

Wang Chien Kuo, Robert
Chairman of the Board

Facing the cyclic change of cement industry, enterprise with excellent management and advanced technology will show its advantage. We believe CHC Greater China will face more opportunities over challenge in future.

Dear Shareholders,

I am pleased to present to you the Annual Report of Chia Hsin Cement Greater China Holding Corporation and its subsidiaries for the year ended 31 December 2004.

2004 OPERATING ENVIRONMENT

2004 was a year of change. The economy of the People's Republic of China (the "PRC") continued to grow at a tremendous rate, finishing off with an increase in Gross Domestic Product growing 9.5% for the entire year and Fixed Asset Investment growing 25.8%. The first quarter of 2004 witnessed the strong trend carried over from 2003.

However, as we entered the second quarter, the government introduced its austerity control measures to curb the over-heated economy. The State Development and Restructuring Commission identified three industries (namely the steel, aluminum, and cement industries) that it considered the most over-invested sectors and targeted five areas for control (namely the environmental protection, resource utilization, land use, business licensing, and financial credit) with the objectives of deterring speculative investors and clamping down on inefficient manufacturers that have caused pollution problems. We felt some initial effects of these measures in the second quarter, and the downward pressure on pricing of cement as a result of new cement production facilities having greatly outgrown the exit of obsolete producers.

The third quarter offered a rebound in the sector as power shortages limited the production capacity of certain players in the affected regions such as Zhejiang and Shanghai. Cement prices rebounded by approximately 5% in those regions. However, margins continued to be subjected to pressure as raw material prices, especially coal, continued to increase. As we entered the fourth quarter, the shortage in electricity was alleviated and the industry ramped up capacity again, increasing intensity in competition and causing a further squeeze on the profit margin.

2004 RESULTS

Despite the turbulent market conditions, we were able to achieve satisfactory results. Profit for the year, earnings per share and return on equity reached US Dollars 14.7 million, US cents 1.29 and 7.4% respectively for 2004. As a result of our increased focus on high grade cement and the delay in completion of the expansion of our mill, the production of cement and clinker decreased 5.1% compared with that of 2003, amounted to 2.8 million tonnes.

2005 OUTLOOK

We believe that for the long term, the impact of the austerity control measures on the cement sector would be positive for the PRC's cement industry as it speeds up the consolidation process and enhances the utilization of resources and environmental awareness.

Because of the change in the business environment, we have revised our strategy in market and capacity growth from a capital-intensive, organic growth to a more financially defensive, leveraged market expansion. For 2005, we plan to utilize the excess clinker supply in the market to increase our production of cement by adding another cement mill. We also feel that especially during times of change, risk management and internal control should be the focus of our management.

We also see this down cycle as an opportunity for capacity growth through alliances and acquisitions and are in the financial position to capture these opportunities when they arise. One area that we believe the cement pricing could benefit would be the export market in the long run and the loosening of trading policies due to the World Trade Organization requirements.

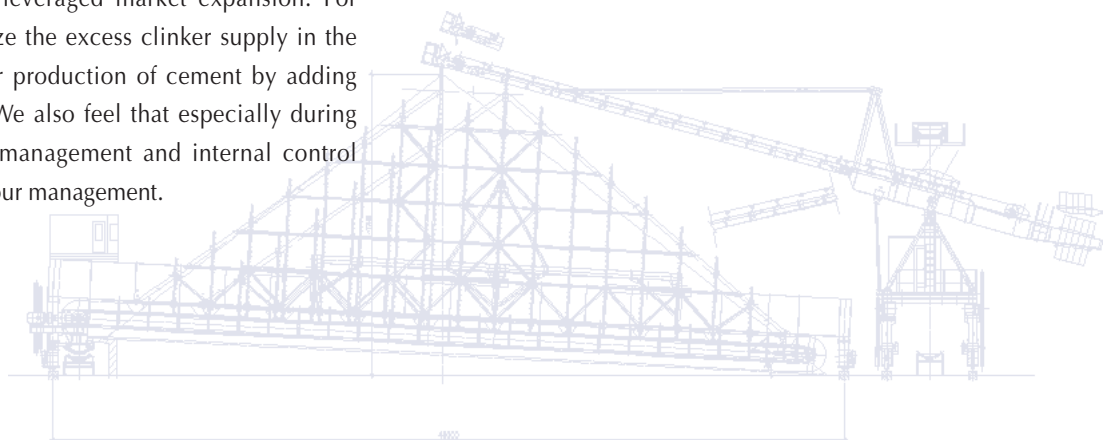
We remain positive on the PRC's cement industry and believe that the current setback in the industry is part of the natural course of long-term growth. We are ready to capitalize on the opportunities that will arise and will continue to put shareholder benefits as our top priority.

The 2004 results show CHC Greater China's ability to deliver value for our shareholders. We will continue to be prudent in all our growth plans as we move into 2005.

Our success is based on the commitment and dedication of our employees and the support from our shareholders. On behalf of the Board of Directors, I would like to express my gratitude to all of the staff and shareholders and we look forward to having your continuous support in the future.

Wang Chien Kuo, Robert
Chairman

15 March 2005



Limestone Reclaimer