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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

ACCEPTANCE OF BASIC TERMS OFFER IN RELATION TO SURRENDER OF KPP 83 AND RE-GRANT OF OCEAN TERMINAL LOT

DISCLOSEABLE TRANSACTION

The boards of directors of Wheelock and Wharf wish to announce that, on 4 June 2012, Wharf Realty, a wholly-owned subsidiary of Wharf (which in turn is a listed subsidiary of Wheelock), accepted an offer from the Government for the surrender of KPP 83 and re-grant of the Ocean Terminal Lot for a lease term of 21 years from the date of the relevant conditions of exchange which are expected to be executed on or before 12 June 2012. The land premium for the re-grant of the Ocean Terminal Lot payable under the conditions of exchange is HK\$7.9 billion and an annual rent will be payable at 3% of the rateable value of the Ocean Terminal Lot.

For each of Wheelock and Wharf, the applicable percentage ratios are more than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules. As such, the Land Exchange Transaction constitutes a discloseable transaction for each of Wheelock and Wharf and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

ACCEPTANCE OF GOVERNMENT'S BASIC TERMS OFFER

On 4 June 2012, Wharf Realty, a wholly-owned subsidiary of Wharf (which in turn is a listed subsidiary of Wheelock), accepted an offer from the Government for the surrender of KPP 83 and re-grant of the Ocean Terminal Lot for a lease term of 21 years from the date of the relevant conditions of exchange which are expected to be executed on or before 12 June 2012. The land premium for the re-grant of the Ocean Terminal Lot payable under the conditions of exchange is HK\$7.9 billion and an annual rent will be payable at 3% of the rateable value of the Ocean Terminal Lot. The rateable value of KPP 83 for the financial year from April 2012 to March 2013 is approximately HK\$491 million.

Under the terms of the Government's basic terms offer, a binding contract in relation to the Land Exchange Transaction between the parties would be constituted on the receipt by the Government of Wharf Realty's acceptance. Wharf Realty delivered the acceptance to the Government on 4 June 2012.

Wharf Realty has paid a deposit equivalent to 10% of the land premium, while the remaining balance will be payable on or before 12 June 2012. The annual rent at 3% of the rateable value of the Ocean Terminal Lot will be payable on a quarterly basis. The consideration for the Land Exchange Transaction was assessed by the Government and agreed by Wharf Realty after arm's length negotiation, and will be funded by Wharf Group partly by its internal resources and partly by bank and other borrowings.

INFORMATION ON THE OCEAN TERMINAL LOT

The Ocean Terminal Lot will have a total area of about 31,750 square meters, and the permitted gross floor area of building(s) erected or to be erected thereon shall not be more than 85,672 square meters or less than 50,808 square meters.

For the financial year ended 31 December 2011, the before and after taxation net rental income generated from "Ocean Terminal" (taking into account all related disbursements such as expenses for managing the property and allowances to maintain it in a condition to command its rent but excluding expenses as a result of revaluation deficit of the property) are approximately HK\$701 million and approximately HK\$587 million respectively.

For the financial year ended 31 December 2010, the before and after taxation net rental income generated from "Ocean Terminal" (taking into account all related disbursements such as expenses for managing the property and allowances to maintain it in a condition to command its rent but excluding expenses as a result of revaluation deficit of the property) are approximately HK\$555 million and approximately HK\$464 million respectively.

REASONS FOR AND BENEFITS OF THE LAND EXCHANGE TRANSACTION

By entering into the Land Exchange Transaction, the Wheelock Group and the Wharf Group will be able to continue its operation of "Ocean Terminal" on the Ocean Terminal Lot, which is contiguous with Wharf's flagship asset, Harbour City, upon expiry of the lease of KPP 83 on 16 June 2012. The directors of Wheelock and Wharf therefore believe that the Land Exchange Transaction is beneficial to Wheelock and Wharf. Furthermore, the directors of both Wheelock and Wharf believe that the terms of the Land Exchange Transaction are fair and reasonable and in the interests of Wheelock and Wharf and their respective shareholders as a whole.

REGULATORY ASPECTS

For each of Wheelock and Wharf, the applicable percentage ratios are more than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules. As such, the Land Exchange Transaction constitutes a discloseable transaction for each of Wheelock and Wharf and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

The Government is a third party independent of both Wheelock and Wharf and their respective connected persons.

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.

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 C. K. Leung, Mr. Paul Y. C. Tsui and Mr. Ricky K. Y. Wong, together with four independent non-executive directors, namely, Mr. Alexander S. K. Au, 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: -

"Government"	the Government of Hong Kong
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"KPP 83"	the portion of sea bed registered in the Land Registry as Kowloon Permanent Pier No.83 on which "Ocean Terminal" is currently erected
"Land Exchange Transaction"	Wharf Realty's acceptance of the basic terms offer from the Government for the surrender of KPP 83 and re-grant of the Ocean Terminal Lot to Wharf Realty by way of in-situ land exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Ocean Terminal Lot"	the lot to be registered in the Land Registry as Kowloon Inland Lot No. 11178 which the Government has agreed to grant to Wharf Realty by way of in-situ land exchange upon its surrender of KPP 83

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wharf"	The Wharf (Holdings) Limited (stock code: 4), a listed 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
"Wharf Realty"	Wharf Realty Limited, a wholly-owned subsidiary of Wharf incorporated in Hong Kong with limited liability

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

By order of the directors of
THE WHARF (HOLDINGS) LIMITED
Wilson W. S. Chan
Company Secretary

Hong Kong, 4 June 2012