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WHEELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 20

DISCLOSEABLE TRANSACTION

The Board announces that on 11 October 2017, the Seller (being a wholly-owned subsidiary of Wharf which in turn is a publicly listed subsidiary of the Company) entered into the SPA with the Purchaser, pursuant to which the Seller agreed, among other things, to sell to the Purchaser the Sale Shares, representing all the issued shares of New Grade, and the Sale Loan, being all amounts owed by New Grade to the Seller. The total consideration receivable by Wharf Group from the Purchaser Guarantor group is HK\$9,000 million (subject to post-completion adjustment), which comprises the amounts of consideration for the Sale Shares, the Sale Loan, and amounts receivable by Wharf Group from the Purchaser Guarantor group under the Project Management Agreement which relates to the current development of the Property. New Grade is the indirect sole owner of the Property, which is an investment property under development.

On the basis that one or more of the applicable percentage ratios in respect of the Disposal is/are greater than the 5% threshold while all such ratios are below the 25% threshold for the purposes of Rule 14.07 of the Listing Rules, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 11 October 2017, the Seller (being a wholly-owned subsidiary of Wharf which in turn is a publicly listed subsidiary of the Company) entered into the SPA with the Purchaser, pursuant to which the Seller agreed, among other things, to sell to the Purchaser the Sale Shares, representing all the issued shares of New Grade, and the Sale Loan. The total consideration for the transaction is HK\$9,000 million.

DETAILS OF THE SPA

Date: 11 October 2017

Parties: (1) Greater Honour Limited, as the Seller
(2) Pace Ascend Limited, as the Purchaser
(3) The Wharf (Holdings) Limited, as the Seller Guarantor
(4) LVGEM (China) Real Estate Investment Company Limited, as the Purchaser Guarantor

Assets being disposed: the Sale Shares, being 500 ordinary shares of New Grade, representing all the issued shares of New Grade, and the Sale Loan, being all amounts which New Grade owes to the Seller as at Completion.

New Grade is an investment holding company. Its principal asset comprises all the issued shares of the Lot Owner, whose principal asset is the Property held by it as investment property since 1989. The Property is currently under construction and is intended to be a non-residential development (comprising retail areas, office floors, parking spaces and a public vehicle park) known as “8 Bay East”. The permitted gross floor area of the Development is approximately 55,390 square metres.

Consideration and Payment Terms

The total consideration receivable by Wharf Group from the Purchaser Guarantor group is HK\$9,000 million (subject to post-completion adjustment), which comprises the amounts of consideration for the Sale Shares, the Sale Loan, and amounts receivable by Wharf Group from the Purchaser Guarantor group under the Project Management Agreement which relates to the current development of the Property.

HK\$788 million has been paid by the Purchaser on the date of the SPA, HK\$4,617 million will be paid on the date of Completion, which is expected to take place on or before 29 December 2017, and post-completion payments totalling HK\$3,475 million (of which HK\$2,475 million, being due for payment before the end of September 2018, will be guaranteed by a bank, such bank guarantee to be procured by the Purchaser and delivered to the Seller at Completion) will be paid by instalments during the period from January 2018 to February 2020.

Project Management

It is provided under the SPA that on Completion, the Parties will and/or will procure that the Project Management Agreement will be entered into among the Lot Owner, the Project Manager, the Seller Guarantor (guaranteeing the obligations of the Project Manager) and the Purchaser Guarantor (guaranteeing the obligations of the Lot Owner). Under the Project Management Agreement, the Lot Owner will engage the Project Manager to continue and complete the construction and fitting out of the Property after Completion in accordance with the Project Management Agreement.

Upon execution of the Project Management Agreement, the Purchaser Guarantor group will pay to the Project Manager a project management fee of HK\$120 million (included in the total consideration of HK\$9,000 million as mentioned above), being full payment for the project management services to be provided under the Project Management Agreement. Furthermore, under the Project Management Agreement, the Purchaser Guarantor group will pay to the Project Manager a total amount of HK\$1,000 million (included in the amount of HK\$3,475 million post-completion payments as mentioned above).

The consideration amounts and payment terms as mentioned above were determined after due negotiation on an arm's length basis between the Parties with reference to, among other things, the value of the underlying assets held by New Grade.

FINANCIAL INFORMATION ON NEW GRADE

A summary of the unaudited financial results of New Grade (on a consolidated basis) for each of the two years ended 31 December 2015 and 2016 is set out below:-

	For the year ended 31 December 2015	For the year ended 31 December 2016
Net profits before taxation and extraordinary items	HK\$75 million	HK\$27 million
Net profits after taxation and extraordinary items	HK\$108 million	HK\$27 million

As at 31 July 2017, the unaudited net assets value attributable to the Sale Shares and Sale Loan was approximately HK\$3,050 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal will enable the Group to realize cash from its investment property under development. The Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole, and will put the Group in a strong position to continue its major investment programmes.

REGULATORY ASPECTS

On the basis that one or more of the applicable percentage ratios in respect of the Disposal is/are greater than the 5% threshold while all such ratios are below the 25% threshold for the purposes of Rule 14.07 of the Listing Rules, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Seller Guarantor and the Purchaser Guarantor have agreed to respectively guarantee the Seller's and the Purchaser's performance under the SPA. The Seller Guarantor has also undertaken to the Purchaser Guarantor group for procuring the completion of the Development.

Following Completion, New Grade and the Lot Owner will cease to be subsidiaries of the Company, and their financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

It is expected that the Group will record an attributable gain of approximately HK\$2.8 billion by reference to the carrying value of the Sale Shares and Sale Loan and in respect of its 61.6% interest in Wharf.

It is currently intended that the net sale proceeds arising from the Disposal will be applied towards the general working capital requirement of Wharf Group.

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

The Purchaser is an indirect wholly-owned subsidiary of the Purchaser Guarantor. According to LVGEM's 2016 annual report, LVGEM Group is principally engaged in property development and property investment businesses in Mainland China.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser, the Purchaser Guarantor and the ultimate beneficial owner of the Purchaser and the Purchaser Guarantor are third parties independent of the Company and connected persons of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:-

“Board”	the board of Directors
“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
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Development”	means all the messuages, erections and buildings erected or to be erected on the Property including: (a) the non-residential development which comprises, <i>inter alia</i> , retail areas on G/F and office floors on 3/F to 25/F (4/F, 13/F, 14/F and 24/F omitted), parking spaces on B1/F, B2/F and B3/F and a public vehicle park on 1/F and 2/F and which is now being constructed or to be constructed on the Property in accordance with the Building Plans and intended to be known as “8 Bay East” and (b) structures and works provided and/or executed or to be provided and/or executed also on the Property as required by the Government Grant and in accordance with the Building Plans

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan pursuant to the SPA
“Group”	the Company and its subsidiaries, including Wharf Group
“Lot Owner”	a company incorporated in Hong Kong and a direct wholly-owned subsidiary of New Grade as at the date of this announcement
“LVGEM Group”	LVGEM and its subsidiaries
“New Grade”	New Grade Investments Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Wharf as at the date of this announcement
“Parties”	parties to the SPA
“Project Management Agreement”	the project management agreement to be entered into among the Lot Owner, the Project Manager, the Seller Guarantor and the Purchaser Guarantor at Completion
“Project Manager”	a wholly-owned subsidiary of Wharf
“Property”	ALL THAT piece or parcel of ground registered in the Land Registry as KWUN TONG INLAND LOT NO. 713 (comprising SECTION A OF KWUN TONG INLAND LOT NO. 713 and THE REMAINING PORTION OF KWUN TONG INLAND LOT NO. 713) at 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, and, where the context so requires, includes the Development
“Purchaser”	Pace Ascend Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Purchaser Guarantor as at the date of this announcement
“Purchaser Guarantor” or “LVGEM”	LVGEM (China) Real Estate Investment Company Limited (Stock Code: 95), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Sale Loan”	all amounts which New Grade owes to the Seller as at Completion
“Sale Shares”	500 ordinary shares of New Grade, representing all the issued shares of New Grade
“Seller”	Greater Honour Limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement

“Seller Guarantor”	Wharf
“SPA”	the sale and purchase agreement dated 11 October 2017 between the Seller, the Purchaser, the Seller Guarantor and the Purchaser Guarantor in respect of the sale and purchase of the Sale Shares and the Sale Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wharf”	The Wharf (Holdings) Limited (Stock Code: 4), a company incorporated in Hong Kong with limited liability, which is a non-wholly owned subsidiary of the Company and the shares of which are listed on the Stock Exchange
“Wharf Group”	Wharf and its subsidiaries

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

Hong Kong, 11 October 2017

As at the date of this announcement, the Board 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.