

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 Group's financial statements.

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 discretionary bonus and long term equity incentives. The Board, through the Remuneration Committee, seeks to provide remuneration packages that are competitive, accord with market practice and allow the Group to attract and to retain executives and senior management 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.

Bonuses are determined based on the overall performance of the individual and the Group as assessed by the Remuneration Committee.

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.

2. Executive Directors – Remuneration in 2006

The remuneration payable to the executive Directors and charged in the financial statements for the year ended 31 December 2006 for the periods that the directors held office is shown below:

	Salaries US\$'000	Bonus US\$'000	Employer's contribution to pension schemes US\$'000	Total payable US\$'000	Share- based compensation US\$'000	Total payable and charged in the financial statements US\$'000
2006						
Christopher R. Buttery	398	400	2	800	185	985
Richard M. Hext	579	343	1	923	754	1,677
Klaus Nyborg ^(a)	146	225	–	371	184	555
Paul C. Over	432	325	2	759	185	944
Wang Chunlin ^(b)	113	57	5	175	46	221
Mark M. Harris ^(c)	546	–	1	547	137	684
Total	2,214	1,350	11	3,575	1,491	5,066
2005						
Christopher R. Buttery	398	222	2	622	235	857
Richard M. Hext ^(d)	981	165	–	1,146	747	1,893
Paul C. Over	430	241	2	673	235	908
Mark M. Harris	573	319	2	894	235	1,129
Total	2,382	947	6	3,335	1,452	4,787

(a) Mr. Nyborg was appointed on 4 September 2006.

(b) Mr. Wang was appointed on 1 September 2006. He was an employee before that and the remuneration relating to that period is not included in this table.

(c) Mr. Harris resigned on 7 April 2006. Included in the 2006 salary figure was a termination payment of US\$0.4 million. All unvested share options became fully vested and were fully exercised.

(d) Mr. Hext was appointed on 5 April 2005. Included in his 2005 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.

3. Non-executive Directors – Remuneration in 2006

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

	2006 US\$'000	2005 US\$'000
Non-executive Directors		
Daniel R. Bradshaw (appointed 7 April 2006)	33	–
Dr. Lee Kwok Yin, Simon	38	37
Brian P. Friedman (resigned 17 May 2006)	15	37
James J. Dowling (resigned 5 April 2005)	–	7
	<u>86</u>	<u>81</u>
Independent non-executive Directors		
Robert C. Nicholson	58	57
Patrick B. Paul	51	52
The Earl of Cromer	45	45
David M. Turnbull (appointed 17 May 2006)	28	–
	<u>182</u>	<u>154</u>
Total	<u>268</u>	<u>235</u>

4. Total Directors' Remuneration in 2006

The total remuneration payable to all executive and non-executive Directors and charged in the financial statements for the year ended 31 December 2006 is shown below:

	2006 US\$'000	2005 US\$'000
Directors' fees	268	235
Salaries	2,214	2,382
Bonus	1,350	947
Retirement benefit costs	11	6
	<u>3,843</u>	<u>3,570</u>
Total payable	3,843	3,570
Share-based compensation	1,491	1,452
	<u>5,334</u>	<u>5,022</u>
Total	<u>5,334</u>	<u>5,022</u>

5. Senior Management Remuneration in 2006

The total remuneration payable to senior management (as listed in the Directors, Senior Management and Key Staff section of this Annual Report) and charged in the financial statements for the year ended 31 December 2006 is shown below:

	2006 US\$'000	2005 US\$'000
Salaries	816	926
Bonus	605	512
Retirement benefit costs	12	5
Total payable	1,433	1,443
Share-based compensation	334	638
Total	1,767	2,081

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 four (2005: four) Directors whose emoluments are reflected in section 2 of this Remuneration Report. The emoluments payable to the one remaining highest paid individual (2005: one) for the year ended 31 December 2006 are shown below:

	2006 US\$'000	2005 US\$'000
Salaries	298	254
Bonus	300	127
Retirement benefit costs	2	1
Termination benefits	—	154
Total payable	600	536
Share-based compensation	139	286
Total	739	822

The emoluments of the one remaining highest paid individual (2005: one) fell within the following band:

	Number of individuals 2006	2005
Emolument bands		
US\$705,128 – US\$769,231 (HK\$5,500,001 – HK\$6,000,000)	1	—
US\$769,231 – US\$833,333 (HK\$6,000,001 – HK\$6,500,000)	—	1
	1	1

During the year, the Group did not pay the Directors any inducement to join or upon joining the Group. No directors waived or agreed to waive any emoluments during the year.