

## REMUNERATION REPORT

This Remuneration Report sets out the Group's remuneration and remuneration policies for executive Directors, non-executive Directors and senior management.

Sections 2, 3, 4 and 6 below comprise the auditable part of the Remuneration Report and form an integral part of the Company's accounts.

### **1. Executive Directors and Senior Management – Components of Remuneration**

The key components of remuneration for executive Directors and senior management comprise fixed and variable elements and include base salary, annual bonus and long term equity incentives. The Board seeks to provide remuneration packages that are competitive, accord with market practice and allow the Company to attract and to retain executives with the skills, experience and qualifications needed to manage and grow the business successfully.

Base salary takes into consideration prevailing market conditions and local market practice as well as the individual's role, duties, experience and responsibilities.

For the executive Directors and the three senior managers, the 2005 bonus comprised two parts:

- (1) up to a third of base salary determined by reference to the Group achieving specific financial targets set by the Remuneration Committee;
- (2) up to two thirds of base salary awarded by the Remuneration Committee on a discretionary basis. Awards were determined based on the overall performance of the individual and the Group as assessed by the Remuneration Committee.

All other key staff are eligible for a discretionary bonus which is also determined by reference to the financial performance of the Group or the business unit of the individual and the achievement of his or her personal objectives.

Equity awards are provided through the Company's Long Term Incentive Scheme which is designed to provide executive Directors, senior management, key staff and other employees with long term incentives that are aligned to and consistent with increasing shareholder value.

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### 2. Executive Directors – Remuneration in 2005

The remuneration payable to the executive Directors or charged in the accounts in 2005 is shown below:

	Salaries US\$'000	Bonus US\$'000	Employer's contribution to pension scheme US\$'000	Total payable US\$'000	Share-based compensation US\$'000	Total payable and charged in the accounts US\$'000
<b>2005</b>						
Christopher R. Buttery	398	222	2	622	235	857
Richard M. Hext <sup>(a)</sup>	981	165	–	1,146	747	1,893
Mark M. Harris	573	319	2	894	235	1,129
Paul C. Over	430	241	2	673	235	908
Total	<u>2,382</u>	<u>947</u>	<u>6</u>	<u>3,335</u>	<u>1,452</u>	<u>4,787</u>
<b>2004</b>						
Christopher R. Buttery	299	300	1	600	144	744
Mark M. Harris	415	413	1	829	144	973
Paul C. Over	294	295	1	590	144	734
Total	<u>1,008</u>	<u>1,008</u>	<u>3</u>	<u>2,019</u>	<u>432</u>	<u>2,451</u>

- (a) Richard M. Hext was appointed on 5 April 2005. Included in his salary was a one-off payment of US\$0.6 million made upon completion of the first 30 days of his employment with the Company. Mr Hext is also entitled to a fixed bonus for the first two years of his employment with the Company.

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### 3. Non-executive Directors – Remuneration in 2005

The Company paid the following annual fees, with pro-rata adjustment for service less than one year.

	2005 US\$'000	2004 US\$'000
<b>Non-executive Directors</b>		
Lee Kwok Yin, Simon	37	17
Brian P. Friedman	37	17
James J. Dowling <sup>(a)</sup>	7	15
	<u>81</u>	<u>49</u>

#### Independent non-executive Directors

Robert C. Nicholson	57	26
Patrick B. Paul	52	26
The Earl of Cromer	45	23
	<u>154</u>	<u>75</u>
Total	<u>235</u>	<u>124</u>

(a) James J. Dowling resigned on 5 April 2005.

### 4. Total Directors' Remuneration in 2005

The total remuneration payable to all executive and non-executive Directors or charged in the accounts for the year ended 31 December 2005 is shown below:

	2005 US\$'000	2004 US\$'000
Directors' fees	235	124
Salaries	2,382	1,008
Bonus	947	1,008
Retirement benefit costs	6	3
	<u>3,570</u>	<u>2,143</u>
Share-based compensation	1,452	432
Total payable and charged in the accounts	<u>5,022</u>	<u>2,575</u>

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### 5. Senior Management Remuneration in 2005

The total remuneration payable to senior management (as listed from page 27 to 29) or charged in the accounts for the year ended 31 December 2005 is shown below:

	2005 US\$'000	2004 US\$'000
Salaries	926	604
Bonus	512	606
Retirement benefit costs	5	3
Total payable	1,443	1,213
Share-based compensation	638	321
Total payable and charged in the accounts	2,081	1,534

Included in the 2005 salary figure is a termination benefits payment of US\$0.2 million in relation to a senior manager who resigned in October 2005.

### 6. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include the four (2004: three) Directors whose emoluments are reflected in section 2 of this Remuneration Report. The emoluments payable to the remaining highest paid individual (2004: two) for the year ended 31 December 2005 are shown below:

	2005 US\$'000	2004 US\$'000
Salaries	254	429
Bonus	127	431
Retirement benefit costs	1	2
Termination benefits	154	–
Total payable	536	862
Share-based compensation	286	216
Total payable and charged in the accounts	822	1,078

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The emoluments of the remaining highest paid individual (2004: two) fell within the following bands:

	Number of individuals	
	2005	(restated) 2004
<b>Emolument bands</b>		
US\$512,821 – US\$576,923 (HK\$4,000,001 – HK\$4,500,000)	–	2
US\$769,231 – US\$833,333 (HK\$6,000,001 – HK\$6,500,000)	1	–
	<u>1</u>	<u>2</u>