

主席報告 CHAIRMAN'S STATEMENT

「為顧客提供高品質建材產品及滿意的服務，實現股東價值及員工價值最大化。」

"Providing high quality building materials and good customer services with a view to maximising shareholders' as well as employees' values."



年度業績

本年度的綜合營業額、綜合股東應佔盈利及每股基本盈利分別為1,438,400,000港元、88,700,000港元及0.244港元。

股息

董事會建議於二零零五年五月三日前後向於二零零五年四月四日名列本公司股東名冊之股東派發二零零四年末期股息5港仙。

暫停辦理股份登記手續

股份登記過戶手續將於二零零五年四月四日至二零零五年四月七日（包括首尾兩日）期間暫停辦理。為符合資格獲派末期股息，所有股份過戶表格連同有關之股票須於二零零五年四月一日下午四時正前呈交予本公司之股份過戶登記處標準證券登記有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

經營環境

過去的一年，受國家清理部分行業投資項目、凍結土地審批、控制銀行信貸、提高固定資產投資項目資本金比例等宏觀調控政策的影響，固定資產投資和水泥需求的增長受到抑制。水泥生產成本因煤、電、油價格和運輸成本的上升而提高。

FINAL RESULTS

The consolidated turnover, consolidated profit attributable to shareholders and basic earnings per share for the Year amounted to HK\$1,438.4 million, HK\$88.7 million and HK\$0.244 respectively.

DIVIDEND

The Board recommends a final dividend of HK5 cents per share for 2004 payable on or about 3 May 2005 to shareholders whose names appear on the Register of Members of the Company on 4 April 2005.

CLOSURE OF REGISTER

The Register of Members will be closed from 4 April 2005 to 7 April 2005, both days inclusive. In order to be eligible for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Standard Registrars Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 1 April 2005.

THE BUSINESS ENVIRONMENT

In the past year, as the result of government austerity economic policies such as the nationwide investigation of investment projects in certain industries, suspension on approval of land-use-rights, controlling bank commercial lending and raising of capital requirement for new investment projects, the growth in capital expenditure and cement demand were suppressed. The cost of cement production also increased due to increases in prices of coal, power, oil and transportation costs.

受宏觀調控政策的影響，中國內地固定資產投資增長率由二零零四年第一季度的43%逐步下跌至第四季度的25.8%，顯示宏觀調控已取得成效。二零零四年，中國內地煤炭和電力供應出現短缺。由於運力不足及強勁需求，二零零四年底煤炭平均價格同比上升33.4%。

在能源短缺和宏觀調控的環境下，中國經濟仍保持良好的增長勢頭，二零零四年，中國內地國內生產總值和固定資產投資分別比上年增長9.5%和25.8%。在本集團的目標市場，廣東省地區生產總值和固定資產投資分別比上年增長14.2%和19.9%；廣西地區生產總值和固定資產投資分別比上年增長11.8%和27.0%。

行業

中國政府正積極推進水泥行業的結構調整，鼓勵在有資源的地方建設日產4,000噸或以上的新型乾法水泥熟料生產線。為推動上述進程，原由國家發展與改革委員會掌握的符合上述條件專案的審批權已下放到省級政府部門。中國內地各地方政府已實施多種政策以關閉其管轄範圍內的立窯水泥生產線。

根據中國水泥協會統計，中國內地水泥於二零零四年的總產量達9.7億噸，較二零零三年上升12.5%。預期二零零五年中國內地水泥的總產量可達10.5億噸。二零零四年，中國內地共有143條新型乾法水泥熟料生產線建成投產，新增熟料產能約1.3億噸。由於這些新建生產線以及部份立窯生產線不斷被關閉，二零零四年末，新型乾法熟料產能佔全國水泥熟料總產能的比例由二零零三年的23%上升至約32%。

根據國家環境保護總局頒佈的文件《水泥工業大氣污染物排放標準》，從二零零五年一月一日起，中國內地各種水泥生產方式實行統一的大氣污染物排放標準，並給予18個月的過渡寬限期。對於仍佔中國水泥產能總量50%以上的立窯水泥生產線而言，上述文件所規定的排放標準比以前實行的標準要嚴格很多。

The above policies and measures have had an impact on the Chinese economy as evidenced by gradual decline in the rate of growth of national capital expenditure from 43% in the first quarter of 2004 to 25.8% in the fourth quarter of 2004. The Chinese Mainland experienced severe shortages in the supplies of coal and power in 2004. Due to tight supply caused by insufficient transportation capability and strong demand, the average coal price went up by 33.4% at the end of 2004 as compared with that of 2003.

Despite of the energy shortages as well as austerity policies and measures, the Chinese economy maintained its growth. In 2004, the Chinese GDP and national capital expenditure increased by 9.5% and 25.8% respectively as compared with that of 2003. As regards our target markets, the GDP and capital expenditure increased by 14.2% and 19.9% respectively over 2003 in Guangdong Province and 11.8% and 27.0% respectively in Guangxi.

THE INDUSTRY

The government of China has been promoting a structural consolidation in the cement industry by encouraging companies to establish NSP cement production lines with daily capacity of 4,000 tonnes of clinker or above in areas with sufficient limestone resources. The authority for approving such investment projects formerly controlled by the National Development and Reform Commission had been delegated to provincial governments. Local governments in China have also implemented a variety of policies to close vertical kiln cement production lines in their jurisdiction.

According to the China Cement Association, total cement produced in the Chinese Mainland amounted to 970 million tonnes in 2004, representing an increase of 12.5% over 2003. The total cement output is expected to reach 1.05 billion tonnes in 2005. In 2004, a total of 143 NSP clinker production lines were constructed and put into commercial operation in the Chinese Mainland, adding a total clinker capacity of approximately 130 million tonnes. As a result of these new production lines and the closure of certain vertical kiln production lines, NSP clinker capacity at the end of 2004, as a percentage of total national clinker production capacity, has increased to approximately 32% from 23% for 2003.

Under the policy set out in "Air Dust Emission Standards for the Cement Industry" promulgated by the State Environmental Protection Administration of China, which became effective on 1 January 2005, air dust emission standards for various cement production methods in the Chinese Mainland were unified allowing a grace transitional period of 18 months. The emission standards contained in the above policy document is significantly stricter than the current emission standards for production using vertical kilns which accounts for more than 50% of total cement production capacity in China.

正如本公司二零零三年年報中所述，中國政府已從二零零四年一月一日起在124個主要城市禁止混凝土現場攪拌，從二零零六年一月一日起，上述政策的適用範圍將擴展至全國所有城市。

公司使命及戰略

本公司將積極參與中國水泥業的結構調整，提高技術、環保及管理水平，成為中國內地最具競爭力的水泥及混凝土生產商，為顧客提供高品質建材產品及滿意的服務，實現股東價值及員工價值最大化。

本公司將通過擴大生產規模、優化內部資源配置和管理程式及正確的戰略定位，在目標市場確立公司低成本供應商的地位。本公司將向重大建設工程供應高品質水泥、混凝土和預製件產品，致力成為客戶可靠的合作夥伴。

目前，本公司的業務發展集中於華南地區（廣東省及廣西）。公司在該地區的發展戰略可以概括為「兩點一線」。第一點指本公司的核心目標市場—珠江三角洲，該地區為中國內地最大的水泥消費市場之一，年水泥消費量超過60,000,000噸。第二點指廣西西江流域，該地區擁有大量石灰石資源及豐富和廉價的電力資源，非常適合建設大型水泥生產廠房。一線指西江—中國第二大內河運輸系統，亦為廣東、廣西間的水運大動脈。它為本集團水泥產品運輸提供了容量大、成本低的運輸途徑。

在做好華南地區戰略佈局的基礎上，本公司亦會積極尋求華南地區以外，其他區域水泥行業的投資機會，如果確有機會在當地行業與市場建立領先地位，且當地市場未來發展潛力很大。

在穩定香港業務、保持行業地位的同時，本公司混凝土業務將加速進入中國內地商品混凝土市場，以擴大市場覆蓋面，並將香港混凝土業務多年積累起來的技術和管理經驗引入到內地業務中。公司亦將有效運用其完善的水泥分銷和物流網路，協同和帶動混凝土業務發展。

As mentioned in the Company's Annual Report 2003, the Chinese Government has banned on-site concrete batching in 124 major cities from 1 January 2004 and this policy will be extended to all cities in China with effect from 1 January 2006.

CORPORATE MISSION AND STRATEGY

The Company will actively participate in the structural consolidation of the Chinese cement industry, improve and update its production technology, environmental protection and management standards and aims to become one of the most competitive cement and concrete producers in the Chinese Mainland, providing high quality building materials and good customer services with a view to maximising shareholders' as well as employees' values.

The Group intends to establish itself as a leading low-cost producer through expansion of its production capacity, rationalisation and improvement of its processes and the supply of raw materials and its strategic position in its target markets. The Company will provide high quality cement, ready mixed concrete and concrete precast products to major construction works and becomes customers' most reliable partner.

Currently, the Company has focused its business development in Southern China, being principally Guangdong Province and Guangxi. The Company's development strategy can be described as "**two points, one stroke**". The first point refers to our core target market, the Pearl River Delta, which is one of China's largest cement markets with an annual cement consumption of more than 60 million tonnes. The second point refers the Xijiang River basin in Guangxi, an ideal location for large scale cement production plants with abundant and concentrated high quality limestone reserves as well as plentiful supply of relatively cheap power. One stroke depicts the Xijiang River, the second largest inland water transportation system in China and a major water transportation artery between Guangdong Province and Guangxi. It provides a large capacity and low cost means of transportation for the Group's cement products.

Its present concentration on its strategic location in Southern China will not exclude the possibility of making its investments in the Chinese cement industry in areas other than Southern China provided that there is a genuine opportunity for the Company to establish a leading market position and for future growth in those areas.

While business conditions have stabilised in Hong Kong and its market position has been maintained, the Company intends to accelerate its expansion of its market coverage of the emerging ready mixed concrete markets in the Chinese Mainland. The Company will introduce the technology and management experience gained from its Hong Kong concrete operations into our business operations in the Chinese Mainland. It also intends to use its well established cement distribution and logistic capability for concurrent and synergic development of its ready-mixed concrete operations.

社會責任

本公司的將來取決於社會的可持續發展。因此，我們十分重視環境保護、員工安全和健康，及當地經濟和社會發展。我們嚴格遵守國家的環保標準，並給我們的水泥廠及攬拌站配備最先進的灰塵和廢氣處理系統。另一方面，本公司正盡最大努力在水泥生產過程中利用電廠燃煤產生的粉煤灰及煉鋼產生的礦渣等工業廢棄物。本集團計劃在廣西華潤水泥建設一條日產3,200噸新型乾法熟料生產線，替代現有五台濕法窯。環保是重要的考慮因素之一。本公司亦計劃使旗下所有生產企業符合OHSAS 18000（職業安全衛生管理體系）標準。

前景展望

展望未來，中國的宏觀調控政策將持續，本集團相信，前述政策對中國經濟的可持續發展會產生積極影響。二零零五年，預計中國內地經濟和固定資產投資將會繼續保持健康穩定發展，為水泥行業提供較好的經營和發展環境。

本公司有信心實現其戰略目標，即於二零零七年底以前，使本公司的水泥、混凝土年生產能力分別達到15,000,000噸及8,000,000立方米。

SOCIAL RESPONSIBILITY

The future of the Company depends on the sustainable development of the society. As such, we pay close attention to issues such as environmental protection, employee safety and health, and local economic and social development. We comply strictly with government environmental protection standards and equip our cement and concrete plants with the best dust and air emission control systems. As part of its policy in this regard, the Company also endeavours to make the best use of industrial waste such as fly ash generated from coal-fired electric power stations and furnace slag from the steel industry in our production of cement. The protection of environment remains a major priority for us and it is for this reason in plan to replace our five wet process kilns at Guangxi CR Cement with an advanced 3,200 tonnes per day NSP clinker production line which will result in a much lower level of emissions. The Company will also ensure it will comply fully with OHSAS 18000 (Occupational Health and Safety Assessment Series) standards at all its production sites.

PROSPECTS

Looking into the future, while the austerity economic policy implemented by the Chinese government will continue, we believe its impact on the continuing development of the Chinese economy will be positive. In 2005, the GDP and national capital expenditure of the Chinese Mainland is expected to continue to remain healthy and grow steadily which will provide an excellent environment for the business and growth of the cement industry.

We are confident that the Company will be able to achieve its strategic goals of becoming a manufacturer with annual production capacity of 15 million tonnes of cement and 8 million m³ of concrete by the end of 2007.



前排右起:喬世波·周俊卿·孫明權
後排右起:石善博·劉忠國·鄭義·周龍山
*Front row (from right): Qiao Shibo, Zhou Junqing, Sun Mingquan
Back row (from right): Shi Shanbo, Lau Chung Kwok Robert, Zheng Yi, Zhou Longshan*

公司管治

審核委員會由三名獨立非執行董事及兩名非執行董事組成，並由陳茂波先生擔任主席。審核委員會的主要職能為審閱及監督本公司的財務報告過程及內部監控系統。年內，本公司已採納審核委員會的經修訂職權範圍，該職權範圍乃根據香港會計師公會刊行的「審核委員會有效運作指引」所修訂。於二零零五年二月二十八日，本公司採納再經修訂的審核委員會的職權範圍以符合上市規則的公司管治守則附錄14的規定。審核委員會於本年度已舉行三次會議。

薪酬委員會由兩名獨立非執行董事呂培基先生、陳茂波先生及本公司副主席兼總經理石善博先生組成，並由呂培基先生擔任主席。薪酬委員會的主要工作為檢討及批准本集團高級管理人員（包括董事）的薪酬待遇。

於二零零五年二月二十八日，本公司按照上市規則的公司管治守則附錄14就有關僱員買賣本公司證券以不遜於上市規則附錄10所載的標準守則的條款採納書面指引。

CORPORATE GOVERNANCE

The Audit Committee comprises three independent non-executive Directors and two non-executive Directors, and is chaired by Mr. Chan Mo Po, Paul. The Audit Committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems. During the year, the Company has adopted revised terms of reference of the Audit Committee based on "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. On 28 February 2005, the Company has adopted further revised terms of reference for its Audit Committee to comply with the requirements of Appendix 14 Code on Corporate Governance Practices of the Listing Rules. Three meetings of the Audit Committee were held during the year.

The Remuneration Committee comprises two independent non-executive Directors, Messrs. Lui Pui Kee, Francis and Chan Mo Po, Paul, and our Vice Chairman and General Manager, Mr. Shi Shanbo, and is chaired by Mr. Lui Pui Kee, Francis. The primary mandate for the Remuneration Committee is to review and approve the remuneration packages of the Group's senior management including Directors.

On 28 February 2005, the Company has adopted written guidelines for relevant employees on no less exacting terms than the Model Code set out in Appendix 10 to the Listing Rules in accordance with Appendix 14 Code on Corporate Governance Practices of the Listing Rules in respect of their dealings in the securities of the Company.

策略發展委員會由林宗壽先生及五名執行董事組成，其主要職能包括訂立及檢討本公司的發展策略，以及確保本集團的業務符合董事會所制訂的發展策略。

The Strategic Development Committee comprises Mr. Lin Zongshou and five executive Directors and its main duties include the establishment and review of the Company's strategic development and will ensure that the Group's activities are in line with the development strategies set out by the Board.

致謝

本人謹此代表董事會，對各位股東給予本公司的支持表示衷心的感謝，對為公司發展作出努力的全體員工致以誠摯的謝意。

APPRECIATION

On behalf of the Board, I would like to extend my most sincere gratitude to shareholders for their support and all the colleagues for their contribution and dedication to the successful development of the Company.

主席
喬世波

QIAO Shibo
Chairman

香港，二零零五年二月二十八日

Hong Kong, 28 February 2005