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WHEELOCK PROPERTIES

WHEELOCK PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 49

CONTINUING CONNECTED TRANSACTION TENANCY RENEWAL

On 20 August 2007, a wholly-owned subsidiary of Wheelock Properties Limited as landlord and a wholly-owned subsidiary of Wheelock and Company Limited as tenant entered into a renewal tenancy agreement in respect of the whole of 5th Floor, Wheelock House, 20 Pedder Street, Hong Kong.

As Wheelock Properties Limited is a 74%-owned subsidiary of Wheelock and Company Limited, the renewal tenancy agreement constitutes a continuing connected transaction for Wheelock Properties Limited under the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the abovementioned tenancy transaction are greater than 0.1% but below 2.5% for the purposes of Rule 14.07 of the Listing Rules, the entering into of the renewal tenancy agreement is exempt from the requirement for independent shareholders' approval, but is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

On 20 August 2007, a wholly-owned subsidiary of Wheelock Properties Limited (the "**Company**"; together with its subsidiaries, the "**Group**"), and a wholly-owned subsidiary of Wheelock and Company Limited ("**Wheelock**") entered into a tenancy agreement (the "**Agreement**") for renewal of the existing tenancy (the "**Old Tenancy**"), which will expire on 31 August 2007.

TENANCY AGREEMENT

Agreement Date: 20 August 2007

Parties: (1) Marnav Holdings Limited (the "**Landlord**"), a wholly-owned subsidiary of the Company, as the landlord

- (2) Wheelock Properties (Hong Kong) Limited (the "**Tenant**"), a wholly-owned subsidiary of Wheelock, as the tenant

Premises: 5th Floor, Wheelock House, 20 Pedder Street, Hong Kong with a total lettable area of 9,277 square feet

Term: 1 September 2007 to 31 August 2010

Rental: A fixed amount of HK\$375,718.50 per month (exclusive of rates, air-conditioning charges, management fee and other service charges) throughout the three-year term, receivable by the Landlord in cash monthly in advance. Such monthly rent is about 125% higher than that under the Old Tenancy immediately before its expiry on 31 August 2007, and is no less favourable to the Landlord than that available from independent third parties.

The rent receivable by the Landlord under the Agreement for each of the four financial years ending 31 March 2011 of the Company is subject to an annual cap amount of HK\$4,508,622, which is equal to and arrived at on the basis of the total rent for 12 months, i.e. the fixed monthly rent of HK\$375,718.50 multiplied by 12.

REASONS FOR AND BENEFITS OF THE TRANSACTION

With ownership of properties for letting being one of the Group's principal business activities, rental income is an important recurrent income source of the Group. The stable and satisfactory rental revenue to be generated from the renewal of the tenancy under the Agreement is therefore beneficial to the Group.

GENERAL

The Group has engaged Knight Frank Petty Limited ("**KFP**"), professional property consultants, to review the Agreement. On the basis of the advice received from KFP, the directors, including independent non-executive directors, of the Company are of the view that the terms of the Agreement and the relevant tenancy transaction (the "**Transaction**") are normal commercial terms with reference to the prevailing market conditions, are fair and reasonable and are in the interests of the Company and its shareholders as a whole. Furthermore, the Agreement is entered into in the ordinary and usual course of business of the Company after due negotiation on an arm's length basis with reference to the prevailing market conditions.

The principal business activities of the Group, and also of Wheelock group, are ownership of properties for development and letting as well as investment holding.

As at the date of this announcement, the board of directors of the Company comprises Mr. Peter K. C. Woo, Dr. Joseph M. K. Chow, Mr. Gonzaga W. J. Li, Mr. T. Y. Ng, Mr. Paul Y. C. Tsui and Mr. Ricky K. Y. Wong, together with three independent non-executive directors, namely, Mr. Herald L. F. Lau, Mr. David T. C. Lie-A-Cheong and Mr. Glenn S. Yee.

REGULATORY ASPECTS

As the Company is a 74%-owned subsidiary of Wheelock, the Transaction constitutes a continuing connected transaction for the Company under the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the Transaction are greater than 0.1% but below 2.5% for the purposes of Rule 14.07 of the Listing Rules, the Transaction is exempt from the requirement for independent shareholders' approval under Rule 14A.34 of the Listing Rules, but is subject to the reporting and announcement requirements under Rule 14A.45 to 14A.47 of the Listing Rules.

By Order of the Directors
Wilson W. S. Chan
Company Secretary

Hong Kong, 20 August 2007