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

**CONNECTED TRANSACTION**

The Board of Wheelock announces that on 27 January 2010, a wholly-owned subsidiary of WPL (which is a listed subsidiary of Wheelock) together with a wholly-owned subsidiary of CMP, jointly on 50:50 ownership basis, succeeded in bidding for the Land at a price of RMB 680 million (equal to about HK\$774 million). The WPL Group and the CMP Group will jointly develop the Land, on a 50:50 ownership basis, into residential property. Also on 27 January 2010, WPL entered into the Framework Agreement with CMP for the purpose of joint bidding and development of the Land.

CMP is a 54.1%-owned subsidiary of CMG which in turn is an indirect substantial shareholder of a non wholly-owned subsidiary of Wheelock. Consequently, CMP together with its subsidiaries are regarded as connected persons of Wheelock (but not WPL) within the meaning of the Listing Rules and therefore, the Transactions together with the joint development of the Land constitute connected transactions for Wheelock.

On the basis that one or more of the applicable percentage ratios in respect of the financial commitment of Wheelock under the Transactions 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 relevant transactions are exempt from the independent shareholders' approval requirement, but are subject to the reporting and announcement requirements under Rule 14A.45 to Rule 14A.47 of the Listing Rules.

## INTRODUCTION

The Board of Wheelock announces that on 27 January 2010, a wholly-owned subsidiary of WPL together with a wholly-owned subsidiary of CMP, jointly on 50:50 ownership basis, succeeded in bidding for the Land at a price of RMB680 million (equal to about HK\$774 million). The WPL Group and the CMP Group will jointly develop the Land, on a 50:50 ownership basis, into residential property in accordance with the Framework Agreement. Under the Listing Rules, the Transactions together with the joint development of the Land constitute connected transactions for Wheelock.

## DETAILS OF THE ACQUISITION

- Bidding Date : 27 January 2010
- Parties : (a) 南海發展股份有限公司 (Nanhai Development Co. Ltd.)  
as the vendor; and
- (b) a wholly-owned subsidiary of WPL together with a wholly-owned subsidiary CMP as the purchaser.
- Purpose : Residential development of the Land located at 南海區獅山鎮獅山辦事處農場村委會 of Foshan, PRC with a site area of about 1.5 million square feet and a gross floor area of about 3.3 million square feet.

## Consideration and payment terms

The total consideration amount, payable to the abovementioned vendor, for acquiring the land use rights of the Land is RMB680 million (equal to about HK\$774 million), which was paid/will be payable by cash instalments in manner as follows:-

<u>Date of payment</u>	<u>Amount paid/payable</u>
On 27 January 2010	RMB50 million (equal to about HK\$57 million) (being deposit for the bidding)
On 3 February 2010	RMB290 million (equal to about HK\$330 million) (being 50% of Land cost, deposit inclusive)
On or before 28 March 2010	RMB340 million (equal to about HK\$387 million) (being 50% of Land cost)

Such consideration amount was the outcome of the public bidding held by 佛山市南海區土地交易中心 (an entity acting for Nahai Development Co. Ltd.) on 27 January 2010 which was conducted in accordance with the relevant PRC laws and regulations. It represents an accommodation value on the basis of about RMB204 (equal to about HK\$232) per square foot. Each of the WPL Group and the CMP Group is ultimately responsible for 50% of the total consideration. The WPL Group's share of the consideration will be funded from its internal resources.

## **Property Development through the Project Company**

On 27 January 2010, WPL entered into the Framework Agreement with CMP regarding, *inter alia*, the Land bidding on a 50:50 ownership basis. It was agreed between the WPL Group and the CMP Group that following the successful bidding of the Land on 27 January 2010, the Project Company to be owned as to 50% by each of the WPL Group and the CMP Group will be incorporated for the purpose of, *inter alia*, the development of the Land.

As at the date of this announcement, the total financial commitment (other than the total consideration of the Land) for the development of the Land is yet to be determined between the parties. However, under the Framework Agreement, it was agreed that, 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 obtained in proportion to the shareholding interest in the Project Company. In the event of the aggregate of the financial commitment, for the Land development, which will be determined at a later date, and the Land cost exceeding 2.5% in respect of one or more of the applicable ratios for Wheelock under the Listing Rules, further announcement will be made and relevant requirements under the Listing Rules will be complied with.

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

The directors of Wheelock believe that the acquisition and development of the Land is a viable investment, will broaden the asset and earnings base of, and will be beneficial to Wheelock and its shareholders as a whole. The directors (including the independent non-executive directors) of Wheelock also consider that the terms of the Transactions are in the interests of Wheelock and its shareholders, and the Transactions are in the ordinary and usual course of business of the Wheelock Group, on normal commercial terms, and are fair and reasonable.

## **REGULATORY ASPECTS**

CMP is a non wholly-owned subsidiary of CMG which holds 54.1% shareholding interest in CMP through China Merchants Shekou Industrial Zone Company Limited and China Merchants Zhangzhou Development Zone Co., Ltd. CMG is an indirect substantial shareholder of a non wholly-owned subsidiary of Wheelock, namely, Modern Terminals Limited, by reason of a wholly-owned subsidiary of China Merchants Holdings (International) Co., Ltd., which is 57%-owned by CMG, owning 27% shareholding interest in Modern Terminals Limited. Consequently, CMP together with its subsidiaries are regarded as connected persons of Wheelock (but not of WPL) within the meaning of the Listing Rules and therefore, the Transactions constitute connected transactions for Wheelock.

On the basis that one or more of the applicable percentage ratios in respect of the financial commitment of Wheelock under the Transactions 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 relevant transactions are exempt from the independent shareholders' approval requirement, but are subject to the reporting and announcement requirements under Rule 14A.45 to Rule 14A.47 of the Listing Rules.

## GENERAL

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

## TERMS USED IN THIS ANNOUNCEMENT

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

“Board”	board of directors
“CMG”	China Merchants Group Co., Ltd., a company incorporated in the PRC
“CMP”	China Merchants Property Development Co., Ltd. (招商局地產控股股份有限公司), 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
“Framework Agreement”	the framework agreement entered into between WPL and CMP dated 27 January 2010 in relation to the joint bidding of the Land and the proposed formation of the Project Company for the development of the Land
“Land”	a piece of land in Foshan, the PRC with a site area of approximately 1.5 million square feet located at 南海區獅山鎮獅山辦事處農場村委會
“PRC”	the People’s Republic of China (excluding Hong Kong)

“Project Company”	a company to be incorporated in the PRC, to be owned as to 50% by each of the WPL Group and the CMP Group for the purpose of the joint development of the Land
“Transactions”	the successful bidding for the acquisition of the land use rights of the Land on 27 January 2010, and the entering into of the Framework Agreement, together with the relevant transactions contemplated thereunder
“Wheelock”	Wheelock and Company Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“Wheelock Group”	Wheelock together with its subsidiaries
“WPL”	Wheelock Properties Limited, a 74%-owned subsidiary of Wheelock incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“WPL Group”	WPL together with its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC

*Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of HK\$1.1389 = 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.*

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

Hong Kong, 27 January 2010