

## EMPLOYEE INFORMATION

At 30 June 2002, the Group had 789 employees. Our employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund scheme, we also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. We continue to provide training to employees in areas such as computer application, product knowledge and customer service.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2002, the Directors' interests in and rights to subscribe for the ordinary shares of HK\$0.10 each in the Company and shares in its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### 1. Interest in shares or debentures

#### A. Ordinary shares in the Company

Name	Number of shares beneficially held		Shareholding (%)
	Personal	Other interest	
Kwan Pak Hoo Bankee	–	1,374,432,297*	66.18
Lai Wai Kwong Daryl	22,500,000	–	1.08

\* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited ("CASH"). Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian Limited ("Cash Guardian") as disclosed in the "Substantial Shareholders" below.

**B. Associated corporations (within the meaning of SDI Ordinance)**

(a) *CASH*

Ordinary shares

Name	Number of shares beneficially held		Shareholding (%)
	Personal	Other interest	
Kwan Pak Hoo Bankee	-	156,952,376*	51.38
Li Yuen Cheuk Thomas	2,501,875	-	0.82
Law Ping Wah Bernard	5,096,200	-	1.67
Kwok Oi Kuen Joan Elmond	2,700,000	-	0.88

\* The shares were held by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

Warrants carrying rights to subscribe for shares of HK\$0.10 each in CASH at the adjusted subscription price of HK\$13.00 each during the period from 20 July 2000 to 31 July 2002 (both days inclusive).

Name	Amount of warrants beneficially held	
	Personal (HK\$)	Other interest (HK\$)
Kwan Pak Hoo Bankee	-	159,976,285.30*
Li Yuen Cheuk Thomas	1,952,437.50	-
Law Ping Wah Bernard	3,526,238.30	-
Kwok Oi Kuen Joan Elmond	260,000.00	-

\* The amount of warrants was held as to HK\$144,876,749.55 by Cash Guardian and as to HK\$15,099,535.75 by Suffold Resources Limited ("Suffold"). Cash Guardian and Suffold were both 100% beneficially owned by Jeffnet Inc. Details of the ultimate beneficial interest of Jeffnet Inc are disclosed in the "Substantial Shareholders" below. Mr Kwan was deemed to be interested in all these warrants as a result of his interests in Cash Guardian and Suffold.

(b) *Ordinary shares in CASH Financial Services Group Limited ("CFSG")*

Name	Number of shares beneficially held		Shareholding (%)
	Personal	Other interest	
Kwan Pak Hoo Bankee	-	54,330,997*	53.92
Li Yuen Cheuk Thomas	150,187	-	0.15
Law Ping Wah Bernard	271,249	-	0.27
Kwok Oi Kuen Joan Elmond	20,000	-	0.02

\* The shares were held as to 50,463,239 shares by CIGL and as to 3,867,758 shares by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH and Cash Guardian as disclosed in the "Substantial Shareholders" below.

Save as disclosed above, as at 30 June 2002, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## 2. Rights to acquire shares in the Company

Pursuant to the share option schemes of the Company, certain Directors of the Company were granted share options to subscribe for shares in the Company, details of which as at 30 June 2002 were as follows:

Name	Date of grant	Number of options			Outstanding as at 30 June 2002	Exercise period	Exercise price per share (HK\$)	Notes
		Outstanding as at 1 January 2002	Granted during the period	lapsed during the period				
Kwan Pak Hoo Bankee	12/6/2000	18,000,000	-	(18,000,000)	-	13/6/2000 – 12/6/2002	0.32	
	17/1/2002	-	20,000,000	-	20,000,000	1/2/2002 – 31/1/2004	0.21	
Li Yuen Cheuk Thomas	12/6/2001	14,400,000	-	-	14,400,000	16/6/2001 – 15/6/2003	0.21	
	17/1/2002	-	6,000,000	-	6,000,000	1/2/2002 – 31/1/2004	0.21	
Leung Siu Pong James	12/6/2000	3,600,000	-	(3,600,000)	-	13/6/2000 – 12/6/2002	0.32	(1)
	17/1/2002	-	5,000,000	-	5,000,000	1/2/2002 – 31/1/2004	0.21	
Law Tang Fai James	17/1/2002	-	5,000,000	-	5,000,000	1/2/2002 – 31/1/2004	0.21	
Lai Wai Kwong Daryl	17/1/2002	-	2,500,000	-	2,500,000	1/2/2002 – 31/1/2004	0.21	
Law Ping Wah Bernard	12/6/2001	7,200,000	-	-	7,200,000	16/6/2001 – 15/6/2003	0.21	
	17/1/2002	-	13,000,000	-	13,000,000	1/2/2002 – 31/1/2004	0.21	
Kwok Oi Kuen Joan Elmond	17/1/2002	-	20,000,000	-	20,000,000	1/2/2002 – 31/1/2004	0.21	
Khoo Ken Wee	12/6/2001	7,200,000	-	(7,200,000)	-	16/6/2001 – 15/6/2003	0.21	
	17/1/2002	-	13,000,000	(13,000,000)	-	1/2/2002 – 31/1/2004	0.21	
		<u>50,400,000</u>	<u>84,500,000</u>	<u>(41,800,000)</u>	<u>93,100,000</u>			

### Notes:

- (1) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 6 months from the commencement of the exercise period.
- (2) Mr Kwan Pak Hoo Bankee is also a substantial shareholder of the Company.

- (3) Mr Khoo Ken Wee has resigned as Director of the Company during the period.

Saves as disclosed above, during the six months ended 30 June 2002, none of the Directors or chief executive of the Company or any of their spouse or children under 18 years of age was granted or holding options to acquire shares in or debentures of the Company.

## SHARE OPTION SCHEMES

Details of share options to subscribe for shares in the Company granted to participants under the share option schemes of the Company during the six months ended 30 June 2002 were as follows:

Date of grant	Exercise price per share (HK\$)	Exercise period	Notes	Number of options			
				Outstanding as at 1 January 2002	Granted during the period	Lapsed during the period	Outstanding as at 30 June 2002
<b>Directors</b>							
12/6/2000	0.32	13/6/2000 – 12/6/2002	(1)	21,600,000	–	(21,600,000)	–
12/6/2001	0.21	16/6/2001 – 15/6/2003	(1)	28,800,000	–	(7,200,000)	21,600,000
17/1/2002	0.21	1/2/2002 – 31/1/2004	(1)	–	84,500,000	(13,000,000)	71,500,000
				<u>50,400,000</u>	<u>84,500,000</u>	<u>(41,800,000)</u>	<u>93,100,000</u>
<b>Employees</b>							
12/6/2000	0.32	13/6/2000 – 12/6/2003	(2)	4,437,000	–	(270,000)	4,167,000
17/1/2002	0.21	1/2/2002 – 31/1/2004		–	30,000,000	–	30,000,000
				<u>4,437,000</u>	<u>30,000,000</u>	<u>(270,000)</u>	<u>34,167,000</u>
				<u>54,837,000</u>	<u>114,500,000</u>	<u>(42,070,000)</u>	<u>127,267,000</u>

Notes:

- (1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities" under the sub-heading "Rights to acquire shares in the Company".

- (2) The options are vested in 3 tranches as to (i) 1/3 exercisable from the commencement of the exercise period; (ii) 1/3 exercisable from the expiry of 12 months from the commencement of the exercise period; and (iii) 1/3 exercisable from the expiry of 24 months from the commencement of the exercise period.
- (3) The closing price of the share immediately before the date of grant was HK\$0.207.
- (4) The lapsed options were due to cessation of employment of participants with the Group or expiry.
- (5) No option was exercised or cancelled during the period.
- (6) The fair value of the options granted during the period totalled approximately HK\$3,606,750. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:
  - (i) an expected volatility of 25.4%;
  - (ii) no annual dividends; and
  - (iii) the estimated expected life of the options granted during the period is 2 years. The corresponding 2 year Hong Kong Exchange Fund Notes interest rate at the date of the options were granted was 1.75%.

The Black Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price.

- (7) Because changes in subjective input assumptions can materially affect the fair value estimate, in the Directors' opinion, the existing model does not necessarily provide a reliable singly measure of the fair value of the share options.
- (8) No accounting treatment has been adopted in the financial statements in respect of the value of options subsisting during the period.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the following parties were interested in 10% or more of the issued share capital of the Company as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of shares	Shareholding (%)
Kwan Pak Hoo Bankee ( <i>Note</i> )	1,374,432,297	66.18
Jeffnet Inc ( <i>Note</i> )	1,374,432,297	66.18
Cash Guardian ( <i>Note</i> )	1,374,432,297	66.18
CASH ( <i>Note</i> )	1,374,432,297	66.18
CIGL ( <i>Note</i> )	1,374,432,297	66.18

*Note:* This refers to the same number of 1,374,432,297 shares held by CIGL. CIGL was a wholly-owned subsidiary of CASH which was owned as to approximately 51.38% by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan. Pursuant to SDI Ordinance, CASH, Cash Guardian, Jeffnet Inc and Mr Kwan were deemed to be interested in the shares held by CIGL.

Save as disclosed above, as at 30 June 2002, no other parties were recorded in the register required by the SDI Ordinance to be kept as having an interest of 10% or more of the issued share capital of the Company.

## COMPLIANCE WITH 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 from 1 January 2002 to 30 June 2002, in compliance with Code of Best Practice as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange, save that the independent non-executive Directors of the Company were not appointed for specific terms but subject to retirement by rotation at annual general meeting as specified by the Company's bye-laws.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2002, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

On behalf of the Board  
**Bankeo P Kwan**  
*Chairman*

Hong Kong, 8 August 2002