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

## **CONTINUING CONNECTED TRANSACTIONS**

On 2 January 2018, the Company entered into the Renewal Master Tenancy Agreement with WGL for a term of three years commencing on 1 January 2018 for the purpose of regulating certain continuing connected transactions, namely, the leasing of various Eligible Premises by Eligible Landlords as landlords to Eligible Tenants as tenants. The Renewal Master Tenancy Agreement also provides, *inter alia*, for the Aggregate Annual Cap Amount in relation to the leasing of Eligible Premises by the Eligible Landlords to the Eligible Tenants during the three-year term.

WGL is indirectly wholly-owned by a trust the settlor of which is Mr. Peter K. C. Woo, being a substantial shareholder of the Company and also the father of Mr. Douglas C. K. Woo who in turn is the Chairman of the Company. Consequently, WGL is regarded as a connected person of the Company within the meaning of the Listing Rules and therefore, the Renewal Master Tenancy Agreement and various transactions contemplated therein and/or governed thereunder constitute continuing connected transactions for the Company under the Listing Rules.

Given its size or value, the Transaction is exempt from shareholders' approval requirement, but is subject to requirements regarding announcement, annual reporting and annual review under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the continuing connected transactions previously disclosed in an announcement dated 26 September 2014 made jointly by the Company and Wharf relating to, *inter alia*, the Previous Master Tenancy Agreement entered into between Wharf and WGL for the purpose of regulating the leasing of various Eligible Premises to the Eligible Tenants.

Set out below are particulars of some major Existing Tenancy Agreements:-

<u>Retail Shops</u>	<u>Locations of the relevant premises</u>
Lane Crawford City Super	Harbour City / Times Square / Shanghai Times Square / Chengdu IFS Harbour City / Times Square / Shanghai Times Square

For the two financial years ended 31 December 2015 and 31 December 2016, the aggregate annual amounts of rentals received by the Group in respect of the Previous Master Tenancy Agreement amounted to HK\$1,050 million and HK\$942 million respectively. The estimated aggregate amount receivable by the Group under the Previous Master Tenancy Agreement was HK\$896 million (unaudited) for the financial year ended 31 December 2017.

The Previous Master Tenancy Agreement expired on 31 December 2017. Following recent negotiations between the Company and WGL, the Renewal Master Tenancy Agreement was entered into on 2 January 2018 for the purpose of regulating, among others, the leasing of the Eligible Premises by the Eligible Landlords to the Eligible Tenants during the three financial years ending 31 December 2020.

## **DETAILS OF RENEWAL MASTER TENANCY AGREEMENT**

### *Major terms of the Renewal Master Tenancy Agreement*

Signing Date	: 2 January 2018
Parties	: The Company and WGL.
Term	: A fixed term of three years commencing from 1 January 2018 and expiring on 31 December 2020.
Leasing of Eligible Premises	: The Company and WGL will each procure the Eligible Landlords and Eligible Tenants respectively to enter into agreements for the leasing of properties within the Eligible Premises during the Term on terms acceptable to the relevant parties and in line with the terms of the Renewal Master Tenancy Agreement, subject in particular to the Aggregate Annual Cap Amount (and if there is Individual Annual Cap Amount (as defined below) applicable to any specific Eligible Premises under a specific Tenancy Agreement, that Individual Annual Cap Amount as well) not being exceeded.
Aggregate Annual Cap Amount(s)	: For the three financial years of the Company ending 31 December 2018, 2019 and 2020, the aggregate annual amounts payable by the Eligible Tenants to the Eligible Landlords in relation to leasing of the Eligible Premises will be capped at HK\$1,840 million, HK\$1,910 million and HK\$1,970 million respectively.

The Aggregate Annual Cap Amounts represent the estimated maximum possible aggregate annual rental amounts payable by the Eligible Tenants to the Eligible Landlords, with reference to (i) the historic rental records in respect of the tenancies under the Previous Master Tenancy Agreement; (ii) possible buoyant retail sentiment and environment in the next several years as projected by the management of the Company; (iii) the increase in the total lettable floor area and locations of Eligible Premises, particularly in Mainland China, during the Term; plus a suitable and adequate cushion.

Payment Term : Under the relevant terms of the Existing Tenancy Agreements, the rents are payable in advance in cash on a monthly basis (except, where applicable, for the excess turnover rents calculated based on certain percentage of gross sales ranging from 5% to 17% which are payable in arrears on monthly or yearly basis) while for future lease arrangements, payment terms will be subject to terms and conditions of the Individual Tenancy Agreements to be agreed between the Eligible Landlords and the Eligible Tenants.

*Other terms of the Renewal Master Tenancy Agreement*

Individual Annual Cap Amount : Notwithstanding the Aggregate Annual Cap Amounts, if any specific Eligible Premises is subject to an individual annual cap amount pursuant to the Listing Rules requirements, the relevant annual rental amount payable for such specific Eligible Premises shall not exceed the Individual Annual Cap Amount.

However, for any particular Eligible Premises for which an Individual Annual Cap Amount is applicable, if the actual annual rental amount is higher than the applicable Individual Annual Cap Amount, the parties to the Tenancy Agreement(s) concerned may, subject to compliance with the applicable requirements under the Listing Rules, adjust the rents payable and/or the applicable Individual Annual Cap Amount under the Tenancy Agreement(s) concerned based on normal commercial terms, provided that the annual aggregate amount of rents payable under all Tenancy Agreements will not result in the Aggregate Annual Cap Amount being exceeded.

Individual Tenancy Agreement : At any time during the Term of the Renewal Master Tenancy Agreement, the Eligible Landlords and the Eligible Tenants may from time to time enter into Individual Tenancy Agreements on agreed terms in relation to the leasing of the relevant Eligible Premises provided that the following conditions are met:

- (1) the length of each Individual Tenancy Agreement must be for a fixed term of not more than three years, or if otherwise, arrangements for full compliance with applicable requirements under the Listing Rules shall be made in respect of the relevant Individual Tenancy Agreements;
- (2) the terms and conditions of the Individual Tenancy Agreements must be no less favourable to the Group Members when they are compared with the terms and conditions of similar tenancy agreements available from independent third parties for comparable premises; and
- (3) the annual aggregate amount of the rents for any one year during the Term payable under all of the Tenancy Agreements subsisting at any time must not, unless otherwise agreed to by the Company, exceed the relevant Aggregate Annual Cap Amount.

The rentals for each Individual Tenancy Agreement will on each occasion be negotiated and determined on an arm's length basis for ensuring that the relevant pricing term is fair and reasonable in accordance with prevailing market conditions.

Termination : The Renewal Master Tenancy Agreement is terminable, among others, by either party giving not less than two-month prior written notice to the other party; or automatically in the event of and upon WGL ceasing to be a connected person (as defined under the Listing Rules) of the Company; or failure of either party to rectify any breach of provisions of the Renewal Master Tenancy Agreement; or a material breach of non-rectifiable provisions; or immediately without notice in case any party subject to any liquidation or insolvency proceedings.

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

With ownership of properties for letting being one of the principal business activities of the Group, rental income is an important income source. The directors of the Company believe that the Transaction is necessary for the continuous growth and operations of, and will generate recurrent rental income for, the Group, and is beneficial to the Company. In addition, for the purposes of administrative convenience, the Renewal Master Tenancy Agreement is, among others, to pre-agree the Aggregate Annual Cap Amounts which the total amounts of rentals payable for leasing of the Eligible Premises to the Eligible Tenants will be subject to.

## **REGULATORY ASPECTS**

WGL is indirectly wholly-owned by a trust the settlor of which is Mr. Peter K. C. Woo, being a substantial shareholder of Wheelock and also the father of Mr. Douglas C. K. Woo who in turn is the Chairman of the Company. Consequently, WGL is regarded as a connected person of the Company within the meaning of the Listing Rules and therefore, the Renewal Master Tenancy Agreement and various transactions contemplated therein and/or governed thereunder constitute continuing connected transactions for the Company under the Listing Rules.

Since one or more of the applicable percentage ratios for the purpose of Rule 14.07 of the Listing Rules in respect of the Transaction is/are greater than 0.1% while all such ratios are below 5%, the Transaction is exempt from shareholders' approval requirement, but is subject to requirements regarding announcement, annual reporting and annual review under Chapter 14A of the Listing Rules. Going forward, no further announcement will be issued by the Company during the Term on each occasion any Eligible Landlord(s) and Eligible Tenant(s) enter into any Individual Tenancy Agreement(s), subject to fulfillment of the terms and/or conditions stipulated in the Renewal Master Tenancy Agreement and as mentioned above, particularly the Aggregate Annual Cap Amounts not being exceeded.

## **GENERAL**

The directors (except Mr. Douglas C. K. Woo, being the only director regarded as having a material interest in the Transaction by reason of Mr. Peter K. C. Woo being his father, who abstained from participating in the approval of the relevant board resolutions of the Company), including independent non-executive directors, of the Company are of the view that the Renewal Master Tenancy Agreement and the transactions contemplated thereunder are on normal commercial terms with reference to the prevailing market conditions and in the ordinary and usual course of business of the Group, the terms of the Renewal Master Tenancy Agreement (including the Aggregate Annual Cap Amounts) are fair and reasonable, and the Transaction is in the interests of Wheelock and its shareholders as a whole.

The principal business activities of the Group are ownership of properties for development and letting, investment holding and container terminals. The principal business activity of WGL is investment holding.

As at the date of this announcement, the board of directors of the Company comprises Mr. Douglas C. K. Woo, Mr. Stephen T. H. Ng, Mr. Stewart C. K. Leung, Mr. Paul Y. C. Tsui, Ricky K. Y. Wong and Mrs. Mignonne Cheng, together with seven independent non-executive directors, namely, Mr. Tak Hay Chau, Mr. Winston K. W. Leong, Mr. Alan H. Smith, Mr. Richard Y. S. Tang, Mr. Kenneth W. S. Ting, Ms. Nancy S. L. Tse and Mr. Glenn S. Yee.

## TERMS USED IN THIS ANNOUNCEMENT

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

“Aggregate Annual Cap Amount(s)”	has the meaning as mentioned in the paragraph “Details of the Renewal Master Tenancy Agreement” of this announcement
“City Super”	the business name of a chain of supermarket stores in which WGL is, as at the date of this announcement, effectively interested as to over 30%
“Company”	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
“Eligible Landlord(s)”	all those Group Members, or any one of them, which let or would let Eligible Premises to Eligible Tenants during the Term and/or, where the context so requires, before commencement of the Term
“Eligible Premise(s)”	spaces / shops / units / landed properties, or any one of them, owned and to be owned by the Eligible Landlords during the Term and/or, where the context so requires, before commencement of the Term
“Eligible Tenant(s)”	all those WGL Group Members and all those associated companies and/or affiliated companies of WGL which are connected persons (as defined under the Listing Rules) of Wheelock, or any one of them, to which Eligible Landlords let or would let Eligible Premises during the Term and/or, where the context so requires, before commencement of the Term
“Existing Tenancy Agreements”	all the existing tenancy agreements entered into prior to the commencement of the Term between any Eligible Landlords and any Eligible Tenants in respect of any Eligible Premises
“Group”	Wheelock together with its subsidiaries
“Group Member(s)”	the Company and its subsidiaries from time to time or any one of them
“Individual Annual Cap Amount(s)”	where applicable, the individual annual rental cap amount(s) stipulated in any Individual Tenancy Agreement(s)

“Individual Tenancy Agreement(s)”	individual tenancy agreements, or any one of them, entered into between Eligible Landlords and Eligible Tenants from time to time in respect of the leasing of Eligible Premises during the Term and/or, where the context so requires, before commencement of the Term
“Lane Crawford”	the business name of a chain of luxury department stores which is directly or indirectly wholly-owned by WGL as at the date of this announcement
“Previous Master Tenancy Agreement”	the master tenancy agreement entered into between Wharf and WGL on 26 September 2014 which expired on 31 December 2017
“Renewal Master Tenancy Agreement”	the master tenancy agreement entered into between the Company and WGL on 2 January 2018 to regulate the leasing of the Eligible Premises by the Eligible Landlords to the Eligible Tenants
“Tenancy Agreement(s)”	the Existing Tenancy Agreement(s) and the Individual Tenancy Agreement(s)
“Term”	has the meaning as mentioned in the paragraph “Details of the Renewal Master Tenancy Agreement” in this announcement
“Transaction”	the entering into of the Renewal Master Tenancy Agreement and the transactions contemplated thereunder
“Wharf”	The Wharf (Holdings) Limited (stock code: 4), a 62%-owned subsidiary of the Company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“WGL”	Wisdom Gateway Limited, a company incorporated in the British Virgin Islands with limited liability
“WGL Group Member(s)”	WGL and its subsidiaries from time to time or any one of them

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

Hong Kong, 2 January 2018