

SHARE CAPITAL

The Company has not redeemed any of its shares during the six months ended 30th June 2003. 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 2003.

DIRECTORS' INTERESTS AND SHARE OPTIONS

At 30th June 2003, 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
Lui Che Woo	253,664	6,748,431	36,147,511 ⁽¹⁾	1,193,630,181 ⁽²⁾	1,236,779,787	64.40
Francis Lui Yiu Tung	379,804	—	—	1,193,630,181 ⁽²⁾	1,194,009,985	62.17
Lennon Lun Tsan Kau	—	—	—	—	—	—
Eddie Hui Ki On	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,193,630,181 ⁽²⁾	1,198,269,347	62.39
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	0.01
Charles Cheung Wai Bun	7,239	—	—	—	7,239	0.00

(b) Share Options of the Company:

At 30th June 2003, 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:

		Options held at 1st January 2003	Options granted during the period	Options exercised during the period	Options held at 30th June 2003	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	—	—	—	—	—	—	—
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

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

	Date of grant	Options held at 1st January 2003	Options granted during the period	Options exercised during the period	Options held at 30th June 2003	Exercise price (HK\$)	Exercise period
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	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	—	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
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	3,822,000	—	293,000 ¹	3,529,000	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	4,794,000	—	750,000 ²	4,044,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	—	9,391,000	—	9,391,000	0.7200	1st Mar 2004 – 28th Feb 2013
Others	20th May 1998	300,000	—	—	300,000	0.5586	20th May 1999 – 19th May 2008
	30th Dec 1999	435,000	—	—	435,000	0.3600	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	—	672,000	—	672,000	0.7200	1st Mar 2004 – 28th Feb 2013

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

Notes:

1. For 133,000 options, exercise date was 22nd January 2003. At the date before the options were exercised, the closing price per share was HK\$0.60.

For 160,000 options, exercise date was 4th April 2003. At the date before the options were exercised, the closing price per share was HK\$0.69.

2. For 200,000 options, exercise date was 22nd January 2003. At the date before the options were exercised, the closing price per share was HK\$0.60.

For 250,000 options, exercise date was 3rd March 2003. At the date before the options were exercised, the closing price per share was HK\$0.75.

For 200,000 options, exercise date was 4th March 2003. At the date before the options were exercised, the closing price per share was HK\$0.70.

For 100,000 options, exercise date was 28th March 2003. At the date before the options were exercised, the closing price per share was HK\$0.73.

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.

The share options granted are not recognized in the financial statements until they are exercised. The Directors consider that it is not appropriate to disclose the value of options granted during the period, since any valuation of the above options would be subject to a number of assumptions that would be subjective and uncertain. The closing price of the Company's shares immediately before the date on which the share options were granted during the period was HK\$0.70 per share.

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

	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% of issued share capital
Lui Che Woo	7,654,169	1,390,101	72,776,007 ⁽³⁾	842,942,994 ⁽²⁾	924,763,271	74.39
Francis Lui Yiu Tung	2,822	—	—	842,942,994 ⁽²⁾	842,945,816	67.80
Lennon Lun Tsan Kau	—	—	—	—	—	—
Eddie Hui Ki On	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	1,861,906	—	—	842,942,994 ⁽²⁾	844,804,900	67.95
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	0.00
Charles Cheung Wai Bun	1,810	—	—	—	1,810	0.00

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

At 30th June 2003, the particulars of the options held by each of the directors of the Company, the employees of K. Wah Construction Materials Limited (“KWCM”) in aggregate and other participants granted under the Share Option Scheme of KWCM or under any other share option schemes of KWCM, were as follows:

	Date of grant	Options	Options	Options	Options	Exercise price (HK\$)	Exercise period
		held at 1st January 2003	granted during the period	exercised during the period	held at 30th June 2003		
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	—	—	—	—	—	—	—
Eddie Hui Ki On	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—

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

	Date of grant	Options held at 1st January 2003	Options granted during the period	Options exercised during the period	Options held at 30th June 2003	Exercise price (HK\$)	Exercise period
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	—	—	9,262,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	19,226,000	—	—	19,226,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	—	14,442,000	—	14,442,000	0.5140	1st Mar 2004 – 28th Feb 2013
Others	20th May 1998	300,000	—	—	300,000	0.5333	20th May 1999 – 19th May 2008
	30th Dec 1999	536,000	—	—	536,000	0.5216	30th Dec 2000 – 29th Dec 2009
	28th Feb 2003	—	300,000	—	300,000	0.5140	1st Mar 2004 – 28th Feb 2013

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.

The share options granted are not recognized in the financial statements until they are exercised. The Directors consider that it is not appropriate to disclose the value of options granted during the period, since any valuation of the above options would be subject to a number of assumptions that would be subjective and uncertain. The closing price of the KWCM shares immediately before the date on which the share options were granted during the period was HK\$0.50.

Notes:

- (1) 33,197,511 shares and 2,950,000 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) 1,193,630,181 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 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, one of the said discretionary trusts 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.

Save as disclosed above, as at 30th June 2003, 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 2003, 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	Number of Ordinary Shares	% of issued share capital
Marapro Co., Ltd.	182,694,229 ⁽¹⁾	9.51
Symmetry Co., Ltd.	182,694,229 ⁽¹⁾	9.51
Polymate Co., Ltd.	182,694,229 ⁽²⁾	9.51
Houston Investment Limited	182,694,229 ⁽²⁾	9.51
K. Wah Properties (Holdings) Limited	182,694,229 ⁽²⁾	9.51
Premium Capital Profits Limited	127,811,182 ⁽²⁾	6.65
HSBC International Trustee Limited	1,193,975,939 ⁽³⁾	62.17

Notes:

- (1) Marapro Co., Ltd. is a beneficiary and Symmetry Co., Ltd. is a trustee of a trust which was interested in 182,694,229 shares in the Company.
- (2) Premium Capital Profits Limited is a wholly owned subsidiary of K. Wah Properties (Holdings) Limited, which is a wholly owned subsidiary of Houston Investment Limited, which in turn is a wholly owned subsidiary of Polymate Co., Ltd. Accordingly, Premium Capital Profits Limited's interests are recorded as the interests of K. Wah Properties (Holdings) Limited, Houston Investment Limited and Polymate Co., Ltd.
- (3) HSBC International Trustee Limited is the trustee of discretionary trusts which hold 1,193,975,939 shares in the Company.

Other Information

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 and HSBC International Trustee Limited. Among these shares, 182,694,229 shares were also interested by Marapro Co., Ltd., Symmetry Co., Ltd. Polymate Co., Ltd., Houston Investment Limited and K. Wah Properties (Holdings) 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.

Save as disclosed above, as at 30th June 2003, 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.

COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

As at 30th June 2003, the Group had given financial assistance and guarantees to financial institutions for the benefit of its affiliated companies amounting to, in aggregate, approximately 26.7% of the Group's net asset value.

In compliance with Practice Note 19 of the Listing Rules, the combined balance sheet of the affiliated companies as at 30th June 2003 is disclosed as follows:

	Combined balance sheet <i>HK\$'000</i>	Group's attributable interest <i>HK\$'000</i>
Non-current assets	1,791,177	544,998
Current assets	376,871	100,829
Current liabilities	(143,055)	(39,240)
	<u>2,024,993</u>	<u>606,587</u>
Share capital	221,749	66,055
Reserves	146,841	34,948
Amounts due to shareholders	1,504,903	429,834
Non-current liabilities	151,500	75,750
	<u>2,024,993</u>	<u>606,587</u>

AUDIT COMMITTEE

Having been reviewed by the Company's Auditors, PricewaterhouseCoopers, the Group's interim financial information for the six months ended 30th June 2003 was reviewed and accepted by the Audit Committee ("Committee"). Regular meetings have been held by the Committee which meets at least twice each year in compliance with the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSE OF REGISTERS

The registers of members will be closed from 6th October 2003 to 10th October 2003, 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 3rd October 2003.

CODE OF BEST PRACTICE

For the six months ended 30th June 2003, the Company has complied with the Code of Best Practice issued by the Stock Exchange save and except that, prior to the 2000 Annual General Meeting of the Company ("2000 AGM"), non-executive directors were 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, 17th September 2003

Principal Place of Business:
29th Floor, K. Wah Centre
191 Java Road
North Point
Hong Kong

Website: www.kwih.com