

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

1. CORPORATION REORGANISATION

The Company was incorporated on 10 June 2003 as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's ultimate holding company is Chia Hsin Cement Corporation ("CHC"), a company registered in Taiwan.

The Company acts as an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 33.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the other companies comprising the Group on 26 November 2003. Details of the Reorganisation are set out in the prospectus dated 2 December 2003 issued by the Company. The shares of the Company have been listed on the Main Board of the Stock Exchange with effect from 12 December 2003.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the financial statements have been prepared using the principles of merger accounting.

1. 公司重組

本公司是依據開曼群島的公司法而於2003年6月10日註冊於開曼群島的有限責任公司。公司最終的控股公司是註冊於台灣的嘉新水泥股份有限公司（「CHC」）。

本公司為一家投資控股公司，其附屬公司之主要業務情況見附註33。

公司為籌備將其股票在香港聯合交易所有限公司（「聯交所」）上市事宜，對本公司及其附屬公司的組織結構進行合理的重組，公司於2003年11月26日成為集團內其他公司的控股公司。有關公司重組的詳情載於集團在2003年12月2日發行之招股章程內。本公司的股票已於2003年12月12日在聯交所主板掛牌。

因重組而產生的集團被確認為是持續實體。因此，財務報表按照合併原則編製。

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2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

All significant intercompany transactions, cash flows and balances within the Group have been eliminated on consolidation.

Property, plant and equipment and land use rights

Property, plant and equipment and land use rights, other than construction in progress, are stated at cost less depreciation or amortisation and any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised to its present working condition and location for its intended use. Improvements are capitalised while repairs and maintenance are charged to the income statement in the period in which it is incurred. Depreciation and amortisation of these assets commences when the assets are ready for their intended use.

2. 重要的會計政策

財務報表是依據國際財務報告準則並基於歷史成本原則編製。所採用的主要會計政策如下：

合併基準

合併財務報表包括了本公司的財務報表以及於每年12月31日本公司旗下的公司的財務報表。當本公司有權主導被投資公司的財務及營運政策並從其活動獲得權益時，控制得以實現。

本集團內公司間的重大交易、現金流量及結餘已在合併時撇銷。

物業、廠房、設備及土地使用權

物業、廠房及設備及土地使用權(不包括在建工程)均按成本，減折舊或攤銷及任何已確認的減值虧損列賬。成本包括專業費，以及就合資格資產而言，令資產達到現時運作狀態及地點，以供擬定用途的借貸成本。裝修費均資本化，而維修及保養費則於產生期間，在收入報表中扣除。該等資產按其他物業資產的相同基準，在可作擬定用途時開始折舊及攤銷。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment and land use rights - continued

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation and amortisation are provided to write off the cost of the assets, other than construction in progress, over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, as follows:

| | |
|---------------------|-------------------------------------------------------------------------------------------------------------------|
| Land use rights | Over the shorter of the term of the relevant land use right or the operation period of the relevant company |
| Buildings | Over the shorter of the term of the relevant lease or 30 years or the operation period of the relevant company |
| Quarry | Over the shorter of period of the excavation permit of the quarry or the operation period of the relevant company |
| Plant and machinery | 30 years |
| Office equipment | 5 years |
| Motor vehicles | 5 years |

Construction in progress is stated at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost comprises construction expenditures and other direct costs attributable to such projects, including borrowing costs. No depreciation is provided on construction in progress until the relevant asset is ready for its intended use, at which time it is transferred to the appropriate categories of property, plant and equipment.

2. 重要的會計政策 – 續

物業、廠房、設備及土地使用權 – 續

資產於出售或報廢時產生的盈虧，被釐定為資產的出售所得款項與賬面值之間的差額，並於收入報表中予以確認。

資產(不包括在建工程)的折舊及攤銷，是按照他們的估計可使用年期，經考慮他們的估計剩餘價值後，按下列年期，以直線法撇銷成本而計算撥備：

| | |
|-------|------------------------------|
| 土地使用權 | 按有關土地使用權的年期或有關公司經營期(以較短者為準) |
| 建築物 | 按有關租約年期、三十年或有關公司的經營期(以較短者為準) |
| 採石礦 | 按採石礦開採許可權年期或相關公司經營期(以較短者為準) |
| 廠房及機器 | 30年 |
| 辦公室設備 | 5年 |
| 汽車 | 5年 |

在建工程是按成本，減任何減值虧損(若估計資產的可收回款項會少於其賬面值)。成本包括建築開支及該等項目應佔的其他直接成本(包括借貸成本)，並無就在建工程提取任何折舊撥備，直至有關資產可作擬定用途止，屆時會將在建工程轉移至適當的物業，廠房及設備類別。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment and land use rights - continued

Prior to 1 January 2003, quarry and land use rights in connection with the quarry were depreciated or amortised on the basis of units of production of the quarry. With effect from 1 January 2003, quarry is depreciated over 19 years, being the remaining period of the excavation permit of the quarry. Land use rights in connection with quarry are amortised over 43 years, being the remaining period of the relevant land use right. The directors consider the revised policy is a more widely adopted practice in the cement industry in the People's Republic of China (the "PRC"). This change in depreciation policy has increased the depreciation and amortisation charge for the year ended 31 December 2003 by approximately US\$459,000.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's balance sheet at cost less any recognised impairment loss.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

2. 重要的會計政策－續

物業、廠房、設備及土地使用權－續

於2003年1月1日前，採石礦及其土地使用權是按生產單位予以折舊或攤銷。從2003年1月1日起，採石礦按19年（採石礦開採許可權剩餘年期）攤銷。採石礦的土地使用權按43年攤銷（有關土地使用權的剩餘年期）。董事認為，經修訂政策在中華人民共和國的水泥業更為廣泛採納。折舊政策的變動，將截至2003年12月31日止年度的折舊及攤銷增加約459,000美元。

附屬公司權益

附屬公司的權益在公司的資產負債表以成本減已確認的減值損失中列示。

減值

於各結算日，本集團審核其資產的賬面值，決定是否有任何跡象顯示該等資產蒙受減值虧損。如有，則會估計資產的可收回款項，以釐定減值虧損（如有）的程度。若無法估計個別資產的可收回款項，則本集團估計資產所屬的賺取現金單位的可收回金額。

可收回金額乃售價淨額及使用價值的較大者。在評估使用價值時，估計未來現金流動按稅前貼現率貼現為其現值，以反映現時市場對金錢時間值的評估及該資產特有的風險。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment - continued

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

2. 重要的會計政策－續

減值－續

若資產的可賺取現金單位估計會低於其帳面價值，則資產的賬面值或賺取現金單位削減至其可回收款項。減值虧損即時確認為一項開支。

倘於其後撥回減值虧損，則該項資產或賺取現金單位的賬面值乃增加至經修訂的估計可收回價值，惟增加後的賬面值不會超逾該項資產或賺取現金單位，倘於過往年度並無確認減值虧損所計算的賬面值。減值虧損撥回即時確認作收入。

存貨

存貨是按成本與可變現淨值兩者之間的較低者列賬。成本包括直接物料及(如適用)直接勞工成本，以及將存貨達致他們現時地點及狀況所產生的間接費。成本是按加權平均法計算。可變現淨值是指估計於日常業務範圍內的售價，減估計完成成本及因市場推廣、銷售及分銷而將產生的成本。

金融工具

財務資產及財務負債是本集團成為訂立有關工具合同條文的人士時，於本集團的資產負債表內確認。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Trade receivables

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts.

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premium payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has been passed.

Interest income from bank deposits is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

2. 重要的會計政策－續

應收賬款

應收賬款是按他們的面值(經就估計不可收回款項提取的適當撥備削減)列賬。

銀行借款

附帶利息的銀行貸款是按已收取的所得款項，減直接發行成本而予以記錄。財務費用(包括結算或贖回時應付的溢價)是按應計基準計算，並加進有關工具的賬面值，但數額以並無於產生期間獲支付的款項為限。

應付賬款

應付賬款是按他們的面值入賬。

股本工具

本公司發行的股本工具，是按已收取的所得款項，減直接發行成本而予以紀錄。

確認收益

貨品的銷售額，是在交付貨品及轉移所有權時予以確認。

銀行存款的利息收入，是參考未償還的本金，按時間及適用的有效利率計算。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant lease.

Foreign currencies

Transactions in currencies other than United States dollars, the reporting currency, are initially recorded at the rate of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the profit or loss for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. 重要的會計政策－續

經營租賃

經營租約應付的租金，是按有關租約年期，以直線法在收入報表中扣除。

外幣

以美元以外的貨幣進行的交易，最初是按於交易日期的匯率予以記錄。以該等貨幣計值的貨幣資產與負債，是按結算日的匯率換算。換算產生的盈虧，均列入年度利潤或虧損淨額內。

於編製合併報表時，本集團海外業務的資產與負債，均按結算日的匯率換算。收入及開支項目，均按年度的平均匯率換算。產生的滙兌差額(如有)，均列作股本，並轉撥至本集團的滙兌儲備內。換算差額均在出售業務期間，確認為收入或開支。

稅務

所得稅開支是指目前應付的稅項與遞延稅項的總和。

目前應付的稅項，是根據年度的應課稅溢利計算。由於應課稅溢利不包括須於其他年度課稅或可減稅額的收入或開支項目，亦不包括毋須課稅或可減稅額的項目，故應課稅溢利與於收入報表內記錄的純利不同。本集團的現行稅務負債，是按於結算日前已制定或實際制定的稅率計算。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. 重要的會計政策－續

稅務－續

遞延稅項是指就財務報表的資產與負債賬面值，與計算應課稅溢利時採用的相應稅務基準之間的差額而言，預期應付或可收回的稅項，並利用資產負債表的負債法計算。

遞延稅項負債一般是就所有應課稅的暫時差額而予以確認。遞延稅項資產是在可動用可減稅額的暫時差額時，可能有應課稅溢利的情況下予以確認。若因商譽（或負商譽）產生暫時差額，或因初步確認（不包括業務合併）交易的其他資產與負債而產生暫時差額（並無影響稅項溢利或會計溢利），則不會確認該等資產與負債。

遞延稅項負債是就投資於附屬公司所產生的應課稅暫時差額而予以確認，但本集團能控制撥回暫時差額，以及有關差額可能不會於可見將來予以撥回的情況除外。

遞延稅項資產的賬面值於每個結算日獲審核，並削減至無可能再有足夠應課稅溢利來收回全部或部分資產。

遞延稅項是按預期於償還負債或變現資產期間使用的稅率計算。遞延稅項是在收入報表中扣除或計入該報表內，但當其涉及直接在股本中扣除或計入股本的項目則除外。在這情況下，遞延稅項亦在股本中處理。

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities where the Group intends to settle its current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

3. TURNOVER AND SEGMENT INFORMATION

Turnover comprises the following:

Sales of cement
Sales of clinker

營業額包括以下：

水泥銷售
熟料銷售

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, net of value added tax.

The Group is engaged in the production and sales of cement and other cement products. More than 90% of its products were sold in China during the two years ended 31 December 2003 and more than 90% of the Group's total assets are located in China at the balance sheet dates.

2. 重要的會計政策－續

稅務－續

當與遞延所得稅資產及負債相關的所得稅由同一稅務機關，或同一稅務實體徵收，或者雖不屬於同一稅務實體徵收，但是本集團擬以淨額基礎結算所得稅資產及負債，或絕大多數的所得稅資產或負債有望在某未來期間可同時結算或轉回時，遞延所得稅資產或負債可以相互抵減。

退休福利計劃

界定供款退休福利計劃的繳款，在到期時被當作開支予以扣除。國家管理的退休福利計劃供款，被視為界定供款計劃的供款處理。本集團在該等計劃的責任，等同於界定供款退休福利計劃的責任。

3. 營業額及分部資訊

| 2003 | 2002 |
|----------|----------|
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |

| | |
|---------------|---------------|
| 76,984 | 65,479 |
| 1,028 | 2,362 |
| <u>78,012</u> | <u>67,841</u> |

營業額指本集團向客戶銷售貨品所發取及應收的款項，減退貨及折扣和扣除增值稅後的淨額。

本集團從事水泥及其他水泥產品的生產和銷售。截至2003年12月31日的兩個年度，90%以上的產品在中國銷售，在資產負債表日，集團90%以上的總資產位於中國。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003
截止於2003年12月31日止年度

4. PROFIT FROM OPERATIONS

| | | | |
|-------------------------------------------------------------|------------------|--------|--------|
| Profit from operations has been arrived at after charging: | 經營溢利已扣除： | | |
| Allowance for doubtful debts | 壞賬備抵 | 811 | — |
| Auditors' remuneration: | 核數師酬金： | | |
| Current year | 本年 | 70 | — |
| Underproduction in respect of prior years | 前期低計數 | 45 | 57 |
| Cost of inventories expensed | 存貨成本開支 | 47,343 | 44,984 |
| Depreciation and amortisation: | 折舊及攤銷： | | |
| Property, plant and equipment | 物業、廠房及設備 | 7,589 | 7,505 |
| Land use rights | 土地使用權 | 492 | 262 |
| Loss on disposal/write-off of property, plant and equipment | 出售／撇銷物業、廠房及設備之損失 | 208 | — |
| Net foreign exchange loss | 外匯淨虧損 | — | 18 |
| Operating lease rentals in respect of rented premises | 有關租賃物業的經營租約租金 | 59 | 213 |
| Repair and maintenance | 維修及保養 | 5,475 | 6,197 |
| Staff costs | 員工成本 | 2,898 | 1,673 |
| Write-off of bad debts | 撇銷壞賬 | 209 | — |
| and after crediting: | 已計入： | | |
| Allowance for doubtful debts written back | 撥回壞賬撥備 | — | 11 |
| Net foreign exchange gain | 外匯收益淨額 | 62 | — |

4. 經營溢利

| | |
|----------|----------|
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |

5. FINANCE COSTS

| | | | |
|------------------------------------------|--------------|-------|-------|
| Interest on bank borrowings: | 銀行借款利息： | | |
| Wholly repayable within five years | 須於5年內悉數償還 | 349 | 3,061 |
| Not wholly repayable within five years | 毋須於5年內悉數償還 | 2,257 | 1,359 |
| Interest on loans from holding companies | 控股公司所提供貸款的利息 | 301 | 688 |

5. 融資成本

| | |
|----------|----------|
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |

| | |
|-------|-------|
| 2,907 | 5,108 |
|-------|-------|

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

6. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors

Details of emoluments paid by the Group during the year to the directors of the Company are as follows:

| | |
|-----------------------------|---------|
| Fees | 袍金 |
| Salaries and other benefits | 薪金及其他福利 |

The amounts disclosed above include directors' fees of approximately US\$18,000 (2002: nil) payable to independent non-executive directors.

Emoluments of the directors were within the following band:

| | |
|---------------------|-----------------|
| Nil - HK\$1,000,000 | 零至 1,000,000 港元 |
|---------------------|-----------------|

6. 董事及五名最高薪人士的酬金

董事

本集團於本年度向本公司董事支付的酬金詳情如下：

| 2003 | 2002 |
|----------|----------|
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |

| | |
|------------|-----------|
| 82 | — |
| 49 | 28 |
| <u>131</u> | <u>28</u> |

上述所列數額中有約 18,000 美元 (2002 年：零) 為支付予獨立非執行董事的袍金。

董事酬金屬於下列範疇：

Number of directors 董事人數

| 2003 | 2002 |
|------|------|
|------|------|

| | |
|-----------|-----------|
| <u>11</u> | <u>11</u> |
|-----------|-----------|

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

6. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS - continued

Five highest paid individuals

Details of the emoluments paid by the Group to the five highest paid individuals (including directors, details of whose emoluments are set out above) are as follows:

| | | 2003 US\$'000 千美元 | 2002 US\$'000 千美元 |
|-------------------------------------------------------------------------------------|-------------------|----------------------------------------|----------------------------------------|
| Directors' fees | 董事袍金 | 41 | — |
| Salaries and other benefits | 薪金及其他福利 | 68 | 46 |
| | | <u>109</u> | <u>46</u> |
| | | | |
| | | 2003 Number of individuals 人數 | 2002 Number of individuals 人數 |
| The emoluments of the five highest paid individuals were within the following band: | 五名最高薪人士的酬金屬於下列範疇： | | |
| Nil - HK\$1,000,000 | 零至 1,000,000 港元 | <u>5</u> | <u>5</u> |
| Number of directors | 董事人數 | 3 | 3 |
| Number of employees | 職員人數 | 2 | 2 |
| | | <u>5</u> | <u>5</u> |

6. 董事及五名最高薪人士的酬金 - 續

五名最高薪人士

本集團向五名最高薪人士(包括董事,其酬金詳載於上文)支付的酬金詳情如下:

| | 2003 US\$'000 千美元 | 2002 US\$'000 千美元 |
|-------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Directors' fees | 41 | — |
| Salaries and other benefits | 68 | 46 |
| | <u>109</u> | <u>46</u> |
| | | |
| | 2003 Number of individuals 人數 | 2002 Number of individuals 人數 |
| The emoluments of the five highest paid individuals were within the following band: | | |
| Nil - HK\$1,000,000 | <u>5</u> | <u>5</u> |
| Number of directors | 3 | 3 |
| Number of employees | 2 | 2 |
| | <u>5</u> | <u>5</u> |

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

7. TAXATION

No provision for Hong Kong Profits Tax has been made as the Company's subsidiary in Hong Kong has no assessable income for both years presented.

Pursuant to relevant laws and regulations in the PRC, the Company's subsidiary, 嘉新京陽水泥有限公司 Chia Hsin Jingyang Cement Co., Ltd. ("Jingyang Cement"), as a wholly foreign owned enterprise, is exempted from PRC income tax for two years starting from its first profit-making year after offsetting the accumulated losses brought forward from prior years, followed by a 50% reduction for the next three years. In addition, Jingyang Cement is recognised by 江蘇省對外經濟貿易合作廳 (Administration of Foreign Trade and Economic Co-operation of Jiangsu Province) as 外商投資先進技術企業 (foreign invested advanced technology enterprise) on 13 October 2003 and is therefore entitled to a 50% reduction in PRC income tax for an additional three-year term. No provision for PRC income tax has been made in the financial statements of Jingyang Cement as it has just started its first profit-making year in 2003. For the year ended 31 December 2002, the assessable profits were wholly absorbed by tax losses brought forward. For the other two subsidiaries of the Company established in the PRC, no PRC income tax charge has been made in the financial statements since the assessable profits have been absorbed by tax losses brought forward.

At 31 December 2002, the Group had unutilised tax losses carried forward of approximately US\$500,000, which has been fully utilised to offset taxable profit in 2003.

7. 稅務

於過去兩個年度由於本公司的香港附屬公司並無任何應課稅收入，故並無就香港利得稅提取任何撥備。

根據中國有關法律及規則，本公司的中國附屬公司嘉新京陽水泥有限公司（「京陽水泥」）為一家外商獨資企業，於抵銷過往年度的承前累計虧損後可豁免繳交中國所得稅，由其首個獲利年度起為期兩年，其後三年則免繳50%。此外，京陽水泥於二零零三年十月十三日被江蘇省對外經濟貿易合作廳確認為外商投資先進技術企業，因此，有權享有額外三年免繳50%中國所得稅的優惠。由於在二零零三年為集團的首個獲利年度，故並無於京陽水泥的財務報表中提取中國所得稅撥備。截至二零零二年十二月三十一日止，應課稅溢利均由承前稅項虧損悉數吸納。其餘兩家在中國成立的附屬公司由於仍有累積虧損，故並無在他們的財務報表計提中國所得稅。

於2002年12月31日，本集團有約500,000美元的未使用的納稅虧損已在2003年的應稅利潤中全部抵減。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003
截止於2003年12月31日止年度

7. TAXATION - continued

The taxation for the year can be reconciled to the profit per consolidated income statement as follows:

| | |
|------------------------------------------------------------------------------|---------------------------------|
| Profit for the year | 年度利潤 |
| Tax at the domestic income tax rate of 27% (2002: 27%) | 按國內所得稅率 27% 計算稅項 (2002 年 : 27%) |
| Tax effect of expenses that are not deductible in determining taxable profit | 不可於釐定應課稅溢利中扣除的開支的稅務影響 |
| Tax effect of income that is not taxable in determining taxable profit | 不可於釐定應課稅溢利中徵稅的收入的稅務影響 |
| Tax effect of utilisation of tax losses not previously recognised | 動用先前並無確認的稅務虧損的稅務影響 |
| Effect of tax relief | 稅務寬減的影響 |
| Taxation for the year | 年度稅項 |

No provision for deferred taxation has been recognised in the financial statements as there are no significant temporary differences.

8. DIVIDEND

No dividends have been paid or declared by the Company since its incorporation and no dividends were paid or declared by the Company's subsidiaries for both years presented.

7. 稅務 - 續

年內稅項與合併損益表利潤的對賬如下：

| | 2003 | 2002 |
|------------------------------------------------------------------------------|----------|----------|
| | US\$'000 | US\$'000 |
| | 千美元 | 千美元 |
| Profit for the year | 19,017 | 10,258 |
| Tax at the domestic income tax rate of 27% (2002: 27%) | 5,135 | 2,770 |
| Tax effect of expenses that are not deductible in determining taxable profit | 151 | 190 |
| Tax effect of income that is not taxable in determining taxable profit | (1) | (1) |
| Tax effect of utilisation of tax losses not previously recognised | (135) | (2,959) |
| Effect of tax relief | (5,150) | — |
| Taxation for the year | — | — |

由於沒有重大的暫時性差異，在財務報表中未確認備抵遞延所得稅。

8. 股息

本公司自註冊以來，並無支付或宣派股息。在報告的兩年裏，亦無支付或宣派股息。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of approximately US\$19,017,000 (2002: US\$10,258,000) and the weighted average number of 912,963,836 shares (2002: 899,800,000) which is calculated assuming that 499,800,000 shares were in issue and that the capitalisation issue of 400,000,000 shares as described in note 18(b) are deemed to have been in issue throughout both years presented.

10. INVENTORIES

| | |
|-------------------------------------|---------|
| Raw materials | 原材料 |
| Work-in-progress | 在製品 |
| Finished goods | 製成品 |
| Spare parts and ancillary materials | 零件及配套物料 |

All inventories were stated at cost at the balance sheet dates.

9. 每股盈利

每股基本盈利是根據本年年末利潤約19,017,000美元(2002年：10,258,000美元)及加權平均股票數912,963,836股(2002年：899,800,000股，包括如附註9(b)所述的在報告的兩年期內被認為已發行在外的499,800,000股及資本化股份發行400,000,000股)計算。

10. 存貨

| THE GROUP | |
|---------------|--------------|
| 本集團 | |
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |
| 1,176 | 964 |
| 592 | 467 |
| 216 | 606 |
| 8,355 | 7,023 |
| <u>10,339</u> | <u>9,060</u> |

所有存貨均於結算日按成本入賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003
截止於2003年12月31日止年度

11. TRADE RECEIVABLES

The aged analysis of trade receivables is as follows:

| | |
|----------------|-----------|
| Within 90 days | 90日內 |
| 91-180 days | 91日至180日 |
| 181-365 days | 181日至365日 |
| Over 365 days | 365日以上 |

The Group allows credit period of 0-90 days to its trade customers.

12. AMOUNTS DUE FROM RELATED COMPANIES

| | |
|--------------------------------------------|------------|
| Name of related company | 關連公司名稱 |
| Shanghai Chia Hsin Ganghui Company Limited | 上海嘉新港輝有限公司 |
| Shanghai Chia Hsin Cement Corporation | 上海嘉新水泥有限公司 |

The above companies are fellow subsidiaries of the Company.

The amount due from Shanghai Chia Hsin Ganghui Company Limited is trading balance which is unsecured, interest free and repayable in accordance with relevant trading terms.

The amount due from Shanghai Chia Hsin Cement Corporation represents payments made by the Group on its behalf and is unsecured, interest free and repayable on demand.

11. 應收賬款

應收賬款的帳齡分析如下：

| THE GROUP | |
|--------------|---------------|
| 本集團 | |
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |
| 8,076 | 10,324 |
| 449 | 1,039 |
| 1 | 533 |
| 3 | 1,041 |
| <u>8,529</u> | <u>12,937</u> |

本集團給與客戶信用期為0至90天。

12. 應收關連公司款項

| THE GROUP | |
|--------------|--------------|
| 本集團 | |
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |
| 2,563 | 4,390 |
| 534 | 18 |
| <u>3,097</u> | <u>4,408</u> |

上述公司是本公司的同系附屬公司。

應收上海嘉新港輝有限公司款是為無抵押、免息及必須按貿易條款支付的款項。

應收上海嘉新水泥有限公司款為本集團代為支付的無抵押、免息及須按要求償還的款項。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

13. OTHER RECEIVABLES

| | |
|-----------------------------|----------|
| Deposits | 按金 |
| Prepayments | 預付款項 |
| Advances to suppliers | 給予供應商的墊款 |
| Other debtors | 其他應收款項 |
| Value added tax recoverable | 可收回增值稅 |

13. 其他應收款項

| THE GROUP | |
|--------------|--------------|
| 本集團 | |
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |
| 742 | 785 |
| 78 | 442 |
| 730 | 1,300 |
| 89 | 218 |
| — | 363 |
| <u>1,639</u> | <u>3,108</u> |

14. BANK BALANCES AND CASH

The Group

Included in the bank balances and cash are bank deposits of approximately US\$19,486,000 (2002: US\$9,737,000) which are held by the Company's PRC subsidiaries in United States dollars and Renminbi. The remittance of these bank deposits outside of the PRC is subject to approval of relevant local authorities.

14. 銀行結餘及現金

本集團

銀行結餘及現金包括約19,486,000美元(2002: 9,737,000美元)由本公司的中國附屬公司以美元或人民幣銀行存款的方式持有。向中國以外地區結匯這些銀行存款須取得有關當地機關的批准。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

| | | Construction in progress 在建工程 US\$'000 千美元 | Buildings 建築物 US\$'000 千美元 | Quarry 採石礦 US\$'000 千美元 | Plant and machinery 廠房 及機器 US\$'000 千美元 | Office equipment 辦公室設備 US\$'000 千美元 | Motor vehicles 汽車 US\$'000 千美元 | Total 合計 US\$'000 千美元 |
|------------------------------------------|-------------------|--------------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------------|-------------------------------------------------|--------------------------------------------|--------------------------------|
| THE GROUP | 本集團 | | | | | | | |
| COST | 成本 | | | | | | | |
| At 1 January 2003 | 於2003年1月1日 | 1,088 | 65,008 | 5,264 | 168,624 | 3,018 | 1,221 | 244,223 |
| Additions | 添置 | 4,111 | 443 | — | 1,601 | 156 | 59 | 6,370 |
| Transfer | 轉讓 | (3,099) | 1,678 | — | 1,421 | — | — | — |
| Disposals/write-offs | 出售/撤銷 | (204) | (57) | — | — | (43) | — | (304) |
| Currency realignment | 滙兌調整 | — | 2 | — | 7 | — | — | 9 |
| At 31 December 2003 | 於2003年12月31日 | 1,896 | 67,074 | 5,264 | 171,653 | 3,131 | 1,280 | 250,298 |
| DEPRECIATION AND AMORTISATION | 折舊及 攤銷 | | | | | | | |
| At 1 January 2003 | 於2003年1月1日 | — | 8,510 | 185 | 22,218 | 2,357 | 734 | 34,004 |
| Provided for the year | 年度撥備 | — | 1,946 | 267 | 5,085 | 188 | 103 | 7,589 |
| Eliminated on disposals/write-offs | 出售/撤銷 時抵銷 | — | (3) | — | — | (38) | — | (41) |
| At 31 December 2003 | 於2003年12月31日 | — | 10,453 | 452 | 27,303 | 2,507 | 837 | 41,552 |
| NET BOOK VALUES | 賬面淨值 | | | | | | | |
| At 31 December 2003 | 於2003年12月31日 | 1,896 | 56,621 | 4,812 | 144,350 | 624 | 443 | 208,746 |
| At 31 December 2002 | 於2002年12月31日 | 1,088 | 56,498 | 5,079 | 146,406 | 661 | 487 | 210,219 |

The buildings are situated in the PRC and held under medium-term leases.

建築物位於中華人民共和國，以中期租約持有。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003
截止於2003年12月31日止年度

16. LAND USE RIGHTS

THE GROUP
COST
At 1 January 2003 and
31 December 2003

本集團
成本
於 2003 年 1 月 1 日 及
於 2003 年 12 月 31 日

US\$'000
千美元

20,993

AMORTISATION
At 1 January 2003
Provided for the year

攤銷
於 2003 年 1 月 1 日
年度撥備

1,831
492

At 31 December 2003

於 2003 年 12 月 31 日

2,323

NET BOOK VALUES
At 31 December 2003

賬面淨值
於 2003 年 12 月 31 日

18,670

At 31 December 2002

於 2002 年 12 月 31 日

19,162

17. INTERESTS IN SUBSIDIARIES

Investments in unlisted shares, at cost
Loan to a subsidiary

對未上市公司的投資成本
對附屬公司貸款

9,545

128,426

137,971

Details of the subsidiaries are set out in note 33.

The loan is unsecured, interest free and has no fixed repayment terms.

17. 附屬公司權益

THE COMPANY
本公司
2003
US\$'000
千美元

附屬公司的詳細情況列示與附註33中。

貸款是無抵押、免息及無額定價還期限。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003
截止於2003年12月31日止年度

18. SHARE CAPITAL

| | |
|-----------------------|----------|
| Authorised | 核定發行 |
| Issued and fully paid | 已發行並全額支付 |

The changes in the Company's authorised and issued share capital during the period from 10 June 2003 (date of incorporation) to 31 December 2003 are detailed below:

- (a) As at the date of incorporation of the Company, its authorised share capital was HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each and one share of HK\$0.10 was issued and allotted on 23 June 2003.
- (b) Pursuant to the written resolutions of the sole shareholder of the Company passed on 26 November 2003:
- (i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$100,000 and US\$1,000,000,000 by the creation of an additional 100,000,000,000 shares of US\$0.01 each;
- (ii) one share of the Company of US\$0.01 was issued and allotted;
- (iii) the one issued share of HK\$0.10 was repurchased from the sole shareholder;
- (iv) the authorised but unissued share capital of the Company denominated in HK dollar was cancelled;

18. 股本

| Number of shares of US\$0.01 each 股數(每股 0.01美元) | Nominal value 票面價值 US\$'000 |
|----------------------------------------------------------|--------------------------------------|
| 100,000,000,000 | 1,000,000 |
| 1,142,900,000 | 11,429 |

自2003年6月10日(公司註冊日)至2003年12月31日期間,本公司已核准發行即已發行的股本的變動詳細情況如下:

- (a) 在2003年6月10日的本公司註冊日,核定發行的股本為100,000港元,折合1,000,000股,每股0.10港元,一股面值0.10港元的股票已發行。
- (b) 根據本公司的單一股東於2003年11月26日做出的書面決議,
- (i) 本公司的核定股本通過增加每股價值0.01美元的股票100,000,000股由100,000港元增加至100,000港元及1,000,000,000美元;
- (ii) 一股價值0.01美元的股票已發行並分配;
- (iii) 一股價值0.10港元的股票被該單一股東購買;
- (iv) 本公司已取消經核定但是沒有發行的以港元定值的股本;

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18. SHARE CAPITAL - continued

- (v) a total of 499,799,999 shares of the Company of US\$0.01 each were issued and allotted, credited as fully paid, to Chia Hsin Pacific Limited as a condition for the acquisition of the shareholder's loan due from Jingyang Industrial Limited to Chia Hsin Pacific Limited of approximately US\$128,426,000 and the entire issued ordinary shares of Jingyang Industrial Limited; and
- (vi) conditional on the share premium account of the Company being credited as a result of the share offer from the Listing, an amount of US\$4,000,000 from the amount standing to the credit of the share premium account of the Company as a result of the share offer from the Listing was capitalised and to appropriate such amount as capital to pay up in full at par 400,000,000 shares of the Company of US\$0.01 each.
- (c) On 12 December 2003, upon the Listing of the Company's shares on the Stock Exchange, 200,200,000 shares of the Company of US\$0.01 each were issued and allotted at the consideration of HK\$1.48 per share.
- (d) On 18 December 2003, upon the full exercise of the over-allotment option in relation to the Listing, 42,900,000 shares of the Company of US\$0.01 each were issued and allotted at the consideration of HK\$1.48 per share.

The share capital at 31 December 2002 shown in the consolidated balance sheet represented 24,000,000 ordinary shares of HK\$1 each in the share capital of Jingyang Industrial Limited prior to the Reorganisation.

18. 股本 – 續

- (v) 本公司共有每股面值0.01美元的股票499,799,999股已發行並分配(以全額代計支付)給 Chia Hsin Pacific Limited, 作為取得 Chia Hsin Pacific Limited 應收京陽實業有限公司128,426,000美元的貸款, 及持有的京陽實業有限公司已發行的全部普通股的條件; 並且
- (vi) 待本公司的股本溢價賬戶因股份發行而貸記後, 本公司在上市中因發行股份而產生的股本溢價中有美元4,000,000元予以資本化, 並將該部分轉為股本, 以便本公司按面值0.01美元的全額支付股票400,000,000。
- (c) 2003年12月12日, 在本公司的股票在證券交易所上市時, 本公司的每股面值0.01美元的股票200,200,000股按照1.48港元每股的價格發行分配。
- (d) 2003年12月18日, 在全部履行了上市有關的超額配售權後, 本公司的每股面值0.01美元的股票42,900,000股按照1.48港元每股的價格發行分配。

2002年12月31日列示於合併資產負債表中的股本有24,000,000股(每股1港元)為在重組前的京陽實業有限公司的股本。

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19. SHARE PREMIUM AND RESERVES

19. 股本溢價及儲備

| | | Share premium | PRC statutory reserves | Exchange reserve | Accumulated profits (losses) | Total |
|----------------------------------------------------------------------------------------------|----------------------------|---------------|------------------------|------------------|------------------------------|----------|
| | | US\$'000 | 中國法定盈餘儲備 | US\$'000 | 累計利潤(虧損) | US\$'000 |
| | | 千美元 | US\$'000 | 千美元 | 千美元 | 千美元 |
| THE GROUP | 本集團 | | | | | |
| At 1 January 2002 | 於 2002 年 1 月 1 日 | — | — | (2,041) | (18,288) | (20,329) |
| Exchange differences arising from translation of overseas subsidiaries' financial statements | 應折算海外子公司報表產生的滙兌差異 | — | — | (2) | — | (2) |
| Profit for the year | 年度利潤 | — | — | — | 10,258 | 10,258 |
| At 31 December 2002 | 於 2002 年 12 月 31 日 | — | — | (2,043) | (8,030) | (10,073) |
| Premium on issue of shares in connection with the Reorganisation (note 18 (b)(v)) | 與重組有關股本發行溢價 (附註 18(b)(v)) | 126,527 | — | — | — | 126,527 |
| Capitalisation of share premium (note 18 (b)(vi)) | 股本溢價資本化 (附註 18(b)(vi)) | (4,000) | — | — | — | (4,000) |
| Premium on issue of shares in connection with the Listing (notes 18 (b) and (c)) | 上市相關的股本發行溢價 (附註 18(b)及(c)) | 43,982 | — | — | — | 43,982 |
| Share issue expenses | 股本發行費用 | (2,390) | — | — | — | (2,390) |
| Exchange differences arising from translation of overseas subsidiaries' financial statements | 應折算海外子公司報表產生的滙兌差異 | — | — | (2) | — | (2) |
| Profit for the year | 年度利潤 | — | — | — | 19,017 | 19,017 |
| Appropriation of accumulated profits | 累計利潤撥付 | — | 1,676 | — | (1,676) | — |
| | | 164,119 | 1,676 | (2) | 17,341 | 183,134 |
| At 31 December 2003 | 於 2003 年 12 月 31 日 | 164,119 | 1,676 | (2,045) | 9,311 | 173,061 |

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

截止於2003年12月31日止年度

19. SHARE PREMIUM AND RESERVES - continued

19. 股本溢價及儲備 – 續

| | | Share premium | Special reserve | Accumulated losses | Total |
|--------------------------------------------------------------------------------------|-------------------------------|------------------|--------------------|-----------------------|----------|
| | | 股本溢價 | 特別儲備 | 累計虧損 | 合計 |
| | | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| | | 千美元 | 千美元 | 千美元 | 千美元 |
| THE COMPANY | 本公司 | | | | |
| Premium on issue of shares in connection with the Reorganisation (note 18 (b)(v)) | 與重組有關股本發行 溢價 (附註 18(b)(v)) | 126,527 | 6,446 | — | 132,973 |
| Capitalisation of share premium (note 18 (b)(vi)) | 股本溢價資本化 (附註 18(b)(vi)) | (4,000) | — | — | (4,000) |
| Premium on issue of shares in connection with the Listing (notes 18 (b) and (c)) | 上市相關的股本發行溢價 (附註 18(b)及(c)) | 43,982 | — | — | 43,982 |
| Share issue expenses | 股本發行費用 | (2,390) | — | — | (2,390) |
| Loss for the year | 年度虧損 | — | — | (247) | (247) |
| At 31 December 2003 | 於 2003 年 12 月 31 日 | 164,119 | 6,446 | (247) | 170,318 |

Notes:

備註：

- (a) The special reserve represents the difference between the combined shareholders' funds of the subsidiaries acquired and the nominal amount of the Company's shares issued as consideration for the acquisition at the time of the Reorganisation as set out in note 1.
- (a) 特別儲備是已獲的子公司的合併權益與如附註1所示在重組時作為購並對價值而發行的本公司股票的眼面價值之差異。
- (b) Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium and the special reserve of the Company are available for distributions subject to the provisions of the Memorandum or Articles of Association and provided that immediately following the distributions the Company is able to pay its debts as they fall due in the ordinary course of business.
- (b) 根據開曼群島的公司法(修訂後)的22章,公司的股票溢價及特別準備可以用於分配股息,但是受公司章程以及在分配股息後,公司能夠支付其在一般業務過程中產生的債務的限制。
- (c) In the opinion of the directors, as at 31 December 2003 the Company's reserves available for distribution amounted to approximately US\$170,318,000.
- (c) 根據董事會的意見,在2003年12月31日,公司可用於分配股息的儲備總額約170,318,000美元。

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20. TRADE PAYABLES

The aged analysis of the trade payables is as follows:

| | |
|----------------|-----------|
| Within 90 days | 90日內 |
| 91-180 days | 91日至180日 |
| 181-365 days | 181日至365日 |
| Over 365 days | 365日以上 |

20. 應付賬款

應付賬款的賬齡分析如下：

| | | THE GROUP 本集團 | |
|----------------|-----------|-------------------------|-------------------------|
| | | 2003 US\$'000 千美元 | 2002 US\$'000 千美元 |
| Within 90 days | 90日內 | 2,918 | 3,742 |
| 91-180 days | 91日至180日 | 283 | 719 |
| 181-365 days | 181日至365日 | 84 | 168 |
| Over 365 days | 365日以上 | 90 | 149 |
| | | <u>3,375</u> | <u>4,778</u> |

21. AMOUNTS DUE TO RELATED COMPANIES

| Name of related company | 關連公司名稱 |
|-----------------------------------------------|---------------------------|
| CHC | 嘉新水泥股份有限公司 |
| Chia Hsin Pacific Limited | Chia Hsin Pacific Limited |
| Shanghai Chia Hsin Ganghui Company Limited | 上海嘉新港輝 有限公司 |

Chia Hsin Pacific Limited is the immediate holding company of the Company.

The amounts are unsecured, interest free and have no fixed repayment terms.

21. 應付關連公司款項

| | | THE GROUP 本集團 | THE COMPANY 本公司 |
|-----------------------------------------------|---------------------------|-------------------------|-------------------------|
| | | 2003 US\$'000 千美元 | 2002 US\$'000 千美元 |
| CHC | 嘉新水泥股份有限公司 | — | 4,502 |
| Chia Hsin Pacific Limited | Chia Hsin Pacific Limited | 99 | — |
| Shanghai Chia Hsin Ganghui Company Limited | 上海嘉新港輝 有限公司 | — | 47 |
| | | <u>99</u> | <u>4,549</u> |

Chia Hsin Pacific Limited是公司的直接控股公司

應付款項乃無抵押、免息及無固定支付期限。

NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31 December 2003

截止於2003年12月31日止年度

22. OTHER PAYABLES

22. 其他應付款項

| | | THE GROUP | | THE COMPANY |
|------------------------------------------------|--------------------|--------------|--------------|-------------|
| | | 本集團 | | 本公司 |
| | | 2003 | 2002 | 2003 |
| | | US\$'000 | US\$'000 | US\$'000 |
| | | 千美元 | 千美元 | 千美元 |
| Interest payable | 應付利息 | 346 | 1,684 | — |
| Accrued expenses | 預提費用 | 767 | 165 | 90 |
| Deposits from customers | 客戶的按金 | 1,652 | 751 | — |
| Value added tax payable | 應付增值稅 | 1,305 | — | — |
| Construction cost payable | 應付建築成本 | 406 | 391 | — |
| Current portion of deposits received (note 25) | 已收取按金的即期部分 (附註 25) | 724 | 889 | — |
| Others | 其他 | 1,964 | 1,271 | 513 |
| | | <u>7,164</u> | <u>5,151</u> | <u>603</u> |

NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31 December 2003

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23. FINANCIAL ASSETS AND LIABILITIES

Financial assets

Trade receivables and amounts due from related companies comprise mainly amounts receivable for the sales of goods.

The Group allows credit period of 0 - 90 days to its trade customers. An allowance of approximately US\$804,000 (2002: US\$220,000) has been made for estimated irrecoverable amounts from the sales of goods which has been determined by reference to past default experience.

The directors consider that the carrying amount of trade receivables and amounts due from related companies approximates to their fair value.

Other receivables comprise deposits, prepayments, advances to suppliers and value added tax recoverable. An allowance of approximately US\$227,000 (2002: nil) has been made for estimated irrecoverable receivables which has been determined by reference to past default experience.

The directors consider that the carrying amount of other receivables approximates to their fair value.

Bank balances and cash comprise cash and short-term deposits with an original maturity of three months or less. The carrying amount of these assets and pledged deposits approximates to their fair value.

23. 財務資產與負債

財務資產

應收賬款及應收關連公司款項主要包括出售貨品的應收款項。

本集團給予其貿易客戶0至90日信貸期。已就來自出售貨品的估計不可收回款項提取撥備約804,000美元(2002年：220,000美元)。有關撥備已參考過去的違約事宜予以釐定。

董事會認為，應收賬款及應收關連公司款項的賬面值，接近他們的公平價值。

其他應收款包括按金、預付款項、給予供應商的墊款，以及可收回增值稅。約227,000美元(2002年：零)是參考過去違約情況而為估計不能回收的款項做出的撥備。

董事認為，其他應收款項的賬面值，接近他們的公平價值。

銀行結餘及現金包括現金及短期存款，原本屆滿期為三個月或以下。該等資產及已抵押按金的賬面值，接近他們的公平價值。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

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23. FINANCIAL ASSETS AND LIABILITIES - continued

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and amounts due from related companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Financial liabilities

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Construction cost payable comprises amounts outstanding for construction costs.

The directors consider that the carrying amount of construction costs payable and amounts due to related companies approximates to their fair value.

23. 金融資產及負債 – 續

信用風險

本集團的信貸風險，主要歸因於其應收賬款及應收關連公司款項。資產負債表所呈列的款項，均扣除了應收款項壞賬的撥備淨額（由本集團的管理層按過去經驗及現時經濟環境作出估計）。

由於對手是經國際信貸評級代理機構評估為高級別的銀行或中國國有銀行，故流動資金的風險有限。

本集團並無高度集中的信貸風險，而有關風險則由大量對方及客戶分擔。

金融負債

應付賬款及其他應付款項，包括貿易採購的未償還款項及持續成本。

董事認為，應付賬款及其他應付款項的賬面值，接近他們的公平價值。

應付建築成本包括未償還的建設成本。

董事認為，應付建築成本及應付關連公司款項的賬面值，接近他們的公平價值。

NOTES TO THE FINANCIAL STATEMENTS

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24. BANK BORROWINGS

24. 銀行借款

| | | THE GROUP | |
|----------------------------------------------------------------------|--------------------------------------------------------|----------------|---------------|
| | | 本集團 | |
| | | 2003 | 2002 |
| | | US\$'000 | US\$'000 |
| | | 千美元 | 千美元 |
| Secured: | 已抵押： | | |
| Loans from International Finance Corporation ("IFC") (note i) | 來自 International Finance Corporation 借款（「國際金融公司」，附註 1） | — | 91,538 |
| Loan from Industrial and Commercial Bank of China ("ICBC") (note ii) | 來自中國工商銀行借款（「ICBC」，附註 2） | 83,970 | — |
| Loan from China Construction Bank ("CCB") (note iii) | 來自中國建設銀行借款（「CCB」，附註 3） | 35,000 | — |
| | | <u>118,970</u> | <u>91,538</u> |
| Unsecured: | 無抵押： | | |
| Short-term bank loans (note iv) | 短期銀行貸款（附註 4） | 2,416 | 7,250 |
| | | <u>121,386</u> | <u>98,788</u> |
| The maturity of the bank borrowings is as follows: | 銀行借款的到期日如下： | | |
| Within one year | 一年內 | 12,046 | 27,634 |
| In the second year | 第二年 | 14,390 | 20,384 |
| In the third to fifth year inclusive | 第三年至第五年（包括首尾兩年） | 63,120 | 45,770 |
| Over five years | 五年以上 | 31,830 | 5,000 |
| | | <u>121,386</u> | <u>98,788</u> |
| Less: Amount due within one year shown under current liabilities | 減：流動負債所列於一年內到期的款項 | (12,046) | (27,634) |
| Amount due after one year | 一年後到期的款項 | <u>109,340</u> | <u>71,154</u> |

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2003

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24. BANK BORROWINGS - continued

Notes:

- i. The loans from IFC included an amount of US\$100 million which was repayable by 13 equal semi-annual instalments commencing 15 July 2000 bearing interest at LIBOR plus 1.875% and an amount of US\$40 million which was repayable by 16 equal semi-annual instalments commencing 15 January 2001 bearing interest at LIBOR plus 2.25%. Both of which were early repaid by the Group in January 2003.
- ii. The loan from ICBC is denominated in United States dollars and is repayable by 14 semi-annual instalments commencing 20 June 2003 bearing interest at LIBOR plus 1%.
- iii. The loan from CCB is denominated in United States dollars and is repayable by 13 semi-annual instalment commencing 15 August 2005 bearing interest at LIBOR plus 0.95%.
- iv. The short-term bank loans are denominated in Renminbi and bear average interest rate of 4.54% (2002: 5.31%) per annum.

The directors consider that the carrying amount of the bank borrowings approximates to their fair value.

24. 銀行借款 - 續

附註：

1. 來自國際金融公司的貸款包括為數100,000,000美元及40,000,000美元款項。前者須由二零零零年七月十五日起，分十三期，每半年等額償還一次，並須按倫敦銀行同業拆息率加1.875厘計算利息。後者則須由二零零一年一月十五日起，分十六期，每半年等額償還一次，並須按倫敦銀行同業拆息率加2.25厘計算利息。本集團早於二零零三年一月便償還了該等款項。
2. 來自中國工商銀行的貸款為美元貸款，貸款利率為倫敦銀行同業拆息加1厘，從2003年6月20日開始分14期每半年歸還一次。
3. 來自中國建設銀行的貸款為美元貸款，貸款利率為倫敦銀行同業拆息加0.95厘，從2005年8月15日開始分13期每半年歸還一次。
4. 短期貸款為人民幣貸款，平均年利率為4.54% (2002：5.31%)。

董事認為，銀行借款的賬面接近他們的公平價值。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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25. LONG-TERM PAYABLES

| | |
|----------------------------------------------------------------------------------|-----------------------------------|
| Deposits received (note i) | 已收取按金 (附註 1) |
| Less: Amount due within one year shown under current liabilities (note ii) | 減：流動負債內所示 於一年內到期 的款項 (附註 2) |

Notes:

- i. The amounts represent deposits received in respect of certain machinery equipment held for use by an excavator which is not a related party of the Group for the mining of limestone in the Group's quarry.
- ii. The current portion of the deposits was determined based on the estimated annual quantity of limestone excavated and the amount of deposits to be repaid per unit quantity of limestone excavated by the excavator as stipulated in relevant agreements entered into between the excavator and the Group.

25. 長期應付款項

| THE GROUP | |
|-----------|------------|
| 本集團 | |
| 2003 | 2002 |
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |
| 724 | 1,613 |
| (724) | (889) |
| <u>—</u> | <u>724</u> |

附註：

1. 該等款項是指就一名採礦商(並不是本集團的有關連人士)持有在本集團的採石場採石灰石時使用的若干機器設備而已收取的按金。
2. 按金的即期部分按石灰石的估計年開採量，以及於採礦商與本集團訂立的有關協議訂明，分判承包商開採的每個單位石灰石數量將予償還的按金釐定。

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26. LOANS FROM HOLDING COMPANIES

26. 控股公司提供的貸款

| | | THE GROUP | |
|-----------------------------|-----------------------------|-----------|----------|
| | | 本集團 | |
| | | 2003 | 2002 |
| | | US\$'000 | US\$'000 |
| | | 千美元 | 千美元 |
| Chia Hsin Pacific Limited | Chia Hsin Pacific Limited | — | 36,280 |
| Ecco International Limited | Ecco International Limited | — | 6,269 |
| Sincem Holdings Pte Limited | Sincem Holdings Pte Limited | — | 119,876 |
| | | <hr/> | <hr/> |
| | | — | 162,425 |
| | | <hr/> | <hr/> |
| Interest bearing at LIBOR | 按倫敦銀行同業拆息率計算利息 | — | 34,300 |
| Interest free | 免息 | — | 128,125 |
| | | <hr/> | <hr/> |
| | | — | 162,425 |
| | | <hr/> | <hr/> |

The loans were denominated in United States dollars and unsecured.

During the year ended 31 December 2003, an aggregate amount of US\$34,300,000 was repaid and the remaining outstanding balance of the loans and the accrued interest were capitalised for shares issued by the Company on 26 November 2003.

In view of the terms of the interest free loans at 31 December 2002, the directors considered that it was not practicable to determine their fair values.

貸款是以美元定值的無擔保貸款。

在截至2003年12月31日止年度，累計償還了34,300,000美元，貸款餘額及應計利息已於2003年11月26日為本公司發行股票而資本化。

鑒於在二零零三年十二月三十一日免貸款的條款，董事認為釐定其公平值並不可行。

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For the year ended 31 December 2003
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27. CAPITAL COMMITMENTS

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements

為購買物業、廠房、設備已簽約但未在財務報表中反映的資本開支

In addition, according to the articles of association of Jingyang Cement, an amount of US\$48 million unpaid registered capital is to be fully injected by December 2004.

The Company had no significant capital commitments at the balance sheet date.

28. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged by the Group to banks to secure the banking facilities granted by these banks to the Group:

Property, plant and equipment
Land use rights
Bank deposits

物業、廠房及設備
土地使用權
銀行存款

27. 資本承諾

THE GROUP 本集團

| 2003 | 2002 |
|----------|----------|
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |

| | |
|--------------|--------------|
| 4,710 | 1,004 |
| <u>4,710</u> | <u>1,004</u> |

另外根據京陽水泥的公司章程，4,800萬美元的未付註冊資本金在2004年12月前全部注入。

本公司在資產負債表日沒有重大的資本承諾。

28. 資產抵押

於結算日，下列資產已被本集團抵押給銀行，以作為該等銀行授予本集團的銀行融資額的抵押品：

THE GROUP 本集團

| 2003 | 2002 |
|----------|----------|
| US\$'000 | US\$'000 |
| 千美元 | 千美元 |

| | |
|----------------|----------------|
| 144,203 | 210,219 |
| 17,275 | 19,162 |
| 242 | 242 |
| <u>161,720</u> | <u>229,623</u> |

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29. OPERATING LEASE ARRANGEMENTS

The Group and the Company as lessee

At the balance sheet date, the Group and the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | |
|---------------------------------------|---------------------|
| Within one year | 一年內 |
| In the second to fifth year inclusive | 第二年至第五年 (包括首尾兩年) |

Operating lease payments represent rentals payable by the Group and the Company for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from one to three years with rentals fixed over the term of the leases.

29. 經營租約安排

本集團及公司是承租方

於結算日，本集團及本公司根據不可註銷的經營租約的未履行承擔於以下期間到期：

| | THE GROUP 本集團 | THE COMPANY 本公司 |
|---------------------------------------|-------------------------|-------------------------|
| | 2003 US\$'000 千美元 | 2002 US\$'000 千美元 |
| Within one year | 65 | 18 |
| In the second to fifth year inclusive | 61 | — |
| | <u>126</u> | <u>18</u> |
| | | <u>57</u> |
| | | <u>114</u> |

經營租約付款指本集團及本公司為其若干辦公室物業及員工宿舍應付的租金。租約年期介乎一至三年，而租約期內的租金為定額。

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30. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution of the sole shareholder of the Company passed on 26 November 2003 for the purpose of enabling the Company to grant options to employees and directors of the Company or any of its subsidiaries and outside third parties who, in the sole discretion of the Board of Directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

The maximum number of shares which options may be issued upon exercise of all options to be granted under the Scheme must not exceed 10% of the shares of the Company in issue immediately prior to the commencement of trading of the Company's shares on the Stock Exchange, without prior approval from the Company's shareholders. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to any individual in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue at the date of grant, without prior approval from the Company's shareholders.

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board of Directors is empowered to impose its discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised will be determined by the Board of Directors of the Company at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted, upon payment of HK\$1 per option. The exercise price is determined by the directors of the Company, and will not be less than the highest of (a) the closing price of the Company's shares on the date of grant; (b) the average closing price of the shares for five business days immediately preceding the date of grant; and (c) the nominal value of a share in the Company.

During the period from the adoption of the Scheme to 31 December 2003, no option was granted, exercised or cancelled by the Company.

30. 購股權計畫

本公司的購股權計劃（「計劃」）的採用是基於2003年11月26日本公司的單一股東為了使本公司可以授予購股權給本公司或其任何附屬公司僱員及董事，以及經本公司董事會全權酌情認為將要或者已經對本公司及／或其任何附屬公司作出貢獻的第三方而作出書面決議。

履行計劃下的所有購股權而發行的股份的最大數額，在沒有得到本公司股東的批准前，不得超過緊靠本公司股份開始在聯交所交易買賣前本公司已發行股份的10%。在沒有得到本公司的股東的批准前，在授予購股權前的12個月內因履行按照計劃授予給任何個人的購股權已發行的股票總數以及即將發行股份的總數不應超過購股權授予日本公司已發行股份的1%。

沒有對購股權可以履行前而必須持有的購股權的最低期限作出總體要求，但是，本公司董事會有權在授予任何特別的購股權時酌情施加任何最低期限的要求。本公司的董事會有絕對的處理權決定購股權履行期，除非購股權授予後超過十年而沒有履行，而按每購股權1港元支付。購股權的履行價格由本公司董事決定，並且價格不低於以下較高者：(a)購股權授予日本公司股份的收市價；(b)緊靠授予日前五個營業日的股份平均收市價；(c)本公司股票的賬面價值。

從採用購股權到2003年12月31日期間，本公司沒有授予、履行、註銷的期權。

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31. RETIREMENT BENEFITS PLAN

The aggregate number of employees of the Group at 31 December 2003 was 609 (2002: 536).

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to income of approximately US\$209,000 (2002: US\$181,000) represents contributions payable to the scheme by the Group at rate specified in the rules of the scheme.

32. RELATED PARTY TRANSACTIONS

During the year, the Group had transactions with certain related companies. Details of significant transactions with these companies during the year are as follows:

| Nature of transactions 交易性質 | Name of related company 聯公司名稱 | 2003 US\$'000 千美元 | 2002 US\$'000 千美元 |
|--------------------------------------------------------|---------------------------------------------------------------|-------------------------|-------------------------|
| Sales of goods (note i) 銷售貨品 (附註1) | Shanghai Chia Hsin Ganghui Company Limited 上海嘉新港輝有限公司 | 11,302 | 12,802 |
| | Jiangsu Union Cement Company Limited 江蘇聯合水泥有限公司 | 354 | 202 |
| | | <u>11,656</u> | <u>13,004</u> |
| Transportation expense paid (note i) 已付運輸費 (附註1) | Shanghai Chang Hsin Shipping Company Limited 上海長新船務有限公司 | — | 59 |
| Interest paid on loans (note ii) 已付貸款利息 (附註2) | Chia Hsin Pacific Limited | 295 | 674 |
| | Sincem Holdings Pte Limited | 6 | 14 |
| | | <u>301</u> | <u>688</u> |
| Consultancy fee income (note iii) 顧問費收入 (附註3) | Jiangsu Union Cement Company Limited 江蘇聯合水泥有限公司 | 145 | — |

31. 退休福利計劃

截至2003年12月31日本集團僱員總數為609人(2002年：536人)。

本公司的中國附屬公司僱員，均是當地政府運作的國家管理退休福利計劃的成員。本集團須按他們薪金的特定百分比，供款至退休福利計劃。本集團就退休福利計劃的責任，只是給予特定的供款。

合共約209,000美元(2002：181,000美元)的成本計入損益表中，該數額是本集團按照計劃的規定按特定百分比為該計劃所作供款。

32. 關連人士交易

本集團在本期，與一些關連公司產生了交易。期內本公司與該等公司的重大交易的具體情況如下：

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32. RELATED PARTY TRANSACTIONS - continued

In addition, the Group used the trademark and logo of “嘉新牌水泥” free of charge which were owned by CHC.

Shanghai Chang Hsin Shipping Company Limited is an associate of CHC.

Notes:

- (i) Sales transactions and transportation expenses were carried out at market price or, where no market price was available, at cost plus a percentage of profit mark-up.
- (ii) Interest was charged at LIBOR on the principal outstanding.
- (iii) Consultancy fee income was calculated in accordance the terms of the relevant agreement mutually agreed by parties concerned.

32. 關連人士交易 – 續

此外，本集團免費使用嘉新水泥股份有限公司的標識為「嘉新牌水泥」的商標。

上海長新船務有限公司是嘉新水泥股份有限公司的聯營公司。

附註：

- (i) 銷售交易及運輸費用按市場價格執行，或者，當沒有市場價格時，按成本加成法執行。
- (ii) 利息按照未付本金以倫敦銀行同業拆息率結算。
- (iii) 顧問費收入按照有關各方相互同意的相關協議的條款計算。

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33. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2003 are as follows:

| Name of company 公司名稱 | Place of incorporation/ establishment 註冊/成立 地點 | Issued and fully paid share/ registered capital 已發行並全額繳 付的註冊資本 | Proportion of issued share/ registered capital held by the Company 本公司的 佔股比率 | | Principal activities 主要活動 |
|------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------|
| | | | Directly 直接 | Indirectly 間接 | |
| Jingyang Industrial Limited 京陽實業有限公司 | Hong Kong 香港 | HK\$24,000,000 24,000,000港元 | 100% | — | Investment holding 投資控股 |
| Chia Hsin Jingyang Cement Co., Ltd. 嘉新京陽水泥有限公司 | PRC 中國 | US\$125,000,000 125,000,000美元 | — | 100% | Mining of limestone and production and sales of cement and cement products 開採石灰石 生產及銷售水泥 及水泥製品 |
| Zhenjiang City Dantu District Gaozi Clay Company Limited 鎮江市丹徒高資粘土 有限責任公司 | PRC 中國 | RMB3,000,000 人民幣 3,000,000 | — | 93.3% | Mining of clay 開採粘土 |
| Jurong Jingda Clay Company Limited 句容京達粘土有限公司 | PRC 中國 | RMB3,000,000 人民幣 3,000,000 | — | 93.3% | Mining of clay 開採粘土 |

33. 附屬公司

至2003年12月31日，公司的附屬公司的情況如下：