

The Remuneration Committee is tasked to:

- Determine the policies for the remuneration of Executive Directors (and certain senior management) to be recommended to the Board that will assist in attracting, motivating and retaining suitably competent Executive Directors
- Review on behalf of the Board the remuneration package recommended by the Chairman or Chief Executive Officer for each Executive Director
- Develop and review the application of schemes to reward Executive Directors and certain senior management with bonuses based on performance for recommendation to the Board of the amounts to be paid to each Executive Director
- Review the proposals for the award of share options annually to Executive Directors based on performance and the policy of encouraging their participation in the equity of the Company for recommendation to the Board
- Recommend to the Board the structure of long-term incentive plans for Executive Directors and certain senior management and determine their application on the basis of achievement of long-term targets

The remuneration of Non-executive Directors is decided by the Board on recommendation by the Chairman of the Company.

Apart from the Chairman of the Company, the members of the Committee are Non-executive Directors: Mr. Moses Cheng Mo (since 30 September, 2004), Mr. Marvin Cheung Kin Tung (since 13 July, 2004), Professor Michael Enright and Mr. Anthony Griffiths. Mr. Anthony Griffiths has been the Chairman of the Committee since its formation in April 2002. The Board considers Messrs. Cheng, Cheung and Griffiths to be independent. The Company Secretary, Ms. Janice Tam Ching Wah, is the secretary of the Committee and the Executive Director responsible for human resources matters, Mrs. Vivien Lowe Hoh Wai Wan, attends meetings of the Committee by its invitation. The Committee met four times in the year and all members of the Committee attended all meetings for which they were eligible. Minutes of the Committee's meetings are distributed to all Directors.

The Committee appoints independent advisers when it considers it needs to do so.

During the year, the Committee commissioned an independent survey of the remuneration policies and packages of a number of companies listed on the Hong Kong Stock Exchange, the first of its kind in Hong Kong, in order to satisfy itself regarding the nature and level of the remuneration of the Company's Executive Directors. The companies surveyed were selected for their similarities of size or activity.

The Committee reviewed the existing remuneration structures and composition in the light of its mandate and the outcome of the survey, coming to these conclusions:

- The existing remuneration structure is appropriate and competitive
- The balance between short-term and long-term elements of remuneration is important and should be retained
- Salary levels will continue to be reviewed regularly against those in companies of a similar size or nature listed on the Hong Kong Stock Exchange and operating in China
- The total remuneration approach will continue to be applied with additional emphasis to be given to performance and taking into account the different responsibilities of each Executive Director
- Further longer term incentives need to be developed once the mega grant scheme comes to fruition later in 2005 and should be biased towards total shareholder return
- Share options grants will continue to be made based on individual performance

The Committee also reviewed the performance of the Executive Directors and senior management to whom the mega grant scheme (approved by shareholders in August 2002) applies and revisions to the objectives of the recipients where relevant to reflect changes in their responsibilities. The measures applicable to the revised objectives were also reviewed.

No service contract of any Director contains a notice period exceeding twelve months.