



## **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

### **TO THE DIRECTORS OF WHEELOCK AND COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Wheelock and Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net assets value attributable to equity shareholders of the Company (“**Company Adjusted Consolidated NAV**”) (“**Pro forma Statement of Adjusted NAV**”) and related notes as set out in the scheme document dated 21 May 2020 (the “**Scheme Document**”) of the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in the notes to the Pro Forma Statement of Adjusted NAV.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the distribution to all the Company’s shareholders of one share of Wharf Real Estate Investment Company Limited and one share of The Wharf (Holdings) Limited in respect of each share of the Company they hold (“**Distribution**”) on the Group’s financial position as at 31 December 2019 as if the Distribution had taken place at 31 December 2019. As part of this process, information about the Group’s financial position as at 31 December 2019 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

### **Directors’ Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Scheme Document is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.



The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

*Certified Public Accountants*

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21 May 2020



## COMPANY ADJUSTED CONSOLIDATED NAV

The following unaudited pro forma statement of the Company Adjusted Consolidated NAV per Share has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Distribution in respect of each Share as if the Distribution had been completed on 31 December 2019.

The following unaudited pro forma statement of the Company Adjusted Consolidated NAV has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the financial position of the Group had the Distribution been completed on 31 December 2019 or at any future date.

### Unaudited pro forma statement of the Company Adjusted Consolidated NAV as at 31 December 2019

Group Consolidated NAV	Pro forma adjustments				Company Adjusted Consolidated NAV had the Distribution been completed on 31 December 2019	
	HK\$ million (Note 1)	HK\$ million (Note 2)	HK\$ million (Note 3)	HK\$ million (Note 4)	HK\$ million (Note 5)	HK\$ million
268,004	(96,595)	(141,419)	1,386	(4,709)	26,667	
	Company Adjusted Consolidated NAV per Share (Note 7)					
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
130.8	(47.2)	(69.0)	0.7	(2.3)	13.0	

*Notes:*

- The Group Consolidated NAV as at 31 December 2019 is extracted from the Company's consolidated statement of financial position as included in its published audited consolidated financial statements for the year ended 31 December 2019.



2. The adjustment reflects the effect of excluding the NAV of the Wharf Group attributable to the shareholders of Wharf included in the Group Consolidated NAV as at 31 December 2019 and is calculated as follows:

	<i>HK\$ (million)</i>
Consolidated NAV attributable to the shareholders of Wharf	142,874
Less: Non-controlling interests in Wharf	(42,973)
Less: Other consolidation adjustments	(3,306)
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Pro forma adjustment	<u>96,595</u>

3. The adjustment reflects the effect of excluding the NAV of the Wharf REIC Group attributable to the shareholders of Wharf REIC included in the Group Consolidated NAV as at 31 December 2019 and is calculated as follows:

	<i>HK\$ (million)</i>
Consolidated NAV attributable to the shareholders of Wharf REIC	216,164
Less: Non-controlling interests in Wharf REIC	(74,017)
Less: Other consolidation adjustments	(728)
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Pro forma adjustment	<u>141,419</u>

4. The adjustment reflects the addition to the Group Consolidated NAV as at 31 December 2019 resulting from the number of Wharf Shares held by the Company exceeding the number of Wharf Shares required for the Distribution on the basis that the Distribution is to be made to all Shareholders in the ratio of one Wharf Share for each Share held. Such amount was derived from the closing price of Wharf Shares as quoted on the Stock Exchange of HK\$19.82 per share as at 31 December 2019 multiplied by the excess of 69,940,321 in the number of Wharf Shares held by the Group as at 31 December 2019.

As at the Latest Practicable Date, 2,052,849,287 Shares were in issue, and the number of Wharf Shares held by the Group was in excess of the number of issued Shares by 146,452,321 shares.

5. The adjustment reflects the reduction in the Group Consolidated NAV as at 31 December 2019 resulting from the number of Wharf REIC Shares held by the Company being less than the number of Wharf Shares required for the Distribution on the basis that the Distribution is to be made to all Shareholders in the ratio of one Wharf REIC Share for each Share held but the Company did not hold the requisite number of Wharf REIC Shares as at 31 December 2019. Such amount was derived from the closing price of Wharf REIC Shares as quoted on the Stock Exchange of HK\$47.55 per share as at 31 December 2019 multiplied by the shortfall of 99,041,679 in the number of Wharf REIC Shares held by Group as at 31 December 2019.

As at the Latest Practicable Date, 2,052,849,287 Shares were in issue, and the number of Wharf REIC Shares held by the Group was lower than the number of issued Shares by 65,376,679 shares.

6. No adjustment has been made to the Company Adjusted Consolidated NAV to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2019.

7. The Company Adjusted Consolidated NAV per Share is calculated by dividing the Company Adjusted Consolidated NAV at 31 December 2019 by the 2,048,849,287 Shares in issue as at 31 December 2019.