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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **WHEELOCK AND COMPANY LIMITED**, you should at once hand this circular to the purchaser(s) or other transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**WHEELOCK**

*Founded 1857*

**WHEELOCK AND COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 20)

**CONNECTED TRANSACTION  
IN RELATION TO  
PROPERTY DEVELOPMENT IN CHONGQING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**PLATINUM**  
Securities

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A letter from the Board of the Company is set out on pages 4 to 10 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders of the Company is set out on pages 11 and 12 of this circular. A letter from Platinum Securities Company Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders of the Company is set out on pages 13 to 20 of this circular.

24 November 2009

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:-*

“Board”	board of Directors
“CBD”	central business district
“COLI”	China Overseas Land & Investment Ltd. (stock code: 688), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“COLI Group”	COLI together with its subsidiaries
“Company”	Wheelock and Company Limited (stock code: 20), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange
“connected person(s)”	shall have the same meaning ascribed to the Listing Rules
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement entered into between Wharf and COLI dated 29 October 2009 in relation to the Land bidding and the proposed development, through the Project Company to be formed, of the Land on a 50:50 ownership basis
“Group”	the Company together with its subsidiaries
“Harbour Centre”	Harbour Centre Development Limited (stock code: 51), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange. It is a 70%-owned subsidiary of Wharf
“Harbour Centre Group”	Harbour Centre together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“i-CABLE”	i-CABLE Communications Limited (stock code: 1097), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange. It is a 74%-owned subsidiary of Wharf
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive directors of the Company, namely, Mr. Alexander S. K. Au, Mr. B. M. Chang and Mr. Kenneth W. S. Ting

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## DEFINITIONS

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“Independent Financial Adviser”	Platinum Securities Company Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to the Land Transaction
“Independent Shareholders”	has the meaning as ascribed to it under the Listing Rules
“Investment Company”	Empire Land Investments Limited, a limited liability company incorporated in Hong Kong used for the purpose of the Land bidding, which will be equally owned by the Wharf Group and the COLI Group
“JCE”	means jointly controlled entity, namely, Speedy Champ Investments Limited, which was incorporated in Hong Kong and is jointly controlled by the Harbour Centre Group and the COLI Group
“Land”	two pieces of land in Chongqing, the PRC with a total site area of approximately 2.85 million square feet located at 江北區江北城組團A分區A10-1/03, A10-2/03, A10-4/03, A11-1/03 and C分區 C01-3/03, C01-5/03號
“Land Transaction”	the successful bidding for the acquisition of the land use rights of the Land on 29 October 2009 and the entering into of the Framework Agreement, together with the relevant transactions contemplated thereunder
“Latest Practicable Date”	17 November 2009, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project Company”	a company to be incorporated in the PRC, to be 100%-owned by the Investment Company for the purpose of the joint development of the Land
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	the ordinary share(s) with par value of HK\$0.50 each in the share capital of the Company

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wharf”	The Wharf (Holdings) Limited (stock code: 4), a 50.02%-owned subsidiary of the Company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Wharf Group”	Wharf together with its subsidiaries
“WPL”	Wheelock Properties Limited (stock code: 49), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange. It is a 74%-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*Unless otherwise specified in this circular, amounts denominated in Renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of HK\$1.135 = RMB1.00. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

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## LETTER FROM THE BOARD

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# WHEELOCK

Founded 1857

## WHEELOCK AND COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 20)

*Directors:*

Peter K. C. Woo, GBS, JP (Chairman)  
Gonzaga W. J. Li (Senior Deputy Chairman)  
Stephen T. H. Ng (Deputy Chairman)  
Paul Y. C. Tsui (Executive Director & Group Chief  
Financial Officer)  
Alexander S. K. Au, OBE\*  
B. M. Chang\*  
Kenneth W. S. Ting, SBS, JP\*

*Registered Office:*

23rd Floor,  
Wheellock House,  
20 Pedder Street,  
Hong Kong

(\* Independent Non-executive Directors)

24 November 2009

*To the Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION IN RELATION TO PROPERTY DEVELOPMENT IN CHONGQING

#### INTRODUCTION

On 3 November 2009, the respective boards of directors of the Company and Wharf jointly announced that on 29 October 2009, the Wharf Group together with the COLI Group, jointly on a 50:50 ownership basis, succeeded in bidding through the Investment Company (which is a wholly-owned subsidiary of Wharf and which will later on become 50:50 owned by the Wharf Group and the COLI Group in accordance with the Framework Agreement) for the Land at a price of RMB4,100 million (equal to about HK\$4,654 million). The Wharf Group and the COLI Group will jointly develop the Land, on a 50:50 ownership basis, into residential and office/commercial properties. Also on 29 October 2009, Wharf entered into the Framework Agreement with COLI for the purpose of joint bidding and development of the Land.

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## LETTER FROM THE BOARD

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The Land is situated in Jiangbei City (江北城), a prime location where the Yangtze River (長江) meets Jialing River (嘉陵江). The entire Land enjoys a spectacular river view in three directions and is planned to be Chongqing City's new CBD. In addition to a huge green land which has already been planned in the area, the area enjoys a well-established transportation network with three bridges already built crossing Jialing River and the Yangtze River to the old CBD Yuzhong District (渝中區) and the new headquarters hub Danzishi District (彈子石區). Also under planning are light railway lines No. 6 and No. 9 which will pass this area with stations nearby the Land.

Under the Listing Rules, the entering into of the Land Transaction constitutes a connected transaction for the Company.

The Independent Board Committee has been formed to consider the terms of the Land Transaction. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders of the Company as to whether the terms of the Land Transaction are fair and reasonable and whether the Land Transaction is in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with (i) the particulars of the Land Transaction; (ii) the letter of recommendations from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company; and (iv) any other information as required under the Listing Rules.

### DETAILS OF THE TENDER

- Bidding Date : 29 October 2009
- Parties : (a) Chongqing Municipal Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局) as the vendor; and  
(b) the Investment Company as the purchaser
- Purpose : development of the Land into residential and office/commercial properties with a site area of about 2.85 million square feet and a total gross floor area of about 14.33 million square feet (comprising about 9.52 million square feet for residential purpose and 4.81 million square feet for office/commercial use) in accordance with the conditions of the bidding rules and regulations.

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## LETTER FROM THE BOARD

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### CONSIDERATION AND PAYMENT TERMS

The total consideration amount, payable to the above mentioned vendor, for acquiring the land use rights of the Land is RMB4,100 million (equal to about HK\$4,654 million), which was paid/will be payable by cash instalments in manner as follows:-

<b>Date of payment</b>	<b>Amount paid/payable</b>
On 14 October 2009	RMB730 million (equal to about HK\$828.6 million) (being deposit for the bidding)
On or before 15 December 2009	RMB500 million (equal to about HK\$567.5 million) (being 30% of the Land cost, inclusive of the paid deposit)
On or before 15 December 2010	RMB820 million (equal to about HK\$930.7 million) (being 20% of the Land cost)
On or before 30 June 2011	RMB820 million (equal to about HK\$930.7 million) (being 20% of the Land cost)
On or before 31 May 2012	RMB1,230 million (equal to about HK\$1,396.5 million) (being the balance of the Land cost)

Such consideration amount was the outcome of a public bidding held by 重慶市土地和礦業權交易中心 (an entity acting for Chongqing Municipal Bureau of Land Resources and Housing Management) on 29 October 2009 which was conducted in accordance with the relevant PRC laws and regulations. It represents an accommodation value on the basis of about RMB286 (equal to about HK\$325) per square foot, which is about 10% higher than the starting bid price and considered as a reasonable price. Each of the Wharf Group and the COLI Group is ultimately responsible for 50% of the total consideration. The Wharf Group's share of the consideration will be partly funded from its internal resources and partly funded by bank borrowings by the Wharf Group.

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## LETTER FROM THE BOARD

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### PROPERTY DEVELOPMENT THROUGH THE PROJECT COMPANY

On 29 October, 2009, Wharf entered into the Framework Agreement with COLI in order to facilitate to bidding the Land on a 50:50 ownership basis through the Investment Company. It was agreed between the Wharf Group and the COLI Group that following the successful bidding of the Land on 29 October 2009, there will be effected a transfer from the Wharf Group to the COLI Group 50% of the entire issued share capital of the Investment Company (which presently is a wholly-owned subsidiary of Wharf) at a consideration which would be calculated and determined on the basis of, and on a dollar for dollar basis, the COLI Group paying or being responsible for paying 50% of the net assets of the Investment Company (including 50% of the tender deposit paid for the bidding of the Land). Then, after completion of such share transfer, the Project Company, to be 100% owned by the Investment Company, will be incorporated for the purpose of, inter alia, the joint development of the Land. The Investment Company has no other assets and businesses and was incorporated solely for the purpose of the Land bidding and development.

### PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

A summary of the major terms and conditions of the Framework Agreement is set out below:

- Purpose : To own, develop and sell the Land through the Project Company, to be owned by the Wharf Group and the COLI Group on a 50:50 ownership basis.
- Capital requirement : Prior to obtaining, among other things, the land use right certificate of the Land and in the event that working capital is required for the Land development, such capital requirement would be funded by way of capital contribution or shareholders' loans to be sought from the Wharf Group and the COLI Group in proportion to their shareholding interest in the Investment Company and the Project Company.
- Distribution of profit : The Project Company shall distribute any net profit (i.e. profit after taxation and operation expenses) generated during its usual course of business to the Investment Company, details of which shall be determined by the board of directors of the Project Company. Upon receipt of such net profit from the Project Company, the Investment Company shall distribute it to the investment parties in accordance with applicable laws.
- Board representation : The board of directors of each of the Investment Company and the Project Company will comprise 6 directors of which 3 will be appointed by the Wharf Group and 3 by the COLI Group. Both the Wharf Group and the COLI Group will have the right to appoint the chairman of the boards of directors of these two companies for a fixed term of 2 years. The first chairman will be appointed by the Wharf Group and the second chairman by the COLI Group, and so forth.

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## LETTER FROM THE BOARD

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- Management : The Wharf Group and the COLI Group will be jointly responsible for the management and control of the Project Company and the Land development. The Wharf Group shall be responsible for staff appointment for the finance management of the Investment Company and Project Company. The COLI Group will be mainly responsible for the development, design, promotion as well as sales and marketing of the Land.
- Unanimous approval : Several corporate actions of the Project Company could not proceed without unanimous approval of the Wharf Group and COLI Group as well as each and every member of the board of directors of the Project Company. Such actions include, among others, any alteration to the capital structure, shareholding structure including issue of call and put options; any change of business scope of the Project Company or business merger and acquisition relating to the Project Company; overall design, classification and proportion of the Land project, and marketing and promotion strategies and plans; overall development plan and annual budget.

### ESTIMATED MAXIMUM FINANCIAL COMMITMENT AND FUNDING ARRANGEMENTS

Based on the Land cost of RMB4,100 million (equal to about HK\$4,654 million) and other project costs, the estimated maximum financial commitment by the Wharf Group, on a 50% pro rata basis, will be around RMB2,500 million (approximately HK\$2,837.5 million) and, based on the above, the estimated maximum financial commitment for the entire project in respect of the development of the Land will be around RMB5,000 million (equal to about HK\$5,675 million). Such estimated maximum financial commitment is calculated based on the funding requirement which was commercially assessed by the Wharf Group for the completion of the Land development project, plus a moderate buffer. Under the Framework Agreement, the remaining 50% will be borne by the COLI Group. The 50% portion to be borne by the Wharf Group will be partly funded by the Wharf Group's internal resources and partly by bank borrowings of the Wharf Group. Other than the Land cost of RMB4,100 million (equal to about HK\$4,654 million), which will be settled in accordance with the agreed schedule as mentioned above, whether and when to make available the funding of the remaining balance of the estimated maximum financial commitment amount will depend on the actual development progress of the Land project in the future.

### EXPECTED COMMENCEMENT AND COMPLETION DATE OF THE LAND DEVELOPMENT

It is current intention of the Wharf Group and the COLI Group that, subject to compliance with all relevant laws and regulations in the PRC and terms of the relevant land grant contract, the tentative commencement date of the Land development will be in around June 2010. Depending on the actual progress of the Land development going forward, it is currently expected that the project will be completed in around June 2013.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE LAND TRANSACTION

The Directors believe that the Land Transaction is a viable investment, will broaden the asset and earnings base of, and will be beneficial to the Company and the Shareholders as a whole. Together with the land parcel also in Chongqing that Harbour Centre acquired in 2007, the Land Transaction will significantly enhance the Group's leading position in Jiangbei City. The new clustering effect thus generated is expected to be attractive to value creation. The Directors do not see any disadvantage of the Land Transaction.

The Directors also consider that the terms of the Land Transaction are in the interests of the Company and the Shareholders as a whole, and the relevant transactions are in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable.

### REGULATORY ASPECTS

COLI is a joint venture partner of the Harbour Centre Group for property development of another piece of land in Chongqing CBD, the PRC. Harbour Centre is a non-wholly owned listed subsidiary of the Company. Following the successful bidding of that Chongqing CBD land as announced by Harbour Centre on 24 September 2007, COLI has become a controlling shareholder with a 45% shareholding interest in the JCE for the property development of that Chongqing CBD land. The Harbour Centre Group holds the remaining 55% shareholding interest in the JCE. As such, COLI has become a connected person of the Company. Consequently, COLI together with its subsidiaries are regarded as connected persons of the Company within the meaning of the Listing Rules and therefore, the Land Transaction constitutes a connected transaction for the Company.

On the basis that one or more of the applicable percentage ratios of the Company in respect of the financial commitment for the Land Transaction is/are greater than 2.5% for the purposes of Rule 14.07 of the Listing Rules, the Land Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements as set out in Rule 14A.45 to Rule 14A.54 of the Listing Rules.

### INDEPENDENT SHAREHOLDERS' APPROVAL

As required under the Listing Rules, the Land Transaction is subject to the Independent Shareholders' approval of the Company.

On the basis that (i) to the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approval of the Land Transaction; and (ii) the Company has obtained a written approval from a closely allied group of Shareholders holding, in aggregate, 1,204,934,330 Shares (representing approximately 59.3% of the issued share capital of the Company) for the entering into of the Land Transaction pursuant to Rule 14A.43 of the Listing Rules, the Company has made an application to the Stock Exchange applying for, and the Stock Exchange has granted, a waiver that the

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## LETTER FROM THE BOARD

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written approval from the closely allied group of Shareholders in lieu of holding a physical shareholders' meeting is acceptable for approval of the Land Transaction. Such 59.3% shareholding interest represents the deemed shareholding interest of Mr. Peter K. C. Woo, the Chairman of the Company.

### GENERAL

The principal business activities of the Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment.

The principal business activities of COLI Group are property development and investment.

### RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders of the Company on the Land Transaction; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its recommendations to the Independent Board Committee and Independent Shareholders of the Company in relation to the Land Transaction.

### ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the Appendix of this circular.

Yours faithfully,  
**Peter K. C. Woo**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**WHEELOCK**

*Founded 1857*

### **WHEELOCK AND COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 20)

24 November 2009

*To the Independent Shareholders,*

Dear Sir or Madam,

### **CONNECTED TRANSACTION IN RELATION TO PROPERTY DEVELOPMENT IN CHONGQING**

#### **INTRODUCTION**

We refer to the circular dated 24 November 2009 issued by the Company to the Shareholders, of which this letter forms part (the “**Circular**”). Terms used in this letter shall have the same meanings defined elsewhere in the Circular unless the context requires otherwise.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders of the Company in relation to the entering into of the Land Transaction which constitutes a connected transaction for the Company under the Listing Rules. In this connection, Platinum Securities Company Limited has been appointed as an Independent Financial Adviser on whether the terms in relation to the Land Transaction are on normal commercial terms, fair and reasonable so far as the Independent Shareholders of the Company are concerned, and whether the Land Transaction is in the interests of the Company and the Shareholders as a whole. Details of, and the reasons for, the entering into of the Land Transaction are contained in the letter from the Board set out on pages 4 to 10 of the Circular.

We acknowledge that the Company has submitted an application to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the requirement to hold a physical general meeting under Rule 14A.43 of the Listing Rules to approve the Land Transaction on the bases that (i) to the best of the Directors’ knowledge, information and belief having made reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Land Transaction; (ii) the Company has obtained a written approval from a closely

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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allied group of Shareholders holding, in aggregate, 1,204,934,330 Shares (representing approximately 59.3% of the issued share capital of the Company) for the entering into of the Land Transaction. Such 59.3% shareholding interest represents the deemed shareholding interest of Mr. Peter K. C. Woo, the Chairman of the Company.

### RECOMMENDATIONS

Having considered the terms of the Land Transaction, and the advice and recommendation of the Independent Financial Adviser, in our opinion, the terms of the Land Transaction are on normal commercial terms and fair and reasonable so far as the Independent Shareholders of the Company are concerned, and the entering into of the Land Transaction is in the interests of the Company and the Shareholders as a whole.

Yours faithfully,  
Independent Board Committee

**Alexander S. K. Au**  
*Independent non-executive  
Director*

**B. M. Chang**  
*Independent non-executive  
Director*

**Kenneth W. S. Ting**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.*



**PLATINUM** Securities Company Limited

22/F Standard Chartered Bank Building

4 Des Voeux Road Central

Hong Kong

Telephone (852) 2841 7000

Facsimile (852) 2522 2700

24 November 2009

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTION IN RELATION TO PROPERTY DEVELOPMENT IN CHONGQING**

#### **INTRODUCTION**

We refer to the circular dated 24 November 2009 (the “Circular”) despatched by the Company in relation to the Land Transaction, of which this letter forms part. Details of the Land Transaction are contained in the letter from the Board in the Circular, which you should read carefully. Terms used in this letter shall have the same meanings defined elsewhere in the Circular unless the context requires otherwise.

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company as to whether the terms of the Land Transaction are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and whether the Land Transaction is in the interests of the Company and the Shareholders as a whole.

The Company has submitted an application to the Stock Exchange for, and the Stock Exchange has granted, a waiver from the requirement to hold a physical general meeting under Rule 14A.43 of the Listing Rules to approve the Land Transaction on the bases that (i) to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Land Transaction; and (ii) the Company has obtained a written approval from a closely allied group of Shareholders holding, in aggregate, 1,204,934,330 Shares (representing approximately 59.3% of the issued share capital of the Company) for the entering into of the Land Transaction. Such 59.3% shareholding interest represents the deemed shareholding interest of Mr. Peter K. C. Woo, the Chairman of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We are independent from, and are not connected with, the Company or any other party to the Land Transaction or any of their respective associates, connected persons or parties acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee.

We will receive a fee from the Company for our role as the independent financial adviser to the Independent Board Committee in relation to the Land Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Land Transaction or any of their respective associates, connected persons or parties acting in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: (i) the annual report of the Group for the financial year ended 31 December 2008 (the “2008 Annual Report”); (ii) the interim report of the Group for the six months ended 30 June 2009 (the “2009 Interim Report”); and (iii) the Framework Agreement.

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Company and/or the Directors which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Land Transaction.

The Independent Board Committee, comprising the independent non-executive Directors, namely, Mr. Alexander S. K. Au, Mr. B. M. Chang and Mr. Kenneth W. S. Ting, has been established to advise the Independent Shareholders in relation to the Land Transaction.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion in relation to the Land Transaction and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### **1. Background of the Land Transaction**

On 3 November 2009, the respective boards of directors of the Company and Wharf jointly announced that on 29 October 2009, the Wharf Group together with the COLI Group, jointly on a 50:50 ownership basis, succeeded in bidding through the Investment Company (which is a wholly-owned subsidiary of Wharf and which will later on become 50:50 owned by the Wharf Group and the COLI Group in accordance with the Framework Agreement) for the Land at a price of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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RMB4,100 million (equal to about HK\$4,654 million). The Wharf Group and the COLI Group will jointly develop the Land, on a 50:50 ownership basis, into residential and office/commercial properties. Also on 29 October 2009, Wharf entered into the Framework Agreement with COLI for the purpose of joint bidding and development of the Land.

### 2. Business of the Group

The principal business activities of the Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment.

For the six months ended 30 June 2009 and the financial year ended 31 December 2008, turnover from property investment and development amounted to HK\$5,881million and HK\$14,556 million respectively, representing 64.8% and 64.5% of the Group's turnover respectively. For the six months ended 30 June 2009 and the financial year ended 31 December 2008, contribution from China amounted to HK\$1,996 million and HK\$1,510 million respectively, representing 22.0% and 6.7% of the Group's turnover respectively.

### 3. Reasons for the Land Transaction

As stated in the letter from the Board in the Circular, the Land Transaction is a viable investment, will broaden the asset and earnings base of, and will be beneficial to the Company and the Shareholders as a whole. Together with the land parcel also in Chongqing that Harbour Centre acquired in 2007, the Land transaction will significantly enhance the Group's leading position in Jiangbei City. The new clustering effect thus generated is expected to be attractive to value creation.

As aforementioned in the section headed "Business of the Group", property investment and development contributed a large portion of the Group's turnover. In addition, turnover contribution from China is material. As stated in the 2008 Annual Report, the Group believed that China will be the first country to recover from the global crisis and will be able to ride out the challenges of a worsening global crisis.

As at the end of 2008, Wharf's attributable landbank and investment properties in China totalled close to 100 million square feet of gross floor area. According to the 2009 Interim Report, through the Wharf Group, the Group has interests in numerous investment properties, such as the Shanghai Times Square and the Chongqing Time Square. Through the Wharf Group, it also has various investment property projects under development including Wheelock Square at Nanjing Xi Road in Shanghai comprising Grade A offices and Chengdu International Finance Centre comprising of a mega retail complex, Grade A offices, a five-star hotel and luxury residences. The Wharf Group also undertakes other property developments in Dalian, Chengdu, Chongqing, Shanghai, Wuxi, Suzhou, Hangzhou and Changzhou. In addition, based on our discussion with the management of the Company, we understand that the Wharf Group is also in joint ventures with the COLI Group for two property development projects in Chongqing.

As such, we are of the view that the Land Transaction is in the ordinary and usual course of business of the Group and also in line with the overall strategies of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Details of the Land Transaction

#### (i) *Information on the Land*

The Land to be developed through the Project Company is located at Jiangbei City (江北城), Chongqing, PRC. It is expected that the Land will be developed into residential and office/commercial properties with a site area of about 2.85 million square feet and a total gross floor area of about 14.33 million square feet (comprising about 9.52 million square feet for residential purpose and 4.81 million square feet for office/commercial use) in accordance with the conditions of the bidding rules and regulations.

#### (ii) *Consideration of the Land*

The total consideration amount for acquiring the land use rights of the Land is RMB4,100 million (equal to about HK\$4,654 million), which was the outcome of the public bidding held by 重慶市土地和礦業權交易中心 (an entity acting for Chongqing Municipal Bureau of Land Resources and Housing Management (重慶市國土資源和房屋管理局)) on 29 October 2009 which was conducted in accordance with the relevant PRC laws and regulations, and represents an accommodation value of about RMB286 (equal to about HK\$325) per square foot, which is about 10% higher than the starting bid price.

#### (iii) *Funding of the consideration for the Land*

Details of the payment terms for the consideration for the Land have been set out in the letter from the Board in the Circular. We understand from the management of the Group that, as at the Latest Practicable Date, a deposit amounted to RMB730 million (equal to about HK\$828.6 million) has been paid by the Wharf Group and the COLI Group on a 50:50 basis. Pursuant to the terms of the Framework Agreement, the remaining balance of the consideration for the Land will be contributed by each of the Wharf Group and the COLI Group on a 50:50 basis. The Wharf Group's share of the consideration will be partly funded from its internal resources and partly funded by bank borrowings by the Wharf Group.

Having considered that the consideration for the Land is the outcome of a public tender held by the government authorities in compliance with the relevant PRC laws and regulations and has been paid or will be payable by the Wharf Group and the COLI Group in proportion to their respective interests in the Investment Company, we consider that the terms of the Land Transaction are fair and reasonable.

### 5. Principal terms of the Framework Agreement

#### (i) *Date*

29 October 2009

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(ii) *Parties*

- (1) Wharf; and
- (2) COLI

(iii) *Purpose*

To own, develop and sell the Land through the Project Company, to be owned by the Wharf Group and the COLI Group on a 50:50 ownership basis.

(iv) *Capital requirement*

Prior to obtaining, among other things, the land use right certificate of the Land and in the event that working capital is required for the Land development, such capital requirement would be funded by way of capital contribution or shareholders' loans to be sought from the Wharf Group and the COLI Group in proportion to their shareholding interest in the Investment Company and the Project Company.

(v) *Distribution of profit*

The Project Company shall distribute any net profit (i.e. profit after taxation and operating expenses) generated during its usual course of business to the Investment Company, details of which shall be determined by the board of directors of the Project Company. Upon receipt of such net profit from the Project Company, the Investment Company shall distribute it to the investment parties in accordance with applicable laws.

Based on our discussion with the management of the Company, we understand that the distribution of net profit will also be made on a 50:50 basis.

(vi) *Board representation*

The board of directors of each of the Investment Company and the Project Company will comprise 6 directors of which 3 will be appointed by the Wharf Group and 3 by the COLI Group. Both the Wharf Group and the COLI Group will have the right to appoint the chairman of the boards of directors of these two companies for a fixed term of 2 years. The first chairman will be appointed by the Wharf Group and the second chairman by the COLI Group, and so forth.

(vii) *Management*

The Wharf Group and the COLI Group will be jointly responsible for the management and control of the Project Company and the Land development. The Wharf Group shall be responsible for staff appointment for the finance management of the Investment Company and Project Company. The COLI Group will be mainly responsible for the development, design, promotion as well as sales and marketing of the Land.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(viii) *Unanimous approval*

Several corporate actions of the Project Company could not proceed without unanimous approval of the Wharf Group and COLI Group as well as each and every member of the board of directors of the Project Company. Such actions include, among others, any alteration to the capital structure, shareholding structure including the issue of call and put options; any change of business scope of the Project Company or business merger and acquisition relating to the Project Company; overall design, classification and proportion of the Land project, and marketing and promotion strategies and plans; overall development plan and annual budget.

Having considered that the capital requirement, profit sharing and board composition of the Investment Company and the Project Company are in proportion to the Wharf Group's and the COLI Group's respective equity interests in the Investment Company on a 50:50 basis, we consider that the terms of the Framework Agreement are on normal commercial terms, fair and reasonable.

### **6. Financial Impact**

(i) *Effect on net asset value*

According to the 2009 Interim Report, the unaudited net asset value (the "NAV") of the Group as at 30 June 2009 was approximately HK\$62,786 million.

Based on our discussion with the management of the Company, we understand that the financial commitment in relation to the Land Transaction incurred or to be incurred would, in total, not be material to the Group. As such, we are of the view that the Land Transaction will not have material impact on the NAV of the Group.

(ii) *Effect on earnings*

According to the 2008 Annual Report, the audited consolidated profit attributable to the equity Shareholders was approximately HK\$3,432 million for the financial year ended 31 December 2008.

As mentioned in the letter from the Board in the Circular, subject to compliance with all relevant laws and regulations in the PRC and terms of the relevant land grant contract, the tentative commencement date of the Land development will be in around June 2010. Depending on the actual progress of the Land development going forward, it is currently expected that the project will be completed in around June 2013.

Accordingly, it is not expected that significant contributions will be recorded from the Investment Company and the Project Company for the Group in the near future. However, after completion of the development of the Land, we view that the Land Transaction will broaden the earnings base of the Group in the long-term.

(iii) *Effect on working capital and gearing*

According to the 2009 Interim Report, the net gearing ratio (being total borrowings minus cash divided by total equity) was approximately 15.2% as at 30 June 2009.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the letter from the Board in the Circular, based on the Land cost of RMB4,100 million (equal to about HK\$4,654 million) and other project costs, the estimated maximum financial commitment by the Wharf Group, on a 50% pro rata basis, will be around RMB2,500 million (approximately HK\$2,837.5 million) and, based on the above, the estimated financial commitment for the entire project in respect of the development of the Land will be around RMB5,000 million (approximately HK\$5,675 million). We understand that the above estimated maximum financial commitment is calculated based on the funding requirement, which was commercially assessed by the Wharf Group for the completion of the Land development project, plus a moderate buffer.

The 50% portion to be borne by the Wharf Group will be partly funded by the Wharf Group's internal resources and partly by bank borrowings of the Wharf Group. Based on our discussion with the management of the Company, we understand that, taking into account the stable and adequate cash flow from its operations, the impact will not be material to the overall liquidity position of the Group. As such, we are of the view that the Land Transaction will not have material impact on the Group's working capital and gearing.

In light of the above, in particular, that:

- (i) the Land Transaction will not have material impact on the NAV of the Group;
- (ii) the positive impact on the earnings of the Group in the long-term; and
- (iii) the impact on the working capital and gearing will not be material,

we are of the view that, on an overall basis, the financial effects of the Land Transaction are acceptable and it is in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, have taken into account the following in arriving at our opinion:

- (i) the Land Transaction is in the ordinary and usual course of business of the Group and also in line with the overall strategies of the Group;
- (ii) the terms of the Land Transaction, based on the outcome of a public tender, are fair and reasonable;
- (iii) payment terms by the Wharf Group and the COLI Group in proportion to their respective interests in the Investment Company are fair and reasonable;
- (iv) capital requirement, profit sharing and board composition of the Investment Company and the Project Company by the Wharf Group and the COLI Group in proportion to their respective interests are on normal commercial terms, fair and reasonable; and

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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(v) on an overall basis, the financial effects of the Land Transaction are acceptable.

Having considered the above, we are of the view that the Land Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,  
For and on behalf of

**Platinum Securities Company Limited**

**Ian Ramsay**

*Director and Head of Corporate Finance*

**Lenny Li**

*Assistant Director*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**DIRECTORS' INTERESTS IN SHARES**

As at the Latest Practicable Date, the interests (all being long positions) of the Directors and chief executive (if any) of the Company in the shares, underlying shares (if any) and debentures (if any) of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), namely, Wharf, i-CABLE and WPL, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, together with the percentages which the relevant shares represented to the issued share capitals of the four companies respectively, were as follows:

	<b>Nature of Interest</b>	<b>Number of ordinary shares</b>	<b>Percentage of holdings</b>
<b>The Company</b>			
Peter K. C. Woo	Personal Interest in 8,847,510 Shares; Corporate Interest in 200,865,142 Shares; and Other Interest in 995,221,678 Shares	1,204,934,330	59.3023%
Gonzaga W. J. Li	Personal Interest	1,486,491	0.0732%
Stephen T. H. Ng	Personal Interest	300,000	0.0148%
B. M. Chang	Corporate Interest	8,629,575	0.4247%
<b>Wharf</b>			
Gonzaga W. J. Li	Personal Interest	772,367	0.0280%
Stephen T. H. Ng	Personal Interest	731,314	0.0266%
Kenneth W. S. Ting	Personal Interest	194,000	0.0070%
<b>i-CABLE</b>			
Gonzaga W. J. Li	Personal Interest	68,655	0.0034%
Stephen T. H. Ng	Personal Interest	1,265,005	0.0629%
<b>WPL</b>			
Gonzaga W. J. Li	Personal Interest	2,900	0.0001%

*Notes:*

1. The 995,221,678 Shares 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 SFO which are applicable to a director or chief executive of a listed company, to be interested.
2. The shareholdings classified as “Corporate Interest” in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively either entitled to exercise (or taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive (if any) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and Stock Exchange.

**MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Company since 31 December 2008, being the date to which the latest published audited financial statements of the Company have been made up.

**COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or any of their respective associates has a controlling interest in a business which causes or may cause any significant direct or indirect competition with the business of the Group or any significant conflicts with the interests of the Group.

**DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

None of the Directors is materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group.

**DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, no Director has any interest, direct or indirect, in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with the Company or any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

**QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Platinum Securities Company Limited	A corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Platinum Securities Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

**EXPERT'S INTERESTS**

As at the Latest Practice Date, the Independent Financial Adviser:

- (a) had no direct or indirect interest in any asset which had since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (b) was not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office in Hong Kong of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) up to and including 9 December 2009:-

- (a) the "Letter from the Board", the text of which is set out on pages 4 to 10 of this circular;
- (b) the "Letter from the Independent Board Committee" as set out in this circular;
- (c) the "Letter from the Independent Financial Adviser" as set out in this circular;

- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this Appendix;
- (e) the memorandum and articles of association of the Company;
- (f) the Framework Agreement; and
- (h) this circular.