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WHEELOCK

Founded 1857

WHEELOCK AND COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

Financial adviser to Wheelock and Company Limited



The Hongkong and Shanghai Banking Corporation Limited

CONNECTED TRANSACTIONS

Introduction

Wheelock has entered into agreements to dispose of its Retail Businesses portfolio, comprising “Lane Crawford” (held through the LCI Group) and its interests in “Joyce” (held through the Allied Wisdom Group) and “City Super” (held through the DVL Group). The portfolio amounts to approximately 2% in aggregate of the Wheelock Group’s net assets as at 31st March, 2002. The disposal will allow Wheelock to further focus on its core businesses and competencies of property and infrastructure.

The aggregate loss of the Retail Businesses attributable to Wheelock was approximately HK\$38.7 million during the 12 months ended 31st March, 2002 and approximately HK\$7.1 million during the six months ended 30th September, 2002. Net losses before interest and tax (after exceptional retailing losses) incurred by the retailing and trading operations of the LCI Group over the seven years ended 31st March, 2001 amounted to HK\$441.1 million. Overall the Retail Businesses portfolio has experienced high volatility in performance in past years.

The aggregate sale proceeds of approximately HK\$589.8 million in cash (subject to upward adjustment, if any) will be applied to reducing the Wheelock Group’s consolidated debt.

Consideration

The consideration paid for the LCI Group (subject to upward adjustment, if any) was equal to the pro forma unaudited consolidated NAV of the LCI Group as at 31st December, 2002 (Lane Crawford House in Central is not included in the LCI Sale). The consideration payable for the interest in Joyce represents a significant premium to the prevailing market price. It represents a small discount (5%) to Wheelock’s attributable interest in the unaudited consolidated NAV of Joyce as at 30th September, 2002 as disclosed in Joyce’s interim report dated 21st November, 2002. The consideration paid for the DVL Group was effectively equal to that paid by Wheelock when the DVL Group was acquired from Wharf in June, 2000.

Purchasers

The buyer of the LCI Group and the Joyce Group is Wisdom Gateway which is wholly owned by a trust of which certain close relatives of Mr. Peter Woo are discretionary objects. Mr. Peter Woo is the Chairman, a director and a substantial shareholder of Wheelock and accordingly a connected person of Wheelock under the Listing Rules. The LCI Sale and the Joyce Sale accordingly constitute connected transactions for Wheelock under the Listing Rules. The DVL Group was sold to WHK, a company wholly owned by Wharf.

Terms of the sales

Wheelock's interests in the LCI Group, Joyce Group and DVL Group are held through a wholly owned subsidiary, Ansett.

Pursuant to the LCI Sale Agreement, Ansett has sold to Wisdom Gateway its entire interest in the LCI Group. Completion of the LCI Sale occurred immediately following the LCI Sale Agreement being entered into. The consideration under the LCI Sale of HK\$422.8 million (subject to upward adjustment, if any) was paid by Wisdom Gateway in cash upon Completion of the LCI Sale.

Pursuant to the terms of the Joyce Sale Agreement, Ansett has agreed to sell to Wisdom Gateway its approximately 52% attributable interest in the Joyce Group. The consideration under the Joyce Sale of HK\$156.2 million is payable in cash upon Completion of the Joyce Sale.

Completion of the Joyce Sale is conditional upon the Executive having confirmed that the Joyce Sale will not result in any obligation to make a general offer in respect of any Joyce Shares being incurred under the Takeovers Code by Wisdom Gateway and persons acting in concert with it, and upon Ansett being satisfied that all regulatory requirements have been complied with. The Joyce Sale Agreement will automatically terminate if the conditions are not satisfied on or before 30th April, 2003 or such later date as Ansett and Wisdom Gateway may agree. A further announcement will be made by Wheelock upon Completion of the Joyce Sale or if the Joyce Sale Agreement terminates.

Pursuant to the terms of the DVL Sale Agreement, Ansett has sold to WHK its entire interest in the DVL Group. Completion of the DVL Sale occurred immediately following the DVL Sale Agreement being entered into. The consideration under the DVL Sale of HK\$10.77 million was paid in cash upon Completion of the DVL Sale.

Shareholders of Wheelock and Joyce and potential investors should be aware that the Joyce Sale is subject to the conditions set out in the Joyce Sale Agreement being fulfilled and therefore may or may not become effective. Shareholders of Wheelock and Joyce and potential investors are advised to exercise caution when dealing in shares of Wheelock or Joyce Shares.

PARTICULARS OF THE LCI SALE AND THE JOYCE SALE

LCI Sale Agreement

Date: 14th February, 2003

Parties:

Vendor: Ansett, a company wholly owned by Wheelock

Purchaser: Wisdom Gateway

Guarantor of the vendor: Wheelock

Guarantor of the purchaser: Mr. Peter Woo

Assets sold:

The LCI Shares, comprising all the issued shares of LCI.

Consideration, payment terms and completion:

The consideration for the sale of the LCI Shares was HK\$422.8 million (subject to upward adjustment, if any), being an amount equal to the pro forma unaudited consolidated NAV of the LCI Group as at 31st December, 2002. The consideration was fully paid in cash by Wisdom Gateway at Completion of the LCI Sale which took place immediately following the LCI Sale Agreement being entered into.

The consideration is subject to upward adjustment (by a payment to Ansett) in the event the consolidated NAV of the LCI Group as at Completion of the LCI Sale is subsequently determined as exceeding HK\$422.8 million by more than HK\$100,000, in which event the amount payable will be equal to the difference. Any difference will be determined by completion accounts which are to be prepared as soon as practicable and which will be audited by the Auditors on behalf of Ansett. As part of this exercise Chesterton Petty Limited, on behalf of Ansett, will value the properties held by the LCI Group. Under the LCI Sale Agreement the maximum upward adjustment is HK\$50 million.

The offer price, at the time of the privatisation of Lane Crawford by Wheelock in June, 1999, was set at a discount to Lane Crawford's consolidated NAV as set out in the scheme document relating thereto. Wheelock realised a small profit upon the sale of the LCI Group.

Joyce Sale Agreement

Date: 14th February, 2003

Parties:

Vendor: Ansett, a company wholly owned by Wheelock

Purchaser: Wisdom Gateway

Guarantor of the vendor: Wheelock

Guarantor of the purchaser: Mr. Peter Woo

Assets sold:

The Allied Wisdom Shares, comprising all the issued shares of Allied Wisdom.

Consideration, payment terms and completion:

The consideration for the sale of the Allied Wisdom Shares is HK\$156.2 million, representing a small discount (5%) to Wheelock's approximately 52% attributable interest in the unaudited consolidated NAV of the Joyce Group as at 30th September, 2002 as disclosed in Joyce's interim report dated 21st November, 2002. The consideration is payable in cash by Wisdom Gateway at Completion of the Joyce Sale.

The consideration represents a price per Joyce Share of approximately HK\$0.188. This represents:

- a premium of approximately 132% to Joyce's closing price of HK\$0.081 per Joyce Share as quoted on the Stock Exchange on 14th February, 2003;
- a premium of approximately 129% over the average closing price of approximately HK\$0.082 per Joyce Share based on the daily closing prices as quoted on the Stock Exchange over the one month period ended on 14th February, 2003; and
- a premium of approximately 104% over the average closing price of approximately HK\$0.092 per Joyce Share based on the daily closing prices as quoted on the Stock Exchange over the six month period ended on 14th February, 2003.

Joyce Shares have habitually traded at a significant discount to their attributable net asset value. Since 15th February, 2001, the ratio of the daily closing price to the latest published NAV for Joyce (based on the annual and interim results of Joyce) was a discount of between approximately 20% and approximately 65%. The closing price of Joyce Shares on 14th February, 2003 represented a discount of approximately 59% to the book NAV per Joyce Share as at 30th September, 2002 of approximately HK\$0.198. By contrast, the total consideration payable under the Joyce Sale for the Allied Wisdom Shares will be a discount of only 5% to Allied Wisdom's attributable interest in the consolidated NAV of Joyce as at 30th September, 2002.

Completion of the Joyce Sale is conditional upon Wisdom Gateway obtaining, and application will be made for, a ruling from the Executive that the Joyce Sale will not result in any obligation to make a general offer in respect of any shares in Joyce being incurred under the Takeovers Code by Wisdom Gateway and persons acting in concert with it, and upon Ansett being satisfied that all regulatory requirements have been complied with. The Joyce Sale Agreement will automatically terminate if this condition is not satisfied on or before 30th April, 2003 or such later date as Ansett and Wisdom Gateway may agree. A further announcement will be made by Wheelock upon Completion of the Joyce Sale or if the Joyce Sale Agreement terminates.

Wheelock subscribed for Joyce Shares in June, 2000 at a small discount (4%) to NAV. Wheelock will realise a small profit through the sale of its attributable interest in Joyce.

Mr. Peter Woo and his concert parties, which include Wisdom Gateway, hold an approximately 59.31% interest in Wheelock.

PARTICULARS OF THE DVL SALE

DVL Sale Agreement

Date: 14th February, 2003

Parties:

Vendor: Ansett, a company wholly owned by Wheelock

Purchaser: WHK, a company wholly owned by Wharf

Assets sold:

The DVL Shares, comprising all the issued shares of DVL.

Consideration, payment terms and completion:

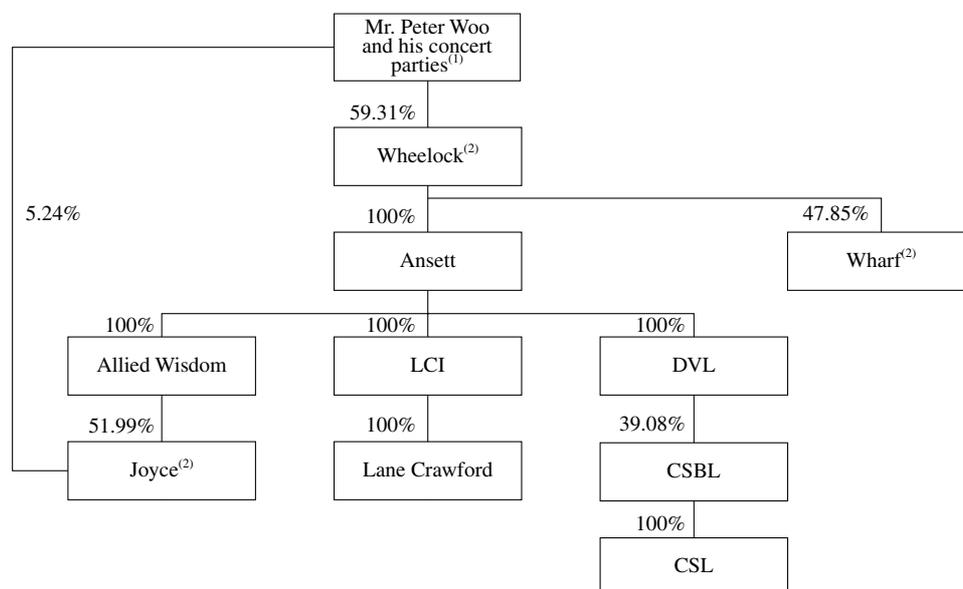
The consideration for the sale of the DVL Shares of HK\$10.77 million was effectively equal to the consideration that was paid by Wheelock for the DVL Shares when they were acquired from Wharf in June, 2000 (after netting off an amount equal to the indebtedness acquired as part of that transaction and which has been repaid).

Completion of the DVL Sale occurred immediately following the DVL Sale Agreement being entered into.

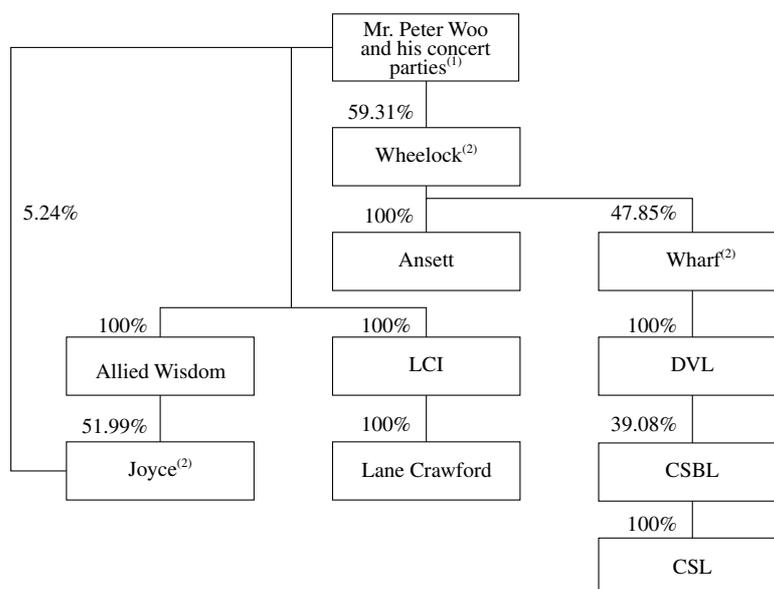
INFORMATION ON THE RETAIL BUSINESSES PORTFOLIO

The diagrams below show the structure of interests in the Retail Businesses before and after the LCI Sale, Joyce Sale and DVL Sale.

Before the LCI Sale, Joyce Sale and DVL Sale



After the LCI Sale, Joyce Sale and DVL Sale



- Notes: 1. The concert parties of Mr. Peter Woo include Wisdom Gateway
 2. Listed on the Stock Exchange
 3. All figures are approximate

Lane Crawford

The LCI Group is primarily involved in the retailing of clothing, household goods, shoes and accessories and other merchandise.

The table below summarises the financial performance of the retail business of the LCI Group for the financial year ended 31st March, 2002, the six month period ended 30th September, 2002 and the nine month period ended 31st December, 2002.

	Unaudited 9 months ended 31st December, 2002 HK\$m	Unaudited 6 months ended 30th September, 2002 HK\$m	Audited year ended 31st March, 2002 HK\$m
Turnover	<u>1,159.7</u>	<u>703.1</u>	<u>1,535.2</u>
Gross profit	451.6	291.1	591.8
Expenses	<u>(472.9)</u>	<u>(290.5)</u>	<u>(587.5)</u>
Profit/(loss)	(21.3)	0.6	4.3
Taxation	<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.8)</u>
Profit/(loss) attributable to shareholders	<u>(21.6)</u>	<u>0.5</u>	<u>3.5</u>

For the seven financial years ended 31st March, 1995 to 2001 the retailing operations of the LCI Group suffered losses before interest and tax (after exceptional retailing losses) in each year other than 2000 and 2001, amounting in aggregate to a net loss of HK\$441.1 million.

The properties owned by the LCI Group comprise godown properties and associated car parking spaces at the Grandtech Centre in Shatin, New Territories, and an apartment on Hong Kong Island. The current book value of such premises is approximately HK\$91.0 million in aggregate. Lane Crawford House in Central is not part of the assets of the LCI Group and ownership of it is retained within the Wheelock Group.

Joyce

The Joyce Group is involved in the retail and distribution of designer fashion garments, cosmetics, and housewares and accessories.

The table below summarises the financial performance of the Joyce Group for the year ended 31st March, 2002 and the six month period ended 30th September, 2002.

	Unaudited 6 months ended 30th September, 2002 HK\$m	Audited year ended 31st March, 2002 HK\$m
Turnover	<u>249.6</u>	<u>487.8</u>
Gross profit	121.1	216.5
Other revenue	1.0	35.3
Expenses	<u>(135.2)</u>	<u>(343.8)</u>
Trading loss before taxation	(13.1)	(92.0)
Interest income	<u>1.8</u>	<u>6.9</u>
Loss attributable to shareholders	<u>(11.3)</u>	<u>(85.1)</u>

The unaudited consolidated NAV of the Joyce Group as at 30th September, 2002, as disclosed in its interim report dated 21st November, 2002, was HK\$316.3 million.

The Allied Wisdom Group does not own any properties.

City Super

The principal business of CSL is the operation of up-market supermarkets and life-style stores for the sale of goods and other consumables. It also grants licences to operators of book shops, florists, fast food outlets and cafes, and provides consultancy services relating to supermarket and retail store operations. CSL currently operates stores at Times Square in Causeway Bay, Harbour City in Tsimshatsui, Festival Walk in Yau Yat Tsuen and City Plaza in Tai Koo Shing. CSL also operates a food-court at Silvercord in Tsimshatsui.

The DVL Group was acquired by Wheelock from Wharf in June, 2000 in order to consolidate under Wheelock the interests in retailing businesses held by Wheelock and its subsidiaries and associates. Following the DVL Sale, Wheelock will retain an indirect, albeit reduced, interest in the earnings of the DVL Group through Wheelock's interest in Wharf. In addition, given the importance of retaining CSL as an anchor tenant of certain of Wharf's properties and in light of the investment Wheelock has in Wharf, there is significant benefit to Wheelock in disposing of the DVL Group to Wharf rather than to an outside purchaser.

For the financial year ended 30th April, 2001, CSBL recorded a consolidated net profit before tax of HK\$8.6 million and a consolidated net profit after tax of HK\$8.6 million. For the financial year ended 30th April, 2002, CSBL recorded a consolidated net profit before tax of HK\$5.4 million and a consolidated net profit after tax of HK\$4.4 million. During those years there were no extraordinary items. Furthermore, as at the end of those two years, the consolidated net tangible assets of CSBL were approximately HK\$28.8 million and approximately HK\$33.7 million respectively.

INFORMATION ON WISDOM GATEWAY

Wisdom Gateway is wholly owned by a trust of which Mr. Peter Woo was the settlor and of which certain close relatives of Mr. Peter Woo are discretionary objects.

CONNECTED TRANSACTION

As Wisdom Gateway is wholly owned by the trust described above, and Mr. Peter Woo is the Chairman, a director and a substantial shareholder of Wheelock and accordingly a connected person of Wheelock under the Listing Rules, the LCI Sale and the Joyce Sale constitute connected transactions for Wheelock. As the LCI Sale and the Joyce Sale (individually and in aggregate) represent less than 3% of the net tangible assets of Wheelock, details of the LCI Sale and the Joyce Sale will be disclosed in the annual report and accounts of Wheelock for the year ending 31st March, 2003 pursuant to the requirements of Rule 14.25 (1) of the Listing Rules.

As Wharf is a 48%-owned associated company of Wheelock, the DVL Sale constitutes a connected transaction for Wharf (but not for Wheelock) under the Listing Rules.

Upon Completion of the LCI Sale, the Tenancy Agreement in relation to Lane Crawford House constitutes a connected transaction for Wheelock. Details of the terms of the Tenancy Agreement are as follows:

Date: 11th November, 2000

Parties: Harriman, as leasing agent for and on behalf of Ridge, the landlord and Lane Crawford (HK), as the tenant.

Premises leased: Basement, Ground Floor to Sixth Floor and Rooms 706-8A of Lane Crawford House, Central, Hong Kong with a total gross floor area of 76,578 square feet.

Duration of tenancy: From 1st July, 2000 to 30th June, 2003

Annual rent: The estimated approximate annual rents, exclusive of service fee of HK\$384,082.72 per calendar month (subject to increase from time to time in accordance with the provisions of the Tenancy Agreement), government rates and other charges (“Annual Rent”), payable monthly in advance, for each of the four fiscal years ending 31st March, 2004 respectively under the Tenancy Agreement are as follows:

Year ended 31st March	Annual Rent (HK\$ million)
2001	20.8
2002	29.7
2003	32.3
2004	8.2

or 9% of gross sales per annum whichever is higher.

As the Annual Rent represents less than 3% of the net tangible assets of Wheelock, details of the Tenancy Agreement will be disclosed in the annual report and accounts of Wheelock for the year ending 31st March, 2003 pursuant to the requirements of Rule 14.25 (1) of the Listing Rules.

GENERAL

A special committee of the Board, comprising Sir S.Y. Chung, Mr Alex Au, Mr William Turnbull and Mr B.M. Chang, who are independent non-executive Directors, unanimously recommended the sale of the Retail Businesses to the Board for approval.

The Directors, including the independent non-executive Directors, who have participated in the consideration and approval of the sale of the Retail Businesses (Mr. Peter Woo did not participate in the consideration and approval of the LCI Sale and the Joyce Sale), having considered the advice in this regard received from the financial adviser to Wheelock, are of the opinion that the sale of Wheelock’s interests in the Retail Businesses to Wisdom Gateway is fair and reasonable from Wheelock’s perspective. The Directors accordingly concluded that it is in the best interests of Wheelock to enter into the LCI Sale, the Joyce Sale and the DVL Sale. The terms of the LCI Sale Agreement, the Joyce Sale Agreement and the DVL Sale Agreement were agreed after due negotiations between Ansett and the respective purchasers on arm’s length bases.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Allied Wisdom” Allied Wisdom International Limited, a company incorporated in the British Virgin Islands with limited liability, which owns 831,862,723 shares of HK\$0.10 each in the share capital of Joyce

“Allied Wisdom Group”	Allied Wisdom and the members of the Joyce Group
“Allied Wisdom Shares”	1,500 shares of US\$1.00 each in Allied Wisdom
“Ansett”	Ansett Limited, a company incorporated in the British Virgin Islands with limited liability
“Auditors”	PricewaterhouseCoopers, the auditors of the LCI Group
“Board”	the board of Directors
“close relatives”	has the meaning ascribed thereto in the Takeovers Code, namely a person’s spouse, de facto spouse, children, parents and siblings
“Completion of the DVL Sale”	completion of the sale and purchase of the DVL Shares pursuant to the DVL Sale Agreement
“Completion of the Joyce Sale”	completion of the sale and purchase of the Allied Wisdom Shares pursuant to the Joyce Sale Agreement
“Completion of the LCI Sale”	completion of the sale and purchase of the LCI Shares pursuant to the LCI Sale Agreement
“CSBL”	City Super (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“CSL”	City Super Limited, a company incorporated in Hong Kong with limited liability
“Directors”	directors of Wheelock
“DVL”	Diamond View Limited, a company incorporated in the British Virgin Islands with limited liability, which owns 18,600,000 shares of HK\$1.00 each in CSBL
“DVL Group”	DVL and CSBL and its subsidiaries
“DVL Sale”	the sale and purchase of the DVL Shares pursuant to the DVL Sale Agreement
“DVL Sale Agreement”	the sale and purchase agreement dated 14th February, 2003 entered into between Ansett and WHK in relation to the sale and purchase of the DVL Shares
“DVL Shares”	500 shares of US\$1.00 each in DVL

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and any delegate of the Executive Director
“Harriman”	Harriman Leasing Limited, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of Wheelock
“Joyce”	Joyce Boutique Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Joyce Group”	Joyce and its subsidiaries
“Joyce Sale”	the sale and purchase of the Allied Wisdom Shares pursuant to the Joyce Sale Agreement
“Joyce Sale Agreement”	the conditional sale and purchase agreement dated 14th February, 2003 entered into between Ansett, Wheelock, Mr. Peter Woo and Wisdom Gateway in relation to the sale and purchase of the Allied Wisdom Shares
“Joyce Shares”	shares of HK\$0.10 each in the issued share capital of Joyce
“Lane Crawford”	Lane Crawford International Limited, a company incorporated in Bermuda with limited liability and which is wholly owned by LCI
“Lane Crawford (HK)”	Lane Crawford (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of LCI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LCI”	LC Investment Partners Limited, a company incorporated in the British Virgin Islands with limited liability
“LCI Group”	LCI and its subsidiaries
“LCI Sale”	the sale and purchase of the LCI Shares pursuant to the LCI Sale Agreement
“LCI Sale Agreement”	the sale and purchase agreement dated 14th February, 2003 entered into between Wheelock, Mr. Peter Woo, Ansett and Wisdom Gateway in relation to the sale and purchase of the LCI Shares
“LCI Shares”	500 shares of US\$1.00 each in LCI
“Mr. Peter Woo”	Mr. Peter Kwong Ching Woo, the Chairman, a director and a substantial shareholder of Wheelock
“NAV”	net asset value

“Retail Businesses”	the retail businesses carried on by the LCI Group, the Joyce Group and the DVL Group
“Ridge”	Ridge Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Wheelock
“SFC”	the Securities and Futures Commission
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tenancy Agreement”	the tenancy agreement dated 11th November, 2000 entered into between Harriman, as leasing agent for and on behalf of Ridge, the landlord, and Lane Crawford (HK), as tenant
“Wharf”	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“WHK”	Wharf Hong Kong Limited, a company incorporated in the Cayman Islands with limited liability and which is wholly owned by Wharf
“Wheelock”	Wheelock and Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Wheelock Group”	Wheelock and its subsidiaries
“Wisdom Gateway”	Wisdom Gateway Limited, a company incorporated in the British Virgin Islands with limited liability and which is wholly owned by a trust of which Mr. Peter Woo was the settlor and certain close relatives of Mr. Peter Woo are discretionary objects

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

Hong Kong, 14th February, 2003

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.