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THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 4

CONTINUING CONNECTED TRANSACTION

On 16th January, 2006, a renewal tenancy agreement was entered into between a wholly-owned subsidiary of The Wharf (Holdings) Limited as landlord and Joyce Boutique Limited as tenant for renewal of the tenancy, which expired on 1st January, 2006, in respect of certain retail premises at Ground Floor, No. 17-19 Canton Road, Harbour City, Kowloon, Hong Kong.

As Joyce Boutique Limited is indirectly 51.9%-owned by a trust of which certain close relatives of the chairman of The Wharf (Holdings) Limited, namely, Mr. Peter Woo, are discretionary objects, the abovementioned agreement constitutes a continuing connected transaction for The Wharf (Holdings) Limited under the Listing Rules. Particulars of the transaction will be disclosed in the annual report and accounts of the Company for each of the relevant subsequent financial years in accordance with Rule 14A.46 of the Listing Rules.

INTRODUCTION

On 16th January, 2006, Wharf Realty Limited (“**WRL**”), a wholly-owned subsidiary of The Wharf (Holdings) Limited (“**Wharf**” or the “**Company**”; together with its subsidiaries, the “**Group**”), as landlord, entered into a renewal tenancy agreement (the “**Agreement**”) with a connected person of Wharf, namely, Joyce Boutique Limited (“**Joyce**”), as tenant, for renewal of the previous tenancy (the “**Previous Tenancy**”), which expired on 1st January, 2006, in respect of certain retail premises.

DETAILS OF THE RENEWAL AGREEMENT

Agreement Date: 16th January, 2006

Parties: WRL as the landlord and Joyce as the tenant

Premises let Certain retail premises of a total lettable area of 14,853 square feet at

to the tenant: Ground Floor, No. 17-19 Canton Road, Harbour City, Kowloon, Hong Kong

Term: Three years from 2nd January, 2006 to 1st January, 2009.

Rent: Under the Agreement, the rent, exclusive of rates, air-conditioning charges and management fees, is payable on monthly basis at about HK\$1.04 million per month for the first year, HK\$1.09 million per month for the second year and HK\$1.14 million per month for the third year (being the base rent) or 12% of monthly gross sales (being the turnover rent), whichever is the higher. The monthly base rent receivable from Joyce under the Agreement for the first year is about 27% higher than that under the Previous Tenancy immediately before its expiry on 1st January, 2006, while the 12% turnover rent is the same as that provided under the Previous Tenancy. The rent receivable under the Agreement is no less favourable to WRL than those available from independent third parties.

As the aggregate base rent or turnover rent, whichever applicable, receivable by WRL for each of the three fiscal years of the Company ending 31st December, 2008 will exceed the *de minimis* level under Rule 14A.33(3) of the Listing Rules, the parties have agreed to adopt an annual cap amount for the rent, as required by Rule 14A.35(2) of the Listing Rules, for each of the three financial years of the Company ending 31st December, 2006, 2007 and 2008 respectively. Such annual cap amount for each of those three financial years is HK\$15 million (the “**Annual Cap Amount**”), which is in line with a performance projection of the Group based on an upside scenario and represent the expected highest possible turnover rent receivable with reference to (i) the historic trading records in respect of comparable retail premises at Harbour City, and (ii) possible buoyant retail sentiment and environment in the next several years. For the financial year ending 31st December, 2009, the remaining duration of the Agreement will be for only 1 day, and therefore the rent receivable by WRL during that financial year will fall within the *de minimis* level as prescribed under Rule 14A.33(3) of the Listing Rules.

GENERAL

The principal business activities of the Group are ownership of properties for letting, property development and investment, container terminals and communications, media and entertainment, and that of Joyce is retail distribution of designer fashion garments, accessories, cosmetics and homeware products. With ownership of properties for letting being one of the Group’s principal business activities, rental income is an important recurrent

income source of the Group. The stable and satisfactory rental revenue to be generated from the tenancy under the Agreement is therefore beneficial to the Group.

As at the date of this announcement, the board of directors of the Company comprises Mr. Peter K. C. Woo, Mr. Gonzaga W. J. Li, Mr. Stephen T. H. Ng, Mr. Erik B. Christensen, Ms. Doreen Y. F. Lee and Mr. T. Y. Ng, together with six independent non-executive directors, namely, Mr. Paul M. P. Chan, Professor Edward K. Y. Chen, Dr. Raymond K. F. Ch'ien, Hon. Vincent K. Fang, Mr. Hans Michael Jebsen and Mr. James E. Thompson.

The Company has engaged Chesterton Petty Limited (“**Chesterton**”), professional property consultants, to review the Agreement. On the basis of the advice received from Chesterton, the directors (except Mr. Peter Woo who abstained from participating in the approval of the Agreement due to conflict of interest), including independent non-executive directors, of the Company are of the opinion that the Agreement and the terms therein (including the Annual Cap Amount) are on normal commercial terms with reference to the prevailing market conditions, are fair and reasonable and are in the commercial interests of the Company and its shareholders. Furthermore, the Agreement is entered into in the ordinary and usual course of business of the Group after due negotiations on an arm's length basis with reference to the prevailing market conditions.

REGULATORY ASPECTS

As Joyce is indirectly 51.9%-owned by a trust of which certain close relatives of the chairman of the Company, namely, Mr. Peter Woo, are discretionary objects, the Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Annual Cap Amount for the rent receivable by WRL under the Agreement represents less than 2.5% in respect of the applicable percentage ratios of the Company, no independent shareholders' approval is required. Particulars of the transaction will be disclosed in the annual report and accounts of the Company for each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

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

Hong Kong, 16th January, 2006

“Please also refer to the published version of this announcement in The Standard and Hong Kong Economic Journal as of 17th January, 2006.”