Disclosure of Further Corporate Information

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

(A) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

(I) Directors

Peter K C Woo, GBS, JP, Chairman (Age: 56)
Mr Woo has resumed the role of Chairman since 2002 after having formerly served as Chairman of the Company from 1986 to 1994. He is also the chairman of Wheelock and Company Limited ("Wheelock") which is deemed under the Securities (Disclosure of Interests) Ordinance (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.

Mr Woo was appointed a Justice of the Peace in 1993 and awarded the Gold Bauhinia Star in 1998 by the Hong Kong SAR Government. He has for many years been actively engaged in community and related services, both locally and in the international arena, and has held various Government appointments. He has been the Government-appointed chairman of the Hong Kong Trade Development Council since October 2000 and had served as the chairman of Hospital Authority from 1995 to 2000 and the council chairman of Hong Kong Polytechnic University from 1993 to 1997. He is currently the chairman of the Hong Kong Environment and Conservation Fund Committee set up in 1994 which he co-funded with the Government. He also served as a deputy chairman in 1991 to Prince of Wales Business Leaders Forum, as a member of the International Advisory Council of J.P. Morgan Chase & Co., National Westminster Bank, Banca Nazionale del Lavoro, Elf Aquitaine of France and General Electric of America. He has received Honorary Doctorates from various universities in USA, Australia and Hong Kong.

Gonzaga W J Li, Senior Deputy Chairman (Age: 73)
Mr Li joined Wharf in 1980 as a Director and was appointed as general manager in 1982. He became Deputy Chairman and Managing Director in 1989. He was appointed Chief Executive in 1992 and became Chairman in 1994. He relinquished the title of Chairman and Chief Executive and assumed the title of Senior Deputy Chairman of the Company since 2002. He is also the senior deputy chairman of Wheelock and the chairman of Harbour Centre Development Limited ("HCDL"), New Asia Realty and Trust Company, Limited ("New Asia") and Marco Polo Developments Limited ("MPDL") in Singapore and also the chairman and chief executive of Wharf China Limited. He is also a director of Joyce Boutique Holdings Limited ("Joyce"). Furthermore, he is a director of WF Investment Partners Limited ("WF Investment"), which, as well as Wheelock, are each deemed under 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.

Stephen T H Ng, Deputy Chairman and Managing Director (Age: 50)
Mr Ng joined Wharf in 1981 and became Managing Director in 1989. He has been a director, president and chief executive officer of i-CABLE Communications Limited ("i-CABLE") since 1999 and become its chairman since 2001. He is also the deputy chairman of Wheelock, a director of Joyce and chairman, president and chief executive officer of Wharf T&T Limited ("Wharf T&T"). He serves as a member of the Hong Kong - United States Business Council. Furthermore, he is a director of WF Investment, which, as well as Wheelock are each deemed under 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 J Lawrence, Executive Director (Age: 56)
Mr Lawrence has been appointed as Executive Director of the Company since 2002. He joined the Group in 1992 and spent one year with the Group in Hong Kong before transferring to a new appointment in 1993 to expand MPDL of which he is now the chief executive officer and managing director. He is a Fellow of The Hong Kong Institute of Surveyors, The Royal Institution of Chartered Surveyors, the Singapore Institute of Surveyors and Valuers and the Singapore Institute of Directors.

Robert H Burns, Director (Age: 73)
Mr Burns has been a Director of the Company since 1995. He is one of the founders of the Regent Hotels group and is also the chairman of Robert H Burns Holdings Limited.

Edward K Y Chen, CBE, JP, Director (Age: 58)
Professor Chen has been a Director of the Company since August 2002. He is currently the president of Lingnan University. He is also an honorary professor and distinguished fellow of the Centre of Asian Studies at the University of Hong Kong, honorary professor of Shantou University, and visiting professor of Jinan University. He is a director of First Pacific Co. Ltd. and Asia Satellite Telecommunications Holdings Ltd. and a trustee of Eaton Vance Management Funds. He currently holds a number of public offices, namely, a member of the Services Promotion Strategic Group, the Hong Kong Committee for Pacific Economic Cooperation, and the Banking Advisory Committee.

Paul M F Cheng, JP, Director (Age: 66)
Mr Cheng has been a Director of the Company since August 2002. He is a non-executive director of Esprit Holdings Limited. He was formerly the chairman of Inchcape Pacific Limited and N M Rothschild and Sons (Hong Kong) Limited and a founding partner of China Key Consultants Ltd. He is currently a steward of the Hong Kong Jockey Club and a member of the executive committee of the PRC-based All China Federation of Industry and Commerce, and also serves as an advisor to the China National Committee for Pacific Economic Co-operation and China Center for Economic Research of the Peking University.

Raymond K F Ch'ien, GBS, CBE, JP, Director (Age: 51)
Dr Ch'ien has been a Director of the Company since August 2002. He is the executive chairman of chinadotcom corporation as well as chairman of its subsidiary, hongkong.com corporation. He is the non-executive chairman of HSBC Private Equity (Asia) Limited and also a director of HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited, Inchcape plc, Inmarsat Ventures plc, Convenience Retail Asia Limited, MTR Corporation Limited and VTech Holdings Ltd. He holds a number of public offices, namely, the chairman of the Hong Kong/Japan Business Cooperation Committee and the Advisory Committee on Corruption of the Independent Commission Against Corruption. He is also an honorary president and past chairman of the Federation of Hong Kong Industries.

Erik B Christensen, Director (Age: 55)
Mr Christensen has been a Director of the Company since January 2003. He has since 1997 been the managing director of Modern Terminals Limited ("MTL"), a 55.34% owned subsidiary of the Company, being one of the world's most efficient container terminal operators.

Vincent K Fang, Director (Age: 59)
Mr Fang has been a Director of the Company since 1993. He is the chief executive officer of Toppy Co. (HK) Ltd., a director of Fantastic Garments Limited and also the chairman of the Association of Better Business & Tourism Services.

Hans M Jebsen, BBS, Director (Age: 46)
Mr Jebsen has been a Director of the Company since 2001. He is the chairman of Jebsen & Co. Ltd. and also a director of Hysan Development Co., Ltd. He currently holds a number of public offices, namely, the vice-president of World Wide Fund for Nature Hong Kong, an honorary fellow and member of the Corporate Advisory Board of the Hong Kong University of Science & Technology, the chairman of WTO Working Group of the Hong Kong General Chamber of Commerce, as well as being a member of World Wide Fund for Nature International Board of Trustees, Hong Kong European Union Business Co-operation Committee of the Hong Kong Trade Development Council, Advisory Board of the Hong Kong Red Cross, Pacific Basin Economic Council and Asian Cultural Council. He was awarded the Bronze Bauhinia Star of the Hong Kong SAR in 2001.

Christopher P Langley, OBE, Director (Age: 58)
Mr Langley has been a Director of the Company since 2001. He began his career with HSBC group in 1961. He was appointed an executive director of The Hongkong and Shanghai Banking Corporation Ltd. in 1998 and retired from the HSBC group in February 2000. He is now a director of Winsor Properties Holdings Ltd., Lei Shing Hong Ltd., Techtronic Industries Co. Ltd. and Dickson Concepts (International) Ltd. He was awarded an OBE in 1996.

Quinn Y K Law, Director (Age: 50)
Mr Law has been a Director of the Company since 1998. He is also a director of i-CABLE, MTL and Wharf T&T.

Doreen Y F Lee, Director (Age: 46)
Ms Lee has been a Director of the Company since March 2003. She is also an executive director of Harbour City Estates Limited and Times Square Limited ("TSL") and is responsible for the leasing and operations of the two core properties of the Group in Hong Kong, namely, Harbour City and Times Square.

T Y Ng, Director (Age: 55)
Mr Ng has been a Director of the Company since 1998. He is also a director of HCDL, Joyce, New Asia and MPDL in Singapore. Furthermore, he is a director of WF Investment, which is deemed under 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.

James E Thompson, Director (Age: 63)
Mr Thompson has been a Director of the Company since 2001. He established his company, Crown Worldwide, in Japan in 1965. He is the chairman of the American Chamber of Commerce in Hong Kong and he also serves on the Hong Kong - United States Business Council, the Hong Kong Japan Business Co-operation Committee, and the Hong Kong Korea Business Roundtable.

(II) Senior Management

Various businesses of the Group are respectively under the direct responsibility of the Chairman, the Senior Deputy Chairman, the Deputy Chairman and Managing Director, and the Executive Director of the Company, as named under (A) (I) above. Only those four Directors are regarded as members of the Group's senior management.

(B) PENSION SCHEMES

Set out below are certain particulars regarding pension schemes operated by the Group:

(I) Nature of Schemes

The Group currently operates a number of pension schemes. The schemes are available to the employees of the Group. The assets of the schemes are held separately by independently administered funds.

(II) Funding of the Principal Schemes

The Group's principal defined contribution schemes are funded by contributions from employees and employers. The employees and employers contribute respectively to the schemes sums which represent percentages of the employees' salaries as defined under the relevant trust deeds.

The Group's principal defined benefit schemes are funded by contributions from the employers which are in accordance with recommendations made by the actuaries based on their valuation.

(III) Forfeited Contributions

For the defined contribution scheme, the contributions are expensed as incurred and may be reduced by contributions forfeited by those employees who have left the scheme prior to vesting fully in the contributions.

(IV) Cost of all Schemes

The Group's total retirement costs, including the cost related to the Mandatory Provident Fund which is not operated by the Group, charged to profit and loss account during the year ended December 31, 2002 amounted to HK$77 million after a forfeiture of the Group's contributions of HK$8 million.

(V) Results of Valuation

The outline of results of valuation of the Group's principal defined benefit schemes are set out below:

Name of valuers	Method of valuation	Date of valuation	Adopted salary increase	Adopted investment return	Funding ratio
a) HSBC Life	Projected Unit Credit Method	December 31, 2002	3.5%	7.0%	86%
b) HSBC Life	Projected Unit Credit Method	December 31, 2002	0% for 2003 2% for 2004/05 4% for 2006 and thereafter	5.0%	90.1%
c) Watson Wyatt Hong Kong Limited	Projected Unit Credit Method	December 31, 2002	2% for 2003/04 4% for 2005 and thereafter	8.0%	118.8%

(C) EXECUTIVE SHARE INCENTIVE SCHEME (THE "SCHEME") OF THE COMPANY

(I) Summary of the Scheme

(a) *Purpose of the Scheme:*
To give executives of the Group the opportunity of acquiring an equity participation in the Company, to continue to provide them with the motivation and incentive to give their best contribution towards the Company's continued growth and success.

(b) *Participants of the Scheme:*
Any employee of the Company or any of its subsidiary holding an executive, managerial, supervisory or similar position, including a Director of the Company or any of its subsidiary holding executive office, who accepts the offer of the grant of an option in accordance with the terms of the Scheme.

(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:*

106,732,831

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

4.36%

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

Not more than:

(i) 10% of the maximum number of Shares available for subscription under the terms of the Scheme; and

(ii) in terms of amount of the aggregate subscription price, such amount of aggregate subscription price in respect of all the Shares for which an employee is granted options in any financial year as would exceed five times his or her gross annual remuneration.

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

Within 10 years from the date on which the option is granted or such shorter period as the Board of Directors may approve.

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

One year from the date on which the option is granted.

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

HK$1.00

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

Seven 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 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 Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

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

Five years

(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 21 employees (all being participants with options not exceeding the respective individual limits, and including all those Directors who were 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 share represented by unexercised options outstanding as at 01/01/2002	No. of ordinary share represented by options lapsed/ exercised during the financial year	No. of ordinary share 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)	16/04/1992	680,000	(680,000)	–	13/04/1995 to 12/04/2002	12.00
(ii)	22/06/1993	1,823,000	(42,000)	1,781,000	17/06/1996 to 16/06/2003	19.00
(iii)	01/08/1996	330,000	–	330,000	01/08/2002 to 31/07/2003	25.00
(iv)	01/08/1996	440,000	–	440,000	01/08/2005 to 31/07/2006	25.00
		3,273,000	(722,000)	2,551,000		

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 was HK$17.8 per share.

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

(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 Stock Exchange.

Three Directors of the Company, namely, Messrs P K C Woo, G W J Li and S T H Ng, being also directors of the Company's substantial shareholder, Wheelock, and/or subsidiaries of Wheelock, are considered as having an interest in Wheelock under paragraph 8.10 of the Listing Rules.

Ownership of property for letting and development of properties for sale and/or investment carried on by Wheelock and subsidiaries of Wheelock constitute competing businesses of the Group.

The ownership of commercial premises by the Wheelock group for rental purposes is considered as competing with the commercial premises owned by the Group. Since the Group's commercial premises are not in the vicinity of those owned by the Wheelock group's and are targeted at different customers and would attract different tenants compared to those of the Wheelock group, the Group considers that its interest regarding the business of owning and letting of commercial premises is adequately safeguarded.

The development of properties for sale and/or investment purposes by the Wheelock group is also considered as a competing business of the Group. However, the Group itself has under its own employment a strong and independent property development team. The Group is therefore capable of carrying on its property development business independently of the Wheelock group.

For 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 development of properties for sale and/or investment and property leasing businesses are and continue to be run on the basis that they are independent of, and at arm's length from, those of the Wheelock group.

(F) DISCLOSURE OF CONNECTED TRANSACTIONS

Set out below is information in relation to certain connected transactions involving the Company and/or its subsidiaries required under the Listing Rules of the Stock Exchange to be disclosed in the Annual Report and Accounts of the Company:

(I) Tenancy Agreement with Lane Crawford

A tenancy agreement dated May 16, 2002 (the "MPH Agreement") was entered into between The Hongkong Hotel Limited ("HHL"), a wholly-owned subsidiary of publicly-listed HCDL, which in turn is a 67%-owned subsidiary of the Company, as the landlord and Lane Crawford (Hong Kong) Limited ("Lane Crawford"), formerly a wholly-owned subsidiary of Wheelock, as the tenant whereby HHL agreed to let to Lane Crawford the shops at Ground Floor, 1st Floor and 2nd Floor at The Marco Polo Hongkong Hotel ("MPHH"), Harbour City, Canton Road, Kowloon (the "Premises"), with a total trading area of 49,120 square feet and storage space of 7,747 square feet, from January 2, 2003 to January 1, 2009. As Wheelock is a substantial shareholder of the Company, Lane Crawford, which was wholly-owned by Wheelock as at the date of the MPH Agreement, was regarded as a connected person of the Company. Therefore, the entry into of the MPH Agreement constituted a connected transaction for the Company.

The annual rents, exclusive of rates, air-conditioning charges and management fee, payable monthly in advance, for the Premises for the six financial years ending December 31, 2008 are estimated to be approximately HK$18.7 million, HK$28.7 million, HK$29.4 million, HK$30.1 million, HK$30.8 million and HK$31.5 million respectively or 9% of gross sale per annum whichever is the higher.

HCDL is desirous of upgrading its commercial section in MPHH and Lane Crawford is an up-scale department store with prestigious brands of merchandises. With Lane Crawford as the anchor tenant, it would not only enhance the overall hotel image but also bring attractive shopping experience to hotel guests, which would be beneficial to the Group as a whole.

(II) Participation by Modern Terminals Limited in the Shekou Container Terminals Phase II Joint Venture

On July 16, 2002, a non wholly-owned subsidiary of the Company, namely, MTL Shekou Holdings Limited ("MTLSH"), being wholly-owned by MTL which in turn is a 55.34%-owned subsidiary of the Company, entered into two agreements. Swire Pacific Limited ("Swire"), which is also a substantial shareholder of MTL and therefore regarded as a connected person of the Company, is also a party thereto. Consequently, the entry into of those agreements by MTLSH constituted connected transactions for the Company. Set out below are particulars of the two agreements:

(a) MTLSH entered into an agreement (the "Agreement") with Swire and P&O Overseas Holdings Limited ("P&OH") for the formation of a joint venture company, namely, Achieve Ridge Holdings Limited ("ARHL"), which is also included as a party to the Agreement. ARHL, owned as to 39.45% by MTLSH, 40.82% by P&OH and 19.73% by Swire, is used as an investment vehicle for acquiring and holding a 49% equity interest in another new joint venture company, namely, Shekkou Container Terminals (Phase II) Company Limited ("SCT2"), for the development and operation of a new container terminal at Shekou Industrial Zone, the People's Republic of China ("PRC"). The remaining 51% interest in SCT2 is held by Voctor Investments Limited ("VIL"), a wholly-owned subsidiary of China Merchants Holdings (International) Company Limited ("CMHI").

SCT2 will be established under the Wholly Foreign Owned Enterprise Law of the PRC to develop and operate to an international standard a new container terminal at Shekou Industrial Zone, the PRC, at a total investment of approximately RMB1,738.5 million (equivalent to about HK$1,640.1 million), which will be funded by means of registered capital contributions of up to approximately RMB608.48 million (equal to about HK$574.03 million) from VIL and ARHL and the balance by borrowings from VIL and ARHL or other sources, with any and all capital contributions and financial assistance towards SCT2 to be provided by VIL and ARHL in proportion to their respective shareholdings in SCT2.

After the establishment of SCT2, the parties will provide funding or financial assistance to ARHL in proportion to their respective shareholdings in ARHL to enable it to meet its funding and other obligations towards SCT2. MTLSH's effective interest in SCT2 (held through ARHL) will be approximately 19.33% and therefore the estimated maximum amount of MTLSH's share of financial obligations towards ARHL will be approximately RMB336.06 million (equal to about HK$317.04 million).

(b) A further supplemental shareholders agreement ("SCTO Agreement") was also entered into between VIL, China Merchants Shekou Industrial Zone Company Limited ("CMSIZ"), which is a fellow subsidiary of CMHI, MTLSH, P&O Australia Ports Pty. Limited ("P&OA"), Swire, and Shekou Container Terminals (Overseas) Company Limited ("SCTO"), which is owned as to 40% by VIL, 10% by CMSIZ, 20% by MTLSH, 20% by P&OA and 10% by Swire.

SCTO was established in 1998 as a joint venture company by the parties to explore the development of two berths (the "Berths") to be constructed in Shekou Industrial Zone, the PRC. VIL has undertaken certain preliminary studies and works for the development of the Berths. SCT2 will acquire from VIL and VIL will sell to SCT2 such works at a value equivalent to the aggregate of the costs incurred in relation to the works (which was approximately RMB97.47 million as at July 4, 2002, equal to about HK$91.95 million), plus interest and management fee as agreed between SCT2 and VIL. To the extent that such works are not acquired by SCT2, MTLSH, P&OA and Swire agree, on several basis in proportion to their respective shareholdings in ARHL, to indemnify VIL against, *inter alia*, 49% of the value of the works.

(III) Early Redemption of part of the Convertible Bonds issued by i-CABLE

A deed (the "Deed") was entered into on September 17, 2002 between a wholly-owned subsidiary of the Company (the "Bondholder") and i-CABLE, whereby the Bondholder agreed to the early redemption by i-CABLE of a portion, amounting to HK$1,500 million, of the convertible bonds (the "Bonds") issued by i-CABLE to the Bondholder under a deed poll dated November 18, 1999. As i-CABLE is a 79.24%-owned subsidiary of the Company, the transaction constituted a connected transaction for both the Company and i-CABLE.

The Bonds were of an original total amount of HK$1,800 million with interest fixed at 4% per annum, and are due for redemption a face value on November 23, 2003. The balance of the Bonds amounting to HK$300 million will be due for redemption on November 23, 2003.

The consideration received by the Group for the early redemption was equal to the aggregate face value of the bonds so redeemed, i.e. HK$1,500 million, plus accrued interest from July 1, 2002 up to but excluding the date of completion of the transaction.

The early redemption by i-CABLE of part of the Bonds will improve the Group's liquidity. Following completion of the redemption, the Group, which already has a substantial amount of its investment in i-CABLE over the past years recovered, may use the redemption money received to reduce some of its existing borrowings which carry an interest higher than the 4% per annum on the Bonds, or for other appropriate investment opportunities with a more attractive return. Therefore, the transaction is also beneficial to the Company and its shareholders as a whole.

(IV) Tenancy Agreements with City Super Limited and Lane Crawford (Hong Kong) Limited

TSL, formerly known as Zenuna Limited, a wholly-owned subsidiary of the Company, as the landlord, has entered into two renewal tenancy agreements respectively on September 26, 2002 with a former wholly-owned subsidiary of Wheelock, namely, Lane Crawford, and City Super Limited ("City Super"), formerly 39.08%-owned by Wheelock, as tenants (together the "Tenants"), whereby TSL agreed to let to the Tenants certain premises at Times Square, Hong Kong. As Wheelock is a substantial shareholder of the Company and both Lane Crawford and City Super were more than 30% owned by Wheelock as at September 26, 2002, the entry into of the two tenancy agreements as mentioned above constituted connected transactions for the Company.

Regarding the tenancy agreement with City Super, TSL agreed to let to City Super the premises at B101-B109 (Basement 1), Times Square, Causeway Bay, Hong Kong, with a lettable area of approximately 42,049 square feet, from October 1, 2002 to September 30, 2008.

Regarding the tenancy agreement with Lane Crawford, TSL agreed to let to Lane Crawford the premises at part of Ground Floor, 1st Floor and Shop Nos. 207 and 208 of 2nd Floor, Times Square, Causeway Bay, Hong Kong, with a lettable area of approximately 49,238 square feet, from December 1, 2002 to November 30, 2008.

The estimated approximate annual rents, exclusive of rates, air-conditioning charges and management fee, payable monthly in advance by the Tenants, for each of the four fiscal years ending 31st December, 2005 would range from HK$8.1 million to HK$53.5 million and the annual rents for the remaining three fiscal years ending December 31, 2008 would be determined by reference to open market rental to be agreed between the parties at a later date and the annual rents would be subject to a percentage rental of 9% on annual sales of the Tenants.

City Super is a reputable up-market supermarket operator and Lane Crawford is prestigious department store operator. With City Super and Lane Crawford as the anchor tenants, it would not only enhance the image and value of Times Square but also bring attractive shopping experience to the shoppers, which would be beneficial to the Group as a whole.

(V) Acquisition of Equity Interest in City Super

Under an agreement entered into on February 14, 2003 (the "CS Agreement"), a wholly-owned subsidiary of the Company agreed to acquire from Ansett Limited, a wholly-owned subsidiary of Wheelock, the entire equity interest in Diamond View Limited (the "Sale Shares"). Diamond View Limited owns 39.08% of the issued share capital of City Super (BVI) Limited ("CSBL"), of which City Super is a wholly-owned subsidiary. As Wheelock is a substantial shareholder of the Company, the entry into of the CS Agreement constituted a connected transaction for the Company.

The amount of the consideration in the sum of HK$10.77 million was wholly paid in cash on completion of the CS Agreement which took place immediately after the signing of the CS Agreement. The consideration payable by the Group was funded from the Company's internal resources.

Given that City'Super is an anchor tenant in both Harbour City and Times Square, the acquisition would ensure that the Group's relationship with this major anchor tenant will be maintained.

Note: Certain particulars of the related party transactions entered into by the Group during the year under review have been disclosed in Note 32 to the Accounts on page 109 and 110. Such related party transactions also constitute connected transactions (as defined in the Listing Rules) for the Company as disclosed above.

(G) COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the year the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange. Nevertheless, the relevant connected transactions as described in the preceding paragraphs, being matters involving conflict of interest for Wheelock, the Company's substantial shareholder, was not approved by a meeting of the Company's Directors in accordance with the provisions of paragraph 11 of the abovementioned Code of Best Practice, but instead was duly approved by Resolutions in Writing of the Board of Directors of the Company.