

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain properties and other investments, and in accordance with Hong Kong Financial Reporting Standards.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Accounting Standards ("new HKFRSs"), which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of K. Wah Construction Materials Limited and its subsidiaries made up to 31st December and the Group's attributable share of post-acquisition results and reserves of its jointly controlled entities and associated companies.

Results attributable to subsidiaries, jointly controlled entities and associated companies acquired or disposed of during the year are included in the consolidated profit and loss statement from the date of acquisition or up to the date of disposal as applicable.

The profit or loss on disposal of subsidiaries, jointly controlled entities or associated companies is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill or negative goodwill which remains unamortised, including those previously taken directly to reserves.

Minority interests represent the interest of outside shareholders in the operating results and net assets of subsidiaries.

All significant inter-company transactions and balances within the Group are eliminated.

(c) Subsidiaries

A company is a subsidiary in which the Group directly or indirectly, holds more than 50% of the issued equity capital for the long-term, or controls more than 50% of the voting power, or controls the composition of the Board of Directors.

In the Company's balance sheet, investments in subsidiaries are carried at or below cost. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

(d) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating ventures and whereby the Group together with the venturer undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Jointly controlled entities (Cont'd)

Jointly controlled entities are accounted for under the equity method whereby the Group's share of results is included in the consolidated profit and loss statement and the Group's share of net assets is included in the consolidated balance sheet.

(e) Associated companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management.

Associated companies are accounted for under the equity method whereby the Group's share of results is included in the consolidated profit and loss statement and the Group's share of net assets is included in the consolidated balance sheet.

(f) Goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiaries, jointly controlled entities or associated companies at the effective date of acquisition.

Goodwill arising on acquisitions is included in the balance sheet as a separate asset and amortised using the straight-line method over its estimated useful life of not more than twenty years. The carrying amount of goodwill is reviewed annually and provision is only made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised in the profit and loss statement in the year of acquisition or over the weighted average useful life of those non-monetary assets acquired.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and provision for impairment in value other than temporary in nature.

Leasehold land and buildings and improvements are depreciated over their respective lease periods using the straight-line method. Other assets are depreciated over their estimated useful lives, using the straight-line method, at the following annual rates:

Plant and machinery	5 to 25%
Other assets	20 to 25%

Major costs incurred in restoring assets to their normal working condition are charged to the profit and loss statement. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of assets are reviewed regularly. When the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts. Expected future cash flows have been discounted in determining the recoverable amount.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment (Cont'd)

Profit or loss on disposal is determined as the difference between the net sales proceed and the carrying amount of the relevant asset, and is recognised in the profit and loss statement. Upon the disposal of revalued assets, the relevant realised revaluation reserve is transferred directly to revenue reserve.

(h) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed, held for their long-term investment potential and are not occupied by the Group. Investment properties are carried at fair values, representing their open market value based on professional valuation. A deficit in valuation is charged to the profit and loss statement; an increase is first credited to the profit and loss statement to the extent of valuation deficit previously charged and thereafter is credited to the investment properties revaluation reserve. Upon the disposal of an investment property, any relevant revaluation surplus realised is transferred to the profit and loss statement.

No depreciation is provided on investment properties held on leases of more than twenty years.

(i) Investments

Securities intended to be held for identified long-term purpose or strategic reason are included in the balance sheet under non-current assets and are carried at cost less provision. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investment will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss statement and is written back to profit and loss statement when the circumstances and events that led to the write-downs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Securities which are acquired principally for the purpose of generating a profit from short-term fluctuation in prices are included in the balance sheet under current assets and are carried at fair value. The net unrealised gains or losses arising from the changes in fair value of investments are recognised in the profit and loss statement. Profits or losses on disposal of investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss statement as they arise.

(j) Deferred expenditure

Quarry site development represents costs of constructing infrastructure at the quarry site to facilitate excavation. Overburden removal costs are incurred to bring the quarry site into a condition ready for excavation. These costs are amortised over the estimated useful lives of the quarries and sites concerned using the straight-line method.

Pre-operating costs are expensed as they are incurred.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost calculated on the weighted average basis, comprises materials, direct labour and an appropriate proportion of production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred taxation assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(n) Revenue recognition

Sales of construction materials are recognised when the goods are delivered and legal title is transferred to customers. Rental income, net of any incentive given to the lessee, is recognised over the periods of the respective leases on a straight-line basis. Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(o) Leased assets

Leases where a significant portion of the risk and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable, net of incentives received from the lessors, under operating leases are charged to the profit and loss statement on a straight-line basis over the lease terms.

(p) Employee benefits

Contributions to defined contribution retirement benefit schemes are charged to the profit and loss statement in the year to which the contributions relate.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provisions for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs

Interest and related costs on borrowings directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale, are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss statement when they are incurred.

(r) Foreign currencies

Transactions in foreign currencies during the year are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising are dealt with in the profit and loss statement.

Profit and loss statements of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the weighted average exchange rates for the year and balance sheets are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of net investments are taken directly to reserves.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions repayable within three months from the date of placement, less bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

2. SEGMENT INFORMATION

The Group is principally engaged in the manufacture, sale and distribution of construction materials. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting and operating activities, the primary segment reporting is by geographical segments and a separate business segment is not relevant. Segment assets primarily consist of property, plant and equipment, other non-current assets, inventories, debtors and prepayments, and mainly exclude certain investments. Segment liabilities comprise mainly creditors and accruals. Sales are based on the country in which the customers are located.

A summary of the geographical segments is set out as follows:

Year ended 31st December 2004

	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Turnover	461,800	837,343	1,299,143
Other revenues	20,371	984	21,355
Operating profit	9,066	20,731	29,797
Finance costs			(3,864)
Share of profits less losses of			
Jointly controlled entities	—	14,622	14,622
Associated companies	3,371	—	3,371
Profit before taxation			43,926
Taxation charge			(3,861)
Profit after taxation			40,065
Minority interests	—	(6,642)	(6,642)
Profit attributable to shareholders			33,423
Segment assets	814,147	785,984	1,600,131
Jointly controlled entities	3,248	378,888	382,136
Associated companies	18,650	—	18,650
Unallocated assets			277,617
Total assets			2,278,534
Segment liabilities	119,113	223,018	342,131
Minority interests	99,721	54,289	154,010
Unallocated liabilities			336,860
Total liabilities			833,001
Capital expenditure	10,303	62,736	73,039
Depreciation	39,309	37,821	77,130
Amortisation	15,916	2,264	18,180

2. SEGMENT INFORMATION (CONT'D)

Year ended 31st December 2003

	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Turnover	537,482	593,412	1,130,894
Other revenues	20,995	532	21,527
Operating profit	13,831	25,581	39,412
Finance costs			(5,508)
Share of profits less losses of			
Jointly controlled entities	18	6,856	6,874
Associated companies	998	—	998
Profit before taxation			41,776
Taxation credit			341
Profit after taxation			42,117
Minority interests	—	(1,912)	(1,912)
Profit attributable to shareholders			40,205
Segment assets	904,727	584,386	1,489,113
Jointly controlled entities	3,078	234,371	237,449
Associated companies	16,098	—	16,098
Unallocated assets			424,470
Total assets			2,167,130
Segment liabilities	122,666	167,025	289,691
Minority interests	99,697	48,194	147,891
Unallocated liabilities			315,285
Total liabilities			752,867
Capital expenditure	38,184	113,549	151,733
Depreciation	41,670	25,352	67,022
Amortisation	14,897	778	15,675

3. TURNOVER AND OTHER REVENUES

	2004 HK\$'000	2003 HK\$'000
Turnover		
Sales of construction materials	1,299,143	1,130,894
Other revenues		
Rental income	13,138	12,292
Interest Income		
Loan to a fellow subsidiary (note 32(b))	579	5,169
Loan to jointly controlled entities (note 16)	981	—
Other receivable	3,940	—
Bank deposits	1,396	2,545
Deferred receivable (note 18)	1,321	1,521
	21,355	21,527
	1,320,498	1,152,421

4. OPERATING PROFIT

	2004 HK\$'000	2003 HK\$'000
Operating profit is stated after crediting:		
Gain on disposal of operating rights	—	28,260
Foreign exchange gain/(loss)	823	(920)
Write back of revaluation deficit of investment properties	103	—
Amortisation of negative goodwill	632	632
and after charging:		
Depreciation	77,130	67,022
Amortisation		
Quarry site development	1,780	1,284
Overburden removal costs	16,400	14,391
Operating lease rental		
Land and buildings	13,067	12,148
Plant and machinery	—	779
Royalty	5,003	4,275
Auditors' remuneration	1,038	979
Unrealised loss/(gain) of listed investments	933	(2,180)
Loss/(profit) on disposal of listed investments	2,893	(2,372)
Loss on disposal of plant and equipment	1,109	800
Cost of inventories sold	1,141,258	952,187
Staff costs, including Directors' remuneration	163,353	155,295
Impairment of long-term investments	2,880	2,145

5. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest expense		
Bank loans and overdrafts	3,864	5,508

6. DIRECTORS' REMUNERATION

	2004 HK\$'000	2003 HK\$'000
Fees	390	440
Salaries and other emoluments	5,836	3,921
Retirement benefits	408	259
	6,634	4,620

The emoluments of individual Directors of the Company fell within the following bands:

	Number of Directors	
	2004	2003
Nil – HK\$1,000,000	8	7
HK\$2,000,001 to HK\$2,500,000	3	2
	11	9

Fees paid to independent non-executive Directors amounted to HK\$120,000 (2003: HK\$240,000) and no other emoluments were paid.

During the year, no option to subscribe for shares (2003: 6,000,000 shares at exercise price of HK\$0.514 per share) of the Company were granted to the Directors. 650,000 options (2003: nil) were exercised by a Director at the exercise price of HK\$0.5216.

7. MANAGEMENT REMUNERATION

The five individuals whose emoluments were the highest in the Group for the year include three (2003: two) Directors whose emoluments are reflected in note 6 above. The emoluments of the remaining two (2003: three) individuals are as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other emoluments	5,040	5,575
Retirement benefits	186	332
	5,226	5,907

7. MANAGEMENT REMUNERATION (CONT'D)

The emoluments of these individuals fell within the following bands:

	Number of employees	
	2004	2003
HK\$1,500,001 – HK\$2,000,000	—	1
HK\$2,000,001 – HK\$2,500,000	1	2
HK\$3,000,001 – HK\$3,500,000	1	—
	2	3

8. RETIREMENT BENEFIT SCHEMES

The Group operates two defined contribution schemes in Hong Kong under the Mandatory Provident Fund (MPF) Scheme and Occupational Retirement Scheme Ordinance (ORSO) Scheme for employees depending on circumstance. The Group makes monthly contributions to the MPF Scheme equal to 5% of the employee's relevant income in compliance with the legislative requirement. The Group, where applicable, makes contributions to the ORSO Scheme at a rate equal to 5% to 10% of the employee's basic salary after deducting the contributions in respect of the MPF Scheme. The Group's contributions to the ORSO Scheme may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the Schemes are held separately from those of the Group in independently administered funds.

The employees in Mainland China participate in various pension plans organised by the relevant municipal and provincial government under which the Group is required to make monthly defined contributions to these plans at rates ranging from 8% to 22.5%, dependent upon the applicable local regulations. The Group has no other obligations for the payment of pension and other post-retirement benefits of employees other than the above payments.

The costs of the retirement benefit schemes charged to the profit and loss statement during the year comprise contributions to the schemes of HK\$12,307,000 (2003: HK\$13,735,000), after deducting forfeitures of HK\$419,000 (2003: HK\$82,000), leaving HK\$47,000 (2003: HK\$57,000) available to reduce future contributions.

9. TAXATION (CHARGE)/CREDIT

	2004 HK\$'000	2003 HK\$'000
Company and subsidiaries		
Hong Kong profits tax	(78)	(150)
Mainland China income tax	(2,217)	(1,578)
Deferred taxation (<i>note 27(a)</i>)	—	3,061
	(2,295)	1,333
Jointly controlled entities		
Mainland China income tax	(756)	(848)
Associated companies		
Hong Kong profits tax	(810)	(144)
	(3,861)	341

9. TAXATION (CHARGE)/CREDIT (CONT'D)

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the year after setting off available taxation losses brought forward. Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which those profits arose.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the applicable taxation rate being the weighted average of rates prevailing in the countries in which the Group operates, as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	43,926	41,776
Tax calculated at applicable tax rate	(7,978)	(6,070)
Income under tax relief	14,253	15,260
Income not subject to tax	111	373
Expenses not deductible for tax purpose	(2,248)	(3,631)
Utilisation of previously unrecognised tax losses	662	4,686
Tax loss not recognised	(8,984)	(9,923)
Over provision of tax	323	932
Increase in tax on change in tax rate	—	(1,286)
Taxation (charge)/credit	(3,861)	341

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK\$31,573,000 (2003: HK\$37,277,000).

11. DIVIDENDS

	2004 HK\$'000	2003 HK\$'000
Interim scrip dividend with a cash option of 1 cent (2003: 1 cent) per share	12,833	12,478
Proposed final cash dividend of 1 cent (2003: scrip dividend with a cash option of 1 cent) per share	12,971	12,690
	25,804	25,168
The dividends have been partially settled by cash as follows:		
Interim	11,044	6,197
Final	—	6,161
	11,044	12,358

The Board of Directors recommended a final cash dividend of 1 cent (2003: scrip dividend with a cash option of 1 cent) per share. This dividend will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2005.

12. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$33,423,000 (2003: HK\$40,205,000) and the weighted average number of 1,276,189,000 shares (2003: 1,247,373,000 shares) in issue during the year.

The diluted earnings per share is not presented as the exercise of the share options outstanding as at 31st December 2004 would not have a dilutive effect on the earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK\$'000	Investment properties HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost or valuation						
At 31st December 2003	348,943	42,000	31,983	668,523	262,314	1,353,763
Additions	19,625	—	563	42,448	6,258	68,894
Disposals	—	—	—	(10,588)	(11,891)	(22,479)
Reclassification	(27,940)	27,940	—	—	—	—
Revaluation	—	(4,440)	—	—	—	(4,440)
At 31st December 2004	340,628	65,500	32,546	700,383	256,681	1,395,738
Accumulated depreciation						
At 31st December 2003	46,325	—	22,299	360,423	122,563	551,610
Charge for the year	8,574	—	1,854	42,782	23,920	77,130
Reclassification	(4,543)	4,543	—	—	—	—
Disposals	—	—	—	(6,492)	(8,995)	(15,487)
Revaluation	—	(4,543)	—	—	—	(4,543)
At 31st December 2004	50,356	—	24,153	396,713	137,488	608,710
Net book value						
At 31st December 2004	290,272	65,500	8,393	303,670	119,193	787,028
At 31st December 2003	302,618	42,000	9,684	308,100	139,751	802,153

- (a) Leasehold land and buildings are stated at cost or valuation less depreciation as detailed in note 14. Investment properties are held under medium term leases in Hong Kong and were valued at 31st December 2004 on an open market value basis by Vigers Appraisal & Consulting Limited, independent professional valuers.
- (b) Leasehold land and buildings with net book values of HK\$226,628,000 (2003: HK\$231,966,000) have been pledged to secure the Group's banking facilities.
- (c) Other assets comprise barges, furniture and equipment and motor vehicles.
- (d) Apart from the properties mentioned under (a) above, all other assets are carried at cost.

14. LEASEHOLD LAND AND BUILDINGS

Leasehold land and buildings are held under medium term leases as follows:

	Hong Kong	Outside Hong Kong	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At cost	296,935	43,693	340,628	321,003
At professional valuation 1990	—	—	—	27,940
	296,935	43,693	340,628	348,943

15. SUBSIDIARIES

	Company	
	2004	2003
	HK\$'000	HK\$'000
Unlisted shares, at cost	1	1
Loans receivable	300,556	370,556
Amounts receivable	2,103,854	1,776,330
Amounts payable	(673,952)	(642,053)
	1,730,459	1,504,834
Provision	(16,392)	(16,392)
	1,714,067	1,488,442

The loans receivable are unsecured, carry interest at prevailing market interest rate and have no fixed terms of repayment. The amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment.

Details of the subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are given in note 36(a).

16. JOINTLY CONTROLLED ENTITIES

	Group	
	2004	2003
	HK\$'000	HK\$'000
Share of net assets	248,243	141,913
Amounts receivable	133,893	95,536
	382,136	237,449

Amounts receivable of HK\$42,705,000, of which HK\$5,645,000 is secured, carry interest at prevailing market rate and have fixed terms of repayment. The remaining amounts receivable are unsecured, interest free and have no fixed terms of repayment.

Details of jointly controlled entities which, in the opinion of the Directors, materially affect the results or net assets of the Group are given in note 36(b).

17. ASSOCIATED COMPANIES

	Group	
	2004	2003
	HK\$'000	HK\$'000
Share of net assets	18,650	16,098

Details of associated companies which, in the opinion of the Directors, materially affect the results or net assets of the Group are given in note 36(c).

18. OTHER NON-CURRENT ASSETS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Deferred expenditure		
Overburden removal costs	99,679	114,366
Quarry site development	14,073	13,421
	113,752	127,787
Deferred receivable	6,707	8,147
Long-term investments		
Listed in Hong Kong	972	2,487
Unlisted	151,403	102,306
	152,375	104,793
	272,834	240,727
Market value of listed long-term investments	708	736

Deferred receivable represents advances to various contractors. The advances are secured by assets provided by the contractors, carry interest at prevailing market rate and are repayable by monthly instalments up to 2009. The current portion of the receivable is included under other receivables.

19. INVENTORIES

	Group	
	2004	2003
	HK\$'000	HK\$'000
Aggregates and sand	36,959	24,820
Concrete pipes, piles and blocks	16,762	8,723
Cement	8,750	4,813
Spare parts	22,620	22,861
Consumables	8,084	7,499
	93,175	68,716

The carrying amounts of inventories stated at net realisable value amounted to HK\$3,550,000 (2003: HK\$1,809,000).

20. DEBTORS AND PREPAYMENTS

	Group		Company	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade debtors (<i>note (a)</i>)	455,380	345,050	—	—
Loan to a fellow subsidiary (<i>note (b)</i>)	—	70,000	—	—
Other receivables	32,973	29,330	4	—
Prepayments	59,251	37,930	—	8
	547,604	482,310	4	8

- (a) The Group has established credit policies which follow local industry standards. The Group normally allows an approved credit period ranging from 30 to 60 days for customers in Hong Kong and 120 to 180 days for customers in Mainland China. These are subject to periodic reviews by management.

The aging analysis of the Group's trade debtors based on the invoice dates and net of provision for bad and doubtful debts is as follows:

	2004	2003
	HK\$'000	HK\$'000
Within one month	124,282	127,199
Two to three months	153,943	141,138
Four to six months	88,658	57,015
Over six months	88,497	19,698
	455,380	345,050

- (b) In July 2002, the Group granted a guaranteed unsecured revolving loan facility of HK\$330 million to a fellow subsidiary. The loan carries interest at 2.38% per annum above three-month HIBOR, with maturity of three years and an option to extend the maturity for further one or two years. The maximum loan outstanding during the year was HK\$70 million (2003: HK\$219 million).

21. OTHER INVESTMENTS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Listed in Hong Kong, at market value	4,217	5,150

22. CREDITORS AND ACCRUALS

	Group		Company	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors	193,859	138,266	—	—
Other creditors	55,773	62,794	—	—
Accrued operating expenses	87,078	82,052	2,189	1,329
Deposits received	5,285	5,811	—	—
	341,995	288,923	2,189	1,329

The aging analysis of the Group's trade creditors based on the invoice dates is as follows:

	2004	2003
	HK\$'000	HK\$'000
Within one month	80,834	81,864
Two to three months	62,659	38,658
Four to six months	26,502	9,649
Over six months	23,864	8,095
	193,859	138,266

23. SHARE CAPITAL

	Ordinary shares of HK\$0.10 each	
	HK\$'000	
Authorised:		
At 31st December 2003 and 2004	3,888,000,000	388,800
Issued and fully paid:		
At 31st December 2002	1,243,207,815	124,321
Issued as scrip dividends	15,726,836	1,572
At 31st December 2003	1,258,934,651	125,893
Exercise of share options	26,936,000	2,695
Issued as scrip dividends	10,604,912	1,060
At 31st December 2004	1,296,475,563	129,648

24. SHARE OPTION SCHEME

The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected executives. At the Annual General Meeting of the Company held on 30th May 2002, the shareholders approved the adoption of a new share option scheme and termination of the existing share option scheme (which was adopted on 23rd June 2000), whereas options granted under the old scheme remain effective. Under the new scheme, share options may be granted to Directors, senior executives or employees of the Company or its affiliates. Consideration to be paid on each grant of option is HK\$1.00. The period within which the shares to be taken up under an option is determined by the Board from time to time, except that such period shall not expire more than 10 years from the date of grant of the option.

Movements in the number of share options outstanding during the year are as follows:

	2004	2003
At beginning of year	58,746,000	38,264,000
Granted (<i>note (a)</i>)	—	20,482,000
Exercised (<i>note (b)</i>)	(26,936,000)	—
Lapsed (<i>note (c)</i>)	(11,468,000)	—
At end of year (<i>note (d)</i>)	20,342,000	58,746,000

(a) Options granted

Share options were granted on 28th February 2003 at the exercise price of HK\$0.5140 per share and expire on 28th February 2013. Consideration received was HK\$67 in 2003 in respect of the share options granted.

24. SHARE OPTION SCHEME (CONT'D)

(b) Options exercised

Exercise period	Exercise price HK\$	Number of shares issued
January 2004	0.5333	130,000
January 2004	0.5216	684,000
February 2004	0.5333	1,500,000
February 2004	0.5216	3,292,000
February 2004	0.5140	300,000
March 2004	0.5333	54,000
March 2004	0.5216	724,000
March 2004	0.5140	3,420,000
April 2004	0.5216	124,000
May 2004	0.5333	270,000
May 2004	0.5216	650,000
June 2004	0.5333	270,000
June 2004	0.5216	200,000
June 2004	0.5140	476,000
July 2004	0.5333	80,000
July 2004	0.5216	216,000
July 2004	0.5140	58,000
August 2004	0.5216	400,000
August 2004	0.5140	404,000
September 2004	0.5333	880,000
September 2004	0.5216	2,196,000
September 2004	0.5140	1,046,000
October 2004	0.5333	706,000
October 2004	0.5216	2,376,000
October 2004	0.5140	4,102,000
November 2004	0.5333	194,000
November 2004	0.5216	622,000
November 2004	0.5140	890,000
December 2004	0.5216	590,000
December 2004	0.5140	82,000
		<u>26,936,000</u>

24. SHARE OPTION SCHEME (CONT'D)

(c) Options lapsed

Exercise period	Exercise price HK\$	Number of share options	
		2004	2003
20th May 1999 to 19th May 2008	0.5333	3,876,000	—
30th December 2000 to 29th December 2009	0.5216	6,314,000	—
1st March 2004 to 28th February 2013	0.5140	1,278,000	—
		11,468,000	—

(d) Outstanding options

Exercise period	Exercise price <i>HK\$</i>	Number of share options	
		2004	2003
Directors			
20th May 1999 to 19th May 2008	0.5333	3,100,000	3,100,000
30th December 2000 to 29th December 2009	0.5216	4,470,000	4,470,000
1st March 2004 to 28th February 2013	0.5140	6,850,000	6,000,000
Employees and others			
20th May 1999 to 19th May 2008	0.5333	1,902,000	9,862,000
30th December 2000 to 29th December 2009	0.5216	2,444,000	20,832,000
1st March 2004 to 28th February 2013	0.5140	1,576,000	14,482,000
		20,342,000	58,746,000

25. RESERVES

Group

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Land and buildings revaluation reserve <i>HK\$'000</i>	Revenue reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December 2003	544,000	4,395	70	27,363	712,542	1,288,370
Changes in exchange rates	—	—	—	—	1,210	1,210
Premium on shares issued	11,147	—	—	—	—	11,147
Shares issued as scrip dividends	(1,060)	—	—	—	—	(1,060)
Reserves arising on scrip dividends	—	—	—	—	8,318	8,318
Profit for the year	—	—	—	—	33,423	33,423
2003 final dividend	—	—	—	—	(12,690)	(12,690)
2004 interim dividend	—	—	—	—	(12,833)	(12,833)
At 31st December 2004	554,087	4,395	70	27,363	729,970	1,315,885
Company and subsidiaries	554,087	4,395	70	27,363	736,281	1,322,196
Jointly controlled entities	—	—	—	—	(12,309)	(12,309)
Associated companies	—	—	—	—	5,998	5,998
	554,087	4,395	70	27,363	729,970	1,315,885
At 31st December 2002	545,572	4,395	70	27,363	690,849	1,268,249
Changes in exchange rates	—	—	—	—	(1,881)	(1,881)
Shares issued as scrip dividends	(1,572)	—	—	—	—	(1,572)
Reserves arising on scrip dividends	—	—	—	—	8,279	8,279
Profit for the year	—	—	—	—	40,205	40,205
2002 final dividend	—	—	—	—	(12,432)	(12,432)
2003 interim dividend	—	—	—	—	(12,478)	(12,478)
At 31st December 2003	544,000	4,395	70	27,363	712,542	1,288,370
Company and subsidiaries	544,000	4,395	70	27,363	731,852	1,307,680
Jointly controlled entities	—	—	—	—	(22,756)	(22,756)
Associated companies	—	—	—	—	3,446	3,446
	544,000	4,395	70	27,363	712,542	1,288,370

25. RESERVES (CONT'D)

Company

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Revenue reserves HK\$'000	Total HK\$'000
At 31st December 2003	544,000	235,239	70	478,408	1,257,717
Premium on share issue	11,147	—	—	—	11,147
Shares issued as scrip dividends	(1,060)	—	—	—	(1,060)
Reserves arising on scrip dividends	—	—	—	8,318	8,318
Profit for the year	—	—	—	31,573	31,573
2003 final dividend	—	—	—	(12,690)	(12,690)
2004 interim dividend	—	—	—	(12,833)	(12,833)
At 31st December 2004	554,087	235,239	70	492,776	1,282,172
At 31st December 2002	545,572	235,239	70	457,762	1,238,643
Shares issued as scrip dividends	(1,572)	—	—	—	(1,572)
Reserves arising on scrip dividends	—	—	—	8,279	8,279
Profit for the year	—	—	—	37,277	37,277
2002 final dividend	—	—	—	(12,432)	(12,432)
2003 interim dividend	—	—	—	(12,478)	(12,478)
At 31st December 2003	544,000	235,239	70	478,408	1,257,717

Reserves of the Company available for distribution to shareholders amount to HK\$492,776,000 (2003: HK\$478,408,000).

26. LONG-TERM LIABILITIES

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Bank loans				
Secured	—	20,800	—	20,800
Unsecured	321,580	190,000	321,580	190,000
	321,580	210,800	321,580	210,800
Current portion included in current liabilities	(10,000)	(10,000)	(10,000)	(10,000)
	311,580	200,800	311,580	200,800
The bank loans are repayable within the following periods:				
Within one year	10,000	10,000	10,000	10,000
Between one to two years	40,000	30,800	40,000	30,800
Between two to five years	271,580	170,000	271,580	170,000
	321,580	210,800	321,580	210,800

27. NON-CURRENT LIABILITIES

	Group	
	2004	2003
	HK\$'000	HK\$'000
Deferred taxation liabilities (<i>note (a)</i>)	13,884	13,884
Negative goodwill (<i>note (b)</i>)	136	768
	14,020	14,652

(a) Deferred taxation

Deferred taxation assets and liabilities are offset when there is a legal right to set off current taxation assets with current taxation liabilities and when the deferred taxation relates to the same authority. The above liabilities shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts.

Deferred taxation is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates. Movements on the deferred taxation liabilities/(assets) are as follows:

	Depreciation allowance HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 31st December 2002	41,743	(24,169)	(629)	16,945
(Credit)/charge to profit and loss statement	2,387	(5,257)	(191)	(3,061)
At 31st December 2003	44,130	(29,426)	(820)	13,884
(Credit)/charge to profit and loss statement	(4,667)	3,847	820	—
At 31st December 2004	39,463	(25,579)	—	13,884

Deferred taxation assets of HK\$32,252,000 (2003: HK\$28,508,000) arising from unused tax losses and other temporary differences totaling of HK\$165,108,000 (2003: HK\$138,359,000) have not been recognised in the accounts. Unused tax losses of HK\$121,008,000 (2003: HK\$81,162,000) have no expiry date and the balance will expire at various dates up to and including 2010.

(b) Negative goodwill

	Group	
	2004	2003
	HK\$'000	HK\$'000
Cost	2,663	2,663
Accumulated amortisation	(2,527)	(1,895)
At end of the year	136	768

28. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to cash generated from operations

	2004 HK\$'000	2003 HK\$'000
Operating profit	29,797	39,412
Depreciation	77,130	67,022
Write back of revaluation deficit of investment properties	(103)	—
Loss on disposal of plant and equipment	1,109	800
Loss/(profit) on disposal of listed investments	2,893	(2,372)
Unrealised loss/(gain) on listed investments	933	(2,180)
Impairment of long-term investments	2,880	2,145
Interest income	(8,217)	(9,235)
Amortisation of deferred expenditure	18,180	15,675
Amortisation of negative goodwill	(632)	(632)
Operating profit before working capital changes	123,970	110,635
Increase in inventories	(24,459)	(26,091)
Increase in debtors and prepayments	(135,294)	(51,651)
Increase in creditors and accruals	57,012	26,522
Cash generated from operations	21,229	59,415

(b) Analysis of changes in financing

	Share capital and premium HK\$'000	Bank loans HK\$'000	Minority interests HK\$'000	Total HK\$'000
As 31st December 2003	669,893	300,800	147,891	1,118,584
Changes in exchange rates	—	—	328	328
Minority share of profits for the year	—	—	6,642	6,642
Cash inflow/(outflow) from financing	13,842	20,780	(851)	33,771
At 31st December 2004	683,735	321,580	154,010	1,159,325
As 31st December 2002	669,893	65,905	145,334	881,132
Changes in exchange rates	—	—	(304)	(304)
Minority share of profits for the year	—	—	1,912	1,912
Cash inflow from financing	—	234,895	949	235,844
At 31st December 2003	669,893	300,800	147,891	1,118,584

29. CAPITAL COMMITMENTS

	Group	
	2004	2003
	HK\$'000	HK\$'000
Contracted but not provided for	75,198	51,339

30. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following periods:

	Group	
	2004	2003
	HK\$'000	HK\$'000
First year	7,497	7,339
Second to fifth years inclusive	24,843	23,743
After the fifth year	22,696	30,638
	55,036	61,720

31. OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income in respect of land and buildings under non-cancellable operating leases is payable in the following periods:

	Group	
	2004	2003
	HK\$'000	HK\$'000
First year	13,444	11,876
Second to fifth years inclusive	47,952	39,408
After the fifth year	20,525	30,377
	81,921	81,661

32. RELATED PARTY TRANSACTIONS

Significant related party transactions carried out in the normal course of the Group's business activities during the year are as follows:

- (a) Sales of aggregates to an associated company amounted to HK\$18,640,000 (2003: HK\$16,375,000). These were made at prices and terms no less than those charged to other third party customers of the Group.
- (b) The Group receives interest income of HK\$579,000 (2003: HK\$5,169,000) in respect of loan advanced to a fellow subsidiary as detailed in note 20(b).
- (c) Rental income from an associated company amounted to HK\$9,737,000 (2003: HK\$9,691,000) based on the terms of rental agreement between the parties.

33. CONTINGENT LIABILITIES

The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK\$289,804,000 (2003: HK\$291,516,000), of which HK\$104,792,000 (2003: HK\$108,490,000) have been utilised.

34. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

At 31st December 2004, the Company was a 65.8% owned subsidiary of Sutimar Enterprises Limited, incorporated in the British Virgin Islands, which is a wholly owned subsidiary of K. Wah International Holdings Limited, incorporated in Bermuda.

The Directors regard K. Wah International Holdings Limited as being the ultimate holding company.

35. APPROVAL OF ACCOUNTS

The financial statements were approved by the Board of Directors on 3rd March 2005.

36. PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

(a) Subsidiaries

Name of company	Principal place of operation	Issued share capital		Par value per share <i>HK\$</i>	Percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Number of non-voting deferred shares			
Incorporated in Hong Kong						
Barichon Limited	Hong Kong	3,000,000	—	1	99.93	Sale and distribution of concrete pipes
Brighten Lion Limited	Hong Kong	2	—	1	100	Provision of finance
Chelsfield Limited	Hong Kong	2,111,192	—	10	100	Investment holding
Citifair Asia Limited	Hong Kong	10	—	1	100	Investment holding
Construction Materials Limited	Hong Kong	30,000	—	10	100	Sale of aggregates
Doran (Hong Kong) Limited	Hong Kong	1,000	—	10	100	Sale and distribution of concrete pipes
K. Wah Concrete Company Limited	Hong Kong	2	1,000	100	100	Manufacture, sale and distribution of ready-mixed concrete
K. Wah Construction Materials (Hong Kong) Limited	Hong Kong	2	2	10	100	Provision of management services

36. PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONT'D)

(a) Subsidiaries (Cont'd)

Name of company	Principal place of operation	Number of ordinary shares	Issued share capital Number of non-voting deferred shares	Par value per share HK\$	Percentage of equity held by the Group	Principal activities
Incorporated in Hong Kong (Cont'd)						
K. Wah Construction Products Limited	Hong Kong	2	1,000	100	100	Manufacture, sale and distribution of concrete products
K. Wah Materials Limited	Hong Kong	28,080,002	—	1	100	Trading
K. Wah Quarry Company Limited	Hong Kong	2	100,000	100	100	Sale of aggregates
K. Wah Stones (Zhu Hai) Company Limited	Zhuhai	2	1,000	10	100	Quarrying
K. Wah Trading and Development Limited	Hong Kong	2	2	10	100	Trading
KWP Quarry Co. Limited	Hong Kong	9,000,000	—	1	63.5	Quarrying
Lightway Limited	Hong Kong	2	2	1	100	Property investment
Master Target Limited	Hong Kong	2	—	1	100	Investment holding
Quanturn Limited	Hong Kong	2	—	1	100	Equipment leasing
Rainbow Country Limited	Hong Kong	2	—	1	100	Investment holding
Rainbow Mark Limited	Hong Kong	100	—	1	95	Investment holding
Rainbow States Limited	Hong Kong	2	—	1	100	Investment holding
Star Home Limited	Hong Kong	2	—	1	100	Investment holding
Triconville Investments Limited	Hong Kong	10	—	1	100	Investment holding

36. PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONT'D)

(a) Subsidiaries (Cont'd)

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
Incorporated in Mainland China				
Wholly-owned foreign enterprise				
Doran Construction Products (Shenzhen) Co., Ltd.	Shenzhen	HK\$10,000,000	100	Manufacture, sale and distribution of concrete pipes
K. Wah Construction Products (Shenzhen) Co., Ltd.	Shenzhen	US\$1,290,000	100	Manufacture, sale and distribution of concrete pipes
K. Wah Consultancy (Guangzhou) Co., Ltd.	Guangzhou	HK\$1,560,000	100	Provision of management services
K. Wah Consultancy (Shanghai) Co., Ltd.	Shanghai	US\$350,000	100	Provision of management services
K. Wah Quarry (Huzhou) Co., Ltd.	Huzhou	US\$4,250,000	100	Quarrying
Shanghai K.Wah Qingsong Concrete Co. Ltd.	Shanghai	US\$2,420,000	100	Manufacture, sale and distribution of ready-mixed concrete
深圳嘉華混凝土管樁有限公司	Shenzhen	US\$2,100,000	100	Manufacture, sale and distribution of concrete piles
Cooperative joint venture				
Beijing Shoujia Stone Co., Ltd.	Beijing	US\$1,080,000	55	Quarrying
Beijing K.Wah GaoQiang Concrete Co. Ltd.	Beijing	US\$2,450,000	100	Manufacture, sale and distribution of ready-mixed concrete
K. Wah Materials (Huidong) Ltd.	Huidong	US\$2,800,000	100	Quarrying
Nanjing K. Wah Concrete Co., Ltd.	Nanjing	US\$1,330,000	100	Manufacture, sale and distribution of ready-mixed concrete

36. PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONT'D)

(a) Subsidiaries (Cont'd)

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
Incorporated in Mainland China (Cont'd)				
Cooperative joint venture (Cont'd)				
Shanghai Beicai Concrete Co., Ltd.	Shanghai	RMB31,500,000	100	Manufacture, Sale and distribution of ready-mixed Concrete
Shanghai Jiajian Concrete Co., Ltd.	Shanghai	RMB17,400,000	60	Manufacture, sale and distribution of ready-mixed concrete
Shanghai Jia Shen Concrete Co., Ltd.	Shanghai	RMB4,400,000	100	Manufacture, sale and distribution of ready-mixed concrete
Shanghai K. Wah Concrete Co., Ltd.	Shanghai	RMB10,000,000	100	Manufacture, sale and distribution of ready-mixed concrete and provision of quality assurance service
Shanghai K. Wah Concrete Piles Co., Ltd.	Shanghai	US\$2,500,000	100	Manufacture, sale and distribution of concrete piles
Equity joint venture				
Shanghai Ganghui Concrete Co., Ltd.	Shanghai	US\$4,000,000	60	Manufacture, sale and distribution of ready-mixed concrete
Shanghai Jiafu Concrete Co., Ltd.	Shanghai	US\$1,400,000	55	Manufacture, sale and distribution of ready-mixed concrete
Shanghai Xin Cai Concrete Co., Ltd.	Shanghai	US\$2,100,000	99	Manufacture, sale and distribution of ready-mixed concrete

36. PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONT'D)

(a) Subsidiaries (Cont'd)

Name of company	Principal place of operation	Issued share capital		Percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Par value per share		
Incorporated in the British Virgin Islands					
Eternal Profits International Limited	Hong Kong	10	US\$1	100	Property investment
Fairlight Investments Limited	Hong Kong	10	US\$1	100*	Investment holding
High Regard Investments Limited	Hong Kong	20	US\$1	100	Investment holding
Latent Developments Limited	Hong Kong	10	US\$1	100	Investment holding
Profit Access Investments Limited	Hong Kong	10	US\$1	100	Investment holding
Prosperous Fields Limited	Hong Kong	10	US\$1	100	Investment holding
Taksin Profits Limited	Hong Kong	17	US\$1	100	Investment holding
Woodland Assets Limited	Hong Kong	10	US\$1	100	Investment holding
Incorporated in Macau					
K. Wah (Macao Commercial Offshore) Company Limited	Macau	1 quota	MOP100,000	100	Trading

* Wholly owned and directly held by the Company

36. PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONT'D)

(b) Jointly Controlled Entities

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
Incorporated in Mainland China				
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Maanshan	US\$4,290,000	30	Manufacture, sale and distribution of slag
Beijing Shougang K.Wah Construction Materials Co. Ltd.	Beijing	RMB50,000,000	40	Manufacture, sale and distribution of slag
Guangzhou K. Wah Nanfang Cement Limited	Guangzhou	RMB100,000,000	50	Manufacture, sale and distribution of cement
Shanghai Bao Jia Concrete Co., Ltd.	Shanghai	US\$4,000,000	50	Manufacture, sale and distribution of ready-mixed concrete
Maanshan Masteel K.Wah Concrete Co. Ltd.	Maanshan	US\$2,450,000	30	Manufacture, sale and distribution of ready-mixed concrete
Yunnan Kungang & K. Wah Cement Construction Materials Co. Ltd.	Kunming	RMB300,000,000	30	Manufacture, sales and distribution of cement and slag
Guangdong Shaogang Jia Yang New Materials Co. Ltd.	Shaoguan	US\$6,000,000	35	Manufacture, sale and distribution of slag

(c) Associated Companies

Associated Companies					
Name of company	Principal place of operation	Issued share capital		Percentage of equity held by the Group	Principal activities
		Number of ordinary shares	Par value per share HK\$		
Incorporated in Hong Kong					
Tarmac Asphalt Hong Kong Limited	Hong Kong	1,100,000	10	20	Manufacture, sale and distribution and laying of asphalt