WHEELOCK

Founded 1857

Wheelock and Company Limited

Annual Report 2014

www.wheelockcompany.com

Stock Code:20

CORPORATE INFORMATION

Board of Directors

Douglas C K Woo *(Chairman & Managing Director)*
Peter K C Woo, GBM, GBS, JP *(Senior Director)*
Stephen T H Ng *(Deputy Chairman)*
Stewart C K Leung *(Vice Chairman)*
Paul Y C Tsui *(Executive Director & Group Chief Financial Officer)*
Ricky K Y Wong

Non-executive Director

Mignonne Cheng

Independent Non-executive Directors

Tak Hay Chau, GBS
Winston K W Leong
Alan H Smith, JP*
Richard Y S Tang, BBS, JP
Kenneth W S Ting, SBS, JP*
Nancy S L Tse, JP*
Glenn S Yee*

* *Members of the Audit Committee*

Secretary

Wilson W S Chan, FCIS

Registrars

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Hong Kong

Registered Office

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Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Auditors

KPMG, Certified Public Accountants

Wheelock House

Pedder Street,
Hong Kong

CHAIRMAN'S STATEMENT

In a challenging business environment, Wheelock turned in a solid result for 2014 with record property sales in Hong Kong, a balanced landbank and stable gearing. On behalf of the Board, I wish to express my gratitude to the directors and the team for their commitment and contribution to the Group, and to our shareholders and partners for their continued support throughout the years.

The global political and economic landscape is ever-changing. All eyes are on interest rates, and swings in foreign exchange rates, particularly in the Euro and Yen, and their impact on the traditional flows. The Euro Zone and Russia face serious challenges. In China, the leadership has a clear agenda to rebalance the economy. The slower but intended higher quality growth, forecast at 7% this year, is the "new normal" as urbanization and anti-graft initiatives continue. These are all positives for the long-term, though there will be short-term challenges. On another note, the US is showing signs of recovery and there is bustling activity and development in the technology and innovation sectors.

Key quantitative easing programmes from leading economies are setting the pace in curing deflationary biases in their respective economies. Global liquidity continues to put pressure on asset values in Hong Kong, Singapore and Mainland China, where government property cooling measures have impacted transaction volumes over the past few years.

Despite a challenging year with a tough final quarter, the Hong Kong economy grew steadily by 2.9% with unemployment at 3%. The Government continues to invest in infrastructure projects and is implementing its long-term land supply strategy but concerns remain over the impact of persistent property cooling measures. And despite adjustments in commodity prices globally, local construction costs continue to rise.

Performance

In the Development Properties (DP) business, improved demand supported growth in primary transaction volumes in 2014. Wheelock Properties Limited ("WPL") focused on its core business in Hong Kong, choosing to drive an asset turnover strategy. This resulted in a record year for sales, led by the successful launch of Grand Austin along with the HK$5.4 billion transaction with Citigroup at One Bay East. In the second half, The Parkside received positive response, giving additional confidence to the three upcoming waterfront developments at O'South. Our landbank stands at 7.8 million square feet with 1.5 million square feet acquired over the course of the year.

Through our subsidiary The Wharf (Holdings) Limited ("Wharf"), Wharf, our sizeable Investment Properties (IP) portfolio in Hong Kong captured 10% of total retail sales and continued to outperform the market. The China IP portfolio has recorded solid growth with retail revenues up 87% on the back of the successful launch of Chengdu IFS, which contributed to 44% of revenues. In a measured market, our China DP had a steady year with sales reaching a record level.

The Group continued to maintain a strong financial position with a gearing ratio of 28.4% and with substantial sales receivables.

Business In Community

As a responsible business with a long history in Hong Kong, we place great importance on giving back to the community. Our key focus is on youth and sustainability.

Thanks to active support by local and international companies, Wharf's Project *WeCan* has expanded its reach from 10 to 44 Band 3 schools and 40,000 disadvantaged students. With further support from businesses and the community, the long-term goal is to cover all 150 schools and positively impact more than 150,000 students by equipping them with basic skills, exposing them to different career options and inspiring them to strive to create a better life for themselves.

Wheelock again co-hosted the "Swim For A Million 2014" fundraiser with Community Chest and raised over HK$4 million to support youth services. This has become one of the largest team swimming events in the region with more than 480 participants and volunteers.

The Group pursues environmental best practices. WPL published its first GRI-guided CSR report in 2014 while Wheelock & Company will be publishing its first Environmental, Social and Governance (ESG) Report this year. WPL offices and construction sites achieved 22% and 62% carbon emission reduction in 2014, meeting the 15% reduction target in just two years.

Closing

The performance of the Group is a reflection of the dedication and professionalism of the entire team. I would like to thank especially Mr Stephen Ng and Mr Stewart Leung, deputy chairman and vice chairman of Wheelock, and senior director Mr Peter Woo, who have been of great support during my first year as Chairman.

As a future focused property developer with high levels of transparency and a prudent approach, we are well positioned to deal with challenges, expand on our capabilities and capture the opportunities ahead.

Douglas C K Woo
Chairman

Hong Kong, 17 March 2015

FINANCIAL HIGHLIGHTS

Results and Financial Position

	2014 HK$ Million	2013 HK$ Million	Change
Results			
Revenue	**40,953**	35,071	+17%
Operating profit	**15,729**	14,938	+5%
Underlying profit (Note 1)	**8,103**	7,822	+4%
Profit before property revaluation gain	**7,035**	7,724	-9%
Profit attributable to equity shareholders	**22,009**	16,954	+30%
Total dividend for the year	**2,169**	2,032	+7%
Earnings per share			
Underlying profit	**HK$3.99**	HK$3.85	+4%
Before property revaluation gain	**HK$3.46**	HK$3.80	-9%
Attributable to equity shareholders	**HK$10.83**	HK$8.34	+30%
Dividend per share			
First interim	**38.50¢**	35.00¢	+10%
Second interim	**68.25¢**	65.00¢	+5%
Total for the year	**106.75¢**	100.00¢	+7%
Financial Position			
Total assets	**517,567**	486,814	+6%
Total business assets (Note 2)	**484,677**	444,775	+9%
Total investment properties	**316,860**	282,015	+12%
Net debt	**96,599**	94,295	+2%
Shareholders' equity	**191,206**	166,582	+15%
Total equity	**339,916**	311,572	+9%
Number of issued shares (in million)	**2,032**	2,032	–
Net asset value per share	**HK$94.11**	HK$81.99	+15%
Net debt to total equity	**28.4%**	30.3%	-1.9%pt

							Earnings per share			
Financial year/period	Underlying profit HK$ Million	Profit before property revaluation gain HK$ Million	Profit attributable to equity shareholders HK$ Million	Total equity HK$ Million	Shareholders' equity HK$ Million	Net asset value per share HK$	Underlying profit HK$	Before property revaluation gain HK$	Attributable to equity shareholders HK$	Dividends per share ¢
2005/06	3,313	3,313	10,316	47,368	41,016	20.19	1.63	1.63	5.08	12.50
2006/07	3,008	3,008	6,310	99,542	49,262	24.25	1.48	1.48	3.11	12.50
2007 (Note 3)	3,460	3,361	7,615	114,159	56,651	27.88	1.70	1.65	3.75	12.50
2008	3,385	2,284	3,432	135,902	65,108	32.04	1.67	1.12	1.69	12.50
2009	3,711	4,408	10,459	158,551	76,898	37.85	1.83	2.17	5.15	12.50
2010	4,582	4,974	20,194	193,076	100,372	49.40	2.26	2.45	9.94	12.50
2011	9,038	8,359	22,866	235,194	122,562	60.32	4.45	4.11	11.25	50.00
2012	7,267	8,734	26,935	285,880	152,041	74.83	3.58	4.30	13.26	110.00
2013	7,822	7,724	16,954	311,572	166,582	81.99	3.85	3.80	8.34	100.00
2014	**8,103**	**7,035**	**22,009**	**339,916**	**191,206**	**94.11**	**3.99**	**3.46**	**10.83**	**106.75**

Notes:

(1) Underlying profit excludes attributable net property revaluation gain, mark-to-market changes on certain financial instruments, negative goodwill arising on the acquisition of Hotel Properties Limited in 2014 and impairment provision for properties in 2014 and 2013.

(2) Business assets exclude unallocated corporate assets, mainly comprising certain available-for-sale investments, deferred tax assets and bank deposits and cash.

(3) The Company changed its financial year end date from 31 March to 31 December in 2007.

(4) Please refer to the Ten-year Financial Summary on pages 130 to 131.

Group Profit and Assets Composition

	Profit attributabe to equity shareholders				Shareholders' equity			
	2014		2013		2014		2013	
	HK$ Million	%	HK$ Million	%	HK$ Million	%	HK$ Million	%
Wheelock & Company Limited	2,197	27	1,303	17	43,424	19	44,256	22
Wheelock Properties (Singapore) Limited	250	3	665	8	13,842	6	13,814	7
The Wharf (Holdings) Limited	5,656	70	5,854	75	169,810	75	143,665	71
Underlying profit	8,103	100	7,822	100	227,076	100	201,735	100
Exceptional items (Note 1)	(1,068)		(98)					
	7,035		7,724					
Investment property revaluation gain	14,974		9,230					
Profit to shareholders	22,009		16,954					
Earnings per share	HK$10.83		HK$8.34					
Corporate items (Note 2)					(35,870)		(35,153)	
Shareholders' equity					191,206		166,582	
Net asset value per share					HK$94.11		HK$81.99	

Notes:

(1) Exceptional items represent attributable mark-to-market changes on certain financial instruments, negative goodwill arising on the acquisition of Hotel Properties Limited in 2014 and impairment provision for properties in 2014 and 2013.

(2) Corporate items represent the net debt of the Company and other subsidiaries.

BUSINESS REVIEW

Development Properties ("DP")

Property Sales

Contracted property sales totalled HK$18.8 billion. Residential and commercial sales accounted for 70% and 30% respectively of the total sales figure. Since 2012, a steady diversification of property sales between residential and commercial projects has been maintained. Net order book at year end was HK$15.0 billion, of which over 90% will be recognised in the next 18 months.

Residential Sales

Residential contracted sales contributed HK$13.1 billion, with attributable 954 units sold. Grand Austin presold 100% of its 691 units, The Parkside presold 94% of its 591 units, while Kensington Hill presold 78% of its 60 launched units. These strong sell-through rates ably support Wheelock Properties Limited's ("WPL") strategy of focusing on quality products catering to market needs.

Grand Austin

9 Austin Road West,
South West Kowloon

Grand Austin

9 Austin Road West,
South West Kowloon

The Parkside

18 Tong Chun Street,
Tseung Kwan O
O'South Lot 119

Commercial Sales

Commercial contracted sales contributed HK$5.7 billion. In June 2014, the East Tower of One Bay East was presold enbloc to Citigroup for HK$5.4 billion. Together with the presale of West Tower to Manulife in 2013, the One Bay East project has generated HK$10 billion in sales, a record high for Hong Kong's office project transactions. It also represents Citigroup's largest acquisition in Hong Kong and Manulife's largest acquisition globally. These two financial institutions will position their regional operational bases here.

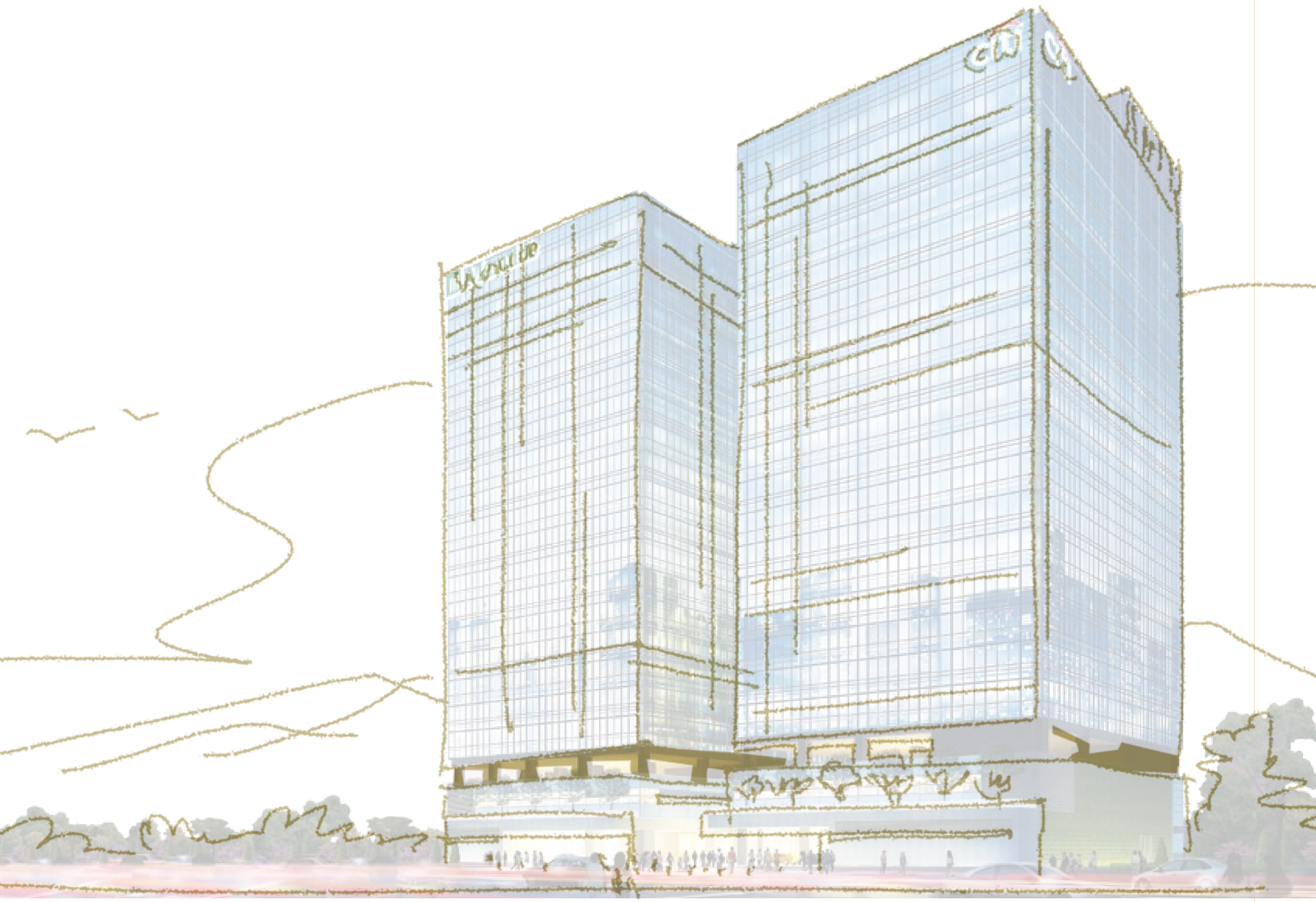
Land Bank

Between 2010 and 2014, the Hong Kong DP land bank under management increased from 4.6 million square feet to 7.8 million square feet. In 2014, a total of 1.5 million square feet was added through the acquisitions at Kai Tak and LOHAS Park.

WPL's diversified and competitive Hong Kong DP land bank is adequate to fulfil development needs over the coming years. 95% of the land bank is in urban areas, while 75% is along Victoria Harbour. The land bank has an 80/20 split between residential and commercial uses.

The O'South Portfolio (Tseung Kwan O South) comprises three waterfront residential developments, totalling 1.9 million square feet. Satisfactory response from The Parkside and other developments in O'South has proven the area's uniqueness and ability to command premium prices in Tseung Kwan O. O'South, served by the Tseung Kwan O and Tiu Keng Leng MTR Stations, has two million square feet of green area, over 10 kilometres of waterfront promenade and two million square feet of retail facilities. O'South residents can enjoy a green and convenient lifestyle.

The Kowloon East Waterfront Portfolio comprises clusters in Bay East CBD 2 and Yau Tong, totalling 2.7 million square feet, located along the Victoria Harbour. One Bay East was topped out by the global CEOs of Citigroup and Manulife in September 2014, and completion is scheduled for 2015. Wharf T&T Square redevelopment is now underway. Concurrently, as part of the ongoing revitalisation of Kowloon East, Peninsula East in Yau Tong is planned for presale in 2015 while Kai Tak residential development is also underway.



One Bay East

83 Hoi Bun Road,
Kwun Tong, Kowloon

One Bay East

83 Hoi Bun Road,
Kwun Tong, Kowloon

The Kowloon South Portfolio comprises a Grade A office development on the Hung Hom harbourfront, One HarbourGate, and residential developments in Ho Man Tin. These developments are located in the heart of Kowloon with convenient connections to the existing and future MTR network. One HarbourGate is planned for presale in 2015.

The Peak Portfolio comprises four developments, totalling 0.5 million square feet, at Hong Kong's most sought-after residential location. Mount Nicholson, a joint development with Nan Fung, is planned for sale in 2015. Redevelopment of three existing properties (No. 1 and 11 Plantation Road and 77 Peak Road) is also in progress.

Investment Properties ("IP")

Wheelock House is the Group's head office and the only IP held under Wheelock. It is located in the heart of Central's core commercial district, atop the Central MTR Station. Office occupancy as at 31 December 2014 was maintained at 99%. Crawford House was sold to Wharf in August 2014 at an underlying valuation of HK$5.8 billion. This will facilitate Wheelock to focus on Hong Kong DP.

Corporate Social Responsibility

Business-in-community is a critical aspect of CSR. Project WeCan has entered its second stage with a total of 44 participating schools, benefiting over 40,000 underprivileged students. Through activities such as company visits, career sharing and job tasting, this initiative helps students to expand their exposure and assist in their career planning.

The Group is committed to sustainable development. On construction sites, a total of seven property developments have been rated Provisional BEAM Plus Gold so far. This reflects compliance with international standards in terms of design, construction and property management, with an aim to minimise construction waste, pollution and energy inefficiency. In the office environment, WPL achieved a 22.8% reduction in carbon emissions, which exceeded our 15% reduction target three years ahead of schedule. This effort is well recognised by WWF Hong Kong's Gold Label Award for the third consecutive year. Further, the Woo Wheelock Green Fund funded 10 new environment-related research projects last year.

During the year, WPL's staff volunteers organised and participated in 55 CSR events, devoting more than 900 volunteer hours. A total of HK$4.2 million was raised for charities through various events, including the second annual Swim For a Million, co-organised with The Community Chest of Hong Kong. In art and culture, The Peak Photo Competition, Tseung Kwan O Photo Competition and The Peak Exhibition were organised to promote Hong Kong's natural beauty and to support photography talents.

WPL was granted the Social Responsibility Award of the Year by the Royal Institution of Chartered Surveyors to recognise its commitment to community service. WPL has also been awarded Caring Company by the Hong Kong Council of Social Services for the second consecutive year.

In August 2014, WPL published its third Corporate Social Responsibility Report, reporting for the first time according to Global Reporting Initiative (GRI) G4 sustainability reporting guidelines. Wheelock will be publishing its first independent Environment, Social and Governance Report in August 2015.

Wheelock and Company is the majority shareholder of The Wharf (Holdings) Limited and Wheelock Properties (Singapore) Limited. Below is a report on their operations and achievements during the 2014 financial year.

The Wharf (Holdings) Limited ("Wharf") 55.6% Equity Investment

Investment Properties ("IP")

In Hong Kong, Harbour City again outperformed the retail market in a challenging retail environment. Retail sales grew by 3.4% to set another record of HK$35 billion. Market share gained further to 7.1%, manifesting its leading position. With two million square feet of contiguous retail space and a 530-metre retail frontage along Canton Road, Harbour City is among the world's leading shopping destinations. Ocean Terminal's value-accretive renovation is progressing according to plan. Upon completion of the extension building, new culinary options with breathtaking panoramic views of the Hong Kong skyline will be offered. Office demand continued to be underpinned by business expansion and corporate upgrades.

Times Square is among the most successful vertical malls in the world and remains a must-visit shopping landmark in town. The enhanced mall has pushed the bar to new heights and caters to higher levels of service, sophistication and entertainment demands from a broader range of shoppers. Retail sales grew by 11% to set another record of HK$10.5 billion, while occupancy was maintained at virtually 100% at the year end. Its offices remained the preferred location for multinationals in the service and consumer goods industries.

Plaza Hollywood is a leading shopping mall in Kowloon East. It is not only located atop the Diamond Hill MTR Station, the future interchange hub for the new Shatin-Central link, but is also at the entrance to Tate's Cairn tunnel linking Kowloon East and New Territories to Shenzhen. This prominent location has placed Plaza Hollywood in an excellent position to attract phenomenal foot traffic and creates a good catchment area for the mall. Occupancy was 99% at the year end.

In Mainland China, the six IPs continued to deliver solid performance. Shanghai Wheelock Square remained the preferred office location for multinational firms and major corporations in Puxi, Shanghai. Office occupancy rate was 98% at the year end. Shanghai Times Square has transformed into a high-end retail destination with the largest Lane Crawford store in China. It was 99% occupied at the year end. Dalian Times Square, Chongqing Times Square and Chengdu Times Outlets continued to perform well in their markets.

International Finance Square ("IFS") is a new series of IP projects being developed in Mainland China, on a scale comparable to or surpassing that of Harbour City and Times Square in Hong Kong. These IFSs will significantly enhance the Group's recurrent income base in Mainland China and be a significant growth driver.

The Chengdu IFS retail mall was opened in early 2014. It has become a one-stop lifestyle shopping landmark in Western China, housing nearly 300 of the world's most coveted brands. The mall closed the year with solid performance, with the occupancy rate reaching 99%, and 98% of the shops already in operation. It generated retail revenue of RMB483 million, which was 21% above target. The first office tower was completed in 2014 and was 40% occupied at the year end, with another 26% under final negotiation with potential tenants. Such leasing status marked the highest penetration for office leasing in Chengdu. Niccolo by Marco Polo, an urban chic hotel featuring 228 rooms and suites, is scheduled for opening in mid-2015.

Chongqing IFS features an iconic 300-metre landmark tower and four other towers above a

Wheelock Square

Nanjing Xi Road, Shanghai

102,000 square-metre retail podium. Over 80% of office towers 2 and 3 were sold as at the year end. Over 50% of retail space was under offer, including key anchor brands and a slew of major players across different retail categories. Development of other IFSs in Wuxi, Suzhou and Changsha are in progress.

China Development Properties ("DP")

Policy headwinds overshadowed the private housing market in China for most of 2014. Against this backdrop, Wharf achieved contracted sales of RMB21.5 billion, or 94% of target. A total of 50 development projects spanning 14 cities were offered for sale or pre-sale.

Inclusive of China IP, the current landbank was maintained at 10.2 million square metres.

Wharf also holds about 24.3% of the equity interest in Greentown China Holdings Limited, a leading high-end real estate developer in China with strong brand recognition. This investment complements the Group's business strategy for China DP.

Other Investments / Businesses

Wharf Hotels currently operates 14 Marco Polo hotels in the Asia Pacific region, five of which are owned hotels. As an integral part of its expansion plan, owned hotels would increase to 11 in five years' time and Niccolo would be launched as a premium brand.

Wharf Hotels continued with plans to convert Murray Building in Central, Hong Kong into a unique luxury hotel with 340 deluxe guestrooms, for a total investment exceeding HK$7 billion. Foundation works have commenced and opening is targeted for 2017.

Modern Terminals saw lukewarm growth in global trade flows, driven by the fledging recovery of US and European economies, which in turn boosted revenue.

i-CABLE faced significant pressure on both subscription and airtime sales revenue, resulting from weaker local consumption, depressed demand, intensive competition and an increasing supply of product substitution. It has become more necessary than ever to invest prudently in programming and other initiatives to prepare for challenging times ahead.

Wharf T&T achieved another record-breaking year in its growth journey, underpinned by solid growth in its telecom business.

Wheelock Properties (Singapore) Limited ("WPSL") 75.8% Equity Investment

Restated in accordance with Hong Kong Financial Reporting Standards, WPSL's profit contribution to Wheelock for the year was HK$272 million (2013: HK$227 million).

Investment Properties

Wheelock Place delivered stable performance, with occupancy maintained at 99.6% for both office and retail as at 31 December 2014. The average monthly rent achieved was above S$13.5 per square foot. Scotts Square Retail's occupancy rate was about 88% with an average monthly rental of about S$16 per square foot as at 31 December 2014. The retail mall's re-tenanting exercise to maximise retail value is in progress.

Development Properties

The Panorama was launched for presale during the year. A total of 317 units, or 91% of the 350 units launched, were sold at an average price of S$1,267 per square foot. This development is located in Ang Mo Kio residential district and

Wheelock Place

Orchard Road, Singapore

within walking distance to the future Mayflower MRT Station. Upon completion of this Thomson MRT line, Orchard Road are only seven MRT stops away. Sales of Ardmore Three are underway and the temporary occupation permit was obtained in December 2014.

Investment in Hotel Properties Limited ("HPL")

Through a 40%-owned associated company, WPSL participated in a successful general offer, led by the Managing Director of HPL, to acquire a 56.5% ownership in HPL. WPSL's attributable interest in HPL increased from a direct holding of 20.2% to an indirect holding of 22.6%. HPL has been reclassified from an available-for-sale investment to an associated company. HPL focuses on quality hotel and property assets in Singapore and overseas.

FINANCIAL REVIEW

(I) Review of 2014 Results

Wheelock & Company (before consolidation of listed subsidiaries WPSL and Wharf)

Wheelock's own net profit increased by 45% to HK$2,272 million (2013: HK$1,572 million). Excluding the IP revaluation gain of HK$109 million (2013: HK$320 million) and the mark-to-market loss of HK$34 million (2013: HK$51 million) on swaps, underlying profit increased by 69% to HK$2,197 million (2013: HK$1,303 million). This was mainly attributable to the profit contribution from the Austin joint venture on completion of The Austin (Phase I) and Grand Austin (Phase II).

Wheelock Group

The Group continued to deliver solid financial results in 2014 with its underlying profit increasing by 4% to HK$8,103 million (2013: HK$7,822 million). This was mainly attributable to continuous rental revenue growth, which was partly offset by lower DP profit, decrease in profit contribution from associates and lower investment disposal profit as compared to 2013.

Group profit attributable to equity shareholders increased by 30% to HK$22,009 million (2013: HK$16,954 million), due to a higher IP revaluation gain.

Revenue and Operating Profit

Group revenue increased by 17% to HK$40,953 million (2013: HK$35,071 million), mainly attributable to higher property sales recognised in the Mainland and increase in rental revenue. Operating profit increased by 5% to HK$15,729 million (2013: HK$14,938 million) as impacted by lower operating profit from China DP.

Investment Property

Revenue and operating profit increased by 19% and 16% to HK$14,198 million (2013: HK$11,949 million) and HK$11,503 million (2013: HK$9,891 million) respectively, attributable to firm retail base rent achieved from previous lease commitments and stable positive rental reversions for offices. Revenue from the Mainland increased by 57% to HK$1,984 million (2013: HK$1,261 million) due to the renovated mall at Shanghai Times Square and the newly-opened Chengdu IFS.

Development Property

Revenue increased by 28% to HK$17,198 million (2013: HK$13,430 million) but operating profit decreased by 29% to HK$2,367 million (2013: HK$3,341 million).

In Hong Kong, recognised property sales decreased by 15% to HK$1,669 million (2013: HK$1,972 million) with lower recognition from Lexington Hill as compared to Kadoorie Hill in 2013. Operating profit decreased by 9% to HK$718 million (2013: HK$790 million) with higher margin for Lexington Hill. Lexington Hill was completed with all residential units sold, enabling the recognition of revenue of HK$1,381 million and operating profit of HK$657 million.

In the Mainland, recognised property sales increased by 35% to HK$15,426 million (2013: HK$11,442 million). However, operating profit decreased by 35% to HK$1,669 million (2013: HK$2,565 million) with tighter margins.

Hotels

Revenue increased by 5% to HK$1,600 million (2013: HK$1,526 million), due to the Gateway Hotel after its renovation in 2013. However, operating profit decreased by 4% to HK$387 million (2013: HK$404 million), partly due to operating losses from Marco Polo Changzhou since its soft opening in August 2014.

Logistics

Revenue and operating profit increased by 3% and 8% to HK$3,319 million (2013: HK$3,226 million) and HK$1,051 million (2013: HK$974 million) respectively, mainly due to the increase in throughput handled by Modern Terminals.

Communications, Media and Entertainment ("CME")

Revenue decreased by 5% to HK$3,616 million (2013: HK$3,789 million) but operating profit stabilised at HK$211 million (2013: HK$212 million). Wharf T&T's operating profit increased by 17% to HK$352 million (2013: HK$300 million), while i-CABLE's operating loss widened to HK$140 million (2013: HK$88 million).

Investment and Others

Operating profit amounted to HK$1,039 million (2013: HK$1,150 million), comprising largely dividend and interest income.

Fair Value Gain of IP

The book value of the Group's IP portfolio as at 31 December 2014 increased to HK$316.9 billion (2013: HK$282.0 billion), with HK$298.4 billion thereof stated at fair value based on independent valuation as at that date. That resulted in a revaluation gain of HK$28,087 million (2013: HK$19,089 million), mainly reflecting the continuous rental growth of the IP portfolio, which was credited to the consolidated income statement.

IP under development of HK$18.5 billion is carried at cost and will not be carried at fair value until the earlier of when the fair values first become reliably measurable or the dates of their respective completion.

Other Net (Charge)/Income

Other net charge amounted to HK$1,758 million (2013: income of HK$337 million), comprising mainly impairment provision of HK$1,812 million made by Wharf and HK$458 million by WPSL for certain DP projects in the Mainland, and profit on disposal of a China DP project of HK$319 million. Included in the 2013 results were impairment provisions of HK$543 million made by Harbour Centre Development Limited for its Changzhou Marco Polo Hotel project and HK$681 million by WPSL for The Panorama project, and profit on disposal of available-for-sale investments of HK$1,094 million.

Finance Costs

Finance costs charged to the consolidated income statement were HK$2,195 million (2013: HK$899 million). Excluding the unrealised mark-to-market loss of HK$264 million (2013: gain of HK$1,205 million), finance costs were HK$3,776 million (2013: HK$3,586 million) before capitalisation of HK$1,845 million (2013: HK$1,482 million), and HK$1,931 million (2013: HK$2,104 million) after capitalisation. The Group's effective borrowing rate for the year remained at 3.1% (2013: 3.1%) per annum.

Share of Results of Associates and Joint Ventures

Share of profits of associates was HK$2,203 million (2013: HK$2,631 million), including the share of negative goodwill arising on the acquisition of HPL of HK$707 million (attributable to Wheelock Group is HK$536 million), which became an associate of WPSL in May 2014, as detailed in note 12d to the financial statements. Excluding the negative goodwill, the share of profits of associates decreased by 43% to HK$1,496 million, mainly due to lower profit contribution from DP projects in the Mainland.

Share of profits of joint ventures increased by 99% to HK$918 million (2013: HK$461 million), mainly due to profit contribution from the Austin joint venture, which was partly offset by lower profit contribution from DP projects in the Mainland.

Income Tax

The taxation charge was HK$4,015 million (2013: HK$4,539 million), which included deferred taxation of HK$543 million (2013: HK$1,459 million) provided for the fair value gain of IP located in the Mainland.

Excluding deferred taxation, the taxation charge increased by 13% to HK$3,472 million (2013: HK$3,080 million), mainly due to higher profit recognised by the IP segment.

Non-controlling Interests

Profit attributable to non-controlling interests increased by 13% to HK$16,960 million (2013: HK$15,064 million), which was mainly attributable to the increase in Wharf's profit.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders increased by 30% to HK$22,009 million (2013: HK$16,954 million). Earnings per share were HK$10.83 (2013: HK$8.34).

Excluding the attributable IP revaluation gain (after deducting related deferred tax and non-controlling interests) of HK$14,974 million (2013: HK$9,230 million), Group profit attributable to equity shareholders decreased by 9% to HK$7,035 million (2013: HK$7,724 million).

Further stripping out the exceptional items, underlying profit increased by 4% to HK$8,103 million (2013: HK$7,822 million). Underlying earnings per share were HK$3.99 (2013: HK$3.85).

Set out below is an analysis of the Group profit attributable to equity shareholders as contributed by each of Wheelock, WPSL and Wharf.

Profit attributable to	2014 HK$ Million	2013 HK$ Million
Wheelock	**2,197**	1,303
WPSL group	**250**	665
Wharf group	**5,656**	5,854
Underlying profit	**8,103**	7,822
Attributable negative goodwill on HPL	**536**	–
Attributable mark-to-market (loss)/gain on swaps	**(156)**	587
Attributable provision for impairment of properties	**(1,448)**	(685)
Profit before IP revaluation gain	**7,035**	7,724
IP revaluation gain (after deferred tax)	**14,974**	9,230
Profit attributable to equity shareholders	**22,009**	16,954

WPSL's profit for the year ended 31 December 2014 was S$43.1 million (2013: S$40.0 million), according to the accounting standards adopted in Singapore. In accordance with Hong Kong Financial Reporting Standards, WPSL's contributed profit to the Group was HK$272 million (2013: HK$227 million).

Wharf's profit for the year ended 31 December 2014 increased by 22% to HK$35,930 million (2013: HK$29,380 million). Excluding the net IP revaluation gain and exceptional items, Wharf's underlying profit decreased by 7% to HK$10,474 million (2013: HK$11,298 million).

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

The Group's shareholders' equity increased by 15% to HK$191.2 billion (2013: HK$166.6 billion), or HK$94.11 per share (2013: HK$81.99 per share) as at 31 December 2014.

Including the non-controlling interests, the Group's total equity increased by 9% to HK$339.9 billion (2013: HK$311.6 billion).

Total Assets

The Group's total assets increased by 6% to HK$517.6 billion (2013: HK$486.8 billion). Total business assets, i.e. excluding bank deposits and cash, certain available-for-sale investments, deferred tax assets and other derivative financial assets, increased by 9% to HK$484.7 billion (2013: HK$444.8 billion).

The Group's IP portfolio was HK$316.9 billion, representing 65% of total business assets. Harbour City (excluding the three hotels) and Times Square in Hong Kong were valued at HK$211.8 billion, representing 67% of the value of the portfolio. Wharf's IP in the Mainland amounted to HK$56.8 billion, including IP under development of HK$15.5 billion.

Other major business assets included properties under development and held for sale of HK$88.1 billion, interests in associates and joint ventures (mainly for China DP and port projects) of HK$45.6 billion and other fixed assets of HK$25.1 billion.

Geographically, the Group's business assets in the Mainland, mainly properties and terminals, amounted to HK$156.9 billion (2013: HK$158.0 billion), representing 32% (2013: 36%) of the Group's total business assets.

Debt and Gearing

The Group's net debt increased by HK$2.3 billion to HK$96.6 billion (2013: HK$94.3 billion) as at 31 December 2014, comprising debt of HK$117.9 billion less bank deposits and cash of HK$21.3 billion. Excluding WPSL's net debt of HK$1.4 billion and Wharf's net debt of HK$59.3 billion, which are non-recourse to the Company and its wholly-owned subsidiaries, Wheelock's own net debt was HK$35.9 billion (2013: HK$35.1 billion). An analysis of the net debt by group is shown below:

Net debt	**2014 HK$ Million**	2013 HK$ Million
Wheelock	**35,870**	35,153
WPSL group	**1,470**	1,070
Wharf group	**59,259**	58,072
Group	**96,599**	94,295

As at 31 December 2014, the ratio of net debt to total equity (on a consolidated basis) reduced to 28.4% (2013: 30.3%). Excluding the net debt of WPSL and Wharf, Wheelock's own net debt to shareholders' equity (on an attributable net asset value basis) reduced to 18.8% (2013: 21.1%).

Finance and Availability of Facilities

As at 31 December 2014, the Group's available loan facilities and issued debt securities amounted to HK$160.2 billion (2013: HK$157.4 billion), of which HK$117.9 billion were drawn. An analysis is shown below:

	Available Facilities HK$ Billion	**Total Debt HK$ Billion**	**Undrawn Facilities HK$ Billion**
Wheelock	54.7	36.0	18.7
WPSL group	6.3	3.9	2.4
Wharf group	99.2	78.0	21.2
Group	160.2	117.9	42.3

Of the above debt, HK$19.2 billion (2013: HK$24.3 billion) was secured by mortgages over certain DP, IP and fixed assets with a total carrying value of HK$65.3 billion (2013: HK$57.9 billion).

The Group's debt was primarily denominated in United States dollars ("USD"), Hong Kong dollars ("HKD"), Renminbi ("RMB") and Singapore dollars ("SGD"). The borrowings were mainly used to fund the Group's IP, DP and port investments in the Mainland, and DP projects in Singapore and Hong Kong.

The use of derivative financial instruments is strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were 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, USD and SGD, and undrawn committed facilities to facilitate the Group's expanding business and investment activities. The Group also maintained a portfolio of available-for-sale investments, primarily in blue-chip securities, with an aggregate market value of HK$11.4 billion (2013: HK$13.2 billion) as at 31 December 2014, 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's operating cash inflow before changes in working capital was HK$16.3 billion (2013: HK$15.3 billion). The changes in working capital and others of HK$2.4 billion (2013: HK$15.5 billion) reduced the net cash inflow from operating activities to HK$13.9 billion (2013: outflow of HK$0.2 billion). For investing activities, the Group recorded a net cash outflow of HK$11.1 billion (2013: HK$15.2 billion), mainly for construction cost for various IP projects both in Hong Kong and the Mainland, and increase in interest in Wharf which was partly offset by the redemption proceeds of the convertible securities issued by Greentown to Wharf of HK$2.7 billion (2013: HK$Nil).

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/ Singapore HK$ Million	Mainland China HK$ Million	Total HK$ Million
Wheelock			
IP	467	–	467
DP	7,646	–	7,646
	8,113	–	8,113
WPSL group			
IP	15	–	15
DP	20	139	159
	35	139	174
Wharf group			
IP	970	6,560	7,530
DP	317	16,109	16,426
Hotels/Others	1,169	530	1,699
	2,456	23,199	25,655
Analysis by segment:			
IP	1,452	6,560	8,012
DP	7,983	16,248	24,231
Hotels/Others	1,169	530	1,699
Group total	10,604	23,338	33,942

i. Wheelock's own expenditure for IP and DP amounted to HK$8.1 billion, mainly attributable to land cost payments for the Kai Tak and LOHAS Park Phase 5 projects, and construction cost payments for its Hong Kong DP projects.

ii. WPSL's expenditure of HK$0.2 billion was mainly for construction cost payments for its China and Singapore DP projects.

iii. Wharf's expenditure totalled HK$25.6 billion, comprising expenditure of HK$7.5 billion for IP (mainly renovation of Harbour City and construction of the IFS projects), HK$16.4 billion for DP (mainly related to China projects) and HK$1.7 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE. Wharf's expenditure has excluded the intra-group acquisition of Crawford House from Wheelock during the year.

B. Commitments to Capital and Development Expenditure

As at 31 December 2014, the Group's major commitments to capital and development expenditure to be incurred in the forthcoming years were estimated at HK$83.5 billion, of which HK$27.7 billion was authorised and contracted for. By segment, the commitments are analysed below:

	As at 31 December 2014		
	Authorised and contracted for HK$ Million	Authorised but not contracted for HK$ Million	Total HK$ Million
Wheelock			
IP	130	–	130
DP	4,200	15,159	19,359
	4,330	15,159	19,489
WPSL group			
IP	6	–	6
DP	1,302	2,104	3,406
	1,308	2,104	3,412
Wharf group			
IP	7,819	10,920	18,739
DP	13,643	25,325	38,968
Hotels/Others	561	2,375	2,936
	22,023	38,620	60,643
Analysis by segment:			
IP	7,955	10,920	18,875
DP	19,145	42,588	61,733
Hotels/Others	561	2,375	2,936
Group total	27,661	55,883	83,544
Analysis by geographical location:			
Hong Kong	7,051	16,170	23,221
Mainland China	18,921	37,113	56,034
Singapore	1,128	225	1,353
Properties total	27,100	53,508	80,608
Hotels/Others	561	2,375	2,936
Group total	27,661	55,883	83,544

i. Wheelock's own commitments of HK$19.5 billion are mainly related to construction costs for DP in Hong Kong.

ii. WPSL's commitments of HK$3.4 billion are mainly related to construction costs of HK$1.4 billion for DP in Singapore and HK$2.0 billion for DP in the Mainland.

iii. Wharf's commitments of HK$60.6 billion mainly comprised expenditure of HK$18.7 billion for IP, HK$39.0 billion land and construction costs for DP and HK$2.9 billion for Hotels, Modern Terminals, Wharf T&T and i-CABLE.

iv. The above commitments and planned expenditure will be funded by the respective group's own internal financial resources including surplus cash, cash flow from operations as well as bank and other financing with construction costs self-financed mainly by pre-sale proceeds and project loans. Other available resources include financial investments.

(III) Human Resources

The Group had approximately 16,600 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

Wheelock is a property company with focus on Hong Kong, China and Singapore. The Group's prized portfolio of investment properties has a book value of over HK$316 billion. Excluding Greentown, its attributable land bank is 93 million square feet for development and 41 million square feet for investment.

The solid cash flow and asset backing from listed subsidiaries Wharf and WPSL provide the financial capacity for wholly-owned subsidiary WPL to focus on the core business of development properties in Hong Kong. The Hong Kong land bank currently under management amounts to 7.8 million square feet. It includes one of the largest collections of top end Peak residential properties, new low-density harbourfront O'South residential development, a significant share of both commercial and residential projects in Kowloon East, and urban portfolio in Kowloon South.

In 2014, contracted Hong Kong sales totalled HK$18.8 billion for 1.2 million square feet of saleable area. In 2015, the Group will maintain the momentum with five projects planned to launch, which include four residential developments and one commercial development.

Wharf is Wheelock's core investment in the form of a listed company which focuses on prime investment properties in Hong Kong and the Mainland and owns one of the world's most prized portfolios, with a book value of HK$302 billion as at the end of 2014. It includes Harbour City and Times Square, which house the two most successful shopping malls in Hong Kong. Wharf is also one of the most active Hong Kong developers in the Mainland. Excluding Greentown, its attributable land bank in the Mainland comprises 10.2 million square metres across 15 cities. 2014 contracted sales totalled RMB21.5 billion for 1.5 million square metres.

Development in Singapore is spearheaded by WPSL. The current development land bank in Singapore is 0.8 million square feet. It also operates two prime commercial properties on Orchard Road, the retail heart of the city.

(V) Business Strategy

For the Group's core business, Wheelock endeavours to continuously enhance its competitiveness and drive sustainable growth through:

1. Building and maintaining a diversified and competitive land bank with timely acquisitions and constant turning of assets;

2. Competence in selection and acquisition, planning and design, execution, sales and marketing;

3. Building organisation and focusing professional team efforts in building brand; and

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

CORPORATE GOVERNANCE REPORT

(A) Corporate Governance Practices

During the financial year ended 31 December 2014, all the code provisions set out in the Corporate Governance Code (the "CG Code") 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") were met by the Company, with the exception of two deviations, namely, (i) Code Provision A.2.1 (the "First Deviation") providing for the roles of the chairman and chief executive to be performed by different individuals; and (ii) Code Provision F.1.3 (the "Second Deviation") providing for the company secretary to report to the board chairman or the chief executive.

The reason for the First Deviation from the relevant Code Provision is stated under section (D) below. Regarding the Second Deviation, 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.

(B) Directors' Securities Transactions

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 of the Company, 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.

(C) Board of Directors

(I) Composition of the Board, Number of Board/General Meetings and Directors' Attendance

The Company's Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, and a balanced composition of executive and non-executive directors. Four Board meetings and one general meeting were held during the financial year ended 31 December 2014. The composition of the Board and attendance of the Directors are set out below:

	Attendance/Number of Meeting(s)	
Directors	**Board Meetings**	**General Meeting**
Douglas C K Woo *(Chairman & Managing Director)*	4/4	1/1
Peter K C Woo *(Senior Director)*	4/4	0/1
Stephen T H Ng *(Deputy Chairman)*	4/4	1/1
Stewart C K Leung *(Vice Chairman)*	4/4	1/1
Paul Y C Tsui *(Executive Director & Group Chief Financial Officer)*	4/4	1/1
Ricky K Y Wong	4/4	1/1
Non-executive Director		
Mignonne Cheng (Mrs)	3/4	1/1
Independent Non-executive Directors		
Tak Hay Chau	3/4	1/1
Winston K W Leong	4/4	1/1
Alan H Smith	4/4	0/1
Richard Y S Tang	4/4	1/1
Kenneth W S Ting	3/4	1/1
Nancy S L Tse	4/4	1/1
Glenn S Yee	4/4	1/1

Each Director of the Company has been appointed on the strength of his/her calibre, experience and stature, and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

During the year ended 31 December 2014, the Chairman of the Company held a meeting with the Non-executive Directors (including Independent Non-executive Director ("INED(s)") without the presence of the executive Directors.

The Chairman of the Company, namely, Mr Douglas C K Woo, is the son of Mr Peter K C Woo who is the Senior Director of the Company.

(II) Operation of the Board

The Company is headed by an effective Board which makes decisions objectively in the interests 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. 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.

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.

(III) Directors' Continuous Professional Development

The Company has arranged for Directors to attend training sessions which place emphasis on the roles, functions and duties of a listed company director. In addition to the training arranged by the Company, some of the Directors also received training organised by other companies and provided records thereof to the Company.

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

Directors	**Type of training** *(See Remarks)*
Douglas C K Woo	A, C
Peter K C Woo	C
Stephen T H Ng	A, C
Stewart C K Leung	A, C
Paul Y C Tsui	A, C
Ricky K Y Wong	A, C
Mignonne Cheng (Mrs)	A, C
Tak Hay Chau	A, C
Winston K W Leong	A, C
Alan H Smith	A, C
Richard Y S Tang	A, C
Kenneth W S Ting	A, C
Nancy S L Tse	A, B, C
Glenn S Yee	A, C

Remarks:
A: attending seminars and/or conferences and/or forums
B: giving talks at seminars and/or conferences and/or forums
C: reading journals, updates, articles and/or materials, etc.

(D) Chairman and Chief Executive

Mr Douglas C K Woo serves as the Chairman and also as the *de facto* chief executive of the Company. This is a deviation from Code Provision A.2.1 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 half of them being INEDs.

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.

(E) Non-Executive Directors

All those existing Directors of the Company who do not hold any executive office of the Company (including INEDs) 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 (i) a separate resolution to be approved by Shareholders at the relevant Annual General Meeting; and (ii) 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.

(F) Board Committees

(I) Audit Committee

The Company has set up an Audit Committee ("AC") with all its members appointed from the Company's INEDs.

All AC members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Group whenever required. In addition, Mr Alan H Smith and Ms Nancy S L Tse have the appropriate professional qualifications and/or experience in financial matters.

Four AC meetings were held during the financial year ended 31 December 2014. Attendance of the AC members is set out below:

Members	**Attendance/Number of Meetings**
Alan H Smith *(Chairman of AC from 10 June 2014 onwards)*	4/4
Kenneth W S Ting *(former Chairman of AC until 10 June 2014)*	3/4
Nancy S L Tse *(Member of AC from 10 June 2014 onwards)*	2/2
Glenn S Yee	4/4

(i) The terms of reference of the AC are aligned with the provisions set out in the CG 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 the AC:

(A) Relationship with the Company's Auditors

(a) to be primarily responsible for making recommendation 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 Committee should discuss with the auditors 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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

(B) Review of Financial Information of the Company

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

(i) any changes in accounting policies and practices;

(ii) major judgmental 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 (B)(a) above: –

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

(ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, 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.

(C) 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 Committee 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.

(D) 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.

(ii) Whistleblowing Policy & Procedures ("WPP") have been adopted by the Group, with the authority and responsibility being delegated to the AC. Such WPP are for employees and those who deal with the Group (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 Deputy Chairman and Group Chief Financial Officer or the AC of the Company about possible improprieties in any matter related to the Group.

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

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

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

(c) review of the half-year and annual financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (i)(B) above regarding the duties of the AC;

(d) discussion with the external auditors before the audit commences, the nature and scope of the audit;

(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; and

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

(II) Remuneration Committee

The Company has set up a Remuneration Committee ("RC") consisting of the Chairman and two INEDs of the Company.

Three RC meetings were held during the financial year ended 31 December 2014. Attendance of the RC members is set out below:

Members	**Attendance/Number of Meeting**
Kenneth W S Ting *(Chairman of RC)*	3/3
Alan H Smith	3/3
Douglas C K Woo	3/3

(i) The terms of reference of the RC are aligned with the provisions set out in the CG 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 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.

(ii) 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 AC members.

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$150,000 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 AC of the Company, currently at the rate of HK$50,000 per annum (proposed to be increased to HK$75,000 per annum also 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.

(III) Nomination Committee

The Company has set up a Nomination Committee ("NC") comprising three members, namely, Chairman of the Company (as chairman of NC) and two INEDs of the Company, namely, Mr Kenneth W S Ting and Mr Alan H Smith.

During the financial year ended 31 December 2014, no NC meeting was held.

(i) The terms of reference of the NC are aligned with the provisions set out in the CG Code. 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.

(ii) The Board has adopted a Board Diversity Policy. 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 in achieving a diversity of perspectives and supporting the attainment of its strategic goals. Appointments of Directors are made on merits having due regard for the benefits of diversity on the Board.

At present, 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 engineering, finance and banking, investment banking, legal, manufacturing and entrepreneurship. They also hold or have held important public service positions in Hong Kong and Mainland China, covering business, industry and commerce, health and welfare, educations, regulations 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.

(IV) Corporate Governance Functions

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 include various duties relating to corporate governance matters which are set out in paragraph "(D) Oversight of the Company's Corporate Governance Matters" on page 28.

(G) Auditors' Remuneration

The fees in relation to the audit and other services for the financial year ended 31 December 2014 provided by KPMG, the external auditors of the Company, amounted to HK$30 million and HK$4 million respectively.

(H) Internal Control

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 function, 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 a 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, qualifications, experience and training of staff of the Group'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.

(I) Directors' Responsibilities for the Financial Statements

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) prudent and reasonable judgements and estimates are made; and

(iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

(J) Communication with Shareholders

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 to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

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. Such reports and press releases are posted and are available for download at the Company's corporate website (www.wheelockcompany.com). Constantly being updated in a timely manner, the website 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.

The Company encourages its Shareholders to attend Annual General Meetings to ensure a high level of accountability and for Shareholders to stay informed of the Group's strategy and goals.

The Board and external auditors attend the Annual General Meetings to answer Shareholders' questions.

(K) Shareholders' Rights

(I) Convene a 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 a general meeting (other than an annual general meeting).

(II) Send Enquiries to the Board

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

(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 pursuant to Sections 566 and 615 of the CO as set out in sections K(I) and K(III) above must be sent to the Company and deposited at the Company's registered office at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong.

(L) Amendments to Constitutional Documents

During the financial year ended 31 December 2014, the Company adopted a revised set of articles of association (the "New Articles") for the purpose of, *inter alia*, keeping in line with the CO. The adoption of the New Articles was approved by the Shareholders of the Company at the Annual General Meeting held on 10 June 2014. The New Articles are available at the Company's corporate website (www.wheelockcompany.com) for viewing and downloading.

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 114 to 117.

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 49 and 50 respectively.

Appropriations of profits and movements in reserves of the Group and of the Company during the financial year are set out in the Consolidated Statement of Changes in Equity on page 53 and Note 27 to the Financial Statements on pages 94 and 95 respectively.

Dividends

A first interim dividend of 38.5 cents per share was paid in September 2014. In lieu of a final dividend, a second interim dividend of 68.25 cents per share will be paid on 19 May 2015 to Shareholders on record as at 13 May 2015. Total distributions for the year 2014 will amount to HK$1.0675 (2013: HK$1.00) per share.

Fixed Assets

Movements in fixed assets during the financial year are set out in Notes 9 and 10 to the Financial Statements on pages 66 and 70 respectively.

Donations

The Group made donations during the financial year totalling HK$40 million.

Directors

The Directors of the Company during the financial year were Mr Douglas C K Woo, Mr Peter K C Woo, Mr Stephen T H Ng, Mr Stewart C K Leung, Mr Paul Y C Tsui, Mr Tak Hay Chau, Mrs Mignonne Cheng, Mr Winston K W Leong, Mr Alan H Smith, Mr Richard Y S Tang, Mr Kenneth W S Ting, Ms Nancy S L Tse, Mr Ricky K Y Wong and Mr Glenn S Yee.

Messrs Peter K C Woo, Stewart C K Leung, Paul Y C Tsui, Tak Hay Chau and Richard Y S Tang are due to retire by rotation from the Board at the forthcoming Annual General Meeting in accordance with Article 106A of the Company's Articles of Association. Mr Peter K C Woo has decided not to stand for re-election. The other 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 or any of its subsidiaries 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 or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of the Company and of a subsidiary of the Company, namely, The Wharf (Holdings) Limited ("Wharf"), granted under the Company's share option scheme and Wharf'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 regulatory provisions applicable from time to time), shares of the Company or Wharf would be issued at such prices as being not less than the highest of (i) the indicative price as specified in the written offer; (ii) the closing price on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant of the options; and (iii) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the boards of directors of the Company or Wharf.

During the financial year, no share of the Company or Wharf was allotted and issued to any Director of the Company under the abovementioned share option schemes.

Purchase, Sale or Redemption of Shares

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

Auditors

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

By Order of the Board
Wilson W S Chan
Secretary

Hong Kong, 17 March 2015

Supplementary Corporate Information

(A) Biographical Details of Directors and Senior Managers etc.

(I) Directors

Douglas C K WOO, *Chairman & Managing Director (Age: 36)*
Mr Woo has been a Director and the Managing Director of the Company since July 2013. He became Chairman in January 2014. He also serves as a member and chairman of the Company's Nomination Committee as well as a member of the Company's Remuneration Committee. He is vice chairman and managing director of Wheelock Properties Limited ("WPL"), the Group's Hong Kong property development arm and also a director of certain other subsidiaries of the Company. He currently serves as a member of the Twelfth Beijing Municipal Committee of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China ("PRC"), a director of The Real Estate Developers Association of Hong Kong ("REDA") and a member of The Hong Kong General Chamber of Commerce ("HKGCC") Economic Policy Committee.

Mr Woo studied at Winchester College in the UK and graduated from Princeton University in the US with a degree in Architecture. He earned a Master of Business Administration degree (EMBA Program) awarded jointly by The HKUST Business School and The Kellogg School of Management of Northwestern University in 2010. Prior to joining the Group in 2005, Mr Woo worked at UBS Real Estate Corporate Finance and UBS Triton Fund and focused primarily in asset acquisitions and asset management. He also worked at Hamptons International. Mr Woo is the son of Mr Peter K C Woo, Senior Director of the Company.

Under the existing service contract between the Group and Mr Woo, his basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK$5.69 million (2014: HK$5.45 million) per annum.

Hon Peter K C WOO, *GBM, GBS, JP, Senior Director (Age: 68)*
Mr Woo served as the Chairman of the Company from 1986 to 1996 and also from 2002 to 2013. He stepped down as the Chairman (upon his son Mr Douglas Woo succeeding him as the new Chairman) in January 2014 and has since then assumed the title of Senior Director of the Company. He is currently the chairman of the major publicly listed subsidiary of the Company, namely, Wharf 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 CPPCC of the PRC. 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 Government of Hong Kong Special Administrative Region ("HKSAR") 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, USA 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 2015, calculated on an annualised basis, would be approximately HK$17.78 million (2014: HK$16.94 million) per annum.

Stephen T H NG, *Deputy Chairman (Age: 62)*
Mr Ng has been a Director of the Company since 1988 and became Deputy Chairman in 1995. He is also deputy chairman and managing director of Wharf. Among various other subsidiaries of the Company of which he serves as a director, he is chairman of three publicly listed subsidiaries of the Company, namely, Harbour Centre Development Limited ("HCDL"), i-CABLE Communications Limited ("i-CABLE") and Wheelock Properties (Singapore) Limited ("WPSL"). Furthermore, he is chairman of publicly listed Joyce Boutique Holdings Limited ("Joyce"), and a non-executive director of Hotel Properties Limited (a publicly listed associate of the Company); he also formerly served as a non-executive director of Greentown China Holdings Limited ("Greentown") (also a publicly listed associate of the Company) 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, USA and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He is the deputy chairman of HKGCC and a council member of the Employers' Federation of Hong Kong ("EFHK"). 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$6.34 million) per annum.

Stewart C K LEUNG, *Vice Chairman (Age: 76)*
Mr Leung has been Vice Chairman of the Company since February 2012. He is currently the chairman of WPL and Wheelock Properties (Hong Kong) Limited ("WPHK"), both being wholly-owned subsidiaries of the Company. Mr Leung has extensive experience in property development, construction, management and related businesses in Hong Kong. He was formerly a director of two publicly listed companies, namely, New World Development Company Limited and New World China Land Limited. He is currently the chairman of the Executive Committee of REDA. Under the existing service contract between the Group and Mr Leung, his basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK$5.46 million (2014: HK$5.46 million) per annum.

Paul Y C TSUI, *Executive Director & Group Chief Financial Officer (Age: 68)*
Mr Tsui, *FCCA, FCPA, FCMA, CGMA, FCIS, CGA-Canada*, has been a Director of the Company since 1998. He became Executive Director of the Company in 2003 and is currently also the Group Chief Financial Officer. He is also an executive director and the group chief financial officer of Wharf and a director of HCDL, i-CABLE and WPSL, as well as a vice chairman of WPL and a director of certain other subsidiaries of the Company. Mr Tsui is also a director of Joyce and a non-executive director of Greentown. Under the existing service contract between the Group and Mr Tsui, his basic salary and various allowances for the year 2015, calculated on annualised basis, would be approximately HK$4.52 million (2014: HK$4.22 million) per annum.

Tak Hay CHAU, *GBS, Director (Age: 72)*
Mr Chau has been an Independent Non-executive Director ("INED") of the Company since October 2012. He graduated from The University of Hong Kong ("HKU") in 1967. Mr Chau served in a number of principal official positions in the Hong Kong Government between 1988 and 2002, including Secretary for Commerce and Industry, Secretary for Broadcasting, Culture and Sport, and Secretary for Health and Welfare. Mr Chau was awarded the Gold Bauhinia Star by the Government of HKSAR in 2002. He is an INED of two companies publicly listed in Hong Kong, namely, SJM Holdings Limited and Tradelink Electronic Commerce Limited.

Mignonne CHENG, *Director (Age: 68)*
Mrs Cheng has been a Non-executive Director of the Company since July 2012. Mrs Cheng, a seasoned banker, has amassed over 35 years of experience in the financial sector with over 25 years in senior management positions in corporate and commercial banking as well as investment banking. She joined BNP Paribas in 1990 and has held various senior positions in BNP Paribas group in the past 24 years. Mrs Cheng is currently the chairman and chief executive officer of BNP Paribas Wealth Management for Asia Pacific and a member of the executive committee of BNP Paribas Wealth Management, since the appointment in 2010.

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

In October 2006, Mrs Cheng was granted the "Top 100 Outstanding Women in Greater China Award" by The Chinese Women Entrepreneurs Association. In October 2007, Mrs Cheng was decorated "Chevalier de l'Ordre National du Mérite", a French national award, and subsequently "Chevalier de l'Ordre de la Légion d'Honneur" in May 2012. In August 2011, Mrs Cheng was honoured as Top 20 Women in Finance by FinanceAsia.

Winston K W LEONG, *Director (Age: 55)*
Mr Leong has been an INED of the Company since October 2013. He holds a Bachelor of Arts degree in economics and law from the University of Cambridge and a Bachelor of Laws degree from the University of British Columbia. He qualified to practise law in England & Wales, New York State and the Province of British Columbia, Canada, before working in investment banking and then management of private equity funds for investment in the Asia Pacific region. During the course of his career, he has worked in London, Vancouver, New York as well as Hong Kong. Mr Leong is currently a director of various private business enterprises.

Alan H SMITH, *JP, Director (Age: 71)*
Mr Smith has been an INED of the Company since July 2012. He also serves as a member and chairman of the Company's Audit Committee, and a member of the Company's Nomination Committee and Remuneration Committee. He was the vice chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was chief executive of the Jardine Fleming group from 1983 to 1994 and was chairman of the Jardine Fleming group from 1994 to 1996. Mr Smith has over 27 years of investment banking experience in Asia. He was elected a council member of the Stock Exchange on two occasions. He was a member of the Economic Advisory Committee of the Government of HKSAR, and had for 10 years been a member of the Hong Kong Government's Standing Committee on Company Law Reform. He was a trustee of the Hospital Authority Provident Fund Scheme from 2002 to 2014.

Mr Smith graduated with an LLB (Honours) degree from Bristol University, England in 1964, and was admitted as a solicitor in England in 1967 and in Hong Kong in 1970. Mr Smith is also a director of Genting Hong Kong Limited and Guangdong Land Holdings Limited, which are listed on the Stock Exchange; and Noble Group Limited, which is listed on the Singapore Exchange Securities Trading Limited. He is also a director of American Indochina Resorts Limited, a private company incorporated in the British Virgin Islands which owns Nam Hai Resort in Danang, Vietnam.

During the last three years, Mr Smith was a director of Crown International Corporation Limited (formerly known as VXL Capital Limited), which is listed on the Stock Exchange, until he resigned from the office with effect from 27 May 2014, and was a director of Global Investment House (K.S.C.C.), which is listed on the Kuwait, Bahrain and London Stock Exchanges as well as the Dubai Financial Market, during the period from September 2007 to 30 September 2012. Mr Smith also acts as a director of IP All Seasons Asian Credit Fund, which had been listed on the Irish Stock Exchange but was voluntarily delisted in July 2012.

Richard Y S TANG, *BBS, JP, Director (Age: 62)*
Mr Tang, *BSc, MBA*, has been an INED of the Company since October 2012. He is an MBA graduate from the University of Santa Clara, California, USA and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, USA. Mr Tang is currently the chairman and managing director of Richcom Company Limited, the vice chairman of publicly listed King Fook Holdings Limited, an executive director of publicly listed Miramar Hotel and Investment Company, Limited, an INED of publicly listed Hang Seng Bank Limited, and a director of various private business enterprises. Furthermore, Mr Tang is an advisor of Tang Shiu Kin and Ho Tim Charitable Fund.

Kenneth W S TING, *SBS, JP, Director (Age: 72)*
Mr Ting has been an INED of the Company since 2003. He also serves as a member and chairman of the Company's Remuneration Committee as well as a member of the Company's Audit Committee and Nomination Committee. Mr Ting is also the chairman of publicly listed Kader Holdings Company Limited and of Kader Industrial Company Limited. He was appointed as an INED of publicly listed Cheuk Nang (Holdings) Limited in November 2012. Mr Ting currently serves as the honorary president of HK Wuxi Trade Association Limited, the Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong and the Toys Manufacturers' Association of Hong Kong Limited, and also the Honorary Life President of Hong Kong Plastics Manufacturers' Association Limited.

Mr Ting also serves as a member of a number of other trade organisations and public committees such as HKGCC. He is also a Life Honorary Court member of The Hong Kong University of Science and Technology Court. Furthermore, he is a member of the Jiangsu Provincial Committee of the CPPCC.

Nancy S L TSE, *JP, Director (Age: 62)*
Ms Tse, *FCPA (HKICPA), CPA, CA (Canada)*, has been an INED of the Company since October 2013. She also serves as a member of the Company's Audit Committee. Ms Tse is also an INED of The Link Management Limited (as manager of The Link Real Estate Investment Trust, a publicly listed company in Hong Kong). She obtained her Bachelor of Arts (Honours) degree in Mathematics and Master of Business Administration degree in Finance/Accounting from the University of California, Los Angeles, United States; and qualified as Chartered Accountant in Toronto, Canada. She was the Chief Financial Officer and Director (Finance and Information Technology Services) of the Hong Kong Hospital Authority ("HA") until her retirement at the end of August 2013. She joined the HA in 1991 when it was established. She is a Trustee of the HA Provident Fund Scheme, and also serves as a member of the Audit Committee of HKU. She is an Adjunct Professor of The Jockey Club School of Public Health and Primary Care of The Chinese University of Hong Kong and Professor of Practice (Healthcare Management) of Hong Kong Polytechnic University. She also sits on the boards and committees of a number of other charitable organisations and non-governmental organisations.

Ricky K Y WONG, *Director (Age: 50)*
Mr Wong has been a Director of the Company since 2010. He joined the Group in 1989 and is currently the managing director of WPL and WPHK, as well as a director of certain other subsidiaries of the Company. He is presently responsible for overseeing the property development and related business of the Group in Hong Kong. Mr Wong also serves as a vice chairman of the Real Estate and Infrastructure Committee of HKGCC and a member of the Legal Sub-committee of REDA. He is also a director of Hong Kong Green Building Council, general committee member of the EFHK, a member of External Affairs and Public Concerns Committee and fellow member of Royal Institution of Chartered Surveyors, and a Category B (related fields) member of Estate Agents Authority.

In February 2015, he was re-appointed as an associate member of HKSAR — Central Policy Unit, after having served as an associate member for an initial term of two years from 2013 to 2015 and as a part-time member for the years 2009 and 2010. Mr Wong has also been appointed as a co-opted member of the Hong Kong Diploma of Secondary Education Examination (HKDSE) — Applied Learning Subject Committee of the Hong Kong Examinations and Assessment Authority from April 2013 to August 2015. Mr Wong graduated from University of Wisconsin in the United States with a Master Degree in Business Administration. Under the existing service contract between the Group and Mr Wong, his basic salary and various allowances for the year 2015, calculated on an annualised basis, would be approximately HK$4.19 million (2014: HK$4.00 million) per annum.

Glenn S YEE, *Director (Age: 64)*
Mr Yee has been an INED of the Company since 2010. He also serves as a member of the Company's Audit Committee. Mr Yee is the founder, managing director and chairman of Pacific Can China Holdings Limited, which is one of the leading beverage can manufacturers in China. Mr Yee obtained a B.S. in Mechanical Engineering from Worcester Polytechinc Institute ("WPI") in Massachusetts, and an MBA degree from Columbia University in New York. He started his career in General Electric Company in New York and later on joined Continental Can Company in Stamford, Connecticut. Mr Yee held senior positions in Marketing and Finance areas and was made managing director of Continental Can Hong Kong Ltd. in 1988. He resigned in 1991 and subsequently started Pacific Can. Mr Yee is a member of the Board of Trustees at WPI.

Notes:

(1) With regard to Mr Peter K C Woo, he formerly served as the chairman and a director of WPSL from May 2006 to March 2013; he is currently also a director of certain other subsidiaries of the Company; and he is the father of Mr Douglas C K Woo, Chairman and Managing Director of the Company.

(2) The Company confirms that it has received written confirmation from each of the INEDs 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 Chairman & Managing Director, the Senior Director, the Deputy Chairman, the Vice Chairman and the Executive Director & Group Chief Financial Officer of the Company as named under (A)(I) above, who are regarded as senior management of the Group.

(B) Directors' Interests in Securities

(I) Interests in Shares & Debt Securities

At 31 December 2014, Directors of the Company had the following beneficial interests, all being long positions, in the shares and/or debt securities of the Company, of three subsidiaries of the Company, namely, Wharf, i-CABLE and Wheelock Finance Limited, and of an associate of the Company, namely, Greentown China Holdings Limited. The percentages which the relevant shares represented as compared to the total numbers of shares in issue of the relevant companies respectively are also set out below:

	Quantity (percentage, where applicable) **held**	**Nature of Interest**
The Company — Ordinary Shares		
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
Wharf — Ordinary Shares		
Stephen T H Ng	804,445 (0.0266%)	Personal Interest
Kenneth W S Ting	659,024 (0.0217%)	Personal Interest
i-CABLE — Ordinary Shares		
Stephen T H Ng	1,265,005 (0.0629%)	Personal Interest
Wheelock Finance Limited		
— HKD Guaranteed Notes due 2017		
Ricky K Y Wong	HK$5,000,000	Personal Interest
— USD Guaranteed Notes due 2018		
Ricky K Y Wong	US$1,300,000	Personal Interest
— HKD Guaranteed Notes due 2022		
Ricky K Y Wong	HK$5,000,000	Personal Interest
Greentown China Holdings Limited		
— USD Bond due 2018		
Stewart C K Leung	US$500,000	Personal Interest

Notes:

(1) The interests in shares disclosed above do not include interests in share options of the Company and/or its subsidiary(ies) held by Directors of the Company as at 31 December 2014. Details of such interests in share options are separately set out below under subsection (B)(II) "Interests in share options of the Company" and subsection (B)(III) "Interests in share options of Wharf".

(2) The 995,221,678 shares of the Company 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 Director concerned was taken to be interested as stated above were interests of corporations at respective general meetings of which the Director was 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) The shareholding interests stated above as "Personal Interest" and "Corporate Interest" against the name of Mr Peter K C Woo totalling 236,644,652 shares of the Company included those shares disclosed as the shareholding interest of Mrs Bessie P Y Woo stated under section (C) "Substantial Shareholders' Interests" below.

(5) The 995,221,678 shares of the Company as referred to under Note (2) above are entirely duplicated or included in the shareholding interest of HSBC Trustee (C.I.) Limited stated under section (C) "Substantial Shareholders' Interests" below.

(II) Interests in Share Options of the Company

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

Name of Director	Date of grant (Day/Month/Year)	No. of Wheelock's shares under option (percentage based on all issued shares) As at 1 January 2014	As at 31 December 2014	Subscription price per share (HK$)
Douglas C K Woo	14/06/2013	3,000,000	3,000,000 (0.148%)	39.98
Peter K C Woo	14/06/2013	2,000,000	2,000,000 (0.098%)	39.98
Stewart C K Leung	14/06/2013	3,000,000	3,000,000 (0.148%)	39.98
Paul Y C Tsui	14/06/2013	1,500,000	1,500,000 (0.074%)	39.98
Ricky K Y Wong	14/06/2013	3,000,000	3,000,000 (0.148%)	39.98

Notes:

(1) The share options of the Company 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 becoming exercisable from 15th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.

(2) For the purpose of disclosure of interests in share options of the Company under the Listing Rules, Mr Douglas C K Woo is regarded as an associate of Mr Peter K C Woo and vice versa.

(3) No share option of the Company held by Directors of the Company lapsed or was exercised or cancelled during the financial year and no share option of the Company was granted to any Director of the Company during the financial year.

(III) Interests in Share Options of Wharf

There was in existence during the financial year a share option scheme of Wharf (the "Wharf's Scheme"). Set out below are particulars of all interests (all being personal interests) in options held during the financial year ended 31 December 2014 by Directors of the Company to subscribe for ordinary shares of Wharf granted/exercisable under the Wharf's Scheme:

Name of Director	Total No. of Wharf's shares under option held as at 31 December 2014 (percentage based on all issued shares)	Date of grant (Day/Month/Year)	No. of Wharf's shares under option: As at 1 January 2014	No. of Wharf's shares under option: As at 31 December 2014	Subscription price per share (HK$)
Douglas C K Woo	800,000 (0.026%)	04/07/2011	800,000	800,000	55.15
Peter K C Woo	3,500,000 (0.116%)	04/07/2011	1,500,000	1,500,000	55.15
		05/06/2013	2,000,000	2,000,000	70.20
Stephen T H Ng	3,500,000 (0.116%)	04/07/2011	1,500,000	1,500,000	55.15
		05/06/2013	2,000,000	2,000,000	70.20
Paul Y C Tsui	2,200,000 (0.073%)	04/07/2011	1,200,000	1,200,000	55.15
		05/06/2013	1,000,000	1,000,000	70.20
Ricky K Y Wong	800,000 (0.026%)	04/07/2011	800,000	800,000	55.15

Notes:

(1) The Wharf's share options granted on 4 July 2011 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 Wharf's share options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wharf's shares, and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 5th of July in the years 2011, 2012, 2013, 2014 and 2015 respectively, with one exception. Such an exception is that regarding the relevant options outstanding as at 31 December 2014 held by Mr Paul Y C Tsui, the options were/will be vested in four tranches within a period of 4 years, with each tranche covering one-fourth of the relevant Wharf's share options, i.e. exercisable to the extent of one-fourth of the relevant total number of Wharf's shares, and with the 1st, 2nd, 3rd and 4th tranche becoming exercisable from the 5th of July in the years 2012, 2013, 2014 and 2015 respectively.

(2) The Wharf's share options granted on 5 June 2013 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 Wharf's share options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wharf's shares, and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 6th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.

(3) For the purpose of disclosure of interests in share options of Wharf under the Listing Rules, Mr Douglas C K Woo is regarded as an associate of Mr Peter K C Woo and vice versa.

(4) No Wharf's share option held by Directors of the Company lapsed or was exercised or cancelled during the financial year and no Wharf's share option 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 Transaction 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 as compared to the total number of shares in issue of the Company:

Names	**Number** (percentage) **of Ordinary Shares**
(i) Mrs Bessie P Y Woo (Note (2))	223,540,652 (11.002%)
(ii) HSBC Trustee (C.I.) Limited	995,221,678 (48.981%)

Notes:

(1) Duplication occurred in respect of the shareholding interests under (i) and (ii) above, as separately set out in Notes (4) and (5) under section (B)(I) "Interest in shares & debt securities" above.

(2) For the purpose of disclosure of interests in share options of the Company and Wharf under applicable laws and/or the Listing Rules, Mr Peter K C Woo and Mr Douglas C K Woo are regarded as associates of party (i) above. The interests held by these two associates of party (i) in share options of the Company (not included in the shareholding interests of party (i) stated above) and in share options of Wharf are respectively set out above in subsections (II) and (III) under section (B) "Directors' Interests in Securities".

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

(D) Share Option Schemes

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

(a) Purpose of the Company's Scheme:
To provide directors and/or employees with the opportunity of acquiring an equity interest in the Company, to continue to provide them with the motivation and incentive to give their best contribution towards the Group's continued growth and success.

(b) Eligibility:
Eligible participants include any person(s) who is/are full-time and/or part-time employee(s) and/or Director(s) of the Company, any of its subsidiary(ies), and/or any of its associate(s). "Associates" include joint venture(s) and subsidiary(ies) of associates and of joint ventures.

(c) (i) Total number of ordinary shares of the Company (the "Share(s)") available for issue under the Company's Scheme as at the date of this annual report:
190,684,928

(ii) Percentage which the 190,684,928 ordinary shares represent to the total number of Shares in issue as at the date of this annual report:
9.38%

(d) Maximum entitlement of each eligible participant under the Company's 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; and

(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.

(i) The remaining life of the Company's Scheme:
Approximately 6 years (expiring on 8 June 2021)

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

Details of outstanding share options of the Company granted to Directors of the Company during the financial year are set out under section (B)(II) "Interest in share options of the Company" above.

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

	No. of Wheelock's shares under option			
Date of grant (Date/Month/Year)	**As at 1 January 2014**	**As at 31 December 2014**	**Vesting/Exercise Period** (Day/Month/Year)	**Price per share to be paid on exercise of options** (HK$)
14/06/2013	2,500,000	2,500,000	15/06/2013 — 14/06/2018	39.98
	2,500,000	2,500,000	15/06/2014 — 14/06/2018	39.98
	2,500,000	2,500,000	15/06/2015 — 14/06/2018	39.98
	2,500,000	2,500,000	15/06/2016 — 14/06/2018	39.98
	2,500,000	2,500,000	15/06/2017 — 14/06/2018	39.98
Total:	**12,500,000**	**12,500,000**		

Note: No share option of the Company lapsed or was granted, exercised or cancelled during the financial year.

(III) Details of Outstanding Options for Shares of Wharf etc.

The terms, conditions, and relevant information of the Wharf's Scheme are, *mutatis mutandis*, identical to those of the Company's Scheme (as set out under "Section (D)(I)" above) in all material respects, except that for (i) and (ii) under "Section (D)(I)(c)" above, the relevant number/percentage for the Wharf's Scheme are 278,724,732 and 9.2% respectively.

Details of outstanding share options of Wharf granted to Directors of the Company during the financial year are set out under section (B)(II) "Interest in share options of Wharf" above.

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

	No. of Wharf's 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$)
(i) 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	55.15
	2,420,000	(100,000)	2,320,000	05/07/2013 — 04/07/2016	55.15
	2,420,000	(100,000)	2,320,000	05/07/2014 — 04/07/2016	55.15
	2,420,000	(100,000)	2,320,000	05/07/2015 — 04/07/2016	55.15
	11,220,000	(400,000)	10,820,000		
(ii) 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	70.20
	2,650,000	(150,000)	2,500,000	06/06/2015 — 05/06/2018	70.20
	2,650,000	(150,000)	2,500,000	06/06/2016 — 05/06/2018	70.20
	2,650,000	(150,000)	2,500,000	06/06/2017 — 05/06/2018	70.20
	13,250,000	(750,000)	12,500,000		
Total:	**24,470,000**	**(1,150,000)**	**23,320,000**		

Notes:

(1) The lapse of share options during the financial year covering a total of 1,150,000 Wharf's shares as stated above was in accordance with the terms of Wharf's Scheme.

(2) Except as disclosed above, no share option of Wharf lapsed or was granted, exercised or cancelled during the financial year.

(E) Retirement Benefits Schemes

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

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

(F) Major Customers & Suppliers

For the financial year ended 31 December 2014:

(a) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and

(b) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

(G) Bank Loans, Overdrafts and Other Borrowings

Particulars of any and all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 December 2014 which are repayable on demand or within a period not exceeding one year or after one year are set out in Note 23 to the Financial Statements on pages 82 to 84.

(H) Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the financial year ended 31 December 2014.

(I) Disclosure of Connected Transactions

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements made by the Company dated 30 December 2011 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 Agreement between Wharf and WGL

During the financial year under review, there existed various tenancy agreements entered into between certain subsidiaries of Wharf (which is a listed subsidiary of the Company), as landlords, and certain subsidiaries, associates and/or affiliates of Wisdom Gateway Limited ("WGL"), as tenants (the "Eligible Tenants"), for the purpose of the letting by the landlords to the Eligible Tenants certain retail/commercial premises owned by the Wharf group for operating various retail businesses, including Lane Crawford stores and City Super stores.

On 30 December 2011, Wharf entered into a master tenancy agreement (the "MTA") with WGL for a fixed term of three years commencing on 1 January 2012 and expiring on 31 December 2014. The MTA was for the purpose of, *inter alia*, regulating various continuing connected transactions in respect of the leasing of premises owned by members of the Wharf group to the Eligible Tenants during the said three-year term and providing for the aggregate annual cap amount of rentals in relation thereto.

On 26 September 2014, a supplemental agreement (the "Supplemental Agreement") which is supplemental to the MTA was entered into between Wharf 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 HK$900 million as provided in the MTA (the "Original Annual Cap")), so as to enable the Wharf group to receive from the Eligible Tenants the full amount of the aggregate rents for the year 2014, which was expected to exceed the Original Annual Cap and which would be payable by the latter under various existing tenancy agreements.

Also on 26 September 2014, Wharf 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 same purpose as the MTA, i.e. for regulating various continuing connected transactions in respect of the leasing of premises owned by members of the Wharf group to the Eligible Tenants and providing for the aggregate annual cap amount of rentals in relation thereto during the renewed three-year term.

As WGL is indirectly wholly-owned by a trust, the settlor of which is the Senior Director of the Company, namely, Mr Peter K C Woo, the MTA and the Supplemental Agreement, together with various transactions contemplated and/or governed thereunder (collectively, the "MTA Transactions"), constituted continuing connected transactions for the Company under the Listing Rules.

The annual aggregate amount of rental under the MTA, which is subject to the relevant aggregate annual cap amount previously disclosed in the abovementioned announcement dated 26 September 2014, received by the Wharf group from WGL group for the financial year ended 31 December 2014 amounted to HK$998 million.

(II) With regard to the Related Party Transactions as disclosed under Note 30 to the Financial Statements on page 97, the transactions stated under paragraph "(a)" therein constitute connected transactions (as defined under the Listing Rules) of the Company and the one under paragraph "(b)" does not constitute a connected transaction for the Company.

(III) Confirmation from Directors etc.

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

(a) by the Group in the ordinary and usual course of its business;

(b) on normal commercial terms or better; and

(c) according to the agreements governing such MTA Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

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

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

(1) the MTA Transactions had not been approved by the Company's Board of Directors;

(2) the MTA Transactions were not, in all material respects, entered into in accordance with the terms of the related agreements governing the MTA Transactions;

(3) the relevant cap amounts, where applicable, have been exceeded during the financial year ended 31 December 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 WHEELOCK AND COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Wheelock and Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 49 to 119, 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 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

17 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK$ Million	2013 HK$ Million
Revenue	1	**40,953**	35,071
Direct costs and operating expenses		**(20,555)**	(15,450)
Selling and marketing expenses		**(1,541)**	(1,430)
Administrative and corporate expenses		**(1,600)**	(1,801)
Operating profit before depreciation, amortisation, interest and tax		**17,257**	16,390
Depreciation and amortisation	2	**(1,528)**	(1,452)
Operating profit	1 & 2	**15,729**	14,938
Increase in fair value of investment properties		**28,087**	19,089
Other net (charge)/income	3	**(1,758)**	337
		42,058	34,364
Finance costs	4	**(2,195)**	(899)
Share of results after tax of:			
Associates		**2,203**	2,631
Joint ventures	13(d)	**918**	461
Profit before taxation		**42,984**	36,557
Income tax	5	**(4,015)**	(4,539)
Profit for the year		**38,969**	32,018
Profit attributable to:			
Equity shareholders	6	**22,009**	16,954
Non-controlling interests		**16,960**	15,064
		38,969	32,018
Earnings per share	8		
Basic		**HK$10.83**	HK$8.34
Diluted		**HK$10.83**	HK$8.34

The notes and principal accounting policies on pages 56 to 119 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	**38,969**	32,018
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of foreign operations	**(1,126)**	2,111
Net revaluation of available-for-sale investments:	**1,558**	(2,349)
Surplus/(deficit) on revaluation	**1,460**	(1,427)
Transferred to consolidated income statement on disposal	**98**	(922)
Share of other comprehensive income of associates/joint ventures	**(288)**	697
Others	**9**	31
Other comprehensive income for the year	**153**	490
Total comprehensive income for the year	**39,122**	32,508
Total comprehensive income attributable to:		
Equity shareholders	**22,484**	16,458
Non-controlling interests	**16,638**	16,050
	39,122	32,508

The notes and principal accounting policies on pages 56 to 119 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	**316,860**	282,015
Fixed assets	10	**25,052**	24,180
Interest in associates	12	**25,648**	19,003
Interest in joint ventures	13	**19,911**	21,603
Available-for-sale investments	14	**11,390**	13,246
Convertible securities	15	**–**	2,824
Goodwill and other intangible assets	16	**305**	297
Programming library		**168**	137
Deferred tax assets	25	**673**	730
Derivative financial assets	19	**1,041**	176
Other non-current assets		**44**	42
		401,092	364,253
Current assets			
Properties for sale	17	**88,148**	87,178
Inventories		**48**	47
Trade and other receivables	18	**6,713**	5,645
Derivative financial assets	19	**287**	346
Bank deposits and cash	20	**21,279**	29,345
		116,475	122,561
Current liabilities			
Trade and other payables	21	**(26,231)**	(21,721)
Deposits from sale of properties	22	**(18,508)**	(16,379)
Derivative financial liabilities	19	**(1,124)**	(283)
Taxation payable	5(d)	**(1,658)**	(1,898)
Bank loans and other borrowings	23	**(10,744)**	(11,964)
		(58,265)	(52,245)
Net current assets		**58,210**	70,316
Total assets less current liabilities		**459,302**	434,569
Non-current liabilities			
Derivative financial liabilities	19	**(1,408)**	(1,292)
Deferred tax liabilities	25	**(10,529)**	(9,726)
Other deferred liabilities		**(315)**	(303)
Bank loans and other borrowings	23	**(107,134)**	(111,676)
		(119,386)	(122,997)
NET ASSETS		**339,916**	311,572
Capital and reserves			
Share capital: Nominal value		**–**	1,016
Other statutory capital reserves		**–**	1,933
Share capital and other statutory capital reserves	27	**2,949**	2,949
Reserves		**188,257**	163,633
Shareholders' equity		**191,206**	166,582
Non-controlling interests		**148,710**	144,990
TOTAL EQUITY		**339,916**	311,572

The notes and principal accounting policies on pages 56 to 119 form part of these financial statements.

Douglas C K Woo
Chairman & Managing Director

Paul Y C Tsui
Executive Director & Group Chief Financial Officer

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK$ Million	2013 HK$ Million
Non-current assets			
Interest in subsidiaries	11	**11,876**	12,328
Current assets			
Receivables and prepayments		**23**	43
Current liabilities			
Trade and other payables		**(28)**	(7)
Amount due to a subsidiary	11	**–**	(1,274)
		(28)	(1,281)
Net current liabilities		**(5)**	(1,238)
Total assets less current liabilities		**11,871**	11,090
Non-current liabilities			
Bank loans	23	**(5,000)**	(5,000)
NET ASSETS		**6,871**	6,090
Capital and reserves			
Share capital: Nominal value		**–**	1,016
Other statutory capital reserves		**–**	1,933
Share capital and other statutory capital reserves		**2,949**	2,949
Reserves		**3,922**	3,141
TOTAL EQUITY	27(c)	**6,871**	6,090

The notes and principal accounting policies on pages 56 to 119 form part of these financial statements.

Douglas C K Woo
Chairman & Managing Director

Paul Y C Tsui
Executive Director & Group Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Shareholders' equity							
	Share capital HK$ Million	Share premium 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	1,016	1,914	2,547	5,064	141,500	152,041	133,839	285,880
Changes in equity for 2013:								
Profit	–	–	–	–	16,954	16,954	15,064	32,018
Other comprehensive income	–	–	(1,736)	1,228	12	(496)	986	490
Total comprehensive income	–	–	(1,736)	1,228	16,966	16,458	16,050	32,508
Shares issued by a subsidiary	–	–	(7)	–	–	(7)	55	48
Acquisition of additional interests in subsidiaries	–	–	–	–	417	417	(1,879)	(1,462)
Equity settled share-based payments	–	–	111	–	–	111	59	170
2012 second interim dividend paid	–	–	–	–	(1,219)	(1,219)	–	(1,219)
2012 special dividend paid	–	–	–	–	(508)	(508)	–	(508)
2013 first interim dividend paid	–	–	–	–	(711)	(711)	–	(711)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(3,134)	(3,134)
At 31 December 2013 and 1 January 2014	**1,016**	**1,914**	**915**	**6,292**	**156,445**	**166,582**	**144,990**	**311,572**
Changes in equity for 2014:								
Profit	–	–	–	–	22,009	22,009	16,960	38,969
Other comprehensive income	–	–	1,282	(811)	4	475	(322)	153
Transferred to revenue reserves on disposal (Note 12d)	–	–	(1,200)	(14)	1,214	–	–	–
Total comprehensive income	–	–	82	(825)	23,227	22,484	16,638	39,122
Acquisition of additional interest in a subsidiary	–	–	–	–	4,159	4,159	(9,840)	(5,681)
Equity settled share-based payments	–	–	84	–	–	84	38	122
Share option lapsed in a subsidiary	–	–	(6)	–	6	–	–	–
Redemption of convertible bonds issued by a subsidiary	–	–	(55)	–	55	–	–	–
2013 second interim dividend paid	–	–	–	–	(1,321)	(1,321)	–	(1,321)
2014 first interim dividend paid	–	–	–	–	(782)	(782)	–	(782)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(3,116)	(3,116)
Transition to no-par value regime on 3 March 2014 (Note 27a and 27b)	1,933	*(1,914)	*(19)	–	–	–	–	–
At 31 December 2014	**2,949**	**–**	**1,001**	**5,467**	**181,789**	**191,206**	**148,710**	**339,916**

* Share premium of HK$1,914 million and capital redemption reserve of HK$19 million under investments revaluation and other reserves were transferred to share capital on 3 March 2014 in accordance with the new Hong Kong Companies Ordinance (Cap. 622).

The notes and principal accounting policies on pages 56 to 119 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)	**16,298**	15,319
Changes in working capital	(a)	**2,632**	(11,203)
Cash generated from operations	(a)	**18,930**	4,116
Net interest paid		**(2,807)**	(2,711)
Interest paid		**(3,642)**	(3,564)
Interest received		**835**	853
Dividends received from associates		**559**	838
Dividends received from joint ventures		**255**	426
Dividends received from investments		**354**	405
Hong Kong profits tax paid		**(1,492)**	(1,472)
Overseas tax paid		**(1,866)**	(1,761)
Net cash generated from/(used in) operating activities		**13,933**	(159)
Investing activities			
Additions to investment properties		**(7,191)**	(9,987)
Additions to fixed assets		**(1,708)**	(5,656)
Additions to programming library		**(118)**	(122)
Net (increase)/decrease in interest in associates		**(2,103)**	206
Net decrease/(increase) in interest in joint ventures		**2,091**	(2)
Acquisition of additional interests in subsidiaries		**(5,681)**	(1,462)
Purchase of available-for-sale investments		**(339)**	(3,749)
Proceeds from disposal of available-for-sale investments		**1,210**	4,070
Proceeds from disposal of investment properties		**47**	–
Net proceeds from disposal of fixed assets		**9**	3
Repayment of long term receivables		**1**	8
Redemption of convertible securities		**2,729**	–
Net (placement)/release of bank deposits with maturity greater than three months		**(70)**	1,530
Net cash used in investing activities		**(11,123)**	(15,161)
Financing activities			
Drawdown of bank loans and other borrowings		**39,237**	38,638
Repayment of bank loans and other borrowings		**(44,783)**	(17,227)
Issue of shares by subsidiaries to non-controlling interests		**–**	48
Dividends paid to equity shareholders		**(2,103)**	(2,438)
Dividends paid to non-controlling interests		**(3,116)**	(3,134)
Net cash (used in)/generated from financing activities		**(10,765)**	15,887
Net (decrease)/increase in cash and cash equivalents		**(7,955)**	567
Cash and cash equivalents at 1 January		**29,315**	28,456
Effect of exchange rate changes		**(181)**	292
Cash and cash equivalents at 31 December	(b)	**21,179**	29,315

The notes and principal accounting policies on pages 56 to 119 form part of these financial statements.

Notes to Consolidated Statement of Cash Flows

a) Reconciliation of Operating Profit to Cash Generated from Operations

	2014 HK$ Million	2013 HK$ Million
Operating profit	**15,729**	14,938
Adjustments for:		
Interest income	**(733)**	(853)
Dividend income from listed investments	**(352)**	(404)
Depreciation and amortisation	**1,528**	1,452
Loss on disposal of fixed assets	**4**	16
Equity settled share-based payment expenses	**122**	170
Operating cash inflow	**16,298**	15,319
Increase in properties under development for sale	**(15,458)**	(28,494)
Decrease in completed properties for sale	**14,522**	9,489
Increase in inventories	**(1)**	(2)
(Increase)/decrease in trade and other receivables	**(1,641)**	1,013
Increase in deposits from sale of properties	**2,129**	4,411
Increase in trade and other payables	**3,311**	1,690
(Decrease)/increase in derivative financial instruments	**(24)**	695
Exchange differences on working capital changes	**(220)**	(27)
Other non-cash items	**14**	22
Changes in working capital	**2,632**	(11,203)
Cash generated from operations	**18,930**	4,116

b) Cash and Cash Equivalents

	2014 HK$ Million	2013 HK$ Million
Bank deposits and cash in the consolidated statement of financial position (Note 20)	**21,279**	29,345
Less: Bank deposits with maturity greater than three months	**(100)**	(30)
Cash and cash equivalents in the consolidated statement of cash flows	**21,179**	29,315

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, development property, hotels, logistics and communications and media and entertainment ("CME"). No operating segments have been aggregated to form the following 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, Mainland China and Singapore.

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

Hotels segment includes hotel operations in the Asia Pacific region. Currently, The Wharf (Holdings) Limited ("Wharf") operates 14 Marco Polo hotels in the Asia Pacific region, five of which are owned by Wharf.

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 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 ("Wharf T&T").

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 available-for-sale investments, deferred tax assets and 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

	Revenue HK$ Million	Operating profit HK$ Million	Increase/ (decrease) 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
For the year ended 31 December 2014								
Investment property	**14,198**	**11,503**	**28,087**	**69**	**(1,381)**	**–**	**–**	**38,278**
Hong Kong	**11,780**	**10,208**	**27,973**	**18**	**(1,347)**	**–**	**–**	**36,852**
Mainland China	**1,984**	**991**	**429**	**51**	**(34)**	**–**	**–**	**1,437**
Singapore	**434**	**304**	**(315)**	**–**	**–**	**–**	**–**	**(11)**
Development property	**17,198**	**2,367**	**–**	**(1,917)**	**(101)**	**1,100**	**865**	**2,314**
Hong Kong	**1,669**	**718**	**–**	**–**	**–**	**2**	**906**	**1,626**
Mainland China	**15,426**	**1,669**	**–**	**(1,917)**	**(100)**	**1,098**	**(41)**	**709**
Singapore	**103**	**(20)**	**–**	**–**	**(1)**	**–**	**–**	**(21)**
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	**(469)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Segment total	**39,462**	**15,519**	**28,087**	**(1,908)**	**(1,771)**	**1,432**	**918**	**42,277**
Investment and others	**1,491**	**1,039**	**–**	**150**	**(424)**	**771**	**–**	**1,536**
Corporate expenses	**–**	**(829)**	**–**	**–**	**–**	**–**	**–**	**(829)**
Group total	**40,953**	**15,729**	**28,087**	**(1,758)**	**(2,195)**	**2,203**	**918**	**42,984**
For the year ended 31 December 2013								
Investment property	11,949	9,891	19,089	–	(1,293)	–	–	27,687
Hong Kong	10,250	8,813	15,995	–	(1,190)	–	–	23,618
Mainland China	1,261	761	3,064	–	(103)	–	–	3,722
Singapore	438	317	30	–	–	–	–	347
Development property	13,430	3,341	–	(511)	(143)	2,305	414	5,406
Hong Kong	1,972	790	–	–	–	–	(52)	738
Mainland China	11,442	2,565	–	170	(143)	2,305	466	5,363
Singapore	16	(14)	–	(681)	–	–	–	(695)
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	(453)	–	–	–	–	–	–	–
Segment total	33,467	14,822	19,089	(980)	(1,654)	2,631	461	34,369
Investment and others	1,604	1,150	–	1,317	755	–	–	3,222
Corporate expenses	–	(1,034)	–	–	–	–	–	(1,034)
Group total	35,071	14,938	19,089	337	(899)	2,631	461	36,557

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	**14,198**	**(185)**	**14,013**	11,949	(182)	11,767
Development property	**17,198**	**–**	**17,198**	13,430	–	13,430
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	**1,491**	**(190)**	**1,301**	1,604	(166)	1,438
	41,422	**(469)**	**40,953**	35,524	(453)	35,071

c) Analysis of Segment Business Assets

	2014 HK$ Million	2013 HK$ Million
Investment property	**318,516**	283,427
Hong Kong	**254,098**	224,746
Mainland China	**57,493**	51,137
Singapore	**6,925**	7,544
Development property	**134,668**	130,779
Hong Kong	**41,425**	32,563
Mainland China	**84,572**	92,848
Singapore	**8,671**	5,368
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	**484,677**	444,775
Unallocated corporate assets	**32,890**	42,039
Total assets	**517,567**	486,814

Unallocated corporate assets mainly comprise certain available-for-sale investments, deferred tax assets, bank deposits and cash and derivative financial assets.

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

	2014 HK$ Million	2013 HK$ Million
Development property	**40,267**	35,325
Logistics	**5,292**	5,281
Group total	**45,559**	40,606

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	**8,012**	11,461	**–**	–	**104**	122
Hong Kong	**1,438**	2,787	**–**	–	**27**	73
Mainland China	**6,559**	8,669	**–**	–	**75**	47
Singapore	**15**	5	**–**	–	**2**	2
Development property	**–**	–	**4,644**	3,586	**–**	–
Hong Kong	**–**	–	**201**	1,148	**–**	–
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	**9,678**	17,171	**4,646**	3,589	**1,528**	1,452

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 impairment of HK$2,270 million for development property projects undertaken by the Group's subsidiaries in Mainland China (2013: HK$681 million for The Panorama and 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	**21,386**	20,290	**12,728**	11,208
Mainland China	**18,977**	14,229	**2,701**	3,362
Singapore	**590**	552	**300**	368
Group total	**40,953**	35,071	**15,729**	14,938

	Specified non-current assets		Total business assets	
	2014 HK$ Million	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
Hong Kong	**273,492**	245,190	**312,144**	273,875
Mainland China	**106,406**	99,660	**156,938**	157,988
Singapore	**10,143**	7,531	**15,595**	12,912
Group total	**390,041**	352,381	**484,677**	444,775

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

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

2. Operating Profit

a) Operating Profit

	2014 HK$ Million	2013 HK$ Million
Operating profit is arrived at after charging/(crediting):		
Depreciation and amortisation on		
– assets held for use under operating leases	**169**	155
– other fixed assets	**1,164**	1,117
– leasehold land	**74**	86
– programming library	**121**	94
Total depreciation and amortisation	**1,528**	1,452
Staff costs (Note i)	**4,141**	3,816
Auditors' remuneration		
– audit services	**30**	30
– other services	**4**	4
Cost of trading properties for recognised sales	**14,174**	9,498
Rental charges under operating leases in respect of telecommunications equipment and services	**63**	57
Impairment of trade receivables	**18**	17
Rental income less direct outgoings (Note ii)	**(11,620)**	(9,993)
Rental income under operating leases in respect of owned plant and equipment	**(9)**	(11)
Interest income (Note iii)	**(733)**	(853)
Dividend income from listed investments	**(352)**	(404)
Loss on disposal of fixed assets	**4**	16

Notes:

(i) Staff costs included contributions to defined contribution pension schemes of HK$290 million (2013: HK$256 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$122 million (2013: HK$170 million).

(ii) Rental income included contingent rentals of HK$2,039 million (2013: HK$2,070 million).

(iii) Included in interest income are amounts totalling HK$622 million (2013: HK$537 million) in respect of financial assets, which mainly comprise bank deposits that are stated at amortised cost.

b) Directors' Emoluments

Directors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new 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						
Douglas C K Woo (Note iii)	150	5,449	7,000	540	13,139	2,054
Peter K C Woo	300	16,935	28,500	–	45,735	55,637
Stephen T H Ng	100	6,335	15,000	17	21,452	26,148
Stewart C K Leung	100	5,460	8,000	–	13,560	13,560
Paul Y C Tsui	100	4,223	7,500	–	11,823	12,222
Non-executive Directors						
Ricky K Y Wong	100	4,000	7,000	594	11,694	11,272
Mignonne Cheng	100	–	–	–	100	100
Independent Non-executive Directors						
Kenneth W S Ting (Note ii)	150	–	–	–	150	150
Glenn S Yee (Note ii)	150	–	–	–	150	150
Alan H Smith (Note ii)	150	–	–	–	150	150
T H Chau	100	–	–	–	100	100
Richard Y S Tang	100	–	–	–	100	100
Winston K W Leong (Note iii)	100	–	–	–	100	25
Nancy S L Tse (Note ii and iii)	128	–	–	–	128	25
Past Directors						
Herald L F Lau (Note iv)	–	–	–	–	–	43
	1,828	42,402	73,000	1,151	118,381	121,736
Total for 2013	1,643	39,858	79,500	735		121,736

Notes:

(i) There were 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 Members' fee for the year ended 31 December 2014 of HK$50,000 (2013: HK$50,000) received/receivable by each relevant Directors. Ms Nancy S L Tse was appointed as an audit committee member of the Company with effect from 10 June 2014.

(iii) Mr Douglas C K Woo was appointed as a director of the Company with effect from 1 July 2013. Mr Winston K W Leong and Ms Nancy S L Tse were appointed as directors of the Company with effect from 1 October 2013.

(iv) Mr Herald L F Lau retired and ceased to be a director of the Company with effect from 7 June 2013.

(v) In addition to the above emoluments, certain Directors of the Company were granted share options under the share option schemes adopted by the Company and Wharf, details of which are disclosed in note 24.

c) Five Highest Paid Employees

For the year ended 31 December 2014, information regarding emoluments of 3 (2013: 3) employees of the Group who, not being Directors of the Company, were among the top five highest paid individuals (including Directors of the Company and other employees of the Group) employed by the Group has been set out below:

(i) Aggregate emoluments

	2014 HK$ Million	2013 HK$ Million
Salaries, allowances and benefits in kind	**15**	14
Contributions to pension schemes	**1**	1
Discretionary bonuses	**43**	40
	59	55

(ii) Bandings

	2014 Number	2013 Number
Bands (in HK$)		
$14,000,001 – $14,500,000	**–**	1
$15,500,001 – $16,000,000	**–**	1
$16,000,001 – $16,500,000	**1**	–
$17,500,001 – $18,000,000	**1**	–
$24,000,001 – $24,500,000	**–**	1
$24,500,001 – $25,000,000	**1**	–
	3	3

3. Other Net (Charge)/Income

Other net charge for the year amounted to HK$1,758 million (2013: income of HK$337 million) and mainly comprised:

a) Provision for impairment of HK$1,812 million was made by Wharf and HK$458 million by Wheelock Properties (Singapore) Limited ("WPSL") for development property projects in Mainland China (2013: HK$543 million made by Harbour Centre Development Limited for its Changzhou Marco Polo Hotel and HK$681 million by WPSL for The Panorama).

b) Profit on disposal of a development property project in Mainland China of HK$319 million (2013: HK$Nil).

c) Net foreign exchange gain of HK$160 million (2013: HK$335 million) which included a fair value loss on forward foreign exchange contracts of HK$198 million (2013: gain of HK$150 million).

d) Net profit on disposal of available-for-sale investments of HK$43 million (2013: HK$1,094 million) which included a revaluation deficit, before deduction of non-controlling interests, of HK$98 million (2013: surplus of HK$922 million) transferred from the investments revaluation reserves.

4. Finance Costs

	2014 HK$ Million	2013 HK$ Million
Interest charged on:		
Bank loans and overdrafts		
– repayable within five years	**1,077**	1,255
– repayable after five years	**274**	157
Other borrowings		
– repayable within five years	**1,392**	1,252
– repayable after five years	**477**	504
Total interest charge	**3,220**	3,168
Other finance costs	**556**	418
Less: Amount capitalised	**(1,845)**	(1,482)
	1,931	2,104
Fair value loss/(gain):		
Cross currency interest rate swaps	**131**	(470)
Interest rate swaps	**133**	(735)
	264	(1,205)
Total	**2,195**	899

a) Interest was capitalised at an average annual rate of approximately 2.3% (2013: 2.2%).

b) Included in the total interest charge are amounts totalling HK$2,343 million (2013: HK$2,320 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	**1,712**	1,436
– overprovision in respect of prior years	**(56)**	(102)
Outside Hong Kong		
– provision for the year	**946**	1,033
– underprovision in respect of prior years	**14**	12
	2,616	2,379
Land appreciation tax ("LAT") in Mainland China (Note 5c)	**515**	618
Deferred tax (Note 25)		
Change in fair value of investment properties	**543**	1,459
Origination and reversal of temporary differences	**397**	47
Benefit of previously unrecognised tax losses now (recognised)/utilised	**(56)**	36
	884	1,542
Total	**4,015**	4,539

a) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the 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%), China withholding income tax at a rate of up to 10% (2013: 10%) and Singapore income tax at a rate of 17% (2013: 17%).

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 land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowing costs and all property development expenditure.

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

e) Tax attributable to associates and joint ventures for the year ended 31 December 2014 of HK$1,655 million (2013: HK$1,921 million) is included in the share of results after tax 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$176 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	**42,984**	36,557
Notional tax on profit before taxation calculated at applicable tax rates	**7,446**	6,202
Tax effect of non-deductible expenses	**540**	533
Tax effect of non-taxable income	**(826)**	(758)
Tax effect of non-taxable fair value gain on investment properties	**(4,563)**	(2,813)
Net overprovision in respect of prior years	**(42)**	(90)
Tax effect of tax losses not recognised	**561**	167
Tax effect of previously unrecognised tax losses utilised	**(104)**	(118)
Tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**(56)**	(21)
LAT on trading properties	**515**	618
Deferred LAT on change in fair value of investment properties	**368**	693
Withholding tax on distributed/undistributed earnings	**176**	126
Actual total tax charge	**4,015**	4,539

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$2,846 million (2013: HK$2,847 million).

7. Dividends Attributable to Equity Shareholders

	2014 HK$ per share	2013 HK$ per share	2014 HK$ Million	2013 HK$ Million
First interim dividend declared and paid	**0.3850**	0.3500	**782**	711
Second interim dividend declared after the end of the reporting period	**0.6825**	0.6500	**1,387**	1,321
	1.0675	1.0000	**2,169**	2,032

a) The second interim dividend declared 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$1,321 million for 2013 was approved and paid in 2014.

8. Earnings per Share

The calculation of basic and diluted earnings per share is based on the following data:

a) Earnings for the Purpose of Basic and Diluted Earnings per Share

	2014 HK$ Million	2013 HK$ Million
Profit attributable to equity shareholders	**22,009**	16,954

b) Weighted Average Number of Ordinary Shares

	2014 No. of shares	2013 No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,031,849,287**	2,031,849,287
Effect of dilutive potential shares – Share options	**–**	124,678
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,031,849,287**	2,031,973,965

9. Investment Properties

		Group	
	Completed HK$ Million	**Under development HK$ Million**	**Total HK$ Million**
a) Cost or Valuation			
At 1 January 2013	219,898	30,831	250,729
Exchange differences	275	657	932
Additions	1,235	10,093	11,328
Reclassification	7,975	(8,038)	(63)
Revaluation surplus	18,182	907	19,089
At 31 December 2013 and 1 January 2014	**247,565**	**34,450**	**282,015**
Exchange differences	**(399)**	**(74)**	**(473)**
Additions	**1,268**	**6,619**	**7,887**
Disposals	**(29)**	**–**	**(29)**
Reclassification	**12,325**	**(12,952)**	**(627)**
Revaluation surplus	**28,086**	**1**	**28,087**
At 31 December 2014	**288,816**	**28,044**	**316,860**

b) The analysis of cost or valuation of the above assets is as follows:

2014 valuation	**288,816**	**9,577**	**298,393**
At cost	**–**	**18,467**	**18,467**
	288,816	**28,044**	**316,860**
2013 valuation	247,565	13,193	260,758
At cost	–	21,257	21,257
	247,565	34,450	282,015

c) Tenure of Title to Properties:

	Completed HK$ Million	Under development HK$ Million	Total HK$ Million
At 31 December 2014			
Held in Hong Kong			
Long term leases	**211,285**	**250**	**211,535**
Medium term leases	**29,334**	**12,303**	**41,637**
	240,619	**12,553**	**253,172**
Held outside Hong Kong			
Freehold	**1,529**	**–**	**1,529**
Long term leases	**5,380**	**–**	**5,380**
Medium term leases	**41,288**	**15,491**	**56,779**
	288,816	**28,044**	**316,860**
At 31 December 2013			
Held in Hong Kong			
Long term leases	184,070	243	184,313
Medium term leases	27,895	11,719	39,614
	211,965	11,962	223,927
Held outside Hong Kong			
Freehold	1,912	–	1,912
Long term leases	5,609	–	5,609
Medium term leases	28,079	22,488	50,567
	247,565	34,450	282,015

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"), Knight Frank Pte Ltd ("Knight Frank Singapore") and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), independent firms of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors and Singapore Institute of Surveyors and Valuers respectively with extensive experience in the valuing properties in Hong Kong, Mainland China and Singapore. Knight Frank, Knight Frank Singapore and Colliers have valued the investment properties on a market value basis and have taken into account the net rental income 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 "Increase in fair value of investment properties" in 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 Hong Kong Financial Reporting Standard 13 Fair value measurement ("HKFRS 13"). 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. 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	**146,123**	**79,177**	**24,487**	**409**	**250,196**
Mainland China	**18,237**	**21,752**	**1,299**	**–**	**41,288**
Singapore	**4,240**	**2,669**	**–**	**–**	**6,909**
	168,600	**103,598**	**25,786**	**409**	**298,393**
At 31 December 2013					
Hong Kong	126,103	72,157	22,680	320	221,260
Mainland China	16,241	14,444	1,292	–	31,977
Singapore	4,762	2,759	–	–	7,521
	147,106	89,360	23,972	320	260,758

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

	Completed HK$ Million	Under development HK$ Million	Total HK$ Million
At 31 January 2013	219,898	8,485	228,383
Exchange differences	275	4	279
Additions	1,235	182	1,417
Reclassification	7,975	3,615	11,590
Revaluation surplus	18,182	907	19,089
At 31 December 2013 and 1 January 2014	**247,565**	**13,193**	**260,758**
Exchange differences	**(399)**	**–**	**(399)**
Additions	**1,268**	**281**	**1,549**
Disposals	**(29)**	**–**	**(29)**
Reclassification	**12,325**	**(3,898)**	**8,427**
Revaluation surplus	**28,086**	**1**	**28,087**
At 31 December 2014	**288,816**	**9,577**	**298,393**

During the years ended 31 December 2014 and 2013, there were no transfers between Level 1 and 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, Mainland China and Singapore were based on the income capitalisation approach which capitalised the net income of the properties and takes into account 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

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

	Weighted average			
	Capitalisation rate		Market rent	
Completed investment properties	**2014**	2013	**2014**	2013
Hong Kong			**(per square foot)**	(per square foot)
– Retail	**5.2%**	5.1%	**HK$271**	HK$243
– Office	**4.2%**	4.2%	**HK$48**	HK$43
– Residential	**4.0%**	3.9%	**HK$57**	HK$49
Mainland China			**(per square metre)**	(per square metre)
– Retail	**7.5%**	7.5%	**RMB372**	RMB371
– Office	**6.4%**	6.4%	**RMB184**	RMB243
– Residential	**5.0%**	5.1%	**RMB236**	RMB233
Singapore			**(per square foot)**	(per square foot)
– Retail	**5.2%**	5.2%	**S$16.8**	S$18.2
– Office	**4.3%**	4.3%	**S$11.0**	S$10.5

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 measurement of investment properties under development is negatively correlated to the costs and the margins.

e) Gross rental revenue from investment properties amounted to HK$14,198 million (2013: HK$11,949 million). Direct operating expenses amounted to HK$2,546 million (2013: HK$1,914 million).

f) The Group leases out properties under operating leases, which generally run for a period of one to ten years. Lease income 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:

	2014 HK$ Million	2013 HK$ Million
Within 1 year	**10,249**	9,022
After 1 year but within 5 years	**15,151**	12,672
After 5 years	**1,574**	2,306
	26,974	24,000

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	16,920	11,425	37,144
Exchange differences	101	37	60	169	–	367
Additions	–	4,687	33	686	437	5,843
Disposals	–	–	–	(217)	(75)	(292)
Reclassification	–	49	(3)	57	(1)	102
At 31 December 2013 and 1 January 2014	**4,904**	**6,770**	**2,089**	**17,615**	**11,786**	**43,164**
Exchange differences	**(11)**	**(5)**	**(7)**	**(20)**	**–**	**(43)**
Additions	**4**	**704**	**42**	**633**	**408**	**1,791**
Disposals	**–**	**–**	**–**	**(369)**	**(47)**	**(416)**
Acquisition of a subsidiary	**–**	**–**	**–**	**36**	**–**	**36**
Reclassification	**–**	**517**	**(14)**	**38**	**(1)**	**540**
At 31 December 2014	**4,897**	**7,986**	**2,110**	**17,933**	**12,146**	**45,072**
Accumulated depreciation, amortisation and impairment losses						
At 1 January 2013	812	735	–	7,199	8,510	17,256
Exchange differences	11	4	–	34	–	49
Charge for the year	86	68	–	670	534	1,358
Written back on disposals	–	–	–	(198)	(75)	(273)
Impairment	–	543	–	40	3	586
Reclassification	–	5	–	3	–	8
At 31 December 2013 and 1 January 2014	**909**	**1,355**	**–**	**7,748**	**8,972**	**18,984**
Exchange differences	**(1)**	**(2)**	**–**	**(4)**	**–**	**(7)**
Charge for the year	**74**	**78**	**–**	**714**	**541**	**1,407**
Written back on disposals	**–**	**–**	**–**	**(358)**	**(45)**	**(403)**
Acquisition of a subsidiary	**–**	**–**	**–**	**34**	**–**	**34**
Reclassification	**–**	**–**	**–**	**5**	**–**	**5**
At 31 December 2014	**982**	**1,431**	**–**	**8,139**	**9,468**	**20,020**
Net book value						
At 31 December 2014	**3,915**	**6,555**	**2,110**	**9,794**	**2,678**	**25,052**
At 31 December 2013	3,995	5,415	2,089	9,867	2,814	24,180

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.

b) Tenure of Title to Properties:

	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
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 was recognised in "Other net income" 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	**1**	1
Amounts due from subsidiaries	**11,875**	12,327
Total	**11,876**	12,328
Amount due to a subsidiary	**–**	(1,274)
	11,876	11,054

a) Details of principal subsidiaries at 31 December 2014 are shown on pages 114 to 117.

b) Amounts due from subsidiaries are unsecured and 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.

Amount due to a subsidiary is unsecured and interest bearing with no fixed terms of repayment.

c) Summary Financial Information of Subsidiaries with Material Non-Controlling Interests

Set out below is the summarised financial information of a material subsidiary, Wharf group, that has non-controlling interests that are material to the Group.

	Wharf group	
	2014 HK$ Million	2013 HK$ Million
Summarised statement of financial position		
Current assets	**70,450**	83,101
Non-current assets	**374,208**	331,951
Current liabilities	**(49,405)**	(46,745)
Non-current liabilities	**(81,142)**	(84,052)
Net assets	**314,111**	284,255
Particulars of equity interest held by non-controlling interests ("NCI"):		
NCI percentage	**44.4%**	47.9%
Equity attributable to:		
Equity shareholders	**305,495**	275,557
NCI	**8,616**	8,698
	314,111	284,255
Carrying amount of NCI	**144,301**	140,590
Summarised statement of comprehensive income		
Revenue	**38,136**	31,887
Profit for the year	**36,424**	30,132
Other comprehensive income for the year	**(781)**	2,751
Total comprehensive income for the year	**35,643**	32,883
Profit allocated to NCI	**16,447**	14,813
Total comprehensive income allocated to NCI	**16,096**	16,185
Dividends paid to NCI	**2,923**	3,006
Summarised statement of cash flows		
Net cash generated from operating activities	**18,253**	15,805
Net cash used in investing activities	**(10,719)**	(12,001)
Net cash (used in)/generated from financing activities	**(13,327)**	3,003
Net (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

Note: The information above is the amount before inter-company eliminations.

12. Interest in Associates

	Group	
	2014	2013
	HK$ Million	HK$ Million
Listed in Hong Kong		
Share of net assets	**7,384**	7,243
Unlisted		
Share of net assets	**8,023**	6,183
Goodwill	**1,853**	1,853
	9,876	8,036
Amounts due from associates	**8,388**	3,724
	18,264	11,760
Total	**25,648**	19,003
Amounts due to unlisted associates (Note 21)	**(2,781)**	(3,241)
	22,867	15,762
Market value of listed associate	**4,041**	6,214

a) Details of principal associates at 31 December 2014 are shown on page 117.

b) The interest in the listed associate represents Wharf's 24.3% (2013: 24.3%) equity interest in Greentown China Holdings Limited ("Greentown") at 31 December 2014.

c) Amounts due from associates are unsecured, interest free and have no fixed terms of repayment, except for an advance of HK$371 million (2013: HK$371 million) made by the Group to an associate which is interest bearing. Amounts due from associates are not expected to be recoverable within the next twelve months. The amounts are neither past due nor impaired.

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

d) Interest in unlisted associates includes the Group's 40% equity interest in 68 Holdings Pte. Ltd. ("68 Holdings"). 68 Holdings was formed by WPSL to undertake a mandatory general offer for all the interests in Hotel Properties Limited ("HPL"). On 30 May 2014, the offer became unconditional. The mandatory general offer was closed on 26 June 2014 and HPL became a 56.5% subsidiary of 68 Holdings.

   As a result, WPSL's shareholdings in HPL, which were previously recorded as available-for-sale investments, were reclassified as an interest in an associate, based on the market price of HPL's shares on 30 May 2014. Accordingly, WPSL transferred HK$1,871 million of accumulated fair value reserve, relating to HPL shares held as available-for-sale investments, to revenue reserves. The amount attributable to the Group is HK$1,214 million.

   WPSL performed a provisional purchase price allocation exercise for its acquisition of 68 Holdings. The share of net assets of 68 Holdings was based on the fair values of the identifiable assets and liabilities of HPL as at 30 May 2014. Accordingly, WPSL recorded negative goodwill of HK$707 million which is included in the share of results after tax of associates.

e) 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 which is held by Modern Terminals, a 67.6%-owned subsidiary of Wharf, under an agreement for rationalisation of the interests in Shekou Container Terminals Phases I, II and III in 2007.

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

g) Summary Financial Information on Associates

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

	Greentown	
	2014	2013
	RMB Million	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
Reconciliation 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)
Perpetual securities issued by the associate (Note)	**(3,015)**	–
Convertible securities issued by the associate (Note)	**–**	(2,084)
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 is summarised as below:

	2014	2013
	HK$ Million	HK$ Million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**9,876**	8,036
Aggregate amounts of the Group's share of those associates		
Profit from continuing operations	**1,529**	1,134
Other comprehensive income	**(19)**	139
Total comprehensive income	**1,510**	1,273

13. Interest in Joint Ventures

	Group 2014 HK$ Million	Group 2013 HK$ Million
Share of net assets	**10,739**	9,147
Goodwill	**54**	54
	10,793	9,201
Amounts due from joint ventures	**9,118**	12,402
Total	**19,911**	21,603
Amounts due to joint ventures (Note 21)	**(2,299)**	(1,030)
	17,612	20,573

a) Details of principal joint ventures at 31 December 2014 are shown on page 118.

b) Amounts due from joint ventures are unsecured, interest free and have no fixed terms of repayment, except for advances of HK$2,973 million (2013: HK$4,864 million) made by the Group to certain joint ventures which are interest bearing. Amounts due from joint ventures are not expected to be recoverable 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.

c) All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

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

	2014 HK$ Million	2013 HK$ Million
Aggregate carrying amount of joint ventures in the consolidated financial statements	**10,793**	9,201
Aggregate amounts of the Group's share of those joint ventures		
Profit from continuing operations	**918**	461
Other comprehensive income	**(68)**	347
Total comprehensive income	**850**	808

14. Available-for-Sale Investments

	Group 2014 HK$ Million	Group 2013 HK$ Million
Listed investments stated at market value		
– in Hong Kong	**8,951**	8,928
– outside Hong Kong	**2,406**	4,285
Unlisted investments at cost	**33**	33
	11,390	13,246

15. Convertible Securities

In August 2012, Wharf 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.

Wharf 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 Wharf 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

	Group		
	Goodwill HK$ Million	Other intangible assets HK$ Million	Total HK$ Million
Cost			
At 1 January 2013 and 31 December 2013	**297**	**12**	**309**
Additions	**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 value in use. No impairment was recorded.

17. Properties for Sale

	Group	
	2014 HK$ Million	2013 HK$ Million
Properties under development for sale	**79,043**	83,373
Completed properties for sale	**9,105**	3,805
	88,148	87,178

a) At 31 December 2014, properties under development for sale of HK$55,319 million (2013: HK$68,571 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 for 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$11,782 million (2013: HK$3,261 million).

d) The carrying value of the properties under development for sale 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 based on its value in use (using relevant discount rates) or on its net selling price (by reference to market prices), depending upon the anticipated future plans for the property. For the year ended 31 December 2014, impairment losses of HK$2,270 million (2013: HK$681 million) were recognised in the consolidated income statement principally to reflect the current prevailing property market conditions.

e) At 31 December 2014, the carrying value of leasehold land (including land deposits) and freehold land included in properties under development for sale and completed properties for sale is summarised as follows:

	2014 HK$ Million	2013 HK$ Million
Held in Hong Kong		
Long term leases	**1,580**	1,889
Medium term leases	**26,171**	21,579
	27,751	23,468
Held outside Hong Kong		
Freehold	**4,202**	4,430
Long term leases	**33,423**	35,515
Medium term leases	**1,384**	1,820
	39,009	41,765
	66,760	65,233

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 invoice dates as at 31 December 2014, shown as follows:

	Group	
	2014 HK$ Million	2013 HK$ Million
Trade receivables		
0 – 30 days	**783**	872
31 – 60 days	**169**	168
61 – 90 days	**74**	141
Over 90 days	**81**	85
	1,107	1,266
Accrued sales receivables	**16**	3
Other receivables and prepayments	**5,590**	4,376
	6,713	5,645

Accrued sales receivables mainly represent consideration for property sales to be billed or received after the end of the reporting period. In accordance with the Group's accounting policy, upon receipt of the occupation permit or architect's completion certificate, the balance of the sales consideration to be billed is included as accrued sales receivables.

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:

	2014 HK$ Million	2013 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: 92%) 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

	Group			
	2014		2013	
	Assets HK$ Million	**Liabilities HK$ Million**	Assets HK$ Million	Liabilities HK$ Million
At fair value through profit or loss				
Fixed-to-floating interest rate swaps	**611**	**287**	157	174
Floating-to-fixed interest rate swaps	**–**	**354**	105	272
Cross currency interest rate swaps	**583**	**1,449**	181	1,004
Forward foreign exchange contracts	**85**	**442**	79	125
Other derivatives	**49**	**–**	–	–
Total	**1,328**	**2,532**	522	1,575
Analysis				
Current	**287**	**1,124**	346	283
Non-current	**1,041**	**1,408**	176	1,292
Total	**1,328**	**2,532**	522	1,575

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

	2014 Assets HK$ Million	2014 Liabilities HK$ Million	2013 Assets HK$ Million	2013 Liabilities HK$ Million
Fixed-to-floating interest rate swaps				
Expiring within 1 year	**–**	**–**	6	–
Expiring after more than 1 year but not exceeding 5 years	**425**	**278**	94	121
Expiring after 5 years	**186**	**9**	57	53
	611	**287**	157	174
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	22
Expiring after more than 1 year but not exceeding 5 years	**370**	**542**	129	380
Expiring after 5 years	**213**	**907**	49	602
	583	**1,449**	181	1,004
Forward foreign exchange contracts				
Expiring within 1 year	**85**	**404**	79	52
Expiring after more than 1 year but not exceeding 5 years	**–**	**38**	–	73
	85	**442**	79	125
Other derivatives				
Expiring after more than 1 year but not exceeding 5 years	**49**	**–**	–	–
Total	**1,328**	**2,532**	522	1,575

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

	2014 HK$ Million	2013 HK$ Million
Fixed-to-floating interest rate swaps	**34,705**	20,746
Floating-to-fixed interest rate swaps	**8,230**	8,230
Cross currency interest rate swaps	**25,508**	29,894
Forward foreign exchange contracts	**37,651**	41,939

b) Derivative financial assets represent the amounts the Group would receive whilst derivative financial liabilities represent the amounts the Group would pay if the positions are 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$198 million (2013: gain of HK$150 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$131 million (2013: gain of HK$470 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 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	**21,279**	29,345

At 31 December 2014, bank deposit and cash included:

a) HK$16,945 million equivalent (2013: HK$19,963 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, and Singapore dollar balances of HK$208 million (2013: HK$Nil) equivalent in respect of certain proceeds received from the pre-sale of properties in Singapore held under the "Project Account Rules-1997 Ed", withdrawals from which are designated for payments for expenditure incurred for the respective projects.

The effective interest rate on bank deposits was 2.6% (2013: 2.6%) per annum.

Bank deposits and cash are denominated in the following currencies:

	2014 HK$ Million	2013 HK$ Million
RMB	**16,350**	19,930
HKD	**1,994**	4,969
USD	**642**	1,801
SGD	**2,278**	2,639
Other currencies	**15**	6
	21,279	29,345

21. Trade and Other Payables

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

	Group	
	2014 HK$ Million	2013 HK$ Million
Trade payables		
0 – 30 days	**425**	366
31 – 60 days	**244**	216
61 – 90 days	**48**	51
Over 90 days	**127**	209
	844	842
Rental and customer deposits	**3,721**	3,267
Construction costs payable	**11,085**	8,483
Amounts due to associates (Note 12)	**2,781**	3,241
Amounts due to joint ventures (Note 13)	**2,299**	1,030
Other payables	**5,501**	4,858
	26,231	21,721

The amount of trade and other payables that is expected to be settled after more than one year is HK$3,582 million (2013: HK$2,452 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$1,790 million (2013: HK$4,314 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 HK$ Million	2013 HK$ Million
Bonds and notes (Unsecured)		
Due within 1 year	**–**	1,531
Due after 1 year but within 2 years	**2,899**	–
Due after 2 years but within 5 years	**34,003**	27,883
Due after 5 years	**11,888**	11,172
	48,790	40,586
Convertible bonds (Unsecured)		
Due within 1 year	**–**	6,214
Bank loans (Secured)		
Due within 1 year	**4,557**	2,116
Due after 1 year but within 2 years	**3,822**	12,704
Due after 2 years but within 5 years	**10,787**	9,171
Due after 5 years	**–**	267
	19,166	24,258
Bank loans (Unsecured)		
Due within 1 year	**6,187**	2,103
Due after 1 year but within 2 years	**14,177**	13,689
Due after 2 years but within 5 years	**28,552**	35,790
Due after 5 years	**1,006**	1,000
	49,922	52,582
Total bank loans and other borrowings	**117,878**	123,640
Analysis of maturities of the above borrowings		
Current borrowings		
Due within 1 year	**10,744**	11,964
Non-current borrowings		
Due after 1 year but within 2 years	**20,898**	26,393
Due after 2 year but within 5 years	**73,342**	72,844
Due after 5 years	**12,894**	12,439
	107,134	111,676
Total bank loans and other borrowings	**117,878**	123,640

	Company	
	2014 HK$ Million	2013 HK$ Million
Bank loans (Unsecured)		
Due after 1 year but within 2 years	**5,000**	–
Due after 2 year but within 5 years	**–**	5,000
Total bank loans	**5,000**	5,000

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 26b):

	2014 HK$ Million	2013 HK$ Million
USD	**64,574**	64,500
HKD	**42,761**	46,767
RMB	**3,501**	5,151
JPY	**4,222**	4,367
SGD	**2,820**	2,855
	117,878	123,640

b) The interest rate profile of the Group's and the Company's borrowings (after the effects of interest rate swaps and cross currency interest rate swaps as detailed in notes 26a and 26b respectively) are as follows:

	2014		2013	
	Effective interest rate %	**HK$ Million**	Effective interest rate %	HK$ Million
Group				
Fixed rate borrowings				
Bonds and notes	**3.0**	**3,909**	3.2	11,122
Convertible bonds	**–**	**–**	2.4	6,214
Bank loans	**2.6**	**8,230**	2.0	7,661
		12,139		24,997
Floating rate borrowings				
Bonds and notes	**3.0**	**44,881**	3.6	29,464
Bank loans	**2.0**	**60,858**	2.0	69,179
		105,739		98,643
Total borrowings		**117,878**		123,640
Company				
Floating rate borrowings				
Bank loans	**1.2**	**5,000**	1.2	5,000

c) All the interest bearing borrowings are carried at amortised cost except for loans in an amount of HK$31,227 million (2013: HK$25,908 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 and other borrowings of HK$77,984 million and HK$3,872 million (2013: HK$82,587 million and HK$3,873 million) borrowed by Wharf and WPSL respectively. The loans are without recourse to the Company and its other subsidiaries.

e) At 31 December 2014, certain banking facilities of the Group are secured by mortgages over certain properties under development, investment properties and fixed assets with an aggregate carrying value of HK$65,320 million (2013: HK$57,852 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, a subsidiary of Wharf issued an aggregate principal amount of HK$6,220 million 2.3% guaranteed convertible bonds ("Convertible Bonds") which were due on 7 June 2014. The Convertible Bonds were guaranteed by Wharf, and were convertible into its ordinary shares 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 Wharf 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, Wharf 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 Wharf by the bondholders. On 7 June 2014, the Convertible Bonds were fully redeemed by the subsidiary of Wharf at the principal amount together with outstanding interest accrued.

24. Equity Settled Share-Based Transactions

a) Company

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 of Hong Kong Limited (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's 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 options are 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.

(i) The terms and conditions of the grants are as follows:

	Number of options	Contractual life of options
Options granted to Directors of the Company: – on 14 June 2013	12,500,000	5 years after the date of grant

(ii) 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 Binomial Model, taking into account the terms and conditions of the option was granted. During the year ended 31 December 2014, no new share option was granted.

(iii) No share option was exercised, cancelled or lapsed throughout the years ended 31 December 2014 and 2013.

The options outstanding at 31 December 2014 had an exercise price of HK$39.98 and a weighted average remaining contractual life of 3.5 years.

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

	2014 HK$'000	2013 HK$'000
Douglas C K Woo	**9,087**	10,247
Peter K C Woo	**6,058**	7,400
Stewart C K Leung	**9,087**	11,101
Paul Y C Tsui	**4,544**	5,550
Ricky K Y Wong	**9,087**	11,101
	37,863	45,399

b) Wharf

Wharf has a share option scheme which was adopted in June 2011 whereby the directors of Wharf are authorised, at their discretion, to invite eligible participants to take up options at a consideration of HK$10 to subscribe for shares of Wharf ("Wharf 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 Wharf 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 Wharf shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (iii) the average closing price of the Wharf shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iv) the nominal value of a Wharf 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 options are 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.

(i) The terms and conditions of the grants are as follows:

	Number of Wharf options	**Contractual life of options**
Options granted to directors of Wharf:		
– 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 of Wharf:		
– 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	

(ii) 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 option was granted. During the year ended 31 December 2014, no new share option was granted.

(iii) Movements of the share options and the weighted average exercise prices of share options are as follows:

			2014 Number of share options						
Date of grant	Exercise price HK$	Exercise period	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 to 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 to 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	

			2013 Number of share options						
Date of grant	Exercise price HK$	Exercise period	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 to 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 to 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 share options exercised during the year was HK$Nil (2013: HK$71.94).

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

	2014 HK$'000	2013 HK$'000
Douglas C K Woo	1,225	1,096
Peter K C Woo	12,890	17,887
Stephen T H Ng	12,890	17,887
Paul Y C Tsui	7,593	10,998
Ricky K Y Wong	1,225	2,192
	35,823	50,060

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	**10,529**	9,726
Deferred tax assets	**(673)**	(730)
Net deferred tax liabilities	**9,856**	8,996

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	2,694	5,330	(102)	(649)	7,273
Charged to the consolidated income statement	33	1,459	2	48	1,542
Exchange differences	4	187	(9)	(1)	181
At 31 December 2013 and 1 January 2014	**2,731**	**6,976**	**(109)**	**(602)**	**8,996**
Charged/(credited) to the consolidated income statement	**277**	**543**	**(14)**	**78**	**884**
Exchange differences	**(2)**	**(21)**	**(1)**	**–**	**(24)**
At 31 December 2014	**3,006**	**7,498**	**(124)**	**(524)**	**9,856**

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	**1,732**	**338**	673	159
Future benefits of tax losses				
– Hong Kong	**5,057**	**835**	5,147	849
– Outside Hong Kong	**3,208**	**802**	1,010	252
	8,265	**1,637**	6,157	1,101
	9,997	**1,975**	6,830	1,260

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 and Singapore 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 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 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 and the Company to cash flow interest rate risk whilst borrowings at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure in accordance with defined policies and reviews the exposure with a focus on reducing the Group's overall cost of funding as well as maintaining 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$29,354 million (2013: HK$17,527 million) into floating rates 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 90% (2013: 80%) of the Group's borrowings was at floating rates and the remaining 10% (2013: 20%) was at fixed rates. (see note 23b).

Based on the 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 post-tax profit and total equity of the Group and the Company by approximately HK$504 million (2013: HK$380 million) and HK$50 million (2013: HK$50 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 reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of 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 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 and Singapore, with its cash flows denominated substantially in HKD, RMB and SGD which exposes the Group to foreign currency risk with respect to RMB and SGD related to its development property and port-related operations and investments in Mainland China and WPSL's development property projects in Singapore, respectively.

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 CCS 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**	**HKD Million**	**GBP Million**	**AUD Million**	**EURO Million**	USD Million	RMB Million	JPY Million	SGD Million	HKD Million	GBP Million	EURO Million
Bank deposits and cash	**30**	**11**	**2**	**1**	**–**	**–**	**1**	**–**	139	551	5	9	–	–	–
Available-for-sale investments	**311**	**–**	**–**	**–**	**1,705**	**51**	**–**	**13**	319	–	–	–	1,500	40	8
Trade and other receivables	**17**	**–**	**–**	**–**	**–**	**1**	**–**	**–**	26	–	–	–	–	–	–
Trade and other payables	**(36)**	**(2)**	**(4)**	**–**	**–**	**–**	**(2)**	**–**	(29)	(3)	(4)	–	–	–	(2)
Bank loans and other borrowings	**(6,148)**	**(1,748)**	**(21,951)**	**(770)**	**–**	**–**	**(175)**	**–**	(6,048)	(2,026)	(21,948)	(1,205)	–	–	–
Inter-company balances	**51**	**326**	**–**	**(250)**	**–**	**–**	**–**	**(8)**	50	300	–	–	–	–	–
Gross exposure arising from recognised assets and liabilities	**(5,775)**	**(1,413)**	**(21,953)**	**(1,019)**	**1,705**	**52**	**(176)**	**5**	(5,543)	(1,178)	(21,947)	(1,196)	1,500	40	6
Notional amount of forward foreign exchange contracts at fair value through profit or loss	**(5,539)**	**–**	**62,764**	**–**	**(1,705)**	**(51)**	**–**	**(13)**	(4,976)	–	(9,219)	–	(1,500)	(40)	(8)
Notional amount of CCS	**(1,480)**	**1,450**	**(40,764)**	**1,280**	**–**	**–**	**175**	**–**	(1,903)	1,650	(40,764)	1,205	–	–	–
Highly probable forecast purchases	**(44)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	(44)	–	–	–	–	–	(8)
Overall net exposure	**(12,838)**	**37**	**47**	**261**	**–**	**1**	**(1)**	**(8)**	(12,466)	472	(71,930)	9	–	–	(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$650 million respectively).

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 has significant exposure at the end of 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 change in the 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 decreased/increased the Group's post-tax profit and total equity by approximately HK$19 million (2013: HK$250 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 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 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 on the same basis as for 2013.

c) Equity Price Risk

The Group is exposed to equity price changes arising from equity and debt 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 and debt investments.

Based on the sensitivity analysis performed as at 31 December 2014, it is estimated that an increase/decrease of 10% (2013: 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$1,136 million (2013: HK$1,321 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 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 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
Group						
At 31 December 2014						
Bank loans and other borrowings	**(117,878)**	**(121,494)**	**(12,543)**	**(21,241)**	**(75,393)**	**(12,317)**
Trade and other payables	**(26,231)**	**(26,231)**	**(22,649)**	**(2,021)**	**(1,316)**	**(245)**
Interest rate swaps	**(30)**	**(44)**	**17**	**33**	**(1)**	**(93)**
Cross currency interest rate swaps	**(866)**	**296**	**185**	**106**	**209**	**(204)**
Forward foreign exchange contracts	**(357)**	**(357)**	**(319)**	**(37)**	**(1)**	**–**
Other derivatives	**49**	**49**	**–**	**49**	**–**	**–**
	(145,313)	**(147,781)**	**(35,309)**	**(23,111)**	**(76,502)**	**(12,859)**
At 31 December 2013						
Bank loans and other borrowings	(123,640)	(135,989)	(14,014)	(27,477)	(78,769)	(15,729)
Trade and other payables	(21,721)	(21,721)	(19,269)	(1,021)	(1,124)	(307)
Interest rate swaps	(184)	(683)	(76)	(78)	(199)	(330)
Cross currency interest rate swaps	(823)	(76)	148	124	(28)	(320)
Forward foreign exchange contracts	(46)	(46)	27	(28)	(45)	–
	(146,414)	(158,515)	(33,184)	(28,480)	(80,165)	(16,686)
Company						
At 31 December 2014						
Bank loans	**(5,000)**	**(5,072)**	**(61)**	**(5,011)**	**–**	**–**
Trade and other payables	**(28)**	**(28)**	**(28)**	**–**	**–**	**–**
	(5,028)	**(5,100)**	**(89)**	**(5,011)**	**–**	**–**
At 31 December 2013						
Bank loans	(5,000)	(5,131)	(60)	(60)	(5,011)	–
Trade and other payables	(7)	(7)	(7)	–	–	–
	(5,007)	(5,138)	(67)	(60)	(5,011)	–

The Company on its own 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. The maximum amount callable as at 31 December 2014 was HK$31,156 million (2013: HK$32,363 million).

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 banks, 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 Group or the Company as set out in note 28, the Group does not provide any other guarantee which would expose the Group or the Company to material credit risk.

f) Fair Value 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. 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 9d.

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 categorised into					
	2014			2013		
	Level 1 HK$ Million	Level 2 HK$ Million	Total HK$ Million	Level 1 HK$ Million	Level 2 HK$ Million	Total HK$ Million
Assets						
Available-for-sale investments:						
– Listed investments	11,357	–	11,357	13,213	–	13,213
Convertible securities	–	–	–	–	2,824	2,824
Derivative financial instruments:						
– Interest rate swaps	–	611	611	–	262	262
– Cross currency interest rate swaps	–	583	583	–	181	181
– Forward foreign exchange contracts	–	85	85	–	79	79
– Other derivatives	49	–	49	–	–	–
	11,406	1,279	12,685	13,213	3,346	16,559
Liabilities						
Derivative financial instruments:						
– Interest rate swaps	–	(641)	(641)	–	(446)	(446)
– Cross currency interest rate swaps	–	(1,449)	(1,449)	–	(1,004)	(1,004)
– Forward foreign exchange contracts	–	(442)	(442)	–	(125)	(125)
Bank loans and other borrowings:						
– Bonds and notes	–	(29,904)	(29,904)	–	(18,120)	(18,120)
– Convertible bonds	–	–	–	–	(6,214)	(6,214)
– Bank loans	–	(1,323)	(1,323)	–	(1,574)	(1,574)
	–	(33,759)	(33,759)	–	(27,483)	(27,483)

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

The Group's policy is to recognise transfers between levels 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 IRS and CCS 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 Wharf.

(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 subsidiaries are unsecured and non-interest bearing with no fixed terms of repayment. Amount due to a subsidiary is unsecured and interest bearing with no fixed terms of repayment.

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
Total bank loans and other borrowings (Note 23)	**117,878**	123,640
Less: Bank deposits and cash (Note 20)	**(21,279)**	(29,345)
Net debt	**96,599**	94,295
Shareholders' equity	**191,206**	166,582
Total equity	**339,916**	311,572
Net debt-to-total equity ratio	**28.4%**	30.3%

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

27. Share Capital and Other Statutory Capital Reserves

a) Share Capital

	2014 No. of shares	2013 No. of shares	**2014 HK$ Million**	2013 HK$ Million
Issued and fully paid ordinary shares				
At 1 January	**2,031,849,287**	2,031,849,287	**1,016**	1,016
Transition to no-par value regime on 3 March 2014	**–**	–	**1,933**	–
At 31 December	**2,031,849,287**	2,031,849,287	**2,949**	1,016

As at 31 December 2013, 2,800 million ordinary shares, with par value of HK$0.5 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$1,016 million, and the amount of HK$1,933 million standing to the credit of the share premium account and the capital redemption reserve 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 Reserve

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve 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 reserve have become part of the Company's share capital (see note 27a). 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 of which 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 reserve HK$ Million	Revenue reserves HK$ Million	Total HK$ Million
Company						
At 1 January 2013	1,016	1,914	19	–	2,686	5,635
Profit	–	–	–	–	2,847	2,847
Equity settled share-based payments	–	–	–	46	–	46
2012 second interim dividend paid	–	–	–	–	(1,219)	(1,219)
2012 special dividend paid	–	–	–	–	(508)	(508)
2013 first interim dividend paid	–	–	–	–	(711)	(711)
At 31 December 2013 and 1 January 2014	**1,016**	**1,914**	**19**	**46**	**3,095**	**6,090**
Profit	**–**	**–**	**–**	**–**	**2,846**	**2,846**
Equity settled share-based payments	**–**	**–**	**–**	**38**	**–**	**38**
2013 second interim dividend paid	**–**	**–**	**–**	**–**	**(1,321)**	**(1,321)**
2014 first interim dividend paid	**–**	**–**	**–**	**–**	**(782)**	**(782)**
Transition to no-par value regime on 3 March 2014 (Note 27a and 27b)	**1,933**	**(1,914)**	**(19)**	**–**	**–**	**–**
At 31 December 2014	**2,949**	**–**	**–**	**84**	**3,838**	**6,871**

d) Reserves of the Company available for distribution to equity shareholders of the Company at 31 December 2014 amounted to HK$3,838 million (2013: HK$3,095 million).

28. Contingent Liabilities

	Group		Company	
	2014 HK$ Million	2013 HK$ Million	**2014 HK$ Million**	2013 HK$ Million
a) Guarantees given in respect of banking facilities available to:				
Subsidiaries	**–**	–	**49,648**	42,920
Associates and joint ventures	**9,914**	12,980	**–**	4,500

Of the banking facilities available to associates and joint ventures which are guaranteed by the Group, HK$9,259 million (2013: HK$10,745 million) had been drawn at the end of the reporting period.

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

c) The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries, associates and joint ventures as their fair value cannot be reliably measured and their transaction price was HK$Nil.

29. 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 property						
	Hong Kong	1,728	1,011	2,739	1,138	475	1,613
	Mainland China	6,221	9,909	16,130	8,581	11,318	19,899
	Singapore	6	–	6	7	–	7
		7,955	10,920	18,875	9,726	11,793	21,519
	Development property						
	Hong Kong	5,323	15,159	20,482	6,996	11,392	18,388
	Mainland China	12,700	27,204	39,904	17,776	37,120	54,896
	Singapore	1,122	225	1,347	104	1,531	1,635
		19,145	42,588	61,733	24,876	50,043	74,919
	Properties total						
	Hong Kong	7,051	16,170	23,221	8,134	11,867	20,001
	Mainland China	18,921	37,113	56,034	26,357	48,438	74,795
	Singapore	1,128	225	1,353	111	1,531	1,642
		27,100	53,508	80,608	34,602	61,836	96,438
(II)	**Others**						
	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	27,661	55,883	83,544	35,379	64,961	100,340

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

(ii) The expenditure for development properties includes attributable amounts for developments undertaken by associates and joint ventures of HK$0.5 billion (2013: HK$2.2 billion) in Hong Kong and of HK$14.9 billion (2013: HK$19.9 billion) 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

30. Material Related Party 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$1,148 million (2013: HK$874 million) from various tenants which are companies whose controlling shareholder is a trust, the settlor of which is the Senior Director of the Company. These transactions are considered to be related party transactions and 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 and the five highest paid employees are disclosed in notes 2b and 2c.

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.

31. Changes in Accounting Policies

The HKICPA has issued certain amendments to Hong Kong Accounting Standards ("HKASs") and new interpretations that are first effective for the current accounting period of the Group and of the Company.

With effect from 1 January 2014, the Group has adopted the below amendments to HKASs, 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 continuation 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 requirement 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 99 to 113 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 are 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 the 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.

33. Comparative Figures

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

34. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Directors on 17 March 2015.

PRINCIPAL ACCOUNTING POLICIES

A. Statement of Compliance

The 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. The 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 Companies Ordinance (Cap. 32), in accordance with the 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. The 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 Venturers

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)).

(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 lives 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 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:

(i) 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 (t)(v).

(ii) 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.

(iii) 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.

(iv) 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 the consolidated income statement, 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 consolidated income statement.

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 the consolidated income statement.

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 the consolidated income statement.

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 the consolidated income statement 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 the consolidated income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated income statement 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)(ii). Finance charges implicit in the lease payments are charged to the consolidated income statement 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 the consolidated income statement 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 channels, 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 consolidated income statement 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 the end of each 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 the consolidated income statement. 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 the consolidated income statement. 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 the consolidated income statement.

  Impairment losses recognised in the consolidated income statement in respect of available-for-sale equity investments are not reversed through the consolidated income statement. 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 consolidated income statement.

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 the consolidated income statement 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, 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 in the consolidated income statement.

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 completed properties 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.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 the consolidated income statement.

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 or the issue of occupation permit/completion certificate by the relevant government authorities, which is taken to be the point in time when the risk 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 are 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 the end of each 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.

(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) Share 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 or Binomial Model, taking into account the terms and conditions upon which the share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share 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 share 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 respective company's shares. The equity amount is recognised in the capital reserve until either the share option is exercised (when it is transferred to other statutory capital reserves) or the share 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.

(iii) Central Provident Fund in Singapore

Contributions to the Central Provident Fund in Singapore as required under the Central Provident Fund Act are charged to the consolidated income statement when incurred.

AA. Significant Accounting Estimates and Judgements

Note 26 contains information about the assumptions and their risk relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 cash flows.

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
	A) Wharf				
*	**The Wharf (Holdings) Limited**	Hong Kong	HK$29,376,759,473 divided into 3,030,127,327 shares	56%	Holding company
	Properties				
	Wharf Estates Limited	Hong Kong	HK$2 divided into 2 shares	56%	Holding company
	Harbour City Estates Limited	Hong Kong	HK$330,100,000 divided into 20,000 shares	56%	Property
	Wharf Realty Limited	Hong Kong	HK$2 divided into 2 shares	56%	Property
	Times Square Limited	Hong Kong	HK$20 divided into 2 shares	56%	Property
	Plaza Hollywood Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	56%	Property
	Ridge Limited	Hong Kong	HK$10,000 divided into 10,000 shares	56%	Property
	Wharf Development Limited	Hong Kong	HK$7,000,000,000 divided into 7,000,000,000 shares	56%	Holding company
	Wharf Peak Properties Limited	Hong Kong	HK$30,000,000 divided into 3,000,000 shares	56%	Property
	Hong Tai Yuen Limited	Hong Kong	HK$500,000 divided into 500,000 shares	56%	Property
	Olinda Limited	Hong Kong	HK$20 divided into 2 shares	56%	Property
	New Tech Centre Limited	Hong Kong	HK$10,000 divided into 10,000 shares	56%	Property
	Wharf China Holdings Limited	British Virgin Islands	5,129,000,000 US$1 shares	56%	Holding company
	Wharf China Estates Limited	British Virgin Islands	1,000,000 US$1 shares	56%	Holding company
iii	Shanghai Long Xing Property Development Company Limited	The People's Republic of China	US$45,000,000	56%	Property
ii	Dalian Times Square Development Company Limited	The People's Republic of China	RMB420,000,000	56%	Property
ii	Long Qing Property Development (Chongqing) Company Limited	The People's Republic of China	RMB194,000,000	56%	Property
i	Shanghai Wheelock Square Development Limited	The People's Republic of China	US$240,000,000	54%	Property
ii	龍昌綜合開發(成都)有限公司	The People's Republic of China	HK$330,000,000	56%	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	56%	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	56%	Property
ii	九龍倉(長沙)置業有限公司	The People's Republic of China	US$1,112,000,000	56%	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	56%	Property
	Wharf China Development Limited	British Virgin Islands	1,000,000 US$1 shares	56%	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	56%	Property
ii	九龍倉(武漢)置業有限公司	The People's Republic of China	US$165,000,000	56%	Property
iii	上海九洲物業發展有限公司	The People's Republic of China	US$30,000,000	47%	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	31%	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	56%	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	56%	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	56%	Property
ii	九龍倉(無錫)置業有限公司	The People's Republic of China	US$307,580,000	56%	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	56%	Property
ii	龍悦房地產開發(成都)有限公司	The People's Republic of China	US$240,000,000	56%	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	56%	Property
ii	蘇州蘇龍地產發展有限公司	The People's Republic of China	US$166,800,000	56%	Property
ii	蘇州瑞龍地產發展有限公司	The People's Republic of China	US$187,000,000	56%	Property
ii	蘇州銀龍地產發展有限公司	The People's Republic of China	US$274,000,000	56%	Property
ii	無錫港龍置業有限公司	The People's Republic of China	US$140,900,000	56%	Property
ii	無錫河畔置業有限公司	The People's Republic of China	US$111,400,000	56%	Property

	Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/ registered and paid up capital	Percentage of equity attributable to Shareholders	Principal activities
ii	無錫都會置業有限公司	The People's Republic of China	US$144,600,000	56%	Property
ii	港盈房地產(杭州)有限公司	The People's Republic of China	US$146,990,000	56%	Property
ii	九龍倉(杭州)置業有限公司	The People's Republic of China	US$310,000,000	56%	Property
ii	堡盈房地產(杭州)有限公司	The People's Republic of China	US$320,000,000	56%	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	56%	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	56%	Property
ii	常州湖畔置業有限公司	The People's Republic of China	US$180,000,000	56%	Property
ii	常州河畔置業有限公司	The People's Republic of China	US$69,300,000	56%	Property
ii	寧波立成置業有限公司	The People's Republic of China	US$172,000,000	56%	Property
*	**Harbour Centre Development Limited**	Hong Kong	HK$3,641,350,047 divided into 708,750,000 shares	39%	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	32%	Property
ii	九龍倉(常州)置業有限公司	The People's Republic of China	US$229,800,000	39%	Property
ii	上海綠源房地產開發有限公司	The People's Republic of China	RMB70,000,000	39%	Property
	Logistics				
	Wharf Transport Investments Limited	Hong Kong	HK$2 divided into 2 shares	56%	Holding company
	The "Star" Ferry Company, Limited	Hong Kong	HK$7,200,000 divided into 1,440,000 shares	56%	Public transport
	Modern Terminals Limited	Hong Kong	HK$82,049,200 divided into 70,116 shares	38%	Container terminal
i	Shenzhen Dachan Bay Modern Port Development Company, Limited	The People's Republic of China	RMB2,475,550,000	24%	Container terminal
i	Suzhou Modern Terminals Limited	The People's Republic of China	RMB822,500,000	27%	Container terminal
	Hotels				
	Marco Polo Hotels Limited	Cayman Islands	500,000,000 US$1 shares	56%	Holding company
	Marco Polo Hotels Management Limited	Hong Kong	HK$20 divided into 2 shares	56%	Hotel
	The Hongkong Hotel Limited	Hong Kong	HK$100,000 divided into 100,000 shares	39%	Hotel and property
	The Marco Polo Hotel (Hong Kong) Limited	Hong Kong	HK$1,000 divided into 1,000 shares	56%	Hotel
	The Prince Hotel Limited	Hong Kong	HK$2 divided into 2 shares	56%	Hotel
	Smart Event Investments Limited	Hong Kong	HK$1 divided into 1 share	56%	Hotel
ii	武漢馬哥孛羅酒店有限公司	The People's Republic of China	US$3,850,000	56%	Hotel
ii	成都馬哥孛羅酒店有限公司	The People's Republic of China	US$1,200,015	56%	Hotel
ii	常州馬哥孛羅酒店有限公司	The People's Republic of China	US$7,000,000	39%	Hotel
	CME				
	Wharf Communications Limited	Hong Kong	HK$10,000,000 divided into 1,000,000 shares	56%	Holding company
*	i-CABLE Communications Limited	Hong Kong	HK$6,857,598,956 divided into 2,011,512,400 shares	41%	Holding company
	Hong Kong Cable Enterprises Limited	Hong Kong	HK$2 divided into 2 shares	41%	Advertising sale
	Hong Kong Cable Television Limited	Hong Kong	HK$750,000,000 divided into 750,000,000 shares	41%	Pay TV, Internet and multimedia
	i-CABLE Entertainment Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	41%	Programme production and channel operation
	i-CABLE News Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	41%	Programme production and channel operation
	i-CABLE Sports Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	41%	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	41%	Network operation

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

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
	Sundream Motion Pictures Limited	Hong Kong	HK$300,000,000 divided into 300,000,000 shares	41%	Film production
	Wharf T&T Limited	Hong Kong	HK$740,000,000 divided into 740,000,000 shares	56%	Telecommunication
	Wharf T&T eBusiness Limited	Hong Kong	HK$1 divided into 1 share	56%	Telecommunication
	Wharf T&T Outsourcing Services Limited	Hong Kong	HK$1 divided into 1 share	56%	Telecommunication
	EC Telecom Limited	Hong Kong	HK$2 divided into 2 shares	56%	Telecommunication
	COL Limited	Hong Kong	HK$20,000,000 divided into 40,000 shares	56%	IT services
	Investment and others				
	Wharf Limited	Hong Kong	HK$20 divided into 2 shares	56%	Management services
	Wharf Finance Limited	Hong Kong	HK$2 divided into 2 shares	56%	Finance
	Wharf Finance (BVI) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	56%	Finance
	Wharf Hong Kong Limited	Cayman Islands	500,000,000 US$1 shares	56%	Holding company
	Wharf China Finance Limited	Hong Kong	HK$5,000,000 divided into 5,000,000 shares	56%	Finance
	Wharf Finance (No.1) Limited	Hong Kong	HK$2 divided into 2 shares	56%	Finance
	Wharf Finance (BVI) No. 1 Limited	British Virgin Islands/Hong Kong	500 US$1 shares	56%	Finance
	Wharf Finance (2014) Limited	British Virgin Islands/Hong Kong	10 US$1 shares	56%	Finance
	Wharf MTN (Singapore) Pte. Ltd.	Singapore	2 S$1 shares	56%	Finance
	B) Wheelock (other than Wharf)				
*	**Wheelock Properties (Singapore) Limited**	Singapore	398,853,292 S$1 shares and 797,706,584 S$0.825 shares	76%	Holding company/ Property
	Botanica Pte. Ltd.	Singapore	1,000,000 S$1 shares	76%	Property
	Everbilt Developers Pte Ltd	Singapore	160,000,000 S$1 shares	76%	Property
	Nassim Developments Pte. Ltd.	Singapore	2 S$1 shares	76%	Investment
	Pinehill Investments Pte. Ltd.	Singapore	1,000,000 S$1 shares	76%	Property
ii	富匯房地產開發(富陽)有限公司	The People's Republic of China	US$262,000,000	76%	Property
	Others				
	Amblegreen Company Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
	Active Talent Holdings Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
	Easy Merit Holdings Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
	Fortune Precision Limited	Hong Kong	HK$2 divided into 2 shares	100%	Property
	Great Horwood Limited	Hong Kong	HK$2 divided into 2 shares	100%	Property
	Handy Solution Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
	Harriman Property Management Limited	Hong Kong	HK$19,800 divided into 198 shares	100%	Property management
	Harriman Leasing Limited	Hong Kong	HK$1,000,490 divided into 100,049 shares and HK$500 divided into 50 non-voting shares	78%	Letting agent
	Janeworth Company Limited	Hong Kong	HK$550,000,000 divided into 550,000,000 shares	100%	Property
	Joint Vision Limited	Hong Kong	HK$10,000 divided into 10,000 shares	100%	Property
	Leading Elite Limited	Hong Kong	HK$1 divided into 1 share	100%	Property

Subsidiaries	Place of incorporation/ operation	Issued ordinary share capital/ registered and paid up capital	Percentage of equity attributable to Shareholders	Principal activities
Marnav Holdings Limited	Hong Kong	HK$1,000,000 divided into 1,000,000 shares	100%	Property
Max Bloom International Development Limited	Hong Kong	HK$1 divided into 1 share	100%	Investment
Meritgold Holdings Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
Precise Treasure Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
Samover Company Limited	Hong Kong	HK$2 divided into 2 shares	100%	Property
Titano Limited	Hong Kong	HK$2 divided into 2 shares	100%	Property
Universal Sight Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
Wascott Property Limited	Hong Kong	HK$1 divided into 1 share	100%	Property
Wheelock China Limited	Hong Kong	HK$2 divided into 2 shares	100%	Holding company
Wheelock Corporate Services Limited	Hong Kong	HK$10,000,000 divided into 10,000,000 shares	100%	Management services
Wheelock Finance Limited	Hong Kong	HK$2 divided into 2 shares	100%	Finance
Wheelock Finance (BVI) Limited	British Virgin Islands/Hong Kong	500 US$1 shares	100%	Finance
Wheelock Finance (No. 1) Limited	Hong Kong	HK$2 divided into 2 shares	100%	Finance
Wheelock Properties Limited	Hong Kong	HK$8,004,905,000 divided into 40,000,000,000 shares	100%	Holding company
Wheelock Properties (Hong Kong) Limited	Hong Kong	HK$1,000 divided into 10 shares	100%	Property services and management
Wheelock Travel Limited	Hong Kong	HK$500,000 divided into 50,000 shares	100%	Travel agency

Associates	Place of incorporation/ operation	Class of shares	Percentage of equity attributable to Shareholders	Principal activities
Wharf – Properties				
* Greentown China Holdings Limited	Cayman Islands/ The People's Republic of China	Ordinary	13%	Property
Start Treasure Limited	Hong Kong	Ordinary	8%	Property
蘇州雙湖房地產有限公司	The People's Republic of China	Registered	28%	Property
天津港威房地產開發有限公司	The People's Republic of China	Registered	28%	Property
天津雍景灣房地產開發有限公司	The People's Republic of China	Registered	28%	Property
佛山招商九龍倉房地產有限公司	The People's Republic of China	Registered	28%	Property
佛山依雲上園房地產有限公司	The People's Republic of China	Registered	28%	Property
佛山鑫城房地產有限公司	The People's Republic of China	Registered	28%	Property
佛山信捷房地產有限公司	The People's Republic of China	Registered	28%	Property
佛山依雲孝德房地產有限公司	The People's Republic of China	Registered	28%	Property
廣州市萬尚房地產有限公司	The People's Republic of China	Registered	18%	Property
北京廣盈房地產開發有限公司	The People's Republic of China	Registered	18%	Property
上海萬九綠合置業有限公司	The People's Republic of China	Registered	11%	Property
杭州築家房地產開發有限公司	The People's Republic of China	Registered	28%	Property
杭州綠城九龍倉置業有限公司	The People's Republic of China	Registered	28%	Property
Wharf – Logistics				
Hong Kong Air Cargo Terminals Limited	Hong Kong	Ordinary	12%	Air cargo terminal
Mega Shekou Container Terminals Limited	British Virgin Islands	Ordinary	8%	Holding company
Wheelock Properties (Singapore) Limited				
68 Holdings Pte. Ltd.	Singapore	Ordinary	30%	Investment holding
Hotel Properties Limited	Singapore	Ordinary	17%	Hotelier and investment holding

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

At 31 December 2014

Joint ventures	Place of incorporation/ operation	Class of shares	Percentage of equity attributable to Shareholders	Principal activities
Wharf – Properties				
Market Prospect Limited	Hong Kong	Ordinary	28%	Property
重慶嘉江房地產開發有限公司	The People's Republic of China	Registered	22%	Property
重慶嘉益房地產開發有限公司	The People's Republic of China	Registered	28%	Property
重慶豐盈房地產開發有限公司	The People's Republic of China	Registered	22%	Property
浙江金盈置業有限公司	The People's Republic of China	Registered	28%	Property
祥寶投資(成都)有限公司	The People's Republic of China	Registered	17%	Property
天津贏超房地產開發有限公司	The People's Republic of China	Registered	28%	Property
寧波姚景房地產開發有限公司	The People's Republic of China	Registered	28%	Property
寧波瑞峰置業有限公司	The People's Republic of China	Registered	28%	Property
大連九龍倉綠城置業有限公司	The People's Republic of China	Registered	33%	Property
上海龍驤房地產開發有限公司	The People's Republic of China	Registered	28%	Property
Wharf – Logistics				
Taicang International Container Terminals Company Limited	The People's Republic of China	Registered	19%	Container terminal
Wheelock – Properties				
Fast New Limited	Hong Kong	Ordinary	50%	Property

* 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) The subsidiaries, associates and joint ventures were held indirectly by the Company.

(b) The above list gives the principal subsidiaries, associates and jont 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 subsidiaries of the Group:

Name of subsidiary/borrower	Description of debt securities	Outstanding principal amount
A) Wharf (guaranteed by Wharf)		
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

Name of subsidiary/borrower	Description of debt securities	Outstanding principal amount
	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$167 Million
	S$ Guaranteed Fixed Rate Notes due 2016	S$160 Million
	RMB Guaranteed Fixed Rate Notes due 2016	RMB150 Million
	US$ 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$100 Million
	RMB Guaranteed Fixed Rate Notes due 2020	RMB100 Million
	RMB Guaranteed Fixed Rate Notes due 2020	RMB200 Million
	S$ Guaranteed Fixed Rate Notes due 2021	S$260 Million
	RMB Guaranteed Fixed Rate Notes due 2023	RMB200 Million
	JPY Guaranteed Fixed Rate Notes due 2026	JPY10,000 Million
Wharf MTN (Singapore) Pte. Ltd.	S$ Guaranteed Fixed Rate Notes due 2018	S$250 Million
B) Wheelock (other than Wharf) (guaranteed by the Company)		
Wheelock Finance Limited	HK$ Guaranteed Fixed Rate Notes due 2016	HK$440 Million
	HK$ Guaranteed Fixed Rate Notes due 2017	HK$300 Million
	HK$ Guaranteed Fixed Rate Notes due 2017	HK$500 Million
	HK$ Guaranteed Fixed Rate Notes due 2017	HK$1,100 Million
	US$ Guaranteed Fixed Rate Notes due 2017	US$500 Million
	US$ Guaranteed Fixed Rate Notes due 2017	US$535 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$100 Million
	HK$ Guaranteed Fixed Rate Notes due 2018	HK$200 Million
	US$ Guaranteed Fixed Rate Notes due 2018	US$500 Million
	HK$ Guaranteed Fixed Rate Notes due 2019	HK$300 Million
	AUD Guaranteed Fixed Rate Notes due 2019	AUD15 Million
	AUD Guaranteed Fixed Rate Notes due 2019	AUD50 Million
	HK$ Guaranteed Fixed Rate Notes due 2021	HK$100 Million
	HK$ Guaranteed Fixed Rate Notes due 2021	HK$200 Million
	S$ Guaranteed Fixed Rate Notes due 2021	S$350 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$100 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$445 Million
	HK$ Guaranteed Fixed Rate Notes due 2022	HK$450 Million

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2014

Address	Approximate Gross Floor Areas (sq.ft.) Total	Office	Retail	Residential	Others	(Remarks)
HONG KONG						
Property – 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	(A 665-room hotel)
Gateway	308,000	–	–	–	308,000	(A 397-room hotel)
Prince	350,000	–	–	–	350,000	(A 393-room hotel)
Pacific Club Kowloon	139,000	–	–	–	139,000	(Club House)
	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	(Industrial)
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	–	–	
3/F-24/F, Wheelock House, 20 Pedder Street, Central	199,800	199,800	–	–	–	
One Island South, 2 Heung Yip Road, Wong Chuk Hang	90,500	–	90,500	–	–	
	5,204,000	1,851,200	1,728,600	1,058,200	566,000	
Murray Building, Cotton Tree Drive, Central	325,000	–	–	–	325,000	
Total Hong Kong Property – Investment	13,879,000	6,114,200	3,777,600	1,728,200	2,259,000	
Property – Development						
Peninsula East, 5 Tung Yuen Street, Yau Tong	256,000	–	43,000	213,000	–	
One Bay East, 83 Hoi Bun Road, Kwun Tong	1,024,700	971,700	53,000	–	–	
One HarbourGate, junction of Hung Luen Road and Kin Wan Street, Hung Hom	673,400	611,400	62,000	–	–	
Kensington Hill, 98 High Street, Sai Ying Pun	60,100	–	–	60,100	–	
The Parkside, 18 Tong Chun Street, Tseung Kwan O	423,400	–	44,400	379,000	–	
Site at area 68A1, Tseung Kwan O	429,800	–	86,000	343,800	–	
Site at area 65C1, Tseung Kwan O	569,400	–	74,900	494,500	–	
Site at area 68B2, Tseung Kwan O	856,000	–	147,600	708,400	–	
Site at So Kwun Wat, Tuen Mun	376,900	–	–	376,900	–	
Site at junction of Sheung Foo Street and Fak Kwong Street, Ho Man Tin	387,700	–	–	387,700	–	
171, 175-179 Shau Kei Wan Road, Sai Wan Ho	93,500	–	15,400	78,100	–	
Kai Tak Area 1H Site	411,600	–	8,300	403,300	–	
LOHAS Park Package 5, Tseung Kwan O	1,101,500	–	–	1,101,500	–	
	6,664,000	1,583,100	534,600	4,546,300	–	

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	56%
126,488	KML 11 S.A.	2880	1977	N/A	56%
(a)	KML 11 S.B.	2880	1981	N/A	56%
(a)	KML 11 S.B.	2880	1981	N/A	56%
(a)	KML 11 S.D.	2880	1983	N/A	56%
(a)	KML 11 S.B. & D.	2880	1981/83	N/A	56%
(a)	KML 11 R.P.	2880	1994	N/A	56%
(a)	KML 11 S.B. & D.	2880	1998/99	N/A	56%
58,814	KML 91 S.A. & KML 10 S.B.	2863	1969	N/A	39%
(a)	KML 11 S.B.	2880	1981	N/A	56%
(a)	KML 11 S.D.	2880	1983	N/A	56%
48,309	KIL 11179	2021	1990	N/A	56%
112,441	IL 731, IL 728, IL 727, IL 725 S.A. & R.P., IL 724 S.A.	2850/60/80	1993	N/A	56%
280,510	NKIL 6160	2047	1997	N/A	56%
48,438	KTIL 713	2047	2019	Demolition in progress	56%
N/A	TWTL 218	2047	1992	N/A	56%
N/A	RBL 512 & 1004	2027/28	1974/77	N/A	56%
29,640	RBL 556 S.A.R.P. & S.B.	2035	2001	N/A	56%
32,145	RBL 522, 639, 661	2027	2017	Foundation completed	56%
97,670	RBL 534 S.E., S.F. & R.P.	2028	2018/20	Foundation in progress	56%
76,725	RBL 836	2029	2016	Foundation completed	56%
165,809	NKIL 5805, 5806 & 5982	2047	1984	Planning for redevelopment	56%
12,286	IL 7 R.P. & IL 45 S.A.R.P.	2842	1977	N/A	56%
N/A	KML 10 S.A.	2863	1966	N/A	39%
N/A	ML 99 S.A., S.C. & R.P. & ML 100 S.A., S.B. & R.P.	2854	1984	N/A	100%
N/A	AIL 374	2121	2011	N/A	100%
68,136	9036	2063	2017	Planning for redevelopment	39%
42,625	YTIL 40 RP	2062	2016	Superstructure in progress	56%
76,241	NKIL 6269	2061	2015	Superstructure in progress	100%
147,499	KIL 11111	2061	2016	Superstructure in progress	100%
7,553	IL 767 S.B., S.C. & S.D.	2861	2016	Superstructure in progress	100%
88,759	TKOTL 119	2062	2016	Superstructure in progress	100%
171,890	TKOTL 125	2063	2017	Foundation in progress	100%
149,856	TKOTL 112	2063	2017	Foundation in progress	100%
295,159	TKOTL 126	2063	2017	Foundation in progress	100%
289,918	TMTL 427	2063	2017	Foundation in progress	100%
83,034	KIL 11228	2063	2018	Foundation in progress	100%
9,710	SIL 547 R.P. & various lots of SIL 481 S.B.	2071	2018	Foundation in progress	100%
82,603	NKIL 6541	2064	2019	Planning stage	100%
200,199	Site G of TKOTL 70 R.P.	2064	2020	Planning stage	100%

SCHEDULE OF PRINCIPAL PROPERTIES (CONTINUED)

At 31 December 2014

Address	Approximate Gross Floor Areas (sq.ft.) Total	Office	Retail	Residential	Others	(Remarks)
Associates/Joint ventures						
(Attributable – Note h)						
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	7,422,000	1,583,100	545,600	5,293,300	–	
HONG KONG TOTAL	21,301,000	7,697,300	4,323,200	7,021,500	2,259,000	
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	(A 228-room hotel)
Wuxi International Finance Square, Taihu Plaza, Nanchang District, Wuxi	450,000	–	–	–	450,000	(A 253-room hotel)
Suzhou International Finance Square, Xing Hu Jie, Suzhou Industrial Park, Suzhou	2,989,000	2,558,000	–	181,000	250,000	(A 147-room hotel)
Changsha International Finance Square, Furong District, Changsha	7,805,000	4,799,000	2,425,000	–	581,000	(A 252-room hotel)
Chongqing International Finance Square, Zone A of Jiangbei City, Jiang Bei District, Chongqing (Attributable – Note h)	2,305,000	1,566,000	547,000	–	192,000	(A 246-room hotel on 100% ownership)
	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	(A 370-room hotel)
Marco Polo Changzhou, 88 Hehai East Road, Xinbei District, Changzhou	474,000	–	–	–	474,000	(A 271-room hotel, serviced apartment and a State Guest House)
	879,000	–	–	–	879,000	
Total Mainland China Property – Investment	26,225,800	15,144,800	7,136,000	1,150,000	2,795,000	

Site Area (sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
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	8%
250,930	IL9007	2060	2015	Superstructure in progress	28%
148,703	N/A	2043	1999	N/A	56%
95,799	N/A	2050	2004	N/A	56%
(b)	N/A	2053	2008	N/A	56%
(c)	N/A	2039	2008	N/A	56%
(d)	N/A	2047	2009	N/A	56%
(e)	N/A	2047	2013/14	N/A	56%
(f)	N/A	2047/57	2014	N/A	56%
136,432	N/A	2049	2010	N/A	54%
(e)	N/A	2047	2015	Fitout work of remaining complex in progress	56%
(f)	N/A	2047/57	2016	Superstructure completed	56%
229,069	N/A	2047/77	2017	Superstructure in progress	32%
800,452	N/A	2051	2017	Superstructure in progress	56%
516,021	N/A	2050/60	2016	Superstructure in progress	28%
(b)	N/A	2053	2008	N/A	56%
842,531	N/A	2048	2014	N/A	39%

Address	Approximate Gross Floor Areas (sq.ft.) Total	Office	Retail	Residential	Others	(Remarks)
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	–	
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	–	
Hangzhou Fuyang Shijiayuan, Xianzhu Road/ Xiangyang Road, Shouxiang, Shijiayuan Village, Fuyang	3,371,300	–	–	3,371,300	–	
	59,504,300	4,278,000	1,552,000	53,674,300	–	

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	39%
2,563,134	N/A	2050/80	2018	Superstructure in progress	56%
1,180,262	N/A	2083	2017	Superstructure in progress	56%
914,000	N/A	2080	2016	Superstructure in progress	56%
258,358	N/A	2080	2016	Superstructure in progress	56%
553,442	N/A	2051/81	2015	Superstructure in progress	56%
1,315,296	N/A	2081	2016	Superstructure in progress	56%
638,000	N/A	2077	2012	N/A	39%
877,772	N/A	2081	2014	N/A	56%
585,723	N/A	2081	2017	Foundation in progress	56%
170,825	N/A	2043/63	2018	Foundation in progress	31%
526,905	N/A	2083	2016	Superstructure in progress	56%
3,654,152	N/A	2076	2016	Superstructure in progress	56%
2,501,747	N/A	2081	2017	Superstructure in progress	56%
5,425,454	N/A	2077	2017	Superstructure in progress	32%
1,276,142	N/A	2078	2018	Superstructure in progress	56%
3,314,418	N/A	2078	2017	Superstructure in progress	56%
1,416,822	N/A	2078	2017	Superstructure in progress	56%
2,121,662	N/A	2048/78	2017	Superstructure in progress	56%
558,000	N/A	2083	2015	Superstructure in progress	56%
160,000	N/A	2079	2013	N/A	56%
761,520	N/A	2045/75	2013	N/A	56%
884,459	N/A	2046/76	2014	N/A	56%
(d)	N/A	2047/77	2017	Superstructure in progress	56%
800,882	N/A	2053/83	2018	Superstructure in progress	56%
1,130,000	N/A	2050/80	2016	Superstructure in progress	56%
454,000	N/A	2080	2016	Superstructure in progress	56%
(c)	N/A	2069	2009	N/A	56%
3,210,772	N/A	2082	2020	Superstructure in progress	76%

SCHEDULE OF PRINCIPAL PROPERTIES (CONTINUED)

At 31 December 2014

Address	Approximate Gross Floor Areas (sq.ft.) Total	Office	Retail	Residential	Others	(Remarks)
Associates/Joint ventures						
(Attributable – Note h)						
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	–	–	
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, Hangzhou	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, Zone 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	85,228,448	6,851,023	4,376,876	73,820,467	180,082	
MAINLAND CHINA TOTAL	111,454,248	21,995,823	11,512,876	74,970,467	2,975,082	
SINGAPORE						
Property – Investment						
Wheelock Place, 501 Orchard Road	465,700	221,800	243,900	–	–	
Scotts Square (Retail Podium), 6 & 8 Scotts Road	130,900	–	130,900	–	–	
Total Singapore Property – Investment	596,600	221,800	374,800	–	–	

Site Area (sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
1,976,237	N/A	2077	2014	N/A	28%
2,867,600	N/A	2047/77	2012	N/A	28%
1,155,000	N/A	2048/78	2013	N/A	28%
1,526,900	N/A	2070	2017	Superstructure in progress	28%
603,900	N/A	2080	2014	N/A	28%
639,000	N/A	2083	2017	Superstructure in progress	28%
1,069,000	N/A	2083	2017	Superstructure in progress	28%
1,181,300	N/A	2081	2016	Superstructure in progress	18%
783,000	N/A	2082	2016	Superstructure in progress	18%
511,560	N/A	2079	2012	N/A	28%
902,000	N/A	2083	2017	Superstructure in progress	28%
648,056	N/A	2082	2015	Superstructure in progress	28%
1,156,979	N/A	2052/62	2020	Superstructure in progress	11%
2,046,685	N/A	2047/77	2017	Superstructure in progress	28%
756,000	N/A	2053/83	2018	Foundation in progress	28%
448,224	N/A	2054/84	2016	Foundation in progress	28%
114,539	N/A	2054/84	2018	Planning stage	28%
524,250	N/A	2080	2015	Superstructure in progress	28%
708,142	N/A	2080	2017	Superstructure in progress	28%
922,475	N/A	2083	2017	Superstructure in progress	33%
2,212,128	N/A	2048/78	2014 and beyond	Superstructure in progress	17%
1,002,408	N/A	2057	2016	Superstructure in progress	22%
2,335,535	N/A	2050/60	2017	Superstructure in progress	28%
6,080,656	N/A	2047/57	2017	Superstructure in progress	22%
1,619,360	N/A	2050/80	2015	Superstructure in progress	28%

N/A	N/A	2089	1993	N/A	76%
(g)	N/A	Freehold	2011	N/A	76%

SCHEDULE OF PRINCIPAL PROPERTIES (CONTINUED)

At 31 December 2014

	Approximate Gross Floor Areas (sq.ft.)					
Address	**Total**	**Office**	**Retail**	**Residential**	**Others**	**(Remarks)**
Property – Development						
Units at Ardmore Three, 3 Ardmore Park	143,300	–	–	143,300	–	
Units at Scotts Square, 6 & 8 Scotts Road	44,000	–	–	44,000	–	
The Panorama, Ang Mo Kio Avenue	655,600	–	–	655,600	–	
Total Singapore Property – Development	842,900	–	–	842,900	–	
SINGAPORE TOTAL	1,439,500	221,800	374,800	842,900	–	
GROUP PROPERTY – INVESTMENT	**40,701,400**	**21,480,800**	**11,288,400**	**2,878,200**	**5,054,000**	
GROUP PROPERTY – DEVELOPMENT	**93,493,348**	**8,434,123**	**4,922,476**	**79,956,667**	**180,082**	
GROUP TOTAL (Note j)	**134,194,748**	**29,914,923**	**16,210,876**	**82,834,867**	**5,234,082**	

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) This property forms part of Scotts Square which has a total site area of 71,137 sq. ft.

(h) The floor areas of properties held through associates and joint ventures are shown on an attributable basis.

(i) The above areas included pre-sold development properties of 18,480,300 sq. ft. (Hong Kong 1,452,400 sq. ft., Mainland China 16,780,000 sq. ft. and Singapore 247,900 sq. ft.), which have not been recognised in the financial statements.

(j) In addition to the above floor areas, the Group has total attributable carpark areas of approximately 39 million sq. ft. mainly in Mainland China.

(k) In January 2015, the Group acquired 2 sites for joint development projects in Beijing with attributable GFA of 901,000 sq. ft.

(l) 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.

Site Area (sq.ft.)	Lot Number	Lease Expiry	Year of Completion/ Expected Completion	Stage of Completion	Effective Equity Interest to the Company
54,981	N/A	Freehold	2014	N/A	76%
(g)	N/A	Freehold	2011	N/A	76%
198,942	N/A	2112	2017	Superstructure in progress	76%

TEN-YEAR FINANCIAL SUMMARY

HK$ Million	2014	2013	2012	2011	2010	2009	2008	2007	2006/07	2005/06
								(Note e)		
Consolidated Income Statement										
Revenue	**40,953**	35,071	33,124	34,558	24,186	18,957	22,583	17,915	16,096	4,235
Operating profit	**15,729**	14,938	15,570	17,730	11,384	9,507	9,420	10,428	7,650	1,792
Underlying profit (Note a)	**8,103**	7,822	7,267	9,038	4,582	3,711	3,385	3,460	3,008	3,313
Profit before property revaluation gain	**7,035**	7,724	8,734	8,359	4,974	4,408	2,284	3,361	3,008	3,313
Profit attributable to equity shareholders	**22,009**	16,954	26,935	22,866	20,194	10,459	3,432	7,615	6,310	10,316
Dividends attributable to shareholders	**2,169**	2,032	2,235	1,016	254	254	254	254	254	254
Consolidated Statement of Financial Position										
Investment properties	**316,860**	282,015	250,729	200,497	161,953	126,789	108,830	105,836	95,085	8,560
Fixed assets	**25,052**	24,180	19,888	19,002	18,410	18,522	21,866	19,554	16,171	105
Interest in associates	**25,648**	19,003	16,046	9,331	7,725	5,513	5,438	5,096	531	32,012
Interest in joint ventures	**19,911**	21,603	21,219	18,297	16,485	7,551	7,989	4,555	788	–
Financial investments	**11,390**	13,246	14,843	7,065	10,676	4,885	2,279	7,622	7,088	2,187
Properties for sale	**88,148**	87,178	65,007	60,909	37,233	25,824	24,660	19,805	15,386	9,169
Bank deposits and cash	**21,279**	29,345	30,016	42,668	27,540	27,756	22,927	13,079	10,235	4,518
Other assets	**9,279**	10,244	12,018	6,343	6,214	7,966	4,217	3,578	3,743	1,627
Total assets	**517,567**	486,814	429,766	364,112	286,236	224,806	198,206	179,125	149,027	58,178
Bank and other borrowings	**(117,878)**	(123,640)	(103,257)	(95,682)	(65,682)	(46,634)	(45,623)	(34,991)	(25,806)	(7,205)
Other liabilities	**(59,773)**	(51,602)	(40,629)	(33,236)	(27,478)	(19,621)	(16,681)	(29,975)	(23,679)	(3,605)
Net assets	**339,916**	311,572	285,880	235,194	193,076	158,551	135,902	114,159	99,542	47,368
Share capital: Nominal capital	**–**	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Other statutory capital reserves	**–**	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933
Share capital and other statutory capital reserves	**2,949**	2,949	2,949	2,949	2,949	2,949	2,949	2,949	2,949	2,949
Reserves	**188,257**	163,633	149,092	119,613	97,423	73,949	62,159	53,702	46,313	38,067
Shareholders' equity	**191,206**	166,582	152,041	122,562	100,372	76,898	65,108	56,651	49,262	41,016
Non-controlling interests	**148,710**	144,990	133,839	112,632	92,704	81,653	70,794	57,508	50,280	6,352
Total equity	**339,916**	311,572	285,880	235,194	193,076	158,551	135,902	114,159	99,542	47,368
Net debt	**96,599**	94,295	73,241	53,014	38,142	18,878	22,696	21,912	15,571	2,687
Financial Data										
Per share data										
Earnings per share (HK$)										
– Underlying profit	**3.99**	3.85	3.58	4.45	2.26	1.83	1.67	1.70	1.48	1.63
– Before property revaluation gain	**3.46**	3.80	4.30	4.11	2.45	2.17	1.12	1.65	1.48	1.63
– Attributable to equity shareholders	**10.83**	8.34	13.26	11.25	9.94	5.15	1.69	3.75	3.11	5.08
Net assets value per share (HK$)	**94.11**	81.99	74.83	60.32	49.40	37.85	32.04	27.88	24.25	20.19
Dividends per share (¢) (Note b)	**106.75**	100.00	110.00	50.00	12.50	12.50	12.50	12.50	12.50	12.50
Financial ratios										
Net debt to total equity (%)	**28.4%**	30.3%	25.6%	22.5%	19.8%	11.9%	16.7%	19.2%	15.6%	5.7%
Return on Shareholders' equity (%) (Note c)	**12.3%**	10.6%	19.6%	20.5%	22.8%	14.7%	5.6%	14.4%	14.0%	28.5%
Dividend payout (%)										
– Underlying profit	**26.8%**	26.0%	30.8%	11.2%	5.5%	6.8%	7.5%	7.3%	8.4%	7.7%
– Before property revaluation gain	**30.8%**	26.3%	25.6%	12.2%	5.1%	5.8%	11.1%	7.6%	8.4%	7.7%
– Attributable to equity shareholders	**9.9%**	12.0%	8.3%	4.4%	1.3%	2.4%	7.4%	3.3%	4.0%	2.5%
Interest cover (Times) (Note d)	**4.6**	4.6	6.2	10.2	13.5	16.1	8.2	8.6	7.7	6.9

Notes:

(a) Underlying profit excludes attributable net property revaluation gain, mark-to-market changes on certain financial instruments, impairment provision for properties and other non-recurring items mainly including the negative goodwill arising on the acquisition of Hotel Properties Limited in 2014, the accounting gain arising on the acquisition of the interest in Greentown in 2012, revaluation of Hactl interest/tax write back in 2010 and profit on disposal of Beijing Capital Times Square/Fitfort in 2009.

(b) 2012 and 2011 dividends per share included a special dividend of 25.0¢ per share each year.

(c) Return on Shareholders' equity is based on profit attributable to Shareholders over average Shareholders' equity during the year.

(d) Interest cover is based on EBITDA over finance costs (before capitalisation and fair value gain/loss).

(e) The Company changed its financial year end date from 31 March to 31 December at the end of 2007. Accordingly, the Company's financial year 2007 covered nine months ended 31 December 2007 but consolidated the financial statements for Wharf for the full calendar year 2007.

(f) The Company changed its accounting policy on consolidation as explained in note 2a to the 2007 financial statements. Figures for the year of 2005/06 and prior years have not been restated to reflect this change as it would involve delays and expenses out of proportion to the benefit to the equity shareholders.

(g) Certain figures have been reclassified or restated to comply with the prevailing HKFRSs.

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