

## EMPLOYEES AND REMUNERATION POLICIES

The Group always considers that staff team is the key pillar for its continuous steady growth. Throughout history, the Group has consistently regarded the team spirit building activities as one of the most important long-term development plans. To fully cope with the business expansion of its container leasing, container terminals as well as logistics businesses, the Group strives to provide professional training to the management and attract competent expertise. The Group endeavours to cultivate harmonious working atmosphere with the aims of promoting enthusiasm and achieving a co-operative, respectful and faithful relationship.

The Group has continued to improve the remuneration packages for its employees based on fair principles. The management reviews the remuneration policies on a regular basis to formulate more reasonable incentives and appraisal measures. Apart from the general remuneration and bonus packages, share options were also granted by the Company to the employees, so as to motivate their performance and contribution to the Group's continuous growth fueled by forming integrity under the corporate mission of "creating value for shareholders". As at 30th June 2004, there were 395 employees in the Group. Total staff cost for the Group for the first half of the year, including directors' remuneration, totalled US\$7,947,000 (corresponding period of 2003: US\$6,926,000).

## SHARE OPTIONS

At a special general meeting of the Company held on 23rd May 2003, the shareholders of the Company approved the adoption of a share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30th November 1994 (the "1994 Share Option Scheme"). No further options would thereafter be offered under the 1994 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 1994 Share Option Scheme shall remain in full force and effect.

- (i) Movements of the options, which have been granted under the 1994 Share Option Scheme, during the period are set out below:

Category	Exercise price HK\$	Number of share options			Outstanding at 30th June 2004	Percentage of total issued share capital	Note
		Outstanding at 1st January 2004	Exercised during the period	Lapsed during the period			
<b>Directors</b>							
Mr. WONG Tin Yau, Kelvin	8.80	5,000,000	(1,000,000)	—	4,000,000	0.186%	(2), (3), (4)
Mr. QIN Fuyan	5.53	1,500,000	—	—	1,500,000	0.070%	(1), (3)
<b>Continuous contract employees</b>	5.53	80,000	—	—	80,000	0.004%	(1)
	8.80	5,600,000	(808,000)	—	4,792,000	0.222%	(2), (4)
		<u>12,180,000</u>	<u>(1,808,000)</u>	<u>—</u>	<u>10,372,000</u>		

Notes:

- (1) The share options were granted on 1st July 1996 under the 1994 Share Option Scheme. The options are exercisable at any time within ten years from the date of grant (i.e. on or before 30th June 2006), subject of the following conditions:

<b>Percentage of the total number of options granted to each grantee which can be exercised (including the options which have already been exercised)</b>	<b>Price level per share at which the options can be exercised*</b>
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20% of the options	HK\$6.50 or above
40% of the options	HK\$7.00 or above
60% of the options	HK\$7.50 or above
80% of the options	HK\$8.00 or above
100% or the options	HK\$8.50 or above

\* The price level refers to the closing price of the shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at the date prior to the exercise of the options.

- (2) The share options were granted on 20th May 1997 (the “Offer Date”) under the 1994 Share Option Scheme. The options are exercisable at any time within ten years from the date of grant (i.e. on or before 19th May 2007), subject to the following conditions:
- (i) For those grantees who have completed one year full-time service in the Group may exercise a maximum of 20% of share options granted in each of the first five anniversary years from the Offer Date.
- (ii) For those grantees who have not completed one year full-time service in the Group as at the Offer Date, a maximum of 20% of options granted may be exercisable in each of the first five anniversary years of the Offer Date after completion of one year full-time service.
- (3) These options represent personal interests held by the relevant director as beneficial owner.
- (4) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$12.75.
- (5) During the period, no options were cancelled under the 1994 Share Option Scheme.

(ii) Movements of the options, which have been granted under the 2003 Share Option Scheme, during the period are set out below:

Category	Exercise price HK\$	Number of share options				Outstanding at 30th June 2004	Percentage of total issued share capital	Exercisable period	Note
		Outstanding at 1st January 2004	Granted during the period	Exercised during the period	Lapsed during the period				
<b>Directors</b>									
Capt. WEI Jiafu	9.54	1,000,000	—	—	—	1,000,000	0.046%	30.10.2003 – 29.10.2013	(1), (2)
Mr. LIU Guoyuan	9.54	1,000,000	—	—	—	1,000,000	0.046%	28.10.2003 – 27.10.2013	(1), (2)
Mr. ZHANG Fusheng	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. WANG Futian	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. GAO Weijie	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. CHEN Hongsheng	9.54	800,000	—	—	—	800,000	0.037%	28.10.2003 – 27.10.2013	(1), (2)
Mr. LI Jianhong	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. MA Zehua	9.54	800,000	—	—	—	800,000	0.037%	30.10.2003 – 29.10.2013	(1), (2)
Mr. MA Guichuan	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. LI Yunpeng	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Ms. SUN Yueying	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. ZHOU Liancheng	9.54	800,000	—	—	—	800,000	0.037%	29.10.2003 – 28.10.2013	(1), (2)
Mr. SUN Jiakang	9.54	1,000,000	—	—	—	1,000,000	0.046%	28.10.2003 – 27.10.2013	(1), (2)
Mr. XU Lirong	9.54	800,000	—	—	—	800,000	0.037%	31.10.2003 – 30.10.2013	(1), (2)
Mr. HE Jiale	9.54	700,000	—	—	—	700,000	0.032%	31.10.2003 – 30.10.2013	(1), (2)
Mr. LIANG Yanfeng	9.54	800,000	—	—	—	800,000	0.037%	30.10.2003 – 29.10.2013	(1), (2)
Mr. WONG Tin Yau, Kelvin	9.54	800,000	—	—	—	800,000	0.037%	28.10.2003 – 27.10.2013	(1), (2)
Mr. MENG Qinghui	9.54	800,000	—	—	—	800,000	0.037%	28.10.2003 – 27.10.2013	(1), (2)
Mr. LU Chenggang	9.54	800,000	—	(300,000)	—	500,000	0.023%	29.10.2003 – 28.10.2013	(1), (2), (3)
Mr. QIN Fuyan	9.54	800,000	—	—	—	800,000	0.037%	30.10.2003 – 29.10.2013	(1), (2)
<b>Continuous contract employees</b>	9.54	23,140,000	—	(3,650,000)	—	19,490,000	0.904%		(1), (3)
<b>Others</b>	9.54	6,180,000	—	(1,450,000)	—	4,730,000	0.219%		(1), (3)
		<u>45,820,000</u>		<u>(5,400,000)</u>		<u>40,420,000</u>			

Notes:

- (1) The share options were granted during the period from 28th October 2003 to 6th November 2003 under the 2003 Share Option Scheme at an exercise price of HK\$9.54. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the “Commencement Date”). The Commencement Date of the options of the grantees was from 28th October 2003 to 6th November 2003.
- (2) These options represent personal interests held by the relevant director as beneficial owner.
- (3) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$12.19.
- (4) During the period, no share options were cancelled under the 2003 Share Option Scheme.

## DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June 2004, the interests of the Company’s directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

### (a) Long positions in shares of the Company

<u>Name of director</u>	<u>Capacity</u>	<u>Nature of interest</u>	<u>Number of ordinary shares held</u>	<u>Percentage of total issued share capital</u>
Mr. KWONG Che Keung, Gordon	Beneficial owner	Personal	250,000	0.012%
Dr. LI Kwok Po, David	Beneficial owner	Personal	258,000	0.012%
Mr. LEE Yip Wah, Peter	Beneficial owner	Personal	150,000	0.007%