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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
DISCLOSEABLE TRANSACTION
DISPOSAL OF WHARF T&T**

DISPOSAL OF WHARF T&T

The respective Boards of Wheelock and Wharf announce that on 4 October 2016, Wharf Communications (a wholly-owned subsidiary of Wharf) entered into the Agreement with the Buyer to dispose of the entire equity interests in Wharf T&T to the Buyer at a total consideration of HK\$9,500 million in cash subject to the terms and conditions of the Agreement.

REGULATORY ASPECTS

For both Wheelock and Wharf, the entering into of the Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the 2015 Final Results Announcement of Wharf dated 9 March 2016. It was mentioned that Wharf started the Communications, Media & Entertainment ("CME") business over 20 years ago. The market has since changed drastically and the pace of change has accelerated. In 2015, Wharf's CME segment under Wharf Communications represented 9% of Wharf Group's revenue and 1% of Wharf Group's operating profit. Wharf has been conducting a strategic review to evaluate different options to enhance these businesses. As a result and as part of the strategic review, the Agreement was entered into with an aim that the Disposal would maximize the value to the shareholders of Wheelock and Wharf. The proceeds from the Disposal will provide additional cashflow to Wharf Group for its future business development and investment opportunities.

The strategic review of Wharf has not yet been completed. Upon completion of the Disposal, Wharf's CME business will comprise mainly the business of i-CABLE Communications Limited.

THE DISPOSAL

The respective Boards of Wheelock and Wharf announce that on 4 October 2016, Wharf Communications (a wholly-owned subsidiary of Wharf) entered into the Agreement with the Buyer to dispose of the entire equity interests in Wharf T&T to the Buyer at a total consideration of HK\$9,500 million in cash subject to the terms and conditions of the Agreement.

The principal terms of the Agreement are as follows:

- Date : 4 October 2016
- Parties : 1. Wharf Communications (a wholly-owned subsidiary of Wharf); and
2. the Buyer.
- Assets being disposed of : Wharf Communications agrees to procure its wholly-owned subsidiary, namely, Telecom Network Communications Limited, to sell to the Buyer, and the Buyer agrees to buy from Wharf Communications:
1. an aggregate of 740,000,000 shares in Wharf T&T, representing all the issued shares of Wharf T&T as at the date of the Agreement; and
 2. the shares in Wharf T&T which will be issued as a result of the capitalisation of the Shareholder's Loans and Intercompany Balance prior to Completion (collectively, "**Sale Shares**").
- Consideration : The total consideration for the Sale Shares shall be HK\$9,500 million and shall be paid by the Buyer to Wharf Communications in cash at Completion.
- Completion : Completion shall take place on a business day on or before 23 November 2016 or such other date as may be agreed in writing between Wharf Communications and the Buyer.
- Conditions : Completion is conditional on Wharf Communications capitalising all of the Shareholder's Loans and Intercompany Balance into shares in Wharf T&T.
- Non-compete undertakings : Wharf Communications undertakes to the Buyer, for the Restricted Period, not to carry on, be engaged, concerned or interested in or assist in a business which competes with a business of Wharf T&T Group as carried on at the date of the Agreement or at any time during the 12 months prior to the Completion Date in Hong Kong, i.e. any business which provides fixed line services and/or broadband services to business or enterprise clients in Hong Kong to third party customers in Hong Kong.

Such undertakings does not preclude or prohibit Wharf Communications from making an investment in listed securities of any person (provided that such investment is not a Restricted Investment), engage in the existing or future business of i-CABLE Communications Limited or its subsidiaries, or any existing business and activities of Wharf Communications Group as at the date of Completion.

BASIS OF CONSIDERATION

The consideration for the Sale Shares was determined after due negotiation on an arm's length basis among Wharf Communications and the Buyer with reference to the business prospects and financial results of Wharf T&T Group and the net asset value of Wharf T&T of approximately HK\$2.1 billion as at 30 June 2016.

INFORMATION ON WHARF T&T GROUP

Wharf T&T was incorporated in Hong Kong in 1992 and is wholly-owned by Telecom Network Communications Limited, which is in turn indirectly beneficially wholly-owned by Wharf. Wharf T&T is Hong Kong's largest purely enterprise-focused telecom service provider, with an extensive fibre optic network covering about 90% of the commercial market. Wharf T&T offers a strong portfolio of local data connectivity and a full suite of information and communications services complemented by leading system integration capabilities.

The profit (before and after taxation) of Wharf T&T based on the audited financial statements of Wharf T&T for each of the two years ended 31 December 2014 and 2015 is set out below:

	For the year ended 31 December	
	2014	2015
	<i>HK\$'million</i>	<i>HK\$'million</i>
Profit before taxation	315	331
Profit after taxation	314	301

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the 2015 Final Results Announcement of Wharf dated 9 March 2016. It was mentioned that Wharf started the CME business over 20 years ago. The market has since changed drastically and the pace of change has accelerated. In 2015, Wharf's CME segment under Wharf Communications represented 9% of Wharf Group's revenue and 1% of Wharf Group's operating profit. Wharf has been conducting a strategic review to evaluate different options to enhance these businesses. As a result and as part of the strategic review, the Agreement was entered into with an aim that the Disposal will maximize the value to the shareholders of Wheelock and Wharf. The proceeds from the Disposal will provide additional cashflow to Wharf Group for its future business development and investment opportunities.

The strategic review of Wharf has not yet been completed. Upon completion of the Disposal, Wharf's CME business will comprise mainly the business of i-CABLE Communications Limited.

The attributable gain arising from the Disposal accrued to Wheelock and Wharf is estimated to be HK\$4.5 billion and HK\$7.4 billion respectively. Upon Completion, Wharf T&T will cease to be a subsidiary of Wheelock and Wharf. Accordingly, the profits or losses and the assets and liabilities of Wharf T&T will no longer be consolidated into the respective consolidated financial statements of Wheelock or Wharf.

The respective directors of Wheelock and Wharf are of the view that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of Wheelock Group and Wharf Group, and that the terms of the Agreement are fair and reasonable, and in the interests of Wheelock and Wharf and their respective shareholders as a whole.

Goldman Sachs (Asia) L.L.C acted as the exclusive financial advisor to Wharf Communications in connection with this transaction.

REGULATORY ASPECTS

For both Wheelock and Wharf, the entering into of the Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules, as one or more of the applicable percentage ratios is/are greater than the 5% threshold while all such ratios are below the 25% threshold, and is therefore subject to the requirements in respect of reporting and announcement but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON WHEELOCK GROUP AND WHARF GROUP

The principal business activities of Wheelock Group and Wharf Group are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment.

INFORMATION ON WHARF COMMUNICATIONS

Wharf Communications is a company incorporated in Hong Kong and a direct wholly-owned subsidiary of Wharf. It is principally engaged in the business of provision of communications and telecommunication services to Hong Kong's business and residential sector.

INFORMATION ON THE BUYER

The Buyer is an exempt company incorporated in the Cayman Islands and is a special purpose vehicle established for the purpose of the Disposal and beneficially owned by MBK Partners Fund III, L.P. and TPG equally. MBK Partners Fund III, L.P. is one of the leading private equity funds which focuses on investments in the North Asia market. TPG is a leading global private investment firm founded in 1992 with over USD70 billion of assets under management.

To the best of the knowledge, information and belief of the Board of Wheelock having made all reasonable enquiries, the Buyer and its ultimate beneficial owners are third parties independent of Wheelock and connected persons of Wheelock.

To the best of the knowledge, information and belief of the Board of Wharf having made all reasonable enquiries, the Buyer and its ultimate beneficial owners are third parties independent of Wharf and connected persons of Wharf.

As at the date of this announcement, the Board of Wheelock comprises Mr. Douglas C. K. Woo, Mr. Stephen T. H. Ng, Mr. Stewart C. K. Leung, Mr. Paul Y. C. Tsui, Mr. 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; and the Board of Wharf comprises Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. Lee, Mr. Paul Y. C. Tsui, Ms. Y. T. Leng and Mr. K. P. Chan, together with six Independent Non-executive Directors, namely, Mr. Alexander S. K. Au, Professor Edward K. Y. Chen, Mr. Vincent K. Fang, Mr. Hans Michael Jebsen, Mr. David Muir Turnbull and Professor E. K. Yeoh.

DEFINITIONS

“Agreement”	the sale and purchase agreement entered into between Wharf Communications and the Buyer on 4 October 2016
“Board(s)”	the board(s) of directors
“Buyer”	Green Energy Cayman Corp., an exempt company incorporated in the Cayman Islands
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“connected person”	shall have the meaning as ascribed to it under the Listing Rules
“Disposal”	disposal of the entire equity interests in Wharf T&T to the Buyer pursuant to the Agreement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Restricted Investment”	as used with respect to any person, having control over such person; and “control” means (a) in case of a listed company, 20% or more of the issued share capital of such person; and (b) in case of a private company, 20% or more of the issued capital of such person; provided in each case that such person does not control the board of the relevant listed company or private company
“Restricted Period”	the period commencing on the Completion date and ending on the third anniversary of the Completion date
“Shareholder’s Loans and Intercompany Balance”	the shareholder’s loans and intercompany balance owed by Wharf T&T and any of its subsidiaries (immediately prior to the capitalisation of such shareholder’s loans and intercompany

balance pursuant to the Agreement) to the shareholders of Wharf T&T and their subsidiaries

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wharf”	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 4)
“Wharf Group”	Wharf and its subsidiaries, including Wharf Communications Group
“Wharf Communications”	Wharf Communications Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Wharf
“Wharf Communications Group”	Wharf Communications and any company which shall be, at the date of Completion, a subsidiary or direct or indirect holding company of Wharf Communications or a subsidiary of any such holding company of Wharf Communications
“Wharf T&T”	Wharf T&T Limited (九倉電訊有限公司), a company incorporated in Hong Kong
“Wharf T&T Group”	Wharf T&T and its subsidiaries
“Wheelock”	Wheelock and Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 20)
“Wheelock Group”	Wheelock and its subsidiaries, including Wharf Group
“USD”	United States of America dollars, the lawful currency of the United States of America

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

By order of the Board of
THE WHARF (HOLDINGS) LIMITED
Kevin C. Y. Hui
Company Secretary

Hong Kong, 4 October 2016