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WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 4



WHEELOCK

Founded 1857

WHEELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 20

**PROPOSED RIGHTS ISSUE OF
275,386,120 RIGHTS SHARES
AT HK\$36.50 EACH ON THE BASIS OF
ONE RIGHTS SHARE FOR
EVERY TEN EXISTING SHARES
HELD ON THE RECORD DATE
PAYABLE IN FULL ON ACCEPTANCE**

DISCLOSEABLE TRANSACTION

CLOSURE OF BOOKS

JOINT ANNOUNCEMENT

**Underwriter to the Rights Issue
WHEELOCK AND COMPANY LIMITED**

Financial Adviser to the Underwriter

HSBC

PROPOSED RIGHTS ISSUE

Wharf proposes to raise approximately HK\$10,052 million before expenses by way of a rights issue of 275,386,120 Rights Shares at a price of HK\$36.50 per Rights Share on the basis of one Rights Share for every ten existing Shares held at 5:00 p.m. on the Record Date.

Wharf will provisionally allot one Rights Share in nil-paid form for every ten existing Shares held by each Qualifying Shareholder at 5:00 p.m. on the Record Date. The Rights Issue may not be available to all Overseas Shareholders.

The proceeds from the Rights Issue (before expenses) will amount to HK\$10,052 million. Wharf intends to use the net proceeds from the Rights Issue to finance additional property and related investment in the PRC which is in line with its overall long term business strategy.

Each of (i) WFIP, a direct wholly-owned subsidiary of Wheelock and the direct controlling shareholder of Wharf, (ii) Lynchpin, an indirect wholly-owned subsidiary of Wheelock and a direct substantial shareholder of Wharf, (iii) Mr. Stephen Ng, who is a director of Wharf and Wheelock and (iv) Mr. T. Y. Ng, who is a director of Wharf, has irrevocably undertaken to Wharf and Wheelock that, among other things, the Shares beneficially owned by it/him will remain registered in its/his name (or in its/his nominee's name as registered holder of the relevant Shares) from the date of the Irrevocable Undertakings up to and including the Record Date (or such later date as Wharf and Wheelock may agree in writing) and that it/he will subscribe for (or will procure the subscription of) 118,365,230 Rights Shares (in the case of WFIP), 19,387,915 Rights Shares (in the case of Lynchpin), 73,131 Rights Shares (in the case of Mr. Stephen Ng) and 20,026 Rights Shares (in the case of Mr. T. Y. Ng), which will be provisionally allotted to it/him (or its/his nominee) as the holder of 1,183,652,306, 193,879,157, 731,314 and 200,268 existing Shares respectively.

The Rights Issue will be fully underwritten by the Underwriter other than the Rights Shares that will be provisionally allotted to and have been undertaken by WFIP, Lynchpin, Mr. Stephen Ng and Mr. T. Y. Ng to be (or procured to be) taken up pursuant to the Irrevocable Undertakings.

The last day of dealings in the Shares on a cum-rights basis will be 18 February 2011. The Shares will be dealt with on an ex-rights basis from 21 February 2011. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of Wharf at 5:00 p.m. on the Record Date, which will be 24 February 2011. In order to be registered as members on the Record Date, any transfers of Shares (together with the relevant share certificates) must be lodged for registration with Wharf's share registrar, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on 22 February 2011 (the register of members of Wharf will be closed from 23 February 2011 to 24 February 2011, both days inclusive).

The Rights Issue is subject to the satisfaction of the condition as described under the section headed "Conditions of the Rights Issue and the Underwriting Agreement" below. Specifically, the Rights Issue is subject to the Underwriting Agreement becoming unconditional and not being terminated (see the section headed "Termination of the Underwriting Agreement" below). If the Rights Issue does not become unconditional it will not proceed. Investors' attention is drawn to the statement "Warning of the risks of dealing in Shares and nil-paid Rights Shares" below.

Wharf will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

GENERAL

Wharf expects to send the Rights Issue Documents to all Qualifying Shareholders, on or before 25 February 2011. Wharf will, to the extent reasonably practicable, send the Prospectus to the Excluded Shareholders (if any) for information purposes only.

As one or more of the applicable percentage ratios in respect of the Participation exceeds 5% while all such ratios are less than 25%, the entering into of the Underwriting Agreement by Wheelock constitutes a discloseable transaction for Wheelock under Chapter 14 of the Listing Rules.

PROPOSED RIGHTS ISSUE

Issue Details

Basis of the Rights Issue	One Rights Share for every ten existing Shares held at 5:00 p.m. on the Record Date
Number of Rights Shares to be issued	275,386,120 Rights Shares
Subscription Price and Acceptance Date	HK\$36.50 per Rights Share payable in full on acceptance at or prior to 4:00 p.m. on a date which is currently expected to be on Friday, 11 March 2011
Amount to be raised	Approximately HK\$10,052 million from the Rights Shares, before expenses
Status of the Rights Shares	The Rights Shares, when allotted, issued and fully-paid, will rank <i>pari passu</i> in all respects with the then existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares
Right to make excess applications	Qualifying Shareholders only will have the right to apply for Rights Shares in excess of their provisional allotments
Excluded Shareholders	Rights Shares which represent entitlements of the Excluded Shareholders will be sold for their benefit in the market, in nil-paid form, as soon as reasonably practicable after dealings in the nil-paid Rights Shares commence, if a premium, net of expenses, can be obtained. The proceeds of the sale, less expenses, will be paid to such Excluded Shareholders <i>pro rata</i> to their shareholdings as at 5:00 p.m. on the Record Date in Hong Kong dollars, except that any individual amount of less than HK\$100 will be retained for the benefit of Wharf. Any such entitlements not sold in the market

will be made available for application by Qualifying Shareholders under the excess applications

Subscription by WFIP

WFIP has irrevocably undertaken under the Irrevocable Undertakings to take, or procure the taking, up in full of the entitlement under the Rights Issue relating to the Shares beneficially owned by it amounting to 118,365,230 Rights Shares

Subscription by Lynchpin

Lynchpin has irrevocably undertaken under the Irrevocable Undertakings to take, or procure the taking, up in full of the entitlement under the Rights Issue relating to the Shares beneficially owned by it amounting to 19,387,915 Rights Shares

Subscription by Mr. Stephen Ng

Mr. Stephen Ng has irrevocably undertaken under the Irrevocable Undertakings to take, or procure the taking, up in full of the entitlement under the Rights Issue relating to the Shares beneficially owned by him amounting to 73,131 Rights Shares

Subscription by Mr. T. Y. Ng

Mr. T. Y. Ng has irrevocably undertaken under the Irrevocable Undertakings to take, or procure the taking, up in full of the entitlement under the Rights Issue relating to the Shares beneficially owned by him amounting to 20,026 Rights Shares

Underwriter and Number of Underwritten Shares

Wheelock; 137,539,818 Rights Shares

Rights Shares

Under the Rights Issue, 275,386,120 Rights Shares will be provisionally allotted, representing 10% of the existing issued share capital of Wharf and approximately 9.09% of the enlarged issued share capital of Wharf as enlarged by the issue of the Rights Shares.

As at the date of this announcement, Wharf had no outstanding convertible securities, options (whether agreed conditionally or unconditionally) or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into existing Shares.

Qualifying Shareholders and Overseas Shareholders

Wharf will send the Rights Issue Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of Wharf at 5:00 p.m. on the Record Date; and
- (ii) have on the register of members of Wharf at 5:00 p.m. on the Record Date either an address in Hong Kong or an overseas address which is not in a jurisdiction which, in the Directors' opinion, after making reasonable enquiries, it is necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws in the relevant place or the requirements of the relevant regulatory body or stock exchange in that place.

The Rights Issue Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. No provisional allotment of Rights Shares will be made to Shareholders with addresses outside Hong Kong if the Directors consider, after making reasonable enquiries, such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. Wharf will, to the extent reasonably practicable, send copies of the Prospectus to the Excluded Shareholders for their information only, but Wharf will not send any PALs or EAFs to Excluded Shareholders.

The basis of exclusion of Excluded Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as reasonably practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of sale, less expenses, of HK\$100 or more will be paid to the Excluded Shareholders *pro rata* to their shareholdings as at 5:00 p.m. on the Record Date in Hong Kong dollars. Individual amounts of less than HK\$100 will not be paid and will be retained by Wharf for the benefit of Wharf.

In order to be registered as a member at 5:00 p.m. on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with Tricor Tengis Limited, the share registrar of Wharf, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on 22 February 2011, such date being the second Business Day immediately prior to the Record Date.

TERMS OF THE RIGHTS ISSUE

Subscription price for the Rights Shares

The subscription price under the Rights Issue is HK\$36.50 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a renounee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 31% to the closing price of HK\$53.05 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 29% to the theoretical ex-rights price of approximately HK\$51.55 based on the closing price of HK\$53.05 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 35% to the average closing price of approximately HK\$56.28 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 37% to the average closing price of approximately HK\$58.29 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and

- (v) a discount of approximately 39% to the average closing price of approximately HK\$60.02 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day.

The subscription price for the Rights Issue was arrived at by the board of Directors with reference to the market price of the Shares under the prevailing market conditions. The Directors consider the terms of the Rights Issue to be fair and reasonable, and in the best interests of the Wharf Group and the Shareholders as a whole.

Basis of provisional allotment

One Rights Share (in nil-paid form) for every ten existing Shares held by Qualifying Shareholders as at 5:00 p.m. on the Record Date.

Status of the Rights Shares

When allotted, issued and fully paid, the Rights Shares will rank *pari passu* in all respects with the then existing Shares in issue and holders of such Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

Fractions of Rights Shares

Wharf will not provisionally allot fractions of Rights Shares in nil-paid form nor will it accept any application for any fraction of the Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of Wharf, if a premium net of expenses can be achieved. Any unsold fractions of Rights Shares will be available to meet excess applications by the Qualifying Shareholders.

Applications for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for any unsold entitlements of Overseas Shareholders, any unsold Rights Shares created by adding together fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders. Application may be made only by Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and reasonable basis (such as *pro-rata* by reference to the number of excess Rights Shares applied for by each Qualified Shareholder) after consultation with the Underwriter, and may give preference to topping-up odd lots to whole board lots.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of Wharf. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of Wharf, must lodge all necessary documents with Wharf's share registrar, Tricor Tengis Limited, at 26/F Tesbury

Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on 22 February 2011 (the register of members of Wharf will be closed from 23 February 2011 to 24 February 2011, both days inclusive).

Certificates for Rights Shares and Refund Cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted by ordinary mail by 18 March 2011 to those Qualifying Shareholders who have accepted and (where applicable) applied for, and paid for the Rights Shares, at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before 18 March 2011.

Closure of Register of Members

The register of members of Wharf will be closed from 23 February 2011 to 24 February 2011 (both days inclusive) for determining the entitlements of the Qualifying Shareholders for the Rights Issue, and accordingly no transfer of Shares will be registered during this period.

Application for Listing and Dealings

Wharf will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Nil-paid Rights Shares are expected to be traded in board lots of 1,000 (as the Shares are currently traded on the Stock Exchange in board lots of 1,000). Dealings in nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CONDITIONS OF THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) all necessary approvals, permits, waivers, consents and authorisations having been obtained for the provisional allotment and allotment of the Rights Shares as well as for the Rights Issue generally;
- (ii) the listing committee of the Stock Exchange having granted (subject only to provisional allotment and/or allotment of the Rights Shares, the posting of the Rights Issue Documents and despatch of certificates in respect of the Rights Shares and any other matters which are agreed between Wharf and the Underwriter) the listing of and permission to deal in the Rights Shares (in both nil-paid and fully-paid forms), and such listing and permission to deal not being subsequently revoked;
- (iii) the registration of the Rights Issue Documents (with all the documents required to be attached thereto by Section 38D of the Companies Ordinance) (all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of two Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance by no later than the Posting Date; and
- (iv) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date.

If any of the above conditions shall not have been fulfilled or shall become incapable of being fulfilled on or before 16 March 2011 (or such later date as, in its discretion, the Underwriter may extend the time for fulfillment of any of the conditions), the Underwriting Agreement shall terminate (save in respect of certain rights or obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

IRREVOCABLE UNDERTAKINGS

Pursuant to the Irrevocable Undertakings, each of (i) WFIP, a direct wholly-owned subsidiary of Wheelock and the direct controlling shareholder of Wharf, (ii) Lynchpin, an indirect wholly-owned subsidiary of Wheelock and a direct substantial shareholder of Wharf, (iii) Mr. Stephen Ng, who is a director of Wharf and Wheelock and (iv) Mr. T. Y. Ng, who is a director of Wharf, has respectively and irrevocably undertaken to Wharf and Wheelock that, among others, it/he (or its/his nominee(s) being the registered holder(s) of the relevant Shares) will remain as the registered holder holding 1,183,652,306 (in the case of WFIP), 193,879,157 (in the case of Lynchpin), 731,314 (in the case of Mr. Stephen Ng) and 200,268 (in the case of Mr. T. Y. Ng) existing Shares from the date of the Irrevocable Undertakings up to and including the Record Date (or such other later date as Wharf and Wheelock may agree in writing).

Each of WFIP, Lynchpin, Mr. Stephen Ng and Mr. T. Y. Ng has further agreed, no later than the Acceptance Date, to (i) subscribe for or procure to be subscribed for 118,365,230 Rights Shares (in the case of WFIP), 19,387,915 Rights Shares (in the case of Lynchpin), 73,131 Rights Shares (in the case of Mr. Stephen Ng) and 20,026 Rights Shares (in the case of Mr. T. Y. Ng) that would be provisionally allotted to it/him (or its/his nominee(s)) under the Rights Issue; and (ii) lodge or procure the lodging of the relevant application form together with remittance for the full amount payable on acceptance of subscription of such Rights Shares in accordance with the acceptance instructions contained in the Rights Issue Documents.

In addition, each of WFIP, Lynchpin, Mr. Stephen Ng and Mr. T. Y. Ng has also undertaken that, it/he will not (and will procure its/his nominee(s) and companies controlled by it/him or any of their respective Associates not to), without the prior written consent of Wheelock, transfer or otherwise dispose of (including without limitation by the creation of any option,

charge or other encumbrances or rights over or in respect of) or acquire (except by taking up Rights Shares pursuant to the Irrevocable Undertakings) any Share or any interest therein at any time between the date of the Irrevocable Undertakings up to and including 4:00 p.m. on the first Business Day after the Acceptance Date.

Furthermore, each of WFIP, Lynchpin, Mr. Stephen Ng and Mr. T. Y. Ng has also undertaken that, it/he will not (and will procure its/his nominee(s) not to) dispose of any Rights Shares allotted and issued to it/him (or its/his nominee(s)) respectively pursuant to the Rights Issue, or any interest therein, for a period of 30 days from the Acceptance Date without the prior written consent of the Underwriter.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date	:	10 February 2011
Underwriter	:	Wheelock
Number of Rights Shares	:	275,386,120 new Shares
Number of Underwritten Shares	:	137,539,818 Rights Shares
Commission	:	1.25% of the aggregate subscription price of the total Underwritten Shares

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe or procure subscribers to subscribe for all Underwritten Shares that are not Taken Up, subject to terms and conditions set out in that agreement in particular the fulfillment of the conditions contained therein. Wheelock is the controlling shareholder of Wharf holding as at the date of this announcement approximately 50.02% of the share capital of Wharf.

The Directors consider that the Underwriting Agreement is (i) on normal commercial terms; and (ii) fair and reasonable as far as the Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If at any time on or before 5:00 p.m. on the third Business Day following the Acceptance Date for the provisional allotments:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties under the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or**
- (b) (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;**

- (ii) there is any change in local, national or international financial, political, industrial or economic conditions;
- (iii) there is any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) there is any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) there is any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
- (vi) there is any suspension in the trading of the Shares on the Stock Exchange for a continuous period of five (5) Business Days;
- (vii) there is any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which will or may materially and adversely affect Wharf Group or a material proportion of the Shareholders in their capacity as such,

which event or events is or are in the reasonable opinion of the Underwriter:-

- (x) likely to have a material adverse effect on the business or financial or trading position or prospects of Wharf or Wharf Group taken as a whole; or
- (y) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (z) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case the Underwriter may by notice in writing given to Wharf on or before 5:00 p.m. on the third Business Day after the Acceptance Date for the provisional allotment terminate the Underwriting Agreement and thereupon all obligations of the Underwriter thereunder will cease and determine and no party shall, save for reimbursement of the Underwriter's expenses by Wharf or save as provided in the Underwriting Agreement, have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

Existing Shares will be dealt in on an ex-rights basis from 21 February 2011. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the Register of Members of Wharf at 5:00 p.m. on the Record Date, which is 24 February 2011. In order to be registered as members on the Record Date, any transfers of Shares (together with the relevant share certificates) must be lodged for registration with Wharf's share registrar, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on 22 February 2011.

The Rights Shares are expected to be dealt with in their nil-paid form from 1 March 2011 to 8 March 2011, both days inclusive. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any person contemplating buying or selling Shares from the date of this announcement up to the date on which all such conditions are fulfilled (which is expected to be 16 March 2011), or contemplating buying or selling any nil-paid Rights Shares between 1 March 2011 and 8 March 2011 (both days inclusive), bears the risk that the Rights Issue may not become unconditional and may not proceed.

Investors should therefore exercise caution when dealings in Shares or nil-paid Rights Shares during these periods, and if they are in any doubt about their position, they are recommended to consult their professional adviser.

PARTICIPATION OF WHEELOCK IN THE RIGHTS ISSUE

Participation

As at the date of this announcement, Wheelock, through its direct wholly-owned subsidiary, WFIP, and its indirect wholly-owned subsidiary, Lynchpin, in aggregate owns 1,377,531,463 Shares, representing approximately 50.02% of the issued share capital of Wharf. Pursuant to the Irrevocable Undertakings, each of WFIP and Lynchpin has provided an irrevocable undertaking to Wharf and Wheelock, that, among others, it (or its nominee(s) being the registered holder of the relevant Shares) will remain as the registered holder holding 1,183,652,306 Shares and 193,879,157 Shares respectively of Wharf up to (and including) the Record Date (or such other later date as Wharf and Wheelock may agree in writing).

WFIP and Lynchpin have respectively further agreed, no later than the Acceptance Date, to (i) subscribe for or procure to be subscribed for 118,365,230 Rights Shares (in the case of WFIP) and 19,387,915 Rights Shares (in the case of Lynchpin) to be provisionally allotted to it (or its nominee(s)) under the Rights Issue; and (ii) lodge or procure the lodging of the relevant application form together with remittance for the full amount payable on acceptance of subscription of such Rights Shares in accordance with the acceptance instructions contained in the Rights Issue Documents.

In addition, each of WFIP and Lynchpin has also undertaken that, it will not (and will procure its nominee(s) and companies controlled by it or any of their respective Associates not to), without the prior written consent of Wheelock, transfer or otherwise dispose of (including without limitation by the creation of any option, charge or other encumbrances or rights over or in respect of) or acquire (except by taking up Rights Shares pursuant to the Irrevocable Undertakings) any Share or any interest therein at any time between the date of the Irrevocable Undertakings up to and including 4:00 p.m. on the first Business Day after the Acceptance Date.

Each of WFIP and Lynchpin has also undertaken that, it will not (and will procure its nominee(s) not to) dispose of any Rights Shares allotted and issued to it (or its nominee(s)) respectively pursuant to the Rights Issue, or any interest therein, for a period of 30 days from the Acceptance Date without the prior written consent of the Underwriter.

Furthermore, the Underwriter has undertaken to and agreed with Wharf that it will not, and will procure that its Associates (whether directly or indirectly) will not, without the prior written consent of Wharf, transfer or otherwise dispose of (including without limitation by

the creation of any option, charge or other encumbrances or rights over or in respect of) or acquire (except by taking up the Rights Shares) any Share or any interest therein at any time between the date of the Underwriting Agreement up to and including 4:00 p.m. on the first Business Day after the Acceptance Date.

Immediately after the completion of the Rights Issue and assuming: (a) each of WFIP and Lynchpin (or its nominee(s)) takes up all Rights Shares that will be provisionally allotted to it (or its nominee(s)) under the Rights Issue; and (b) Wheelock is required to take up all Rights Shares that it has underwritten pursuant to the Underwriting Agreement, Wheelock's direct and indirect interest in Wharf will be increased to approximately 54.56%.

Reasons for the Participation

The principal business activities of Wheelock are ownership of properties for development and letting, investment holding, container terminals as well as communication, media and entertainment. Wheelock holds a controlling interest of approximately 50.02% of the issued share capital of Wharf.

The directors of Wheelock consider that the Participation through WFIP and Lynchpin entering into the Irrevocable Undertakings and the entering into by Wheelock of the Underwriting Agreement will enable Wheelock and its subsidiaries to maintain, support and enhance the value of Wheelock's investment in Wharf and share the benefit from the growth of the Wharf Group, since the underwriting and the performance of the Irrevocable Undertakings will ensure the Rights Issue is fully subscribed.

The terms of the Irrevocable Undertakings and the Underwriting Agreement were determined after arm's length negotiations between the parties thereto. The directors of Wheelock consider that each of the Irrevocable Undertakings and the Underwriting Agreement is on normal commercial terms and, in relation to the Underwriting Agreement, the underwriting commission and the subscription price of the Rights Shares are fair and reasonable as far as Wheelock and its shareholders are concerned.

The maximum payment to be made by Wheelock for taking up the Rights Shares that will be provisionally allotted to WFIP and Lynchpin (or their respective nominee(s)), and as the Underwriter for taking up all of the Rights Shares it has agreed to underwrite under the Underwriting Agreement will amount to approximately HK\$10,048 million (without taking into account the underwriting commission to be received by Wheelock), which will be financed by the internal resources and bank borrowings of Wheelock.

Accordingly, the directors of Wheelock believe that the Participation is in the interests of Wheelock and its shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF WHARF ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of Wharf arising from the Rights Issue are as follows:

	As at the date of this announcement		Upon completion of the Rights Issue			
	No. of Shares	%	0% taken up by the Shareholders other than Wheelock and the parties to the Irrevocable Undertakings ^(Note 5)		100% taken up by all Shareholders ^(Note 6)	
			No. of Shares	%	No. of Shares	%
WFIP ^(Note 1)	1,183,652,306	42.98	1,439,557,354	47.52	1,302,017,536	42.98
Lynchpin ^(Note 2)	193,879,157	7.04	213,267,072	7.04	213,267,072	7.04
Sub-total of Wheelock	1,377,531,463	50.02	1,652,824,426	54.56	1,515,284,608	50.02
Mr. Stephen Ng ^(Note 3)	731,314	0.03	804,445	0.03	804,445	0.03
Mr. T. Y. Ng ^(Note 4)	200,268	0.01	220,294	0.01	220,294	0.01
Sub-total	1,378,463,045	50.06	1,653,849,165	54.60	1,516,309,347	50.06
Other public Shareholders	1,375,398,162	49.94	1,375,398,162	45.40	1,512,937,980	49.94
Total	2,753,861,207	100.00	3,029,247,327	100.00	3,029,247,327	100.00

Notes:

- (1) WFIP is a wholly-owned subsidiary of Wheelock.
- (2) Lynchpin is an indirect wholly-owned subsidiary of Wheelock.
- (3) Mr. Stephen Ng is a Director and a director of Wheelock.
- (4) Mr. T. Y. Ng is a Director.
- (5) Assuming that all the Underwritten Shares are taken up by Wheelock.
- (6) Assuming that none of the Underwritten Shares are taken up by Wheelock.

EXPECTED TIMETABLE

2011

Last day of dealings in existing Shares on a cum-rights basis.....	Friday, 18 February
Commencement date of trading on ex-rights basis.....	Monday, 21 February
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue.....	4:30 p.m. on Tuesday, 22 February
Wharf's register of members closes.....	from Wednesday, 23 February to Thursday, 24 February (both days inclusive)
Record Date.....	Thursday, 24 February
Despatch of Rights Issue Documents.....	Friday, 25 February
First day of dealings in nil-paid Rights Shares.....	Tuesday, 1 March
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Thursday, 3 March

Last Day of dealings in nil-paid Rights Shares.....	Tuesday, 8 March
Latest time for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares.....	4:00 p.m. on Friday, 11 March
Latest time for termination of the Underwriting Agreement.....	5:00 p.m. on Wednesday, 16 March
Rights Issue becomes unconditional after.....	5:00 p.m. on Wednesday, 16 March
Announcement of results of Rights Issue to be published on the websites of the Stock Exchange and Wharf on or before.....	Friday, 18 March
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before.....	Friday, 18 March
Certificates for fully-paid Rights Shares to be despatched on or before.....	Friday, 18 March
Dealings in fully-paid Rights Shares on the Stock Exchange to commence on.....	Tuesday, 22 March

The latest time for acceptance of and payment for Rights Shares shall not take place at 4:00 p.m. on 11 March 2011 if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning: (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 11 March 2011 (in which case the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day); or (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 11 March 2011 (in which case the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.). If the latest time for acceptance of and payment for the Rights Shares does not take place on 11 March 2011, the dates mentioned in the section headed "Expected Timetable" above may be affected.

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between Wharf and Wheelock. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Directors consider that it would be in the best interest of Wharf and the Shareholders as a whole to raise long-term equity capital through a Rights Issue to finance its future expansion plan and to strengthen its capital base. The Rights Issue will also offer existing Shareholders the opportunity to participate in the future development of Wharf on equal terms.

It is intended that the estimated net proceeds, after deduction of related expenses, of approximately HK\$9,980 million from the Rights Issue will be used to finance additional property and related investment in the PRC which is in line with its overall long term business strategy.

REASONS FOR THE ENTERING INTO OF THE UNDERWRITING AGREEMENT

The directors of Wheelock consider that the entering into of the Underwriting Agreement by Wheelock would enable Wheelock to maintain, support and enhance the value of its investment in Wharf since the underwriting will ensure the Right Issue is fully subscribed. Accordingly, the directors of Wheelock believe that the entering into of the Underwriting Agreement is in the interests of Wheelock and its shareholders as a whole.

FUND RAISING BY WHARF IN THE PAST TWELVE MONTHS

Save for the Rights Issue, Wharf has not conducted any fund raising exercises in connection with any issue of equity securities in the past 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS FOR WHEELOCK

As one or more of the applicable percentage ratios in respect of the Participation exceed 5% while all such ratios are less than 25%, the entering into of the Underwriting Agreement by Wheelock constitutes a discloseable transaction for Wheelock under Chapter 14 of the Listing Rules.

Under the Listing Rules, Shareholders' approval is not required for the Rights Issue.

GENERAL

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

The Rights Issue Documents are currently expected to be posted to the Qualifying Shareholders on 25 February 2011. Wharf will, to the extent reasonably practicable, send the Prospectus to the Excluded Shareholders (if any) for information purposes only.

As at the date of this announcement, the board of directors of Wharf comprises Mr. Peter K. C. Woo, Mr. Stephen T. H. Ng, Ms. Doreen Y. C. Lee, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui, 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 and the board of directors of Wheelock comprises Mr. Peter K. C. Woo, Mr. Stephen T. H. Ng, Mr. Paul Y. C. Tsui and Mr. Ricky K. Y. Wong, together with five independent non-executive directors, namely, Mr. Alexander S. K. Au, Mr. B. M. Chang, Mr. Herald L. F. Lau, Mr. Kenneth W. S. Ting and Mr. Glenn S. Yee.

DEFINITIONS

"Acceptance Date"	11 March 2011, being the last day for acceptance of and payment of the Rights Shares and application and payment for excess Rights Shares, or such other date as Wharf and the Underwriter may agree in writing
"Associate(s)"	shall have the meaning as ascribed to it under the Listing Rules

"Business Day"	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Directors"	the directors of Wharf
"EAF(s)"	application form(s) for excess Rights Shares
"Excluded Shareholder(s)"	those Overseas Shareholder(s) whom the Directors, after making reasonable enquiries, consider it necessary or expedient to exclude on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Irrevocable Undertakings"	the irrevocable undertaking letter dated 10 February 2011 and executed by WFIP, Lynchpin, Mr. Stephen Ng and Mr. T. Y. Ng in favour of Wharf and Wheelock
"Last Trading Day"	10 February 2011, being the last trading day of the Shares on the Stock Exchange prior to this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lynchpin"	Lynchpin Limited, a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of Wheelock and a direct substantial shareholder of Wharf
"Mr. Stephen Ng"	Mr. Stephen T. H. Ng, who is a director of Wharf and Wheelock
"Mr. T. Y. Ng"	Mr. T. Y. Ng, who is a director of Wharf
"Overseas Shareholder(s)"	the Shareholder(s) whose name(s) appear(s) on the register of members of Wharf at 5:00 p.m. on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong

"Participation"	in respect of Wheelock, (i) its entering into of the Underwriting Agreement pursuant to which Wheelock has agreed to underwrite 137,539,818 Rights Shares and (ii) the irrevocable undertakings of WFIP and Lynchpin to accept the provisional allotment of an aggregate of 137,753,145 Rights Shares, being their aggregate entitlement under the Rights Issue
"PAL(s)"	provisional allotment letter(s) for the Rights Shares
"Posting Date"	25 February 2011 or such other date as Wheelock may agree in writing with Wharf for the despatch of the Rights Issue Documents
"Prospectus"	the prospectus to be issued by Wharf in relation to the Rights Issue
"Qualifying Shareholder(s)"	the Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of Wharf at 5:00 p.m. on the Record Date
"Record Date"	24 February 2011, the record date for the determination of the entitlements of the Qualifying Shareholders for the Rights Issue
"Rights Issue"	the proposed issue of 275,386,120 Rights Shares at a price of HK\$36.50 per Rights Share on the basis of one Rights Share for every ten existing Shares held on the Record Date payable in full on acceptance
"Rights Issue Documents"	the Prospectus, the PALs and the EAFs
"Rights Share(s)"	275,386,120 new Share(s) to be allotted and issued by Wharf under the Rights Issue
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK\$1.00 each in the share capital of Wharf
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK\$36.50 per Rights Share
"Taken Up or taken up"	those Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof
"trading day"	a day on which the Stock Exchange is open for trading

"Underwriting Agreement"	the agreement dated 10 February 2011 between Wharf and the Underwriter relating to the underwriting and other arrangements in respect of the Rights Issue
"Underwritten Shares"	137,539,818 Rights Shares fully underwritten by Wheelock on and subject to terms and conditions as set out in the Underwriting Agreement
"US "	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US Person(s)"	any person(s) or entity(ies) deemed to be a US person for the purposes of Regulation S under the US Securities Act of 1933 as amended
"WFIP"	WF Investment Partners Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of Wheelock and the direct controlling shareholder of Wharf
"Wheelock" or "Underwriter"	Wheelock and Company Limited (stock code: 20), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange
"Wharf"	The Wharf (Holdings) Limited (stock code: 4), a 50.02%-owned subsidiary of Wheelock incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Wharf Group"	Wharf together with its subsidiaries
"HK\$"	Hong Kong dollars

By order of the directors of
THE WHARF (HOLDINGS) LIMITED
Wilson W. S. Chan
Company Secretary

By order of the directors of
WHEELOCK AND COMPANY LIMITED
Wilson W. S. Chan
Company Secretary

Hong Kong, 10 February 2011