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

**THE WHARF (HOLDINGS) LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
Stock Code: 4

## **JOINT ANNOUNCEMENT CONNECTED TRANSACTION**

The boards of directors of Wheelock and Wharf wish to announce that on 14 February 2012, a wholly-owned subsidiary of Wharf (which in turn is a listed subsidiary of Wheelock) together with a wholly-owned subsidiary of CMP, jointly on a 50:50 ownership basis, succeeded in bidding for the two pieces of land at an aggregate price of RMB2,370 million (equal to about HK\$2,920 million). The Wharf Group and the CMP Group will jointly develop the relevant sites, on a 50:50 ownership basis, into residential properties. Also, on 14 February 2012, Wharf entered into the Framework Agreement with CMP for the purpose of joint bidding and development of those pieces of 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 Wharf. Consequently, CMP together with its subsidiaries are regarded as connected persons of Wheelock and Wharf within the meaning of the Listing Rules and therefore, the Transaction constituted a connected transaction for both Wheelock and Wharf.

For each of Wheelock and Wharf, the Transaction, given the size or value thereof, is 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 boards of directors of Wheelock and Wharf wish to announce that on 14 February 2012, a wholly-owned subsidiary of Wharf together with a wholly-owned subsidiary of CMP, jointly on a 50:50 ownership basis, succeeded in bidding for the Properties at an aggregate price of RMB2,370 million (equal to about HK\$2,920 million). The Wharf Group and the CMP Group

will jointly develop the relevant sites, on a 50:50 ownership basis, into residential properties. Also, on 14 February 2012, Wharf entered into the Framework Agreement with CMP for the purpose of joint bidding and development of the Properties.

## **INFORMATION ON THE AUCTION**

The Auction, being a public auction, was held by 北京市土地整理儲備中心 (which is an entity acting for the vendor, namely, Beijing Municipal Bureau of Land and Resources (北京市國土資源局)) which was conducted in accordance with the relevant PRC laws and regulations.

On winning the Auction, the joint venture between the Wharf Group and the CMP Group would, *inter alia*, acquire the Properties which comprise two pieces of land lots for residential purposes, located at 朝陽區來廣營鄉, Beijing, the PRC, with total site area of about 72,702 square metres and total maximum developable residential gross floor areas of about 181,756 square metres.

## **FRAMEWORK AGREEMENT**

On 14 February 2012, Wharf entered into the Framework Agreement with CMP in order to facilitate the joint bidding and the joint development of the Properties on a 50:50 ownership basis. It was agreed between Wharf and CMP that following the successful bidding of the Properties, the Project Company(ies), which will be owned as to 50% by each of the Wharf Group and the CMP Group, will be incorporated for the purpose of, *inter alia*, the development of the Properties.

## **PAYMENT OF CONSIDERATION FOR THE PROPERTIES**

The consideration amount, payable to the abovementioned vendor for acquiring the land use rights of the Properties, is the outcome of the Auction, and in aggregate amount to RMB2,370 million (equal to about HK\$2,920 million), which were paid / will be payable by instalments in cash and in manner as follows:-

<u>Date of payment</u>	<u>Amount paid / payable</u>
On 30 January 2012	RMB710 million (equal to about HK\$875 million) (being the deposit for the bidding)
Within 7 working days after signing of the relevant land development construction compensation agreement (such agreement to be signed on or about 13 March 2012)	RMB1,660 million (equal to about HK\$2,045 million) (being the entire balance of the consideration amount)

Such consideration amount represent and is arrived at on the basis of an average accommodation value of about RMB13,000 (equal to about HK\$16,000) per square metre. Pursuant to the Framework Agreement, each of the Wharf Group and the CMP Group is directly responsible for 50% of the consideration amount for the Properties. The Wharf Group's share of the consideration amount is and will be partly funded from its internal resources and partly funded by bank borrowings by the Wharf Group.

## **ESTIMATED FINANCIAL COMMITMENT**

As at the date of this announcement, the total financial commitment (other than the total consideration amount of the Properties) for the development of the Properties 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 rights certificate and in the event that working capital is required for the land development, such capital requirements would be funded by way of capital contribution or shareholders' loans to be provided by the Wharf Group and the CMP Group in equal shares.

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

The directors of Wheelock and Wharf believe that the Transaction offers good and viable investment opportunity, which will broaden the asset and earnings base of and will be beneficial to Wheelock and Wharf.

## **REGULATORY ASPECTS**

CMP is a 54.1%-owned subsidiary of CMG which in turn is an indirect substantial shareholder of a non wholly-owned subsidiary of Wharf, namely, Modern Terminals Limited. Consequently, CMP together with its subsidiaries are regarded as connected persons of Wharf as well as its holding company, Wheelock, within the meaning of the Listing Rules and therefore, the Transaction constituted a connected transaction for both Wheelock and Wharf. None of the directors of Wheelock and Wharf has any material interest in the Transaction.

For each of Wheelock and Wharf, on the basis that one or more of the applicable percentage ratios in respect of the financial commitment for the Transaction is greater than 1% while all such ratios are below 5% for the purposes of Rule 14.07 of the Listing Rules, the Transaction is exempt from the independent shareholders' approval requirement, but is 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 and the Wharf Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment. The principal business activities of the CMP Group are property development and property-related business.

The directors, including independent non-executive directors, of both Wheelock and Wharf are of the view that the Transaction is on normal commercial terms, and believe that the terms of the Transaction are fair and reasonable and in the interests of Wheelock as well as Wharf and their respective shareholders as a whole. Furthermore, the Transaction was entered into in the ordinary and usual course of business of the Wheelock Group and the Wharf Group after due negotiations on an arm's length basis.

As at the date of this announcement, the board of directors of Wheelock comprises Mr. Peter K. C. Woo, Mr. Stephen T. H. Ng, Mr. Stewart Chi Kin Leung, 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, and the board of directors of Wharf comprises Mr. Peter K. C. Woo, Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. 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.

## **TERMS USED IN THIS ANNOUNCEMENT**

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

“Auction”	the public auction for the Properties held by 北京市土地整理儲備中心 (which is an entity acting for the vendor, namely, Beijing Municipal Bureau of Land and Resources (北京市國土資源局)) in accordance with the relevant PRC laws and regulations on 14 February 2012
“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 thereto in the Listing Rules
“Framework Agreement”	a framework agreement entered into between Wharf and CMP dated 14 February 2012, in relation to the respective joint bidding for the two pieces of land as depicted under the definition of the “Properties” and the relevant transactions contemplated thereunder, including the joint development of those two pieces of land
“PRC”	the People’s Republic of China
“Project Company(ies)”	company(ies) to be incorporated in the PRC, to be owned as to 50% by each of the Wharf Group and the CMP Group for the purpose of the joint development of the Properties

“Properties”	two pieces of land lots, namely, 北京市朝陽區來廣營鄉土地儲備項目A4和B4 地塊二類居住用地, with a total site area of approximately 72,702 square metres and located at 朝陽區來廣營鄉, Beijing, the PRC
“Transaction”	the formation of joint venture(s) with CMP Group, as evidenced by the Framework Agreement, for the joint bidding and development of the Properties and the relevant transactions contemplated thereunder
“Wharf”	The Wharf (Holdings) Limited (stock code: 4), a 50.39%-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
“Wheelock”	Wheelock and Company Limited (stock code: 20), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Wheelock Group”	Wheelock 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\$1.2319 = 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 of  
**WHEELOCK AND COMPANY LIMITED**  
**Wilson W. S. Chan**  
Company Secretary

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**THE WHARF (HOLDINGS) LIMITED**  
**Wilson W. S. Chan**  
Company Secretary

Hong Kong, 15 February 2012