

The Board is pleased to present its report together with this annual report and the audited financial statements of CHC Greater China and its subsidiaries for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The principal activity of the Company is investment holding whereas the principal activities of its subsidiaries are production and sales of cement and other cement products.

Details of the principal activities of the subsidiaries as at 31 December 2004 are set out in note 31 to the financial statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2004 are set out in the consolidated income statement on page 42.

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2004.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Group for the year ended 31 December 2004 are set out in note 17 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company and the laws of the Cayman Islands that 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 Group for the year ended 31 December 2004 are set out in the consolidated statement of changes in equity on page 44.

BANK BORROWINGS

Details of the Group's bank borrowing, for the year ended 31 December 2004 are set out in note 22 to the financial statements.

DIRECTORS

The Directors of the Company during the year and as at the date of this report have been as follows:

Executive directors are Mr. Wang Chien Kuo, Robert (Chairman), Mr. Lan Jen Kuei, Konrad (Vice Chairman), Mr. Chang Kang Lung, Jason and Ms. Wang Li Shin, Elizabeth;

Non-executive directors are Mr. Chang Yung Ping, Johnny, Mr. Chang An Ping, Nelson and Mr. Mar Shaw Hsiang;

Independent Non-executive directors are Ms. Chen Meei Ling, Shelly (Chairlady of the Audit Committee), Mr. Davin A. Mackenzie, Mr. Zhuge Pei Zhi and Mr. Wu Chun Ming.

In accordance with Article 112 of the Company's articles of association, Mr. Lan Jen Kuei, Konrad and Mr. Chang Yung Ping, Johnny will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Ms. Chen Meei Ling, Shelly, an independent non-executive director, and Mr. Mar Shaw Hsiang, an non-executive director will resign from the office as director of the Company, effective from 15 March 2005.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and the senior management of the Company are set out in the section headed "Board of Directors and Senior Management" on pages 6 to 9 of this annual report.

DIRECTORS' SERVICE CONTRACTS

1) Executive Directors

On 26 November 2003, each of Mr. Wang Chien Kuo, Robert, Mr. Lan Jen Kuei, Konrad, Mr. Chang Kang Lung, Jason and Ms. Wang Li Shin, Elizabeth entered into a service contract with the Company for an initial term of three years commencing from 12 December 2003, and will continue thereafter for a successive term of one year until terminated by either party with the giving of notice in writing for not less than three months to the other party. Each of the executive Directors is entitled to a fee of HK\$150,000 per annum, subject to an annual adjustment of not more than 10.0% after one year of service at the discretion of the Board. Each of the executive Directors is also entitled to remuneration as the chairman, vice-chairman, managing director or controller director of the Company, as the case may be. Each of executive Directors shall receive remuneration on the basis of thirteen months for a year.

In addition, each of the executive Directors is entitled to a discretionary management bonus after one year of service provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 3.0% of the audited combined or consolidated net profit of the Group (after taxation and minority interests and payment of such bonus) and the profit after the payment of the total bonuses to all executive Directors shall exceed US\$14,600,000. Each executive Director shall also be re-imbursed all reasonable expenses incurred by him during his term of office and the normal course of operation of the Company.

Apart from the fees and remuneration payable by the Company, each of Mr. Wang Chien Kuo, Robert, Mr. Chang Kang Lung, Jason and Ms. Wang Li Shin, Elizabeth is entitled to a remuneration from Jingyang Cement as to RMB11,200, RMB8,400 and RMB7,000 per month respectively on the basis of 13 months for a year.

2) Non-executive Directors

The non-executive Directors have been appointed for a term of one year until the conclusion of forthcoming annual general meeting. The Company intends to pay a director's fee of HK\$100,000 per annum to each of the non-executive Directors.

3) Independent Non-executive Directors

The independent non-executive Directors have been appointed for a term of one year until the conclusion of forthcoming annual general meeting. The Company intends to pay a director's fee of HK\$80,000 per annum to each of the independent non-executive Directors. The Company has received from all the independent non-executive directors their confirmation of independence pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in note 7 to the financial statements.

CONNECTED TRANSACTIONS

Details of the disclosable connected transactions for the year ended 31 December 2004 are set out in note 30 to the financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in the section headed "Relationship with CHC" in the Prospectus, during the year and as at the date of this report, none of the Directors and controlling shareholder of the Company had any interest in business which competes or may compete with the Group's business under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in the Prospectus and note 30 to the financial statements, none of the directors of the Group had a material interest, either directly or indirectly, in any significant contract entered into by the Group or any of its subsidiaries at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

There is no contract entered into by the Group relating to its management and administration or subsisting during the year which is substantial to the entire or any part of the business for the Company.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2004, the interests or short positions held by the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which would be required to be notified to the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Listing Rules on the Stock Exchange were as follows:

1. The Company

Name of director	Number of ordinary shares (long positions)			Approximate percentage of issued share capital
	Personal interest	Family interest	Total number of shares	
CHANG Kang Lung, Jason	2,440,000	—	2,440,000	0.21
CHANG Yung Ping, Johnny	10,000,000	1,000,000	11,000,000	0.96

2. Associated Corporations

Name of director	Name of associated corporation	Number of ordinary shares (long positions)			Approximate percentage of issued share capital (%)
		Personal interest	Family interest	Total number of shares	
WANG Chien Kuo, Robert	Chia Hsin Cement Corporation	358,811	21,108,875	21,467,686	3.07
	Tong Yang Chia Hsin International Corporation	194,168	14,002	208,170	0.12
	Chia Hsin Construction and Development Corp.	4,863,088	1,285,200	6,148,288	12.37
LAN Jen Kuei, Konrad	Chia Hsin Cement Corporation	64,000	—	64,000	0.01
CHANG Kang Lung, Jason	Chia Hsin Cement Corporation	300,000	—	30,000	0.04
	Tong Yang Chia Hsin International Corporation	869,180	—	869,180	0.51
	Chia Hsin Construction and Development Corp.	638,400	—	638,400	1.28
WANG Li Shin, Elizabeth	Chia Hsin Cement Corporation	40,000	—	40,000	0.01
	Chia Hsin Construction and Development Corp.	387,000	—	387,000	0.78
CHANG Yung Ping, Johnny	Chia Hsin Pacific Limited	107,738	—	107,738	0.48
	Chia Hsin Cement Corporation	27,933,062	—	27,933,062	3.99
	Tong Yang Chia Hsin International Corporation	380,381	—	380,381	0.22
	Chia Hsin Construction and Development Corp.	8,169,600	—	8,169,600	16.43
CHANG An Ping, Nelson	Chia Hsin Cement Corporation	2,295,527	202,640	2,498,167	0.36
	Tong Yang Chia Hsin International Corporation	197,381	—	197,381	0.12
	Chia Hsin Construction and Development Corp.	288	—	288	0.00
MAR Shaw Hsiang	Chia Hsin Cement Corporation	—	2,867,632	2,867,632	0.41

Save as those referred to above, as at 31 December 2004, certain Directors held certain shares in the Company's subsidiaries as the non-beneficial owners in compliance with the minimum requirement on the number of shareholders for the Company.

Save as disclosed above, as at 31 December 2004, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which would be required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

So far as the Directors or the chief executives of the Company are aware of, as at 31 December 2004, the shareholders, other than the Directors or the chief executives of the Company, who had an interest or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of shareholders	Nature of interests	Number of ordinary shares	Percentage of issued share capital of the Company
Chia Hsin Pacific Limited ("CHPL") (note a)	beneficially owned	814,000,000	71.22%
International Chia Hsin Corp. ("ICHC") (note b)	beneficially owned	5,658,000	0.49%
Tong Yang Chia Hsin International Corporation ("Chia Hsin International") (note b)	interests held by controlled corporations	5,658,000	0.49%
Chia Hsin Cement Corporation ("CHC") (notes a and b)	interests held by controlled corporations	819,658,000	71.71%

Note:

- CHPL is owned as to approximately by 69.74% by CHC, the ultimate controlling company of the Company, as to approximately 24.2% by Tong Yang Chia Hsin International Corporation (a 87.2% owned subsidiary of CHC), as approximately 4.2% by CHC Holdings Inc. (a wholly-owned subsidiary of CHC), as to approximately 1.2% by Chia Hsin RMC Corporation (a company owned as to 13.7% by CHC), as to approximately 0.5% by Mr. Chang Yung Ping, Johnny, a non-executive Director and as to approximately 0.2% by Sung-Ju Investment Corporation.*
- The 19.33% and 20.18% issued share capital of ICHC is held by CHC and Tong Yang Chia Hsin International Corporation (a 87.18% owned subsidiary of CHC) respectively.*

Save as disclosed above and so far as the Directors and the chief executive officers of the Company are aware, as at 31 December 2003, no other party (other than the Directors and the chief executive officers of the Company) had an interest or short positions in the shares, the underlying shares or debentures of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

For the year ended 31 December 2004, no share options were granted, exercised, lapsed or cancelled under the share option scheme of the Company. Details of the share option scheme are set out in note 28 to the financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2004.

MAJOR LITIGATION

The Group did not engage in any litigation or arbitration of material importance during the year.

CODE OF BEST PRACTICE

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1 January 2005 throughout the accounting period as reviewed in this annual report.

CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance" in the annual report.

AUDIT COMMITTEE

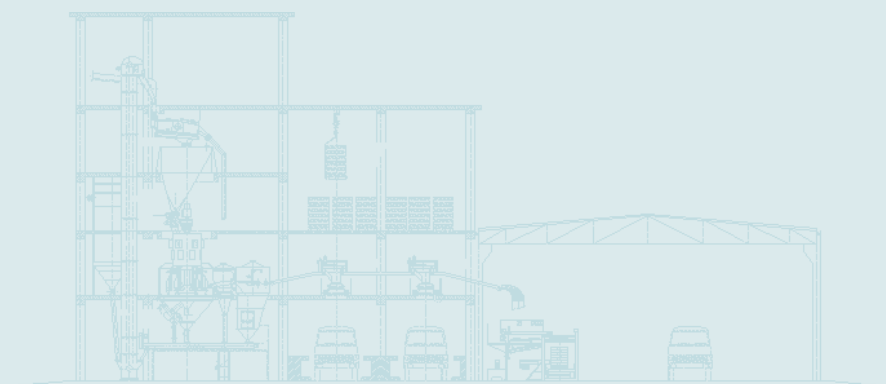
Details of audit committee are set out in the section headed "Corporate Governance" in the annual report.

AUDITORS

The accounts have been audited by Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board
Wang Chien Kuo, Robert
Chairman

15 March 2005



Rotary Packer & Palletizer