

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

REPORT OF THE DIRECTORS (CONTINUED)

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.

REPORT OF THE DIRECTORS (CONTINUED)

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 Polytechnic 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 K 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.

REPORT OF THE DIRECTORS (CONTINUED)

(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)		Subscription price per share (HK\$)
		As at 1 January 2014	As at 31 December 2014	
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.

REPORT OF THE DIRECTORS (CONTINUED)

(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		Subscription price per share (HK\$)
			As at 1 January 2014	As at 31 December 2014	
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

REPORT OF THE DIRECTORS (CONTINUED)

- (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:

Date of grant (Date/Month/Year)	No. of Wheelock's shares under option		Vesting/Exercise Period (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
	As at 1 January 2014	As at 31 December 2014		
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:

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

REPORT OF THE DIRECTORS (CONTINUED)

(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.