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LUNG KEE (BERMUDA) HOLDINGS LIMITED

INDEPENDENT REVIEW REPORT

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**Deloitte
Touche
Tohmatsu**

To the Board of Directors of
LUNG KEE (BERMUDA) HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 4 to 15.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report 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 report 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 Standards ("SAs") 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of the group management and applying analytical procedures to the interim financial report 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 report.



LUNG KEE (BERMUDA) HOLDINGS LIMITED

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 report for the six months ended 30th September, 2001.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement, cash flow statement and statement of recognised gains and losses for the six months ended 30th September, 2000 disclosed in the interim financial report have not been reviewed in accordance with SAS 700.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 7th December, 2001

FINANCIAL RESULTS

The directors (the "Directors") of Lung Kee (Bermuda) Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September, 2001 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2001

		Six months ended 30th September,	
		2001 (unaudited)	2000 (unaudited) (as restated)
		HK\$'000	HK\$'000
	NOTES		
Turnover		451,609	505,927
Other revenue		9,401	6,650
Changes in inventories of finished goods and work in progress		2,397	8,344
Raw materials and consumables used		(207,947)	(240,028)
Staff costs		(75,182)	(77,412)
Depreciation and amortisation of property, plant and equipment		(41,656)	(34,696)
Amortisation of goodwill		(546)	—
Other operating expenses		(71,169)	(60,163)
Profit from operations	4	66,907	108,622
Finance costs		(10,816)	(6,580)
Interest income		9,568	7,584
Loss on deemed disposal of a subsidiary		(84)	(1,903)
Profit before taxation		65,575	107,723
Taxation	5	(10,247)	(18,805)
Profit after taxation		55,328	88,918
Minority interests		(12,297)	(17,611)
Net profit for the period		43,031	71,307
Dividend	6		
Proposed interim dividend of HK3 cents per share (2000: HK6 cents)		14,519	28,899
Earnings per share	7		
— Basic		8.92 cents	14.83 cents
— Diluted		8.86 cents	14.71 cents

CONDENSED CONSOLIDATED BALANCE SHEET*At 30th September, 2001*

	NOTES	30th September, 2001 (unaudited) HK\$'000	31st March, 2001 (audited) (as restated) HK\$'000
Non-current assets			
Investment properties	8	6,000	6,000
Property, plant and equipment	8	441,090	431,482
Investment in securities	9	—	29,539
Goodwill		6,003	—
		453,093	467,021
Current assets			
Inventories		367,925	310,756
Trade and other receivables	10	332,670	261,084
Taxation recoverable		6,165	74
Bank balances and cash		394,119	374,150
		1,100,879	946,064
Current liabilities			
Trade and other payables	11	231,574	215,422
Taxation payable		51,165	38,232
Obligations under finance leases — due within one year		3,909	464
Unsecured bank borrowings — due within one year	12	393,533	290,830
		680,181	544,948
Net current assets		420,698	401,116
Total assets less current liabilities		873,791	868,137
Non-current liabilities			
Obligations under finance leases — due after one year		1,301	675
Unsecured bank borrowings — due after one year	12	310	3,255
Deferred taxation		370	370
		1,981	4,300
Minority interests		185,503	178,285
		686,307	685,552
Capital and reserves			
Share capital	13	48,395	48,120
Reserves	14	637,912	637,432
		686,307	685,552

**CONDENSED CONSOLIDATED STATEMENT
OF RECOGNISED GAINS AND LOSSES***For the six months ended 30th September, 2001*

	Six months ended 30th September,	
	2001 (unaudited) HK\$'000	2000 (unaudited) HK\$'000
Exchange losses arising on translation of overseas operations not recognised in income statement	(421)	(108)
Net profit for the period	43,031	71,307
Total recognised gains	42,610	71,199
Capital reserve (goodwill) arising on acquisition of additional interest in a subsidiary	272	(861)
	42,882	70,338
Prior period adjustments arising from a change in accounting policy in respect of dividend recognition on adoption of SSAP 9 (Revised) (note 14)		
— Increase in accumulated profits at 1st April, 2000		<u>38,469</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th September, 2001*

	Six months ended 30th September,	
	2001 (unaudited) HK\$'000	2000 (unaudited) HK\$'000
Net cash inflow from operating activities	5,484	121,325
Net cash outflow from returns on investments and servicing of finance	(51,826)	(41,675)
Tax paid	(3,570)	(3,071)
Net cash outflow from investing activities	(9,132)	(66,154)
Net cash (outflow) inflow before financing	(59,044)	10,425
Net cash inflow from financing	79,969	80,712
Increase in cash and cash equivalents	20,925	91,137
Cash and cash equivalents at the beginning of the period	372,929	241,786
Effect of foreign exchange rates changes	265	(17)
Cash and cash equivalents at the end of the period, representing by bank balances and cash	394,119	332,906

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2001

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2001, except as described below.

In the current period, the Group has adopted, for the first time, the following new or revised SSAP.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of equity in the notes to the condensed financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment which increases the accumulated profits as at 1st April, 2000 by HK\$38,469,000 and as at 1st April, 2001 by HK\$43,320,000 respectively.

Goodwill

In the current period, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1st January, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the

goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st January, 2001 will be credited to income at the time of disposal of the relevant subsidiary.

Goodwill arising on acquisitions after 1st January, 2001 is capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisitions after 1st January, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

3. SEGMENT INFORMATION

The business and geographical segments of the operations of the Group are as follows:

	Turnover Six months ended 30th September,		Contribution to profit from operations Six months ended 30th September,	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Business segments				
Manufacture of mould bases	356,863	373,618	55,119	81,839
Trading of metal and parts	94,746	132,309	11,788	26,783
	451,609	505,927	66,907	108,622

Geographical segments

Hong Kong and elsewhere in the People's Republic of China (the "PRC")	352,051	420,774
Other countries	99,558	85,153
	451,609	505,927

Contribution to profit from operations by geographical location of customers not been presented as the contribution to profit from operations in each market is substantially in line with the overall Group's ratio of profit from operations to turnover.

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after (crediting) charging:

	Six months ended 30th September,	
	2001	2000
	HK\$'000	HK\$'000
(Gain) loss on disposal of investment in securities	(2,235)	50
Gain on disposal of property, plant and equipment	(632)	(960)

5. TAXATION

	Six months ended 30th September,	
	2001	2000
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on the estimated assessable profit for the period	2,106	8,805
Taxation in jurisdictions outside Hong Kong	8,141	10,000
	10,247	18,805

Taxation in jurisdictions outside Hong Kong is calculated based on the applicable rates in those jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are entitled to an exemption from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. In the current period, certain PRC subsidiaries are exempted from PRC income tax, and other PRC subsidiaries enjoyed a 50% reduction on PRC income tax.

Certain income of the Group is not subject to taxation in the jurisdictions in which the Group operates.

6. DIVIDEND

On 15th August, 2001, a dividend of HK9 cents (2000 final dividend: HK8 cents) per share was paid to shareholders as final dividend for 2001.

The directors have determined that an interim dividend of HK3 cents per share (2000: HK6 cents) should be paid to the shareholders of the Company whose names appear in the Register of Members on 31st December, 2001.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30th September,	
	2001 HK\$'000	2000 HK\$'000
Earnings		
Earnings for the purposes of basic earnings per share	43,031	71,307
Effect of dilutive potential ordinary shares: Adjustment to the share of results of the group headed by Lung Kee Metal Holdings Limited ("LKMH") based on dilution of their earnings per share	(94)	(243)
Earnings for the purposes of diluted earnings per share	42,937	71,064
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	482,225	480,917
Effect of dilutive potential ordinary shares on exercise of options of the Company	2,122	2,201
Weighted average number of ordinary shares for the purposes of diluted earnings per share	484,347	483,118

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

In the opinion of the directors, there is no material difference between the carrying amount and the market value of the investment properties as at 30th September, 2001.

During the period, the Group spent HK\$23,312,000, HK\$7,394,000 and HK\$7,102,000 on acquisition of plant and machinery, furniture and equipment and other assets, respectively, for the purpose of expanding the Group.

In addition, the Group acquired a parcel of land in the PRC at a consideration of approximately HK\$2,824,000 under a medium-term lease. This parcel of land will be used for constructing a production plant.

9. INVESTMENT IN SECURITIES

During the period, the Group disposed of all the investment securities, which are classified as held-to-maturity debt securities, to an independent third party at a consideration of approximately HK\$31,774,000 resulting in a gain on disposal in an amount of approximately HK\$2,235,000.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers.

Included in trade and other receivables are trade receivables of HK\$306,928,000 (31st March, 2001: HK\$239,215,000) and their aged analysis is as follows:

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
0-60 days	165,028	189,908
61-90 days	76,378	41,731
Over 90 days	65,522	7,576
	306,928	239,215

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$70,034,000 (31st March, 2001: HK\$76,674,000) and their aged analysis is as follows:

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
0-60 days	35,252	44,972
61-90 days	12,441	9,182
Over 90 days	22,341	22,520
	70,034	76,674

12. UNSECURED BANK BORROWINGS

During the period, the Group raised new bank loans in the amount of approximately HK\$170,065,000. The loans bear interest at market rates and are repayable within 1 year. The proceeds were used for general working capital purposes.

In addition, the Group has repaid bank loans amounting to approximately HK\$87,148,000 during the period.

13. SHARE CAPITAL

	Authorised at		Issued and fully paid at	
	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Ordinary shares of HK\$0.1 each				
At beginning of the period/year	60,000	60,000	48,120	38,441
Bonus issue (one bonus share for every four shares)	—	—	—	9,624
Share issued on exercise of share options	—	—	275	55
At end of the period/year	60,000	60,000	48,395	48,120

14. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
At 1st April, 2000					
— as originally stated	108,670	9,049	427,958	112	545,789
— prior period adjustment in respect of change in accounting policy for dividend recognition	—	—	38,469	—	38,469
— as restated	108,670	9,049	466,427	112	584,258
Capitalisation for bonus issue of shares	(9,624)	—	—	—	(9,624)
Shares issued on exercise of share options	380	—	—	—	380
Capital reserve arising on acquisition of additional interest in a subsidiary	—	(719)	—	—	(719)
Exchange differences arising from translation of foreign currency financial statements	—	—	—	899	899
Final dividend for the year ended 31st March, 2000	—	—	(38,469)	—	(38,469)
Net profit for the year	—	—	129,606	—	129,606
Dividend (note 6)	—	—	(28,899)	—	(28,899)
At 31st March, 2001 and 1st April, 2001	99,426	8,330	528,665	1,011	637,432
Shares issued on exercise of share options	1,154	—	—	—	1,154
Capital reserve arising on acquisition of additional interest in a subsidiary	—	272	—	—	272
Exchange differences arising from translation of foreign currency financial statements	—	—	—	(421)	(421)
Final dividend for the year ended 31st March, 2001	—	—	(43,320)	—	(43,320)
Net profit for the period	—	—	43,031	—	43,031
Dividend (note 6)	—	—	(236)	—	(236)
At 30th September, 2001	100,580	8,602	528,140	590	637,912

15. CAPITAL COMMITMENTS

As at 30th September, 2001, the Group had capital expenditure amounting to approximately HK\$25,042,000 in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements.

16. ACQUISITION OF A SUBSIDIARY

In July 2001, the Group acquired 70% of the issued share capital of Taiwan Supertech Industrial Company Limited for a cash consideration of approximately HK\$11,904,000. This transaction has been accounted for using the acquisition method of accounting.

The effect of the acquisition is summarised as follows:

	HK\$'000
Property, plant and equipment	15,326
Inventories	4,328
Trade and other receivables	20,776
Bank balances and cash	2,176
Trade and other payables	(15,678)
Bank borrowings	(15,482)
Obligations under finance leases	(3,796)
Minority interests	(2,295)
	<hr/>
Net assets acquired	5,355
Goodwill arising on consolidation	6,549
	<hr/>
Cash consideration	11,904
	<hr/>
Net cash outflow arising on acquisition	
Cash consideration	11,904
Bank balances and cash acquired	(2,176)
	<hr/>
	9,728
	<hr/>

Taiwan Supertech Industrial Company Limited did not make any significant contribution to the results of the Group during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

The slow down of U.S. economy beginning this year has triggered off the global economic downturn. Clouded by a series of unfavorable political and economic factors, most of clients' export businesses to U.S. and European markets have remained stagnant. As a result, the growth of the Group business has also been adversely affected.

Plants in mainland China have maintained a stable development. The productivity of the second phase of Heyuan plant has increased steadily. However, due to the keen market competition, the selling price of the products has to be adjusted accordingly in line with the market expectation. As stimulated by the continued economic growth in eastern China, the performance of Shanghai plant has been satisfactory.

The Group is experiencing differing results on the overseas markets. Owing to the slow recovery pace in South East Asian economies, the performance of both Singapore and Malaysia businesses is not able to meet the Group's target. For the Japanese market, sales volume has been recorded a new high and the LKM brand has gradually gained a good reputation in the market. Furthermore, improvements have taken place in the newly acquired company in Taiwan. Besides producing standard mould base, new production lines for tailor made mould base have been added in order to offer a more comprehensive service to clients. The penetration into Korean market has also progressed satisfactorily with sales turnover reaching the target volume.

The Group's mould parts business, which mainly promotes the quality mould parts and hot runner mould system throughout U.S. and European countries, has achieved a steady growth. This lays a solid foundation for the Group in developing its horizontally integrated business.

As the market demand for imported mould steel decreases, the sales of mould steel business falls short of expectation. However, the introduction of multiple value-added services to the market has been encouraging. Favorable responses towards heat treatment and welding services are well received and this further enhances the confidence of clients on the "one-stop" services provided by the Group.

Capital investments from countries like Singapore, Japan and Taiwan have been directed continually to eastern China to establish new factories. This resulted in an increase demand for plastic parts that in turn contributed to the booming of the plastic industry. The business potential of the fast growing eastern China market looks particularly attractive. The Group will capitalize on such business opportunity by extending the Shanghai plant in coming year to reinforce the production capacity in securing sales in eastern China.

Turning to the overseas market, with accumulated yearly efforts, LKM products has succeeded in penetrating the U.S. and European markets. Increasingly clients show confidence and willingness to purchase the Group's products. The LKM brand is expected to be widely accepted in both markets.

The Group will have a strategic change in marketing its steel products. More variety of high quality steel products will be promoted to cater different market needs and demand. Moreover, the Group will take a progressive move in developing the eastern China market to capture larger market share.

The entrance of China into WTO has brought unprecedented business opportunities to the market. Increasing foreign investments are attracted into the Chinese market. Domestic enterprises in China have also undergone reform in strengthening their competitiveness. These factors contribute to higher demand in quality mould base and steel products for production. Moreover, following the opening of the mainland market to the world, the mould business will grow. However, it is also anticipated that market competition will become more intense at the same time. Nevertheless, the Group is well prepared in grasping any promising opportunity in the fast growing market in China.

The uncertainty of the U.S. economy has affected the global economy. On the other hand, China's entry into WTO has offered enormous business opportunities to the world. Looking ahead, the coming year will be full of challenges. The Group will still adopt a prudent and realistic attitude in facing these challenges. With the accumulated valuable experience, flexibility in managing changes, a long established goodwill and close relationship with clients, the Group is confident and has the ability to sustain its established position in the industry.

Liquidity and Financial Resources

As at 30th September, 2001, the Group had cash balance of approximately HK\$394 million. Most of the cash balance was placed in HK\$ and US\$ short-term deposits with major banks in Hong Kong.

Total debts were approximately HK\$399 million, equal to approximately 58% of shareholders' fund of approximately HK\$686 million.

Employees and Remuneration Policies

As at 30th September, 2001, the Group employed a total of approximately 4,400 employees, including approximately 4,000 employees in its PRC production sites and approximately 400 employees in Hong Kong and other countries. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

OTHER INFORMATION**Review of Interim Financial Statements**

The Audit Committee has reviewed with management and the external auditors, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discuss internal controls and financial reporting matters including the review of the unaudited interim financial statements.

Interim Dividend

The Directors have declared an interim dividend of HK3 cents (2000: HK6 cents) per share in respect of the six months ended 30th September, 2001 to be payable on 10th January, 2002 to shareholders whose names are on the Register of Members on 31st December, 2001.

Closure of Register of Members

The Register of Members of the Company will be closed from 27th December, 2001 to 31st December, 2001, both days inclusive, during which period no share transfer will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Registrars of the Company, Central Registration Hong Kong Limited of 17th Floor, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 24th December, 2001.

Directors' Interests in Shares and Share Options

As at 30th September, 2001, the interests of the directors, and their associates in the share capital of the Company and its associated corporations recorded in the register kept by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Company	Name of Director	Personal interests	Family interests	Corporate interests	Other interests
The Company	Siu Tit Lung (Notes 1, 2 & 4)	30,431,093	—	—	246,093,750
	Siu Yuk Lung (Notes 1, 3 & 4)	30,431,093	—	—	246,093,750
	Mak Koon Chi	3,375,000	—	—	—
	Wai Lung Shing	3,375,000	—	—	—
	Fung Wai Hing	1,265,625	—	—	—
Lung Kee Metal Holdings Limited ("LKMH"), a subsidiary of the Company	Siu Tit Lung (Note 5)	2,375,000	—	—	—
	Siu Yuk Lung (Note 5)	2,375,000	—	—	—
	Wai Lung Shing	562,500	—	—	—
	Mak Koon Chi	562,500	—	—	—

Notes:

- (1) Messrs. Siu Tit Lung and Siu Yuk Lung jointly held 27,602,968 shares in the Company and each owned a further 2,828,125 shares in the Company registered in their own name.
- (2) Rickdee Investments Limited, which is wholly-owned by a discretionary trust of which the family members of Mr. Siu Tit Lung other than Mr. Siu Tit Lung himself are beneficiaries, held 46,875,000 shares in the Company.
- (3) Robin Hill Investments Limited, which is wholly-owned by a discretionary trust of which the family members of Mr. Siu Yuk Lung other than Mr. Siu Yuk Lung himself are beneficiaries, held 46,875,000 shares in the Company.
- (4) Pan Island Investments Limited, which is wholly-owned by a discretionary trust of which the family members of Messrs. Siu Tit Lung and Siu Yuk Lung other than Messrs. Siu Tit Lung and Siu Yuk Lung themselves are beneficiaries, held 199,218,750 shares in the Company.
- (5) Messrs. Siu Tit Lung and Siu Yuk Lung jointly held 1,875,000 shares in LKMH and each owned a further 500,000 Shares in LKMH.

LUNG KEE (BERMUDA) HOLDINGS LIMITED

At 30th September, 2001, certain directors had personal interests in options to subscribe for shares in the Company granted under the share option scheme of the Company as follows:

Name of director	Number of share options					Exercisable period	Exercise price per share HK\$
	At 1st April, 2001	Granted during the period	Exercised during the period	Lapsed during the period	At 30th September, 2001		
Siu Tit Lung	375,000	—	—	375,000	—	01/05/1998 – 30/04/2001	1.492
	375,000	—	—	375,000	—	03/09/1998 – 02/09/2001	0.964
	750,000	—	—	750,000	—		
Siu Yuk Lung	375,000	—	—	375,000	—	01/05/1998 – 30/04/2001	1.492
	375,000	—	—	375,000	—	03/09/1998 – 02/09/2001	0.964
	750,000	—	—	750,000	—		
Mak Koon Chi	375,000	—	—	375,000	—	01/05/1998 – 30/04/2001	1.492
	375,000	—	—	375,000	—	03/09/1998 – 02/09/2001	0.964
	375,000	—	375,000	—	—	29/09/1999 – 28/09/2002	0.440
	500,000	—	500,000	—	—	26/10/1999 – 25/10/2002	0.580
	1,625,000	—	875,000	750,000	—		
Wai Lung Shing	375,000	—	—	375,000	—	01/05/1998 – 30/04/2001	1.492
	375,000	—	—	375,000	—	03/09/1998 – 02/09/2001	0.964
	375,000	—	375,000	—	—	29/09/1999 – 28/09/2002	0.440
	500,000	—	500,000	—	—	26/10/1999 – 25/10/2002	0.580
	1,625,000	—	875,000	750,000	—		
Fung Wai Hing	375,000	—	—	375,000	—	01/05/1998 – 30/04/2001	1.492
	375,000	—	—	375,000	—	03/09/1998 – 02/09/2001	0.964
	375,000	—	375,000	—	—	29/09/1999 – 28/09/2002	0.440
	500,000	—	500,000	—	—	26/10/1999 – 25/10/2002	0.580
	1,625,000	—	875,000	750,000	—		

At 30th September, 2001, two directors had personal interests in options to subscribe for shares in LKMH granted under the share option scheme of LKMH as follows:

Name of director	Number of share options				Exercisable period	Exercise price per share S\$
	At 1st April, 2001	Granted during the period	Exercised during the period	At 30th September, 2001		
Mak Koon Chi	562,500	—	—	562,500	15/01/1999 – 14/01/2003	0.564
	562,500	—	—	562,500	23/12/2000 – 22/12/2004	0.592
	562,500	—	—	562,500	07/08/2001 – 06/08/2005	0.508
	1,687,500	—	—	1,687,500		
Wai Lung Shing	562,500	—	—	562,500	15/01/1999 – 14/01/2003	0.564
	562,500	—	—	562,500	23/12/2000 – 22/12/2004	0.592
	562,500	—	—	562,500	07/08/2001 – 06/08/2005	0.508
	1,687,500	—	—	1,687,500		

Save as disclosed above, and other than certain nominee shares in subsidiaries held in trust for the Group, at 30th September, 2001, (i) none of the directors or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance; and (ii) none of the directors or their spouses or children under 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

Substantial Shareholders

As at 30th September, 2001 according to the register required to be kept under section 16(1) of the SDI Ordinance, the shareholders who were interested in 10% or more of the issued share capital of the Company were as follows:

	Number of shares held
Pan Island Investments Limited	199,218,750
Rickdee Investments Limited	46,875,000
Robin Hill Investments Limited	46,875,000

Save as disclosed above, no other person is recorded in the register as having an interest of 10% or more of the issued share capital of the Company.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or any of its subsidiaries during the six months ended 30th September, 2001.

Code of Best Practice

During the six months ended 30th September, 2001, the directors are not aware of any information that would indicate that the Company was not 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.

On behalf of the Board
Siu Yuk Lung
Managing Director

Hong Kong, 7th December, 2001