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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 CONTINUING CONNECTED TRANSACTIONS**

On 21 November 2008, Wharf and LCJG entered into a Master Tenancy Agreement, whereby the parties have, in principle, agreed that the Eligible Tenants are eligible to lease from the Eligible Landlords properties within the Eligible Premises during a three-year period commencing from 1 January 2009 and ending on 31 December 2011.

Certain Wharf's subsidiaries (namely, Wharf Realty, TSL and HHL) as landlords had prior to the date of the Master Tenancy Agreement entered into the Existing Tenancy Agreements with certain subsidiaries (namely, LCHK and JBL) and associated companies (namely, City Super and Ferragamo Retail) of LCJG as tenants in respect of the Existing Premises for commercial and retail uses. These Wharf's subsidiaries are part of the Eligible Landlords, and these LCJG's subsidiaries and associated companies are part of the Eligible Tenants. The Existing Premises also form part of the Eligible Premises under the Master Tenancy Agreement. As at the date of this announcement, the Group has entered into 6 principal Existing Tenancy Agreements in respect of leasing of the Existing Premises as previously announced by Wharf and the leasing arrangements under these Existing Tenancy Agreements are still subsisting. The Existing Premises comprise certain retail spaces and shops leased to LCHK, JBL, City Super and Ferragamo Retail as Eligible Tenants. Such retail spaces and shops are all situate either at Times Square, Causeway Bay, Hong Kong or Harbour City, Tsim Sha Tsui, Kowloon, with a total lettable area of approximately 243,600 square feet. For particulars of the existing Eligible Tenants and the locations of the Existing Premises, please refer to the paragraph "Introduction" in this announcement.

The purpose of the Master Tenancy Agreement is, among others, to regulate, for the said three-year period, the maximum Aggregate Annual Cap Amount that will be payable by the Eligible Tenants to the Eligible Landlords under all Tenancy Agreements in relation to leasing of the Eligible Premises.

As LCJG is indirectly wholly-owned by a trust, the settlor of which is the chairman of both Wheelock and Wharf, namely, Mr. Peter K. C. Woo, the Master Tenancy Agreement constitutes a continuing connected transaction for each of Wheelock and Wharf (which is a 50.02%-owned subsidiary of Wheelock) under the Listing Rules.

For each of Wheelock and Wharf, since one or more of the applicable percentage ratios in respect of the abovementioned transaction is/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 transaction is exempt from the requirement for independent shareholders' approval, but is subject to the reporting and announcement requirements as set out in Rule 14A.45 to Rule 14A.47 of the Listing Rules.

## INTRODUCTION

On 21 November 2008, Wharf and LCJG entered into a Master Tenancy Agreement, whereby the parties have, in principle, agreed that the Eligible Tenants are eligible to lease from the Eligible Landlords properties within the Eligible Premises during a three-year period commencing from 1 January 2009 and ending on 31 December 2011.

Certain Wharf's subsidiaries (namely, Wharf Realty, TSL and HHL) as landlords had prior to the date of the Master Tenancy Agreement entered into the Existing Tenancy Agreements (particulars of which are set out below) with certain subsidiaries (namely, LCHK and JBL) and associated companies (namely, City Super and Ferragamo Retail) of LCJG as tenants in respect of the Existing Premises for commercial and retail uses. These Wharf's subsidiaries are part of the Eligible Landlords, and these LCJG's subsidiaries and associated companies are part of the Eligible Tenants. The Existing Premises also form part of the Eligible Premises under the Master Tenancy Agreement. As at the date of this announcement, the Group has entered into 6 principal Existing Tenancy Agreements in respect of leasing of the Existing Premises as previously announced by Wharf and the leasing arrangements under these Existing Tenancy Agreements are still subsisting. The Existing Premises comprise certain retail spaces and shops leased to LCHK, JBL, City Super and Ferragamo Retail as Eligible Tenants. Such retail spaces and shops are all situate either at Times Square, Causeway Bay, Hong Kong or Harbour City, Tsim Sha Tsui, Kowloon, with a total lettable area of approximately 243,600 square feet.

Brief particulars of the existing Eligible Tenants and the locations of the Existing Premises are set out below.

<u>Existing tenants</u>	<u>Locations of the relevant premises</u>
LCHK	Times Square/ Harbour City
City Super	Times Square/ Harbour City
JBL	Harbour City
Ferragamo Retail	Harbour City

The purpose of the Master Tenancy Agreement is, among others, to regulate, for the said three-year period ending on 31 December 2011, the maximum Aggregate Annual Cap Amount that will be payable by the Eligible Tenants to the Eligible Landlords under all Tenancy Agreements in relation to leasing of the Eligible Premises.

Details of the Master Tenancy Agreement are set out below.

## DETAILS OF THE MASTER TENANCY AGREEMENT

### *Major terms of the Master Tenancy Agreement*

Signing Date	:	21 November 2008
Parties	:	Wharf LCJG
Term	:	The Master Tenancy Agreement shall be for a fixed Term of three years commencing from 1 January 2009 and expiring on 31 December 2011.

Leasing of Eligible Premises : Wharf and LCJG shall each procure the Eligible Landlords and Eligible Tenants respectively to enter into the leasing of properties within the Eligible Premises during the Term on terms acceptable to the relevant parties and in line with the terms of the Master Tenancy Agreement, subject in particular to the Aggregate Annual Cap Amount (and if there is Individual Annual Cap Amount (as defined below) applicable to any specific Eligible Premises under a specific Tenancy Agreement, that Individual Annual Cap Amount as well) not being exceeded.

Aggregate Annual Cap Amount : For each of the three financial years of Wheelock and Wharf ending 31 December 2009, 2010 and 2011, an aggregate annual amount payable by the Eligible Tenants to the Eligible Landlords in relation to leasing of all the Eligible Premises shall be capped at HK\$405 million (the “**Aggregate Annual Cap Amount**”).

The Aggregate Annual Cap Amount represents the expected maximum possible aggregate annual rental amounts payable by the Eligible Tenants to the Eligible Landlords, having regard to the historic rental records (including the previous annual rentals already paid under the Existing Tenancy Agreements, particularly the turnover rental income calculated based on certain percentage of gross receipt of the Eligible Tenants, ranging from 7.25% to 15%) in respect of the Eligible Premises, possible economic sentiment in the next several years, plus a suitable cushion. For the 2 years ended 31 December 2006 and 2007, the aggregate rentals already paid under the Existing Tenancy Agreements amounted to HK\$195.32 million and HK\$243.32 million, respectively. For the 10-month period ended 31 October 2008, the preliminary forecast rentals of the Existing Tenancy Agreements amounted to HK\$228.64 million.

Payment Term : Under the relevant terms of the Existing Tenancy Agreements, the rental payment is payable in advance by cash on a monthly basis (except for the turnover rental income calculated based on certain percentage of gross sales ranging from 7.25% to 15% which is payable at the end of year) while for future lease arrangements, payment terms will be subject to terms and conditions of the Individual Tenancy Agreements to be agreed between the Eligible Landlords and Eligible Tenants.

#### *Other terms of the Master Tenancy Agreement*

Individual Annual Cap Amount : Notwithstanding the Aggregate Annual Cap Amount, if any specific Eligible Premises is subject to an individual annual cap amount pursuant to the Listing Rules requirements (the “**Individual Annual Cap Amount**”), the relevant annual rental amount payable for such specific Eligible Premises shall not exceed the Individual Annual Cap Amount.

However, for any particular Eligible Premises for which an Individual Annual Cap Amount is applicable, if the actual annual rental amount is higher or lower than the applicable Individual Annual Cap Amount, the same parties to the Tenancy Agreement(s) concerned may, subject to compliance with the applicable requirements under the Listing Rules, adjust the rents payable and/or the applicable Individual Annual Cap Amount, under the Tenancy Agreement(s) concerned based on normal commercial terms, provided that the annual aggregate amount of rents payable under all Tenancy Agreements will not cause the Aggregate Annual Cap Amount being exceeded.

Individual Tenancy Agreement : At any time during the Term of the Master Tenancy Agreement, the Eligible Landlords and the Eligible Tenants may from time to time enter into Individual Tenancy Agreements on agreed terms in relation to the leasing of the relevant Eligible Premises provided that:

- (1) the length of each Individual Tenancy Agreements shall be for a fixed term of not more than three years,
- (2) the terms and conditions of the Individual Tenancy Agreements must be no less favourable to the Wharf Group Members when they are compared with the terms and conditions of similar tenancy agreements available from independent third parties for comparable premises; and
- (3) the annual aggregate amount of the rents for any one year during the Term payable under all of the Tenancy Agreements subsisting at any time shall not unless otherwise agreed to by Wharf, exceed the Aggregate Annual Cap Amount.

Termination : the Master Tenancy Agreement is terminable, among others, by either party giving not less than two month prior written notice to the other party; or automatically in the event of and upon the LCJG group ceasing to be a connected person (as defined under the Listing Rules) of Wheelock and Wharf; or failure of either party to rectify any breach of provisions of the Master Tenancy Agreement; or a material breach of non-rectifiable provisions; or immediately without notice in case any party subject to any liquidation or insolvency proceedings

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

With ownership of properties for letting being one of the principal business activities of both Wheelock Group and Wharf Group, rental income is an important income source of both groups. The directors of Wheelock and Wharf believe that the entering into of the Master Tenancy Agreement is necessary for the continuous growth and operations of, and will generate recurrent rental income for, the Wheelock Group and Wharf Group, and is beneficial to Wheelock and Wharf and their respective shareholders as a whole. In addition, for the purposes of administrative convenience, the Master Tenancy Agreement is, among others, to pre-agree the Aggregate Annual Cap Amount which the total amount of rental fees payable for leasing of the Eligible Premises shall be subject to.

The directors (except Mr. Peter K. C. Woo who abstained from participating in the approval of the Master Tenancy Agreement due to conflict of interest), including independent non-executive directors, of both Wheelock and Wharf are of the view that the terms of the Master Tenancy Agreement (including the Aggregate Annual Cap Amount) and the relevant tenancy transactions under the Existing Tenancy Agreements are on normal commercial terms with reference to the prevailing market conditions, are fair and reasonable, and are in the interests of both Wheelock and Wharf and their respective shareholders as a whole. Furthermore, the Master Tenancy Agreement was entered into in the ordinary and usual course of business of both Wheelock Group and Wharf Group after due negotiations on an arm's length basis with reference to the prevailing market conditions.

## **GENERAL**

The principal business activities of both Wheelock Group and Wharf Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment. The principal business activity of LCJG is investment holding.

As at the date of this announcement, the board of directors of Wheelock 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, and the board of directors of Wharf comprises Mr. Peter K. C. Woo, Mr. Gonzaga W. J. Li, Mr. Stephen T. H. Ng, Ms. Doreen Y. F. Lee, Mr. Paul Y. C. Tsui and Mr. T. Y. Ng, together with six independent non-executive directors, namely, Hon. 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.

## **REGULATORY ASPECTS**

As LCJG is indirectly wholly-owned by a trust, the settlor of which is the chairman of both Wheelock and Wharf (which is a 50.02%-owned subsidiary of Wheelock), namely, Mr. Peter K. C. Woo, the Master Tenancy Agreement constitutes a continuing connected transaction for each of Wheelock and Wharf under the Listing Rules.

For each of Wheelock and Wharf, since one or more of the applicable percentage ratios in respect of the abovementioned transaction is/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 transaction is exempt from the requirement for independent shareholders' approval, but is subject to the reporting and announcement requirements as set out in Rule 14A.45 to Rule 14A.47 of the Listing Rules. Going forward, no further announcement will be made on each occasion the Eligible Landlords and Eligible Tenants enter into the Individual Tenancy Agreement(s) as referred to in the paragraph headed "Details of the Master Tenancy Agreement", subject to fulfillment of the conditions as mentioned above, particularly the Aggregate Annual Cap Amount not being exceeded.

## **TERMS USED IN THIS ANNOUNCEMENT**

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

"Aggregate Annual Cap Amount"	has the meaning as defined in the paragraph "Details of the Master Tenancy Agreement" of this announcement
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“City Super”	means City Super Limited, a company in which LCJG is, as at the date of this announcement, effectively interested as to 39.08%
“Eligible Landlords”	means all Wharf Group Members during the Term
"Eligible Premises"	means spaces / shops / units / landed properties owned and to be owned by the Eligible Landlords during the Term, or any one of them
“Eligible Tenants”	means all LCJG Group Members and all those associated companies of LCJG which are connected persons (as defined under the Listing Rules) of Wharf during the Term
"Existing Premises"	means the retail spaces / shops which currently form part of the Eligible Premises that are currently already leased by the Eligible Landlords to the Eligible Tenants under the Existing Tenancy Agreements, or any one of them
“Existing Tenancy Agreements”	means the existing tenancy agreements entered into between Wharf Realty, TSL and HHL (all being the Eligible Landlords) as landlords and LCHK, JBL, City Super and Ferragamo Retail (all being Eligible Tenants) as tenants, in respect of the Existing Premises
“Ferragamo Retail”	means Ferragamo Retail HK Limited, a company in which LCJG is, as at the date of this announcement, effectively interested as to 40%
“HHL”	means The Hongkong Hotel Limited, an indirect subsidiary of Wharf incorporated in Hong Kong
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Individual Annual Cap Amount”	has the meaning as defined in the paragraph “Details of the Master Tenancy Agreement” of this announcement
"Individual Tenancy Agreement(s)"	means the individual tenancy agreement(s) between an Eligible Landlord and an Eligible Tenant from time to time in respect of the leasing of the Eligible Premises during the Term
“JBL”	means Joyce Boutique Limited, a company incorporated in Hong Kong and an indirect subsidiary of LCJG

“LCHK”	means Lane Crawford (Hong Kong) Limited, a company incorporated in Hong Kong and is wholly-owned by LCJG
“LCJG”	means The Lane Crawford Joyce Group (BVI) Limited, a company incorporated in the British Virgin Islands
“LCJG Group Members”	means LCJG and its subsidiaries from time to time
“Listing Rules”	means 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
“Master Tenancy Agreement”	a master tenancy agreement signed between Wharf and LCJG on 21 November 2008
“PRC”	means the People’s Republic of China
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Tenancy Agreements”	means the Existing Tenancy Agreements and the Individual Tenancy Agreements
“Term”	has the meaning as mentioned in the paragraph “Details of the Master Tenancy Agreement” in this announcement
“TSL”	means Times Square Limited, an indirect wholly-owned subsidiary of Wharf incorporated in Hong Kong
“Wharf Realty”	means Wharf Realty Limited, an indirect wholly-owned subsidiary of Wharf incorporated in Hong Kong
“Wharf”	The Wharf (Holdings) Limited (stock code: 4), a company incorporated in Hong Kong with limited liability with its shares listed on the Main Board and being a 50.02%-owned subsidiary of Wheelock
“Wharf Group”	means Wharf together with its subsidiaries

"Wharf Group Members"	means Wharf and its subsidiaries from time to time
"Wheelock"	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
"Wheelock Group"	means Wheelock together with its subsidiaries

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, 21 November, 2008