



LUNG KEE (BERMUDA) HOLDINGS LIMITED

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 HK7 cents per share (for the six months ended 30th September, 2002: HK5 cents per share) in respect of the six months ended 30th June, 2003 to be payable on or about 7th October, 2003 to shareholders whose names appear in the Register of Members of the Company on 19th September, 2003.

Closure of Register of Members

The Register of Members of the Company will be closed from 18th September, 2003 to 19th September, 2003, both days inclusive, during which period no share transfer will be effected.

In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar and Transfer Office of the Company, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 17th September, 2003.

Directors' Interests in Shares

As at 30th June, 2003, the directors and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"):

Interests in the Company

Name of Director	Capacity	Number of shares held		Number of underlying shares held pursuant to share options	Total interests	Percentage of the Company's issued share capital
		Personal interests	Other interests			
Siu Tit Lung (Notes 1, 2 & 4)	Beneficial owner and founder of discretionary trust	58,933,155	246,093,750	500,000	305,526,905	62.52%
Siu Yuk Lung (Notes 1, 3 & 4)	Beneficial owner and founder of discretionary trust	58,933,155	246,093,750	500,000	305,526,905	62.52%
Mak Koon Chi	Beneficial owner	3,375,000	—	500,000	3,875,000	0.79%
Wai Lung Shing	Beneficial owner	3,375,000	—	500,000	3,875,000	0.79%
Fung Wai Hing	Beneficial owner	1,265,625	—	500,000	1,765,625	0.36%

Notes:

- (1) Messrs. Siu Tit Lung and Siu Yuk Lung jointly held 56,105,030 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.



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- (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.

Interests in associated corporations of the Company

Name of Director	Nature of interests	Name of associated corporation	Number of shares held	Percentage of issued share capital of the class
Siu Tit Lung	Personal	Lung Kee International Limited	1,000,000 non-voting deferred shares	49.99%
	Personal	Lung Kee Metal Limited	5,000,000 non-voting deferred shares	49.99%
Siu Yuk Lung	Personal	Lung Kee International Limited	1,000,000 non-voting deferred shares	49.99%
	Personal	Lung Kee Metal Limited	5,000,000 non-voting deferred shares	49.99%

All the interests disclosed above represent long position in the shares and underlying shares of the Company or its associated corporations.

The details of the directors' interests in the share options granted by the Company are stated in the following section "Share Options".

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, none of the directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

A share option scheme was adopted by the Company pursuant to a resolution passed on 9th September, 2002 (the "2002 Scheme"). Under the Scheme, the Board of Directors of the Company (the "Board") may grant options to (i) any executive or non-executive directors of the Group (or any persons proposed to be appointed as such) or any employees of the Group, (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of the Group; (iii) any consultants and professional advisers to the Group (or persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives or substantial shareholders of the Company; (v) any associates of director, chief executive or substantial shareholder of the Company; and (vi) any employees of substantial shareholder of the Company, as absolutely determined by the Board (the "Participants"), to subscribe for shares in the Company. The 2002 Scheme was set up for the primary purpose of to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants, and will expire on 8th September, 2012.

At 30th June, 2003, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 2,585,000, representing 0.5% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of approval of the 2002 Scheme, unless prior approval from the Company's shareholders is obtained. Without prior approval from the Company's shareholders, the number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within a period of 28 days from the date of Grant, upon payment of HK\$1 per grant. An option period is a period to be determined by the Board at its absolute discretion and notified by the Board to each Participant who accept the option offer as being the period during which an option may be exercised, such period to expire not later than 10 years after the date of the grant of the share option ("Option Period"). Options may be

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exercised in accordance with the terms of 2002 Scheme at any time during the Option Period after the option has been granted. The exercise price is determined by the directors of the Company, and will be equal to the higher of the nominal value of the Company's share, the closing price of the Company's shares on the date of grant, and the average closing price of the Company's shares for the five business days immediately preceding the date of grant.

The following table discloses movements in the Company's share options during the period:

	Number of share options				At 30th June, 2003	Date of grant	Exercisable period	Exercise price per share
	Granted At 1st January, 2003	Granted during the period	Exercised during the period	Cancelled during the period				
HK\$								
Category 1: Directors								
Siu Tit Lung	500,000	—	—	—	500,000	8th November, 2002	8th May, 2003 to 7th May, 2006	1.22
Siu Yuk Lung	500,000	—	—	—	500,000	8th November, 2002	8th May, 2003 to 7th May, 2006	1.22
Mak Koon Chi	500,000	—	—	—	500,000	8th November, 2002	8th May, 2003 to 7th May, 2006	1.22
Wai Lung Shing	500,000	—	—	—	500,000	8th November, 2002	8th May, 2003 to 7th May, 2006	1.22
Fung Wai Hing	500,000	—	—	—	500,000	8th November, 2002	8th May, 2003 to 7th May, 2006	1.22
Total	2,500,000	—	—	—	2,500,000			
Category 2: Employees								
	2,500,000	—	(1,870,000)	(545,000)	85,000	8th November, 2002	8th May, 2003 to 7th May, 2006	1.22
Total all categories	5,000,000	—	(1,870,000)	(545,000)	2,585,000			

Note:

The closing price of the Company shares immediately before the date on which the options were exercised was HK\$2.90.



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Save as disclosed above, none of the directors or their spouses or children under the age of 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 June, 2003, the following persons (other than directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares/ underlying shares held	Percentage of Company's issued share capital
Pan Island Investments Limited	Beneficial owner	199,218,750	40.92%
Rickdee Investments Limited	Beneficial owner	46,875,000	9.63%
Robin Hill Investments Limited	Beneficial owner	46,875,000	9.63%
Commonwealth Bank of Australia	Interest of controlled corporation	34,303,687	7.05%
Colonial First State Group Ltd	Interest of controlled corporation	31,161,787	6.4%
Colonial Holding Company (No. 2) Pty Limited	Interest of controlled corporation	31,161,787	6.4%
Colonial Holding Company Pty Ltd	Interest of controlled corporation	31,161,787	6.4%
Colonial Ltd	Interest of controlled corporation	31,161,787	6.4%
The Colonial Mutual Life Assurance Society Ltd	interest of controlled corporation	31,161,787	6.4%
First State Investments (UK Holdings) Limited	Interest of controlled corporation	25,255,687	5.19%
First State Investment Management (UK) Limited	Investment manager	25,255,687	5.19%
SI Holdings Limited	Interest of controlled corporation	25,255,687	5.19%

Note:

The Company had received notices from Commonwealth Bank of Australia and its various wholly-owned subsidiaries that as at 1st April, 2003, Commonwealth Bank of Australia, through its wholly-owned subsidiaries, inter alia, Colonial First State Group Ltd, Colonial Holding Company (No. 2) Pty Limited, Colonial Holding Company Pty Ltd, Colonial Ltd, The



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Colonial Mutual Life Assurance Society Ltd, First State Investments (UK Holdings) Limited, First State Investment Management (UK) Limited and SI Holdings Limited, held a total of 31,161,787 shares in the Company. The Company had further received a notice from Commonwealth Bank of Australia that on 5th May, 2003, Commonwealth Bank of Australia had an interest of 34,303,687 shares in the Company. All figures shown above relating to these companies are reproduced from notices received by the Company.

All the interests disclosed above represent long position in the shares and underlying shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director or a chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30th June, 2003.

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 June, 2003.

Code of Best Practice

During the six months ended 30th June, 2003, 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.

On behalf of the Board
Siu Yuk Lung
Managing Director

Hong Kong, 29th August, 2003