

- beneficially owned by Dr. Stanley Ho, STDM and New World Development Company Limited (NWD). An amount of HK\$3.9 million was paid by the Group to a NWD group company by way of consultancy fees. The Group also received HK\$1.1 million from STC for management of the shopping mall at the Shun Tak Centre owned by STC. The Group also paid rentals and related expenses to STC of HK\$3.3 million for the rental of terminal space at Shun Tak Centre.
6. During the year, Ranex Investments Limited (Ranex), a 51% subsidiary of the Group, paid rentals in the aggregate amount of HK\$0.3 million to STC for office and retail units leased for use as sales office and show-suites for the sale of residential units in The Belcher's. Ranex also paid sales commission of HK\$8.9 million to a subsidiary of Sun Hung Kai Properties Limited (SHK), a substantial shareholder of Ranex, for the sale of residential units in The Belcher's.
  7. Iconic Palace Limited (Iconic) and Solar Kingdom Limited, wholly owned subsidiaries of the Group and SHK respectively (the Developers), are tenants in common of a residential and commercial property development known as the Liberté located in the district of Cheung Sha Wan (the Project). Pursuant to a project management agreement, Iconic as joint developer paid to Sun Hung Kai Real Estate Agency Limited (SHKREA), a wholly owned subsidiary of SHK, project management fees of HK\$2.1 million. This amount represents Iconic's portion of the fees due to SHKREA. Pursuant to the sales agency agreement, sales commission of HK\$12.7 million was accrued and payable to SHKREA. In connection with the setting up of a sales office and show-suites, the Developers leased certain office and retail units from Kimrose Investment Limited (Kimrose), a subsidiary of SHK. During the year, related charges totalling HK\$5.8 million were paid by the Developers to Kimrose. Pursuant to the shareholders' agreement, the Group received management fees of HK\$3.1 million from Shun Tak Yee Fai Construction JV Limited (STYF), a 50-50 joint venture company beneficially equally owned by the Group and SHK.
  8. By an agreement dated 20 February 2002, the Group sold to Cathay Pacific Airways Limited its 25% shareholding in AHK Air Hong Kong Limited (AHK), a company which provides air cargo transportation services, at a consideration of HK\$194 million. The Group's interest in AHK was held by a subsidiary, Stabilo Limited, in which Dr. Stanley Ho, Dr. Ambrose So, Mr. Patrick Huen, Mr. Andrew Tse and Mr. Anthony Chan also have beneficial interests.
  9. The Group granted financial assistance to several companies or ventures in which it is a shareholder or equity participant together with other connected parties:
    - i. Nova Taipa Urbanizacoes Limitada (NTU) is owned as to 25% by the Group, 25% by STDM and 50% by Hopewell Holdings Limited. All shareholders have extended loans to NTU totalling HK\$1,037.7 million in proportion to their respective shareholdings on an interest-free basis.
    - ii. South Light Limited (South Light) is owned as to 40% by the Group, 10% by Dr. Stanley Ho, 20% by STDM and 30% by independent investors. All shareholders have extended loans to South Light totalling HK\$3.7 million in proportion to their respective shareholdings on an interest-free basis.

**DIRECTORS' INTERESTS IN  
CONTRACTS AND CONNECTED  
TRANSACTIONS** *(continued)*

- iii. Shun Tak Cultural Centre Limited (STCC) is owned as to 60% by the Group and 40% by a company beneficially owned by Dr. Stanley Ho. All shareholders have extended shareholder loans to STCC totalling HK\$342.8 million on an interest-free basis, such loans being in proportion to their respective shareholdings in STCC.
- iv. STYF is owned as to 50% by the Group and 50% by SHK. Pursuant to the shareholders' agreement of STYF, the Group provided a guarantee in respect of liquidated damages and undertook to provide financing to STYF in the ratio of 50% for amounts up to HK\$2 million and 3% of net value of works respectively. For amounts exceeding these thresholds, the Group and SHK shall provide the guarantee and financing in the Developers' proportion, that is 64.56% and 35.44% respectively. The Group and SHK have extended shareholder loans of HK\$5 million each to STYF on an interest-free basis.
- v. Ranex is owned as to 51% by the Group, 29% by SHK, 10% each by NWD and Liu Chong Hing Investment Limited (LCH). The Group, SHK, NWD and LCH extended shareholder loans of HK\$1,649 million, HK\$937.7 million, HK\$323.3 million and HK\$323.3 million respectively to Ranex which bore interest at the rate of HIBOR plus 0.58% per annum. The interest accrued for the year ended 31 December 2002 to the account of the Group was HK\$48.9 million.
- vi. Treasure Peninsula Limited (TPL) is owned as to 51% by the Group, 29% by SHK, 10% each by NWD and LCH. All shareholders have extended shareholder loans totalling HK\$1,174 million on an interest-free basis to TPL, such loans being in proportion to their respective shareholdings in TPL.
- vii. Onluck Finance Limited (OFL) is owned as to 64.56% by the Group and 35.44% by SHK. All shareholders have extended shareholder loans totalling HK\$398.7 million on an interest-free basis to OFL, such loans being in proportion to their respective shareholdings in OFL.
- viii. DFS Macau Limited (DFS) is owned as to 50% by the Group and 50% by Duty Free Shoppers (Hong Kong) Limited (DFSHK). The Group and DFSHK each extended a shareholder loan of HK\$21 million on an interest-free basis to DFS, such loans being in proportion to their respective shareholdings in DFS. DFSHK is a substantial shareholder of a subsidiary of the Group.
- ix. Up to 30 December 2002, ST-CTSI was owned as to 71% by a wholly owned subsidiary of the Group and 29% by CTIL. The Group and CTIL had provided guarantees to the bankers in respect of the term loan facilities obtained by a subsidiary of ST-CTSI in proportion to their respective shareholdings in ST-CTSI. Pursuant to the formation of Interdragon as mentioned in item 1 (viii) above, the effective shareholding of the Group in ST-CTSI was reduced to 42.6%. Consequently, the aforesaid guarantees were amended on

31 December 2002 so that the guarantee provided by the Group was reduced to 42.6% and the guarantees provided by STDm and CTII were 28.4% and 29% respectively, each in accordance with their effective shareholdings in ST-CTSI. The term loan facilities as at 31 December 2002 were HK\$327.5 million.

Under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Stock Exchange), the above transactions constitute connected transactions of the Company and require disclosure in the annual report of the Company.

The Company's independent non-executive directors have reviewed the above transactions and confirmed the transactions were in the ordinary and usual course of business of the Group, on normal commercial terms and fair and reasonable as far as the shareholders of the Company are concerned.

In respect of items 1 (ii) to (iv), (vi) & (vii) and 2 to 6, the independent non-executive directors have further confirmed that the transactions were maintained within the amounts and in accordance with the conditions relating to the transactions as agreed with the Stock Exchange.

Save for the transactions aforementioned, no other contract of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

#### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this report, the following directors are considered to have interests in the following businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Dr. Stanley Ho is a director and has direct and / or indirect beneficial interests in Melco International Development Limited, STC and STDm, which are also engaged in the businesses of property investment and / or hospitality. Mrs. Mok Ho Yuen Wing, Louise and Ms. Pansy Ho are also directors of STDm.

Dr. Cheng Yu Tung is a director and / or has direct and / or indirect beneficial interests in NWD group, Chow Tai Fook Enterprises Limited, Aberdeen Restaurant Enterprises Limited, STC and STDm, which are also engaged in the businesses of property investment, development, ferry services and / or hospitality.

Ms. Pansy Ho, Ms. Daisy Ho and Mr. Andrew Tse are directors of STC, which is also engaged in the business of property investment.

As the Board of Directors of the Company is independent of the board of these entities, the Group is therefore capable of carrying on such businesses independently of, and at arm's length from the businesses of these entities.