7,384**	7,243	**–**	–
Unlisted				
Share of net assets	**6,949**	6,391	**–**	–
Goodwill	**1,853**	1,853	**–**	–
	8,802	8,244	**–**	–
Amounts due from associates	**6,263**	3,718	**371**	379
	15,065	11,962	**371**	379
Total	**22,449**	19,205	**371**	379
Amounts due to unlisted associates (Note 21)	**(2,798)**	(3,263)	**(533)**	(533)
	19,651	15,942	**(162)**	(154)
Market value of listed associate	**4,041**	6,214	**–**	–

a. Details of principal associates at 31 December 2014 are shown on page 185.

b. The interest in the listed associate represents the Group's 24.3% (2013: 24.3%) equity interest in Greentown at 31 December 2014.

c. Included in amounts due from associates are advances totalling HK$1,820 million (2013: HK$371 million) which are interest bearing. Amounts due from associates are unsecured and have no fixed terms of repayment and not expected to be recoverable within twelve months from the end of the reporting period. The amounts are neither past due nor impaired.

Amounts due to associates are unsecured, interest free and have no fixed terms of repayment.

d. Included in interest in unlisted associates is goodwill of HK$1,853 million (2013: HK$1,853 million) relating to the acquisition of Mega Shekou Container Terminals Limited by Modern Terminals Limited, a 67.6%-owned subsidiary of the Group, under an agreement for rationalisation of the interests in Shekou Container Terminals Phases I, II and III in 2007.

e. All of the above associates are accounted for using the equity method in the consolidated financial statements.

f. **Summary financial information on associates**

Set out below is the summarised financial information of a material associate, Greentown China Holdings Limited ("Greentown"), adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements.

	Greentown	
	2014 **_RMB Million_**	2013 _RMB Million_
Current assets	**106,328**	101,622
Non-current assets	**20,816**	20,714
Current liabilities	**(67,775)**	(65,127)
Non-current liabilities	**(24,524)**	(25,198)
Net assets	**34,845**	32,011
Revenue	**32,049**	28,991
Profit from continuing operations and total comprehensive income	**3,210**	5,990
Dividends received from associate	**284**	263

	2014 **_RMB Million_**	2013 _RMB Million_
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate	**34,845**	32,011
Non-controlling interests of the associate	**(8,190)**	(7,064)
Convertible securities issued by the associate (Note)	**–**	(2,084)
Perpetual securities issued by the associate (Note)	**(3,015)**	–
Net assets of the associate after deducting non-controlling interests, perpetual securities and convertible securities	**23,640**	22,863
HK$Million equivalent	**29,965**	29,079
Group's effective interest	**24.3%**	24.3%
	HK$ Million	_HK$ Million_
Group's share of net assets of the associate	**7,304**	7,115
Revaluation surplus on acquisition	**80**	128
Carrying amount in the consolidated financial statements	**7,384**	7,243

Note: Being accounting adjustment to exclude the convertible securities and perpetual securities, which are treated as equity by Greentown.

Aggregate information of associates that are not individually material:

	2014 **_HK$ Million_**	2013 _HK$ Million_
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**8,802**	8,244
Aggregate amounts of the Group's share of those associates'		
Profit from continuing operations	**588**	710
Other comprehensive income	**(19)**	139
Total comprehensive income	**569**	849

13. INTEREST IN JOINT VENTURES

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
Share of net assets	**9,864**	9,202
Goodwill	**54**	54
	9,918	9,256
Amounts due from joint ventures	**9,112**	10,329
	19,030	19,585
Amounts due to joint ventures (Note 21)	**(2,045)**	(1,030)
	16,985	18,555

Details of principal joint ventures at 31 December 2014 are shown on page 186. The Group's interest in the principal joint ventures are accounted for using the equity method in the consolidated financial statements.

Included in amounts due from joint ventures are advances totalling HK$2,973 million (2013: HK$2,796 million) which are interest bearing. The amounts due from joint ventures are unsecured and have no fixed terms of repayment. They are not expected to be recovered within the next twelve months. The amounts are neither past due nor impaired.

Amounts due to joint ventures are unsecured, interest free and have no fixed terms of repayment.

No joint venture is individually material to the Group. Aggregate information of joint ventures is summarised as below:

	2014	2013
	HK$ Million	*HK$ Million*
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**9,918**	9,256
Aggregate amounts of the Group's share of those joint ventures'		
(Loss)/profit from continuing operations	**(11)**	509
Other comprehensive income	**(68)**	347
Total comprehensive income	**(79)**	856

14. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
Listed investments stated at market value		
— in Hong Kong	**2,468**	2,630
— outside Hong Kong	**1,246**	1,088
Unlisted investment at cost	**26**	26
	3,740	3,744

Available-for-sale investments totalling HK$26 million (2013: HK$26 million) are stated at cost less impairment losses, if any.

15. CONVERTIBLE SECURITIES

In August 2012, the Group completed the subscription for perpetual subordinated convertible securities ("PSCS") issued at par by a wholly-owned subsidiary of Greentown, with an aggregate principal amount of HK$2,550 million, details of which are set out in the circular dated 24 July 2012 ("the Circular") to the Company's shareholders.

The PSCS were guaranteed by Greentown and convertible into shares of Greentown. The PSCS conferred on the holders a right to receive a distribution at a rate of 9% per annum on principal till the fifth anniversary of the issue date and subsequently at other rates as detailed in the Circular.

The Group had the right to convert the PSCS into shares in Greentown at any time after three years from the date of issue, at an initial conversion price of HK$7.40 subject to certain prescribed conditions and conversion price adjustments as set out in the Circular.

The issuer had the option, subject to certain conditions, at any time after the date of issue to redeem all or certain of the PSCS, together with all outstanding distributions and additional distributions accrued at the redemption date at certain prices and percentage of the principal amount.

In January 2014, Greentown issued a notice to the Group of its intention to redeem all the PSCS with an aggregate principal amount of HK$2,550 million at a price of 107% of the principal amount, together with outstanding distributions accrued at the redemption date. The redemption was completed on 20 February 2014.

16. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill *HK$ Million*	**Other intangible assets** *HK$ Million*	**Total** *HK$ Million*
Cost			
At 1 January 2013 and 31 December 2013	**297**	**12**	**309**
Addition	**8**	**–**	**8**
At 31 December 2014	**305**	**12**	**317**
Accumulated amortisation			
At 1 January 2013, 31 December 2013 and 31 December 2014	**–**	**12**	**12**
Net carrying value			
At 31 December 2014	**305**	**–**	**305**
At 31 December 2013	297	–	297

Goodwill is mainly related to the Group's terminals business. As at 31 December 2014, an impairment test was performed by comparing the attributable carrying amount of the business with the recoverable amount. The recoverable amount of the terminals business is based on its value in use. No impairment was recorded.

17. PROPERTIES FOR SALE

	Group 2014 HK$ Million	Group 2013 HK$ Million
Properties under development for sale	**40,797**	50,513
Completed properties for sale	**6,746**	3,251
	47,543	53,764

a. At 31 December 2014, properties under development for sale of HK$25,321 million (2013: HK$38,255 million) are expected to be completed after more than one year.

b. Included in properties under development for sale are deposits of HK$506 million (2013: HK$2,890 million) paid for the acquisition of certain land sites/properties located in Mainland China.

c. Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The total carrying value of properties stated at net realisable value at 31 December 2014 was HK$6,529 million (2013: HK$Nil million).

d. At 31 December 2014, the carrying value of leasehold land and land deposits included in properties under development for sale and completed properties for sale is summarised as follows:

	Group 2014 HK$ Million	Group 2013 HK$ Million
Held in Hong Kong		
Medium term leases	**588**	614
Held outside Hong Kong		
Long term leases	**31,979**	33,616
Medium term leases	**1,384**	1,820
	33,951	36,050

18. TRADE AND OTHER RECEIVABLES

a. Ageing analysis

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis based on the invoice date as at 31 December 2014 as follows:

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
Trade receivables		
0 – 30 days	**749**	860
31 – 60 days	**165**	164
61 – 90 days	**74**	48
Over 90 days	**79**	83
	1,067	1,155
Other receivables and prepayments	**2,784**	3,301
	3,851	4,456

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the receivables are expected to be recoverable within one year.

b. Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance account for the bad and doubtful debts during the year, including both specific and collective loss components, is as follows:

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
At 1 January	**91**	99
Impairment loss recognised	**18**	17
Uncollectible amounts written off	**(18)**	(25)
At 31 December	**91**	91

c. Trade receivables that are not impaired

As at 31 December 2014, 93% (2013: 94%) of the Group's trade receivables was not impaired, of which 91% (2013: 91%) was either not past due or less than two months past due.

Based on past experience of the Group, it is determined that no impairment allowance is necessary in respect of past due balances as there has not been a significant change in credit quality of the customers and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2014		2013	
	Assets	**Liabilities**	Assets	Liabilities
	HK$ Million	***HK$ Million***	*HK$ Million*	*HK$ Million*
At fair value through profit or loss				
Fixed-to-floating interest rate swaps	**499**	**263**	134	127
Floating-to-fixed interest rate swaps	**–**	**354**	105	272
Cross currency interest rate swaps	**583**	**1,142**	170	783
Forward foreign exchange contracts	**81**	**428**	52	61
Other derivatives	**5**	**–**	–	–
Total	**1,168**	**2,187**	461	1,243
Analysis				
Current	**283**	**1,116**	319	209
Non-current	**885**	**1,071**	142	1,034
Total	**1,168**	**2,187**	461	1,243

An analysis of the remaining maturities at the end of the reporting period of the above derivative financial instruments is as follows:

	2014		2013	
	Assets	**Liabilities**	Assets	Liabilities
	HK$ Million	***HK$ Million***	*HK$ Million*	*HK$ Million*
Fixed-to-floating interest rate swaps				
Expiring within 1 year	**–**	**–**	6	–
Expiring after more than 1 year but not exceeding 5 years	**332**	**254**	71	82
Expiring after 5 years	**167**	**9**	57	45
	499	**263**	134	127
Floating-to-fixed interest rate swaps				
Expiring after more than 1 year but not exceeding 5 years	**–**	**169**	–	92
Expiring after 5 years	**–**	**185**	105	180
	–	**354**	105	272
Cross currency interest rate swaps				
Expiring within 1 year	**–**	**–**	3	–
Expiring after more than 1 year but not exceeding 5 years	**370**	**479**	119	372
Expiring after 5 years	**213**	**663**	48	411
	583	**1,142**	170	783
Forward foreign exchange contracts				
Expiring within 1 year	**81**	**396**	52	–
Expiring after more than 1 year but not exceeding 5 years	**–**	**32**	–	61
	81	**428**	52	61
Other derivatives				
Expiring after more than 1 year but not exceeding 5 years	**5**	**–**	–	–
Total	**1,168**	**2,187**	461	1,243

a. The notional principal amounts of derivative financial instruments outstanding at the end of the reporting period were as follows:

	2014 **_HK$ Million_**	2013 _HK$ Million_
Fixed-to-floating interest rate swaps	**19,585**	13,626
Floating-to-fixed interest rate swaps	**8,230**	8,230
Cross currency interest rate swaps	**18,852**	22,408
Forward foreign exchange contracts	**28,142**	33,229

b. Derivative financial assets represented the amounts the Group would receive whilst derivative financial liabilities represented the amounts the Group would pay if the positions were closed at the end of the reporting period. Derivative financial instruments do not qualify for hedge accounting and their corresponding changes in fair values have been recognised in the consolidated income statement.

c. During the year, a loss of HK$29 million (2013: gain of HK$186 million) in respect of forward foreign exchange contracts was recognised in the consolidated income statement.

d. During the year, fair value losses on cross currency interest rate swaps and interest rate swaps in the amounts of HK$97 million (2013: gain of HK$521 million) and HK$133 million (2013: gain of HK$735 million) respectively have been included within finance costs in the consolidated income statement.

e. The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements providing offsetting mechanism under certain circumstances. At 31 December 2014, the Group has not offset any of the financial instruments as no parties have exercised their rights to offset the recognised amounts in the financial statements.

20. BANK DEPOSITS AND CASH

	Group	
	2014 **_HK$ Million_**	2013 _HK$ Million_
Bank deposits and cash	**18,725**	24,515

At 31 December 2014, bank deposits and cash included:

a. HK$16,935 million equivalent (2013: HK$19,946 million) placed with banks in Mainland China, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

b. RMB3,361 million equivalent to HK$4,260 million (2013: RMB3,649 million equivalent to HK$4,641 million) which is solely for certain designated property development projects in Mainland China.

c. Bank deposits and cash held by the Company totalled HK$2,565,000 (2013: HK$447,000).

The effective interest rate on bank deposits was 3.2% (2013: 2.7%).

Bank deposits and cash are denominated in the following currencies:

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
RMB	**16,350**	19,919
HKD	**1,919**	2,978
USD	**440**	1,558
SGD	**9**	54
Other currencies	**7**	6
	18,725	24,515

21. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 31 December 2014 as follows:

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
Trade payables		
0 – 30 days	**396**	352
31 – 60 days	**235**	209
61 – 90 days	**48**	49
Over 90 days	**123**	184
	802	794
Rental and customer deposits	**3,552**	3,019
Construction costs payable	**9,599**	7,656
Amounts due to associates	**2,798**	3,263
Amounts due to joint ventures	**2,045**	1,030
Other payables	**4,868**	4,327
	23,664	20,089

The amount of trade and other payables that is expected to be settled after more than one year is HK$3,460 million (2013: HK$2,267 million), which is mainly for rental and customer deposits. The Group considers the effect of discounting these items would be immaterial. All of the other trade and other payables are expected to be settled or recognised as income within one year or are payable on demand.

22. DEPOSITS FROM SALE OF PROPERTIES

Deposits from sale of properties in the amount of HK$1,322 million (2013: HK$3,821 million) are expected to be recognised as income in the consolidated income statement after more than one year.

23. BANK LOANS AND OTHER BORROWINGS

	Group	
	2014	2013
	HK$ Million	*HK$ Million*
Bonds and notes (unsecured)		
Due within 1 year	**–**	200
Due after more than 1 year but not exceeding 2 years	**2,459**	–
Due after more than 2 years but not exceeding 5 years	**19,046**	17,182
Due after more than 5 years	**8,648**	8,084
	30,153	25,466
Convertible bonds (unsecured)		
Due within 1 year	**–**	6,214
	–	6,214
Bank loans (secured)		
Due within 1 year	**3,465**	2,116
Due after more than 1 year but not exceeding 2 years	**2,416**	11,646
Due after more than 2 years but not exceeding 5 years	**1,892**	4,175
Due after more than 5 years	**–**	267
	7,773	18,204
Bank loans (unsecured)		
Due within 1 year	**5,188**	972
Due after more than 1 year but not exceeding 2 years	**8,779**	8,113
Due after more than 2 years but not exceeding 5 years	**25,085**	22,618
Due after more than 5 years	**1,006**	1,000
	40,058	32,703
Total bank loans and other borrowings	**77,984**	82,587
Analysis of maturities of the above borrowings:		
Current borrowings		
Due within 1 year	**8,653**	9,502
Non-current borrowings		
Due after more than 1 year but not exceeding 5 years	**59,677**	63,734
Due after more than 5 years	**9,654**	9,351
	69,331	73,085
Total bank loans and other borrowings	**77,984**	82,587

a. The Group's borrowings are considered by the management to be denominated in the following currencies (after the effects of cross currency interest rate swaps arrangements as detailed in Note 26(b)):

	2014 *HK$ Million*	2013 *HK$ Million*
HKD	**29,366**	33,627
RMB	**3,376**	4,927
USD	**41,670**	40,405
JPY	**3,572**	3,628
	77,984	82,587

b. The interest rate profile of the Group's borrowings (after the effects of interest rate swaps and cross currency interest rate swaps as detailed in Notes 26(a) and (b)) were as follows:

	2014		2013	
	Effective interest rate %	***HK$ Million***	Effective interest rate %	*HK$ Million*
Fixed rate borrowings				
Bonds and notes	**3.0**	**3,809**	3.4	6,922
Convertible bonds	**–**	**–**	2.4	6,214
Bank loans	**2.6**	**8,230**	2.0	7,661
		12,039		20,797
Floating rate borrowings				
Bonds and notes	**3.0**	**26,344**	3.4	18,544
Bank loans	**2.3**	**39,601**	2.2	43,246
		65,945		61,790
Total borrowings		**77,984**		82,587

c. All the interest bearing borrowings are carried at amortised cost except for loans in an amount of HK$14,095 million (2013: HK$15,422 million) which are carried at their fair values. None of the non-current interest bearing borrowings are expected to be settled within one year.

d. Included in the Group's total loans are bank loans totalling HK$16,504 million (2013: HK$20,190 million) borrowed by certain subsidiaries in Mainland China, Modern Terminals and HCDL. The loans are without recourse to the Company and its other subsidiaries.

e. As at 31 December 2014, certain banking facilities of the Group are secured by mortgages over certain properties under development, fixed assets, investment properties and shares with an aggregate carrying value of HK$39,863 million (2013: HK$44,016 million).

f. Certain of the above borrowings are attached with financial covenants which require that at any time, the consolidated tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels of the relevant groups. During the year under review, all these covenants have been complied with by the Group.

g. On 7 June 2011, Wharf Finance (2014) Limited, a wholly-owned subsidiary of the Company, issued an aggregate principal amount of HK$6,220 million 2.3% guaranteed convertible bonds which were due on 7 June 2014 ("Convertible Bonds"). The Convertible Bonds were guaranteed by the Company, and were convertible into ordinary shares of HK$1 per share in the Company at an initial conversion price of HK$90.00 per share.

The rights of the bondholders to convert the Convertible Bonds into ordinary shares were as follows:

- Conversion rights were exercisable at any time on or after 17 July 2011 up to the close of business on the seventh day prior to maturity at the bondholders' option or, if such convertible bonds shall have been called for redemption by the Company before maturity, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof.

- If a bondholder exercised its conversion rights, the Company was required to deliver ordinary shares at an initial rate of HK$90.00 per share converted and an adjusted rate of HK$88.97 per share converted effective from 29 May 2013.

On the basis that the conversion option of the Convertible Bonds was to be settled by exchange of a fixed amount or fixed number of equity instruments, the Convertible Bonds were accounted for as compound instruments under HKAS 32 "Financial Instruments — Presentation" and the proceeds were split between a liability component and an equity component as set out below.

The fair value of the liability component was calculated using a market interest rate for a bond with the same tenure but with no conversion features. The residual amount, representing the value of the equity component, was credited to other capital reserves under equity attributable to the Company's shareholders.

The imputed finance cost on the bonds is calculated using the effective interest method by applying an effective interest rate of 2.86% per annum.

Since the date of issuance, there was no conversion of the Convertible Bonds into shares of the Company by the bondholders. On 7 June 2014, the Convertible bonds were fully redeemed by Wharf Finance (2014) Limited at the principal amount together with outstanding interest accrued.

24. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted in June 2011 whereby the directors of the Company are authorised, at their discretion, to invite eligible participants to take up options at a consideration of HK$10 to subscribe for shares of the Company ("Shares"). The exercise price of the options must be not 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 participants; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (iii) the average closing price of the Shares as stated in the Stock Exchange daily quotations sheets for the five business days immediately preceding the date of grant; 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). The granted option is divided into five tranches, of which the first tranche vests immediately after the date of grant and the remaining four tranches vest between one year and four years after the date of grant.

a. The terms and conditions of the grants are as follows:

	Number of options	**Contractual life of options**
Options granted to directors:		
— on 4 July 2011	9,000,000	5 years after
— on 5 June 2013	11,750,000	the date of grant
Options granted to employees:		
— on 4 July 2011	3,100,000	5 years after
— on 5 June 2013	1,500,000	the date of grant
Total share options granted	25,350,000	

b. Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted date using the Black-Scholes Option-pricing Model and Binomial Model, taking into account the terms and conditions upon which the options were granted. During the year ended 31 December 2014, no new share option was granted.

c. Movements of the share options and the weighted average exercise prices of share options are as follows:

For 2014

	Date of grant	Exercise price	Exercise period	Number of share options: At 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2014	Exercisable at 31 December 2014	Remaining contractual life
	4 July 2011	55.15	5 July 2011 – 4 July 2016	11,220,000	–	–	(400,000)	10,820,000	8,500,000	1.5 years
	5 June 2013	70.20	6 June 2013 – 5 June 2018	13,250,000	–	–	(750,000)	12,500,000	5,000,000	3.5 years
				24,470,000	–	–	(1,150,000)	23,320,000	13,500,000	
Weighted average exercise price (HK$)				63.30	–	–	64.97	63.22	60.72	

For 2013

	Date of grant	Exercise price	Exercise period	Number of share options: At 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2013	Exercisable at 31 December 2013	Remaining contractual life
	4 July 2011	55.15	5 July 2011 – 4 July 2016	12,100,000	–	(880,000)	–	11,220,000	6,380,000	2.5 years
	5 June 2013	70.20	6 June 2013 – 5 June 2018	–	13,250,000	–	–	13,250,000	2,650,000	4.5 years
				12,100,000	13,250,000	(880,000)	–	24,470,000	9,030,000	
Weighted average exercise price (HK$)				55.15	70.20	55.15	–	63.30	59.57	

The weighted average share price at the date of exercise for shares options exercised during the year was HK$nil (2013: HK$71.94).

d. In respect of share options of the Company granted to the directors of the Company, the related charge recognised in the consolidated income statement for the years ended 31 December 2013 and 2014, estimated in accordance with the Group's accounting policy in note (z)(i), was as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Peter K C Woo	**12,890**	17,887
Stephen T H Ng	**12,890**	17,887
Andrew O K Chow	**12,890**	17,887
Doreen Y F Lee	**12,890**	17,887
T Y Ng	**12,890**	17,887
Paul Y C Tsui	**7,593**	10,998
Y T Leng	**4,738**	6,193
	76,781	106,626

25. DEFERRED TAXATION

a. Net deferred tax (assets)/liabilities recognised in the consolidated statement of financial position:

	Group	
	2014 **HK$ Million**	2013 *HK$ Million*
Deferred tax liabilities	**10,425**	9,630
Deferred tax assets	**(673)**	(721)
Net deferred tax liabilities	**9,752**	8,909

The components of deferred tax (assets)/liabilities and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation *HK$ Million*	**Surplus on investment properties** *HK$ Million*	**Others** *HK$ Million*	**Future benefit of tax losses** *HK$ Million*	**Total** *HK$ Million*
At 1 January 2013	2,451	5,330	(102)	(591)	7,088
Charged/(credited) to the consolidated income statement	183	1,459	2	(10)	1,634
Exchange adjustment	10	187	(9)	(1)	187
At 31 December 2013 and 1 January 2014	**2,644**	**6,976**	**(109)**	**(602)**	**8,909**
Charged/(credited) to the consolidated income statement	**255**	**543**	**(14)**	**78**	**862**
Acquisition of a subsidiary	**3**	**–**	**–**	**–**	**3**
Exchange adjustment	**–**	**(21)**	**(1)**	**–**	**(22)**
At 31 December 2014	**2,902**	**7,498**	**(124)**	**(524)**	**9,752**

b. Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	2014		2013	
	Deductible temporary differences/ tax losses *HK$ Million*	**Deferred tax assets** *HK$ Million*	Deductible temporary differences/ tax losses *HK$ Million*	Deferred tax assets *HK$ Million*
Deductible temporary differences	**552**	**137**	573	142
Future benefit of tax losses				
— Hong Kong	**3,970**	**655**	4,157	686
— Outside Hong Kong	**3,208**	**802**	1,010	252
	7,178	**1,457**	5,167	938
	7,730	**1,594**	5,740	1,080

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2014. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group is exposed to financial risks related to interest rate, foreign currency, equity price, liquidity and credit in the normal course of business. To manage some of these risks, the Group Finance Committee develops, maintains and monitors the Group's financial management policies designed to facilitate cost efficient funding to the Group and to mitigate the impact of fluctuations in interest rates and exchange rates. The financial management policies are implemented by the Group's Treasury department, which operates as a centralised service unit in close co-operation with the Group's operating units for managing the day-to-day treasury functions and financial risks and for providing cost efficient funding to the Group.

The Group uses derivatives, principally forward currency contracts and interest rate and cross currency interest rate swaps, as deemed appropriate, for financing and hedging transactions and for managing risks associated with the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions and invest in financial products with significant underlying leverage which are commercially speculative.

a. Interest rate risk

The Group's main exposure to interest rate risk relates principally to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk whilst borrowings at fixed rate expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure in accordance with defined policies and reviews with a focus on reducing the Group's overall cost of funding as well as maintaining to the floating/fixed rate mix appropriate to its current business portfolio.

In line with the Group's prevailing strategy, the Group has entered into a number of interest rate swaps ("IRS") and cross currency interest rate swaps ("CCS") which have the economic effect of converting certain fixed rate interest bearing notes with notional amounts totalling HK$10,627 million (2013: HK$5,768 million) into floating rate borrowings. For each of the IRS and CCS entered into by the Group, the tenor and timing of the IRS and CCS cash flows matches those of the notes.

To ensure the certainty of a proportion of funding costs in the forthcoming years, the Group has entered into various floating-to-fixed IRS with notional amounts totalling HK$8,230 million with maturities of 10 to 15 years together with another HK$8,230 million fixed-to-floating IRS with a maturity of 2 years. Effectively, this arrangement has locked in fixed interest rates ranging from 2.1% to 3.6% per annum for a certain portion of the Group's floating rate loan portfolio for a period of 8 to 13 years from 2011 to 2012 onwards.

As at 31 December 2014, after taking into account of IRS and CCS, approximately 85% (2013: 75%) of the Group's borrowings were at floating rates and the remaining 15% (2013: 25%) were at fixed rates (see Note 23(b)).

Based on a sensitivity analysis performed as at 31 December 2014, it was estimated that a general increase/decrease of 1% (2013: 1%) in interest rates, with all other variables held constant, would have decreased/increased the Group's post-tax profit and total equity by approximately HK$421 million (2013: HK$279 million). This takes into account the effect of interest bearing bank deposits.

The sensitivity analysis above indicates the instantaneous change in the Group's post-tax profit and total equity that would have arisen assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's post-tax profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis as for 2013.

b. Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and secondarily in Mainland China, with its cash flows denominated substantially in HKD and RMB which exposes the Group to foreign currency risk with respect to RMB related to its property development and port-related operations and investments in Mainland China.

The Group is also exposed to foreign currency risk in respect of its borrowings denominated in USD, JPY and SGD. Anticipated foreign exchange payments relate primarily to interest expense payments, repayment of principal and capital expenditure. Where appropriate or available in a cost-efficient manner, the Group may enter into forward foreign exchange and swap contracts to manage its foreign currency risk arising from above anticipated transactions denominated in currencies other than its entities' functional currencies.

The Group's borrowings are predominantly denominated in the functional currency of the entity taking out the borrowings. In the case of group companies whose functional currencies are HKD, their borrowings are mostly denominated in HKD or USD. For managing the overall financing costs of existing and future capital requirements for the projects in Mainland China, the Group has adopted a diversified funding approach and entered into certain cross currency interest rate swaps and forward foreign exchange contracts. Based on the prevailing accounting standards, the swaps and forward foreign exchange contracts are marked to market with the valuation movement recognised in the consolidated income statement.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets/(liabilities) denominated in a currency other than the functional currency of the Group's entities to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of investment in a subsidiary are excluded.

	2014							2013				
	USD *Million*	**RMB** *Million*	**JPY** *Million*	**SGD** *Million*	**GBP** *Million*	**AUD** *Million*	**EURO** *Million*	USD *Million*	RMB *Million*	JPY *Million*	SGD *Million*	EURO *Million*
The Group												
Bank deposits and cash	**4**	**11**	**–**	**–**	**–**	**–**	**–**	108	542	–	8	–
Available-for-sale investments	**160**	**–**	**–**	**–**	**–**	**–**	**–**	139	–	–	–	–
Trade and other receivables	**14**	**–**	**–**	**–**	**1**	**–**	**–**	22	–	–	–	–
Trade and other payables	**(36)**	**(2)**	**(4)**	**–**	**–**	**(2)**	**–**	(29)	(3)	(4)	–	(2)
Bank loans and other borrowings	**(3,793)**	**(1,650)**	**(11,951)**	**(420)**	**–**	**(110)**	**–**	(3,461)	(1,650)	(11,948)	(670)	–
Inter-company balances	**51**	**326**	**–**	**(250)**	**–**	**–**	**(8)**	50	300	–	–	–
Gross exposure arising from recognised assets and liabilities	**(3,600)**	**(1,315)**	**(11,955)**	**(670)**	**1**	**(112)**	**(8)**	(3,171)	(811)	(11,952)	(662)	(2)
Notional amount of forward foreign exchange contracts												
— at fair value through profit or loss	**(4,594)**	**–**	**52,764**	**–**	**–**	**–**	**–**	(4,057)	–	(12,381)	–	–
Notional amount of cross currency IRS	**(899)**	**1,450**	**(40,764)**	**930**	**–**	**110**	**–**	(1,396)	1,450	(40,764)	670	–
Highly probable forecast purchases	**(44)**	**–**	**–**	**–**	**–**	**–**	**–**	(44)	–	–	–	(8)
Overall net exposure	**(9,137)**	**135**	**45**	**260**	**1**	**(2)**	**(8)**	(8,668)	639	(65,097)	8	(10)

At 31 December 2014, the PRC subsidiaries of the Group with RMB as their functional currency are exposed to foreign currency risk with respect to HKD/USD by holding HKD/USD denominated bank deposits and cash, trade and other payables, bank loans and inter-company borrowings in the amount of HK$413 million, HK$13 million, HK$4,227 million and HK$555 million respectively (2013: HK$724 million, HK$398 million, HK$4,564 million and HK$561million respectively).

As at 31 December 2014, the Company with HKD as its functional currency is not exposed to any foreign currency risk.

The following indicates the instantaneous change in the Group's post-tax profit and total equity that would have arisen if foreign exchange rates to which the Group had significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HKD and the USD would be materially unaffected by any changes movement in value of the USD against other currencies.

— a 5% (2013: 5%) increase/decrease in the exchange rate of JPY against USD and HKD would have decrease/increase the Group's post-tax profit and total equity by approximately HK$12 million (2013: HK$222 million).

— the impact on the Group's post-tax profit and total equity is not expected to be material in response to possible changes in the foreign exchange rates of other currencies to which the Group is exposed.

The sensitivity analysis set out in the above represents an aggregation of the instantaneous effects on each of the Group entities' post-tax profit and total equity measured in the respective functional currencies, translated into HKD at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including balances between Group companies which are denominated in a currency other than the functional currencies of the Group's entities to which they relate. The analysis excludes the differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed at the same basis as for 2013.

c. **Equity price risk**

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale investments.

Listed investments held in the available-for-sale portfolio have been chosen for their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

Based on a sensitivity analysis performed as at 31 December 2014, it is estimated that an increase/decrease of 10% in the market value of the Group's listed available-for-sale investments, with all other variables held constant, would not have affected the Group's post-tax profit unless there were impairments but would have increased/decreased the Group's total equity by HK$371 million (2013: HK$372 million). The analysis has been performed on the same basis as for 2013.

d. **Liquidity risk**

The Group adopts a prudent liquidity risk management policy, maintaining sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding with staggered maturities to reduce refinancing risk in any year from major financial institutions and to maintain flexibility for meeting its liquidity requirements in the short and longer term. The Group's cash management is substantially centralised within the Group Treasury department, which regularly monitors the current and expected liquidity requirements and its compliance with lending covenants.

Certain non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence of the Company.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and carried at the exchange rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

		Contractual undiscounted cash flow				
	Carrying amount *HK$ Million*	Total *HK$ Million*	Within 1 year or on demand *HK$ Million*	More than 1 year but less than 2 years *HK$ Million*	More than 2 years but less than 5 years *HK$ Million*	More than 5 years *HK$ Million*
At 31 December 2014						
Bank loans and other borrowings	**(77,984)**	**(78,265)**	**(9,438)**	**(13,069)**	**(46,976)**	**(8,782)**
Trade and other payables	**(23,664)**	**(23,664)**	**(20,204)**	**(1,955)**	**(1,267)**	**(238)**
Forward foreign exchange contracts	**(347)**	**(347)**	**(315)**	**(32)**	**–**	**–**
Cross currency interest rate swaps	**(559)**	**80**	**151**	**73**	**120**	**(264)**
Interest rate swaps	**(118)**	**(543)**	**(82)**	**(89)**	**(244)**	**(128)**
Other derivatives	**5**	**5**	**–**	**5**	**–**	**–**
	(102,667)	**(102,734)**	**(29,888)**	**(15,067)**	**(48,367)**	**(9,412)**
At 31 December 2013						
Bank loans and other borrowings	(82,587)	(91,142)	(10,531)	(21,897)	(46,500)	(12,214)
Trade and other payables	(20,089)	(20,089)	(17,822)	(977)	(1,030)	(260)
Other deferred liabilities	(247)	(247)	–	–	–	(247)
Forward foreign exchange contracts	(9)	(9)	52	(23)	(38)	–
Cross currency interest rate swaps	(613)	(270)	124	100	(88)	(406)
Interest rate swaps	(160)	(895)	(108)	(110)	(315)	(362)
	(103,705)	(112,652)	(28,285)	(22,907)	(47,971)	(13,489)

The Company is exposed to liquidity risk that arises from financial guarantees given by the Company on behalf of subsidiaries. The guarantees are callable if the respective subsidiary is unable to meet its obligations and the maximum amount callable as at 31 December 2014 was HK$71.0 billion (2013: HK$70.5 billion).

e. Credit risk

The Group's credit risk is primarily attributable to rental, trade and other receivables, cash and cash equivalents and over-the-counter derivative financial instruments. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies and procedures in each of the Group's core businesses. In respect of rental receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. Further, evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates.

Cash at bank, deposits placed with financial institutions and investments and transactions involving derivative financial instruments are with counter parties with sound credit ratings to minimise credit exposure.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Company as set out in Note 29, the Group does not provide any other guarantee which would expose the Group or the Company to material credit risk.

f. Fair values of assets and liabilities

i. Assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement ("HKFRS 13"). The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as defined in Note 9(d).

Financial instruments carried at fair value

The fair value measurement information for financial instruments in accordance with HKFRS 13 is given below:

	Group Fair value measurements as at 31 December 2014 categorised into		
	Level 1 *HK$ Million*	**Level 2** *HK$ Million*	**Total** *HK$ Million*
Assets			
Available-for-sale investments:			
— Listed investments	**3,714**	**–**	**3,714**
Derivative financial instruments:			
— Forward foreign exchange contracts	**–**	**81**	**81**
— Interest rate swaps	**–**	**499**	**499**
— Cross currency interest rate swaps	**–**	**583**	**583**
— Other derivatives	**5**	**–**	**5**
	3,719	**1,163**	**4,882**
Liabilities			
Derivative financial instruments:			
— Forward foreign exchange contracts	**–**	**428**	**428**
— Interest rate swaps	**–**	**617**	**617**
— Cross currency interest rate swaps	**–**	**1,142**	**1,142**
Bank loans and other borrowings:			
— Bonds and notes	**–**	**13,170**	**13,170**
— Bank loans	**–**	**925**	**925**
	–	**16,282**	**16,282**

	Group Fair value measurements as at 31 December 2013 categorised into		
	Level 1 *HK$ Million*	Level 2 *HK$ Million*	Total *HK$ Million*
Assets			
Available-for-sale investments:			
— Listed investments	3,718	–	3,718
Convertible securities	–	2,824	2,824
Derivative financial instruments:			
— Forward foreign exchange contracts	–	52	52
— Interest rate swaps	–	239	239
— Cross currency interest rate swaps	–	170	170
	3,718	3,285	7,003
Liabilities			
Derivative financial instruments:			
— Forward foreign exchange contracts	–	61	61
— Interest rate swaps	–	399	399
— Cross currency interest rate swaps	–	783	783
Bank loans and other borrowings:			
— Bonds and notes	–	8,290	8,290
— Convertible bonds	–	6,214	6,214
— Bank loans	–	918	918
	—	16,665	16,665

During the years ended 31 December 2013 and 2014, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements:

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates.

The fair value of interest rate swaps and cross currency interest rate swaps in Level 2 is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair values of bank loans and other borrowings in Level 2 is determined based on cash flows discounted using the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

The fair value of the liability component of the convertible bond was calculated using a market interest rate for a bond with the same tenure but with no conversion features.

The fair value of Convertible securities was calculated by using the Binomial Tree Pricing Model taking into account of the terms and conditions of the convertible securities held by the Group.

ii. *Assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013. Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

g. Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less bank deposits and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and non-controlling interests.

The net debt-to-equity ratios as at 31 December 2014 and 2013 were as follows:

	Group	
	2014 ***HK$ Million***	2013 *HK$ Million*
Bank loans and other borrowings (Note 23)	**77,984**	82,587
Less: Bank deposits and cash (Note 20)	**(18,725)**	(24,515)
Net debt	**59,259**	58,072
Shareholders' equity	**305,495**	275,557
Total equity	**314,111**	284,255
Net debt-to-shareholders' equity ratio	**19.4%**	21.1%
Net debt-to-total equity ratio	**18.9%**	20.4%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27. SHARE CAPITAL AND RESERVES

a. Share capital

	2014 **No. of shares** ***Million***	2013 No. of shares *Million*	**2014** ***HK$ Million***	2013 *HK$ Million*
Issued and fully paid ordinary shares				
At 1 January	**3,030**	3,029	**3,030**	3,029
Transfer to no-par value regime on 3 March 2014	**–**	–	**26,346**	–
Shares issued under the share option scheme	**–**	1	**–**	1
At 31 December	**3,030**	3,030	**29,376**	3,030

As at 31 December 2013, 10,000 million ordinary shares, with par value of HK$1 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amount of the Company's issued and fully paid capital of HK$3,030 million, and the amount of HK$26,346 million standing to the credit of the share premium account and the capital redemption reserves on 3 March 2014 have become part of the Company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

b. Share premium and capital redemption reserves

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserves was governed by sections 48B and 49H respectively of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account and the capital redemption reserves have become part of the Company's share capital (see note 27(a)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

c. The Group's equity, apart from share capital and other statutory capital reserves, includes investments revaluation reserves for dealing with the movements on revaluation of available-for-sale investments, other capital reserves for dealing with the unexercised equity component of convertible bonds issued and the grant date fair value of the granted unexercised share options in accordance with accounting policy note (o) and (z)(i) respectively, and the exchange reserves mainly for dealing with the exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy note (s).

The revenue reserves for the Group at 31 December 2014 included HK$934 million (2013: HK$699 million) in respect of statutory reserves of the subsidiaries in Mainland China.

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

The Company's equity and the details of the changes in the individual components between the beginning and the end of the year are set out below:

	Share capital *HK$ Million*	Share premium *HK$ Million*	Capital redemption reserve *HK$ Million*	Other capital reserves *HK$ Million*	Revenue reserves *HK$ Million*	Total *HK$ Million*
The Company						
At 1 January 2013	3,029	26,278	7	234	24,895	54,443
Shares issued under the share option scheme	1	61	–	(14)	–	48
Profit	–	–	–	–	10,149	10,149
Equity settled share-based payments	–	–	–	124	–	124
2012 second interim dividend paid	–	–	–	–	(3,635)	(3,635)
2013 first interim dividend paid	–	–	–	–	(1,515)	(1,515)
At 31 December 2013 and 1 January 2014	**3,030**	**26,339**	**7**	**344**	**29,894**	**59,614**
Profit	**–**	**–**	**–**	**–**	**10,216**	**10,216**
Equity settled share-based payments	**–**	**–**	**–**	**84**	**–**	**84**
Share option lapse	**–**	**–**	**–**	**(11)**	**–**	**(11)**
Redemption of convertible bonds	**–**	**–**	**–**	**(99)**	**99**	**–**
2013 second interim dividend paid	**–**	**–**	**–**	**–**	**(3,636)**	**(3,636)**
2014 first interim dividend paid	**–**	**–**	**–**	**–**	**(1,667)**	**(1,667)**
Transition to no-par value regime on 3 March 2014	**26,346**	**(26,339)**	**(7)**	**–**	**–**	**–**
At 31 December 2014	**29,376**	**–**	**–**	**318**	**34,906**	**64,600**

d. Reserves of the Company available for distribution to equity shareholders of the Company as at 31 December 2014 amounted to HK$34,906 million (2013: HK$29,894 million).

e. After the end of the reporting period, the Directors declared a second interim dividend of HK$1.26 per share (2013: second interim dividend of HK$1.20 per share) amounting to HK$3,819 million based on 3,031 million issued ordinary shares (2013: HK$3,636 million based on 3,030 million issued ordinary shares). This dividend has not been recognised as a liability at the end of the reporting period.

28. MATERIAL RELATED PARTIES TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Material transactions between the Group and other related parties during the year ended 31 December 2014 are as follows:

a. In respect of the year ended 31 December 2014, the Group earned rental income totalling HK$1,143 million (2013: HK$871 million) from various tenants which are wholly-owned by, or are non-wholly-owned subsidiaries of, companies which in turn are wholly-owned by the family interests of, or by a trust the settlor of which is, the Chairman of the Company. Such transactions are considered to be related party transactions, of which HK$998 million (2013: HK$788 million) also constitute connected transactions as defined under the Listing Rules.

b. Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company is disclosed in Note 2(b).

c. During the year, the Group entered into an agreement with a subsidiary of its ultimate holding company, Wheelock and Company Limited, and acquired the entire share capital of a company which indirectly holds the investment property of Crawford House in Hong Kong for a consideration of HK$2,754 million. The consideration was determined by reference to the net asset value of the company after taking into account of the current valuation of Crawford House at HK$5,790 million revalued by an independent valuer and a bank loan of HK$3,000 million.

In addition to the above transactions, details of the Group's amounts due from and to related parties are disclosed in Notes 12 and 13.

29. CONTINGENT LIABILITIES

As at 31 December 2014, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities, bonds and notes of up to HK$79,339 million (2013: HK$77,281 million). There were also contingent liabilities in respect of guarantees given by the Company on behalf of joint ventures and associates of HK$9,914 million (2013: HK$9,103 million) of which HK$9,259 million (2013: HK$7,599 million) had been drawn.

As at 31 December 2014, there were guarantees of HK$7,839 million (2013: HK$5,979 million) provided by the Group to the banks in favour of their customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's development properties. There were also mortgage loan guarantees of HK$1,228 million (2013: HK$946 million) provided by joint ventures and associates of the Group to the banks in favour of their customers.

The Group and the Company have not recognised any deferred income of the above guarantees for subsidiaries, joint ventures and associates as their fair value cannot be reliably measured and their transaction price was HK$Nil.

As at the end of the reporting period, the Directors do not consider it is probable that a claim will be made against the Group and the Company under any of the guarantees.

30. COMMITMENTS

The Group's outstanding commitments as at 31 December 2014 are detailed as below:

a. Planned expenditure

	2014 Authorised and contracted for HK$ Million	2014 Authorised but not contracted for HK$ Million	2014 Total HK$ Million	2013 Authorised and contracted for HK$ Million	2013 Authorised but not contracted for HK$ Million	2013 Total HK$ Million
(I) Properties						
Investment properties						
Hong Kong	**1,598**	**1,011**	**2,609**	1,136	475	1,611
Mainland China	**6,221**	**9,909**	**16,130**	8,581	11,318	19,899
	7,819	**10,920**	**18,739**	9,717	11,793	21,510
Development properties						
Hong Kong	**1,123**	**–**	**1,123**	754	–	754
Mainland China	**12,520**	**25,325**	**37,845**	17,304	35,043	52,347
	13,643	**25,325**	**38,968**	18,058	35,043	53,101
Properties total						
Hong Kong	**2,721**	**1,011**	**3,732**	1,890	475	2,365
Mainland China	**18,741**	**35,234**	**53,975**	25,885	46,361	72,246
	21,462	**36,245**	**57,707**	27,775	46,836	74,611
(II) Non-properties						
Hotels	**173**	**2,042**	**2,215**	290	2,587	2,877
Modern Terminals	**277**	**16**	**293**	366	69	435
Wharf T&T	**106**	**109**	**215**	111	273	384
i-CABLE	**5**	**208**	**213**	10	196	206
	561	**2,375**	**2,936**	777	3,125	3,902
Group total	**22,023**	**38,620**	**60,643**	28,552	49,961	78,513

i. Properties commitments are mainly for construction costs to be incurred in the forthcoming years and HK$0.7 billion (2013: HK$5.2 billion) attributable land costs payable by 2015.

ii. The expenditure for development properties included attributable amounts for developments undertaken by joint ventures and associates of HK$479 million (2013: HK$703 million) in Hong Kong and of HK$14,910 million (2013: HK$19,880 million) in Mainland China.

b. In addition to the above, the CME segment is committed to programming and other expenditure totalling HK$836 million (2013: HK$558 million) with HK$766 million (2013: HK$486 million) being authorised and contracted for.

c. The Group leases a number of properties and telecommunication network facilities under operating leases. The leases typically run for an initial period of two to fifteen years, with an option to renew each lease upon expiry when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. Total operating leases commitments are detailed as below:

	2014 HK$ Million	2013 HK$ Million
Expenditure for operating leases		
Within one year	**52**	46
After one year but within five years	**127**	121
Over five years	**33**	51
	212	218

31. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group and the Company.

With effect from 1 January 2014, the Group has adopted the below amendment to Hong Kong Financial Reporting Standards, which are relevant to the Group's financial statements:

Amendments to HKAS 32	Financial instruments: Presentation — Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amounts disclosure for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuance of hedge accounting

Amendments to HKAS 32 clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not have a significant impact on the Group's financial statements.

Amendments to HKAS 36 modified certain disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating units whose recoverable amount is based on fair value less costs of disposal. The amendments do not have a significant impact on the Group's financial statements.

Amendments to HKAS 39 provided relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have a significant impact on the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The "Principal accounting policies" set out on pages 170 to 182 summarise the accounting policies of the Group and the Company after the adoption of these policies to the extent that they are relevant to the Group and the Company.

32. FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, Defined benefit plans: Employee contributions	1 July 2014
Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The adoption of the amendments to HKFRS 11, HKAS 16, HKAS 19, HKAS 38 and the amendments under the Annual Improvements to HKFRSs 2010–2012 cycle and HKFRSs 2011–2013 cycle is not expected to have any material impact on the Group's consolidated financial statements. The Group is in the process of making an assessment on the impact of HKFRS 9 and HKFRS 15.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) came into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

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33. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the Directors declared a second interim dividend. Further details are disclosed in Note 7.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

35. PARENT AND ULTIMATE HOLDING COMPANY

The Directors consider the parent and ultimate holding company at 31 December 2014 to be Wheelock and Company Limited, which is incorporated and listed in Hong Kong. Wheelock and Company Limited produces financial statements available for public use.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 14 March 2015.

Principal Accounting Policies

a. Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 31 to the financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b. Basis of preparation of the financial statements

The consolidated financial statements made up to 31 December comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note (aa).

c. Basis of consolidation

i. Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interest's proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes (p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note (f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note (c)(ii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

ii. *Associates and joint ventures*

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes (c)(iii) and (k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income. Adjustments are made on consolidation to the financial information of associates and joint ventures where necessary to ensure consistency with the accounting policies adopted by the Group.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated income statement.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note (f)).

In the individual Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses.

iii. *Goodwill*

Goodwill represents the excess of

(a) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(b) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (b) is greater than (a), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note (k)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

d. Fixed assets

i. Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Investment properties under development are stated at cost less impairment (see note (k)) if the fair value cannot be measured reliably. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated income statement. Rental income from investment properties is accounted for as described in note (t)(i).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note (i).

ii. Hotel and club properties

Hotel and club properties are stated at cost less accumulated depreciation and impairment losses. Hotel properties under development are stated at cost less impairment losses.

iii. Broadcasting and communications equipment

Broadcasting and communications equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes materials, direct labour and an appropriate proportion of overheads and borrowing costs directly attributable to the acquisition, construction or production of such equipment which necessarily takes a substantial period of time to get ready for its intended use.

iv. Other properties and fixed assets held for own use

Other properties and fixed assets held for own use are stated at cost less accumulated depreciation and impairment losses.

v. Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement on the date of retirement or disposal.

e. Depreciation of fixed assets

Depreciation is calculated to write-off the cost of items of fixed assets, less their estimated residual value, if any, using a straight line method over their estimated useful lives as follows:

i. Investment properties

No depreciation is provided on investment properties.

ii. Hotel and club properties

Depreciation is provided on the cost of the leasehold land of hotel and club properties over the unexpired period of the lease. Costs of buildings thereon are depreciated on a straight line basis over their estimated useful lives of not more than 40 years.

Depreciation of hotel properties under development commences when they are available for use.

iii. Broadcasting and communications equipment

Depreciation is provided on a straight line basis on the cost of the equipment at rates determined by the estimated useful lives of the assets of 2 to 20 years.

iv. Other properties and fixed assets held for own use

Depreciation is provided on the cost of the leasehold land of all other properties held for own use over the unexpired period of the lease. Costs of the buildings thereon are depreciated on a straight line basis over their unexpired period of leases or estimated useful live whichever is shorter.

Depreciation is provided on a straight line basis on the cost of other fixed assets held for own use at rates determined by the estimated useful lives of these assets of 3 to 25 years.

Where parts of an item of fixed assets have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

f. Investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities (other than investments in subsidiaries, associates and joint ventures) are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the consolidated income statement as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement does not include any dividends or interest earned as these are recognised in accordance with the policies set out in notes (t)(iv) and (v).

Dated debt securities that the Group and/or the Company has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the statement of financial position at amortised cost less impairment losses.

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investments revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note (k)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in note t(iv) and t(v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note (k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

g. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (note (h)).

h. Hedging

i. Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the consolidated income statement. The gain or loss from remeasuring the hedging instrument at fair value together with the gain or loss on the hedged item attributable to the hedged risk are recorded in the consolidated income statement.

ii. Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised directly in other comprehensive income and accumulated separately in equity. The ineffective portion of any gain or loss is recognised immediately in the profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the consolidated income statement in the same period or periods during which the asset acquired or liability assumed affects the consolidated income statement (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to the consolidated income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to the consolidated income statement immediately.

iii. Hedge of net investment in a foreign operation

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to the consolidated income statement. The ineffective portion is recognised immediately in profit or loss.

i. Leased assets

An arrangement comprising a transaction or a series of transactions is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i. Classification of leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as an investment property, is accounted for as if held under a finance lease (see note (d)(i)); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii. Assets held under operating leases

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale.

iii. Assets held under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note (e). Impairment losses are accounted for in accordance with the accounting policy as set out in note (k). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

j. Programming library

Programming library consists of presentation rights for commissioned programmes and acquired programmes for showing on the Group's television channel, and commissioned programmes and films for licensing purposes.

Presentation rights are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and any impairment losses. Amortisation is charged to profit or loss on an accelerated basis over the licence period or over the estimated number of future showings. Subsequent expenditure on programmes after initial acquisition is recognised as an expense when incurred. Costs of in-house programmes are written-off in the period in which they are incurred.

Commissioned programmes and films for licensing purposes comprise direct production costs and production overheads and are stated at the lower of amortised cost or net realisable value. Costs are amortised on an individual programme/film basis in the ratio of the current year's gross revenues to management's forecast of the total ultimate gross revenues from all sources.

Both the period and method of amortisation are reviewed annually.

k. Impairment of assets

i. Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at each of the end of the reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note (c)(ii)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note (k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note (k)(ii).

- For unquoted equity securities and other financial assets carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses arising on equity securities carried at cost are not reversed.

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets) where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale investments, the cumulative loss that has been recognised directly in the investments revaluation reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in the consolidated income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated income statement.

ii. Impairment of other assets

The carrying amounts of non-current assets, other than properties carried at revalued amounts and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

— Reversals of impairment losses
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed (including those provided during the interim financial reporting).

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

— Interim financial reporting and impairment
Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

l. Properties for sale

i. Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalised, attributable to unsold units. Net realisable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price less costs to be incurred in selling the property. Cost of completed properties for sale comprises all costs of purchase, costs of conversion and costs incurred in bringing the inventories to their present location and condition.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated income statement in the period in which the reversal occurs.

ii. Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realisable value. Cost includes identified costs including the acquisition cost of land, aggregate cost of development, borrowing costs capitalised, material and supplies, wages, other direct expenses and an appropriate proportion of overheads. Net realisable value is estimated by management, taking into account the expected price that can ultimately be achieved, based on prevailing market conditions and the anticipated costs of completion and costs to be incurred in selling the property.

The amount of any write down of or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated income statement in the period in which the reversal occurs.

m. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is estimated by the management, based on the expected selling price in the ordinary course of business less the anticipated costs of completion and the estimated costs necessary to make the sale.

n. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of bad and doubtful debts.

o. Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bond is converted or redeemed.

A liability component with a hedging relationship with a derivative financial instrument that does not qualify for hedge accounting is remeasured at fair value at the end of each reporting period and any change in fair value is recognised in profit or loss.

If the bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and other statutory capital reserves as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to revenue reserves.

p. Interest-bearing borrowings

Interest-bearing borrowings for which there is a hedging relationship with a derivative financial instrument, which does not qualify for hedge accountings are initially recognised at fair value less transaction costs. At the end of each reporting period the fair value is remeasured and any change in fair value is recognised in the consolidated income statement.

Other interest-bearing borrowings are initially recognised at fair value less transaction costs. Subsequent to initial recognition, the interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated income statement over the period of the borrowings together with any interest and fees payable using the effective interest method.

q. Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

r. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

s. Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the statements of financial position of foreign operations are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the monthly weighted average exchange rates for the year. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. Differences arising from the translation of the financial statements of foreign operations are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve and those arising from the financing of properties under development by foreign currency borrowings are capitalised as part of the development costs. All other exchange differences are dealt with in the consolidated income statement.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is reclassified from equity to the consolidated income statement and is included in the calculation of the profit or loss on disposal.

t. Recognition of revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

i. Rental income under operating leases is recognised in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised in the accounting period in which they are earned.

ii. Income arising from the sale of properties held for sale is recognised upon the later of the execution of the formal sale and purchase agreement and the issue of occupation permit/completion certificate by the relevant government authorities, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position.

iii. Income from communications, media and entertainment operations, logistics operations and hotels operations is recognised at the time when the services are provided.

iv. Dividend income from unlisted investments is recognised when the shareholder’s right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

v. Interest income is recognised as it accrues using the effective interest method.

vi. Income received in advance attributable to long term service contracts is deferred and recognised over the contract period on a straight line basis.

u. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

v. Income tax

i. Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

ii. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

iii. Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may be capable to support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination).

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note (d)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that will probably arise from the distribution of dividends are recognised when the related dividends are likely to be payable in the foreseeable future.

iv. Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities.

w. Related parties

i. A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

ii. An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or a joint venture of a member of a Group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

x. Financial guarantees issued, provisions and contingent liabilities

i. Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

ii. Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

y. Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

z. Employee benefits

i. Shared based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Option-pricing Model and Binomial Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the other statutory capital reserves) or the option expires (when it is released directly to revenue reserves).

ii. Employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits, including salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

aa. Significant accounting estimates and judgements

Note 26 contain information about the assumptions and their risk relating to financial instruments. Other key sources of estimation uncertainty are as follows:

– *Valuation of investment properties*

Investment properties are included in the statement of financial position at their market value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. The market value of investment properties is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential and redevelopment potential of the properties.

The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market sales prices and the appropriate capitalisation rate.

– *Assessment of the useful economic lives for depreciation of fixed assets*

In assessing the estimated useful lives of fixed assets, management takes into account factors such as the expected usage of the asset by the Group based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in the market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Group.

Management reviews the useful lives of fixed assets annually and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation rate for the future periods will be adjusted accordingly.

– *Assessment of impairment of non-current assets*

Management assesses the recoverable amount of each asset based on its value in use (using relevant rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the asset. Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows. Cash flow projections for the remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

– *Assessment of provision for properties for sale*

Management determines the net realisable value of properties for sale by using (i) prevailing market data such as most recent sale transactions and market survey reports available from independent property valuers; and (ii) internal estimates of costs based on quotes by suppliers.

Management's assessment of the net realisable value of properties under development for sale requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from the properties under development for sale. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate and estimates may need to be adjusted in later periods.

– *Recognition of deferred tax assets*

The recognition of deferred tax assets requires formal assessment by the Group of the future profitability of related operations. In making this judgement, the Group evaluates, amongst other factors, the forecast financial performance, changes in technology and operational and financing cashflows.

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2014

	Subsidiaries	Place of incorporation/operation	Issued ordinary share capital/ registered and paid up capital	Percentage of equity attributable to Shareholders	Principal activities
	Properties				
#	**Wharf Estates Limited**	Hong Kong	HK$2 divided into 2 shares	100	Holding company
	Harbour City Estates Limited	Hong Kong	HK$330,100,000 divided into 20,000 shares	100	Property
	Wharf Realty Limited	Hong Kong	HK$2 divided into 2 shares	100	Property
	Times Square Limited	Hong Kong	HK$20 divided into 2 shares	100	Property
	Plaza Hollywood Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	100	Property
	Ridge Limited	Hong Kong	HK$10,000 divided into 10,000 shares	100	Property
#	**Wharf Development Limited**	Hong Kong	HK$7,000,000,000 divided into 7,000,000,000 shares	100	Holding company
	Wharf Peak Properties Limited	Hong Kong	HK$30,000,000 divided into 3,000,000 shares	100	Property
	Hong Tai Yuen Limited	Hong Kong	HK$500,000 divided into 500,000 shares	100	Property
	Olinda Limited	Hong Kong	HK$20 divided into 2 shares	100	Property
	New Tech Centre Limited	Hong Kong	HK$10,000 divided into 10,000 shares	100	Property
#	**Wharf China Holdings Limited**	British Virgin Islands	5,129,000,000 US$1 shares	100	Holding company
	Wharf China Estates Limited	British Virgin Islands	1,000,000 US$1 shares	100	Holding company
iii	Shanghai Long Xing Property Development Company Limited	The People's Republic of China	US$45,000,000	100	Property
ii	Dalian Times Square Development Company Limited	The People's Republic of China	RMB420,000,000	100	Property
ii	Long Qing Property Development (Chongqing) Company Limited	The People's Republic of China	RMB194,000,000	100	Property
i	Shanghai Wheelock Square Development Limited	The People's Republic of China	US$240,000,000	98	Property
ii	龍昌綜合開發(成都)有限公司	The People's Republic of China	HK$330,000,000	100	Property
ii	龍錦綜合開發(成都)有限公司	The People's Republic of China	US$2,277,000,000	100	Property
ii	成都時代奧特萊斯商業有限公司	The People's Republic of China	HK$170,000,000	100	Property
ii	九龍倉(長沙)置業有限公司	The People's Republic of China	US$1,112,000,000	100	Property
ii	龍潤房地產開發(成都)有限公司	The People's Republic of China	HK$820,000,000	100	Property
	Wharf China Development Limited	British Virgin Islands	1,000,000 US$1 shares	100	Holding company
ii	漢龍實業綜合開發(武漢)有限公司	The People's Republic of China	US$33,100,000	100	Property
ii	九龍倉(武漢)置業有限公司	The People's Republic of China	US$165,000,000	100	Property
iii	上海九洲物業發展有限公司	The People's Republic of China	US$30,000,000	85	Property
i	上海龍申房地產發展有限公司	The People's Republic of China	US$22,330,000	55	Property
ii	上海莉源房地產開發有限公司	The People's Republic of China	US$745,000,000	100	Property
ii	上海萊源房地產開發有限公司	The People's Republic of China	US$155,000,000	100	Property
ii	上海清源房地產開發有限公司	The People's Republic of China	US$220,000,000	100	Property
ii	九龍倉(無錫)置業有限公司	The People's Republic of China	US$307,580,000	100	Property
ii	龍茂房地產開發(成都)有限公司	The People's Republic of China	HK$1,233,000,000	100	Property
ii.	龍悅房地產開發(成都)有限公司	The People"s Republic of China	US$240,000,000	100	Property
ii.	龍嘉房地產開發(成都)有限公司	The People"s Republic of China	HK$537,500,000	100	Property
ii	蘇州蘇龍地產發展有限公司	The People's Republic of China	US$166,800,000	100	Property
ii	蘇州瑞龍地產發展有限公司	The People's Republic of China	US$187,000,000	100	Property
ii	蘇州銀龍地產發展有限公司	The People's Republic of China	US$274,000,000	100	Property
ii	無錫港龍置業有限公司	The People's Republic of China	US$140,900,000	100	Property
ii	無錫河畔置業有限公司	The People's Republic of China	US$111,400,000	100	Property
ii	無錫都會置業有限公司	The People's Republic of China	US$144,600,000	100	Property
ii	港盈房地產(杭州)有限公司	The People's Republic of China	US$146,990,000	100	Property
ii	九龍倉(杭州)置業有限公司	The People's Republic of China	US$310,000,000	100	Property
ii	堡盈房地產(杭州)有限公司	The People's Republic of China	US$320,000,000	100	Property
ii	錦興房地產開發(杭州)有限公司	The People's Republic of China	US$126,000,000	100	Property
ii	富景房地產開發(富陽)有限公司	The People's Republic of China	US$106,000,000	100	Property
ii	常州湖畔置業有限公司	The People's Republic of China	US$180,000,000	100	Property
ii	常州河畔置業有限公司	The People's Republic of China	US$69,300,000	100	Property
ii	寧波立成置業有限公司	The People's Republic of China	US$172,000,000	100	Property

Principal Subsidiaries, Associates and Joint Ventures

At 31 December 2014

Subsidiaries	Place of incorporation/operation	Issued ordinary share capital/ registered and paid up capital	Percentage of equity attributable to Shareholders	Principal activities
* Harbour Centre Development Limited	Hong Kong	HK$3,641,350,047 divided into 708,750,000 shares	71	Holding company
[i] 蘇州高龍房產發展有限公司	The People's Republic of China	RMB4,000,000,000	57	Property
[ii] 九龍倉（常州）置業有限公司	The People's Republic of China	US$229,800,000	71	Property
[ii] 上海綠源房地產開發有限公司	The People's Republic of China	RMB70,000,000	71	Property
Logistics				
Wharf Transport Investments Limited	Hong Kong	HK$2 divided into 2 shares	100	Holding company
The "Star" Ferry Company, Limited	Hong Kong	HK$7,200,000 divided into 1,440,000 shares	100	Public transport
Modern Terminals Limited	Hong Kong	HK$82,049,200 divided into 70,116 shares	68	Container terminal
[i] Shenzhen Dachan Bay Modern Port Development Company, Limited	The People's Republic of China	RMB2,475,550,000	44	Container terminal
[i] Suzhou Modern Terminals Limited	The People's Republic of China	RMB822,500,000	48	Container terminal
Hotels				
# **Marco Polo Hotels Limited**	Cayman Islands	500,000,000 US$1 shares	100	Holding company
Marco Polo Hotels Management Limited	Hong Kong	HK$20 divided into 2 shares	100	Hotel
The Hongkong Hotel Limited	Hong Kong	HK$100,000 divided into 100,000 shares	71	Hotel and property
The Marco Polo Hotel (Hong Kong) Limited	Hong Kong	HK$1,000 divided into 1,000 shares	100	Hotel
The Prince Hotel Limited	Hong Kong	HK$2 divided into 2 shares	100	Hotel
Smart Event Investments Limited	Hong Kong	HK$1 divided into 1 share	100	Hotel
[ii] 武漢馬哥孛羅酒店有限公司	The People's Republic of China	US$3,850,000	100	Hotel
[ii] 成都馬哥孛羅酒店有限公司	The People's Republic of China	US$1,200,015	100	Hotel
[ii] 常州馬哥孛羅酒店有限公司	The People's Republic of China	US$7,000,000	71	Hotel
CME				
# **Wharf Communications Limited**	Hong Kong	HK$10,000,000 divided into 1,000,000 shares	100	Holding company
* i-CABLE Communications Limited	Hong Kong	HK$6,857,598,956 divided into 2,011,512,400 shares	74	Holding company
Hong Kong Cable Enterprises Limited	Hong Kong	HK$2 divided into 2 shares	74	Advertising sale
Hong Kong Cable Television Limited	Hong Kong	HK$750,000,000 divided into 750,000,000 shares	74	Pay TV and Internet and multimedia
i-CABLE Entertainment Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	74	Programme production and channel operation
i-CABLE News Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	74	Programme production and channel operation
i-CABLE Sports Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	74	Programme production and channel operation
i-CABLE Network Limited	Hong Kong	HK$100 divided into 100 shares and HK$2 divided into 2 non-voting deferred shares	74	Network operation
Sundream Motion Pictures Limited	Hong Kong	HK$300,000,000 divided into 300,000,000 shares	74	Film production
Wharf T&T Limited	Hong Kong	HK$740,000,000 divided into 740,000,000 shares	100	Telecommunication
Wharf T&T eBusiness Limited	Hong Kong	HK$1 divided into 1 share	100	Telecommunication
Wharf T&T Outsourcing Services Limited	Hong Kong	HK$1 divided into 1 share	100	Telecommunication
EC Telecom Limited	Hong Kong	HK$2 divided into 2 shares	100	Telecommunication
COL Limited	Hong Kong	HK$20,000,000 divided into 40,000 shares	100	IT services

Subsidiaries	Place of incorporation/operation	Issued ordinary share capital/ registered and paid up capital	Percentage of equity attributable to Shareholders	Principal activities
Investment and others				
Wharf Limited	Hong Kong	HK$20 divided into 2 shares	100	Management services
iv Wharf Finance Limited	Hong Kong	HK$2 divided into 2 shares	100	Finance
iv Wharf Finance (BVI) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Finance
# Wharf Hong Kong Limited	Cayman Islands	500,000,000 US$1 shares	100	Holding company
Wharf China Finance Limited	Hong Kong	HK$5,000,000 divided into 5,000,000 shares	100	Finance
iv Wharf Finance (No. 1) Limited	Hong Kong	HK$2 divided into 2 shares	100	Finance
Wharf Finance (BVI) No. 1 Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100	Finance
iv Wharf Finance (2014) Limited	British Virgin Islands/Hong Kong	10 US$1 shares	100	Finance
iv Wharf MTN (Singapore) Pte. Ltd	Singapore	2 SG$1 shares	100	Finance

Associates	Place of incorporation/operation	Class of shares	Percentage of equity attributable to Shareholders	Principal activities
Properties				
* Greentown China Holdings Limited	Cayman Islands/ The People's Republic of China	Ordinary	24	Property
Start Treasure Limited	Hong Kong	Ordinary	15	Property
蘇州雙湖房地產有限公司	The People's Republic of China	Registered	50	Property
天津港威房地產開發有限公司	The People's Republic of China	Registered	50	Property
天津雍景灣房地產開發有限公司	The People's Republic of China	Registered	50	Property
佛山招商九龍倉房地產有限公司	The People's Republic of China	Registered	50	Property
佛山依雲上園房地產有限公司	The People's Republic of China	Registered	50	Property
佛山鑫城房地產有限公司	The People's Republic of China	Registered	50	Property
佛山信捷房地產有限公司	The People's Republic of China	Registered	50	Property
佛山依雲孝德房地產有限公司	The People's Republic of China	Registered	50	Property
廣州市萬尚房地產有限公司	The People's Republic of China	Registered	33	Property
北京廣盈房地產開發有限公司	The People's Republic of China	Registered	33	Property
上海萬九綠合置業有限公司	The People's Republic of China	Registered	19	Property
杭州築家房地產開發有限公司	The People's Republic of China	Registered	50	Property
杭州綠城九龍倉置業有限公司	The People's Republic of China	Registered	50	Property
Logistics				
Hong Kong Air Cargo Terminals Limited	Hong Kong	Ordinary	21	Air cargo terminal
Mega Shekou Container Terminals Limited	British Virgin Islands	Ordinary	14	Holding company

Joint ventures	Place of incorporation/operation	Class of shares	Percentage of equity attributable to Shareholders	Principal activities
Properties				
Market Prospect Limited	Hong Kong	Ordinary	50	Property
重慶嘉江房地產開發有限公司	The People's Republic of China	Registered	40	Property
重慶嘉益房地產開發有限公司	The People's Republic of China	Registered	50	Property
重慶豐盈房地產開發有限公司	The People's Republic of China	Registered	39	Property
浙江金盈置業有限公司	The People's Republic of China	Registered	50	Property
祥寶投資(成都)有限公司	The People's Republic of China	Registered	30	Property
天津贏超房地產開發有限公司	The People's Republic of China	Registered	50	Property
寧波姚景房地產開發有限公司	The People's Republic of China	Registered	50	Property
寧波瑞峰置業有限公司	The People's Republic of China	Registered	50	Property
大連九龍倉綠城置業有限公司	The People's Republic of China	Registered	60	Property
上海龍驤房地產開發有限公司	The People's Republic of China	Registered	50	Property
Logistics				
Taicang International Container Terminals Company Limited	The People's Republic of China	Registered	34	Container terminal

Subsidiaries held directly
* *Listed companies*
i *This entity is registered as a sino-foreign joint venture company under PRC law*
ii *This entity is registered as a wholly foreign owned enterprise under PRC law*
iii *This entity is registered as a foreign owned enterprise under PRC law*

Notes:
(a) *All the subsidiaries listed above were, as at 31 December 2014, indirect subsidiaries of the Company except where marked #.*
(b) *The above list gives the principal subsidiaries, associates and joint ventures of the Group which, in the opinion of the Directors, principally affect the profit and assets of the Group.*

(c) *Set out below is details of debt securities issued by wholly-owned subsidiaries of and guaranteed by the Company:*

Name of subsidiary/Borrower	Description of debt securities	Outstanding principal amount
Wharf Finance (BVI) Limited	HK$ Guaranteed Fixed Rate Notes due 2016	HK$250 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$200 Million
Wharf Finance Limited	HK$ Guaranteed Fixed Rate Notes due 2016	HK$430 Million
	US$ Guaranteed Fixed Rate Notes due 2017	US$400 Million
	US$ Guaranteed Fixed Rate Notes due 2017	US$300 Million
	US$ Guaranteed Fixed Rate Notes due 2017	US$600 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$160 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$326 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$300 Million
	HK$ Guaranteed Floating Rate Notes due 2018	HK$100 Million
	JPY Guaranteed Fixed Rate Notes due 2018	JPY2,000 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$300 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$100 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$150 Million
	US$ Guaranteed Fixed Rate Notes due 2019	US$400 Million
	AUD Guaranteed Fixed Rate Notes due 2019	AUD70 Million
	AUD Guaranteed Fixed Rate Notes due 2019	AUD25 Million
	AUD Guaranteed Floating Rate Notes due 2019	AUD15 Million
	US$ Guaranteed Floating Rate Notes due 2019	US$10 Million
	US$ Guaranteed Floating Rate Notes due 2020	US$20 Million
	US$ Guaranteed Fixed Rate Notes due 2021	US$50 Million
	HK$ Guaranteed Fixed Rate Notes due 2021	HK$345 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$424 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$60 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$312 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$382 Million
	US$ Guaranteed Fixed Rate Notes due 2022	US$60 Million
	HK$ Guaranteed Fixed Rate Notes due 2023	HK$100 Million
	HK$ Guaranteed Fixed Rate Notes due 2023	HK$100 Million
	HK$ Guaranteed Fixed Rate Notes due 2024	HK$500 Million
	HK$ Guaranteed Fixed Rate Notes due 2024	HK$200 Million
	HK$ Guaranteed Fixed Rate Notes due 2024	HK$195 Million
	HK$ Guaranteed Fixed Rate Notes due 2024	HK$185 Million
	HK$ Guaranteed Fixed Rate Notes due 2024	HK$177 Million
	HK$ Guaranteed Fixed Rate Notes due 2027	HK$230 Million
	HK$ Guaranteed Fixed Rate Notes due 2040	HK$250 Million
Wharf Finance (No. 1) Limited	HK$ Guaranteed Fixed Rate Notes due 2016	HK$167 Million
	SG$ Guaranteed Fixed Rate Notes due 2016	SG$160 Million
	RMB Guaranteed Fixed Rate Notes due 2016	RMB150 Million
	US$ Guaranteed Floating Rate Notes due 2016	US$58 Million
	HK$ Guaranteed Fixed Rate Notes due 2017	HK$113 Million
	RMB Guaranteed Fixed Rate Notes due 2018	RMB800 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$300 Million
	RMB Guaranteed Fixed Rate Notes due 2019	RMB200 Million
	HK$ Guaranteed Fixed Rate Notes due 2019	HK$240 Million
	HK$ Guaranteed Fixed Rate Notes due 2020	HK$550 Million
	HK$ Guaranteed Fixed Rate Notes due 2020	HK$180 Million
	HK$ Guaranteed Fixed Rate Notes due 2020	HK$200 Million
	HK$ Guaranteed Fixed Rate Notes due 2020	HK$100 Million
	RMB Guaranteed Fixed Rate Notes due 2020	RMB100 Million
	RMB Guaranteed Fixed Rate Notes due 2020	RMB200 Million
	SG$ Guaranteed Fixed Rate Notes due 2021	SG$260 Million
	RMB Guaranteed Fixed Rate Notes due 2023	RMB200 Million
	JPY Guaranteed Fixed Rate Notes due 2026	JPY10,000 Million
Wharf MTN (Singapore) Pte. Ltd.	SG$ Guaranteed Fixed Rate Notes due 2018	SG$250 Million

Schedule of Principal Properties

As at 31 December 2014

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**
HONG KONG					
Properties — Investment					
Harbour City, Tsimshatsui					
Ocean Terminal	511,000	–	511,000	–	–
Ocean Centre	987,000	613,000	374,000	–	–
Wharf T & T Centre	223,000	223,000	–	–	–
World Commerce Centre	223,000	223,000	–	–	–
World Finance Centre	512,000	512,000	–	–	–
Ocean Galleries	460,000	–	460,000	–	–
Gateway I	1,241,000	1,127,000	114,000	–	–
Gateway II	2,636,000	1,551,000	415,000	670,000	–
Marco Polo Hongkong Hotel	760,000	14,000	175,000	–	571,000
Gateway	308,000	–	–	–	308,000
Prince	350,000	–	–	–	350,000
Pacific Club Kowloon	139,000	–	–	–	139,000
	8,350,000	4,263,000	2,049,000	670,000	1,368,000
Times Square					
Sharp Street East, Causeway Bay	1,969,000	1,033,000	936,000	–	–
Plaza Hollywood					
3 Lung Poon Street, Diamond Hill	562,000	–	562,000	–	–
Others					
Wharf T&T Square, Hoi Bun Road, Kwun Tong	513,000	513,000	–	–	–
Units at Cable TV Tower, Hoi Shing Road, Tsuen Wan	566,000	–	–	–	566,000
Units at Strawberry Hill, 8 Plunkett's Road & 32 Plantation Road, The Peak	13,000	–	–	13,000	–
Chelsea Court, 63 Mount Kellett Road, The Peak	43,000	–	–	43,000	–
Mountain Court, 11–13 Plantation Road, The Peak	46,000	–	–	46,000	–
1 Plantation Road, The Peak	91,000	–	–	91,000	–
77 Peak Road, The Peak	42,200	–	–	42,200	–
Kowloon Godown, 1–5 Kai Hing Road, Kowloon Bay	829,000	–	6,000	823,000	–
Crawford House, 64–70A Queen's Road Central, Central	188,700	105,400	83,300	–	–
Units at Star House, 3 Salisbury Road, Kowloon	50,800	–	50,800	–	–
	4,913,700	1,651,400	1,638,100	1,058,200	566,000
Murray Building, Cotton Tree Drive, Central	325,000	–	–	–	325,000
Total Hong Kong Property — Investment	13,588,700	5,914,400	3,687,100	1,728,200	2,259,000
Property — Development					
One Midtown, 11 Hoi Shing Road, Tsuen Wan	1,900	–	–	–	1,900
Peninsula East, 5 Tung Yuen Street, Yau Tong	256,000	–	43,000	213,000	–
	257,900	–	43,000	213,000	1,900
Associates/joint ventures					
(Attributable — Note g)					
Various Lots at Yau Tong Bay, Yau Tong	596,000	–	11,000	585,000	–
8 Mount Nicholson Road, The Peak	162,000	–	–	162,000	–
	758,000	–	11,000	747,000	–
Total Hong Kong Property — Development	1,015,900	–	54,000	960,000	1,900
HONG KONG TOTAL	**14,604,600**	**5,914,400**	**3,741,100**	**2,688,200**	**2,260,900**

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	346,719	KPP 83	2033	1966	N/A	100%
	126,488	KML 11 S.A.	2880	1977	N/A	100%
	(a)	KML 11 S.B.	2880	1981	N/A	100%
	(a)	KML 11 S.B.	2880	1981	N/A	100%
	(a)	KML 11 S.D.	2880	1983	N/A	100%
	(a)	KML 11 S.B. & D.	2880	1981/83	N/A	100%
	(a)	KML 11 R.P.	2880	1994	N/A	100%
	(a)	KML 11 S.B. & D.	2880	1998/99	N/A	100%
(A 665-room hotel)	58,814	KML 91 S.A. & KML 10 S.B.	2863	1969	N/A	71%
(A 397-room hotel)	(a)	KML 11 S.B.	2880	1981	N/A	100%
(A 393-room hotel)	(a)	KML 11 S.D.	2880	1983	N/A	100%
(Club House)	48,309	KIL 11179	2021	1990	N/A	100%
	112,441	IL 731, IL 728, IL 727, IL 725 S.A. & R.P., IL 724 S.A	2850/60/80	1993	N/A	100%
	280,510	NKIL 6160	2047	1997	N/A	100%
	48,438	KTIL 713	2047	2019	Demolition in progress	100%
(Industrial)	N/A	TWTL 218	2047	1992	N/A	100%
	N/A	RBL 512 & 1004	2027/28	1974/77	N/A	100%
	29,640	RBL 556 S.A.R.P. & S.B.	2035	2001	N/A	100%
	32,145	RBL 522, 639, 661	2027	2017	Foundation completion	100%
	97,670	RBL 534 S.E., S.F. & R.P.	2028	2018/20	Foundation in progress	100%
	76,725	RBL 836	2029	2016	Foundation completion	100%
	165,809	NKIL 5805, 5806 & 5982	2047	1984	Planning for redevelopment	100%
	12,286	IL 7 R.P. & IL 45 S.A.R.P.	2842	1977	N/A	100%
	N/A	KML 10 S.A.	2863	1966	N/A	71%
	68,136	9036	2063	2017	Planning for redevelopment	71%
	66,000	TWIL 36	2047	2012	N/A	100%
	42,625	YTIL 40 RP	2062	2016	Superstructure in progress	100%
	816,872	R.P. of YTML 22 & ext., YTML 28 & ext., YTML 29 & ext., and YTML 12, 32 and 33 together with adjoining lots at Yau Tong Bay	2047	N/A	Planning stage	14.9%
	250,930	IL9007	2060	2015	Superstructure in progress	50%

Schedule of Principal Properties

As at 31 December 2014

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**
MAINLAND CHINA					
Property — Investment					
Completed Investment Properties					
Shanghai Times Square 93–111 Huai Hai Zhong Road, Shanghai	973,000	331,000	447,000	195,000	–
Chongqing Times Square 100 Zou Rong Road, Yuzhong District, Chongqing	591,800	13,800	578,000	–	–
Wuhan Times Square 160 Yan Jiang Da Dao, Jiangan District, Wuhan	8,000	–	8,000	–	–
Dalian Times Square 50 Ren Min Road, Zhongshan District, Dalian	188,000	–	188,000	–	–
Chengdu Times Outlets No. 633 Shuangnan Avenue (Middle Section) Shuangliu County, Chengdu	680,000	–	680,000	–	–
Chengdu International Finance Square Junction of Hongxing Road and Da Ci Si Road, Jinjiang District	5,021,000	2,808,000	2,213,000	–	–
Wuxi International Finance Square Taihu Plaza, Nanchang District, Wuxi	1,592,000	1,592,000	–	–	–
Shanghai Wheelock Square 1717 Nan Jing Xi Road, Jingan District, Shanghai	1,199,000	1,149,000	50,000	–	–
	10,252,800	5,893,800	4,164,000	195,000	–
Investment Properties Under Development					
Chengdu International Finance Square Junction of Hongxing Road and Da Ci Si Road, Jinjiang District	1,545,000	328,000	–	774,000	443,000
Wuxi International Finance Square Taihu Plaza, Nanchang District, Wuxi	450,000	–	–	–	450,000
Suzhou International Finance Square Xing Hu Jie, Suzhou Industrial Park, Suzhou	2,989,000	2,558,000	–	181,000	250,000
Changsha International Finance Square Furong District, Changsha	7,805,000	4,799,000	2,425,000	–	581,000
Chongqing International Finance Square Zones A of Jiangbei City, Jiang Bei District, Chongqing (Attributable — Note g)	2,305,000	1,566,000	547,000	–	192,000
	15,094,000	9,251,000	2,972,000	955,000	1,916,000
Marco Polo Wuhan 160 Yan Jiang Da Dao, Jiangan District, Wuhan	405,000	–	–	–	405,000
Marco Polo Changzhou 88 Hehai East Road, Xinbei District, Changzhou	474,000	–	–	–	474,000
	879,000	–	–	–	879,000
Total Mainland China Property — Investment	26,225,800	15,144,800	7,136,000	1,150,000	2,795,000

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	148,703	N/A	2043	1999	N/A	100%
	95,799	N/A	2050	2004	N/A	100%
	(b)	N/A	2053	2008	N/A	100%
	(c)	N/A	2039	2008	N/A	100%
	(d)	N/A	2047	2009	N/A	100%
	(e)	N/A	2047	2013/2014	N/A	100%
	(f)	N/A	2047/57	2014	N/A	100%
	136,432	N/A	2049	2010	N/A	98%
(A 228-room hotel)	(e)	N/A	2047	2015	Fitout work of remaining complex in progress	100%
(A 253-room hotel)	(f)	N/A	2047/57	2016	Superstructure completed	100%
(A 147-room hotel)	229,069	N/A	2047/77	2017	Superstructure in progress	57%
(A 252-room hotel)	800,452	N/A	2051	2017	Superstructure in progress	100%
(A 246-room hotel on 100% ownership)	516,021	N/A	2050/60	2016	Superstructure in progress	50%
(A 370-room hotel)	(b)	N/A	2053	2008	N/A	100%
(A 271-room hotel, serviced apartment and a State Guest House)	842,531	N/A	2048	2014	N/A	71%

Schedule of Principal Properties

As at 31 December 2014

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**
Property — Development					
Changzhou Times Palace China Dinosaur Park, Xinbei District, Jiangsu Province, Changzhou	3,224,000	–	–	3,224,000	–
Changzhou Feng Huang Hu Xin Bei District and abutting Han Jiang Lu and Yu Long Lu. Changzhou	2,134,000	–	–	2,134,000	–
Changzhou Feng Huang Hu Xin Bei District and abutting Huang He Lu and Feng Xiang Lu, Changzhou	2,638,000	–	–	2,638,000	–
Hangzhou Palazzo Pitti Hangzhou Hangyimian Lot C/D Gongshu District Gongchen Bridge West, Hangzhou	2,180,000	–	–	2,180,000	–
Hangzhou Royal Seal Lot#FG05 of Wenhui Road, Hangzhou	883,000	–	–	883,000	–
Shi Ji Hua Fu Yingbin North Road/Fenshou Road, Fuchun District, Fuyang, Hangzhou	1,384,000	–	78,000	1,306,000	–
Junting Hangzhou Qianjiang Economic Development Area 09 Provincial Road/Kangxin Road, Yuhang District, Hangzhou	2,368,000	–	–	2,368,000	–
Shanghai Xi Yuan D1 of Xinjiangwancheng of Yangpu District, Shanghai	13,000	–	–	13,000	–
Shanghai Songjiang Xianhe Road Site #2 of Songjiang Xianhe Road, Shanghai	565,000	–	–	565,000	–
Shanghai Pudong Huangpujiang Site #E18 of Pudong Huangpujiang Riverside, Shanghai	1,464,000	–	–	1,464,000	–
Jingan Garden 398 Wanhangdu Road, Jingan District, Shanghai	763,000	–	–	763,000	–
Shanghai Pudong Zhoupu Site #08, lot 06-05 of Zhoupu Town, Pudong District, Shanghai	1,053,000	–	–	1,053,000	–
Suzhou Ambassador Villa Lot No. 68210 Suzhou Industrial Park, Suzhou	833,000	–	–	833,000	–
Bellagio Wang Wu Lu, Guo Sin Lu, Wu Chong New District, Suzhou	3,610,000	–	–	3,610,000	–
Suzhou Times City Xiandai Da Dao, Suzhou Industrial Park, Suzhou	6,297,000	–	–	6,297,000	–
Wuxi Glory of Time Nanchang District and abutting on Jinhang Canal, Wuxi	1,648,000	313,000	–	1,335,000	–
Wuxi Times City Taihu Plaza, Nanchang District, Wuxi	4,435,000	–	–	4,435,000	–
Wuxi Xiyuan Nanchang District and abutting on Jinhang Canal, Wuxi	1,507,000	–	–	1,507,000	–
River Pitti Nanchang District and abutting on Jinhang Canal, Wuxi	3,597,000	–	–	3,597,000	–

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	3,585,273	N/A	2047/77	2016	Superstructure in progress	71%
	2,563,134	N/A	2050/80	2018	Superstructure in progress	100%
	1,180,262	N/A	2083	2017	Superstructure in progress	100%
	914,000	N/A	2080	2016	Superstructure in progress	100%
	258,358	N/A	2080	2016	Superstructure in progress	100%
	553,442	N/A	2051/81	2015	Superstructure in progress	100%
	1,315,296	N/A	2081	2016	Superstructure in progress	100%
	638,000	N/A	2077	2012	N/A	71%
	877,772	N/A	2081	2014	N/A	100%
	585,723	N/A	2081	2017	Foundation in progress	100%
	170,825	N/A	2043/63	2018	Foundation in progress	55%
	526,905	N/A	2083	2016	Superstructure in progress	100%
	3,654,152	N/A	2076	2016	Superstructure in progress	100%
	2,501,747	N/A	2081	2017	Superstructure in progress	100%
	5,425,454	N/A	2077	2017	Superstructure in progress	57%
	1,276,142	N/A	2078	2018	Superstructure in progress	100%
	3,314,418	N/A	2078	2017	Superstructure in progress	100%
	1,416,822	N/A	2078	2017	Superstructure in progress	100%
	2,121,662	N/A	2048/78	2017	Superstructure in progress	100%

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	Total	Office	Retail	Residential	Others
Park Mansion Southeast of Kang Zhuang road and Beihuan west Road crossings (north of Tianhe community), Jiangbei District, Ningbo	1,116,000	–	–	1,116,000	–
The Orion Bounded by Dongdajie south, Jinhua Nan Lu east and Datiankan Jie north, Jinjiang District, Chengdu	412,000	–	–	412,000	–
Tian Fu Times Square Junction of Dong Da Jie & Fu He, Jinjiang District, Chengdu	97,000	42,000	38,000	17,000	–
Crystal Park, No.10 Gaoxin District Junction of Zhan Hua Road and Fu Cheng Avenue, Chengdu	6,000	–	6,000	–	–
Times Town, Shuangliu Development Zone Junction of Shuang Nan Avenue and Guang Hua Avenue, Shuangliu County, Chengdu	7,919,000	3,923,000	1,281,000	2,715,000	–
Chengdu Times City Shuangliu Huayang Street, Qinghe Community Group 8 and Gongxing Street Outang Village Group 5	2,392,000	–	87,000	2,305,000	–
Le Palais Lot No. 8 along Section 3 of the 2nd Ring Road East, Chenghua District, Chengdu	2,202,000	–	62,000	2,140,000	–
Wuhan Lake Moon Site B Hanyang District, Qintai Road, Wuhan	1,362,000	–	–	1,362,000	–
Dalian Times Square 50 Ren Min Road, Zhongshan District, Dalian	31,000	–	–	31,000	–
	56,133,000	4,278,000	1,552,000	50,303,000	–
Associates/joint ventures (Attributable — Note g)					
Suzhou Kingsville South of Lin Hu Road, East & West sides of Ying Hu Road Suzhou	35,000	–	11,000	24,000	–
Evian Town South of Tian Hong Lu and North of Yu He Lu Xincheng District, Foshan	30,000	–	16,000	14,000	–
Evian Uptown North side of Kin Jin Lu, Chancheng District, Foshan	72,000	–	61,000	11,000	–
Evian Buena Vista Foshan Nanhai District Shishan County Project	930,000	–	62,000	868,000	–
Evian Riviera Foshan Nanhai District Guicheng A18 and A21 Project	108,000	–	54,000	54,000	–
Evian Kingbay North of Jihua Bridge, Chancheng District, Foshan	799,000	–	67,000	732,000	–
Evian Capital Beihu Yi Road, Luocun, Shishan, Nanhai District, Foshan	1,603,000	–	97,000	1,491,000	15,000
Donghui City Guangzhou Development Zone KXCD-D1-2 Project	732,000	–	22,000	710,000	–
Unique Garden Laiguangying Central Street, Chaoyang District, Beijing	646,000	–	11,000	635,000	–
The Magnificent Junction of Weiguo Road & Jingjiang Road, Hedong District Tianjin	82,000	–	4,000	78,000	–
Scenery Bay Intersection of Hedong Road and Kunlun Road, Hedong District,Tianjin	979,000	–	50,000	883,000	46,000
Magnolia Mansion Tangzhen 5 Jiefang 180/1 Qiu, Pudong District, Shanghai	389,000	–	17,500	371,500	–
Shanghai South Station Caohejing Area Lot 278a-05/278b-02/278b-04 South Station Business Zone, Xuhui District, Shanghai	1,437,000	1,321,000	116,000	–	–

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	558,000	N/A	2083	2015	Superstructure in progress	100%
	160,000	N/A	2079	2013	N/A	100%
	761,520	N/A	2045/75	2013	N/A	100%
	884,459	N/A	2046/76	2014	N/A	100%
	(d)	N/A	2047/77	2017	Superstructure in progress	100%
	800,882	N/A	2053/83	2018	Superstructure in progress	100%
	1,130,000	N/A	2050/80	2016	Superstructure in progress	100%
	454,000	N/A	2080	2016	Superstructure in progress	100%
	(c)	N/A	2069	2009	N/A	100%
	1,976,237	N/A	2077	2014	N/A	50%
	2,867,600	N/A	2047/77	2012	N/A	50%
	1,155,000	N/A	2048/78	2013	N/A	50%
	1,526,900	N/A	2070	2017	Superstructure in progress	50%
	603,900	N/A	2080	2014	N/A	50%
	639,000	N/A	2083	2017	Superstructure in progress	50%
	1,069,000	N/A	2083	2017	Superstructure in progress	50%
	1,181,300	N/A	2081	2016	Superstructure in progress	33%
	783,000	N/A	2082	2016	Superstructure in progress	33%
	511,560	N/A	2079	2012	N/A	50%
	902,000	N/A	2083	2017	Superstructure in progress	50%
	648,056	N/A	2082	2015	Superstructure in progress	50%
	1,156,979	N/A	2052/62	2020	Superstructure in progress	19%

Schedule of Principal Properties

As at 31 December 2014

	APPROXIMATE GROSS FLOOR AREAS (sq.ft.)				
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**
Greentown Zhijiang No. 1 Zhuantang Town, Zhijiang National Tourist Holiday Resort, Xihi District, Hangzhou	1,466,000	–	83,000	1,383,000	–
Greentown Wharf Qian Tang Bright Moon Hangzhou Xiaoshan Jinhui Road	1,021,000	–	72,000	949,000	–
Park Mansion Site R21-02-A and Site R21-01, Shenhua Unit, Gongshu District, Hangzhou	667,000	–	50,000	617,000	–
Hangzhou Xiaoshan Hangzhou Xiaoshan Chengbei Village Lot A10	286,000	–	5,700	280,300	–
Petrus Bay Site 3#-2 of Baoqingsi, Ningbo	419,000	–	–	419,000	–
The Berylville Site E-4#, 7#, 8#, 12# & 13#, Shuixianglinli Eastern New Town, Ningbo	529,000	–	–	529,000	–
Garden Vallery Taoyuan Area, Jiefang Road, Zhongshan District, Dalian	1,550,000	–	–	1,550,000	–
Chengdu ICC South of Shuanggui Road, North of Niusha Road East of Erhuan Road, West of Shahe, Jinjiang District, Chengdu	3,795,148	1,252,023	534,676	2,001,367	7,082
U World Zone B of Jiangbei City, Jiang Bei District, Chongqing	1,187,000	–	48,000	1,139,000	–
The Throne Zones C of Jiangbei City, Jiang Bei District, Chongqing	3,479,000	–	243,000	3,236,000	–
International Community Zone C of Danzishi, Nanan District, Chongqing	3,095,000	–	924,000	2,171,000	–
Peaceland Cove Tiedonglu, Hebei District, Tianjin	388,000	–	276,000	–	112,000
	25,724,148	2,573,023	2,824,876	20,146,167	180,082
Total Mainland China Property — Development	81,857,148	6,851,023	4,376,876	70,449,167	180,082
MAINLAND CHINA TOTAL	**108,082,948**	**21,995,823**	**11,512,876**	**71,599,167**	**2,975,082**
GROUP PROPERTY — INVESTMENT	**39,814,500**	**21,059,200**	**10,823,100**	**2,878,200**	**5,054,000**
GROUP PROPERTY — DEVELOPMENT	**82,873,048**	**6,851,023**	**4,430,876**	**71,409,167**	**181,982**
GROUP TOTAL (Note i)	**122,687,548**	**27,910,223**	**15,253,976**	**74,287,367**	**5,235,982**

Notes :

(a) These properties with total site area of 428,719 sq. ft. form part of Harbour City.

(b) This property forms part of Wuhan Times Square which has a total site area of 188,090 sq. ft.

(c) This property forms part of Dalian Times Square which has a total site area of 171,356 sq. ft.

(d) This property forms part of Chengdu Shuangliu Development Zone which has a total site area of 3,900,589 sq. ft.

(e) This property forms part of Chengdu International Finance Square which has a total site area of 590,481 sq. ft.

(f) This property forms part of Wuxi International Finance Square which has a total site area of 313,867 sq. ft.

(g) The floor areas of properties held through joint ventures and associates are shown on an attributable basis.

(h) Total Mainland development properties area included 16,780,000 sq. ft. pre-sold areas which have not yet been recognised in the financial statements.

(i) In addition to the above floor areas, the Group has total attributable carpark areas of approximately 36 million sq. ft. mainly in Mainland China.

(j) In January 2015, the Group acquired 2 sites for joint development projects in Beijing with attributable GFA of 901,000 sq. ft.

(k) In February 2015, the Group acquired a wholly-owned site for development of a project in Changsha with attributable GFA of 753,500 sq. ft.

(Remarks)	Site Area (Sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
	2,046,685	N/A	2047/77	2017	Superstructure in progress	50%
	756,000	N/A	2053/83	2018	Foundation in progress	50%
	448,224	N/A	2054/84	2016	Foundation in progress	50%
	114,539	N/A	2054/84	2018	Planning stage	50%
	524,250	N/A	2080	2015	Superstructure in progress	50%
	708,142	N/A	2080	2017	Superstructure in progress	50%
	922,475	N/A	2083	2017	Superstructure in progress	60%
	2,212,128	N/A	2048/78	2014 and beyond	Superstructure in progress	30%
	1,002,408	N/A	2057	2016	Superstructure in progress	39%
	2,335,535	N/A	2050/60	2017	Superstructure in progress	50%
	6,080,656	N/A	2047/57	2017	Superstructure in progress	40%
	1,619,360	N/A	2050/80	2015	Superstructure in progress	50%

Ten-Year Financial Summary

Year ended 31 December	**2014 HK$ Million**	2013 HK$ Million	2012 HK$ Million	2011 HK$ Million	2010 HK$ Million
Consolidated Income Statement					
Revenue	**38,136**	31,887	30,856	24,004	19,380
Operating profit	**14,283**	13,280	14,170	11,388	9,372
Underlying core profit (Note a)	**10,474**	11,298	11,040	8,083	7,088
Profit before property revaluation surplus	**8,247**	12,206	13,927	6,727	7,905
Profit attributable to equity shareholders	**35,930**	29,380	47,263	30,568	35,750
Dividends attributable to shareholders	**5,486**	5,151	4,998	3,211	2,930
Consolidated Statement of Financial Position					
Investment properties	**301,890**	261,097	231,522	184,057	148,241
Fixed assets	**25,027**	24,161	19,870	18,984	18,397
Interest in associates	**22,449**	19,205	16,673	10,198	5,510
Interest in joint ventures	**19,030**	19,585	19,530	16,934	15,350
Available-for-sale investments	**3,740**	3,744	3,868	2,703	3,362
Properties for sale	**47,543**	53,764	48,915	47,511	29,732
Bank deposits and cash	**18,725**	24,515	18,795	32,528	16,900
Other assets	**6,254**	8,981	9,825	5,058	5,276
Total assets	**444,658**	415,052	368,998	317,973	242,768
Bank and other borrowings	**(77,984)**	(82,587)	(74,420)	(75,993)	(49,589)
Other liabilities	**(52,563)**	(48,210)	(37,672)	(31,106)	(22,530)
Net assets	**314,111**	284,255	256,906	210,874	170,649
Share capital: nominal value	**–**	3,030	3,029	3,029	2,754
Other statutory capital reserves	**–**	26,346	26,285	26,285	16,573
Share capital and other statutory capital reserves	**29,376**	29,376	29,314	29,314	19,327
Reserves	**276,119**	246,181	219,187	173,943	143,762
Shareholders' equity	**305,495**	275,557	248,501	203,257	163,089
Non-controlling interests	**8,616**	8,698	8,405	7,617	7,560
Total equity	**314,111**	284,255	256,906	210,874	170,649
Net debt	**59,259**	58,072	55,625	43,465	32,689
Financial Data					
Per share data					
Earnings per share (HK$)					
— Underlying core profit	**3.46**	3.73	3.64	2.70	2.51
— Before property revaluation surplus	**2.72**	4.03	4.60	2.25	2.79
— Attributable to equity shareholders	**11.86**	9.70	15.60	10.22	12.64
Net asset value per share (HK$)	**100.82**	90.94	82.04	67.10	59.22
Dividends per share (HK$ Cents)	**181.00**	170.00	165.00	106.00	100.00
Financial ratios					
Net debt to shareholders' equity (%)	**19.4%**	21.1%	22.4%	21.4%	20.0%
Net debt to total equity (%)	**18.9%**	20.4%	21.7%	20.6%	19.2%
Return on shareholders' equity (%) (Note b)	**12.4%**	11.2%	20.9%	16.7%	24.5%
Dividend payout (%)					
— Underlying core profit	**52.4%**	45.6%	45.3%	39.7%	41.3%
— Before property revaluation surplus	**66.5%**	42.2%	35.9%	47.7%	37.1%
— Attributable to equity shareholders	**15.3%**	17.5%	10.6%	10.5%	8.2%
Interest cover (Times) (Note c)	**6.1**	5.8	7.4	7.9	12.9

Year ended 31 December	2009 *HK$ Million*	2008 *HK$ Million*	2007 *HK$ Million*	2006 *HK$ Million*	2005 *HK$ Million*
Consolidated Income Statement					
Revenue	17,553	15,940	16,208	13,364	12,543
Operating profit	8,554	7,406	7,832	6,056	5,929
Underlying core profit (Note a)	6,420	4,796	6,043	4,285	4,499
Profit before property revaluation surplus	7,817	4,194	5,947	4,285	4,499
Profit attributable to equity shareholders	19,256	5,816	13,143	10,757	13,888
Dividends attributable to shareholders	2,754	2,203	2,093	1,958	1,958
Consolidated Statement of Financial Position					
Investment properties	115,492	98,410	95,782	86,684	78,224
Fixed assets	18,510	21,183	18,831	15,514	12,434
Interest in associates	4,238	4,009	4,182	781	1,638
Interest in joint ventures	7,551	7,989	4,555	788	896
Available-for-sale investments	1,331	706	2,858	2,921	1,677
Properties for sale	17,797	17,272	9,235	5,784	4,370
Bank deposits and cash	18,412	15,886	7,717	3,769	2,508
Other assets	7,130	3,099	3,011	3,036	2,745
Total assets	190,461	168,554	146,171	119,277	104,492
Bank and other borrowings	(39,844)	(38,009)	(31,282)	(20,670)	(18,558)
Other liabilities	(15,029)	(13,030)	(22,887)	(18,689)	(17,408)
Net assets	135,588	117,515	92,002	79,918	68,526
Share capital: nominal value	2,754	2,754	2,448	2,448	2,448
Other statutory capital reserves	16,573	16,573	7,758	7,758	7,753
Share capital and other statutory capital reserves	19,327	19,327	10,206	10,206	10,201
Reserves	109,219	91,748	76,158	64,956	55,173
Shareholders' equity	128,546	111,075	86,364	75,162	65,374
Non-controlling interests	7,042	6,440	5,638	4,756	3,152
Total equity	135,588	117,515	92,002	79,918	68,526
Net debt	21,432	22,123	23,565	16,901	16,050
Financial Data					
Per share data					
Earnings per share (HK$)					
— Underlying core profit	2.33	1.75	2.38	1.75	1.84
— Before property revaluation surplus	2.84	1.53	2.34	1.75	1.84
— Attributable to equity shareholders	6.99	2.12	5.17	4.39	5.67
Net asset value per share (HK$)	46.68	40.33	35.28	30.70	26.71
Dividends per share (HK$ Cents)	100.00	80.00	80.00	80.00	80.00
Financial ratios					
Net debt to shareholders' equity (%)	16.7%	19.9%	27.3%	22.5%	24.6%
Net debt to total equity (%)	15.8%	18.8%	25.6%	21.1%	23.4%
Return on shareholders' equity (%) (Note b)	16.1%	5.9%	16.3%	15.3%	23.1%
Dividend payout (%)					
— Underlying core profit	42.9%	45.9%	34.6%	45.7%	43.5%
— Before property revaluation surplus	35.2%	52.5%	35.2%	45.7%	43.5%
— Attributable to equity shareholders	14.3%	37.9%	15.9%	18.2%	14.1%
Interest cover (Times) (Note c)	16.5	8.1	8.7	8.7	12.6

Notes :

(a) *Underlying core profit excludes net property revaluation surplus, mark-to-market changes on financial instruments, impairment provision for properties and other non-recurring items including the accounting gain which arose from the acquisition of interests in Greentown of HK$2,233 million in 2012, revaluation of Hactl interest/ tax write-back of HK$1,246 million in 2010 and profit on disposal of Beijing Capital Times Square of HK$1,393 million in 2009.*
(b) *Return on shareholders' equity is based on profit attributable to shareholders over average shareholders' equity during the year.*
(c) *Interest cover is based on EBITDA over finance costs (before capitalisation and fair value loss/gain).*
(d) *Certain figures have been reclassified or restated to comply with the prevailing HKFRSs.*

ART PIECE CREDIT:

Cousteau Tazuke, *The Work with Acrylic Resin Surface 2012.07.04, p.76*

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Design, Production and Printing: REF Financial Press Limited www.ref.com.hk

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