

## Report of the Directors

The directors herein present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2000.

### Principal activities

The principal activity of the Company is investment holding.

The principal activities of the Group consisted of the import and distribution of cement in Hong Kong and the Philippines, and the manufacturing and distribution of cement in the other areas of the People's Republic of China ("the Mainland China"). Through its associates, the Group is also engaged in the production and distribution of ready-mixed concrete in Hong Kong, Mainland China and Brunei, and the provision of cellular telecommunication services in Taiwan.

### Segmented information

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for each of the two years ended 31 December 2000 is as follows:

	Turnover		Contribution to profit from operating activities	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
				<i>(Restated)</i>
By principal activity:				
Import and distribution of cement	<b>635,131</b>	443,385	<b>111,304</b>	97,444
Manufacturing and distribution of cement	<b>5,852</b>	—	<b>(4,858)</b>	(2,291)
Investment holding	—	—	<b>(28,903)</b>	10,254
Others	<b>10,107</b>	—	<b>(3,073)</b>	—
	<b>651,090</b>	443,385	<b>74,470</b>	105,407
By geographical location of operations:				
The People's Republic of China:				
Hong Kong	<b>272,493</b>	313,110	<b>55,412</b>	90,346
Elsewhere	<b>5,852</b>	—	<b>(4,858)</b>	(2,291)
The Philippines	<b>362,638</b>	130,275	<b>27,267</b>	17,352
Others	<b>10,107</b>	—	<b>(3,351)</b>	—
	<b>651,090</b>	443,385	<b>74,470</b>	105,407

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### Results and dividends

The Group's profit for the year ended 31 December 2000 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 32 to 75.

An interim dividend of HK3 cents per ordinary share was declared and paid during the year. The board of directors recommends the payment of a final dividend of HK4 cents per ordinary share in respect of the year to shareholders on the register of members on 15 May 2001. This recommendation has been incorporated in the financial statements.

### Summary of financial information

Set out below is a summary of the results and a statement of net assets of the Group for the last five financial years.

#### Results

	2000	Year ended 31 December			
		1999	1998	1997	1996
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)	(Restated)	(Restated)	(Restated)
TURNOVER	<b>651,090</b>	443,385	364,873	372,255	332,548
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<b>106,238</b>	145,398	109,462	124,509	66,829

#### Assets and liabilities

	2000	31 December			
		1999	1998	1997	1996
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)	(Restated)	(Restated)	(Restated)
TOTAL ASSETS	<b>1,277,432</b>	881,611	728,404	587,967	376,837
TOTAL LIABILITIES	<b>(496,649)</b>	(186,856)	(116,115)	(78,303)	(123,434)
MINORITY INTERESTS	<b>(74,424)</b>	(71,128)	(67,426)	(30,049)	(19,029)
NET ASSETS	<b>706,359</b>	623,627	544,863	479,615	234,374

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## Summary of financial information *(continued)*

### Notes:

1. The consolidated results for each of the three years ended 31 December 2000 and the combined results for the year ended 31 December 1997 are extracted from the published audited financial statements. The combined results for the year ended 31 December 1996 are extracted from the Company's prospectus dated 23 September 1997. The combined results include (i) the audited results of Hong Kong Cement Manufacturing Company Limited, a fellow subsidiary following the Group reorganisation in preparation for the listing of the Company's shares, which formerly carried on the business of import and distribution of cement, from 1 January 1996 up to the date of reorganisation in September 1997; and (ii) the combined results of the Company and its subsidiaries as if the structure following the Group reorganisation detailed above had been in existence throughout the two years ended 31 December 1997.
2. As the Company was incorporated on 4 July 1997, the statement of net assets as at 31 December 1996 was prepared for the purpose of showing comparative amounts as if the Company existed as at that date. The statements of net assets as at 31 December 1997, 1998, 1999 and 2000 are extracted from the audited financial statements of the Group.
3. Details of the prior year adjustments are set out in note 11 to the financial statements.

### Fixed assets

Details of movements in the fixed assets of the Group during the year are set out in note 12 to the financial statements.

### Subsidiaries

Details of the Company's subsidiaries are set out in note 15 to the financial statements.

### Associates

Details of the Group's interests in its associates are set out in note 16 to the financial statements.

### Bank borrowings

Details of bank borrowings of the Group are set out in note 20 to the financial statements.

### Share capital and share options

Details of the movements in share capital and share options of the Company, together with the reasons therefor, are set out in note 23 to the financial statements.

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (2000 revision) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the financial statements.

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### Distributable reserves

At 31 December 2000, the Company's reserves, including share premium and contributed surplus accounts, available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law (2000 revision) of the Cayman Islands, amounted to HK\$1,475,790,000. Under the laws of the Cayman Islands, a company may make distributions to its members out of the share premium and contributed surplus accounts under certain circumstances.

### Directors

The directors of the Company during the year and up to the date of this report were:

#### Executive directors

KOO Cheng Yun, Leslie (Chairman)

WU Yih Chin (Managing Director)

TSAO Jas Yee, James

#### Non-executive directors

HUI-BON-HOA Khien Piau, Pierre

CHIANG Cheng Hsiung

CHEN Chi Hsiung

#### Independent non-executive directors

LIAO Poon Huai, Donald

SHAN Weijian

In accordance with article 116 of the Company's articles of association, KOO Cheng Yun, Leslie and SHAN Weijian will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### Directors' service contracts

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation other than by statutory obligation.

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### Directors' interests in shares

At 31 December 2000, the interests of the directors in the share capital of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

#### Interests in the Company

Director	Nature of interest	Number of shares
Hui-Bon-Hoa Khien Piau, Pierre	Personal	5,680,000
Wu Yih Chin	Personal	1,700,000
Tsao Jas Yee, James	Personal	1,500,000

#### Interests in the associated corporations

(i) *Taiwan Cement Corporation ("TCC") \**

Director	Number of shares and nature of interest			Total
	Personal interests	Family interests	Corporate interests	
Koo Cheng Yun, Leslie	24,475,142	2,935 (Note 1)	21,280,568 (Note 2)	45,758,645
Wu Yih Chin	117,952	—	—	117,952
Chiang Cheng Hsiung	468,198	29,120 (Note 1)	—	497,318
Chen Chi Hsiung	323,987	17,215 (Note 1)	—	341,202
Liao Poon Huai, Donald	464,094	596,231 (Note 1)	—	1,060,325

\* The ultimate holding company of the Company

Notes:

- The shares are held by the respective directors' spouse as the registered and beneficial shareholder.
- Koo Cheng Yun, Leslie, together with his spouse, hold 44 per cent. of the issued capital of a company which holds 21,280,568 shares of TCC.

(ii) *Hong Kong Cement Manufacturing Company Limited \*\**

Director	Nature of interest	Number of shares
Hui-Bon-Hoa Khien Piau, Pierre	Personal	710

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### Directors' interests in shares (continued)

#### (iii) Prosperity Dielectrics Company Limited \*\*

Director	Nature of interest	Number of shares
Koo Cheng Yun, Leslie	Personal	16,000
Chiang Cheng Hsiung	Personal	16,000

#### (iv) Archtek Telecom Corporation \*\*

Director	Nature of interest	Number of shares
Chiang Cheng Hsiung	Personal	18
Chen Chi Hsiung	Personal	18

#### (v) Taiwan Cement Engineering Corporation \*\*

Director	Nature of interest	Number of shares
Chiang Cheng Hsiung	Personal	24,073

#### (vi) Ta-Ho Maritime Corporation \*\*

Director	Nature of interest	Number of shares
Chiang Cheng Hsiung	Personal	26,450
	Family	71,083
		97,533
Chen Chi Hsiung	Personal	11,500

\*\* Fellow subsidiaries of the Company

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries of the Group held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other beneficial interest in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance.