

# Remuneration Committee Report

## REMUNERATION COMMITTEE

The Remuneration Committee (“RC”) currently comprises three INEDs, namely, Dr Lo Ka Shui (Chairman), Dr Marvin K T Cheung (appointed 13 April 2005) and Mr Dannis J H Lee.

The RC meets regularly to formulate remuneration policy for the Board’s approval. It reviews and determines the remuneration of the Chief Executive who is the only Executive Director, and that of the Senior Management. The ultimate objective of the remuneration policy is to ensure that HKEx is able to attract, retain and motivate a high-calibre team which is essential to the success of HKEx.

The RC is accountable to the Board and submits regular reports containing recommendations, where appropriate, to the Board for its consideration and/or approval. The RC is provided with sufficient resources to discharge its duties, and it can engage external professional advisers to provide advice on issues which it considers necessary. The terms of reference of the RC setting out its role and the authority delegated to it by the Board are posted on HKEx’s corporate website.

The RC held four meetings in 2005 and recorded a full attendance for all meetings. The work performed by the RC included the following:

- making recommendations on the Group’s annual salary adjustment and performance bonus in accordance with a performance-based evaluation mechanism for the Board’s approval;
- determining the salary adjustments for the Chief Executive and the Senior Management in accordance with the Board’s guidelines;
- endorsing the Employees’ Share Award Scheme;
- making recommendations on the quantity of shares to be awarded to eligible employees under the Employees’ Share Award Scheme;
- setting the guidelines for the recruitment of the Chief Executive and the Senior Management;
- endorsing the Employee Benefits Insurance Scheme including Group Medical and Dental Insurance, Group Life Insurance, Group Personal Accident Insurance, and Employees’ Compensation Insurance for the Executive Committee’s approval; and
- determining the scope of the review to be conducted by an independent consultant on the Group’s remuneration policy and structure.

## REMUNERATION POLICY

Quality and dedicated staff are reckoned valuable assets contributing to the Group’s performance. HKEx’s remuneration policy is built upon the principles of providing an equitable, motivating and market-competitive remuneration package that can stimulate and drive staff at all levels to work towards achieving the Group’s strategic objectives.

Non-executive Directors are remunerated sufficiently but not excessively for their efforts and time dedicated to HKEx. No individual Director and executive is involved in deciding his own remuneration.

## REMUNERATION STRUCTURE

Employee's remuneration package is performance-based, and comprises three key components:

### Base Salary

Base salary constitutes the significant element of the remuneration package. HKEx's policy is to pay a competitive base salary close to market median or at market upper quartile for key positions.

### Incentives

Incentives are given in the form of discretionary cash bonus and an opportunity to participate in the Group's long-term success through the Share Option Scheme which has been replaced by the Employees' Share Award Scheme adopted in September 2005. Details of Share Option Schemes and the Employees' Share Award Scheme are set out respectively on page 99 and page 101 of this Annual Report.

### Fringe Benefits

Provident fund benefits are offered to all full-time employees through the Hong Kong Exchanges and Clearing Provident Fund Scheme which is a registered scheme under the Occupational Retirement Schemes Ordinance ("ORSO") with the Mandatory Provident Fund ("MPF") exemption. The ORSO scheme is a defined contribution scheme providing employees with investment choices. HSBC Provident Fund Trustee (Hong Kong) Ltd and HSBC Life (International) Ltd are the trustee and administrator of the scheme respectively.

Under the ORSO scheme, HKEx contributes 12.5 per cent of the employee's base salary if the employee contributes 5 per cent, or HKEx contributes 10 per cent when the employee chooses not to contribute.

In addition, a master trust MPF scheme providing retirement benefits is offered to all temporary employees or those full-time employees who elect not to join the ORSO scheme. Under the MPF scheme, HKEx provides contributions to each employee up to the statutory limit, i.e. 5 per cent of the employee's relevant income subject to a maximum of \$1,000.

Other benefits offered to employees include, inter alia, medical insurance, dental insurance, life and personal accident insurance, employee compensation and business travel insurance.

## PAY REVIEW 2005/2006

In determining the performance bonus and the share awards for 2005, the RC adopted a performance-based evaluation mechanism which comprises a number of quantitative and qualitative performance indicators, including profitability, system reliance, product and market development, organisation development and public interests. Different weightings are assigned to each of these indicators for assessing the overall score which determines the amount of performance bonus to be granted, and the shares to be awarded for the year.

In addition to individual's performance, the RC took into consideration the competitive market position and practices, relativity among peer groups and market competitiveness in making recommendations on annual salary adjustments. For the 2006 salary review, the RC

recommended, and the Board approved an average salary increase of two per cent for cost of living adjustment, and another average of two per cent for market catch up and promotions with the total does not exceed a maximum of four per cent in average.

Neither the Chief Executive nor the Senior Management had participated in the RC's discussion on their pay review and performance award. The RC had consulted the Chairman on the Chief Executive's performance, and the Chief Executive on the individual performance of the Senior Management.

Details of the remuneration of the Executive Director and the Senior Management for year 2005 are set out in the following section.

In February 2006, an independent consultant has been retained to conduct an overall review of HKEx's remuneration policy and structure with the objective of introducing refinements to better support achievement of the Group's strategic goals. The review is scheduled to be completed in the third quarter of 2006 and the recommendations thereof would be considered by the Board for establishing the remuneration policy and guidelines to be observed in future.

## REMUNERATION OF DIRECTORS AND THE SENIOR MANAGEMENT

### Non-executive Directors

Non-executive Directors' remuneration is regularly reviewed with reference to market norms. In November 2004, a comprehensive review of the non-executive Directors' remuneration was conducted for determining an equitable remuneration for the non-executive Directors in order to properly reflect their public accountability and time and effort spent on the Board and various committees and/or panels meetings. The recommendation to increase the remuneration, comprising director's fee only, of each non-executive Director from \$100,000 to \$240,000 was approved by the Shareholders at the 2005 AGM. The new director's fee is payable in proportion to the period of service during the period from the conclusion of the 2005 AGM to the conclusion of the 2006 AGM.

Non-executive Directors are, however not entitled to participate in the Share Option Schemes and the Employees' Share Award Scheme. The remuneration of all non-executive Directors for year 2005 is set out below:

Name	Director's Fee (\$)
Charles Y K Lee	205,000
Marvin K T Cheung ( <i>appointment effective 12 April 2005</i> )	180,000
Henry H L Fan	205,000
Fong Hup	205,000
Tim Freshwater	205,000
Bill C P Kwok	205,000
Dannis J H Lee	205,000
Vincent K H Lee	205,000
Leong Ka Chai ( <i>retired on 12 April 2005</i> )	25,000
Lo Ka Shui	205,000
John E Strickland	205,000
David M Webb	205,000
Oscar S H Wong	205,000
<b>Total</b>	<b>2,460,000</b>

*Particulars of the Directors' emoluments disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Main Board Listing Rules are set out in note 13 to the consolidated accounts.*

## Executive Director

The Chief Executive (*ex-officio* member of the Board) is the only Executive Director. His remuneration for year 2005 and interest in share option are set out below:

### Remuneration

Chief Executive	Director's Fee (\$)	Salary (\$)	Performance Bonus (\$)	Other Benefits (\$) (note 1)	Retirement Benefit Costs (\$) (note 2)	Total (\$)	Share Option Benefits (\$)	Share Award Benefits (\$)
Paul M Y Chow	-	7,200,000	1,200,000	61,576	900,000	9,361,576	1,791,480	-

The share option benefits represent amortised fair value of the share option granted to him under the Post-Listing Scheme that was charged to the profit and loss account for the year ended 31 December 2005.

### Share Option

Date of grant	Exercise Price	Number of shares issuable under the option granted				Exercise Period
		As at 1 January 2005	Granted during the year	Subscribed during the year	As at 31 December 2005	
2 May 2003	\$8.28	3,280,000	-	820,000	2,460,000	2 May 2005 – 1 May 2013

During 2005, no shares were awarded to the Chief Executive under the Employees' Share Award Scheme.

## Senior Management

The remuneration of the Senior Management, and their interests in share options and awarded shares are set out below:

### Remuneration

Name	Salary (\$)	Performance Bonus (\$)	Other Benefits (\$) (note 1)	Retirement Benefit Costs (\$) (note 2)	Compensation for Loss of Office (\$)	Total (\$)	Share Option Benefits (\$)	Share Award Benefits (\$)
Patrick K Conroy	5,460,000	730,000	114,448	682,500	-	6,986,948	2,108,107	-
Gerald D Greiner	3,720,000	650,000	68,035	465,000	-	4,903,035	542,834	12,351
Lawrence K M Fok	4,125,000	560,000	78,988	515,625	-	5,279,613	299,448	7,483
Mary M L Kao	3,504,000	520,000	60,844	438,000	-	4,522,844	299,448	8,731
Henry M W Law	2,295,000	380,000	25,231	286,875	-	2,987,106	245,768	6,966
Karen K Y Lee (note 3)	2,121,750	-	442,284	265,219	-	2,829,253	-	-
Stewart S C Shing	3,720,000	600,000	66,646	465,000	-	4,851,646	1,795,645	-
Archie T C Tsim (note 4)	2,910,000	520,000	57,799	363,750	-	3,851,549	185,582	9,947
Richard G Williams (note 5)	3,900,000	900,000	104,075	487,500	-	5,391,575	1,163,450	-
Alfred K K Wong	2,785,500	520,000	67,520	348,188	-	3,721,208	268,400	9,765

The share option benefits and the share award benefits represent the aggregate of the amortised fair value of the share options granted and shares awarded to the respective members of the Senior Management under the Post-Listing Scheme and the Employees' Share Award Scheme respectively that were charged to the profit and loss account for the year ended 31 December 2005. (Under HKFRS2, amortisation of the fair value of the options granted under the Pre-Listing Scheme is not required.)

## Share Options

Name	Date of Grant	Exercise Price (\$)	Number of shares issuable under the options granted				As at 31 December 2005	Exercise Period
			As at 1 January 2005	Granted during the year	Subscribed during the year	Lapsed during the year		
Patrick K Conroy	18 Aug 2003	12.49	1,968,000	-	492,000	-	1,476,000	18 Aug 2005 – 17 Aug 2013
Gerald D Greiner	17 May 2004	15.91	200,000	-	-	-	200,000	17 May 2006 – 16 May 2014
	26 Jan 2005	19.25	-	200,000	-	-	200,000	26 Jan 2007 – 25 Jan 2015
Lawrence K M Fok	20 Jun 2000	6.88	758,000	-	500,000	-	258,000	6 Mar 2002 – 30 May 2010
	31 Mar 2004	16.96	120,000	-	-	-	120,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	-	100,000	-	-	100,000	26 Jan 2007 – 25 Jan 2015
Mary M L Kao	20 Jun 2000	6.88	178,000	-	178,000	-	-	6 Mar 2002 – 30 May 2010
	31 Mar 2004	16.96	120,000	-	-	-	120,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	-	100,000	-	-	100,000	26 Jan 2007 – 25 Jan 2015
Henry M W Law	20 Jun 2000	6.88	88,000	-	88,000	-	-	6 Mar 2002 – 30 May 2010
	31 Mar 2004	16.96	100,000	-	-	-	100,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	-	80,000	-	-	80,000	26 Jan 2007 – 25 Jan 2015
Karen K Y Lee (note 3)	20 Jun 2000	6.88	114,000	-	114,000	-	-	6 Mar 2002 – 30 May 2010
	31 Mar 2004	16.96	88,000	-	-	88,000	-	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	-	100,000	-	100,000	-	26 Jan 2007 – 25 Jan 2015
Stewart S C Shing	15 Jan 2004	17.30	1,094,000	-	-	-	1,094,000	15 Jan 2006 – 14 Jan 2014
Archie T C Tsim	26 Jan 2005	19.25	-	164,000	-	-	164,000	26 Jan 2007 – 25 Jan 2015
Richard G Williams	14 Aug 2003	12.45	1,094,000	-	250,000	-	844,000	14 Aug 2005 – 13 Aug 2013
Alfred K K Wong	20 Jun 2000	6.88	80,000	-	80,000	-	-	6 Mar 2002 – 30 May 2010
	31 Mar 2004	16.96	100,000	-	-	-	100,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	-	100,000	-	-	100,000	26 Jan 2007 – 25 Jan 2015

## Awarded Shares

Name	Date of Award	Average fair value per share (\$)	Number of shares				As at 31 December 2005	Vesting Period (note 6)
			As at 1 January 2005	Awarded during the year	Vested during the year	Lapsed during the year		
Gerald D Greiner	19 Dec 2005	31.20	-	40,600	-	-	40,600	19 Dec 2007 – 19 Dec 2010
Lawrence K M Fok	19 Dec 2005	31.20	-	24,600	-	-	24,600	19 Dec 2007 – 19 Dec 2010
Mary M L Kao	19 Dec 2005	31.20	-	28,700	-	-	28,700	19 Dec 2007 – 19 Dec 2010
Henry M W Law	19 Dec 2005	31.20	-	22,900	-	-	22,900	19 Dec 2007 – 19 Dec 2010
Archie T C Tsim	19 Dec 2005	31.20	-	32,700	-	-	32,700	19 Dec 2007 – 19 Dec 2010
Alfred K K Wong	19 Dec 2005	31.20	-	32,100	-	-	32,100	19 Dec 2007 – 19 Dec 2010

### Notes:

- Other benefits include leave pay, insurance premium, and club membership.
- The employee who retires before normal retirement age is eligible to 18 per cent of the employer's contribution to the provident fund after completion of 2 years of service. The rate of vested benefit increases at an annual increment of 18 per cent thereafter reaching 100 per cent after completion of 7 years of service.
- Ms Karen K Y Lee retired as the Chief Financial Officer on 30 September 2005.
- Mr Archie T C Tsim became the Chief Financial Officer effective 1 October 2005.
- Mr Richard G Williams is a member of a pension scheme operating in the United Kingdom, and he is exempted under Section 4(3) of the Mandatory Provident Fund Schemes Ordinance from participating in HKEx's provident fund scheme. The vesting scale of retirement benefits is not applicable to Mr Williams.
- The shares awarded are vested in tranches of 25 per cent per annum starting from the second anniversary (i.e. 19 December 2007) until the fifth anniversary (i.e. 19 December 2010) of the date of award.

## SHARE OPTION SCHEMES

HKEx operates two share option schemes, the Pre-Listing Scheme and the Post-Listing Scheme, under which the Board may, at its discretion, offer any employee (including any Executive Director) of HKEx or its subsidiaries, options to subscribe for shares in HKEx, for the purpose of attracting and retaining high calibre employees. Both schemes were approved by the Shareholders on 31 May 2000 and have a life of 10 years until 30 May 2010. Amendments to the Post-Listing Scheme, including, inter alia, the abolition of granting options at discounted price, were approved by the Shareholders on 17 April 2002 so as to comply with the new requirements of Chapter 17 of the Main Board Listing Rules which came into effect on 1 September 2001.

A non-refundable remittance of \$1 by way of consideration for the grant of an option is required to be paid by each grantee upon acceptance of the granted option.

The maximum number of shares in respect of which options may be granted under these schemes shall not in aggregate exceed 10 per cent of the shares of HKEx in issue as at the date of approval of the schemes, i.e. a total of 104,066,484 shares. The key terms of these two schemes are summarised below.

### Pre-Listing Scheme

Options for the subscription of 34,890,262 shares were granted to employees of HKEx or its subsidiaries on 20 June 2000. The options granted were exercisable subject to a vesting scale which commenced on 6 March 2002 in tranches of 25 per cent per annum and reaching 100 per cent from 6 March 2005, and in any event shall end not later than 30 May 2010, subject to the provisions for early exercise and/or termination contained in the Pre-Listing Scheme. No further options can be, or have been, issued under the Pre-Listing Scheme from 27 June 2000, the date of listing of HKEx on the Stock Exchange.

The maximum entitlement of each participant, when aggregated with shares issued and issuable under all options granted to him, must not exceed 25 per cent of the aggregated number of shares for the time being issued and issuable under the Pre-Listing Scheme.

The subscription price for a share in HKEx in respect of any particular option granted was determined based on a formula:  $P = 80 \text{ per cent } (A \times B)$ , where “P” is the subscription price; “A” is 18.81, a price/earnings multiple determined by reference to the price/earning multiples of various financial companies listed on the Stock Exchange and/or overseas; and “B” is the earnings per share of the Group based on its audited combined results for the year ended 31 December 1999 as if the current group structure of HKEx had been in existence throughout the year divided by 1,040,664,846 shares in issue. Based on this formula, the subscription price of the option granted was \$7.52 per share, which was subsequently adjusted by the Shareholders at the 2004 AGM, to \$6.88 per share as the result of the payment of a special dividend of \$1.68 per share in 2004.

## Post-Listing Scheme

Unless approved by the Shareholders in general meeting, no employee shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such employee in any 12-month period up to the date of the latest grant would exceed 1 per cent of the issued share capital of HKEx in issue at the relevant time.

The subscription price of share in respect of any particular option granted shall be at least the higher of (i) the closing price of HKEx shares on the Stock Exchange, as stated in the Stock Exchange's daily quotations sheet on the relevant offer date in respect of such option; or (ii) the average of the closing prices of HKEx shares on the Stock Exchange, as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the relevant offer date in respect of such option; or (iii) the nominal value of a share in HKEx.

An option may be exercised in accordance with the terms of the Post-Listing Scheme at any time during a period to be notified by the Board to each grantee. Such period may commence on the second anniversary of the date on which the option is offered in tranches of 25 per cent and reaching 100 per cent from the fifth anniversary of the date on which the option is offered, and in any event shall end not later than 10 years from the date upon which the option is granted and accepted, subject to the provisions for early exercise and/or termination as contained in the Post-Listing Scheme.

As at the date of this Annual Report, the total number of shares available for issue, save for those granted but yet to be exercised, under the Pre-Listing Scheme and the Post-Listing Scheme aggregated to 63,302,484 shares, which represented 5.96 per cent of the issued share capital of HKEx as at 8 March 2006. Following the adoption of the Employees' Share Award Scheme by the Board in September 2005, no further options will be granted under the Post-Listing Scheme.

## Outstanding Share Options

Details of the share options granted under the Schemes and remained outstanding as at 31 December 2005 were as follows:

### *Pre-Listing Scheme*

	Date of Grant	Exercise Price	Number of shares issuable under the options granted				Exercise Period
			As at 1 January 2005	Issued upon subscription during the year	Lapsed during the year	As at 31 December 2005	
Aggregate total for employees <i>(note 1)</i>	20 June 2000	\$6.88	6,680,000	4,554,000 <i>(note 2)</i>	–	2,126,000	6 Mar 2002 – 30 May 2010 <i>(note 3)</i>

## Post-Listing Scheme

Date of Grant	Exercise Price	As at 1 January 2005	Number of shares issuable under the options granted				As at 31 December 2005	Exercise Period (note 6)
			Granted during the year	Issued upon subscription during the year (note 5)	Lapsed during the year			
<b>Director (note 4)</b>								
2 May 2003	\$8.28	3,280,000	-	820,000	-	2,460,000	2 May 2005 – 1 May 2013	
<b>Employees (note 1)</b>								
14 Aug 2003	\$12.45	1,094,000	-	250,000	-	844,000	14 Aug 2005 – 13 Aug 2013	
18 Aug 2003	\$12.49	1,968,000	-	492,000	-	1,476,000	18 Aug 2005 – 17 Aug 2013	
15 Jan 2004	\$17.30	1,094,000	-	-	-	1,094,000	15 Jan 2006 – 14 Jan 2014	
31 Mar 2004	\$16.96	5,582,000	-	-	508,000	5,074,000	31 Mar 2006 – 30 Mar 2014	
17 May 2004	\$15.91	200,000	-	-	-	200,000	17 May 2006 – 16 May 2014	
26 Jan 2005	\$19.25 (note 7)	-	5,884,000 (note 8)	-	458,000	5,426,000	26 Jan 2007 – 25 Jan 2015	

No options granted under the two share option schemes were cancelled during the year ended 31 December 2005.

### Notes:

1. Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance of Hong Kong.
2. The weighted average closing price immediately before the dates on which the options were exercised was \$20.73.
3. Options granted are exercisable between 6 March 2002 and 30 May 2010, subject to a vesting scale in tranches of 25 per cent each per annum reaching 100 per cent as from 6 March 2005.
4. The option was granted to Mr Chow Man Yiu, Paul, a Director and the Chief Executive of HKEx.
5. The weighted average closing price immediately before the dates on which the options were exercised was \$22.34.
6. Options granted are subject to a vesting scale in tranches of 25 per cent each per annum starting from the second anniversary and fully vested in the fifth anniversary of the date of grant.
7. The closing price immediately before the date of grant was \$19.05.
8. HKEx adopts the Binomial Option Pricing Model for estimating the fair value of options issued under the Post-Listing Scheme. The assumptions used in the model for the following factors are:
  - Risk-free rate of return – the yield of 10-year Exchange Fund Notes
  - Expected volatility of share price – annualised volatility for 1 year immediately preceding the grant date
  - Expected dividend yields – annual dividend (excluding special dividend) of the most recent financial year and the closing price on grant date

The amortised fair value of the share options charged to the profit and loss account for the year ended 31 December 2005 was \$22,663,000 (2004: \$14,290,000).

According to the Binomial Option Pricing Model, the value of the options granted on 26 January 2005 was \$26,183,800, details of which are set out in note 31 to the consolidated accounts.

The Binomial Option Pricing Model was developed to estimate the fair value of American style options. It is one of the commonly used models to estimate the fair value of an option which can be exercised before the expiry of the option period. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

## EMPLOYEES’ SHARE AWARD SCHEME

On 14 September 2005 (“Adoption Date”), the Board adopted an Employees’ Share Award Scheme (“Award Scheme”) in which all employees (including without limitation any executive directors) of the Group will be entitled to participate. Unless early terminated by the Board, the Award Scheme shall be valid and effective for a term of 15 years commencing on the Adoption Date provided that no contribution to the trust fund will be made by HKEx on or after the tenth anniversary date of the Adoption Date. Details of the Award Scheme were announced on the Adoption Date. The rules and the trust deed relating to the Award Scheme are posted on HKEx’s corporate website.



Pursuant to the rules relating to the Award Scheme, the Board or the trustee of the Award Scheme (as the case may be) shall select the employees of the Group for participation in the Award Scheme, and determine the number of shares to be awarded. Relevant number of shares awarded will be acquired by the trustee from the market at the cost of HKEx and be held in trust for those selected employees until the end of each vesting period. Awarded shares and the related income derived therefrom are subject to a vesting scale in tranches of 25 per cent each on every anniversary date starting from the second anniversary date of the date of award until the fifth. Vested shares will be transferred at no cost to the relevant selected employees of the Group.

The Board has decided that, after adoption of the Award Scheme, no further options will be granted under the existing Post-Listing Scheme.

During the year, the Board awarded 960,000 shares, representing 0.09 per cent of the issued share capital as at the Adoption Date, to 139 eligible employees. The purchase of the awarded shares was completed on 4 January 2006 and the total payout, including the related expenses, amounted to \$30,098,839.62.

As at 31 December 2005, details of the awarded shares under the Award Scheme were as follows:

Date of Award	Average fair value per share (\$)	Number of shares				As at 31 December 2005	Vesting Period
		As at 1 January 2005	Awarded during the year	Vested during the year	Lapsed during the year		
19 Dec 2005	31.20	-	960,000	-	-	960,000	19 Dec 2007 – 19 Dec 2010

*Notes:*

- The shares were purchased by the trustee of the Award Scheme at an average price of \$31.26 per share.*
- The amortised fair value of the awarded shares charged to the profit and loss account for the year ended 31 December 2005 was \$292,000 (2004: Nil).*

## DIRECTORS' SERVICE CONTRACTS

Mr Paul M Y Chow is employed as the Chief Executive under a contract term of four years from 1 May 2003 to 30 April 2007.

No Director has any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### Members of the Remuneration Committee

LO Ka Shui (*Chairman*)

CHEUNG Kin Tung, Marvin

LEE Jor Hung, Dannis

Hong Kong, 8 March 2006