

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You are advised to exercise caution in relation to the Proposal. If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

This Scheme Document does not constitute an offer or invitation to, nor is it intended to invite offers by, the public to subscribe for or to purchase shares or other securities of Wheelock and Company Limited and it must not be used for the purpose of offering or inviting offers for any securities.

If you have sold or transferred all your shares in Wheelock and Company Limited, you should at once hand this Scheme Document and the enclosed form of proxy to the purchaser or the transferee or to the licensed securities dealer or the registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.



WHEELOCK AND COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

Stock Code: 20

Admiral Power Holdings Limited
(incorporated in the British Virgin Islands
with limited liability)

**(1) PROPOSAL FOR THE PRIVATISATION OF
WHEELOCK AND COMPANY LIMITED
BY ADMIRAL POWER HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
AND
(2) PROPOSED WITHDRAWAL OF LISTING BY
WHEELOCK AND COMPANY LIMITED**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the “Definitions” section of this Scheme Document. A letter from the Board is set out in the “Letter from the Board” section of this Scheme Document.

A letter from the Independent Board Committee containing its advice to the Independent Shareholders and Optionholders in relation to the Proposal is set out in the “Letter from the Independent Board Committee” section of this Scheme Document. A letter from Anglo Chinese, being the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in relation to the Proposal is set out in the “Letter from the Independent Financial Adviser” section of this Scheme Document. An Explanatory Statement regarding the Proposal is set out in the “Explanatory Statement” section of this Scheme Document.

The actions to be taken by the Shareholders and Optionholders are set out in the “Actions to be taken” section of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Tuesday, 16 June 2020 and the General Meeting to be held at 10:15 a.m. on Tuesday, 16 June 2020 (or, in the case of the General Meeting, immediately after the conclusion or the adjournment of the Court Meeting) are set out in “Appendix VIII – Notice of Court Meeting” to this Scheme Document and the AGM Circular, respectively. Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the General Meeting enclosed with the AGM Circular, in accordance with the instructions printed on them, and to lodge them at the office of the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated in the “Actions to be taken” section of this Scheme Document. In the case of the **pink** form of proxy in respect of the Court Meeting, it may also be handed to the Chairman of the Court Meeting at the Court Meeting if it is not so lodged. Completion and return of the forms of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy shall be deemed to have been revoked by operation of law.

This Scheme Document is jointly issued by the Offeror and the Company.

In case of any inconsistency, the English language texts of this Scheme Document, the Option Offer Letter, and the enclosed pink form of proxy in respect of the Court Meeting and Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

21 May 2020

NOTICE TO US INVESTORS

The Proposal, which involves the cancellation of the securities of a Hong Kong company by means of a scheme of arrangement provided for under the Companies Ordinance and the making of the Distribution, is subject to Hong Kong disclosure requirements, which are different from those of the US. The Distribution relates to shares of companies listed on the Main Board of the Stock Exchange in Hong Kong. The financial information included in this Scheme Document (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles of the US.

The Proposal is not subject to the tender offer or proxy statement rules under the U.S. Exchange Act. The Proposal is subject to the disclosure requirements and practices applicable in Hong Kong to shareholder meetings and schemes of arrangement, which differ from the disclosure requirements of the U.S. Exchange Act.

This Scheme Document does not constitute an offer or invitation to purchase or subscribe for any securities of the Company in the US. The Distributable Wharf REIC and Wharf Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and such shares will not be distributed to Shareholders or Beneficial Owners in the US, including any holders of American Depositary Receipts in the US. By accepting any Distributable Wharf REIC and Wharf Shares, each Shareholder will be deemed to represent and warrant to the Company, Wharf REIC and Wharf that neither such Shareholder nor any Beneficial Owner for which he/she/it holds Shares is located in the US. Any Shareholder that is unable to make such representations and warranties to the Company, Wharf REIC and Wharf must advise the Company of this in writing at 23rd Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong, for the attention of the Company Secretarial Department of the Company and marked “Wheelock and Company Limited – US Investors” no later than the close of business on Tuesday, 14 July 2020. Shareholders and Beneficial Owners of Scheme Shares whose addresses as appearing on the Register are, or which are otherwise known by the Company to be, in the US will receive only cash in lieu of the Distributable Wharf REIC and Wharf Shares, as further described in the paragraphs headed “21. Overseas Shareholders” in the “Explanatory Statement” section of this Scheme Document.

The receipt of cash pursuant to the Proposal by a Shareholder or Beneficial Owner of Scheme Shares in the US as consideration for the cancellation and extinguishment of his/her/its Scheme Shares pursuant to the Scheme, and the receipt of cash paid in lieu of the Distributable Wharf REIC and Wharf Shares by a Shareholder or Beneficial Owner in the US, may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the potential tax consequences of the Proposal.

It may be difficult for Shareholders and Beneficial Owners of Scheme Shares in the US, including any holders of American Depositary Receipts in the US, to enforce their rights and claims arising out of the US federal securities laws, as the Offeror, the Company, Wharf REIC and Wharf are located in a country other than the US and some or all of their officers and directors may be residents of a country other than the US. Shareholders and Beneficial Owners in the US may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgement.

Please refer to the paragraphs headed “21. Overseas Shareholders” in the “Explanatory Statement” section of this Scheme Document for further information.

NOTICE TO SHAREHOLDERS OUTSIDE OF HONG KONG AND THE UNITED STATES

The implementation of the Proposal to Shareholders who are not resident in Hong Kong or the United States may be subject to the laws of the relevant jurisdictions in which such holders are located. Such holders should inform themselves about and observe any applicable legal or regulatory requirements.

Please refer to the paragraphs headed “21. Overseas Shareholders” in the “Explanatory Statement” section of this Scheme Document for further information.

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QUESTIONS AND ANSWERS

The following are some of the questions you, as a Scheme Shareholder or a Shareholder, may have and the answers to those questions.

This Scheme Document contains important information and you are encouraged to carefully read this Scheme Document in full, including the Appendices.

1. What are the objectives of the Proposal?

The Proposal aims to eliminate the historical holding company discount of the Company under the current tiered holding structure and, in this way, unlock value for the Shareholders.

The effect of the Proposal would be to:

- (a) distribute Wharf REIC Shares and Wharf Shares under the Distribution. The Group's consolidated interest in the NAV of the Wharf REIC Group attributable to the shareholders of Wharf REIC and the NAV of the Wharf Group attributable to the shareholders of Wharf accounted for approximately 90% of the Group Consolidated NAV as at 31 December 2019. As a result of the Distribution, Scheme Shareholders will directly hold Wharf REIC Shares and Wharf Shares instead of being interested in them only indirectly through holding Shares; and
- (b) thereafter complete the privatisation of the remaining Company for the Scheme Consideration of HK\$12.00 per Scheme Share. The Scheme Consideration represents an approximately 1.8% discount to the Company Reassessed NAV per Share of HK\$12.22. The Company Adjusted Consolidated NAV per Share of HK\$13.00 accounted for approximately 10% of the Group Consolidated NAV per Share of HK\$130.80 as at 31 December 2019 and based on the number of Shares in issue as at 31 December 2019.

2. What are the benefits of the Proposal?

The benefits of the Proposal, as described in more detail in this Scheme Document, are:

- (a) unlocking shareholder value through the elimination of the historical holding company discount of the Company's stake in Wharf REIC and Wharf;
- (b) delivering higher dividend income for Shareholders from Wharf REIC Shares and Wharf Shares based on their cash dividend track records (and in addition each Scheme Shareholder will receive the Scheme Consideration in cash which can generate additional income to the Scheme Shareholders);
- (c) providing enhanced choice for Shareholders through separate and direct ownership of Wharf REIC Shares and Wharf Shares;
- (d) providing Shareholders with higher trading liquidity based on the historical trading performance of Wharf REIC Shares and Wharf Shares by comparison to the Shares; and

- (e) providing Scheme Shareholders with the opportunity to monetize their interest in the Company that remains after the Distribution at an attractive discount to its reassessed net asset value.

3. What is the purpose of this Scheme Document?

The purpose of this Scheme Document is to provide you with, among others:

- (a) information on the Proposal and the expected timetable of the Proposal;
- (b) the recommendations of the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee;
- (c) notice of the Court Meeting and information on the General Meeting;
- (d) a copy of the **pink** form of proxy in relation to the Court Meeting; and
- (e) the form of the Option Offer Letter.

4. What is the Court Meeting, the General Meeting and the Court Hearing?

The Court Meeting is convened for the Scheme Shareholders to vote upon the Scheme (with or without modification).

Immediately after the conclusion or adjournment of the Court Meeting, the General Meeting will be held for the Shareholders for the purpose of, among other things, approving the reduction of the share capital of the Company involved in the Scheme and implementing the Scheme.

If all the resolutions are passed at the Court Meeting and the General Meeting, the Court Hearing of the petition will be held to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme.

5. What are the location, date and time of the Court Meeting and the General Meeting?

The Court Meeting will be held in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong on Tuesday, 16 June 2020 at 10:00 a.m..

The General Meeting will be held in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong on Tuesday, 16 June 2020 at 10:15 a.m. (or immediately after the Court Meeting convened for the same day and place shall have been concluded or adjourned).

6. What do I need to do if I want to vote at the Court Meeting and the General Meeting?

You are strongly encouraged:

- (a) in the case of a Scheme Shareholder or a Shareholder – to exercise your right to vote at the Court Meeting and/or the General Meeting; or
- (b) in the case of a Beneficial Owner – to contact the relevant Registered Owner to give instructions to and/or make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the General Meeting.

Taking into account the recent developments relating to the coronavirus disease 2019 (“**COVID-19**”), the Company has been informed by Marco Polo Hongkong Hotel (“**Hotel**”) that there will be compulsory body temperature screening by the Hotel in respect of all persons visiting the Hotel and anyone with a body temperature of more than 37.3 degrees Celsius will not be given access to the Hotel. In such case, denied entry to the Hotel also means you will not be allowed to attend the Court Meeting and/or the General Meeting. The Company is supportive of these efforts given the development of COVID-19 and, in addition, will require all who attend the Court Meeting and/or the General Meeting to wear facial surgical masks before they are permitted to attend, and during their attendance of, the Court Meeting and/or the General Meeting.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders, in particular, those Shareholders subject to quarantine or self-quarantine in relation to COVID-19, to exercise their right to vote at the Court Meeting and/or the General Meeting by appointing the respective chairman of the Court Meeting and the General Meeting, as their proxy instead of attending the Court Meeting and/or the General Meeting in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the forms of proxy in respect of the Court Meeting and the General Meeting will not preclude the Shareholders from attending and voting in person at the Court Meeting and/or the General Meeting or any adjournment thereof should they subsequently so wish.

On 8 May 2020, the Government of Hong Kong promulgated a new regulation to prohibit group gatherings with more than eight people in public places (“**Measures**”) and the Measures are subject to adjustments according to the latest developments of the COVID-19 pandemic. Since the proceedings of the General Meeting as convened herein may or may not be affected, **Shareholders are advised to keep themselves abreast of further announcements (if any) made by the Company which will be posted on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.wheelockcompany.com).**

The actions which you are required to take in relation to the Proposal are set out in the “Actions to be taken” section of this Scheme Document and the paragraphs headed “26. Summary of Actions to be Taken” in the “Explanatory Statement” section of this Scheme Document. You should read them carefully.

7. What is the Proposal?

The Proposal comprises the following:

- (a) the Distribution to Shareholders of one Wharf REIC Share and one Wharf Share in respect of each Share held at the Proposal Record Date; and
- (b) the subsequent privatisation of the remaining Company after the making of the Distribution by way of a scheme of arrangement under section 673 of the Companies Ordinance in consideration of the Scheme Consideration of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), which will be payable by the Offeror to Scheme Shareholders in cash.

It is not intended that only one part of the Proposal, namely the Distribution or the privatisation of the remaining Company, will happen unless both parts are going to happen. Accordingly the Distribution will not be made if the Disinterested Shareholders do not approve by the requisite majority, or the High Court does not sanction, the Scheme and the Scheme will not become effective if the Distribution is not made.

Upon completion of the Proposal, the Company will be owned as to (i) 32.51% by the Offeror, (ii) 48.48% by the Trustee, being the trustee of the Trust which is a related trust of Mr. Woo's family and an Offeror Concert Party, and (iii) 19.01% by other Offeror Concert Parties (being Mr. Woo and the Mr. Woo Entities), and the listing of the Shares will be withdrawn from the Stock Exchange.

8. I am an overseas Shareholder. What should I do?

All overseas Shareholders are advised to read this Scheme Document in its entirety. Your attention is drawn to the paragraphs headed "21. Overseas Shareholders" in the "Explanatory Statement" section of this Scheme Document.

9. Will I have to pay any stamp duties, fees or commissions?

No Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Seller's and buyer's ad valorem stamp duty payable in connection with the transfer of the Wharf Shares from the Company to the Scheme Shareholders (other than the Non-Qualifying Shareholders) pursuant to the Distribution, each amounting to HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Wharf Shares, will be borne by the Company. No Hong Kong stamp duty is payable by the Company or the Scheme Shareholders in connection with the transfer of the Wharf REIC Shares from the Company to the Scheme Shareholders (other than the Non-Qualifying Shareholders) pursuant to the Distribution.

Arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise be transferred to such Non-Qualifying Shareholders to be sold in the market. Seller's ad valorem stamp duty payable in connection with the sale of the relevant Wharf REIC Shares and Wharf Shares (which would otherwise have been transferred to the Non-Qualifying Shareholders) will be borne by the Company.

If your Shares are registered in your name as at the Proposal Record Date and the Scheme becomes effective, you will not have to pay brokerage fees or similar expenses in respect of the cancellation of the Scheme Shares concerned.

If, as at the Proposal Record Date, you own your Shares through a financial intermediary (such as a broker or nominee), you should consult your financial intermediary to determine whether any charges apply.

See also Question 10 below even if you are a Non-Qualifying Shareholder.

10. Do I need to pay anything for the Wharf Shares and the Wharf REIC Shares or complete any application form to receive the Wharf Shares and the Wharf REIC Shares pursuant to the Distribution?

No, you do not need to pay anything for the Wharf Shares and the Wharf REIC Shares or complete any application form to receive the Wharf Shares and the Wharf REIC Shares pursuant to the Distribution.

If you are a Non-Qualifying Shareholder, you will receive the Scheme Consideration but will not be able to receive the Wharf REIC Shares and Wharf Shares to which you are entitled under the Distribution, and arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise have been transferred to you to be sold in the market, and the proceeds of such sale, after deduction of expenses (including brokerage, trading tariff, trading fee, transaction levy, transfer fee), if not less than HK\$100, to be distributed in Hong Kong dollars to you at your own risk. It is expected that the cheques for payment of such net proceeds will be despatched to you by Friday, 21 August 2020. If the amount falling to be distributed to you is less than HK\$100, such amount will not be distributed but will be retained for the benefit of the Company. See the paragraphs headed "21. Overseas Shareholders" in the "Explanatory Statement" section of this Scheme Document for further details.

11. What are "odd lots" and what arrangements are being made relating to the sale of odd lots of Wharf Shares and the Wharf REIC Shares?

Since the Shares, the Wharf Shares and the Wharf REIC Shares are traded in board lots of 1,000 shares, any holding of those shares that is not a whole multiple of 1,000 is known as an "odd lot".

As the Wharf Shares and the Wharf REIC Shares are to be distributed in the ratio of 1:1 with each Shareholder's holding of Shares on the Proposal Record Date, odd lots will only arise to the extent that a Shareholder has an existing odd lot. It is accordingly not proposed to put in place any special arrangements for trading odd lots of Wharf REIC Shares and Wharf Shares.

12. What is the position of the Independent Board Committee on the Proposal?

The Independent Board Committee, having considered the terms of the Proposal and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter in the “Letter from the Independent Financial Adviser” section of this Scheme Document, considers that, as far as the Independent Shareholders are concerned, the terms of the Proposal are fair and reasonable and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable. Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Independent Shareholders to vote in favour of the resolution to approve the Scheme; and
- (b) at the General Meeting, the Shareholders to vote in favour of the special resolution to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
- (c) the Optionholders to accept the Option Offer.

Anglo Chinese has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. It considers that, as far as the Independent Shareholders are concerned, the terms of the Proposal are fair and reasonable and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable. The text of the letter from Anglo Chinese containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in the “Letter from the Independent Financial Adviser” section of this Scheme Document. You are advised to carefully read such letter of advice before taking any action in respect of the Proposal.

13. When do you expect the Proposal to be completed?

If the Scheme Conditions and the Distribution Conditions are satisfied or waived (as applicable), the expected date for the despatch of share certificates of Wharf REIC Shares and Wharf Shares (other than to Non-Qualifying Shareholders) pursuant to the Distribution is Wednesday, 22 July 2020, the expected Effective Date of the Scheme is Thursday, 23 July 2020, the expected time and date that the listing of the Shares on the Stock Exchange will be withdrawn is 9:00 a.m. on Monday, 27 July 2020 and the expected date for the despatch of the cheques for payment of the Scheme Consideration to the Scheme Shareholders is on or before Monday, 3 August 2020.

14. Who should I contact if I have additional questions?

If you have any questions concerning administrative matters, such as dates, documentation and procedures relating to the Proposal, please call the hotline of the Share Registrar, Tricor Tengis Limited, at +852 2980 1333 between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong.

The hotline cannot and will not provide any advice on the merits of the Proposal or give any financial or legal advice. If you are in doubt as to the content of this Scheme Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

You may also direct your questions to the Company by email to ir@wheelockcompany.com.

ACTIONS TO BE TAKEN

This Scheme Document contains important information and you should carefully read this Scheme Document in full, including the Appendices. A letter from the Independent Board Committee containing its advice to the Independent Shareholders and Optionholders in relation to the Proposal is set out in the “Letter from the Independent Board Committee” section of this Scheme Document. A letter from Anglo Chinese, being the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in relation to the Proposal is set out in the “Letter from the Independent Financial Adviser” section of this Scheme Document. You are urged to carefully read such letters of advice before taking any action in respect of the Proposal.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

Entitlements of Scheme Shareholders and Shareholders to attend and vote at Court Meeting and General Meeting

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting, the Register will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020 (both days inclusive) (or such other dates as the Shareholders may be notified by announcement). During such period, no transfer of Shares will be effected.

In order to qualify to vote at the Court Meeting and/or the General Meeting, all transfers accompanied by the relevant share certificates must be lodged at the office of the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong before 4:30 p.m. on Wednesday, 10 June 2020 (or such other date as the Shareholders may be notified by announcement).

Entitlements of Scheme Shareholders and Shareholders to receive Scheme Consideration and Distribution

Assuming that the Proposal Record Date falls on Friday, 10 July 2020, it is proposed that the Register will be closed from Wednesday, 8 July 2020 onwards (or such other date as the Shareholders may be notified by announcement) in order to determine the entitlements of the Scheme Shareholders to receive the Scheme Consideration and that of the Scheme Shareholders (other than the Non-Qualifying Shareholders) to receive the Distribution under the Proposal. During such period, no transfer of Shares will be effected.

In order to qualify for such entitlements to receive the Scheme Consideration and the Distribution under the Proposal, all transfers accompanied by the relevant share certificates must be lodged at the office of the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong before 4:30 p.m. on Tuesday, 7 July 2020 (or such other date as the Shareholders may be notified by announcement).

ACTIONS TO BE TAKEN

Forms of proxy

A **pink** form of proxy for use at the Court Meeting is enclosed with each copy of this Scheme Document sent to the Registered Owners on Thursday, 21 May 2020. A **white** form of proxy for use at the General Meeting is enclosed with each copy of the AGM Circular sent to the Registered Owners on Thursday, 21 May 2020.

Any subsequent transferees of the Shares will need to obtain the relevant form(s) of proxy from the transferors. Alternatively, copies of the forms of proxy can be: (i) obtained from the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; or (ii) downloaded from the website of either the Stock Exchange at www.hkexnews.hk or the Company at www.wheelockcompany.com.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person:

- (a) if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting; and
- (b) if you are a Shareholder, you are strongly urged to complete and sign the **white** form of proxy in respect of the General Meeting enclosed with the AGM Circular,

in accordance with the instructions printed on them, and to lodge them at the office of the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

In order to be valid:

- (a) the **pink** form of proxy for use at the Court Meeting should be lodged no later than 10:00 a.m. on Saturday, 13 June 2020 (or such other date as the Scheme Shareholders may be notified by announcement), or handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll; and
- (b) the **white** form of proxy for use at the General Meeting should be lodged no later than 10:15 a.m. on Saturday, 13 June 2020 (or such other date as the Shareholders may be notified by announcement).

The completion and return of the relevant form(s) of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form of proxy, the returned form of proxy will be deemed to have been revoked by operation of law.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the General Meeting, you will still be bound by the outcome of the Court Meeting and the General Meeting if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders or the holders of Shares (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and/or the General Meeting in person or by proxy.

ACTIONS TO BE TAKEN

Voting at the Court Meeting and the General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

Announcement of results of Court Meeting and the General Meeting

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting and, if the resolutions are passed at those meetings and the Scheme is sanctioned, further announcements will be made in relation to, among other things, the Proposal Record Date, the Effective Date and the date of withdrawal of listing of the Shares from the Stock Exchange.

Shareholders who have sold/transferred Shares should hand this Scheme Document and forms of proxy to purchaser/transferee

If you have sold or transferred all of your Shares, you should at once hand this Scheme Document and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER OR DEPOSITED IN CCASS

No person shall be recognised by the Company as holding any Shares on trust. Except in relation to HKSCC Nominees, any Shareholder who holds Scheme Shares as a nominee, trustee or registered owner in any other capacity will not be treated differently from any other Registered Owner.

If you are a Beneficial Owner (other than a Non-Qualifying Shareholder) whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the General Meeting.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the General Meeting personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the General Meeting and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company.

ACTIONS TO BE TAKEN

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in the paragraphs headed “Forms of proxy” in this “Actions to be taken” section.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Shares with a CCASS Participant, regarding voting instructions to be given to such persons, or alternatively to arrange for some or all of such Shares to be withdrawn from CCASS and transferred into your own name, if you wish to vote in respect of the Scheme. The procedure for voting in respect of the Scheme by the CCASS Investor Participants and the other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

China Securities Depository and Clearing Corporation Limited will collect voting instructions from Southbound Investors for the Court Meeting and the General Meeting, and then submit such voting instructions to HKSCC Nominees on behalf of Southbound Investors. Any voting instruction should be submitted to HKSCC Nominees no later than 4:15 p.m. on Friday, 12 June 2020.

ACTIONS TO BE TAKEN BY OPTIONHOLDERS

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Acceptance. If you are an Optionholder and you wish to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance so as to reach the Offeror, care of Wheelock and Company Limited, at 23rd Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong, for the attention of the Company Secretarial Department of the Company and marked “Wheelock and Company Limited – Option Offer” by no later than 4:30 p.m. on Friday, 10 July 2020 (or such later date and time as may be notified to you by the Offeror, HSBC and the Company or by way of a joint announcement of the Offeror and the Company on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Acceptance or other document evidencing the grant of Share Options will be given.

The cash will be payable by the Offeror subject to the terms and conditions of your Share Options. In return, all rights and obligations under your Share Options will be immediately cancelled by the Company upon your acceptance.

You are urged to carefully read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, which is substantially in the form set out in Appendix IX to this Scheme Document.

ACTIONS TO BE TAKEN

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER OF THE SHARES, THE OFFEROR AND THE COMPANY STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE GENERAL MEETING. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAMME, THE OFFEROR AND THE COMPANY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND AT THE GENERAL MEETING WITHOUT DELAY AND/OR ARRANGE FOR SOME OR ALL OF SUCH SHARES TO BE WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN – ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER OR DEPOSITED IN CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, THE OFFEROR AND THE COMPANY WOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF ARRANGING FOR SUCH SHARES TO BE VOTED.

IF YOU ARE IN DOUBT AS TO THE CONTENTS OF THIS SCHEME DOCUMENT, ANY ASPECT OF THE PROPOSAL OR ANY ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT A LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, STOCKBROKER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER AND OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

DEFINITIONS

In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“2019 Results Announcement”	the announcement dated 11 March 2020 issued by the Company in relation to the annual results of the Group for the financial year ended 31 December 2019
“2019 Second Interim Dividend”	a second interim dividend of HK\$1.05 per Share for the year ended 31 December 2019 to Shareholders whose names appear on the Register as at the close of business on 7 April 2020 which the Board has approved as described in the 2019 Results Announcement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Aggregate Amount per Scheme Share”	the amount equal to (i) the aggregate of the closing prices of Wharf REIC Shares and Wharf Shares on the relevant day plus (ii) the Scheme Consideration
“AGM Circular”	the circular dated 21 May 2020 issued by the Company in relation to, among others, the General Meeting
“Announcement”	the joint announcement dated the Announcement Date and jointly issued by the Offeror and the Company in relation to the Proposal
“Announcement Date”	27 February 2020, being the date of the Announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Authorisations”	authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Group) in connection with the Proposal or its implementation and the withdrawal of Listing of the Shares from the Stock Exchange in accordance with its terms
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the name of a Registered Owner(s)
“Board”	the board of directors of the Company

DEFINITIONS

“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant
“CO Disinterested Shares”	has the meaning ascribed to “disinterested shares” in section 674(3) of the Companies Ordinance. Section 674(3) of the Companies Ordinance provides that, in the case of a takeover offer, “disinterested shares” excludes shares held by the offeror and “associates” (within the meaning provided in section 667(1)(b)(i) of the Companies Ordinance) of the offeror (unless otherwise declared by the High Court). Section 667(1)(b)(i) of the Companies Ordinance provides that where the offeror is a body corporate, a reference to an “associate” of the offeror is a reference to (i) a body corporate in the same group of companies as the offeror; (ii) a body corporate in which the offeror is substantially interested; or (iii) a person who is a party, or a nominee of a party, to an acquisition agreement with the offeror
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Wheelock and Company Limited (會德豐有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 20)

DEFINITIONS

“Company Adjusted Consolidated NAV”	means the unaudited pro forma adjusted consolidated NAV of the Company attributable to the Shareholders calculated by excluding the effect of the NAV of the Wharf REIC Group attributable to shareholders of Wharf REIC and the NAV of the Wharf Group attributable to shareholders of Wharf as at 31 December 2019 from the consolidated NAV attributable to the Shareholders as at 31 December 2019 as set out in paragraph 5 of Appendix I to this Scheme Document, amounting to HK\$26,667 million
“Company Adjusted Consolidated NAV per Share”	means HK\$13.00, being the Company Adjusted Consolidated NAV divided by the number of Shares in issue as at 31 December 2019, the calculation of which is set out in paragraph 5 of Appendix I to this Scheme Document
“Company Reassessed NAV per Share”	means HK\$12.22, being the Independent Financial Adviser’s determination of such amount based on the Group Consolidated NAV as adjusted for the valuation of the property assets of the Company and its subsidiaries and its associated companies (excluding the Wharf Group and the Wharf REIC Group) as at 31 March 2020, related tax effects and other adjustments as the Independent Financial Adviser considered appropriate, divided by the number of Shares in issue as at 31 March 2020 as set out in the “Letter from the Independent Financial Adviser” section of this Scheme Document
“Court Hearing”	the hearing of the petition by the High Court to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders convened by the direction of the High Court to be held at 10:00 a.m. on Tuesday, 16 June 2020 in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disinterested Shares”	Shares in issue at the Meeting Record Date and the Proposal Record Date, as appropriate, other than those beneficially owned by the Offeror or the Offeror Concert Parties. For the avoidance of doubt, Disinterested Shares include Shares of non-discretionary investment clients of any member of the HSBC Group where such client (i) controls the voting rights attaching to those Shares, (ii) if the Shares are voted, gives instructions as to how the Shares are to be voted, and (iii) is not the Offeror or a person acting in concert with the Offeror
“Distributable Wharf REIC and Wharf Shares”	such number of Wharf REIC Shares and such number of Wharf Shares as is equivalent to the number of Scheme Shares
“Distribution”	the distribution to Shareholders of one Wharf REIC Share and one Wharf Share in respect of each Share they hold at the Proposal Record Date
“Distribution Adjusted Share Closing Price”	the closing price of the Shares on the Stock Exchange on any relevant date less an amount equal to the aggregate of the closing prices of the Wharf REIC Shares and the Wharf Shares on the same day excluding the dates when Wharf was trading on an ex-dividend basis at the time of the spin off from Wharf of Wharf REIC and the separate listing of Wharf REIC Shares on the Main Board of the Stock Exchange by way of introduction
“Distribution Conditions”	the conditions of the Distribution, as set out in the paragraphs headed “Distribution Conditions” in “4. Conditions of the Scheme and the Distribution” in the “Explanatory Statement” section of this Scheme Document
“Dividend Adjustment”	an amount that the Offeror has reserved the right to reduce the Scheme Consideration by, which is equal to the amount of any dividend or other distribution made or paid in respect of each Scheme Share after the Announcement Date (other than the Distribution and the 2019 Second Interim Dividend)
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance

DEFINITIONS

“Encumbrances”	any claim, mortgage, charge, pledge, lien, restriction, assignment, power of sale, hypothecation, security interest, title retention, trust arrangement, subordination arrangement, contractual right of set-off or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any agreement, arrangement or obligation to create any of the same
“Excluded Entitlements”	has the meaning ascribed to it in the paragraphs headed “The Distribution” in the “Letter from the Board” section of this Scheme Document
“Excluded Shares”	the Shares held by (i) Mr. Woo, (ii) the Mr. Woo Entities; and (iii) the Trustee in its capacity as the trustee of the Trust
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Explanatory Statement”	the explanatory statement in relation to the Scheme set out on pages 87 to 132 in this Scheme Document
“Form(s) of Acceptance”	the form(s) of acceptance and cancellation in respect of the Option Offer accompanying this Scheme Document despatched to Optionholders in connection with the Option Offer
“General Meeting”	the annual general meeting of the Company to be held at 10:15 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Tuesday, 16 June 2020 in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong and any adjournment thereof for the purpose of, among other matters, approving the reduction of the share capital of the Company involved in the Scheme and implementing the Scheme. For details, please refer to the AGM Circular and the Notice of the General Meeting

DEFINITIONS

“Group”	the Company and its subsidiaries
“Group Consolidated NAV”	the consolidated NAV of the Group attributable to the Shareholders
“Harbour Centre”	Harbour Centre Development Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 51)
“Harbour Centre Share(s)”	ordinary share(s) in the share capital of Harbour Centre
“High Court”	the High Court of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“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
“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to the Offeror in relation to the Proposal, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“HSBC Group”	means HSBC and persons controlling, controlled by or under the same control as HSBC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors pursuant to Rule 2.8 of the Takeovers Code, which has been established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal, and to the Optionholders in respect of the Option Offer

DEFINITIONS

“Independent Financial Adviser” or “Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in connection with the Proposal
“Independent Shareholder(s)”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Last Trading Day”	21 February 2020, being the last trading day of Shares immediately before the suspension of trading in the Shares pending issuance of the Announcement, being the last full trading day prior to the publication of the Announcement
“Latest Practicable Date”	18 May 2020, being the last practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2020, or such later date as the Offeror may determine, subject to the consent of HSBC as the financial adviser to the Offeror (whose consent shall not be unreasonably withheld)
“Meeting Record Date”	Tuesday, 16 June 2020, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the General Meeting
“Mr. D Woo”	Mr. Woo Chun Kuen, Douglas, the chairman and managing director of the Company, and also the son of Mr. Woo and Mrs. Woo
“Mr. K C Chan”	Mr. Chan Kai Cheuk, Stephen, a director of the Offeror
“Mr. Paul Y C Tsui”	Mr. Tsui Yiu Cheung, Paul, executive Director and Group Chief Financial Officer of the Group, and a director of the Offeror
“Mr. Woo”	Mr. Woo Kwong Ching, Peter

DEFINITIONS

“Mr. Woo Entities”	Shareholders which are companies controlled by, or nominee companies of, Mr. Woo, and companies controlled by Mr. Woo and Mrs. Woo, other than the Offeror
“Mrs. Woo”	Ms. Pao Pui Yung, Bessie, the spouse of Mr. Woo
“Ms. J Woo”	Ms. Woo Chun En, Jennifer, the daughter of Mr. Woo and Mrs. Woo
“NAV”	net asset value
“Non-Qualifying Shareholder(s)”	those overseas Shareholder(s) or Beneficial Owner(s) in respect of whom the Directors, based on enquiries made by and legal advice obtained by the Company, consider it unduly burdensome to make the Distribution either because of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such jurisdiction and accordingly comprise Shareholder(s) and Beneficial Owner(s) whose address(es) as appearing on the Register is/are, or which is/are otherwise known by the Company to be, in the Excluded Jurisdictions. For more information, please refer to the paragraphs headed “21.2 Non-Qualifying Shareholders” in the “Explanatory Statement” section of this Scheme Document
“Notice of the General Meeting”	the notice of annual general meeting issued by the Company on the same date as this Scheme Document, a copy of which has been incorporated in the AGM Circular
“Offeror”	Admiral Power Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Woo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” in the Takeovers Code (except for members of the HSBC Group, other than the Trustee, which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code) including Mr. Woo, Mrs. Woo, the Mr. Woo Entities, the Trustee in its capacity as trustee of the Trust, Mr. D Woo, Ms. J Woo, Mr. Paul Y C Tsui, Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
“Offeror Directors”	the directors of the Offeror, namely Mr. K C Chan, Mr. Paul Y C Tsui, Mr. Yu Ka Kai and Mr. Tam Chi Wai

DEFINITIONS

“Option Offer”	the offer to be made by or on behalf of the Offeror to the Optionholders
“Option Offer Letter”	the letter dated the same date as this Scheme Document setting out the terms and conditions of the Option Offer and sent separately to the Optionholders, which is substantially in the form set out in Appendix IX to this Scheme Document
“Optionholder(s)”	holder(s) of the Share Options
“PRC”	the People’s Republic of China (for the purpose of this Scheme Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Profit Warning Announcement”	the profit warning announcement published by the Company dated 28 April 2020
“Proposal”	the proposal to privatise the Company by the Offeror by way of the Scheme, and also comprising the Distribution, the Option Offer, and the withdrawal of listing of the Shares from the Stock Exchange, on the terms and subject to the Scheme Conditions and Distribution Conditions set out in this Scheme Document
“Proposal Record Date”	Friday, 10 July 2020, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme and for determining the entitlements of the Shareholders under the Distribution
“Register”	the register of members of the Company
“Registered Owner”	any person (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the Register as a holder of the Share(s)
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions

DEFINITIONS

“Relevant Period”	the period commencing on 27 August 2019, being the date falling six months prior to the Announcement Date, and ending on the Latest Practicable Date
“Scheme”	a scheme of arrangement to be proposed under section 673 of the Companies Ordinance in form set out in Appendix VII to this Scheme Document (subject to any modification or additions or conditions as may be approved or imposed by the High Court and agreed to by the Offeror) for the implementation of the Proposal, involving the cancellation and extinguishment of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the issuance to the Offeror, credited as fully paid, of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished
“Scheme Conditions”	the conditions of the Scheme, as set out in the paragraph headed “Scheme Conditions” under “4. Conditions of the Scheme and the Distribution” in the “Explanatory Statement” section of this Scheme Document
“Scheme Consideration”	the cash amount of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), which Scheme Shareholders will receive for the cancellation and extinguishment of their Scheme Shares under the Scheme
“Scheme Document”	this composite document of the Offeror and the Company containing details of the Scheme, the Distribution and the Option Offer, including each of the letters, statements, appendices and notices herein
“Scheme Share(s)”	Share(s) in issue on the Proposal Record Date held by the Shareholders, other than those in which Mr. Woo, the Mr. Woo Entities and the Trustee (in its capacity as the trustee of the Trust) are interested
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Proposal Record Date
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time
“Share Option Offer Price”	HK\$35.30, being the amount by which the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 exceeded the relevant exercise price of a Share Option of HK\$36.60, payable in cash by the Offeror to the holder of that Share Option who accepts the Option Offer, conditional upon the Scheme becoming effective
“Share Option Record Date”	Friday, 10 July 2020, or such other time and date as shall be announced to the Shareholders and the Optionholders, being the record date for the purpose of determining the entitlements of the Optionholders to the Option Offer
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 9 June 2011 (which was amended on 31 May 2012)
“Share Registrar”	Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the Company’s share registrar
“Shareholder(s)”	holder(s) of Share(s)
“Southbound Investors”	investors who hold the shares of Hong Kong listed companies through China Securities Depository and Clearing Corporation Limited under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect platforms of the Stock Exchange
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

DEFINITIONS

“Trust”	a discretionary trust, which is a related trust of Mr. Woo’s family
“Trustee”	HSBC Trustee (C.I.) Limited, the trustee of the Trust
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“U.S. Exchange Act”	the United States Securities Exchange Act of 1934, as amended
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”	US dollar(s), the lawful currency of the US
“Wharf”	The Wharf (Holdings) Limited (九龍倉集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 4)
“Wharf Group”	Wharf and its subsidiaries
“Wharf REIC”	Wharf Real Estate Investment Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1997)
“Wharf REIC Group”	Wharf REIC and its subsidiaries
“Wharf REIC Share(s)”	ordinary share(s) in the share capital of Wharf REIC
“Wharf Share(s)”	ordinary share(s) in the share capital of Wharf
“%”	per cent. or percentage

All references in this Scheme Document to times and dates are references to Hong Kong local times and dates, unless otherwise specified.

In this Scheme Document, unless the context otherwise requires or specifically states otherwise:

- (a) *the singular includes the plural and vice versa;*
- (b) *one gender includes the other genders; and*
- (c) *references to individuals include companies and other corporations and vice versa.*

EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

Date of despatch of this Scheme Document and the AGM Circular Thursday, 21 May 2020

Date of despatch of the Option Offer Letter for the Option Offer Thursday, 21 May 2020

Latest time for lodging transfers of Shares
in order to become entitled to attend and
vote at the Court Meeting and/or the General Meeting . 4:30 p.m. on Wednesday, 10 June 2020

Closure of the Register for determining the entitlements of
Scheme Shareholders to attend and vote at the Court Meeting,
and for determining the entitlements of Shareholders
to attend and vote at the General Meeting (*Note 1*) from Thursday, 11 June 2020
to Tuesday, 16 June 2020
(*both days inclusive*)

Latest time for lodging forms of proxy in respect of (*Note 2*):

- Court Meeting 10:00 a.m. on Saturday, 13 June 2020
- General Meeting 10:15 a.m. on Saturday, 13 June 2020

Meeting Record Date Tuesday, 16 June 2020

Court Meeting (*Note 3*) 10:00 a.m. on Tuesday, 16 June 2020

General Meeting (*Note 3*) 10:15 a.m. on Tuesday, 16 June 2020
(*or immediately after the conclusion or
adjournment of the Court Meeting*)

Announcement of the results of the Court Meeting and
the General Meeting posted on the website of
the Stock Exchange and the website of the Company . by 7:00 p.m. on Tuesday, 16 June 2020

Expected last day for trading in the Shares on the Stock Exchange Thursday, 18 June 2020

Latest time for lodging transfers of Shares in order to
qualify for entitlements under the Scheme and
the Distribution 4:30 p.m. on Tuesday, 7 July 2020

Closure of the Register for determining the entitlements of
Scheme Shareholders to the Scheme and
to the Distribution (*Note 4*) from Wednesday, 8 July 2020 onwards

EXPECTED TIMETABLE

Hong Kong time

Latest time and date for lodging the Form of Acceptance in relation to the Option Offer (<i>Note 5</i>)	4:30 p.m. on Friday, 10 July 2020
Share Option Record Date	Friday, 10 July 2020
Proposal Record Date	Friday, 10 July 2020
Court Hearing	Wednesday, 15 July 2020
Announcement of the results of the Court Hearing, the expected Effective Date and the expected date of the withdrawal of the listing of the Shares on the Stock Exchange . .	Wednesday, 15 July 2020
Instruction given by Company to the Share Registrar to effect the Distribution (<i>Note 7</i>)	Wednesday, 15 July 2020
Expected date to despatch share certificates of Wharf REIC Shares and Wharf Shares to Scheme Shareholders (other than Non-qualifying Shareholders)	Wednesday, 22 July 2020
Announcement of the Effective Date, the withdrawal of the listing of the Shares on the Stock Exchange and the results of the Option Offer	Thursday, 23 July 2020
Effective Date (<i>Note 8</i>)	Thursday, 23 July 2020
First day of dealing in the Wharf REIC Shares and the Wharf Shares distributed pursuant to the Distribution to Scheme Shareholders (other than Non-qualifying Shareholders)	Thursday, 23 July 2020
Lapse of all Share Options (<i>Note 6</i>)	Thursday, 23 July 2020
Withdrawal of the listing of Shares on the Stock Exchange becomes effective (<i>Note 9</i>)	9:00 a.m. on Monday, 27 July 2020
Latest date to despatch:	
• cheques for payment of the Scheme Consideration to the Scheme Shareholders (<i>Note 10</i>)	
• cheques for cash payment for acceptances under the Option Offer (<i>Note 10</i>)	Monday, 3 August 2020
Expected date to despatch cheques for payment of the proceeds (net of expenses) from the sale of Distributable Wharf REIC and Wharf Shares to Non-Qualifying Shareholders (<i>Note 11</i>)	Friday, 21 August 2020

Shareholders and Optionholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

EXPECTED TIMETABLE

Notes:

- (1) The Register will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the General Meeting. This book closure period is not for determining the entitlements to the Distribution or for the Scheme.
- (2) Forms of proxy should be lodged with the office of the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than the time and date stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the General Meeting must be lodged no later than the latest times and date stated above. The **pink** form of proxy may also be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll. Each Scheme Shareholder is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a Scheme Shareholder and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a Scheme Shareholder and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the chairman of the Court Meeting shall have absolute discretion as to whether or not to accept those proxy forms. Completion and return of a form of proxy for the Court Meeting or the General Meeting will not preclude a Scheme Shareholder and a Shareholder, respectively, from attending the relevant meeting and voting in person. In the event that the Scheme Shareholder or the Shareholder attends and votes at the relevant meeting or any adjournment thereof after having lodged his/her/its form of proxy, the returned form of proxy shall be deemed to have been revoked by operation of law.
- (3) The Court Meeting and the General Meeting will be held in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix VIII to this Scheme Document and the Notice of the General Meeting set out in the AGM Circular for details. If a tropical cyclone warning signal No. 8 or above is hoisted or a black rainstorm warning signal is in force at any time after 7:00 a.m. on the date of the Court Meeting and the General Meeting, the Court Meeting and the General Meeting will be postponed. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders and the Shareholders of the date, time and venue of the rescheduled meetings.
- (4) The Register will be closed as from such time and on such date for the purposes of determining Scheme Shareholders who are qualified for entitlements under the Scheme, and of determining Shareholders who are qualified for entitlements under the Distribution.
- (5) Forms of Acceptance, duly completed in accordance with the instructions on them, must be lodged with the Offeror, care of Wheelock and Company Limited, at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong for the attention of the Company Secretarial Department of the Company not later than 4:30 p.m. on Friday, 10 July 2020 (or such later date as may be notified by the Offeror, HSBC and the Company or by way of a joint announcement by the Offeror and the Company on the respective websites of the Stock Exchange and the Company).
- (6) Pursuant to the terms of the Share Option Scheme, all Share Options shall lapse automatically on the Effective Date and will no longer be exercisable as from such date.
- (7) It is expected that the process of transfer of the Distributable Wharf REIC and Wharf Shares will take approximately five Business Days from the date on which the Company instructs the Share Registrar to effect the Distribution.
- (8) The Scheme will become effective upon all the Scheme Conditions set out in the paragraph headed "Scheme Conditions" in "4. Condition of the Scheme and the Distribution" of the "Explanatory Statement" section of this Scheme Document having been satisfied or waived (as applicable).
- (9) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at or before 9:00 a.m. on Monday, 27 July 2020.

EXPECTED TIMETABLE

- (10) In the absence of any specific instructions to the contrary received in writing by the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before Tuesday, 28 July 2020, cheques for payment of the Scheme Consideration to the Scheme Shareholders will be despatched within 7 Business Days following the Effective Date by ordinary post in postage pre-paid envelopes addressed to the person(s) entitled thereto at their respective addresses as appearing on the Register as at the Proposal Record Date or, in the case of joint holders, at the address appearing on the Register as at the Proposal Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before Tuesday, 28 July 2020, cheques for payment for acceptances under the Option Offer in respect of the Share Options in issue as at the Share Option Record Date will be despatched within 7 Business Days following the Effective Date by ordinary post in postage pre-paid envelopes addressed to the Optionholders at their respective last known addresses as notified by the Optionholders to the Company.

Cheques shall be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, HSBC, the Independent Financial Adviser and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.

- (11) See the paragraphs headed "21. Overseas Shareholders" in the "Explanatory Statement" section of this Scheme Document for further details.



WHEELOCK

Founded 1857

WHEELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 20

Directors:

Mr. Douglas C. K. Woo, JP (*Chairman & Managing Director*)
Mr. Stephen T. H. Ng (*Deputy Chairman*)
Mr. Stewart C. K. Leung (*Vice Chairman*)
Mr. Paul Y. C. Tsui (*Executive Director & Group Chief Financial Officer*)
Mr. Ricky K. Y. Wong (*Executive Director*)
Mr. Horace W. C. Lee (*Director*)
Mr. Tak Hay Chau, GBS (*Independent Non-executive Director*)
Mrs. Mignonne Cheng (*Non-executive Director*)
Mr. Winston K. W. Leong (*Independent Non-executive Director*)
Mr. Alan H. Smith, JP (*Independent Non-executive Director*)
Mr. Richard Y. S. Tang, SBS, JP (*Independent Non-executive Director*)
Mr. Kenneth W. S. Ting, SBS, JP (*Independent Non-executive Director*)
Ms. Nancy S. L. Tse, JP (*Independent Non-executive Director*)
Dr. Glenn S. Yee (*Independent Non-executive Director*)

Registered Office:

23rd Floor,
Wheelock House,
20 Pedder Street,
Hong Kong

21 May 2020

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
WHEELOCK AND COMPANY LIMITED
BY ADMIRAL POWER HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
AND
(2) PROPOSED WITHDRAWAL OF LISTING BY
WHEELOCK AND COMPANY LIMITED**

INTRODUCTION

On 27 February 2020, the Offeror and the Company jointly announced that on 25 February 2020 the Offeror requested the Board to put forward to the Shareholders the Proposal which comprises (i) the distribution to Shareholders of one Wharf REIC Share and one Wharf Share in respect of each Share they hold at the Proposal Record Date; and (ii) the subsequent privatisation

LETTER FROM THE BOARD

of the remaining Company after the making of the Distribution in consideration of the Scheme Consideration of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), which will be payable by the Offeror to Scheme Shareholders in cash.

The Proposal will be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance. If the Proposal is approved and implemented, the share capital of the Company will, on the Effective Date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such cancellation and extinguishment, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued, credited as fully paid, to the Offeror.

The Offeror is making an offer to the Optionholders in accordance with Rule 13 of the Takeovers Code on the terms and conditions set out in the Option Offer Letter, which is substantially in the form set out in Appendix IX to this Scheme Document. The Option Offer is conditional upon the Scheme becoming effective.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable as well as to give you notice of the Court Meeting and the General Meeting (together with proxy forms in relation thereto). Your attention is drawn to the following sections of this Scheme Document: (i) the letter from the Independent Board Committee set out in the "Letter from the Independent Board Committee" section; (ii) the letter from the Independent Financial Adviser set out in the "Letter from Independent Financial Adviser" section; (iii) the Explanatory Statement set out in the "Explanatory Statement" section; (iv) the terms of the Scheme set out in Appendix VII; and (v) the Option Offer Letter, substantially in the form set out in Appendix IX, of/to this Scheme Document.

OBJECTIVES OF THE PROPOSAL

The Proposal aims to eliminate the historical holding company discount of the Company under the current tiered holding structure and, in this way, unlock value for the Shareholders.

The effect of the Proposal would be to:

- (a) distribute Wharf REIC Shares and Wharf Shares under the Distribution. The Group's consolidated interest in the NAV of the Wharf REIC Group attributable to the shareholders of Wharf REIC and the NAV of the Wharf Group attributable to the shareholders of Wharf accounted for approximately 90% of the Group Consolidated NAV as at 31 December 2019. As a result of the Distribution, Scheme Shareholders will directly hold Wharf REIC Shares and Wharf Shares instead of being interested in them only indirectly through holding Shares; and
- (b) thereafter complete the privatisation of the remaining Company for the Scheme Consideration of HK\$12.00 per Scheme Share. The Scheme Consideration represents an approximately 1.8% discount to the Company Reassessed NAV per Share of HK\$12.22. The Company Adjusted Consolidated NAV per Share of HK\$13.00 accounted for approximately 10% of the Group Consolidated NAV per Share of HK\$130.80 as at 31 December 2019 and based on the number of Shares in issue as at 31 December 2019.

LETTER FROM THE BOARD

The existence of a long-term historical holding company discount is illustrated by the following chart comparing the closing price of the Shares against the sum of the closing prices of the Wharf REIC Shares and the Wharf Shares (reflecting the ratio in which the Wharf REIC Shares and the Wharf Shares are to be distributed under the Distribution). The Company also held other assets (including a portfolio of properties) and liabilities.

Comparison of the closing prices of the Shares to the sum of the closing prices of the Wharf REIC Shares and the Wharf Shares on the same day



As at the Last Trading Day, the Company held (i) approximately 66.5% of the issued shares of Wharf REIC, and (ii) approximately 70.7% of the issued shares of Wharf, and in addition, it also held other assets (including a portfolio of properties) and liabilities.

Based on the closing prices of the respective shares of the companies on the Last Trading Day:

- (a) the Company's market capitalisation was HK\$97.0 billion;
- (b) the aggregate market value of the Company's shareholdings in Wharf REIC and Wharf was HK\$123.7 billion, which already exceeded the Company's market capitalisation by HK\$26.7 billion; and
- (c) in addition, the Company held other assets (including a portfolio of properties) and liabilities with a book net asset value of HK\$30.0 billion as at 31 December 2019.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company held (i) approximately 69.64% of the issued shares of Wharf REIC, and (ii) approximately 72.99% of the issued shares of Wharf, and in addition, it also held other assets (including a portfolio of properties) and liabilities.

Based on the closing prices of the respective shares of the companies on the Latest Practicable Date:

- (a) the Company's market capitalisation was HK\$113.3 billion;
- (b) the aggregate market value of the Company's shareholdings in Wharf REIC and Wharf was HK\$98.5 billion, which was lower than the Company's market capitalisation by HK\$14.8 billion; and
- (c) in addition, the Company held other assets (including a portfolio of properties) and liabilities with a book net asset value of HK\$30.0 billion as at 31 December 2019.

BENEFITS OF THE PROPOSAL

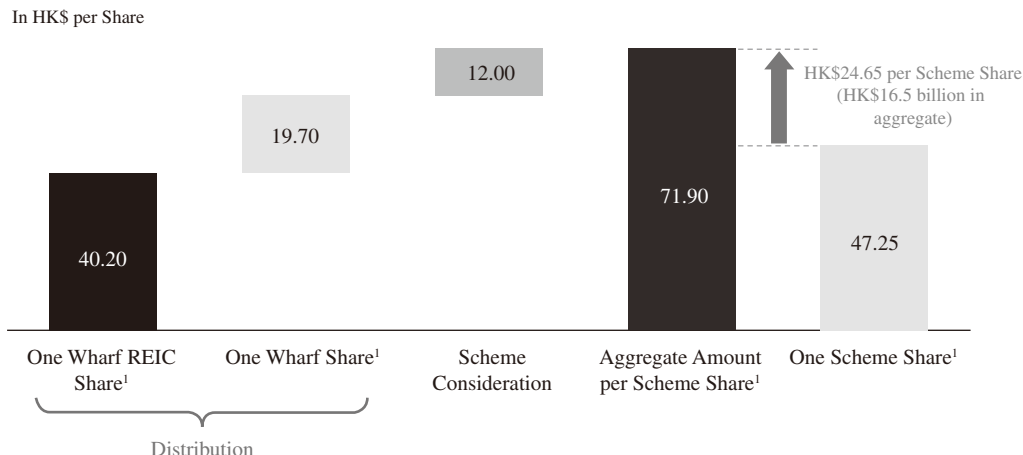
(a) Unlocking shareholder value through the elimination of the historical holding company discount of the Company's stake in Wharf REIC and Wharf

The Proposal aims to unlock immediate value for Shareholders through the elimination of the Company's historical holding company discount associated with the existing tiered shareholding structure as Wharf REIC Shares and Wharf Shares will upon completion of the Proposal be held directly by the Scheme Shareholders.

Under the Proposal, Scheme Shareholders, other than the Non-Qualifying Shareholders, will receive by way of the Distribution one Wharf REIC Share and one Wharf Share in respect of each Share they hold as at the Proposal Record Date. In addition, Scheme Shareholders will receive the Scheme Consideration in cash of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any).

LETTER FROM THE BOARD

The Aggregate Amount per Scheme Share at the Last Trading Day, being (i) the Scheme Consideration of HK\$12.00 per Scheme Share in cash (without taking into account the effect of any Dividend Adjustment) payable to, and (ii) the value (based on their closing prices on the Last Trading Day) of one Wharf REIC Share and one Wharf Share to be distributed to, Scheme Shareholders (other than the Non-Qualifying Shareholders) in respect of each Share they hold at the Proposal Record Date, represents a premium of 52.2%, or HK\$24.65 (or HK\$16.5 billion in aggregate based on the total number of Scheme Shares as at the Latest Practicable Date) over the closing price of the Shares on the Last Trading Day. This is illustrated in the following diagram.



Note 1: Using the closing price of the Shares, Wharf REIC Shares and Wharf Shares as quoted on the Stock Exchange on the Last Trading Day

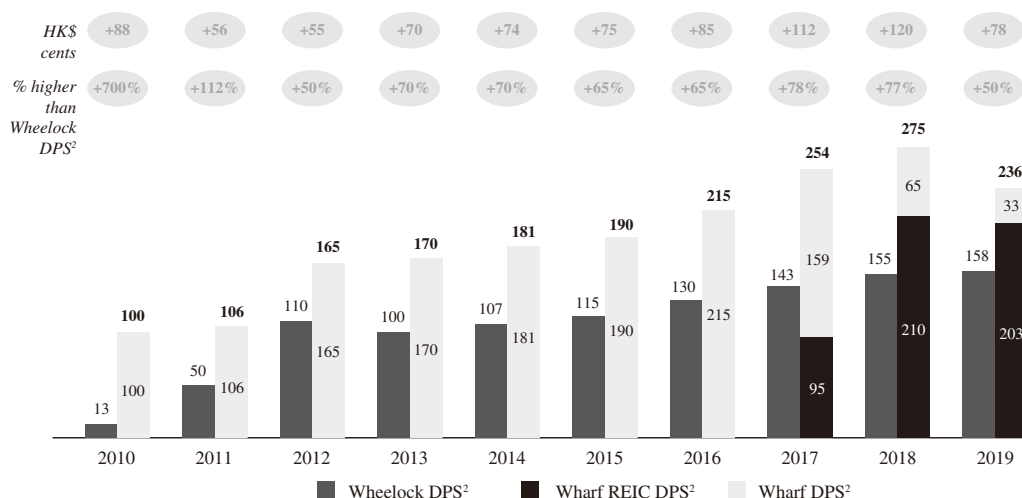
- (b) Delivering higher dividend income from Wharf REIC Shares and Wharf Shares (and in addition each Scheme Shareholder will receive the Scheme Consideration in cash which can generate additional income to the Scheme Shareholders)**

Based on the actual cash dividend track record of the Company and Wharf since 2010 and of Wharf REIC since its spin-off from Wharf in 2017, Shareholders would have received a substantially higher combined dividend income by holding one Wharf REIC Share and one Wharf Share compared to holding one Share. For example, Shareholders would have received an average of HK189 cents annual dividend income by holding one Wharf REIC Share and one Wharf Share combined, which is 75% higher than the average of HK108 cents annual dividend income they would have received by holding one Share during the 10-year period from 2010 to 2019. This is illustrated in the diagram below.

LETTER FROM THE BOARD

In addition, if the Scheme becomes effective, each Scheme Shareholder will receive the Scheme Consideration in cash which can generate additional income to the Scheme Shareholders.

Incremental cash dividend received by holders of one Wharf REIC Share and one Wharf Share as compared to one Share¹



Note 1: Dividend per share are presented as rounded numbers whereas percentages were calculated based on exact figures. You may not be able to derive the percentages from dividing the rounded numbers

Note 2: Dividend per share

(c) Providing enhanced choice for Shareholders through separate and direct ownership of Wharf REIC Shares and Wharf Shares

As there are clear strategic and operational differences between the business focuses of Wharf REIC and Wharf, the Proposal aims to allow Shareholders to adjust their shareholdings in Wharf REIC and Wharf according to their individual investment objectives and preferences.

(d) Providing Shareholders with higher trading liquidity based on the historical performance of Wharf REIC Shares and Wharf Shares by comparison to the Shares

Upon completion of the Proposal, Scheme Shareholders other than the Non-Qualifying Shareholders will hold the Wharf Shares and the Wharf REIC Shares directly, which historically have had higher trading liquidity than the Shares. As at the Last Trading Day, Wharf REIC Shares and Wharf Shares combined had approximately six times higher trading liquidity than the Shares, with a three-month average daily trading volume as at the Last Trading Day of HK\$138.3 million for Wharf REIC Shares and HK\$106.7 million for Wharf Shares compared to HK\$44.3 million for the Shares. Average daily trading volume has been calculated by taking a simple average of the daily trading volume as measured by the volume traded each day multiplied by the closing price of the relevant shares on the Stock Exchange on the relevant date for the three months' period from 22 November 2019 to 21 February 2020.

LETTER FROM THE BOARD

- (e) **Providing Scheme Shareholders with the opportunity to monetize their interest in the Company that remains after the Distribution at an attractive discount to its reassessed net asset value**

The Scheme Consideration of HK\$12.00 cash per Scheme Share (without taking into account any Dividend Adjustment) presents to Scheme Shareholders the opportunity to monetise their interests in the remaining Company after the Distribution at an attractive discount of approximately 1.8% to the Company Reassessed NAV per Share of approximately HK\$12.22.

TERMS OF THE PROPOSAL

The Scheme Consideration and the Distribution

Under the Proposal, the Scheme Consideration will be a cash amount of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), to be paid by the Offeror.

If, after the Announcement Date, any dividend or other distribution (other than the Distribution and 2019 Second Interim Dividend) is made or paid in respect of the Scheme Shares, the Offeror reserves the right to reduce the Scheme Consideration by an amount equal to the amount of such dividend or other distribution (i.e. the Dividend Adjustment).

In addition to the Scheme Consideration, under the Proposal the Scheme Shareholders (other than the Non-Qualifying Shareholders) will also receive one Wharf REIC Share and one Wharf Share in respect of each Scheme Share they hold as at the Proposal Record Date (see the paragraphs headed “13. Information on the Group” in the “Explanatory Statement” section of this Scheme Document for further discussion on the distribution ratio information). The Distribution will be made by the Company.

No price increase statement

The Scheme Consideration will not be increased and the Offeror does not reserve the right to do so. The Offeror has also advised that it will not request the Company to change the Distribution ratio of one Wharf REIC Share and one Wharf Share to each Scheme Share held as at the Proposal Record Date.

Comparison of value

The Aggregate Amount per Scheme Share of HK\$71.90 on the Last Trading Day (being the total of (i) the Scheme Consideration of HK\$12.00 payable in cash (without taking into account any Dividend Adjustment), plus (ii) the value (based on their closing prices on the Last Trading Day) of the Wharf REIC Share and the Wharf Share to be distributed, in respect of each Scheme Share), represents:

- a premium of approximately 30.3% over the closing price of HK\$55.20 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM THE BOARD

- a premium of approximately 52.2% over the closing price of HK\$47.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 49.1% over the average closing price of HK\$48.22 per Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 45.2% over the average closing price of HK\$49.52 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 43.9% over the average closing price of HK\$49.98 per Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 45.2% over the average closing price of HK\$49.52 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 21.5% over the 52-week high price as at the Last Trading Day of HK\$59.20 per Share based on the closing price as quoted on the Stock Exchange on 2 April 2019;
- a premium of approximately 8.3% over the all-time high closing price on the Stock Exchange as at the Last Trading Day of HK\$66.40 per Share based on the closing price as quoted on the Stock Exchange on 9 August 2017;
- a discount of approximately 45.0% to the Group Consolidated NAV per Share as at 31 December 2019 of HK\$130.80 (which Shareholders should note has not reflected the effect of the Distribution).

The Aggregate Amount per Scheme Share on the Latest Practicable Date (being the total of (i) the Scheme Consideration of HK\$12.00 payable in cash (without taking into account any Dividend Adjustment), plus (ii) the value (based on their closing prices on the Latest Practicable Date) of the Wharf REIC Share and the Wharf Share to be distributed, in respect of each Scheme Share) was HK\$57.86.

The Scheme Consideration of HK\$12.00 cash per Scheme Share (without taking into account any Dividend Adjustment) represents:

- a discount of 7.7% to the Company Adjusted Consolidated NAV per Share of HK\$13.00;
- a discount of approximately 1.8% to the Company Reassessed NAV per Share of approximately HK\$12.22;

LETTER FROM THE BOARD

- a premium of approximately 28.5% over the Distribution Adjusted Share Closing Price on the Latest Practicable Date of HK\$9.34;
- a premium of HK\$24.65 per Share over the Distribution Adjusted Share Closing Price on the Last Trading Day of negative HK\$12.65;
- a premium of HK\$25.23 per Share over the average Distribution Adjusted Share Closing Price over the 5 trading days up to and including the Last Trading Day of negative HK\$13.23;
- a premium of HK\$26.18 per Share over the average Distribution Adjusted Share Closing Price over the 30 trading days up to and including the Last Trading Day of negative HK\$14.18;
- a premium of HK\$25.65 per Share over the average Distribution Adjusted Share Closing Price over the 60 trading days up to and including the Last Trading Day of negative HK\$13.65;
- a premium of HK\$27.59 per Share over the average Distribution Adjusted Share Closing Price over the 180 trading days up to and including the Last Trading Day of negative HK\$15.59;
- a premium of HK\$23.29 per Share over the 52-week high, as at the Last Trading Day, Distribution Adjusted Share Closing Price on 4 February 2020 of negative HK\$11.29; and
- a premium of HK\$13.25 per Share over the all-time high, as at the Last Trading Day, Distribution Adjusted Share Closing Price on 25 November 2008 of negative HK\$1.25.

The Option Offer

As at the Latest Practicable Date there were four Optionholders, namely Mr. D Woo, Mr. Stewart C K Leung, Mr. Paul Y C Tsui and Mr. Ricky K Y Wong, each a Director, holding in aggregate 4,000,000 Share Options granted under the Share Option Scheme, with an exercise price of HK\$36.60 per Share Option, of which 1,500,000 had vested and 2,500,000 are unvested. The Company had not granted any further Share Options between the Announcement Date and the Latest Practicable Date and does not intend to grant any further Share Options between the Latest Practicable Date and the Effective Date.

Pursuant to the terms of the Share Option Scheme:

- the right to exercise any Share Option had been suspended with effect from the close of business on 26 February 2020, being the day immediately preceding the Announcement Date, and shall remain suspended until the Directors otherwise determine. It is intended by the Directors that the right to exercise any outstanding Share Option will be so suspended until the completion of the Proposal;

LETTER FROM THE BOARD

- all the Share Options shall be cancelled on the Effective Date, in which event each Optionholder concerned shall be entitled to receive a payment in cash as full and final compensation for such cancellation (“**Option Cancellation Compensation**”). The amount of the Option Cancellation Compensation is HK\$11.62 per Share Option, which is equal to the excess of (i) the average closing price of HK\$48.22 per Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Day, over (ii) the corresponding exercise price, being HK\$36.60, in respect of those Share Options; and
- payment of the Option Cancellation Compensation shall be made in full by the Company within one month from the Effective Date.

However, each of the four Optionholders of the total of 4,000,000 Share Options has irrevocably and unconditionally agreed to waive his entitlement to the Option Cancellation Compensation. Accordingly, the Company will not be required to pay any Option Cancellation Compensation under the Share Option Scheme.

The Offeror is making an offer to the Optionholders in accordance with Rule 13 of the Takeovers Code on the terms and conditions set out in the Option Offer Letter, which is substantially in the form set out in Appendix IX to this Scheme Document. The Share Option Offer Price of HK\$35.30 under the Option Offer, which is required to be calculated on a “see-through” basis, has been calculated as the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the exercise price of the Share Options. The Option Offer is conditional upon the Scheme becoming effective. The Option Offer is being made in respect of all Share Options in issue on the Share Option Record Date.

Please refer to the paragraphs headed “12. Option Offer” in the “Explanatory Statement” section of this Scheme Document for details.

CONDITIONS OF THE PROPOSAL

The Proposal comprises of the Scheme and the Distribution, which are conditional upon the satisfaction or waiver (as applicable) of the conditions described in the paragraphs headed “Scheme Conditions” and “Distribution Conditions”, respectively, in “4. Conditions of the Scheme and the Distribution” of the “Explanatory Statement” section of this Scheme Document.

All Scheme Conditions and Distribution Conditions will have to be satisfied or waived (as applicable), on or before the Long Stop Date, failing which the Proposal will lapse.

LETTER FROM THE BOARD

EXCLUSION FROM THE PROPOSAL OF THE SHARES MR. WOO, THE MR. WOO ENTITIES AND THE TRUSTEE ARE INTERESTED IN

Mr. Woo, an Offeror Concert Party, has (i) agreed that the Shares held by himself and his controlled entities or nominees (being Excluded Shares) will be excluded from the Proposal and will not form part of the Scheme Shares, (ii) irrevocably and unconditionally agreed not to receive, and procure his controlled entities to irrevocably and unconditionally agree not to receive, his/its entitlements to the Wharf REIC Shares and Wharf Shares under the Distribution, and (iii) agreed to exercise or procure the exercise of all voting rights attached to the Excluded Shares held by him and his controlled entities or nominees at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal.

Each of the Mr. Woo Entities has (i) agreed that the Shares held by it will be excluded from the Proposal and will not form part of the Scheme Shares, (ii) irrevocably and unconditionally agreed not to receive its entitlements to the Wharf REIC Shares and Wharf Shares under the Distribution, and (iii) agreed to exercise all voting rights attached to the Excluded Shares held by it at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal.

The Trustee (in respect of the Shares held by it in its capacity as the trustee of the Trust), an Offeror Concert Party, has also (i) agreed that the Shares it holds in its capacity as the trustee of the Trust (being Excluded Shares) will be excluded from the Proposal and will not form part of the Scheme Shares, (ii) irrevocably and unconditionally agreed not to receive its entitlements in respect of Excluded Shares to the Wharf REIC Shares and Wharf Shares under the Distribution, and (iii) agreed that it will exercise or procure the exercise of all voting rights attached to the Excluded Shares held by it in its capacity as the trustee of the Trust at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal.

The Excluded Shares comprise 1,385,416,330 Shares in total, representing 67.49% of the issued share capital of the Company as at the Latest Practicable Date.

FINANCIAL RESOURCES

On the basis that no outstanding Share Options will be exercised (and no further Share Option will be granted on or prior to the Proposal Record Date), and on the assumption that (i) no further Shares are issued before the Proposal Record Date and (ii) no Dividend Adjustment is made, the maximum amount of cash consideration required for the Offeror to effect the Proposal (comprising the Scheme Consideration of HK\$12.00 per Scheme Share and the Share Option Offer Price payable to the Optionholders pursuant to the Option Offer) will be approximately HK\$8,150,395,484.

As at the Latest Practicable Date the Offeror is financing the entire cash amount required for the Proposal from internal cash resources and other external debt financing made available by HSBC (as lender). The Offeror does not intend that the payment of interest, or repayment of or security for any liability (contingent or otherwise) of such external debt financing, will depend to any significant extent on the business of the Group.

HSBC, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with their respective terms.

LETTER FROM THE BOARD

THE SCHEME

Under the Proposal, subject to the Scheme becoming binding and effective in accordance with its terms, each of the Scheme Shares will be cancelled and extinguished in exchange for the Scheme Consideration. Upon such cancellation and extinguishment, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued to the Offeror.

If, after the date of this Scheme Document, any dividend or other distribution (other than the Distribution and the 2019 Second Interim Dividend) is made or paid in respect of the Scheme Shares, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend or distribution.

In addition to the Scheme Consideration, the Scheme Shareholders (other than the Non-Qualifying Shareholders, who will be subject to the arrangements set out in the section headed "The Distribution" below) will receive one Wharf REIC Share and one Wharf Share per Scheme Share under the Distribution, subject to the fulfilment of the Distribution Conditions.

Scheme Conditions

The Scheme will become binding and effective on the Company and all Scheme Shareholders subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, which are set out in the paragraphs headed "Scheme Conditions" under "4. Conditions of the Scheme and the Distribution" of the "Explanatory Statement" section of this Scheme Document.

As at the Latest Practicable Date, all the Scheme Conditions, other than Scheme Condition (5), remained subject to fulfilment (unless otherwise waived, where applicable) and none of the Scheme Conditions had been waived.

THE DISTRIBUTION

Under the Proposal, subject to fulfilment of the Distribution Conditions, the Company will pay a special dividend (to be effected by way of a distribution in-specie) of one Wharf REIC Share and one Wharf Share in respect of each Share held at the Proposal Record Date.

Each of Mr. Woo, the Mr. Woo Entities and the Trustee, in its capacity as trustee of the Trust and in respect of Excluded Shares, (each an Offeror Concert Party) has agreed not to receive the Wharf REIC Shares and Wharf Shares to which he/it is entitled under the Distribution ("**Excluded Entitlements**").

The Excluded Entitlements (except for certain of the Wharf REIC Shares which will be distributed to the Scheme Shareholders (other than the Non-Qualifying Shareholders) under the Distribution due to the ratio of Shares to Wharf REIC Shares in which the Company is interested (through its wholly-owned subsidiaries) being 0.97 but the Distribution ratio being 1:1 (see the paragraphs headed "13. Information on the Group" in the "Explanatory Statement" section of this Scheme Document)) will be retained by the Company, and the Company will be owned as to 32.51% by the Offeror, 48.48% by the Trustee in its capacity as trustee of the Trust and 19.01% by Mr. Woo and the Mr. Woo Entities upon completion of the Proposal.

LETTER FROM THE BOARD

Since the Shares, the Wharf Shares and the Wharf REIC Shares are traded in board lots of 1,000 shares, any holding of those shares that is not a whole multiple of 1,000 is known as an “odd lot”. As the Wharf Shares and the Wharf REIC Shares are to be distributed in the ratio of 1:1 with each Shareholder’s holding of Shares on the Proposal Record Date, odd lots will only arise to the extent that a Shareholder has an existing odd lot. It is accordingly not proposed to put in place any special arrangements for trading odd lots of Wharf REIC Shares and Wharf Shares.

The Scheme Shareholders (other than the Non-Qualifying Shareholders) will receive the Distributable Wharf REIC and Wharf Shares, representing approximately 22.0% of Wharf REIC’s issued shares and 21.9% of Wharf’s issued shares. The Distributable Wharf REIC and Wharf Shares will be distributed to the Scheme Shareholders (other than the Non-Qualifying Shareholders) whose names appear on the Register on the Proposal Record Date. The Distributable Wharf REIC and Wharf Shares are fully-paid and will be distributed free from all Encumbrances. In respect of the entitlements of the Non-Qualifying Shareholders, arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market, and the proceeds of such sale, after deduction of expenses (including brokerage, trading tariff, trading fee, transaction levy, transfer fee), if not less than HK\$100, to be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk. The Company will arrange for the sale of the relevant Wharf REIC Shares and Wharf Shares as soon as practicable after the Distribution is made at the then prevailing market price, which may be different from the price at which the Distributable Wharf REIC and Wharf Shares first become tradable on the Stock Exchange by the other Scheme Shareholders. The Company will thereafter arrange for the despatch of the cheques for payment of the net proceeds of such sale to the relevant Non-Qualifying Shareholders as soon as practicable and it is expected that the cheques will be despatched by Friday, 21 August 2020 in the absence of exceptional circumstances. If the amount falling to be distributed to a Non-Qualifying Shareholder is less than HK\$100, such amount will not be distributed but will be retained for the benefit of the Company.

It is expected that the Board (excluding the members of the Independent Board Committee), recognising that the Distribution is an integral part of the Proposal and is in the interest of the Shareholders as a whole, following the relevant resolutions being approved at the Court Meeting and the General Meeting, will on 16 June 2020 declare the special dividend under the Distribution, subject to the Distribution Conditions being satisfied.

It is expected that the Company will instruct the Share Registrar to effect the Distribution, subject to the Distribution Conditions being fulfilled or waived, after the High Court has sanctioned the Scheme and granted the order in relation thereto (i.e. on Wednesday, 15 July 2020), and that the process of transfer of the Distributable Wharf REIC and Wharf Shares will take approximately five Business Days (i.e. by Wednesday, 22 July 2020).

Upon the Distribution being made to the Scheme Shareholders (other than the Non-Qualifying Shareholders), an office copy of the order of the High Court will be filed with and registered by the Registrar of Companies under Part 2 of the Companies Ordinance, and the Scheme will become effective.

LETTER FROM THE BOARD

Distribution Conditions

The Distribution will be subject to satisfaction of the Distribution Conditions set out in the paragraphs headed “Distribution Conditions” under “4. Conditions of the Scheme and the Distribution” in the “Explanatory Statement” section of this Scheme Document.

WARNING: Shareholders and/or potential investors should be aware that the Scheme and the Distribution are subject to the Scheme Conditions and Distribution Conditions being fulfilled or waived (as applicable), respectively, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

SHAREHOLDING STRUCTURE OF THE COMPANY

A table setting out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Proposal (assuming that there is no change in shareholding of the Company before completion of the Proposal) is set out in the paragraphs headed “8. Shareholding Structure of the Company” in the “Explanatory Statement” section of this Scheme Document.

As at the Latest Practicable Date, except for (i) Mr. D Woo who held 7,000,000 Shares and 1,000,000 Share Options; (ii) Mr. Stephen T. H. Ng who held 176,000 Shares; (iii) Mr. Stewart C.K. Leung who held 50,000 Shares and 1,200,000 Share Options; (iv) Mr. Paul Y C Tsui who held 300,000 Shares and 600,000 Share Options; and (v) Mr. Ricky K. Y. Wong who held 609,000 Shares and 1,200,000 Share Options, none of the Directors had any shareholding or any interest (within the meaning of Part XV of the SFO) in the Company.

As at the Latest Practicable Date:

- (a) the Company had 2,052,849,287 Shares in issue and 4,000,000 outstanding Share Options;
- (b) the Offeror did not own, control or have direction over any Shares. The Offeror Concert Parties held in aggregate 1,426,695,330 Shares representing approximately 69.50% of the issued share capital of the Company;
- (c) save as disclosed in paragraph (2) above and in the shareholding table set out in the section headed “8. Shareholding Structure of the Company” in the “Explanatory Statement” section of this Scheme Document, the Offeror Concert Parties did not legally and beneficially own, control or have direction over any Shares;
- (d) save for (i) the 1,000,000 Share Options held by Mr. D Woo and (ii) the 600,000 Share Options held by Mr. Paul Y C Tsui, there were no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;

LETTER FROM THE BOARD

- (e) Mr. K C Chan, an Offeror Concert Party (being a director of the Offeror), was interested in 100,000 Shares;
- (f) neither the Offeror nor the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company;
- (g) neither the Offeror nor the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed securities which had been either on-lent or sold;
- (h) the Scheme Shares, comprising 667,432,957 Shares, represented approximately 32.51% of the issued Shares; and
- (i) the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 2,052,849,287 Shares and the 4,000,000 Share Options.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Please refer to the objectives of the Proposal set out in the paragraphs headed “Objectives of the Proposal” above and the benefits of the Proposal set out in the paragraphs headed “Benefits of the Proposal” above.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises all of the 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 Dr. Glenn S. Yee, who are not interested in the Proposal, has been established by the Board to make a recommendation (i) to the Independent Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting and (ii) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal. Mrs. Mignonne Cheng, a non-executive Director, is the chairman of BNP Paribas Wealth Management for Asia-Pacific, which provides financial services to Mr. Woo and the Company from time to time. The Board is of the view that she is interested in the Proposal for the purpose of Rule 2.8 of the Takeovers Code and is accordingly excluded from being a member of the Independent Board Committee. All of the other non-executive Directors (namely all independent non-executive Directors) are members of the Independent Board Committee. Mr. Horace W. C. Lee, a Director who carries out an executive function in the Group, is also excluded from the Independent Board Committee.

The full text of the letter from the Independent Board Committee is set out in the “Letter from the Independent Board Committee” section of this Scheme Document.

LETTER FROM THE BOARD

INDEPENDENT FINANCIAL ADVISER

Anglo Chinese has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. Such appointment has been approved by the Independent Board Committee.

The full text of the letter from Anglo Chinese is set out in the “Letter from The Independent Financial Adviser” section of this Scheme Document.

INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company is a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with the stock code 20. The Group includes three Hong Kong listed subsidiaries, namely Wharf REIC, Wharf and Harbour Centre.

Wharf REIC is incorporated in the Cayman Islands with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The Wharf REIC Group includes Harbour Centre, whose shares are listed on the Main Board of the Stock Exchange. The Wharf REIC Group is principally engaged in property investment in Hong Kong, holding strategic and substantial commercial investment properties in Hong Kong.

Wharf is incorporated in Hong Kong with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The Wharf Group is principally engaged in property investment and development as well as logistics business in Hong Kong and the PRC.

The Group’s property interests are summarised in Appendix V to this Scheme Document. In addition, the Group, in its capacity as developer, had entered into contracts with MTR Corporation Limited, being the owner of certain landed properties in Hong Kong.

From 23 February 2020 when the Offeror initially approached the Company in respect of the Offeror’s intention to make the Proposal (“**Initial Approach Date**”) up to the Latest Practicable Date, the Company made on-market acquisitions on the Stock Exchange of (i) 95,083,000 Wharf REIC Shares in aggregate for an aggregate consideration of HK\$3,009 million in cash; and (ii) 69,610,000 Wharf Shares for an aggregate consideration of HK\$959 million in cash (“**Post-Approach Acquisitions**”). Such purchases were in line with the Company’s consistent practice since 2011, based on the attractiveness of the trading prices of, and availability of sellers of substantial volume of, Wharf REIC shares or Wharf Shares at the relevant time. The Company intends to continue to acquire (through its subsidiaries) additional Wharf REIC Shares and/or Wharf Shares on-market (“**Continuing Transactions**”).

The applicable percentage ratios in respect of the Post-Approach Acquisitions and Continuing Transactions (together the “**Relevant Transactions**”) in respect of Wharf REIC Shares and/or Wharf Shares between the Initial Approach Date and the completion of the Proposal may in aggregate exceed the 5% threshold for the purpose of Rule 14.07 under the Listing Rules, in which case they will constitute discloseable transaction(s), and therefore, constitute frustrating action(s) based on Note 6 to Rule 4 of the Takeovers Code. Under Rule 4, the Company may not enter into

LETTER FROM THE BOARD

the Relevant Transactions without the approval of the Shareholders in general meeting unless such requirement is waived by the Executive, and under Note 1 to Rule 4, the requirement of a shareholders' meeting may be waived by the Executive if the Offeror agrees. The Company has received the written consent from the Offeror to the Relevant Transactions. Further, the Company has applied for and the Executive has granted a waiver of the requirement under Rule 4 of the Takeovers Code for approval of the Shareholders to be obtained in respect of the Relevant Transactions.

As at the Latest Practicable Date there were 2,052,849,287 Shares in issue while the Company was interested through its wholly-owned subsidiaries in 1,987,472,608 Wharf REIC Shares and 2,199,301,608 Wharf Shares representing a ratio of Shares to Wharf REIC Shares of 0.97 and a ratio of Shares to Wharf Shares of 1.07. However, these ratios will vary if the number of Shares in issue, and/or the number of Wharf REIC Shares or Wharf Shares held by the Company through its wholly-owned subsidiaries, changes between the Latest Practicable Date and the Effective Date. Accordingly, in order to give Shareholders certainty, the ratio of Shares to Wharf REIC Shares and the ratio of Shares to Wharf Shares to be distributed under the Distribution has been rounded and fixed at 1:1 in both cases.

Profit Warning Announcement and Estimate of Results

Reference is made to the Profit Warning Announcement in which the Company announced that:

- (a) based on the management information currently available to the Company including the latest unaudited management accounts of the Group for the three months ended 31 March 2020, the Board wished to advise Shareholders and investors of its preliminary estimation that the Group expects a loss attributable to Shareholders for the three months ended 31 March 2020 of approximately HK\$6 billion mainly due to the losses and/or reduced profitability of its principal businesses and the effect of unrealised revaluation deficit or impairment of the Group's investment properties, development properties and hotels thus caused. The Group's financial performance in 2020 has so far been impacted mainly by the very weak economic environment and the extreme market and operating conditions caused by COVID-19 on the Group's business; and
- (b) the Group's half year results are subject to changes in market conditions (in particular changes in the valuations of the Group's hotels and properties) for the six months ending 30 June 2020. Therefore, the results of the Group for the six months ending 30 June 2020 could significantly differ from the information contained in the Profit Warning Announcement.

As disclosed in the Profit Warning Announcement, pursuant to Rule 10 of the Takeovers Code, the profit warning ("**Estimate**") in the Profit Warning Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the Company's auditors and the Independent Financial Adviser in accordance with Rule 10.4 of the Takeovers Code. In this regard, the Estimate has been reported on by the Independent Financial Adviser and KPMG, the auditors of the Company, respectively. KPMG is of the opinion that, so far as the accounting policies and calculations are concerned, the Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the Profit Warning Announcement and is

LETTER FROM THE BOARD

presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its published consolidated financial statements for the year ended 31 December 2019. The Independent Financial Adviser is satisfied that the Estimate has been made by the Directors with due care and consideration. Your attention is drawn to the letter from KPMG and the letter from the Independent Financial Adviser on the Estimate set out in Appendix III and Appendix IV to this Scheme Document, respectively.

The Offeror

The Offeror is a private company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Woo.

Mr. Woo served as the Chairman of the Company from 1986 to 1996 and from 2002 to December 2013. He stepped down as the Chairman to assume the title of Senior Director of the Company with effect from 1 January 2014 and retired from the Board in May 2015. He was also the chairman of the major publicly listed subsidiary of the Company, namely, Wharf. He served as a member of the Standing Committee of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference (the "CPPCC") of the PRC. He was the convener of Hong Kong CPPCC members. In Hong Kong, he was awarded the Grand Bauhinia Medal in June 2012 and the Gold Bauhinia Star in 1998 by the Government of Hong Kong and appointed a Justice of the Peace in 1993. He was a non-official member of the Commission on Strategic Development. Previously, he served as chairman of Hospital Authority from 1995 to 2000, council chairman of Hong Kong Polytechnic University from 1993 to 1997 and chairman of Hong Kong Trade Development Council from 2000 to 2007.

INTENTIONS OF THE OFFEROR AND THE COMPANY

Your attention is drawn to the paragraphs headed "15. Intentions of the Offeror and the Company" in the "Explanatory Statement" section of this Scheme Document.

The Board is aware of and welcomes the Offeror's intentions as set out in the paragraphs headed "15. Intentions of the Offeror and the Company" in the "Explanatory Statement" section of this Scheme Document that, among others, the existing businesses of the Group shall be continued, and is willing to render reasonable cooperation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole.

SHARE CERTIFICATES AND WITHDRAWAL OF LISTING OF THE SHARES ON THE STOCK EXCHANGE

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange as soon as practicable after the Effective Date. The Shareholders will be notified by way of an announcement of the exact dates of the last day of dealing in Shares and on which the Scheme and the withdrawal of the listing of the Shares will become effective.

The Board intends the listing of the Shares on the Stock Exchange to be maintained in the event that the Scheme does not become effective.

LETTER FROM THE BOARD

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Scheme Conditions and the Distribution Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Scheme, or the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

SCHEME SHARES, COURT MEETING AND GENERAL MEETING OF THE COMPANY

For the purpose of exercising your right to vote at the Court Meeting and the General Meeting, you are requested to carefully read the paragraphs headed “24. Court Meeting and General Meeting” in the “Explanatory Statement” section and “Actions to be taken” section of this Scheme Document, and the notices of the Court Meeting and the General Meeting in Appendix VIII to this Scheme Document and the AGM Circular, respectively.

As at the Latest Practicable Date:

- (a) all the 667,432,957 Scheme Shares (representing approximately 32.51% of the issued share capital of the Company) are considered to be CO Disinterested Shares within the meaning of section 674(3)(a) of the Companies Ordinance; among these 667,432,957 Shares, 626,153,957 Shares (representing approximately 30.50% of the issued share capital of the Company) are considered to be Disinterested Shares within the meaning provided in Note 6 to Rule 2 of the Takeovers Code, and the remaining 41,279,000 Shares (representing approximately 2.01% of the issued share capital of the Company) were held by Mr. D Woo, Ms. J Woo, Mr. Paul Y C Tsui and Mr. K C Chan, who are Offeror Concert Parties. Only Shareholders who qualify as both Independent Shareholders and holders of CO Disinterested Shares, and not one only, will be eligible to vote at the Court Meeting;
- (b) the Offeror was not interested in any Shares. Mr. Woo, directly and through the Mr. Woo Entities, was interested in 390,194,652 Shares (representing approximately 19.01% of the issued shares of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting;

LETTER FROM THE BOARD

- (c) the Trustee, in its capacity as trustee of the Trust, an Offeror Concert Party, was interested in 995,221,678 Shares in its capacity as trustee of the Trust (representing approximately 48.48% of the issued shares of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting;
- (d) Mr. D Woo, an Offeror Concert Party (being the son of Mr. Woo), was interested in 7,000,000 Shares (representing approximately 0.34% of the issued shares of the Company) and held 1,000,000 Share Options. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting, and such Share Options will be subject to the Option Offer;
- (e) Ms. J Woo, an Offeror Concert Party (being the daughter of Mr. Woo), was interested in 33,879,000 Shares (representing approximately 1.65% of the issued shares of the Company). Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting;
- (f) Mr. Paul Y C Tsui, an Offeror Concert Party (being a director of the Offeror), was interested in 300,000 Shares (representing approximately 0.01% of the issued shares of the Company) and held 600,000 Share Options. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting, and such Share Options will be subject to the Option Offer; and
- (g) Mr. K C Chan, an Offeror Concert Party (being a director of the Offeror), was interested in 100,000 Shares (representing approximately 0.01% of the issued shares of the Company). Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting.

The Offeror will undertake to the High Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to attend the General Meeting of the Company and vote on the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished.

OVERSEAS SCHEME SHAREHOLDERS

Your attention is drawn to the paragraphs headed “21. Overseas Shareholders” in the “Explanatory Statement” section of this Scheme Document.

ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out in the “Actions to be taken” section of this Scheme Document and the paragraphs headed “26. Summary of Actions to be Taken” in the “Explanatory Statement” section of this Scheme Document.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal in the letter from the Independent Board Committee set out in the “Letter from the Independent Board Committee” section of this Scheme Document.

Anglo Chinese has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The text of the letter from Anglo Chinese containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in the “Letter from the Independent Financial Adviser” section of this Scheme Document.

We would advise you to carefully read such letters of advice before you take any action in respect of the Proposal.

REGISTRATION AND PAYMENT

Your attention is drawn to the paragraphs headed “20. Registration and Payment” in the “Explanatory Statement” section of this Scheme Document.

TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the paragraphs headed “22. Taxation” in the “Explanatory Statement” section of this Scheme Document.

It is emphasised that none of the Offeror, the Company, HSBC, Anglo Chinese and their agents or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their approval or disapproval of the Proposal or their acceptance or rejection of the Option Offer. All Scheme Shareholders and/or Beneficial Owners and Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

FURTHER INFORMATION

You are urged to carefully read the following documents:

- (a) the letter from the Independent Board Committee set out in the “Letter from the Independent Board Committee” section of this Scheme Document;
- (b) the letter from Anglo Chinese, the Independent Financial Adviser, set out in the “Letter from Independent Financial Adviser” section of this Scheme Document;
- (c) the “Explanatory Statement” section of this Scheme Document;
- (d) the Appendices to this Scheme Document;
- (e) the Scheme as set out in Appendix VII to this Scheme Document;

LETTER FROM THE BOARD

- (f) the notice of Court Meeting as set out in Appendix VIII to this Scheme Document; and
- (g) the AGM Circular and the Notice of the General Meeting.

In addition, a **pink** form of proxy for the Court Meeting is enclosed with this Scheme Document and a **white** form of proxy for the General Meeting is enclosed with the AGM Circular.

Optionholders are urged to carefully read the Option Offer Letter, which is being sent separately to Optionholders on the date of this Scheme Document and is substantially in the form set out in “Appendix IX – Form of Option Offer Letter” to this Scheme Document, and the Form of Acceptance in respect of the Option Offer.

Yours faithfully,
For and on behalf of the board of
Wheelock and Company Limited
Douglas C. K. Woo
Chairman & Managing Director



WHEELOCK

Founded 1857

WHEELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 20

Members of the Independent Board Committee:

Mr. Tak Hay Chau, GBS*
Mr. Winston K. W. Leong*
Mr. Alan H. Smith, JP*
Mr. Richard Y. S. Tang, SBS, JP*
Mr. Kenneth W. S. Ting, SBS, JP*
Ms. Nancy S. L. Tse, JP*
Dr. Glenn S. Yee*

Registered Office:

23rd Floor,
Wheellock House,
20 Pedder Street,
Hong Kong

(* Independent Non-executive Directors)

21 May 2020

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
WHEELOCK AND COMPANY LIMITED
BY ADMIRAL POWER HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
AND
(2) PROPOSED WITHDRAWAL OF LISTING BY
WHEELOCK AND COMPANY LIMITED**

We refer to the document dated 21 May 2020 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation (i) to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting and (ii) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Anglo Chinese, the Independent Financial Adviser, has been appointed with our approval as the independent financial adviser to advise us in connection with the Proposal. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent Financial Adviser” section of the Scheme Document.

In the “Letter from the Independent Financial Adviser” section of the Scheme Document, Anglo Chinese states that it considers the terms of the Proposal (including the Scheme and the Option Offer) to be fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned, and advises the Independent Board Committee (i) to recommend the Shareholders, or Independent Shareholders, where applicable, to vote in favour of the relevant resolutions to approve the Proposal and the Scheme; and (ii) to recommend the Optionholders to accept the Option Offer.

The Independent Board Committee, having considered the terms of the Proposal and having taken into account the opinion of Anglo Chinese, and in particular the factors, reasons and recommendations set out in its letter in the “Letter from the Independent Financial Adviser” section of the Scheme Document, considers that, as far as the Independent Shareholders are concerned, the terms of the Proposal are fair and reasonable and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Independent Shareholders to vote in favour of the resolution to approve the Scheme;
- (b) at the General Meeting, the Shareholders to vote in favour of the special resolution to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
- (c) the Optionholders to accept the Option Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee draws the attention of the Independent Shareholders and the Optionholders to (i) the “Letter from the Board” section of the Scheme Document; (ii) the “Letter from the Independent Financial Adviser” section of the Scheme Document, which sets out the factors and reasons the Independent Financial Adviser had taken into account in arriving at its recommendation to the Independent Board Committee; and (iii) the “Explanatory Statement” section of the Scheme Document.

Yours faithfully,
The Independent Board Committee

Mr. Tak Hay Chau
Independent non-executive
Director

Mr. Winston K.W. Leong
Independent non-executive
Director

Mr. Alan H. Smith
Independent non-executive
Director

Mr. Richard Y. S. Tang
Independent non-executive
Director

Mr. Kenneth W. S. Ting
Independent non-executive
Director

Ms. Nancy S. L. Tse
Independent non-executive
Director

Dr. Glenn S. Yee
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice from the Independent Financial Adviser, Anglo Chinese, to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Scheme Document.



21 May, 2020

To the Independent Board Committee, the Independent Shareholders and Optionholders

Dear Sirs,

**Proposal for the privatisation of Wheelock and Company Limited
by Admiral Power Holdings Limited by way of a scheme of arrangement
(under section 673 of the Companies Ordinance)**

**Option Offer
by Admiral Power Holdings Limited
to cancel the Share Options in Wheelock and Company Limited**

Proposed withdrawal of listing by Wheelock and Company Limited

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the Proposal which comprises (a) the distribution to Shareholders of one Wharf REIC Share and one Wharf Share in respect of each Share held on the Proposal Record Date; (b) the subsequent privatisation of the remaining Company after the Distribution in consideration of the Scheme Consideration of HK\$12.00 per Scheme Share, less the Dividend Adjustment, if any, which will be payable by the Offeror to Scheme Shareholders in cash; (c) the Option Offer; and (d) the withdrawal of listing of the Shares from the Stock Exchange. The terms defined in the Scheme Document, of which this letter forms part, shall have the same meanings in this letter, unless the context otherwise requires.

The Independent Board Committee comprises the following 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 Dr. Glenn S. Yee, who are not deemed to be interested in the Proposal, has been established to make a recommendation to (a) the Independent Shareholders as to whether or not the terms of the Proposal and the Scheme are fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting; and (b) the Optionholders as regards acceptance of the Option Offer. Mrs. Mignonne Cheng, a non-executive Director, is also the chairman of BNP Paribas Wealth Management for Asia-Pacific which provides financial services to Mr. Woo and the Company from time to time. Mrs. Cheng is excluded from being a member of the Independent Board Committee as the Board is of the view that she is regarded as being interested in the Proposal and the Option Offer in terms of Rule 2.8 of the Takeovers Code. All of the other non-executive Directors, namely all independent

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non-executive Directors, are members of the Independent Board Committee. Mr. Horace W. C. Lee, a Director who carries out an executive function in the Group, is also excluded from the Independent Board Committee.

In formulating our opinion and recommendations, we have reviewed, amongst other things, (i) published information on the Group, including its audited annual financial statements for the three financial years, the last of which ended on 31 December, 2019; (ii) consolidated management accounts of the Group for the three months ended 31 March, 2020; (iii) financial projections of the Group for the year ending 31 December, 2020; (iv) past performance of the Shares, Wharf REIC Shares and Wharf Shares; and (v) the independent property valuation report (the “**Valuation Report**”) of property assets of the Company and its subsidiaries or associated companies excluding the Wharf Group and the Wharf REIC Group as set out in Appendix V to the Scheme Document. We consider the information we have reviewed is sufficient to reach the conclusions set out in this letter and have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company, and have been advised by the Directors that, to the best of their knowledge, no material information has been omitted or withheld from the information supplied to us or the information relating to the Company referred to in the Scheme Document. We have relied on the information so provided to us and referred to in the Scheme Document, and we have not verified it or conducted an independent investigation into the business and affairs of the Group.

Apart from normal professional fees for our services to the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or any of its associates.

TERMS OF THE PROPOSAL

The Distribution and the Scheme Consideration

Under the Proposal, the Distribution will be made by the Company in which the Scheme Shareholders (other than the Non-Qualifying Shareholders) will receive one Wharf REIC Share and one Wharf Share for each Scheme Share they hold on the Proposal Record Date. As a result of the Distribution, Scheme Shareholders will directly hold Wharf REIC Shares and Wharf Shares.

As at the Latest Practicable Date there were 2,052,849,287 Shares in issue while the Company (through its wholly-owned subsidiaries) was interested in 1,987,472,608 Wharf REIC Shares and 2,199,301,608 Wharf Shares, representing a ratio of Shares to Wharf REIC Shares of 0.97 and a ratio of Shares to Wharf Shares of 1.07. As these ratios will vary if the number of Shares in issue, and, or the number of Wharf REIC Shares or Wharf Shares held by the Company (through its wholly-owned subsidiaries), changes between the Latest Practicable Date and the Effective Date, the ratio of Shares to Wharf REIC Shares and the ratio of Shares to Wharf Shares to be distributed under the Distribution has been rounded and fixed at 1.0 in both cases in order to give Scheme Shareholders certainty.

The Group’s consolidated interest in the NAV of the Wharf REIC Group and the Wharf Group accounted for approximately 90% of the Group Consolidated NAV as at 31 December, 2019. As a result of the Distribution, Scheme Shareholders will directly hold Wharf REIC Shares and Wharf Shares instead of being interested in them only indirectly through holding the Shares.

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After the Distribution, the subsequent privatisation of the remaining approximately 10% of the Company will be implemented by way of payment by the Offeror of the Scheme Consideration of HK\$12.00 in cash per Scheme Share, less the Dividend Adjustment, if any. The Scheme Consideration represents a modest discount of some 1.8% to the Company Reassessed NAV per Share as at 31 March, 2020 as determined in Table 6 below.

If any dividend (other than the Distribution and the 2019 Second Interim Dividend) is made or paid in respect of the Scheme Shares after the Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by an amount equal to the amount of such dividend or other distribution (i.e. the Dividend Adjustment). As at the Latest Practicable Date, the Company had not made or paid and does not intend to make or pay any dividend or distribution other than the Distribution and the 2019 Second Interim Dividend, and no Dividend Adjustment to the Scheme Consideration is considered necessary.

Exclusion from the Proposal of the Shares Mr. Woo, the Mr. Woo Entities and the Trustee are interested in

As at the Announcement Date and the Latest Practicable Date, the Mr. Woo Entities and the Trustee held the Excluded Shares of 1,385,416,330 Shares in total, representing 67.49% of the issued share capital of the Company. Each of the Mr. Woo Entities and the Trustee has (i) agreed that the Excluded Shares will be excluded from the Proposal and will not form part of the Scheme Shares; (ii) irrevocably and unconditionally agreed not to receive its entitlements in respect of Excluded Shares to the Wharf REIC Shares and Wharf Shares under the Distribution; and (iii) agreed to exercise all voting rights attached to the Excluded Shares at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal.

No price increase statement

As stated in the “Letter from the Board” in the Scheme Document, the Scheme Consideration will not be increased and the Offeror does not reserve the right to do so. The Offeror has also advised that it will not request the Company to change the Distribution ratio of one Wharf REIC Share and one Wharf Share to each Scheme Share held as at the Proposal Record Date.

The Option Offer

Under the Option Offer, the Offeror offers to purchase all Share Options at the Share Option Offer Price, subject to and conditional upon the Scheme becoming effective, as stated below:

For each Option held

HK\$35.30 in cash

The Share Option Offer Price of HK\$35.30 was calculated on a “see-through” basis, that is, the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the relevant exercise price of each Share Option of HK\$36.60.

The Option Offer will be made in respect of all Share Options in issue on the Share Option Record Date. As at the Latest Practicable Date, there were four Optionholders, namely Mr. D Woo, Mr. Stewart C K Leung, Mr. Paul Y C Tsui and Mr. Ricky K Y Wong, each a Director, holding in aggregate 4,000,000 Share Options with an exercise price of HK\$36.60 per Share Option, of which

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1,500,000 have vested and 2,500,000 are unvested. The Company had not granted any further Share Options between the Announcement Date and the Latest Practicable Date and does not intend to grant any further Share Options between the Latest Practicable Date and the Effective Date.

CONDITIONS OF THE PROPOSAL

The Proposal comprises of the Scheme and the Distribution, which are conditional upon the satisfaction or waiver, as applicable, of the Scheme Conditions and Distribution Conditions on or before the Long Stop Date on 31 December, 2020.

The Scheme Conditions include, amongst others, (i) the approval of the Scheme by the Independent Shareholders; (ii) the sanction of the Scheme by the High Court; (iii) the Executive having ruled that no obligation will arise on the part of the Offeror or Offeror Concert Parties to make a mandatory general offer for Wharf REIC, Wharf and, or Harbour Centre under Rule 26.1 of the Takeovers Code as a result of the Proposal, or the grant by the Executive of a waiver of any such obligation; and (iv) the Distribution having been made by the Company to the Scheme Shareholders. The Executive has ruled that no general obligation will arise on the part of the Offeror and Offeror Concert Parties to make a mandatory general offer for Wharf REIC, Wharf and, or Harbour Centre.

The Distribution Conditions include, amongst other things, the declaration of the special dividend (by way of a distribution in-specie) of the Distributable Wharf REIC and Wharf Shares, and sanction of the Scheme by the High Court.

IRREVOCABLE UNDERTAKINGS

Other than the undertaking executed by the Trustee (in its capacity as the trustee of the Trust) to exercise all voting rights attached to the Excluded Shares held by it at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal, no irrevocable commitment to vote for or against the Scheme had been received by the Offeror or the Offeror Concert Parties as at the Latest Practicable Date.

INFORMATION ON THE GROUP AND THE OFFEROR

The Company, stock code, 20, and its subsidiaries are principally engaged in property development and investment businesses in Hong Kong, the PRC and Singapore, and to a lesser extent, hotel operations and container terminal operations. The Group includes three Hong Kong listed subsidiaries, namely Wharf (stock code: 4), Wharf REIC (stock code: 1997) and Harbour Centre (stock code: 51).

Wharf is mainly engaged in investment properties, development properties and hotels in Hong Kong and the PRC, and to lesser extent, a logistics business which includes container terminal operations in Hong Kong and the PRC undertaken by Modern Terminals Limited and associated company Hong Kong Air Cargo Terminals Limited.

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Wharf REIC was separately listed in November, 2017 via the spin-off from Wharf, together with listed subsidiary Harbour Centre. It is a premium investment property company with a primary focus on prime Hong Kong properties. Its portfolio includes Harbour City, Times Square, Plaza Hollywood, Crawford House, Wheelock House, The Murray, a Niccolo hotel, in Hong Kong and Wheelock Place and Scotts Square in Singapore.

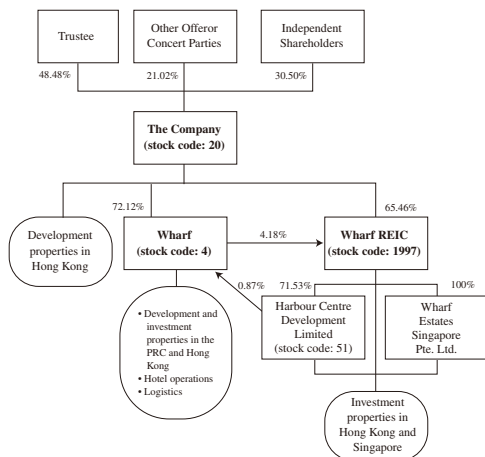
The Offeror is a private company wholly owned by Mr. Woo.

Corporate and shareholding structure

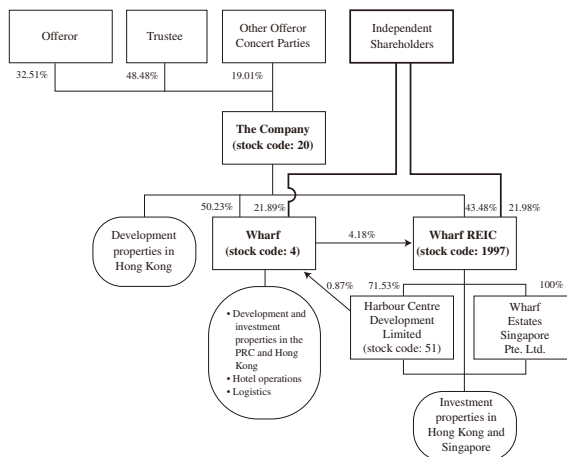
As at the Latest Practicable Date, the Offeror and Offeror Concert Parties collectively held 1,426,695,330 Shares, representing 69.50% of the issued Shares, and the Company in turn held (a) approximately 69.64% of the issued shares of Wharf REIC; and (ii) approximately 72.99% of the issued shares of Wharf, as well as other assets (including a portfolio of properties) and liabilities.

Upon completion of the Proposal, the Company will be owned as to 32.51% by the Offeror, 48.48% by the Trustee, being the trustee of the Trust, which is a related trust of Mr. Woo's family and an Offeror Concert Party, and 19.01% by other Offeror Concert Parties. The charts below show the simplified structure of the Company, Wharf REIC and Wharf as at the Latest Practicable Date and immediately after completion of the Proposal.

**Group chart
as at the Latest Practicable Date**



**Group chart immediately
after completion of the Proposal**



Notes:

- As at the Latest Practicable Date, the Company was interested in 1,987,472,608 Wharf REIC Shares (representing some 65.46% of the issued Wharf REIC Shares) through its wholly-owned subsidiaries and 126,962,000 Wharf REIC Shares (representing some 4.18% of the issued Wharf REIC Shares) through Vision Expert (0004) Limited, a wholly owned subsidiary of Wharf.
- As at the Latest Practicable Date, the Company was interested in 2,199,301,608 Wharf Shares (representing some 72.12% of the issued Wharf Shares) through its wholly-owned subsidiaries and 26,390,000 Wharf Shares (representing some 0.87% of the issued Wharf Shares) through Harbour Centre.
- For illustrative purpose, the above simplified structure excluded interests in Wharf REIC Shares and Wharf Shares already held by Independent Shareholders at the Latest Practicable Date.

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Table 1 – Shareholding in the Company as at the Latest Practicable Date and immediately upon completion of the Proposal

	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Offeror	–	–	667,432,957	32.51
Offeror Concert Parties not subject to the Scheme				
Trustee, in its capacity as trustee of the Trust	995,221,678	48.48	995,221,678	48.48
Mr. Woo and the Mr. Woo Entities	390,194,652	19.01	390,194,652	19.01
Offeror Concert Parties subject to the Scheme				
Mr. D Woo	7,000,000	0.34	–	–
Ms. J Woo	33,879,000	1.65	–	–
Mr. Paul Y C Tsui <i>(note)</i>	300,000	0.01	–	–
Mr. K C Chan <i>(note)</i>	100,000	0.01	–	–
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	<u>1,426,695,330</u>	<u>69.50</u>	<u>2,052,849,287</u>	<u>100.00</u>
Independent Shareholders	<u>626,153,957</u>	<u>30.50</u>	<u>–</u>	<u>–</u>
Total number of Shares	<u>2,052,849,287</u>	<u>100.00</u>	<u>2,052,849,287</u>	<u>100.00</u>
Total number of Scheme Shares	667,432,957	32.51	–	–

Note: Each of Mr. Paul Y C Tsui and Mr. K. C. Chan is a director of the Offeror and is therefore presumed to be acting in concert with the Offeror under class (2) of the definition of acting in concert under the Takeovers Code.

BASIS OF OPINION AND FACTORS TAKEN INTO CONSIDERATION

We have considered the following factors in arriving at our recommendations regarding the terms of the Proposal:

Reasons for and benefits of the Proposal

The Proposal aims to eliminate the historical holding company discount of the Company under the current tiered holding structure and, in this way, unlock value for the Scheme Shareholders.

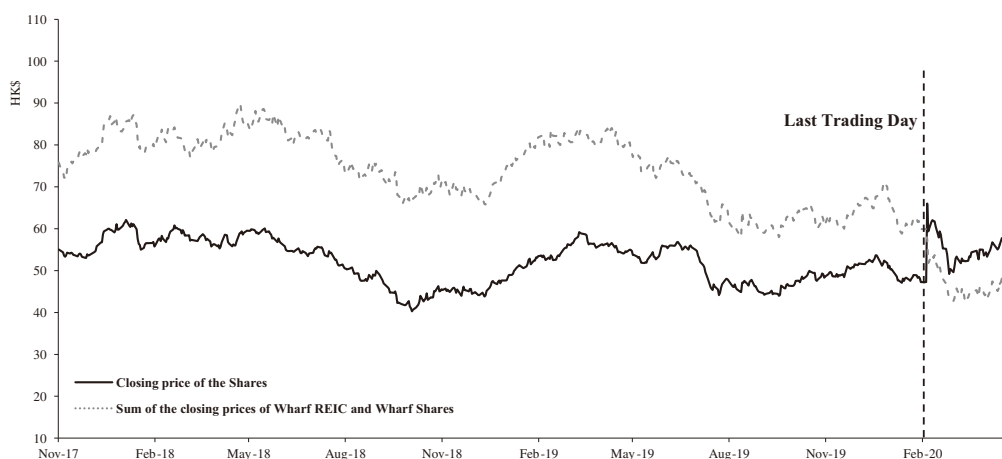
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The effect of the Proposal would be to :

- (i) distribute Wharf REIC Shares and Wharf Shares under the Distribution. The Group's consolidated interest in the NAV of the Wharf REIC Group and in the Wharf Group accounted for approximately 90% of the Group Consolidated NAV as at 31 December, 2019. As a result of the Distribution, Scheme Shareholders will directly hold Wharf REIC Shares and Wharf Shares instead of being interested in them only indirectly through holding the Shares; and
- (ii) thereafter complete the privatisation of the remaining Company for the Scheme Consideration of HK\$12.00 per Scheme Share. The Scheme Consideration represents an approximately 1.8% discount to the Company Reassessed NAV per Share of HK\$12.22 as at 31 March, 2020. The Company Adjusted Consolidated NAV per Share of HK\$13.00 accounted for approximately 10% of the Group Consolidated NAV per Share of HK\$130.8 as at 31 December, 2019.

The existence of a long-term historical holding company discount is illustrated by the following chart comparing the closing price of the Shares against the sum of the closing prices of the Wharf REIC Shares and the Wharf Shares (reflecting the ratio in which the Wharf REIC Shares and the Wharf Shares are to be distributed under the Distribution). The Company also held other assets (including a portfolio of properties) and liabilities.

Chart 1 – Comparison of the closing prices of the Shares to the sum of the closing prices of Wharf REIC Shares and Wharf Shares on the same day from 23 November, 2017 to the Latest Practicable Date



Source: Bloomberg

Note: The period under review commenced from 23 November, 2017 when Wharf REIC Shares were separately listed up to the Last Trading Day (“**Review Period**”) and the Latest Practicable Date. This Review Period is selected as the Group structure remained the same throughout.

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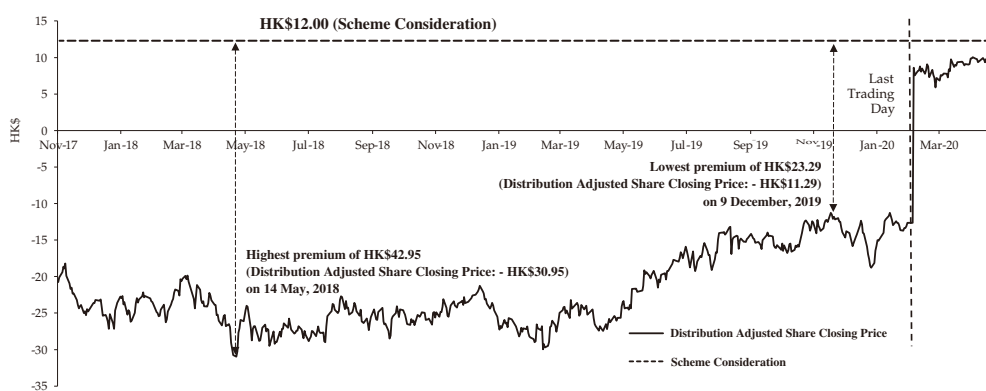
The Aggregate Amount per Scheme Share comprises of (i) the Scheme Consideration of HK\$12.00 per Scheme Share (without taking into account the effect of any Dividend Adjustment) to be paid to Scheme Shareholders in respect of each Share they hold at the Proposal Record Date; and (ii) the value of one Wharf REIC Share and one Wharf Share to be distributed to Scheme Shareholders (other than the Non-Qualifying Shareholders) in respect of each Share they hold at the Proposal Record Date. As at the Last Trading Day, the Aggregate Amount per Scheme Share represented a premium of 52.2%, or HK\$24.65 (or HK\$16.5 billion in aggregate based on the total number of Scheme Shares as at the Latest Practicable Date) more than the closing price of Scheme Shares on the Last Trading Day.

(a) *Unlocking shareholder value through the elimination of the historical holding company discount of the Company's stake in Wharf REIC and Wharf*

As referred to above, the Proposal aims to unlock immediate value for Scheme Shareholders through the elimination of the Company's historical holding company discount associated with the existing tiered shareholding structure as Wharf REIC Shares and Wharf Shares will upon completion of the Proposal be held directly by the Scheme Shareholders.

Based on the closing prices of the respective shares of the companies on the Last Trading Day, the aggregate market value of the Company's shareholdings in Wharf REIC and Wharf of approximately HK\$123.7 billion exceeded the Company's market capitalisation of approximately HK\$97.0 billion.

Chart 2 – Distribution Adjusted Share Closing Price from 23 November, 2017 to the Latest Practicable Date



Source: Bloomberg

Throughout the entire Review Period, the Distribution Adjusted Share Closing Price had been a negative number and the Scheme Consideration of HK\$12.00 cash per Scheme Share consistently represented a premium over the Distribution Adjusted Share Closing Price. Moreover, we believe the benefit of the Proposal comprising partly the Distribution will improve the attractions of the Proposal to the Shareholders, partly through the elimination of the discount that the Company's interests in Wharf REIC and Wharf appears to have been reflected in the Share price of the Company prior to the Announcement – on occasions referred to as the “discount for distance” or “the holding company discount”. This discount is sometimes rationalised as a discount to take into account double layers of management in respect of the same asset. Our analysis on the Aggregate Amount per Scheme Share and the Scheme Consideration is described in the section headed “*Price of the Shares*” below.

(b) Delivering higher dividend income for Shareholders from holding Wharf REIC Shares and Wharf Shares in addition to return in cash from the Scheme Consideration

Based on the actual cash dividend track record of the Company and Wharf since 2010 and of Wharf REIC since its spin-off from Wharf in 2017, Shareholders would have received a substantially higher combined dividend income by holding one Wharf REIC Share and one Wharf Share compared to holding one Share. In addition, if the Scheme becomes effective, each Scheme Shareholder will receive the Scheme Consideration in cash to generate additional income to the Scheme Shareholders. Our analysis on the dividend income for the Scheme Shareholders is detailed in the section headed “*Dividends*” below.

(c) Providing enhanced choice for Shareholders through separate and direct ownership of Wharf REIC Shares and Wharf Shares

After completion of the Proposal, all Scheme Shareholders will hold the Wharf Shares and Wharf REIC Shares directly. As there are clear strategic and operational differences between the business focuses of Wharf REIC and Wharf, the Proposal aims to allow Shareholders to adjust their shareholdings in Wharf REIC and Wharf according to their individual investment objectives and preferences.

(d) Providing Shareholders with higher trading liquidity based on historical performance of Wharf REIC Shares and Wharf Shares by comparison to the Shares

After completion of the Proposal, all Scheme Shareholders other than the Non-Qualifying Shareholders will hold the Wharf Shares and Wharf REIC Shares directly, with higher historical trading liquidity than the Shares. As at the Last Trading Day, Wharf REIC and Wharf combined also had approximately six times higher trading liquidity than the Company, with a 3-month average daily trading volume as at the Last Trading Day of HK\$138.3 million for Wharf REIC and HK\$106.7 million for Wharf compared to HK\$44.3 million for the Company. Our analysis on the trading liquidity and volumes of the Shares, Wharf Shares and Wharf REIC Shares is described in the section headed “*Liquidity of the Shares, Wharf Shares and Wharf REIC Shares*” below.

- (e) *Providing the Scheme Shareholders with the opportunity to monetise their interest in the Company that remains after the Distribution at a price not significantly different from its reassessed net asset value*

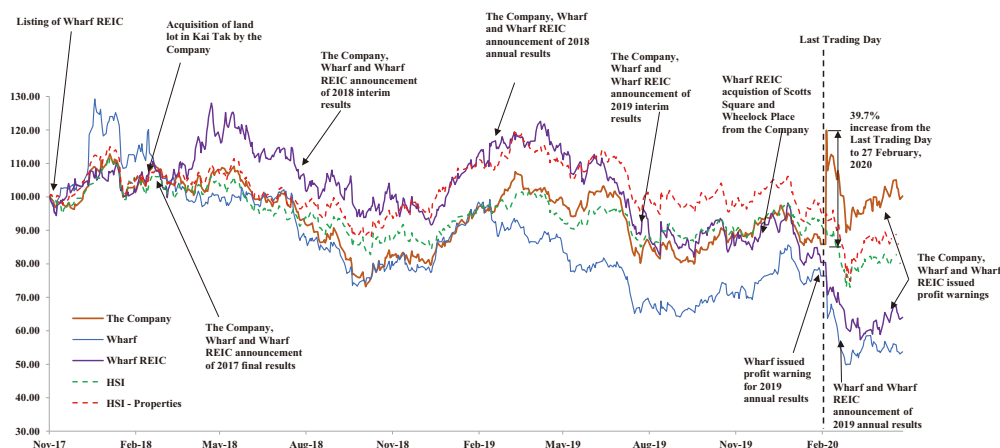
The Scheme Consideration of HK\$12.00 cash per Scheme Share (without taking into account any Dividend Adjustment) presents to the Scheme Shareholders the opportunity to monetise their interests in the remaining Company after the Distribution at a marginal discount of approximately 1.8% to the Company Reassessed NAV per Share as at 31 March, 2020 of approximately HK\$12.22, allowing the Scheme Shareholders to receive substantially all the underlying value of their investment in the remaining Company after the Distribution. Our analysis on the Company Reassessed NAV per Share is described in the section headed “*Net asset value (NAV) of the Shares — Net asset value as adjusted for valuation of the Company’s property assets as at 31 March, 2020*” below.

Price of the Shares

In assessing the reasonableness of the Aggregate Amount per Scheme Share and the Scheme Consideration, we have considered:

- a. the relative performance of the Shares, Wharf REIC Shares and Wharf Shares compared against the Hang Seng Index (“**HSI**”) and the Hang Seng Properties Sub-Index (“**HSI – Properties**”); and
- b. the closing prices of the Shares compared with the Aggregate Amount per Scheme Share for the Review Period. See Charts 3 and 4 below.

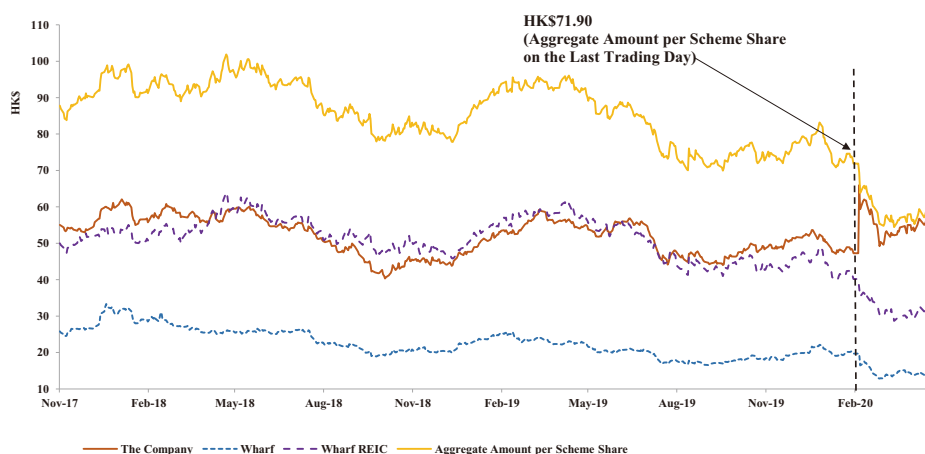
Chart 3 – Relative price performance of the Shares, Wharf REIC Shares and Wharf Shares against the HSI and the HSI – Properties from 23 November, 2017 to the Latest Practicable Date



Source: Bloomberg

Note: The closing prices of the Shares, Wharf REIC Shares, Wharf Shares, HSI and HSI - Properties have all been rebased to 100 as at 23 November, 2017 for ease of comparison.

Chart 4 – Closing prices of the Shares against the Aggregate Amount per Scheme Share on the same day from 23 November, 2017 to the Latest Practicable Date



Source: Bloomberg

As can be seen from Chart 3 above, the Shares and Wharf Shares traded broadly in line with each other and with the HSI and HSI – Properties during the Review Period. Wharf REIC Shares outperformed the Shares, Wharf Shares and the HSI during the period from around 9 April, 2018 to 23 August, 2019, and subsequently traded more in line the HSI up to 16 January, 2020. The Shares traded at a high of HK\$62.19 on 29 January, 2018 and a low of HK\$39.85 on 25 October, 2018.

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Since 17 January, 2020 and up to the Last Trading Day, all three stocks displayed a sharp downward trend and underperformed the HSI, which could have been caused by the unprecedented downturn in economic activity due to the Coronavirus outbreak and nationwide control measures during this period.

Chart 4 shows that the Shares traded consistently below the Aggregate Amount per Scheme Share throughout the Review Period.

The Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90, being the sum of the respective closing price of one Wharf REIC Share and one Wharf Share of HK\$40.20 and HK\$19.70 on the Last Trading Day, plus the Scheme Consideration of HK\$12.00 per Scheme Share payable in cash (assuming no Dividend Adjustment), represents:

- a premium of approximately 30.3% over the closing price of HK\$55.20 per Share on the Latest Practicable Date;
- a premium of approximately 52.2% over the closing price of HK\$47.25 per Share on the Last Trading Day;
- a premium of approximately 49.1% over the average closing price of HK\$48.22 per Share over the five trading days up to and including the Last Trading Day;
- a premium of approximately 45.2% over the average closing price of HK\$49.52 per Share over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 43.9% over the average closing price of HK\$49.98 per Share over the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 45.2% over the average closing price of HK\$49.52 per Share over the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 21.5% over the 52-week high price of HK\$59.20 per Share on 2 April, 2019;
- a premium of approximately 8.3% over the all-time high closing price on the Stock Exchange of HK\$66.40 per Share on 9 August, 2017; and
- a discount of approximately 45.0% to the audited Group Consolidated NAV per Share as at 31 December, 2019 of HK\$130.8 (which has not reflected the effect of the Distribution).

The Aggregate Amount per Scheme Share on the Latest Practicable Date of HK\$57.86, being the sum of the respective closing price of one Wharf REIC Share and one Wharf Share of HK\$32.00 and HK\$13.86 on the Latest Practicable Date, plus the Scheme Consideration of HK\$12.00 per Scheme Share, represents a premium of approximately 4.8% over the closing price of HK\$55.20 per Share as at the Latest Practicable Date.

In addition, throughout the entire Review Period, the Distribution Adjusted Share Closing Price had been a negative number and the Scheme Consideration of HK\$12.00 cash per Scheme Share consistently represented a premium over the Distribution Adjusted Share Closing Price. We have compared the Scheme Consideration of HK\$12.00 in cash with the Distribution Adjusted

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Share Closing Price over 5, 30, 60, 180 trading days prior to the Last Trading Day, on the Last Trading Day and Latest Practicable Date, and other dates stated below. The Scheme Consideration represents:

- a premium of HK\$2.66 over the Distribution Adjusted Share Closing Price of HK\$9.34 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- a premium of HK\$24.65 per Share over the Distribution Adjusted Share Closing Price on the Last Trading Day of negative HK\$12.65;
- a premium of HK\$25.23 per Share over the average Distribution Adjusted Share Closing Price over the 5 trading days up to and including the Last Trading Day of negative HK\$13.23;
- a premium of HK\$26.18 per Share over the average Distribution Adjusted Share Closing Price over the 30 trading days up to and including the Last Trading Day of negative HK\$14.18;
- a premium of HK\$25.65 per Share over the average Distribution Adjusted Share Closing Price over the 60 trading days up to and including the Last Trading Day of negative HK\$13.65;
- a premium of HK\$27.59 per Share over the average Distribution Adjusted Share Closing Price over the 180 trading days up to and including the Last Trading Day of negative HK\$15.59;
- a premium of HK\$23.29 per Share over the 52-week high, as at the Last Trading Day, Distribution Adjusted Share Closing Price on 4 February, 2020 of negative HK\$11.29;
- a premium of HK\$13.25 per Share over the all-time high, as at the Last Trading Day, Distribution Adjusted Share Closing Price on 25 November, 2008 of negative HK\$1.25;
- a discount of approximately 7.7% to the Company Adjusted Consolidated NAV per Share of HK\$13.0 ^(Note 1); and
- a discount of approximately 1.8% to the Company Reassessed NAV per Share as at 31 March, 2020 of approximately HK\$12.22 ^(Note 2).

Note:

1. 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 section headed “5. Company Adjusted Consolidated NAV” in Appendix I to the Scheme Document for the purpose of illustrating the effects of the Distribution in respect of each Share as if the Distribution had been completed on 31 December, 2019.
2. Please refer to the section headed “Net Asset Value as adjusted for valuation of the Company’s property assets as at 31 March, 2020” for further details on the calculation of the Company Reassessed NAV per Share.

Business operations and past financial performance of the Group

The tabulation below shows the breakdown of the Group’s principal sources of revenue and profits for the past three financial years, the last of which ended on 31 December, 2019.

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Table 2 – Financial performance of the Group for the past three financial years

	For the year ended 31 December,		
	2017	2018	2019
	HK\$ million	HK\$ million	HK\$ million
	(audited)	(audited)	(audited)
Revenue of the Group			
– Investment property	16,529	18,326	18,754
– Development property	47,836	23,283	21,982
– Hotel	1,686	2,284	2,037
– Logistics	2,817	2,742	2,597
– Investments and others	1,481	2,119	3,465
– Communications, Media and Entertainment	874	–	–
– Inter-segment	(270)	(264)	(316)
Total revenue	70,953	48,490	48,519
Operating profit of the Group	23,857	24,934	27,243
<i>Operating profit margin</i>	<i>33.6%</i>	<i>51.4%</i>	<i>56.1%</i>
Underlying net profit attributable to ^(note)			
– the Group	12,117	13,208	12,362
– the Company and its subsidiaries or associated companies (excluding the Wharf Group and the Wharf REIC Group)	1,109	2,375	3,669
Profit before property revaluation gains/(losses)	14,839	11,796	12,782
Investment property revaluation gains/(losses) (net of deferred tax)	5,731	5,443	(3,609)
Profit attributable to the equity shareholders			
– the Group	20,570	17,239	9,173
<i>Net profit margin</i>	<i>29.0%</i>	<i>35.6%</i>	<i>18.9%</i>
Earnings per share (HK\$)	10.09	8.43	4.48

Sources: Annual reports of the Company for the relevant years

Note: Underlying net profit primarily excludes attributable investment property revaluation gains/(losses), mark-to-market changes on certain financial instruments, impairment provision for property/assets and non-recurring items (including the attributable gain from disposal of investment properties in 2017 and attributable deficit on reclassification of an associate).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The development property and investment property business segments together contributed over 83% of the Group's revenue for each of the past three financial years. The remaining hotel and logistics business segments contributed in aggregate some 10% of the Group's revenue for each of the two years ended 31 December, 2018 and 2019.

For the year ended 31 December, 2019 compared to 2018

For the year ended 31 December, 2019, the Group's revenue remained stable compared to the previous year due to the strong performance of investment properties in the PRC, impact of HKFRS 15 and higher interest income from the Group's enlarged investment portfolio which were partly offset by a decrease in sales of development properties in the PRC. HKFRS 15 is an accounting policy which took effect since January, 2018, and recognises sales at the time of legal assignment.

Investment property revenue of the Group increased by 2%. Revenue in Hong Kong decreased slightly by 0.3% due to adverse economic conditions particularly in the fourth quarter of 2019. Times Square recorded revenue decline of 3% while Harbour City performed at par. In the PRC, revenue increased by 14% as the Group's commercial investment property portfolio expanded. In particular, the revenue of Chengdu International Finance Square ("IFS") and the maturing Changsha IFS increased some 13% and 92%, respectively, during the year ended 31 December, 2019.

Development property revenue of the Group decreased by 6%. During 2019, recognised development property sales in Hong Kong increased 41% to HK\$13,714 million (2018: HK\$9,740 million), largely contributed by delivery of residential sales in OASIS KAI TAK and MONTEREY. Faced with a slower sales pace in the second half of the 2019 financial year, residential contracted sales of Hong Kong properties totalled HK\$23.6 billion for the year ended 31 December, 2019 (2018: HK\$26.0 billion), of which 68% were contributed by the pre-sale of two large scale O'East projects in 2019. Net order book for total Hong Kong properties increased to HK\$32.5 billion as at 31 December, 2019 (2018: HK\$26.7 billion). In the PRC, recognised property sales decreased by 41% to HK\$7,930 million (2018: HK\$13,478 million).

The Group's operating profit with and without the impact of adoption of HKFRS 15 as mentioned above amounted to HK\$27,243 million and HK\$27,562 million respectively, representing a yearly increase of 9% and decrease of 3% respectively. Investment property operating profit increased by 2%, while development property operating profit increased by 11%. During the period, operating profit from the development property segment in the PRC decreased 36% to HK\$3,594 million (2018: HK\$5,596 million) as fewer projects were completed for recognition.

The Group's underlying net profit (before taking into account the year end investment property revaluation gains or losses and other exceptional items) for the 2019 financial year decreased some 6% to HK\$12,362 million (2018: HK\$13,208 million) due to impairment provisions of HK\$4,927 million for certain development properties in Hong Kong and the PRC held by the Group's subsidiaries, associates and joint ventures, and partly offset by the higher contribution from investment properties in the PRC, gain on disposal of the O' South malls and impact of HKFRS 15 on development properties in Hong Kong. Underlying net profit attributable to the Company increased some 54%, or HK\$1,294 million to HK\$3,669 million due to the distortion in timing of recognition as a result of the adoption of HKFRS 15 which has the effect of deferring property sales recognition to the time of legal assignment (instead of upon the issue of occupation permit).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's profit before the investment property revaluation gains or losses increased 8% to HK\$12,782 million during 2019 (2018: HK\$11,796 million). Due to a weakened economy and retail market in Hong Kong during 2019, the Group recorded an attributable investment property valuation loss (net of deferral tax) of HK\$3,609 million for the year ended 31 December, 2019 (2018: attributable revaluation gain (net of deferral tax) of HK\$5,443 million).

The Group's profit attributable to equity shareholders decreased around HK\$8,066 million, or 47% to HK\$9,173 million for the financial year of 2019 (2018: HK\$17,239 million). Excluding the fair value gains or losses of investment properties, the Group's profit attributable to equity shareholders increased mainly due to the non-recurrent deficit on reclassification of an associate in 2018, as partly offset by the decrease in the Group's underlying net profit. Wharf's profit attributable to shareholders declined 49% to HK\$3,386 million, principally due to provisions for impairment losses on the PRC development property segment. Wharf REIC's profit attributable to shareholders decreased 78% to HK\$3,928 million (2018: HK\$18,027 million), largely as a result of investment properties net revaluation deficit.

For the year ended 31 December, 2018 compared to 2017

The Group's revenue decreased 32% to HK\$48,490 million (2017: HK\$70,953 million) as a result of fewer sizeable new project completions in both Hong Kong and the PRC and the adoption of new accounting standards during the year for development properties sold.

Investment property revenue increased 11% to HK\$18,326 million (2017: HK\$16,529 million) during 2018. Revenue from Harbour City in Hong Kong increased 10% while revenue in the PRC increased 30% mainly driven by maturing Chengdu IFS and the newly opened Changsha IFS.

Development property revenue of the Group decreased 51% during 2018. During this period, recognised property sales in Hong Kong decreased 48% to HK\$9,740 million (2017: HK\$18,908 million) largely attributable to the completion of MONTEREY and sales of remaining units of previous completed projects including ONE HOMANTIN and NAPA. Total contracted sales of Hong Kong properties reached a record HK\$29.3 billion, an increase of 13% from the year before. Residential contracted sales of Hong Kong properties rose 52% to HK\$26.0 billion. The 2,145 units sold were contributed mainly by three projects: the launches of MALIBU in O'East; GRAND OASIS KAI TAK in Kai Tak and MONTEREY in O'South. For commercial properties, contracted sales of Hong Kong properties reached HK\$3.3 billion for the 2018 financial year with contributions from the O'South retail portfolio transaction in October, 2018. Net order book of Hong Kong properties increased about three times to HK\$26.7 billion during 2018. In the PRC, recognised property sales decreased 42%, mainly attributable to the fewer sizeable project completions during the year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's operating profit increased 5% to HK\$24,934 million (2017: HK\$23,857 million). Operating profit from investment properties increased 10%, in line with the revenue growth of the segment. For development property segment, operating profit decreased 10% on the back of less sizeable project completions in the PRC segment, partly offset by improved profit margins in Hong Kong despite fewer new project completions and the adoption of new accounting standards during the year.

The Group's underlying net profit for the 2018 financial year increased 9% to HK\$13,208 million (2017: HK\$12,117 million), mainly attributable to higher profits from investment properties in Hong Kong and the PRC and property development in Hong Kong. Underlying net profit attributable to the Company increased by 114% to HK\$2,375 million during 2018 (2017: HK\$1,109 million) due to improved profit margins for development properties sold in Hong Kong.

The Group's profit before the investment property revaluation gains or losses decreased 21% to HK\$11,796 million during 2018 (2017: HK\$14,839 million).

The Group's profit attributable to equity shareholders decreased 16% to HK\$17,239 million during 2018 (2017: HK\$20,570 million) mainly due to the non-recurrent gain on disposal of an investment property, 8 BAY EAST in 2017 and the deficit on reclassification of an associate during the year, as partly offset by improved Group's underlying profit. Wharf's profit attributable to its equity shareholders, including investment property revaluation surplus and other items, decreased 70% to HK\$6,623 million (2017: HK\$21,876 million). Adjusted for the Wharf REIC demerger, the decrease was 50% (2017: HK\$13,119 million) which was mainly due to the inclusion of a gain on disposal of 8 BAY EAST of HK\$4,499 million in 2017. Wharf REIC's profit attributable to its equity shareholders in 2018 amounted to HK\$18,027 million (2017: HK\$17,218 million), representing an increase of 5% from 2017. Wharf REIC's underlying net profit (excluding the net IP revaluation gain of HK\$7,974 million and exchange gain/loss on borrowings in 2017) increased 6% to HK\$10,053 million (2017: HK\$9,500 million).

Financial position

A summary of the financial position of the Group as at 31 December 2017, 2018 and 2019 is shown below.

Table 3 – Financial position of the Group for the past three financial years

	As at 31 December,		
	2017	2018	2019
	million	million	million
	square feet	square feet	square feet
Land bank of principal properties			
(attributable gross floor area)	85.8	85.3	78.9

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	2017	2018	2019
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>
	(audited)	(audited)	(audited)
Assets			
Investment property			
– Hong Kong	276,610	283,745	276,361
– Mainland China	68,375	55,747	55,656
– Singapore	6,401	6,122	6,129
Sub-total	351,386	345,614	338,146
Development property			
– Hong Kong	47,552	72,477	91,551
– Mainland China	56,623	76,256	71,928
– Singapore	4,815	348	142
Sub-total	108,990	149,081	163,621
Hotels	10,118	10,937	10,378
Logistics	16,803	16,176	15,578
Total business segment assets	487,297	521,808	527,723
Unallocated corporate assets	82,375	70,816	81,690
Total assets	569,672	592,624	609,413
Liabilities			
Borrowings			
Current bank loans and other borrowings	35,170	14,968	23,447
Non-current bank loans and other borrowings	79,021	106,863	102,436
Sub-total	114,191	121,831	125,883
Total liabilities	181,849	203,146	215,700
Shareholders' equity	241,684	251,077	268,004
Net assets attributable to Shareholders			
per share (<i>HK\$</i>)	118.37	122.60	130.80
Net gearing or net debt to equity (%)	14.9%	23.9%	22.4%
Interest cover (times)	9.8 times	8.2 times	7.1 times

Sources: Annual reports of the Company for the relevant years

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group has a diversified property portfolio in Hong Kong, the PRC and Singapore. As at 31 December, 2019, the Group's property related segments largely comprised investment properties (of HK\$338,146 million), development properties (of HK\$163,621 million), and hotels (of HK\$10,378 million), and which in aggregate accounted for some 84.0% of the Group's total assets of some HK\$609,413 million. As at 31 December, 2019, the Group had a property portfolio of 78.9 million square feet (in terms of attributable gross floor area), comprising 34.6 million square feet of residential properties and 36.6 million square feet of commercial/office and hotel properties. Land bank for Hong Kong development property increased slightly to 6.6 million square feet as at 31 December, 2019 with the LOHAS Park Package 9, Sin Fat Road in Kwun Tong and seven Kai Tak plots contributing over half of the land bank. Following a successful bid for LP 12 of O'EAST in February, 2020, the Group's Hong Kong development property land bank further rose to 7.5 million square feet.

The Group's total liabilities of some HK\$215,700 million as at 31 December, 2019 was primarily represented by (a) bank loans and other borrowings; (b) trade and other payables; and (c) deposits from sale of properties. As at 31 December, 2019, the Group's borrowing consisted of issued debt securities denominated in US dollars, Hong Kong dollars and Renminbi. The borrowings were principally used to fund the Group's properties and port investments. The Group's net gearing as at 31 December, 2019 was considered low at 22.4% (2018: 23.9%, 2017: 14.9%). Interest cover was low at 7.1 times in 2019 (2018: 8.2 times, 2017: 9.8 times).

Profit Warning Announcement and Estimate of Results

On 28 April, 2020, the Company issued the Profit Warning Announcement in which the Company announced that, among others, based on the management information then available to the Company including the latest unaudited management accounts of the Group for the three months ended 31 March, 2020, the Board wished to advise the Shareholders and the investors of its preliminary estimation of a loss attributable to equity shareholders for the three months ended 31 March, 2020 of approximately HK\$6 billion mainly due to the losses and, or reduced profitability of its principal businesses and the effect of unrealised revaluation deficit or impairment of the Group's investment properties, development properties and hotels thus caused. The Group's financial performance in 2020 has so far been impacted mainly by the very weak economic environment and the extreme market and operating conditions caused by COVID-19 on the Group's business.

The estimates contained in the Profit Warning Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by us as the Independent Financial Adviser and the Company's auditors in accordance with the requirements under Rule 10 of the Takeovers Code. The two reports are set out in Appendices III and IV to the Scheme Document pursuant to Rule 10.4 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Net asset value (NAV) of the Shares

Historical published NAV

We have compared the price to NAV (“P/B”) ratio of the Group implied by the Aggregate Amount per Scheme Share of HK\$71.90 as at the Last Trading Day with the historic P/B of the Group in the past three years as shown in Table 4 below.

Table 4 – P/B ratio of the Group in the past three years

Date of NAV	Period of published NAV (note 1)	NAV per Share (HK\$) (note 2)	Average closing Share price (HK\$)	P/B
31/12/2019	11/03/2020 to Latest Practicable Date	130.80	54.16	0.41
30/06/2019	12/08/2019 to 10/03/2020	129.03	48.96	0.38
31/12/2018	12/03/2019 to 11/08/2019	122.60	54.49	0.44
30/06/2018	14/08/2018 to 11/03/2019	121.49	47.27	0.39
31/12/2017	12/03/2018 to 13/08/2018	118.37	56.93	0.48
30/06/2017	14/08/2017 to 11/03/2018	109.80	56.66	0.52
31/12/2016	10/3/2017 to 13/8/2017	105.85	60.06	0.57
		Range:	0.38 to 0.57	

**P/B ratio implied by the Aggregate Amount per Scheme Share
as at the Last Trading Day (based on the NAV of the Company as at
31 December, 2019) 0.55**

Sources: Bloomberg, interim and annual results announcements of the Company

Notes:

1. The periods refer to the various periods when the NAV of the Group was published either by way of its interim or annual results announcement.
2. The NAV per Share has not reflected the effect of the Distribution.

Based on the Group Consolidated NAV per Share of HK\$130.80 as at 31 December, 2019, the P/B ratio implied by the Aggregate Amount per Scheme Share of HK\$71.90 as at the Last Trading Day was approximately 0.55 times. Such P/B ratio compares favourably to the Company’s historic P/B ratio ranging from 0.38 to 0.52 times for the period from 14 August, 2017 to the Last Trading Day and up to the Latest Practicable Date. It is worth noting that the above analysis has not accounted for the Distribution, and therefore we have analyzed the Company Adjusted Consolidated NAV which accounts for the Distribution as described below.

Company Adjusted Consolidated NAV

The Scheme Consideration of HK\$12.00 per Scheme Share represents a discount of 7.7% to the Company Adjusted Consolidated NAV of HK\$13.00 per Share as at 31 December, 2019. Details of the calculations of the Company Adjusted Consolidated NAV are set out in the section headed “5. Company Adjusted Consolidated NAV” in Appendix I to the Scheme Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Valuation of property interests of the Company as at 31 March, 2020 for determining the Company Reassessed NAV per Share

The Valuation Report by Knight Frank Petty Limited (the “**Valuer**”) as at 31 March, 2020 relating to the valuation of property interests of the Company (the “**Properties**”) are set out in Appendix V to this Scheme Document. References to the “Company” in this section and the next section headed “*Net asset value as adjusted for valuation of the Company’s property assets as at 31 March, 2020*” means the Company and its subsidiaries or its associated companies excluding the Wharf Group and the Wharf REIC Group.

The Company, in its capacity as a developer, had entered into contracts with MTR Corporation Limited, being the owner of certain landed properties in Hong Kong. Pursuant to these contracts, the Company does not have any legal or beneficial ownership in the relevant properties, and the Company is only entitled to certain economic interests under the contracts. Given their nature, these economic interests are not required to be valued under the Takeovers Code.

We are satisfied that the terms (including the scope of work) of engagement between the Company and the Valuer are appropriate.

We have discussed with the Valuer the methodologies and assumptions used in arriving at the market valuations of the Properties being valued. We also note that the Valuer carried out site inspections of the Properties in March, 2020.

The Valuer adopted the Income Approach, Market Approach and Direct Comparison Approach (as defined below) as valuation methodologies for the valuation of the majority of the Properties, and considered these approaches to be appropriate given (a) these are the most commonly accepted methods for valuing land and buildings; and (b) recent comparable sales transactions with similar attributes in terms of size, characteristics and location as the land are available in the market. Based on the foregoing, we consider the valuation methodologies selected by the Valuer, and the assumptions used by the Valuer to be appropriate.

We are of the view the non-disclosure of the addresses and individual valuations of certain properties (i.e. the various strata title units) in the Valuation Report does not affect our analysis and recommendation in respect of the Proposal as the aggregate value of these strata title units accounted for an immaterial proportion (of about 0.8%) of the total appraisal value of the Group’s Properties. In determining the Company Reassessed NAV per Share, we have not taken into consideration the valuations of strata title units held by the Wharf REIC Group.

According to the Valuation Report, the total attributable market value of the Group’s and the Company’s Properties were approximately HK\$343,956 million and HK\$38,235 million, respectively.

Based on the Valuation Report, the Valuer did not assign any market value to various flat roofs in Kennedy Town, Hong Kong as those flat roofs are inaccessible by the Company. We are of the view that this does not affect our analysis and recommendation in respect of the Proposal as no book values have been assigned for these flat roofs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Details of the property valuations in the Valuation Report are summarised below:

Types of property interests and locations	Valuation methodology used
Group I – Properties held for investment in Hong Kong	Income approach (the “ Income Approach ”) on the basis of capitalisation of the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by market approach (the “ Market Approach ”) by the making reference to comparable sale or market transactions, or sales evidence as available in the relevant market
Group II – Properties held for sale in Hong Kong	Market Approach
Group III – Properties held under development in Hong Kong	Valuation by reference to comparable sales as available in the relevant market (the “ Direct Comparison Approach ”) assuming the sale of each of these properties in its existing state and where appropriate, taking into account the estimated total expended construction costs
Group IV – Properties held for owner-occupation in Hong Kong	Market Approach

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below shows the breakdown of the valuation of the Properties as at 31 March, 2020.

Table 5 – Breakdown of valuation of the Properties

	Attributable market value as at 31 March, 2020 (HK\$ million)
– Properties held for investment in Hong Kong	4,647
– Properties held for sale in Hong Kong	3,201
– Properties held under development in Hong Kong	30,205
– Properties held for owner-occupation in Hong Kong	182
Total	38,235

Net asset value as adjusted for valuation of the Company's property assets as at 31 March, 2020

The total appraised value of the Properties attributable to the Company as at 31 March, 2020 amounted to approximately HK\$38,235 million. This gives rise to a revaluation deficit of approximately HK\$705 million over the unaudited book value of the Properties attributable to the Company of approximately HK\$38,940 million as at 31 March, 2020.

Table 6 below shows the calculations of the Company Reassessed NAV per Share of HK\$12.22 taking into account the market valuation of the Properties attributable to the Company as at 31 March, 2020 and related tax effects, changes in the market value of equity investments in listed securities, and other adjustments as appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 6 – Calculations of the Company Reassessed NAV per Share

	<i>Notes</i>	<i>HK\$ million</i>
The Company		
Group Consolidated NAV as at 31 December, 2019		268,004
– less the Group’s consolidated interest in the NAV attributable to shareholders of the Wharf Group as at 31 December, 2019	<i>1</i>	(96,595)
– less the Group’s consolidated interest in the NAV attributable to shareholders of the Wharf REIC Group as at 31 December, 2019	<i>1</i>	<u>(141,419)</u>
		29,990
Adjustments:		
– Addition to the consolidated NAV attributable to Shareholders resulting from the number of Wharf Shares held by the Company exceeding the number of Wharf Shares required for the Distribution	<i>2</i>	1,701
– Reduction to the consolidated NAV attributable to Shareholders resulting from the number of Wharf REIC Shares held by the Company being less than the number of Wharf REIC Shares required for the Distribution	<i>3</i>	(2,086)
– Costs in on-market acquisition of Wharf Shares and Wharf REIC Shares during the three months ended 31 March, 2020		(2,155)
– Changes in the market value of equity investments in listed securities owned by the Company during the three months ended 31 March, 2020		(1,441)
– Net revaluation deficit arising from valuation of the Properties attributable to the Company as at 31 March, 2020	<i>4</i>	(705)
– Deferred tax on attributable revaluation surplus	<i>5</i>	(375)
– Exercise of Share Options	<i>6</i>	<u>146</u>
Company Reassessed NAV as at 31 March, 2020		<u><u>25,076</u></u>
Company Reassessed NAV per Share as at 31 March, 2020 (HK\$)	<i>7</i>	12.22

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Details of the calculations are set out in the section headed “5. Company Adjusted Consolidated NAV” in Appendix I to the Scheme Document.
2. The adjustment reflects the addition to the Company Reassessed NAV 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 is calculated based on the closing price of HK\$13.74 per Wharf Share as at 31 March, 2020 multiplied by the excess of 123,773,321 in the number of Wharf Shares held by the Company as at 31 March, 2020.
3. The adjustment reflects the reduction to the Company Reassessed NAV resulting from the number of Wharf REIC Shares held by the Company being less than the number of Wharf REIC 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 March, 2020. Such amount is calculated based on the closing price of HK\$31.90 per Wharf REIC Share as at 31 March, 2020 multiplied by the shortfall of 65,376,679 in the number of Wharf REIC Shares held by the Company as at 31 March, 2020.
4. The net revaluation deficit is calculated as the difference between the market valuation of the Properties attributable to the Company as at 31 March, 2020 (which was contained in the Valuation Report) and unaudited the book value of Properties attributable to the Company at 31 March, 2020.
5. Deferred tax represents the potential tax liabilities that would be crystallised upon disposal of the property interests of the Company at the market valuation. They are estimated based on the temporary differences between the market values of the property interests and the corresponding tax base used in the computation of the relevant taxable profits. No deferred tax is provided for in respect of investment properties located in Hong Kong as the full market value of such properties are assumed to be recoverable through sale of such properties.
6. The figure shown is calculated based on the 4,000,000 new Shares that were issued as a result of the exercise of 4,000,000 Share Options in January, 2020 at the exercise price of HK\$36.60 per Share Option.
7. The Company Reassessed NAV per Share is calculated based on 2,052,849,287 Shares in issue as at 31 March, 2020.
8. The figures shown above are subject to rounding differences.

The Scheme Consideration of HK\$12.00 per Scheme Share represents a discount of 7.7% and 1.8% to the Company Adjusted Consolidated NAV per Share of HK\$13.00 as at 31 December, 2019 and Company Reassessed NAV per Share of HK\$12.22 as at 31 March, 2020, respectively. It is noted that such discounts are less than that of the larger-cap Comparable Companies (as defined below), and much lower than that of smaller sized Comparable Companies as shown in Table 10 in this letter.

As at 31 December, 2019 and 31 March, 2020, the Company had listed equity investments of approximately HK\$9,831 million and HK\$7,639 million, respectively. Taking into account the net disposal of equity investments of approximately HK\$751 million during the three months ended 31 March, 2020, the fair value changes on such listed equity investments represented a decrease of approximately HK\$1,441 million which is equivalent to a decrease of approximately HK\$0.7 in the net asset value per Share. As the investment portfolio of the Company consists of listed equity securities, the Company’s net asset value could be impacted by the adverse mark-to-market fair valuation on the listed equities investment portfolio and may deteriorate further should the equity market face continued downward pressure in the near future.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Dividends

Table 7 below shows the dividend paid (and proposed to be paid) and dividend payout ratios of the Company and Wharf for the past five years since 2015, and of Wharf REIC since its spin-off from Wharf in November, 2017.

**Table 7 – Dividend paid and dividend payout ratios of the Company
and Wharf for the past five years, and of Wharf REIC
since its spin-off from Wharf in November, 2017**

	2015	2016	2017	2018	2019	Average
Dividend paid (<i>HK\$ million</i>)						
– The Company	2,337	2,644	2,909	3,174	3,230	2,859
– Wharf	5,759	6,520	4,836	1,981	991	
– Wharf REIC	–	–	2,884	6,376	6,164	
– Wharf and Wharf REIC combined	5,759	6,520	7,720	8,357	7,155	7,102
Dividend per share (<i>HK cents</i>)						
– The Company	115.0	130.0	142.5	155.0	157.5	140.0
– Wharf	190.0	215.0	159.0	65.0	32.5	
– Wharf REIC	–	–	95.0	210.0	203.0	
– Wharf and Wharf REIC combined	190.0	215.0	254.0	275.0	235.5	233.9
– Wharf and Wharf REIC combined, less the Company	75.0	85.0	111.5	120.0	78.0	93.9
Dividend payout ratio (<i>note</i>)						
– The Company	22.1%	22.4%	24.0%	24.0%	26.1%	23.7%
– Wharf	52.5%	47.4%	30.4%	30.4%	36.6%	39.4%
– Wharf REIC	–	–	60.7%	63.4%	63.0%	62.4%

Sources: Respective annuals reports of the Company, Wharf and Wharf REIC

Note: Dividend payout ratio is expressed as a percentage of annual dividend paid divided by underlying net profit of the relevant company.

As can be seen from Table 7 above, Wharf's dividend payout ratio was above 30% for the past five years, and the dividend payout ratio of Wharf REIC was above 60% for the past three years. The dividend payout ratio of both Wharf and Wharf REIC had been consistently higher than that of the Company for the past three or five years, as the case maybe.

A Scheme Shareholder would have received, under the Distribution, an average of HK233.9 cents annual dividend income by holding one Wharf REIC Share and one Wharf Share combined over the 5-year period from 2015 to 2019, being approximately 67% higher than the average of HK140.0 cents annual dividend income he would have received by holding one Share during the same period. In addition, each Scheme Shareholder will receive the Scheme Consideration of HK\$12.00 in cash per Scheme Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Liquidity of the Shares, Wharf Shares and Wharf REIC Shares

The average daily volume of trading in the Shares, Wharf Shares and Wharf REIC Shares over the periods prior to the Last Trading Day on 21 February, 2020 is set out below:

Table 8 - Liquidity of the Shares, Wharf Shares and Wharf REIC Shares

	Company	Wharf	Wharf REIC
Over past twenty-four months			
Average daily trading volume (number of shares)	1,057,137	4,325,476	3,122,709
% of issued share capital	0.05%	0.14%	0.10%
% of shares held in public hands	0.14%	0.42%	0.28%
Over past twelve months			
Average daily trading volume (number of shares)	1,150,628	4,241,815	3,580,136
% of issued share capital	0.06%	0.14%	0.12%
% of shares held in public hands	0.16%	0.44%	0.33%
Over past six months			
Average daily trading volume (number of shares)	1,048,584	5,017,492	3,753,759
% of issued share capital	0.05%	0.16%	0.12%
% of shares held in public hands	0.15%	0.54%	0.36%
Over past three months			
Average daily trading volume (number of shares)	885,025	5,574,697	3,143,129
% of issued share capital	0.04%	0.18%	0.10%
% of shares held in public hands	0.13%	0.62%	0.31%
Over past one month			
Average daily trading volume (number of shares)	856,873	2,567,203	3,079,129
% of issued share capital	0.04%	0.08%	0.10%
% of shares held in public hands	0.13%	0.29%	0.30%
Over past five trading days			
Average daily trading volume (number of shares)	775,350	2,150,982	1,632,492
% of issued share capital	0.04%	0.07%	0.05%
% of shares held in public hands	0.12%	0.24%	0.16%
On the Last Trading Day			
Average daily trading volume (number of shares)	1,042,666	2,120,374	2,735,167
% of issued share capital	0.05%	0.07%	0.09%
% of shares held in public hands	0.16%	0.24%	0.27%

Sources: Bloomberg and information provided by the Company

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As can be seen in Table 8 above, the average daily trading volume of the Shares during the past two years remained low at approximately 0.05% of the issued share capital of the Company and approximately 0.14% of the public float of the Company. During the period from the Last Trading Day to the Latest Practicable Date, the average daily trading volume of the Shares was 2,636,948 Shares. We believe the recent increase in the liquidity of the Shares was due primarily to release of the Announcement.

Table 9 below shows the trading volume in HK\$ terms of the Shares, Wharf Shares, and Wharf REIC Shares for the periods indicated:

**Table 9 – Trading volume in HK\$ terms of the Shares, Wharf Shares,
and Wharf REIC Shares for the past two years**

Period (note)	Average daily trading volume of the Shares (HK\$)	Average daily trading volume of the Wharf Shares (HK\$)	Average daily trading volume of the Wharf REIC Shares (HK\$)	Ratio of trading volume of Wharf Shares to that of the Shares (times)	Ratio of trading volume of Wharf REIC Shares to that of the Shares (times)	Ratio of combined trading volume of Wharf REIC and Wharf Shares to that of the Shares (times)
5-day	37,276,609	43,285,120	67,095,006	1.2x	1.8x	3.0x
1-month	41,405,878	50,749,710	128,768,158	1.2x	3.1x	4.3x
3-month	44,265,339	106,744,483	138,332,589	2.4x	3.1x	5.5x
6-month	50,416,877	92,344,387	165,211,573	1.8x	3.3x	5.1x
1-year	58,704,899	82,965,571	173,008,727	1.4x	2.9x	4.4x
2-year	54,132,563	96,638,536	157,814,659	1.8x	2.9x	4.7x

Source: Bloomberg

Note: The periods indicated are taken prior to the Last Trading Day

As seen from Table 9 above, the respective average daily trading volume in terms of HK\$ of Wharf REIC and Wharf Shares in the past two years were consistently higher than that of the Shares, representing some 2.9 and 1.8 times respectively higher. The combined average daily trading volume of Wharf REIC and Wharf Shares ranged between about 3.0 and 5.5 times higher than that of the Company in the past two years. Furthermore, the respective public float of Wharf REIC and Wharf are expected to increase from 33.45% and 29.18% to 55.41% and 51.05% following the Distribution and which may likely further increase their market liquidities.

The low level of liquidity in the Shares would indicate that any sale of a large number of Shares through the market would be difficult to accomplish in a short period of time without adversely affecting the Share price. The Scheme provides the Scheme Shareholders an opportunity to realise the shareholding in the Company at a price effectively much higher than it had traded before the publication of the Announcement (see Chart 2) and to receive separate and direct ownership of Wharf REIC Shares and Wharf Shares with much enhanced trading liquidity relative to the Shares.

Comparable company analysis

The Group is a property focused group with aggregate revenue from its Hong Kong investment property and development property segments contributing some 58% of its total revenue for the year ended 31 December, 2019. Given this, we have identified an exhaustive list of six large-cap Hong Kong publicly traded comparable companies (excluding Wharf, Wharf REIC and Link Real Estate Investment Trust), capitalised at over HK\$50 billion on the Last Trading Day and the Latest Practicable Date, that are principally engaged in property investment and development in Hong Kong with over 50% of their respective annual revenue generated from property investment and development in Hong Kong as shown in the table below.

The Company Adjusted Consolidated NAV as at 31 December, 2019 is approximately HK\$26,667 million, or HK\$13.00 per Share. In assessing the Scheme Consideration of HK\$12.00 per Share, we have further identified an exhaustive list of five smaller-cap Hong Kong publicly traded comparable companies that are principally engaged in property investment and development in Hong Kong (excluding Harbour Centre Development Limited) (together with the six large-cap companies identified above, the “**Comparable Companies**”) and with net assets valued between HK\$15,000 million and HK\$35,000 million, as shown in the table below.

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Table 10 – Price to NAV ratios of Hong Kong listed Comparable Companies

Company Name	Stock Code	As at the Last Trading Day		As at the Latest Practicable Date	
		Market capitalisation	P/B ratio	Market capitalisation	P/B ratio
		(HK\$ million)	(times) (note 2)	(HK\$ million)	(times) (note 3)
Large-cap property companies					
Sun Hung Kai Properties Limited	16	326,000	0.58	279,926	0.49
Henderson Land Development Company Limited	12	174,532	0.55	143,547	0.45
Swire Properties Limited	1972	141,278	0.50	121,095	0.42
New World Development Company Limited	17	102,695	0.46	90,017	0.42
Hang Lung Properties Limited	101	80,959	0.58	75,292	0.54
Sino Land Company Limited	83	74,878	0.52	72,706	0.50
		Average	0.53		0.47
		Median	0.53		0.47
		Minimum	0.46		0.42
		Maximum	0.58		0.54
Smaller-sized property companies					
Chinese Estates Holdings Limited	127	10,244	0.30	6,791	0.20
Emperor International Holdings Limited	163	5,700	0.19	4,744	0.16
Wing Tai Properties Limited	369	6,718	0.25	6,217	0.23
Lai Sun Garment (International) Limited	191	3,660	0.16	3,224	0.15
Soundwill Holdings Limited	878	2,578	0.12	2,023	0.10
		Average	0.20		0.17
		Median	0.19		0.16
		Minimum	0.12		0.10
		Maximum	0.30		0.23
The Group	20	96,997	0.37	113,317	0.42
The Company implied by the Scheme					
Consideration (note 4)			0.92		0.92

Sources: *www.hkexnews.hk and Bloomberg*

Notes:

- All of the Comparable Companies generated over 50% of their respective annual revenue from Hong Kong for their most recent completed financial year. Link Real Estate Investment Trust (“**Link REIT**”), stock code, 823, is excluded from the Comparable Companies as it is subject to certain REIT rules governing its property investment selection and dividend policy which do not apply to the Comparable Companies. These rules include: (a) at least 75% of a listed REIT’s gross asset value must be invested in real estate that generates recurrent rental income at all times; (b) the aggregate investments in all property developments undertaken by REITs, together with the aggregate contract value of the uncompleted units of real estate acquired shall not exceed 10% of the gross asset value of the REIT at any time; and (c) REITs must distribute a minimum of 90% of net income after taxes to unitholders as dividends each year.

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2. P/B ratios of the Comparable Companies are calculated by way of dividing the market capitalisation by the latest published net asset value of the relevant companies on the Last Trading Day.
3. P/B ratios of the Comparable Companies are calculated by way of dividing the market capitalisation by the latest published net asset value of the relevant companies as at the Latest Practicable Date.
4. The P/B ratio is calculated based on the Scheme Consideration of HK\$12.00 per Share and the Company Adjusted Consolidated NAV of HK13.00 per Share as at 31 December, 2019.

As can be seen from Table 10 above, the P/B ratio of the Company implied by the Scheme Consideration as at the Last Trading Day and the Latest Practicable Date of 0.92 is attractive given that it was substantially higher than the median price to NAV ratio of the large-cap Comparable Companies, and even more so when compared to the smaller-cap Comparable Companies.

Privatisation precedents proposals in Hong Kong

We have reviewed precedent successful privatisation proposals of property development companies listed on the Main Board of the Stock Exchange for the past ten years prior to the Last Trading Day, and up to and including the Latest Practicable Date. We consider that the list of selected precedent privatisation proposals is exhaustive and a fair representation of transactions comparable to the Proposal. It should be noted that the precedent privatisation proposals were conducted under different market conditions. Therefore, the factors and considerations that affect the premia or discounts of cancellation prices vary on a case by case basis and may be different from those applicable to the Scheme.

Table 11 – List of successful privatisations of Hong Kong listed property companies in the past ten years preceding the Last Trading Day and up to the Latest Practicable Date

Date of initial announcement	Company, stock code	Offer/ cancellation price per share (HK\$) (HK\$ million)	Market capitalisation at the offer/ cancellation price	Percentage increase in share price during the ten trading days prior to the relevant last trading day	Premium of offer/ cancellation price over the share price on the relevant last trading day	Premium of offer/ cancellation price over the 30 trading days prior to the relevant last trading day	Premium/ (discount) of offer/ cancellation price over/to reported NAV	Premium/ (discount) of offer/ cancellation price over/to adjusted NAV	Opinion of independent financial adviser	Shareholdings of offeror and concert parties (% owned before) (% owned after)
05/12/2018	Hopewell Holdings Limited, 54	38.80	33,702	6.4%	46.7%	55.5%	-35.6%	-43.0%	Fair and reasonable	40.58% 100%
29/03/2017	Goldin Properties Holdings Limited, 283	9.00	32,158	19.8%	36.8%	33.9%	101.3%	28.6%	Fair and reasonable	64.45% 100%
30/05/2016	Wanda Commercial Properties Co. Ltd., 3699	48.00	217,313	10.5%	3.0%	24.1%	13.3%	-10.8%	Fair and reasonable	57.17% 100%
06/01/2016	New World China Land Limited, 917	7.80	67,873	4.4%	25.6%	40.8%	14.6%	-29.4%	Fair and reasonable	70.12% 100%
20/01/2011	Shanghai Forte Land Co., Ltd., 2337	3.50	8,853	8.1%	25.4%	31.9%	7.5%	-26.2%	Fair and reasonable	70.56% 100%
27/04/2010	Wheelock Properties Limited, 49	13.00	26,905	7.2%	143.9%	162.1%	-3.4%	-12.1%	Fair and reasonable	74.34% 100%
21/2/2020	The Company (ex-Distribution) (note 1)	12.00	24,634 (note 2)	N/A (note 3)	N/A (note 3)	N/A (note 3)	-7.7% (note 4)	-1.8% (note 5)	reasonable	69.50% 100.00%
		Average	9.4%	46.9%	58.1%	16.3%	-15.5%			
		Median	7.7%	31.2%	37.4%	10.4%	-19.2%			
		Minimum	4.4%	3.0%	24.1%	-35.6%	-43.0%			
		Maximum	19.8%	143.9%	162.1%	101.3%	28.6%			

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Notes:

1. Based on the Company taking into the effects of the Distribution.
2. The figure shown is calculated based on the Scheme Consideration of HK\$12.00 per Share and the number of issued Shares of 2,052,849,287 on the Last Trading Day.
3. The percentage increase in the Share price and the premium of the Share price over the Scheme Consideration are not applicable as the Distribution Adjusted Share Closing Price was negative number in the relevant period.
4. The figure shown is based on the Scheme Consideration of HK\$12.00 per Share and the Company Adjusted Consolidated NAV of HK\$13.0 per Share.
5. The figure shown is based on the Scheme Consideration of HK\$12.00 per Share and the Company Reassessed NAV of HK\$12.22 per Share.
6. Based on the net asset value attributable to shareholders adjusted for property valuations.

As shown in Table 11 above, the premium or discount to reported NAV implied by the cancellation price of precedent privatisations of property companies ranged between a premium of 101.3% to a discount of 35.6%. While the Company Adjusted Consolidated NAV of HK\$13.00 per Share implied by the Scheme Consideration represents a discount of 7.7% compared to the median premium to net asset value of 10.4% of the successful precedent privatisations in the past ten years, the discount of 1.8% to the Company Reassessed NAV of HK\$12.22 per Share implied by the Scheme Consideration is lower than the median discount to adjusted net asset value of 19.2% of the precedents.

In addition, as all the privatisation precedents (except for the privatisation of Hopewell Holdings Limited) involved property developers with substantial business and assets in the PRC, we have compared the Proposal with the recent privatisation of Hopewell Holdings Limited, (stock code: 54) a Hong Kong-based group with interests spreading across property investment and development, power, hotel and hospitality businesses, and which is more comparable to the Company. The privatisation of Hopewell Holdings Limited was implemented by way of a scheme of arrangement and the scheme shareholders were offered a cancellation consideration wholly in cash. The Proposal is more attractive than the privatisation of Hopewell Properties Holdings Limited in terms of discount to NAV implied by the cancellation price. The discount to the Company Adjusted Consolidated NAV per Share and the Company Reassessed NAV per Share implied by the Scheme Consideration of 7.7% and 1.8%, respectively, were much lower than the 35.6% and 43.0% discount to reported and adjusted NAV, respectively, seen in the privatisation of Hopewell Holdings Limited.

As the Proposal contains the Scheme Consideration payable in cash, Scheme Shareholders are also offered the opportunity to continue to remain invested in Wharf and Wharf REIC directly and realise their investment in the Company at a consideration which is close to its underlying net asset value.

Potential for other proposals

As at the Latest Practicable Date, the Offeror and parties acting in concert with it held approximately 69.50% of the issued Shares.

Under Rule 31.1 of the Takeovers Code, in the event the Scheme is withdrawn or lapses, the Offeror and persons acting in concert with it, except with the permission of the Executive, will not be allowed to make a further offer for the Company within 12 months of the Scheme lapsing or being withdrawn. Accordingly, the Scheme Shareholders should not expect another privatisation proposal from the Offeror and persons acting in concert during such period (if the Scheme is withdrawn or lapses).

Future intentions of the Offeror and outlook of the Group

The Offeror intends to maintain the Group's existing business following implementation of the Proposal and has no immediate plans to make any material changes to the business and, or dispose or redeploy assets of the Group, or discontinue the employment of employees of the Group.

The Group faces unprecedented uncertainty in its outlook amid the coronavirus pandemic affecting businesses in Hong Kong, the PRC and many overseas countries, coupled with local social political protests and continuing Sino-United States trade tensions. During the Lunar New Year peak season in early 2020, customers in Hong Kong and the PRC avoided public places as they were ordered or encouraged to stay indoors over virus concerns. As stated in Wharf's 2019 annual report, most businesses, particularly those in the PRC suffered badly during January and February, 2020 and it may take months to recover even if the coronavirus outbreak is brought under control soon.

Sales volume of residential properties in Hong Kong decreased dramatically during the first three months of 2020. Retail property and hotel sectors in Hong Kong have been adversely affected due to the decrease in visitor arrivals and retail sales. Office occupancy rates and rental levels in Hong Kong are also under pressure with the slowdown in 2020. Property development businesses in the PRC faced challenges as property construction and sales in the PRC had come to a halt during January and February, 2020. The retail property market in the PRC has been adversely affected by the decrease in retail sales with material rent relief and marketing aid being granted by some landlords. Hotel revenue in the PRC fell substantially and rental levels of Grade A offices in major cities of the PRC have been under pressure.

As it is highly uncertain whether or when the spread of the coronavirus can be contained in Asia and rest of the world, or when normal conditions will be restored, a sharp rebound in various property sectors in Hong Kong and the PRC is expected to be challenging in the near term. The business outlook for the second quarter of 2020 is not expected to fare much better than the previous quarter even if market returns to normal comparatively quickly, and the stabilisation of the business environment is not expected before late 2020 at the earliest.

Residential property market in Hong Kong

**Table 13 – Price and rental indices of private domestic market,
sales of residential units, completed private residential units
in Hong Kong from 2016 to 2020**

Private domestic market	February				
	2016	2017	2018	2019	2020
Price index (1999 = 100)	273.7	314.0	364.5	367.0	370.7*
Rental index (1999 = 100)	163.9	176.6	187.5	191.9	186.1*

	First three calendar months				
	2016	2017	2018	2019	2020
Number of sale and purchase agreements of residential building units	6,221	13,221	15,015	13,863	10,204

	Full year			
	2016	2017	2018	2019
Number of private residential units completed	14,595	17,791	20,968	13,643

Sources: Rating and Valuation Department, Land Registry, Transport and Housing Bureau

** Provisional figures*

As shown in Table 13 above, while the price index of residential units in Hong Kong increased slightly in the twelve months ended February 2019 and is expected to record a mild yearly growth in February 2020, private domestic rental index is expected to decrease gradually during the year ended February 2020. The residential property sector saw a slow down with the number of units sold and completed on a downward trend in 2019 and first three months of 2020 (for units sold only). As stated in “Hong Kong Monthly - March 2020”, the Valuer expected that Hong Kong housing market would benefit as the interest rates in Hong Kong stay low for the foreseeable future. However, the Valuer also expected buyers to remain cautious in the short term as economic uncertainties and the various headwinds will continue to curb buyer confidence.¹

¹ Source: Hong Kong Monthly issued in March, 2020 by Knight Frank Petty Limited

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Retail property and hotel sectors in Hong Kong

Table 14 – Yearly movements in visitor arrivals and retail sales, average hotel room occupancy, price and rental indices of retail properties in Hong Kong from 2016 to 2020

	2016	2017	2018	2019	First two calendar months of 2020
Number of visitor arrivals	–4.5%	3.2%	11.4%	–14.2%	–72.5%
Number of overnight visitor arrivals	–0.5%	5.0%	4.9%	–18.8%	–76.4%
Average hotel room occupancy rate ⁽¹⁾	87%	89%	91%	79%	44%*
Retail sales – total	–8.1%	2.2%	8.7%	–11.1%	–31.8%
Retail sales – jewellery, watches, clocks, and valuable gifts	–17.3%	4.0%	13.0%	–23.7%	–60.9%
Private retail	2016	2017	February 2018	2019	2020
Price index (1999 = 100)	533.9	551.3	583.3	575.2	513.3*
Rental index (1999 = 100)	179.0	181.6	185.5	191.7	179.9*

Sources: Hong Kong Tourism Board, Census and Statistics Department, Bloomberg

* Provisional figures

Notes:

- Hotels refer to high tariff A hotels, high tariff B hotels, medium tariff hotels and other unclassified hotels.
- Percentages shown in the table above represent year-on-year growth.

As shown in Table 14 above, the number of visitor arrivals, hotel room occupancy rate, total retail sales and retail sales of valuable goods showed a substantial downward trend in the first two months of 2020. Retail rental and price indices also decreased markedly during the years ended February 2019 and February 2020. According to “Hong Kong Monthly - March 2020” issued by the Valuer, retail rentals are expected to decline at a pace faster than the decrease in retail sales. The coronavirus pandemic is expected to have a long term impact on the retail sector in Hong Kong and recovery may take a considerable time to be achieved. ¹

¹ Source: Hong Kong Monthly issued in March, 2020 by Knight Frank Petty Limited

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Residential, retail and office property markets in the PRC

Table 15 – Yearly movements in retail sales and floor space of residential buildings (newly started and sold), floor space of various property classes under construction in the PRC from 2016 to 2020

	First two calendar months				
	2016	2017	2018	2019	2020
Retail sales	10.2%	9.5%	9.7%	8.2%	–20.5%
Floor space of residential buildings newly started	9.7%	14.8%	5.0%	4.3%	–44.4%
Floor space of residential buildings sold	30.4%	23.7%	2.3%	–3.2%	–39.2%
Floor space under construction					
<i>(In million square metres)</i>					
	As at the end of				Feb
	2016	2017	2018	2019	2020
Commercial business buildings	1,045.7	1,052.3	1,026.3	1,003.9	744.6
Residential buildings	5,213.1	5,364.4	5,699.9	6,276.7	4,876.5
Office buildings	350.3	360.2	358.4	372.5	296.4

Sources: National Bureau of Statistics of China, Bloomberg

Note: Percentages shown in the table above represent year-on-year growth.

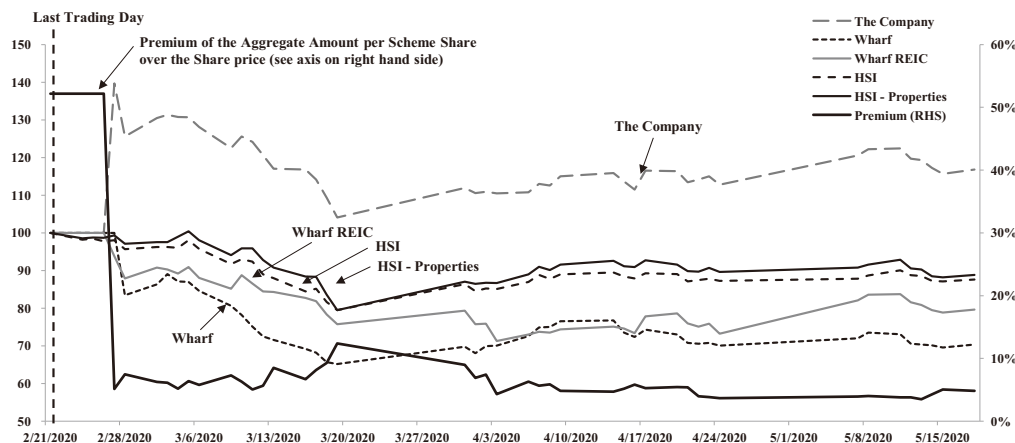
As shown in Table 15 above, retail sales, construction and sales of residential units declined during January and February 2020 while the supply of floor space of commercial business, residential and office buildings remained high as at the end of 2019. According to “China Real Estate Market Outlook 2020” published by the Valuer on 2 January 2020, housing prices in tier one cities in the PRC residential market are expected to increase between 3% and 5% and the growth will surpass those in tier three and tier four cities. The demand for leases of Grade A office buildings in main cities in the PRC is weakening owing to the trade war between the United States of America and the PRC and the slowdown in global economic growth. The supply of a large amount of new office space is expected to put pressure on rents. While it is expected that retail consumption in the PRC in 2020 will remain stable, retailers that plan to open new physical stores will remain cautious as demand for physical stores has been redirected to online shops. The number of newly opened shopping malls in the PRC is expected to reach a new high in 2020, leading to increased competition to attract tenants.

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Market response to the Proposal after the release of the Announcement

The chart below shows the relative performance of the Shares, Wharf Shares and Wharf REIC Shares and the premium of the Aggregate Amount per Scheme Share over the price of the Shares from the Last Trading Day up to the Latest Practicable Date.

Chart 5 – Relative price performance of the Shares, Wharf REIC Shares and Wharf Shares against the HSI and the HSI - Properties from the Last Trading Day up to the Latest Practicable Date



Source: Bloomberg

Note: The closing prices of the Shares, Wharf Shares, Wharf REIC Shares, HSI and HSI - Properties have all been rebased to 100 as at 21 February, 2020 for ease of comparison.

The closing price of the Shares increased from HK\$47.25 on the Last Trading Day on 21 February, 2020 to a high of HK\$66.00 on 27 February, 2020, and decreased to HK\$59.35 on 28 February, 2020 (being the first trading day when the Shares, Wharf Shares and Wharf REIC Shares all resumed trading after the Announcement). The latter represented an increase of HK\$12.10, or 25.6% as compared to HK\$47.25. Subsequently and up to the Latest Practicable Date, the Shares reached a high of HK\$62.05 (on 3 March, 2019) before falling gradually trading below HK\$60.00 as the market declined with the HSI decreasing from 26,292 to 23,935 during the same period. As at the Latest Practicable Date, the Aggregate Amount per Scheme Share amounted to HK\$57.86, representing a premium of 4.8% over the closing price of the Shares of HK\$55.20 on the Latest Practicable Date. If the Proposal fails, it is probable that the price of the Shares will fall to the levels lower than those that prevailed prior to the Announcement given the substantial fall in the market since the Announcement.

The Option Offer

In compliance with Rule 13 of the Takeovers Code, the Offeror is making the Option Offer to the Optionholders to cancel their outstanding Share Options. The Option Offer will be extended to all eligible Optionholders in accordance with the Takeovers Code. As at the Latest Practicable Date, the Company has 4,000,000 Share Options outstanding conferring rights to subscribe for 4,000,000 new Shares which are exercisable at HK\$36.60 per Share Option.

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On the basis that the Share Option Offer Price represented the see-through price between the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the relevant exercise price of the Share Option of HK\$36.60, we consider that the Option Offer to be fair and reasonable so far as the Optionholders are concerned. Optionholders should note that according to the terms of the Share Option Scheme, all unexercised Share Options will automatically lapse on the date on which the Proposal is completed.

CONCLUSIONS AND RECOMMENDATION

In making our recommendation, we have considered the foregoing and in particular the following principal reasons:

- the Distribution is in effect returning to the Scheme Shareholders their underlying interests in the Wharf REIC Group and the Wharf Group, representing some 90% of the Group Consolidated NAV as at 31 December, 2019. After the Distribution, the subsequent privatisation of the Company holding the Group's remaining 10% aggregate net assets will be implemented by way of payment by the Offeror of the Scheme Consideration of HK\$12.00 in cash per Scheme Share which represents substantially all of the Company's underlying net asset value given that this represents a discount of some 1.8% to the Company Reassessed NAV as at 31 March, 2020;
- the aggregate closing prices of Wharf Shares and Wharf REIC Shares have exceeded consistently the closing price of the Shares throughout the Review Period. The Distribution as part of the Proposal will eliminate or at least reduce the holding company discount of the Company's interests in each of Wharf and Wharf REIC, releasing value to Scheme Shareholders by valuing their proportionate interests in the Company's existing 72.99% interests in Wharf and 69.64% interests in Wharf REIC at their respective market values;
- the Scheme Consideration of HK\$12.00 in cash per Scheme Share represents an attractive premium ranging between HK\$24.65 and HK\$27.59 per Share (which are larger than the Scheme Consideration) to the Distribution Adjusted Share Closing Price on the Last Trading Day, and over the 5, 30, 60, 180 trading days prior to the Last Trading Day;
- the Aggregate Amount per Scheme Share represents a premium ranging between 43.9% and 52.2% to the market price of the Shares on the Last Trading Day, and over the 5, 30, 60, 180 trading days prior to the Last Trading Day;
- the Company had since 1991 been controlled by the Offeror and Offeror Concert Parties that held in aggregate 69.50% of the issued Shares on the Latest Practicable Date. Given this shareholding structure, no competing offer for the Company is reasonably likely to be made. Any proposal from a third party to acquire the Company would require the agreement of the controlling shareholder to be successful. The Proposal therefore provides the Scheme Shareholders with an opportunity to readily realise their investments in the Shares at the Scheme Consideration which carries a premium to the Distributed Adjusted Share Closing Price prevailing for about 2.25 years prior to the Last Trading Day, and which may not be available otherwise than through the Distribution and the Scheme;

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- Scheme Shareholders would have received 67% higher dividend income by holding one Wharf Share and one Wharf REIC Share combined than the average dividend income they would have received by holding one Share during the past five-year period;
- the Scheme provides the Scheme Shareholders an opportunity to obtain direct ownership of Wharf Shares and Wharf REIC Shares with enhanced trading liquidity relative to the Shares;
- the Scheme Consideration implies a much lower discount to net asset value than that of the median price to NAV ratio of the large-cap Comparable Companies, and even more so when compared with the smaller-cap Comparable Companies;
- the Scheme Consideration implies a much lower discount to net asset value than that of the recent successful privatisation of Hopewell Holdings Limited;
- the future prospects of the Group carry considerable uncertainty; and
- the payment the Scheme Consideration of HK\$12.00 per Scheme Share in cash gives the Scheme Shareholders flexibility to redeploy capital invested in the Company at a time of considerable uncertainty on the future prospects of the Group into other investments that they consider more attractive.

Accordingly, we consider the terms of the Proposal (including the Scheme and the Option Offer) to be fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and advise the Independent Board Committee to recommend (i) the Shareholders, or Independent Shareholders, where applicable, to vote in favour of the relevant resolutions to approve the Proposal and the Scheme; and (ii) the Optionholders to accept the Option Offer. Shareholders who wish to realise their investment and are concerned that the Share price may fall below the current price of the Shares on the Stock Exchange due to the lapse of the Scheme may consider selling some or all of their Shares in the market at current market prices.

Your faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited

Stephen Clark
Managing Director

Stephanie Wong
Director

1. Mr. Stephen Clark is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has over 35 years of experience in corporate finance.
2. Ms. Stephanie Wong is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. She has over 25 years of experience in corporate finance.

EXPLANATORY STATEMENT

This Explanatory Statement constitutes the statement required under section 671 of the Companies Ordinance.

1. INTRODUCTION

On 27 February 2020, the Offeror and the Company jointly announced that on 25 February 2020 the Offeror requested the Board to put forward to the Shareholders the Proposal which comprises (i) the distribution to Shareholders of one Wharf REIC Share and one Wharf Share in respect of each Share they hold as at the Proposal Record Date (i.e. the Distribution); and (ii) the subsequent privatisation of the remaining Company after the making of the Distribution in consideration of the Scheme Consideration of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), which will be payable by the Offeror to Scheme Shareholders in cash.

Upon completion of the Proposal, the Company will be owned as to (i) 32.51% by the Offeror, (ii) 48.48% by the Trustee, being the trustee of the Trust which is a related trust of Mr. Woo's family and an Offeror Concert Party, and (iii) 19.01% by other Offeror Concert Parties (being Mr. Woo and the Mr. Woo Entities), and the listing of the Shares will be withdrawn from the Stock Exchange.

The Offeror is making the Option Offer to the Optionholders to cancel all the Share Options. The Option Offer is conditional on the Scheme becoming effective.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal and to provide Scheme Shareholders and Optionholders with other relevant information in relation to the Proposal, in particular, to provide the intentions of the Offeror with regard to the Company and the shareholding structure of the Company before and after the Scheme.

The particular attention of the Scheme Shareholders and Optionholders is drawn to the following sections of this Scheme Document: (i) Letter from the Board; (ii) Letter from the Independent Board Committee; (iii) Letter from the Independent Financial Adviser; and (iv) the terms of the Scheme set out in Appendix VII to this Scheme Document.

2. OBJECTIVES OF THE PROPOSAL

The Proposal aims to eliminate the historical holding company discount of the Company under the current tiered holding structure and, in this way, unlock value for the Shareholders.

The effect of the Proposal would be to:

- (a) distribute Wharf REIC Shares and Wharf Shares under the Distribution. The Group's consolidated interest in the NAV of the Wharf REIC Group attributable to the shareholders of Wharf REIC and the NAV of the Wharf Group attributable to the shareholders of Wharf accounted for approximately 90% of the Group Consolidated NAV as at 31 December 2019. As a result of the Distribution, Scheme Shareholders will directly hold Wharf REIC Shares and Wharf Shares instead of being interested in them only indirectly through holding Shares; and

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- (b) thereafter complete the privatisation of the remaining Company for the Scheme Consideration of HK\$12.00 per Scheme Share. The Scheme Consideration represents an approximately 1.8% discount to the Company Reassessed NAV per Share of HK\$12.22. The Company Adjusted Consolidated NAV per Share of HK\$13.00 accounted for approximately 10% of the Group Consolidated NAV per Share of HK\$130.80 as at 31 December 2019 and based on the number of Shares in issue as at 31 December 2019.

The existence of a long-term historical holding company discount is illustrated by the following chart comparing the closing price of the Shares against the sum of the closing prices of the Wharf REIC Shares and the Wharf Shares (reflecting the ratio in which the Wharf REIC Shares and the Wharf Shares are to be distributed under the Distribution). The Company also held other assets (including a portfolio of properties) and liabilities.

Comparison of the closing prices of the Shares to the sum of the closing prices of the Wharf REIC Shares and the Wharf Shares on the same day



As at the Last Trading Day, the Company held (i) approximately 66.5% of the issued shares of Wharf REIC, and (ii) approximately 70.7% of the issued shares of Wharf, and in addition, it also held other assets (including a portfolio of properties) and liabilities.

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Based on the closing prices of the respective shares of the companies on the Last Trading Day:

- (a) the Company's market capitalisation was HK\$97.0 billion;
- (b) the aggregate market value of the Company's shareholdings in Wharf REIC and Wharf was HK\$123.7 billion, which already exceeded the Company's market capitalisation by HK\$26.7 billion; and
- (c) in addition, the Company held other assets (including a portfolio of properties) and liabilities with a book net asset value of HK\$30.0 billion as at 31 December 2019.

As at the Latest Practicable Date, the Company held (i) approximately 69.64% of the issued shares of Wharf REIC, and (ii) approximately 72.99% of the issued shares of Wharf, and in addition, it also held other assets (including a portfolio of properties) and liabilities.

Based on the closing prices of the respective shares of the companies on the Latest Practicable Date:

- (a) the Company's market capitalisation was HK\$113.3 billion;
- (b) the aggregate market value of the Company's shareholdings in Wharf REIC and Wharf was HK\$98.5 billion, which was lower than the Company's market capitalisation by HK\$14.8 billion; and
- (c) in addition, the Company held other assets (including a portfolio of properties) and liabilities with a book net asset value of HK\$30.0 billion as at 31 December 2019.

3. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance.

The Scheme Consideration and the Distribution

Under the Scheme, the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder, whose name appears on the Register as at the Proposal Record Date will be entitled to receive the Scheme Consideration of HK\$12.00 (less the Dividend Adjustment) for every Scheme Share in cash.

In addition, under the Proposal Scheme Shareholders will receive the Distribution of one Wharf REIC Share and one Wharf Share for every Scheme Share.

If, after the Announcement Date, any dividend or other distribution (other than the Distribution and the 2019 Second Interim Dividend) is made or paid in respect of the Scheme Shares, the Offeror reserves the right to reduce the Scheme Consideration by an amount equal to the amount of such dividend or other distribution (i.e. the Dividend Adjustment).

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The Non-Qualifying Shareholders will be entitled to receive the Scheme Consideration for every Scheme Share they hold on the Proposal Record Date, but will not be able to receive the Wharf REIC Shares and Wharf Shares to which they are entitled under the Distribution, and arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market and the proceeds of such sale, after deduction of expenses (including brokerage, trading tariff, trading fee, transaction levy, transfer fee), if not less than HK\$100, to be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk. The Company will arrange for the sale of the relevant Wharf REIC Shares and Wharf Shares as soon as practicable after the Distribution is made at the then prevailing market price, which may be different from the price at which the Distributable Wharf REIC and Wharf Shares first become tradable on the Stock Exchange by the other Scheme Shareholders. The Company will thereafter arrange for the despatch of the cheques for payment of the net proceeds of such sale to the relevant Non-Qualifying Shareholders as soon as practicable and it is expected that the cheques will be despatched by Friday, 21 August 2020 in the absence of exceptional circumstances. If the amount falling to be distributed to a Non-Qualifying Shareholder is less than HK\$100, such amount will not be distributed but will be retained for the benefit of the Company. Stamp duty payable in connection with the Distribution and in connection with the sale of Wharf REIC Shares and Wharf Shares to which Non-Qualifying Shareholders are entitled will be paid by the Company. For details, please see paragraphs headed “22. Taxation – Hong Kong stamp duty and tax consequences” in the “Explanatory Statement” section of this Scheme Document.

The Scheme Shareholders (other than the Non-Qualifying Shareholders to whom the arrangements referred to above apply) whose names appear on the Register as at the Proposal Record Date will receive both the Scheme Consideration and the Wharf REIC Shares and Wharf Shares to which they are entitled under the Distribution.

The Offeror has advised that the Scheme Consideration will not be increased and the Offeror does not reserve the right to do so. The Offeror has also advised that it will not request the Company to change the Distribution ratio of one Wharf REIC Share and one Wharf Share to each Scheme Share held as at the Proposal Record Date.

The Option Offer

As at the Latest Practicable Date, there were four Optionholders, namely Mr. D Woo, Mr. Stewart C K Leung, Mr. Paul Y C Tsui and Mr. Ricky K Y Wong, each a Director, holding in aggregate 4,000,000 Share Options granted under the Share Option Scheme, with an exercise price of HK\$36.60 per Share Option, of which 1,500,000 have vested and 2,500,000 are unvested. The Company does not intend to grant any further Share Options between the Latest Practicable Date and the Effective Date.

The cancellation price of each Share Option under the Option Offer, being the Share Option Offer Price of HK\$35.30, which is required to be calculated on a “see-through” basis, has been calculated as the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the exercise price of the Share Options. The Option Offer is conditional upon the Scheme becoming effective. The Option Offer is being made in respect of all Share Options in issue on the Share Option Record Date.

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For avoidance of doubt, any Optionholder of vested Share Options as at the Proposal Record Date and/or the Meeting Record Date, as the case may be, will not be eligible to participate in the Scheme in respect of such Share Options, and will not be entitled to attend and vote at the Court Meeting and the General Meeting in respect of such Share Options. The holders of both vested and unvested Share Options on the Share Option Record Date will be entitled to the Option Offer on and subject to its terms.

Details of the Option Offer being made in respect of the above Share Options are set out in the paragraphs headed “12. Option Offer” below, and in the Option Offer Letter, which is substantially in the form set out in Appendix IX to this Scheme Document.

Save for the Share Options, the Company did not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into the Shares as at the Latest Practicable Date. After the Scheme becomes effective, the listing of the Shares on the Stock Exchange will be withdrawn and the Company will be owned as to 32.51% by the Offeror, 48.48% by the Trustee in its capacity as trustee of the Trust and 19.01% by Mr. Woo and the Mr. Woo Entities. The Proposal comprises of the Scheme and the Distribution, which are conditional upon the fulfilment or waiver, as applicable, of the Scheme Conditions and Distribution Conditions, respectively, as described in the paragraphs headed “4. Conditions of the Scheme and the Distribution” below. All the Scheme Conditions and Distribution Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal (including the Scheme) will not proceed and will lapse. Further announcements on any changes regarding the timetable of the Scheme will be made as and when necessary.

If the Proposal does not become unconditional, the Company will not seek the withdrawal of the listing of the Shares on the Stock Exchange.

Settlement of the Scheme Consideration, the Distribution and the consideration payable under the Option Offer will be implemented in full in accordance with the terms of the Scheme, the Distribution and the Option Offer, respectively, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder or Optionholder.

The Distribution

Under the Proposal, subject to fulfilment of the Distribution Conditions, the Company will pay a special dividend (to be effected by way of a distribution in-specie) of one Wharf REIC Share and one Wharf Share in respect of each Share held on the Proposal Record Date.

Each of Mr. Woo, the Mr. Woo Entities and the Trustee, in its capacity as trustee of the Trust and in respect of Excluded Shares, (each an Offeror Concert Party) has agreed not to receive the Wharf REIC Shares and the Wharf Shares to which he/it is entitled under the Distribution (i.e. the Excluded Entitlements).

The Excluded Entitlements (except for certain of the Wharf REIC Shares which will be distributed to the Scheme Shareholders under the Distribution due to the ratio of Shares to Wharf REIC Shares in which the Company is interested (through its wholly-owned subsidiaries) being 0.97 but the Distribution ratio being 1:1) will be retained by the Company, and the Company will be owned as to 32.51% by the Offeror, 48.48% by the Trustee in its capacity as trustee of the Trust and 19.01% by Mr. Woo and the Mr. Woo Entities upon completion of the Proposal.

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Since the Shares, the Wharf Shares and the Wharf REIC Shares are traded in board lots of 1,000 shares, any holding of those shares that is not a whole multiple of 1,000 is known as an “odd lot”. As the Wharf Shares and the Wharf REIC Shares are to be distributed in the ratio of 1:1 with each Shareholder’s holding of Shares on the Proposal Record Date, odd lots will only arise to the extent that a Shareholder has an existing odd lot. It is accordingly not proposed to put in place any special arrangements for trading odd lots of Wharf REIC Shares and Wharf Shares.

The Scheme Shareholders (other than the Non-Qualifying Shareholders) will receive the Distributable Wharf REIC and Wharf Shares, representing approximately 22.0% of Wharf REIC’s issued shares and 21.9% of Wharf’s issued shares. The Distributable Wharf REIC and Wharf Shares will be distributed to the Scheme Shareholders (other than the Non-Qualifying Shareholders) whose names appear on the Register on the Proposal Record Date.

The Non-Qualifying Shareholders will be entitled to receive the Scheme Consideration for every Scheme Share held on the Proposal Record Date, but will not be able to receive the Wharf REIC Shares and Wharf Shares to which they are entitled under the Distribution, and arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market, and the proceeds of such sale, after deduction of expenses (including brokerage, trading tariff, trading fee, transaction levy, transfer fee), if not less than HK\$100, to be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk. The Company will arrange for the sale of the relevant Wharf REIC Shares and Wharf Shares as soon as practicable after the Distribution is made at the then prevailing market price, which may be different from the price at which the Distributable Wharf REIC and Wharf Shares first become tradable on the Stock Exchange by the other Scheme Shareholders. The Company will thereafter arrange for the despatch of the cheques for payment of the net proceeds of such sale to the relevant Non-Qualifying Shareholders as soon as practicable and it is expected that the cheques will be despatched by Friday, 21 August 2020 in the absence of exceptional circumstances. If the amount falling to be distributed to a Non-Qualifying Shareholder is less than HK\$100, such amount will not be distributed but will be retained for the benefit of the Company.

It is expected that the Board (excluding members of the Independent Board Committee), recognising that the Distribution is an integral part of the Proposal and is in the interest of the Shareholders as a whole, following the relevant resolutions being approved at the Court Meeting and the General Meeting, will on 16 June 2020 declare the special dividend under the Distribution, subject to the Distribution Conditions being satisfied.

It is expected that the Company will instruct the Share Registrar to effect the Distribution, subject to the Distribution Conditions being fulfilled or waived, after the High Court has sanctioned the Scheme and granted the order in relation thereto (i.e. on Wednesday, 15 July 2020), and that the process of transfer of the Distributable Wharf REIC and Wharf Shares will take approximately five Business Days (i.e. by Wednesday, 22 July 2020).

The Distributable Wharf REIC and Wharf Shares are fully-paid and will be distributed free from all Encumbrances.

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Exclusion of the Shares of Mr. Woo, the Mr. Woo Entities and the Trustee (in respect of the Shares held by it in its capacity as the trustee of the Trust) from the Proposal

Mr. Woo, an Offeror Concert Party, has (i) agreed that the Shares held by himself and his controlled entities or nominees (being Excluded Shares) will be excluded from the Proposal and will not form part of the Scheme Shares, (ii) irrevocably and unconditionally agreed not to receive, and procure his controlled entities to irrevocably and unconditionally agree not to receive, his/its entitlements to the Wharf REIC Shares and Wharf Shares under the Distribution, and (iii) agreed to exercise or procure the exercise of all voting rights attached to the Excluded Shares held by him and his controlled entities or nominees at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal.

The Trustee (in respect of the Shares held by it in its capacity as the trustee of the Trust), an Offeror Concert Party, has also (i) agreed that the Shares it holds in its capacity as the trustee of the Trust (being Excluded Shares) will be excluded from the Proposal and will not form part of the Scheme Shares, (ii) irrevocably and unconditionally agreed not to receive its entitlements in respect of Excluded Shares to the Wharf REIC Shares and Wharf Shares under the Distribution, and (iii) agreed that it will exercise or procure the exercise of all voting rights attached to the Excluded Shares held by it in its capacity as the trustee of the Trust at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal.

The Excluded Shares comprise 1,385,416,330 Shares in total, representing 67.49% of the issued share capital of the Company as at the Latest Practicable Date.

4. CONDITIONS OF THE SCHEME AND THE DISTRIBUTION

Scheme Conditions

The Scheme will become binding and effective on the Company and all Scheme Shareholders subject to the satisfaction or waiver (as applicable) of the following Scheme Conditions:

- (1) the approval of the Scheme at the Court Meeting (by way of a poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all CO Disinterested Shares, provided that:
 - (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Disinterested Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares held by the Independent Shareholders;

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- (2) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting (or otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished;
- (3) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court and the registration of an office copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (4) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in so far as they relate to the effectiveness of the reduction of the issued share capital of the Company and the Scheme, respectively;
- (5) the Executive having ruled that no obligation will arise on the part of the Offeror or the Offeror Concert Parties to make a mandatory general offer for any of the Wharf REIC Shares, Wharf Shares and Harbour Centre Shares in issue and not already owned or agreed to be acquired by it/them as a result of the Proposal under Rule 26.1 of the Takeovers Code, or the grant by the Executive (and such grant not having been withdrawn or revoked) of a waiver of any such obligation of the Offeror and the Offeror Concert Parties;
- (6) the Distribution having been made by the Company to the Scheme Shareholders;
- (7) all Authorisations having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (8) all necessary consents which may be required under any existing material contractual obligations of the Company being obtained;
- (9) no government, court, or governmental, quasi-governmental, statutory or regulatory body or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;

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- (10) since the Announcement Date up to and including the time when the last of the Scheme Conditions set out in (1) to (9) is fulfilled or waived (as applicable), there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal); and
- (11) since the Announcement Date up to and including the time when the last of the Scheme Conditions set out in (1) to (10) is fulfilled or waived (as applicable), there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

The Scheme Conditions (1) to (6) above are not waivable. The Offeror reserves the right to waive any of the Scheme Conditions (7) to (11), either in whole or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Scheme Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. All of the Scheme Conditions will have to be satisfied or waived (as applicable), on or before the Long Stop Date, otherwise the Scheme will not become effective. The Company has no right to waive any of the Scheme Conditions.

In respect of Scheme Condition (5), the Executive has ruled that no general obligation will arise on the part of the Offeror and Offeror Concert Parties to make a mandatory general offer for Wharf REIC, Wharf and Harbour Centre.

As at the Latest Practicable Date:

- (a) the Offeror was not aware of any Authorisations or consents which were required, or any other matter that would constitute a breach of Scheme Conditions (7) to (11).
- (b) the Scheme Conditions, other than Scheme Condition (5) as stated in the preceding paragraph, remained subject to fulfilment (unless otherwise waived, where applicable) and none of the Scheme Conditions had been waived.

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Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 23 July 2020. Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, (ii) the result of the Court Hearing, (iii) the Proposal Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in the “Expected Timetable” section of this Scheme Document.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company.

WARNING: Shareholders and/or potential investors should be aware that the Scheme and the Distribution are subject to the Scheme Conditions and Distribution Conditions being fulfilled or waived (as applicable), respectively, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in the securities of the Company. If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

Distribution Conditions

The Distribution is subject to satisfaction of the following Distribution Conditions (neither of which can be waived):

- (1) (i) WF Investment Partners Limited (“**WFIPL**”), the direct shareholder of the Distributable Wharf REIC and Wharf Shares and direct wholly-owned subsidiary of Wheelock Investments Limited, and (ii) thereafter Wheelock Investments Limited, the direct shareholder of the entire issued share capital of WFIPL and the Company’s direct wholly-owned subsidiary, having declared a special dividend (by way of a distribution in-specie) of the Distributable Wharf REIC and Wharf Shares; and
- (2) the Scheme (with or without modification) having been sanctioned and the reduction of the issued share capital of the Company involved in the Scheme having been confirmed by the High Court and the order of the High Court in relation thereto having been granted.

In respect of Distribution Condition (1), as at the date of this Scheme Document, the board of directors of each of WFIPL and Wheelock Investments Limited had conditionally declared a special dividend (by way of a distribution in-specie) of the Distributable Wharf REIC and Wharf Shares.

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It is expected that the Company will instruct the Share Registrar to effect the Distribution, subject to the Distribution Conditions being fulfilled or waived, after the High Court has sanctioned the Scheme and granted the order in relation thereto (i.e. expected on Wednesday, 15 July 2020), and that the process of transfer of the Distributable Wharf REIC and Wharf Shares will take approximately five Business Days (i.e. expected by Wednesday, 22 July 2020).

After the Distribution is made to the Scheme Shareholders (other than the Non-Qualifying Shareholders), an office copy of the order of the High Court will be filed with and registered by the Registrar of Companies under Part 2 of the Companies Ordinance, and the Scheme will become effective.

WARNING: Shareholders and/or potential investors should be aware that the Scheme and the Distribution are subject to the Scheme Conditions and Distribution Conditions being fulfilled or waived (as applicable), respectively, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

5. SCHEME OF ARRANGEMENT UNDER SECTION 673 OF THE COMPANIES ORDINANCE AND THE COURT MEETING

Under section 670 of the Companies Ordinance, where an arrangement is proposed to be entered into by a company with the members, or any class of the members, of the company, the High Court may, on an application made by the company, any of the members or any member of that class, order a meeting of those members or of that class of members, as the case may be, to be summoned in any manner that the High Court directs.

Under section 673 of the Companies Ordinance, if the members or the class of members with whom the arrangement is proposed to be entered into agree or agrees to the arrangement, the High Court may, on application by the company, any of the members or any member of that class, as the case may be, sanction the arrangement. An arrangement sanctioned by the High Court as aforesaid is binding on the members or the class of members with whom the arrangement is proposed to be entered into.

The Scheme is a takeover offer under section 674 of the Companies Ordinance. Under section 674 of the Companies Ordinance, where the arrangement involves a takeover offer, the members or the class of members agree or agrees to the arrangement if, at a meeting summoned as directed by the High Court as aforesaid, members representing at least 75% of the voting rights of the members or the class of members, as the case may be, present and voting, in person or by proxy, agree to the arrangement and the votes cast against the arrangement at the meeting do not exceed 10% of the total voting rights attached to all CO Disinterested Shares in the company or of the class in the company, as the case may be.

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As at the Latest Practicable Date, all the 667,432,957 Scheme Shares (representing approximately 32.51% of the issued share capital of the Company) are considered CO Disinterested Shares within the meaning of section 674(3)(a) of the Companies Ordinance.

6. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements under the Companies Ordinance as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Disinterested Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares held by the Independent Shareholders.

For the purpose of counting the votes for (a) and (b) above, Independent Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties. For the avoidance of doubt, Independent Shareholders include any member of the HSBC Group, other than the Trustee, which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code.

As at the Latest Practicable Date, the Independent Shareholders held in aggregate 626,153,957 Scheme Shares. On that basis, 10% of the votes attached to all the Disinterested Shares referred to in (b) above therefore represent approximately 62,615,396 Shares as at the Latest Practicable Date.

7. BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and General Meeting.

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8. SHAREHOLDING STRUCTURE OF THE COMPANY

On the assumption that there is no change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate % (Note 5)</i>	<i>Number of Shares (Note 6)</i>	<i>Approximate % (Note 5)</i>
Offeror	–	–	667,432,957	32.51
Offeror Concert Parties not subject to the Scheme				
Trustee, in its capacity as trustee of the Trust (Note 1)	995,221,678	48.48	995,221,678	48.48
Mr. Woo and the Mr. Woo Entities (Note 2)	390,194,652	19.01	390,194,652	19.01
Offeror Concert Parties subject to the Scheme				
Mr. D Woo	7,000,000	0.34	–	–
Ms. J Woo	33,879,000	1.65	–	–
Mr. Paul Y C Tsui (Note 3)	300,000	0.01	–	–
Mr. K C Chan (Note 4)	100,000	0.01	–	–
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	1,426,695,330	69.50	2,052,849,287	100.00
Independent Shareholders	626,153,957	30.50	–	–
Total number of Shares	2,052,849,287	100.00	2,052,849,287	100.00
Total number of Scheme Shares	667,432,957	32.51	–	–

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Notes:

1. The Trustee, in its capacity as trustee of the Trust, is acting in concert with the Offeror under class (8) of the definition of “acting in concert” under the Takeovers Code. The Shares held by the Trustee, in its capacity as trustee of the Trust, were acquired prior to the Relevant Period.
2. Out of these 390,194,652 Shares, Mr. Woo holds 10,847,510 Shares as beneficial owner, and the Mr. Woo Entities together hold 379,347,142 Shares. Controlled corporations of Mr. Woo and the Shares held by each of them are set out below:

Controlled corporations of Mr. Woo	Number of Shares held by controlled corporation
Calgary Gold Limited ⁽¹⁾	60,799,386
Eastern Park Limited ⁽¹⁾	70,932,617
Grassland Assets Limited ⁽¹⁾	2,360,000
Grassmarket International Limited ⁽¹⁾	1,750,000
Grovebury Investments Limited ⁽¹⁾	619,674
Haslam International Limited ⁽¹⁾	3,000,840
Linver Limited ⁽¹⁾	1,252,078
Mystic Fortune Limited ⁽¹⁾	1,957,392
Silver Prism Limited ⁽¹⁾	57,666,155
Monteco Investments Limited ⁽²⁾	68,643,000
Fabulous Eagle Limited ⁽²⁾	22,548,000
Glensprings Investments Limited ⁽³⁾	72,722,000
Eternal Oasis Limited ⁽³⁾	15,096,000
	379,347,142

Notes:

- (1) Each of Mr. Woo and Mrs. Woo has 50% control of this controlled entity.
- (2) Mr. Woo has 100% control of Newotto Limited, which in turn controls 100% of this controlled entity.
- (3) Mr. Woo has 100% control of Diamond Castle International Limited, which in turn controls 100% of this controlled entity.
3. Mr. Paul Y C Tsui is a director of the Offeror and is therefore presumed to be acting in concert with the Offeror under class (2) of the definition of “acting in concert” under the Takeovers Code.
4. Mr. K C Chan is a director of the Offeror and is therefore presumed to be acting in concert with the Offeror under class (2) of the definition of “acting in concert” under the Takeovers Code.
5. All percentages in the above table are approximations.
6. Under the Scheme, part of the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation and extinguishment of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished. The reserve created in the Company’s books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued to the Offeror.

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As at the Latest Practicable Date there were four Optionholders holding in aggregate 4,000,000 Share Options granted under the Share Option Scheme, with an exercise price of HK\$36.60 per Share Option, of which 1,500,000 have been vested and 2,500,000 are unvested. The Company did not grant any further Share Options between the Announcement Date and the Latest Practicable Date and does not intend to grant any further Share Options between the Latest Practicable Date and the Effective Date.

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 2,052,849,287 Shares and 4,000,000 outstanding Share Options;
- (b) the Offeror did not own, control or have direction over any Shares. The Offeror Concert Parties held in aggregate 1,426,695,330 Shares representing approximately 69.50% of the issued share capital of the Company;
- (c) save as disclosed in paragraph (b) above and in the above shareholding tables, the Offeror Concert Parties did not legally and beneficially own, control or have direction over any Shares;
- (d) save for (i) the 1,000,000 Share Options held by Mr. D Woo and (ii) the 600,000 Share Options held by Mr. Paul Y C Tsui, there were no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (e) Mr. K C Chan, an Offeror Concert Party (being a director of the Offeror), was interested in 100,000 Shares;
- (f) neither the Offeror nor the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company;
- (g) neither the Offeror nor the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed securities which had been either on-lent or sold;
- (h) other than the Scheme Consideration payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid and do not intend to pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (i) the Scheme Shares, comprising 667,432,957 Shares, represented approximately 32.51% of the issued Shares; and
- (j) the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 2,052,849,287 Shares and the 4,000,000 outstanding Share Options.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror, the Trustee, in its capacity as trustee of the Trust, Mr. Woo and the Mr. Woo Entities together will hold 100% of the issued share capital of the Company.

9. FINANCIAL RESOURCES

On the basis that no outstanding Share Options will be exercised (and no further Share Option will be granted on or prior to the Proposal Record Date), and on the assumption that (i) no further Shares are issued before the Proposal Record Date and (ii) no Dividend Adjustment is made, the maximum amount of cash consideration required for the Offeror to effect the Proposal (comprising the Scheme Consideration of HK\$12.00 per Scheme Share and Share Option Offer Price payable pursuant to the Option Offer) will be approximately HK\$8,150,395,484.

Given that the total number of Scheme Shares will not be determined until the Proposal Record Date, for illustration purposes only, on the basis that no Share Option will be exercised between the date of this Scheme Document and the Proposal Record Date, and assuming that there will be no change in the number of Shares in issue between the date of this Scheme Document and the Proposal Record Date, the number of new Shares to be issued to the Offeror upon cancellation of the Scheme Shares will be 667,432,957.

As at the Latest Practicable Date the Offeror is financing the entire cash amount required for the Proposal from internal cash resources and other external debt financing made available by HSBC (as lender). The Offeror does not intend that the payment of interest, or repayment of or security for any liability (contingent or otherwise) of such external debt financing, will depend to any significant extent on the business of the Group.

HSBC, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with their respective terms.

10. COMPARISON OF VALUE

The Aggregate Amount per Scheme Share as at the Latest Practicable Date (being the total of (i) the Scheme Consideration of HK\$12.00 payable in cash (without taking into account any Dividend Adjustment), plus (ii) the value (based on their closing prices on the Latest Practicable Date) of the Wharf REIC Share and the Wharf Share to be distributed, in respect of each Scheme Share) was HK\$57.86.

The Aggregate Amount per Scheme Share of HK\$71.90 on the Last Trading Day (being the total of (i) the Scheme Consideration of HK\$12.00 payable in cash (without taking into account any Dividend Adjustment), plus (ii) the value (based on their closing prices on the Last Trading Day) of the Wharf REIC Share and the Wharf Share to be distributed, in respect of each Scheme Share), represents:

- a premium of approximately 30.3% over the closing price of HK\$55.20 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 52.2% over the closing price of HK\$47.25 per Share as quoted on the Stock Exchange on the Last Trading Day;

EXPLANATORY STATEMENT

- a premium of approximately 49.1% over the average closing price of HK\$48.22 per Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 45.2% over the average closing price of HK\$49.52 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 43.9% over the average closing price of HK\$49.98 per Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 45.2% over the average closing price of HK\$49.52 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 21.5% over the 52-week high price as at the Last Trading Day of HK\$59.20 per Share based on the closing price as quoted on the Stock Exchange on 2 April 2019;
- a premium of approximately 8.3% over the all-time high closing price on the Stock Exchange as at the Last Trading Day of HK\$66.40 per Share based on the closing price as quoted on the Stock Exchange on 9 August 2017; and
- a discount of approximately 45.0% to the Group Consolidated NAV per Share as at 31 December 2019 of HK\$130.80 (which Shareholders should note has not reflected the effect of the Distribution).

The Scheme Consideration of HK\$12.00 cash per Scheme Share (without taking into account any Dividend Adjustment) represents:

- a discount of 7.7% to the Company Adjusted Consolidated NAV per Share of HK\$13.00;
- a discount of approximately 1.8% to the Company Reassessed NAV per Share of approximately HK\$12.22;
- a premium of approximately 28.5% over the Distribution Adjusted Share Closing Price on the Latest Practicable Date of HK\$9.34;
- a premium of HK\$24.65 per Share over the Distribution Adjusted Share Closing Price on the Last Trading Day of negative HK\$12.65;
- a premium of HK\$25.23 per Share over the average Distribution Adjusted Share Closing Price over the 5 trading days up to and including the Last Trading Day of negative HK\$13.23;

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- a premium of HK\$26.18 per Share over the average Distribution Adjusted Share Closing Price over the 30 trading days up to and including the Last Trading Day of negative HK\$14.18;
- a premium of HK\$25.65 per Share over the average Distribution Adjusted Share Closing Price over the 60 trading days up to and including the Last Trading Day of negative HK\$13.65;
- a premium of HK\$27.59 per Share over the average Distribution Adjusted Share Closing Price over the 180 trading days up to and including the Last Trading Day of negative HK\$15.59;
- a premium of HK\$23.29 per Share over the 52-week high, as at the Last Trading Day, Distribution Adjusted Share Closing Price on 4 February 2020 of negative HK\$11.29; and
- a premium of HK\$13.25 per Share over the all-time high, as at the Last Trading Day, Distribution Adjusted Share Closing Price on 25 November 2008 of negative HK\$1.25.

11. BENEFITS OF THE PROPOSAL

(a) Unlocking shareholder value through the elimination of the historical holding company discount of the Company's stake in Wharf REIC and Wharf

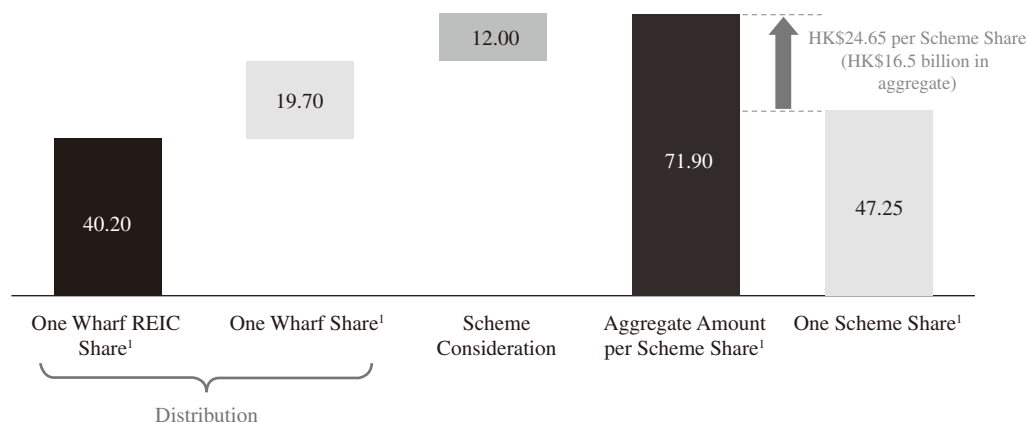
The Proposal aims to unlock immediate value for Shareholders through the elimination of the Company's historical holding company discount associated with the existing tiered shareholding structure as Wharf REIC Shares and Wharf Shares will upon completion of the Proposal be held directly by the Scheme Shareholders.

Under the Proposal, Scheme Shareholders, other than the Non-Qualifying Shareholders, will receive by way of the Distribution one Wharf REIC Share and one Wharf Share in respect of each Share they hold as at the Proposal Record Date. In addition, Scheme Shareholders will receive the Scheme Consideration in cash of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any).

The Aggregate Amount per Scheme Share at the Last Trading Day, being (i) the Scheme Consideration of HK\$12.00 per Scheme Share in cash (without taking into account the effect of any Dividend Adjustment) payable to, and (ii) the value (based on their closing prices on the Last Trading Day) of one Wharf REIC Share and one Wharf Share to be distributed to, Scheme Shareholders (other than the Non-Qualifying Shareholders) in respect of each Share they hold at the Proposal Record Date, represents a premium of 52.2%, or HK\$24.65 (or HK\$16.5 billion in aggregate based on the total number of Scheme Shares as at the Latest Practicable Date) over the closing price of the Shares on the Last Trading Day. This is illustrated in the following diagram.

EXPLANATORY STATEMENT

In HK\$ per Share



Note 1: Using the closing price of the Shares, Wharf REIC Shares and Wharf Shares as quoted on the Stock Exchange on the Last Trading Day

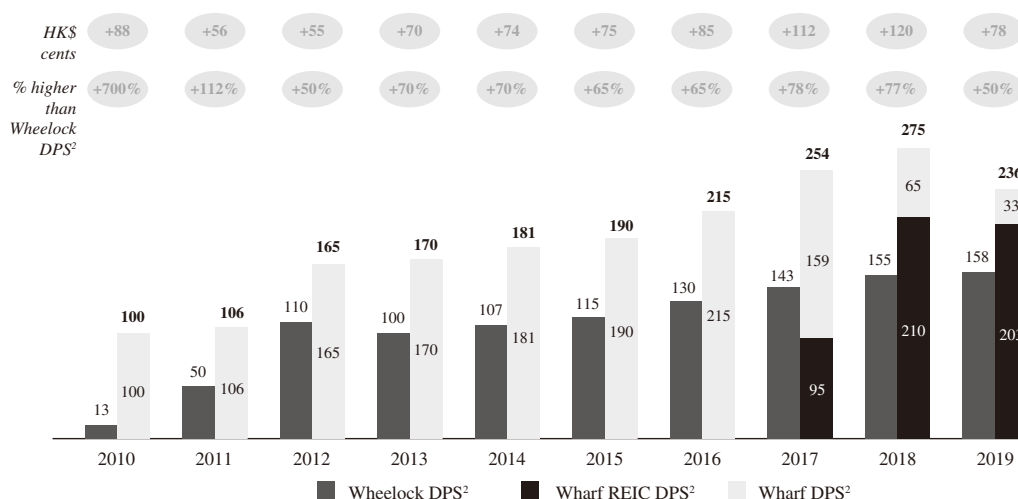
(b) Delivering higher dividend income from Wharf REIC Shares and Wharf Shares (and in addition each Scheme Shareholder will receive the Scheme Consideration in cash which can generate additional income to the Scheme Shareholders)

Based on the actual cash dividend track record of the Company and Wharf since 2010 and of Wharf REIC since its spin-off from Wharf in 2017, Shareholders would have received a substantially higher combined dividend income by holding one Wharf REIC Share and one Wharf Share compared to holding one Share. For example, Shareholders would have received an average of HK189 cents annual dividend income by holding one Wharf REIC Share and one Wharf Share combined, which is 75% higher than the average of HK108 cents annual dividend income they would have received by holding one Share during the 10-year period from 2010 to 2019. This is illustrated in the diagram below.

In addition, if the Scheme becomes effective, each Scheme Shareholder will receive the Scheme Consideration in cash which can generate additional income to the Scheme Shareholders.

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Incremental cash dividend received by holders of one Wharf REIC Share and one Wharf Share as compared to one Share¹



Note 1: Dividend per share are presented as rounded numbers whereas percentages were calculated based on exact figures. You may not be able to derive the percentages from dividing the rounded numbers

Note 2: Dividend per share

(c) Providing enhanced choice for Shareholders through separate and direct ownership of Wharf REIC Shares and Wharf Shares

As there are clear strategic and operational differences between the business focuses of Wharf REIC and Wharf, the Proposal aims to allow Shareholders to adjust their shareholdings in Wharf REIC and Wharf according to their individual investment objectives and preferences.

(d) Providing Shareholders with higher trading liquidity based on the historical performance of Wharf REIC Shares and Wharf Shares by comparison to the Shares

Upon completion of the Proposal, Scheme Shareholders other than the Non-Qualifying Shareholders will hold the Wharf Shares and the Wharf REIC Shares directly, which historically have had higher trading liquidity than the Shares. As at the Last Trading Day, Wharf REIC Shares and Wharf Shares combined had approximately six times higher trading liquidity than the Shares, with a three-month average daily trading volume as at the Last Trading Day of HK\$138.3 million for Wharf REIC Shares and HK\$106.7 million for Wharf Shares compared to HK\$44.3 million for the Shares. Average daily trading volume has been calculated by taking a simple average of the daily trading volume as measured by the volume traded each day multiplied by the closing price of the relevant shares on the Stock Exchange on the relevant date for the three months' period from 22 November 2019 to 21 February 2020.

EXPLANATORY STATEMENT

- (e) **Providing Scheme Shareholders with the opportunity to monetize their interest in the Company that remains after the Distribution at an attractive discount to its reassessed net asset value**

The Scheme Consideration of HK\$12.00 cash per Scheme Share (without taking into account any Dividend Adjustment) presents to Scheme Shareholders the opportunity to monetise their interests in the remaining Company after the Distribution at an attractive discount of approximately 1.8% to the Company Reassessed NAV per Share of approximately HK\$12.22.

12. OPTION OFFER

The Offeror is making an offer to all the holders of the Share Options in accordance with Rule 13 of the Takeovers Code under the terms and conditions in the Option Offer Letter, which is substantially in the form set out in Appendix IX to this Scheme Document. The Option Offer is conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering holders of Share Options the “see-through” price of HK\$35.30 (being the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the exercise price of the Share Options) for each Share Option they hold on the Share Option Record Date for the cancellation of such Share Options in accordance with Rule 13 of the Takeovers Code.

Further information on the Option Offer is set out in the form of Option Offer Letter which is set out in Appendix IX to this Scheme Document.

For avoidance of doubt, any Optionholder of vested Share Options as at the Proposal Record Date and/or the Meeting Record Date, as the case may be, will not be eligible to participate in the Scheme in respect of such Share Options, and will not be entitled to attend and vote at the Court Meeting and the General Meeting in respect of such Share Options. The holders of both vested and unvested Share Options on the Share Option Record Date will be entitled to the Option Offer on and subject to its terms.

Pursuant to the terms of the Share Option Scheme, the right to exercise any Share Option had been suspended with effect from the close of business on 26 February 2020, being the day immediately preceding the Announcement Date, and shall remain suspended until the Directors otherwise determine. Accordingly, you will not be able to exercise your Share Options unless and until the Proposal lapses.

Pursuant to the terms of the Share Option Scheme, all Share Options shall lapse automatically on the Effective Date and will no longer be exercisable as from such date. If you choose to not accept the Option Offer and the Scheme becomes effective, you will receive neither the Share Option Offer Price nor the Scheme Consideration.

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Share Options

Pursuant to the Company's Share Option Scheme, the Company was entitled to grant options to person(s) who is/are full-time and/or part-time employee(s) and/or director(s) of the Company, any of its subsidiary(ies), and/or any of its associate(s).

As at the Latest Practicable Date, there were four Optionholders, namely Mr. D Woo, Mr. Stewart C K Leung, Mr. Paul Y C Tsui and Mr. Ricky K Y Wong, each a Director, holding in aggregate 4,000,000 Share Options granted under the Share Option Scheme, with an exercise price of HK\$36.60 per Share Option, of which 1,500,000 have vested and 2,500,000 are unvested.

As part of the Option Offer, the Offeror is offering the Share Option Offer Price for each Share Option in return for the acquisition of all rights and obligations under the Share Options in issue on the Share Option Record Date and the immediate cancellation of such Share Options.

The Option Offer Letter to Optionholders setting out the terms and conditions of the Option Offer is being despatched separately to holders of Share Options and is substantially in the form set out in Appendix IX – Form of Option Offer Letter to this Scheme Document.

The Option Offer is conditional upon the Scheme becoming effective and binding.

Each Optionholder as at the Share Option Record Date who accepts the Option Offer and lodges a completed Form of Acceptance by the prescribed deadline set out in the "Expected Timetable" section of this Scheme Document will be entitled to receive the Share Option Offer Price as set out in the relevant Share Option Offer Letter that is sent to each Optionholder individually. The Share Option Offer Price of HK\$35.30 represents the "see-through" price of that Share Option, being the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the exercise price of each Share Option of HK\$36.60.

All payments in respect of the Share Option Offer Price will be made in Hong Kong dollars. Settlement of the Share Option Offer Price to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer and subject to the terms of the Share Option Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right which the Offeror may otherwise be, or claim to be, entitled against any such Optionholders.

13. INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with the stock code 20. The Group includes three Hong Kong listed subsidiaries, namely Wharf REIC, Wharf and Harbour Centre.

Wharf REIC is incorporated in the Cayman Islands with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The Wharf REIC Group includes Harbour Centre, whose shares are listed on the Main Board of the Stock Exchange. The Wharf REIC Group is principally engaged in property investment in Hong Kong, holding strategic and substantial commercial investment properties in Hong Kong.

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Wharf is incorporated in Hong Kong with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The Wharf Group is principally engaged in property investment and development as well as logistics business in Hong Kong and the PRC.

From 23 February 2020 when the Offeror initially approached the Company in respect of the Offeror's intention to make the Proposal ("**Initial Approach Date**") up to the Latest Practicable Date, the Company made on-market acquisitions on the Stock Exchange of (i) 95,083,000 Wharf REIC Shares in aggregate for an aggregate consideration of HK\$3,009 million in cash; and (ii) 69,610,000 Wharf Shares for an aggregate consideration of HK\$959 million in cash ("**Post-Approach Acquisitions**"). The Company intends to continue to acquire (through its subsidiaries) additional Wharf REIC Shares and/or Wharf Shares on-market ("**Continuing Transactions**").

The applicable percentage ratios in respect of the Post-Approach Acquisitions and Continuing Transactions (together the "**Relevant Transactions**") in respect of Wharf REIC Shares and/or Wharf Shares between the Initial Approach Date and the completion of the Proposal may in aggregate exceed the 5% threshold for the purpose of Rule 14.07 under the Listing Rules, in which case they will constitute discloseable transaction(s), and therefore, constitute frustrating action(s) based on Note 6 to Rule 4 of the Takeovers Code. Under Rule 4, the Company may not enter into the Relevant Transactions without the approval of the Shareholders in general meeting unless such requirement is waived by the Executive, and under Note 1 to Rule 4, the requirement of a shareholders' meeting may be waived by the Executive if the Offeror agrees. The Company has received the written consent from the Offeror to the Relevant Transactions. Further, the Company has applied for and the Executive has granted a waiver of the requirement under Rule 4 of the Takeovers Code for approval of the Shareholders to be obtained in respect of the Relevant Transactions.

As at the Latest Practicable Date there were 2,052,849,287 Shares in issue while the Company was interested through its wholly-owned subsidiaries in 1,987,472,608 Wharf REIC Shares and 2,199,301,608 Wharf Shares representing a ratio of Shares to Wharf REIC Shares of 0.97 and a ratio of Shares to Wharf Shares of 1.07. However, these ratios will vary if the number of Shares in issue, and/or the number of Wharf REIC Shares or Wharf Shares held by the Company through its wholly-owned subsidiaries, changes between the Latest Practicable Date and the Effective Date. Accordingly, in order to give Shareholders certainty, the ratio of Shares to Wharf REIC Shares and the ratio of Shares to Wharf Shares to be distributed under the Distribution has been rounded and fixed at 1.0 in both cases.

Your attention is drawn to "Appendix I – Financial Information of the Group", and "Appendix VI – General Information of the Group and the Offeror" to this Scheme Document.

Interests of the Directors

Mr. D Woo is the vice chairman and the managing director of Wheelock Properties Limited ("**WPL**"), a wholly owned subsidiary of the Company, and a director of certain other companies which are associates of Mr. Woo, the ultimate beneficial owner of the Offeror and one of the Offeror Concert Parties.

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Mr. Stephen T H Ng is the chairman and the managing director of Wharf REIC, the chairman and the managing director of Wharf, the chairman and a director of Harbour Centre Development Limited, chairman of Wharf Estates (Singapore) Pte. Ltd. (a subsidiary of the Company, publicly listed in Singapore until October 2018), and a director of certain other companies which are associates of Mr. Woo, the ultimate beneficial owner of the Offeror and one of the Offeror Concert Parties.

Mr. Stewart C K Leung is the chairman of WPL and Wheelock Properties (Hong Kong) Limited (“**WPHKL**”), both being wholly-owned subsidiaries of the Company.

Mr. Paul Y C Tsui is the vice chairman and the group chief financial officer of Wharf, the vice chairman and an executive director of Wharf REIC, the vice chairman of WPL and a director of certain other companies which are associates of Mr. Woo, the ultimate beneficial owner of the Offeror and one of the Offeror Concert Parties. Mr. Paul Y C Tsui is also a director of the Offeror and is therefore presumed to be acting in concert with the Offeror by virtue of class (2) of the definition of acting in concert under the Takeovers Code.

Each of Mr. D Woo, Mr. Stephen T H Ng, Mr. Stewart C K Leung, Mr. Paul Y C Tsui, and Mr. Ricky K Y Wong has interests in the Shares of the Company, and each of Mr. D Woo, Mr. Stewart C K Leung, Mr. Paul Y C Tsui and Mr. Ricky K Y Wong has Share Options in the Company as well. For details, see “Appendix VI – General Information of the Group and the Offeror” to this Scheme Document.

Notwithstanding the Directors’ interests disclosed above, save for Mr. D Woo (being the son of Mr. Woo) and Mr. Paul Y C Tsui (being a director of the Offeror), none of the Directors is materially interested in the Scheme or is required to abstain from voting on the board resolution of the Company approving the Proposal under the relevant requirements of the articles of association of the Company.

14. INFORMATION ON THE OFFEROR

The Offeror is a private company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Woo.

Mr. Woo served as the chairman of the Company from 1986 to 1996 and also from 2002 to December 2013. He stepped down as the Chairman to assume the title of senior director of the Company with effect from 1 January 2014 and retired from the Board in May 2015. He was also the chairman of Wharf. He served as a member of the Standing Committee of the 10th, 11th and 12th National Committee of the Chinese People’s Political Consultative Conference (the “**CPPCC**”) of the PRC. He was the convener of Hong Kong CPPCC members. In Hong Kong, he was awarded the Grand Bauhinia Medal in June 2012 and the Gold Bauhinia Star in 1998 by the Government of Hong Kong and appointed a Justice of the Peace in 1993. He was a non-official member of the Commission on Strategic Development. Previously, he served as chairman of the Hospital Authority from 1995 to 2000, council chairman of Hong Kong Polytechnic University from 1993 to 1997 and chairman of the Hong Kong Trade Development Council from 2000 to 2007.

The directors of the Offeror are Mr. K C Chan, Mr. Paul Y C Tsui, Mr. Yu Ka Kai and Mr. Tam Chi Wai.

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Under the articles of association of the Offeror, none of the Offeror Directors shall be considered materially interested in the Scheme and required to abstain from voting on the board resolution of the Offeror approving the Proposal.

15. INTENTIONS OF THE OFFEROR AND THE COMPANY

The Offeror intends to continue the existing businesses of the Group, explore new development opportunities and implement long-term growth strategies and does not have plans to make any major changes to the business of the Group, including any redeployment of fixed assets of the Group, upon the successful delisting of the Company.

Further, the Offeror has no intention to discontinue the employment of the employees of the Group after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

Upon the Scheme becoming effective, the Offeror's investment in the Group will be its principal business.

16. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as evidence of title. In that case, the Company does not intend to maintain its listing on the Stock Exchange and will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of announcement of, among other things, the exact dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative expected timetable in relation to the Proposal is included in the "Expected Timetable" section of this Scheme Document.

17. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Proposal lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

18. COSTS OF THE SCHEME

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally, except that if the Independent Board Committee or the Independent Financial Adviser does not recommend the Scheme, or the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

19. GENERAL

The Offeror has appointed HSBC as its financial adviser in connection with the Proposal.

The Board comprises Mr. D Woo, Mr. Stephen T. H. Ng, Mr. Stewart C. K. Leung, Mr. Paul Y C Tsui, Mr. Ricky K. Y. Wong, Mr. Horace W. C. Lee 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 Dr. Glenn S. Yee.

An Independent Board Committee, which comprises all the 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 Dr. Glenn S. Yee who are not interested in the Proposal, has been established by the Board to make a recommendation: (i) to the Independent Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the General Meeting and (ii) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal. Mrs. Mignonne Cheng, a non-executive Director, is also the chairman of BNP Paribas Wealth Management for Asia-Pacific, which provides financial services to Mr. Woo and the Company from time to time. The Board is of the view that she is interested in the Proposal for the purpose of Rule 2.8 of the Takeovers Code and is accordingly excluded from being a member of the Independent Board Committee. All of the other non-executive Directors (namely all independent non-executive Directors) are members of the Independent Board Committee. Mr. Horace W. C. Lee, a Director who carries out an executive function in the Group, is also excluded from the Independent Board Committee.

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal in the letter from the Independent Board Committee set out in the “Letter from the Independent Board Committee” section of this Scheme Document.

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In addition, Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Anglo Chinese as the Independent Financial Adviser has been approved by the Independent Board Committee.

The full text of the letter of advice from Anglo Chinese containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in the “Letter from the Independent Financial Adviser” section of this Scheme Document. We would advise you to carefully read such letter of advice before you take any action in respect of the Proposal.

The Directors (including members of the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

There are no arrangements (whether by way of option, indemnity or otherwise) relating to relevant securities which may be an inducement to deal or refrain from dealing as described in Note 8 to Rule 22 of the Takeovers Code between the Offeror or any of the Offeror Concert Parties and any other person in relation to shares of the Offeror or the Shares.

As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

Other than the undertaking executed by the Trustee (in its capacity as the trustee of the Trust) to exercise all voting rights attached to the Excluded Shares held by it at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the Latest Practicable Date.

Associates of the Company or the Offeror (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

Having made reasonable enquiries prior to the Latest Practicable Date, the Offeror confirms that there is no understanding, arrangement or agreement which constitute a special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder of the Company; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies. Further disclosures will be made by the Offeror and the Company as and when necessary.

20. REGISTRATION AND PAYMENT

Assuming that the Proposal Record Date falls on Friday, 10 July 2020, it is proposed that the Register will be closed from Wednesday, 8 July 2020 (or such other date as Shareholders may be notified by announcement) in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration in their names or in the names of their nominees no later than 4:30 p.m. on Tuesday, 7 July 2020.

Despatch of share certificates for Distributable Wharf REIC and Wharf Shares and Payment of Scheme Consideration to Scheme Shareholders

Upon the fulfilment and waiver (as applicable) of the Distribution Conditions, the Company will instruct the Share Registrar to arrange for the delivery of the share certificates of the Distributable Wharf REIC and Wharf Shares under the Distribution to the Scheme Shareholders (other than the Non-Qualifying Shareholders), whose names appear on the Register as at the Proposal Record Date. Assuming the Distribution becomes unconditional on Wednesday, 15 July 2020), the share certificates of the Distributable Wharf REIC and Wharf Shares under the Distribution are expected to be despatched on Wednesday, 22 July 2020.

Upon the Scheme becoming effective, payment of the Scheme Consideration for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the Register as at the Proposal Record Date as soon as possible but in any event within 7 Business Days following the Scheme having become effective. Assuming that the Scheme becomes effective on Thursday, 23 July 2020, cheques for payment of the Scheme Consideration to the Scheme Shareholders will be despatched on or before Monday, 3 August 2020.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before Tuesday, 28 July 2020, cheques for the Scheme Consideration will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing on the Register as at the Proposal Record Date or, in the case of joint holders, at the address appearing on the Register as at the Proposal Record Date of the joint holder whose name stands first in the Register in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, HSBC, Anglo Chinese and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

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On or after the day being six calendar months after the posting of such cheques, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee).

The Offeror (or its nominee) shall hold such monies until the expiry of six years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that such cheques referred to in the paragraph above of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the Register will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing share certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 23 July 2020.

Any share certificates of Wharf REIC Shares and Wharf Shares posted to the Scheme Shareholders (other than Non-Qualifying Shareholders) pursuant to the Distribution which have been returned or undelivered will be cancelled. The share registrar of Wharf REIC and Wharf, respectively, may at any time thereafter issue new share certificates in respect of such Wharf REIC Shares and/or Wharf Shares, respectively, to those Scheme Shareholders who can establish their entitlements to its satisfaction and transfer to them all accrued entitlements from the original date of allotment or transfer, as the case may be, in respect of such Wharf REIC Shares and/or Wharf Shares, subject to the payment of any expenses incurred.

Settlement of the Scheme Consideration to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

Payment in respect of the Share Option Offer Price to Optionholders

On the basis that the Scheme becomes effective, cheques for payment of the Share Option Offer Price payable under the Option Offer are expected to be despatched as soon as possible but in any event within 7 Business Days following the Scheme having become effective (i.e. by Monday, 3 August 2020). In the absence of any specific instructions to the contrary received in writing by the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before Tuesday, 28 July 2020, cheques will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the Optionholders at their respective last known addresses as notified by the Optionholders to the Company. All such cheques will be sent at the risk of the Optionholders and none of the Offeror, the Company, HSBC, Anglo Chinese and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.

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On or after the day being six calendar months after the posting of such cheques, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee).

The Offeror (or its nominee) shall hold such monies for those entitled under the terms of the Option Offer until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, together with interest thereon, to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that such cheques referred to in the paragraph above of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Option Offer.

Settlement of the consideration to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Optionholders.

21. OVERSEAS SHAREHOLDERS

21.1 General

The making of the Proposal to the Scheme Shareholders (including the Distribution) who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take an action in relation to the Proposal (including the Distribution) to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above. If you are in doubt as to your position, you should consult your professional advisers.

21.2 Non-Qualifying Shareholders

As at the Latest Practicable Date, based on the Register, there were 93 Shareholders whose addresses as registered in the Register were outside Hong Kong, namely in Australia, Brazil, Canada, the PRC, France, the Republic of Ireland, Japan, Macau, Malaysia, New Zealand, Singapore, the United Kingdom and the United States (the “**Overseas Jurisdictions**”).

The Company has made enquiries with overseas legal advisers regarding the legal restrictions under the laws of and the requirements of the relevant regulatory body or stock exchange in these Overseas Jurisdictions in relation to making the Distribution to such Shareholders and Beneficial Owners with addresses located in the Overseas Jurisdictions. The Company, based on the results of such enquiries made, considers it unduly burdensome to make the Distribution to any such Shareholder or Beneficial Owner with an address located in Australia or the United States (the “**Excluded Jurisdictions**”).

Accordingly, the Non-Qualifying Shareholders are Shareholders and Beneficial Owners (if any) of Scheme Shares whose addresses as appearing on the Register are, or which are otherwise known by the Company to be, in these Excluded Jurisdictions.

The Non-Qualifying Shareholders will be entitled to receive the Scheme Consideration for every Scheme Share they hold on the Proposal Record Date, but will not be able to receive the Wharf REIC Shares and Wharf Shares to which they are entitled under the Distribution, and arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market, and the proceeds of such sale, after deduction of expenses (including brokerage, trading tariff, trading fee, transaction levy, transfer fee), if not less than HK\$100, to be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk. The Company will arrange for the sale of the relevant Wharf REIC Shares and Wharf Shares as soon as practicable after the Distribution is made at the then prevailing market price, which may be different from the price at which the Distributable Wharf REIC and Wharf Shares first become tradable on the Stock Exchange by the other Scheme Shareholders. The Company will thereafter arrange for the despatch of the cheques for payment of the net proceeds of such sale to the relevant Non-Qualifying Shareholders as soon as practicable and it is expected that the cheques will be despatched by Friday, 21 August 2020 in the absence of exceptional circumstances. If the amount falling to be distributed to a Non-Qualifying Shareholder is less than HK\$100, such amount will not be distributed but will be retained for the benefit of the Company.

By accepting any Distributable Wharf REIC and Wharf Shares, each Shareholder will be deemed to represent and warrant to the Company, Wharf REIC and Wharf that neither such Shareholder nor any Beneficial Owner for which it holds Shares is located in an Excluded Jurisdiction. Any Shareholder that is unable to make such representations and warranties to the Company, Wharf REIC and Wharf must advise the Company of this in writing at 23rd Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong, for the

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attention of the Company Secretarial Department of the Company and marked “Wheelock and Company Limited – US Investors” no later than the close of business on Tuesday, 14 July 2020.

21.3 Overseas Shareholders in Australia

Based on laws applicable in Australia, it has been determined that Scheme Shareholders with a registered address in Australia and Beneficial Owners in Australia on the Proposal Record Date (the “**Australian Shareholders**”) are Non-Qualifying Shareholders who will be entitled to receive the Scheme Consideration for every Scheme Share they hold on the Proposal Record Date, but will not be able to receive the Wharf REIC Shares and Wharf Shares under the Distribution. Arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares to be dealt with as set out in the paragraphs headed “21.2 Non-Qualifying Shareholders” of this Explanatory Statement.

No offer of Wharf REIC Shares or Wharf Shares is being made to Australian Shareholders under or in connection with the Proposal. Neither this Scheme Document nor any other offering or marketing material in connection with the Proposal constitutes a prospectus or product disclosure statement under Part 6D.2 or Chapter 7 of the Corporations Act 2001 (Cth) (the “**Australian Corporations Act**”) and this Scheme Document has not been, and will not be lodged with the Australian Securities and Investments Commission. This Scheme Document does not contain the information required to be contained in a disclosure document or product disclosure statement for the purpose of the Australian Corporations Act.

Wharf REIC Shares and Wharf Shares distributed under the Proposal will not be able to be sold or offered for sale within Australia for 12 months after their issue except in circumstances where disclosure to investors under Part 6D.2 of the Australian Corporations Act or where the sale or offer is made pursuant to a disclosure document which complies with Part 6D.2 of the Australian Corporations Act.

Neither this Scheme Document nor any other offering or marketing material relating to the Proposal may be made available or distributed in Australia other than to Australian Shareholders and their advisors and in compliance with Australian law. Failure to comply with this restriction may contravene Australian law.

21.4 Overseas Shareholders in Brazil

THIS MATERIAL IS: (I) HIGHLY CONFIDENTIAL AND WAS PREPARED FOR USE SOLELY IN CONNECTION WITH THE PROPOSAL; (II) FOR THE EXCLUSIVE USE BY THE RECIPIENT TO WHOM IT HAS BEEN DELIVERED; AND (III) NOT A PROSPECTUS, WHICH HAS BEEN, OR WILL BE, APPROVED BY THE BRAZILIAN AUTHORITIES. THE SHARES REFERRED TO HEREIN WILL BE PRIVATELY ISSUED AND DELIVERED ONLY TO THE RELEVANT PERSONS DESCRIBED HEREIN.

NOTHING HEREIN SHALL BE CONSTRUED AS AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC IN GENERAL TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE ANY SECURITIES, INCLUDING THE SHARES DESCRIBED HEREIN.

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EACH RECIPIENT, BY ACCEPTING DELIVERY OF THIS MATERIAL, AGREES: (I) TO THE FOREGOING AND AGREES NOT TO MAKE ANY PHOTOCOPIES OF THIS MATERIAL, IN WHOLE OR IN PART; AND (II) THAT THIS MATERIAL DOES NOT CONSTITUTE LEGAL, BUSINESS, TAX, ACCOUNTING, INVESTMENT OR OTHER ADVICE OR A RECOMMENDATION WITH RESPECT TO ANY INVESTMENT. YOU SHOULD CONSULT YOUR OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR FOR LEGAL, BUSINESS AND TAX ADVICE.

21.5 Overseas Shareholders in Canada

This Scheme Document is not, and under no circumstances is it to be construed as, an advertisement or a public offering of the securities referred to in this Scheme Document. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this Scheme Document is intended solely for the shareholders of the Company.

21.6 Overseas Shareholders in France

This Proposal (including the Scheme and the Distribution) shall not constitute a French prospectus subject to the approval of the Autorité des marchés financiers.

21.7 Overseas Shareholders in Ireland

This Scheme Document does not constitute an offer or constitute any part of an offer of securities to the public as defined in Article 2 of European Union's Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Prospectus Directive 2003/71/EC (as amended, supplemented, varied and/or replaced from time to time) (the "**Prospectus Regulation**") or otherwise in Ireland. Accordingly this Scheme Document does not comprise a prospectus within the meaning of Irish prospectus law or European Union prospectus law (within the meaning of Chapter 1 of Part 23 of the Irish Companies Act 2014 as amended), and has not been prepared in accordance with the Prospectus Regulation or any measures made under that regulation or the laws of Ireland implementing that regulation or of any European Member State or European Economic Area treaty adherent state that implements that regulation or those measures.

21.8 Overseas Shareholders in New Zealand

This Scheme Document does not constitute an offer of the Shares, the Wharf REIC Shares and the Wharf Shares to New Zealand overseas Shareholders for issue or sale for the purposes of Part 3 of the Financial Markets Conduct Act 2013. Accordingly this Scheme Document does not comprise a New Zealand product disclosure statement and has not been registered, filed with, or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013.

21.9 Overseas Shareholders in Singapore

This Scheme Document is for the exclusive use by Shareholders solely for the purposes of assessing the Proposal and should not be used other than in connection with such purpose.

This Scheme Document has not been lodged with or registered by the Monetary Authority of Singapore, does not constitute an offer or invitation for the sale or purchase of securities in Singapore and shall not form the basis of any contract for the issue or sale of securities in Singapore.

Shareholders should note that they will not be required to pay or provide any consideration for any distribution shares received pursuant to the Distribution.

21.10 Overseas Shareholders in the United Kingdom

In the United Kingdom, any invitation or inducement to engage in investment activity (within the meaning of section 21 of Financial Services and Markets Act 2000 (“FSMA”)) received in connection with the Scheme has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of FSMA does not apply to such invitation.

Accordingly, in the United Kingdom, this document is being distributed only to, and is directed at, persons who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended (relevant persons).

The investment activity to which this document relates is available only to, and any invitation, offer or agreement in connection with the Proposal will be engaged in only with relevant persons.

21.11 Overseas Shareholders in the US

The Proposal, which involves the cancellation of the securities of a Hong Kong company by means of a scheme of arrangement provided for under the Companies Ordinance and the making of the Distribution, is subject to Hong Kong disclosure requirements, which are different from those of the US. The Distribution relates to shares of companies listed on the Main Board of the Stock Exchange in Hong Kong.

The Proposal is not subject to the tender offer or proxy statement rules under the U.S. Exchange Act. The Scheme is subject to the disclosure requirements and practices applicable in Hong Kong to shareholder meetings and schemes of arrangement, which differ from the disclosure and other requirements of the U.S. Exchange Act. The financial information included in the relevant documentation has been prepared in accordance with accounting standards applicable in Hong Kong that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

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Shareholders and Beneficial Owners in the US, including any holders of American Depositary Receipts in the US, may encounter difficulty enforcing their rights and any claim arising out of the US federal securities laws, as the Offeror, the Company, Wharf REIC and Wharf are located in a country outside the US, and some or all of their officers and directors may be residents of a country other than the US.

Shareholders and Beneficial Owners in the US may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, Shareholders and Beneficial Owners in the US may encounter difficulty compelling a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash pursuant to the Proposal by a Shareholder or Beneficial Owner of Scheme Shares in the US as consideration for the cancellation and extinguishment of his/her/its Scheme Shares pursuant to the Scheme, and the receipt of cash paid in lieu of the Distributable Wharf REIC and Wharf Shares by a Shareholder or Beneficial Owner in the US, may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it. This Scheme Document does not constitute an offer or invitation to purchase or subscribe for any securities in the US. The Distributable Wharf REIC and Wharf Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and such shares will not be distributed to Shareholders or Beneficial Owners in the US, including any holders of American Depositary Receipts in the US. By accepting any Distributable Wharf REIC and Wharf Shares, each Shareholder will be deemed to represent and warrant to the Company, Wharf REIC and Wharf that neither such Shareholder nor any Beneficial Owner for which he/she/it holds Shares is located in the US. Any Shareholder that is unable to make such representations and warranties to the Company, Wharf REIC and Wharf must advise the Company of this in writing at 23rd Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong, for the attention of the Company Secretarial Department of the Company and marked "Wheelock and Company Limited – US Investors" no later than the close of business on Tuesday, 14 July 2020. Shareholders and Beneficial Owners of Scheme Shares whose addresses as appearing on the Register are, or which are otherwise known by the Company to be, in the US will receive only cash in lieu of the Distributable Wharf REIC and Wharf Shares, as further described herein. The Distributable Wharf REIC and Wharf Shares are being distributed only to Shareholders outside the US.

The Distributable Wharf REIC and Wharf Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Proposal, the Distributable Wharf REIC and Wharf Shares or the accuracy or adequacy of this Scheme Document. Any representation to the contrary is a criminal offence in the US.

In addition, until 40 days after the distribution of the Distributable Wharf REIC and Wharf Shares, any offer, sale or transfer of the Distributable Wharf REIC and Wharf Shares in or into the US by a dealer (whether or not participating in the Scheme) may violate the registration requirements of the U.S. Securities Act.

22. TAXATION

Hong Kong stamp duty and tax consequences

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Similarly, as the acceptance of the Option Offer and the payment of the cash consideration for the cancellation of the Share Options does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance upon the acceptance the Option Offer or the payment of the cash consideration under the Option Offer.

Seller's and buyer's ad valorem stamp duty payable in connection with the transfer of the Wharf Shares from the Company to the Scheme Shareholders (other than the Non-Qualifying Shareholders) pursuant to the Distribution, each amounting to HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Wharf Shares, will be borne by the Company. Since Wharf REIC is a company incorporated in the Cayman Islands and its register of members is located and maintained there, no Hong Kong stamp duty is payable by the Company or the Scheme Shareholders in connection with the transfer of the Wharf REIC Shares from the Company to the Scheme Shareholders (other than the Non-Qualifying Shareholders) pursuant to the Distribution.

In respect of the entitlements of the Non-Qualifying Shareholders to the Distribution, arrangements will be made for the relevant Wharf REIC Shares and Wharf Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market. Seller's ad valorem stamp duty payable in connection with the sale of relevant Wharf REIC Shares and Wharf Shares (which would otherwise have been transferred to the Non-Qualifying Shareholders), each amounting to HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Wharf REIC Shares and Wharf Shares, will be borne by the Company.

The Scheme Shareholders and Optionholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal and, in particular, whether the receipt of the Scheme Consideration or of cash consideration under the Option Offer or the Wharf Shares and the Wharf REIC Shares pursuant to the Distribution would make such Scheme Shareholder or Optionholder liable to taxation in Hong Kong or in other jurisdictions.

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It is emphasised that none of the Offeror, the Company, HSBC, Anglo Chinese and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their approval or disapproval of the Proposal or their acceptance or rejection of the Option Offer. All Scheme Shareholders and/or Beneficial Owners and Optionholders shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal.

23. SCHEME SHARES

As at the Latest Practicable Date, the Independent Shareholders were interested in 626,153,957 Shares (representing approximately 30.50% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares. Only Shareholders who qualify as both Independent Shareholders and holders of CO Disinterested Shares, and not one only, will be eligible to vote at the Court Meeting.

As at the Latest Practicable Date, the Offeror was not interested in any Shares. Mr. Woo, directly and through the Mr. Woo Entities, was interested in 390,194,652 Shares (representing approximately 19.01% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Latest Practicable Date, the Trustee, in its capacity as trustee of the Trust, an Offeror Concert Party, was interested in 995,221,678 Shares in its capacity as trustee of the Trust (representing approximately 48.48% of the issued shares of the Company). Such Shares will not form part of the Scheme Shares and will not be voted at the Court Meeting.

As at the Latest Practicable Date, Mr. D Woo, an Offeror Concert Party (being the son of Mr. Woo), was interested in 7,000,000 Shares (representing approximately 0.34% of the issued share capital of the Company) and held 1,000,000 Share Options. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting, and such Share Options will be subject to the Option Offer.

As at the Latest Practicable Date, Ms. J Woo, an Offeror Concert Party (being the daughter of Mr. Woo), was interested in 33,879,000 Shares (representing approximately 1.65% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting.

As at the Latest Practicable Date, Mr. Paul Y C Tsui, an Offeror Concert Party (being a director of the Offeror), was interested in 300,000 Shares (representing approximately 0.01% of the issued share capital of the Company) and held 600,000 Share Options. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting, and such Share Options will be subject to the Option Offer.

As at the Latest Practicable Date, Mr. K C Chan, an Offeror Concert Party (being a director of the Offeror), was interested in 100,000 Shares (representing approximately 0.01% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting.

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As regards the voting requirements of Scheme Shareholders and Shareholders at the Court Meeting and the General Meeting respectively, see the paragraphs headed “24. Court Meeting and General Meeting” of this Explanatory Statement.

24. COURT MEETING AND GENERAL MEETING

The High Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modification). The Scheme will be subject to the approval by Scheme Shareholders, whose names appear on the Register as at the Meeting Record Date, at the Court Meeting in accordance with the requirements imposed by section 673 of the Companies Ordinance and Rule 2.10 of the Takeovers Code, and in the manner referred to in the paragraphs headed “4. Conditions of the Scheme and the Distribution” of this Explanatory Statement.

While the Shares held by Mr. Woo, the Mr. Woo Entities and the Trustee (in its capacity as the trustee of the Trust) will not form part of the Scheme Shares, the Shares held by Mr. D Woo, Ms. J Woo, Mr. Paul Y C Tsui and Mr. K C Chan, each an Offeror Concert Party, will form part of the Scheme Shares. Only Shareholders who qualify as both Independent Shareholders and holders of CO Disinterested Shares, and not one only, will be eligible to vote at the Court Meeting. As at the Latest Practicable Date, all the 667,432,957 Scheme Shares (representing approximately 32.51% of the issued share capital of the Company) are considered to be CO Disinterested Shares within the meaning of section 674(3)(a) of the Companies Ordinance. Mr. Woo, the Mr. Woo Entities, the Trustee (in its capacity as the trustee of the Trust), Mr. D Woo, Ms. J Woo, Mr. Paul Y C Tsui and Mr. K C Chan, being Offeror Concert Parties, are not Independent Shareholders, and their Shares will not be voted at the Court Meeting.

As at the Latest Practicable Date, except for (i) Mr. D Woo who held 7,000,000 Shares and 1,000,000 Share Options; (ii) Mr. Stephen T. H. Ng who held 176,000 Shares; (iii) Mr. Stewart C.K. Leung who held 50,000 Shares and 1,200,000 Share Options; (iv) Mr. Paul Y. C. Tsui who held 300,000 Shares and 600,000 Share Options; and (v) Mr. Ricky K. Y. Wong who held 609,000 Shares and 1,200,000 Share Options, none of the Directors had any shareholding or any interest (within the meaning of Part XV of the SFO) in the Company.

As stated in the AGM Circular, immediately following the conclusion of the Court Meeting, the General Meeting will be held for the purpose of considering and, if thought fit, passing the special resolution to give effect to the Scheme, including the reduction of the share capital of the Company. All Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote in respect of the special resolution at the General Meeting. The Trustee (in its capacity as the trustee of the Trust) has executed an undertaking to exercise all voting rights attached to the Excluded Shares held by it, and each of Mr. Woo, the Mr. Woo Entities, Mr. D Woo, Ms. J Woo and Mr. Paul Y C Tsui and Mr. K C Chan has indicated that they will vote in favour of the special resolution to be proposed at the General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished.

Notice of the Court Meeting is set out in Appendix VIII to this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Tuesday, 16 June 2020 in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong.

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Notice of the General Meeting is set out in the AGM Circular. The General Meeting will be held at 10:15 a.m. (or immediately after the Court Meeting convened for the same day and place shall have been concluded or adjourned) on Tuesday, 16 June 2020 in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong.

Assuming that the Scheme Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 23 July 2020. Further announcements will be made giving details of the results of the Court Meeting and General Meeting and, if all the resolutions are passed at those meetings, the result of the Court Hearing, the Proposal Record Date, the Effective Date, and the date of withdrawal of the listing of Shares on the Stock Exchange.

For precautionary measures we will take at the Court Meeting and the General Meeting in respect of the COVID-19 outbreak, please see the “Notice of the Court Meeting” in Appendix VIII to this Scheme Document and note (xi) in the “Notice of the General Meeting” in the AGM Circular, respectively.

25. BENEFICIAL OWNERS

Beneficial Owners are urged to have their names entered in the Register as soon as possible and in any event according to the timing stated below for the following reasons:

- (a) (i) to enable the Beneficial Owners to become Scheme Shareholders so that they can attend the Court Meeting in the capacity as members of the Company or to be represented by proxies to be appointed by them and (ii) to enable the Company to properly classify members of the Company as Scheme Shareholders who are entitled to attend and vote at the Court Meeting, the names of the Beneficial Owners would need to have been entered into the Register by the Meeting Record Date and appear on the Register on the Meeting Record Date; and
- (b) to enable the Company and the Offeror to make arrangements to effect payments by way of the delivery of cheques to the Beneficial Owners directly when the Scheme becomes effective, the names of the Beneficial Owners would need to have been entered into the Register by the Proposal Record Date and appear on the Register on the Proposal Record Date.

No person shall be recognised by the Company as holding any Shares upon any trust. Except in relation to HKSCC Nominees, any Shareholder who holds Scheme Shares as a nominee, trustee or registered owner in any other capacity will not be treated differently from any other Registered Owner. In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the General Meeting. To

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the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the General Meeting, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees must, unless such Beneficial Owner is a person admitted to participate in CCASS as a CCASS Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if they wish to vote in respect of the Scheme. Beneficial Owners should contact their broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

China Securities Depository and Clearing Corporation Limited will collect voting instructions from Southbound Investors for the Court Meeting and the General Meeting, and then submit such voting instructions to HKSCC Nominees on behalf of Southbound Investors. Any voting instruction should be submitted to HKSCC Nominees no later than 4:15 p.m. on Friday, 12 June 2020.

26. SUMMARY OF ACTIONS TO BE TAKEN

Action to be taken by Shareholders

Court Meeting and General Meeting

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and Shareholders to attend and vote at the General Meeting, the Register will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020 (both days inclusive) and during such period no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong before 4:30 p.m. on Wednesday, 10 June 2020.

A **pink** form of proxy for use at the Court Meeting is enclosed with this Scheme Document. A **white** form of proxy for use at the General Meeting is enclosed with the AGM Circular. Subsequent transferees of Scheme Shares will need to obtain the relevant proxy form from the transferor if he/she/it wishes to attend or vote at the Court Meeting and/or the General Meeting.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any subsequent adjournment thereof in person, Scheme Shareholders are strongly urged

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to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and Shareholders are strongly urged to complete and sign the **white** form of proxy in respect of the General Meeting enclosed with the AGM Circular, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The **pink** form of proxy may also be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll.

At the Court Meeting, each Scheme Shareholder (other than HKSCC Nominees) is entitled to vote either FOR or AGAINST the Scheme, but not both FOR and AGAINST the Scheme.

Each Scheme Shareholder is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a Scheme Shareholder and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a Scheme Shareholder and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the chairman of the Court Meeting shall have absolute discretion as to whether or not to accept those proxy forms.

In order to be valid, the pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the Court Meeting or any adjournment thereof, or handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll. The white form of proxy for use at the General Meeting should be lodged no later than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the General Meeting or any adjournment thereof. The completion and return of a form of proxy for the Court Meeting or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be deemed to have been revoked by operation of law.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders, in particular, those Shareholders subject to quarantine or self-quarantine in relation to COVID-19, to exercise their right to vote at the Court Meeting and/or the General Meeting by appointing the respective chairman of the Court Meeting and the General Meeting, as their proxy instead of attending the Court Meeting and/or the General Meeting in person. Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Completion and return of the forms of proxy in respect of the Court Meeting and the General Meeting will not preclude the Shareholders from attending and voting in person at the Court Meeting and/or the General Meeting or any adjournment thereof should they subsequently so wish.

For precautionary measures we will take at the Court Meeting and the General Meeting in respect of the COVID-19 outbreak, please see the "Notice of the Court Meeting" in Appendix VIII to this Scheme Document and note (xi) in the "Notice of the General Meeting" in the AGM Circular, respectively.

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If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or General Meeting, you will still be bound by the outcome of such Court Meeting and/or General Meeting if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and General Meeting. You are therefore strongly urged to attend and vote at the Court Meeting and/or the General Meeting in person or by proxy.

Voting at the Court Meeting and the General Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting on Tuesday, 16 June 2020. If all the resolutions are passed at those meetings, further announcement(s) will be made in relation to, among other things, the results of the High Court hearing of the petition to sanction the Scheme and, if the Scheme is sanctioned, the Proposal Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange as required under the Takeovers Code and the Listing Rules.

Actions to be taken by Beneficial Owners whose Shares are held through a trust or deposited in CCASS

The Company will not recognise any person as holding any Shares upon any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in the “Actions to be Taken” section of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the General Meeting personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the General Meeting and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company.

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In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in the “Actions to be taken” section of this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be deemed to have been revoked.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with, other CCASS Participants regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the General Meeting in respect of the Scheme. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

HKSCC Nominees may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS).

China Securities Depository and Clearing Corporation Limited will collect voting instructions from Southbound Investors for the Court Meeting and the General Meeting, and then submit such voting instructions to HKSCC Nominees on behalf of Southbound Investors. Any voting instruction should be submitted to HKSCC Nominees no later than 4:15 p.m. on Friday, 12 June 2020.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the General Meeting (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at

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the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GIVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTES AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR AT THE HIGH COURT HEARING EXPECTED TO BE HELD ON WEDNESDAY, 15 JULY 2020, AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.

Actions to be taken by Optionholders

The Option Offer Letter is being sent to each Optionholder separately. Optionholders should refer to those letters, the form of which is set out in Appendix IX to this Scheme Document. **Any Optionholder who wishes to accept the Option Offer must complete and return the duly completed and executed Form of Acceptance by 4:30 p.m. on Friday, 10 July 2020 (or such later date and time as may be notified to the Optionholders by the Offeror, HSBC and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange)** to the Offeror, care of Wheelock and Company Limited at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong for the attention of the Company Secretarial Department of the Company and marked “Wheelock and Company Limited – Option Offer”. No acknowledgement of receipt of any Form of Acceptance or any other document evidencing the grant of Share Options will be given.

The Optionholders should also note the instructions and other terms and conditions of the Option Offer printed on the Option Offer Letter and the Form of Acceptance.

27. RECOMMENDATION

Your attention is drawn to the following:

- (a) the paragraphs headed “Recommendation” in the “Letter from the Board” section of this Scheme Document;
- (b) the letter from the Independent Board Committee set out in the “Letter from the Independent Board Committee” section of this Scheme Document; and
- (c) the letter from the Independent Financial Adviser set out in the “Letter from Independent Financial Adviser” section of this Scheme Document.

28. FURTHER INFORMATION

Further information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, HSBC or Anglo Chinese or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

29. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Scheme Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Scheme Document include statements about the expected effects on the Company of the Proposal, the expected timing, and all other statements in this Scheme Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal and Option Offer, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics or outbreak of infections or contagious diseases such as COVID-19. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date.

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Any forward-looking statement contained in this Scheme Document based on past or current trends and/or activities of the Company, Wharf REIC or Wharf respectively should not be taken as a representation that such trends or activities will continue in the future. No statement in this Scheme Document is intended to be a profit forecast or to imply that the earnings of the Company, Wharf REIC or Wharf for the current year or future years will necessarily match or exceed their respective historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

30. PREVAILING TEXT

In case of any inconsistency, the English language texts of this Scheme Document and the enclosed **pink** form of proxy in respect of the Court Meeting shall prevail over their respective Chinese language texts.

In case of any inconsistency between this “Explanatory Statement” section and “Appendix VII – The Scheme” to this Scheme Document, the latter shall prevail.

1. FINANCIAL SUMMARY

The following is a summary of the consolidated financial results of the Group for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019, as extracted from the audited consolidated financial statements of the Company as set out in the annual reports of the Company for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

The auditors' reports issued by KPMG in respect of the consolidated financial statements of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Summary of the Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December		
	2017	2018	2019
	HK\$ million	HK\$ million	HK\$ million
Revenue	70,953	48,490	48,519
Direct costs and operating expenses	(42,264)	(19,435)	(17,220)
Selling and marketing expenses	(2,198)	(1,513)	(1,593)
Administrative and corporate expenses	(1,650)	(1,667)	(1,493)
	<u> </u>	<u> </u>	<u> </u>
Operating profit before depreciation, amortisation, interest and tax	24,841	25,875	28,213
Depreciation and amortisation	(984)	(941)	(970)
	<u> </u>	<u> </u>	<u> </u>
Operating profit	23,857	24,934	27,243
Increase/(Decrease) in fair value of investment properties	9,860	9,195	(4,927)
Other net income/(charge)	4,478	(1,894)	(2,837)
	<u> </u>	<u> </u>	<u> </u>
	38,195	32,235	19,479
Finance costs	(1,154)	(1,599)	(2,286)
Share of results after tax of:			
Associates	1,471	1,585	412
Joint ventures	2,954	1,279	497
	<u> </u>	<u> </u>	<u> </u>
Profit before taxation	41,466	33,500	18,102
Income tax	(8,435)	(6,630)	(6,110)
	<u> </u>	<u> </u>	<u> </u>
Profit for the year	<u>33,031</u>	<u>26,870</u>	<u>11,992</u>

	For the year ended 31 December		
	2017	2018	2019
	HK\$ million	HK\$ million	HK\$ million
Profit attributable to:			
Equity shareholders	20,570	17,239	9,173
Non-controlling interests	12,461	9,631	2,819
	<u>33,031</u>	<u>26,870</u>	<u>11,992</u>
Earnings per share			
Basic	HK\$10.09	HK\$8.43	HK\$4.48
Diluted	HK\$10.06	HK\$8.41	HK\$4.47
Dividend per share	HK\$1.425	HK\$1.550	HK\$1.575
Total comprehensive income attributable to:			
Equity shareholders	28,425	9,168	14,718
Non-controlling interests	16,649	5,497	4,493
	<u>45,074</u>	<u>14,665</u>	<u>19,211</u>
Total dividend for the year	2,909	3,174	3,230

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out on pages 65 to 147 of the Annual Report 2017 of the Company, which was published on 9 April 2018. The Annual Report 2017 is posted on the Company’s website at www.wheelockcompany.com. Please also see below a direct link to the Annual Report 2017:

www.wheelockcompany.com/investors/2017/WAC_AR_2017_E.pdf

The 2018 Financial Statements are set out on pages 67 to 153 of the Annual Report 2018 of the Company, which was published on 4 April 2019. The Annual Report 2018 is posted on the Company’s website at www.wheelockcompany.com. Please also see below a direct link to the Annual Report 2018:

www.wheelockcompany.com/investors/2018/EW00020-AR18.pdf

The 2019 Financial Statements are set out on pages 73 to 163 of the Annual Report 2019 of the Company, which was published on 27 April 2020. The Annual Report 2019 is posted on the Company's website at www.wheelockcompany.com. Please also see below a direct link to the Annual Report 2019:

www.wheelockcompany.com/investors/2019/2019_Wheelock_AR_Eng.pdf

The 2017 Financial Statements, the 2018 Financial Statements and the 2019 Financial Statements (but not any other part of the Annual Report 2017, the Annual Report 2018 and the Annual Report 2019 in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank loans and other borrowings

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the Group had the following outstanding loans and other borrowings:

	<i>HK\$ million</i>
Bonds and notes (unsecured)	30,260
Bank loans (secured) (<i>Note</i>)	16,006
Bank loans (unsecured)	77,292
Total indebtedness	123,558

Note: The HK\$16.0 billion was secured by mortgages over certain development and investment properties and property, plant and equipment with a total carrying value of HK\$58.3 billion.

Contingent liabilities

As at 31 March 2020, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain associates and joint ventures of HK\$11,852 million, of which HK\$8,106 million had been drawn.

As at 31 March 2020, there were guarantees of HK\$3,316 million provided by Wharf Group and Wharf REIC Group to banks in favour of their customers in respect of the mortgage loans provided by those banks to those customers for the purchase of development properties of Wharf Group and Wharf REIC Group. There were also mortgage loan guarantees of HK\$2,375 million provided by associates and joint ventures of Wharf Group and Wharf REIC Group to banks in favour of their customers.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, intra-group guarantees and normal account payables in the ordinary course of business, the Group did not have any material outstanding bank overdrafts or loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities as at 31 March 2020.

4. MATERIAL CHANGE

Since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, the Group had been affected by the COVID-19 outbreak which has had an impact on the already fragile global economy. Since the outbreak of the COVID-19 pandemic in around January to February 2020, market conditions in Hong Kong, the PRC and Singapore (where the Group conducts its businesses) significantly and rapidly deteriorated as people were ordered or encouraged to stay indoors and/or avoid gatherings over virus concerns. Cross border travels have also been ground to a virtual standstill. Unemployment has soared and the economy is in sharp decline.

The Company issued the Profit Warning Announcement on 28 April 2020 as summarised in the paragraphs headed “Profit Warning Announcement and Estimate of Results” in the “Letter from the Board” section of this Scheme Document.

The Group continues to face uncertainty in its outlook amid the COVID-19 pandemic affecting businesses in Hong Kong, the PRC and many overseas countries including Singapore, coupled with the international trade tensions and local social unrest. It is uncertain when the outbreak will be brought under control, hence the relevant business sectors are expected to remain challenging for the rest of this year. As the spread and impact of COVID-19 are still developing, it is premature and impracticable to precisely assess the duration, scale and extent of its impact on the global economy and the likely overall impact on the Group’s business and operations.

Save as aforesaid, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. 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. For details, please refer to the independent reporting accountants' assurance report from KPMG on the compilation of pro forma financial information, the text of which is set out in Appendix II to this Scheme Document.

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

					Company Adjusted Consolidated NAV had the Distribution been completed on 31 December 2019
Group Consolidated NAV	Pro forma adjustments				
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:

1. 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)
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)
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.

APPENDIX II INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this Scheme Document.



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.

APPENDIX II INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

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.

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

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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 May 2020



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

21 May 2020

The Board of Directors
Wheelock and Company Limited
23/F., Wheelock House
20 Pedder Street
Central
Hong Kong

Dear Sirs,

**Wheelock and Company Limited (“the Company”)
Profit Estimate for the three months ended 31 March 2020**

We refer to the estimate of the consolidated loss attributable to equity shareholders of the Company for the three months ended 31 March 2020 (“the Profit Estimate”). The Profit Estimate has been prepared to enable the directors of the Company to issue the following statement set forth in the profit warning announcement of the Company dated 28 April 2020 (the “Profit Warning Announcement”):

Based on the management information currently available to the Company including the latest unaudited management accounts of the Group for the three months ended 31 March 2020, the Board of Directors of the Company (the “Board”) wishes to advise shareholders and investors of its preliminary estimation that the Group expects a loss attributable to equity shareholders for the three months ended 31 March 2020 of approximately HK\$6 billion mainly due to the losses and/or reduced profitability of our principal businesses and the effect of unrealised revaluation deficit or impairment of the Group’s investment properties, development properties and hotels thus caused. The Group’s financial performance in 2020 has so far been impacted mainly by the very weak economic environment and the extreme market and operating conditions caused by COVID-19 on the Group’s business.

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as “the Group”) for the three months ended 31 March 2020.

The Company’s directors are solely responsible for the Profit Estimate.

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 Hong Kong Institute of Certified Public Accountants (“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 on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Profit Warning Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published consolidated financial statements of the Group for the year ended 31 December 2019.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong



21 May, 2020

The Board of Directors
Wheelock and Company Limited
23rd Floor, Wheelock House
20 Pedder Street, Hong Kong

Dear Sirs,

Re: (1) Proposal for the privatisation of Wheelock and Company Limited by Admiral Power Holdings Limited by way of a scheme of arrangement; (2) Option Offer by Admiral Power Holdings Limited to cancel the Share Options in Wheelock and Company Limited; and (3) Proposed withdrawal of listing by Wheelock and Company Limited

We refer to the announcement dated 28 April, 2020 (the “**Profit Warning Announcement**”) and the scheme document dated 21 May, 2020 (the “**Scheme Document**”) issued by the Company. The terms used in this letter shall have the same meaning as defined in the Scheme Document of which this letter forms part, unless the context requires otherwise.

As stated in the Profit Warning Announcement, the Board has advised the Shareholders and the investors of the Group’s preliminary estimation of a loss attributable to equity shareholders for the three months ended 31 March, 2020 of approximately HK\$6 billion mainly due to the losses and/or reduced profitability of its principal businesses and the effect of unrealised revaluation deficit or impairment of the Group’s investment properties, development properties and hotels thus caused. The Group’s financial performance in 2020 has so far been impacted mainly by the very weak economic environment and the extreme market and operating conditions caused by the COVID-19 on the Group’s business.

The profit warning (the “**Estimate**”) included in the Profit Warning Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on in accordance with Rule 10.4 of the Takeovers Code. We have discussed with the management of the Company the basis and assumptions upon which the Estimate was prepared. The Estimate was made based on a preliminary assessment by the Board with reference to the information then available including the unaudited consolidated management accounts of the Group for the three months ended 31 March, 2020.

We have also considered the letter dated 21 May, 2020 issued by the Company's auditors, KPMG to you (the text of which is set out in Appendix III to the Scheme Document) and which has stated that so far as the accounting policies and calculations were concerned, the Estimate has been properly compiled in accordance with the bases adopted by the Directors, as set out in the Profit Warning Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its consolidated financial statements for the year ended 31 December, 2019.

Based on the above, we are satisfied that the Estimate has been made by the Directors with due care and consideration.

Yours faithfully,

For and on behalf of

Anglo Chinese Corporate Finance, Limited

Stephen Clark

Managing Director

Stephanie Wong

Director

The following is a text of the letter and valuation summaries prepared for the purpose of incorporation in this Scheme Document received from Knight Frank Petty Limited, an independent valuer, in connection with its valuations as at 31 March 2020 of the Property Interests held by Wheelock and Company Limited.



Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

21 May 2020

The Directors
Wheelock and Company Limited
23rd Floor, Wheelock House
20 Pedder Street
Central, Hong Kong

Dear Sirs

VALUATION IN RESPECT OF VARIOUS PROPERTY INTERESTS IN THE HONG KONG SPECIAL ADMINISTRATIVE REGION (HEREINAFTER REFERRED TO AS “THE PROPERTY INTERESTS”)

In accordance with the instructions from Wheelock and Company Limited (hereinafter referred to as the “Company”) and its subsidiaries or its associated companies, excluding The Wharf (Holdings) Limited and Wharf Real Estate Investment Company Limited (hereinafter together referred to as the “**Group**”) to value the Property Interests in the Hong Kong Special Administrative Region (“**Hong Kong**”), we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interests as at 31 March 2020 (the “**Valuation Date**”) for public disclosure purposes. Our valuation is undertaken by qualified valuers with relevant experiences, as an independent valuer and is prepared in an unbiased and professional manner.

BASIS OF VALUATION

In arriving at our opinion of market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The RICS Valuation — Global Standards 2020” issued by The Royal Institution of Chartered Surveyors (“**RICS**”). Under the said standards, market value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in "The HKIS Valuation Standards 2017" issued by HKIS, "The RICS Valuation — Global Standards 2020" issued by RICS and Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In valuing the Property Interests, we have complied with the requirements set out in Rule 11 of the Code on Takeovers and Mergers (the "**Takeovers Code**") published by Securities and Futures Commission.

Our valuation is based on 100% of the leasehold Property Interests.

VALUATION METHODOLOGIES

In forming our opinion of value of the Property Interests in Group I which are held by the Group for investment, we have adopted the Income Approach on the basis of capitalisation of the rental income derived from the existing tenancies, where applicable, with due provision for the reversionary income potential of the Property Interests, or where appropriate, by Market Approach by making reference to comparable sale transactions as available in the relevant market.

In forming our opinion of value of the Property Interests in Group II which are held by the Group for sale and Group IV which are held by the Group for owner-occupation, we have considered the Market Approach by making reference to sales evidence as available in the market.

In forming our opinion of value of the Property Interests in Group III which are held by the Group for development, we have valued them based on the development proposals, estimated development costs and costs incurred as at the Valuation Date, etc as provided to us and that they will be developed and completed in accordance with the latest development proposals given by the Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuation, we have adopted the Market Approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

POTENTIAL TAX LIABILITY

The property-related potential tax liability which might arise on disposal of the Property Interests (as property transfer) as at the Valuation Date include Ad Valorem Stamp Duty at 4.25%, 8.5% or 15%, Buyer's Stamp Duty at 15% and/or Special Stamp Duty at 10% to 20%. The likelihood of such tax liability being crystallised to the Group is slim and is excluded from our valuation.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions: -

Title Documents and Encumbrances

In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property Interests are not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

Development Approvals and Site Conditions

In valuing the Property Interests under development, we have assumed that the Group has obtained all such approvals required for its construction including planning approval, building plan approval, construction permit, etc. We have also assumed that roads and necessary utilities are all readily connected to the Property Interests.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group. We have accepted advice given to us on such matters as planning approval, statutory notice, easement, tenure, site area, floor areas, tenancy summaries, number of carparking spaces and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property Interests, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interests or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the Property Interests in March and April 2020. The inspections of the Property Interests were undertaken by qualified valuers of Knight Frank valuation team in Hong Kong. Nevertheless, we have assumed in our valuation that the Property Interests were in satisfactory exterior and interior decorative order without any unauthorised extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of Property Interests to be Valued

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property Interests, identified by the property addresses in your instructions, are the Property Interests inspected by us and contained within our valuation summaries. If there is ambiguity as to the property addresses, or the extent of the Property Interests to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interests on the assumption that, in all respects, they are insurable against all usual risks including, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuation, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We have not undertaken any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interests. Our valuation has therefore been undertaken on the basis that the Property Interests were in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the buildings constructed or to be constructed thereon; and that the services are suitable for any existing development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Currency

Unless otherwise stated, all money amounts stated in our valuation are in Hong Kong Dollar for Property Interests in Hong Kong.

Limitations on Liability

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction, social environment and epidemic could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the values of the Property Interests.

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.764 sq ft

1 sq m = 0.0001 ha

We enclose herewith our valuation summaries.

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Thomas Lam

FRICS FHKIS MCIREA RPS(GP) RICS Registered Valuer

Executive Director

Head of Valuation & Advisory

Alnwick Chan

FRICS FHKIS RPS(GP) RICS Registered Valuer

Executive Director

Head of Valuation & Professional Services

Remarks: Alnwick Chan is a qualified valuer who has 29 years of experiences in property valuation, land administration and development consultancy in Hong Kong. He is now responsible for property valuations, land exchanges, lease modifications and premium assessments, development feasibilities, etc.

Thomas Lam is a qualified valuer who has 20 years of extensive experiences in market research, valuation and consultancy in the PRC, Hong Kong, Macao and Asia Pacific region.

Group I – Property Interests held by the Group for investment in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement		Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				date of land tenure	Lease Term									
1	Commercial Development and Car Park, One Island South, No 2 Heung Yip Road	Tristar Capital Limited	Wong Chuk Hang	29 Oct 1971	75 years renewable for 75 years	Retail & Car Park	5,549.52	59,735	L 2011	96%	3,267,000	772,000,000	100%	772,000,000
2	No 100 Belcher's Street	Rhythm Core Limited	Kennedy Town	24 Jun 1883	999 years	Retail	144.74	1,558	L 2011	100%	77,175	82,900,000	100%	82,900,000
3	Shop No 3, Lower Ground Floor, Lexington Hill, No 11 Rock Hill Street, Nos 44A, 44B, 46 Belcher's Street	Universal Sight Limited	Kennedy Town	24 Jun 1892	999 years	Retail	78.97	850	L 2014	Vacant	Vacant	37,700,000	100%	37,700,000
4	Commercial Accommodation and Various Signages, Island Residence, No 163 Shau Kei Wan Road	Brave Valley Limited	Shau Kei Wan	12 Dec 1921	75 years renewable for 75 years	Retail	1,142.98	12,303	S 2017	8%	90,000	309,000,000	100%	309,000,000

Property No	Property Name	Holding Entity	District	Commencement		Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				date of land tenure	Lease Term									
5	14 Houses, NAPA, No 88 So Kwun Wat Road	Flourish Elation Investments Limited, Jolly Rhythm Investments Limited, Leading Result Investments Limited, Myriad Dynasty Investments Limited, Platinum Box Investments Limited, Ultra Gleam Investments Limited, Wisdom House Investments Limited, Angel Port Investments Limited, Bronzy Flow Investments Limited, Champion Enterprises Investments Limited, Courage Oasis Investments Limited, Dazzling Mercury Investments Limited, Diamond Lustre Investments Limited, Essential Rise Investments Limited	Tuen Mun	27 Feb 2013	50 years	Residential	2,445.34	26,322	S 2017	Vacant	Vacant	421,800,000	100%	421,800,000

Property No	Property Name	Holding Entity	District	Commencement date of land		Lease Term	Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				tenure	date of land										
6	Commercial Accommodation and Various Vehicle Parking Spaces, Oasis Kai Tak, No 10 Muk Ning Street	Handy Solution Limited	Kai Tak	17 Jun 2014	50 years	Reial & Car Park	654.40	7,044	L	2018	19%	237,000	122,100,000	100%	122,100,000
7	Various Strata Title Units	N/A	Happy Valley, Kennedy Town, Kowloon City, Mid-Levels, North Point, Sai Ying Pun, Wan Chai and Wong Chuk Hang	N/A	Various tenures	Residential, Retail, Office, Industrial and Car Park	18,953.83	204,019	S	Various dates	35%	1,399,489	3,269,400,000	88.7441%	2,901,400,000
Total													5,014,900,000		4,646,900,000

Group II – Property Interests held by the Group for sale in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement		Lease Term	Type of property	Floor Area (sq m)	Floor Area (sq ft)	Completion date	No of car parking spaces	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				date of land tenure	date of land tenure										
8	1 House and 3 Car Parking Spaces, Capri, No 33 Tong Yin Street	Amblegreen Company Limited	Tseung Kwan O	10 Jan 2013	50 years	Residential & Car Park	184.64	1,988	S	2017	CPS: 3	Vacant	50,500,000	100%	50,500,000
9	5 Car Parking Spaces, Savannah, No 3 Chi Shin Street	Great Horwood Limited	Tseung Kwan O	29 Apr 2013	50 years	Car Park	N/A	N/A	N/A	2018	CPS: 5	Vacant	10,500,000	100%	10,500,000
10	8 Residential Units, 40 Car Parking Spaces and 15 Motorcycle Parking Spaces, One Homantin, No 1 Sheung Foo Street	Easy Merit Holdings Limited	Ho Man Tin	11 Jul 2013	50 years	Residential & Car Park	826.96	8,903	S	2017	CPS:40 MPS:15	Vacant	395,300,000	100%	395,300,000
11	38 Residential Units and 47 Car Parking Spaces, Oasis Kai Tak, No 10 Muk Ning Street	Handy Solution Limited	Kai Tak	24 Feb 2017	50 years	Residential & Car Park	2,934.78	31,590	S	2018	CPS:47	Vacant	1,166,060,000	100%	1,166,060,000
12	28 Residential Units, 14 Houses and 69 Car Parking Spaces, NAPA, No 88 So Kwun Wat Road	Wascott Property Limited	Tuen Mun	17 Feb 2013	50 years	Residential & Car Park	4,666.20	50,227	S	2017	CPS:69	Vacant	805,480,000	100%	805,480,000
13	8 Residential Units, Island Residence, No 163 Shau Kei Wan Road	Active Talent Holdings Limited	Shau Kei Wan	12 Dec 1921	75 years renewable for 75 years	Residential	358.33	3,857	S	2017	-	Vacant	99,750,000	100%	99,750,000

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Group III – Property Interests held by the Group under development in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Site area (sq m)	Site area (sq ft)	Planned GFA (sq m)	Planned GFA (sq ft)	Scheduled completion date of construction	Pre-sale consideration	Construction cost incurred (HKD)	Construction cost to be incurred (HKD)	Development value as if completed as at the Valuation Date (HKD)	Market Value in existing state at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
16	New Kowloon Inland Lot No 6564, Kai Tak Area 1L Site 1	Top Genius Holdings Limited	Kai Tak	24 Feb 2017	50 years	Development site under construction	7,318.00	78,771	39,516.94	425,360	2021	-	387,790,000	1,596,150,000	9,540,000,000	6,020,000,000	100%	6,020,000,000
17	New Kowloon Inland Lot No 6563, Kai Tak Area 1L Site 2	Milway Development Limited	Kai Tak	12 Apr 2017	50 years	Development site under construction	9,482.00	102,064	51,201.68	551,135	2022	-	41,030,000	2,182,660,000	12,400,000,000	7,240,000,000	100%	7,240,000,000
18	New Kowloon Inland Lot No 6584, off Sin Fat Road	Golden Centurion Limited	Kwun Tong	13 Dec 2016	50 years	Development site under construction	18,261.00	196,561	76,787.50	826,540	2021-2023	-	755,956,000	2,980,044,000	14,100,000,000	8,060,000,000	100%	8,060,000,000
19	Nos 233 and 235 Prince Edward Road West	Leading Faith Group Limited, & Noble Power Enterprises Limited	Ho Man Tin	21 Sep 2018	50 years	Development site under construction	1,340.10	14,425	6,699.92	72,118	2022	-	53,777,000	529,773,000	1,830,000,000	893,000,000	42%	375,060,000
20	New Kowloon Inland Lot No 6576, Kai Tak Area 4B Site 1	Infinite Sun Limited	Kai Tak	24 Apr 2019	50 years	Development site under construction	9,583.00	103,151	67,080.41	722,054	2023	-	8,150,000	3,309,750,000	17,600,000,000	9,940,000,000	30%	2,982,000,000

SUMMARY OF PROPERTY VALUATION REPORTS

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Group IV – Property Interests held by the Group for owner-occupation in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure		Lease Term	Type of property	Floor Area (sq m)	Floor Area (sq ft)	G/S area	Completion date	No of car parking spaces	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
23	1,768 Lots in Demarcation District Nos 12, 14, 17, 18, 19, 23, 26 and 376, New Territories	Asia Light Development Limited, Gettenwood Company Limited, Pergamino Limited, Russellville Limited, Canton Asia Development Limited, Segor Limited, Hobman Company Limited, Fullmark Development Limited, and Ideal Season Limited,	New Territories	Various dates	Expiring on 30 Jun 2047	Agricultural	480,424.84	5,171,293	Site area	N/A	N/A	N/A	N/A	182,290,000	100%	182,290,000
24	Various Flat Roofs, Nos 34 and 38 Forbes Street, Kennedy Town, Hong Kong	Zarow Limited	Kennedy Town	Various dates	Expiring on 30 Jun 2047	Flat roofs	N/A	N/A	N/A	N/A	1966	N/A	N/A	No commercial value	100%	No commercial value
Total														182,290,000		182,290,000
Grand Total														38,235,150,000		38,235,150,000

The following is a text of the letter and valuation summaries prepared for the purpose of incorporation in this Scheme Document received from Knight Frank Petty Limited, an independent valuer, in connection with its valuations as at 31 March 2020 of the Property Interests held by The Wharf (Holdings) Limited.



Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

21 May 2020

The Directors
Wheelock and Company Limited
23rd Floor, Wheelock House
20 Pedder Street
Central, Hong Kong

The Directors
The Wharf (Holdings) Limited
16th Floor, Ocean Centre
Harbour City
Tsim Sha Tsui
Kowloon

Dear Sirs

VALUATION IN RESPECT OF VARIOUS PROPERTY INTERESTS IN HONG KONG SPECIAL ADMINISTRATIVE REGION AND THE PEOPLE'S REPUBLIC OF CHINA (HEREINAFTER REFERRED TO AS "THE PROPERTY INTERESTS")

In accordance with the instructions to us to value the Property Interests in the Hong Kong Special Administrative Region ("**Hong Kong**") and The People's Republic of China (the "**PRC**") held by The Wharf (Holdings) Limited (hereinafter referred to as the "**Company**") and its subsidiaries or its associated companies (hereinafter together referred to as the "**Group**"), we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interests as at 31 March 2020 (the "**Valuation Date**") for public disclosure purposes. Our valuation is undertaken by qualified valuers with relevant experiences, as an independent valuer and is prepared in an unbiased and professional manner.

BASIS OF VALUATION

In arriving at our opinion of market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The RICS Valuation – Global Standards 2020” issued by The Royal Institution of Chartered Surveyors (“**RICS**”). Under the said standards, market value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in “The HKIS Valuation Standards 2017” issued by HKIS, “The RICS Valuation — Global Standards 2020” issued by RICS and Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In valuing the Property Interests, we have complied with the requirements set out in Rule 11 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) published by Securities and Futures Commission.

Our valuation is based on 100% leasehold Property Interests.

VALUATION METHODOLOGIES

In forming our opinion of value of the Property Interests in Group I and Group VI (except property no 33) which are held by the Group for investment, we have adopted the Income Approach on the basis of capitalisation of the rental income derived from the existing tenancies, where applicable, with due provision for the reversionary income potential of the Property Interests, or where appropriate, by Market Approach by making reference to comparable sale transactions as available in the relevant market.

With regard to the Property Interests in Group II and Group VII (except property no 38) we have valued these based on their existing uses as fully operational container terminals/hotels and assumed that the relevant permits/licenses for their operation will be continued. We have valued the Property Interests by Market Approach with reference to comparable market transactions. We have cross-checked the valuation by capitalisation of net operating profits handed to us. Portions

of our valuation of these Property Interests are attributable to transferrable goodwill, fixtures, fittings, furniture, furnishings and equipment. In considering the valuation, we have relied on information supplied by the instructing party in respect of revenues, outgoings, operating costs, gross operating profits, repair and maintenance costs, rents, rates, insurance and other relevant information.

In valuing the Property Interests in Group III which are held by the Group for sale, property no 33 of Group VI, Property Interests in Group VIII which are held by the Group for sale and Property Interests in Group V which are held by the Group for owner-occupation, we have considered the Market Approach by making reference to sales evidence as available in the market.

In valuing the Property Interests in Group IV and Group IX which are held by the Group for development / investment, we have valued them based on the development proposals, estimated development costs and costs incurred as at the Valuation Date, etc as provided to us and that they will be developed and completed in accordance with the latest development proposals given by the Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuation, we have adopted the Market Approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

In valuing property no. 38 of Group VII, we have adopted the Cost Approach in valuing the property. The depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. We would define “gross replacement cost” as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices level as at the Valuation Date. The estimated building cost includes professional fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. The depreciated replacement cost of the property is subject to adequate potential profitability of the concerned business.

POTENTIAL TAX LIABILITY

Property Interests in Hong Kong

The property-related potential tax liability which might arise on disposal of the Property Interests (as property transfer) in Hong Kong as at the Valuation Date include Ad Valorem Stamp Duty at 4.25%, 8.5% or 15%, Buyer’s Stamp Duty at 15% and / or Special Stamp Duty at 10% to 20%. The likelihood of such tax liability being crystallised to the Group is slim and is excluded from our valuation.

Property Interests in the PRC

The property-related potential tax liability which might arise on disposal of the Property Interests (as property transfer) in the PRC include value-added tax (at 5% or 9% on the transaction amount), land appreciation tax (at progressive rates from 30% to 60% on the appreciation amount) and corporate income tax (at 25% of the gain). The likelihood of such tax liability being crystallized to the Group is slim and is excluded from our valuation.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions: -

Title Documents and Encumbrances

In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property Interests are not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

In valuing the of Property Interests in The PRC, we have assumed that the transferable land use rights in respect of the Property Interests for specific terms at nominal annual land use fees have been granted and that, any premiums payable have already been fully settled. We have also assumed that the grantees or the users of the Property Interests have free and uninterrupted rights to use or to assign the Property Interests for the whole of the unexpired terms as granted. We have relied on the legal advice given by the Group and its legal adviser, Jingtian & Gongcheng, on The PRC laws, regarding the title to each of the Property Interests in the PRC.

Development Approvals and Site Conditions

In valuing Property Interests under development, we have assumed that the Group has obtained all such approvals required for its construction including planning approval, building plan approval, construction permit, etc. We have also assumed that roads and necessary utilities are all readily connected to the Property Interests.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group. We have accepted advice given to us on such matters as planning approval, statutory notice, easement, tenure, site area, floor areas, tenancy summaries, number of carparking spaces and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property Interests, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interests or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the Property Interests in November 2019 to May 2020. The inspections of the Property Interests were undertaken by qualified surveyors of Knight Frank valuation teams in Hong Kong and the PRC. Nevertheless, we have assumed in our valuation that the Property Interests were in satisfactory exterior and interior decorative order without any unauthorised extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of Property Interests to be Valued

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property Interests, identified by the property addresses in your instructions, are the Property Interests inspected by us and contained within our valuation summaries. If there is ambiguity as to the property addresses, or the extent of the Property Interests to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interests on the assumption that, in all respects, they are insurable against all usual risks including flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuation, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We have not undertaken any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interests. Our valuation has therefore been undertaken on the basis that the Property Interests were in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the buildings constructed or to be constructed thereon; and that the services are suitable for any existing development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Currency and Exchange Rate

Unless otherwise stated, all money amounts stated in our valuation are in Hong Kong Dollar for Property Interests in Hong Kong and in Renminbi for Property Interests in The PRC. The exchange rate adopted in our valuation was RMB1.00 = HK\$1.1128 which was the approximate exchange rate prevailing as at the Valuation Date.

Limitations on Liability

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction, social environment and epidemic could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the values of the Property Interests.

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.764 sq ft

1 sq m = 0.0001 ha

We enclose herewith our valuation summaries.

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Thomas Lam

FRICS FHKIS MCIREA RPS(GP) RICS Registered Valuer

Executive Director

Head of Valuation & Advisory

Clement Leung

MFin MCIREA MHKIS MRICS RPS(GP) RICS Registered Valuer

Executive Director

Head of China Valuation & Advisory

Remarks: Clement Leung is a qualified valuer who has 27 years of experiences in property valuation and consultancy services in Asia Pacific region (including the PRC, Hong Kong, Macau, Vietnam), London, New York and San Francisco, and has been participating in various corporate valuation projects in the People's Republic of China and Hong Kong.

Thomas Lam is a qualified valuer who has 20 years of extensive experiences in market research, valuation and consultancy in The PRC, Hong Kong, Macao and Asia Pacific region.

Group I – Property Interests held by the Group for investment in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement		Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date (G/S/L)	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				date of land tenure	Lease Term									
1	Chelsea Court, No 63 Mount Kellett Road	Wharf Peak Properties Limited	The Peak	24 Aug 1885	150 years	Residential	4,000.65	43,063	G	2000	93%	1,662,000	100%	1,560,000,000
2	Nos 77A, 77B, 77C, 77D, 77E, 77F, 79 and 79A Peak Road	Wharf Peak Properties Limited	The Peak	17 Mar 1954	75 years	Residential	3,918.62	42,180	G	2017	Vacant	3,435,000,000	100%	3,435,000,000
3	No 11 Plantation Road	Wharf Peak Properties Limited	The Peak	10 Dec 1877	150 years	Residential	4,305.65	46,346	G	2017	Vacant	3,850,000,000	100%	3,850,000,000
4	Various houses, Strawberry Hill, No 8 Plunkett's Road, No 32 Plantation Road	Strawberry Hill Development Limited	The Peak	10 Dec 1877; 10 Dec 1878	150 years	Residential	1,218.69	13,118	G	1977	100%	680,000	100%	584,000,000
5	No 18 Shek O Road	The Shek O Development Company Limited	Shek O	17 Aug 1949; 20 Aug 1949	75 years renewable for 75 years	Residential	524.15	5,642	G	1950	Vacant	473,000,000	100%	473,000,000
6	Various portions, Cable TV Tower, No 9 Hoi Shing Road	Keffman Limited, New Tech Centre Limited and Dragon Mission Limited	Tsuen Wan	1 July 1898	Expiring on 30 Jun 2047	Industrial, Office & Car Park	52,607.30	566,265	G	1992	82%	5,953,000	100%	2,047,000,000

Property No	Property Name	Holding Entity	District	Commencement		Type of property	Floor area		Completion date (G/S/L)	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				date of land tenure	Lease Term		(sq m)	(sq ft)						
7	Kowloon Godown and the adjoining Open Yard, Nos 1-5 Kai Hing Road	Horizon Moon Limited, Vision Charm Limited, Wealthy Bay Limited	Kowloon Bay	1 Jul 1898	Expiring on 30 Jun 2047	Industrial	83,157.66	895,109	G	100%	4,371,000	2,730,000,000	100%	2,730,000,000
8	Various portions, Peninsula East, No 9 Shung Yin Street, No 3, 5, 7, 9 and 11 Tung Yuen Street and No 3 Shung Tak Wai	Framenti Company Limited	Yau Tong	26 Jul 2012	50 years	Retail	3,959.96	42,625	G	Vacant	Vacant	306,000,000	100%	306,000,000
9	Workshop E13 on 11/F of Block E, Tsing Yi Industrial Centre, Phase II, Nos 1-33 Cheung Tat Road	Clear Harmony Limited	Tsing Yi	1 Jul 1898	Expiring on 30 Jun 2047	Industrial	145.86	1,570	G	100%	11,800	4,100,000	100%	4,100,000
Total												14,989,100,000		14,989,100,000

Group II – Property Interests held by the Group for operation in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
10	Container Terminals 1, 2, 5 and 9	Modern Terminals Limited	Kwai Tsing	1 Jul 1898	Expiring on 30 Jun 2047	Container Terminals	179,769.60	1,935,040	1976 to 2016	3,340,000,000	68%	2,271,200,000
Total										3,340,000,000		2,271,200,000

Group III – Property Interests held by the Group for sale in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement		Lease Term	Type of property	Floor Area (sq m)	Floor Area (sq ft)	Completion (G/S/L) date	No of car parking spaces	Monthly passing rent (HKD)	Market Value in existing state as at Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
				date of land tenure											
11	Unit No 2 and private loading and unloading area No L27 on Ground Floor, One Midtown, No 11 Hoi Shing Road	Wealthy Direction Limited	Tsuen Wan	1 Jul 1898	Expiring on 30 Jun 2047	Industrial & Car Park	123.93	1,334	L	2012	1	19,050	12,000,000	100%	12,000,000
12	5 houses, 9 apartment units, 4 penthouse units and 74 car parking spaces, Mount Nicholson, No 8 Mount Nicholson Road	Market Prospect Limited	The Peak	28 Jul 2010	50 years	Residential	8,710.98	93,765	S	2016	74	vacant	8,447,400,000	50%	4,223,700,000
13	35 car parking spaces and amenity area on Amenity Floor, Realty Gardens, No 41 Conduit Road	Court Properties Limited	Mid-Levels West	28 Aug 1911	75 years renewable for 75 years	Car Park & Amenity Areas	529.64	5,701	L	1971	35	734,000	124,600,000	100%	124,600,000
14	Loading and unloading bay Nos 1-9, Ground Floor, Telford House, No 16 Wang Hoi Road	Solana Limited	Kowloon Bay	23 Jan 1990	Expiring on 30 Jun 2047	Car Park	N/A	N/A	N/A	1994	9	vacant	22,280,000	100%	22,280,000
Total													8,606,280,000		4,382,580,000

Group IV – Property Interests held by the Group under development in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Site area (sq m)	Planned GFA (sq m)	Planned GFA (sq ft)	Scheduled completion date of construction	Pre-sale consideration (HKD)	Construction cost incurred (HKD)	Construction cost to be incurred (HKD)	Development value as if completed at the Valuation Date (HKD)	Market Value in existing state at the Valuation Date (HKD)	Interest the Group has in the Valuation (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
15	No 1 Plantation Road	Wharf Peak Properties Limited	The Peak	1 Jan 1878	150 years	Residential & Car Park	9,073.85	8,426.61	90,704	2023-2025	-	841,822,000	1,364,352,000	10,107,000,000	5,845,000,000	100%	5,845,000,000
16	New Kowloon Inland Lot No 6579, Junction of Lung Cheung Road and Lion Rock Tunnel Road	Alpha Pioneer Limited	Kowloon Tong	12 Feb 2018	50 years	Residential & Car Park	11,261.98	40,542.83	436,403	2022-2023	-	252,366,000	2,941,009,000	17,810,000,000	10,690,000,000	100%	10,690,000,000
17	New Kowloon Inland Lot No 6554, Kai Tak Area 4A Site 2	Ultra Keen Holdings Limited	Kai Tak	16 Dec 2019	50 years	Residential, Retail & Car Park	18,353.03	104,125.98	1,120,812	2024	-	0	5,884,500,000	29,600,000,000	15,960,000,000	30%	4,785,000,000
Total															32,495,000,000		21,323,000,000

Group V – Property Interests held by the Group for owner-occupation in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Floor Area (sq m)	Floor Area (sq ft)	Completion date	No of car parking spaces	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
18	53 Lots in Demarcation District Nos 1 and 3	Forestside Limited	Tung Chung	1 Jul 1898	Expiring on 30 Jun 2047	Agricultural	39,079.06	420,647	N/A	N/A	vacant	123,600,000	100%	123,600,000
19	Various Portions, Perth Garden, Nos 5-9 Perth Street	Joint Development Company Limited	Ho Man Tin	11 Oct 1933	75 years renewable for 75 years	Amenity Areas	N/A	N/A	1980	N/A	N/A	No commercial value	100%	No commercial value
Total												123,600,000		123,600,000

Group VI – Property Interests held by the Group for investment in the PRC

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	No. of Car Parking Spaces	Completion date	Occupancy Rate	Monthly Passing Rent (RMB)	Market Value in existing state at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
20	Shanghai Times Square	上海龍興房產發展有限公司	Shanghai	Huangpu	Commercial	15 Aug 2043	Retail, Office, Apartment, Car Park	90,451.51	973,620	299	1999	Retail: 96% Office: 87% Apartment: 83%	17,400,000	4,222,000,000	100%	4,222,000,000
21	Various Portions of Chongqing Times Square	龍慶物業發展(重慶)有限公司	Chongqing	Yuzhong	Commercial	8 Jul 2050	Retail, Office, Car Park	54,960.81	591,598	211	2003-2004	Retail: 86% Office: N/A	11,200,000	1,455,000,000	100%	1,455,000,000
22	Various Portions of Wuhan Times Square	漢龍實業綜合開發(武漢)有限公司	Wuhan	Jiangan	Commercial	1 Mar 2053	Retail, Car Park	819.85	8,825	235	2008	N/A	N/A	98,100,000	100%	98,100,000
23	Commercial and Car Parking Portions of Dalian Times Square	大連時代廣場發展有限公司	Dalian	Zhongshan Residential	Commercial	4 May 2039	Retail, Car Park	17,479.79	188,152	497	2008	99%	11,500,000	1,269,000,000	100%	1,269,000,000
24	Chengdu Times Outlets	成都時代奧特萊斯商業有限公司	Chengdu	Shuangliu	Commercial	7 Feb 2047	Retail	63,152.34	679,772	0	2009	98%	25,200,000	1,551,000,000	100%	1,551,000,000
25	Various Portions of Chengdu International Finance Square	龍錦綜合開發(成都)有限公司	Chengdu	Jinjiang	Commercial	19 Feb 2049	Retail, Office, Apartment, Car Park	563,794.66	6,068,686	1,049	2013-2016	Retail: 92% Office: 82% Apartment: 42%	99,832,000	19,610,000,000	100%	19,610,000,000
26	Various Portions of Wuxi International Finance Square	九龍倉(無錫)置業有限公司	Wuxi	Nanchang	Commercial	26 Jul 2047 to 26 Jul 2057	Retail, Office, Car Park	182,812.23	1,967,791	755	2014	46%	3,180,000	1,878,000,000	100%	1,878,000,000

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use		Type of property	No. of Car Parking Spaces		Occupancy Rate	Monthly Passing Rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)		Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)		
						term			GFA (sq m)	GFA (sq ft)			Completion date	at the Valuation Date (RMB)		to the Group (RMB)		
27	Various Portions of Chongqing International Finance Square	重慶嘉益房地產開發有限公司	Chongqing	Jiangbei	Commercial	4 Aug 2051		Retail, Car Park	106,509.07	1,146,464	1,851	2017	95%	13,200,000	3,216,000,000	50%	1,608,000,000	
28	Various Portions of Chongqing International Finance Square	重慶嘉益房地產開發有限公司	Chongqing	Jiangbei	Commercial	4 Aug 2051		Office, Car Park	138,468.58	1,490,476	310	2017	56%	6,200,000	2,547,000,000	50%	1,273,500,000	
29	Shanghai Wheelock Square	上海會德豐廣場發展有限公司	Shanghai	Jingan	Commercial	24 Mar 2049		Retail, Office, Car Park	111,624.26	1,201,524	492	2010	Retail: 100% Office: 95%	36,600,000	7,383,000,000	98%	7,235,340,000	
30	Various Portions of Changsha International Finance Square	九龍倉(長沙)置業有限公司	Changsha	Furong	Commercial	31 Jan 2051		Retail, Car Park	245,644.00	2,644,112	2,764	2018	Retail: 98%	43,500,000	8,644,000,000	100%	8,644,000,000	
31	Changsha Times Outlets	長沙時代奧特萊斯商業有限公司	Changsha	Ningxiang	Commercial	18 May 2055		Retail	71,718.02	771,973	0	2016	Retail: 91%	2,200,000	618,000,000	100%	618,000,000	
32	Level 12 of North Tower, Guangzhou World Trade Centre	豐承投資有限公司	Guangzhou	Yuexiu	Commercial	N/A		Office	878.34	9,454	0	1992	N/A	N/A	17,500,000	100%	17,500,000	
33	Shenzhen Qianhai Serviced Apartment Project	深圳前海置業有限公司	Shenzhen	Nanshan	Commercial	21 Mar 2057		Serviced apartment, Commercial, Car Park	51,000.00	548,964	314	2021	N/A	N/A	1,590,000,000	50%	795,000,000	
Total													54,098,600,000				50,274,440,000	
																HKD 55,945,396,832		

Group VII – Property Interests held by the Group for operation in the PRC

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land tenure	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of rooms	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
34	Marco Polo Wuhan	漢龍實業綜合開發(武漢)有限公司	Wuhan	Jiangan	Commercial	1 Mar 2053	Hotel	41,574.00	447,503	2008	356	535,000,000	100%	535,000,000
35	Niccolo Chengdu	龍錦綜合開發(成都)有限公司	Chengdu	Jinjiang	Commercial	19 Feb 2049	Hotel	39,119.11	421,078	2015	230	865,000,000	100%	865,000,000
36	Niccolo Changsha	九龍倉(長沙)置業有限公司	Changsha	Furong	Commercial	31 Jan 2051	Hotel	41,059.00	441,959	2018	243	961,000,000	100%	961,000,000
37	Niccolo Chongqing	重慶嘉益房地產開發有限公司	Chongqing	Jiangbei	Commercial	4 Aug 2051	Hotel	40,589.24	436,903	2017	252	872,000,000	50%	436,000,000
38	Phase 1 of Dachan Bay Terminals	深圳大鵬灣現代港口發展有限公司	Shenzhen	Bao'an	Port	28 Apr 2056	Berth, Car Park	53,192.06	572,559	2007	N/A	4,471,000,000	44%	1,967,240,000
Total												7,704,000,000	HKD	5,301,646,272

Group VIII - Property Interests held by the Group for sale in the PRC

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
39	Various Car Parking Spaces of Hangzhou Palazzo Pitti	港盈房地產(杭州)有限公司	Hangzhou	Gongshu	Residential	1 Dec 2080	Car Park	N/A	N/A	2014-2015	6	N/A	N/A	1,100,000	100%	1,100,000
40	Various Portions of Hangzhou Royal Seal	鑒興房地產(杭州)有限公司	Hangzhou	Xiacheng	Residential, scientific and educational	31 Mar 2081	Residential, Commercial, Car Park	572.69	6,164	2016-2017	43	N/A	N/A	44,000,000	100%	44,000,000
41	Unsold Portion of Phase 1 of Junting	錦興房地產開發(杭州)有限公司	Hangzhou	Yuhang	Residential	20 Mar 2082	Residential, Car Park	719.66	7,746	2015	54	N/A	N/A	14,000,000	100%	14,000,000
42	Various Portions of Longxi	洋立房地產(杭州)有限公司	Hangzhou	Gongshu	Residential	2 Mar 2086	Residential, Car Park	435.41	4,687	2017-2019	94	N/A	N/A	42,000,000	100%	42,000,000
43	Various Car Parking Spaces of Longxi	望華房地產(杭州)有限公司	Hangzhou	Gongshu	Residential	28 Oct 2085	Car Park	N/A	N/A	2017-2019	157	N/A	N/A	39,000,000	100%	39,000,000
44	Various Portions of Shanghai Pudong Huangpujiang	上海蔚源房地產開發有限公司	Shanghai	Pudong	Residential	29 Apr 2081	Residential, Car Park	3,187.00	34,305	2017	205	N/A	N/A	460,000,000	100%	460,000,000

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)		Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)	
45	Residential Portion of Shanghai Pudong Zhoupu Lanting	富景房地產開發(富陽)有限公司 錦興房地產開發(杭州)有限公司 會盈房地產(杭州)有限公司 杭州杭龍置業管理有限公司 港盈房地產(杭州)有限公司 寧波立成置業有限公司 無錫河畔置業有限公司	Shanghai	Pudong	Residential	8 Aug 2083	Residential	5,474.46	58,927	2016	0	N/A	N/A	246,000,000		100%	246,000,000	
46	Various Portions of Suzhou Ambassador Villa	蘇州蘇龍地產發展有限公司	Suzhou	Industrial Park	Residential	26 Dec 2076	Clubhouse, Car Park	2,983.69	32,116	2016	1	N/A	N/A	40,400,000		100%	40,400,000	
47	Various Portions erected on Lot No. 43 of Bellagio	蘇州鎮龍地產發展有限公司	Suzhou	Wuzhong	Residential	6 Jul 2051 to 6 Jul 2081	Residential, Car Park	3,329.70	35,841	2015/2018	802	N/A	N/A	144,000,000		100%	144,000,000	
48	Various Portions erected on Lot No. 46 of Bellagio	蘇州瑞龍地產發展有限公司	Suzhou	Wuzhong	Residential	6 Jul 2051 to 6 Jul 2081	Residential, Car Park	1,897.00	20,419	2015/2018	243	N/A	N/A	73,000,000		100%	73,000,000	
49	Various Portions of Wuxi Glory of Time	無錫港龍置業有限公司	Wuxi	Nanchang	Residential	18 Sep 2049 to 11 Oct 2085	Residential, Commercial, Car Park	6,446.43	69,389	2011-2018	345	N/A	N/A	121,000,000		100%	121,000,000	

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)		Interest attributable to the Group (%)		Market Value in existing state attributable to the Group as at the Valuation Date (RMB)	
50	Various Portions of Wuxi Times City	九龍倉(無錫)置業有限公司	Wuxi	Nanchang	Residential	27 May 2048 to 15 Feb 2079	Residential, Car Park	1,023.26	11,014	2010-2018	1,329	N/A	N/A	64,000,000		100%		64,000,000	
51	Various Portions of Wuxi Xiyuan	無錫河畔置業有限公司	Wuxi	Nanchang	Residential	31 Dec 2049 to 20 May 2080	Residential, Commercial, Car Park	1,128.88	12,151	2012-2015	521	N/A	N/A	40,000,000		100%		40,000,000	
52	Various Portions of River Pitti	無錫都會置業有限公司	Wuxi	Nanchang	Residential	25 Sep 2051 to 25 Sep 2081	Residential, Commercial, Car Park	2,880.36	31,004	2014-2015	623	N/A	N/A	67,000,000		100%		67,000,000	
53	Residential and Car Parking Portions of The Orion	龍茂房地產開發(成都)有限公司	Chengdu	Jinjiang	Residential	25 Nov 2049 to 25 Nov 2079	Residential, Car Park	1,573.49	16,937	2013	177	N/A	N/A	61,000,000		100%		61,000,000	
54	Commercial and Car Parking Portions of Tian Fu Times Square	龍茂房地產開發(成都)有限公司	Chengdu	Jinjiang	Residential, Commercial	9 Aug 2045 to 9 Aug 2075	Commercial, Car Park	2,559.38	27,549	2010-2013	158	N/A	N/A	124,000,000		100%		124,000,000	
55	Various Portions of Times Town	龍昌綜合開發(成都)有限公司	Chengdu	Shuangliu	Residential, Commercial	7 Feb 2047 to 7 Feb 2077	Residential, Car Park	946.41	10,187	2014-2017	444	N/A	N/A	38,000,000		100%		38,000,000	
56	Portion of Phase 1 of Chengdu Times City	龍昌房地產開發有限公司	Chengdu	Shuangliu	Residential	25 Nov 2052 to 25 Nov 2082	Retail	551.68	5,938	2016-2017	0	N/A	N/A	13,000,000		100%		13,000,000	
57	Various Portions of Le Palais	龍茂房地產開發(成都)有限公司	Chengdu	Chenghua	Residential	19 Apr 2050 to 19 Apr 2080	Residential, Commercial, Car Park	3,699.05	39,817	2013-2016	869	N/A	N/A	193,000,000		100%		193,000,000	

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
58	Unsold Car Parking Spaces of Wuhan Lake Moon	九龍倉(武漢)置業有限公司	Wuhan	Hanyang	Residential	28 Sep 2081	Car Park	N/A	N/A	2016	5	N/A	N/A	500,000	100%	500,000
59	Office Portion of Changsha International Finance Square	九龍倉(長沙)置業有限公司	Changsha	Furong	Commercial	31 Jan 2051	Commercial	252,598,002	718,965	2018	0	19%	4,417,000	6,571,000,000	100%	6,571,000,000
60	Unsold Residential Units of Dalian Times Square	大連時代廣場發展有限公司	Dalian	Zhongshan	Residential	4 May 2069	Residential	943.07	10,151	2008	0	N/A	N/A	17,000,000	100%	17,000,000
61	Various Portions of Phases I and II of Luxurious Mountain View Fuyang	富匯房地產開發(富陽)有限公司	Hangzhou	Fuyang	Residential	27 Feb 2082	Residential, Car Park	1,849.00	19,903	2016	99	N/A	N/A	68,300,000	100%	68,300,000
62	Unsold Car Parking Spaces of No. 1 Xinhua Road	仁柏有限公司	Shanghai	Changning	Residential	21 Apr 2070	Car Park	N/A	N/A	2010	6	N/A	N/A	1,530,000	85%	1,530,000
63	Various Car Parking Spaces of Unique Garden	佛山依雲觀園房地產有限公司	Foshan	Chancheng	Residential	29 May 2055 to 29 May 2085	Car Park	N/A	N/A	2018	273	N/A	N/A	30,800,000	40%	30,800,000
64	Residential and Car Parking Portions of Sunrise Coast	佛山招商果嶺房地產有限公司	Foshan	Shunde	Residential	17 Nov 2056 to 17 Nov 2086	Residential, Car Park	51,189.35	551,002	2018-2019	744	N/A	N/A	445,200,000	40%	445,200,000

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)		Interest attributable to the Group (%)		Market Value in existing state attributable to the Group as at the Valuation Date (RMB)	
65	Various Portions of Rosy Mansion	佛山招商光華房地產有限公司	Foshan	Nanhai	Commercial, Residential	15 Jun 2057 to 15 Jun 2087	Residential, Commercial, Car Park	54,945.85	591,437	2019	506	N/A	N/A	730,000,000		50%		365,000,000	
66	Various Portions of Phase 1 of Glory Garden	佛山招商中環房地產有限公司	Foshan	Sanshui	Commercial, Residential	25 Feb 2058 to 25 Feb 2088	Residential, Commercial, Car Park	61,216.73	658,937	2019	343	N/A	N/A	832,000,000		50%		416,000,000	
67	Various Car Parking Spaces of Donghui City	廣州市萬尚房地產有限公司	Guangzhou	Huangpu	Residential	30 Sep 2081	Car Park	N/A	N/A	2016	889	N/A	N/A	95,000,000		33%		31,350,000	
68	Various Portions of Unique Garden	北京廣盈房地產開發有限公司	Beijing	Chaoyang	Commercial, Residential	5 Mar 2052 to 5 Mar 2082	Commercial, Car Park	2,982.00	32,098	2017	78	N/A	N/A	139,000,000		33%		45,870,000	
69	Commercial and Car Parking Portions of Scenery Bay	天津雍景灣房地產開發有限公司	Tianjin	Hedong	Commercial, Residential	2 Jun 2054 to 2 Jun 2084	Commercial, Car Park	511.00	5,500	2016-2018	165	N/A	N/A	26,000,000		50%		13,000,000	
70	Unsold Car Parking Spaces of Qiantang Bright Moon • Jade Mansion	浙江綠九置業有限公司	Hangzhou	Xiaoshan	Residential	3 Aug 2084	Car Park	N/A	N/A	2018	4	N/A	N/A	1,300,000		50%		650,000	
71	Unsold Car Parking Spaces of The Berylville	寧波瑞峰置業有限公司	Ningbo	Eastern New Town	Residential	20 Jul 2080 to 21 Jul 2080	Car Park	N/A	N/A	2018	162	N/A	N/A	24,000,000		50%		12,000,000	

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)		Interest attributable to the Group (%)		Market Value in existing state attributable to the Group as at the Valuation Date (RMB)	
72	Various Portions of Garden Valley	大連九龍倉綠城置業有限公司	Dalian	Zhongshan	Residential	22 Apr 2053 to 22 Apr 2083	Residential, Commercial, Car Park	24,079.00	259,186	2019	296	N/A	N/A	659,000,000		60%		395,400,000	
73	Various Portions of Site A and Site B of Chengdu ICC	祥贊投資(成都)有限公司	Chengdu	Jinjiang	Commercial, Residential	6 Apr 2048 to 6 Apr 2078	Residential, Commercial, Car Park	23,556.61	253,563	2014-2018	1,813	N/A	N/A	1,082,000,000		30%		324,600,000	
74	Various Portions of The Throne	重慶嘉益房地產開發有限公司	Chongqing	Jiangbei	Commercial, Residential	1 Jul 2050 to 1 Jul 2060	Residential, Commercial, Car Park	177,354.001	1,909,038	2019	2,507	N/A	N/A	3,571,000,000		50%		1,785,500,000	
75	Various Portions of International Community	重慶嘉江房地產開發有限公司	Chongqing	Nanan	Residential, Commercial	21 Feb 2048 to 21 Feb 2058	Residential, Retail, Office, Car Park	27,272.00	293,556	2010-2015	1,263	N/A	N/A	905,000,000		40%		362,000,000	
76	A Car Parking Space of Suzhou Kingsville	蘇州雙湖房地產有限公司	Suzhou	Industrial Park	Residential	27 Jan 2078	Car Park	N/A	N/A	2014	1	N/A	N/A	100,000		50%		50,000	
77	A Residential unit of Evian Capital	佛山依雲孝德房地產有限公司	Foshan	Nanhai	Residential	13 Jan 2084	Residential	87.00	936	2018	0	N/A	N/A	1,220,000		50%		610,000	
Total														17,738,720,000				12,710,860,000	
																HKD		14,144,645,008	

Group IX - Property Interests held by the Group under development in the PRC

Property No	Property Name	Holding Entity	City	District	Land use	Expiry date of land use term	Type of property	Site area (according to Contract of Land Use Rights) (sqm)	Site area (according to State-issued Land Use Rights Certificate) (sqm)	Site area (according to State-issued Land Use Rights Certificate) (sqm)	Planned GFA (sqm)	Planned GFA (sqm)	Date of completion of construction	Scheduled completion date of construction	Nº of car parking spaces	Pre-sale GFA (sqm)	Pre-sale consideration (RMB)	Construction cost incurred (RMB)	Construction cost incurred (RMB)	Development value as if completed out to be valued (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
78	Various Portions of Hangzhou Imperial Park	杭州御皇御景房地产开发有限公司	Hangzhou	Xiaobang	Accessory facilities, Residential	28 Mar 2008 to 28 Mar 2088	Residential, Car Park	107,441.00	115,548	10,744.00	11,554.8	32,286.00	315,342	Dec 2021	257	0	0	850,000.00	211,900,000	1,389,000,000	930,000,000	100%	930,000,000
79	Various Portions of Jintang	赣州金塘房地产开发有限公司	Hangzhou	Yuhang	Residential	20 Mar 2002	Residential, Car Park	122,194.00	1,315,296	122,194.00	1,315,296	674,750.00	726,201	Jun 2020	590	67,175.00	11,245,992,358	372,900,000	734,000,000	1,164,000,000	961,000,000	100%	961,000,000
80	Various Portions of Parc Royale - Phase 2	襄阳市康泰置业有限公司	Hangzhou	Gongshu	Accessory facilities, Residential	26 Sep 2008 to 26 Sep 2088	Residential, Car Park	331,030.00	356,321	33,103.00	35,632.1	637,040.00	668,710	Aug 2022	525	0	0	170,000.00	696,300,000	4,280,000,000	2,666,000,000	100%	2,666,000,000
81	Various Portions of Parc Royale - Phase 1	襄阳御皇(杭州)置业有限公司	Hangzhou	Gongshu	Accessory facilities, Residential	16 Oct 2008 to 16 Oct 2088	Residential, Car Park	167,990.00	180,824	16,799.00	18,082.4	414,950.00	446,631	Dec 2021	356	51,781.00	300,607,411	121,000,000	332,100,000	2,480,000,000	1,699,000,000	100%	1,699,000,000
82	Various Portions of Jinqiao Garden	上海御皇御景置业有限公司	Shanghai	Jingan	Commercial, Residential	6 Sep 2002 to 6 Sep 2072	Residential, Retail, Car Park	156,000.00	167,918	15,600.00	16,791.8	560,824	605,712	Jun 2020	152	44,577.09	57,919,954.88	107,010,000	253,400,000	6,888,000,000	6,136,000,000	55%	3,574,800,000
83	Residential Portion created on Lot No. 45 of Beidaguo	赣州御皇御景置业有限公司	Suzhou	Wuzhong	Residential	6 Feb 2015 to 6 Jul 2081	Residential	120,075.50	1,262,857	120,075.50	1,262,857	234,740.00	252,674	Apr 2021	0	17,265.00	668,690,715	236,700,000	831,000,000	999,000,000	684,000,000	100%	684,000,000
84	Commercial Portion created on Lot No. 46 of Beidaguo	赣州御皇御景置业有限公司	Suzhou	Wuzhong	Residential	6 Feb 2015 to 6 Jul 2081	Retail	112,310.00	1,208,905	112,310.00	1,208,905	1,086.00	11,690	Apr 2021	0	0	0	234,000.00	0	15,000,000	12,000,000	100%	12,000,000
85	Lot No. 24, East of Yingchun Road	赣州御皇御景置业有限公司	Suzhou	Wuzhong	Residential	22 Oct 2007	Residential, Car Park	16,875.30	181,646	16,875.30	181,646	315,120.00	339,195	Mar 2021	185	0	0	984,000.00	16,490,000	1,189,000,000	882,000,000	100%	882,000,000
86	Lot No. 27, South of Xiangzhou Road, East of Shunxin Road	赣州御皇御景置业有限公司	Suzhou	Xiangcheng	Residential	9 Nov 2007	Residential, Retail, Car Park	103,840.00	1,112,825	103,840.00	1,112,825	217,440.00	2,279,212	Nov 2020	1,613	38,902.00	830,363,190	847,200,000	2,198,000,000	3,892,000,000	3,252,000,000	100%	3,252,000,000
87	Lot No. 77, South of Yuanhe Street Anyuan Road, East of Weiling Road	赣州信和地产发展有限公司	Suzhou	Xiangcheng	Commercial, Residential	2 Apr 2005 to 2 Apr 2088	Residential, Car Park	49,533.00	553,173	49,533.00	553,173	123,503.00	1,329,296	Sep 2021	814	0	0	1,899,000.00	48,460,000	3,420,000,000	2,424,000,000	100%	2,424,000,000
88	Various Portions of Villa One	赣州御皇御景置业有限公司	Suzhou	Xiangcheng	Residential	7 Apr 2008	Residential, Car Park	94,112.00	1,013,022	94,112.00	1,013,022	175,166.00	1,885,487	Dec 2021	1,191	16,806.00	481,390,340	338,900,000	895,300,000	4,810,000,000	3,134,000,000	100%	3,134,000,000
89	Residential Portion of Site B of Wei Xiyuan	赣州御皇御景置业有限公司	Wuxi	Nanchang	Commercial, Residential	20 May 2001 to 20 May 2080	Residential	131,627.20	1,416,835	131,627.20	1,416,835	764,240	82,263	Oct 2020	0	1,581.32	45,102,316	69,300,000	463,000,000	242,000,000	160,000,000	100%	160,000,000
90	Various Portions of Times Town	赣州综合开发(成都)置业有限公司	Chengdu	Shuangliu	Commercial, Residential	7 Feb 2007 to 7 Feb 2077	Residential, apartment, Retail, Office, Car Park	362,373.52	3,900,589	362,373.52	3,900,589	308,655.04	3,321,362	May 2020-Apr 2023	3,044	70,257.04	803,369,403	325,400,000	1,403,000,000	3,432,000,000	1,350,000,000	100%	1,350,000,000
91	Portion of Phase 2 of Chengdu Times City	赣州御皇御景置业有限公司	Chengdu	Shuangliu	Commercial, Residential	25 Nov 2002 to 25 Nov 2082	Residential, Retail, Car Park	744,003.74	800,882	74,403.74	80,088.2	113,722.06	1,224,104	Dec 2020	2,275	112,096.59	15,531,680,623	346,400,000	25,650,000	1,657,000,000	1,201,000,000	100%	1,201,000,000
92	Various Portions of Changsha International Finance Square	九鼎信安(长沙)置业有限公司	Changsha	Fuyang	Commercial	31 Jan 2001	Serviced apartment, Office, Hotel	743,633.79	800,452	74,363.79	80,045.2	15,808.00	1,701,627	Nov 2021	0	0	0	558,000,000	3,003,700,000	4,478,000,000	732,000,000	100%	732,000,000
93	Various Portions of Laureos Mountain View Fuyang Phase 3 to 5	赣州御皇御景置业有限公司	Hangzhou	Fuyang	Residential	27 Feb 2002	Residential, Car Park	298,288.00	3,210,772	298,288.00	3,210,772	179,223	1,942,538	Jun 2020-Mar 2023	1,951	47,991	667,771,260	348,500,000	1,113,000,000	3,302,000,000	1,141,000,000	100%	1,141,000,000

Property No	Property Name	Holding Entity	City	District	Land use	Expiry date of land use term	Type of property	Site area (according to Grant Contract of Land Use Rights) (sq m)	Site area (according to State-owned Land Use Rights Certificate) (sq m)	Site area (according to State-owned Land Use Rights Certificate) (sq m)	Planned commencement of construction (sq m)	Scheduled completion date of construction	No of car parking spaces	Pre-sold GFA (sq m)	Pre-sale consideration (RMB)	Construction cost incurred (RMB)	Construction cost to be incurred (RMB)	Development completed as at the Valuation Date (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
94	Various Portions of Sunrise Coast	佛山恒裕地产有限公司	Foshan	Shunde	Residential	17 Nov 2056 to 17 Nov 2086	Residential, Car Park	68,731.91	739,850	68,731.91	83,087.00	Apr 2020	795	100,49.98	182,669,883	407,700.00	3,550,000.00	1,712,000,000	1,555,000,000	40%	62,200,000.00
95	Various Portions of Rosy Mansion	佛山恒裕地产有限公司	Foshan	Nanhai	Residential	15 Jun 2057 to 15 Jun 2087	Residential, Retail, Car Park	81,356.90	875,726	81,356.90	145,308.00	Feb 2023	1,692	0	0	73,400.00	642,100,000	2,251,000,000	1,153,000,000	50%	576,500,000.00
96	Various Portions of Glory Garden - Phase 2 and 3	佛山恒裕地产有限公司	Foshan	Shanhai	Commercial, Residential	25 Feb 2058 to 25 Feb 2088	Residential, Retail, Car Park	705,001.13	758,863	70,000.13	160,088.00	Feb 2023	1,385	0	0	154,200.00	70,320,000.00	2,254,000,000	1,079,000,000	50%	539,500,000.00
97	Various Portions of One LangMa	北京恒裕置业有限公司	Beijing	Chaoyang	Commercial, Residential	17 Mar 2056 to 17 Mar 2086	Residential, Retail, Car Park	561,690.07	604,604	47,399.07	132,288.00	Dec 2020	756	59,685.75	38,173,887.796	385,400,000	786,700,000	9,688,000,000	7,857,000,000	30%	2,357,100,000.00
98	Various Portions of West Manor	北京恒裕置业有限公司	Beijing	Fengtai	Commercial, Residential	7 Nov 2057 to 7 Nov 2087	Residential, Retail, Warehouse, Car Park	36,708.14	395,126	36,708.14	179,850.00	Apr 2021	1,196	79,772.17	59,520,098.318	157,000,000	665,000,000	8,185,000,000	6,603,000,000	80%	5,282,400,000.00
99	Various Portions of Omnia Grace	杭州绿城房地产有限公司	Hangzhou	Xiaoshan	Commercial, Residential	18 Jun 2057 to 18 Jun 2087	Residential, Retail, Car Park	268,993.00	289,476	26,893.00	714,223.3	Jun 2020	700	70,351.88	27,789,922.744	507,300,000	16,050,000.00	2,714,000,000	2,364,000,000	35%	87,400,000.00
100	Various Portions of Guys Chaoyang	杭州绿城房地产有限公司	Hangzhou	Xiaoshan	Residential	19 Apr 2058	Residential, Retail, Car Park	701,290.00	754,869	70,129.00	192,785.00	May 2021	1,832	146,032.58	457,100,736.5	69,600,000	867,000,000	6,456,000,000	4,646,000,000	50%	2,333,000,000.00
101	Various Portions of Parc Grande	佛山恒裕地产(杭州)有限公司	Hangzhou	Gonghu	Recreational public facilities, Residential	2 Apr 2059 to 2 Apr 2089	Residential, Retail, Car Park	563,16.00	606,385	56,316.00	104,645.00	Mar 2022	862	17,965.00	973,383,563	197,800,000	1,018,000,000	6,433,000,000	3,922,000,000	50%	1,961,000,000.00
102	Various Portions of Port Palace	惠州恒三置业有限公司	Shenzhen	Xiangsheng	Residential	11 Sep 2087	Residential, Car Park	1,206,849	1,121,19.00	120,634.9	27,464.00	Apr 2021	1,820	22,781.14	568,780,000	869,000,000	53,160,000.00	7,536,000,000	6,179,000,000	35%	2,059,700,000.00
103	Various Portions of Villa One	惠州恒裕地产有限公司	Shenzhen	Xiangsheng	Residential	3 Dec 2087	Residential, Car Park	67,272.00	724,116	67,272.00	107,748.00	Sep 2020	824	90,539.24	2,444,683,886	3,604,000,000	38,570,000.00	3,013,000,000	2,365,000,000	60%	1,419,000,000.00
104	Various Portions of Lorol Mansion	惠州恒裕地产有限公司	Shenzhen	New District	Residential	27 Apr 2088	Residential, Car Park	540,99.90	592,231	54,099.90	109,286.00	Dec 2021	761	29,499.00	1,158,165,643	297,300,000	414,300,000	4,498,000,000	3,424,000,000	40%	1,677,900,000.00
105	Various Portions of Bravura	惠州工银国际融资租赁有限公司	Shenzhen	Industrial Park	Residential	1 Nov 2088	Residential, Car Park	715,591.11	770,262	71,591.11	125,053.6	Dec 2020	926	125,055.16	44,627,712.750	412,100,000	46,280,000.00	4,573,000,000	3,690,000,000	30%	1,107,000,000.00
106	Various Portions of Suzhou Shanshui Yielding	惠州恒裕地产有限公司	Shenzhen	New District	Residential	21 Oct 2088	Residential, Car Park	752,02.20	809,799	75,202.20	742,800.00	Dec 2020	545	66,905.90	31,081,163,997	299,100,000	598,100,000	3,654,000,000	2,777,000,000	30%	833,100,000.00
107	Various Portions of Site E and Site C of Chengdu ICC	祥源投资(成都)有限公司	Chengdu	Jinjiang	Commercial, Residential	6 Apr 2048 to 6 Apr 2078	Residential, Retail, Office, Hotel, Car Park	2055,13.66	2,212,149	205,513.70	1,076,939.99	Jun 2020- Feb 2025	7,853	0	0	1,889,000,000	7,650,000,000	23,356,000,000	10,086,000,000	30%	3,023,800,000.00
108	Various Portions of International Community	重庆嘉士邦地产开发建设有限公司	Chongqing	Nanan	Commercial, Residential	21 Feb 2048 to 21 Feb 2058	Residential, Serviced Apartment, Loft, Office, Retail, Car Park	564,912.00	6,080,713	187,348.00	407,049.00	Dec 2021	4,087	50,047.65	978,286,865	606,900,000	2,223,000,000	7,782,000,000	3,839,000,000	40%	1,553,600,000.00
109	Sales Center of River Piti	无锡恒裕置业有限公司	Wuxi	Nanchang	Commercial, Residential	25 Sep 2051 to 25 Sep 2081	Retail	197,109.00	2,127,681	80,438.30	2,061.72	Dec 2020	0	0	0	180,000,000	0	32,000,000	31,000,000	100%	31,000,000.00
Total																				88,936,000,000	576,238,000
Grand Total																				56,487,906,864	17,449,815,696
Total attributable interest held by Whetlock and Company Limited (71.80%)																				40,607,936,864	12,567,283,339

The following is a text of the letter and valuation summaries prepared for the purpose of incorporation in this Scheme Document received from Knight Frank Petty Limited, an independent valuer, in connection with its valuations as at 31 March 2020 of the Property Interests held by Wharf Real Estate Investment Company Limited.



Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

21 May 2020

The Directors
Wheelock and Company Limited
5th Floor, Wheelock House
20 Pedder Street
Central, Hong Kong

The Directors
Wharf Real Estate Investment Company Limited
16th Floor, Ocean Centre
Harbour City
Tsim Sha Tsui
Kowloon

Dear Sirs

VALUATION IN RESPECT OF VARIOUS PROPERTY INTERESTS IN THE HONG KONG SPECIAL ADMINISTRATIVE REGION, THE PEOPLE'S REPUBLIC OF CHINA AND SINGAPORE (HEREINAFTER REFERRED TO AS "THE PROPERTY INTERESTS")

In accordance with the instructions to us to value the Property Interests in the Hong Kong Special Administrative Region ("**Hong Kong**"), The People's Republic of China (the "**PRC**") and Singapore held by Wharf Real Estate Investment Company Limited (hereinafter referred to as the "**Company**") and its subsidiaries or its associated companies (hereinafter together referred to as the "**Group**"), we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interests as at 31 March 2020 (the "**Valuation Date**") for public disclosure purposes. Our valuation is undertaken by qualified valuers with relevant experiences, as an independent valuer and is prepared in an unbiased and professional manner.

BASIS OF VALUATION

In arriving at our opinion of market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The RICS Valuation – Global Standards 2020” issued by The Royal Institution of Chartered Surveyors (“**RICS**”). Under the said standards, market value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in “The HKIS Valuation Standards 2017” issued by HKIS, “The RICS Valuation — Global Standards 2020” issued by RICS and Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In valuing the Property Interests, we have complied with the requirements set out in Rule 11 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) published by Securities and Futures Commission.

Our valuation is based on 100% leasehold or freehold Property Interests.

VALUATION METHODOLOGIES

In forming our opinion of value of the Property Interests in Group I, Group III and Group VII which are held by the Group for investment, we have adopted the Income Approach on the basis of capitalisation of the rental income derived from the existing tenancies, where applicable, with due provision for the reversionary income potential of the Property Interests, or where appropriate, by the Market Approach by making reference to comparable sale transactions as available in the relevant market.

With regard to the Property Interests in Group II and Group IV we have valued these Property Interests based on their existing uses as fully operational hotels or club and assumed that the relevant licenses/permits for their operations will be continued. We have valued the Property Interests by the Market Approach with reference to comparable market transactions. We have cross-checked the valuation by capitalisation of net operating profits handed to us. Portions of our

valuation of these Property Interests are attributable to transferrable goodwill, fixtures, fittings, furniture, furnishings and equipment. In considering the valuation, we have relied on information supplied by the instructing party in respect of room sales, food and beverage revenues, other revenues, outgoings, operating costs, gross operating profits, rents, rates, insurance and other relevant information. Allowances have been made for the periodical replacement and renovation of the hotel furnishings, fixtures and fittings.

In valuing the Property Interests in Group V which are held by the Group for sale, we have considered the Market Approach by making reference to sales evidence as available in the market.

In valuing the Property Interests in Group VI which are held by the Group for development, we have valued them based on the development proposals, estimated development costs and costs incurred as at the Valuation Date, etc as provided to us and that they will be developed and completed in accordance with the latest development proposals given by the Group. We have assumed that all consents, approvals, licences from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuation, we have adopted the Market Approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

POTENTIAL TAX LIABILITY

Property Interests in Hong Kong

The property-related potential tax liability which might arise on disposal of the Property Interests (as property transfer) in Hong Kong as at the Valuation Date include Ad Valorem Stamp Duty at 4.25%, 8.5% or 15%, Buyer's Stamp Duty at 15% and / or Special Stamp Duty at 10% to 20%. The likelihood of such tax liability being crystallised to the Group is slim and is excluded from our valuation.

Property Interests in the PRC

The property-related potential tax liability which might arise on disposal of the Property Interests (as property transfer) in the PRC include value-added tax (at 5% or 9% on the transaction amount), land appreciation tax (at progressive rates from 30% to 60% on the appreciation amount) and corporate income tax (at 25% of the gain). The likelihood of such tax liability being crystallized to the Group is slim and is excluded from our valuation.

Property Interests in Singapore

The property-related potential tax liability which might arise on disposal of the Property Interests (as property transfer) in Singapore as at the Valuation Date include Singapore income tax at 17% on profit on valuation less cost for residential units held for sale. The likelihood of such tax liability being crystallised to the Group is slim and is excluded from our valuation.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions:-

Title Documents and Encumbrances

In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property Interests are not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

In valuing the Property Interests in the PRC, we have assumed that the transferable land use rights in respect of the Property Interests for specific terms at nominal annual land use fees have been granted and that, any premiums payable have already been fully settled. We have also assumed that the grantees or the users of the Property Interests have free and uninterrupted rights to use or to assign the Property Interests for the whole of the unexpired terms as granted. We have relied on the legal advice given by the Group and its legal adviser, Jingtian & Gongcheng, on the PRC laws, regarding the title to each of the Property Interests in the PRC.

Development Approvals and Site Conditions

In valuing Property Interests under development, we have assumed that the Group has obtained all such approvals required for its construction including planning approval, building plan approval, construction permit, etc. We have also assumed that roads and necessary utilities are all readily connected to the Property Interests.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group. We have accepted advice given to us on such matters as planning approval, statutory notice, easement, tenure, site area, floor areas, tenancy summaries, number of carparking spaces and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property Interests, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interests or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the Property Interests between November 2019 and May 2020. The inspections of the Property Interests were undertaken by Knight Frank valuation teams in Hong Kong, the PRC and Singapore. Nevertheless, we have assumed in our valuation that the Property Interests were in satisfactory exterior and interior decorative order without any unauthorised extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of Property Interests to be Valued

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property Interests, identified by the property addresses in your instructions, are the Property Interests inspected by us and contained within our valuation summaries. If there is ambiguity as to the property addresses, or the extent of the Property Interests to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interests on the assumption that, in all respects, they are insurable against all usual risks including flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuation, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We have not undertaken any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interests. Our valuations has therefore been undertaken on the basis that the Property Interests were in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the buildings constructed or to be constructed thereon; and that the services are suitable for any existing development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Currency and Exchange Rate

Unless otherwise stated, all money amounts stated in our valuation are in Hong Kong Dollar for Property Interests in Hong Kong, in Renminbi for Property Interests in the PRC and in Singapore Dollar for Property Interests in Singapore. The exchange rate adopted in our valuation was RMB1.00 = HK\$1.1128 and SGD1.00 = HK\$5.59 which was the approximate exchange rate prevailing as at the Valuation Date.

Limitations on Liability

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction, social environment and epidemic could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the values of the Property Interests.

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.764 sq ft

1 sq m = 0.0001 ha

We enclose herewith our valuation summaries.

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Thomas Lam

FRICS FHKIS MCIREA RPS(GP) RICS Registered Valuer

Executive Director

Head of Valuation & Advisory

Clement Leung

MFin MCIREA MHKIS MRICS RPS(GP) RICS Registered Valuer

Executive Director

Head of China Valuation & Advisory

Remarks: Clement Leung is a qualified valuer who has 27 years of experiences in property valuation and consultancy services in Asia Pacific region (including the PRC, Hong Kong, Macau, Vietnam), London, New York and San Francisco, and has been participating in various corporate valuation projects in the People's Republic of China and Hong Kong.

Thomas Lam is a qualified valuer who has 20 years of extensive experiences in market research, valuation and consultancy in the PRC, Hong Kong, Macao and Asia Pacific region.

Group I – Property Interests held by the Group for investment in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
1	Ocean Terminal and the Extension, Harbour City, Salisbury Road	Wharf Realty Limited and Harbour City Estates Limited	Tsim Sha Tsui	12 Jun 2012; 25 July 1864	21 years; 999 years	Retail & Car Park	30,869.94	332,284	L 1966	93%	125,188,000	11,132,000,000	100%	11,132,000,000
2	Ocean Centre, Harbour City, No 5 Canton Road	Wharf Realty Limited and Harbour City Estates Limited	Tsim Sha Tsui	13 Sep 1881	999 years	Retail, Office & Car Park	76,480.49	823,236	L 1977	96%	147,710,000	35,039,000,000	100%	35,039,000,000
3	Wharf T & T Centre, Harbour City, No 7 Canton Road	Wharf Realty Limited	Tsim Sha Tsui	13 Sep 1881	999 years; expiring on 30 Jun 2047	Office	21,149.76	227,656	L 1983	80%	8,168,000	2,665,000,000	100%	2,665,000,000
4	World Commerce Centre, Harbour City, No 11 Canton Road	Wharf Realty Limited	Tsim Sha Tsui	13 Sep 1881	999 years; expiring on 30 Jun 2047	Office	21,250.65	228,742	L 1983	77%	8,626,000	2,990,000,000	100%	2,990,000,000
5	World Finance Centre, Harbour City, Nos 17-19 Canton Road	Wharf Realty Limited	Tsim Sha Tsui	13 Sep 1881	999 years; expiring on 30 Jun 2047	Office	44,558.06	479,623	L 1983	87%	16,580,000	5,811,000,000	100%	5,811,000,000
6	Ocean Galleries, Harbour City, Nos 7-23 Canton Road	Wharf Realty Limited	Tsim Sha Tsui	13 Sep 1881	999 years; expiring on 30 Jun 2047	Retail & Car Park	20,108.70	216,450	L 1983	85%	150,838,000	24,437,000,000	100%	24,437,000,000
7	Gateway I, Harbour City, Nos 25-27 Canton Road	Harbour City Estates Limited	Tsim Sha Tsui	13 Sep 1881	999 years	Retail, Office & Car Park	113,205.13	1,218,540	L 1994	97%	74,686,000	22,575,000,000	100%	22,575,000,000

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
8	Retail Podium of Gateway II, Harbour City, Nos 7-23 Canton Road	Wharf Realty Limited	Tsim Sha Tsui	13 Sep 1881	999 years; expiring on 30 Jun 2047	Retail & Car Park	25,119.47	270,386	L 1999	92%	122,450,000	22,593,000,000	100%	22,593,000,000
9	Tower 3, 5 & 6 of Gateway II, Harbour City, Nos 9, 15 & 21 Canton Road	Harbour City Estates Limited	Tsim Sha Tsui	13 Sep 1881	999 years; expiring on 30 Jun 2047	Office & Serviced Apartment	207,798.87	2,236,747	L 1999	78%	97,308,000	36,480,000,000	100%	36,480,000,000
10	Commercial portion of The Marco Polo Hongkong Hotel, Harbour City, No 3 Canton Road	The Hong Kong Hotel Limited	Tsim Sha Tsui	25 Jul 1864	999 years	Retail & Office	12,356.56	133,006	L 1970	92%	22,535,000	4,769,000,000	72%	3,433,680,000
11	Times Square, No 1 Matheson Street	Times Square Limited	Causeway Bay	25 Jun 1851; 25 Jun 1861; 20 Jun 1881	999 years	Retail, Office & Car Park	145,864.55	1,570,086	L 1993	89%	191,504,000	54,709,000,000	100%	54,709,000,000
12	Various commercial and car parking areas, Galaxia (also known as Plaza Hollywood), No 3 Lung Poon Street	Plaza Hollywood Limited, Mullien Company Limited, Wettersley Company Limited, Bright Smart Limited and Excellent Base Limited	Diamond Hill	3 Feb 1993	Expiring on 30 Jun 2047	Retail & Car Park	34,811.87	374,715	L 1998	93%	37,681,000	9,416,000,000	100%	9,416,000,000

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Floor area (sq m)	Floor area (sq ft)	Completion date	Existing occupancy rate (%)	Monthly passing rent (HKD)	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
13	Crawford House, Nos 64-70A Queen's Road Central	Ridge Limited	Central	26 Jun 1843	999 years	Retail & Office	15,914.62	171,305	L 1977	99%	21,387,000	5,931,000,000	100%	5,931,000,000
14	Various units and certain spaces and portions and certain rights and privileges, Wheelock House, No 20 Peddar Street	Oripuma Investments Limited	Central	16 Nov 1855	999 years	Retail & Office	19,022.11	204,754	L 1984	97%	19,558,000	7,313,000,000	100%	7,313,000,000
15	Various retail units of Star House, No 3 Salisbury Road	Manniworth Company Limited	Tsim Sha Tsui	25 Jul 1864	999 years	Retail	4,341.32	46,730	L 1966	100%	1,954,000	581,000,000	72%	418,320,000
16	Various strata title units	N/A	Tsim Sha Tsui	N/A	N/A	Office	503.07	5,415	L N/A	13%	24,000	66,300,000	100%	66,300,000
Total												246,507,300,000		245,009,300,000

Group II – Property Interests held by the Group for operation in Hong Kong

Property No	Property Name	Holding Entity	District	Commencement date of land tenure	Lease Term	Type of property	Floor area (sq m)	Floor area (G/S/L)	Completion date	No of rooms	Market Value in existing state as at the Valuation Date (HKD)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (HKD)
17	Hotel portion of The Marco Polo Hongkong Hotel, No 3 Canton Road	The Hongkong Hotel Limited	Tsim Sha Tsui	25 Jul 1864	999 years	Hotel	53,506.97	575,949 G	1970	655	3,830,000,000	72%	2,757,600,000
18	Marco Polo Gateway Hotel, No 13 Canton Road	Harbour City Estates Limited	Tsim Sha Tsui	13 Sep 1881	999 years	Hotel	27,752.60	298,729 G	1983	400	1,940,000,000	100%	1,940,000,000
19	Marco Polo Prince Hotel, No 23 Canton Road	Harbour City Estates Limited	Tsim Sha Tsui	13 Sep 1881	999 years	Hotel	31,272.58	336,618 G	1983	394	1,700,000,000	100%	1,700,000,000
20	The Murray Hotel, No 22 Cotton Tree Drive	The Murray Limited	Central	4 Dec 2013	50 years	Hotel	31,177.72	335,597 G	2017	336	6,780,000,000	72%	4,881,600,000
21	Pacific Club, Harbour City, No 17 Canton Road	Harbour City Estates Limited	Tsim Sha Tsui	24 Nov 2006	15 years	Private club	1,124.49	12,104 G	1990	N/A	69,000,000	100%	69,000,000
Total											14,319,000,000		11,348,200,000

Group III – Property Interests held by the Group for investment in the PRC

Property No (sq m)	Property Name (sq ft)	Holding Entity (RMB)	City (RMB)	District (%)	Land Use (RMB)	Expiry date of land use term	Type of property	GFA	GFA Spaces	No. of Car Parking	Year of completion	Occupancy Rate	Annual Passing Rent	Market Value in existing state as at the Valuation Date	Interest attributable to the Group	Market Value in existing state attributable to the Group as at the Valuation Date
22	Hotel portion of Suzhou International Finance Square	蘇州高龍房產發展有限公司	Suzhou	Industrial Park	Hotel, Car Park	8 Oct 2047	Hotel, Car Park	26,884	289,379	1,265	2020	N/A	N/A	855,000,000	57%	487,350,000
Total														855,000,000		487,350,000
															HKD	542,323,080

Group IV – Property Interests held by the Group for operation in the PRC

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land tenure	Type of property	GFA (sq m)	Completion date (sq ft)	No of rooms (%)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group at the Valuation Date	Market Value in existing state attributable to the Group as at the Valuation Date
23	Marco Polo Changzhou	九龍倉(常州)置業有限公司	Changzhou	Xinbei	Commercial	29 Apr 2048	Hotel	47,178.33	507,828	302	362,000,000	72%	260,640,000
Total											362,000,000		260,640,000
												HKD	290,040,192

Group V – Property Interests held by the Group for sale in the PRC

Property No	Property Name	Holding Entity	City	District	Land Use	Expiry date of land use term	Type of property	GFA (sq m)	GFA (sq ft)	Completion date	No of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market Value in existing state as at the Valuation Date (RMB)	Interest attributable to the Group (%)	Market Value in existing state attributable to the Group as at the Valuation Date (RMB)
24	Clubhouse and Various Car Parking Spaces of Changzhou Times Palace and Guobin Garden	九龍倉(常州)置業有限公司	Changzhou	Xinbei	Residential, Commercial, Office	29 Dec 2047 to 27 Dec 2079	Commercial, Car Park	3,905.00	42,033	2016	88	0	N/A	43,000,000	72%	30,960,000
25	Various Commercial Units and Car Parking Spaces of Suzhou Times City	蘇州高龍房地產發展有限公司	Suzhou	Industrial Park	Residential	8 Oct 2047	Commercial, Car Park	162.85	1,753	2017	34	N/A	N/A	8,900,000	57%	5,073,000
26	Various Car Parking Spaces of Shanghai Xiyuan	南京翠龍房地產開發有限公司	Shanghai	Yangpu	Residential	8 Jul 2077	Car Park	N/A	N/A	2012	55	N/A	N/A	8,830,000	72%	6,357,600
27	Various Portions of The U World	重慶豐盈房地產開發有限公司	Chongqing	Jiangbei	Residential, Commercial	16 Oct 2047 to 16 Oct 2057	Residential, Commercial, Car Park	717.00	7,718	2016	146	N/A	N/A	38,000,000	39%	14,820,000
Total														98,730,000		57,210,600
															HKD	63,663,956

Group VI – Property Interests held by the Group under development in the PRC

Property No	Property Name	Holding Entity	City	District	Land use	Expiry date of land use term	Type of property	Sit area (according to Contract of Land Use Rights) (sqm)	Sit area (according to State-owned Land Use Rights Certificate) (sqm)	Sit area (according to State-owned Land Use Rights Certificate) (sqm)	Planned GFA (sqm)	Date of commencement of construction (sqm)	Scheduled completion date of construction	No. of car parking spaces (sq.ft)	Pre-sale GFA (sqm)	Pre-sale consideration (RMB)	Construction cost incurred (RMB)	Construction cost incurred (RMB)	Development value as completed at the Valuation Date (RMB)	Market Value in existing state as at the Valuation Date (%)	Interest attributable to the Group (RMB)	Market Value in existing state attributable to the Group as at the Valuation Date						
28	Various Portions of Suzhou International Finance Square	蘇州國際金融發展有限公司	Suzhou	Industrial Park	Residential, commercial	8 Oct 2047 to 8 Oct 2077	Residential, Commercial, Hotel, Car Park	212,880.89	229,067	212,880.89	242,876.2	2,641,235	Jan 2015	Nov 2020	0	108,333.62	3,652,453,590	3,901,600,000	1,556,000,000	7,101,000,000	4,639,000,000	57%	262,320,000					
29	Phase 2 of Marco Polo Changzhou	九龍倉(常州)置業有限公司	Changzhou	Xinbei	Commercial	29 Apr 2048	Apartment	78,273.00	842,531	78,273.00	121,910.00	131,224	Mar 2011	Jan 2021	0	0	0	121,200,000	39,700,000	126,000,000	64,000,000	72%	46,000,000					
30	Various Commercial Units of Suzhou Times City	蘇州國際金融發展有限公司	Suzhou	Industrial Park	Commercial, Office, Service Apartment	8 Oct 2047	Retail	504,037.45	542,459	504,037.45	585.60	6,411	May 2013	Jan 2020	0	0	0	3,500,000	0	13,000,000	12,000,000	57%	63,000,000					
Total																					4,095,000,000		2,685,750,000		2,985,702,600		HKD	

Group VII – Property Interests held by the Group for investment in Singapore

Property															Market Value in existing state as at the Valuation Date (SGD)	Market Value in existing state attributable to the Group as at the Valuation Date (SGD)
Property No	Property Name	Holding Entity	District	Land Tenure	Commencement			Type of property	Floor area (sq m)	Floor area (G/S/L)	Completion date	Existing occupancy rate (%)	Monthly passing rent (SGD)	Valuation Date (SGD)	Interest attributable to the Group (%)	
					date of land tenure	Lease Term										
31	Wheelock Place, No 501 Orchard Road	Everbilt Developers Pte Ltd	Central	Leasehold	15 Sep 1990	99 years		30,321.44	326,380	L	1993	92%	3,946,000	860,000,000	100%	860,000,000
32	Retail Podium of Scotts Square, No 6 Scotts Road	Wheelock Properties (Singapore) Pte Ltd	Central	Freehold	N/A	N/A		7,356.47	79,185	L	2011	96%	753,000	196,000,000	100%	196,000,000
33	28 residential units, Scotts Square, No 8 Scotts Road	Wheelock Properties (Singapore) Pte Ltd	Central	Freehold	N/A	N/A		1,628.30	17,527	L	2011	75%	60,900	61,370,000	100%	61,370,000
Total															1,117,370,000	1,117,370,000
Grand Total															HKD 6,246,098,300	6,246,098,300
Total attributable interest held by Wheelock and Company Limited (67.58%)															HKD 266,488,328,128	266,488,328,128
															HKD 180,092,812,149	180,092,812,149

1. RESPONSIBILITY STATEMENTS

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the Proposal.

The issuance of this Scheme Document has been approved by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror and the Offeror Concert Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Offeror Directors and Mr. Woo) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The issuance of this Scheme Document has been approved by the Offeror Directors and Mr. Woo, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the issued and paid-up capital of the Company comprised 2,052,849,287 Shares;
- (b) all of the Shares currently in issue ranked *pari passu* in all respects as regards rights to capital, dividends and voting;
- (c) save for the 4,000,000 Shares issued pursuant to the exercise of Share Options by certain Directors, no Shares had been issued since 31 December 2019, the end of the last financial year of the Company;
- (d) there were 4,000,000 outstanding Share Options granted under the Share Option Scheme. Please see the paragraphs headed “3. Terms of the Proposal — The Option Offer” in the “Explanatory Statement” of this Scheme Document for details of the Share Options; and
- (e) other than the Share Options, there were no outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into the Shares.

3. MARKET PRICE

The table below sets out the closing prices of the Shares on the Stock Exchange on: (i) the last Business Day of each of the calendar months during the period commencing six months preceding the Announcement Date up to the Latest Practicable Date; (ii) the Last Trading Day; and (c) the Latest Practicable Date:

	Closing price per Share (HK\$)
30 August 2019	45.55
30 September 2019	44.65
31 October 2019	48.55
29 November 2019	48.65
31 December 2019	51.95
31 January 2020	47.65
21 February 2020 (Last Trading Day)	47.25
28 February 2020	59.35
31 March 2020	52.90
29 April 2020	56.75
18 May 2020 (Latest Practicable Date)	55.20

The lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date were HK\$44.00 per Share on 9 October 2019 and HK\$66.00 per Share on 27 February 2020, respectively.

4. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the Offeror did not own, control or have direction over any Shares. Save as disclosed below, the Offeror Concert Parties did not own or control any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

(i) *In respect of Shares*

Name	Number of Shares	Approximate% of shareholding in the Company (Note 5)
Offeror Concert Parties		
Trustee, in its capacity as trustee of the Trust (Note 1)	995,221,678	48.48
Mr. Woo and the Mr. Woo Entities (Note 2)	390,194,652	19.01
Mr. D Woo	7,000,000	0.34
Ms. J Woo	33,879,000	1.65
Mr. Paul Y C Tsui (Note 3)	300,000	0.01
Mr. K C Chan (Note 4)	100,000	0.01

Notes:

- The Trustee, in its capacity as trustee of the Trust, is acting in concert with the Offeror under class (8) of the definition of “acting in concert” under the Takeovers Code. The Shares held by the Trustee, in its capacity as trustee of the Trust, were acquired prior to the Relevant Period.
- Out of these 390,194,652 Shares, Mr. Woo holds 10,847,510 Shares as beneficial owner, and the Mr. Woo Entities together hold 379,347,142 Shares. Controlled corporations of Mr. Woo and the Shares held by each of them are set out below:

Controlled corporations of Mr. Woo	Number of Shares held by controlled corporation
Calgary Gold Limited ⁽¹⁾	60,799,386
Eastern Park Limited ⁽¹⁾	70,932,617
Grassland Assets Limited ⁽¹⁾	2,360,000
Grassmarket International Limited ⁽¹⁾	1,750,000
Grovebury Investments Limited ⁽¹⁾	619,674
Haslam International Limited ⁽¹⁾	3,000,840
Linver Limited ⁽¹⁾	1,252,078
Mystic Fortune Limited ⁽¹⁾	1,957,392
Silver Prism Limited ⁽¹⁾	57,666,155
Monteco Investments Limited ⁽²⁾	68,643,000
Fabulous Eagle Limited ⁽²⁾	22,548,000
Glensprings Investments Limited ⁽³⁾	72,722,000
Eternal Oasis Limited ⁽³⁾	15,096,000
	379,347,142

Notes:

- (1) Each of Mr. Woo and Mrs. Woo has 50% control of this controlled corporation.
- (2) Mr. Woo has 100% control of Newotto Limited, which in turn controls 100% of this controlled corporation.
- (3) Mr. Woo has 100% control of Diamond Castle International Limited, which in turn controls 100% of this controlled corporation.
3. Mr. Paul Y C Tsui is a director of the Offeror and is therefore presumed to be acting in concert with the Offeror under class (2) of the definition of “acting in concert” under the Takeovers Code.
4. Mr. K C Chan is a director of the Offeror and is therefore presumed to be acting in concert with the Offeror under class (2) of the definition of “acting in concert” under the Takeovers Code.
5. All percentages in the above table are approximations.

(ii) In respect of Share Options

	Quantity (percentage, where applicable) held	Subscription price per share (HK\$)	Exercise period
Mr. D Woo	1,000,000	36.6	08/07/2020 - 07/07/2021
Mr. Paul Y C Tsui	300,000	36.6	08/07/2019 - 07/07/2021
	300,000	36.6	08/07/2020 - 07/07/2021

- (b) As at the Latest Practicable Date, save as disclosed below, none of the Offeror Directors was interested in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. For the purpose of this paragraph, “interested” and “interests” have the same meanings given to those terms in Part XV of the SFO.

(i) *Interests in Shares*

Name of Offeror Director	Capacity	Number of Shares				% of issued share capital (Note)	
		Personal interest	Family Interest	Corporate Interest	Other Interest	Total	
Mr. Paul Y C Tsui	Beneficial owner	300,000	Nil	Nil	Nil	300,000	0.01%
Mr. K C Chan	Beneficial owner	100,000	Nil	Nil	Nil	100,000	0.01%

Note: The total number of issued Shares as at the Latest Practicable Date (2,052,849,287 Shares) has been used in the calculation of the approximate percentage.

(ii) *Interests in Share Options*

Name of Offeror Director	Date of grant (dd/mm/yyyy)	Number of underlying Shares comprised in Share Options	Exercise period (dd/mm/yyyy)	Exercise price per Share (HK\$)
Mr. Paul Y C Tsui	7 July 2016	300,000	08/07/2019– 07/07/2021	36.6
	7 July 2016	300,000	08/07/2020 – 07/07/2021	36.6

- (c) As at the Latest Practicable Date, save as disclosed below, none of the Directors was interested in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. For the purpose of this paragraph, “interested” and “interests” have the same meanings given to those terms in Part XV of the SFO.

(i) Interests in Shares

Name of the Director	Capacity	Number of Shares				% of issued share capital	
		Personal interest	Family Interest	Corporate Interest	Other Interest	Total	(Note)
Mr. D Woo	Beneficial owner	7,000,000	Nil	Nil	Nil	7,000,000	0.34%
Mr. Stephen T H Ng	Beneficial owner	176,000	Nil	Nil	Nil	176,000	0.01%
Mr. Stewart C K Leung	Beneficial owner	50,000	Nil	Nil	Nil	50,000	0.00%
Mr. Paul Y C Tsui	Beneficial owner	300,000	Nil	Nil	Nil	300,000	0.01%
Mr. Ricky K Y Wong	Beneficial owner	609,000	Nil	Nil	Nil	609,000	0.03%

Note: The total number of issued Shares as at the Latest Practicable Date (2,052,849,287 Shares) has been used in the calculation of the approximate percentage.

(ii) Interests in Share Options

Name of Offeror Director	Date of grant (dd/mm/yyyy)	Number of underlying Shares comprised in Share Options	Exercise period (dd/mm/yyyy)	Exercise price per Share (HK\$)
Mr. D Woo	7 July 2016	1,000,000	08/07/2020–07/07/2021	36.6
Mr. Stewart C K Leung	7 July 2016	600,000	08/07/2019–07/07/2021	36.6
	7 July 2016	600,000	08/07/2020–07/07/2021	36.6
Mr. Paul Y C Tsui	7 July 2016	300,000	08/07/2019–07/07/2021	36.6
	7 July 2016	300,000	08/07/2020–07/07/2021	36.6
Mr. Ricky K Y Wong	7 July 2016	600,000	08/07/2019–07/07/2021	36.6
	7 July 2016	600,000	08/07/2020–07/07/2021	36.6

- (d) As at the Latest Practicable Date, each of Mr. Stephen T H Ng, Mr. Stewart C K Leung and Mr. Ricky K Y Wong intended to vote for the resolution to be proposed at the Court Meeting to approve the Scheme in respect of his own beneficial holdings (where applicable) in the Shares. Mr. D Woo and Mr. Paul Y C Tsui, being Offeror Concert Parties, will abstain from voting at the Court Meeting in respect of their shareholding in Company. As at the Latest Practicable Date, each of Mr. D Woo, Mr. Stewart C K Leung, Mr. Paul Y C Tsui and Mr. Ricky K Y Wong intended to accept the Option Offer.
- (e) As at the Latest Practicable Date, save as disclosed above, no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person.
- (g) As at the Latest Practicable Date, no fund managers (other than exempt fund managers) connected with the Company managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis.
- (h) As at the Latest Practicable Date, none of the Company or any Director had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed securities which had been either on-lent or sold.
- (i) As at the Latest Practicable Date, other than the undertaking executed by the Trustee (in its capacity as the trustee of the Trust) to exercise and procure its nominees to exercise all voting rights attached to the Excluded Shares held by it and them at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal, neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal.
- (j) As at the Latest Practicable Date, none of the Offeror or Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed securities which had either been on-lent or sold.

(2) Dealing in the relevant securities of the Company

- (a) Save as disclosed below, none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of Shares during the Relevant Period.

Director(s)	Date of Transaction (D/M/Y)	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Average transaction price per Share (HK\$)
Mr. Paul Y C Tsui	18/12/2019	Sale	On	300,000	50.57
	23/12/2019	Purchase	Off <i>(Note 1)</i>	300,000	36.60
Mr. D Woo	29/01/2020	Purchase	Off <i>(Note 2)</i>	4,000,000	36.60

Notes:

1. Mr. Paul Y C Tsui acquired 300,000 Shares by exercising 300,000 Share Options granted to him on 7 July 2016 at the exercise price of HK\$36.60.
 2. Mr. D Woo acquired 4,000,000 Shares by exercising 4,000,000 Share Options granted to him on 7 July 2016 at the exercise price of HK\$36.60.
- (b) No subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers other than the Trustee) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the period from the Announcement Date up to the Latest Practicable Date.
- (c) No person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the period from the Announcement Date up to the Latest Practicable Date.
- (d) No fund manager (other than an exempt fund manager) connected with the Company who managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the period from the Announcement Date up to the Latest Practicable Date.

- (e) Save as disclosed below, none of the Offeror, the Offeror Concert Parties and the Offeror Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period:

Name	Date of transactions (D/M/Y)	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Average transaction price per Share (HK\$)
Mr. Woo ^(Note 1)	28/08/2019 – 03/09/2019	Purchase	On	1,201,000	44.7890 – 46.5770
	05/09/2019	Purchase	Off ^(Note 2)	16,575,000	47.1500
	24/09/2019	Purchase	Off ^(Note 3)	1,980,000	44.7000
	26/09/2019 – 27/09/2019	Purchase	On	625,000	44.2060 – 44.4090
	30/09/2019	Purchase	Off ^(Note 3)	67,578	44.5000
	02/10/2019 – 08/10/2019	Purchase	On	1,402,000	44.2810 – 45.0040
	09/10/2019 – 15/10/2019	Purchase	On	2,418,000	43.8980 – 46.3030
	16/10/2019 – 22/10/2019	Purchase	On	566,000	46.2600 – 46.8210
	23/10/2019 – 29/10/2019	Purchase	On	508,000	46.3460 – 47.5071
	25/10/2019	Sale	On	578	46.1000
	30/10/2019 – 05/11/2019	Purchase	On	1,223,000	47.1707 – 48.8857
	01/11/2019	Purchase	Off ^(Note 2)	14,340,000	48.5500
	06/11/2019 – 12/11/2019	Purchase	On	2,256,000	49.2483 – 49.7751
	13/11/2019 – 18/11/2019	Purchase	On	336,000	47.2207 – 49.2286
	25/11/2019	Purchase	Off ^(Note 2)	16,398,000	48.6000
	27/11/2019	Purchase	On	150,000	49.2953
	28/11/2019	Purchase	On	150,000	49.4807
	29/11/2019	Purchase	On	170,000	48.7815
	02/12/2019	Purchase	On	170,000	48.4656
	03/12/2019	Purchase	On	250,000	49.1280
	04/12/2019	Purchase	On	350,000	48.5808
	05/12/2019	Purchase	On	370,000	48.9846
	11/12/2019	Purchase	On	400,000	49.1710
	12/12/2019	Purchase	On	400,000	50.1075
	13/12/2019	Purchase	On	400,000	50.9899
	16/12/2019	Purchase	On	220,000	50.4382
	16/12/2019	Purchase	Off ^(Note 2)	15,096,000	51.0500
	17/12/2019	Purchase	On	530,000	50.5480
	18/12/2019	Purchase	On	530,000	50.6969
	19/12/2019	Purchase	On	500,000	50.6738

Name	Date of transactions (D/M/Y)	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Average transaction price per Share (HK\$)
	20/12/2019	Purchase	On	500,000	51.3215
	23/12/2019	Purchase	On	150,000	51.2000
	24/12/2019	Purchase	On	80,000	51.6056
	27/12/2019	Purchase	On	150,000	51.5967
	30/12/2019	Purchase	On	150,000	51.5447
	31/12/2019	Purchase	On	70,000	51.9043
	02/01/2020	Purchase	On	150,000	52.2183
	03/01/2020	Purchase	On	230,000	52.6854
	06/01/2020	Purchase	On	200,000	51.8790
	07/01/2020	Purchase	On	150,000	52.5560
	08/01/2020	Purchase	On	250,000	52.5956
	09/01/2020	Purchase	On	360,000	53.1201
	10/01/2020	Purchase	On	360,000	53.4345
Mr. D Woo ^(Note 4)	29/01/2020	Purchase	Off	4,000,000	36.6000
Ms. J Woo ^(Note 5)	04/09/2019 – 09/09/2019	Purchase	On	529,000	45.3810 – 47.4760
	05/09/2019	Sale	Off ^(Note 2)	16,575,000	47.1500
	17/09/2019	Purchase	On	132,000	46.0340
	24/09/2019	Sale	Off ^(Note 3)	1,980,000	44.7000
	30/09/2019	Sale	Off ^(Note 3)	67,578	44.5000
	11/10/2019 – 15/10/2019	Purchase	On	840,000	45.6522 – 46.1795
	16/10/2019 – 22/10/2019	Purchase	On	1,952,000	46.3140 – 46.9162
	23/10/2019 – 29/10/2019	Purchase	On	1,970,000	46.2385 – 47.5890
	30/10/2019 – 01/11/2019	Purchase	On	1,626,000	47.7599 – 48.4015
	01/11/2019	Sale	Off ^(Note 2)	14,340,000	48.5500
	11/11/2019 – 12/11/2019	Purchase	On	740,000	49.0473 – 49.3185
	25/11/2019	Sale	Off ^(Note 2)	16,398,000	48.6000
	13/11/2019 – 18/11/2019	Purchase	On	1,047,000	47.4922 – 49.0226
	16/12/2019	Sale	Off ^(Note 2)	15,096,000	51.0500
Mr. Paul Y C Tsui ^(Note 6)	18/12/2019	Sale	On	300,000	50.5700
	23/12/2019	Purchase	Off ^(Note 7)	300,000	36.6000

Notes:

- The dealings in Shares by Mr. Woo disclosed in the table above were carried out through his wholly-owned companies.

2. During the period from 5 September 2019 to 16 December 2019, Mr. Woo purchased 62,409,000 Shares at average transaction prices ranging from HK\$47.15 to HK\$51.05 per Share, by way of purchasing four companies wholly owned by Ms. J Woo (Mr. Woo's daughter) that then held these 62,409,000 Shares.
 3. On 24 September 2019 and 30 September 2019, Mr. Woo (through his wholly-owned company) purchased 1,980,000 and 67,578 Shares from companies wholly-owned by Ms. J Woo at transaction prices of HK\$44.70 and HK\$44.50 per Share, respectively.
 4. On 29 January 2020, Mr. D Woo acquired 4,000,000 Shares by exercising 4,000,000 Share Options at the exercise price of HK\$36.60.
 5. The dealings in Shares by Ms. J Woo disclosed in the table above were carried out through her wholly-owned companies.
 6. Mr. Paul Y C Tsui is a director of the Offeror and is therefore presumed to be acting in concert with the Offeror under class (2) of the definition of "acting in concert" under the Takeovers Code.
 7. Mr. Paul Y C Tsui acquired 300,000 Shares by exercising 300,000 Share Options granted to him on 7 July 2016 at the exercise price of HK\$36.60.
- (f) No person who had irrevocably committed themselves to accept or reject the Proposal had dealt for value in Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.
- (g) No person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any of the Offeror Concert Parties had dealt for value in Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

(3) Interests in the relevant securities of the Offeror

- (a) As at the Latest Practicable Date, the Company did not own any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.
- (b) As at the Latest Practicable Date, none of the Directors were interested within the meaning of Part XV of the SFO in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

(4) Dealing in the relevant securities of the Offeror

During the Relevant Period, neither the Company nor any Director had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

5. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL**(1) Arrangements affecting Directors**

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation required under appropriate laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (b) there were no agreements or arrangements between any Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (c) there were no material contracts entered into by the Offeror in which any Director has a material personal interest.

(2) Arrangements with the Offeror in connection with the Proposal

As at the Latest Practicable Date:

- (a) other than the undertakings executed by Mr. Woo and each of the Mr. Woo Entities to (i) consent and agree, and procure the companies controlled by them to consent and agree, to the Shares held by them or the companies controlled by them being excluded from the Scheme Shares; and (ii) procure the companies controlled by them to irrevocably and unconditionally waive their rights to receive the Wharf REIC Shares and Wharf Shares to which they would, respectively, be entitled under the Distribution by virtue of the Shares held by them, and the Trustee (in its capacity as the trustee of the Trust) to (i) consent and agree, and procure its nominees to consent and agree, to the Shares held by them being excluded from the Scheme Shares; (ii) irrevocably and unconditionally waive and to procure its nominees to waive its and their rights to receive the Wharf REIC Shares and Wharf Shares to which they would, respectively, be entitled under the Distribution by virtue of the Shares held by them; and (iii) exercise and procure its nominees to exercise all voting rights attached to the relevant Excluded Shares held by it and them at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal, there was no agreement, arrangement or understanding, including any compensation arrangement, between the Offeror or any of the Offeror Concert Parties on the one hand and any of the Directors,

recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Proposal;

- (b) there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (c) the Offeror had no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Scheme to any other person, and had no agreement, arrangement or understanding with any third party to do so;
- (d) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror or any of the Offeror Concert Parties;
- (e) other than the Scheme Consideration for each Scheme Share cancelled payable under the Scheme, the Offeror or the Offeror Concert Parties had not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them for the cancellation of the Scheme Shares under the Scheme;
- (f) there was no understanding, arrangement or agreement which constituted a special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and the Offeror Concert Parties on one hand and the holders of Scheme Shares and persons acting in concert with them on the other hand; and
- (g) there was no understanding, arrangement or agreement which constituted a special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder on one hand; and (ii) the Company, its subsidiaries or associated companies on the other hand.

6. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which are in force and which (i) (including both continuous and fixed-term contracts) had been entered into or amended within the Relevant Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

Name of the Director under contract	Expiry date of the contract	Amount of fixed remuneration payable, excluding arrangements for pension payments	Amount of any variable remuneration payable under the contract
Mr. Stephen T. H. Ng	28 August 2021 (previously 28 August 2018)	HK\$738,000 per month (previously HK\$695,500 per month)	Discretionary bonus taking into account factors such as economic outlook, the Company's business and individual performance (same as earlier contract)
Mr. Paul Y. C. Tsui	8 September 2021 (previously 8 September 2018)	HK\$481,000 per month (previously HK\$453,000 per month)	
Mr. Ricky K. Y. Wong	10 November 2024 (same as earlier contract)	HK\$448,000 per month (previously \$430,500 per month)	
Mr. Stewart C. K. Leung	31 December 2020 (previously 31 December 2019)	HK\$350,000 and housing allowance of HK\$100,000 per month (same as earlier contract)	

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

Save for the letter of agreement dated 8 March 2018 among (i) Fabulous New Limited (a wholly-owned subsidiary of the Company) as purchaser, (ii) Omnilink Assets Limited as vendor, (iii) Wheelock Properties Limited (a wholly-owned subsidiary of the Company) as purchaser's guarantor, and (iv) Hong Kong International Construction Investment Management Group Co., Limited (Stock Code: 687) as vendor's guarantor in respect of the offer to the vendor by the purchaser to acquire the entire share capital of Onwards Asia Limited and all amounts owed by Onwards Asia Limited to the vendor at the consideration of HK\$6,359.2 million, such letter of agreement being a binding offer and binding on all parties, there were no material contracts entered into by the Company or any of its subsidiaries after the date which was two years before 27 February 2020 (being the Announcement Date) up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries.

9. EXPERTS

The following are the qualifications of each of the experts who has given opinions or advice which are contained in this Scheme Document:

Name	Qualifications
Anglo Chinese Corporate Finance, Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in connection with the Proposal
The Hongkong and Shanghai Banking Corporation Limited	a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Knight Frank Petty Limited	Royal Institution of Chartered Surveyors
KPMG	Certified Public Accountants

10. CONSENTS

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the text of its opinions, as the case may be, and/or letters and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which they respectively appear.

11. MISCELLANEOUS

- (a) Principal members of the Offeror's concert group include the Offeror, Mr. Woo, Mrs. Woo, the Mr. Woo Entities, the Trustee in its capacity as trustee of the Trust, Mr. D Woo, Ms. J Woo, Mr. Paul Y C Tsui, Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai.
- (b) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and the principal office of the Offeror is situated at c/o Room 2201, Wheelock House, 20 Pedder Street, Central, Hong Kong.
- (c) The Offeror is incorporated in the British Virgin Islands with limited liability on 10 January 2020.
- (d) The directors of the Offeror are Mr. K C Chan, Mr. Paul Y C Tsui, Mr. Yu Ka Kai and Mr. Tam Chi Wai.
- (e) The Offeror is ultimately beneficially owned by Mr. Woo.
- (f) Details of the Mr. Woo Entities are set out below:

	Name of its director(s)
Calgary Gold Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Eastern Park Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Grassland Assets Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Grassmarket International Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Grovebury Investments Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Haslam International Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Linver Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Mystic Fortune Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Silver Prism Limited ⁽¹⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Monteco Investments Limited ⁽²⁾	Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
Fabulous Eagle Limited ⁽²⁾	Mr. K C Chan and Mr. Tam Chi Wai
Glensprings Investments Limited ⁽³⁾	Mr. K C Chan and Mr. Yu Ka Kai
Eternal Oasis Limited ⁽³⁾	Mr. K C Chan and Mr. Tam Chi Wai

Notes:

- (1) Each of Mr. Woo and Mrs. Woo has 50% control of the controlled entity.
- (2) Mr. Woo has 100% control of Newotto Limited, which in turn controls 100% of this controlled entity.

- (3) Mr. Woo has 100% control of Diamond Castle International Limited, which in turn controls 100% of this controlled entity.
- (4) The address of the registered office of the above companies is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (g) The address of Mr. Woo, Mrs. Woo and Mr. D Woo is Penthouse, Wheelock House, 20 Pedder Street, Central, Hong Kong. The address of Ms. J Woo is 30th Floor, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong. The address of Mr. Paul Y C Tsui is 23rd Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong. The address of Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai is Room 2201, Wheelock House, 20 Pedder Street, Central, Hong Kong.
- (h) The registered office of the Trustee is situated at HSBC House, Esplanade, St Helier, Jersey, JE1 1GT, Channel Islands.
- (i) The directors of Trustee are Christopher David Allen, Alan Nicol Beattie, Suzanne Fox, Anthony Richard Hingley and Thomas Lindsay Slattery.
- (j) The Trustee's ultimate controlling shareholder is HSBC Holdings plc, a company listed on the Stock Exchange (stock code: 5), the Bermuda Stock Exchange (stock ticker: HSBC.BH), the London Stock Exchange (stock symbol: HSBA), the New York Stock Exchange (stock symbol: HSBC) and Euronext Paris (stock symbol: HSB), and its directors are Laura May Lung Cha, Henri René Marie Augustin de la Croix de Castries, James Anthony Forese, Steven Craig Guggenheimer, Irene Yun-lien Lee, José Antonio Meade Kuribreña, Heidi Miller, David Thomas Nish, Noel Paul Quinn, Ewen James Stevenson, Jackson Peter Tai, Mark Edward Tucker and Pauline Françoise Marie van der Meer Mohr.
- (k) HSBC is the financial adviser of the Offeror in relation to the Proposal, and its registered address is at 1 Queen's Road Central, Hong Kong.
- (l) The registered office of the Company is situated at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at www.sfc.hk; (ii) on the website of the Company at www.wheelockcompany.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong) (Hong Kong time)) at the principal place of business of the Company in Hong Kong at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong, from the date of this Scheme Document up to the Effective Date or the date on which the Scheme lapses or is withdrawn:

- (a) the articles of association of the Company;
- (b) the memorandum of association and articles of association of the Offeror;
- (c) the annual reports of the Company for the years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- (d) the letter from the Board, the text of which is set out in this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in this Scheme Document;
- (g) the independent reporting accountants' assurance report from KPMG on the compilation of pro forma financial information, the text of which is set out in Appendix II to this Scheme Document;
- (h) the letter from KPMG on the Profit Warning, the text of which is set out in Appendix III to this Scheme Document;
- (i) the letter from Anglo Chinese on the Profit Warning, the text of which is set out in Appendix IV to this Scheme Document;
- (j) the property valuation reports from Knight Frank Petty Limited to which the "Summary of Property Valuation Reports" in Appendix V to this Scheme Document relates;
- (k) the undertakings executed by Mr. Woo and each of the Mr. Woo Entities to (i) consent and agree, and procure the companies controlled by them to consent and agree, to the Shares held by them or the companies controlled by them being excluded from the Scheme Shares; and (ii) procure the companies controlled by them to irrevocably and unconditionally waive their rights to receive the Wharf REIC Shares and Wharf Shares to which they would, respectively, be entitled under the Distribution by virtue of the Shares held by them;

- (l) the undertaking executed by the Trustee (in its capacity as the trustee of the Trust) to (i) consent and agree, and procure its nominees to consent and agree, to the Shares held by them being excluded from the Scheme Shares; (ii) irrevocably and unconditionally waive and to procure its nominees to waive its and their rights to receive the Wharf REIC Shares and Wharf Shares to which they would, respectively, be entitled under the Distribution by virtue of the Shares held by them; and (iii) exercise and procure its nominees to exercise all voting rights attached to the relevant Excluded Shares held by it and them at the General Meeting in favour of all the resolutions which are necessary to implement or otherwise relate to the Proposal;
- (m) the written consents referred to in the section headed “10. Consents” in this Appendix VI to the Scheme Document;
- (n) the material contracts referred to in the section headed “8. Material Contracts” in this Appendix VI to the Scheme Document;
- (o) the service contracts referred to in the section headed “6. Service Contracts” in this Appendix VI to the Scheme Document;
- (p) the full list of dealings referred to in the paragraph headed “(2) Dealing in the relevant securities of the Company” under “4. Disclosure of Interests” in this Appendix VI to the Scheme Document; and
- (q) this Scheme Document.

HCMP No. 359 of 2020

**IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 359 OF 2020**

**IN THE MATTER OF
WHEELOCK AND COMPANY LIMITED
會德豐有限公司**

AND

**IN THE MATTER OF
THE COMPANIES ORDINANCE,
CHAPTER 622 OF THE LAWS OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

**SCHEME OF ARRANGEMENT
Under Section 673 of the Companies Ordinance
Chapter 622 of the Laws of the Hong Kong Special Administrative Region**

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the name of a Registered Owner(s)
“Board”	the board of directors of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Wheelock and Company Limited (會德豐有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 20)
“Director(s)”	the director(s) of the Company

“Distributable Wharf REIC and Wharf Shares”	the Wharf REIC Shares and Wharf Shares to be distributed to the Shareholders under the Distribution in respect of each Share they hold at the Proposal Record Date
“Distribution”	the distribution to Shareholders of one Wharf REIC Share and one Wharf Share in respect of each Share they hold as at the Proposal Record Date
“Distribution Conditions”	the conditions of the Distribution, as set out in the paragraphs headed “Distribution Conditions” under “4. Conditions of the Scheme and the Distribution” in the “Explanatory Statement” section of the of this Scheme Document
“Dividend Adjustment”	an amount that the Offeror has reserved the right to reduce the Scheme Consideration by, which is equal to the amount of any dividend or other distribution made or paid in respect of each Scheme Share after the Announcement Date (other than the Distribution and the 2019 Second Interim Dividend)
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“Explanatory Statement”	the explanatory statement in relation to the Scheme set out on pages 87 to 132 of the Scheme Document
“Group”	the Company and its subsidiaries
“High Court”	the High Court 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

“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to the Offeror in relation to the Proposal, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“HSBC Group”	means HSBC and persons controlling, controlled by or under the same control as HSBC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors pursuant to Rule 2.8 of the Takeovers Code, which is established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal, and to the Optionholders in respect of the Option Offer
“Independent Financial Adviser” or “Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in connection with the Proposal
“Independent Shareholder(s)”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Latest Practicable Date”	18 May 2020, being the last practicable date for ascertaining certain information contained in the Scheme Document
“Long Stop Date”	31 December 2020, or such later date as the Offeror may determine, subject to the consent of HSBC as the financial adviser to the Offeror (whose consent shall not be unreasonably withheld)
“Mr. D Woo”	Mr. Woo Chun Kuen, Douglas, the chairman and managing director of the Company, and also the son of Mr. Woo and Mrs. Woo
“Mr. Woo”	Mr. Woo Kwong Ching, Peter

“Mr. Woo Entities”	Shareholders which are companies controlled by, or nominee companies of, Mr. Woo, and companies controlled by Mr. Woo and Mrs. Woo, other than the Offeror
“Mrs. Woo”	Ms. Pao Pui Yung, Bessie, the spouse of Mr. Woo
“Ms. J Woo”	Ms. Woo Chun En, Jennifer, the daughter of Mr. Woo and Mrs. Woo
“Non-Qualifying Shareholder(s)”	those overseas Shareholder(s) or Beneficial Owner(s) in respect of whom the Directors, based on enquiries made by and legal advice obtained by the Company, consider it unduly burdensome to make the Distribution either because of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such jurisdiction and accordingly comprise Shareholder(s) and Beneficial Owner(s) whose address(es) as appearing on the Register is/are, or which is/are otherwise known by the Company to be, in the Excluded Jurisdictions. For more information, please refer to the paragraphs headed “21.2 Non-Qualifying Shareholders” in the “Explanatory Statement” section of the Scheme Document.
“Offeror”	Admiral Power Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Woo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” in the Takeovers Code (except for members of the HSBC Group, other than the Trustee, which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code), including Mr. Woo, Mrs. Woo, the Mr. Woo Entities, the Trustee in its capacity as trustee of the Trust, Mr. D Woo, Ms. J Woo, Mr. Paul Y C Tsui, Mr. K C Chan, Mr. Yu Ka Kai and Mr. Tam Chi Wai
“Optionholder(s)”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Optionholders

“Proposal”	the proposal to privatise the Company by the Offeror by way of the Scheme, and also comprising the Distribution, the Option Offer, and the withdrawal of listing of the Shares from the Stock Exchange, on the terms and subject to the Scheme Conditions and Distribution Conditions set out in the Scheme Document
“Proposal Record Date”	Friday, 10 July 2020, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme and for determining the entitlements of the Shareholders under the Distribution
“Register”	the register of members of the Company
“Registered Owner”	any person (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the Register as a holder of the Share(s)
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Scheme”	this scheme of arrangement under section 673 of the Companies Ordinance in its present form (subject to any modification or additions or conditions as may be approved or imposed by the High Court and agreed to by the Offeror), involving the cancellation and extinguishment of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the issuance to the Offeror, credited as fully paid, of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished
“Scheme Conditions”	the conditions of the Scheme, as set out in the paragraphs headed “Scheme Conditions” under “4. Conditions of the Scheme and the Distribution” in the “Explanatory Statement” section of the Scheme Document
“Scheme Consideration”	the cash amount of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), which Scheme Shareholders will receive for the cancellation and extinguishment of their Scheme Shares under the Scheme
“Scheme Document”	the composite document dated 21 May 2020 issued jointly by the Offeror and the Company, including each of the letters, statements, appendices (including this Scheme) and notices in it

“Scheme Share(s)”	Share(s) in issue on the Proposal Record Date held by the Shareholders, other than those in which Mr. Woo, the Mr. Woo Entities and the Trustee (in its capacity as the trustee of the Trust) are interested
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Proposal Record Date
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s) “	holder(s) of Share(s)
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 9 June 2011 (which was amended on 31 May 2012)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trust”	a discretionary trust, which is a related trust of Mr. Woo’s family
“Trustee”	HSBC Trustee (C.I.) Limited, the trustee of the Trust
“Wharf”	The Wharf (Holdings) Limited (九龍倉集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 4)
“Wharf REIC”	Wharf Real Estate Investment Company Limited (九龍倉置業投資有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1997)
“Wharf REIC Share(s)”	ordinary share(s) in the share capital of Wharf REIC
“Wharf Share(s)”	ordinary share(s) in the share capital of Wharf
“%”	per cent. or percentage

- (A) As at the Latest Practicable Date, the issued share capital of the Company comprised 2,052,849,287 Shares and 4,000,000 Share Options.
- (B) As at the Latest Practicable Date, the Offeror did not own, control or have direction over any Shares.
- (C) As at the Latest Practicable Date, the Offeror Concert Parties, including Mr. Woo, Mrs. Woo, the Mr. Woo Entities, the Trustee in its capacity as trustee of the Trust, Mr. D Woo, Ms. J Woo, Mr. Paul YC Tsui and Mr. KC Chan held in aggregate 1,426,695,330 Shares representing approximately 69.50% of the issued share capital of the Company.
- (D) As at the Latest Practicable Date, the Scheme Shares, comprising 667,432,957 Shares, represented approximately 32.51% of the issued share capital of the Company.
- (E) The primary purpose of this Scheme is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration of the Scheme Consideration so that the Company shall thereafter be owned as to (i) 32.51% by the Offeror, (ii) 48.48% by the Trustee, being the trustee of the Trust which is a related trust of Mr. Woo's family and an Offeror Concert Party, and (iii) 19.01% by other Offeror Concert Parties, being Mr. Woo and the Mr. Woo Entities. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued to the Offeror.
- (F) The Offeror has agreed to undertake to the High Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to this Scheme.

THE SCHEME**PART I****CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
 - (a) the share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares;
 - (b) subject to and forthwith upon such reduction of capital taking effect, the share capital of the Company shall be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the reserve created in its books of account as a result of the reduction of capital referred to in paragraph (a) above in paying up in full the new Shares so issued pursuant to paragraph (b) above, which shall be allotted and issued, credited as fully paid, to the Offeror.

PART II**CONSIDERATION FOR****CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

2. Subject to the Scheme becoming binding and effective in accordance with its terms, each of the Scheme Shares will be cancelled and extinguished in exchange for the Scheme Consideration to be paid by the Offeror.

PART III**GENERAL**

3.
 - (a) As soon as possible and but in any event within seven Business Days following the Effective Date, the Offeror shall post or cause to be posted cheques for the Scheme Consideration to the Scheme Shareholders pursuant to paragraph 2 of this Scheme.
 - (b) In the absence of any specific instructions to the contrary received in writing by the Share Registrar, such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing on the Register as at the Proposal Record Date, or in the case of joint holders, at the address appearing on the Register as at the Proposal Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.
 - (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of this Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.

- (d) All such cheques shall be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, HSBC, the Independent Financial Adviser and the Share Registrar and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Scheme shall be liable for any loss or delay in transmission.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph 3(b) of this Scheme, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of this Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror (or its nominee) shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
- (f) On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under this Scheme and the Offeror (and, if applicable, its nominee) shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) of this Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
- (g) The preceding sub-paragraphs of this paragraph 3 shall take effect subject to any prohibition or condition imposed by law.

4. As from and including the Effective Date:
 - (a) all share certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such share certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Proposal Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
 - (c) all mandates or other instructions to the Company in force as at the Proposal Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Scheme Conditions having been fulfilled or waived, as applicable, this Scheme shall become effective as soon as an office copy of the order of the High Court sanctioning this Scheme (with or without modification) and confirming the reduction of issued share capital of the Company resulting from the cancellation of the Scheme Shares together with a minute and a return that comply with subsection (2) and (3) of section 230 of the Companies Ordinance shall have been registered by the Registrar of Companies under Part 2 of the Companies Ordinance.
6. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.
7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the High Court may see fit to approve or impose.
8. All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, in respect of the Scheme will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels in respect of the Scheme will be borne by the Offeror, and other costs, charges and expenses of the Scheme will be shared between the Offeror and the Company equally, except that if the Independent Board Committee or the Independent Financial Adviser does not recommend the Scheme, or the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

21 May 2020

HCMP 359/2020

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 359 OF 2020

IN THE MATTER OF
WHEELOCK AND COMPANY LIMITED
會德豐有限公司

AND

IN THE MATTER OF
THE COMPANIES ORDINANCE,
CHAPTER 622 OF THE LAWS OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) made in the above matters, the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) has directed a meeting (the “**Meeting**”) to be convened of the registered holders (the “**Scheme Shareholders**”, and each, a “**Scheme Shareholder**”) of the shares (“**Shares**”) in the capital of Wheelock and Company Limited (the “**Company**”) (other than those in which Mr. Woo, the Mr. Woo Entities and the Trustee (in its capacity as the trustee of the Trust) are interested) (the “**Scheme Shares**”) for the purpose of considering and, if thought fit, approving, with or without modification, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders as at the Proposal Record Date (as defined in the Scheme), and that such Meeting will be held at 10:00 a.m. on Tuesday, 16 June 2020 in the Centenary Room, Ground Floor, Marco Polo Hongkong Hotel, 3 Canton Road, Kowloon, Hong Kong at which place and time all Scheme Shareholders are requested to attend.

A copy of the Scheme and a copy of the explanatory statement (the “**Explanatory Statement**”) explaining the effect of the Scheme, required to be furnished pursuant to section 671 of the abovementioned Ordinance, are incorporated in the scheme document of which this Notice forms part (the “**Scheme Document**”), which has been despatched by post to the Scheme Shareholders. A copy of the Scheme Document can also be obtained by any person entitled to attend the Meeting during usual business hours on any day prior to the day appointed for the Meeting (other than a Saturday, a Sunday or a public holiday in Hong Kong) (i) from the share registrar of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong and (ii) at the office of the Company’s solicitors, Messrs. Deacons, at 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong. The Scheme Document is also available at www.wheelockcompany.com.

In compliance with the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Shares held by the Offeror and parties acting in concert (as defined in the Takeovers Code) with it may not be voted at the Meeting. Only Shares held by other Scheme Shareholders are eligible for voting thereat.

The above-mentioned Scheme Shareholders may vote in person at the Meeting or they may appoint one or more persons, whether a member of the Company or not, as their proxy to attend and vote in their stead. A **pink** form of proxy for use at the Meeting is enclosed with the Scheme Document.

In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Scheme Share.

It is requested that forms appointing proxies, together with the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power or authority (in the case of a corporation either under seal or under the hand of an officer or attorney duly authorised and to the satisfaction of the directors of the Company), be lodged at the Company's share registrar as stated above no later than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the Meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Meeting or any adjournment thereof. In the event that an eligible Scheme Shareholder attends and votes at the Meeting or any adjournment thereof after having lodged his form of proxy, his form of proxy shall be deemed to be revoked by operation of law.

Taking into account the recent developments relating to the coronavirus disease 2019 (“**COVID-19**”), the Company has been informed by Marco Polo Hongkong Hotel (“**Hotel**”) that there will be compulsory body temperature screening by the Hotel in respect of all persons visiting the Hotel and anyone with a body temperature of more than 37.3 degrees Celsius will not be given access to the Hotel. In such case, denied entry to the Hotel also means you will not be allowed to attend the Meeting. The Company is supportive of these efforts given the development of COVID-19 and, in addition, will require all who attend the Meeting to wear facial surgical masks before they are permitted to attend, and during their attendance of, the Meeting.

For the health and safety of the Scheme Shareholders, the Company would like to encourage the Scheme Shareholders, in particular, those Scheme Shareholders subject to quarantine or self-quarantine in relation to COVID-19, to exercise their right to vote at the Meeting by appointing the chairman of the Meeting as their proxy instead of attending the Meeting in person. Physical attendance is not necessary for the purpose of exercising shareholders' rights. Completion and return of the enclosed form of proxy in respect of the Meeting will not preclude the Scheme Shareholders from attending and voting in person at the Meeting or any adjournment thereof should they subsequently so wish.

On 8 May 2020, the Government of Hong Kong promulgated a new regulation to prohibit group gatherings with more than eight people in public places (“**Measures**”) and the Measures are subject to adjustments according to the latest developments of the COVID-19 pandemic. Since the proceeding of the Meeting as convened herein may or may not be affected, **Scheme Shareholders are advised to keep themselves abreast of further announcements (if any) made by the Company which will be posted on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.wheelockcompany.com).**

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020, both days inclusive, and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar as stated above before 4:30 p.m. (Hong Kong time) on Wednesday, 10 June 2020.

By the same order, the High Court has appointed Mr. Stephen T. H. Ng, or failing him, Mr. Paul Y. C. Tsui, or failing him, any other available director of the Company, all being directors of the Company, to act as chairman of the Meeting and has directed the chairman of the Meeting to report the result thereof to the High Court.

The Scheme will be subject to the subsequent sanction of the High Court as set out in the Explanatory Statement contained in the Scheme Document.

Dated the 21st day of May 2020.

Deacons
Solicitors for the Company
5th Floor
Alexandra House
18 Chater Road
Central, Hong Kong

As at the date of this Notice, the board of directors of the Company 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, Mr. Horace W. C. Lee 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 Dr. Glenn S. Yee.

The following is a form of the Option Offer Letter being sent to each Optionholder in connection with the Option Offer.



The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

21 May 2020

To the Optionholders

Dear Sir or Madam,

**OPTION OFFER IN RELATION TO
THE PROPOSAL FOR THE PRIVATISATION
OF WHEELOCK AND COMPANY LIMITED
BY ADMIRAL POWER HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)**

A scheme document dated the same date as this letter issued jointly by the Offeror and the Company (the “**Scheme Document**”) and a form of acceptance (the “**Form of Acceptance**”) is provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as defined in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

On 27 February 2020, the Offeror and the Company jointly announced that on 25 February 2020, the Offeror had requested the Board to put forward the Proposal to the Shareholders which includes (i) the Distribution; and (ii) the subsequent privatisation of the remaining Company after the making of the Distribution in consideration of the Scheme Consideration of HK\$12.00 per Scheme Share, less the Dividend Adjustment (if any), which will be payable by the Offeror to Scheme Shareholders in cash, and that the Offeror would make an appropriate offer to all the Optionholders in accordance with Rule 13 of the Takeovers Code (i.e. the Option Offer), which would be conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Offer and the actions you may take in relation to any Share Options held by you. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the documentation under which each of your Share Options was granted (including the terms of the Share Option Scheme).

TERMS OF THE OPTION OFFER

We, on behalf of the Offeror, offer to pay you HK\$35.30 (which represents the “see-through” price, being the Aggregate Amount per Scheme Share on the Last Trading Day of HK\$71.90 less the exercise price of HK\$36.60 of the Share Options for each Share Option that you hold as at the Share Option Record Date.

Pursuant to the terms of the Share Option Scheme, if the Scheme has been approved in the General Meeting and the Court Meeting, any Share Options, to the extent not exercised, will lapse automatically on the Effective Date and will no longer be exercisable as from such date. You may accept the Option Offer by lodging a completed Form of Acceptance in respect of the Option Offer by the prescribed deadline and, if the Option Offer becomes unconditional, you will be entitled to the Share Option Offer Price with respect to the Shares underlying your Share Option(s).

In consideration for our agreement to pay you the cash consideration set out above (as applicable to your holdings of Share Options), all rights and obligations under the Share Options you hold as at the Share Option Record Date will be cancelled by the Offeror and the Company upon your acceptance and conditional upon the Scheme becoming effective.

Conditions of the Option Offer

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer will become unconditional immediately upon the Scheme becoming effective and prior to the listing of the Shares being withdrawn from the Stock Exchange.

The conditions of the Proposal are set out in the paragraphs headed “4. Conditions of the Scheme and the Distribution” in the “Explanatory Statement” section of the Scheme Document. You are further advised to refer to the paragraphs headed “20. Registration and Payment” and “21. Overseas Shareholders” in the “Explanatory Statement” section of the Scheme Document.

Payments under the Option Offer

Any cash entitlements under the Option Offer will be paid net of any applicable taxes. Payment in respect of Share Options held as at the Share Option Record Date, shall be made to Optionholders accepting the Option Offer as soon as possible and in any event within 7 Business Days of the Effective Date. Your cash entitlements under the Option Offer will continue to be subject to the conditions to entitlement under the existing terms of your Share Options up until the Share Option Record Date, including the requirement to remain in employment or service of the Group and other terms of the Share Option Scheme.

It is emphasised that none of the Offeror, the Company, HSBC and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme or the Option Offer.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong before Tuesday, 28 July 2020 by you, payment will be made by way of posting to you a cheque at your last known address. Payments will be made in Hong Kong dollars. You may face delays or obstacles in changing Hong Kong dollars to other currency or cashing such cheques in certain locations or situations.

COURSES OF ACTION AVAILABLE TO OPTIONHOLDERS

The choices available to you in respect of your Share Options are set out below.

(A) Accept the Option Offer

The Option Offer is be available to you in respect of all Share Options that you hold as at the Share Option Record Date (expected to be Friday, 10 July 2020).

You may choose to accept the Option Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Acceptance by ticking the “Accept” box on the Form of Acceptance and signing, completing and returning it in accordance with the instructions set out below by no later than 4:30 p.m. on Friday, 10 July 2020 (or such later time and/or date as may be notified to you through announcement(s)). Such acceptance of the Option Offer will be in respect of all Share Options held by you as at the Share Option Record Date, and you will receive the Share Option Offer Price for all the relevant Share Options if the Scheme becomes effective.

(B) Reject the Option Offer

If you choose to reject the Option Offer, please tick the “Reject” box on the enclosed Form of Acceptance and sign, complete and return it in accordance with the instructions set out below. Such rejection of the Option Offer will be in respect of all Share Options held by you as at the Share Option Record Date.

Pursuant to the terms of the Share Option Scheme, if the Scheme has been approved in the General Meeting and the Court Meeting, any Share Options, to the extent not exercised, will lapse automatically on the Effective Date and will no longer be exercisable as from such date.

If you reject the Option Offer, you will not be entitled to receive the cash consideration offered in respect of any of your Share Options.

RIGHT TO EXERCISE ANY SHARE OPTION HAD BEEN SUSPENDED

Pursuant to the terms of the Share Option Scheme, the right to exercise any Share Option had been suspended with effect from the close of business on 26 February 2020, being the day immediately preceding the Announcement Date, and shall remain suspended until the Directors otherwise determine. It is intended by the Directors that the right to exercise any outstanding Share Option will be so suspended until the completion or lapse of the Proposal. **Accordingly, you will not be able to exercise your Share Option unless and until the Proposal lapses.**

Following receipt of this letter, if you (i) choose to do nothing (including not returning a Form of Acceptance) or (ii) fail to tick either an “Accept” or “Reject” box on a returned Form of Acceptance, and the Scheme becomes effective, you will be treated as if not having accepted the Option Offer in respect of all Share Options held by you as at the Share Option Record Date, your Share Options will lapse automatically on the Effective Date and you will receive neither the Share Option Offer Price nor the Scheme Consideration.

HOW TO RETURN THE FORM OF ACCEPTANCE

You should return the duly completed and executed Form of Acceptance to the Offeror, care of Wheelock and Company Limited at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong, for the attention of the Company Secretarial Department of the Company and marked “Wheelock and Company Limited – Option Offer” by no later than 4:30 p.m. on Friday, 10 July 2020 (or such other date and time as may be notified to you by the Offeror or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).

Before returning the Form of Acceptance, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

LAPSED SHARE OPTIONS

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of its grant or the Share Option Scheme. You cannot accept the Option Offer in respect of a Share Option which has lapsed or will have lapsed by the Effective Date.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the Optionholders set out in the “Letter of the Independent Board Committee” section of the Scheme Document and the letter from Anglo Chinese, the Independent Financial Adviser, in the “Letter of the Independent Financial Adviser” section of the Scheme Document which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Proposal.

INDEPENDENT FINANCIAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take. If you are in doubt as to the contents of this letter, the Form of Acceptance, any aspect of the Option Offer, the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

DECLARATION

By returning the Form of Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in this letter and the Form of Acceptance), and that you have received the Scheme Document and this letter;

- (b) warrant and confirm that each Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate or documents in respect of such Share Option shall become void once that Share Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Acceptance;
- (c) acknowledge that you cease to have any rights or obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of such Share Option you hold and in respect of which you accept the Option Offer and agree that all rights and obligations under such Share Options will be cancelled;
- (d) confirm that any acceptance of the Option Offer cannot be withdrawn or altered;
- (e) authorise the Company, the Offeror and/or HSBC, jointly and severally, or any director or officer of the Company or the Offeror or HSBC or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to or in consequence of your acceptance of the Option Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance; and
- (f) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

GENERAL

All communications, notices, Form(s) of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of HSBC, the Offeror or the Company accepts any liability for any loss or any other liabilities whatsoever which may arise as a result. This letter shall be taken as having been received by you within two Business Days of its despatch.

The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.

The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

Due execution of the Form of Acceptance by an Optionholder in respect of the Option Offer will constitute an authority to HSBC, the Offeror, any director of the Offeror, the board of directors of the Offeror or their respective agents to complete and execute any document on behalf of such Optionholder and to do any other act, that may be necessary or expedient for the purpose of cancelling, or transferring to the Offeror or such person(s) as the Offeror shall direct, all rights of such Optionholder in respect of the Share Options which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt.

By accepting the Option Offer in respect of a particular Share Option, you irrevocably and at your own risk elect to authorise the Offeror, the Company, HSBC and/or such person(s) as the Offeror shall direct to send to you, or procure the sending to you of, the payment to which you are entitled.

Any acceptance of the Option Offer and the receipt of cash consideration may trigger taxes subject to withholding obligations of the Offeror and/or the Company. Cash consideration under the Option Offer may be paid to you net of such applicable taxes, if any. All Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Offer.

RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than any information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the directors of the Offeror and Mr. Peter Woo Kwong Ching) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement contained in this letter misleading.

The directors of the Offeror and Mr. Peter Woo Kwong Ching jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statements in this letter misleading.

Yours faithfully,

For and on behalf

The Hongkong and Shanghai Banking Corporation Limited

Stephen J Clark

Managing Director, Advisory

Global Banking, Asia-Pacific

The Hongkong and Shanghai Banking Corporation Limited is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).