

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 new 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 share 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.

- (a) Movements of the share 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			% of total issued share capital	Note
		Outstanding at 1st January 2006	Exercised during the period	Outstanding at 30th June 2006		
Director						
Mr. WONG Tin Yau, Kelvin	8.80	900,000	—	900,000	0.041%	(1), (2)
Continuous contract employees	8.80	254,000	(32,000)	222,000	0.010%	(1), (3)
		1,154,000	(32,000)	1,122,000		

Notes:

- (1) The share options were granted on 20th May 1997 (the “Offer Date”) under the 1994 Share Option Scheme. The share 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 share 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.
- (2) These share options represent personal interests held by the relevant director as beneficial owner.
- (3) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$15.59.
- (4) During the period, no options were cancelled or lapsed under the 1994 Share Option Scheme.

(b) 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 2006	% of total issued share capital	Exercisable period	Note
		Outstanding at 1st January 2006	Granted during the period	Exercised during the period					
Directors									
Dr. WEI Jiafu	9.54	500,000	—	(100,000)	400,000	0.018%	30.10.2003– 29.10.2013	(1), (2), (3), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	3.12.2004– 2.12.2014		
Mr. CHEN Hongsheng	9.54	400,000	—	(100,000)	300,000	0.014%	28.10.2003– 27.10.2013	(1), (2), (3), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	3.12.2004– 2.12.2014		
Mr. LI Jianhong	9.54	400,000	—	(100,000)	300,000	0.014%	29.10.2003– 28.10.2013	(1), (2), (3), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	2.12.2004– 1.12.2014		
Ms. SUN Yueying	9.54	400,000	—	(100,000)	300,000	0.014%	29.10.2003– 28.10.2013	(1), (2), (3), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	3.12.2004– 2.12.2014		
Dr. SUN Jiakang	9.54	200,000	—	—	200,000	0.009%	28.10.2003– 27.10.2013	(1), (2), (3)	
	13.75	1,000,000	—	—	1,000,000	0.045%	1.12.2004– 30.11.2014		
Mr. XU Lirong	13.75	1,000,000	—	(1,000,000)	—	—	2.12.2004– 1.12.2014	(2), (3), (4)	
Mr. WONG Tin Yau, Kelvin	9.54	800,000	—	—	800,000	0.036%	28.10.2003– 27.10.2013	(1), (2), (3)	
	13.75	1,000,000	—	—	1,000,000	0.045%	2.12.2004– 1.12.2014		
Mr. WANG Zhi	13.75	800,000	—	—	800,000	0.036%	29.11.2004– 28.11.2014	(2), (3)	
Mr. QIN Fuyan	13.75	1,000,000	—	(800,000)	200,000	0.009%	29.11.2004– 28.11.2014	(2), (3), (4)	
		11,500,000		(2,200,000)	9,300,000				
Continuous contract employees	9.54	6,794,000	—	(1,764,000)	5,030,000	0.227%	(refer to note 1)	(1), (2), (4)	
	13.75	31,044,000	—	(8,702,000)	22,342,000	1.007%	(refer to note 2)		
Others	9.54	3,104,000	—	(1,494,000)	1,610,000	0.073%	(refer to note 1)	(1), (2), (4)	
	13.75	18,000,000	—	(5,040,000)	12,960,000	0.584%	(refer to note 2)		
		58,942,000	—	(17,000,000)	41,942,000				
		70,442,000	—	(19,200,000)	51,242,000				

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) The share options were granted during the period from 25th November 2004 to 16th December 2004 under the 2003 Share Option Scheme at an exercise price of HK\$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 25th November 2004 to 16th December 2004.
- (3) These share options represent personal interests held by the relevant directors as beneficial owners.
- (4) The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$16.92.
- (5) During the period, no share options were lapsed or cancelled under the 2003 Share Option Scheme.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June 2006, 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 of Hong Kong Limited (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

Name of director	Capacity	Nature of interest	Number of ordinary shares held	Percentage of total issued share capital
Dr. LI Kwok Po, David	Beneficial owner	Personal	258,000	0.012%
Mr. Timothy George FRESHWATER	Beneficial owner	Personal	30,000	0.001%

(b) Long positions in underlying shares of equity derivatives of the Company

Share options were granted to certain directors of the Company pursuant to the 1994 Share Option Scheme and the 2003 Share Option Scheme. Details of the directors' interests in share options granted by the Company are set out under the section headed "Share Options" of this report.

(c) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of ordinary shares held	% of total issued share capital of the relevant associated corporation	Note
China COSCO Holdings Company Limited	Mr. WANG Zhi	Beneficial owner	Personal	40,000	0.002%	
COSCO Corporation (Singapore) Limited	Dr. WEI Jiafu	Beneficial owner	Personal	1,900,000	0.086%	(1)
	Mr. LI Jianhong	Beneficial owner	Personal	1,300,000	0.059%	(1)
	Ms. SUN Yueying	Beneficial owner	Personal	1,400,000	0.063%	(1)

Note:

- (1) Adjustments were made to the number of shares held by these directors as the sub-division of every 1 ordinary share of S\$0.20 each divided into 2 ordinary shares of S\$0.10 each was approved by the shareholders of COSCO Corporation (Singapore) Limited on 17th January 2006.