

### EMPLOYEES

The Group excluding associated companies, employs 1,274 people. Salaries of employees are maintained at competitive levels. The Group recruits and promotes individuals based on their competencies, merits and development potentials for the positions offered. Staff performance is reviewed at least annually and remuneration is performance driven. The Company has in place a share option scheme for executives for the purpose of providing competitive remuneration package and long term retention of management talents. This scheme was introduced in 1991 following approval by the shareholders.

### SHARE CAPITAL

The Company has not redeemed any of its shares during the six months ended 30th June 2001. 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 2001.

### DIRECTORS' INTERESTS

At 30th June 2001, the beneficial interest of each director in the share capital of the Company and the share capital and warrants of its listed ultimate holding company, K. Wah International Holdings Limited, and the details of any right to subscribe for shares in the Company and K. Wah International Holdings Limited and of the exercise of such rights, as recorded in the register kept under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as otherwise notified to the Company 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
Lui Che Woo	6,446,669	1,247,087	62,305,854 <sup>(1)</sup>	777,717,352 <sup>(2)</sup>	847,716,962
Francis Lui Yiu Tung	2,822	—	—	777,717,352 <sup>(2)</sup>	777,720,174
Paddy Tang Lui Wai Yu	1,861,906	—	—	777,717,352 <sup>(2)</sup>	779,579,258
Chan Nai Keong	49,769	—	—	—	49,769
Charles Cheung Wai Bun	1,810	—	—	—	1,810
Moses Cheng Mo Chi	—	—	—	—	—
Yip Hing Chung	155,405	—	—	—	155,405
Joseph Lai Ming	—	—	—	—	—
Edwin Yu Kwok Kam	—	—	—	—	—

**(b) Share Options of the Company:**

	Share Options	
	Number Outstanding	Number Exercised during the period
Lui Che Woo	3,300,000	—
Francis Lui Yiu Tung	2,600,000	—
Paddy Tang Lui Wai Yu	1,670,000	—
Chan Nai Keong	836,000	—
Charles Cheung Wai Bun	—	—
Moses Cheng Mo Chi	—	—
Yip Hing Chung	—	—
Joseph Lai Ming	850,000	—
Edwin Yu Kwok Kam	1,700,000	—

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

	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Lui Che Woo	224,001	6,079,030	28,383,646 <sup>(3)</sup>	1,070,978,693 <sup>(2)</sup>	1,105,665,370
Francis Lui Yiu Tung	379,804	—	—	1,070,978,693 <sup>(2)</sup>	1,071,358,497
Paddy Tang Lui Wai Yu	4,639,166	—	—	1,070,978,693 <sup>(2)</sup>	1,075,617,859
Chan Nai Keong	157,609	—	—	—	157,609
Charles Cheung Wai Bun	7,239	—	—	—	7,239
Moses Cheng Mo Chi	—	—	—	—	—
Yip Hing Chung	—	—	—	—	—
Joseph Lai Ming	—	—	—	—	—
Edwin Yu Kwok Kam	—	—	—	—	—

**(d) Share Options and 2001 Warrants of K. Wah International Holdings Limited:**

	Share Options		2001 Warrants
	Number Outstanding	Number Exercised During the period	Number Outstanding
Lui Che Woo	2,850,000	—	16,206,548
Francis Lui Yiu Tung	2,200,000	—	677
Paddy Tang Lui Wai Yu	1,470,000	—	505,264
Chan Nai Keong	735,000	—	13,505
Charles Cheung Wai Bun	—	—	490
Moses Cheng Mo Chi	—	—	—
Yip Hing Chung	—	—	36,182
Joseph Lai Ming	685,000	—	—
Edwin Yu Kwok Kam	—	—	—

## Other Information

### Notes:

- (1) 62,305,854 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 774,492,820 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. In addition, a discretionary trust was interested in 3,224,532 shares in the Company. 1,070,978,693 shares in K. Wah International Holdings Limited representing more than one-third of its issued share capital were held by discretionary trusts. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu, as discretionary beneficiaries interested in the 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) 28,383,646 shares in K. Wah International Holdings Limited were held by Best Chance Investments Ltd. which was controlled by Dr. Lui Che Woo.

## SUBSTANTIAL SHAREHOLDERS

At 30th June 2001, the interest of every person (not being a director or chief executive of the Company) having an interest in 10% or more of the issued share capital of the Company as recorded in the register kept under section 16(1) of the SDI Ordinance were as follows:

Name	Number of Ordinary Shares
Sutimar Enterprises Limited	774,492,820 (Note 1)
K. Wah International Holdings Limited	774,492,820 (Note 1)
HSBC Holdings Plc	777,743,791 (Note 2)
HSBC Finance (Netherlands)	777,743,791 (Note 2)
HSBC Holdings B.V.	777,743,791 (Note 2)
HSBC Investment Bank Holdings B.V.	777,743,791 (Note 2)
HSBC International Trustee Limited	777,743,791 (Note 2)

### Notes:

1. K. Wah International Holdings Limited is deemed to be interested in the 774,492,820 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 discretionary trusts which holds 777,743,791 shares in the Company. Each of HSBC Holdings Plc, HSBC Finance (Netherlands), HSBC Holdings B.V. and HSBC Investment Bank Holdings B.V. are deemed to be interested in the 777,743,791 shares in the Company held by HSBC International Trustee Limited, being a wholly owned subsidiary within the HSBC Group.

There was duplication of interest of:

- (i) 777,717,352 shares in the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu, Sutimar Enterprises Limited, K. Wah International Holdings Limited, HSBC Holdings Plc, HSBC Finance (Netherlands), HSBC Holdings B.V., HSBC Investment Bank Holdings B.V. and HSBC International Trustee Limited; and
- (ii) 1,070,978,693 shares in K. Wah International Holdings Limited between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu.

## AUDIT COMMITTEE

Having been reviewed by the Company's Auditors, PricewaterhouseCoopers, the Group's interim report for the six months ended 30th June, 2001 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee which meets at least twice each year.

## CHANGES IN THE BOARD

Mr. Edwin Yu Kwok Kam and Mr. Joseph Lai Ming have resigned as executive directors of the Company on 1st August 2001 and 1st September 2001 respectively. The Board would like to express appreciation towards them for their valuable contributions to the Company. Mr. Joseph Lai Ming will remain on the Board as a non-executive director.

## CLOSE OF REGISTER

The register of members will be closed from 8th October 2001 to 12th October 2001, 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 in Hong Kong, Central Registration Hong Kong 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 5th October 2001.

### CODE OF BEST PRACTICE

For the six months ended 30th June 2001, the Company has complied with the Code of Best Practice issued by The Stock Exchange of Hong Kong Limited save and except that, prior to the 2000 Annual General Meeting of the Company ("2000 AGM"), non-executive directors are being 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, 18th September 2001

*Registered Office:*

29th Floor, K. Wah Centre  
191 Java Road  
North Point  
Hong Kong

Website: [www.kwcm.com](http://www.kwcm.com)