

### INTERIM RESULTS

The Directors of K. Wah Construction Materials Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th June 2002 together with comparative figures for the corresponding period last year as follows:

The Group’s turnover for the six months ended 30th June 2002 was HK\$486,151,000, representing a decrease of HK\$55,519,000 over the corresponding period last year.

The Group’s unaudited profit attributable to shareholders for the six months ended 30th June 2002 amounted to HK\$35,983,000, representing a decrease of HK\$29,360,000 over the corresponding period last year.

### INTERIM DIVIDEND

The Board of Directors has resolved to pay an interim dividend of 1 cent per ordinary share (2001: 1.5 cents scrip dividend with cash option), totalling HK\$12,397,000 for the six months ended 30th June 2002 (2001: HK\$17,910,000) to shareholders whose names appear on the register of members of the Company at the close of business on 11th October 2002. The Board has also resolved that such dividend should take the form of a scrip dividend with shareholders being given the option of receiving cash in place of part or all of the scrip dividend. A circular containing details of the scrip dividend will be sent to shareholders of the Company in due course.

# Consolidated Profit and Loss Statement

For The Six Months Ended 30th June 2002

		2002	2001
	Note	HK\$'000	HK\$'000
Turnover	2	486,151	541,670
Cost of sales		<u>(427,329)</u>	<u>(447,299)</u>
Gross profit		58,822	94,371
Other revenues		18,181	26,266
Other operating income		2,278	11,337
Administrative expenses		(28,424)	(32,597)
Other operating expenses		<u>(5,612)</u>	<u>(14,330)</u>
Operating profit	3	45,245	85,047
Finance costs		(4,491)	(8,961)
Share of profits less losses of			
Jointly controlled entities		691	313
Associated companies		<u>(530)</u>	<u>26</u>
Profit before taxation		40,915	76,425
Taxation	4	<u>(3,280)</u>	<u>(8,999)</u>
Profit after taxation		37,635	67,426
Minority interests		<u>(1,652)</u>	<u>(2,083)</u>
Profit attributable to shareholders		<u>35,983</u>	<u>65,343</u>
Interim dividend		<u>12,397</u>	<u>17,910</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6	<u>3.0</u>	<u>5.7</u>

# Consolidated Balance Sheet

As at 30th June 2002

		30th June 2002 HK\$'000	31st December 2001 HK\$'000
Non-current assets			
Fixed assets	7	674,829	675,498
Jointly controlled entities		181,050	177,818
Associated companies		87,202	86,033
Other non-current assets	7	158,905	141,709
		<u>1,101,986</u>	<u>1,081,058</u>
Current assets			
Inventories		57,541	63,079
Debtors and prepayments	8	355,256	335,449
Other investments		—	280,000
Taxation recoverable		5,472	3,380
Cash and bank balances		580,239	299,123
		<u>998,508</u>	<u>981,031</u>
Current liabilities			
Creditors and accruals	9	240,951	266,862
Current portion of long-term liabilities	12	10,000	101,555
Short-term bank loans, unsecured		65,940	183,690
Taxation payable		6,552	5,134
Dividend payable		30,446	—
		<u>353,889</u>	<u>557,241</u>
Net current assets		<u>644,619</u>	<u>423,790</u>
		<u>1,746,605</u>	<u>1,504,848</u>
Financed by:			
Share capital	10	121,787	121,674
Reserves	11	1,241,913	1,235,958
Shareholders' funds		1,363,700	1,357,632
Minority interests		139,244	125,547
Long-term liabilities	12	225,000	—
Non-current liabilities		18,661	21,669
		<u>1,746,605</u>	<u>1,504,848</u>

## Consolidated Cash Flow Statement

For The Six Months Ended 30th June 2002

	2002 HK\$'000	2001 HK\$'000
Net cash inflow from operating activities	20,654	90,944
Net cash inflow/(outflow) from investing activities	232,206	(31,729)
Net cash inflow from financing activities	<u>28,332</u>	<u>14,438</u>
Net increase in cash and bank balances	281,192	73,653
Change in exchange rate	(76)	(6)
Cash and bank balances at beginning of period	<u>299,123</u>	<u>234,334</u>
Cash and bank balances at end of period	<u><u>580,239</u></u>	<u><u>307,981</u></u>

## Consolidated Statement of Changes in Equity

For The Six Months Ended 30th June 2002

	Note	2002 HK\$'000	2001 HK\$'000
Balance at beginning of the period		1,357,632	1,276,808
Issue of share upon exercise of share option	10 & 11	590	53
Exchange differences arising on translation of overseas operation	11	(59)	153
Profit for the period	11	35,983	65,343
Dividends			
Final dividend	11	<u>(30,446)</u>	<u>(46,066)</u>
Balance at end of the period		<u><u>1,363,700</u></u>	<u><u>1,296,291</u></u>

## 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants.

The Group has also adopted SSAP34 “Employee Benefits”, which is effective for the period commencing on or after 1st January 2002.

The accounting policies adopted are consistent with those described in the 2001 Annual Report and Accounts.

## 2. TURNOVER AND RESULTS

The Group is principally engaged in manufacture, sale and distribution of construction materials.

	Turnover		Operating Profit	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of construction materials				
Hong Kong	264,616	395,376	36,406	82,827
Mainland China	221,535	146,294	8,839	2,220
	<u>486,151</u>	<u>541,670</u>	<u>45,245</u>	<u>85,047</u>

## 3. OPERATING PROFIT

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting:		
Profit on disposal of listed investments	103	6,583
Profit on disposal of fixed assets	80	144
Amortisation of negative goodwill	315	—
	<u>498</u>	<u>6,827</u>

## Notes to the Financial Statements

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
and after charging:		
Amortisation		
Quarry site development	394	887
Overburden removal costs	7,506	5,110
Depreciation	30,569	39,739
Operating lease rental for land and buildings	6,671	9,144
Royalty	1,108	3,177
Cost of inventories sold	364,084	373,221
Unrealised loss on long-term investments	697	—
	<u>          </u>	<u>          </u>

#### 4. TAXATION

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Company and subsidiaries		
Hong Kong profits tax	3,517	8,539
Mainland China profits tax	2,247	437
Deferred taxation	(2,693)	—
	<u>          </u>	<u>          </u>
	3,071	8,976
Jointly controlled entities		
Mainland China profits tax	209	—
Associated companies		
Hong Kong profits tax	—	23
	<u>          </u>	<u>          </u>
	3,280	8,999
	<u>          </u>	<u>          </u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period.

Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which those profits arose.

**5. DIVIDENDS**

	2002 HK\$'000	2001 HK\$'000
2001 Final scrip dividend with a cash option, payable, of 2.5 cents per share	30,446	
2000 Final scrip dividend with a cash option, paid, of 4.0 cents per share		
Scrip		22,796
Cash		23,270
	<u>30,446</u>	<u>46,066</u>

The Board of Directors declares an interim scrip dividend of 1 cent per share (2001: 1.5 cents) with a cash option, totaling HK\$12,397,000 for the six months ended 30th June 2002 (2001: HK\$17,910,000) to shareholders whose names appear on the register of members of the Company at the close of business on 11th October 2002. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2002.

**6. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on profit attributable to shareholders of HK\$35,983,000 (2001: HK\$65,343,000) and the weighted average number of 1,217,133,737 shares (2001: 1,151,690,000 shares) in issue during the period.

The diluted earnings per share is not presented as the exercise of the share options outstanding as at 30th June 2002 would not have a dilutive effect on the earnings per share.

**7. CAPITAL EXPENDITURE**

For the six months ended 30th June 2002, the Group incurred HK\$31,000,000 on fixed assets and HK\$18,000,000 on deferred expenditure.



## 8. DEBTORS AND PREPAYMENTS

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Trade debtors	262,756	250,022
Other receivable	45,736	39,840
Prepayments	46,764	45,587
	<u>355,256</u>	<u>335,449</u>

The Group has established credit policies, which follow local industry standard. The Group normally allows an approved credit period ranging from 30 to 60 days for customers in Hong Kong and 120 to 180 days for customers in Mainland China. These are subject to periodic review by management.

The aging analysis of the Group's trade debtors based on the dates of the invoices and net of provision for bad and doubtful debts is as follows:

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Within one month	82,331	94,155
Two to three months	126,746	110,361
Four to six months	39,123	31,270
Over six months	14,556	14,236
	<u>262,756</u>	<u>250,022</u>

## 9. CREDITORS AND ACCRUALS

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Trade creditors	89,747	93,642
Other creditors	60,749	52,784
Accrued operating expenses	84,733	112,107
Deposits received	5,722	8,329
	<u>240,951</u>	<u>266,862</u>

The aging analysis of the Group's trade creditors based on the dates of the invoices is as follows:

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Within one month	40,034	44,186
Two to three months	36,992	27,560
Four to six months	5,419	14,836
Over six months	7,302	7,060
	<u>89,747</u>	<u>93,642</u>

**10. SHARE CAPITAL**

	Ordinary Shares of HK\$0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>		
At 1st January 2002 and 30th June 2002	<u>3,888,000,000</u>	<u>388,800</u>
<b>Issued and fully paid:</b>		
At 1st January 2002	1,216,740,404	121,674
Exercise of share options	<u>1,130,000</u>	<u>113</u>
At 30th June 2002	<u>1,217,870,404</u>	<u>121,787</u>

The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected executives. During the period, no new options were granted (2001: nil) and options for 1,130,000 shares (2001: 100,000 shares) were exercised. At 30th June 2002, outstanding options granted under the scheme are as follows:

Exercise period	Option price per share <i>HK\$</i>	Number of shares
20th May 1999 to 19th May 2008	0.5333	12,962,000
30th December 2000 to 29th December 2009	0.5216	<u>25,302,000</u>
		<u>38,264,000</u>

## 11. RESERVES

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
At 1st January	1,235,958	1,161,642
Changes in exchange rates	(59)	153
Premium on shares issued	477	43
Profit for the period	35,983	65,343
Final dividend	(30,446)	(46,066)
	1,241,913	1,181,115
At 30th June	1,241,913	1,181,115

## 12. LONG-TERM LIABILITIES

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Bank loans		
Secured	175,000	62,167
Unsecured	60,000	38,750
Obligations under finance leases wholly repayable within five years	—	638
	235,000	101,555
Current portion included in current liabilities	(10,000)	(101,555)
	225,000	—
	225,000	—

## 13. CAPITAL COMMITMENTS

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Contracted but not provided for	38,466	38,531
	38,466	38,531

In addition, the Group has undertaken to invest HK\$163,145,000 (2001: HK\$78,325,000) in certain investee companies which are engaged in construction materials and high technology projects.

## **To the Board of Directors of K. Wah Construction Materials Limited** *(Incorporated in Hong Kong with limited liability)*

### **Introduction**

We have been instructed by the Company to review the financial information set out on pages 2 to 12.

### **Directors' responsibilities**

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of the interim financial information to be in compliance with the Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial information is the responsibility of, and has been approved by, the Directors.

### **Review work performed**

We conducted our review in accordance with the Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of the management and applying analytical procedures to the interim financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial information.

### **Review conclusion**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial information of the six months ended 30th June 2002.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 18th September 2002

## REVIEW OF OPERATION AND OUTLOOK

Turnover and profit before taxation for the half year ended 30th June 2002 was HK\$486 million and HK\$41 million as compared to HK\$542 million and HK\$76 million respectively for the corresponding period last year, representing a decrease in turnover of 10% and a decrease in profit before tax of 46%. Hong Kong Construction Materials Division remains the major contributor to the profit of the Group but profit deteriorated further despite management efforts to contain cost. This was due to the fact that local public, private property and infrastructure developments experienced prolonged slowdown affecting demand and prices.

The Group also noted that the current order book is at a level lower than the corresponding period last year. However, given the current market situation, the Group considered the situation satisfactory.

The overall contribution of the Mainland China Construction Materials Division shows commendable growth as compared to the corresponding period last year. In Shanghai, contribution continues to outperform expectation. It is envisaged that the contribution from Shanghai region will increase further along with the continuous growth of the ready mixed concrete market. The overall performance in Guangzhou remains disappointing and is similar to that of the corresponding period last year.

For technology investments, the Group has been continuously investing prudently within the current strategic mandate to bring in medium to long-term return and diversify its risks.

The Group has announced investment plans of up to HK\$500 million to capture the huge opportunities available in the Mainland. The Group's expansion strategy focuses on penetrating further the existing Shanghai market and expanding its products range and business presence to Beijing and other major cities through a number of new projects. The Group is confident that the strategy will bring satisfactory return in the future.

## LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group has continuously improved during the period. At 30th June 2002, the shareholders' funds increased by 0.4% to HK\$1,364 million from HK\$1,358 million at 31st December 2001 and the Group's gross assets employed increased by 16% to HK\$1,747 million from HK\$1,505 million at 31st December 2001.

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future assets acquisitions.

### GEARING RATIO

The gearing ratio, defined as the ratio of total loans outstanding less cash balances to total assets, was practically at a debt free level at 30th June 2002 and 31st December 2001.

### TREASURY POLICY

The Group continues to adopt a conservative treasury policy with all bank deposits in either Hong Kong Dollars, United States Dollars or in the local currencies of the operating subsidiaries, keeping a minimum exposure to foreign exchange risks. The Group has not engaged in the use of other derivative products, which are considered not necessary for the Group's treasury management activities.

### CHARGES ON GROUP ASSETS

Land and buildings with net book values of HK\$239,974,000 (31st December 2001: HK\$242,643,000) was pledged to secure banking facilities and plant and machinery were released from security of banking facilities during the period (31st December 2001: HK\$111,398,000).

### CONTINGENT LIABILITIES

The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK\$299,460,000 (31st December 2001: HK\$295,893,000). At 30th June 2002, the facilities utilised amounted to HK\$154,840,000 (31st December 2001: HK\$205,283,000).

### EMPLOYEES AND REMUNERATION POLICY

The Group, excluding associated companies and jointly controlled entities, have over 1,200 employees in Hong Kong and the Mainland. The Group recruits and promotes individuals based on their competencies, merit and development potential and ensures remuneration packages including a share option scheme for executives are competitive.

**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 International Holdings Limited, and the details of any right to subscribe for shares of the Company and K. Wah International Holdings 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	7,183,641	1,389,650	71,008,557 <sup>(1)</sup>	823,069,667 <sup>(2)</sup>	902,651,515
Francis Lui Yiu Tung	2,822	—	—	823,069,667 <sup>(2)</sup>	823,072,489
Albert To Tak Pui	—	—	—	—	—
Paddy Tang Lui Wai Yu	1,861,906	—	—	823,069,667 <sup>(2)</sup>	824,931,573
Chan Nai Keong	53,458	—	—	—	53,458
Charles Cheung Wai Bun	1,810	—	—	—	1,810
Moses Cheng Mo Chi	—	—	—	—	—
Yip Hing Chung	173,170	—	—	—	173,170



### (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 the period	Options exercised during the 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	—	—	—	—	—	—	—
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
Chan Nai Keong	20 May 1998	300,000	—	—	300,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	536,000	—	—	536,000	0.5216	30 Dec 2000 - 29 Dec 2009
Charles Cheung Wai Bun	—	—	—	—	—	—	—
Moses Cheng Mo Chi	—	—	—	—	—	—	—
Yip Hing Chung	—	—	—	—	—	—	—
Employees	20 May 1998	9,762,000	—	200,000 <sup>1</sup>	9,562,000	0.5333	20 May 1999 - 19 May 2008
	30 Dec 1999	21,226,000	—	930,000 <sup>2</sup>	20,296,000	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.

## (c) Ordinary Shares of K. Wah International Holdings Limited:

	Personal interests	Family interests	Corporate interests	Other interests	Total
Lui Che Woo	241,895	6,564,657	32,251,381 <sup>(3)</sup>	1,155,322,894 <sup>(2)</sup>	1,194,380,827
Francis Lui Yiu Tung	379,804	—	—	1,155,322,894 <sup>(2)</sup>	1,155,702,698
Albert To Tak Pui	—	—	—	—	—
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,155,322,894 <sup>(2)</sup>	1,159,962,060
Chan Nai Keong	165,015	—	—	—	165,015
Charles Cheung Wai Bun	7,239	—	—	—	7,239
Moses Cheng Mo Chi	—	—	—	—	—
Yip Hing Chung	—	—	—	—	—

(d) Share Options of K. Wah International Holdings Limited:

	Number outstanding at 30th June 2002	Number exercised during the period
Lui Che Woo	2,850,000	—
Francis Lui Yiu Tung	2,200,000	—
Albert To Tak Pui	—	—
Paddy Tang Lui Wai Yu	1,470,000	—
Chan Nai Keong	735,000	—
Charles Cheung Wai Bun	—	—
Moses Cheng Mo Chi	—	—
Yip Hing Chung	—	—

*Notes:*

- (1) 71,008,557 shares in the Company were held by Best Chance Investments Ltd. which was controlled by Dr. Lui Che Woo.
- (2) K. Wah International Holdings Limited was interested in 819,476,512 shares in the Company representing more than one-third of its issued share capital held by a wholly owned subsidiary of K. Wah International Holdings Limited. In addition, a discretionary trust was interested in 3,593,155 shares in the Company. 1,155,322,894 shares in K. Wah International Holdings Limited representing more than one-third of its issued share capital were held by discretionary trusts. 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 K. Wah International Holdings Limited and the Company held by the trusts and in those shares in the Company in which K. Wah International Holdings Limited was interested as aforesaid.
- (3) 32,251,381 shares in K. Wah International Holdings 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 (not being a director or chief executive of the Company) having an interest in 10 per cent or more of the issued share capital of the Company as recorded in the register kept under section 16(1) of the SDI Ordinance were as follows:

Name	Number of Ordinary Shares
Sutimar Enterprises Limited	819,476,512 ( <i>Note 1</i> )
K. Wah International Holdings Limited	819,476,512 ( <i>Note 1</i> )
HSBC Holdings plc	823,096,106 ( <i>Note 2</i> )
HSBC Bank plc	823,096,106 ( <i>Note 2</i> )
Midcorp Limited	823,096,106 ( <i>Note 2</i> )
Griffin International Limited	823,096,106 ( <i>Note 2</i> )
HSBC Europe BV	823,096,106 ( <i>Note 2</i> )
HSBC Europe (Netherlands) BV	823,096,106 ( <i>Note 2</i> )
HSBC International Trustee Limited	823,096,106 ( <i>Note 2</i> )

*Notes :*

- (1) K. Wah International Holdings Limited is deemed to be interested in the 819,476,512 shares in the Company held by Sutimar Enterprises Limited since it owned all of the issued share capital of Sutimar Enterprises Limited.
- (2) HSBC International Trustee Limited is the trustee of discretionary trusts which hold 823,096,106 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 823,096,106 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) 823,069,667 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. Among these shares, 819,476,512 shares were also interested by Sutimar Enterprises Limited and K. Wah International Holdings Limited; and
- (ii) 1,155,322,894 shares in K. Wah International Holdings Limited between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu.

## 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 REGISTER

The register 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 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 Articles of Association. 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

*Registered Office:*  
29th Floor, K. Wah Centre  
191 Java Road  
North Point  
Hong Kong

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