

Report of the Directors 董事會報告書

The Directors are pleased to present their annual report together with the audited financial statements of the Group for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of the import and distribution of cement in Hong Kong, the manufacture and distribution of cement and slag powder in other areas of the People's Republic of China ("Mainland China") and the provision of cement handling services in the Philippines. Through its associates, the Group is also engaged in the production and distribution of ready-mixed concrete in Hong Kong, Mainland China and Brunei. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 51. The Board of Directors does not recommend the payment of any dividend for the year ended 31 December 2006.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

There was no movement in the Company's authorised and issued share capital during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

董事謹此欣然呈報董事會報告書，以及本集團截至二零零六年十二月三十一日止年度之經審核財務報表。

主要業務

本集團之主要業務包括在香港經營水泥進口及分銷業務，在中華人民共和國其他地方（「中國大陸」）經營水泥及礦渣粉製造及分銷業務，以及在菲律賓提供水泥處理服務。本集團亦透過其聯營公司在香港、中國大陸及文萊從事生產及分銷預拌混凝土。本集團於本年度之主要業務性質並無任何重大變動。

業績及股息

本集團截至二零零六年十二月三十一日止年度之業績載於第51頁之綜合收益表。董事會不建議派付任何截至二零零六年十二月三十一日止年度之股息。

物業、廠房及設備

本集團於本年度之物業、廠房及設備變動詳情載於財務報表附註14。

股本

本公司於本年度之法定及已發行股本並無任何變動。

優先購股權

本公司之公司組織章程細則或開曼群島公司法並無載有本公司須按比例向現有股東發售新股份之優先購買權規定。

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RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 54 to 55.

At 31 December 2006, the Company's reserve, including the share premium and contributed surplus accounts, available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to HK\$947,782,000. Under the laws of the Cayman Islands, a company may make distributions to its members 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 are:

Executive Directors:

KOO, Cheng-Yun, Leslie (*Chairman*)
WU Yih Chin (*Managing Director*)

Non-executive Directors:

SHAN Weijian (redesignated as a non-executive Director on 9 June 2006)
KAO, Teh-Jung (appointed on 29 March 2006)
HUI-BON-HOA Pierre, Khien Piau (resigned on 26 June 2006)
HSIAO, Yin-Yi (resigned on 28 February 2006)

Independent Non-executive Directors:

LIAO Poon Huai, Donald
CHIH Ching Kang, Kenneth (appointed on 7 September 2006)
SHIEH, Jen-Chung, Roger (appointed on 4 January 2007)
CHUNG Kuohsien, David (resigned on 1 November 2006)

儲備

本集團於本年度之儲備變動詳情載於第54至55頁之綜合權益變動表。

於二零零六年十二月三十一日，本公司可供現金分派及／或實物分派之儲備（包括股份溢價及繳入盈餘賬），根據開曼群島公司法（二零零四年修訂本）計算，達947,782,000港元。根據開曼群島法例，在若干情況下，公司可動用股份溢價及繳入盈餘賬向股東作出分派。

董事

於本年度及直至本報告日期止任職本公司之董事如下：

執行董事：

辜成允（*董事長*）
吳義欽（*董事總經理*）

非執行董事：

單偉建（於二零零六年六月九日被調任為非執行董事）
高德榮（於二零零六年三月二十九日獲委任）
黃慶杓（於二零零六年六月二十六日辭任）
蕭英怡（於二零零六年二月二十八日辭任）

獨立非執行董事：

廖本懷
池慶康（於二零零六年九月七日獲委任）
謝禎忠（於二零零七年一月四日獲委任）
鍾國賢（於二零零六年十一月一日辭任）

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The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers that each of the independent non-executive Directors is independent to the Company.

According to Article 99 of the Company's Articles of Association (the "Articles"), Dr. Chih Ching Kang, Kenneth and Mr. Shieh, Jen-Chung, Roger shall hold office until the Annual General Meeting and shall then be eligible for re-election.

In accordance with Article 116 of the Articles, Mr. Koo, Cheng-Yun, Leslie and Dr. Shan Weijian will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 21 to 25 of the annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company, its holding companies, any of its fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

根據香港聯合交易所有限公司（「聯交所」）證券上市規則第3.13條，本公司已取得所有獨立非執行董事之年度獨立確認書。本公司據此確認彼等皆與公司概無關連。

根據本公司之組織章程細則（「公司細則」）第99條，池慶康博士與謝禎忠先生將留任至股東週年大會，屆時將合資格膺選連任。

根據公司細則第116條，辜成允先生與單偉建先生須輪流告退，惟彼等合資格且願意於即將召開之股東週年大會膺選連任。

董事及高級管理層之履歷

本公司董事及本集團高級管理層之詳細履歷載於本年報第21至第25頁。

董事之服務合約

在即將召開之股東週年大會膺選連任之董事概無與本集團或其任何附屬公司訂立不可由本集團在一年內無須補償（法定補償除外）而予以終止之服務合約。

董事於合約之權益

董事於本年度內概無於本公司或其任何控股公司、同系附屬公司及附屬公司參與訂立本集團業務之重要合約中直接或間接擁有重大權益。

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SHARE OPTION SCHEME

Pursuant to a share option scheme adopted by the Company on 5 October 1997 (the "Old Share Option Scheme"), the Company had on 31 March 2006 granted to certain Directors the rights to subscribe for shares at an exercise price of HK\$1.266 per share exercisable during the period from 1 October 2006 to 30 March 2011 (both days inclusive).

A summary of movement of the share options granted to Directors during the year is as follows:

購股權計劃

根據本公司於一九九七年十月五日採納之一項購股權計劃(「舊購股權計劃」)，本公司於二零零六年三月三十一日向若干董事授予以每股1.266港元之行使價認購股份之權利，該等董事可於二零零六年十月一日至二零一一年三月三十日(包括首尾兩天)期間行使有關權利。

董事獲授購股權於年內之變動概要如下：

Name of Director	Date of grant	Exercise price	Exercise period	Number of share options				
				Balance at 1.1.2006	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2006
董事姓名	授出日期	行使價 HK\$ (港元)	行使期間 (Note) (附註)	於二零零六年 一月一日 之結餘	年內授出	年內行使	年內註銷	於二零零六年 十二月 三十一日 之結餘
Koo, Cheng-Yun, Leslie 辜成允	31 March 2006 二零零六年 三月三十一日	1.266	1 October 2006 to 30 March 2011 二零零六年十月一日 至二零一一年 三月三十日	-	5,000,000	-	-	5,000,000
Wu Yih Chin 吳義欽	31 March 2006 二零零六年 三月三十一日	1.266	1 October 2006 to 30 March 2011 二零零六年十月一日 至二零一一年 三月三十日	-	1,500,000	-	-	1,500,000
				-	6,500,000	-	-	6,500,000

Note: The exercisable period commences on the date falling 6 months after the date of grant of an option and expiring at the close of business on the day falling immediately prior to the fifth anniversary of the date of grant in respect of such option.

The closing price of the Company's shares immediately before 31 March 2006, the date of grant of the Old Share Option Scheme, was HK\$1.24.

附註： 行使期間由購股權授出日期後六個月之日開始，並於緊接該購股權授出日期前五週年之日營業時間結束時屆滿。

於緊接二零零六年三月三十一日(舊購股權計劃授出日期)前，本公司股份之收市價為1.24港元。

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The Old Share Option Scheme was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by the Company at the annual general meeting held on 23 May 2006. Particulars of the share option scheme are set out in note 28 to the financial statements. No option was granted under the New Option Scheme for the period from its first adoption to 31 December 2006.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2006, the Directors, Chief Executive or their associates had interests in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

Long positions in ordinary shares of the Company

Name of Director 董事姓名	Capacity and nature of interest 持有權益之身份及性質	Number of shares held 所持股份數目	Percentage of the Company's issued share capital 佔本公司已發行股本之百分比
Koo, Cheng-Yun, Leslie 辜成允	Directly beneficially owned 直接實益擁有	1,700,000	0.22%
Wu Yih Chin 吳義欽	Directly beneficially owned 直接實益擁有	2,500,000	0.32%
		4,200,000	0.54%

The interest of the Directors in the share options of the Company are separately disclosed in note 28 to the consolidated financial statements.

舊購股權計劃已終止，而本公司已於二零零六年五月二十三日召開之股東週年大會上採納新購股權計劃（「新購股權計劃」）。購股權計劃之詳情載列於財務報表附註28。自其最初獲採納至二零零六年十二月三十一日期間概無根據新購股權計劃授出購股權。

董事及行政總裁於證券之權益

於二零零六年十二月三十一日，根據本公司按證券及期貨條例（「證券及期貨條例」）第352條置存之登記冊所示，本公司之董事、行政總裁及其聯繫人士及其相聯法團之股份及相關股份之權益載列如下：

於本公司普通股之好倉

董事於本公司購股權之權益另於綜合財務報表附註28披露。

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Long positions in shares and underlying shares of associated corporations

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

於相聯法團股份及相關股份之好倉

(i) 台灣水泥股份有限公司(「台泥」)*

Name of Director 董事姓名	Number of shares held, capacity and nature of interest 持有股份之數目、身份及權益性質			Total 總計	Percentage of the associated corporation's issued share capital 佔相聯法團 已發行股本 之百分比
	Directly beneficially owned 直接 實益擁有	Through spouse or minor children 透過配偶或 未成年子女	Through controlled corporation 透過 受控制法團		
Koo, Cheng-Yun, Leslie 辜成允	30,579,298	91 (Note 1) (附註1)	62,580,084 (Note 2) (附註2)	93,159,473	2.98%
Wu Yih Chin 吳義欽	240,828	–	–	240,828	0.01%
Liao Poon Huai, Donald 廖本懷	161,274	705,198 (Note 1) (附註1)	–	866,472	0.03%
				94,266,773	3.02%

* The ultimate holding company of the Company

* 本公司之最終控股公司

Notes:

附註:

- (1) The shares are held by the respective directors' spouse as the registered and beneficial shareholder.
- (2) Koo, Cheng-Yun, Leslie, together with his spouse, hold 44% of the issued capital of a company which holds 62,580,084 shares of TCC.

- (1) 該等股份由有關董事之配偶(作為登記及實益股東)持有。
- (2) 辜成允及其配偶擁有一間持有62,580,084股台泥股份之公司已發行股本之44%權益。

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Save as disclosed above, as at 31 December 2006, the Company has not been notified of any interests or short positions were held or deemed to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code or which were required pursuant to Section 352 of the SFO to be recorded in the register referred to therein. Nor any of the Directors and the chief executive (including their spouses and children under the age of 18) had, as at 31 December 2006, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Directors' and Chief Executive's interests in securities" above and in the share option scheme disclosures in note 28 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

除上文所披露者外，於二零零六年十二月三十一日本公司並未知悉任何本公司之董事、行政總裁或其聯繫人士或彼等各自之相聯法團（定義見證券及期貨條例第XV部）概無持有或視作持有或根據證券及期貨條例第XV部被視為或當作持有任何權益及淡倉，而須根據證券及期貨條例第XV部或根據上市發行人董事進行證券交易之標準守則（「標準守則」）知會本公司及香港聯合交易所有限公司（「聯交所」），或須根據證券及期貨條例第352條而記入該條所提及之登記冊內。於二零零六年十二月三十一日，董事（包括其配偶及未滿18歲之子女）概無亦不曾獲授任何可認購本公司及其相聯法團（定義見證券及期貨條例）之證券及購股權之權益或權利，亦從未行使任何有關權利。

董事收購股份或債券之權利

除上文「董事及行政總裁於證券之權益」及綜合財務報表附註28之購股權計劃披露事項所披露外，本年度內本公司或其任何控股公司、同系附屬公司及附屬公司概無參與任何安排，致使本公司董事、彼等之配偶或未成年子女可藉購入本公司或任何其他公司之股份或債券而得益。

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SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 31 December 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

擁有須申報權益之股東

於二零零六年十二月三十一日，根據證券及期貨條例第336條本公司須設立之主要股東登記冊，下列股東已知會本公司，彼等擁有本公司已發行普通股本之有關權益。

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital 佔本公司已發行股本之百分比	Number of share options held
名稱	持有權益之身份及性質	所持普通股數目		所持購股權數目
TCC International Limited	Directly beneficially owned 直接實益持有	567,444,000	73.415%	–
TCC* 台泥*	Through a controlled corporation 透過受控制法團	567,444,000	73.415%	–

* TCC is interested in the shares of the Company by virtue of its beneficial ownership of the entire issued share capital of TCC International Limited.

* 台泥因實益擁有TCC International Limited全部已發行股本而擁有本公司股份之權益。

Save as disclosed above, as at 31 December 2006, no other person had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company or the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

除上述披露者，於二零零六年十二月三十一日，概無其他人士擁有按照證券及期貨條例第XV部中第2及3分部之規定須知會本公司及聯交所或須記錄於本公司根據證券及期貨條例第336條存備之登記冊之本公司之股份及相關股份之權益或淡倉。

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MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's largest customer and its five largest customers accounted for approximately 9.8% and 30.8% of the Group's total sales revenue, respectively. Purchases from the Group's largest supplier and its five largest suppliers accounted for approximately 9.2% and 36.6% of the Group's total purchases, respectively.

Messrs. Koo, Cheng-Yun, Leslie, Wu Yih Chin and Liao Poon Huai, Donald, Directors of the Company, had direct or indirect interest in TCC, one of the Group's five largest suppliers and the Company's ultimate holding company. One of the Group's five largest customers is an associate of the Group.

Apart from the above, none of the Directors of the Company or any of their associates or any shareholders which, to the best knowledge of the directors, own more than 5% of the Company's share capital, had any interest in any of the Group's five largest customers and suppliers during the year.

主要客戶及供應商

於回顧年度內，向本集團最大客戶及其五大客戶作出之銷售額分別佔本集團銷售收益總額約9.8%及30.8%。向本集團最大供應商及其五大供應商作出之採購額分別佔本集團總採購額約9.2%及36.6%。

本公司董事辜成允先生、吳義欽先生及廖本懷先生於本集團五大供應商之一及本公司最終控股公司台泥中擁有直接或間接權益。本集團五大客戶之一為本集團之聯營公司。

除上文所述者外，本年度內，本公司董事或彼等任何聯繫人士或據董事所知擁有本公司已發行股本5%以上之任何股東，概無於本公司五大客戶及供應商中擁有任何權益。

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RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

Related party transactions, which fall within the definition stipulated in the Hong Kong Accounting Standard 24 (“HKAS 24”) “Related Party Disclosures”, undertaken by the Group during the year are set out in note 33 to the consolidated financial statements. The transactions included in note 33 items (i) to (iv) to the consolidated financial statements also constitute continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Directors have reviewed the following continuing connected transactions under which a conditional waiver from strict compliance with the continuing connected transaction requirements as set out in Chapter 14A of the Listing Rules has been obtained:

- (i) supply of cement and clinker by the Company’s ultimate holding company;
- (ii) leasing of a site on Tsing Yi Island, Hong Kong, from a fellow subsidiary of the Company;
- (iii) leasing on a site in Tondo, Manila, the Philippines, from an associate of the Company’s ultimate holding company;
- (iv) receive of logistic and unloading services from a fellow subsidiary of the Company;
- (v) sale of slag powders to a minority shareholder of a subsidiary;
- (vi) purchase of clinker from a minority shareholder of a subsidiary; and
- (vii) purchase of slag from a subsidiary of a minority shareholder of a subsidiary.

關連人士及持續關連交易

本集團於本年度按照香港會計準則第24條（「香港會計準則第24條」）內「關連人士披露」訂明之定義進行之關連人士交易載列於綜合財務報表附註33。綜合財務報表附註33第(i)至(iv)項所載之交易亦同時構成香港聯合交易所有限公司上市規則（「上市規則」）第14A章所界定之持續關連交易。

董事已對下列各項持續關連交易作出審核，該等持續關連交易已獲有條件豁免嚴格遵守上市規則第14A章所載有關持續關連交易之規定：

- (i) 由本公司之最終控股公司供應水泥及熟料；
- (ii) 向本公司一間同系附屬公司租賃香港青衣島一塊地皮；
- (iii) 向本公司之最終控股公司之一間聯營公司租賃菲律賓馬尼拉Tondo一塊地皮；
- (iv) 由本公司一間同系附屬公司提供物流及卸貨服務；
- (v) 向附屬公司之少數股東銷售礦渣粉；
- (vi) 向附屬公司之少數股東購入熟料；及
- (vii) 向附屬公司之少數股東之附屬公司購入礦渣。

Report of the Directors

董事會報告書

The Directors, including the independent non-executive Directors, confirmed that these continuing connected transactions have been approved by the Board of Directors and, in their opinion, were:

董事（包括獨立非執行董事）確認該等持續關連交易經已獲董事會批准，並認為：

- | | |
|---|--|
| (a) conducted on normal commercial terms and in the ordinary and usual course of business of the Group; | (a) 在本集團日常及一般商業範圍內按正常商業條款訂立； |
| (b) fair and reasonable so far as the shareholders of the Company are concerned; | (b) 對本公司股東而言屬公平合理； |
| (c) entered into either in accordance with the terms of the agreements governing such transactions or, where there are no such agreements, on terms that are no less favourable than those available to or from independent third parties; | (c) 根據規管該等交易之協議之條款或（倘無任何該等安排）根據不遜於提供予或可從獨立第三者獲得之條款訂立； |
| (d) within an annual limit of 80% of the audited consolidated turnover of the Group for the year in respect of the transaction stated in (i) above; | (d) 就上文(i)段所述之交易而言，每年涉及之款額以本集團經審核綜合營業額之80%為限； |
| (e) within an annual limit of HK\$6.0 million and HK\$4.4 million for the year in respect of the supply of logistic services and unloading services stated in (iv) above; | (e) 就上文(iv)段所述之交易而言，每年涉及之款額分別以6,000,000港元及4,400,000港元於物流及卸貨服務為限； |
| (f) within an annual limit of the higher of HK\$10 million and 3% of the book value of the consolidated net tangible assets of the Group as disclosed in the latest published audited accounts in respect of the transaction stated in (v) above; | (f) 就上文(v)段所述之交易而言，每年涉及之款額以10,000,000港元或本集團於最新公佈之經審核賬目內披露之綜合有形資產賬面淨值之3%（以較高者為準）為限； |
| (g) within an annual limit of HK\$220 million for the year in respect of the transaction stated in (vi) above; and | (g) 就上文(vi)段所述之交易而言，每年涉及之款額以220,000,000港元為限；及 |
| (h) within an annual limit of HK\$25 million for the year in respect of the transaction stated in (vii) above. | (h) 就上文(vii)段所述之交易而言，每年涉及之款額以25,000,000港元為限。 |

Report of the Directors

董事會報告書

Details of the continuing connected transactions set out in (i) to (iv) above, which also constitute related party transactions, are set out in note 33 to the financial statements.

就上文(i)至(iv)段所述之持續關連交易，亦構成有關連人士交易，詳情載於財務報表附註33。

Details of the continuing connected transactions set out in (v) to (vii) above are summarised below:

就上文(v)至(vii)段所述之持續關連交易之詳情概述如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Sales of slag powder to a minority shareholder of the same subsidiary referred to in (v) above (note 1)	向上文第(v)段所述之同一附屬公司之少數股東銷售礦渣粉(附註1)	8,162	3,119
Purchase of clinker from a minority shareholder of the same subsidiary referred to in (vi) above (note 2)	向上文第(vi)段所述之同一附屬公司之少數股東購入熟料(附註2)	30,038	45,831
Purchase of slag from a subsidiary of a minority shareholder of the same subsidiary referred to in (vii) above (note 2)	向上文第(vii)段所述之同一附屬公司之少數股東之附屬公司購入礦渣(附註2)	10,942	1,363

Notes:

The above continuing connected transactions for the year ended 31 December 2006 did not exceed the annual limits as set out in (f) to (h) above. The transactions were entered into on terms no less favourable than those available from third parties.

附註：

上述截至二零零六年十二月三十一日止年度之持續關連交易，並無超過於上文(f)至(h)段所列出之年度上限。訂立該等交易之條款並不遜於第三方所提供之條款。

(1) The basis of the pricing policies for the above continuing transaction is set out in greater details in circular to the shareholders of the Company dated 5 December 2003.

(1) 上文之持續關連交易之定價政策基準已詳列於二零零三年十二月五日本集團致股東之通函內。

(2) The basis of the price determination for the above continuing transactions is set out in greater details in circular to the shareholders of the Company dated 1 February 2005.

(2) 上文之持續關連交易之定價政策基準已詳列於二零零五年二月一日本集團致股東之通函內。

Report of the Directors

董事會報告書

The Board of Directors engaged the auditors of the Company to perform certain agreed upon procedures in respect of the above connected transactions of the Group. The auditors have reported their factual findings on these procedures to the Board of Directors. The independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditors and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2006.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company.

Pursuant to a loan agreement dated 23 June 2005 between the Company and certain banks relating to a five-year term loan facility of HK\$500,000,000, a termination event would arise if (i) TCC ceases to own legally and beneficially, at least 51% of the shares in the Company's capital or (ii) the Group fails to meet the financial covenants stipulated in the loan facility.

董事會已聘請本公司核數師就上述本集團之持續關連交易執行若干議定程序。核數師已向董事會匯報彼等執行該等程序所發現之確實結果。獨立非執行董事已審閱持續關連交易及核數師報告，並已確認交易乃由本公司在日常業務過程中進行，按一般商業條款訂立，符合規管該等交易之協議之公平合理條款，並符合本公司股東之整體利益。

購買、出售或贖回本公司之上市證券

截至二零零六年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

根據上市規則第13.21條之規定作出披露

根據上市規則第13.21條之披露規定，以下披露由本公司簽訂之貸款協議中本公司控股股東須予履行之責任。

根據本公司與若干銀行在二零零五年六月二十三日訂立有關500,000,000港元之五年期貸款融資之貸款協議，如(i)台泥終止合法及實益持有至少本公司51%股權或(ii)本集團不能符合該等貸款所指定之財務條款，該等貸款協議將被視為發生終止事件。

Report of the Directors 董事會報告書

Pursuant to a loan agreement dated 30 April 2006 between the Company and a bank relating to a one-year loan facility of HK\$20,000,000, a loan agreement dated 28 August 2006 between the Company and a bank relating to a one-year loan facility of HK\$40,000,000 and a loan agreement dated 12 December 2006 between the Company and a bank relating to a loan facility of HK\$40,000,000, a termination event would arise if TCC, the Company's ultimate holding company, ceases to own beneficially, directly or indirectly, at least 51% of the shares in the Company's capital.

Pursuant to a loan agreement dated 20 February 2006 between a subsidiary and a bank relating to a one-year loan facilities of HK\$20,000,000 and a loan agreement dated 27 March 2006 between a subsidiary and a bank relating to a loan facility of HK\$50,000,000, a termination event would arise if the Company ceases to be a subsidiary of TCC.

CORPORATE GOVERNANCE

Principal corporate governance practice as adopted by the Company are set out in the Corporate Governance Report on pages 26 to 33.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

根據本公司與一間銀行在二零零六年四月三十日訂立有關20,000,000港元之一年期貸款融資之貸款協議及本公司與一間銀行在二零零六年八月二十八日訂立有關40,000,000港元之一年期貸款融資之貸款協議及本公司與一間銀行在二零零六年十二月十二日訂立有關40,000,000港元貸款融資之貸款協議，如台泥（即本公司之最終控股公司）終止實益持有（直接或間接）至少本公司51%股權，該貸款協議將被視為發生終止事件。

根據一間附屬公司與一間銀行在二零零六年二月二十日訂立有關20,000,000港元之一年期貸款融資之貸款協議及一間附屬公司與一間銀行在二零零六年三月二十七訂立有關50,000,000港元之貸款融資之貸款協議，如該公司終止成為台泥之附屬公司，該等貸款協議將被視為發生終止事件。

企業管治

本公司實施之主要企業管治原則詳載於本年報第26至33頁企業管治報告內。

酬金政策

本集團之僱員酬金政策由薪酬委員會按僱員之表現、資格及能力而訂立。

本公司之董事酬金由薪酬委員會參照本公司之經營業績、個別表現及可供比較之市場統計數字釐定。

Report of the Directors

董事會報告書

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's audit committee and remuneration committee are set out in the Corporate Governance Report on pages 26 to 33.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

FINANCIAL SUMMARY

A summary of the Group's results and its assets and liabilities for the past five years is set out on page 122.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

By order of the Board

Koo, Cheng-Yun, Leslie

CHAIRMAN

Hong Kong

29 March 2007

審核委員會及薪酬委員會

本公司之審核委員會及薪酬委員會詳情載於本年報第26至33頁企業管治報告內。

足夠公眾持股量

根據本公司所得之公開資料，並就董事所知，截至本報告日期，本公司符合上市規則之足夠公眾持股量規定，即本公司已發行股份不少於25%由公眾持有。

財務摘要

本集團之最近五個財政年度之業績、資產及負債摘要載於第122頁。

核數師

本公司將於股東週年大會上提呈續聘德勤·關黃陳方會計師行為本公司核數師之決議案。

承董事會命

主席

辜成允

香港

二零零七年三月二十九日