

SHARE CAPITAL

The Company has not redeemed any of its shares during the six months ended 30th June 2002. Neither the Company nor any of its subsidiary companies have purchased or sold any of the Company's shares during the six months ended 30th June 2002.

DIRECTORS' INTERESTS AND SHARE OPTIONS

At 30th June 2002, the interests of each director in the shares of the Company and its associated corporation, K. Wah Construction Materials Limited, and the details of any right to subscribe for shares of the Company and K. Wah Construction Materials Limited and of the exercise of such rights, as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Ordinary Shares of the Company:

	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Lui Che Woo	241,895	6,564,657	32,251,381 ⁽¹⁾	1,155,322,894 ⁽²⁾	1,194,380,827
Francis Lui Yiu Tung	379,804	—	—	1,155,322,894 ⁽²⁾	1,155,702,698
Albert To Tak Pui	—	—	—	—	—
Lennon Lun Tsan Kau	—	—	—	—	—
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,155,322,894 ⁽²⁾	1,159,962,060
David Akers-Jones	—	—	—	—	—
Michael Leung Man Kin	—	—	—	—	—
Alex Wu Shu Chih	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—
Robin Chan Yau Hing	248,812	—	—	—	248,812
Charles Cheung Wai Bun	7,239	—	—	—	7,239

(b) Share Options of the Company:

At 30th June 2002, the particulars of the options held by each of the directors of the Company and the employees of the Company in aggregate granted under the Share Option Scheme of the Company or under any other share option schemes of the Company, were as follows:

	Date of grant	Options held at 1st January 2002	Options granted during period	Options exercised during period	Options held at 30th June 2002	Exercise price (HK\$)	Exercise period
Lui Che Woo	20 May 1998	1,500,000	—	—	1,500,000	0.5586	20 May 1999 - 19 May 2008
	30 Dec 1999	1,350,000	—	—	1,350,000	0.36	30 Dec 2000 - 29 Dec 2009
Francis Lui Yiu Tung	20 May 1998	1,000,000	—	—	1,000,000	0.5586	20 May 1999 - 19 May 2008
	30 Dec 1999	1,200,000	—	—	1,200,000	0.36	30 Dec 2000 - 29 Dec 2009
Albert To Tak Pui	—	—	—	—	—	—	—
Lennon Lun Tsan Kau	30 Dec 1999	500,000	—	—	500,000	0.36	30 Dec 2000 - 29 Dec 2009
Paddy Tang Lui Wai Yu	20 May 1998	600,000	—	—	600,000	0.5586	20 May 1999 - 19 May 2008
	30 Dec 1999	870,000	—	—	870,000	0.36	30 Dec 2000 - 29 Dec 2009
David Akers-Jones	—	—	—	—	—	—	—
Michael Leung Man Kin	20 May 1998	300,000	—	—	300,000	0.5586	20 May 1999 - 19 May 2008
	30 Dec 1999	870,000	—	—	870,000	0.36	30 Dec 2000 - 29 Dec 2009
Alex Wu Shu Chih	—	—	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—	—	—
Robin Chan Yau Hing	—	—	—	—	—	—	—
Charles Cheung Wai Bun	—	—	—	—	—	—	—
Employees of the Company	20 May 1998	5,952,000	—	1,830,000 ¹	4,122,000	0.5586	20 May 1999 - 19 May 2008
	30 Dec 1999	8,440,000	—	3,211,000 ²	5,229,000	0.36	30 Dec 2000 - 29 Dec 2009

Notes:

1. For 1,130,000 options, exercise date was 26th April 2002. At the date before the options were exercised, the closing price per share was HK\$0.75.

For 120,000 options, exercise date was 3rd May 2002. At the date before the options were exercised, the closing price per share was HK\$0.81.

For 400,000 options, exercise date was 16th May 2002. At the date before the options were exercised, the closing price per share was HK\$0.82.

For 80,000 options, exercise date was 17th May 2002. At the date before the options were exercised, the closing price per share was HK\$0.82.

For 100,000 options, exercise date was 21st May 2002. At the date before the options were exercised, the closing price per share was HK\$0.85.

2. For 1,170,000 options, exercise date was 26th February 2002. At the date before the options were exercised, the closing price per share was HK\$0.65.

For 700,000 options, exercise date was 15th April 2002. At the date before the options were exercised, the closing price per share was HK\$0.68.

For 954,000 options, exercise date was 26th April 2002. At the date before the options were exercised, the closing price per share was HK\$0.75.

For 237,000 options, exercise date was 17th May 2002. At the date before the options were exercised, the closing price per share was HK\$0.82.

For 150,000 options, exercise date was 20th June 2002. At the date before the options were exercised, the closing price per share was HK\$0.71.

All options referred to above are subject to a one-year vesting period.

(c) Ordinary Shares of K. Wah Construction Materials Limited:

	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Lui Che Woo	7,183,641	1,389,650	71,008,557 ⁽³⁾	823,069,667 ⁽²⁾	902,651,515
Francis Lui Yiu Tung	2,822	—	—	823,069,667 ⁽²⁾	823,072,489
Albert To Tak Pui	—	—	—	—	—
Lennon Lun Tsan Kau	—	—	—	—	—
Paddy Tang Lui Wai Yu	1,861,906	—	—	823,069,667 ⁽²⁾	824,931,573
David Akers-Jones	—	—	—	—	—
Michael Leung Man Kin	—	—	—	—	—
Alex Wu Shu Chih	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—
Robin Chan Yau Hing	57,663	—	—	—	57,663
Charles Cheung Wai Bun	1,810	—	—	—	1,810

(d) Share Options of K. Wah Construction Materials Limited:

At 30th June 2002, the particulars of the options held by each of the directors of the Company and the employees of K. Wah Construction Materials Limited (“KWCM”) in aggregate granted under the Share Option Scheme of KWCM or under any other share option schemes of KWCM, were as follows:

	Date of grant	Options held at 1st January 2002	Options granted during period	Options exercised during period	Options held at 30th June 2002	Exercise price (HK\$)	Exercise period
Lui Che Woo	20 May 1998	1,500,000	—	—	1,500,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	1,800,000	—	—	1,800,000	0.5216	30 Dec 2000 - 29 Dec 2009
Francis Lui Yiu Tung	20 May 1998	1,000,000	—	—	1,000,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	1,600,000	—	—	1,600,000	0.5216	30 Dec 2000 - 29 Dec 2009
Albert To Tak Pui	—	—	—	—	—	—	—
Lennon Lun Tsan Kau	—	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	20 May 1998	600,000	—	—	600,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	1,070,000	—	—	1,070,000	0.5216	30 Dec 2000 - 29 Dec 2009
David Akers-Jones	—	—	—	—	—	—	—
Michael Leung Man Kin	20 May 1998	300,000	—	—	300,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	1,070,000	—	—	1,070,000	0.5216	30 Dec 2000 - 29 Dec 2009
Alex Wu Shu Chih	—	—	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—	—	—
Robin Chan Yau Hing	—	—	—	—	—	—	—
Charles Cheung Wai Bun	—	—	—	—	—	—	—
Employees of KWCM	20 May 1998	9,762,000	—	200,000 ¹	9,562,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	20,692,000	—	930,000 ²	19,762,000	0.5216	30 Dec 2000 - 29 Dec 2009

Notes:

1. Exercise date was 25th April 2002. At the date before the options were exercised, the closing price per share was HK\$0.65.
2. For 50,000 options, exercise date was 8th March 2002. At the date before the options were exercised, the closing price per share was HK\$0.59.

For 650,000 options, exercise date was 25th April 2002. At the date before the options were exercised, the closing price per share was HK\$0.65.

For 180,000 options, exercise date was 9th May 2002. At the date before the options were exercised, the closing price per share was HK\$0.70.

For 50,000 options, exercise date was 10th May 2002. At the date before the options were exercised, the closing price per share was HK\$0.69.

All options referred to above are subject to a one-year vesting period.

Notes:

- (1) 32,251,381 shares in the Company were held by Best Chance Investments Ltd. which was controlled by Dr. Lui Che Woo.
- (2) 1,155,322,894 shares in the Company representing more than one-third of its issued share capital were held by discretionary trusts. The Company was interested in 819,476,512 shares in K. Wah Construction Materials Limited representing more than one-third of its issued share capital held by a wholly owned subsidiary of the Company. In addition, a discretionary trust was interested in 3,593,155 shares in K. Wah Construction Materials Limited. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu, as discretionary beneficiaries interested in the trusts, are deemed to be interested in those shares in the Company and K. Wah Construction Materials Limited held by the trusts and in those shares in K. Wah Construction Materials Limited in which the Company was interested as aforesaid.
- (3) 71,008,557 shares in K. Wah Construction Materials Limited were held by Best Chance Investments Ltd. which was controlled by Dr. Lui Che Woo.

SUBSTANTIAL SHAREHOLDERS

At 30th June 2002, the interest of every person (other than a director or chief executive of the Company) having an interest in 10 percent or more of the issued share capital of the Company as recorded in the register maintained under section 16(1) of the SDI Ordinance were as follows:

Name	Number of Ordinary Shares
HSBC Holdings plc	1,155,428,652 (<i>Note</i>)
HSBC Bank plc	1,155,428,652 (<i>Note</i>)
Midcorp Limited	1,155,428,652 (<i>Note</i>)
Griffin International Limited	1,155,428,652 (<i>Note</i>)
HSBC Europe BV	1,155,428,652 (<i>Note</i>)
HSBC Europe (Netherlands) BV	1,155,428,652 (<i>Note</i>)
HSBC International Trustee Limited	1,155,428,652 (<i>Note</i>)

(*Note*): HSBC International Trustee Limited is the trustee of discretionary trusts which hold 1,155,428,652 shares in the Company. Each of HSBC Holdings plc, HSBC Bank plc, Midcorp Limited, Griffin International Limited, HSBC Europe BV and HSBC Europe (Netherlands) BV are deemed to be interested in the 1,155,428,652 shares in the Company held by HSBC International Trustee Limited, being a wholly owned subsidiary within the HSBC Group.

There was duplication of interest of:

- (i) 1,155,322,894 shares in the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu, HSBC Holdings plc, HSBC Bank plc, Midcorp Limited, Griffin International Limited, HSBC Europe BV, HSBC Europe (Netherlands) BV and HSBC International Trustee Limited; and
- (ii) 823,069,667 shares in K. Wah Construction Materials Limited between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu.

PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

As at 30th June 2002, the Group had given financial assistance and guarantees to financial institution for the benefit of its affiliated companies amounting to, in aggregate, approximately 26.2% of the Group's net asset value.

In compliance with Practice Note 19 of the Listing Rules, the proforma combined balance sheet of the affiliated companies as at the balance sheet date is disclosed as follows:

	<i>HK\$'000</i>
Non-current assets	2,149,194
Current assets	296,659
Current liabilities	<u>(142,006)</u>
Net assets	<u><u>2,303,847</u></u>
Share capital	198,883
Reserves	500,125
Amounts due to shareholders	1,389,964
Non-current liabilities	<u>214,875</u>
	<u><u>2,303,847</u></u>

AUDIT COMMITTEE

Having been reviewed by the Company's Auditors, PricewaterhouseCoopers, the Group's Interim report for the six months ended 30th June 2002 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee which meets at least twice each year.

CLOSE OF REGISTERS

The registers of members will be closed from 7th October 2002 to 11th October 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the dividend, shareholders must ensure that all transfers together with the relevant share certificates are lodged with the Company's Branch Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 4th October 2002.

CODE OF BEST PRACTICE

For the six months ended 30th June 2002, the Company has complied with the Code of Best Practice issued by The Stock Exchange of Hong Kong Limited save and except that, prior to the 2000 Annual General Meeting of the Company ("2000 AGM"), non-executive directors are being appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws. Commencing from the 2000 AGM, non-executive directors are being appointed for a term of three years, who may under special circumstances be re-appointed for another 3-year term.

By Order of the Board
Steven Tong Kui Nam
Company Secretary

Hong Kong, 18th September 2002

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