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## DIRECTORS, SENIOR MANAGEMENT, STAFF AND COMPLIANCE ADVISER

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### DIRECTORS

#### Executive Directors

Mr. Hui Ying Bun, aged 61, an executive director of the Company, is the Chairman of the Company. Mr. Hui finished his secondary education in Hong Kong and joined Dah Chong Hong in February 1966 as a management trainee. He had since then been appointed to various executive positions with increased responsibilities in the Company, and was appointed as the Group Chief Executive in January 2003 and as the Chairman of the Company in July 2007. Mr. Hui has more than 40 years experience with the Company in motor vehicle businesses and corporate management. He has contributed significantly to and has been driving the growth of the Company's businesses in Hong Kong, the PRC and overseas. In the late seventies, Mr. Hui championed the development of the motor vehicle businesses in the PRC and laid the strong foundation for the later developments. In the late eighties, he further championed the development of the motor and trading businesses in Singapore; these businesses are now among the major players in the Lion City. Furthermore, Mr. Hui also led the structural rationalization of the Company to cope with the growth of the businesses.

Mr. Chu Hon Fai, aged 61, an executive director of the Company, is the Deputy Chairman of the Company. Mr. Chu finished his secondary education in Hong Kong and joined Dah Chong Hong in August 1964 as a management trainee. Since then, he has been appointed to various executive positions with increased responsibilities in the Company. He was appointed as the Chief Executive of Trading in January 2001 and as the Deputy Chairman in July 2007. Mr. Chu has over 40 years experience in the trading and logistics businesses. During his tenure, he has led the development of the food trading businesses in Hong Kong and the PRC and championed the growth of the logistics business in Hong Kong, the PRC and Macao.

Mr. Yip Moon Tong, aged 55, an executive director of the Company, is the Chief Executive Officer of the Company. He joined Dah Chong Hong in June 1992. Mr. Yip holds a Bachelors Degree in Engineering from the University of Hong Kong and is a member of the U.K. Institution of Mechanical Engineers and the Hong Kong Institution of Engineers. Prior to joining Dah Chong Hong, he was serving in the Electrical and Mechanical Service Department of Hong Kong Government for 16 years. In 1992, Mr. Yip left Hong Kong Government and joined Dah Chong Hong as the Operations and Technical Director. Prior to his appointment as the Chief Executive Officer in July 2007, he was the Managing Director for both Dah Chong Hong (Motor Service Centre) Ltd., which conducts businesses including after sales service, motor leasing, airport ground support workshops in both Hong Kong and the PRC; and Honest Motors Ltd., which distributes Nissan products in Hong Kong. Mr. Yip has over 30 years experience, in both public and private sectors, in engineering and motor vehicle businesses. Mr. Yip serves in the Vocational Training Council as a member and then the chairman of the Automobile Training Board from 1993 to March 2007. He was appointed as the chairman of the Automotive Industry Training Advisory Committee by the Secretary for the Education and Manpower in 2005 and as a member of the Energy Advisory Committee by the Secretary for Economic Development and Labour in 2006. He was also invited to be a member on the Advisory Committee for the Department of Mechanical Engineering of The Hong Kong Polytechnic University from 2002 to 2007.

Mr. Mak Kwing Tim, aged 59, an executive director of the Company, is the Executive-in-charge of a number of dealerships and distributorships of renowned motor brands such as Acura, Audi, Bentley, Honda, MAN, UD Nissan Diesel and Volkswagen in Hong Kong. Mr. Mak is also responsible for managing the distributorship of Bentley vehicles in the PRC. Mr. Mak finished his secondary education in Hong Kong and joined Dah Chong Hong in February 1967 as a management trainee. Since then, he had been appointed to various positions with increased responsibilities in the Company. He was appointed as a Director of Dah Chong Hong in July 1993. Mr. Mak has over 40 years experience in the motor vehicle businesses in Hong Kong.

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Mr. Lau Sei Keung, aged 54, an executive director of the Company, is the Executive-in-charge of a number of dealerships such as the Isuzu dealership for Hong Kong and the PRC, General Motors' products such as Saab and Opel and over 20 city dealerships in the PRC. He finished his secondary education in Macao and joined the Company in February 1973 as a management trainee. Since then, he had been appointed to various positions of increased responsibilities in the motor group of the Company, and as a Director of Dah Chong Hong in January 2003. Mr. Lau has over 30 years experience in the motor vehicle businesses of Hong Kong and the PRC.

Mr. Tsoi Tai Kwan, Arthur, aged 58, an executive director of the Company, is the Executive-in-charge of the trading, import/export, wholesale and retail of frozen and non-frozen food products in the PRC, Hong Kong and Macao. He holds a Bachelor Degree in Liberal Arts from the University of Wisconsin, US. He joined the Company in June 1976. Since then, he has been appointed to various positions with increased responsibilities and as Director of Dah Chong Hong in January 2003. Mr. Tsoi has over 30 years experience in food trading in Hong Kong. Mr Tsoi holds the office of Director-General of the Hong Kong General Association of Edible Oil Import and Export Ltd since December 2004. He has been a committee member of the Hong Kong Food Council since 2004 and a committee member of Import/Export/Wholesale Trade Training Board of Vocational Training Council since April 2005. He was also recently appointed as a member of the Retail and Distribution Committee of the Hong Kong General Chamber of Commerce in May 2007.

Mr. Glenn Robert Sturrock Smith, aged 54, an executive director of the Company, is the Chief Executive of Sims Trading, looking after the marketing and distribution business for FMCG products in the PRC, Hong Kong and Macao. He holds a Bachelor of Arts Degree in Economics and Marketing from the Strathclyde University of United Kingdom. He joined CITIC Pacific in 2001 when Sims Trading was acquired by CITIC Pacific from Dairy Farm Company Ltd of the Jardine Matheson Group. He was transferred to the Group when Sims Trading became part of the Group in 2004. Prior to joining CITIC Pacific and the Group, he had over 20 years experience with the Dairy Farm Group, and since 1994, he held the Chief Executive position of Dairy Farm Ice and Cold Storage Co. Ltd. and Sims Trading. He has over 30 years experience in the marketing and distribution of FMCG. Mr. Smith is a past chairman and present board member of GS1 Hong Kong, an organization driving RFID/EPC and Data Synchronisation, since 2000. He is also a board member and past chairman of the Supply Chain Management Board since 1996, and an executive committee member and past chairman of the Food, Drink and Grocery Association, formerly the Liquor and Provisions Industry Association, since 1993.

Mr. Chan Kin Man, Andrew, aged 49, an executive director of the Company, is the Group Financial Controller of the Company. He joined the Company in March 2001. Mr. Chan holds a Higher Diploma in Accountancy from the Hong Kong Polytechnic, now the Hong Kong Polytechnic University, and a Bachelor Degree in China Law from the Beijing University. Mr. Chan has over 25 years experience in the finance and accounting profession. He is a fellow member of the Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants (the former Hong Kong Society of Accountants). Prior to joining Dah Chong Hong, he worked for Deloitte Touche Tohmatsu, a professional accountancy firm, local conglomerates such as Swire Marketing/Camberley Group and Dairy Farm Group as well as multinational companies including Bausch & Lomb.

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### **Non-executive Directors**

Mr. Ho Hau Hay, Hamilton, aged 56, a non-executive director of the Company, has been a director of the Company since October 1991 and was designated as a non-executive director on 18 July 2007. Mr. Ho is also an independent non-executive director of CITIC Pacific, a non-executive director of King Fook Holdings Limited and New World Development Company Limited, all being companies whose shares are listed on the Stock Exchange. Mr. Ho is experienced in acting as a non-executive director's role in listed conglomerates with diversified business. He is also an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Chau Chi Yin, aged 52, a non-executive director of the Company since 18 July 2007. Mr. Chau is an executive director of CITIC Pacific, a director of CITIC Hong Kong (Holdings) Limited, Jiangyin Xingcheng Special Steel and Hong Kong Resort Company Limited. Mr. Chau joined CITIC Pacific in 1990 after experience in public accounting and in financial management with a major Hong Kong listed company. Mr. Chau has over 25 years of experience in the accounting, auditing and financial management field. Mr. Chau obtained a Master degree in Business from The University of Newcastle in Australia. Mr. Chau is a certified public accountant (practicing) and a member of the Hong Kong Institute of Certified Public Accountants and also a member of Institute of Chartered Accountants in England and Wales.

Ms. Chan Chui Sheung, Stella, aged 44, a non-executive director of the Company since 18 July 2007. She has been the company secretary of the Company since 1995 up to 16 September 2007. Ms. Chan is also the company secretary of CITIC Pacific. She is an associate member of The Institute of Chartered Secretaries and Administrators since 1987 and obtained a Master Degree in Arts from the City University of Hong Kong in 1995. She has extensive experience in the company secretarial field and has served the Group for more than 12 years.

Mr. Kwok Man Leung, aged 38, a non-executive director of the Company since 18 July 2007. Mr. Kwok obtained a Master Degree in Business Administration (EMBA) from the Chinese University of Hong Kong. He is a Chartered Financial Analyst. Mr. Kwok is the Director of Business Development Department of CITIC Pacific. He is also a non-executive director of CITIC 1616 Holdings Limited, a director of Adaltis Inc. (a Canadian listed company), CITIC Guoan Co. Ltd. and New Hong Kong Tunnel Company Limited. He joined CITIC Pacific in 1993 after gaining experience in sales and business development with a major Hong Kong listed company.

### **Independent non-executive Directors**

Mr. Cheung Kin Piu, Valiant, aged 61, an independent non-executive director of the Company since 17 September 2007. Mr. Cheung also serves as the chairman of the Audit Committee of the Company. Mr. Cheung was a partner at KPMG, a leading international accounting firm in Hong Kong, until his retirement in March 2001. Mr. Cheung has extensive experience in assurance and corporate finance work, especially in trading and manufacturing corporations in Hong Kong and the PRC and has assisted a number of companies in obtaining listings on stock exchanges in Hong Kong, the PRC, Singapore and the US. In addition, Mr. Cheung has provided financial advisory and due diligence services to foreign investors on investments in the PRC. Mr. Cheung is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is currently an independent non-executive director of Dream International Limited, Pacific Century Premium Developments Limited and Wing Shan International Limited, all of which shares are listed on the Stock Exchange. In addition, Mr. Cheung is also an independent non-executive director of The Bank of East Asia (China) Limited which is incorporated in the PRC and is a wholly-owned subsidiary of The Bank of East Asia, Limited whose shares are listed on the Stock Exchange.

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Mr. Hsu Hsung, Adolf, aged 69, an independent non-executive director of the Company since 17 September 2007. Mr. Hsu spent some 40 years with the Hong Kong Government and retired in 1998 as Director of Regional Services, in the rank of an Administrative Officer, Staff Grade A. During his service in the Government, he was posted to various important positions overseeing the management of manpower, finance, materials supply and land administration, and thus has a wealth of experience in these fields. Mr. Hsu joined New World First Bus Services Ltd as the Managing Director between 1 April 1998 and 31 January 2004. He was also the Managing Director of New World First Holdings Ltd, the holding company that wholly owns, inter alia, New World First Ferry Services Ltd, New World First Ferry (Macau) Services Ltd, and New World First Bus Service (China) Ltd. He was a Non-executive Director of New World Services Ltd. and an Executive Director of Kwoon Chung Bus Holdings Ltd which is a publicly listed company. Mr. Hsu's active participation in community services include his appointment as the Vice-President of New Life Psychiatric Rehabilitation Association (1990 – present), a Member of the Council of Lingnan University (2004 – present), the President/Hon President of Scout Association of various districts in Hong Kong and a Member of the Hong Kong Tourism Board (2001–2004). He was awarded the Companion of the Imperial Service Order (ISO) in 1992 and the Silver Bauhinia Star in 2006. He is also a Justice of Peace. His other distinguished awards include the Director of The Year Award 2002 (private Company – Executive Director) awarded by the Hong Kong Institute of Directors and the Executive Award – Hong Kong Business Awards 2002 organized by DHL and South China Morning Post. He is a Fellow Hong Kong Institute of Directors (FHKIoD) and Fellow Chartered Institute of Logistics and Transport (FCILT). He possesses the professional qualification to act as director and the relevant knowledge in the logistics sector in which the Group is operating.

Professor Yeung Yue Man, aged 69, an independent non-executive director of the Company since 17 September 2007. Professor Yeung is Research Professor of the Hong Kong Institute of Asia-Pacific Studies, Director of the Shanghai-Hong Kong Development Institute at The Chinese University of Hong Kong. Since 1984, Professor Yeung has had a number of key appointments at the University, including Chairman of the Department of Geography, University Registrar, Head of Shaw College and Director of the Hong Kong Institute of Asia-Pacific Studies. In addition, he has been appointed Honorary Professor, Visiting Professor or Advisory Professor in eight universities on Mainland China, including Peking University, Nanjing University and East China Normal University in Shanghai. Internationally, Professor Yeung served in many capacities, such as Director of the Commonwealth Geographical Bureau, 1992–1996, and a member of the International Scientific Board of UNESCO, 1997–1999. In Hong Kong, Professor Yeung has made contributions to policy affairs by being a member of a large number of bodies, such as the Town Planning Board, Hong Kong Housing Authority, Consultative Committee in the New Airport and Related Projects, Barrister Disciplinary Tribunal Panel, Kowloon-Canton Railways, etc. He served as Chairman of the Land and Building Advisory Committee and is presently Chairman of the Pan-Pearl River Delta Panel under the Central Policy Unit. He is also a member of the Commission on Strategic Development of Hong Kong Government. He has been awarded SBS, OBE and JP. Professor Yeung has a multi-faceted career that spanned administration, research and international development. He is well experienced in acting as an advisory and consultational role in various organisations. He has the exposure in the Asia Pacific region and the Mainland China where the Group is developing its business.

### **SENIOR MANAGEMENT**

Mr. Kuk Tai Wai, David, aged 56, is the Managing Director of DCH Logistics Company Ltd and is primarily responsible for overall management and performance of the logistics business of the Group. He joined CITIC Pacific Group in March 2001 when Sims Trading was acquired by CITIC Pacific from the Dairy Farm Group. He was transferred to the Group when Sims Trading became part of the Group in 2004. Mr. Kuk holds a Bachelor Degree of Arts in Business Administration from Concordia University, Canada and a Master Degree in Business Administration from Asia International Open University, Macao. As at the Latest Practicable Date, Mr. Kuk has 28 years of experience in logistics operations. Mr. Kuk is a committee member of the Hong Kong Logistics Industry and an advisor of the Logistics Council of Trade Development Council.

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Ms. Kwong Sum Mei, Esther, aged 50, is the Director and General Manager of Shiseido Dah Chong Hong Cosmetics Ltd. and is primarily responsible for the overall management and performance of the cosmetics business of the Group. Ms. Kwong joined Dah Chong Hong in April 1994. She has a Master Degree in Arts (Communications) from the Wheaton College Graduate School, US. Prior to joining the Group, she worked in the marketing research and the business consulting division of Coopers and Lybrand, (now PricewaterhouseCoopers). As at the Latest Practicable Date, Ms. Kwong has over 25 years of experience in business development and management.

Mr. Hui Kwong Lok, aged 51, is the General Manager of Electrical Appliances Division of the Company and is primarily responsible for the overall management and performance of the electrical appliances business of the Group. Mr. Hui holds a Bachelor Degree in Economics and Management from the University of Hong Kong. He joined the Company in July 1978 as an executive trainee. Since then, he has been appointed to positions with increased responsibilities in the Company. As at the Latest Practicable Date, Mr. Hui has close to 30 years of experience in trading, distribution and retail of electrical appliances operations.

Mr. Cheuk Chun Wai, Simon, aged 51, is the President and Director of DCH (Japan) Holding Co. Ltd. and is based in Tokyo, Japan. Mr. Cheuk is primarily responsible for the overall management of DCH (Japan) Holding Co. Ltd. and the Group's operations in Japan. In 1987, he joined CITIC Hong Kong (Holdings) Ltd, which later became CITIC Pacific. He was transferred to the Group in 1992 when the Group was acquired by CITIC Pacific. Mr. Cheuk holds a Bachelor Degree in Economics and a Master Degree in Business Administration from the Chinese University of Hong Kong. During his service in CITIC Pacific and the Group, he holds a number of senior positions in the business development and management across different industries. As at the Latest Practicable Date, Mr. Cheuk has approximately 25 years of experience in business development and management.

Mr. Wong Chit Chong, aged 56, is the Director and General Manager of Triangle Auto Pte Ltd. in Singapore and is primarily responsible for overall management of Dah Chong Hong Trading (Singapore) Pte. Ltd. and the Group's motor operations in Singapore. He joined Triangle Auto Pte Ltd. in December 1987. Mr. Wong holds a Diploma in Automobile Engineering from the Institute of Motor Industry, UK, a Diploma in Mechanical Engineering from the Singapore Polytechnic, a Diploma in Management Science from Singapore Institute of Management and a Master Degree in Business Administration from Brunel University, UK. He is a member of the Institute of Motor Industry, UK and a member of the Mechanical Engineering Academic Advisory Committee of the Singapore Institute of Technical Education. As at the Latest Practicable Date, Mr. Wong has around 38 years of experience in the motor operations in Singapore. He was also elected recently as the President of the Motor Traders Association of Singapore in May 2007.

Mr. Liang Chun Kit, Henry, aged 52, is the Deputy President of Dah Chong Hong (Canada) Ltd. in Vancouver, Canada and is primarily responsible for overall management of Dah Chong Hong (Canada) Ltd. and the Group's operations in Canada. He joined Dah Chong Hong (Canada) Ltd. in May 1984. Mr. Liang holds a Bachelor Degree in Economics from the Wharton School of the University of Pennsylvania, US. Prior to joining Dah Chong Hong (Canada) Ltd, he worked in the insurance industry and ran his own business. As at the Latest Practicable Date, Mr. Liang has about 20 years of experience in the motor operations in Canada.

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嚴夢英 (Yan Mengying), aged 59, is the Managing Director of Dah Chong Hong (China) Ltd., based in Shanghai, China and is primarily responsible for overall management of Dah Chong Hong (China) Ltd. and in support of the Group's operations in the PRC. She joined CITIC Pacific Group in July 1997 and was transferred to the Group in May 2000. Ms. Yan graduated from the Shanghai Television University in economics and holds the professional qualification of senior economist. Prior to joining the CITIC Pacific Group and the Group, she held senior planning and management positions in the Shanghai Municipal Government. As at the Latest Practicable Date, Ms. Yan has around 38 years of experience in planning and business management.

Mr. Ho Ming Kei, Wayne, aged 46, is the General Manager, Corporate Planning and Management of the Company and is primarily responsible for performing business monitoring, planning and development of the Group's business in support of the Group's business performance and development initiatives. He joined the Company in October 1995. Mr. Ho holds a Bachelor of Science Degree in Business Administration from Saint John's University, US and a Master Degree in Business Administration from St. Cloud State University, US. Prior to joining the Company, he held senior positions in Peregrine Brokerage Limited and conducted extensive investment research and analysis. As at the Latest Practicable Date, Mr. Ho has over 18 years of experience in corporate and business development operations.

Mr. Wong Hoi Ming, Alan, aged 54, is the General Manager, Group Human Resources and Administration of the Company and is primarily responsible for the overall management of the human resources functions of the Group. He joined the Company in June 2005. Mr. Wong holds a Bachelor Degree in Social Science and a Diploma in Training Management from the Chinese University of Hong Kong. Prior to joining the Company, he held senior positions in Philip Morris and Kraft Foods. While he was with Kraft Foods, he was based in Beijing, China with the responsibility for the Greater China Region. As at the Latest Practicable Date, Mr. Wong has over 30 years of experience in the human resources and administration operations.

Mr. Chau Wai Man, aged 52, is the General Manager, Group Information Technology of the Company and is primarily responsible for administration and operation of the Group's information technology to provide the requisite information technology platform and programs in support of business needs. He joined the Company in January 2000. Mr. Chau holds a Bachelor Degree in Computing and Mathematics from the University of Hong Kong. Prior to joining the Company, he held various senior positions in Oracle systems Hong Kong Limited, TA & I Consultants Limited, and TA Consultants Limited. As at the Latest Practicable Date, Mr. Chau has over 27 years experience in IT Management, IT Consulting, System Development and Maintenance, developed and implemented more than 30 large IT projects in banking and finance, insurance, trading and manufacturing industries in Hong Kong, the PRC and Taiwan.

### **COMPANY SECRETARY**

Ms. Tso Mun Wai, aged 45, is the Company Secretary of the Company. Ms. Tso joined CITIC Pacific in 1990 and is currently Assistant Director, Company Secretariat Department of CITIC Pacific. She has been an associate member of the Hong Kong Institute of Chartered Secretaries since 1987 and has obtained a Master of Arts from the City University of Hong Kong in 1996. She has over 20 years of experience in company secretarial field.

### **QUALIFIED ACCOUNTANT**

Mr. Chan Kin Man, Andrew. Please refer to information set out in the paragraph headed "Executive Directors" above.

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### **AUDIT COMMITTEE**

The Company established an audit committee pursuant to a resolution of the Directors passed on 28 September 2007 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The primary duties of the audit committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditors. The audit committee consists of three independent non-executive Directors and Mr. Cheung Kin Piu, Valiant is the Chairman of the audit committee.

### **REMUNERATION COMMITTEE**

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 28 September 2007 in compliance with Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee consists of three independent non-executive Directors and Mr. Hsu Hsung, Adolf is the Chairman of the remuneration committee.

### **DIRECTORS' REMUNERATION**

During the three years ended 31 December 2006 and the six months ended 30 June 2007, the total remuneration (comprising fees, salaries and allowances, discretionary bonuses and pension scheme contributions) and benefits in kind of the Directors were about HK\$25.4 million, HK\$22.9 million, HK\$26.7 million and HK\$12.6 million, respectively. The aggregate remuneration and benefits in kind payable to the Directors for the year ending 31 December 2007 are estimated to be about HK\$24.3 million.

In respect of the three years ended 31 December 2006, no remuneration was paid to the Directors as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past Directors for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors has waived any emoluments.

Further information about the service agreements entered into between the Company and the Directors is set out in the paragraph headed "Particulars of service contracts and Directors' remuneration" in Appendix VI to this Prospectus.

### **PRE-IPO SHARE OPTION SCHEME**

The principal terms of the Pre-IPO Share Option Scheme approved and adopted by (i) written resolutions of all the shareholders of the Company on 28 September 2007; and (ii) ordinary resolutions of the shareholders of CITIC Pacific on 3 October 2007 are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms:

- (a) the subscription price per Share shall be the Offer Price;
- (b) no options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange;
- (c) the grantee shall not, within 6 months from the Listing Date, exercise any of the options granted under the Pre-IPO Share Option Scheme;

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- (d) any exercise of option shall only become effective upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to Pre-IPO Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange;
- (e) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall not exceed 18,000,000 Shares, being 1% of the total number of issued Shares immediately following the commencement of dealings in the Shares on the Stock Exchange; and
- (f) the conditions precedent to the adoption of the Post-IPO Share Option Scheme shall not apply and any options granted or to be granted under the Pre-IPO Share Option Scheme shall lapse automatically should listing not take place on or before 31 December 2008.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Options have been granted under the Pre-IPO Share Option Scheme to recognise the contributions of certain directors and employees of the Group to the growth of the Group and to incentivise them going forward. As at the date of this Prospectus, in consideration of HK\$1.00 from each grantee, options to subscribe for an aggregate of 18,000,000 Shares at a subscription price equal to the Offer Price had been granted to 64 grantees under the Pre-IPO Share Option Scheme.

Each option has a 5-year exercise period from the date of the offer of the option. Save for the number of Shares which may be subscribed for pursuant to the exercise of options, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. Assuming that all of the options granted under the Pre-IPO Share Option Scheme are exercised in full, the forecast earnings per Share will be HK\$0.229 based on the Offer Price of HK\$5.22 per Share. The potential dilution effect on the shareholdings of the Company upon the Listing and the impact on the earnings per Share arising from the exercise of the options granted under the Pre-IPO Share Option Scheme have been taken into account in the calculation of the forecast earnings per Share, as disclosed in the paragraph headed “Profit Forecast for the year ending 31 December 2007” in the “Summary” and “Financial information” sections, respectively of this Prospectus.

Assuming the Over-allotment Option is not exercised, the shareholding structure of the Company before and after the full exercise of all options granted under the Pre-IPO Share Option Scheme is as follows:

<b>Name of Shareholders</b>	<b>Shareholding structure immediately after completion of the Global Offering but before exercise of the options granted under the Pre-IPO Share Option Scheme</b>		<b>Shareholding structure immediately after completion of the Global Offering and after full exercise of the options granted under the Pre-IPO Share Option Scheme</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
1. CITIC Pacific	1,018,800,000	56.60	1,018,800,000	56.04
2. Grantees under the Pre-IPO Share Option Scheme	—	—	18,000,000	0.99
3. Shareholders taking up Shares under the Global Offering	781,200,000	43.40	781,200,000	42.97
<b>Total</b>	1,800,000,000	100.00	1,818,000,000	100.00

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For details of the options that have been granted to directors and employees of the Group under the Pre-IPO Share Option Scheme, please refer to the paragraph headed “9. Pre-IPO Share Option Scheme” in Appendix VI to this Prospectus.

Save as disclosed above and in Appendix VI to this Prospectus, no options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme as at the date of this Prospectus. No options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

### EMPLOYEES

#### General

Set out below is a breakdown of employees of the Group as at 31 December 2004, 2005 and 2006 and as at the Latest Practicable Date.

	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	Date
Management	76	76	115	120
Sales and marketing	1,597	1,695	1,884	2,105
Finance and administration	1,530	1,565	1,839	2,042
Technical	1,105	1,129	1,421	1,632
Logistics	469	491	509	524
Total	<u>4,777</u>	<u>4,956</u>	<u>5,768</u>	<u>6,423</u>

Amongst the 6,423 full-time employees as at the Latest Practicable Date, approximately 16% of them were university graduates and 3% were post graduates.

The following table shows a breakdown of employees of the Group as at the Latest Practicable Date by functions and locations:

	Hong Kong	PRC	Overseas	Total
Management	26	80	14	120
Sales and marketing	1,003	1,008	94	2,105
Finance and administration	978	998	66	2,042
Technical	725	826	81	1,632
Logistics	349	173	2	524
Total	<u>3,081</u>	<u>3,085</u>	<u>257</u>	<u>6,423</u>

For each of the years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007, the Group incurred staff cost, from its continuing operations, of approximately HK\$763.0 million, HK\$798.3 million, HK\$887.4 million and HK\$480.6 million respectively, representing approximately 6.6%, 7.6%, 6.9% and 6.9% respectively of the Group’s total turnover.

### **Relationship with staff**

The Group has not experienced any significant problems with the employees or disruption to the Group's operations due to labour disputes nor has the Group experienced any difficulties in the recruitment and retention of experienced staff. The Directors are of the view that the Group has good working relations with its employees. Save as disclosed in the section headed "Business — Compliance", the Group has also complied with all the relevant requirements of fair labour standards, working environment and code of conduct for the Group's employees and have never been penalised in this regard during the three years ended 31 December 2006 and the six months ended 30 June 2007.

In addition, the Directors are of the view that the Group's ability in retaining experienced employees, especially senior executives is mainly attributable to the market competitive compensation packages offered by the Group to its employees. The Group conducts regular as well as off-cycle reviews of its compensation packages offered to its employees to ensure they remain market competitive. The Group conducts annual salary review in January every year and rewards employees with discretionary bonus every year end, and may further rewards top performers across various functions during mid-year reviews, as an effort to staff retention.

The Group offers subsidy to employees for their pursuit of graduate or postgraduate academic qualifications to assist employees in their career development. It also promotes cross-functional or units transfers to facilitate experience accumulation and career development of the employees.

The Group believes a friendly working environment helps to retain employees. The Group regularly organises various social, recreational and community work programs for its employees to enrich their work and personal lives. The Employee Wellness Committee of the Group organises various kinds of social and recreational activities monthly for enjoyment and relaxation of its employees and to promote team building and bonding among the employees through such social and recreational activities. The Group's Community Services Committee organises social services quarterly for the Group's employees' to serve the community voluntarily.

### **Training and Development**

The Group is committed to enhancing the capabilities of its employees. This is achieved through organising need-based in-house programs as well as sponsoring the participation in external programs. In-house training programs organised ranges from orientation programs for new employees, providing them with an understanding of the Group's vision and values, code of conduct and compliance, terms and conditions of employment, performance management and benefits, customer service training programs for frontline employees to achieve service excellence, to management training programs to enhance managerial effectiveness.

Employees are also sponsored to attend external programs to acquire requisite knowledge or skills related to their job. On a highly selective basis, the Group also sponsors employees to pursue studies leading to advance academic qualifications relating to their profession or business management. Employees provided with such sponsorship should comply with the terms and conditions imposed by the Group, including commitment to work for the Group for a pre-determined period after completion of the studies.

**Benefit schemes**

The Group offers benefit programs that are in compliance with the local regulatory requirement as well as competitive with the market practice. Such benefits include annual leave and other kinds of leave, life, accident and medical insurance, and retirement plans. Executive prerequisites such as car and club membership are also provided to directors and senior executives in accordance with the policy of these items.

As for retirement benefits, the employees in Hong Kong are given the option to join the CITIC Group Mandatory Provident Fund Scheme (“MPF Scheme”) in accordance with the arrangements prescribed by the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. Employees and the Group are required to contribute 5% of the relevant employee’s monthly wage (up to a maximum contribution of HK\$1,000 by the Group) on a monthly basis to the fund respectively. Employees may contribute more than 5% into the fund. At the moment, some employees of the Group, who joined before August 2003, are members of the CITIC Group Retirement Plan (“ORSO Plan”). They are entitled to contributions made by the Group ranging from 5% to 10% of monthly base salary, with no cap. However, the ORSO Plan has been replaced by the above MPF Scheme from August 2003. All new contributions are made to the MPF Scheme. The ORSO Plan is now a closed fund and will be dissolved by 1 August 2008 when vested benefits of these members have to be transferred to the MPF Scheme before then. The contributions paid for the three years ended 31 December 2006 were approximately HK\$26.5 million, HK\$28.8 million and HK\$29.3 million respectively.

In PRC, in accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay in respect of each of its relevant employees various social security funds including basic pension insurance (基本養老保險), basic medical insurance (基本醫療保險), unemployment insurance (失業保險), occupational injury insurance (工傷保險) and insurance for maternity leave (生育保險). According to the currently applicable local regulations, the percentages of basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance and insurance for maternity leave to be contributed by the Group are not exceeding 22%, not exceeding 12%, approximately 2%, not exceeding 1% and not exceeding 1% respectively of the relevant employees’ average monthly salary of the preceding year. The contributions paid for the three years ended 31 December 2006 were approximately RMB10.1 million (equivalent to approximately HK\$9.5 million), RMB12.0 million (equivalent to approximately HK\$11.6 million), and RMB12.4 million (equivalent to approximately HK\$12.4 million) respectively.

In accordance with the laws of Macao, the Group also makes mandatory contribution to the Social Security Fund in respect of each employee of the Group in Macao. The contributions paid for the three years ended 31 December 2006 were approximately MOP6,840, MOP6,615 and MOP19,310 (equivalent to approximately HK\$6,584, HK\$6,367 and HK\$18,586) respectively.

In Singapore, the Group is required to pay in respect of each relevant employee of the Group a monthly contribution to the Singapore Central Provident Fund at the required rate in accordance with the laws of Singapore. The contributions paid for the three years ended 31 December 2006 were approximately SGD538,022, SGD535,483 and SGD546,269 (equivalent to approximately HK\$2,555,605, HK\$2,483,570 and HK\$2,766,306) respectively.

In Japan, the Group is subject to the Employees’ Pension Insurance Law and is required to make mandatory contribution to the National Pension in respect of each employee of the Group in Japan. The contributions paid for the three years ended 31 December 2006 were approximately JPY27,333,829, JPY28,524,648 and JPY28,561,807 (equivalent to approximately HK\$2,069,171, HK\$1,882,627 and HK\$1,867,942) respectively.

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## **DIRECTORS, SENIOR MANAGEMENT, STAFF AND COMPLIANCE ADVISER**

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In Canada, the Group has also made contribution to the Canada Pension Plan in respect of each employee of the Group in Canada. The contributions paid for the three years ended 31 December 2006 were approximately CAD119,474, CAD118,436 and CAD120,164 (equivalent to approximately HK\$771,208, HK\$791,031 and HK\$805,099) respectively.

Other than the disclosed sum of staff benefits (as required statutorily or otherwise), there were no material expenditures paid by the Group in respect of its employees in all jurisdictions in which the Group operates. Given that the level of underpaid housing accumulation funds, maternity insurance, medical insurance and unemployment insurance for certain PRC subsidiaries are immaterial, the Directors confirm that sufficient provision has been made for the social welfare benefit schemes in all jurisdictions in which the Group operates.

### **Share option scheme**

The Group has adopted an employee share option scheme. Please refer to Appendix VI for details.

### **COMPLIANCE ADVISER**

The Company will appoint BNP Paribas as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company pursuant to the requirements thereunder. BNP Paribas will, inter alia, provide advice to the Company in the following circumstances:

- (i) before the publication by the Company of any regulatory announcement (whether required by the Listing Rules or requested by the Stock Exchange or otherwise), circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated by the Company including share issues and share repurchases;
- (iii) where the Company proposes to use the proceeds of the Listing in a manner different from that detailed in this prospectus in respect of the Listing or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on 30 September 2009. The Company shall comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing final result.