

foreign judgement in Hong Kong. The foreign creditors can only attempt to enforce the foreign judgement in other jurisdictions where the assets of Kenworth are situated. In light of legal advice received, the directors consider that the foreign judgement cannot be enforced in Hong Kong and that Kenworth has no material assets situated in jurisdictions other than Hong Kong, accordingly they consider it is not probable that any material loss will be suffered by Kenworth, and therefore no provision in respect thereof has been made in these financial statements.

EMPLOYEE SCHEMES

As at 30th September 2001, the Group had 51 employees, 2 of them were based in the PRC.

The remuneration policy and package of the Group's employees are reviewed and approved by the Directors. Apart from pension funds and double pay, discretionary bonus and share options are linked to individual performance as recognition of and reward for value creation.

DIRECTORS' INTERESTS IN SHARES

As at 30th September 2001, the interests of the directors of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

(A) Interests in shares of the Company

Name of Directors	Number of Shares held and nature of interests		
	Nature of interest	Number of Shares held	Percentage of the issued share capital
Tjia Boen Sien	Corporate ¹	400,000,000	55.6%
Wang Jing Ning	Corporate ¹	400,000,000	55.6%

(B) Interests in Convertible Notes of the Company

Name of Directors	Nature of interest	Principal Amount
Tjia Boen Sien	Corporate ¹	HK\$1,609,948.24
Wang Jing Ning	Corporate ¹	HK\$1,609,948.24

(C) Interests in shares of associated corporations of the Company

Deson

Name of directors	Nature of interest	Number of shares held	Number of warrants held
Tjia Boen Sien	Corporate ²	1,968,750,000	24,375,000
	Personal	124,470,000	200,000
Wang Jing Ning	Corporate ²	1,968,750,000	24,375,000
	Personal	15,330,000	–
Wang Ke Duan	Personal	5,600,000	–
Keung Kwok Cheung	Personal	7,000,000	110,000
Kong Kwok Fai	Personal	5,000,000	–
Song Sio Chong	Personal	3,000,000	–
Siu Man Po	Personal	1,500,000	–

Notes:

- 400,000,000 shares, representing approximately 55.6% of the issued share capital of the Company and Convertible Notes with a principal amount of HK\$1,609,948.24, are held by Super Win Development Limited, a wholly-owned subsidiary of Deson (“Super Win”). Approximately 41.09% of the issued share capital of Deson is owned by Sparta Assets Limited (“Sparta Assets”). Mr. Tjia Boen Sien and Mr. Wang Jing Ning own 80% and 10% of the issued share capital of Sparta Assets, respectively.
- Sparta Assets was beneficially interested in 1,968,750,000 shares of Deson. Mr. Tjia Boen Sien and Mr. Wang Jing Ning own 80% and 10% of the issued share capital of Sparta Assets, respectively.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporation as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Deson has granted options to acquire ordinary shares of Deson in favour of certain persons who are Directors pursuant to Deson's share option scheme. The share options granted to Directors to subscribe for ordinary shares of Deson which were outstanding at 30th September 2001 were as follows:

Name of Directors	Exercisable from	Exercisable from	Exercisable from	Total
	29th February 2002 to 28th February 2004 at HK\$0.02864 per Deson share	23rd January 2002 to 22nd January 2004 at HK\$0.03088 per Deson share	23rd April 2001 to 22nd April 2003 at HK\$0.0384 per Deson share	
Tjia Boen Sien	35,000,000	26,000,000	-	61,000,000
Wang Jing Ning	-	5,000,000	3,000,000	8,000,000
Wang Ke Duan	-	3,000,000	2,000,000	5,000,000
Keung Kwok Cheung	-	5,000,000	-	5,000,000
Kong Kwok Fai	-	4,000,000	5,000,000	9,000,000
Song Sio Chong	-	3,000,000	-	3,000,000

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or its associated corporations granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them.

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2001, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to keep by the Company pursuant to section 16(1) of the SDI Ordinance:

Name of Shareholder	Number of shares held	Percentage of issued share capital
Super Win	400,000,000 (<i>Note</i>)	55.6%
Deson Development Holdings Limited	400,000,000 (<i>Note</i>)	55.6%
Deson	400,000,000 (<i>Note</i>)	55.6%
Sparta Assets	400,000,000 (<i>Note</i>)	55.6%

Note: Super Win holds 400,000,000 shares. By virtue of Super Win being a wholly-owned subsidiary of Deson Development Holdings Limited (“DDHL”) and DDHL being a wholly-owned subsidiary of Deson, and Sparta Assets being beneficially interested in 41.09% of the issued share capital of Deson, each of DDHL, Deson and Sparta Assets is deemed to be interested in the 400,000,000 Shares held by Super Win.

Saved as disclosed above and under the section headed “Directors’ interests in shares”, at 30th September 2001, no person had registered as having an interest of 10% or more in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the securities of the Company or its subsidiaries during the period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th September 2001.

CODE OF BEST PRACTICE

The directors are not aware of any information that would reasonably indicate that the Company is not, or was not, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, for any part of the accounting period covered by the interim report, except that the independent non-executive directors of the Company are not employed for specific terms, but are subject to retirement by rotation in accordance with the Company's articles of association.

On behalf of the board

Tjia Boen Sien

Managing Director and Deputy Chairman

Hong Kong, 18th December 2001