

Good corporate governance is vital to the Group's success and to sustainable development of the Group. The Group strictly adheres to and continuously strives to improve its corporate governance policies. All shareholders are treated equitably and all decisions are conducted on fair and reasonable grounds.

To achieve the above, we have established a diligent, accountable, and professional board of directors and its audit committee. The Company has also engaged Deloitte Touche Tohmatsu as its external auditors.

THE BOARD

In 2004, the Company's Board consists of 11 directors, of whom 4 are executive, 3 are non-executive and 4 are independent non-executive directors ("INED"). The 4 INEDs are professionals from legal, financial, and cement sectors, who have abundant corporate management experience to represent the interests of the shareholders in the Company.

The Board convenes 4 meetings each year, of which 3 are scheduled general meetings. Special general meetings will be convened to make extraordinary decisions. The Board is accountable to its shareholders and each of the directors understands his/her duties in representing the interests of all shareholders.

AUDIT COMMITTEE

The Audit Committee was established in November 2003. In 2004, all members appointed to the committee are independent non-executive directors whereas Ms. Chen Meei Ling, Shelly serves as the chairman of the committee. Ms. Chen works closely with the Chairman of the Board to ensure that the directors understand the work of the audit committee. She also maintains a good relationship with other directors to ensure information exchange in respect of related matters. In addition, Ms. Chen supervises the work of the committee to ensure that it performs the provisions relating to its duties and undertakings.

Duties and powers of the audit committee align with the recommendations as set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified

Public Accountants. Major duties of the audit committee include:

- (1) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- (2) to discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (3) to review the quarterly, half-year and annual financial statements before submission to the Board;
- (4) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss;
- (5) to review the external auditors' management letter and management's response;
- (6) to review the Company's statement on the internal control systems, where one is included in the annual report, prior to endorsement by the Board;
- (7) to review the internal audit programme, ensure co-ordination between the internal and the external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing with the Company;
- (8) to consider the major findings of internal investigations and management's response.

During the past years, all members of the audit committee have worked hard to maintain the efficiency and objectivity of the Board operations.

SECURITIES TRANSACTIONS BY DIRECTORS

On 19 August 2004, the Company adopted the Code for Securities Transactions by Directors of the Company pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of a board resolution, aiming at stating the required standards relating to the Directors' conduct in respect of trading in the Company's securities. A breach of the Code will be considered as a breach of the Listing Rules. The Directors should use their best endeavours to comply to the Listing Rules.

Attendance and Number of Meetings of the Board of Directors and the Audit Committee in 2004

Name of Director	Attendance/Number of meetings	
	Board of Directors	Audit Committee
Executive Directors		
Wang Chien Kuo, Robert	3/3	
Lan Jen Kuei, Konrad	2/3	
Chang Kang Lung, Jason	3/3	
Wang Li Shin, Elizabeth	3/3	
Non-executive Directors		
Chang Yung Ping, Johnny	1/3	
Chang An Ping, Nelson	3/3	
Mar Shaw Hsiang	3/3	
Independent Non-executive Directors		
Chen Meei Ling, Shelly	3/3	3/3
Davin A. Mackenzie	3/3	3/3
Zhuge Pei Zhi	2/3	2/3
Wu Chun Ming	2/3	3/3

Coal Power Storage Silo

