

## 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 ETC.

#### (I) Directors

**Peter K C Woo**, GBS, JP, Chairman (Age: 58)

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") and Modern Terminals Limited ("Modern Terminals").

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, and 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 the USA, Australia and Hong Kong.

**Gonzaga W J Li**, Senior Deputy Chairman (Age: 75)

Mr Li joined Wharf in 1980 as a Director and was appointed as the general manager in 1982. He became Deputy Chairman and Managing Director in 1989, 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"), Wheelock Properties Limited ("WPL") and Wheelock Properties (Singapore) Limited ("WPSL") in Singapore and also the chairman and chief executive officer of Wharf China Limited. He is also a director of Joyce Boutique Holdings Limited ("Joyce") and Modern Terminals.

**Stephen T H Ng**, Deputy Chairman and Managing Director (Age: 52)

Mr Ng joined Wharf in 1981 and became Managing Director in 1989. He has been a director, deputy chairman, president and chief executive officer of i-CABLE Communications Limited ("i-CABLE") since 1999 and became its chairman since 2001. He is also the deputy chairman of Wheelock, a director of Joyce and the chairman, president and chief executive officer of Wharf T&T Limited ("WTT"). He serves as a member of the General Committee of The Hong Kong General Chamber of Commerce.

**Paul M P Chan**, Director (Age: 49)

Mr Chan was appointed an independent Non-executive Director of the Company in September 2004. He also serves as a member of the Company's Audit Committee. He is the managing partner of Paul Chan & Partners, Certified Public Accountants (Practising). He is also an independent non-executive director of publicly listed Proview International Holdings Limited, CITIC Resources Holdings Limited, I.T Limited, China Resources Cement Holdings Limited and Kingmaker Footwear Holdings Limited.

Mr Chan is a graduate of The Chinese University of Hong Kong where he obtained both his bachelor's and master's degrees in Business Administration. Mr Chan is a Practising Certified Public Accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants ("ACCA"), the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Society of Chinese Accountants and Auditors, the Institute of Chartered Secretaries and Administrators, the Taxation Institute of Hong Kong, the Hong Kong Institute of Company Secretaries, and a member of the Macau Society of Certified Practising Accountants.

Mr Chan has over 27 years' experience in accounting and finance field and is currently the vice president of the HKICPA. He had been a former chairman of the ACCA - Hong Kong and a former member of the World Council of the ACCA in the United Kingdom.

**Edward K Y Chen**, GBS, CBE, JP, Director (Age: 60)

Professor Chen has been an independent Non-executive Director of the Company since 2002. He is currently the president of Lingnan University in Hong Kong. He is also an honorary professor and a distinguished fellow of the Centre of Asian Studies at the University of Hong Kong, an honorary professor of Shantou University, and a visiting professor of Jinan University. He was a member of the Legislative Council of Hong Kong in 1991 and 1992, and a member of the Executive Council of Hong Kong from 1992 to 1997. He was also a member of the Hong Kong SAR Basic Law Consultative Committee from 1985 to 1990. He is a director of First Pacific Co. Ltd., China Resources Peoples Telephone Company Limited and Asia Satellite Telecommunications Holdings Ltd. and a trustee of Eaton Vance Management Funds. He is currently chairman of the Hong Kong Committee for Pacific Economic Cooperation.

Professor Chen was educated at The University of Hong Kong (Bachelor of Arts and Master of Social Science) and Oxford University (Doctor of Philosophy). He was appointed a Justice of the Peace in 1993 and awarded a CBE in 1995. In 2003, he was awarded the Gold Bauhinia Star Medal by the Hong Kong SAR Government.

**Raymond K F Ch'ien**, GBS, CBE, JP, Director (Age: 53)

Dr Ch'ien has been an independent Non-executive Director of the Company since 2002. He is the executive chairman and chief executive officer of chinadotcom corporation, chairman of its subsidiary, hongkong.com corporation, and chairman of MTR Corporation Limited. Dr Ch'ien serves on the boards of HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited, Inchcape plc, Convenience Retail Asia Limited and VTech Holdings Limited.

In public service, Dr Ch'ien is chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption; chairman of the Hong Kong/European Union Business Cooperation Committee and is a Hong Kong member of the APEC Business Advisory Council. Dr Ch'ien is an honorary president and past chairman of the Federation of Hong Kong Industries. He is also president of Hong Chi Association, Hong Kong's leading non-government organization helping mentally handicapped persons. From 1992 to 1997, Dr Ch'ien was a member of the Executive Council of Hong Kong, then under British administration. He was appointed a member of the Executive Council of the Hong Kong SAR on July 1, 1997 and served until June 2002. He also served as Chairman of Industry and Technology Development Council from 1993 to 1999.

Dr Ch'ien received a doctoral degree in Economics from the University of Pennsylvania in 1978. He was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal.

**Erik B Christensen**, Director (Age: 57)

Mr Christensen has been a Director of the Company since 2003. He has since 1997 been the managing director of Modern Terminals, a 55.34% owned subsidiary of the Company, being one of the world's most efficient container terminal operators. He formerly joined The East Asiatic Company Limited ("EAC") in Denmark as a management trainee in 1965. Between 1970 and 1990, he spent eight years in China and 12 years in Hong Kong - from 1983 as the managing director and chief executive officer for the EAC's group activities in China and Hong Kong. In 1990, Mr Christensen returned to Copenhagen, and in 1995 he became a member of the EAC's group management board.

**Hon Vincent K Fang**, JP, Director (Age: 61)

Mr Fang has been an independent Non-executive Director of the Company since 1993. He also serves as a member and chairman of the Company's Audit Committee. He is the chief executive officer of Toppy Co. (HK) Ltd. and managing director of Fantastic Garments Limited.

He currently serves as a member of Legislative Council representing Wholesale and Retail in Functional Constituency. He is a member of the Hospital Authority and Hong Kong Tourism Board. He is also the chairman of Hospital Governing Committee of Princess Margaret Hospital and Kwai Chung Hospital and the Quality Tourism Services Association. He is an honorary advisor of Hong Kong Retail Management Association and a director of The Federation of Hong Kong Garment Manufacturers. He is also a Justice

of the Peace. Mr Fang is a graduate of North Carolina State University where he obtained both his bachelor's and master's degrees in Science of Textiles Engineering.

**Hans Michael Jebsen**, BBS, Director (Age: 48)

Mr Jebsen has been an independent Non-executive Director of the Company since 2001. He also serves as a member of the Company's Audit Committee. He is the chairman of Jebsen & Co. Ltd. and also a non-executive director of Hysan Development Co., Ltd. He currently holds a number of public offices, namely, the vice-president and a trustee of World Wide Fund for Nature Hong Kong, the chairman of the Friend's Committee of the Asian Cultural Council Hong Kong, an honorary fellow and an appointed court member of the Hong Kong University of Science & Technology, as well as a member of the Council for Sustainable Development, Hong Kong European Union Business Co-operation Committee of the Hong Kong Trade Development Council, Advisory Council of Asia Society Hong Kong Centre, Asian Cultural Council Board of Trustees and Advisory Board of the Hong Kong Red Cross.

Mr Jebsen was awarded the Bronze Bauhinia Star by the Hong Kong SAR Government in 2001. He is a graduate of the University of St. Gallen in Switzerland where he obtained his bachelor degree in Economics and Business Administration.

**Christopher P Langley**, OBE, Director (Age: 60)

Mr Langley has been an independent Non-executive Director of the Company since 2001. He began his career with HSBC group in 1961, was appointed an executive director of The Hongkong and Shanghai Banking Corporation Ltd. in 1998 and retired from the HSBC group in February 2000. Mr Langley is now a director of Winsor Properties Holdings Ltd., Lei Shing Hong Ltd., Techtronic Industries Co. Ltd. and Dickson Concepts (International) Ltd. and also a director of Wing Tai Holdings Ltd., a Singapore publicly-listed company.

**Quinn Y K Law**, Director (Age: 52)

Mr Law joined the Company in 1983 and became a director of Wharf in 1998. His other key directorships in the Wharf Group include Modern Terminals, WTT and publicly listed i-CABLE Communications Limited. He was formerly a director of Wheelock. He is a Certified Public Accountant (Practising) in Hong Kong and also holds memberships in various professional bodies. He has been serving on a number of committees of the Hong Kong Institute of Certified Public Accountants, the Taxation Committee of the Hong Kong General Chamber of Commerce and the Advisory Board on Accounting Studies of The Chinese University of Hong Kong.

Mr Law received his professional training in one of the Big Four accountancy firms and was qualified in 1977. Prior to joining Wharf, he worked in the then Securities Commission and two international shipping companies in Hong Kong. Over the years, Mr Law has held in the Wharf Group various executive positions including finance and administration. He is now the Director of the Company in charge of corporate services and public transport activities.

**Doreen Y F Lee**, Director (Age: 48)

Ms Lee joined the Company in 1984 and has been a Director of the Company since 2003. She was appointed as managing director of Wharf Estates Limited and Wharf Estates China Limited in January 2005. She is also an executive director of Harbour City Estates Limited and Times Square Limited. She is responsible for all the leasing and operation of the properties of the Group in Hong Kong, particularly, two core properties of the Group, namely, Harbour City and Times Square and also the Group's Times Squares in Beijing, Shanghai, Chongqing and Dalian. Ms Lee is a graduate of The University of Hong Kong where she obtained her bachelor's degree in Arts (Hon).

**T Y Ng**, Director (Age: 57)

Mr Ng joined the Company in 1985 and has been a Director of the Company since 1998. He is also a director of HCDL, Joyce, WPL, Modern Terminals and WPSL in Singapore. He is an associate member of both the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

**James E Thompson**, GBS, Director (Age: 65)

Mr Thompson has been an independent Non-executive Director of the Company since 2001. He also serves as a member of the Company's Audit Committee. He established his company, Crown Worldwide, in Japan in 1965. He is the member of the American Chamber of Commerce in Hong Kong ("ACC") and was appointed as the chairman of ACC in 2003. He also serves on Hong Kong - United States Business Council, the Hong Kong Japan Business Co-operation Committee, and the Hong Kong Korea Business Roundtable. Mr Thompson has lived in Hong Kong for 27 years and has served on the Trade Development Council, the ICAC Advisory Committee as well as other government and charitable committees. He was awarded the Gold Bauhinia Star by the Hong Kong SAR Government in 2003.

*Notes: (1) Wheelock, WF Investment Partners Limited, Wheelock Corporate Services Limited, WPL and Star Attraction Limited (of which Mr P K C Woo, Mr G W J Li, Mr S T H Ng, Mr Q Y K Law and/or Mr T Y Ng is/are director(s)) have interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").*

*(2) The Company has received from each independent Non-executive Director an annual confirmation of his independence pursuant to the Listing Rules, and the Company still considers the independent Non-executive Directors to be independent.*

## (II) Senior Management

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

**(B) DIRECTORS' INTERESTS IN SHARES**

At December 31, 2004, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company and of two subsidiaries of the Company, namely, i-CABLE and Modern Terminals, and the percentages which the shares represented to the issued share capitals of the Company, i-CABLE and Modern Terminals respectively are also set out below:

	<b>No. of Ordinary Shares (Percentage of Issued Capital)</b>	<b>Nature of Interest</b>
<b>The Company</b>		
Mr Gonzaga W J Li	686,549 (0.0281%)	Personal interest
Mr Stephen T H Ng	650,057 (0.0266%)	Personal interest
Mr T Y Ng	178,016 (0.0073%)	Personal interest
<b>i-CABLE</b>		
Mr Gonzaga W J Li	68,654 (0.0034%)	Personal interest
Mr Stephen T H Ng	1,065,005 (0.0527%)	Personal interest
Mr Erik B Christensen	2,500 (0.0001%)	Personal interest
Mr T Y Ng	17,801 (0.0009%)	Personal interest
<b>Modern Terminals</b>		
Mr Hans Michael Jebsen	3,787 (4.925%)	Corporate interest

*Note: The 3,787 shares regarding "Corporate Interest" in which Mr. Hans Michael Jebsen was taken to be interested as stated above was the interest held by a corporation in general meetings of which Mr. Jebsen was either entitled to exercise (or was taken under Part XV of the SFO to be able to exercise) or control the exercise of one-third or more of the voting power.*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

- (i) there were no interests, both long and short positions, held as at December 31, 2004 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and
- (ii) there existed during the financial year no rights to subscribe for any shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

## (C) SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 31st December, 2004, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (Percentage of Issued Capital)	
(i) Lynchpin Limited	171,974,029	(7.03%)
(ii) Star Attraction Limited	171,974,029	(7.03%)
(iii) Wheelock Properties Limited	173,652,029	(7.10%)
(iv) Myers Investments Limited	173,652,029	(7.10%)
(v) Wheelock Corporate Services Limited	173,652,029	(7.10%)
(vi) WF Investment Partners Limited	1,051,765,051	(42.97%)
(vii) Wheelock and Company Limited	1,223,739,080	(50.00%)
(viii) HSBC Trustee (Guernsey) Limited	1,223,739,080	(50.00%)
(ix) J.P. Morgan Chase & Co.	146,448,525	(5.98%)

Notes: (1) For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of the shareholdings stated against parties (i) to (viii) above to the extent that the shareholding stated against party (i) above was entirely duplicated or included in that against party (ii) above, with the same duplication of the shareholdings in respect of (ii) in (iii), (iii) in (iv), (iv) in (v), (v) in (vi), (vi) in (vii) and (vii) in (viii).

(2) Due to the amalgamation of Bermuda Trust (Guernsey) Limited with HSBC Trustee (Guernsey) Limited into one company known as HSBC Trustee (Guernsey) Limited with effect from January 1, 2005, the name of Bermuda Trust (Guernsey) Limited, which appeared in the Register prior to January 1, 2005, has been accordingly amended to become HSBC Trustee (Guernsey) Limited.

All the interests stated above represented long positions and as at December 31, 2004, there were no short position interests recorded in the Register.

## (D) EXECUTIVE SHARE INCENTIVE 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 subsidiaries holding an executive, managerial, supervisory or similar position, including a Director of the Company or any of its subsidiaries 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, 2004:*

106,732,831

*(ii) Percentage of the issued share capital that it represents as at December 31, 2004:*

4.36%

*(d) Maximum entitlement of each participant under the Scheme as at December 31, 2004:*

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:*

Three years

## **(II) Details of Share Options Granted**

Throughout the year under review, there were outstanding certain share options previously granted on August 1, 1996 under the Company's Executive Share Incentive Scheme to 12 employees (being participants with options not exceeding the respective individual limits) working under employment contracts which are regarded as a "continuous contracts" for the purposes of the Employment Ordinance. Such options were exercisable during the period from August 1, 2005 to July 31, 2006 at an exercise price of HK\$25.00 per share, and on full exercise would require the Company to allot 400,000 new shares to the grantees.

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

## **(E) MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended December 31, 2004:

- (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.

## (F) DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Five Directors of the Company, namely, Mr P K C Woo, who is also the chairman and a substantial shareholder of the Company's substantial shareholder, Wheelock, and Messrs G W J Li, S T H Ng, Q Y K Law and T Y Ng, who are also directors of 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, 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 adequate experience in property development and 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.

## (G) 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) Realignment by Modern Terminals of its interests in the Shekou Container Terminal Phases I and II ("SCT 1 & SCT 2")

On April 1, 2004, two wholly-owned subsidiaries of Modern Terminals entered into certain agreements with Swire Pacific Limited ("Swire"), P&O Overseas Holdings Limited ("P&O") and other parties for, *inter alia*:

- (a) the acquisition from Swire a 7.5% equity interest in SCT1 in consideration of HK\$203.18 million and also the acquisition from P&O a 2.5% equity interest in SCT1 in the consideration of HK\$67.73 million; and
- (b) the sale to Swire a 15.27% equity interest in a joint venture company ("JV Co.") (representing a 7.48% effective equity interest in SCT2) in consideration of HK\$128.44 million and the sale to P&O a 4.18% equity interest in the JV Co. (representing a 2.05% effective equity interest in SCT2) in consideration of HK\$35.16 million.

Following completion of the transactions and certain further similar transactions involving the remaining PRC shareholders currently contemplated, SCT1 and SCT2 would have substantially common ownership which it is expected will bring more synergetic value and benefit to the future operations of both SCT1 and SCT2.

As Swire holds a 17.62% equity interest in, and is therefore regarded as a substantial shareholder of, Modern Terminals, which in turn is a 55.34%-owned subsidiary of the Company, the relevant transactions with Swire constituted connected transactions for the Company under the Listing Rules.

### (II) Sale of 39.08% Minority Interest in City Super Limited

By an agreement entered into on April 16, 2004, Wharf Hong Kong Limited, a wholly-owned subsidiary of the Company, agreed to sell, at a consideration of HK\$15.2 million, to Lane Crawford (BVI) Limited (the "Purchaser"), which is indirectly wholly-owned by a trust the settlor of which is the Chairman of the Company, the entire issued share capital of Diamond View Limited, whose only asset is a 39.08% effective interest in City Super Limited ("City Super").

Traditionally, retail business is not a core business of the Group. The holding of the retailing stake in City Super, being the only retail investment held by the Group in Hong Kong, basically resulted from the fact that the Group is desirous of securing City Super as an anchor tenant of Times Square and Harbour City which are owned by the Group.

Ongoing retail expansion plans of City Super inherently carry a certain degree of business risks and necessitate capital needs which is not in line with the original expectation of the Group. With the original objective of securing City Super's tenancies well accomplished, the disposal of the Group's minority interest in City Super to a suitable interested party, such as the Purchaser, with strong and reputable retail background represents a good opportunity for the Group to divest itself of this incubatory investment.

The Group realised a gain of HK\$2.2 million on the disposal of its 39.08% effective interest in City Super to the Purchaser.

### **(III) Acquisition of 30% interest in Kim Realty Investment Pte Ltd**

On June 11, 2004, Wharf Estates China Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement and a deed of assignment with WPSL for the acquisition of 30% equity interest in Kim Realty Investment Pte Ltd ("Kim Realty") together with certain loans owed by Kim Realty to WPSL at a total consideration of S\$2.04 million (the "Transaction"). Kim Realty owns a 50% interest in Xiamen Dongfang Hotel Limited which is the owner of a 4-star hotel in Xiamen, Fujian Province, called The Marco Polo Xiamen (the "Hotel").

A hotel management company wholly-owned by the Group is at present the manager of the Hotel but does not hold any interest in the Hotel. It is believed that the Transaction would add synergies and value to the Group's business of owning and managing hotels. The Transaction offers a good opportunity for the Group to participate in the ownership of the Hotel which would reinforce its position as the manager of the Hotel.

Since WPSL, publicly-listed in Singapore, is a 75%-owned subsidiary of WPL, which in turn is a 74%-owned subsidiary of Wheelock, and the Company is a 48%-owned associated company of Wheelock, the Transaction constituted a connected transaction for both the Company and WPL under the Listing Rules.

#### (IV) Tenancy Agreements with City Super

On January 5, 2005, a surrender agreement in respect of B101-B109, Basement 1, Times Square, Causeway Bay, Hong Kong for early termination of the original tenancy with effect from December 1, 2004, and a new tenancy in respect of the same premises (the "TS Tenancy") for the period from December 1, 2004 to September 30, 2011, were entered into between Times Square Limited ("TSL"), a wholly-owned subsidiary of the Company, as the landlord and City Super as the tenant.

City Super undertook massive renovation of its store at Times Square and requested TSL to agree to restructure the original tenancy. In consideration of City Super being one of the anchor tenants attracting high level of foot traffic, and its substantial renovation plan for the store, TSL agreed to accepting the surrender and reducing the rent for the two months ended November, 30, 2004 because the business of City Super would grow after, and be benefited by, the massive renovation, and as a result, TSL would receive additional revenue in the form of increased turnover rent. Moreover, a fresh new look of City Super would strengthen the upscale image of the Times Square shopping mall in the long run.

Also on January 5, 2005, another tenancy agreement in respect of Shops 3001-3002, Level 3, Gateway Arcade, Harbour City, Kowloon, Hong Kong (the "Gateway Tenancy") for the period from December 15, 2004 to December 14, 2010, and a letter of agreement relating to future expansion of tenancy covering Shops 3103-3104, Level 3, Gateway Arcade, Harbour City, Kowloon, Hong Kong for the period from March 15, 2006 to December 14, 2010, were entered into between Wharf Realty Limited ("WRL"), another wholly-owned subsidiary of the Company, as the landlord and City Super as the tenant.

The aforesaid agreements are regarded as connected transactions for the Company by reason of the fact that City Super is 39.08% owned by Lane Crawford (BVI) Limited which in turn is indirectly wholly-owned by a trust the settlor of which is the Chairman of the Company.

The estimated approximate annual base rents for each of the eight fiscal years ending December 31, 2011 receivable by TSL and WRL under the TS Tenancy and Gateway Tenancy range from HK\$1.89 million to HK\$23.25 million and from HK\$0.56 million to HK\$17.42 million respectively. The annual cap amounts adopted by the parties for each of the seven financial years ending December 31, 2011 for TS Tenancy and Gateway Tenancy range from HK\$54.16 million to HK\$70.11 million and from HK\$45.55 million to HK\$67.74 million respectively.

With ownership of properties for letting being one of the Group's principle business activities, rental income is an important recurrent income source of the Group. The stable and satisfactory rental revenue to generated from the aforesaid tenancies are therefore beneficial to the Group.

**(H) PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

**(I) FREQUENCY OF DIRECTORS' MEETINGS**

During the financial year under review, four Directors' Meetings were held.

**(J) COMPLIANCE WITH CODE OF BEST PRACTICE**

The Company has complied throughout the financial year with the Code of Best Practice as previously set out in Appendix 14 of the Listing Rules of the Stock Exchange prior to January 1, 2005, which remain applicable to disclosure in annual reports in respect of accounting periods commencing before January 1, 2005 under the transitional arrangement. Nevertheless, the connected transaction regarding acquisition of 30% interest in Kim Realty as described above, being a matter 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.