

## SHARE CAPITAL

The Company has not redeemed any of its shares during the six months ended 30th June 2004. 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 2004.

## DIRECTORS' INTERESTS AND SHARE OPTIONS

At 30th June 2004, the interests of each director in the shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), 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 352 of the SFO 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	% of issued share capital as at 30th June 2004
Lui Che Woo	263,644	7,013,966	37,507,971 <sup>(1)</sup>	1,236,885,458 <sup>(2)</sup>	1,281,671,039	64.65
Francis Lui Yiu Tung	391,163	—	—	1,236,885,458 <sup>(2)</sup>	1,237,276,621	62.41
Lennon Lun Tsan Kau	—	—	—	—	—	—
Eddie Hui Ki On	—	—	—	—	—	—
William Lo Chi Chung	100,000	—	—	—	100,000	0.01
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,236,885,458 <sup>(2)</sup>	1,241,524,624	62.62
David Akers-Jones	—	—	—	—	—	—
Michael Leung Man Kin	—	—	—	—	—	—
Alex Wu Shu Chih	—	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—	—
Robin Chan Yau Hing	271,181	—	—	—	271,181	0.01
Charles Cheung Wai Bun	7,239	—	—	—	7,239	0.00

**(b) Share Options of the Company:**

At 30th June 2004, the particulars of the options held by each of the directors of the Company, the employees of the Company in aggregate and other participants 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 2004	Options granted during the period	Options exercised during the period	Options held at 30th June 2004	Exercise price (HK\$)	Exercise period
Lui Che Woo	20th May 1998	1,500,000	—	—	1,500,000	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	1,350,000	—	—	1,350,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	2,000,000	—	—	2,000,000	0.7200	1st Mar 2004 – 28th Feb 2013
Francis Lui Yiu Tung	20th May 1998	1,000,000	—	—	1,000,000	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	1,200,000	—	—	1,200,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	1,868,000	—	—	1,868,000	0.7200	1st Mar 2004 – 28th Feb 2013
Lennon Lun Tsan Kau	30th Dec 1999	500,000	—	—	500,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	1,054,000	—	—	1,054,000	0.7200	1st Mar 2004 – 28th Feb 2013
Eddie Hui Ki On	—	—	—	—	—	—	—
William Lo Chi Chung	—	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	20th May 1998	600,000	—	—	600,000	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	870,000	—	—	870,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	1,269,000	—	—	1,269,000	0.7200	1st Mar 2004 – 28th Feb 2013
David Akers-Jones	28th Feb 2003	150,000	—	—	150,000	0.7200	1st Mar 2004 – 28th Feb 2013
Michael Leung Man Kin	20th May 1998	300,000	—	300,000 <sup>(a)</sup>	—	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	870,000	—	870,000 <sup>(a)</sup>	—	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	300,000	—	—	300,000	0.7200	1st Mar 2004 – 28th Feb 2013
Alex Wu Shu Chih	28th Feb 2003	150,000	—	—	150,000	0.7200	1st Mar 2004 – 28th Feb 2013

### (b) Share Options of the Company: (continued)

	Date of grant	Options held at 1st January 2004	Options granted during the period	Options exercised during the period	Options held at 30th June 2004	Exercise price (HK\$)	Exercise period
Philip Wong Kin Hang	28th Feb 2003	300,000	—	—	300,000	0.7200	1st Mar 2004 – 28th Feb 2013
Leo Lee Tung Hai	28th Feb 2003	150,000	—	—	150,000	0.7200	1st Mar 2004 – 28th Feb 2013
Robin Chan Yau Hing	28th Feb 2003	150,000	—	—	150,000	0.7200	1st Mar 2004 – 28th Feb 2013
Charles Cheung Wai Bun	28th Feb 2003	300,000	—	—	300,000	0.7200	1st Mar 2004 – 28th Feb 2013
Employees	20th May 1998	3,179,000	—	440,000 <sup>(b)</sup>	2,739,000	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	3,944,000	—	370,000 <sup>(c)</sup>	3,574,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	9,391,000	—	2,451,000 <sup>(d)</sup>	6,940,000	0.7200	1st Mar 2004 – 28th Feb 2013
	29th Dec 2003	4,000,000	—	—	4,000,000	1.3000	30th Dec 2003 – 29th Dec 2013
Others	28th Feb 2003	372,000	—	—	372,000	0.7200	1st Mar 2004 – 28th Feb 2013
	29th Dec 2003	3,000,000	—	—	3,000,000	1.3000	30th Dec 2003 – 29th Dec 2013

*Notes:*

- (a) The options were exercised on the same date and the weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK\$1.63.
- (b) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the period was HK\$1.45.
- (c) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the period was HK\$1.24.
- (d) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised during the period was HK\$1.64.

Except for the options granted on 29th December 2003 which were fully vested at the date of grant, the other options referred to above are subject to a one-year vesting period.

The consideration paid by each grantee for each grant of options is HK\$1.00.

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

	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% of issued share capital as at 30th June 2004
Lui Che Woo	7,969,955	1,447,452	75,778,513 <sup>(3)</sup>	850,514,983 <sup>(2)</sup>	935,710,903	73.62
Francis Lui Yiu Tung	2,937	—	—	850,514,983 <sup>(2)</sup>	850,517,920	66.92
Lennon Lun Tsan Kau	—	—	—	—	—	—
Eddie Hui Ki On	—	—	—	—	—	—
William Lo Chi Chung	186,000	—	—	—	186,000	0.01
Paddy Tang Lui Wai Yu	1,861,906	—	—	850,514,983 <sup>(2)</sup>	852,376,889	67.06
David Akers-Jones	—	—	—	—	—	—
Michael Leung Man Kin	—	—	—	—	—	—
Alex Wu Shu Chih	—	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—	—
Robin Chan Yau Hing	63,973	—	—	—	63,973	0.01
Charles Cheung Wai Bun	1,810	—	—	—	1,810	0.00

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

At 30th June 2004, 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 2004	Options granted during the period	Options exercised during the period	Options held at 30th June 2004	Exercise price (HK\$)	Exercise period
Lui Che Woo	20th May 1998	1,500,000	—	—	1,500,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	1,800,000	—	—	1,800,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	2,000,000	—	—	2,000,000	0.5140	1st Mar 2004 – 28th Feb 2013
Francis Lui Yiu Tung	20th May 1998	1,000,000	—	—	1,000,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	1,600,000	—	—	1,600,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	1,870,000	—	—	1,870,000	0.5140	1st Mar 2004 – 28th Feb 2013
Lennon Lun Tsan Kau	—	—	—	—	—	—	—

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

	Date of grant	Options held at 1st January 2004	Options granted during the period	Options exercised during the period	Options held at 30th June 2004	Exercise price (HK\$)	Exercise period
Eddie Hui Ki On	—	—	—	—	—	—	—
William Lo Chi Chung	—	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	20th May 1998	600,000	—	—	600,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	1,070,000	—	—	1,070,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	1,270,000	—	—	1,270,000	0.5140	1st Mar 2004 – 28th Feb 2013
David Akers-Jones	—	—	—	—	—	—	—
Michael Leung Man Kin	20th May 1998	300,000	—	—	300,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	1,070,000	—	—	1,070,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	300,000	—	—	300,000	0.5140	1st Mar 2004 – 28th Feb 2013
Alex Wu Shu Chih	—	—	—	—	—	—	—
Philip Wong Kin Hang	—	—	—	—	—	—	—
Leo Lee Tung Hai	—	—	—	—	—	—	—
Robin Chan Yau Hing	—	—	—	—	—	—	—
Charles Cheung Wai Bun	28th Feb 2003	300,000	—	—	300,000	0.5140	1st Mar 2004 – 28th Feb 2013
Employees of KWCM	20th May 1998	9,262,000	—	1,924,000 <sup>(g)</sup>	7,338,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	19,226,000	—	5,138,000 <sup>(f)</sup>	14,088,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	14,292,000*	—	3,896,000 <sup>(g)</sup>	10,396,000	0.5140	1st Mar 2004 – 28th Feb 2013
Others	20th May 1998	300,000	—	300,000 <sup>(h)</sup>	—	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	536,000	—	536,000 <sup>(h)</sup>	—	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	450,000*	—	300,000 <sup>(h)</sup>	150,000	0.5140	1st Mar 2004 – 28th Feb 2013

\* after reclassification of share options held by an ex-director of KWCM under "Employees of KWCM" to "Others".

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

- (e) The weighted average closing price of KWCM's shares immediately before the dates on which the options were exercised during the period was HK\$0.76.
- (f) The weighted average closing price of KWCM's shares immediately before the dates on which the options were exercised during the period was HK\$0.78.
- (g) The weighted average closing price of KWCM's shares immediately before the dates on which the options were exercised during the period was HK\$0.84.
- (h) The options were exercised on the same date and the weighted average closing price of KWCM's shares immediately before the date on which the options were exercised was HK\$0.86.

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

The consideration paid by each grantee for each grant of options is HK\$1.00.

*Notes:*

- (1) 34,503,760 shares and 3,004,211 shares in the Company were respectively held by Best Chance Investments Ltd. and Po Kay Securities & Shares Company Limited, both of which were controlled by Dr. Lui Che Woo.
- (2) 1,236,885,458 shares in the Company representing more than one-third of its issued share capital were held by the discretionary trusts established by Dr. Lui Che Woo as founder. The Company was interested in 846,625,308 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, one of the said discretionary trusts was interested in 3,889,675 shares in K. Wah Construction Materials Limited. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, as either direct or indirect discretionary beneficiaries of the discretionary family trusts, are deemed to be interested in those shares in the Company and those shares in 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) 75,778,513 shares in K. Wah Construction Materials Limited were held by Best Chance Investments Ltd. which was controlled by Dr. Lui Che Woo.

## Other Information

Save as disclosed above, as at 30th June 2004, none of the directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

### SUBSTANTIAL SHAREHOLDERS

At 30th June 2004, the interests of every person (not being a director or chief executive of the Company) in the shares of the Company as recorded in the register kept under section 336 of the SFO were as follows:

Name	Long Position		Short Position	
	Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital
HSBC International Trustee Limited	1,193,975,939 <sup>(1)</sup>	60.22	—	—
Marapro Co., Ltd.	187,126,116 <sup>(2)</sup>	9.44	—	—
Symmetry Co., Ltd.	187,126,116 <sup>(2)</sup>	9.44	—	—
Polymate Co., Ltd.	187,126,116 <sup>(3)</sup>	9.44	—	—
Morgan Stanley	149,825,214	7.56	127,163,800	6.41
Moore Michael William	139,555,416	7.04	—	—
Penta Investment Advisers Ltd.	139,555,416	7.04	—	—
Zwaanstra John	139,555,416	7.04	—	—

#### Notes:

- (1) HSBC International Trustee Limited is the trustee of discretionary trusts which hold 1,193,975,939 shares in the Company.
- (2) Marapro Co., Ltd. is a beneficiary and Symmetry Co., Ltd. is a trustee of a trust which was interested in 187,126,116 shares in the Company.
- (3) Polymate Co., Ltd. is the ultimate holding company of companies interested in 187,126,116 shares in the Company.

There were duplication of interest of:

- (i) 1,236,885,458 shares in the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu. Among these shares, 1,193,630,181 shares in the Company were also interested by HSBC International Trustee Limited and 187,126,116 shares in the Company were also interested by Marapro Co., Ltd., Symmetry Co., Ltd. and Polymate Co., Ltd.;
- (ii) 850,514,983 shares in K. Wah Construction Materials Limited between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu; and
- (iii) 139,555,416 shares in the Company between Moore Michael William, Penta Investment Advisers Ltd. and Zwaanstra John.

Save as disclosed above, as at 30th June 2004, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the SFO.

#### **AUDIT COMMITTEE**

Having been reviewed by the Company's Auditors, PricewaterhouseCoopers, the Group's interim financial information for the six months ended 30th June 2004 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee which meets at least twice each year.

#### **CHANGE IN THE BOARD**

The Board welcomes the appointment of Mr. Robert George Nield as an independent non-executive director of the Company with effect from 8th September 2004, bringing substantial valuable experience to the Group.

### CLOSE OF REGISTERS

The registers of members will be closed from 27th September 2004 to 4th October 2004, 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 24th September 2004.

### CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Steven Tong Kui Nam**  
Company Secretary

Hong Kong, 8th September 2004

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North Point  
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*As at the date of this report, the executive directors of the Company are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Lennon Lun Tsan Kau, Mr. Eddie Hui Ki On, Mr. William Lo Chi Chung and Mrs. Paddy Tang Lui Wai Yu. The non-executive director is Mr. Michael Leung Man Kin and the independent non-executive directors are Sir David Akers-Jones, Dr. Alex Wu Shu Chih, Dr. Philip Wong Kin Hang, Dr. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield.*