

Report of the Directors

The Directors present their annual report and statement of accounts for the year ended 30 June 2005.

Group activities

The principal activities of the Company remain investment holding and property investment. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in Notes 38, 39 and 40 to the accounts on pages 156 to 169.

Accounts

The result of the Group for the year ended 30 June 2005 and the state of the Company's and the Group's affairs at that date are set out in the accounts on pages 101 to 169.

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 a final dividend for the year ended 30 June 2005 of HK\$0.20 per share (2004: HK\$0.04 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\$0.19 per share with a cash option to shareholders registered on 30 November 2005. Together with the interim dividend of HK\$0.10 per share paid in June 2005, total distribution for the year ended 30 June 2005 would thus be HK\$0.30 per share (2004: HK\$0.06 per share).

Share capital

Details of movements in share capital during the year are set out in Note 28 to the accounts.

Reserves and distributable reserves

Details of movements in reserves are set out in Note 29 to the accounts.

Distributable reserves of the Company at 30 June 2005 amounted to HK\$10,836.4 million (2004: HK\$9,960.2 million).

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 page 172.

Purchase, sale or redemption of shares

During the year, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

Donations

The Group made charitable and other donations during the year amounting to HK\$15.6 million (2004: HK\$11.1 million).

Fixed assets

Details of movements in fixed assets during the year are set out in Note 14 to the accounts.

Connected transactions

Connected transactions of the Group are set out on pages 76 to 83.

Corporate governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance on pages 30 to 33.

Rule 13.20 and 13.22 of the Listing Rules

The disclosure pursuant to Rule 13.20 and 13.22 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") is set out on page 98.

Directors

The Directors of the Company during the year and at the date of this report are:

Executive Directors

Dato' Dr. Cheng Yu-Tung (*Chairman*)

Dr. Cheng Kar-Shun, Henry (*Managing Director*)

Dr. Sin Wai-Kin, David

Mr. Liang Chong-Hou, David

Mr. Leung Chi-Kin, Stewart (*re-designated from Non-executive Director on 30 August 2004*)

Non-executive Directors

Mr. Cheng Yue-Pui

Mr. Cheng Kar-Shing, Peter

Mr. Chow Kwai-Cheung

Mr. Chan Kam Ling (*resigned on 30 August 2004*)

Mr. Ho Hau-Hay, Hamilton (*appointed on 30 August 2004*)

Mr. Liang Cheung-Biu, Thomas (*appointed on 30 August 2004*)

Independent Non-executive Directors

The Honourable Lee Quo-Wei (*resigned on 30 August 2004*)

Lord Sandberg, Michael

Dr. Ho Tim (*resigned on 30 August 2004*)

Mr. Ho Hau-Hay, Hamilton (*appointed on 7 January 2004 as alternate director to Dr. Ho Tim and resigned on 30 August 2004*)

Mr. Yeung Ping-Leung, Howard

Dr. Cha Mou-Sing, Payson JP

Mr. Cha Mou-Zing, Victor (*alternate director to Dr. Cha Mou-Sing, Payson*)

Mr. Lee Luen-Wai, John JP (*appointed on 30 August 2004*)

In accordance with Article 103(A) of the Company's Articles of Association, Dr. Cheng Yu-Tung, Dr. Sin Wai-Kin, David and Mr. Liang Chong-Hou, David as Executive Directors, and Mr. Yeung Ping-Leung, Howard as Independent Non-executive Director, retire by rotation and, being eligible, offer themselves for re-election.

The Company's Non-executive Directors serve for a term of 3 years and each Director 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 subsidiaries which cannot be terminated within 1 year without any compensation.

Audit Committee

An Audit Committee has been established and the members of the Committee are Dr. Cha Mou-Sing, Payson JP, Mr. Yeung Ping-Leung, Howard and Mr. Lee Luen-Wai, John JP. 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 subsidiaries of the Group, and CTF Holdings Limited ("CTFHL"), HPI agreed to pay CTFHL an annual fee in accordance with the terms of the Agreement. This Agreement was assigned to NWD (Hotels Investments) Limited ("NWDH"), a subsidiary of the Group, on 25 July 1997. CTFHL was paid a fee of US\$11.2 million (HK\$87.5 million) for the year ended 30 June 2005 (2004: US\$10.9 million (HK\$85.2 million)). Dr. Cheng Kar-Shun, Henry, Director of the Company ("Dr. Henry Cheng") and Mr. Doo Wai-Hoi, William ("Mr. Doo"), a director of certain subsidiaries of the Group, are interested in this transaction to the extent that they have beneficial interests in CTFHL.

Directors' interests in contracts (continued)

Save for contracts amongst group companies and the aforementioned transactions, no other contracts of significance to which the Company or any of its subsidiaries 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, underlying shares and debentures

As at 30 June 2005, interests of the Directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 84 to 98.

Directors' interests in competing businesses

During the year, 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 Listing Rules:

Name of Director	Businesses which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Cheng Yu-Tung	Shun Tak Holdings Limited ("Shun Tak") group of companies	Property investment and development, ferry services and hotel related services	Director
	Chow Tai Fook Enterprises Limited ("CTF") group of companies	Property investment and development and transport	Director
	Melbourne Enterprises Limited ("Melbourne") group of companies	Property investment	Director
	Lifestyle International Holdings Ltd. ("Lifestyle") group of companies	Department stores operations and property investment	Director
Dr. Cheng Kar-Shun, Henry	Shun Tak group of companies	Property investment and development, ferry services and hotel related services	Director
	CTF group of companies	Property investment and development and transport	Director
	HKR International Limited group of companies	Property investment and development, construction and property management	Director
	Beijing Niceline Real Estates Development Co., Ltd. ("Beijing Niceline")	Property development in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd. ("Beijing Fu Wah")	Property development in Beijing	Director
Dr. Sin Wai-Kin, David	Lifestyle group of companies	Department stores operations and property investment	Director
	Miramar Hotel & Investment Company Limited ("Miramar") group of companies	Property investment and hotel operation	Director
Mr. Cheng Yue-Pui	CTF group of companies	Property investment and development and transport	Director
	Melbourne group of companies	Property investment	Director

Directors' interests in competing businesses (continued)

Name of Director	Businesses which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Mr. Cheng Kar-Shing, Peter	CTF group of companies	Property investment and development and transport	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and Shareholder
Mr. Chow Kwai-Cheung	Asia Leisure Development Company Limited	Property development	Director
	Beijing Niceline	Property development in Beijing	Director
	Beijing Fu Wah	Property development in Beijing	Director
	Flying Dragon Properties Ltd.	Property investment	Director and Shareholder
	Global Agents Ltd.	Investment holding	Director and Shareholder
Mr. Ho Hau-Hay, Hamilton	Hinkok Development Limited	Property development	Shareholder
	CITIC Pacific Limited	Property development and investment, telecommunications, operation of power station and tunnel and financial services	Director
	Honorway Investment Limited	Property development and investment	Director and Shareholder
Mr. Liang Cheung-Biu, Thomas	Tak Hung (Holding) Company Limited	Property development and investment	Director and Shareholder
	Bermuda Investments Limited	Property investment	Director
	Greenwich Investors Limited	Property investment	Director
	Lambda Enterprises Limited	Property investment	Director
	Miramar	Property investment and hotel operation	Director
	Notting Hill Development Limited	Property investment	Director
Ramadon Company Limited	Property investment	Director	
Roundtree Property Company Limited	Property investment	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.

Directors' rights to acquire shares or debentures

Save as disclosed under the section Share option schemes below, at no time during the year was the Company or any of its subsidiaries 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 86 to 98.

Substantial shareholder's interests in shares

As at 30 June 2005, the register kept by the Company under Section 336 of the SFO shows the following parties had interests in 5.0% or more of the issued share capital of the Company.

Long position in shares

Name	Number of shares			Percentage to the issued share capital
	Beneficial interests	Corporate interests	Total	
CTF ⁽¹⁾	1,111,951,349	128,209,309	1,240,160,658	35.52
Marathon Asset Management Ltd ("MAM") ⁽²⁾	208,191,948	—	208,191,948	5.96

(1) CTF together with its subsidiaries.

(2) These shares are held by MAM Investment Ltd., a wholly owned subsidiary company of MAM.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2005.

Sufficiency of public float

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25.0% of the Company's total number of issued shares.

Major customers and suppliers

During the year, less than 30.0% of the Group's turnover and less than 30.0% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

Significant change in shareholdings of subsidiaries

On 29 March 2004, a sale and purchase agreement was entered into between New World Telephone Holdings Limited ("NWTHL"), a wholly owned subsidiary of the Company, and New World Mobility Holdings Limited ("NWM") (formerly known as Asia Logistics Technologies Limited) for the disposal of the entire interest of New World PCS Holdings Limited, a wholly owned subsidiary of NWTHL, by NWTHL to NWM for cash at a consideration of HK\$1,250.0 million.

A subscription agreement was also entered on 29 March 2004 between Power Palace Group Limited ("PPG"), a wholly owned subsidiary of the Company, and NWM pursuant to which PPG agreed to subscribe for (i) 4,166,666,667 new shares of NWM of HK\$0.01 each and (ii) a convertible note in the amount of HK\$1,200.0 million issued to PPG entitling PPG to convert the principal amount into shares of NWM at the initial conversion price of HK\$0.012 per share. Both transactions were completed on 6 July 2004 and the Group held approximately 55.3% in NWM immediate after the completion. At 30 June 2005, the Group held approximately 72.4% in NWM.

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, 6 October 2005

Connected Transactions

- (1) The Company and CTF, 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 of NWDH, which is now an independent third party, in respect of any obligations of RHG or its subsidiaries 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 CTFHL, a company controlled by Dr. Henry Cheng and Mr. Doo. Under the sale, the Indemnity will continue. Arrangements have therefore been entered into whereby CTF 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 the date of this report, no payment has ever been made by the Company or CTF under the Indemnity.

- (2) 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 PRC 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\$6,172.9 million (2004: HK\$6,347.6 million). During the year, no such tax indemnity is effected (2004: Nil).

- (3) On 4 January 2002, a sale and purchase agreement had been entered into between the Company, CTF, 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 of Fitmond, of US\$1.0 (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. Poucher, through its wholly owned subsidiaries, 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 Properties.

Poucher was indirectly owned as to 80.0% by Triple Wise and as to 20.0% by Wisdom Profit Investments Limited (“Wisdom Profit”), an indirect wholly owned subsidiary of AR.

Triple Wise was owned equally by the Company and CTF and were 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 CTF or their respective associates would in turn provide or procure the necessary funding to Triple Wise proportionate to their respective equity interests in Triple Wise (the “Transactions”).

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

The Transactions had 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) in accordance with the terms of the agreements governing the Transactions.

Connected Transactions (continued)

The Company has received from the auditors a letter reporting that:

- (i) the Transactions have been approved by the Board of Directors of the Company;
- (ii) the aggregate amount of the Transactions for the period from 1 July 2004 to 28 October 2004 did not exceed the limit as set out in the announcement dated 4 January 2002; and
- (iii) the Transactions for the period from 1 July 2004 to 28 October 2004 were in accordance with the terms of the shareholders' agreement entered into between the Company, CTF, AR, Wisdom Profit, Triple Wise and Wise Come dated 14 June 2002.

On 29 October 2004, a revised shareholders agreement had been entered into between the Company, CTF, Triple Wise, Wise Come, Grand Choice Profits Limited ("Grand Choice") and Wisdom Profit to restructure Wisdom Profit's 20.0% interest in Wise Come. After the restructuring, the then 20.0% is held equally by Wisdom Profit and Grand Choice. Fundings to Wise Come were then made in proportion to the shareholdings in Wise Come by Triple Wise, Wisdom Profit and Grand Choice and hence the transaction under the revised shareholders agreement ceased to be a connected transaction of the Group.

- (4) On 15 May 2002, the Company, CTF and Wee Investments (Pte.) Limited ("Wee"), an independent third party property development company, entered into a funding agreement, a 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 Enterprises Limited ("Jade Gain"), which is the developer of Tseung Kwan O Town Lot No. 75 Area 55b development site (the "Project"). The Company, CTF and Wee have direct or indirect shareholdings of 45.0%, 30.0% and 25.0% respectively in Jade Gain. The financial obligations of the Company, CTF 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, CTF and Wee under the Financing Documents might be adjusted if one of the party defaulted under the development agreement of the Project dated 6 February 2002. Under such circumstances, the 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 shareholdings in Jade Gain.

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

- (5) On 25 July 2002, Shanghai Ramada Plaza Ltd. ("Shanghai Ramada"), then 57.0% owned subsidiary of NWCL, was granted loan facilities of US\$10.0 million and RMB300.0 million by two banks for terms of 5 years to finance the construction of its property project and as general working capital. Upon granting of the loan facilities, NWCL provided guarantees in respect of the full obligation and liabilities of Shanghai Ramada under the loan facilities as well as the completion of Shanghai Ramada Plaza and undertook that the funding requirement relating to the completion of its construction would be fulfilled.

On 24 June 2003, Shanghai Ramada, then 61.7% owned subsidiary of NWCL, obtained another loan facility of RMB100.0 million from a bank for a term of 5 years to finance the construction cost of its property project. The obligation and liabilities of Shanghai Ramada under the aforesaid loan facility are also guaranteed by NWCL.

On 15 December 2004, Shanghai Ramada, then 64.9% owned subsidiary of NWCL obtained a multi-currency loan facility up to an aggregate principal amount of HK\$80.0 million for a term up to 31 July 2007 which will be utilised by Shanghai Ramada to re-finance an existing bank loan facility of HK\$10.0 million and RMB74.0 million obtained by Shanghai Mayfair Hotel Co., Ltd. ("Shanghai Mayfair") which merged with Shanghai Ramada in June 2004.

Connected Transactions (continued)

At the date of this report, Shanghai Ramada is 99.8% held by Ramada Property Ltd. ("Ramada Property") which in turn is a 75.0% owned subsidiary of NWCL. The other shareholders of Ramada Property had agreed to indemnify NWCL in respect of its liability under the guarantees and pay to NWCL a guarantee fee of 0.25% per annum on the amount of the loan facilities being utilised by Shanghai Ramada in proportion to their shareholdings in Ramada Property.

Stanley Enterprises Limited ("Stanley"), having 20.0% interest in Ramada Property, is a connected person of NWCL by virtue of its being a substantial shareholder of certain subsidiaries of the NWCL group, and is wholly owned by Mr. Doo since 3 December 2002. The provision of the guarantees by NWCL in respect of the loan facilities and payment of the guarantee fee by Stanley constituted connected transactions of the Group.

- (6) On 29 July 2002, Shunde Shunxing Real Estate Co., Ltd. ("Shunde Shunxing") was granted a 3-year term loan facility of RMB50.0 million from a bank to finance a property development project. Shunde Shunxing was owned by Global Perfect Development Limited ("Global Perfect") and an independent third party as to 70.0% and 30.0% respectively. Global Perfect is indirectly owned as to 50.0% and 50.0% by NWCL and CTF respectively.

The loan facility was severally guaranteed by NWCL and CTF in proportion to their indirect shareholdings in Global Perfect. Since CTF is a connected person, the provision of the aforesaid guarantee by NWCL constituted a connected transaction of the Group.

- (7) Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co., Ltd. ("Fortune Leader Real Estate") was granted a 4-year banking facility with principal amount of up to HK\$30.0 million ("HK\$30.0 million facility") on 6 September 2002 and an additional facility of HK\$40.0 million on 17 July 2003 to finance the development of its property projects. Fortune Leader Real Estate is 80.0% owned by Dragon Fortune Limited ("Dragon Fortune") and 20.0% by an independent third party. Dragon Fortune is in turn owned by NWCL, Potassium Corp. ("Potassium"), Sun City Holdings Limited ("Sun City"), a 30.6% owned associated company, and independent third parties as to 36.4%, 7.1%, 20.3% and 36.2% respectively. Effectively, NWCL owns Dragon Fortune as to 42.6%.

The obligation and liabilities of Fortune Leader Real Estate under the banking facilities were guaranteed by NWCL, Mr. Cheng Kar-Shing, Peter who is a director of both the Company and NWCL ("Personal Guarantor") and certain independent shareholders of Dragon Fortune in the proportion of 39.2%, 30.6% and 30.2% respectively on several basis.

Potassium is wholly owned by the Personal Guarantor. Sun City is a 30.6% owned associated company of NWCL and is also a connected person of NWCL by virtue of the deemed interest of the Personal Guarantor in more than one-third of its issued share capital. Accordingly, the provision of the guarantee by NWCL in respect of the banking facilities to Fortune Leader Real Estate constituted connected transactions of the Group.

- (8) On 19 December 2002, Shanghai Mayfair was granted a banking facility of up to an aggregate principal amount of HK\$10.0 million and RMB74.0 million respectively by a bank for a term of 2 years. NWCL had provided guarantee in respect of the full obligation and liabilities of Shanghai Mayfair under the loan facility.

At the date of this transaction, Shanghai Mayfair was indirectly owned as to 99.0% by Ramada Property. The other shareholders of Ramada Property have agreed to indemnify NWCL in respect of its liabilities under the guarantee and pay to NWCL a guarantee fee of 0.25% per annum on the amount of the loan facility being utilised by Shanghai Mayfair in proportion to their shareholdings in Ramada Property.

The provision of the guarantee by NWCL in respect of the loan facility and the payment of guarantee fee by Stanley constituted connected transactions of the Group. Repayment of the said facility was financed by a multi-currency loan facility to Shanghai Ramada on 15 December 2004 as stated in (5) above.

Connected Transactions (continued)

- (9) On 8 January 2003, Fortune Leader Overseas Chinese (Daiyawan) Investment Co., Ltd. ("Fortune Leader Investment") was granted a 4-year banking facility with principal amount of up to HK\$50.0 million to finance the development of its property projects. Fortune Leader Investment is 80.0% owned by Dragon Fortune.

The obligation and liabilities of Fortune Leader Investment under the banking facilities were guaranteed by NWCL, the Personal Guarantor and certain independent shareholders of Dragon Fortune in the proportion of 39.8%, 29.5% and 30.7% respectively on several basis.

Potassium is wholly owned by the Personal Guarantor. Since Sun City is a connected person of the Group, the provision of the guarantee by NWCL in respect of the banking facilities to Fortune Leader Investment constituted connected transaction of the Group.

- (10) On 19 November 2003, NWCL executed a corporate guarantee to secure 90.5% of the indebtedness of Guangzhou Xin Yi Development Limited ("Xin Yi") under a 3-year term loan facility up to RMB200.0 million as granted by a bank to Xin Yi on 27 November 2003 to finance its property development projects. Xin Yi is owned indirectly as to 90.5% and 9.5% by the NWCL and CTF. CTF is a connected person of the Group, the provision of the guarantee by NWCL in respect of the banking facility to Xin Yi constituted a connected transaction of the Group.

- (11) On 20 May 2004, Merryhill Group Limited (now known as NWS Transport Services Limited ("NWST")) and NWS Holdings Limited ("NWSH") entered into a master services agreement (the "NWST Master Services Agreement") under which NWST agreed to, and procured that members of the NWST Group ("NWST and its subsidiaries") engage relevant members of the NWSH Group to provide operational services, which includes construction services, electrical and mechanical engineering services, facility management services, security and guarding services, cleaning and landscaping services, financial services and property management services and such other types of services as NWST and NWSH may agree upon from time to time in writing, to the NWST and/or members of the NWST Group during the term of the NWST Master Services Agreement. Moreover, under the NWST Master Services Agreement, NWST also agreed and undertook that it shall procure the relevant members of the NWST Group to rent or otherwise license spare office, commercial, storage and car-parking spaces in the depots of the relevant members of the NWST Group to members of the NWSH Group.

The transactions contemplated under the NWST Master Services Agreement were expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the NWSH Group. As CTF is a connected person of the Company and NWST is an associate of CTF, the NWST Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Group under the Listing Rules.

Furthermore, before the completion of the share exchange on 9 March 2004, members of the NWSH Group entered into transactions on a recurring basis with members of the New World First Holdings Limited and its subsidiaries as well as Citybus Limited and its subsidiaries (which, upon completion, became members of the NWST Group) regarding the provision of the said operational services and the rental or licensing of spaces for the daily operation of the relevant parties. These transactions became continuing connected transactions of the Group under the Listing Rules ("the Existing CCT").

The aggregate amount of services contracted by the NWST Group during the year under the NWST Master Services Agreement and the existing CCT amounted to HK\$21.5 million and HK\$4.3 million respectively and the total amount of annual cap for the NWST Master Services Agreement and the existing CCT amounted to HK\$92.7 million and HK\$142.5 million respectively.

The transactions mentioned above have been reviewed by the independent non-executive directors of NWSH who have confirmed that the transactions have been entered into:

- (i) in the ordinary course of business of NWSH;

Connected Transactions (continued)

- (ii) on normal commercial terms;
- (iii) in accordance with the relevant 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) on terms that are fair and reasonable so far as the shareholders of NWSH are concerned; and
- (v) within the caps disclosed in the relevant press announcements.

NWSH has received from the auditors of NWSH a letter reporting that the transactions:

- (i) have been approved by the Executive Committee of NWSH;
 - (ii) were in accordance with the terms of the relevant agreements governing such transactions; and
 - (iii) were within the caps, where appropriate, set out under the relevant press announcements.
- (12) 北京信通傳之媒文化發展有限公司 (Beijing Xintong Media & Cultural Development Co. Ltd.) (“Beijing Xintong”) was 51.0% owned by New World Infrastructure (China) Investment Limited (“NWIC”, a wholly owned subsidiary of New World TMT Limited (“NWTMT”)), 30.0% owned by Mr. Tian Tao (“Mr. Tian”) and 19.0% owned by 海南曉越文化發展有限公司 (Hainan Xiao Yue Cultural Development Co. Ltd.) (“Hainan Company”).

On 5 July 2004, NWIC entered into:

- (i) a share transfer agreement (the “Tian’s Agreement”) with Mr. Tian regarding the purchase of 0.1% interest in the registered capital of Beijing Xintong from Mr. Tian at a consideration of RMB30,000 (approximately HK\$28,000);
- (ii) a share transfer agreement (the “Hainan Agreement”) with Hainan Company regarding the purchase of 19.0% interest in the registered capital of Beijing Xintong from Hainan Company at a consideration of RMB21.0 million (approximately HK\$19.6 million); and
- (iii) a capital increase agreement (the “Capital Increase Agreement”) with Mr. Tian pursuant to which the registered capital of Beijing Xintong will, conditional upon the completion of the Tian’s Agreement and the Hainan Agreement, be increased by RMB70.0 million (approximately HK\$65.4 million). Such increment will be contributed as to RMB49.1 million (approximately HK\$45.9 million) by NWIC and as to RMB20.9 million (approximately HK\$19.6 million) by Mr. Tian and is in proportion to the then percentage of shareholding in Beijing Xintong held by NWIC and Mr. Tian.

Mr. Tian, being a substantial shareholder of Beijing Xintong and director of most of the subsidiaries of Beijing Xintong, is a connected person of the Group. Hainan Company, which is owned by Mr. Tian’s spouse and son, is an associate of Mr. Tian under the Listing Rules. Accordingly, the above transactions constitute connected transactions of the Group.

The Hainan Agreement and the Capital Increase Agreement were completed during the year. For the Tian’s Agreement, NWIC had nominated Shenzhen Xiang Long Communication Co., Ltd., a wholly owned subsidiary of NWTMT, to hold the 0.1% interest in Beijing Xintong. As at 30 June 2005, NWTMT held an aggregate of 70.1% interests in the registered capital of Beijing Xintong.

Connected Transactions (continued)

- (13) On 5 August 2004, an agreement (the "Agreement") was entered into between 四川犍為電力(集團)股份有限公司 (unofficial translation being Sichuan Qianwei Power Company Limited, "Qianwei Power Group") and Lucrative Rich Limited, an indirect wholly owned subsidiary of NWSH, for the disposal of all the NWSH Group's interest in 四川犍為大和電力股份有限公司 (unofficial translation being Sichuan Qianwei Dali Power Company Limited, "Qianwei") at a consideration of RMB48.0 million.

The consideration was payable by Qianwei Power Group in cash by two instalments. The first instalment of RMB26.0 million was paid on the date of signing of the agreement and the second instalment of RMB22.0 million was payable on or before 30 December 2004. Completion would take place upon fulfilment of all the condition precedents as set out in the Agreement and on the date when the full amount of the consideration has been settled.

Qianwei Power Group, by virtue of its substantial shareholding in Qianwei, was a connected person of NWSH. The disposal of interest in Qianwei as contemplated under the Agreement constituted connected transactions of the Group under the Listing Rules.

NWSH further announced that due to the internal corporate restructuring of Qianwei Power Group, Lucrative Rich entered into two sale and purchase agreements on 13 December 2004 both with Qianwei Power Group for the transfer of its 35.0% interest in Qianwei to Qianwei Power Group, and its remaining 25.0% interest in Qianwei to Qianwei Power Group or its nominee, in replacement of the Agreement. The consideration for such disposal remains unchanged while the material terms of the Agreement remain substantially unchanged.

As at the date of this report, the abovementioned transfers of interests have not been completed.

- (14) On 24 February 2005, Hong Kong Island Development Limited ("HKI"), a wholly owned subsidiary of the Company as Lessor, and Sogo Hong Kong Company Limited ("Sogo HK") as Lessee entered into a lease agreement ("Lease Agreement"), pursuant to which the Lessee will lease the portion of Ground Floor, Portion of P1 and the entire P2 of the Amazon, 12 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong ("the Premises") from the Lessor for a fixed term of fifteen years at a monthly rent to be calculated in accordance with the following schedule:

Year 1 to 10 of the term:	6.0% of the monthly gross turnover from the operation of any trade in from and/or upon the Premises
Year 11 to 15 of the term:	7.0% of the monthly gross turnover from the operation of any trade in from and/or upon the Premises

The Premises, the subject of the Lease Agreement, is owned by HKI. Sogo HK is an indirect non-wholly owned subsidiary of Real Reward Limited, a jointly controlled entity owned by Go Create Limited, a wholly owned subsidiary of CTF. Sogo HK is, accordingly, a connected person of the Company and the entering into of the Lease Agreement constitutes a connected transaction under the Listing Rules. As it is expected that the relevant percentage ratios involved under the Lease are more than 0.1% but less than 2.5%, the connected transaction as completed under the Lease Agreement ("On-going Leasing Transactions") is exempt from the independent shareholders' approval requirements but subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The On-going Leasing Transactions had been reviewed by the Independent Non-executive Directors of the Company who had confirmed that the On-going Leasing Transactions were:

- (i) in the ordinary and usual course of the 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 On-going Leasing Transactions did not exceed the limit as set out in the announcement dated 3 March 2005.

Connected Transactions (continued)

The Company has received from the auditors a letter reporting that:

- (i) the On-going Leasing Transactions received the approval of the Board of Directors of the Company;
 - (ii) the On-going Leasing Transactions were entered into in accordance with the terms as set out in the lease agreement dated 24 February 2005; and
 - (iii) the aggregate amount of the On-going Leasing Transactions for the period from 24 February 2005 to 30 June 2005 did not exceed the limit as set out in the announcement dated 3 March 2005.
- (15) On 14 June 2005, Hip Hing Engineering (Macau) Limited ("Hip Hing (Macau)"), an indirect wholly owned subsidiary of NWSH as management contractor entered into a management contractor agreement with Arc of Triumph Development Company Limited ("ATDL") as developer in respect of the construction work of a 55-storey super deluxe residential, hotel and entertainment complex building with apartments, amenities and a shopping area to be constructed and developed called "Arc de Triomphe, Macau" (the "Project") for a service fee of approximately HK\$27.0 million. The consideration is payable in stages according to the development and construction of the Project. Moreover, ATDL will pay Hip Hing (Macau) and Hip Hing (Macau) will pay the sub-contractors according to the arrangements between Hip Hing (Macau) and the sub-contractors under their respective construction agreements. The relevant construction work is expected to be completed in 3 phases. The first phase is expected to be completed by September 2006, the second phase by May 2008 and the third phase by February 2009.

Moreover, on the same day, Hip Hing (Macau) as management contractor entered into a sub-contractor construction agreement with Vibro (Macau) Limited ("Vibro (Macau)", an indirect non-wholly owned subsidiary of NWSH) as sub-contractor in respect of the piling work of the Project for the contract amount of approximately MOP87.8 million (approximately HK\$83.4 million). The consideration is payable by ATDL to Hip Hing (Macau) in stages according to the progress of the piling work. Then Hip Hing (Macau) will pay Vibro (Macau) according to the arrangements in the aforesaid management contractor agreement and the said sub-contractor construction agreement. The relevant piling work is expected to be completed by September 2006.

By virtue of the fact that 40.0% of the equity interest in ATDL is held by Cheung Hung Development (Holdings) Limited, of which the CTF Group (CTF and its subsidiaries) held 48.7% interest, as such, ATDL is a connected person of the Group. Thus, the abovementioned management contractor agreement constitutes a connected transaction of the Group under the Listing Rules. Furthermore, according to the arrangements of the said management contractor agreement, ATDL will make payments to Hip Hing (Macau) and Hip Hing (Macau) will make payments to Vibro (Macau) under the terms of the said sub-contractor construction agreement. As such, the said sub-contractor construction agreement also constitutes a connected transaction of the Group under the Listing Rules.

- (16) On 29 July 2005, NWD (China) Limited ("NWDC"), a wholly owned subsidiary of NWCL, entered into a loan agreement with Shanghai Juyi Real Estate Development Co. Ltd. ("Juyi"), a company beneficially owned by NWDC and Stanley as to 70.0% and 30.0% respectively. Pursuant to the loan agreement, NWDC, the sole legal owner of Juyi, shall provide a shareholder's loan in the principal amount of US\$10.0 million to Juyi for a term of five years, subject to renewal, at an interest rate of 1.4% above the London Inter-bank Offered Rate per annum for the purpose of financing the development of Shanghai, PRC. The loan amount will be provided by NWDC and Stanley in proportion to their beneficial shareholdings in Juyi.

By virtue of the interest of Stanley in Juyi, the provision of the shareholder's loan to Juyi constituted a connected transaction of the Group.

Connected Transactions (continued)

- (17) On 12 September 2005, NWDC entered into an agreement with Shun Hing China Investment Limited (“Shun Hing”) whereby NWDC agreed to acquire and Shun Hing agreed to sell 100 shares, representing 10.0% interest, in the issued share capital of Ramada Property, together with the shareholder’s loan in the sum of US\$9.7 million and HK\$16.7 million due and owing by Ramada Property to Shun Hing for a total consideration of US\$12.1 million and HK\$17.0 million. The transaction was completed on 13 September 2005.

Ramada Property was an investment holding company having 99.8% interests in Shanghai Ramada, which holds the entire interest in Shanghai Ramada Plaza, a composite building comprising hotel, apartments, shopping arcade and car parks.

Shun Hing was a connected person of the NWCL by virtue of its interest in Ramada Property. Ramada Property is also 20.0% owned by a company wholly-owned by Mr. Doo. The acquisition therefore constituted a connected transaction of the Group.

- (18) On 29 September 2005, Melowell Investment Limited (“Melowell”), a wholly owned subsidiary of the Group, entered into a sale and purchase agreement with Winteam Holdings Ltd. (“Winteam”), Mr. Yeung Sai Hong and Mr. Yeung Kwok Sang whereby Winteam conditionally agreed to sell and Melowell conditionally agreed to purchase 70.0% of the entire issued share capital of China Step Limited (“China Step”) and 70.0% of all amounts, including principal and interest, owing by China Step to Winteam at a total consideration of HK\$614.6 million (subject to adjustments) upon the terms and conditions therein contained. Mr. Yeung Sai Hong and Mr. Yeung Kwok Sang were act as Winteam’s guarantors.

Winteam is beneficially and substantially owned by Mr. Yeung Sai Hong, who is a substantial shareholder and a director of certain non-wholly owned subsidiaries of the Group. Accordingly, the transaction constitutes a connected transaction of the Group.

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, Underlying Shares and Debentures

As at 30 June 2005, the interests of the Directors and their associates in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) Long position in shares

	Number of shares			Total	Percentage of shareholding
	Personal interests	Spouse interests	Corporate interests		
New World Development Company Limited (Ordinary shares of HK\$1.00 each)					
Dr. Sin Wai-Kin, David	4,708,708	47,098	—	4,755,806	0.14
Mr. Leung Chi-Kin, Stewart	32,553	—	—	32,553	—
Mr. Chow Kwai-Cheung	43,495	—	—	43,495	—
Mr. Ho Hau-Hay, Hamilton	—	—	439,177 ⁽¹⁾	439,177	0.01
Mr. Liang Cheung-Biu, Thomas	5,215	—	—	5,215	—
Dragon Fortune (Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	15,869 ⁽²⁾	15,869	27.41
HH Holdings Corporation (Ordinary shares of HK\$1.00 each)					
Dr. Sin Wai-Kin, David	42,000	—	—	42,000	7.00
Master Services Limited (Ordinary shares of US\$0.01 each)					
Mr. Leung Chi-Kin, Stewart	16,335	—	—	16,335	1.63
Mr. Chow Kwai-Cheung	16,335	—	—	16,335	1.63
NWCL (Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-Shun, Henry	—	—	52,271,200 ⁽³⁾	52,271,200	1.39
Mr. Leung Chi-Kin, Stewart	500,000	—	—	500,000	0.01
Mr. Chow Kwai-Cheung	400,126	—	—	400,126	0.01
NWTMT (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	1,000,000	—	1,000,000	0.11
Dr. Sin Wai-Kin, David	5,594	53	—	5,647	—
Mr. Liang Chong-Hou, David	262	—	—	262	—

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

(A) Long position in shares (continued)

	Number of shares			Total	Percentage of shareholding
	Personal interests	Spouse interests	Corporate interests		
NWSH					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	2,000,000	587,000	8,000,000 ⁽³⁾	10,587,000	0.58
Dr. Sin Wai-Kin, David	—	—	32,224,060 ⁽⁴⁾	32,224,060	1.76
Mr. Cheng Kar-Shing, Peter	333,333	—	2,659,700 ⁽⁵⁾	2,993,033	0.16
Mr. Liang Chong-Hou, David	153	—	—	153	—
Mr. Leung Chi-Kin, Stewart	3,526,630	—	84,607 ⁽⁶⁾	3,611,237	0.20
Mr. Chow Kwai-Cheung	2,264,652	—	—	2,264,652	0.12
Sun City					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	80,000	3,570,000 ⁽⁷⁾	3,650,000	45.63
Sun Legend Investment Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	500 ⁽⁸⁾	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-Kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares were beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (2) 4,102 shares are held by a company wholly owned by Mr. Cheng Kar-Shing, Peter and 11,767 shares are held by Sun City of which Mr. Cheng Kar-Shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially owned by a company which is wholly-owned by Dr. Henry Cheng.
- (4) These shares are beneficially owned by a company which is jointly owned by Dr. Sin Wai-Kin, David and his spouse.
- (5) These shares are beneficially owned by a company which is wholly owned by Mr. Cheng Kar-Shing, Peter.
- (6) These shares are beneficially owned by a company of which Mr. Leung Chi-Kin, Stewart has a direct interest of 55.0%.
- (7) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 48.18%.
- (8) Mr. Cheng Kar-Shing, Peter is deemed to be interested in the shares of Sun Legend Investment Limited by virtue of his interest in Sun City.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)**(B) Long position in underlying shares — share options**

Under the respective share option schemes of NWCL, NWTMT, NWSH and NWM, share options may be granted respectively to certain directors and employees of NWCL, NWTMT, NWSH and NWM to subscribe for shares. Certain Directors of the Company have interest in share options to subscribe for shares in these companies respectively.

Share Option Schemes of NWCL

On 18 December 2000, NWCL adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including executive directors of NWCL and its subsidiaries ("NWCL Group"), were given opportunity to obtain equity holdings in NWCL. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of NWCL held on 26 November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme.

A summary of share option schemes of NWCL disclosed in accordance with the Listing Rules is as follows:

	2000 Share Option Scheme	2002 Share Option Scheme
Purpose of the schemes	As incentive to employees, including executive directors of NWCL Group.	To provide an opportunity for the full-time or part-time employees, including directors, of NWCL Group to participate in the equity of NWCL as well as to motivate them to optimise their performance.
Participants of the schemes	Full-time employees, including directors of NWCL Group.	Full-time or part-time employees, including directors, of NWCL Group.
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of NWCL's annual report	NWCL had granted share options representing the rights to subscribe for 65,745,200 shares of NWCL under the 2000 Share Option Scheme, together with 38,158,200 shares by way of adjustment on the number of share options as a result of NWCL's issue of rights shares which became unconditional on 8 April 2005. No further options will be granted under the 2000 Share Option Scheme.	NWCL had granted share options representing the rights to subscribe for 9,697,200 shares of NWCL under the 2002 Share Option Scheme up to the date of this reports, together with 6,465,900 shares by way of adjustment on the number of share options as a result of NWCL's issue of rights shares which became unconditional on 8 April 2005. NWCL may further grant share options to subscribe for 49,242,529 shares of NWCL, representing approximately 1.30% of the total issued share capital of NWCL as at the date of this report.
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 NWCL's shareholders in general meeting.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)
Share Option Schemes of NWCL (continued)

	2000 Share Option Scheme	2002 Share Option Scheme
The period within which the shares must be taken up under an option	At any time during a period to be notified by NWCL's directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on the last day of the 5-year period.	At any time during a period to be notified by NWCL's directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on a date not later than the last day of the 5-year period.
The minimum period for which an option must be held before it can be exercised	1 month	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\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer.	HK\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer.
The basis of determining the exercise price	<p>The exercise price shall be determined by NWCL's directors, being the higher of:</p> <p>(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</p> <p>(b) the nominal value of a share.</p>	<p>The exercise price shall be determined by NWCL's directors, being at least the higher of:</p> <p>(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</p> <p>(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.</p>
The remaining life of the schemes	The 2000 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 18 December 2000.	The 2002 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 26 November 2002.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWCL (continued)

Share options granted to Directors

2000 Share Option Scheme

Name of Director	Date of grant	Exercisable period	Number of share option ⁽¹⁾					Balance at 30 June 2005	Exercise price per share ⁽²⁾ HK\$
			Balance at 1 July 2004	Adjusted during the year ⁽²⁾	Exercised during the year	Reclassified during the year			
Dr. Cheng Kar-Shun, Henry	7 February 2001	8 March 2001 to	5,000,000	(5,000,000)	—	—	—	1.955	
		7 March 2006	—	12,500,000	—	—	12,500,000	1.782	
Mr. Cheng Kar-Shing, Peter	9 February 2001	10 March 2001 to	2,500,000	(1,500,000)	(1,000,000) ⁽³⁾	—	—	1.955	
		9 March 2006	—	3,750,000	(200,000) ⁽⁴⁾	—	3,550,000	1.782	
Mr. Leung Chi-Kin, Stewart	7 February 2001	8 March 2001 to 7 March 2006	500,000	—	(500,000) ⁽⁵⁾	—	—	1.955	
Mr. Chow Kwai-Cheung	9 February 2001	10 March 2001 to	500,000	(100,000)	(400,000) ⁽⁶⁾	—	—	1.955	
		9 March 2006	—	250,000	—	—	250,000	1.782	
Mr. Chan Kam-Ling	9 February 2001	10 March 2002 to 9 March 2006	400,000	—	(200,000) ⁽⁷⁾	(200,000) ⁽⁸⁾	—	1.955	
			8,900,000	9,900,000	(2,300,000)	(200,000)	16,300,000		

- (1) The share options are exercisable within 5 years commencing from the expiry of one month after the dates of each grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Pursuant to the share option scheme of NWCL, the number of share options and exercise price are subject to adjustment in case of alteration in NWCL's capital structure. Accordingly, the rights issue as announced by NWCL on 18 February 2005 constitutes an event giving rise to and adjustment to the exercise price and number of outstanding share options in accordance with the share option scheme. The exercise price per share of the share options has been adjusted from HK\$1.955 to HK\$1.782 with effect from 9 April 2005.
- (3) The exercise dates were 25 October 2004 and 12 November 2004 for options representing 500,000 shares each. On 21 October 2004 and 11 November 2004, being the trading dates immediately before the share options were exercised, the closing price per share was HK\$2.70 and HK\$2.90 respectively.
- (4) The exercise date was 6 May 2005. On 5 May 2005, being the trading day immediately before the share options were exercised, the closing price per share was HK\$2.90.
- (5) The exercise date was 4 April 2005. On 1 April 2005, being the trading day immediately before the share options were exercised, the closing price per share was HK\$2.80.
- (6) The exercise date was 3 February 2005. On 2 February 2005, being the trading day immediately before the share options were exercised, the closing price per share was HK\$3.675.
- (7) The exercise date was 24 August 2004. On 23 August 2004, being the trading day immediately before the share options were exercised, the closing price per share was HK\$2.125.
- (8) Mr. Chan Kam-Ling resigned as Director of the Company on 30 August 2004. His interest in share options was reclassified as share options granted to employees.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWCL (continued)

Share options granted to employees

2000 Share Option Scheme

Date of grant	Number of share options ⁽¹⁾						Exercise price per share ⁽³⁾ HK\$
	Balance at 1 July 2004	Adjusted during the year ⁽³⁾	Exercised during the year ⁽⁵⁾	Re-classified during the year	Lapsed during the year	Balance at 30 June 2005	
5 February 2001 to	25,338,400	(12,850,800)	(11,589,600)	200,000	(1,098,000)	—	1.955
2 March 2001	—	32,127,000	(6,384,600)	—	—	25,742,400	1.782*
8 February 2001 to	3,200,000 ⁽²⁾	(3,200,000)	—	—	—	—	1.955
17 February 2001	—	8,000,000	—	—	—	8,000,000	1.782*
2 May 2001 to	402,000	(383,200)	(18,800)	—	—	—	2.605
29 May 2001	—	958,000	(398,000)	—	—	560,000	2.375*
29 June 2001 to	2,097,200	(1,371,600)	(572,000)	—	(153,600)	—	3.192
26 July 2001	—	3,429,000	—	—	(234,000)	3,195,000	2.910*
31 August 2001 to	590,000	(478,000)	(100,000)	—	(12,000)	—	2.380
27 September 2001	—	1,195,000	(248,000)	—	—	947,000	2.170*
26 March 2002 to	861,200	(555,200)	(306,000)	—	—	—	2.265
22 April 2002	—	1,388,000	(633,400)	—	(12,600)	742,000	2.065*
	32,488,800	28,258,200	(20,250,400)	200,000	(1,510,200)	39,186,400	

2002 Share Option Scheme

Date of grant	Number of share options ⁽¹⁾						Exercise price per share ⁽³⁾ HK\$
	Balance at 1 July 2004	Granted during the year ⁽⁴⁾	Adjusted during the year ⁽³⁾	Exercised during the year ⁽⁶⁾	Lapsed during the year	Balance at 30 June 2005	
3 January 2003 to	676,800	—	(501,600)	(175,200)	—	—	1.330
30 January 2003	—	—	1,254,000	(43,800)	—	1,210,200	1.212*
12 May 2003 to	1,544,000	—	(1,064,200)	(275,000)	(204,800)	—	1.000
6 June 2003	—	—	2,660,500	(800)	—	2,659,700	0.912*
28 October 2003 to	237,600	—	(27,600)	(9,200)	(200,800)	—	1.810
22 November 2003	—	—	69,000	—	—	69,000	1.650*
18 December 2003 to	1,300,000 ⁽²⁾	—	(750,000)	(550,000)	—	—	1.830
14 January 2004	—	—	1,875,000	(250,000)	—	1,625,000	1.668*
25 March 2004 to	976,000	—	(818,800)	(84,000)	(73,200)	—	2.470
21 April 2004	—	—	2,047,000	(54,800)	—	1,992,200	2.252*
18 June 2004 to	—	560,400	(353,200)	(74,400)	(132,800)	—	1.810
15 July 2004	—	—	883,000	—	—	883,000	1.650*
4 November 2004 to	—	282,800	(282,800)	—	—	—	2.725
1 December 2004	—	—	707,000	—	—	707,000	2.484*
22 December 2004 to	—	536,400	(512,400)	(24,000)	—	—	2.950
18 January 2005	—	—	1,281,000	(400)	(46,600)	1,234,000	2.689*
	4,734,400	1,379,600	6,465,900	(1,541,600)	(658,200)	10,380,100	

Directors' Interests in Shares, Underlying Shares and Debentures (continued)
Share Option Schemes of NWCL (continued)

Share options granted to employees (continued)

- (1) The share options are exercisable within 5 years commencing from the one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note (2) below.
- (2) The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50.0% of the total share options granted together with any unexercised share options carried forward from the previous year.
- (3) Pursuant to the share option scheme of NWCL, the number of share options and exercise price are subject to adjustment in case of alteration in NWCL's capital structure. Accordingly, the rights issue as announced by NWCL on 18 February 2005 constitutes an event giving rise to and adjustment to the exercise price and number of outstanding share options in accordance with the share option scheme. The adjusted exercise prices are identified with asterisks.
- (4) The closing prices per share immediately before 18 June 2004, 4 November 2004 and 22 December 2004, the dates of grant, were HK\$1.820, HK\$2.675 and HK\$2.975 respectively.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2000 Share Option Scheme was HK\$2.870.
- (6) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$2.859.

The fair values of the share options granted during the year with exercise prices per share of HK\$1.81, HK\$2.725 and HK\$2.95 (adjusted to HK\$1.65, HK\$2.484 and HK\$2.689 respectively) are estimated at HK\$0.40, HK\$0.56 and HK\$0.61 respectively, using the Binomial pricing model. Values are estimated based on the risk-free rate of 2.59% to 3.59% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 0.22, assuming no dividends and an expected option life of 5 years.

The Binomial pricing model required input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWTMT

Pursuant to the share option schemes adopted on 3 October 1997 (the "1997 Share Option Scheme") and 6 December 2001 (the "2001 Share Option Scheme"), NWTMT may grant options to directors and employees of NWTMT and its subsidiaries ("NWTMT Group") to subscribe for shares in NWTMT. No option had been granted under the 2001 Share Option Scheme since its adoption.

Summary of share option schemes of NWTMT 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 NWTMT Group.	To provide an opportunity for employees (including any director) of NWTMT Group to participate in the equity of NWTMT as well as to motivate them to optimise their performance.
Participants of the schemes	Full time employees (including any director) of NWTMT Group.	Full time employees (including any director) of NWTMT Group.
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of NWTMT's annual report	Options to subscribe for a total of 14,687,000 shares were granted under the 1997 Share Option Scheme, and were either exercised or lapsed.	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 NWTMT must not in aggregate exceed 85,533,125 shares, representing approximately 8.98% of the issued share capital as at the date of NWTMT's annual report.
	No further options will be granted under the 1997 Share Option Scheme upon adoption of the 2001 Share Option Scheme.	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 NWTMT's shareholders 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 NWTMT'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 NWTMT'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

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWTMT (continued)

	1997 Share Option Scheme	2001 Share Option Scheme
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\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer.	HK\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer
The basis of determining the exercise price	The exercise price shall be determined by NWTMT's directors, being the higher of: <ul style="list-style-type: none"> (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 NWTMT's directors, being at least the higher of: <ul style="list-style-type: none"> (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 on 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 on the adoption date i.e. 6 December 2001.

Share options granted to employees

1997 Share Option Scheme

Date of grant	Number of share options			Exercise price per share HK\$
	Balance at 1 July 2004	Lapsed during the year	Balance at 30 June 2005	
23 September 1999	240,000 ⁽¹⁾	(240,000)	—	10.20
23 September 1999	960,000 ⁽²⁾	(960,000)	—	12.00
	1,200,000	(1,200,000)	—	

(1) Exercisable from 1 July 2000 to 1 June 2005.

(2) Divided into 3 tranches exercisable from 1 July 2001, 1 July 2002 and 1 July 2003 respectively to 1 June 2005.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)
Share Option Schemes of NWSH

On 11 April 1997, a share option scheme was adopted by NWSH (the "1997 Share Option Scheme") under which the directors of NWSH may, at their discretion grant options to executive directors or full-time employees of NWSH and its subsidiaries ("NWSH Group") to subscribe for ordinary shares in NWSH. Subsequent to the amendment of Chapter 17 of the Listing Rules in 2001, a new share option scheme was adopted by NWSH on 6 December 2001 (the "2001 Share Option Scheme") thereafter certain rules of such scheme were altered and approved by the shareholders of NWSH held on 12 March 2003. Under the 2001 Share Option Scheme, the directors of NWSH may at their discretion grant options to any eligible persons as defined in the scheme to subscribe for ordinary shares in NWSH.

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

	1997 Share Option Scheme	2001 Share Option Scheme
Purpose of schemes	As incentive to executive directors and employees of NWSH Group	To reward directors and employees of NWSH Group for past service or performance, to provide incentive and motivation or reward to eligible participants for increase performance or making contribution to NWSH and any of its subsidiaries, to attract and retain persons of right caliber with the necessary experience to work for NWSH Group and to foster a sense of corporate identity.
Participants of the schemes	Executive directors or full-time employees of NWSH Group	Eligible participant may be a person or entity belonging to any of the following classes: <ul style="list-style-type: none"> (i) any eligible employee; (ii) any non-executive directors (including independent non-executive directors) of NWSH Group or any invested entity of NWSH and any of its subsidiaries (the "Invested Entity"); (iii) any supplier of goods or services to any member of NWSH Group or any Invested Entity; (iv) any customer of any member of NWSH Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to NWSH Group or any Invested Entity; (vi) any shareholder of any member of NWSH Group or any invested entity or any holder of any securities issued by any member of NWSH Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of NWSH Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of NWSH Group or any Invested Entity in any area of business operation or development.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)
Share Option Schemes of NWSH (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 NWSH's annual report	Options to subscribe for 2,000,000 shares had been granted by NWSH under this scheme. It was expired on 11 April 2000 and no further share option can be granted.	NWSH had granted options to certain eligible persons to subscribe for 41,497,000 shares of NWSH under this scheme up to the date of NWSH's report. Furthermore, an adjustment on the number of unexercised options were made on 30 June 2005 as a result of the declaration of interim scrip dividend for the year ended 30 June 2005. A total of 142,723 additional options were granted under the said adjustment. Therefore, the total number of shares available for issue under this scheme is 138,225,201 representing approximately 7.54% of NWSH's issued share capital as at the date of NWSH's report.
Maximum entitlement of each participant under the scheme	No eligible person shall be granted an option or options for such number of shares which in aggregate would exceed 25.0% of the total number of shares for which share options may be granted.	Unless approved by shareholders of NWSH, the total number of shares 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 share capital of NWSH in issue.
The period which the shares must be taken up under an option	At any time during a period as specified by NWSH's directors, which shall not be more than 10 years from the date of grant of the options.	At any time during a period as specified by NWSH's directors, however in any event the share options must be exercised within 10 years from the date of grant of the options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by NWSH's directors.	Any period as determined by NWSH's directors.
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	Nil	HK\$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by NWSH's directors which shall be equal to the higher of the nominal value of the shares or a price not less than 80.0% of the average of the closing prices per share as stated in the daily quotations sheets issued by the Stock Exchange on the 5 trading days immediately preceding the date of grant.	The exercise price is determined by NWSH's directors which must be at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant or the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant.
The remaining life of the schemes	The Scheme was expired on 11 April 2000.	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 6 December 2001.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)
Share Option Schemes of NWSH (continued)

Share options granted to Directors

2001 Share Option Scheme

Number of share options							
Name of Director	Date of grant	Balance at 1 July 2004	Adjusted during the Year ⁽³⁾	Exercised during the year	Reclassified during the Year	Balance at 30 June 2005	Exercise price per share ⁽³⁾ HK\$
Dr. Cheng Kar-Shun, Henry	21 July 2003	2,000,000 ⁽¹⁾	(1,000,000)	(1,000,000) ⁽⁴⁾	—	—	3.725
		—	1,009,849	—	—	1,009,849	3.719
Mr. Cheng Kar-Shing, Peter	21 July 2003	333,334 ⁽²⁾	(166,667)	(166,667) ⁽⁵⁾	—	—	3.725
		—	168,308	—	—	168,308	3.719
Mr. Leung Chi-Kin, Stewart	21 July 2003	134,000 ⁽²⁾	(68,000)	(66,000) ⁽⁶⁾	—	—	3.725
		—	68,669	—	—	68,669	3.719
Mr. Chan Kam-Ling	21 July 2003	1,333,334 ⁽¹⁾	—	—	(1,333,334) ⁽⁷⁾	—	3.725
		3,800,668	12,159	(1,232,667)	(1,333,334)	1,246,826	

- (1) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (2) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (3) Pursuant to the 2001 Share Option Scheme, the number of unexercised share options and exercise price are subject to adjustment in case of alteration in the capital structure of NWSH. NWSH declared the interim dividend for the year ended 30 June 2005 in scrip form (with cash option) on 14 March 2005 which gave rise to an adjustment to the number of unexercised share options and the exercised price in accordance with the said scheme. The exercise price per share of share options was adjusted from HK\$3.725 to HK\$3.719 with effect from 30 June 2005.
- (4) The exercise date was 19 October 2004. On 18 October 2004, being the trading date immediately before the share options were exercised was HK\$10.10.
- (5) The exercise date was 12 November 2004. On 11 November 2004, being the trading date immediately before the share options were exercised was HK\$11.15.
- (6) The exercise date was 3 August 2004. On 2 August 2004, being the trading date immediately before the share options were exercised was HK\$8.70.
- (7) Mr. Chan Kam-Ling resigned as Director of the Company on 30 August 2004. His interest in share options was reclassified as other eligible persons.

Share options granted to other eligible persons

(a) 1997 Share Option Scheme

Number of share options					
Date of grant	Balance at 1 July 2004	Exercised during the year ⁽³⁾	Lapsed during the year	Balance at 30 June 2005	Exercised price per share HK\$
11 May 1999	1,900,000 ⁽¹⁾	(1,300,000)	(600,000)	—	6.93
11 May 1999	30,000 ⁽²⁾	(30,000)	—	—	6.93
	1,930,000	(1,330,000)	(600,000)	—	

- (1) Divided into 4 tranches exercisable from 5 November 1999, 5 May 2001, 5 May 2002 and 5 May 2003 respectively to 4 November 2004, both dates inclusive.
- (2) Exercisable from 5 May 2004 to 4 November 2004, both dates inclusive.
- (3) The weighted average closing price of the shares immediately before the date on which share options were exercised was HK\$10.89.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWSH (continued)

(b) 2001 Share Option Scheme

Date of grant	Number of share options					Exercised price per share ⁽³⁾ HK\$
	Balance at 1 July 2004	Adjusted during the year ⁽³⁾	Exercised during the year ⁽⁴⁾	Reclassified/lapsed during the year	Balance at 30 June 2005	
21 July 2003	5,400,002 ⁽¹⁾	(3,366,668)	(3,366,668)	1,333,334 ⁽⁵⁾	—	3.725
	—	3,399,822	—	—	3,399,822	3.719
21 July 2003	19,634,668 ⁽²⁾	(8,105,598)	(10,176,393)	(1,352,677)	—	3.725
	—	10,333,008	—	—	10,333,008	3.719
	25,034,670	2,260,564	(13,543,061)	(19,343)	13,732,830	

- (1) Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (2) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008, both dates inclusive.
- (3) Pursuant to the 2001 Share Option Scheme, the number of unexercised share options and exercise price are subject to adjustment in case of alteration in the capital structure of NWSH. NWSH declared the interim dividend for the year ended 30 June 2005 in scrip form (with cash option) on 14 March 2005 which gave rise to an adjustment to the number of unexercised share options and the exercise price in accordance with the said scheme. The exercise price per share of share options was adjusted from HK\$3.725 to HK\$3.719 with effect from 30 June 2005.
- (4) The weighted average closing price of the shares immediately before the date on which share options were exercised was HK\$8.49.
- (5) The share options are reclassified as other eligible person's interest which are previously counted as Director's interest due to the resignation of a Director of the Company who remains to act as employee of the Group.

Share Option Schemes of NWM

At an extraordinary general meeting of NWM held on 28 May 2002, the shareholders of NWM approved the termination of the share option scheme adopted by NWM on 11 September 1998 (the "1998 Share Option Scheme") and the adoption of a new share option scheme (the "2002 Share Option Scheme") in compliance with the Listing Rules. Upon termination of the 1998 Share Option Scheme, no further options could be granted under the 1998 Share Option Scheme. However, the outstanding share options granted thereunder would continue to be valid and exercisable in accordance with the provisions of the 1998 Share Option Scheme.

Summary of the 2002 Share Option Scheme of NWM disclosed in accordance with the Listing Rules is as follows:

Purpose of the scheme

The purpose of the scheme is to enable NWM to grant options to the participants as incentive or rewards for the contributions to NWM and its subsidiaries (the "NWM Group").

Participants of the scheme

The participants of the 2002 Share Option Scheme include any director, employee, consultant, agent, supplier, customer or shareholder of NWM Group or any entity in which NWM Group holds any equity interest.

Number of shares available for issue

The total number of shares available for issue under this scheme is 3,341,555 shares (adjusted as a result of the share consolidation on 7 July 2004) which represents 4.22% of the issue share capital of NWM as at the date of this report.

Maximum entitlement for each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled, and outstanding options) in any 12-month period must not exceed 1.0% of the shares of NWM in issue unless separately approved by NWM's shareholders in general meeting.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWM (continued)

Option period

An option may be exercised in accordance with the terms of this scheme at any time during the period as the board of directors in its absolute discretion determine and in any event such period of time shall not be more than 10 years from the date upon which the offer of the option is made to the grantee.

Vesting period

The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

Amount payable on acceptance of option

Upon acceptance of the offer for an option, the grantee shall pay HK\$1.00 as consideration for the grant.

Subscription price

The subscription price for a share in respect of any option granted shall be a price determined by the directors in its absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business day immediately preceding the date of grant; and (iii) the nominal value of a share.

Life of the scheme

The 2002 Share Option Scheme is valid and effective for a term of 10 years commencing 28 May 2002.

Share Options granted to Directors

Name of Director	Date of grant	Exercisable period	Number of share options		Exercise price per share HK\$
			Granted during the year	Balance at 30 June 2005	
Dr. Cheng Kar-Shun, Henry ⁽⁵⁾	28 January 2005	28 January 2005 to 31 December 2010	780,000 ⁽²⁾	780,000	1.260
			780,000	780,000	

Share Option granted to employees

Date of grant	Exercisable period	Number of share options				Exercise price per share HK\$
		Balance at 1 July 2004	Granted during the year	Lapsed during the year	Balance at 30 June 2005	
8 February 2002 ⁽⁴⁾	9 February 2002 to 8 February 2008	448,000 ⁽¹⁾	—	(248,000)	200,000	2.440
28 January 2005 ⁽⁵⁾	28 January 2005 to 31 December 2010	—	2,136,000 ⁽²⁾	—	2,136,000	1.260
8 April 2005 ⁽⁵⁾	8 April 2005 to 31 December 2010	—	78,000 ⁽³⁾	—	78,000	1.276
		448,000	2,214,000	(248,000)	2,414,000	

(1) Adjustments on the number of share options and the exercise price as a result of the completion of the subscription agreement dated 29 March 2004 and the consolidation of NWM's shares from every 100 issued or unissued ordinary shares of HK\$0.01 each into 1 consolidated ordinary share of HK\$1.00 each.

(2) The closing price immediately before 28 January 2005, the date of grant was HK\$1.260 per share.

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Share Option Schemes of NWM (continued)

(3) The closing price immediately before 8 April 2005, the date of grant was HK\$1.276 per share.

(4) Granted under the 1998 Share Option Scheme.

(5) Granted under the 2002 Share Option Scheme.

Save as disclosed above, as at 30 June 2005, none of the Directors, chief executive or any of their associates had or deemed to have any interests or short positions in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Disclosure Pursuant to Rules 13.20 and 13.22 of the Listing Rules

At 30 June 2005, the Group had given financial assistance and guarantees to its associated companies and jointly controlled entities (collectively "affiliated companies") as set out below:

	2005 HK\$m	2004 HK\$m
Amounts due by affiliated companies	17,116.9	18,457.7
Guarantees given for affiliated companies in respect of banking and other credit facilities	3,874.8	5,561.0
Commitments to capital injections and loan contributions	1,387.0	1,570.6
	22,378.7	25,589.3

- (a) The financial assistance, in aggregate exceeds 8.0% of the Company's market capitalisation of the average closing price of the Company's shares for 5 business days immediately preceding 30 June 2005.
- (b) The advances are unsecured and are interest free except for an aggregate amount of HK\$7,548.5 million (2004: HK\$8,417.2 million) which carry interest ranging from 0.6% above 3-month HIBOR to 12.0% per annum (2004: 3-month HIBOR to 14.0% per annum). Other than an amount of HK\$286.6 million (2004: HK\$311.5 million) which is repayable by instalments up to December 2016, the advances have no fixed repayment terms.
- (c) Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2005 are presented as follows:

	Proforma combined balance sheet HK\$m	Group's attributable interest HK\$m
Non-current assets	51,494.3	22,417.5
Current assets	21,526.6	9,870.7
Current liabilities	(15,720.4)	(7,255.8)
Total assets less current liabilities	57,300.5	25,032.4
Non-current liabilities	(11,472.1)	(5,056.4)
Net assets	45,828.4	19,976.0

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheets, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant balance sheet classification, as at 30 June 2005.