

Disclosure of Further Corporate Information

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”):-

(A) Biographical Details of Directors and Senior Managers

(i) Directors

Stephen T. H. Ng, Chairman and Chief Executive Officer (Age: 50)

Mr. Ng became Chairman of the Company in August 2001. He has been a Director, President and Chief Executive Officer since 1999 and formerly was the Deputy Chairman of the Company. He is also the deputy chairman and managing director of The Wharf (Holdings) Limited (“Wharf”), deputy chairman of Wheelock and Company Limited (“Wheelock”), a director of Joyce Boutique Holdings Limited and chairman, president and chief executive officer of Wharf T&T Limited (“WTT”). He serves as a member of the Hong Kong – United States Business Council. Furthermore, he is a director of Wharf Communications Limited (“Wharf Communications”) and WF Investment Partners Limited, both of which, as well as Wharf and Wheelock, are each deemed under the Securities (Disclosure of Interests) Ordinance of Hong Kong (the “SDI Ordinance”) to have an interest in the share capital of the Company discloseable to the Company under the provisions of Part II of the SDI Ordinance.

David K. D. Hsu, Director (Age: 60)

Dr. Hsu has been a Director of the Company since 2000. He is also the chairman of Multi-Fineline Electronix, Inc., a circuit manufacturer in U.S.A., a director of MedicineNet, Inc., Webzter, Inc., California Gastroenterology Network and the former chairman of First Internet Franchise Corporation. Furthermore, he is a member of Orange County Medical Association, American Society of Gastrointestinal Endoscopy and an associate clinical professor of medicine, University of California, Irvine.

Fa Kuang Hu, GBS, CBE, JP, Director (Age: 79)

Mr. Hu has been a Director of the Company since 1999. He is also the chairman of Ryoden Development Limited and is a director of Hysan Development Company Limited. Furthermore, he is a member of the Chinese People’s Political Consultative Conference.

Quinn Y. K. Law, Director (Age: 50)

Mr. Law has been a Director of the Company since April 2003. He is also a director of Wharf, Modern Terminals Limited and WTT.

Victor C. W. Lo, GBS, JP, Director (Age: 52)

Mr. Lo has been a Director of the Company since 2000. He is also the chairman and chief executive of publicly-listed Gold Peak Industries (Holdings) Limited. He is one of the leading industrialists in the region. Furthermore, he is currently the chairman of the Federation of Hong Kong Industries and the Hong Kong Science and Technology Parks Corporation, a member of Hong Kong’s Council of Advisors on Innovation and Technology, and a council member of the Hong Kong Trade Development Council. He was awarded the Gold Bauhinia Star by the Government of the HKSAR in July 2001.

Dennis T. L. Sun, BBS, JP, Director (Age: 52)

Dr. Sun has been a Director of the Company since December 2001. He is the chairman and managing director of publicly-listed China Hong Kong Photo Products Holdings Limited (“CCPH”). He is also a director of Searich Group Limited, which is the controlling shareholder of CPPH. Furthermore, he is the honorary president and chairman of the Hong Kong Photo Marketing Association and also the life honorary advisor of the Photographic Society of Hong Kong. He is also the vice patron of the Community Chest of Hong Kong from 1999 to 2002, a trustee of The Better Hong Kong Foundation and also appointed as a member of Equal Opportunities Commission from 2000 to 2002. Furthermore, he is a council member of the Lingnan University. He was awarded the Bronze Bauhinia Star in 1999.

Disclosure of Further Corporate Information *continued*

Samuel S. F. Wong, Director and Chief Financial Officer (Age: 41)

Mr. Wong has been a Director of the Company since April 2003. He joined Hong Kong Cable Television Limited ("HKC") in 1993 and was appointed as the Corporate Finance Director of HKC in 1995. He became the Finance and Corporate Development Director of HKC in 1997 to head up the new Finance and Corporate Development Department with responsibilities for finance, planning, investment projects, development of new services and commercial dealings with acquired channels. He was subsequently appointed Chief Financial Officer of the Company and of HKC in February 2002. Mr. Wong previously worked in Toronto, Canada with the investment and corporate banking group of the Bank of the Nova Scotia and as a chartered accountant with Price Waterhouse.

Gordon Y. S. Wu, KCMG, FICE, Director (Age: 67)

Sir Gordon Wu has been a Director of the Company since October 2001. He is the chairman and managing director as well as the founder of publicly-listed Hopewell Holdings Limited. He is active in civic and community services, and has received many awards and honours which include, *inter alia*, chairmanship of Hong Kong Polytechnic University Council since 1997 and Hong Kong Port and Maritime Board since 2000, as well as membership of Chinese People's Political Consultative Conference, The People's Republic of China ("PRC") since 1983, Hong Kong Trade Development Council since 1997 and Commission on Strategic Development, HKSAR since 1998. He is also a stalwart supporter of his alma mater Princeton University, USA where he earned his Bachelor of Science in Engineering degree in 1958.

(II) Senior management

Stephen T. H. Ng, Chairman and Chief Executive Officer (Age: 50)**Samuel S. F. Wong, Director and Chief Financial Officer (Age: 41)****Vincent T. Y. Lam, Executive Director – Technology and Network Services, HKC (Age: 52)**

Mr. Lam joined Wharf Communications in 1992 as Vice President - Planning, to lead its investment in pay-TV, telecommunications, and related operations in Hong Kong and PRC. In 1995, Mr. Lam was appointed chief operating officer of i-CABLE Network Limited responsible for the rollout and deployment of cable network infrastructure in Hong Kong. In 1999, Mr. Lam became Strategic Planning Director of HKC, responsible for the legal, regulatory and long-term planning. He was appointed an executive director, Technology and Network Services of HKC in February 2002. Mr. Lam has over 20 years of experience in the telecommunications industry in the United States and Asia. Prior to joining Wharf Communications, Mr. Lam was general manager of business development in Asia for U.S. West International.

Eric Lo, Executive Director – Cable Subscription Services, HKC (Age: 52)

Mr. Lo joined HKC in 1993 as Marketing and Sales Director to create and manage HKC's marketing and sales organisation. He was appointed Cable Operations Director in 1995 and became an executive director, Cable Subscription Services of HKC in February 2002. Mr. Lo has an extensive background in consumer marketing. Prior to joining HKC, Mr. Lo was associated with American Express, Sears Roebuck and The Bank of Montreal.

Benjamin W. S. Tong, Executive Director - Multimedia Services, HKC (Age: 53)

Mr. Tong joined HKC in 1995 to manage the Marketing and Sales Department in the Cable Operations Division. He was appointed Cable Multimedia Services Director in August 1999 to lead the development of the Group's high-speed Internet access service. He became an executive director, Multimedia Services of HKC in February 2002. Mr. Tong has over 20 years of marketing and sales experience in Hong Kong, China and Taiwan. Prior to joining HKC, Mr. Tong was marketing and sales director in Taiwan for American Express.

Siuming Y. M. Tsui (alias: Siuming Tsui), Executive Director – Programming Services, HKC (Age: 49)

Mr. Tsui joined HKC in July 2001 as Chief Operating Officer of i-CABLE Satellite Television Limited, a subsidiary of the Company to develop satellite television business and programme production in Mainland China. Mr. Tsui was appointed Executive Director, Programming Services of HKC in August 2002. Mr. Tsui was principally responsible for programme development, production and transmission of channels other than the Sports and News platform. Mr. Tsui has extensive managerial experience in the media industry. Prior to joining HKC, he was previously chief executive officer of Sun TV Cyberworks Holdings Limited, senior vice president of Asia Television Limited (“ATV”) and chief executive officer of Emperor Movie Group Limited.

Garmen K. Y. Chan, Vice President – External Affairs (Age: 49)

Mr. Chan joined Wharf Communications in 1995 as external affairs director. He is responsible for formulating and implementing regulatory and external affairs strategies and action plans for the Group. Mr. Chan came from a diverse media background in Hong Kong, having held key positions in English newspapers and local television stations. Mr. Chan was a media consultant prior to joining HKC.

Ronald Y. C. Chiu, Vice President - News and Sports (Age: 50)

Mr. Chiu joined HKC in 1991 as a member of the consultant team to successfully bid for a Subscription Television licence. When HKC was awarded the licence in June 1993, Mr. Chiu was appointed Assistant News Controller and was instrumental in the launch of the first 24-hour Cantonese language News Channel in the world. Mr. Chiu was promoted to News Controller in 1994 and appointed as Vice President, News & Sports in 2002, a portfolio giving him also overall responsibility for the planning and production of HKC’s sports programmes.

Prior to joining HKC, Mr. Chiu held various senior news positions in the television industry. His experience spans from reporting, editing, news anchoring, to planning and execution of news coverage as well as management of news operation.

Paul K. S. Lo, Vice President - Human Resources (Age: 47)

Mr. Lo joined HKC in 2000 as Vice President - Human Resources. He has over 20 years of experience in human resources management in a variety of industries, including electronics manufacturing and multinational trading conglomerates. Prior to joining HKC, Mr. Lo was general manager - group human resources & communications of Dah Chong Hong Ltd.

Simon K. K. Yu, Vice President - Information, Administration and Audit (Age: 49)

Mr. Yu joined the Wharf Group in 1987 and has held various administration and audit positions in the Wharf Group. He was appointed corporate controller-operations of Wharf Communications in 1992, responsible for operations, accounting, finance, control, administration and personnel. In 1996, Mr. Yu was appointed Administration and Audit Director of HKC.

Samuel C. C. Tsang, Chief Operating Officer - Hong Kong Cable Enterprises Limited (Age: 46)

Mr. Tsang joined Wharf Communications in 1992 as marketing consultant to bid for the first cable television licence in Hong Kong. Upon the launch of HKC, he was appointed Enterprises Director to take charge of international programme licensing and advertising sales for the station. He became chief operating officer of Hong Kong Cable Enterprises Limited when it was set up in 2000. Mr. Tsang has extensive experience in media and marketing, specialising in new business establishment in China and Hong Kong.

Disclosure of Further Corporate Information *continued*

(B) Retirement Scheme and Mandatory Provident Fund

The principal retirement scheme operated by the Group is a defined contribution retirement scheme for its employees, established under a trust deed. Other fellow subsidiaries of the Group also participate in the scheme.

The scheme is funded by contributions from employees and employers. The employees and employers contribute respectively to the scheme sums which represent percentages of the employees' salaries as defined under the trust deed. Forfeited contributions may be utilised by the employers to reduce contributions.

The Group's principal retirement scheme will be closed to new employees joining after October 1, 2000 while existing members of the scheme can continue to accrue future benefits.

Employees joining after October 1, 2000 will participate in the Mandatory Provident Fund ("MPF") with terms as stipulated by the MPF Authority. The Group will also provide voluntary top-up benefits to employees receiving a monthly basic salary exceeding HK\$20,000 which is the relevant income cap as stipulated by the MPF Ordinance.

The Group's retirement scheme costs charged to the profit and loss account during the year ended December 31, 2002 amounted to HK\$33,050,383 (2001: HK\$32,801,046) which were incurred after utilisation of forfeitures to reduce the Group's contributions of HK\$2,825,503 (2001: HK\$4,098,815).

Note: The total employers' cost in respect of the retirement scheme of the Group, including the cost related to the MPF which is not operated by the Group, charged to profit and loss account during the year ended December 31, 2002 amounted to HK\$40,716,728 (2001: HK\$39,054,236).

(C) Share Option Scheme (the "Scheme") of the Company

(I) Summary of the Scheme

(a) Purpose of the Scheme:

To recognise employees' effort and contributions to the Group's successful business achievements.

(b) Participants of the Scheme:

Any employee in the full time employment of the Group and any Executive Director of the Group approved by the Board of Directors.

(c) (i) Total number of ordinary shares of HK\$1 each in the capital of the Company (the "Shares") available for issue under the Scheme as at December 31, 2002:

196,689,040

(ii) Percentage of the issued share capital that it represents as at December 31, 2002:

9.74%

(d) Maximum entitlement of each participant under the Scheme as at December 31, 2002:

50,350,000

(e) Period within which the Shares must be taken up under an option:

Employees Share Option Plan ("ESOP")

For ESOP 1 : From April 1, 2001 to Dec 31, 2009.

For ESOP 2 : From July 1, 2002 to Dec 31, 2003.

For ESOP 3 : From July 1, 2002 to Dec 31, 2005.

For a new grant in 2002 : From Jan 1, 2004 to Dec 31, 2005.

(f) *Minimum period for which an option must be held before it can be exercised:*

For ESOP 1:

- (i) The first 20% of the entitlement – on or after April 1, 2001;
- (ii) The next 40% of the entitlement – on or after the date on which it is announced that the Company's audited consolidated revenue in the preceding financial year has exceeded HK\$2,300 million; and
- (iii) The remaining 40% entitlement – on or after the date on which it is announced that the Company's audited consolidated revenue in the preceding financial year has exceeded HK\$3,900 million.

For ESOP 2:

- (i) The first 50% of the entitlement – on or after July 1, 2002; and
- (ii) The remaining 50% of the entitlement – on or after April 1, 2003.

For ESOP 3:

- (i) The first 30% of the entitlement – on or after July 1, 2002;
- (ii) The next 30% of the entitlement – on or after July 1, 2003; and
- (iii) The remaining 40% of the entitlement – on or after July 1, 2004.

For a new grant in 2002:

- (i) The first 50% of the entitlement – on or after January 1, 2004; and
- (ii) The remaining 50% of the entitlement – on or after January 1, 2005.

(g) (i) *Price payable on application or acceptance of the option:*

HK\$10

(ii) *The period within which payments or calls must or may be made or loans of such purposes must be repaid:*

28 days after the offer date of an option.

(h) *Basis of determining the exercise price:*

Pursuant to rule 17.03 (9) of the Listing Rules, the exercise price must be at least the higher of:

- (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
- (ii) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(i) *the remaining life of the scheme:*

7 years

Disclosure of Further Corporate Information *continued*

(II) Details of share options granted

Details of share options granted to Directors of the Company are set out in the section headed “Directors’ Interests in Shares” in the Report of the Directors.

Particulars, and movements during the financial year of the Company’s outstanding share options, which were granted to approximately 1,700 employees (all being participants with options not exceeding the respective individual limits, and including a Director who was granted share options) working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance, were as follows:-

	Date granted (Day/Month/ Year)	No. of ordinary shares represented by unexercised options outstanding as at 01/01/2002	No. of ordinary shares represented by options granted during the financial year	No. of ordinary shares represented by options lapsed/ exercised during the financial year	No. of ordinary shares represented by unexercised options outstanding as at 31/12/2002	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
(i)	08/02/2000	18,960,000	-	(1,140,000)	17,820,000	01/04/2001 to 31/12/2009	10.49
(ii)	19/02/2001	33,001,000	-	(5,757,200)	27,243,800	01/07/2002 to 31/12/2003	3.30
(iii)	19/02/2001	14,882,000	-	(1,782,200)	13,099,800	01/07/2002 to 31/12/2005	3.30
(iv)	09/10/2002	-	380,000	-	380,000	01/01/2004 to 31/12/2005	3.30
		66,843,000	380,000	(8,679,400)	58,543,600		

The weighted average closing price of the Shares of the Company immediately before the dates of all exercises by employees of the Company’s share options during the financial year ranged from HK\$3.60 to HK\$4.75 per share.

The closing price of the Shares of the Company immediately before the date of grant of the share options per (iv) above was HK\$3.00 per share.

Except as disclosed above, no share option of the Company was issued, exercised, cancelled, lapsed or outstanding throughout the financial year.

(III) Valuation of share options granted during the financial year

The share options granted are not recognised in the accounts until they are exercised. The weighted-average value per option granted in 2002 and 2001 estimated at the date of grant using the Black-Scholes Option pricing model was HK\$0.86 and HK\$1.2 respectively. The weighted-average assumptions used are as follows:

	2002	2001
Risk-free rate (per annum)	2.2%	5.0%
Expected life	1.7 to 2.7 years	1.7 to 3.7 years
Volatility (per annum)	55%	30%
Expected dividend yield (per annum)	1%	1%

The Black-Scholes Option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes Option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

(D) Major Customers and Suppliers

For the year ended December 31, 2002:

- (i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and
- (ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

(E) Directors' Interests in Competing Business

Set out below is information disclosed pursuant to paragraph 8.10 of the Listing Rules of the Hong Kong Stock Exchange.

Two Directors of the Company, namely, Messrs. S. T. H. Ng and Q. Y. K. Law, being also directors of WTT, a wholly-owned subsidiary of Wharf, and also a former director of the Company, namely, Mr. P. Y. C. Tsui, formerly being also a director of WTT, are/were considered as having an interest in WTT under paragraph 8.10 of the Listing Rules.

Part of the communications businesses carried by WTT constitutes a competing business of the Group.

Disclosure of Further Corporate Information *continued*

WTT currently holds a FTNS licence to provide, *inter alia*, local and international telecommunications services. WTT is therefore a potential competitor of the Group for the provision of data services at the present and voice services in the future. However, the Group focuses on residential subscribers who are connected by its HFC network while WTT's focus has since the initial public offering of the Company's shares in November 1999 been mainly on the business market.

In order to protect the interests of the Group, prior to the date of listing of shares of the Company on the Hong Kong Stock Exchange, each of Wharf and Wharf Communications has covenanted with the Company, subject to certain conditions, not to, and to use its best endeavours to procure that none of the directly or indirectly held subsidiaries (including WTT) and associated companies of Wharf will, either alone or jointly with any other party, directly and indirectly carry on, or be engaged or concerned or interested in or assist, any business in Hong Kong which would compete directly or indirectly with the Pay-TV and Internet access businesses of the Group from time to time.

The Group considers that its interests in the relevant sector of its communications businesses is adequately safeguarded and the Group is capable of carrying on its communications businesses independently of WTT.

For further safeguarding the interests of the Group, the independent non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's communications businesses are and continue to be run on the basis that they are independent of, and at arm's length from, that of the Wharf group.

(F) Compliance with Code of Best Practice

The Company has complied throughout the financial year with Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange.