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## **WHEELOCK AND COMPANY LIMITED**

*(incorporated in Hong Kong with limited liability)*

**Stock Code: 20**

### **PROPOSED VERY SUBSTANTIAL ACQUISITION**

The Directors wish to announce that the Company intends to acquire, whether directly by itself or indirectly through one or more of its subsidiaries, 1,515,000 additional Wharf Shares in the open market through the Stock Exchange.

Wharf Shares are listed on the main board of the Stock Exchange and, as at today, Wharf is held as to approximately 42.898% by wholly-owned subsidiary(ies) of the Company and as to approximately 7.040% by wholly-owned subsidiary(ies) of Wheelock Properties, a subsidiary of the Company. The Company and/or its subsidiaries therefore beneficially own, directly and indirectly, approximately 49.938% of Wharf. If the Company proceeds with the Proposed Acquisition, it will result in Wharf becoming a subsidiary of the Company, and the Proposed Acquisition will therefore constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Proposed Acquisition will hence be subject to the requirements of announcement, circular and Wheelock Shareholders' approval under the Listing Rules.

A circular containing further details of, and other disclosures in connection with, the Proposed Acquisition required under the Listing Rules as well as the notice of the EGM for approving the Proposed Acquisition, will be despatched to Wheelock Shareholders as soon as practicable in compliance with the Listing Rules.

While the Company currently intends to proceed with the Proposed Acquisition after the applicable requirements under the Listing Rules are complied with, it should be emphasized that there is no assurance the Company will necessarily proceed with the Proposed Acquisition once the pre-conditions are met. Wheelock Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in Wheelock Shares.

#### **I. THE PROPOSED ACQUISITION**

The Company intends to acquire, whether directly by itself or indirectly through one or more of its subsidiaries, 1,515,000 additional Wharf Shares in the open market through the Stock Exchange at an estimated aggregate consideration of approximately HK\$47 million based on the market price of HK\$31 per Wharf Share as at 1 June 2007, being the latest practicable date. The Proposed Acquisition will result in Wharf becoming a subsidiary of the Company and beneficially owned by the Company and/or its subsidiaries as to approximately 50.00003% on the assumption that the total number of issued Wharf Shares prior to the EGM remains unchanged. Of such 1,515,000 Wharf Shares, the Group may acquire up to 1,514,234 Wharf Shares at any time following the publication of this announcement, without resulting in the equity interests held by the Group in

Wharf being increased to more than 50.00%, and therefore without requiring any prior approval by Wheelock Shareholders under the Listing Rules. In the event that the Group acquires any additional Wharf Shares which may be acquired after publication of this announcement but prior to the EGM (subject to a maximum of 1,514,234 Wharf Shares), the number of Wharf Shares which will be the subject of the Proposed Acquisition for approval by Wheelock Shareholders at the EGM will be equal to the difference between 1,515,000 Wharf Shares and the number of Wharf Shares actually acquired by the Group prior to the EGM as mentioned above.

As at today, Wharf is held as to approximately 42.898% by wholly-owned subsidiary(ies) of the Company and as to approximately 7.040% by wholly-owned subsidiary(ies) of Wheelock Properties, a subsidiary of the Company. The Company and/or its subsidiaries therefore beneficially own, directly and indirectly, approximately 49.938% of Wharf. If the Company proceeds with the Proposed Acquisition, it will result in Wharf becoming a subsidiary of the Company.

## **II. INFORMATION ON WHARF**

Wharf is a company incorporated under the laws of Hong Kong whose shares are listed on the main board of the Stock Exchange. The principal business activities of the Wharf Group are ownership of properties for letting, property development and investment, container terminals and communications, media and entertainment.

As at 31 December 2006, the audited consolidated net asset value of Wharf amounted to approximately HK\$75,162 million.

Based on the audited consolidated financial statements of Wharf for the two financial years ended 31 December 2006, Wharf recorded an audited consolidated net profit (before taxation and extraordinary items) of approximately HK\$17,413 million and approximately HK\$13,823 million respectively and an audited consolidated net profit (after taxation and extraordinary items) of approximately HK\$14,830 million and approximately HK\$11,394 million respectively.

## **III. REASONS FOR THE PROPOSED ACQUISITION**

The principal business activities of the Group are ownership of properties for development and letting as well as investment holding.

Upon Completion, with Wharf having become a subsidiary of the Company, the Group's leading position in the Hong Kong property development industry will be further solidified. The Directors are of the view that the Proposed Acquisition will further strengthen the relationship between the Company and Wharf and is therefore in the interests of the Company and its shareholders as a whole. Moreover, by fully consolidating the financial statements of the Wharf Group into those of the Group upon Completion in compliance with the generally accepted accounting standards, a more comprehensive financial position and results of the Group can be reflected in its consolidated accounts.

On the basis that the Proposed Acquisition will be conducted in the open market through the Stock Exchange, the Directors consider that the terms of the Proposed Acquisition will be fair and reasonable.

#### **IV. REGULATORY ASPECTS**

If the Company proceeds with the Proposed Acquisition, it will result in Wharf becoming a subsidiary of the Company, and the Proposed Acquisition will therefore constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Proposed Acquisition will hence be subject to the requirements of announcement, circular and Wheelock Shareholders' approval under the Listing Rules.

A circular containing further details of, and other disclosures in connection with, the Proposed Acquisition required under the Listing Rules as well as the notice of the EGM for approving the Proposed Acquisition, will be despatched to Wheelock Shareholders as soon as practicable in compliance with the Listing Rules.

#### **V. UNDERTAKING FROM WHEELOCK SHAREHOLDERS**

To the best of the knowledge and belief of the Directors, no Wheelock Shareholder has a material interest in the matters which are the subject of the Proposed Acquisition such that it must abstain from voting, and, accordingly, all Wheelock Shareholders are permitted to vote at the EGM.

Seventeen of Wheelock Shareholders holding an aggregate of 1,204,934,330 Wheelock Shares which represent an aggregate of 59.3% interest in the total issued share capital of the Company, each being entitled to vote and attend at the EGM, have irrevocably, unconditionally and jointly undertaken to the Company by a written undertaking dated 31 May 2007 that they will vote in favour of the Proposed Acquisition at the EGM. Such 1,204,934,330 Wheelock Shares represent the deemed shareholding interest of Mr. Peter K. C. Woo, the chairman of the Company, as recorded in the register kept by the Company under section 352 of the SFO as at the date of this announcement.

#### **VI. GENERAL**

Whether the Company will decide to or not to proceed with the Proposed Acquisition will depend on a number of factors including without limitation prevailing market sentiments and market conditions at the proposed time of executing the Proposed Acquisition. The decision will also be subject to compliance by the Company with all applicable requirements under the Listing Rules, including the obtaining of the approval from Wheelock Shareholders.

While the Company currently intends to proceed with the Proposed Acquisition after the applicable requirements under the Listing Rules are complied with, it should be emphasized that there is no assurance the Company will necessarily proceed with the Proposed Acquisition. Wheelock Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in Wheelock Shares.

As at the date of this announcement, the board of Directors of the Company 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.

#### **VII. DEFINITIONS**

“Company”	Wheelock and Company Limited, a company incorporated under the laws of Hong Kong and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Proposed Acquisition

“Directors”	directors of the Company
“EGM”	extraordinary general meeting proposed to be convened by the Company to consider and, if appropriate, to approve the Proposed Acquisition
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Acquisition”	the proposed acquisition of Wharf Shares by the Company which will result in the aggregate shareholding of the Company and its subsidiaries in Wharf exceeding 50%
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), as amended or supplemented from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wheelock Shares”	the ordinary shares of par value of HK\$0.50 each in the capital of the Company
“Wheelock Shareholders”	holders of Wheelock Shares
“Wharf”	The Wharf (Holdings) Limited, a company incorporated under the laws of Hong Kong and the shares of which are listed on the main board of the Stock Exchange
“Wharf Group”	Wharf together with its subsidiaries
“Wharf Shares”	the ordinary shares of par value of HK\$1.00 each in the capital of Wharf
“Wheelock Properties”	Wheelock Properties Limited, a company incorporated under the laws of Hong Kong and the shares of which are listed on the main board of the Stock Exchange and a subsidiary of the Company

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

Hong Kong, 1 June 2007

Please also refer to the published version of this announcement in The Standard as of 4 June 2007.