

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, January 2, 2002 and October 19, 2004:

Description of the Connected Transactions	Amount paid/received for the year ended December 31, 2004 <i>HK\$ million</i>
(I) Property	
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").	25.4
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
(II) Computer services	
1. Information technology services provided by the Wharf Group.	11.0
2. Billing services provided by the Wharf Group.	6.9
(III) Network	
1. Maintenance and sharing of ducts, cables and ancillary equipment provided to the Wharf Group.	21.0
2. Telecommunications services provided by the Wharf Group.	24.8
3. Project management services provided to the Wharf Group.	6.5
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	1.1
(b) Payment from the Wharf Group.	2.4
(IV) Advertising services provided by the Wharf Group	1.2
(V) Management services provided by the Wharf Group	11.6
(VI) Video link service provided by the Wharf Group	2.2

(VII) Conditional waivers granted by the Hong Kong Stock Exchange

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 the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") would be impractical. On application by the Company, the Hong Kong 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:

1. the Connected Transactions were entered into:
 - (a) by the Group in the ordinary and usual course of its business;
 - (b) either on normal commercial terms or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and
 - (c) in accordance with the relevant agreements governing such Connected Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.
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, 2004 of the Company was less than 2.5% of the applicable percentage ratios of the Company under the Listing Rules and also did not exceed the relevant cap amount previously 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, 2003;
3. in respect of each of the Connected Transactions mentioned above in paragraphs numbered (I)2(b), (I)3(b) and (IV), the aggregate amount of fees paid for the financial year ended December 31, 2004 in respect of each of such category was less than 2.5% of the applicable percentage ratios of the Company under the Listing Rules and also did not exceed the relevant cap amount of HK\$10 million previously 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, 2004 was less than 2.5% of the applicable percentage ratios of the Company under the Listing Rules and also did not exceed the relevant cap amount (as previously 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 32 to the Accounts on pages 60 and 61. Those related party transactions also constitute connected transactions (as defined in the Listing Rules) for the Company.

(IX) Internet Protocol network point-of-presence service provided to Wharf Group

On October 18, 2004, an agreement (the "Agreement") was entered into by i-CABLE Network Limited ("iNL"), a wholly-owned subsidiary of the Company, with Wharf T&T Limited ("WTT"), a wholly-owned subsidiary of Wharf, in respect of the provision of Internet Protocol Network point-of-presence ("IP Point") service to WTT for three years commencing from October 18, 2004. There is a right for either party to terminate the Agreement at the first or second anniversary by giving 3 months prior notice. Since the Company is a 67%-owned subsidiary of Wharf, the transaction constitutes a continuing connected transaction for the Company under the Listing Rules.

The service fee per month per IP Point is HK\$25 net of discounts (if applicable), payable in cash and on monthly basis. The minimum purchase is 25,000 IP Points, applicable from May 18, 2005 onwards. The parties have agreed to adopt an annual cap amount for the service fees for each of the three financial years of the Company ending December 31, 2005, 2006 and 2007. Such annual cap amounts for those three financial years are HK\$25 million, HK\$40 million and HK\$50 million respectively, which are in line with iNL's internal forecasts based on an upside scenario. No cap amount was adopted for the service fee payable for the period from commencement of the Agreement to December 31, 2004, which is below the de minimis level under the Listing Rules.