

The directors have pleasure in presenting to the shareholders their report together with the audited financial statements for the year ended 31st December 2002.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, jointly controlled entities and associated companies are set out in note 35 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2002 are set out on page 46 of the annual report. An interim scrip dividend equivalent to 1 cent (2001: 1 cent) per share with a cash option, totalling HK\$18,964,000 (2001: HK\$18,235,000), was paid during the year. The directors recommend a final scrip dividend equivalent to 2 cents (2001: 2 cents) per share with a cash option totalling HK\$38,407,000 (2001: HK\$37,513,000). Full details of the scrip dividend will be set out in a letter to be sent to the shareholders.

## SHARE CAPITAL

Details of shares issued as at 31st December 2002 are set out in note 25 to the financial statements.

On 10th July 2002, 20,663,658 new shares were issued at a price of HK\$0.7182 as the final dividend for the year ended 31st December 2001 to shareholders who had not made cash elections in respect of all of their shareholdings.

On 22nd November 2002, 23,095,703 new shares were issued at a price of HK\$0.494 as the 2002 interim dividend to shareholders who had not made cash elections in respect of all of their shareholdings.

During the year, 1,830,000 and 3,211,000 new shares were issued at the option price of HK\$0.5586 and HK\$0.36 per share respectively pursuant to a share option scheme of the Company as a result of the exercise of share options by option holders.

On 28th February 2003, options to subscribe for 17,754,000 shares at the option price of HK\$0.72 per share were granted to directors, advisers and employees of the Company and its affiliates pursuant to the Share Option Scheme of the Company adopted on 30th May 2002.

The Company has not redeemed any of its shares during the year ended 31st December 2002. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year.

## RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 27 to the financial statements.

## DONATIONS

During the year, the Group made charitable donations amounting to HK\$1,325,000.

## FIXED ASSETS

Details of the movements in fixed assets are set out in note 13 to the financial statements.

## PRINCIPAL PROPERTIES

Details of the principal properties held for development and/or sale and for investment purposes are set out on pages 85 to 87.

## DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Lui Che Woo  
Francis Lui Yiu Tung  
Lennon Lun Tsan Kau  
Eddie Hui Ki On (appointed on 9th April 2003)  
Paddy Tang Lui Wai Yu  
David Akers-Jones  
Michael Leung Man Kin  
Alex Wu Shu Chih  
Philip Wong Kin Hang  
Leo Lee Tung Hai  
Robin Chan Yau Hing  
Charles Cheung Wai Bun  
Albert To Tak Pui (resigned on 15th December 2002)

The biographical details of the directors and senior management are set out on pages 29 to 31 of the annual report.

In accordance with Bye-law 109(A), Sir David Akers-Jones, Dr. Alex Wu Shu Chih and Dr. Leo Lee Tung Hai will retire from office at the forthcoming annual general meeting, and being eligible, offer themselves for re-election. In accordance with Bye-law 100, Mr. Eddie Hui Ki On shall hold office until the forthcoming annual general meeting, and being eligible, offer himself for re-election.

None of the directors proposed for re-election has a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

## DISCLOSURE OF INTERESTS

At 31st December 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 right, 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            | 253,664            | 6,748,431        | 33,197,511 <sup>(1)</sup> | 1,193,630,181 <sup>(2)</sup> | 1,233,829,787 |
| Francis Lui Yiu Tung   | 379,804            | —                | —                         | 1,193,630,181 <sup>(2)</sup> | 1,194,009,985 |
| Lennon Lun Tsan Kau    | —                  | —                | —                         | —                            | —             |
| Paddy Tang Lui Wai Yu  | 4,639,166          | —                | —                         | 1,193,630,181 <sup>(2)</sup> | 1,198,269,347 |
| David Akers-Jones      | —                  | —                | —                         | —                            | —             |
| Michael Leung Man Kin  | —                  | —                | —                         | —                            | —             |
| Alex Wu Shu Chih       | —                  | —                | —                         | —                            | —             |
| Philip Wong Kin Hang   | —                  | —                | —                         | —                            | —             |
| Leo Lee Tung Hai       | —                  | —                | —                         | —                            | —             |
| Robin Chan Yau Hing    | 260,916            | —                | —                         | —                            | 260,916       |
| Charles Cheung Wai Bun | 7,239              | —                | —                         | —                            | 7,239         |

### (B) Share Options of the Company

Details are set out in the SHARE OPTION SCHEMES section below.

### (C) Ordinary Shares of K. Wah Construction Materials Limited

|                        | Personal Interests | Family Interests | Corporate Interests       | Other Interests            | Total       |
|------------------------|--------------------|------------------|---------------------------|----------------------------|-------------|
| Lui Che Woo            | 7,654,169          | 1,390,101        | 72,776,007 <sup>(3)</sup> | 842,942,994 <sup>(2)</sup> | 924,763,271 |
| Francis Lui Yiu Tung   | 2,822              | —                | —                         | 842,942,994 <sup>(2)</sup> | 842,945,816 |
| Lennon Lun Tsan Kau    | —                  | —                | —                         | —                          | —           |
| Paddy Tang Lui Wai Yu  | 1,861,906          | —                | —                         | 842,942,994 <sup>(2)</sup> | 844,804,900 |
| David Akers-Jones      | —                  | —                | —                         | —                          | —           |
| Michael Leung Man Kin  | —                  | —                | —                         | —                          | —           |
| Alex Wu Shu Chih       | —                  | —                | —                         | —                          | —           |
| Philip Wong Kin Hang   | —                  | —                | —                         | —                          | —           |
| Leo Lee Tung Hai       | —                  | —                | —                         | —                          | —           |
| Robin Chan Yau Hing    | 61,439             | —                | —                         | —                          | 61,439      |
| Charles Cheung Wai Bun | 1,810              | —                | —                         | —                          | 1,810       |

## DISCLOSURE OF INTERESTS (Cont'd)

### (D) Share Options of K. Wah Construction Materials Limited

Details are set out in the SHARE OPTION SCHEMES section below.

Notes:

- (1) 33,197,511 shares in the Company were held by Best Chance Investments Ltd. which was controlled by Dr. Lui Che Woo.
- (2) 1,193,630,181 shares in the Company representing more than one-third of its issued share capital were held by the discretionary trusts. The Company was interested in 839,207,435 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 3,735,559 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 held by the trusts and in those shares in K. Wah Construction Materials Limited in which the Company was interested as aforesaid.
- (3) 72,776,007 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 31st December 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                         | 1,193,975,939 (Note)      |
| HSBC Bank plc                             | 1,193,975,939 (Note)      |
| Midcorp Limited                           | 1,193,975,939 (Note)      |
| Griffin International Limited             | 1,193,975,939 (Note)      |
| HSBC Europe BV                            | 1,193,975,939 (Note)      |
| HSBC Europe (Netherlands) BV              | 1,193,975,939 (Note)      |
| HSBC Private Banking Holdings (Suisse) SA | 1,193,975,939 (Note)      |
| HSBC International Trustee Limited        | 1,193,975,939 (Note)      |

Note: HSBC International Trustee Limited is the trustee of discretionary trusts which hold 1,193,975,939 shares in the Company. Each of HSBC Holdings plc, HSBC Bank plc, Midcorp Limited, Griffin International Limited, HSBC Europe BV, HSBC Europe (Netherlands) BV and HSBC Private Banking Holdings (Suisse) SA are deemed to be interested in the 1,193,975,939 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) 1,193,630,181 shares in the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu, HSBC Holdings plc, HSBC Bank plc, Midcorp Limited, Griffin International Limited, HSBC Europe BV, HSBC Europe (Netherlands) BV, HSBC Private Banking Holdings (Suisse) SA and HSBC International Trustee Limited; and
- (ii) 842,942,994 shares in K. Wah Construction Materials Limited between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu.

So far as was known to any director or chief executive of the Company, save as disclosed herein, there was no other person who was, directly or indirectly, interested in 10% or more of the issued share capital of the Company.

No contracts of significance to which the Company or its subsidiaries was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

## SHARE OPTION SCHEMES

The share option scheme of the Company ("Share Option Scheme") was approved and adopted by the shareholders at the annual general meeting held on 30th May 2002 ("Adoption Date"). A summary of the Share Option Scheme is set out below:

### (1) Purpose

To attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders.

### (2) Participants

- (i) any employee of the Company or any affiliate and any senior executive or director of the Company or any affiliate; or
- (ii) any consultant, agent, representative or adviser of the Company or any affiliate; or
- (iii) any person who provides goods or services to the Company or any affiliate; or
- (iv) any customer or contractor of the Company or any affiliate; or
- (v) any business ally or joint venture partners of the Company or any affiliate; or
- (vi) any trustee of any trust established for the benefit of employees; or
- (vii) in relation to any of the above qualifying grantee who is an individual, a trust solely for the benefit of the qualifying grantee or his immediate family members, and companies controlled solely by the qualifying grantee or his immediate family members.

"Affiliate" means any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company.

### (3) Total number of shares available for issue

- (i) Mandate Limit — Subject to paragraph (3)(ii) below, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue as at the Adoption Date, being 187,563,607 shares.
- (ii) Overriding Limit — The Company may by ordinary resolutions of the shareholders refresh the Mandate Limit as referred to in paragraph (3)(i) above provided the Company shall issue a circular to shareholders before such approval is sought. The overriding limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time.
- (iii) As at 31st December 2002, the total number of shares available for issue under the Share Option Scheme was 187,563,607 shares, which represented approximately 9.77% of the issued share capital of the Company at that date.

## **SHARE OPTION SCHEMES** *(Cont'd)*

### **(4) Maximum entitlement of each participant**

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each participant must not exceed 1% of the shares in issue.

Subject to separate approval by the shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a participant which would exceed this limit.

### **(5) Option period**

The period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

### **(6) Minimum period for which an option must be held before it can vest**

The minimum period, if any, for which an option must be held before it can vest shall be determined by the Board in its absolute discretion. The Share Option Scheme itself does not specify any minimum holding period.

### **(7) Payment on acceptance of the option**

HK\$1.00 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 14 days from the date of grant (or such longer period as the Board may specify in writing).

### **(8) Basis of determining the subscription price**

The subscription price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of:

- (i) the closing price of the shares on the date of grant;
- (ii) the average closing prices of the shares for the 5 business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

### **(9) The remaining life of the Share Option Scheme**

The life of the Share Option Scheme is 10 years commencing on the Adoption Date and will expire on 29th May 2012.

SHARE OPTION SCHEMES (Cont'd)

At 31st December 2002, the particulars of the options held by each of the directors of the Company and the employees in aggregate granted under the Share Option Scheme 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 year | Options exercised during year    | Options held at 31st December 2002 | 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                          | 0.36                  | 30th Dec 2000 – 29th Dec 2009 |
| 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                          | 0.36                  | 30th Dec 2000 – 29th Dec 2009 |
| Lennon Lun Tsan Kau    | 30th Dec 1999 | 500,000                          | —                           | —                                | 500,000                            | 0.36                  | 30th Dec 2000 – 29th Dec 2009 |
| 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                            | 0.36                  | 30th Dec 2000 – 29th Dec 2009 |
| David Akers-Jones      | —             | —                                | —                           | —                                | —                                  | —                     | —                             |
| Michael Leung Man Kin  | 20th May 1998 | 300,000                          | —                           | —                                | 300,000                            | 0.5586                | 20th May 1999 – 19th May 2008 |
|                        | 30th Dec 1999 | 870,000                          | —                           | —                                | 870,000                            | 0.36                  | 30th Dec 2000 – 29th Dec 2009 |
| Alex Wu Shu Chih       | —             | —                                | —                           | —                                | —                                  | —                     | —                             |
| Philip Wong Kin Hang   | —             | —                                | —                           | —                                | —                                  | —                     | —                             |
| Leo Lee Tung Hai       | —             | —                                | —                           | —                                | —                                  | —                     | —                             |
| Robin Chan Yau Hing    | —             | —                                | —                           | —                                | —                                  | —                     | —                             |
| Charles Cheung Wai Bun | —             | —                                | —                           | —                                | —                                  | —                     | —                             |
| Employees              | 20th May 1998 | 5,952,000                        | —                           | 1,830,000 <sup>1</sup>           | 4,122,000                          | 0.5586                | 20th May 1999 – 19th May 2008 |
|                        | 30th Dec 1999 | 8,440,000                        | —                           | 3,211,000 <sup>2</sup><br>(Note) | 5,229,000                          | 0.36                  | 30th Dec 2000 – 29th 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.

## SHARE OPTION SCHEMES (Cont'd)

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.

Except for the Share Option Scheme, at no time during the year was the Company or its subsidiary companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The share option scheme of K. Wah Construction Materials Limited ("KWCM") ("KWCM Share Option Scheme") was approved and adopted by the shareholders of KWCM at the annual general meeting of KWCM held on 30th May 2002 ("Adoption Date"). The KWCM Share Option Scheme was also approved by the shareholders of the Company at the annual general meeting of the Company held on the Adoption Date. A summary of the KWCM Share Option Scheme is set out below:

### (1) Purpose

To attract and retain the best quality personnel for the development of KWCM's businesses; to provide additional incentives to employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and to promote the long term financial success of KWCM by aligning the interests of option holders to shareholders.

### (2) Participants

- (i) any employee of KWCM or any affiliate and any senior executive or director of KWCM or any affiliate; or
- (ii) any consultant, agent, representative or adviser of KWCM or any affiliate; or
- (iii) any person who provides goods or services to KWCM or any affiliate; or
- (iv) any customer or contractor of KWCM or any affiliate; or
- (v) any business ally or joint venture partners of KWCM or any affiliate; or
- (vi) any trustee of any trust established for the benefit of employees of KWCM; or



## SHARE OPTION SCHEMES (Cont'd)

- (vii) in relation to any of the above qualifying grantee who is an individual, a trust solely for the benefit of the qualifying grantee or his immediate family members, and companies controlled solely by the qualifying grantee or his immediate family members.

“Affiliate” means any company which is (a) a holding company of KWCM; or (b) a subsidiary of a holding company of KWCM; or (c) a subsidiary of KWCM; or (d) a controlling shareholder of KWCM; or (e) a company controlled by a controlling shareholder of KWCM; or (f) a company controlled by KWCM; or (g) an associated company of a holding company of KWCM; or (h) an associated company of KWCM.

### (3) Total number of shares available for issue

- (i) **Mandate Limit** — Subject to paragraph (3)(ii) below, the total number of shares which may be issued upon exercise of all options to be granted under the KWCM Share Option Scheme and any other schemes of KWCM must not in aggregate exceed 10% of the shares in issue as at the Adoption Date, being 121,787,040 shares.
- (ii) **Overriding Limit** — KWCM may by ordinary resolutions of its shareholders and by ordinary resolutions of the shareholders of the Company refresh the Mandate Limit as referred to in paragraph (3)(i) above provided KWCM and the Company shall issue a circular to their respective shareholders before such approval is sought. The overriding limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KWCM Share Option Scheme and any other schemes of KWCM must not exceed 30% of the shares in issue from time to time.
- (iii) As at 31st December 2002, the total number of shares available for issue under the KWCM Share Option Scheme was 121,787,040 shares, which represented approximately 9.80% of the issued share capital of KWCM at that date.

### (4) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each participant must not exceed 1% of the shares in issue.

Subject to separate approval by the shareholders of KWCM in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided KWCM shall issue a circular to shareholders before such approval is sought, and separate approval by the shareholders of the Company in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, KWCM may grant options to a participant which would exceed this limit.

### (5) Option period

The period within which the shares must be taken up under an option shall be determined by the KWCM Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

### (6) Minimum period for which an option must be held before it can vest

The minimum period, if any, for which an option must be held before it can vest shall be determined by the KWCM Board in its absolute discretion. The KWCM Share Option Scheme itself does not specify any minimum holding period.

### (7) Payment on acceptance of the option

HK\$1.00 is payable by the grantee to KWCM on acceptance of the option offer. An offer must be accepted within 14 days from the date of grant (or such longer period as the KWCM Board may specify in writing).

## SHARE OPTION SCHEMES (Cont'd)

### (8) Basis of determining the subscription price

The subscription price shall be determined by the KWCM Board in its absolute discretion at the time of the grant but shall not be less than the higher of:

- (i) the closing price of the shares on the date of grant;
- (ii) the average closing prices of the shares for the 5 business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

### (9) The remaining life of the KWCM Share Option Scheme

The life of the KWCM Share Option Scheme is 10 years commencing on the Adoption Date and will expire on 29th May 2012.

At 31st December 2002, the particulars of the options held by each of the directors of the Company and the employees of KWCM in aggregate granted under the KWCM Share Option Scheme or under any other share option schemes of KWCM, were as follows:

|                        | Date of grant | Options held at 1st January 2002 | Options granted during year | Options exercised during year  | Options held at 31st December 2002 | 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 |
| 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 |
| Lennon Lun Tsan Kau    | —             | —                                | —                           | —                              | —                                  | —                     | —                             |
| 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 |
| 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 |
| Alex Wu Shu Chih       | —             | —                                | —                           | —                              | —                                  | —                     | —                             |
| Philip Wong Kin Hang   | —             | —                                | —                           | —                              | —                                  | —                     | —                             |
| Leo Lee Tung Hai       | —             | —                                | —                           | —                              | —                                  | —                     | —                             |
| Robin Chan Yau Hing    | —             | —                                | —                           | —                              | —                                  | —                     | —                             |
| Charles Cheung Wai Bun | —             | —                                | —                           | —                              | —                                  | —                     | —                             |
| Employees of KWCM      | 20th May 1998 | 9,762,000                        | —                           | 200,000 <sup>1</sup>           | 9,562,000                          | 0.5333                | 20th May 1999 – 19th May 2008 |
|                        | 30th Dec 1999 | 20,692,000                       | —                           | 930,000 <sup>2</sup><br>(Note) | 19,762,000                         | 0.5216                | 30th Dec 2000 – 29th Dec 2009 |

## **SHARE OPTION SCHEMES (Cont'd)**

*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.

## **CONNECTED TRANSACTION**

On 22nd July 2002, a conditional loan agreement was entered into between Brighten Lion Limited, an indirect wholly-owned subsidiary of K. Wah Construction Materials Limited ("KWCM"), as the Lender and Great Place Developments Limited, an indirect wholly-owned subsidiary of the Company, as the Borrower whereby a guaranteed unsecured revolving loan facility of up to HK\$330,000,000 was granted by the Lender to the Borrower.

The transaction was a connected transaction for the Company under the Listing Rules. Details of the transaction were included in the press announcement jointly made by the Company and KWCM on 22nd July 2002 and the circular of the Company dated 5th August 2002. The transaction was approved by the Independent Shareholders of the Company at the Special General Meeting held on 22nd August 2002.

## **PRE-EMPTIVE RIGHTS**

There are no shareholder pre-emptive rights as a matter of Bermuda law, either under statute or at common law.

## **FINANCIAL SUMMARY**

A five year financial summary of the results and of the assets and liabilities of the Group is shown on pages 26 to 28 of the annual report.

## **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31st December 2002, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover; and the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five suppliers represents less than 30% of the Group's total of such purchases.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had any interest in the five largest customers.

## **MANAGEMENT CONTRACTS**

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

## **AUDITORS**

The financial statements have been audited by PricewaterhouseCoopers, who retire and, being eligible offer themselves for reappointment.

On behalf of the Board

**Francis Lui Yiu Tung**

*Managing Director*

Hong Kong, 9th April 2003