

Remuneration Committee

The Remuneration Committee was established in March 2006. With primary objective to ensure that the Company can recruit, retain and motivate high-calibre staff in order to reinforce the success of the Company and create value for our shareholders. The Remuneration Committee is responsible for overseeing the determination of directors' remuneration and benefits and establishing a formal and transparent procedure for developing policy on remuneration.

The Remuneration Committee met twice in FY2007 and meetings attended by each of the members were as follows:

Name of Member	Meetings attended/ eligible to attend
Ms. Tam Wai Chu, Maria (<i>Chairman</i>)	2/2
Mr. Chung Shui Ming, Timpson	2/2
Dr. Cheng Chi Pang	2/2
Mr. Liu	2/2
Mr. Zhang	2/2

In addition, the Remuneration Committee also supervises and enforces the share option schemes of the Company in an effective manner. Details of the authority and duties of the committee are clearly set out in its terms of reference, which also specify that the committee shall consist of at least three members and the majority of the member shall be INEDs.

Objectives

The objective of the Company's remuneration policy is to maintain fair and competitive remuneration packages in line with business requirements and industry practices. In determining the level of directors' remuneration and fees, the Company takes into account market rates and other factors, such as the workload, duties and job complexity of individual directors. The factors for consideration in determining directors' remuneration include:

- business requirements;
- individual performance and contribution to business results;
- retention considerations and personal potential;
- market changes, such as fluctuations in demand and supply and variations in the competition landscape; and
- general economic situation.



Remuneration Committee

Summary of major work done in FY2007

During the year ended 30 June 2007, the Remuneration Committee held two meetings with 100% attendance. The following is a summary of the major tasks completed by the Remuneration Committee during the year.

- recommended the Board to approve the fee of the INEDs;
- reviewed the remuneration of Directors;
- reviewed and approved the remuneration packages and service contracts of executive directors;
- recommended the performance bonus to be awarded to Directors and senior management; and
- considered and proposed the grant of the share options to the 3 executive directors.

Share Option Schemes

The Company operates two share option schemes, namely a Pre-Listing Share Option Scheme and a 2006 Share Option Scheme. Each grantee is required to pay a non-refundable consideration of HK\$1.00 upon each acceptance of options.

The principal terms of the two schemes are as follows:

Pre-Listing Share Option Scheme

The purpose of the Pre-Listing Share Option Scheme is to recognise the contribution of certain employees, executives and officers of the Group made or may have made to the growth of the Group and/or the listing of the shares on the Stock Exchange. The principal terms of the Pre-Listing Share Option Scheme, which were ratified, confirmed and approved by resolutions in writing of all the shareholders passed on 12 February 2006 with effect from 1 January 2006, are substantially the same as the terms of the 2006 Share Option Scheme except that:

- (i) the exercise price per share is a price representing a 10% discount on the offer price of HK\$3.40 upon listing;
- (ii) the total number of shares subject to the Pre-Listing Share Option Scheme is 100,000,000 shares; and
- (iii) save for the options which have been granted under the Pre-Listing Share Option Scheme, no further options will be offered or granted under the Pre-Listing Share Option Scheme, as the right to do so will terminate upon the listing of the Shares on the Stock Exchange.

Details of the options outstanding under the Pre-Listing Share Option Scheme during the year are as follows:

Grantees	Balance as at 1 July 2006	Number of share options			Balance as at 30 June 2007	Approximate percentage of shareholding
		Exercised during the year	Cancelled during the year	Lapsed during the year		
i) Directors						
Ms. Cheung (note 3)	16,923,315	(3,384,663)	—	—	13,538,652	0.316%
Mr. Liu (note 3)	16,914,184	—	—	—	16,914,184	0.394%
Mr. Zhang	11,814,821	(2,362,964)	—	—	9,451,857	0.220%
Ms. Gao Jing	500,000	(100,000)	—	—	400,000	0.009%
Ms. Tam Wai Chu, Maria	1,166,670	(233,334)	—	—	933,336	0.022%
Mr. Chung Shui Ming, Timpson	1,166,670	(233,334)	—	—	933,336	0.022%
Dr. Cheng Chi Pang	1,166,670	—	—	—	1,166,670	0.027%
	49,652,330	(6,314,295)	—	—	43,338,035	1.010%
ii) Employees and others	48,933,670	(9,337,734)	—	(1,547,600)	38,048,336	0.887%
Total	98,586,000	(15,652,029)	—	(1,547,600)	81,386,371	1.897%

* The issued share capital of the Company was 4,290,652,029 as at 30 June 2007

Notes:

- (1) All options under the Pre-Listing Option Scheme were granted on 1 January 2006 at an exercise price of HK\$3.06 per share.
- (2) Each of the grantees to whom options have been conditionally granted under the Pre-Listing Share Option Scheme will be entitled to exercise:
 - (i) up to 20% of the Shares that are subject to the option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing on the first anniversary of the date on which the relevant option was so granted to him/her on 1 January 2006 ("Grant Date") and ending on the second anniversary of the Grant Date;
 - (ii) up to 40% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing on the expiry of the second anniversary of the Grant Date and ending on the third anniversary of the Grant Date;
 - (iii) up to 60% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing on the expiry of the third anniversary of the Grant Date and ending on the 54th month from the Grant Date; and
 - (iv) such number of Shares subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded to the nearest whole number) at any time commencing from the expiry of the 54th month from the Grant Date and ending on the expiration of 60 months from the date upon which such option is deemed to be granted and accepted in accordance with the rules of the Pre-Listing Share Option Scheme.

- (3) Mr. Liu is the spouse of Ms. Cheung. Therefore, Ms. Cheung is deemed to be interested in the Shares subject to the share options granted to Mr. Liu and Mr. Liu is deemed to be interested in the Shares subject to the share options granted to Ms. Cheung.
- (4) The weighted average closing price immediately before the dates on which the options were exercised was HK\$12.57.

Save as disclosed above, no option was granted, cancelled or lapsed under the Pre-Listing Share Option Scheme during the year ended 30 June 2007.

2006 Share Option Scheme

The Company adopted the 2006 Share Option Scheme on 12 February 2006. It is a share incentive scheme and is established to recognise and acknowledge the contribution that the eligible participants have or may have made to the Group. Pursuant to 2006 Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director or employee, or any adviser, consultant, supplier, customer or agent of the Group.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2006 Share Option Scheme to eligible participants in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a share in respect of any particular option granted under the 2006 Share Option Scheme shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

Details of options granted and outstanding under the 2006 Share Option Scheme during the year:

Grantees	Balance as at 1 July 2006	Granted during the year	Number of share options			Balance as at 30 June 2007	Approximate percentage of shareholding
			Exercised during the year	Cancelled during the year	Lapsed during the year		
Directors							
Ms. Cheung	—	41,500,000	—	—	—	41,500,000	0.967%
Mr. Liu	—	41,500,000	—	—	—	41,500,000	0.967%
Mr. Zhang	—	41,500,000	—	—	—	41,500,000	0.967%
Total	—	124,500,000	—	—	—	124,500,000	2.901%

* The issued share capital of the Company was 4,290,652,029 as at 30 June 2007.

Notes:

1. The exercise price of 2006 Share Option Scheme is HK\$9.8365 per share, being about 3% premium to the higher of the closing price of the Shares on 26 October 2006, the date of the meeting of the Board to consider and propose the grant of the share options, and the average closing price of the Shares for the five trading days immediately preceding 26 October 2006.
2. The share options granted under 2006 Share Option Scheme will have a maximum term of five years.
3. Ms. Cheung, Mr. Liu and Mr. Zhang have been granted Pre-Listing Share Options for 16,923,315 Shares, 16,914,184 Shares and 11,814,821 Shares respectively, each of them of which when aggregated with the options granted under the 2006 Share Option Scheme were exceeded 1% of the issued share capital of the Company within a 12 month period. Such further grant had been separately approved by the Shareholders at 2006 SGM.
4. The exercisable of the share options is subject to the achievement of the performance targets of profit. The each of the five financial years during from 1 July 2007 to 30 June 2011 (the "Particular Period") has different performance targets of profit. The performance target of profit is calculated based on the net profit of the Group for FY2006 which excludes the interest income of the Company derived from the over-subscription of the shares during the Pre-Listing Initial Public Offering in March 2006 ("Net Profit FY2006"). The performance targets of profit is calculated based on the 35% growth of the Net Profit FY2006 on the annual basis. If the performance target of profit is met in the Particular Period, the share options associated with the Particular Period will be exercised.

The performance targets are as follows:

	Performance target of profit
FY2007	Not less than 135% of the Net Profit FY2006
FY2008	Not less than 170% of the Net Profit FY2006
FY2009	Not less than 205% of the Net Profit FY2006
FY2010	Not less than 240% of the Net Profit FY2006
FY2011	Not less than 275% of the Net Profit FY2006

The Remuneration Committee will be responsible for monitoring the performance targets of the profit of the Group and whether or not that the Group has been met the targets for each of the relevant years.

Save as disclosed above, no any other options were granted, cancelled or lapsed under the 2006 Share Option Scheme during the year ended 30 June 2007.

Value of Share Options

The fair value of options granted during the year ended 30 June 2007 are determined used “Black-Scholes model” (the “Model”). Key assumptions of the Model are:

Risk-free rate:	3.75% — 3.81%
Expected dividend yield:	1.00% — 4.50% per annum
Expected volatility of the market price of the Company’s shares:	28%
Expected life (in year) :	1.2 to 4.7 years

The Model requires the input of subjective assumptions, including the volatility of share price. As 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 single measure of the fair value of shares options.

The total fair value of the share options granted during the year ended 30 June 2007 are RMB368,000,000.

Directors’ Service Contracts

Each of Ms. Cheung, Mr. Liu and Mr. Zhang had entered into a service contract with the Company for a period of three years commencing on 3 March 2006, which may be terminated by either party upon six months’ notice.

Each of Mr. Lau Chun Shun and Ms. Gao Jing had entered into a service contract with the Company for a period of one year commencing on 3 March 2007 and 6 July 2007 respectively, which may be terminated by either party upon three months’ notice.

Each of Independent non-executive directors, Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson, Dr. Cheng Chi Pang and Mr. Wang Hong Bo, had entered into a letter of agreement with the Company for a period of one year commencing on 3 March 2007, which may be terminated according to the Bye-Laws of the Company.

Save as disclosed above, no director proposed for re-election at the 2007 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Emolument Details

Details of the emoluments of the directors and the senior management are set out in note 22 to the financial statements.