

INTERIM DIVIDEND

Consistent with our previous dividend policy, the Board has declared an interim dividend of HK\$0.011 per share (2000: HK\$0.01) for the six months ended 31st December 2001. The interim dividend will be payable on Tuesday, 23rd April 2002 to shareholders whose names appear on the Register of Members at the close of business on Wednesday, 17th April 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 15th April 2002 to Wednesday, 17th April 2002, both days inclusive, during which period no transfer of shares will be effected. To determine entitlement to the interim dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Share Registrars, Central Registration Hong Kong Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 12th April 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31st December 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN SHARES

As at the date of this report, the interests of the directors and their associates in the share capital of the Company and its associated corporations as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as notified to the Company were as follows:

(i) Interest in ordinary shares of the Company

| Name of director | Type of interest | Number of ordinary shares in the Company (excluding options) |
|------------------------------|------------------|--|
| Mr. Jonathan Koon Shum Choi* | Corporate | 760,196,000 |
| Ms. Mary Yuk Sin Lam | Personal | 2,500,000 |

* Mr. Jonathan Koon Shum Choi is deemed to be interested in these 760,196,000 ordinary shares (by virtue of the SDI Ordinance). Such interest in shares is also set out in "Substantial Shareholders" shown on page 21.

DIRECTORS' INTERESTS IN SHARES (continued)

(ii) Interest in common shares of US\$0.01 each of Kingsway International Holdings Limited ("Kingsway International")

| Name of director | Personal interest | Family interest | Corporate interest | Other interest | Total number of common shares (excluding options) |
|-------------------------------|-------------------|-----------------|-------------------------|----------------|---|
| Mr. Jonathan Koon Shum Choi** | 33,906,386 | – | 107,312,222 (Note 1) | – | 141,218,608 |
| Mr. William Ka Chung Lam** | 34,137,000 | – | 25,355,981 (Note 2) | – | 59,492,981 |
| Ms. Mary Yuk Sin Lam** | 35,439,749 | – | 3,622,283 (Note 3) | – | 39,062,032 |
| Mr. Richard Yingneng Yin** | 7,909,630 | – | – | – | 7,909,630 |
| Mr. Michael Koon Ming Choi** | 427,749 | – | – | – | 427,749 |

** By virtue of his/her respective interests in Kingsway International, the ultimate holding company of the Company, each of Mr. Jonathan Koon Shum Choi, Mr. William Ka Chung Lam, Ms. Mary Yuk Sin Lam, Mr. Richard Yingneng Yin and Mr. Michael Koon Ming Choi is interested in the shares in the subsidiaries of Kingsway International under the SDI Ordinance.

Note 1: Of these, 51,000,000 common shares of Kingsway International are held by Sun Wah Capital Limited. Mr. Jonathan Koon Shum Choi was deemed to be interested in these shares as he is entitled to control the exercise or exercise of one third or more of the voting power at general meetings of Sun Wah Capital Limited.

Remaining 56,312,222 common shares of Kingsway International are held by Scarlet Red Limited. Mr. Jonathan Koon Shum Choi was deemed to be interested in these shares as he is entitled to control the exercise or exercise of one third or more of the voting power at general meetings of Scarlet Red Limited.

Note 2: 25,355,981 common shares of Kingsway International are held by Dynasty International Holdings Limited which is wholly owned by Global Fame Limited. Global Fame Limited is wholly owned by The WKC Lam Family Trust which is a discretionary trust and Mr. William Ka Chung Lam and his two children are the objects of the discretionary trust.

Note 3: 3,622,283 common shares of Kingsway International are held by Canadian Pioneer Consultants Limited. Ms. Mary Yuk Sin Lam was deemed to be interested in these shares as she is entitled to control the exercise or exercise of one third or more of the voting power at general meetings of Canadian Pioneer Consultants Limited.

DIRECTORS' INTERESTS IN SHARES (continued)**(iii) Interest in options to acquire ordinary shares of the Company**

A share option scheme was approved by the shareholders on 23rd August 2000 under which the Board of directors may, at its discretion, grant to any full time employees of the Group, including any executive directors of any companies in the Group to subscribe for the Company's shares. Details of the share option scheme are set out in note 11 to these interim accounts. Details of the movements of directors' interests in options during the period are as follows:

| Name of director | Number of options held on 1/7/2001 | Number of options granted on 31/8/2001 | Number of options held on 31/12/2001 | Exercise period | Exercise price per share |
|--------------------------------|---|---|---|-------------------------|--------------------------------|
| Mr. Jonathan Koon Shum Choi | 15,000,000 | - | 15,000,000 | 9/4/2001- 8/10/2004 | HK\$0.7 |
| Mr. William Ka Chung Lam | 15,000,000 | - | 15,000,000 | 29/3/2001- 28/9/2004 | HK\$0.7 |
| Mr. Richard Yingneng Yin | 13,600,000 | - | 13,600,000 | 29/3/2001- 28/9/2004 | HK\$0.7 |
| | - | 1,400,000 (Note) | 1,400,000 | 1/3/2002- 31/8/2005 | HK\$0.97 |
| Ms. Mary Yuk Sin Lam | 5,000,000 | - | 5,000,000 | 29/3/2001- 28/9/2004 | HK\$0.7 |
| | - | 6,000,000 (Note) | 6,000,000 | 1/3/2002- 31/8/2005 | HK\$0.97 |
| Mr. Michael Koon Ming Choi | 5,500,000 | - | 5,500,000 | 4/4/2001- 3/10/2004 | HK\$0.7 |
| | - | 500,000 (Note) | 500,000 | 1/3/2002- 31/8/2005 | HK\$0.97 |

Note: At the date before the options were granted, 30th August 2001, the market value per share was HK\$1.23.

DIRECTORS' INTERESTS IN SHARES (continued)

(iv) Interest in options to acquire common shares of Kingsway International

Pursuant to a share option plan operated by the ultimate holding company, Kingsway International, certain directors had outstanding options as at 31st December 2001 to subscribe for the shares of Kingsway International as follows:

| Name of Director | Number of options held | Exercise period | Exercise price per share |
|-----------------------------|------------------------|-----------------------|--------------------------|
| Mr. Jonathan Koon Shum Choi | 6,500,000 | 8/7/1997-15/7/2002 | C\$0.4 |
| | 8,000,000 | 27/12/2000-26/12/2003 | C\$0.48 |
| Mr. William Ka Chung Lam | 8,000,000 | 27/12/2000-26/12/2003 | C\$0.48 |
| Mr. Richard Yingneng Yin | 8,000,000 | 27/12/2000-26/12/2003 | C\$0.48 |
| Ms. Mary Yuk Sin Lam | 100,000 | 8/7/1997-15/7/2002 | C\$0.4 |
| Mr. Michael Koon Ming Choi | 1,000,000 | 17/12/1999-13/10/2003 | C\$0.2 |
| Mr. Douglas Ching Shan Hui | 1,000,000 | 17/12/1999-13/10/2003 | C\$0.2 |

Save as disclosed above, as at the date of this report, none of the directors and chief executive had any interests in the shares of the Company and its associated corporations as defined in the SDI Ordinance, and none of the directors and chief executive or their spouses or children under 18 years of age had any rights to subscribe for the shares of the Company, or had exercised any such rights during the period and up to the date of this report.

Save as disclosed above, at no time during the period and up to the date of this report was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at the date of this report, the register of substantial shareholders, other than a director or chief executive of the Company, maintained under section 16(1) of the SDI Ordinance, shows that the Company has been notified of the following interest, being 10% or more of the Company's issued share capital:

| Name of shareholders | Number of ordinary shares in the Company | |
|---|--|-----------------|
| | Direct interest | Deemed interest |
| Kingsway International Holdings Limited (Bermuda) | – | 760,196,000*** |
| Innovation Assets Limited (BVI) | – | 760,196,000*** |
| World Developments Limited (BVI) | 760,196,000*** | – |

SUBSTANTIAL SHAREHOLDERS (continued)

- *** 760,196,000 shares represent the same interest and are therefore duplicated amongst Kingsway International, Innovation Assets Limited and World Developments Limited. World Developments Limited is a wholly owned subsidiary of Innovation Assets Limited whose entire issued share capital is beneficially owned by Kingsway International. Mr. Jonathan Koon Shum Choi beneficially owns or has control over approximately 47.26% of the issued share capital of Kingsway International and was deemed (by virtue of the SDI ordinance) to be interested in the 760,196,000 shares.

Save as disclosed above, the Company has not been notified of any interests representing 10% or more of the issued share capital of the Company.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31st December 2001, in compliance with the Code of Best Practice set out by the Stock Exchange of Hong Kong Limited in Appendix 14 of the Listing Rules, except that non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation according to the provisions of the Company's Bye-Laws.

AUDIT COMMITTEE

At the request of the Audit Committee of the Company, the Group's external auditors have carried out a review of the unaudited condensed accounts in accordance with the Statement of Auditing Standards SAS700 issued by the Hong Kong Society of Accountants. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim report and unaudited condensed accounts.

On behalf of the Board
William, Ka Chung Lam
Chief Executive Officer

Hong Kong, 6th March 2002