

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 (the "SFO")), 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 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	7,654,169	1,390,101	72,776,007 ⁽¹⁾	842,942,994 ⁽²⁾	924,763,271	74.39
Francis Lui Yiu Tung	2,822	—	—	842,942,994 ⁽²⁾	842,945,816	67.80
Chan Kai Nang	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	1,861,906	—	—	842,942,994 ⁽²⁾	844,804,900	67.95
Charles Cheung Wai Bun	1,810	—	—	—	1,810	0.00
Moses Cheng Mo Chi	—	—	—	—	—	—
Yip Hing Chung	184,512	—	—	—	184,512	0.01

(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:

	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	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
	28 Feb 2003	—	2,000,000	—	2,000,000	0.5140	1 Mar 2004 – 28 Feb 2013
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
	28 Feb 2003	—	1,870,000	—	1,870,000	0.5140	1 Mar 2004 – 28 Feb 2013
Chan Kai Nang	28 Feb 2003	—	110,000	—	110,000	0.5140	1 Mar 2004 – 28 Feb 2013
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
	28 Feb 2003	—	1,270,000	—	1,270,000	0.5140	1 Mar 2004 – 28 Feb 2013
Charles Cheung Wai Bun	28 Feb 2003	—	300,000	—	300,000	0.5140	1 Mar 2004 – 28 Feb 2013

(b) Share Options of the Company: (Cont'd)

	Date of grant	Options	Options	Options	Options	Exercise	
		held at 1st January 2003	granted during the period	exercised during the period	held at 30th June 2003	price (HK\$)	Exercise period
Moses Cheng Mo Chi	28 Feb 2003	—	300,000	—	300,000	0.5140	1 Mar 2004 – 28 Feb 2013
Yip Hing Chung	28 Feb 2003	—	150,000	—	150,000	0.5140	1 Mar 2004 – 28 Feb 2013
Employees	20 May 1998	9,262,000	—	—	9,262,000	0.5333	20 May 1999 – 19 May 2008
	30 Dec 1999	19,226,000	—	—	19,226,000	0.5216	30 Dec 2000 – 29 Dec 2009
	28 Feb 2003	—	13,882,000	—	13,882,000	0.5140	1 Mar 2004 – 28 Feb 2013
Others	20 May 1998	600,000	—	—	600,000	0.5333	20 May 1999 – 19 May 2008
	30 Dec 1999	1,606,000	—	—	1,606,000	0.5216	30 Dec 2000 – 29 Dec 2009
	28 Feb 2003	—	600,000	—	600,000	0.5140	1 Mar 2004 – 28 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 recognised 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\$0.50.

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

	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% of Issued Share Capital
Lui Che Woo	253,664	6,748,431	36,147,511 ⁽³⁾	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
Chan Kai Nang	—	—	—	—	—	—
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,193,630,181 ⁽²⁾	1,198,269,347	62.39
Charles Cheung Wai Bun	7,239	—	—	—	7,239	0.00
Moses Cheng Mo Chi	—	—	—	—	—	—
Yip Hing Chung	—	—	—	—	—	—

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

	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
Lui Che Woo	20 May 1998	1,500,000	—	—	1,500,000	0.5586	20 May 1999 – 19 May 2008
	30 Dec 1999	1,350,000	—	—	1,350,000	0.3600	30 Dec 2000 – 29 Dec 2009
	28 Feb 2003	—	2,000,000	—	2,000,000	0.7200	1 Mar 2004 – 28 Feb 2013
Francis Lui Yiu Tung	20 May 1998	1,000,000	—	—	1,000,000	0.5586	20 May 1999 – 19 May 2008
	30 Dec 1999	1,200,000	—	—	1,200,000	0.3600	30 Dec 2000 – 29 Dec 2009
	28 Feb 2003	—	1,868,000	—	1,868,000	0.7200	1 Mar 2004 – 28 Feb 2013
Chan Kai Nang	—	—	—	—	—	—	—

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

	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
Paddy Tang Lui Wai Yu	20 May 1998	600,000	—	—	600,000	0.5586	20 May 1999 – 19 May 2008
	30 Dec 1999	870,000	—	—	870,000	0.3600	30 Dec 2000 – 29 Dec 2009
	28 Feb 2003	—	1,269,000	—	1,269,000	0.7200	1 Mar 2004 – 28 Feb 2013
Charles Cheung Wai Bun	28 Feb 2003	—	300,000	—	300,000	0.7200	1 Mar 2004 – 28 Feb 2013
Moses Cheng Mo Chi	—	—	—	—	—	—	—
Yip Hing Chung	—	—	—	—	—	—	—

Notes:

- (1) 72,776,007 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 839,207,435 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. 1,193,630,181 shares in K. Wah International Holdings Limited representing more than one-third of its issued share capital were held by the discretionary trusts established by Dr. Lui Che Woo as founder. In addition, one of the said discretionary trusts was interested in 3,735,559 shares in the Company. 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 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) 33,197,511 shares and 2,950,000 shares in K. Wah International Holdings Limited 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.

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
Best Chance Investments Ltd.	72,776,007	5.85
Sutimar Enterprises Limited	839,207,435 ⁽¹⁾	67.50
K. Wah International Holdings Limited	839,207,435 ⁽¹⁾	67.50
HSBC International Trustee Limited	842,969,433 ⁽²⁾	67.81

Notes:

- (1) K. Wah International Holdings Limited was deemed to be interested in the 839,207,435 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 the discretionary trusts which hold 842,969,433 shares in the Company.

There was duplication of interest of:

- (i) 842,942,994 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, 839,207,435 shares were also interested by Sutimar Enterprises Limited and K. Wah International Holdings Limited; and
- (ii) 1,193,630,181 shares in K. Wah International Holdings 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.

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 (the "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 REGISTER

The register 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 Registrars, 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 (the "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 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, 17th September 2003

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