The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 2002.

Group Activities

The principal activities of the Company remain investment holding and property investment. The principal activities of the principal subsidiary companies, principal associated companies and principal jointly controlled entities are shown in Notes 37, 38 and 39 to the Accounts on pages 138 to 150.

Accounts

The profit of the Group for the year ended 30 June 2002 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 88 to 150.

Group Reorganisation

On 18 October 2002, the Board of Directors of the Company resolved to implement a Group reorganisation whereby the 52.4% entire interest in New World Services Limited and the investments in road, bridge, water treatment and power plant projects of the 54.3% owned New World Infrastructure Limited ("NWI") would be disposed of to Pacific Ports Company Limited ("PPC"), which is 75.0% owned by NWI. After the reorganisation and conversion of preference shares of PPC held by NWI and the distribution of PPC shares to NWI's shareholders, the Group would then hold 52.0% interest in PPC and continue to hold 54.3% in NWI.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such right under the laws of Hong Kong.

Dividends

The Directors have resolved to recommend total final dividend of HK$0.10 per share (2001: HK$0.10 per share) comprising a cash dividend of HK$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK$0.09 per share with a cash option to shareholders registered on 26 November 2002. Together with the interim dividend of HK$0.10 per share (2001: HK$0.10 per share) paid in June 2002, total distributions for 2002 would thus be HK$0.20 per share (2001: HK$0.20 per share).

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") granting the listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and they be given the option to elect to receive payment in cash of HK$0.10 per share instead of the allotment of shares.

Share Capital

Details of movements in share capital during the year are set out in Note 25 to the Accounts.

Reserves and Distributable Reserves

Details of movements in reserves are set out in Note 26 to the Accounts.

Five-year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 154 and 155.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities during the year.

Donations

The Group made charitable and other donations during the year amounting to HK$22.4 million (2001: HK$18.4 million).

Fixed Assets

Movements of fixed assets during the year are summarised in Note 13 to the Accounts.

Connected Transactions

Connected transactions of the Group are set out on pages 68 to 76.

Group Borrowings

Borrowings of the Company and the Group repayable within one year are included in current liabilities and long term borrowings as set out in Note 28 to the Accounts.

Directors

The Directors of the Company, whose names appear on pages 61 to 62 of this annual report, were Directors of the Company during the year and at the date of this report.

In accordance with Article 103 of the Company's Articles of Association, Dr. Cheng Yu-Tung, the Honourable Lee Quo-Wei, Dr. Ho Tim and Mr. Yeung Ping-Leung, Howard retire by rotation and, being eligible, offer themselves for re-election.

The Company's non-executive directors serve for a term of three years and each is subject to re-election by the shareholders in general meetings upon expiry of appointment.

None of the Directors had a service contract with the Company or any of its subsidiary companies which cannot be terminated within one year without any compensation.

Audit Committee

An Audit Committee has been established and the members of the Committee are Mr. Cha Mou-Sing, Payson and Mr. Yeung Ping-Leung, Howard. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

Directors' Interests in Contracts

Pursuant to an agreement dated 5 August 1993 (the "Agreement") made between Hotel Property Investments (B.V.I.) Limited ("HPI") and Renaissance Hotel Holdings (B.V.I.) Limited ("Renaissance"), both being former subsidiary companies of the Group, and CTF Holdings Limited ("CTF"), HPI agreed to pay CTF an annual fee in accordance with the terms of the Agreement. This Agreement was assigned to NWD (Hotels Investments) Limited ("NWDH"), a subsidiary company of the Group, on 25 July 1997. CTF was paid a fee of US$8.9 million (HK$69.7 million) for the year ended 30 June 2002 (2001: US$9.5 million (HK$73.9 million)). Dr. Cheng Kar-Shun, Henry, Director of the Company and Mr. Doo Wai-Hoi, William, a director of certain subsidiary companies of the Group, are interested in this transaction to the extent that they have beneficial interests in CTF.

Save for contracts amongst group companies and the aforementioned transactions, no other contracts of significance to which the Company or any of its subsidiary companies was a party and in which a Director of the Company 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 Shares

As at 30 June 2002, interests of the Directors and their associates in the equity securities of the Company and its subsidiary companies which have been recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance are set out on pages 77 to 78.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the section header "Share Option Schemes" below, at no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors of the Company or chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Option Schemes

Share option schemes of the Group are set out on pages 79 to 85.

Substantial Shareholder

As at 30 June 2002, Chow Tai Fook Enterprises Limited ("CTFEL"), together with its subsidiary companies had interests in 831,206,530 shares in the Company.

Save for the above, no other shareholder is recorded in the register kept pursuant to Section 16 (1) of the Securities (Disclosure of Interests) Ordinance as having an interest in 10% or more of the issued share capital of the Company as at 30 June 2002.

Directors' Interests in Competing Businesses

During the year and up to the date of this report, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"):

Name of director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr. Cheng Yu-Tung	Shun Tak Holdings Limited group of companies	Property investment and development, ferry services and hotel related services	Director
	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
	Melbourne Enterprises Limited group of companies	Property investment	Director
Dr. Cheng Kar-Shun, Henry	Shun Tak Holdings Limited group of companies	Property investment and development, ferry services and hotel related services	Director
	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
	HKR International Limited group of companies	Property investment and development, construction and property management	Director
Dr. Sin Wai-Kin, David	Miramar Hotel & Investment Company Limited group of companies	Property investment and hotel operation	Director
Mr. Cheng Yue-Pui	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
	Melbourne Enterprises Limited group of companies	Property investment	Director
Mr. Cheng Kar-Shing, Peter	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
Mr. Chan Kam-Ling	Evergreen Investment Limited	Property investment	Shareholder
	Yearfull Investment Limited	Property investment	Shareholder
	Victory China Development Limited	Property investment	Shareholder
	Gold Asia Trading Limited	Property investment	Shareholder
Mr. Chow Kwai-Cheung	Hinkok Development Limited	Property development	Shareholder
	Asia Leisure Development Company Limited	Property development	Director

The above-mentioned Directors' involvement in the management of the above-mentioned entities are not significant nor are the size of the above-mentioned businesses undertaken by the entities in which they were appointed as directors considered as significant as compared to the Group.

As the Board of Directors of the Company is independent of the boards 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.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

Corporate Governance

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year covered by this annual report.

Practice Note 19 of the Listing Rules

The disclosure pursuant to Practice Note 19 of the Listing Rules is set out on page 86.

Auditors

The Accounts have been audited by Messrs PricewaterhouseCoopers and H.C. Watt & Company Limited, who retire and, being eligible, offer themselves for re-appointment as joint auditors of the Company.

On behalf of the Board
Dr. Cheng Yu-Tung
Chairman

Hong Kong, 18 October 2002

Connected Transactions

(a) The Company and CTFEL, severally in the proportions of 64.0% and 36.0%, have on 29 August 1995 issued an indemnity ("Indemnity") to Renaissance Hotel Group N.V. ("RHG"), a former subsidiary company of NWDH, which is now an independent third party, in respect of any obligations of RHG or its subsidiary companies may have in respect of certain lease payment obligations under 25 leases or guarantees of leases of Hotel Property Investment, Inc., a Delaware corporation held by HPI.

On 25 July 1997, NWDH sold its entire interests in HPI to CTF, a company controlled by Dr. Cheng Kar-Shun, Henry, a director of the Company and Mr. Doo Wai-Hoi, William, a director of certain subsidiary companies of the Company. Under the sale, the indemnity will continue. Arrangements have therefore been entered into whereby CTFEL will counter-indemnify the Company fully against any liability arising under the Indemnity in respect of the said lease obligations and guarantees of leases. It is presently estimated that the maximum liability of the Company under the Indemnity will be approximately US$54.0 million per annum. Up to now, no payment has ever been made by the Company or CTFEL under the Indemnity.

(b) On 3 December 1998, NWI and CSX World Terminals Hong Kong Limited ("CSX") entered into a deed of guarantee (the "CSX8 Guarantee") in respect of the obligations of CSXWT Terminal 8 Limited ("CSX8") and NWI also entered into another deed of guarantee (the "Sunmall Guarantee") in respect of the obligations of Sunmall Limited ("Sunmall") on the same date. Both the CSX8 Guarantee and the Sunmall Guarantee are in favour of Asia Container Terminals Limited ("ACT"), which is one of the joint developers of the Container Terminal No. 9 ("CT9") at Tsing Yi, and its shareholders. The shareholders of ACT included two independent third parties, Sunmall and CSX8 holding 57.0%, 13.5% and 29.5% interest respectively. Sunmall was at that time a wholly owned subsidiary company of NWI and CSX8 was a non-wholly owned subsidiary company owned as to 66.1% by NWI and 33.9% by CSX. CSX is a connected person of NWI only by virtue of CSX's substantial shareholding in CSX8.

Pursuant to a restructuring agreement dated 3 December 1999, the shareholders of ACT transferred all their ACT shares to Asia Container Terminals Holdings Limited ("ACTH") in exchange for shares in ACTH. ACT then became a wholly owned subsidiary company of ACTH which shareholders and their respective shareholdings are the same as that of ACT before the restructuring. All rights and obligations of ACT under the shareholders' agreement, the shareholders' funding agreement and the shareholders' loan agreement of ACT (the "ACT Agreements") are assumed by ACTH.

Following the completion in March 2000 of the disposal of all port and port-related investments to PPC ("the PPC Reorganisation"), Sunmall and CSX8 became indirect non-wholly owned subsidiary companies held through PPC.

Under the CSX8 Guarantee, NWI and CSX unconditionally, irrevocably and severally guarantee, in the proportion of each of their respective shareholdings in CSX8, to ACTH and each of its shareholders (other than CSX8) that, if for any reason CSX8 does not (i) pay any sum payable by or expressed to be payable by it, or (ii) perform any of its obligations, under the ACT Agreements, NWI and CSX will pay that sum or (as the case may be) perform that obligation on demand by ACTH or any one or more of its shareholders. The financial obligation of CSX8 under the ACT Agreements is substantially to fund CSX8's share of CT9 project cost currently estimated to be HK$818.0 million (2001: HK$720.0 million) of which 66.1% amounting to HK$541.0 million (2001: HK$476.0 million) is guaranteed by NWI pursuant to the CSX8 Guarantee.

On 29 May 2002, the parties to the CSX8 Guarantee entered into a deed of amendment whereby NWI was released from the CSX8 Guarantee with effect from 16 November 2001.

Under the Sunmall Guarantee, NWI unconditionally and irrevocably guarantee ACTH and each of its shareholders (other than Sunmall) that, if for any reason Sunmall does not (i) pay any sum payable by or expressed to be payable by it, or (ii) perform any of its obligations, under the ACT Agreements, NWI will pay that sum or (as the case may be) perform that obligation on demand by ACTH or any one or more of its shareholders. The financial obligation of Sunmall under the ACT Agreements is substantially to fund Sunmall's share of CT9 project cost currently estimated to be HK$374.0 million (2001: HK$330.0 million) pursuant to the Sunmall Guarantee.

(c) In July 1999, a deed of tax indemnity was entered into between the Company and New World China Land Limited ("NWCL") whereby the Company undertakes to indemnify NWCL in respect of, inter alia, certain income tax ("IT") and land appreciation tax ("LAT") in The People's Republic of China ("PRC") payable in consequence of the disposal of certain properties held by NWCL as at 31 March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK$7,059.0 million (2001: HK$7,783.0 million). The tax indemnity is also given in respect of LAT and IT payable in consequence of the disposal of any low-cost community housing in the event the relevant company in the NWCL Group is unable to pay such taxes. During the year, no such tax indemnity is effected (2001: Nil).

(d) ACT entered into a facility agreement in respect of project financing of CT9 for HK$2,700.0 million (the "ACT Refinanced Loan") on 13 November 2001 to refinance the facility agreement (the "ACT Loan") dated 31 January 2000. The ACT Refinanced Loan is severally guaranteed by NWI and the other shareholders ACTH in proportion of their respective effective equity interest in ACTH which wholly owns ACT. Accordingly, NWI guarantees 32.9995% of the ACT Refinanced Loan. After the PPC Reorganisation, PPC holds NWI's former interest in ACTH but NWI remains the guarantor for purpose of the ACT Loan and thereafter, the ACT Refinanced Loan. PPC is a non-wholly owned subsidiary company of NWI in which no connected person of NWI is a substantial shareholder.

(e) Suzhou Huisu International Container Freight Wharfs Co., Ltd. ("Huisu") a subsidiary company of the Group's indirect subsidiary company, PPC, is owned as to 45.0% by Suzhou Tonggang Group Company ("Tonggang"), 40.0% by New World (Suzhou) Port Investments Limited ("NW Suzhou") and 15.0% by Wealth & Health Limited ("Wealth & Health"). Both NW Suzhou and Wealth & Health are indirect wholly owned subsidiary companies of PPC. Tonggang is a connected person of the Group only by virtue of being a substantial shareholder of Huisu and is not otherwise connected with the Group.

On 8 February 2001, an agreement was entered into between Grand Linkage Limited ("Grand Linkage"), an indirect wholly owned subsidiary company of PPC, and Tonggang pursuant to which Grand Linkage would acquire 20.0% interest in Huisu from Tonggang at a consideration of RMB5.2 million (approximately HK$4.9 million) based on unaudited net asset value of Huisu as at 30 June 2000. The acquisition would permit PPC to strengthen the management of Huisu and enhance its contribution in the long run.

(f) On 19 April 2001, a shareholders' agreement was entered into between Front Drive Limited ("Front Drive"), a wholly owned subsidiary of PPC, Kingsfund Limited ("Kingsfund") which is an indirect wholly owned subsidiary of CSX World Terminals, LLC. ("CSXWT", a substantial shareholder of CSX8 which is in turn a subsidiary of PPC), and ATL Logistics Centre Hong Kong Limited ("ATL") which is an associated company of CSXWT and a jointly controlled entity of PPC for the purpose of setting up a company incorporated in Hong Kong known as ATL Logistics Centre Yantian Limited ("ATLY") to invest in the business in Yantian District, PRC. ATLY is owned as to 18.2% by Front Drive, 31.8% by Kingsfund and 50.0% by ATL.

According to the terms of the aforesaid shareholders' agreement, shareholders' loans will be called by ATLY on a pro-rata basis when required. As at the date of this report, shareholders' loans for ATLY in the total amount of HK$2.0 million had been advanced by Front Drive.

Connected Transactions (continued)

(g) On 27 July 2001, NWCL executed a corporate guarantee in respect of the full obligation and liabilities of a HK$455.0 million Standby Letter of Credit Facility ("L/C Facility") extended by a bank for a period of 49 months to New World Development (China) Limited ("NWDC"), a wholly owned subsidiary company of NWCL. The L/C Facility was granted to support a 48-month credit facility of RMB500.0 million extended by a bank in PRC to Nanjing Huawei Real Estate Development Company Limited ("NHRED"), a 92% owned subsidiary of NWDC. NWDC had also provided a completion and funding guarantee to procure the construction and completion of the property projects undertaken by NHRED. The provision of the aforesaid guarantees by NWCL and NWDC constituted connected transactions for the Group pursuant to rule 14.25(2)(a) of the Listing Rules.

(h) On 17 August 2001, an agreement was entered into between Regent Hotel (Hong Kong) Limited ("Regent") as vendor and Fullbase Co., Ltd. ("Fullbase"), an indirect wholly owned subsidiary company of the Company, as purchaser whereby Regent had agreed to sell 20,000,000 shares of HK$1.00 each in Eurasia Hotel Limited ("Eurasia") to Fullbase at a consideration of HK$185.0 million upon the terms and conditions therein contained.

Eurasia was a 75.0% indirect subsidiary of the Company, and Regent owned 25.0% of Eurasia. Hence, Regent was a connected person of the Company. Accordingly, the transaction constituted connected transaction of the Company.

(i) On 30 August 2001, 南京惠寧碼頭有限公司 (Nanjing Huining Wharfs Co., Ltd.) ("Nanjing Huining") entered into an operating and management agreement (the "Operating and Management Agreement") with 南京港務管理局 (Nanjing Port Authority) ("NPA") whereby NPA agreed to act as the new operator for Nanjing Huining for its unexpired joint venture period up to 2 June 2019 at a consideration of RMB18.0 million (approximately HK$16.8 million) to be paid to New World (Nanjing) Port Investments Limited ("NW Nanjing") by Nanjing Huining.

By an agreement (the "Huining Agreement") entered into between NW Nanjing and Nanjing Huining on 30 August 2001, NW Nanjing consented that NPA has the sole operation and management right of Nanjing Huining.

In addition, NW Nanjing entered into a share pledge agreement (the "Share Pledge Agreement") with NPA on 30 August 2001 whereby NW Nanjing pledged its entire shareholding of 55.0% in Nanjing Huining in favour of NPA as assurance for NW Nanjing's obligations under the Operating and Management Agreement, the Huining Agreement, the Share Pledge Agreement and the undertaking to maintain its share interest in Nanjing Huining until the expiry of the joint venture period of Nanjing Huining up to 2 June 2019.

The above-mentioned agreements provided PPC with an assured return for the remaining joint venture period of Nanjing Huining and relieved PPC of any further risks in relation to Nanjing Huining.

Nanjing Huining was a non-wholly owned subsidiary of NWI owned as to 55.0% by NW Nanjing and 45.0% by NPA. NW Nanjing is wholly owned by PPC and NPA is a connected person of the Group only by virtue of being a substantial shareholder of Nanjing Huining and is not otherwise connected with the Group.

(j) On 3 September 2001, Shanghai Ramada Plaza Ltd. ("SRP") was granted a bridging loan by a bank for principal amounts of US$10.0 million and RMB50.0 million ("Bridging Loan") for a term of five years. The Bridging Loan was part of a loan facility of US$10.0 million and RMB300.0 million ("Loan Facility") which was subsequently granted to SRP by two banks on 25 July 2002 for a term of five years to finance the development cost of its property projects and as general working capital. Upon each of the granting of the Bridging Loan and the Loan Facility, NWCL provided guarantee in respect of the full obligation and liabilities of SRP under the Bridging Loan and the Loan Facility as well as the completion of Shanghai Changning Ramada Square and undertook that the funding agreement relating to the completion of its construction would be fulfilled.

SRP is owned as to 95.0% by Ramada Property Ltd. ("RPL") which in turn is indirectly owned as to 60.0% by NWCL, 20.0% by Stanley Enterprises Limited ("Stanley") and 20.0% by independent third parties. The other shareholders of RPL have agreed to indemnify NWCL in respect of its liability under the guarantee in proportion to their shareholding in RPL and pay to NWCL a guarantee fee of 0.25% per annum on the amount of the banking facilities being utilised by SRP.

By virtue of the fact that Stanley is a substantial shareholder of certain subsidiary companies of NWCL group, the provision of the guarantees by NWCL in respect of the Bridging Loan and the Loan Facility and the payment of guarantee fee by Stanley constituted connected transactions for the Group.

(k) On 19 September 2001, Touchful Limited ("Touchful"), a wholly owned subsidiary of NWI, entered into a loan agreement ("Loan Agreement") with Apex-Pro Systems Limited ("Apex-Pro"), an indirect 62.8% subsidiary of NWI in which no connected person of NWI is a substantial shareholder, whereby Touchful provides advances up to HK$2.0 million to Apex-Pro at an interest rate of 8% per annum. These advances shall be repayable on demand provided that if the advances together with accrued interest is not repaid in full by the first anniversary of the date of the Loan Agreement, Touchful shall, upon the request of Apex-Pro, capitalise the outstanding amount of the advances (based on a pre-money valuation of HK$10.0 million for the entire issued share capital of Apex-Pro as at the date of the Loan Agreement) into new shares of Apex-Pro.

These advances were made not in proportion to the shareholdings of Apex-Pro. Therefore this transaction constituted connected transaction under the Listing Rules.

(l) On 11 October 2001, a share subscription agreement (the "Subscription Agreement") was entered into between PPC, Noble Park Investments Limited ("NP"), Sunmall, Pacific Owner Limited ("POL", together with NP and Sunmall, all of them are wholly owned subsidiaries of PPC which in turn is a 75.0% subsidiary of NWI), Pacific Container Limited ("PCL") and CSX, under which POL (which holds approximately 19.5% attributable interest in ACT) agreed to issue to CSX three redeemable convertible shares of US$1.00 each in the share capital of POL (the "Subscription Shares") at HK$242.3 million in cash. Such amount of consideration was received by PPC on 16 November 2001 (the "Completion Date"). Upon the conversion of the Subscription Shares, CSX will obtain the title for 100% interest in POL.

Pursuant to the Subscription Agreement, CSX had assumed liability of POL, Sunmall, NP, PPC and NWI (as appropriate) under the financing and project agreements in respect of the ACT Project (as defined below) by way of cross indemnity from the Completion Date.

("ACT Project" refers to projects carried out by ACT in relation to the completion of the construction of CT9 and the subsequent operation and management of that terminal or Container Terminal 8 West under a berth swap agreement entered into between ACT and Modern Terminals Limited.)

CSX and PCL are connected persons of the Group only by virtue of being substantial shareholders of CSX8.

(m) On 16 October 2001, a conditional sale and purchase agreement had been entered into between New World CyberBase Nominee Limited ("NWCN") and Best Cyber Limited ("Best Cyber") pursuant to which Best Cyber had agreed to purchase and NWCN had agreed to sell 704,086,000 shares of HK$0.02 each in the issued capital of NWCB ("Sale Shares"), representing approximately 18.5% of the existing issued share capital of NWCB.

Connected Transactions (continued)

The total consideration paid by Best Cyber for the Sale Shares was HK$49.3 million, representing approximately HK$0.07 per NWCB share, which would be satisfied as to HK$10.0 million by the allotment and issue of 100.0 million shares of HK$0.01 each in the issued share capital ("Consideration Shares") of Asia Logistics Technologies Limited ("ALT"), credited as fully paid, at HK$0.10 per share by ALT to NWCN and as to HK$39.3 million by issue of convertible bond by ALT to NWCN. The Consideration Shares represented approximately 3.2% of the ALT's existing issued share capital and approximately 3.1% of ALT's issued share capital as enlarged by the issue of the Consideration Shares. The convertible bond is convertible at an initial conversion price of HK$0.10 per ALT share (subject to adjustment) at any time from and including the first anniversary of the date of the issue of the convertible bond until the business day last preceding the third anniversary of the date of the issue of the convertible bond. Assuming the exercise in full of the conversion rights attaching to the convertible bond at an initial conversion price of HK$0.10 per ALT share, a total number of 392,860,000 new ALT share ("Conversion Shares") would be issued, representing approximately 12.8% of ALT's existing issued share capital and approximately 11.0% of ALT's issued capital as enlarged by the issue of the Conversion shares and Consideration Shares.

Mr. Lo Lin Shing, Simon, being the beneficial owner and an executive director of ALT and a director of certain subsidiary companies of the Company, the above transaction constituted connected transaction for the Company under Chapter 14 of the Listing Rules.

(n) On 28 November 2001, Shenzhen Topping Real Estate Development Company Limited ("STRED"), a 90.0% indirectly owned subsidiary of NWCL, entered into a loan agreement with a bank whereby the bank agreed to grant to STRED a loan facility of RMB250.0 million for a term of 2 years to finance a property development project and as general working capital.

NWCL had provided a corporate guarantee in respect of the full repayment of the principal and interest payable under the facility. The provision of the said guarantee constituted a connected transaction for the Group pursuant to rule 14.25(2)(a) of the Listing Rules.

(o) On 27 December 2001, NWDC and NW China Homeowner Development Limited ("NWCHD") entered into agreements with Solar Leader Limited ("Solar Leader") pursuant to which NWDC and NWCHD agreed to sell and assign and Solar Leader agreed to purchase the entire issued share capital of each of Business Talent Limited ("Business Talent"), Mariss Investments Limited ("Mariss Investments") and Million Shine Property Limited ("Million Shine"), being 1 ordinary share of US$1 each respectively (collectively, the "Sale Shares"), together with shareholder's loans of each of Business Talent, Mariss Investments and Million Shine owing to NWDC and/or NWCHD amounting to HK$50.7 million, HK$137.3 million and HK$230.5 million respectively (collectively, the "Shareholder's Loans"). The consideration for the Sale Shares and the Shareholder's Loans, which was paid by Solar Leader to NWDC and NWCHD in cash, was HK$155.6 million in respect of Business Talent, HK$136.1 million in respect of Mariss Investments and HK$109.4 million in respect of Million Shine.

The agreements relating to the disposal of Business Talent, Mariss Investments and Million Shine ("Disposal") were made pursuant to a buy-back undertaking, which was given by the Company to NWCL in the spin-off agreement relating to the separate listing of NWCL, in respect of those properties of which NWCL was unable to obtain land use right certificates or other similar or analogous certificates conferring rights to use certain properties in the PRC which included Beijing Boxing Plaza, Shijiazhuang New World Plaza and Qingyuan Low-Cost Housing Development owned by Business Talent, Mariss Investments and Million Shine respectively.

By virtue of the fact that Solar Leader is a wholly-owned subsidiary of the Company which in turn is a controlling shareholder of NWCL, the Disposal constituted a connected transaction for the Group.

(p) On 4 January 2002, a sale and purchase agreement ("S&P Agreement") had been entered into between the Company, CTFEL, Triple Wise Investment Company Limited ("Triple Wise"), Asean Resources Holdings Limited ("AR"), Fitmond Limited ("Fitmond") and Wise Come Development Limited ("Wise Come") for the purpose of, inter alia, the acquisition of the entire issued share capital of Poucher Limited ("Poucher"), a wholly owned subsidiary company of Fitmond, of US$1 (equivalent to approximately HK$7.8) and the shareholder's loan owing by Poucher to Fitmond upon completion at a consideration of HK$7.8 and HK$300.0 million (subject to adjustment) respectively by Wise Come from Fitmond. Pursuant to the S&P Agreement, Triple Wise and Wisdom Profit Investments Limited ("Wisdom Profit"), an indirect wholly-owned subsidiary company of AR nominated by AR as the shareholder of Wise Come, had agreed to procure Wise Come, a joint venture company of which Triple Wise and Wisdom Profit were initially interested on 80% and 20% (subject to the occurrence of an event where the maximum gross floor area permitted for the residential development on the Properties (as defined below) under the basic terms upon which the Lands Department has in writing confirmed that it is prepared to recommend to the Government of Hong Kong a proposed insitu land exchange of the properties exceeds certain gross floor area of the properties as stated in the S&P Agreement) of its issued share capital respectively, to acquire the entire issued share capital and the shareholder's loan. Wisdom Profit shall be entitled to subscribe at par value for such additional number of shares in Wise Come so that the respective shareholding percentages of Triple Wise and Wisdom Profit in Wise Come will be 75% and 25% respectively as enlarged by such subscription. In addition, the consideration for the acquisition shall also be adjusted upwards. Poucher, through its wholly-owned subsidiary companies, is principally engaged in the development of Fanling Sheung Shui Town Lot No 182 and various lots no in Demarcation District No 51 in Fanling New Territories with a total site area of approximately 684,264 sq.ft. (the "Properties") for sale and is beneficially interested in the land title of the property.

Triple Wise is owned equally by the Company and CTFEL and will be solely responsible for the provision of necessary funding to Wise Come for the purpose of the acquisition and future operations of Wise Come. The Company and CTFEL or their respective associates will in turn provide or procure the necessary funding to Triple Wise proportionate to their respective equity interests in Triple Wise ("Transactions") .

The provision of financial assistance to Wise Come solely by the Company and CTFEL or their respective associates through Triple Wise will constitute a connected transaction for the Company under Chapter 14 of the Listing Rules.

The Company had been granted a waiver by the Stock Exchange from compliance with the requirements of Chapter 14 of the Listing Rules in respect of the Transactions set out above which constituted connected transaction as defined in the Listing Rules. The Transactions have been reviewed by the independent non-executive directors of the Company who had confirmed that the Transactions were:

(i) in the ordinary and usual course of business of the Company;

(ii) on normal commercial terms and on terms that were fair and reasonable so far as the shareholders of the Company were concerned; and

(iii) the aggregate amount of the transactions was lower than 3% of the audited consolidated net tangible assets of the Group.

Connected Transactions (continued)

(q) On 6 February 2002, the Company, CTFEL and Wee Investments (Pte.) Limited ("Wee"), an independent third party property development company, together with a wholly-owned subsidiary company of each of the Company and Wee, and Jade Gain Enterprises Limited ("Jade Gain") entered into a shareholders' agreement relating to Jade Gain which is the developer of the development and construction of residential accommodation, commercial accommodation and associated facilities at Tseung Kwan O Town Lot No 75 Area 55b development site located adjacent to the MTR Tseung Kwan O Station with a development area of approximately 1,041,923 sq.ft. (the "Project"). The Company, CTFEL and Wee have a direct or indirect shareholdings of 45.0%, 30.0% and 25.0% respectively in Jade Gain.

On the same day, Jade Gain, the Company, CTFEL and Wee entered into a development agreement with MTR Corporation Limited in relation to the development of the Project.

CTFEL together with its subsidiaries own approximately 38.1% of the issued share capital of the Company. Being a controlling shareholder of the Company, CTFEL is regarded as a connected person of the Company for the purpose of the Listing Rules on the Stock Exchange.

(r) On 15 May 2002, the Company, CTFEL and Wee entered into a funding agreement, and the performance and completion undertaking and a deed of guarantee entered into by the Company ("Financing Documents"), in favour of the agent for the lenders in respect of HK$1,300.0 million term loan facility granted by a syndicate of banks to Jade Gain. The financial obligations of the Company, CTFEL and Wee under the Financing Documents are several and are in proportion to each shareholder's respective shareholding percentage in Jade Gain. However the financial obligations of the Company, CTFEL and Wee under the Financing Documents might be adjusted if one of the party defaulted under the development agreement dated 6 February 2002 as stated in (q) above. Under such circumstances, the other non-defaulting parties would have to assume the financial obligations of the defaulting party under the Financing Documents on a pro rata basis amongst the non-defaulting parties so that a party might have to assume the financing obligations under the Financing Documents greater than the in proportion to each shareholders' respective shareholder's percentage in Jade Gain.

As CTFEL is regarded as a connected person of the Company, entering into of the Financial Documents by the Company would constitute connected transaction of the Company.

(s) On 10 June 2002, STRED entered into a loan agreement with a bank whereby the bank agreed to grant to STRED a loan facility of RMB100.0 million for a term of 3 years to finance a property development project and as general working capital.

NWCL had provided a corporate guarantee in respect of the full repayment of the principal and interest payable under the facility. The provision of the said guarantee constituted connected transaction for the Group pursuant to rule 14.25(2)(a) of the Listing Rules.

(t) Xiamen Xiang Yu Quay Co., Ltd. ("CJV 1") is 8.0% owned by Xiamen Xiangyu Group Corporation ("Xiangyu Group") and 92.0% owned by New World (Xiamen) Port Investments Limited ("NW (Xiamen)", an indirect wholly owned subsidiary company of PPC) while Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd. ("CJV 2") is 40.0% owned by Xiangyu Group and 60.0% owned by NW (Xiamen). CJV 1 and CJV 2 own berth no. 12 and berths nos. 13 and 14 in the East Channel Port Zone of Xiamen in the PRC respectively.

On 28 June 2002, a merger agreement (the "Merger Agreement") was entered into between CJV 1, CJV 2 and Xiamen Xiangyu Free Port Developing Co., Ltd. ("WSOLLC", a wholly owned subsidiary company of Xiangyu Group) which owns berth nos. 15 and 16 in the East Channel Port Zone of Xiamen in the PRC), pursuant to which CJV 1 will be merged with CJV 2 and WSOLLC by way of absorption (i.e. the assets and liabilities of CJV 2 and WSOLLC will be absorbed by CJV 1, thereafter CJV 2 and WSOLLC will cease to exist) (the "Merger"). In addition, CJV 1 will be converted from a Sino-foreign co-operative joint venture company into a Sino-foreign equity joint venture company when the Merger is completed in accordance with the Merger Agreement, after which a new joint venture company (the "New JV"), the new identity of CJV 1, will be formally established as a result of such conversion.

The New JV will be owned as to 50.0% by Xiangyu Group and 50.0% by NW (Xiamen). The total investment and the registered capital of the New JV will be RMB1,150.0 million (approximately HK$1,084.9 million) and RMB384.0 million (approximately HK$362.3 million) respectively. The difference between the total investment and the registered capital of the New JV will be made up of shareholders' loans and/or bank loans and internal funding.

As at the date of this report, the conditions for the completion of the Merger as set out in the Merger Agreement were not yet fulfilled.

NW (Xiamen) was a wholly owned subsidiary of PPC which in turn is a 75.0% subsidiary of NWI. WSOLLC is a connected person of the Group only by virtue of being a wholly owned subsidiary company of a substantial shareholder of CJV 2 and is not otherwise connected with the Group.

(u) On 16 July 2002, Guangzhou Xin Yi Development Limited ("GXYD") was granted a 4-year term loan facility of up to HK$171.6 million and a revolving loan facility of up to RMB228.3 million by a bank to finance the construction and development cost of its property project. The loan facilities were severally guaranteed by NWCL and CTFEL as to 90.5% and 9.5% respectively, in proportion to their indirect shareholdings in GXYD.

As CTFEL is regarded as a connected person of the Group, the provision of the said guarantee by NWCL constituted connected transaction for the Group pursuant to rule 14.25(2)(b) of the Listing Rules.

(v) On 19 July 2002, NWCL executed a corporate guarantee in respect of the full obligation and liabilities of Shanghai Ju Yi Real Estate Development Co., Ltd. ("SJYRED") under loan facilities as granted by a bank of up to an aggregate principal amount of RMB100.0 million for a term of 7 years to finance the property project undertaken by SJYRED. SJYRED is beneficially owned as to 80.0% and 20.0% by NWDC and Stanley respectively. Stanley has agreed to indemnify NWCL in respect of its liability under the guarantee as to 20.0% and pay to NWCL a guarantee fee of 0.25% per annum on the amount of the loan facilities being utilised by SJYRED.

By virtue of the fact that Stanley is a substantial shareholder of certain subsidiary companies of the NWCL Group, the granting of the said guarantee and the payment of guarantee fee by Stanley constituted connected transactions for the Group.

(w) On 24 July 2002, a sale and purchase agreement was entered into between Yue Wah Enterprises Company Limited ("Yue Wah") , a wholly-owned subsidiary company of the Company and Bing Fu Investment Company Limited ("Bing Fu") a wholly-owned subsidiary company of CTFEL.

Connected Transactions (continued)

Pursuant to the sale and purchase agreement, the Company and Yue Wah respectively agreed to dispose to Bing Fu of 12.5% of the entire issued share capital of each of Mightypattern Limited ("Mightypattern") and Waldorf Realty Limited ("Waldorf") respectively at an aggregate cash consideration of approximately HK$164.0 million which would be adjusted in accordance with the audited financial statements of Mightypattern and Waldorf respectively as at 24 July 2002.

Given Bing Fu is a wholly-owned subsidiary company of CTFEL, the disposal constituted connected transaction for the Company under the Listing Rules.

(x) 上海裕隆實業公司(「上海裕隆」), a substantial shareholder of Shanghai Heyu Properties Co., Ltd. ("SHPCL"), a 64.0% owned subsidiary company of NWCL, undertook to provide land development services to SHPCL pursuant to an agreement dated 9 December 1992. The aggregate service fees paid to 上海裕隆 at 30 June 2002 and included as part of the development costs of the related property developed by SHPCL were HK$24.4 million (2001: HK$24.4 million) and no amount was paid by SHPCL for the year ended 30 June 2002 (2001: Nil).

This advance was not provided in proportion to the shareholdings of SHPCL. Therefore this transaction constituted connected transaction under the Listing Rules.

(y) NWCL had been granted a conditional waiver by the Stock Exchange from strict compliance of the requirement of Chapter 14 of the Listing Rules in respect of the transactions as detailed in (x) above which constituted connected transactions as defined in the Listing Rules. The transactions have been reviewed by independent non-executive directors of NWCL who have confirmed that the transactions were:

(i) in the ordinary course of business of NWCL;

(ii) on normal commercial terms and on an arm's length basis;

(iii) where there are agreements governing such transactions, such transactions have been carried out in accordance with the terms of the agreements governing such transactions, or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties;

(iv) entered into on terms that are fair and reasonable so far as the shareholders of NWCL are concerned; and

(v) within the maximum amounts as agreed with the Stock Exchange.

(z) New World Finance Company Limited and Sexon Enterprises Limited, wholly subsidiary companies of the Group and Hip Hing Construction Company Limited, 51.3% owned subsidiary company of the Group, had advanced HK$2,886.0 million (2001: HK$2,741.2 million) in aggregate to NWCL as at 30 June 2002. These loans are unsecured and carry interest ranging from three months Hong Kong Interbank Borrowing Rate to 0.5% above London Interbank Offer Rate ("LIBOR") per annum (2001: 0.5% above LIBOR per annum), and are repayable from February 2003 to December 2006. The interest charged by these subsidiary companies of the Group to NWCL and for the year and ended 30 June 2002 in respect of these loans amounted to HK$74.1 million (2001: HK$106.4 million).

In addition, New World Finance Company Limited had advanced HK$1,400.0 million to NWI as at 30 June 2002. The loan is unsecured, carries interest at market rate and repayable on 16 May 2004.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in Note 34 to the Accounts.

Directors' Interests in Shares

	Personal Interests	Family Interests	Corporate Interests[1]	Other Interests
New World Development Company Limited				
(Ordinary shares of HK$1.00 each)				
Dr. Cheng Yu-Tung	–	–	–	–
Dr. Cheng Kar-Shun, Henry	–	–	–	–
The Honourable Lee Quo-Wei	–	–	3,484,183	253,321[2]
Ld. Sandberg, Michael	–	–	–	–
Dr. Ho Tim	1,805,813	–	–	–
Dr. Sin Wai-Kin, David	3,343,363	33,642	–	–
Mr. Cheng Yue-Pui	–	–	–	–
Mr. Liang Chong-Hou, David	–	–	–	–
Mr. Yeung Ping-Leung, Howard	–	–	–	–
Mr. Cha Mou-Sing, Payson	–	–	–	–
Mr. Cheng Kar-Shing, Peter	–	–	–	–
Mr. Leung Chi-Kin, Stewart	23,253	–	–	–
Mr. Chan Kam-Ling	90,470	–	–	–
Mr. Chow Kwai-Cheung	20,818	–	–	–
Mr. Cha Mou-Zing, Victor (alternate director to Mr. Cha Mou-Sing, Payson)	–	–	–	–
Extensive Trading Company Limited				
(Non-voting deferred shares of HK$1.00 each)				
Mr. Cheng Kar-Shing, Peter	–	–	380,000	–
Mr. Leung Chi-Kin, Stewart	160,000	–	–	–
Mr. Chan Kam-Ling	–	–	80,000	–
Mr. Chow Kwai-Cheung	80,000	–	–	–
Hip Hing Construction Company Limited				
(Non-voting deferred shares of HK$100.00 each)				
Dr. Sin Wai-Kin, David	42,000	–	–	–
Mr. Chan Kam-Ling	15,000	–	–	–
HH Holdings Corporation				
(Ordinary shares of HK$1.00 each)				
Dr. Sin Wai-Kin, David	42,000	–	–	–
Mr. Chan Kam-Ling	15,000	–	–	–
International Property Management Limited				
(Non-voting deferred shares of HK$10.00 each)				
Dr. Sin Wai-Kin, David	5,400	–	–	–
Mr. Chan Kam-Ling	1,350	–	–	–
Master Services Limited				
(Ordinary shares of US$0.01 each)				
Mr. Leung Chi-Kin, Stewart	16,335	–	–	–
Mr. Chan Kam-Ling	16,335	–	–	–
Mr. Chow Kwai-Cheung	16,335	–	–	–
Matsuden Company Limited				
(Non-voting deferred shares of HK$1.00 each)				
Mr. Leung Chi-Kin, Stewart	44,000	–	–	–
Mr. Chan Kam-Ling	–	–	44,000	–
Mr. Chow Kwai-Cheung	44,000	–	–	–

Directors' Interests in Shares (continued)

	Personal Interests	Family Interests	Corporate Interests[1]	Other Interests
New World China Land Limited				
(Ordinary shares of HK$0.10 each)				
Mr. Chan Kam-Ling	100,000	–	–	–
Mr. Chow Kwai-Cheung	126	–	–	–
New World Infrastructure Limited				
(Ordinary shares of HK$1.00 each)				
Dr. Cheng Kar-Shun, Henry	–	1,000,000	–	–
Dr. Ho Tim	148	–	–	–
Dr. Sin Wai-Kin, David	5,594	53	–	–
Mr. Liang Chong-Hou, David	262	–	–	–
Mr. Chan Kam-Ling	6,800	–	–	–
New World Services Limited				
(Ordinary shares of HK$0.10 each)				
Dr. Sin Wai-Kin, David	–	–	29,350,490	–
Mr. Cheng Kar-Shing, Peter	–	–	3,382,788	–
Mr. Leung Chi-Kin, Stewart	4,214,347	–	250,745	–
Mr. Chan Kam-Ling	–	–	10,602,565	–
Mr. Chow Kwai-Cheung	2,562,410	–	–	–
Progreso Investment Limited				
(Non-voting deferred shares of HK$1.00 each)				
Mr. Leung Chi-Kin, Stewart	–	–	119,000	–
Tai Yieh Construction & Engineering Company Limited				
(Non-voting deferred shares of HK$1,000.00 each)				
Dr. Sin Wai-Kin, David	700	–	–	–
Mr. Chan Kam-Ling	250	–	–	–
Urban Property Management Limited				
(Non-voting deferred shares of HK$1.00 each)				
Mr. Cheng Kar-Shing, Peter	–	–	750	–
Mr. Leung Chi-Kin, Stewart	750	–	–	–
Mr. Chow Kwai-Cheung	750	–	–	–
YE Holdings Corporation				
(Ordinary shares of HK$1.00 each)				
Mr. Leung Chi-Kin, Stewart	37,500	–	–	–

Notes:

(1) These shares were beneficially owned by a company in which the relevant director is deemed to be entitled under the Securities (Disclosure of Interests) Ordinance to exercise or control the exercise of one third or more of the voting power at its general meeting.

(2) Interests held by a charitable foundation of which The Honourable Lee Quo-Wei and his spouse are members of its board of trustees.

Share Option Schemes

Under the respective share option schemes of NWCL, NWI and PPC, options may be granted respectively to certain directors and employees of NWCL, NWI or PPC to subscribe for shares. Certain directors of the Company have personal interest in share options to subscribe for shares in NWCL or NWI respectively.

Share Option Scheme of NWCL

Summary of share option scheme of NWCL disclosed in accordance with the Listing Rules is as follows:

The share option scheme of NWCL (the "Share Option Scheme") was adopted pursuant to a resolution passed on 18 December 2000 and will remain in force for 10 years from that date. The purpose of adopting the Share Option Scheme is to provide incentive to the eligible participants, being the executive directors and employees of NWCL and its subsidiaries to contribute further to the success of NWCL and its subsidiaries.

The maximum number of shares of NWCL in respect of which share options may be granted (together with the number of shares issued pursuant to share options exercised and number of shares in respect of which share options remain outstanding) under the Share Option Scheme, shall not, when aggregate with any shares subject to any other scheme, exceed 10.0% of the issued share capital of NWCL from time to time, excluding the number of shares issued and allotted pursuant to the Share Option Scheme. The maximum entitlement of each participant under the Share Option Scheme is 25.0% of the aggregate number of all shares of NWCL for the time being issued and issuable under the Share Option Scheme.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of HK$10 by way of consideration for the grant of the offer. The exercise period of the share options granted is to be determined by the directors of NWCL and shall not exceed 5 years commencing on the expiry of one month after the date of acceptance of the grant of the share options and expiring on the last day of the 5-year period and notwithstanding that the period of the Share Option Scheme may have expired.

The subscription price of the share options shall be determined by the directors of NWCL, being not less than the higher of (i) 80.0% of the average of the closing price of the shares of NWCL on the Stock Exchange for the five trading days immediately preceding the date of the offer of the share options and (ii) and nominal value of the shares of NWCL.

As at 30 June 2002, the total number of shares of NWCL that may be issued pursuant to the exercise of the outstanding share options granted under the Share Option Scheme was 54,811,600 shares, representing 3.7% of the issued share capital of NWCL as at 30 June 2002.

In view of the new requirements of Chapter 17 of the Listing Rules which came into effect on 1 September 2001, a resolution will be proposed at the forthcoming annual general meeting to be held on 26 November 2002 to adopt a new share option scheme and to terminate the operation of the existing Share Option Scheme.

Share Option Scheme of NWCL (continued)

(A) Share options to directors

Name of director	Date of grant	Exercisable period	Balance at 1 July 2001	Exercised during the year	Balance at 30 June 2002	Exercise price per share HK$
			Number of share options			
Dr. Cheng Kar-Shun, Henry	7 February 2001	8 March 2001 to 7 March 2006	5,000,000	–	5,000,000[1]	1.955
Mr. Cheng Kar-Shing, Peter	9 February 2001	10 March 2001 to 9 March 2006	2,500,000	–	2,500,000[1]	1.955
Mr. Leung Chi-Kin, Stewart	7 February 2001	8 March 2001 to 7 March 2006	500,000	–	500,000[1]	1.955
Mr. Chan Kam-Ling	9 February 2001	10 March 2001 to 9 March 2006	500,000	(100,000)[2]	400,000[1]	1.955
Mr. Chow Kwai-Cheung	9 February 2001	10 March 2001 to 9 March 2006	500,000	–	500,000[1]	1.955

Notes:

(1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous year.

(2) The exercise date was 26 October 2001. On 24 October 2001, being the trading day immediately before the share options were exercised, the weighted average closing price per share was HK$2.33.

(3) The cash consideration paid by each director for each grant of the share options is HK$10.

(B) Share options to employees

Date of grant	Balance at 1 July 2001	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 30 June 2002	Exercise price per share HK$
	Number of share options					
5 February 2001 to 2 March 2001	37,044,000	–	(1,659,200)[3]	(2,757,200)	32,627,600[1]	1.955
2 May 2001 to 29 May 2001	458,400	–	–	–	458,400[1]	2.605
29 June 2001 to 26 July 2001	–	2,485,200[2]	–	(157,200)	2,328,000[1]	3.192
31 August 2001 to 27 September 2001	–	2,149,200[2]	(19,200)[3]	–	2,130,000[1]	2.380
26 March 2002 to 22 April 2002	–	2,067,600[2]	–	–	2,067,600[1]	2.265

(B) Share options to employees (continued)

Notes:

(1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous year.

(2) The closing prices per share immediately before 29 June 2001, 31 August 2001 and 26 March 2002, the dates of grant, were HK$3.75, HK$2.75 and HK$2.23 respectively.

(3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK$2.51.

The fair value of the share options granted during the year with the exercise price per share of HK$3.19, HK$2.38 and HK$2.27 is estimated at HK$0.81, HK$0.99 and HK$1.08 respectively using the Black-Scholes option pricing model. Value is estimated based on the risk-free rate of 4.10% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 0.60, assuming no dividend and an expected option life of 5 years.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Share Option Schemes of NWI

Summary of share option schemes of NWI disclosed in accordance with the Listing Rules is as follows:

	1997 Share Option Scheme	2001 Share Option Scheme
Purpose of schemes	As incentive to employees (including any director) of NWI or any of its subsidiaries.	To provide an opportunity for employees (including any director) of the NWI or any of its subsidiaries to participate in the equity of NWI as well as to motivate them to optimise their performance.
Participants of the schemes	Full time employees (including any director) of NWI or its subsidiaries.	Full time employees (including any director) of NWI or its subsidiaries.

Share Option Schemes of NWI (continued)

	1997 Share Option Scheme	2001 Share Option Scheme
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of NWI's annual report	13,873,000 shares (approximately 1.46% of the issued share capital as at the date of NWI's annual report), being the outstanding options unexercised. No further options will be granted under the 1997 Share Option Scheme upon adoption of the 2001 Share Option Scheme.	The total number of shares which may be issued upon exercise of all options to be granted under the 2001 Share Option Scheme and any other schemes of NWI must not in aggregate exceed 10.0% of the shares in issue as at the date of adoption of the 2001 Share Option Scheme, i.e. 85,533,125 shares (the 10.0% Limit), representing approximately 8.98% of the issued share capital as at the date of NWI's annual report. The 10.0% Limit may be refreshed with the approval of shareholders of NWI. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2001 Share Option Scheme and any other schemes must not exceed 30.0% of the shares in issue from time to time. No option has been granted under the 2001 Share Option Scheme since its adoption.
Maximum entitlement of each participant under the schemes	25.0% of the aggregate number of shares for the time being issued and issuable under the scheme.	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1.0% of the shares in issue unless the same is approved by NWI's shareholders in general meeting.
The period within which the shares must be taken up under an option	At any time during a period to be notified by the NWI's directors, which period not to exceed 5 years commencing on the expiry of 6 months after the date of grant of an option and expiring on the last day of the 5-year period.	At any time during a period to be notified by the NWI's directors, which period not to exceed 7 years commencing on the expiry of 1 month after the date of grant of an option and expiring on the last day of the 7-year period.
The minimum period for which an option must be held before it can be exercised	6 months	1 month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK$10 is to be paid as consideration for the grant of option within 28 days from the date of offer.	HK$10 is to be paid as consideration for the grant of option within 28 days from the date of offer.

	1997 Share Option Scheme	2001 Share Option Scheme
The basis of determining the exercise price	The exercise price shall be determined by the NWI's directors, being the higher of: (a) not less than 80.0% of the average closing price of shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of offer; or (b) the nominal value of a share.	The exercise price shall be determined by the NWI's directors, being at least the higher of: (a) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and (b) the average closing price of shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer.
The remaining life of the schemes	The 1997 Share Option Scheme shall be valid and effective for a period of 10 years commencing from the adoption date i.e. 3 October 1997.	The 2001 Share Option Scheme shall be valid and effective for a period of 10 years commencing from the adoption date i.e. 6 December 2001.

(A) Share options to directors

		Number of share options			
Name of director	Date of grant	Balance at 1 July 2001	Exercised during the year	Balance at 30 June 2002	Exercise price per share HK$
Dr. Cheng Kar-Shun, Henry	2 December 1998	600,000	–	600,000[(1)]	10.20
	2 December 1998	2,400,000	–	2,400,000[(2)]	12.00
Mr. Cheng Kar-Shing, Peter	1 December 1998	120,000	–	120,000[(1)]	10.20
	1 December 1998	480,000	–	480,000[(2)]	12.00
Mr. Leung Chi-Kin, Stewart	8 December 1998	120,000	–	120,000[(1)]	10.20
	8 December 1998	480,000	–	480,000[(2)]	12.00
Mr. Chan Kam-Ling	9 December 1998	200,000	–	200,000[(1)]	10.20
	9 December 1998	800,000	–	800,000[(2)]	12.00

(B) Share options to employees

	Number of share options			
Date of grant	Balance at 1 July 2001	Lapsed during the year	Balance at 30 June 2002	Exercise price per share HK$
18 November 1998 to 16 December 1998	162,000	–	162,000[(1)]	10.20
18 November 1998 to 16 December 1998	1,943,000	(32,000)	1,911,000[(3)]	12.00

Share Option Schemes of NWI (continued)

Notes:

(1) Exercisable from 1 July 1999 to 1 June 2004.

(2) Divided into 3 tranches exerciseable from 1 July 2000, 2001 and 2002 respectively to 1 June 2004.

(3) Divided into 3 or 5 tranches exercisable from 1 July 1999, 2000, 2001, 2002 and 2003 respectively to 1 June 2004.

(4) The cash consideration paid by each director for each grant of the share options is HK$10.

(5) No option had been granted to any director and employee of NWI under the 2001 Share Option Scheme.

Share Option Schemes of PPC

Summary share option schemes of PPC disclosed in accordance with the Listing Rules is as follows:

For the purposes of rewarding directors and full-time employees of PPC and its subsidiaries (the "PPC Group") for past service or performance, providing incentive and motivation for increase performance, attracting and retaining right calibre with the neccessary experience to work for the PPC Group and to foster a sense of corporate identity, PPC had adopted a total of three share option schemes, details of which are listed as follows:

(a) PPC 1997 Share Option Scheme

On 11 April 1997, a share option scheme was adopted by PPC (the "PPC 1997 Share Option Scheme") under which the directors of PPC may, at their discretion and during the period of three years commencing from 11 April 1997, grant options to executive directors or full-time employees of the PPC group to subscribe for ordinary shares in PPC. The maximum number of shares of PPC in respect of which options may be granted under the PPC 1997 Share Option Scheme to any eligible person shall not exceed 25.0% of the total number of shares of PPC in issue.

The offer of a grant of share options may be accepted within 21 days from the date of the offer while no consideration is required to be paid by the grantee upon acceptance of the offer. The vesting and exercisable period of the share options are determined by the directors of PPC but the exercisable period shall not be more than ten years from the date of grant. The exercise price is determined by the directors of PPC which shall be equal to the higher of the nominal value of the shares of PPC or a price not less than 80.0% of the average of the closing prices per share of PPC as stated in the daily quotations sheets issued by the Stock Exchange on the five trading days immediately preceding the date of grant.

The PPC 1997 Share Option Scheme expired on 11 April 2000 and no further share options can be granted under it. However, share options granted under the PPC 1997 Share Option Scheme are still exercisable.

(b) PPC 1999 Share Option Scheme

On 21 June 1999, PPC approved another share option scheme (the "PPC 1999 Share Option Scheme") under which the directors of PPC may, at their discretion and during the period of three years commencing from 21 June 1999, grant options to any director or full-time employees of the PPC group to subscribe for the shares of PPC. The maximum number of shares of PPC in respect of which options may be granted under the PPC 1999 Share Option Scheme and the PPC 1997 Share Option Scheme to any eligible person shall not exceed 25.0% of the total number of shares of PPC in issue.

The offer of a grant of share options may be accepted within 21 days from the date of the offer while no consideration is required to be paid by the grantee upon acceptance of the offer. The vesting and exercisable period of the share options are determined by the directors of PPC but the exercisable period shall not be more than ten years from the date of grant. The exercise price is determined by the directors of PPC which shall be equal to the higher of the nominal value of the shares of PPC or a price not less than 80.0% of the average of the closing prices per share of PPC as stated in the daily quotations sheets issued by the Stock Exchange on the five trading days immediately preceding the date of grant.

The PPC 1999 Share Option Scheme was expired on 21 June 2002 and no option had ever been granted under such scheme.

(c) PPC 2001 Share Option Scheme

Subsequent to the amendment of Chapter 17 of the Listing Rules in 2001, a new share option scheme was adopted by PPC on 6 December 2001 (the "PPC 2001 Share Option Scheme") which will be valid and effective for a period of ten years from the date of adoption. The directors of PPC may, at their discretion, grant options to any director (including executive directors and independent non-executive directors) or employees of the PPC group (the "Eligible Participant") to subscribe for the shares of PPC. Unless approved by shareholders of PPC, the total number of shares of PPC issued and to be issued upon exercise of the share options granted to each Eligible Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the ordinary share capital of PPC in issue.

The offer of a grant of share options may be accepted within 14 days from the date of the offer together with the payment of nominal consideration of HK$10 in total by the grantee. The vesting and exercisable period of the share options are determined by the directors of PPC but the exercisable period shall not be more than ten years from the date of grant. The exercise price is determined by the directors of PPC which must be at least the higher of the closing price of the shares of PPC as stated in the Stock Exchange's daily quotations sheet on the date of grant or the average closing price of the shares of PPC as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

The total number of shares of PPC which may be issued upon exercise of all share options to be granted under the PPC 2001 Share Option Scheme and any other schemes must not in aggregate exceed 10.0% of the ordinary share capital of PPC in issue as at the date of approval of the PPC 2001 Share Option Scheme. No share option had been granted under such scheme since its adoption.

As at the date of NWI's annual report, a total of 22,000,000 share options were outstanding and all of which were granted under the PPC 1997 Share Option Scheme. The total number of shares of PPC available for issue under the PPC 2001 Share Option Scheme is 183,996,800 which represents approximately 8.93% of the issued ordinary share capital of PPC as at the date of NWI's annual report.

Also, pursuant to the PPC 1997 Share Option Scheme, options to subscribe for 3,000,000 shares of PPC at an exercise price of HK$0.693 per share were granted to an employee of NWI on 11 May 1999. The options are divided into 4 tranches exercisable from 5 November 1999, 5 May 2001, 5 May 2002 and 5 May 2003 respectively to 4 November 2004. As at 30 June 2002, all the options granted to the said employee have not yet been exercised.

Practice Note 19 of the Listing Rules

At balance sheet date, the Group had given financial assistance and guarantees to its associated companies and jointly controlled entities (collectively "affiliated companies") as set out below:

	2002 HK$m	2001 HK$m
Amounts due by affiliated companies	**21,739.0**	19,760.2
Guarantees given for affiliated companies in respect of banking and other credit facilities	**4,218.7**	4,889.0
Commitments to capital injections	**1,291.6**	3,299.6
	27,249.3	27,948.8

(a) The above financial assistance given to the affiliated companies, in aggregate, represented 50.8% of the consolidated net assets of the Group (2001: 48.7%) as at the balance sheet date. No single entity received financial assistance from the Group which exceeds 25.0% of the consolidated net assets of the Group.

(b) In addition to the above, certain subsidiary companies and jointly controlled entities of the Group are parties to agreements with third parties in relation to the joint development of CT9 in Hong Kong, the related berth swap arrangement and the funding therefor. NWI has given guarantees in respect of these obligations of the subsidiary companies and jointly controlled entities to provide additional funds. If NWI is required to perform its obligations under the guarantees, the maximum amount of NWI's share of the liability under the guarantees will be HK$5,120.0 million (2001: HK$5,120.0 million).

(c) In accordance with the requirements under paragraph 3.10 of Practice Note 19 of the Listing Rules, the Company is required to include in its annual report a proforma combined balance sheet of its affiliated companies which would include significant balance sheet classifications and state the attributable interest of the Company in the affiliated companies. The Company has numerous affiliated companies and the Directors are of the opinion that it is not practical nor meaningful to prepare a proforma combined balance sheet and such information may be misleading. The Company made an application to, and received a waiver from, the Stock Exchange to provide the following statement as an alternative.

(d) At 30 June 2002, the combined indebtedness, capital commitments and contingent liabilities as reported by the affiliated companies amounted to HK$69,331.6 million, HK$3,339.7 million and HK$1,371.0 million (2001: HK$59,061.6 million, HK$2,282.2 million and HK$2,814.5 million) respectively.