

# Disclosures

## STOCK EXCHANGE LISTINGS

SKYCITY Entertainment Group Limited is listed on both the New Zealand and Australian stock exchanges.

## SUBSIDIARY COMPANIES

The changes to subsidiary company directorships during the 12-month period ended 30 June 2005 were as set out below.

On 15 July 2004, J F Hansen resigned as a director of SKYCITY International ApS and T F Nielson was appointed as a director of SKYCITY International ApS.

On 19 July 2004, G F Hawkins resigned as a director and secretary and R H McGeoch was appointed as a director and secretary of SKYCITY Australia Pty Limited and SKYCITY Adelaide Pty Limited.

On 22 July 2004, J J Murren, G N Jacobs and B L Wright resigned as directors and E W Davies and A B Ryan were appointed as directors of SKYCITY Darwin Pty Limited (formerly Diamond Leisure Pty Limited), SKYCITY Darwin Holdings Pty Limited (formerly Diamond Darwin Pty Limited) and Fernbank Pty Limited.

On 28 July 2004, B S Nabbs resigned as a director of SKYCITY Hamilton Limited (formerly Riverside Casino Limited) and SKYCITY Hamilton Construction Limited (formerly Riverside Casino Construction Limited).

On 13 August 2004, M W Daniel and D B Henry resigned as directors of SKYCITY Leisure Limited.

On 20 August 2004, D R K Gascoigne resigned as a director of SKYCITY Leisure Limited.

On 27 October 2004, R H McGeoch resigned as a director and secretary and M J Silberling was appointed as a director and secretary of SKYCITY Adelaide Pty Limited.

On 13 December 2004, A B Ryan was appointed as a director of SKYCITY Cinemas Limited, SKYCITY Leisure Holdings Limited, SKYCITY Metro Limited, Ab Initio Holdings No. 13 Limited, Cine-Force Limited, Planet Hollywood (Civic Centre) Limited, and SKYCITY Cinemas (Whangarei) Limited.

On 14 April 2005, T F Nielson resigned as a director and B Kreiborg was appointed as a director of SKYCITY International ApS.

On 30 June 2005, S Perry resigned as a director and M R Gutry resigned as an alternate director for S Perry for each of SKYCITY Hamilton Limited and SKYCITY Hamilton Construction Limited.

The following people held office as directors of subsidiaries of SKYCITY Entertainment Group Limited as at the end of the 2005 financial year, being 30 June 2005. (A) denotes alternate director.

**SKYCITY Auckland Holdings Limited, SKYCITY Auckland Limited, SKYCITY Casino Management Limited, SKYCITY Management Limited (formerly SKYCITY Management (Auckland) Limited), SKYCITY Construction Limited, Sky Tower Limited, SKYCITY Wellington Limited, SKYCITY International Holdings Limited, SKYCITY Investments Limited, SKYCITY Investments Auckland Limited, SKYCITY Investments Christchurch Limited, SKYCITY Action Management Limited, Riverside Fund Limited and SKYCITY Investments Queenstown Limited (formerly Queenstown (Hard Rock) Investments Limited)**

Directors: E W Davies, A B Ryan

### SKYCITY Australia Pty Limited,

Directors: E W Davies, R H McGeoch, A B Ryan

### SKYCITY Australia Finance Pty Limited, SKYCITY Adelaide Pty Limited

Directors: E W Davies, A B Ryan, M J Silberling

### SKYCITY Darwin Pty Limited, SKYCITY Darwin Holdings Pty Limited, Fernbank Pty Limited

Directors: E W Davies, A B Ryan, T A K Wilson

### SKYCITY International ApS

Directors: E W Davies, B Kreiborg, J van Rijn, A B Ryan (A)

A B Ryan is alternate director for E W Davies

### Queenstown Casinos Limited

Directors: E W Davies, P J Hensman, A B Ryan, B C Thomas

# Disclosures (continued)

## **SKYCITY Hamilton Limited, SKYCITY Hamilton Construction Limited**

Directors: E W Davies, A B Ryan

## **SKYCITY Leisure Limited**

Directors: E W Davies, D I Kennedy, A B Ryan

## **SKYCITY Leisure Holdings Limited, SKYCITY Cinemas Limited, SKYCITY Cinemas (Whangarei) Limited, SKYCITY Metro Limited, Ab Initio Holdings No.13 Limited, Planet Hollywood (Civic Centre) Limited, Cine-Force Limited**

Directors: P J Holdaway, A B Ryan

## **SKYCITY Cinemas (Fiji) Limited**

Directors: D Damodar, P J Holdaway

Subsequent to balance date, the changes as set out below have occurred in the directorships of the Group companies.

On 1 July 2005, R H McGeoch resigned as a director and M J Silberling was appointed as a director of SKYCITY Australia Pty Limited.

Certain amalgamations were effected, with the amalgamated companies and resulting changes in directorships taking effect on 1 July 2005.

Abdiel Investments Limited was amalgamated with SKYCITY Auckland Limited. E W Davies and A B Ryan were directors of both companies prior to the amalgamation and were appointed as directors of the amalgamated company, SKYCITY Auckland Limited.

Cine-Force Limited and SKYCITY Cinemas (Whangarei) Limited amalgamated with SKYCITY Cinemas Limited. A B Ryan and P J Holdaway were directors of each company prior to the amalgamation. E W Davies and A B Ryan were appointed as directors of the amalgamated company, SKYCITY Cinemas Limited. P J Holdaway was appointed as an alternate director for each director.

SKYCITY Leisure Limited amalgamated with SKYCITY Leisure Holdings Limited. Prior to the amalgamation, E W Davies, D I Kennedy and A B Ryan were directors of SKYCITY Leisure Limited and A B Ryan and P J Holdaway were directors of SKYCITY Leisure Holdings Limited. E W Davies and A B Ryan were appointed as directors of the amalgamated company, SKYCITY Leisure Holdings Limited. P J Holdaway was appointed as an alternate director for each director.

Riverside Fund Limited, SKYCITY Investments Limited and SKYCITY Investments Auckland Limited amalgamated with SKYCITY Entertainment Group Limited. Prior to the amalgamation, E W Davies and A B Ryan were directors of SKYCITY Investments Limited, SKYCITY Investments Auckland Limited and Riverside Fund Limited. E W Davies, D T Spring, R H McGeoch, E Toime, R A McLeod, W R Trotter and P L Reddy were directors of SKYCITY Entertainment Group Limited prior to the amalgamation and were appointed as directors of the amalgamated company, SKYCITY Entertainment Group Limited.

SKYCITY Entertainment Group Limited holds a 40.5% shareholding in Christchurch Casinos Limited. During the 2004/05 year, E W Davies and A B Ryan were appointed directors of Christchurch Casinos Limited.

## **REMUNERATION OF DIRECTORS**

Remuneration paid to directors or former directors for services in their capacity as directors of SKYCITY Entertainment Group Limited during the year ended 30 June 2005 was as listed below.

E W Davies	\$1,438,992
R H McGeoch	\$160,000
R A McLeod	\$73,333
P L Reddy	\$92,500
Sir Dryden Spring	\$92,500
E Toime	\$80,000
W R Trotter	\$80,000
J P Hartley (retired)	\$284,375

The Managing Director, E W Davies, is not paid director's fees. The amount shown next to his name represents the salary and performance bonus paid to him as an employee of the company. The remuneration paid to Mr Davies comprised a base salary of \$900,000 plus a performance-related incentive payment of \$538,992 relating to the 2003/04 financial year.

Mr J P Hartley, former director and chairman of SKYCITY Entertainment Group Limited was paid a retirement amount of \$284,375 in July 2004. No other non-executive director of the Group or parent company has, since the end of the financial year, received or become entitled to receive a benefit other than director's fees for the 2004/05 financial year or reimbursement of expenses incurred in relation to company matters, or as is disclosed elsewhere in this annual report.

The SKYCITY board resolved to freeze and accrue non-executive director retirement allowances as at 30 June 2004. An adjustment was made at the time to directors' fees to compensate non-executive directors for discontinuance of retirement entitlements. Director retirement allowances as at 30 June 2004 have been accrued in the financial statements for the 2004/05 year and will be paid to each entitled director at their date of retirement.

Remuneration paid to former directors of SKYCITY Leisure Limited during the year ended 30 June 2005 was:

M W Daniel	\$3,014
D R K Gascoigne	\$5,425
D B Henry	\$3,014

Remuneration paid to directors of Queenstown Casinos Limited (QCL) during the year ended 30 June 2005 was:

E W Davies	\$7,500
P J Hensman	\$7,500
A B Ryan	\$7,500
B C Thomas	\$7,500

QCL directors' fees for E W Davies and A B Ryan were paid to SKYCITY Entertainment Group Limited and were not received personally by Messrs Davies or Ryan. Apart from the amounts listed above, no remuneration is received by the directors of the SKYCITY subsidiary companies in their capacity as directors of those companies.

#### DIRECTORS' AND OFFICERS' INDEMNITIES

Indemnities have been given to directors and senior managers of the SKYCITY Group to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and senior managers of the company and its subsidiaries.

#### INTERESTS REGISTER

##### Disclosure of directors' interests

Section 140(1) of the Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity. The following are particulars as entered in the company's Interests Register as at 30 June 2005 with the notices given by directors during the year ended 30 June 2005 marked with an asterisk:

<b>E W Davies</b>	Anglican Trust for Women and Children*	Trustee
	Melanesian Mission Trust	Trustee
<b>R H McGeoch</b>	Aon Risk Services Limited	Member NSW Board of Advice
	Frontiers Group (Australasia) Limited	Chairman
	Frontiers Group (UK) Limited	Director
	Gullivers Travel Group Limited*	Director
	LIPA Pharmaceuticals Limited*	Director
	McGeoch Holdings Limited	Chairman
	Pacific Healthcare Limited	Chairman
	Ramsay Health Care Limited	Director
	Saatchi & Saatchi Trans-Tasman Advisory Board	Chairman
	Sydney Cricket and Sports Ground Trust	Trustee
	Telecom Corporation of New Zealand Limited	Director
Vantage Private Equity Growth Limited*	Chairman	

## Disclosures (continued)

<b>R A McLeod</b>	AFL Management Limited*	Director
	ANZ National Bank Limited*	Director
	Aotearoa Fisheries Limited*	Director
	Arthur Andersen (NZ) Limited*	Director
	Credit and Debit Limited*	Director and Shareholder
	Debit and Credit (Wellington) Limited*	Director and Shareholder
	Gullivers Travel Group Limited*	Director
	Hobson Downs Trust*	Trustee
	McLeod Custodian Limited (trustee of Scott Trust)*	Director and Shareholder
	New Zealand Business Roundtable Limited*	Director and Shareholder
	North East Limited and associated companies*	Director and Shareholder
	Raukura Moana Fisheries Limited*	Director
	Steward Limited*	Director and Shareholder
	Tainui Group Holdings Limited and certain subsidiaries*	Director
	Telecom Corporation of New Zealand Limited*	Director
	Te Ohu Kaimoana Limited*	Director
<b>P L Reddy</b>	Active Equities Limited	Director and Shareholder
	Infinity Group Limited	Associated Person of Shareholder
	INSiTE Management Services Pty Limited*	Alternate Director
	MobilefoneRepair.com Limited	Associated Person of Shareholder
	SKYCITY Community Trust	Trustee
	TeamTalk Limited	Associated Person of Shareholder
	Telecom Corporation of New Zealand Limited	Director
	The New Zealand Exchange Limited	Member NZX Discipline
	The New Zealand International Festival of the Arts	Trustee
<b>Sir Dryden Spring</b>	ANZ National Bank Limited and subsidiaries	Director
	Asia 2000 Foundation of New Zealand	Chairman
	Fletcher Building Limited	Director
	New Zealand APEC Business Advisory Council	Chairman
	New Zealand Business and Parliamentary Trust	Trustee
	Port of Tauranga Limited	Director
<b>W R Trotter</b>	First NZ Capital Group Limited and certain subsidiaries	Executive Chairman

The following details included in the Interests Register as at 30 June 2004, or entered during the year ended 30 June 2005, have been removed during the year ended 30 June 2005.

E W Davies was appointed a director of ACB Group Holdings Limited on 8 February 2005 and resigned on 20 June 2005.

R H McGeoch is no longer a consultant to Corrs Chambers Westgarth, an Ambassador for CLEAN EVENT International Pty Limited, or chairman of Telecom Corporation of New Zealand Australia Pty Limited.

Sir Dryden Spring is no longer chairman or a director of WEL Networks Limited.

E Toime is no longer Executive Deputy Chairman of Royal Mail Holdings Plc, a director of Royal Mail Group Plc or Post Office Limited, Chairman of General Logistics Systems BV, or a board member of International Postal Corporation.

#### DISCLOSURE OF DIRECTORS' INTERESTS IN SHARE TRANSACTIONS

Directors disclosed, pursuant to section 148 of the Companies Act 1993 and Rule 10.5.3 of the Listing Rules of the NZX, the following acquisitions and disposals of relevant interests in SKYCITY shares during the period to 30 June 2005, as set out below.

	DATE OF ACQUISITION/ DISPOSAL DURING PERIOD	CONSIDERATION	SHARES ACQUIRED/ (DISPOSED OF)
E W Davies	1 October 2004 <sup>(1)</sup>	\$1,960,897.23	1,141,716
	1 October 2004	5,263,310.76	(1,141,716)
E Toime	1 April 2005 <sup>(2)</sup>	12,612.72	2,510
	14 April 2005 <sup>(3)</sup>	Nil	41,928

<sup>(1)</sup> The transaction shown relates to the exercise of 285,429 options granted to Mr Davies pursuant to the Executive Share Option Plan approved by shareholders at the annual meeting of the company held on 28 October 1999.

<sup>(2)</sup> The transaction shown represents the issue of shares in lieu of dividends pursuant to the company's dividend reinvestment plan.

<sup>(3)</sup> The transaction represents a transfer by Mr Toime to a corporate trustee (in which Mr Toime is a shareholder) for a trust of which Mr Toime is a discretionary beneficiary.

#### DISCLOSURE OF DIRECTORS' INTERESTS IN SHARES, OPTIONS AND CAPITAL NOTES

Directors disclosed, pursuant to Rule 10.5.3 of the Listing Rules of the NZX, the following relevant interests in SKYCITY shares, options and capital notes as at 30 June 2005, as set out below.

	SHARES		OPTIONS	
	BENEFICIALLY HELD	NON-BENEFICIALLY HELD	BENEFICIALLY HELD	NON-BENEFICIALLY HELD
E W Davies	400,001	–	2,713,530	–
R H McGeoch	–	–	20,964	–
R A McLeod	16,000	–	–	–
P L Reddy	140,264	7,330	20,964	–
Sir Dryden Spring	10,000	–	–	–
E Toime	149,544	–	–	–
W R Trotter	656,668	–	20,964	–

## Disclosures (continued)

Mr Trotter is a trustee of a trust that held 200,000 capital notes as at 30 June 2004. The capital notes were sold for \$1.00 each plus accrued interest at the expiry date of the capital notes being 15 May 2005.

No directors held any interest in the capital notes of the company as at 30 June 2005.

Options issued to Mr Davies are issued pursuant to the Executive Share Option Plan (1999 Executive Plan) approved by shareholders at the annual meeting of the company held on 28 October 1999, and the Managing Director Share Option Plan (Managing Director Plan) approved by shareholders at the annual meeting of the company held on 30 October 2002.

Options issued to the non-executive directors are issued pursuant to the Non-Executive Director Share Option Plan approved by shareholders at the annual meeting of the company held on 26 October 2000.

Options issued under the 1999 Executive Plan are exercisable one year after the date of issue, at the exercise price determined pursuant to the Plan, and lapse if they are not exercised within five years of the date of issue.

Options issued under the Managing Director Plan are exercisable three years after the date of issue, at the exercise price determined pursuant to the Plan, and lapse if they are not exercised within five years of the date of issue.

### EMPLOYEE REMUNERATION

The numbers of employees or former employees of the company and its subsidiaries, not being directors of the company, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of \$100,000 during the financial year ended 30 June 2005, are as listed below.

Remuneration	Employees	Remuneration	Employees
\$100,000 – \$109,999	17	\$240,000 – \$249,999	2
\$110,000 – \$119,999	12	\$250,000 – \$259,999	1
\$120,000 – \$129,999	9	\$270,000 – \$279,999	3
\$130,000 – \$139,999	7	\$280,000 – \$289,999	3
\$150,000 – \$159,999	3	\$310,000 – \$319,999	1
\$160,000 – \$169,999	8	\$380,000 – \$389,999	1
\$180,000 – \$189,999	3	\$410,000 – \$419,999	1
\$190,000 – \$199,999	2	\$440,000 – \$449,999	1
\$200,000 – \$209,999	2	\$500,000 – \$509,999	1
\$210,000 – \$219,999	3	\$570,000 – \$579,999	1
\$220,000 – \$229,999	2	\$600,000 – \$609,999	1
\$230,000 – \$239,999	2		

### DONATIONS

Donations are referred to in note 3 of the financial statements.

## TWENTY LARGEST SHAREHOLDERS AS AT 22 AUGUST 2005

	NUMBER OF SHARES	% OF SHARES
1 Investors Mutual Limited	31,932,216	7.65%
2 UBS Global Asset Management Group	25,750,873	6.17%
3 Commonwealth Bank Group/Colonial First State Global Asset Management	22,026,703	5.27%
4 Maple Brown Abbott	13,719,973	3.29%
5 Columbia Wanger Asset Management	9,862,759	2.36%
6 State Street Global Advisors Group	9,343,989	2.24%
7 Barclays Global Investors Group	9,061,545	2.17%
8 Fidelity Group	8,924,323	2.14%
9 Morgan Stanley Investment Management Group	8,372,093	2.00%
10 Promina Group	7,841,248	1.88%
11 AMP Capital Investors	7,109,839	1.70%
12 Deutsche Asset Management Group	6,167,822	1.48%
13 Tower Asset Management	5,988,385	1.43%
14 First NZ Securities (Private Clients)	4,479,950	1.07%
15 ING Investment Management Group	4,255,421	1.02%
16 ABN AMRO Craigs Limited (Private Clients)	4,236,864	1.01%
17 Bank of New Zealand Structured Finance	4,200,000	1.01%
18 Accident Compensation Corporation	3,593,540	0.86%
19 AXA Group	2,710,993	0.65%
20 Union Investment Group	2,689,859	0.64%
<b>Total</b>	<b>192,268,395</b>	<b>46.04%</b>

The analysis as set out above has been compiled based upon information provided by Computershare Analytics Pty Limited. Total shares on issue as at 22 August 2005 were 417,613,974.

## DISTRIBUTION OF ORDINARY SHARES AND REGISTERED SHAREHOLDINGS AS AT 22 AUGUST 2005

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 – 1,000	3,871	2,298,505
1,001 – 5,000	13,458	35,958,581
5,001 – 10,000	4,049	29,907,559
10,001 – 100,000	3,369	77,169,079
over 100,000	147	272,280,250
<b>Total</b>	<b>24,894</b>	<b>417,613,974</b>

As at 22 August 2005 there were 337 holdings of less than 113 shares, being the minimum marketable parcel of shares under ASX Listing Rules. The ASX Listing Rules define the minimum parcel as having a value of A\$500. Calculation of the minimum parcel of 113 shares is based on an exchange rate of A\$0.9221 and a SKYCITY share price of NZ\$4.82.

## Disclosures (continued)

### SUBSTANTIAL SECURITY HOLDERS

As at 19 July 2005, Commonwealth Bank of Australia Group gave notice, in accordance with the New Zealand Securities Markets Act 1988, that it was a substantial security holder in the company and had a relevant interest in 21,118,018 (5.06%) ordinary shares in the company.

As at 1 June 2005, Investors Mutual Limited gave notice, in accordance with the New Zealand Securities Markets Act 1988, that it was a substantial security holder in the company and had a relevant interest in 30,337,928 (7.26%) ordinary shares in the company.

As at 3 May 2005, UBS Nominees Pty Limited gave notice, in accordance with the New Zealand Securities Markets Act 1988, that it was a substantial security holder in the company and had a relevant interest in 21,813,251 (5.22%) ordinary shares in the company.

### TWENTY LARGEST CAPITAL NOTE HOLDERS AS AT 22 AUGUST 2005

	NUMBER OF CAPITAL NOTES	% OF CAPITAL NOTES
1 Investment Custodial Services Limited	5,023,000	3.35%
2 Private Nominees Limited	4,435,000	2.96%
3 Forbar Custodians Limited – PPM Medium A/C	3,906,000	2.60%
4 Forbar Custodians Limited – PPM Low A/C	1,816,000	1.21%
5 Custodial Services Limited – A/C 3	1,453,000	0.97%
6 First NZ Capital Custodians Limited	1,145,000	0.76%
7 Royal & SunAlliance Corporate Bond Premium Income Trust	1,000,000	0.67%
8 Citibank Nominees (New Zealand) Limited	857,000	0.57%
9 Forbar Custodians Limited – PPM High A/C	656,000	0.44%
10 Guardian Trust Investment Nominees (RWT) Limited	598,000	0.40%
11 Custodial Services Limited – A/C 2	511,000	0.34%
12 University of Otago	500,000	0.33%
13 Public Trust	500,000	0.33%
14 Waikimihia Farm Limited	500,000	0.33%
15 Cogent Nominees Limited	500,000	0.33%
16 Morrow Plastics Limited	500,000	0.33%
17 John William Dudley Ryder	500,000	0.33%
18 Forbar Custodians Limited – Residents 19.5% A/C	490,000	0.33%
19 Forbar Custodians Limited – Residents 33.0% A/C	411,000	0.28%
20 Knox Home Trust Board Inc	400,000	0.27%
<b>Total</b>	<b>25,701,000</b>	<b>17.13%</b>

As at 22 August 2005, 150 million SKYCITY Capital Notes (each capital note having an issue value of \$1.00) were on issue. As at 22 August 2005 SKYCITY is the holder of 26,140,250 capital notes, as treasury stock.

The capital notes have a maturity date of 15 May 2010.

**DISTRIBUTION OF CAPITAL NOTE HOLDINGS AS AT 22 AUGUST 2005**

SIZE OF HOLDING	NUMBER OF NOTE HOLDERS	NUMBER OF CAPITAL NOTES
1 – 1,000	–	–
1,001 – 5,000	421	2,102,000
5,001 – 10,000	895	8,402,250
10,001 – 100,000	2,335	74,278,500
over 100,000	92	65,217,250
<b>Total</b>	<b>3,743</b>	<b>150,000,000</b>

**WAIVERS FROM THE NEW ZEALAND EXCHANGE (NZX) LISTING RULES**

The following waivers from the NZX Listing Rules were effective as at balance date.

On 5 September 2002, the NZX granted waivers from compliance with Listing Rule (LR) 7.3.6 in respect of the participation by Ms H R Shotter in the company's Performance Pay Incentive Plan (PPI) and the Executive Share Option Plan (2002). Under the PPI, salaried employees of the company and its subsidiaries are entitled to bonuses, payable in cash and shares, if relevant financial and personal performance targets are met. Under the Executive Share Option Plan, options cannot be exercised before three years after the date of issue except in special circumstances. Options lapse if not exercised five years after the date of issue. Ms Shotter is married to Mr Davies, the Managing Director of the company. Accordingly, in the absence of the waiver, issues of shares under the PPI and options under the Executive Share Option Plan would require shareholder approval. The NZX granted the waiver on the condition that Ms Shotter's participation in the PPI and the Executive Share Option Plan is determined by an independent committee of the board of directors of the company, and that Mr Davies does not participate in determining the benefits provided to Ms Shotter.

On 5 April 2005, the NZX granted a waiver from LR 7.6.1 in respect of the purchase of capital notes by the company on expiry of the initial term of the capital notes on 16 May 2005. The capital notes are equity securities for the purposes of the NZX Listing Rules. If the waiver had not been granted, the capital notes could only have been acquired in accordance with the requirements of the Companies Act 1993 applicable to the purchase of shares or by obtaining the approval of all holders of equity securities whose rights have been materially affected by the redemption. The NZX granted the waiver on condition that prior to the resale of any capital notes that had been repurchased, the directors sign a certificate with the content prescribed by section 49(2) of the Companies Act 1993, in respect of the transfer as if the transfer involved an issue of the repurchased capital notes, and to deliver that certificate to the NZX.

On 9 June 2005, the NZX granted a waiver from LR 9.2.1 in respect of a \$100 million subordinated bridge facility with ANZ National Bank Limited. ANZ is a related party of the company under LR 9.2.3 by virtue of the fact that Sir Dryden Spring and Rob McLeod are directors of both companies. If the waiver had not been granted, the company would have been required to obtain the approval of shareholders for the facility. The NZX granted the waiver on the condition that directors of the company other than Sir Dryden Spring and Mr McLeod provide confirmation to NZX that the decision to enter into the facility was an arm's-length, commercial decision for SKYCITY, was not unduly influenced by Sir Dryden Spring or Mr McLeod, and was in the best interests of the company's shareholders.

On 24 June 2005, the NZX granted waivers from LRs 8.1.3, 8.1.4, 8.1.5, 8.1.8 and 8.1.9 in respect of the company's Executive Share Rights Plan 2005 (Rights Plan). The Rights Plan is substantially similar to the 2002 Option Plan referred to above. The material difference is that participants in the Rights Plan will be issued with rights that do not have a set conversion formula into ordinary shares. On exercise, a right holder will receive a number of shares calculated on the difference between the then prevailing market price of the shares and the exercise value of the rights under the Plan. The effect is that rights holders do not have to sell a large number of the shares received on exercise of their rights in order to pay the relevant exercise price. As a result the number of shares issued on exercise of the rights is less dilutionary for existing shareholders.

As for the 2002 Executive Share Option Plan, rights cannot be exercised before three years from their issue except in special circumstances. Rights lapse if not exercised within five years of their issue date. If the NZX had not granted the waivers the company would otherwise have had to adopt an option scheme to replace the 2002 Option Plan that was more dilutionary for existing shareholders than the Rights Plan. In addition, SKYCITY's directors would not have been able to make appropriate adjustments to the number of shares to be received on exercise in the event of a bonus issue of shares to shareholders. The NZX granted the waivers on condition that the company provide advance notice to NZX of any proposed adjustment to the terms of the rights to take into account any corporate action and provide a copy of the confirmation that the adjustment is fair from an independent party.

## Disclosures (continued)

In addition, on 24 June 2005, the NZX granted waivers from compliance with LR 7.3.6 in respect of the participation by Ms Shotter in the company's renewed Performance Pay Incentive Plan (2005 PPI) and the Executive Share Rights Plan 2005 (Rights Plan). As noted above under the Rights Plan, rights cannot be exercised before three years after the date of their issue, except in special circumstances. In the absence of the waivers, issues of shares under the 2005 PPI and rights under the Rights Plan to Ms Shotter would require shareholder approval. The NZX granted the waivers on the condition that an independent committee determines Ms Shotter's participation in the 2005 PPI and the Rights Plan, and that Mr Davies does not participate in determining the benefits provided to Ms Shotter.

The effect of all other waivers granted had ceased as at balance date.

### OPTION HOLDERS

As at 22 August 2005, options on issue were as detailed below.

- 459,000 options issued under the Executive Share Option Plan approved by shareholders at the annual meeting of the company on 28 October 1999, held by three holders. These options have no voting rights but entitle the holder to four shares on exercise of each option
- 62,892 options issued under the Non-Executive Director Share Option Plan approved by shareholders at the annual meeting of the company held on 26 October 2000, held by three holders. These options have no voting rights and entitle the holder to two shares on exercise of each option
- 2,338,530 options issued under the Managing Director Share Option Plan approved by shareholders at the annual meeting of the company on 30 October 2002, held by one holder. These options have no voting rights but entitle the holder to two shares on exercise of each option
- 4,040,500 options issued under the Executive Share Option Plan approved by directors of the company in August 2002, held by 28 holders. The options have no voting rights but 1,766,000 of the options entitle the holder to two shares on exercise of each option and the balance of 2,274,500 entitles the holder to one share on exercise of each option.

### LIMITATIONS ON ACQUISITION OF ORDINARY SHARES

The company's constitution contains various provisions which were included to take into account the application of:

- the Gambling Act 2003 (New Zealand)
- the Casino Act 1997 (South Australia)
- the Gaming Control Act 1993 (Northern Territory)
- the legislation providing for the establishment, operation and regulation of casinos in any other jurisdiction in which SKYCITY or any of its subsidiaries may hold a casino licence to SKYCITY Entertainment Group Limited and any of its subsidiaries.

SKYCITY needs to ensure, when it participates in gaming activities:

- that it has the power under its constitution to take such action as may be necessary to ensure that its suitability to do so in a particular jurisdiction is not affected by the identity or actions (including share dealings) of a shareholder
- that there are appropriate protections to ensure that persons do not gain positions of significant influence or control over SKYCITY or its business activities without obtaining any necessary statutory or regulatory approvals in those jurisdictions.

Accordingly, the constitution contains the following provisions restricting the acquisition of shares in the company to achieve this.

### TRANSFER OF SHARES

Clause 12.11 of the constitution provides that if a transfer of shares results in the transferee, and the persons associated with that transferee:

- holding more than 5% of the shares in SKYCITY; or
- increasing their combined holding further beyond 5% if:
  - they already hold more than 5% of the shares in SKYCITY; and
  - the transferee has not been approved by the relevant regulatory authority as an Associated Casino Person of any casino licence holder;

**TRANSFER OF SHARES – CONTINUED**

then the votes attaching to all shares held by the transferee and the persons associated with that transferee are suspended unless and until either:

- each regulatory authority advises that approval is not needed
- any regulatory authority which determines that its approval is required approves the transferee, together with the persons associated with that transferee, as an Associated Casino Person of any applicable casino licence holder
- the board of the company is satisfied that registration of the proposed transfer will not prejudice any casino licence; or
- the transferee, and the persons associated with that transferee, disposes of such number of SKYCITY's shares as will result in their combined holding falling below 5% or, if the regulatory authorities approve in respect of the transferee, and the persons associated with that transferee, a higher percentage, the lowest such percentage approved by the regulatory authorities.

If a regulatory authority does not grant its approval to the proposed transfer, SKYCITY may sell such number of the shares held by the transferee and by any persons associated with that transferee, as may be necessary to reduce their combined shareholding to a level that will not result in the transferee and the persons associated with that transferee, being an Associated Casino Person of that casino licence holder.

The power of sale can only be exercised if SKYCITY has given one month's notice to the transferee of its intention to exercise that power and the transferee has not, during that one-month period, transferred the requisite number of shares in SKYCITY to a person who is not associated with the transferee.

**OTHER LEGISLATION/REQUIREMENTS**

General limitations on the acquisition of the securities imposed by the jurisdiction in which SKYCITY is incorporated (i.e. New Zealand law) are referred to below.

Other than the provisions noted above, the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.

The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in SKYCITY, or the increase of an existing holding of 20% or more of the voting rights in SKYCITY, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares in the company.

The New Zealand Overseas Investment Act 1973 and the Overseas Investment Regulations 1995 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Commission is likely to be required when an 'overseas person' acquires shares or an interest in shares in SKYCITY Entertainment Group Limited that amount to more than 25% of the shares issued by the company, or if the overseas person already holds 25% or more, the acquisition increases that holding.

The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in SKYCITY if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

**OTHER REQUIRED DISCLOSURES**

SKYCITY Entertainment Group Limited has no securities subject to an escrow arrangement.

SKYCITY Entertainment Group Limited is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act (Australia).

SKYCITY Entertainment Group Limited currently has in place an on-market buyback programme (commenced 29 August 2005).

There are no material differences between the ASX Appendix 4E issued by SKYCITY Entertainment Group Limited for 30 June 2005 and this annual report.