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**WHEELOCK AND COMPANY LIMITED**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 20)



**THE WHARF (HOLDINGS) LIMITED**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 4)

## **JOINT ANNOUNCEMENT CONNECTED TRANSACTIONS**

The respective Boards of W&C and Wharf wish to announce that (1) the Wharf group (through its wholly-owned subsidiary, namely, Smart Bloom Limited) entered into the Suzhou JV Agreement with the CMP group (through its wholly-owned subsidiary, namely, Eureka Investment Company Limited) on 6 September 2007 relating to the formation of the Suzhou JV with registered capital of US\$160 million for the purpose of developing the Suzhou Land into residential properties for sale; and (2) the W&C group (through Total Up International Limited, a wholly-owned subsidiary of W&C's listed subsidiary, namely, WPL) entered into the Foshan JV Agreement with the CMP group (through a wholly-owned subsidiary of CMP, namely, China Merchants Property Development (Guangzhou) Ltd.) on 10 April 2007 relating to the formation of the Foshan JV with registered capital of US\$90 million for the purpose of developing the Foshan Land into residential properties for sale.

CMP is an associate of CMG which holds 43.45% shareholding interest in CMP through China Merchants Shekou Industrial Zone Company Limited. CMG is an indirect substantial shareholder of a Wharf's subsidiary, namely, Modern Terminals Limited, in which a wholly-owned subsidiary of China Merchants Holdings (International) Co., Ltd. which is 57%-owned by CMG, owns 27% shareholding interest. CMP together with its subsidiaries are connected persons of Wharf within the meaning of the Listing Rules and therefore, the entering into of the Suzhou JV Agreement constitutes a connected transaction for Wharf under the Listing Rules. As Wharf has become a 50.00003%-owned subsidiary of W&C since 20 August 2007 and CMP together with its subsidiaries have become connected persons of W&C, the entering into of the Suzhou JV Agreement also constitutes a connected transaction for W&C.

As regards the Foshan JV Agreement, at the time of formation of the Foshan JV in April 2007, Wharf had not become a subsidiary of W&C and the entering into of the Foshan JV Agreement was not previously considered as a connected transaction for W&C. However, given that Wharf has become a 50.00003%-owned subsidiary of W&C, and CMP together with its subsidiaries have therefore become connected persons of W&C, since 20 August 2007, the entering into of the Foshan JV Agreement constitutes a connected transaction for W&C.

For W&C, since one or more of the applicable percentage ratios in respect of the financial commitments under the Suzhou JV and the Foshan JV, in aggregate, are greater than 2.5% for the purposes of Rule 14.07 of the Listing Rules, the relevant transactions are subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rule 14A.45 to Rule 14A.54 under the Listing Rules.

For Wharf, since one or more of the applicable percentage ratios in respect of the financial commitments under the Suzhou JV are greater than 0.1% while all such ratios are below 2.5% for the purposes of Rule 14.07 of the Listing Rules, the relevant transaction is exempt from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Rule 14A.45 to Rule 14A.47 of the Listing Rules.

As far as W&C is concerned, the entering into of the Suzhou JV Agreement and the Foshan JV Agreement is subject to the independent shareholder approval of W&C as required under the Listing Rules. A written shareholder approval has already been obtained from a closely allied group of shareholders of W&C holding, in aggregate, 1,204,934,300 W&C shares (representing approximately 59.3% of the issued share capital of W&C) for the entering into of the Suzhou JV Agreement and the Foshan JV Agreement. Such 59.3% shareholding interest represents the deemed shareholding interest of Mr. Peter K.C. Woo, the Chairman of W&C. Pursuant to Rule 14A.43, W&C has made an application to the Stock Exchange applying for a waiver that the written approval from the closely allied group of shareholders of W&C in lieu of holding a physical shareholders' meeting is acceptable for approval of the Suzhou JV Agreement and the Foshan JV Agreement.

A circular containing, among other things, details of the Suzhou JV Agreement and the Foshan JV Agreement, the recommendation of the Independent Board Committee to the independent shareholders of W&C and an opinion letter from the Independent Financial Adviser to the Independent Board Committee and the independent shareholders of W&C will be dispatched to W&C's shareholders as soon as practicable in compliance with the Listing Rules.

This joint announcement is made in accordance with the requirements of, *inter alia*, Rule 14A.41 and Rule 14A.47 of the Listing Rules.

## **INTRODUCTION**

The respective Boards of W&C and Wharf wish to announce that each of the W&C group and the Wharf group has entered into with the CMP group the Foshan JV Agreement and the Suzhou JV Agreement on 10 April 2007 and 6 September 2007, respectively, for the purposes of the development of the Foshan Land and the Suzhou Land. Under the Listing Rules, the entering into of the Suzhou JV Agreement constitutes a connected transaction for both of W&C and Wharf whereas the signing of the Foshan JV Agreement is a connected transaction for W&C only.

## **SUZHOU JV AGREEMENT**

Reference is made to the Announcement in relation to the successful bidding of the Suzhou Land on 26 July 2007 at a consideration of RMB1,010 million (approximately HK\$1,044 million) by the Wharf group together with the CMP group, jointly on a 50:50 ownership basis.

Following the successful joint bidding, the Suzhou JV Agreement was entered into by the Wharf group and the CMP group for the purpose of the development of the Suzhou Land. A summary of the major terms and conditions of the Suzhou JV Agreement is set out below:

Date:	6 September 2007
Parties:	(1) Smart Bloom Limited, a wholly-owned subsidiary of Wharf (2) Eureka Investment Company Limited, a wholly-owned subsidiary of CMP
Purpose:	To establish the Suzhou JV, owned by the Suzhou JV Parties on a 50:50 ownership basis, to engage in the business of land and property development, in phases, in respect of the Suzhou Land in Suzhou, Jiangsu Province, the PRC
Total registered Capital:	US\$160 million for which each of the Suzhou JV Parties would inject US\$80 million into the Suzhou JV
Profit and loss:	Smart Bloom Limited and Eureka Investment Company Limited will share the profit and loss of the Suzhou JV in proportion to their respective contribution to the registered capital of the Suzhou JV (i.e. on a 50:50 basis)
Management:	The property development of the Suzhou Land will be led by Eureka Investment Company Limited while Smart Bloom Limited will be responsible for the finance management and control

## **ESTIMATED TOTAL INVESTMENT COSTS AND FUNDING ARRANGEMENTS OF THE SUZHOU JV**

Based on the land cost of RMB1,010 million (approximately HK\$1,044 million) and the estimated construction costs and project expenses (being RMB490 million or HK\$507 million) for the development of the Suzhou Land going forward, the total investment amount of the Suzhou JV is expected to be around RMB1,500 million (approximately HK\$1,551 million).

The Wharf group will be responsible for the payment of 50% of the land cost being RMB505 million (approximately HK\$522 million). Such portion of the land cost will be fully funded by the Wharf group's internal resources. The CMP group will bear the other half of the land cost being RMB505 million (approximately HK\$522 million). As mentioned in the Announcement, the payment of the land cost will be made by 4 instalments with the first instalment of RMB42 million (being a deposit for the Suzhou Land bidding) having been paid on 24 July 2007. Please refer to the Announcement for details of the payment schedule.

The remaining balance of the estimated total investment (being approximately RMB490 million or HK\$507 million) will be for meeting mainly the property construction costs and also other incidental project expenses (excluding the land cost) for the development project. Such amount was calculated based on the funding requirement which was commercially assessed for the completion of the development project, plus a moderate buffer. It may be wholly or partly contributed by the following methods: (1) to be contributed by the Suzhou JV

Parties in proportion to their 50:50 shareholdings; or (2) if and when appropriate, to be funded by bank loans and/or facilities to be borrowed by the Suzhou JV which will be guaranteed on a several basis by the Wharf group and CMP group in proportion to the percentage of ownership of the Suzhou JV, i.e. on a 50:50 basis. Whether and when to make available the funding of the remaining balance through the above methods will depend on the actual development progress of the Suzhou Land project in the future.

## **FOSHAN JV AGREEMENT**

On 31 January 2007, WPL entered into a framework agreement with CMP for the development of the Foshan Land. Same as the Suzhou Land development arrangements described above, the parties agreed, among other things, to own, develop and sell the Foshan Land on a 50:50 ownership basis.

On 10 April 2007, the W&C group (through Total Up International Limited, a wholly-owned subsidiary of W&C's listed subsidiary, namely WPL) and the CMP group (through a wholly-owned subsidiary, namely, China Merchants Property Development (Guangzhou) Ltd. of CMP) entered into the Foshan JV Agreement whereby the Foshan JV was set up to own and develop the Foshan Land. The first phase of the development will involve approximately 100,000 square metres. A summary of the major terms and conditions of the Foshan JV Agreement is set out below:

Date:	10 April 2007
Parties:	(1) Total Up International Limited, a wholly-owned subsidiary of WPL (2) China Merchants Property Development (Guangzhou) Ltd., a wholly-owned subsidiary of CMP
Purpose:	To establish the Foshan JV, owned by the Foshan JV Parties on a 50:50 ownership basis, to carry on the business of land and property development, in phases, in respect of the Foshan Land in Foshan, Guangdong Province, the PRC
Total registered capital:	US\$90 million for which each of the Foshan JV Parties would inject US\$45 million into the Foshan JV
Profit and loss:	Total Up International Limited and China Merchants Property Development (Guangzhou) Ltd. will share the profit and loss of the Foshan JV in proportion to their respective contribution to the registered capital of the Foshan JV (i.e. on a 50:50 basis)
Management:	The project will be led by China Merchants Property Development (Guangzhou) Ltd. while Total Up International Limited will be responsible for the finance management and control

## **ESTIMATED TOTAL INVESTMENT COSTS AND FUNDING ARRANGEMENTS OF THE FOSHAN JV**

Based on the land cost of RMB950 million (approximately HK\$982 million) and the estimated construction costs and project expenses (being RMB550 million or HK\$569 million) for the development of the Foshan Land going forward, the total investment amount of the Foshan JV is expected to be around RMB1,500 million (approximately HK\$1,551 million).

The WPL group will be responsible for the payment of 50% of the land cost being RMB475 million (approximately HK\$491 million). Such portion of the land cost will be fully funded from the WPL group's internal resources. The CMP group will bear the other half of the land cost being RMB475 million (approximately HK\$491 million).

The remaining balance of the estimated total investment (being approximately RMB550 million or HK\$569 million) will be for meeting mainly the property construction costs in the Foshan Land and also other incidental project expenses (excluding the land cost) for the development project. Such amount was calculated based on the funding requirement which was commercially assessed for the completion of the development project, plus a moderate buffer. It may be wholly or partly contributed by one or more of the following methods: (1) to be contributed by the Foshan JV Parties in proportion to their 50:50 shareholdings; or (2) if and when appropriate, to be funded by bank loans and/or facilities to be borrowed by the Foshan JV which will be guaranteed on a several basis by the WPL group and CMP group in proportion to the percentage of ownership of the Foshan JV, i.e. on a 50: 50 basis. Whether and when to make available the funding of the remaining balance through the above methods will depend on the actual development progress of the Foshan Land development project in the future.

## **REASONS FOR AND BENEFITS OF THE JV ARRANGEMENTS**

The directors of W&C believe that the entering into of the Suzhou JV Agreement and the Foshan JV Agreement, and the directors of Wharf believe that the entering into of the Suzhou JV Agreement, is necessary for the developments of the Suzhou Land, and as regards W&C, also the Foshan Land. Such developments are expected to broaden the asset and earnings base of, and will be beneficial to the W&C group and the Wharf group (regarding only the Suzhou Land) and their respective shareholders as a whole. The establishment of the relevant joint venture(s) is consistent with one of the core business strategies for both the W&C group and the Wharf group.

The directors of W&C (excluding W&C's independent non-executive directors who will opine on the transactions contemplated under the Suzhou JV Agreement and the Foshan JV Agreement after taking into account the advice to be received from the Independent Financial Adviser) and Wharf (including Wharf's independent non-executive directors) also consider that the terms of the Suzhou JV Agreement and (in respect of W&C only) the Foshan JV Agreement comprising the establishment of the relevant joint venture(s) for the purposes of the development of the Suzhou Land and (in respect of W&C only) the Foshan Land, are in the respective interests of W&C and Wharf and their respective shareholders, on normal commercial terms, and are fair and reasonable so far as W&C and Wharf and their respective shareholders are concerned. The advice from and recommendation of the Independent Board Committee will be set out in a circular to the W&C's shareholders in accordance with the Listing Rules.

## CONNECTED TRANSACTIONS

CMP is an associate of CMG which holds 43.45% shareholding interest in CMP through China Merchants Shekou Industrial Zone Company Limited. CMG is an indirect substantial shareholder of a Wharf's subsidiary, namely Modern Terminals Limited, in which a wholly-owned subsidiary of China Merchants Holdings (International) Co., Ltd. which is 57%-owned by CMG, owns 27% shareholding interest. CMP together with its subsidiaries are connected persons of Wharf within the meaning of the Listing Rules and therefore, the entering into of the Suzhou JV Agreement constitutes a connected transaction for Wharf under the Listing Rules. As Wharf has become a 50.00003%-owned subsidiary of W&C since 20 August 2007 and CMP together with its subsidiaries have become connected persons of W&C, the entering into of the Suzhou JV Agreement also constitutes a connected transaction for W&C.

As regards the Foshan JV Agreement, at the time of formation of the Foshan JV in April 2007, Wharf had not become a subsidiary of W&C and the entering into of the Foshan JV Agreement was not previously considered as a connected transaction for W&C. However, given that Wharf has become a 50.00003%-owned subsidiary of W&C, and CMP together with its subsidiaries have therefore become connected persons of W&C, since 20 August 2007, the entering into of the Foshan JV Agreement constitutes a connected transaction for W&C.

For W&C, since one or more of the applicable percentage ratios in respect of the financial commitments under the Suzhou JV and the Foshan JV, in aggregate, are greater than 2.5% for the purposes of Rule 14.07 of the Listing Rules, the relevant transactions are subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rule 14A.45 to Rule 14A.54 under the Listing Rules.

For Wharf, since one or more of the applicable percentage ratios in respect of the financial commitments under the Suzhou JV are greater than 0.1% while all such ratios are below 2.5% for the purposes of Rule 14.07 of the Listing Rules, the relevant transaction is exempt from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Rule 14A.45 to Rule 14A.47 of the Listing Rules.

As far as W&C is concerned, the entering into of the Suzhou JV Agreement and the Foshan JV Agreement is subject to the independent shareholder approval of W&C as required under the Listing Rules. W&C has obtained a written approval from a closely allied group of shareholders of W&C holding in aggregate 1,204,934,330 W&C shares (representing approximately 59.3% of the issued share capital of W&C) for the entering into of the Suzhou JV Agreement and the Foshan JV Agreement. Such 59.3% shareholding interest represents the deemed shareholding interest of Mr. Peter K.C. Woo, the Chairman of W&C. Pursuant to Rule 14A.43, W&C has made an application to the Stock Exchange applying for a waiver that the written approval from the closely allied group of shareholders of W&C in lieu of holding a physical shareholders' meeting is acceptable for approval of the Suzhou JV Agreement and the Foshan JV Agreement.

A circular containing, among other things, details of the Suzhou JV Agreement and the Foshan JV Agreement, the recommendation of the Independent Board Committee to the independent shareholders of W&C and an opinion letter from the Independent Financial Adviser to the Independent Board Committee and the independent shareholders of W&C will be dispatched to the W&C's shareholders as soon as practicable in compliance with the Listing Rules.

This announcement is made in accordance with the requirements of, *inter alia*, Rule 14A.41 of the Listing Rules in so far as W&C is concerned for the entering into of the Foshan JV Agreement. As far as Wharf is concerned, this announcement is made by Wharf pursuant to, *inter alia*, Rule 14A.47 as a result of the entering into of the Suzhou JV Agreement which has given rise to financial commitments (in addition to the land cost as referred to in the Announcement) to the Wharf group. The entering into of the Suzhou JV Agreement also constitutes a connected transaction on the part of W&C, for which the issue by W&C of this announcement is made pursuant to, *inter alia*, Rule 14A.47.

## **GENERAL**

The principal business activities of the W&C group are ownership of properties for development and letting as well as investment holding. The principal business activities of the Wharf group are ownership of properties for letting, property development and investment, container terminals and communication, media and entertainment. The principal business activities of the CMP group are property development and property-related business.

As at the date of this announcement, the Board of W&C comprises Mr. Peter K. C. Woo, Mr. Gonzaga W. J. Li, Mr. Stephen T. H. Ng and Mr. Paul Y. C. Tsui, together with three independent non-executive directors, namely, Mr. Alexander S. K. Au, Mr. B. M. Chang and Mr. Kenneth W. S. Ting.

As at the date of this announcement, the Board of Wharf comprises Mr. Peter K. C. Woo, Mr. Gonzaga W. J. Li, Mr. Stephen T. H. Ng, Ms. Doreen Y. F. Lee and Mr. T. Y. Ng, together with six independent non-executive directors, namely, Mr. Paul M. P. Chan, Professor Edward K. Y. Chen, Dr. Raymond K. F. Ch'ien, Hon. Vincent K. Fang, Mr. Hans Michael Jebsen and Mr. James E. Thompson.

## **TERMS USED IN THIS ANNOUNCEMENT**

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings: -

“Announcement”	Wharf’s announcement dated 27 July 2007 in respect of the successful bidding of the Suzhou Land on 26 July 2007
“Board(s)”	board(s) of directors
“CMG”	China Merchants Group Limited, a company incorporated in the PRC
“CMP”	China Merchants Property Development Co., Ltd., a company incorporated in the PRC, whose shares are listed on the Shenzhen Stock Exchange
“CMP group”	CMP together with its subsidiaries

“connected person(s)”	shall have the same meaning ascribed to the Listing Rules
“Foshan JV”	佛山鑫城房地產有限公司, a limited liability company incorporated in the PRC on 30 April 2007 as a property holding vehicle, which is owned as to 50% by each of the Foshan JV Parties, for the development of the Foshan Land
“Foshan JV Agreement”	the agreement (together with subsequent amendments) entered into between Total Up International Limited and China Merchants Property Development (Guangzhou) Ltd. dated 10 April 2007 in relation to the formation of the Foshan JV for the development of the Foshan Land
“Foshan JV Parties”	Total Up International Limited (a wholly-owned subsidiary of WPL) and China Merchants Property Development (Guangzhou) Ltd. (a wholly-owned subsidiary of CMP)
“Foshan Land”	a piece of land in Foshan, Guangdong Province, the PRC with a site area of approximately 266,410 square metres located at 佛山市中心組團新城區(啟動區)裕和路以北, 天虹路以南, 汾江南路以東
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of W&C comprising all the independent non-executive directors of W&C, namely, Mr. Alexander S. K. Au, Mr. B. M. Chang and Mr. Kenneth W. S. Ting
“Independent Financial Adviser”	the independent financial adviser to be appointed by W&C to advise the Independent Board Committee in relation to the Suzhou JV Agreement and the Foshan JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

“PRC”	the People’s Republic of China (excluding Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou JV”	蘇州雙湖房地產有限公司, a limited liability company to be incorporated in the PRC as a property holding vehicle, to be owned as to 50% by each of the Suzhou JV Parties, for the development of the Suzhou Land
“Suzhou JV Agreement”	the agreement entered into between Smart Bloom Limited and Eureka Investment Company Limited dated 6 September 2007 in relation to the formation of the Suzhou JV for the development of the Suzhou Land
“Suzhou JV Parties”	Smart Bloom Limited (a wholly-owned subsidiary of Wharf) and Eureka Investment Company Limited (a wholly- owned subsidiary of CMP)
“Suzhou Land”	a piece of land in Suzhou, Jiangsu Province, the PRC with a site area of approximately 183,647 square metres located at 蘇州工業園區 - 蘇地2007-B-24號
“W&C”	Wheelock and Company Limited (stock code: 20), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board
“W&C group”	W&C together with its subsidiaries excluding the Wharf group
“Wharf”	The Wharf (Holdings) Limited (stock code: 4), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board. It is a 50.00003%-owned subsidiary of W&C
“Wharf group”	Wharf together with its subsidiaries
“WPL”	Wheelock Properties Limited (stock code: 49), a company incorporated in Hong Kong with limited liability and whose shares are being listed on the Main Board. It is a 74%-owned subsidiary of W&C
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	the lawful currency of the United States of America
“%”	per cent

*Unless otherwise specified in this announcement, amounts denominated in Renminbi and USD have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of HK\$1.034 = RMB1.00 and HK\$7.80 = US\$1.00 respectively. These exchange rates are for the purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be converted at any of the above rates or any other rates.*

By Order of the Directors  
**WHEELOCK AND COMPANY LIMITED**  
**Wilson W. S. Chan**  
Company Secretary

By Order of the Directors  
**THE WHARF (HOLDINGS) LIMITED**  
**Wilson W. S. Chan**  
Company Secretary

Hong Kong, 6 September 2007