

## Disclosure of Connected Transactions

Set out below is information in relation to certain connected transactions (the “Connected Transactions”) between the Company (the Company being a 67.12% owned subsidiary of The Wharf (Holdings) Limited (“Wharf”)) and/or its subsidiaries (together, the “Group”) with other members of the Wharf group (together, the “Wharf Group”), which were substantially disclosed in press announcements of the Company dated August 29, 2000, August 14, 2001 and January 2, 2002:

Description of the Connected Transactions	Amount paid/received for the year ended December 31, 2003 HK\$ million
<b>(I) Property</b>	
1. <i>Headquarters leased from the Wharf Group</i> Factory 3 on G/F, 4/F to 12/F (inclusive), portions of 1/F and 2/F, units 1-7 on 40/F, storeroom 3 on the roof top, various car-parking and lorry-parking spaces and units 1, 2 and 4 on G/F of Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories (“Cable TV Tower”).	28.5
2. <i>Licences granted to the Wharf Group to occupy premises</i>	
(a) Northern portion of 12/F of Cable TV Tower.	1.2
(b) 9/F and 12/F of Cable TV Tower.	2.5
3. <i>Licences granted by the Wharf Group to occupy premises</i>	
(a) Workshop No. E13, 11/F, Block E of Tsing Yi Industrial Centre Phase II, Nos. 1-33 Cheung Tat Road, Tsing Yi, New Territories.	0.1
(b) Unit D, 6/F of Kowloon Godown, 1-3 Kai Hing Road, Kowloon Bay, Kowloon.	1.0
4. <i>Car-parking spaces rented from the Wharf Group</i> Car-parking spaces at Chai Wan Kok Street, Tsuen Wan, New Territories.	2.4
<b>(II) Computer services</b>	
1. Information technology services provided by the Wharf Group.	8.4
2. Billing services provided by the Wharf Group.	6.5

## Disclosure of Connected Transactions *continued*



<b>(III) Network</b>	
1. Maintenance and sharing of ducts, cables and ancillary equipment provided to the Wharf Group.	21.1
2. Telecommunications services provided by the Wharf Group.	24.5
3. Project management services provided to the Wharf Group.	7.1
4. Multi-party arrangements for the construction, the sharing and maintenance of ducts for telecommunications cables and equipment in Hong Kong:	
(a) Payment to the Wharf Group	1.2
(b) Payment from the Wharf Group	1.6
<b>(IV) Advertising services provided by the Wharf Group</b>	1.5
<b>(V) Management services provided by the Wharf Group</b>	11.6
<b>(VI) Video link service provided by the Wharf Group</b>	2.3
<b>(VII) Conditional waivers granted by the Hong Kong Stock Exchange</b>	

As all of the Connected Transactions are and will continue to be conducted on an ongoing basis, it is considered that strict compliance with the relevant requirements (the "Requirements") relating to the Connected Transactions under Chapter 14 of the applicable Rules (i.e. the relevant Rules which were in force during the financial year ended December 31, 2003) (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") would be impractical. On application by the Company, the Stock Exchange granted to the Company conditional waivers from strict compliance with the Requirements in respect of the Connected Transactions.

### **(VIII) Confirmation from the Directors**

The Directors, including the independent non-executive Directors, of the Company have reviewed the Connected Transactions and confirmed that:-

- the Connected Transactions were:
  - entered into by the Group in the ordinary and usual course of its business;
  - conducted either (A) on normal commercial terms (which expression will be applied by reference to connected transactions of a similar nature and to be made by similar entities) or (B) (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
  - entered into either (A) in accordance with the terms of the agreements governing such Connected Transactions or (B) (where there are no such agreements) on terms no less favourable than those available to or from independent third parties;

## Disclosure of Connected Transactions *continued*



2. in respect of each of the Connected Transactions mentioned above in paragraphs numbered (I)1, (I)2(a), (I)3(a), (I)4, (II)1, (II)2, (III)1, (III)2, (III)3, (III)4(a), (III)4(b) and (V), the aggregate amount of Connected Transactions within each such category for the financial year ended December 31, 2003 of the Company did not exceed the relevant cap amount prescribed by the Hong Kong Stock Exchange (as set out in the relevant conditional waiver granted to the Company in January 2002), i.e. 3% of the Group's consolidated net tangible assets as disclosed in the Company's audited consolidated accounts for the year ended December 31, 2002;
3. in respect of each of the Connected Transactions mentioned above in paragraphs numbered (I)2(b), (I)3(b) and (IV), the fees paid for the financial year ended December 31, 2003 in respect of each of such category did not exceed the relevant cap amount of HK\$10 million prescribed by the Hong Kong Stock Exchange as set out in the relevant conditional waiver granted to the Company in October 2001; and
4. in respect of the Connected Transaction mentioned above in paragraph numbered (VI), the amount paid for the financial year ended December 31, 2003 did not exceed the relevant cap amount (as prescribed by the Hong Kong Stock Exchange and as set out in the relevant conditional waiver granted to the Company in October 2000) of 1% of the Group's turnover for the immediately preceding year.

*Note: Certain particulars of the related party transactions entered into by the Group during the year under review have been disclosed in Note 36 to the Accounts on page 63. Those related party transactions also constitute connected transactions (as defined in the Listing Rules) for the Company.*