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CONCH

安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 0914)

Results for the year ended 31 December 2009

Revenue of the Group for the year 2009 amounted to approximately RMB24,998 million (in accordance with IFRSs), representing an increase of 3.18% over that of 2008.

Net profit attributable to equity shareholders of the Company for the year 2009 amounted to approximately RMB3,506 million (in accordance with IFRSs), representing an increase of 34.48% over that of 2008.

Earnings per share for year 2009 was RMB1.98 (in accordance with IFRSs), representing an increase of 27.74% over that of 2008.

Unless otherwise stated, the currency unit in this announcement is Renminbi, the lawful currency of the People's Republic of China ("PRC"); unless otherwise stated, the financial information in this announcement is prepared in accordance with China Accounting Standards for Business Enterprises (2006) ("PRC Accounting Standards").

I. Basic Corporate Information of the Company

1. Basic information

A Shares stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A Shares are listed	The Shanghai Stock Exchange ("SSE")
H Shares stock code	0914
Exchange on which H Shares are listed	The Stock Exchange of Hong Kong Limited ("Stock Exchange")
Registered address	209 Beijing East Road Wuhu City, Anhui Province, the PRC

Office address	1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC
Postal code	241070
E-mail address	cement@conch.cn
Website	http://www.conch.cn

2. Contact persons and means of contact

	Secretary to the board (“Board”) of directors (“Directors”) of the Company (“Company Secretary”)	Securities affairs representative
Name	Zhang Mingjing	Yang Kaifa
Contact address	1011 Jiuhua South Road Wuhu City, Anhui Province	1011 Jiuhua South Road Wuhu City, Anhui Province
Telephone number	0086-553-8398918	0086-553-8398927
Fax number	0086-553-8398931	0086-553-8398931
E-mail address	dms@conch.cn	dms@conch.cn

II. Summary of Accounting Data and Operation Information

1. Financial Summary prepared in accordance with International Financial Reporting Standards (“IFRSs”) for the year ended 31 December

(Unit: RMB’000)

Item	2009	2008	2007	2006 (Restated)	2005 (Restated)
Revenue	24,998,007	24,228,268	18,776,098	16,096,057	13,385,677
Net profit attributable to equity shareholders of the Company for the year	3,505,936	2,607,223	2,480,146	1,543,767	513,639
Total assets	47,003,951	42,383,736	30,921,284	22,737,644	20,024,756
Total liabilities	18,179,216	17,496,416	19,674,182	14,152,667	13,117,620

Note: In 2007, Anhui Conch Cement Company Limited (“the Company” or “Conch Cement”) changed its accounting policies for business combination under common control from purchase method to pooling-of-interests method and made retrospective adjustments accordingly. In 2007, the Company acquired certain majority-owned subsidiaries of its holding company, Anhui Conch Holdings Company Limited (“Conch Holdings”), which was a business combination under common control, and the comparative figures for year 2005 and year 2006 were thus restated in the above table.

2. Accounting data prepared in accordance with PRC Accounting Standards

(1) Profit indicators for the Reporting Period

(Unit: RMB'000)

Item	Amount
Operating profit	4,260,155
Profit before taxation	4,476,543
Net profit attributable to equity shareholders of the Company	3,544,365
Net profit after extraordinary items attributable to equity shareholders of the Company	3,413,662
Net cash flow generated from operating activities	7,029,352

(2) Extraordinary items and amount for the Reporting Period

(Unit: RMB'000)

Extraordinary items	Amount
(1) Gain on disposal of non-current assets	**-34,043**
(2) Government subsidy	**182,424**
(3) Net realized gain on disposal of trading securities and available-for-sale equity securities	**6,381**
(4) Non-operating income and expenses other than the above items	**4,183**
(5) Other items that fall under the category of "extraordinary items"	**10,855**
(6) Effect of extraordinary items on income tax	**-34,784**
(7) Effect of extraordinary items on minority interests	**-4,313**
	130,703

(3) Major accounting data and financial indicators for the preceding three years

(Unit: RMB'000)

Items	**2009**	**2008**	**Year-on-year change (%)**	**2007**
Revenue	24,998,007	24,228,268	3.18	18,776,098
Profit before taxation	4,476,543	3,245,749	37.92	3,484,988
Net profit attributable to equity shareholders of the Company	3,544,365	2,607,012	35.96	2,494,219
Net profit after extraordinary items attributable to equity shareholders of the Company	3,413,662	2,424,995	40.77	2,285,784
Basic earnings per share (RMB/share)	2.01	1.55	29.68	1.70
Diluted earnings per share (RMB/share)	2.01	1.55	29.68	1.70
Basic earnings per share after extraordinary items (RMB/share)	1.93	1.44	34.03	1.55

Diluted return on net assets (%)	12.32	10.51	Increased by 1.81 percentage points	22.51
Weighted average return on net assets (%)	13.17	13.81	Decreased by 0.64 percentage point	26.39
Diluted return on net assets after extraordinary items (%)	11.87	9.78	Increased by 2.09 percentage points	20.63
Weighted average return on net assets after extraordinary items (%)	12.69	12.85	Decreased by 0.16 percentage points	24.19
Net cash flow generated from operating activities	7,029,352	5,266,375	33.48	2,668,807
Net cash flow per share generated from operating activities (RMB/share)	3.98	2.98	33.56	1.70

Items	**As at the end of 2009**	**As at the end of 2008**	**Year-on-year change (%)**	**As at the end of 2007**
Total assets	47,148,498	42,532,123	10.85	31,040,609
Total equity attributable to equity shareholders of the Company	28,759,639	24,796,664	15.98	11,079,605
Net assets per share attributable to equity shareholders of the Company (RMB/share)	16.28	14.04	15.98	7.07

(4) Cash dividend for the preceding three years

Year	**Cash dividend for the year** (RMB'000)	**Cash dividend for the year as a percentage of net profit attributable to equity shareholders of the Company**
2006	251,136	16.54%
2007	-	-
2008	529,930	20.33%

3. Explanations for Differences between Consolidated Financial Statements prepared in accordance with PRC Accounting Standards and that prepared in accordance with IFRSs

(Unit: RMB'000)

	Net profit attributable to equity shareholders of the Company		**Equity attributable to equity shareholders of the Company**	
	1 January to 31 December 2009 (Audit	1 January to 31 December 2008 (Audited)	**As at 31 December 2009 (Audited)**	As at 31 December 2008 (Audited)
As reported in the statutory financial statements in accordance with PRC Accounting Standards	3,544,365	2,607,012	28,759,639	24,796,664
- Reversal of valuation surplus of land use rights upon restructuring of the Group	3,838	3,838	(144,550)	(148,387)
- Deferral of subsidy income not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" in accordance with IFRSs	(42,267)	(3,627)	(327,749)	(226,804)

As reported in accordance with IFRSs	3,505,936	2,607,223	28,287,340	24,421,473

III. Changes in Share Capital and Shareholders

(1) Changes in the number of Shares and the shareholding structure during the Reporting Period

(Unit: Share)

Class of shares	Before change		Increase/decrease (+,-)			After change	
	Number	Percentage (%)	Issue of new shares	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading restrictions	807,754,316	45.73	-	-497,000,123	-497,000,123	310,754,193	17.59
1. State-owned legal person shares	519,667,147	29.42	-	-496,912,000	-496,912,000	22,755,147	1.29
2. Other domestic shares	288,087,169	16.31	-	-88,123	-88,123	287,999,046	16.30
Including: shares held by domestic non State-owned legal persons	287,999,046	16.30	-	-	-	287,999,046	16.30
Shares held by domestic natural persons	88,123	0.01	-	-88,123	-88,123	-	-
II. Shares not subject to trading restrictions	958,679,877	54.27	-	+497,000,123	+497,000,123	1,455,680,000	82.41
1. RMB-denominated ordinary shares (i.e. A Shares)	525,479,877	29.75	-	+497,000,123	+497,000,123	1,022,480,000	57.89
2. Overseas-listed foreign shares (i.e. H Shares)	433,200,000	24.52	-	-	-	433,200,000	24.52
III. Total number of shares	**1,766,434,193**	**100**	**-**	**-**	**-**	**1,766,434,193**	**100**

Notes:
1. During the Reporting Period, 496,912,000 floating A Shares which had been subject to trading restrictions held by State-owned legal person (i.e. Conch Holdings) were released from trading restrictions.

2. During the Reporting Period, 88,123 shares held by Mr. Wang Jianchao, former deputy general manager of the Company were released from trading restrictions after the end of the six-month period from his resignation, i.e. on 3 October 2009.

(2) Changes in Shares subject to Trading Restrictions:

(Unit: Share)

Name of shareholders	Number of shares subject to	Number of shares released	Increase in number of shares	Number of shares subject to	Reasons for trading restrictions	Date of release from trading restrictions

	trading restrictions at the beginning of the year	from trading restrictions during the year	subject to trading restrictions during the year	trading restrictions at the end of the year		
Conch Holdings	496,912,000	496,912,000	—	—	Share segregation reform	2 March 2009
Conch Holdings	22,755,147	—	—	22,755,147	Private issue of shares	26 May 2010
Ping An Trust	—	—	203,828,265	203,828,265	See Note 2	26 May 2010
Conch Venture	287,999,046	203,828,265	—	84,170,781	See Note 2	26 May 2010
Wang Jianchao	88,123	88,123	—	—	Shares held by senior management	3 October 2010
Total	**807,754,316**	**700,828,388**	**203,828,265**	**310,754,193**	—	—

Notes:

1. Undertakings given by Conch Holdings under the share segregation reform: the non-floating Shares of Conch Cement held by Conch Holdings shall not be traded or transferred on the SSE within the 12-month period from the date (2 March 2006) on which its non-floating Shares were granted the right to list and trade on the SSE. After the expiration of such undertaking, the number of Shares held by Conch Holdings in Conch Cement to be sold through trading on the SSE shall not exceed 5% and 10% of the Company's total issued Shares (i.e. 1,255,680,000 Shares) as at the time of implementation of the share segregation reform during the period of 12 months and 24 months respectively. Pursuant to such undertaking, 62,784,000 Shares and 62,784,000 Shares held by Conch Holdings were released from trading restrictions on 7 March 2007 and 3 March 2008 respectively, totalling 125,568,000 Shares. On 2 March 2009, the remaining 496,912,000 shares held by Conch Holdings with trading restrictions imposed under share segregation reform were released from trading restrictions. Up to now, all the shares of the Company held by Conch Holdings under share segregation reform were released from trading restrictions, and have become floating shares which are listed and tradable on the SSE.

2. During the Reporting Period, as 203,828,265 shares of the Company held by Anhui Conch Venture Investment Co., Ltd. ("Conch Venture") were used to offset certain indebtedness owing by it to Ping An Trust & Investment Co., Ltd (Ping An Trust), and as a result the number of shares of the Company subject to trading restrictions held by Conch Venture was reduced to 84,170,781 shares. Accordingly, 203,828,265 shares of the Company with trading restrictions (registration for which share transfer with China Securities Depository and Clearing Corporation Limited, Shanghai Branch was completed on 28 July 2009) were held by Ping An Trust. Under the undertakings given by Conch Venture and Anhui Conch Holdings Co., Limited's staff association committee (as the entrusting party of Ping An Trust – Conch Equity Interest) respectively, such shares remained floating shares with trading restrictions and will be released from trading restrictions on 26 May 2010 (please refer to the announcements of the Company dated 18 July 2009 and 30 September 2009 for details).

3. Shareholders

1. As at 31 December 2009, the total number of registered shareholders was 23,146, of which 67 were registered holders of H Shares.

2. As at 31 December 2009, the shareholdings of the top ten registered shareholders and the top ten registered holders of floating shares of the Company are set out as follows:

	Name of shareholder	Nature of shareholder	Number of shares held at the end of the Reporting Period	Percentage of shareholding (%)	Class of shares

1	Conch Holdings(Note 1)	State-owned	635,588,343	35.98	A Share
2	HKSCC Nominees Limited(Note 2)	Foreign	432,688,997	24.50	H Share
3	Ping An Trust –Conch Equity Interest (Note 3)	Others	203,828,265	11.54	A Share
4	Conch Venture	Others	85,029,452	4.81	A Share
5	Bank of Communication - Fuguo Tianyi Value Securities Investment Fund	Others	10,618,228	0.60	A Share
6	Bank of Communication - E Fund Kexun Stock Securities Investment Fund	Others	10,000,000	0.57	A Share
7	The Industrial and Commercial Bank of China - Lion Value Growth Stock Securities Investment Fund	Others	9,669,731	0.55	A Share
8	Bank of Communications - Hua An Strategic Selected Stock Fund	Others	9,140,804	0.52	A Share
9	Industrial and Commercial Bank of China - Hua An Mid-Cap and Small-Cap Growth Stock Securities Investment Fund	Others	8,600,645	0.49	A Share
10	International Capital Corporation – HSBC - JPMorgan Chase Bank, National Association	Others	8,492,556	0.48	A Share
11	China Construction Bank – Hua An Hongli Stock Securities Investment Fund	Others	8,008,800	0.45	A Share

Notes:

(1) Among the above-mentioned shareholders, Conch Holdings held 635,588,343 A Shares of the Company, representing 35.98% of the total share capital of the Company; of which 612,833,196 A Shares were floating shares without trading restrictions, representing 34.69% of the total share capital of the Company; and 22,755,147 A Shares were floating shares subject to trading restrictions

(2) HKSCC Nominees Limited held 432,688,997 H Shares, representing 24.50% of the total share capital of the Company, and 99.88% of the total number of H Shares issued by the Company, on behalf of its various clients.

(3) Ping An Trust is the trustee of Conch Equity Interest Trust Plan and was entrusted by the staff association committee of Conch Holdings to hold 203,828,265 A Shares of the Company in trust.

4. Information on the controlling shareholder and de facto controller

During the Reporting Period, there was no change in the controlling shareholder and de facto controller of the Company.

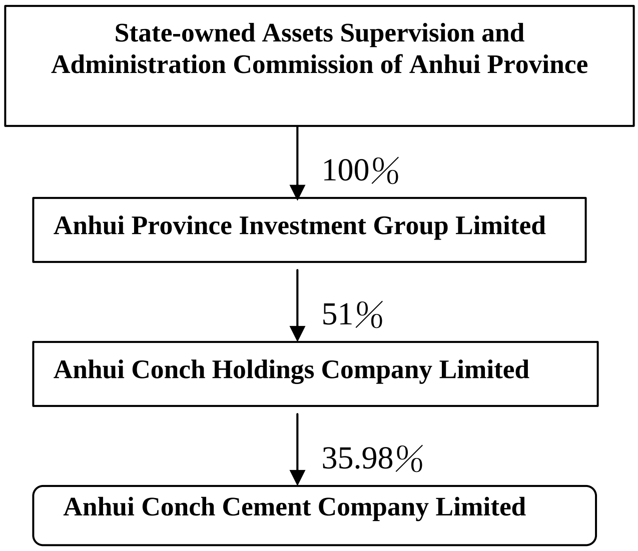
(1) Information on the controlling shareholder of the Company

Name in English:	**Anhui Conch Holdings Co., Ltd.**
Legal representative:	Guo Wensan
Date of establishment:	8 November 1996
Registered capital:	RMB800 million

Principal business activities: Asset operation, investment, financing, property transactions, construction materials, chemical and industrial products, transportation, warehousing, construction project, development of technological products, technical support services, import and export trading, etc.

(2) Information on the controlling shareholder of the controlling shareholder of the Company

Anhui Provincial Investment Group Limited ("Anhui Provincial Investment Group") is a State-owned company solely owned by State-owned Assets Supervision and Administration Commission of Anhui Province ("Anhui SASAC"), and accordingly, Anhui SASAC is the de facto controller of the Company. As at 31 December 2009, the shareholding relationship structure between the Company and Conch Holdings, Anhui Provincial Investment Group and Anhui SASAC is set out as follows:



5. Purchase, Sale or Redemption of Listed Securities

For the year ended 31 December 2009, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company.

IV. Directors, Supervisors, Senior Management and Staff

1. Interests of Directors, Supervisors, Chief Executive and Senior Management in Share Capital

During the Reporting Period, none of the Directors, Supervisors, chief executive and senior management of the Company and their respective spouses and children under the age of 18 had any interests or short positions in shares, underlying shares, debentures in the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), nor had they been granted any rights to subscribe for or exercised the above rights to subscribe for shares or debentures of the Company or its associated corporation as defined in Part XV of the SFO. Such interests or short positions are those which shall be recorded in the register required to be kept and prepared by the Company under Section 352 of the SFO; or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under Appendix 10 to the Listing Rules of the Stock Exchange.

2. Remuneration of Directors, Supervisors and Senior Management for the Year

(1) Remuneration received by Directors and supervisors from the Company for the year

Please refer to the section headed "Remuneration received by senior management from the Company for the year" for details of the remuneration received by Mr. Ji Qinying (executive Director and general manager), Mr. Qi Shengli (executive Director and deputy general manager), and Mr. Ren Yong (former executive Director and general manager who resigned during the Reporting Period).

The total amount of remuneration paid to Mr. Ding Feng (staff representative supervisor) by the Company during the Reporting Period was RMB404,096, which included basic salary of RMB114,034, bonus of RMB275,500 and pension of RMB14,562.

During the Reporting Period, Mr. Guo Wensan (chairman of the Company and executive Director), Mr. Guo Jingbin and Mr. Wu Jianping (executive Directors), Mr. Wang Jun (chairman of the Supervisory Committee) and Mr. Yu Biao and Mr. Li Shunan (former executive Directors who resigned during the Reporting Period) did not receive any remuneration from the Company, and will not request the Company for payment of remuneration for the Reporting Period.

(2) During the Reporting Period, Mr. Kang Woon and Mr. Chan Yuk Tong, independent non-executive Directors, and Mr. Wang Yanmou, external supervisor, did not receive any remuneration from the Company, and will not request the Company for payment of remuneration for the Reporting Period. The relevant allowances for the Reporting Period paid by the Company to them are set out as follows:

Name	Position	Allowances (RMB)
Kang Woon	Independent non-executive Director	100,000
Chan Yuk Tong	Independent non-executive Director	100,000
Wang Yanmou	Supervisor	50,000
Total		**250,000**

Note: During the Reporting Period, Mr. Ding Meicai, an independent non-executive Director of the Company, did not receive any remuneration and allowances from the Company and will not request the Company for payment of remuneration and allowance for the Reporting Period. The office and business trip expenses incurred by Mr. Ding were reimbursed and paid by the Company.

(3) Remuneration received by senior management from the Company for the year

Name	Position	Remuneration before tax for the year (Unit: RMB)
Ji Qinying[Note 2]	Executive Director and general manager	328,182
Qi Shengli	Executive Director and deputy general manager	797,800
Wang Pengfei	Deputy general manager	792,394
He Chengfa	Deputy general manager	768,754
Zhang Mingjing	Deputy general manager and secretary to the Board	694,314
Wu Bin	Assistant to general manager	696,241
Li Leyi	Deputy-in-chief engineer of Technology and Knowhow Department	701,722
Ren Yong [Note 3]	Former executive Director and general manager	79,251
Total		**4,858,658**

Notes:1. The above-mentioned annual remunerations have taken into account basic salary, bonus, pension, medical and unemployment insurances.
2. Mr. Ji Qinying was appointed as general manager of the Company by the Board of the Company on 26 October 2009. As Mr. Ji Qinying also serves as a deputy general manager of Conch Holdings, his annual remuneration was subject to the review and approval by Anhui SASAC. The Company paid Mr. Ji Qinying the year 2009 remuneration in accordance with Anhui SASAC's Wan Guozi Fenpei Han [2009] No. 434 Document.

3. As Mr. Ren Yong also serves as a director and deputy general manager of Conch Holdings, his annual remuneration was subject to the review and approval by Anhui SASAC. Mr. Ren Yong resigned as general manager of the Company in October 2009 and received monthly remuneration from the Company during his term of office.

V. Corporate Governance

During the Reporting Period, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules of the Stock Exchange.

The financial report and results announcement of the Company for year 2009 have been reviewed and approved by the Audit Committee. All the Directors of the Company agree and acknowledge their individual and joint responsibility for preparing the accounts as contained in the financial reports for the year under review.

VI. Management Discussion and Analysis

Macro-environment

In 2009, although the economy of China was adversely affected by the global financial crisis, the Chinese government took some effective measures to ensure a relatively rapid growth of China's economy, with a year-on-year GDP growth rate of 8.7% and fixed assets investment growth rate of 30.1%. The measures adopted by the Chinese government included adopting a proactive fiscal policy and moderately relaxed monetary policy which enhanced a relatively high growth in investments, implementing and adjusting from time to time a comprehensive plan to cope with the challenges arising from the global financial turmoil, implementing a growth-encouragement plan with additional RMB4 trillion investments over two years. Benefiting from the recovery of the overall economy of China and driven by fixed assets investment, demand for cement saw robust growth. *(Source: National Bureau of Statistics of China)*

Through the effective economic adjustment and control measures implemented by the central government over years, the structure of the cement industry in China has been improved with continuous advances and higher concentration in the industry. In terms of the proportion of cement and clinker produced by the new dry-process method ("NDP"), the national NDP production capacity in 2000 was only 70 million tonnes, accounting for approximately 10% of the then total national production capacity of cement and clinker. At the end of 2009, the national NDP production capacity reached 961 million tonnes, accounting for approximately 69.3% of the total national production capacity of cement and clinker. In the second half of 2009, the State Council promulgated Guo Fa No.38 Document, which demands for stepping up efforts to eliminate obsolete production capacity in the cement industry, with the aim to phase out all obsolete capacity by 2012, and proper control over excessive growth in new production capacity. The promulgation of this document has positive impacts on the elimination of obsolete production capacity. In 2009, a total of 74.16 million tonnes of obsolete production capacity was phased out in China. It is expected that efforts to eliminate obsolete capacity will be intensified in the next few years. This indicates a more optimistic outlook for the cement industry, and large-scale cement enterprises will in particular enjoy greater benefits. (*Source: the 2010 Government Work Report, "Analysis of Cement Production Capacity of 2009", 2nd edition, issue no. 72 of China Building Materials Daily).*

Analysis of Operational Conditions

Operations

In 2009, benefiting from the forward-looking strategic plan of the Company, coupled with the joint efforts of its management and staff, the Company achieved commending results and maintained its pace of rapid growth. During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue from principal activities amounted to RMB24,684 million, representing an increase of 3.16% over the corresponding period last year; its net profit attributable to equity shareholders of the Company amounted to RMB3,544 million, representing an increase of 35.96% over the corresponding period last year; and earnings per Share were RMB2.01. In accordance with IFRSs, the revenue amounted to RMB24,998 million, representing an increase of 3.18% over the corresponding period last year; its net profit attributable to equity shareholders of the Company amounted to RMB3,506 million, representing an increase of 34.47% over the corresponding period last year; and earnings per Share were RMB1.98.

In terms of the expansion of production capacity and the construction projects, during the Reporting Period, the Group stepped up its efforts in engineering construction. As a result, construction of nine clinker production lines each with a daily production capacity of 5,000 tonnes located at subsidiaries, such as Hunan Conch Cement Co., Ltd. ("Hunan Conch"), Beiliu Conch Cement Co., Ltd. ("Beiliu Conch") and Pingliang Conch Cement Co., Ltd. ("Pingliang Conch"), and 12 cement grinding units located at subsidiaries, such as Shimen Conch Cement Co., Ltd. ("Shimen Conch"), Ninghai Qiangjiao Conch Cement Co., Ltd. ("Qiangjiao Conch") and Liu'an Conch Cement Co., Ltd. ("Liu'an Conch"), were completed and put into operation, resulting in generating additional clinker production capacity of 16.20 million tonnes and additional cement production capacity of 10.90 million tonnes. Concurrently, the projects under construction of Chongqing Conch Cement Co., Ltd. ("Chongqing Conch"), Liquan Conch Cement Co., Ltd. ("Liquan Conch") and Linxiang Conch Cement Co., Ltd. ("Linxiang Conch") were in stable progress. As at the end of 2009, the Group's clinker production capacity and cement production capacity reached 102.06 million tonnes and 105.50 million tonnes respectively.

Sales Market Overview

In 2009, the competitive advantages resulting from the Group's strategic plans became more apparent. By the coordinated efforts of the eastern, central, southern and western regions, coupled with the distinctive sales strategies customized for each region, the Group achieved an aggregate net sales volume of cement and clinker for the year of 118.38 million tonnes, representing a year-on-year growth of 15.99%. The sales amount increased by 3.16% on a year-on-year basis. The growth rate in the Group's sales amount was less than its sales volume is mainly due to a decline in selling prices.

Markets and Sales by Region

Sales Amount by Region

Region	2009		2008		Increase/ (decrease) in sales amount (%)	Change in sales proportion (percentage points)
	Sales amount (RMB'000)	Percentage (%)	Sales Amount (RMB'000)	Percentage (%)		
East China[note1]	10,099,796	40.92	10,406,404	43.50	(2.95)	(2.58)
Central China[note2]	7,166,334	29.03	5,987,365	25.02	19.69	4.01
South China[note3]	5,567,900	22.56	4,716,103	19.71	18.06	2.85
West China[note4]	394,204	1.60	120,311	0.50	227.65	1.10
Export	1,455,404	5.89	2,696,808	11.27	(46.03)	(5.38)
Total	24,683,638	100	23,926,991	100	3.16	-

Notes: 1. East China includes Jiangsu province, Zhejiang province, Fujian province and Shanghai city;
2. Central China includes Anhui province, Jiangxi province and Hunan province;
3. South China includes Guangdong province and Guangxi province;
4. West China includes Sichuan province, Chongqing city and Gansu province.

East China Market: The NDP production capacity of this region, as compared to the national NDP production capacity of the whole country, is the highest in the country. In 2009, the demand for cement saw a steady growth. As there was only a slight increase in the production capacity of cement, the balance between supply and demand moved in favour of the Group. The Group actively expanded its market for key engineering projects, and was able to secure a number of key engineering projects such as Xiangshan Gang Bridge in Zhejiang, Shanghai-Chongming Cross-River Expressway and Beijing-Shanghai Express Railway. The Group's sales volume in the region rose by 9.87% on a year-on-year basis and accounted for 41.63% of the Group's total sales volume.

Central China Market: Under the Strategy for Central China Development implemented by the PRC, fixed assets investment increased steadily, and infrastructure and rural projects accounted for a higher proportion. and the demand for cement was healthy. During the Reporting Period, four cement / clinker production lines of Shuangfeng Conch and Hunan Conch which was established in this region by the Group were put into operation smoothly. The Group's sales volume in the region rose by 38.99% on a year-on-year, and accounted for 29.54% of the Group's total sales volume.

South China Market: With a relatively larger number of infrastructure construction projects and a growth of new construction areas of the real estate industry, demands for cement rose at a steady pace. During the Reporting Period, the Group actively capitalized on the opportunities arising from the recovery of the South China market, which experienced sustaining growth in both sales volume and prices, thereby achieving a more than satisfactory results. The Group's sales volume in the region rose by 29.16% on a year–on-year basis, and accounted for 20.87% of the Group's total sales volume.

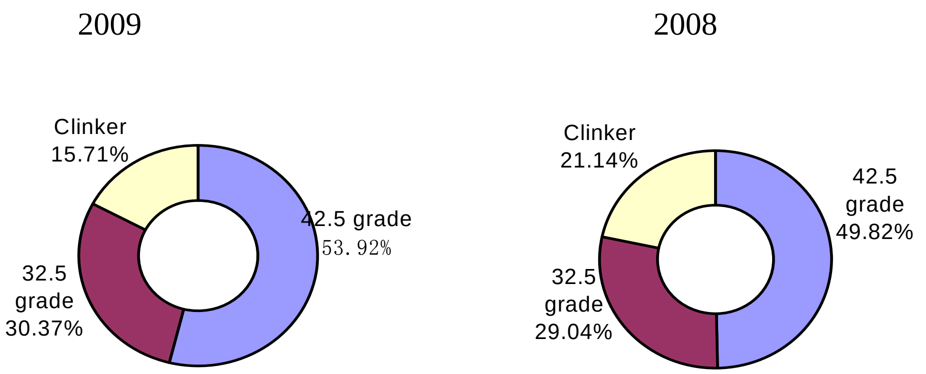
West China Market: The State stepped up its efforts in the large-scale development of West China and expedited the pace of reconstruction in the disaster-affected areas in this region. Fixed assets investment saw a relatively fast growth, driving substantial growth in the demand for cement. During the Reporting Period, the Group accelerated the pace of construction of the projects in Sichuan, Chongqing, Gansu and Shaanxi. The 5,000 tonnes/day ("t/d") clinker production line of Pingliang Conch commenced operation in November 2009. The Group also fully leveraged on its competitive strength in logistics to expand the West China market. These efforts enabled the Group to achieve a substantial growth in the sales volume in the western region, with a year-on-year growth of 280.16%. The sales volume in the region accounted for 1.82% of the Group's total sales volume.

International Market: Due to a decline in cement demand in the international market, the total export volume of the Group for 2009 decreased by 41.18% on a year-on- year basis. However, as export volume only accounted for 6.14% of the Group's total sales volume, such decline did not have any material effect on the overall operating results of the Group.

Sales by types of products

During the Reporting Period, due to an increase in the proportion attributable to key engineering projects, the proportion of sales amount attributable to 42.5 grade cement rose by 4.1 percentage points. Moreover, the Group's cement grinding projects were successively put into operation, boosting the demands for clinker. The Group's sales volume of clinker sold to third parties decreased, bringing about a year-on-year decline in the proportion of sales amount of clinker by 5.43 percentage points.

Percentage of sales by type of products



Production Operation Overview

By conducting in-depth research in the NDP production knowhow, the Group continued innovating and improving design, which fostered the structural reform of the cement industry and enhanced general upgrading of the industry and conservation of energy and reduction of pollutant emission. In 2009, the Group improved its knowhow and production process and also enhanced the efficiency of the production lines by conducting 90 energy-conservation and technological upgrading projects. The total production volume of clinker for the year reached 95.03 million tonnes, representing a year-on-year growth of 16.34%, while the total production volume of cement amounted to 96.80 million tonnes, representing a year-on-year increase of 25.53%. The Group's major operating indicators were improved with a reduction in production costs, and a stronger profitability of the Group's products was experienced..

The Group has been pursuing recycling economy on a sustainable basis, and giving support to the construction of the residual heat electricity generation projects. During the year, construction of 6 sets of residual heat electricity generation units of subsidiaries, such as Yiyang Conch and Shimen Conch, were successively completed and put into operation. As at the end of the Reporting Period, the Company had a total of 30 sets of residual heat electricity generation units with an installed capacity of 493MW. During the Reporting Period, the amount of residual heat generated electricity was 3,210 million kwh, which when compared with similar scale of fire-generated electricity represented a conservation of consumption of 1.30 million tonnes of standard coal and a reduction in emission of 2.60 million tonnes of carbon dioxide. This not only helped lower electricity costs, but also created relatively positive impact on the society.

Profit Analysis

Major items in the income statement prepared in accordance with the PRC Accounting Standards

Item	Amount		Change from that of the corresponding period last year (%)
	2009 (RMB'000)	2008 (RMB'000)	
Revenue from principal activities	24,683,638	23,926,991	3.16
Operating Profit	4,260,155	2,987,143	42.62
Profit before taxation	4,476,543	3,245,749	37.92
Net profit attributable to equity shareholders of the Company	3,544,365	2,607,012	35.96

During the Reporting Period, the Group's profit from operations amounted to about RMB4,260.16 million, representing a year-on-year increase of 42.62%; its net profit attributable to equity shareholders of the Company increased by 35.96% on a year-on-year basis. Such increases were primarily attributable to the increase in sales volume of its products and also the lowering of costs.

2009 gross profit margin by type of products and year-on-year comparison

Product	Revenue from principal activities (RMB'000)	Costs of principal activities (RMB'000)	Gross profit margin for the Reporting Period (%)	Gross profit margin for the same period last year (%)	Year-on-year change of gross profit margin (percentage point)
42.5 grade cement	13,309,552	9,672,802	27.32	22.84	4.48
32.5 grade cement	7,497,483	5,036,668	32.82	32.32	0.50
Clinker	3,876,603	2,889,935	25.45	20.53	4.92
Total	24,683,638	17,599,405	28.70	25.10	3.60

(Note: The above mentioned 42.5 grade cement includes cement of grade 42.5 and above)

In 2009, the Group's consolidated gross profit margin was 28.70%, representing a year-on-year increase of

3.60 percentage points. The profitability of all types of products gradually increased. The gross profit margin of clinker grew by 4.92 percentage points, while that of 42.5 grade cement and 32.5 grade cement rose by 4.48 and 0.50 percentage points respectively. During the Reporting Period, the increase in the gross profit margin of products was mainly attributable to the following factors: by further leveraging the advantages of centralized procurement and fully utilizing the strengths and resources of its regional operations, and optimizing the allocation of logistic resources, the Group was able to reduce significantly its purchasing costs of raw materials (such as coal). Further, the Group in recognition of the trend of market demands increased its product prices on a timely basis. It also continued enhancing its operating management and maintained its operations at high efficiency.

Changes in major expense items prepared in accordance with the PRC Accounting Standards

Expenses for the period	2009 Amount (RMB'000)	2008 Amount (RMB'000)	As a percentage to revenue from principal activities for the Reporting Period (%)	As a percentage to revenue from principal activities for the same period last year (%)	Change in the percentage to revenue from principal activities (percentage point)
Selling expenses	**1,419,569**	**1,366,425**	**5.75**	**5.71**	**0.04**
Administrative expenses	**976,170**	**841,233**	**3.95**	**3.52**	**0.43**
Financial expenses (net)	**356,469**	**751,236**	**1.45**	**3.14**	**(1.69)**
Total	**2,752,208**	**2,958,894**	**11.15**	**12.37**	**(1.22)**

During the Reporting Period, the above three expense items (i.e. selling expenses, administrative expenses and financial expenses) of the Group in aggregate accounted for 11.15% of the revenue from principal activities, representing a year-on-year decrease of 1.22 percentage points.

During the Reporting Period, the Group repaid part of the mature loans. Through the issuance of bank acceptance bills of RMB2,148 million and commercial acceptance bills of RMB660 million, the Group effectively controlled its costs of capital, with a year-on-year decrease in financial expenses as a percentage to revenue from principal activities of 1.69 percentage points.

Financial Position
Assets and Liabilities Structure

Changes in assets and liabilities prepared in accordance with the PRC Accounting Standards

Item	2009 (RMB'000)	2008 (RMB'000)	Change as at the end of the Reporting Period to those as at the beginning of the year (%)
Fixed assets	25,609,417	22,435,101	14.15
Current and other assets	21,539,081	20,097,022	7.18
Total assets	47,148,498	42,532,123	10.85
Current liabilities	12,073,311	11,174,234	8.05
Non-current liabilities	5,772,307	6,089,682	(5.21)
Minority interests	543,241	471,543	15.20

Equity attributable to shareholders of the Company	28,759,639	24,796,664	15.98
Total liabilities and shareholders' equity	47,148,498	42,532,123	10.85

During the Reporting Period, the Group's financial structure remained to be sound and healthy. Its gearing ratio was 37.85% calculated in accordance with the PRC Accounting standards, down 2.74 percentage points as compared with that at the end of the previous year. Such decrease was mainly due to satisfactory business operations of the Company, repayment of mature bank loans and increase in profitability.

As at 31 December 2009, the Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB47,148.50 million, representing an increase of 10.85% as compared with that at the end of the previous year; equity attributable to shareholders of the Company amounted to RMB28,759.64 million, representing a growth of 15.98% as compared with that at the end of the previous year; net assets per share attributable to shareholders of the Company was RMB16.28, representing an increase of 15.98% as compared with that at the end of the previous year.

As at 31 December 2009, the Group's fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB25,609.42 million, representing an increase of 14.15% as compared with that at the end of the previous year. Such increase was mainly attributable to a re-classification of the projects under construction to fixed assets, after their completion and commencement of production during the Reporting Period. The Company's current and other assets amounted to RMB21,539.08 million, up by 7.18% as compared with that at the end of the previous year.

As at 31 December 2009, the total current assets and total current liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB10,096.94 million and RMB12,073.31 respectively, with a current ratio of 0.84:1 (corresponding period last year: 1.21:1). The Group's total current assets and total current liabilities prepared in accordance with the IFRSs amounted to RMB10,508.86 million and RMB12,073.31 million respectively, with a net gearing ratio of 0.21 (corresponding period last year: 0.16). The decrease in the current ratio was primarily due to higher investment in construction projects by the Company, resulting in increases in both construction in progress and fixed assets, hence a decrease in current assets.

Liquidity and sources of funds

Maturity analysis of bank loans and other borrowings of the Group as at 31 December 2009:

	As at 31 December 2009 (RMB'000)	As at 31 December 2008 (RMB'000)
Due within 1 year	4,183,280	4,795,176
Due after 1 year but within 2 years	1,279,130	2,609,000
Due after 2 years but within 5 years	3,390,310	2,624,000
Due after 5 years	724,182	800,455
Total	9,576,902	10,828,631

As at 31 December 2009, the Group's long-term and short-term borrowings decreased as compared with those of the corresponding period last year, primarily as a result of the repayment of part of the bank loans, which further improved the liability structure.

Analysis of cash flow

Comparison of net cash flow prepared in accordance with the PRC Accounting Standards

	2009 (RMB'000)	2008 (RMB'000)
Net cash flows generated from operating activities	7,029,352	5,266,375
Net cash flows generated from/(used in) investing activities	(7,813,154)	(6,360,020)
Net cash flows generated from/(used in) financing activities	(2,394,532)	6,433,149
Net increase/(decrease) in cash and cash equivalents	(3,178,334)	5,339,504
Balance of cash and cash equivalents at the beginning of the year	6,751,211	1,411,707
Balance of cash and cash equivalents at the end of the year	3,572,877	6,751,211

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB7,029.35 million, representing an increase of RMB1,762.98 million as compared with that of last year. Such increase was mainly due to the increase in both the revenue from operation of the Group and the use of bank acceptance bills and commercial acceptance bills, which reduced expenditure by payment of cash, hence an increase in net cash flows generated from operating activities.

During the Reporting Period, the Group's net cash flows used in investing activities decreased by RMB1,453.13 million as compared with that of last year, which was mainly due to an increase in cash outflow used in investing activities as a result of the Group making greater investments in construction projects.

During the Reporting Period, the Group's net cash flows generated from financing activities decreased by RMB8,827.68 million as compared with that of last year, which was mainly due to a smaller cash inflow arising from financing activities during the Reporting Period as compared with that in 2008, during which proceeds of RMB11,200 million were raised from the public offering of additional A shares.

Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB8,000 million, which was primarily used in the investment in construction of cement and clinker production lines and the residual heat electricity generation projects.

As at 31 December 2009, capital commitments in respect of the purchase of machinery and equipment for production that were committed but had not been provided for in the accounts are set out as follows:

	As at 31 December 2009 (RMB'000)	**As at 31 December 2008 (RMB'000)**
Authorized and contracted for	4,425,361	4,219,590
Authorized but not contracted for	8,705,135	7,685,571
Total	**13,130,496**	11,905,161

Items measured by fair value

In accordance with the relevant requirements of the PRC Accounting Standards, the Group has adopted the market price of assets at the end of the period (i.e. the closing price at the year end) as the fair value of available-for-sale equity securities. For the available-for-sale equity securities with trading restrictions which were acquired under agreements, the Group will measure their values by assessment. As at the end of the Reporting Period, the fair value movement of the above assets was recognized in capital reserve (for details, please refer to notes 2 (9) and 5 (8) to the financial statements prepared in accordance with the PRC Accounting Standards). For details of the risk analysis of financial instruments, please refer to the other material matters (2) under note 10 to the financial statements prepared in accordance with the PRC Accounting Standards. During the Reporting Period, there was no major change in the measurement of the major assets of the Group.

Item **(1)**	**Amount as at the beginning of the period (RMB'000) (2)**	**Profit/loss arising from the fair value movement for the period (RMB'000) (3)**	**Accumulated fair value movement recognized in equity (RMB'000) (4)**	**Impairment recognized as profit or loss for the period (RMB'000) (5)**	**Amount as at the end of the period (RMB'000) (6)**
Financial assets					
Of which: 1. Financial assets at fair value through profit or loss	-	-	-	-	-
Of which: Derivative financial assets	-	-	-	-	-
2. Available-for-sale financial assets	1,201,757	1,182,409	1,170,188	-	2,343,992
Financial assets sub-total	1,201,757	1,182,409	1,170,188	-	2,343,992

Financial assets and financial liabilities denominated in foreign currency

Item **(1)**	**Amount as at the beginning of the period (RMB'000) (2)**	**Profit/loss arising from the fair value movement for the period (RMB'000) (3)**	**Accumulated fair value movement recognized in equity (RMB'000) (4)**	**Impairment recognized as profit or loss for the period (RMB'000) (5)**	**Amount as at the end of the period (RMB'000) (6)**
Financial assets					
Of which: 1. Financial assets at fair value through profit or loss	-	-	-	-	-
Of which: Derivative financial assets	-	-	-	-	-
2. Loans and receivables	80,803	-	-	-	49,278
3. Available-for-sale financial assets	-	-	-	-	-
4. Investment held to maturity	-	-	-	-	-
Financial assets sub-total	80,803	-	-	-	49,278
Financial liabilities					
Of which: 1. Financial liabilities carried at amortised cost	-	-	-	-	76,849
Financial liabilities sub-total	-	-	-	-	76,849

Note: During the Reporting Period, the assets denominated in foreign currency held by the Group were mainly US Dollar-denominated assets which included receivables and bank deposits, equivalent of RMB49.28 million and RMB14.31 million respectively; the Group's financial liabilities denominated in foreign currency were mainly US Dollar-denominated liabilities which included advance from customers and short-term loans, equivalent toRMB11.13 million and RMB65.72 million respectively (please refer to note 10(4) to the financial statements prepared in accordance with the PRC Accounting Standards for details). The foreign currency transactions conducted during the Reporting Period were translated at the rate of the date of transaction; and translated at the rate on the balance sheet date as at the end of the year. The exchange difference was recognized in the profit or loss for the period. (Please refer to note 2(8) to the financial statements prepared in accordance with the PRC Accounting Standards for details).

Outlook for 2010

In 2010, the PRC government will maintain continuity and stability in its macro-economic policies, and continue to pursue proactive fiscal policies and appropriate easing monetary policies. By stimulating the consumption demand of local residents, encouraging energy savings and emission reduction, accelerating the economic transition and adjusting and improving the economic structure, the PRC government aims to ensure a rapid but stable development of its national economy and maintain a GDP growth rate of about 8%.

In 2010, in connection with the RMB4 trillion stimulus package, numerous infrastructure projects, (including express railways, airports, nuclear power plant and large-scale water facilities) will reach the peak phase of construction. Besides, the State implemented a series of policies and measures including the promotion of low income housing, the shantytown redevelopment projects, expansion of the scope of the pilot project on renovating dilapidated housings in rural areas, and the "Building Materials Subsidy Policy for Rural Villages". These will stimulate robust domestic demands for cement. In the international market, demand for cement is also expected to grow in line with the stable recovery of the global economy and the revitalization of the construction market.

In addition, the promulgation and implementation of the Guo Fa No. 38 Document will substantially raise the entry barrier of the cement industry, effectively check the irrational investments in the cement industry and slow down the overgrowth of production capacity, hence ensuring healthy development of the cement industry. The National Development and Reform Commission plans to eliminate 50 million tonnes of obsolete cement production capacity in 2010, which will in turn optimize the structure of the cement industry and gradually increase industry concentration. The imbalance of demand and supply will gradually improve. The implementation of the above policies will help create a favourable business environment for large enterprises. The Group, as a leading enterprise in the cement industry, will be benefitted from such policies in the long run.

In 2010, the Group will pursue project construction in a proactive yet prudent manner in line with the relevant industrial policies on the cement industry issued by the State. After the completion of the construction of a 5,000 t/d cement and clinker production line at subsidiaries, such as Dazhou Conch Cement Co., Ltd.("Dazhou Conch"), Chongqing Conch, Qianyang Conch Cement Co., Ltd. ("Qianyang Conch") and Liquan Conch in West China, the Group will begin the construction of three 12,000 t/d cement and clinker production lines at subsidiaries, such as Wuhu Conch Cement Co., Ltd. and Anhui Tongling Conch Cement Co., Ltd. ("Tongling Conch"). In addition, in response to the requirement of the State for optimising industry structure, the Group will actively identify and acquire suitable projects when it considers appropriate, in order to stimulate rapid and healthy development of the Company. In 2010, the Group's plans to allocate approximately RMB10 billion for capital expenditure, which will be primarily financed by its internal resources, part of the proceeds arisen from the public offering of new A shares and bank loans. It is expected that the clinker production capacity and cement production capacity will increase by approximately 28.80 million tonnes and 50 million tonnes respectively.

In the aspects of energy conservation and environmental protection, the Group will continue to proactively participate in the investment in residual heat electricity generation projects. The Group will speed up the construction progress of the residual heat generation projects ancillary to clinker production lines, with the aim of putting them into operation as soon as practicable. In 2010, the Group plans to have approximately 15 sets of residual heat electricity generation units put into operation with in aggregate new installed capacity of 162MW. In addition, Tongling Conch's project of cement kiln for urban waste treatment was put into trial operation in March 2010, and about 600 tonnes of urban wastes were treated on a daily average basis. This project not only attains economic benefits but is also beneficial to the society at large.

In the aspects of operation and management, in 2010, the Group will further improve the sales mix of each region to further expand its market share and profitability; it will constantly fine-tune and broaden the procurement channels of raw materials such as coal and composite materials to reduce purchasing costs. The Group will also further improve its management structure, define the roles and responsibilities of the Company's headquarters, regional management committee and subsidiaries, and improve various professional management control systems of the Company; afford attention to provision of professional skill training to employees; improve its incentive mechanism; and strengthen the Company's management and control ability and risk control ability, and further enhance quality control in its operations.

We believe there will be more opportunities than challenges for the cement industry in 2010. We will strive to seize these opportunities, effectively perform our management work, and add value for our shareholders.

The management of the Company would like to take this opportunity to express our sincere gratitude to shareholders and different sectors in the society for their long-term support to the development of the Company.

VII. Report of the Directors

1. PROFIT APPROPRIATION PROPOSAL

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRS respectively, the Group's profit attributable to equity shareholders for year 2009 amounted to RMB3,544.37 million and RMB3,505.94 million respectively. The Board of the Company proposed the appropriation of the profit for the year ended 31 December 2009 as follows:

(1) Pursuant to the requirements of the Articles of Association of the Company, it is proposed that based on the statutory accounts prepared in accordance with the PRC Accounting Standards, 10% of the net profit after tax shall be allocated to the statutory surplus reserve of the Company, which amounted to approximately RMB287.14 million.

(2) Based on the Company's total number of 1,766,434,193 outstanding shares in its share capital as at 31 December 2009, the payment of a final dividend of RMB0.35 per share (tax inclusive) is proposed, totaling approximately RMB618.25 million.

(3) Allot and issue 10 new shares for every 10 outstanding shares held by existing Shareholders from capital reserve to share capital. After such bonus issue, the Company's capital reserve will decrease from RMB15,065.05 million to RMB13,298.62 million.

The timetable and other related details concerning the proposed issue to Shareholders of new shares from the capital reserve—share premium will be set out in an announcement to be issued by the Company. In respect of the H shares to be issued in such connection, application for listing approval from the HK Stock Exchange will be made in due course.

After the implementation of the above-mentioned profit appropriation proposal (if approved), the total share capital of the Company would increase from 1,766,434,193 shares to 3,532,868,386 shares. At the same time, it will be proposed to shareholders in general meeting to grant authority to the Board to handle the relevant matters that may arise from the change of registered capital of the Company as a result of the implementation of the profit appropriation proposal for the year 2009, such as increase in registered capital, amendments to the Articles and changes in particulars for industry and commerce registration.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the annual general meeting for year 2009.

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2009.

According to the Corporate Income Tax Law of the People's Republic of China 《中華人民共和國企業所

得稅法》 and the relevant implementation rules which came into effect on 1 January 2008, and the Notice on Issues relating to Withholding and Payment of Enterprise Income Tax by Chinese Resident Enterprise over Dividends Distributable to their Holders of H-Shares. Who are Overseas Non-resident Enterprises (Guoshuihan No. 897 [2008])《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》promulgated by State Administration of Taxation on 6 November 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing the final dividend to non-resident corporate shareholders whose names appear on the H Shares register of members of the Company. Any H Shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident corporate shareholders. Accordingly, the dividend to which they are entitled will be subject to the withholding of the enterprise income tax.

Shareholders and investors should peruse the above contents carefully. If shareholders' name appears on the register of holder of H shares, please make enquiries with your nominees or trust organization for details of the relevant arrangements. The Company is not obliged to confirm the identities of Shareholders. The Company will strictly comply with the law, and withhold and pay the enterprise income tax on behalf of the relevant shareholders based on the register of holders of H Shares of the Company as of the date of closure of such register for the 2009 annual general meeting (please refer to the notice of 2009 annual general meeting published by the Company for details). The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any errors in the identity of the shareholders.

2. MAJOR INVESTMENT PROJECTS DURING THE REPORTING PERIOD

1. Use of proceeds raised from public issue of shares in 2008 and progress of investment projects during the Reporting Period

In 2008, the total proceeds raised from public issue of shares amounted to RMB11,476 million. Net proceeds after deducting issuing expenses amounted to RMB11,282.06 million. During the Reporting Period, use of proceeds ("Proceeds"), progress of the investment projects ("Investment Projects") and gains arising therefrom were set out as follows:

(RMB'000)

Item	Description of Project	Progress	Committed investment amount	Actual amount of fund used	Gain from project
1	2×4,500t/d cement and clinker production lines project of Digang Conch	In operation	702,210	702,210	137,090
2	4×4,500t/d cement and clinker production lines project of Chizhou Conch	Two in operation Two under construction	1,530,180	904,640	95,630
3	2×4,500t/d cement and clinker production lines project of Yiyang Conch	One in operation One under construction	1,185,960	742,270	32,780
4	5,000t/d cement and clinker production line project of Shimen Conch	In operation	529,080	500,000	57,820
5	4,500t/d cement and clinker production line project of Fusui Conch	In operation	333,680	292,160	122,220
6	4,000t/d cement and clinker production line project (phase one) of Beiliu Conch	In operation	453,200	322,970	173,600
7	2×18MW residual heat electricity generation project of Wuhu Conch	In operation	262,730	176,780	139,850
8	The 1st set of residual heat electricity generation unit of	In operation	88,190	88,190	67,080

	2×18MW residual heat electricity generation project of Xuancheng Conch				
9	2×18MW residual heat electricity generation project of Chizhou Conch	One in operation One under construction	262,770	92,190	56,150
10	18MW residual heat electricity generation project of Digang Conch	In operation	132,920	85,000	59,010
11	12MW residual heat electricity generation project of Baimashan Cement Plant of Anhui Conch Cement Co., Ltd.	In operation	93,540	56,340	41,020
12	18MW residual heat electricity generation project of Huaining Conch	In operation	131,650	120,600	73,240
13	16.3MW and 30.5MW residual heat electricity generation projects of Tongling Conch	In operation	371,460	339,610	166,230
14	11.6MW and 17MW residual heat electricity generation projects of Chizhou Conch	In operation	216,530	185,640	103,990
15	15MW and 18.5MW residual heat electricity generation projects of Zongyang Conch	In operation	275,060	269,230	115,790
16	18MW residual heat electricity generation project of Beiliu Conch	In operation	133,020	78,670	30,110
17	18MW residual heat electricity generation project of Fusui Conch	In operation	133,030	77,850	42,210
18	18MW residual heat electricity generation project of Xing’an Conch	In operation	133,040	79,810	46,360
19	18MW residual heat electricity generation project of Shuangfeng Conch	In operation	130,000	87,210	44,450
20	24MW residual heat electricity generation project of Zhongguo Cement Co., Ltd.	In operation	175,130	100,010	87,260
21	4,500t/d cement and clinker production line project of Shuangfeng Conch	In operation	433,100	329,980	100,530
22	4,000t/d cement and clinker production line project of Hunan Conch	In operation	406,000	346,070	46,570
23	4,000t/d cement and clinker production line project of Xing’an Conch	In operation	378,360	260,490	98,390
24	4,500t/d cement and clinker production line project (phase two) of Beiliu Conch	In operation	277,220	246,150	42,730
25	18MW residual heat electricity generation project of Shimen Conch	In operation	130,000	69,990	17,760
26	18MW residual heat electricity generation project of Zongyang Conch	In operation	132,970	62,280	500
27	9.1MW residual heat electricity generation project of Hunan	In operation	65,000	44,820	8,580

	Conch				
28	The spare parts processing centre project of Anhui Conch Machinery & Electric Co., Ltd. ("Conch M & E")	In operation	330,000	132,080	4,090
29	The new dry-process kiln for urban waste treatment project of Tongling Conch	Under construction	154,340	100,110	-
30	The energy conservation technology upgrade project of the Company	Completed	38,445.0	15,500	37,490
31	The optimization of financial structure and repayment of bank loans project	Repaid	2,000,000	1,998,000	56,970
	Total		**11,618,820**	**8,906,820**	**2,105,500**

Note: The gain from projects listed above represents the total profit generated from the relevant project in the Reporting Period.

In response to the government's requirements on accelerating the construction of the disaster area, the Company contributed to the construction and development of the disaster area. As approved in the first extraordinary general meeting for 2009, the class meeting for holders of H Shares and the class meeting for holders of A Shares held on 17 February 2009, the Company changed the original plan in the investment projects of 2×18MW residual heat electricity generation project of Prosperity Conch Cement Co., Ltd. ("Prosperity Conch") and the second set of the 2×18MW residual heat electricity generation project of Xuancheng Conch. The above projects were no longer funded by the Proceeds and the Company has applied the relevant portion of the Proceeds and the balance of unused Proceeds in the total sum of RMB1,201.23 million in the following projects. The change in the use of the Proceeds has accelerated the development of the projects of western regions, and has enhanced the efficiency in utilization of the Company's fund. Details are set out as follows:

(Unit: RMB'000)

Item	**Description of proposed investment projects**	**Progress of the project**	**Total investment of the project**	**Investment amount funded by the Proceeds**	**Actual amount of fund used**
1	Project of 4,500t/d cement and clinker production line (phase one), 2.20 million tonnes cement grinding and 18MW residual heat electricity generation unit of Chongqing Conch	Under construction	903,700	300,000	300,000
2	Project of 4,500t/d cement and clinker production line (phase one), 2.20 million tonnes cement grinding and 18MW residual heat electricity generation unit of Dazhou Conch	Under construction	787,850	300,000	300,000
3	Project of 4,500t/d cement and clinker production line (phase one), 2.20 million tonnes cement grinding and 18MW residual heat electricity generation unit of Guangyuan Conch	Under construction	716,170	300,000	300,000
4	Project of 4,500t/d cement and clinker production line (phase one), 2.20 million	In operation	767,250	300,000	300,000

	tonnes cement grinding and 9MW residual heat electricity generation unit of Pingliang Conch				
	Sub-total	**-**	**3,174,970**	**1,200,000**	**1,200,000**
5	Repayment of bank loans	-	-	1,230	
	Total	-	3,174,970	1,201,230	1,200,000

For details of the change in the use of part of the Proceeds and the use of the remaining Proceeds, please refer to the announcement published on the website of the Stock Exchange on 31 December 2008 and the relevant announcements published on Shanghai Securities Journal, the SSE website and the Company's website on 5 January 2009.

2. Major investment projects not applying the Proceeds during the Reporting Period

(Unit: RMB'000)

Item	**Description of investment projects**	**Progress of the project**	**Capital used during the Reporting Period**	**Gain from project**
1	Project of the 2x4,500 t/d clinker production lines (phase four) of Zongyang Conch	In operation	488,420	11,510
2	Project of the 4,500 t/d clinker production line, 9MW residual heat electricity generation unit and 2.00 million tonnes cement grinding of Quanjiao Conch	Under construction	443,670	
3	Project of the 2x5,000 t/d clinker production lines (phase one), 18MW residual heat electricity generation unit and 2.20 million tonnes cement grinding of Guangdong Qingxin Cement Co., Ltd. ("Qingxin Cement")	Partially in operation	602,190	-4,350
4	Project of the 4,500 t/d clinker production line, 9MW residual heat electricity generation unit and 2.20 million tonnes cement grinding of Qianyang Conch	Under construction	300,790	
5	Project of the 2x4,500 t/d clinker production lines, 18MW residual heat electricity generation unit and 4.40 million tonnes cement grinding of Liquan Conch	Under construction	305,810	
6	Project of the 4,500 t/d clinker production line and 9MW residual heat electricity generation unit of Linxiang Conch	Under construction	434,320	
7	2.20 million tonnes cement grinding project of Taizhou Yangwan Conch Cement Co., Ltd.	In operation	224,700	
8	Project of the 3.20 million tonnes cement grinding and ancillary terminal of Jiangxi Ganjiang Conch Cement Co., Ltd.	Under construction	233,210	
9	Project of the 2.00 million tonnes cement grinding and ancillary terminal of Foshan Conch Cement Co., Ltd.	Under construction	176,620	
10	Project of the 4.40 million tonnes	Under	140,980	

	cement grinding and ancillary terminal of Xiangshan Conch Cement Co., Ltd.	construction		
	Total		3,350,710	7,160

Note: 1. As the 2x5,000 t/d clinker production lines of Qingxin Cement commenced operation at the end of December 2009 and were under trial operation, it recorded a slight loss due to under utilization.
2. The gain from projects listed above represents the total profit generated from the relevant project in the Reporting Period.

VIII. Significant Events

(1) MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any litigation or arbitration which has a material impact on the Group's business operations, nor was any of the Directors, Supervisors or members of senior management of the Company involved in any material litigation or arbitration.

(2) SHAREHOLDINGS IN OTHER LISTED COMPANIES AND TRADING OF SHARES OF OTHER LISTED COMPANIES

Pursuant to the approval and authorization given by the Board, the Company utilized some of its disposable funds for making strategic investment in a few PRC listed companies in the cement industry with competitive strengths and growth potential. In 2008, the Company successively acquired shares in Jidong Cement, Tongli Cement, Huaxin Cement and Fujian Cement through the secondary market. During the Reporting Period, the Company disposed of all the equity interests which it held in each of Huaxin Cement and Fujian Cement, and purchased 2,175,883 additional shares in Jidong Cement, after taking into account the changes in securities market and the Company's judgment on the long-term investment value of the relevant stocks.

As at the end of the Reporting Period, the Company continued to hold 39,385,700 shares in Chaodong Cement. These shares were acquired by agreement in 2007.

During the Reporting Period, the Group made a short-term investment in the shares of six companies including Qingsong Material Building and Chemical Industry and Xishan Coal & Electricity through the secondary market. As at the end of the Reporting Period, the shares in these six companies were all disposed of.

Details of the Company's shareholdings in and trading of shares of other listed companies are set out as follows:

1. Shareholdings in other listed companies:

Stock code	Short name	Initial acquisition cost (RMB)	Proportion of equity interest held by the Company (%)	Carrying amount as at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)	Change in equity during the Reporting Period (RMB)
600318	Chaodong Cement	98,019,695	16.28	302,887,849	-	181,579,893
000401	Jidong Cement	1,036,222,821	8.40	1,965,514,200	9,966,423	951,337,198
000885	Tongli Cement	44,349,667	2.12	75,590,361	262,190	43,668,190
600801	Huaxin Cement	33,241,210	-	-	3,604,952	(493,008)
600802	Fujian Cement	29,645,880	-	-	2,167,412	6,316,408
Total		**1,241,479,273**	**-**	**2,343,992,410**	**16,000,977**	**1,182,408,681**

Note: The above shares held by the Company were recorded in the item of "Available-for-sale equity securities".

2. Trading of shares in other listed companies:

Stock code	Short name	No. of shares held at the beginning of the Reporting Period	No. of shares purchased during the Reporting Period	No. of shares disposed of during the Reporting Period	No. of shares held at the end of the Reporting Period	Fund utilized (RMB)	Investment income (RMB)
600425	Qingsong Building	-	115,000	115,000	-	1,342,978	155,586
000983	Xishan Coal and Electricity	-	50,000	50,000	-	659,445	78,599
600162	Heungkong Holding	-	50,000	50,000	-	273,211	76,438
601169	Bank of Beijing	-	20,000	20,000	-	223,377	16,560
000789	Jiangxi Cement	-	30,000	30,000	-	226,064	13,196
600720	Qilianshan	-	40,000	40,000	-	430,413	6,020
Total		-	305,000	305,000	-	3,155,488	346,399

Note: The shares in the above companies held by the Group were recorded in the item of "Securities held for trading".

(3) ACQUISITIONS OF MATERIAL ASSET
During the Reporting Period, the Company did not acquire any material assets.

(4) MATERIAL CONNECTED TRANSACTIONS
1. Connected transactions in the course of ordinary operation or continuing connected transactions

(1) Use of trademark
On 23 September 1997, the Company and its holding company, Conch Holdings entered into the trademark licensing agreement ("Trademark Licensing Agreement"), pursuant to which the Company may use the trademarks (including trademarks such as "海螺" and "Conch") on permitted products in permitted regions during the period as set out in the Trademark Licensing Agreement. The validity period of the Trademark Licensing Agreement shall be the same as the validity period of the permitted trademarks, and should the validity period of permitted trademarks be extended, the term of the Trademark Licensing Agreement in respect of the trademarks shall be extended automatically. Pursuant to Trademark Licensing Agreement, the Company is required to pay to Conch Holdings RMB1.513 million per annum for the use of the permitted trademarks. The Group paid the relevant annual fee to Conch Holdings for the use of the permitted trademarks during the Reporting Period. Pursuant to the Listing Rules of the Stock Exchange and the Rules Governing the Listing of Stocks on the SEE ("Listing Rules of the SSE"), the connected transaction was not subject to the announcement and the independent shareholders' approval requirements.

(2) Transactions with Longshan Cement - Procurement of clinker
On 3 July 2008, as approved by the Board of the Company, Jiangmen Conch Cement Co., Ltd. ("Jiangmen Conch"), a wholly-owned subsidiary of the Company, and Yingde Longshan Cement Co., Ltd. ("Longshan Cement") entered into a clinker procurement agreement ("Clinker Procurement Agreement") for the procurement of clinker by Jiangmen Conch from Longshan Cement. The validity period of the agreement commenced from 1 January 2008 and expired on 31 December 2010.

Longshan Cement is wholly owned by Prosperity Cement Investment Limited ("Prosperity Cement"). Each of Longshan Cement and Prosperity Cement is an associate of Prosperity Minerals (International) Limited ("Prosperity Minerals"), as Longshan Cement, Prosperity Cement and Prosperity Minerals are fellow subsidiaries of the same common holding company. Prosperity Minerals is a substantial shareholder of Prosperity Conch (which holds 25% of its equity interest), and a non wholly-owned subsidiary of the Company (which holds the remaining 75% of Prosperity Conch's equity interest). Under the Listing Rules of the Stock Exchange, Longshan Cement is a connected person of the Company and the above-mentioned transaction constitutes a continuing connected transaction. As Mr. Wu Jianping, an executive director of the Company, serves as a director and general manager of Longshan Cement, under the listing rules of the SSE, Longshan is a connected person of the Company; and accordingly the above transaction constitutes a connected transaction.

The purchase price of clinker was determined with reference to market prices, and after negotiation between the Group and Longshan Cement, which purchase price shall not be higher than that offered to other independent customers by Longshan Cement. During the Reporting Period, Jiangmen Conch mainly considered the cost, product quality, market demand and the price of similar products offered by other third parties in the same area in determining whether it would procure clinker from Longshan Cement or other independent suppliers.

During the Reporting Period, the purchase price for clinker procured from Longshan Cement by Jiangmen Conch was paid from its working capital on a monthly basis. During the Reporting Period, Jiangmen Conch procured clinker from Longshan Cement for an amount of RMB82.40 million, which did not exceed the annual procurement cap of RMB100.00 million as prescribed under the Clinker Procurement Agreement.

Please refer to the announcements of the Company dated 3 July 2008 (published on the website of the Stock Exchange and the website of the Company) and dated 4 July 2008 (published on the SSE website and Shanghai Securities Journal) for details. Such continuing connected transaction was not subject to the approval of independent shareholders in general meeting.

(3) Transactions with Longshan Cement – Mutual procurement of spare parts and production ancillary materials

On 3 July 2008, as approved by the Board of the Company, Prosperity Conch, a subsidiary of the Company, and Longshan Cement entered into a spare parts and production ancillary materials procurement agreement ("Spare Parts and Production Ancillary Materials Procurement Agreement") in relation to the mutual procurement of spare parts and production ancillary materials between Prosperity Conch and Longshan Cement. The term of the agreement commenced from 1 January 2008 and expired on 31 December 2010.

The prices of spare parts and production ancillary materials offered by Prosperity Conch and Longshan Cement respectively were the prices they procured from their respective suppliers.

During the Reporting Period, the purchase price for spare parts and production ancillary materials mutually procured between Prosperity Conch and Longshan Cement was settled by their respective working capital on a monthly basis. During the Reporting Period, the procurement amount for spare parts and production ancillary materials by Prosperity Conch from Longshan Cement was RMB5.40 million; and the procurement amount for spare parts and production ancillary materials by Longshan Cement from Prosperity Conch was RMB7.56 million, neither of which exceeded the annual transaction cap of RMB20 million as prescribed under the Spare Parts and Production Ancillary Materials Procurement Agreement.

Please refer to the Company's announcements dated 3 July 2008 (published on the website of the Stock Exchange and the website of the Company) and dated 4 July 2008 (published on the SSE website and Shanghai Securities Journal) for details. Such continuing connected transactions were not subject to the approval of independent shareholders in general meeting.

(4) Transactions with Chaohu Haichang - Procurement of clinker

On 1 June 2009, as approved by the Board of the Company, the Company and Chaohu Haichang Cement Company Limited ("Chaohu Haichang") entered into a clinker supply agreement pursuant to which the Company indicated its proposal to procure 290,000 tonnes of clinker from Chaohu Haicahng to grind into cement for sales to the customers of the Group. The total contract value was RMB58 million.

Chaohu Haichang is a wholly-owned subsidiary of Chaodong Cement. Chaohu Haichang, Chaodong Cement and Prosperity Minerals (see item 2 above) are fellow subsidiaries under common control. Prosperity Minerals holds 25% equity interests of Prosperity Conch (a non-wholly owned subsidiary of the Company which holds 75% of its equity interests in Prosperity Conch). Under the listing rules of the Stock Exchange, Chaohu Haichang is a connected person of the Company, and therefore such procurement transaction constitutes a connected transaction for such purpose. Under the listing rules of the SSE, the Company and Chaohu Haichang are not connected parties, and therefore such procurement transaction does not constitute a connected transaction for such purpose.

The purchase price for clinker was mainly determined with reference to clinker quality and the market prices in the same target region and after negotiation between the Company and Chaohu Haichang.

During the Reporting Period, the Group purchased clinker from Chaohu Haichang pursuant to the above clinker supply agreement and the purchase amount was RMB30.57 million. During the Reporting Period, the Group purchased clinker (inclusive of the purchase of the aforesaid clinker) from Chaohu Haichang and paid a total amount of RMB51.87 million.

Please refer to the announcements of the Company dated 1 June 2009 (published on the website of the Stock Exchange and the website of the Company) and dated 2 June 2009 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders in general meeting.

2. Residual heat electricity generation projects

On 1 June 2009, as approved by the Board of the Company, the Company and Anhui Conch Kawasaki Engineering Co., Ltd. ("Conch Kawasaki Engineering") entered into a supply and design of equipment contract, pursuant to which Conch Kawasaki Engineering agreed to provide a whole set of equipment and design services for the construction of residual heat electricity generation projects for certain subsidiaries of the Company. The aggregate contract amount was RMB320.75 million.

Conch Kawasaki Engineering, a sino-foreign equity joint venture enterprise established in the PRC, is owned as to 50% by Conch Venture. Conch Venture was a substantial shareholder of the Company holding approximately 16.3% of the entire issued share capital of the Company. Pursuant to the Listing Rules of the Stock Exchange as at the date of entering into the above supply and design of equipment contract, Conch Kawasaki Engineering was an associate of Conch Venture and was therefore a connected person of the Company; as such, the above transaction constituted a connected transaction for such purpose. On 28 July 2009, Conch Venture ceased to be a substantial shareholder of the Company pursuant to the Listing Rules of the Stock Exchange, as its equity interest in the Company fell below 10%. For such reasons, the above transaction ceased to constitute a connected transaction. Mr. He Chengfa, a deputy general manager of the Company, serves as the chairman of Conch Kawasaki Engineering, and pursuant to the Listing Rules of the SSE, Conch Kawasaki Engineering is a connected person of the Company; as such, the above transaction constitutes a connected transaction for such purpose.

In respect of the transaction between the Company and Conch Kawasaki Engineering, the purchase price for the equipment is at actual cost plus a certain amount of mark-up by Conch Kawasaki Engineering. The design fee was determined in accordance with the costs of the projects (which were determined mainly by the scale of the projects and the required level of technology), with reference to the prevailing market prices of such services and the price charged by Conch Kawasaki Engineering to other customers and after negotiation between the parties, which price shall not be higher than that offered by Conch Kawasaki Engineering to independent customers.

During the Reporting Period, for the sole purpose of performing the above supply and design of equipment contract, the relevant equipment price and design fee paid to Conch Kawasaki Engineering by the Group amounted to RMB168.18 million. With respect to the performance of related contracts entered into in prior years, the aggregate amount of the relevant equipment price and design fee paid to Conch Kawasaki Engineering during the Reporting Period was RMB396.8 million.

Please refer to the announcements of the Company dated 1 June 2009 (published on the website of the Stock Exchange and the website of the Company) and dated 2 June 2009 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders in general meeting.

3. Purchase of milling equipment

On 1 June 2009, as approved by the Board of the Company, the Company and Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") entered into a milling equipment supply contract, pursuant to which the Company agreed to purchase from Conch Kawasaki Equipment 12 sets of milling equipment to be installed at the clinker production lines of certain subsidiaries of the Company. The total contract price was RMB354 million.

Conch Kawasaki Equipment, a sino-foreign equity joint venture enterprise established in the PRC, is owned as to 50% by Conch Venture. Pursuant to the Listing Rules of the Stock Exchange, as at the date of entering into the above milling equipment supply contract, as Conch Venture was a substantial shareholder of the Company holding approximately 16.3% shares of the Company, and Conch Kawasaki Equipment was an associate of Conch Venture. Conch Kawasaki Equipment constituted a connected person of the Company for such purpose. For such reasons, the above transaction constituted a connected transaction. On 28 July 2009, Conch Venture ceased to be a substantial shareholder of the Company, as its equity interest in the Company fell below 10%. Following such cessation, the above transaction does not constitute a connected transaction. Pursuant to the Listing Rules of the SSE, as Mr. He Chengfa, a deputy general manager of the Company serves as a director of Conch Kawasaki Equipment, Conch Kawasaki Equipment is a connected person of the Company; as such, the above transaction constitutes a connected transaction for such purpose.

The contract price under the milling equipment supply contract was determined by the parties to it in having regard to the costs of the equipment, the prevailing market prices of such equipment, and with reference to the price charged by Conch Kawasaki Equipment to other customers, and such price was provided not to be higher than that offered by Conch Kawasaki Equipment to independent customers.

During the Reporting Period, for the sole purpose of performing the above milling equipment supply contract, the Group paid the relevant equipment supply price of RMB141.2 million to Conch Kawasaki Equipment. In connection with the performance of related contracts entered into in prior years, the total equipment price paid to Conch Kawasaki Equipment during the Reporting Period amounted to RMB284 million.

Please refer to the Company's announcements dated 1 June 2009 (published on the website of the Stock Exchange and the website of the Company) and dated 2 June 2009 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders in general meeting.

4. Design of Cement and Clinker Projects

On 1 June 2009, as approved by the Board of the Company, the Company and Anhui Conch Building Materials Design Centre ("Conch Design") entered into a composite project design contract, pursuant to which Conch Design agreed to provide services including design and technological modification of clinker production lines and grinding mill systems for certain subsidiaries of the Company including Guangyuan Conch. The contract price was RMB46.94 million.

Under the Listing Rules of the Stock Exchange, as Conch Design is a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company, Conch Design is an associate of Conch Holdings and is therefore a connected person of the Company; as such, the above transaction constitutes a connected transaction for such purpose. Under Listing Rules of the SSE, Conch Design is a connected person of the Company; as such, the above transaction constitutes a connected transaction for such purpose.

The design fee was determined by the parties after arm's length negotiation with reference to the Scale Charge for Project Design promulgated by the National Development and Reform Commission and Ministry of Construction in 2002 as well as the project scale, investment amount, scope of design, standard of technology and the prevailing market prices. The design fee was provided to be settled according to project progress.

During the Reporting Period, for the sole purpose of performing of the above composite project design contract, the Group paid the relevant design fee of RMB19.73 million to Conch Design. Taking into account the aforesaid contract and the related contracts made in prior years, the total design fee paid by the Group to Conch Design during the Reporting Period amounted to RMB31.99 million.

Please refer to the announcements of the Company dated 1 June 2009 (published on the website of the Stock Exchange and the website of the Company) and dated 2 June 2009 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders in general meeting.

5. Joint Construction Agreement

On 13 October 2009, as approved by the Board of the Company (where the related Directors having abstained from voting), the Company, Wuhu Conch International Grand Hotel Co., Ltd. ("Conch Hotel") and Wuhu Conch Venture Property Company Limited ("Conch Venture Property") entered into the Conch Tower Joint Construction Agreement, pursuant to which the three parties agreed to make joint investment in the construction of Conch Tower. The total investment is expected to be approximately RMB260 million, of which the investment to be made by the Company will be approximately RMB52 million. The three parties agreed to be entitled to such portion of the property as well as the ownership thereof in proportion to their respective capital investment.

Under the Listing Rules of the Stock Exchange, as Conch Hotel is a subsidiary of Conch Holdings, the controlling shareholder of the Company, Conch Hotel is a connected person of the Company; as such, the above transaction constitutes a connected transaction for such purpose. Under the Listing Rules of the SSE, Conch Hotel is a connected person of the Company; as at the date of entering into the above joint construction agreement, as Mr. Yu Biao, a former executive director of the Company, served as the chairman of Conch Venture Property, Conch Venture Property is also a connected person of the Company; as such, the above transaction constitutes a connected transaction for the purpose of the listing rules of the SSE.

During the Reporting Period, the Company paid RMB4,780,000 for the construction fee of Conch Tower.

Please refer to the Company's announcements dated 13 October 2009 (published on the website of the Stock Exchange and the website of the Company) and dated 14 October 2009 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders in general meeting.

6. Loans from controlling shareholder, Conch Holdings

During the Reporting Period, the Company's capital requirements for project development were relatively high. In order to optimise the Company's financial structure and reduce its financing costs, Conch Holdings, the controlling shareholder of the Company, agreed to lend a portion of the funds raised from the issue of its medium term notes to the Company in support of the Company's project construction and development in the west. Pursuant to the approval given by the Board, the aggregate borrowings of the Company from Conch Holdings amounted to RMB600 million with an annual interest rate of 4.69% and a term for 5 years.

Please refer to the Company's announcements dated 30 June 2009 (published on the website of the Stock Exchange and the website of the Company) and dated 30 June 2009 (published on the SSE website and Shanghai Securities News) for details. Such connected transaction was not subject to the approval of independent shareholders in general meeting.

Confirmation by independent non-executive Directors on connected transactions

During the Reporting Period, the Group's connected transactions arose in the ordinary and usual course of business, and were entered into on normal commercial terms and at arm's length pursuant to the terms of the agreements (if any). As far as the Company is concerned, such transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole, and did not exceed the transaction caps (if any) disclosed in the previous announcements. All continuing connected transactions as stated above were reviewed and confirmed by the independent non-executive Directors.

KPMG Certified Public Accountants reviewed the above continuing connected transactions items (2) to (3) under paragraph (1) above (hereinafter referred to as “transactions”) and issued letter to the Board of Directors, confirming that: (1) those transactions were approved by the Board of Directors of the Company; (2) they were not aware of any situations which would make them believe that those transactions were not conducted in accordance with the terms of the relevant agreements governing the transactions or the prices of these transactions were not made in accordance with the Group’s pricing policy; and (3) they were not aware of any matters which would make them believe that the annual aggregate amount of each of the transactions exceeds the annual cap as disclosed in the previous announcements made by the Company.

(5) MATERIAL CONTRACTS

1. The Company was not subject to any material entrustment, sub-contracting or leasing arrangements involving assets of other companies, nor were any other companies were entitled to any entrustment, sub-contracting or leasing arrangement involving assets of the Company occurred during the Reporting Period or during the previous periods but subsisting in the Reporting Period.

2. Guarantees

During the Reporting Period, the external guarantees provided by the Company related to its own borrowings and borrowings of its subsidiaries, and all the guarantees were approved either by the Board or by Shareholders in general meeting.

During the Reporting Period, the guarantees given by the Company for its majority-owned subsidiaries amounted to RMB4,981 million, all being guarantees for collateral liabilities; as at 31 December 2009, the balance of guarantees provided by the Company for its majority-owned subsidiaries amounted to RMB5,451 million, representing 19.66% of the net assets of the Company.

During the Reporting Period, the Company did not provide any guarantee for its controlling shareholder, de facto controller, other related parties nor any other entities which are not legal persons or individuals. The aggregate amount of guarantees provided by the Company did not exceed 50% of the Company’s latest audited net assets. The aggregate amount of the guarantees provided by the Company to its majority-owned subsidiaries whose gearing ratios were over 70% amounted to RMB1,790 million.

As at 31 December 2009, Baimashan Cement Plant and Ningguo Cement Plant, both being branch companies of the Company, pledged their assets with a book value of approximately RMB717 million to International Finance Corporation as security for their long-term loan in the sum of RMB650 million.

3. Major Entrustment Investment Arrangements

During the Reporting Period, the Company had no major entrustment investment arrangements.

4. Commitments

In 2007, the Company issued 287,999,046 A Shares to Conch Venture as consideration for the purchase of certain assets from Conch Venture, and Conch Venture made certain undertakings in respect of lock-up period and shareholders’ rights arrangements.

As certain indebtedness owing from Conch Venture to Ping An Trust were set-off by a transfer of 203,828,265 A Shares (“Relevant Shares”) out of the above shares issued by Conch Venture, the Relevant Shares have become held by Ping An Trust in accordance with an arbitral award, and such transfer was completed on 28 July 2009. The entrusting party of Ping An Trust – Conch Equity Interest (namely, the staff association committee of Anhui Conch Holdings Co., Ltd.) has undertaken to continue to perform the relevant undertakings previously made by Conch Venture in respect of the Relevant Shares held. The details of the undertakings are as follows:

1. The Relevant Shares will remain as A Shares subject to trading restrictions and will be released from trading restrictions on 26 May 2010; and shall not be sold or traded on the secondary market prior to the expiry of the lock-up period.

2. Shareholders’ rights arrangements: so long as Ping An Trust remains a holder of the Relevant Shares, Ping An Trust will give up all its votings and other rights as holder of the Relevant Shares (such as nominating and electing directors or supervisors of the Company), except for rights as a shareholder of

proprietary nature (including but not limited to dividend rights, which would not be given up).

(6) FUND APPROPRIATION BY CONTROLLING SHAREHOLDER AND ITS SUBSIDIARIES

During the Reporting Period, there was no appropriation of funds of the Company by its controlling shareholders and its subsidiaries for non-operational purpose. The Board, at its seventh meeting of the Fourth Session, considered and approved a resolution to adopt the "Measures to prevent the Company's funds from being misappropriated by its controlling shareholder and related parties" formulated by the Company. The purpose of such measures is to establish effective measures to prevent the Company's funds from being misappropriated by its controlling shareholder and related parties, and to protect the legitimate interests of the Company, its shareholders and other stakeholders.

(7) PENALTIES AND REMEDIES IN RELATION TO THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND DE FACTO CONTROLLER

During the Reporting Period, Mr. Wang Jianchao was subject to an investigation by CSRC in connection with suspected improper dealings by him in shares of the Company. On 3 April 2009, Mr. Wang Jianchao submitted to the Board his resignation as deputy general manager of the Company. The Board accepted his resignation. With effect from that date, Mr. Wang Jianchao ceased to act as a deputy general manager of the Company.

Based on the results of the above investigation, CSRC issued the CSRC's Decision on Administrative Penalty (Wang Jianchao) ([2009] No.34) on 4 September 2009, stating that: Wang Jianchao violated Article 47 of the Securities Law of the PRC, which prohibits short-term trading by directors, supervisors and senior management of listed companies constituting an unlawful act under Article 195 of the Securities Law (namely, vilotation of Article 47 in relation to trading of shares of the company by directors, supervisors or senior management of the listed company or shareholders holding over 5% shares capital of the listed company). Under such decision, Mr Wang was served a warning and sentenced to a fine of RMB50,000.

(8) OTHER SIGNIFICANT EVENTS

During the Reporting Period, as approved by the State-owned Assets Supervision and Administration Committee of Anhui Province (WGZCQH [2009] No.127), 50% equity interests held by the Company in its previously wholly-owned subsidiary (namely, Conch Mechnacial & Electrical Equipment Co., Ltd. ("Conch M&E")) was sold to Kawasaki Plant System Co., Ltd. ("Kawasaki Company"), by way of public tender through the equity exchange market. Upon completion of the transfer of such equity interests, the name of Conch M&E was changed to "Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.", which became held by the Company and Kawasaki Company in equal share, and since then has become a jointly-controlled entity of the Company and Kawasaki Company. Its scope of businesses includes design, procurement, manufacturing, sales, repairs & maintenance and after-sales services of cement equipment. The procedure for changing particulars registered with the industry and commerce administration in relation to such transfer of equity interests was completed on 5 August 2009.

IX Financial Infomation

Financial information extracted from the audited consolidated income statement and consolidated statement of comprehensive income of the Group for the year ended 31 December 2009 and audited consolidated balance sheet of the Group at 31 December 2009 together with the 2008 comparative figures, prepared in accordance with IFRS and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated income statement for the year ended 31 December 2009

(Expressed in Renminbi Yuan)

	Note	*2009* RMB'000	*2008* RMB'000
Revenue	4(3)	24,998,007	24,228,268
Cost of sales and services rendered		(17,971,239)	(18,320,590)
Gross profit		7,026,768	5,907,678
Other revenue	4(4)	354,111	324,303
Other net (loss)/income	4(4)	(22,666)	60,719
Selling and marketing costs		(1,419,569)	(1,366,425)
Administrative expenses		(977,717)	(840,435)
Profit from operations		4,960,927	4,085,840
Finance costs		(451,145)	(820,758)
Share of profits of associates		83	4,356
Share of losses of jointly controlled entities		(1,369)	(351)
Profit before taxation	4(5)	4,508,496	3,269,087
Income tax	4(6)	(882,012)	(591,080)
Profit for the year		3,626,484	2,678,007
Attributable to:			
Equity shareholders of the Company		3,505,936	2,607,223
Minority interests		120,548	70,784
Profit for the year		3,626,484	2,678,007
Earnings per share	4(8)		
- Basic		RMB1.98	RMB1.55
- Diluted		RMB1.98	RMB1.55

2. Consolidated statement of comprehensive income for the year ended 31 December 2009

(Expressed in Renminbi Yuan)

	Note	*2009* RMB'000	*2008* RMB'000
Profit for the year		3,626,484	2,678,007
Other comprehensive income for the year (after tax and reclassification adjustments):			
Available-for-sale equity securities:			
net movement in the fair value reserve		889,861	(241,102)
Total comprehensive income for the year		4,516,345	2,436,905
Attributable to:			
Equity shareholders of the Company		4,395,797	2,366,121
Minority interests		120,548	70,784
Total comprehensive income for the year		4,516,345	2,436,905

3. Consolidated balance sheet at 31 December 2009

(Expressed in Renminbi Yuan)

	Note	*2009*		*2008*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Fixed assets					
- Property, plant and equipment			31,526,436		25,166,895
- Interests in leasehold land held for own use under operating leases			1,458,659		1,263,652
			32,985,095		26,430,547
Intangible assets			476,416		248,203
Goodwill			16,120		16,120
Interest in associates			159,364		163,281
Interest in jointly controlled entities			321,996		159,649
Loans and receivables			131,862		222,745
Other investments in equity securities			-		10
Available-for-sale equity securities			2,343,992		1,201,757
Deferred tax assets			60,250		68,970
			36,495,095		28,511,282
Current assets					
Inventories		2,172,191		1,870,366	
Trade receivables	4(9)	3,030,137		4,203,103	
Prepayments and other receivables		1,183,945		635,605	
Amounts due from related parties		479,907		344,846	
Tax recoverable		15,637		19,170	
Restricted cash deposits		54,163		48,153	
Cash and cash equivalents		3,572,876		6,751,211	
		10,508,856		13,872,454	
Current liabilities					
Trade payables	4(10)	4,274,803		3,470,634	
Other payables and accruals		2,969,563		2,395,096	
Bank loans and other borrowings		4,183,280		4,795,176	
Amounts due to related parties		287,003		220,313	
Current portion of long-term payables		15,822		7,325	
Current taxation		342,838		285,686	
		12,073,309		11,174,230	
Net current (liabilities)/assets			(1,564,453)		2,698,224
Total assets less current liabilities			34,930,642		31,209,506

3. **Consolidated balance sheet at 31 December 2009 (continued)**
(Expressed in Renminbi Yuan)

	Note	*2009*		*2008*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Bank loans and other borrowings		5,393,622		6,033,455	
Long-term payables		72,375		33,231	
Deferred income		338,187		235,593	
Deferred tax liabilities		301,723		19,907	
			6,105,907		6,322,186
NET ASSETS			28,824,735		24,887,320
CAPITAL AND RESERVES					
Share capital			1,766,434		1,766,434
Reserves			26,520,906		22,655,039
Total equity attributable to equity shareholders of the Company			28,287,340		24,421,473
Minority interests			537,395		465,847
TOTAL EQUITY			28,824,735		24,887,320

4. Notes

(1) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"). IFRSs include all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and related interpretations. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as available-for-sale or as trading securities; and
- derivative financial instruments.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in the Company's audited financial report for the year of 2009.

(2) Changes in accounting policies

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8, Operating segments
- IAS 1 (revised 2007), Presentation of financial statements
- Amendments to IFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- Improvements to IFRSs (2008)
- Amendments to IAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- IAS 23 (revised 2007), Borrowing costs

The amendment to IAS 23 has had no material impact on the Group's financial statements as the amendment was consistent with the policy already adopted by the Group. The impact of the remainder of these developments is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

- As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to IFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. Corresponding amounts have also been categorised on a basis consistent with the revised three-level fair value hierarchy.

- The "Improvements to IFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:
  - As a result of amendments to IAS 28, Investments in associates, impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

- The amendments to IAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

The Group has not applied any new standard or interpretation that is not yet effective for the current reporting period.

(3) Revenue and Segment Reporting

The principal activities of the Group are manufacture and sales of clinkers and cement products.

Turnover represents the sales value of goods supplied to customers, net of value-added tax and surcharges, and service income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	*2008*
	RMB'000	RMB'000
Sales of clinkers and cement products	24,683,638	23,926,991
Sales of materials and other products	201,715	215,825
Service income	112,654	85,452
	24,998,007	24,228,268

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments based on the region in which the Group's business operates: East China, Central China, South China and West China. All segments are primarily engaged in manufacture and sale of clinkers and cement products. No operating segments have been aggregated to form the reportable segments.

(a) ***Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets in the financial statements prepared in accordance with China Accounting Standards for Business Enterprises (2006) ("PRC accounting standards"). Segment liabilities include all liabilities in the financial statements prepared in accordance with PRC accounting standards.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments in accordance with PRC accounting standards.

The measure used for reporting segment profit is profit before taxation in accordance with PRC accounting standards.

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter segment revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment revenue is priced with reference to prices charged to external parties for similar orders.

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2009 and 2008 is set out below:

For the year ended 31 December 2009

	East China	Central China	South China	West China	Subtotal	Reconciling items (note b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	8,129,179	11,211,777	5,633,926	23,125	24,998,007	-	24,998,007
Inter-segment revenue	1,104,879	4,623,751	82,670	-	5,811,300	(5,811,300)	-
Reportable segment revenue	**9,234,058**	**15,835,528**	**5,716,596**	**23,125**	**30,809,307**	**(5,811,300)**	**24,998,007**
Reportable segment profit (Profit before taxation)	**415,274**	**4,066,957**	**1,466,224**	**(4,745)**	**5,943,710**	**(1,435,214)**	**4,508,496**
Interest income	4,838	89,911	3,141	8	97,898	-	97,898
Interest expense	(20,806)	(371,045)	(59,294)	-	(451,145)	-	(451,145)
Depreciation and amortisation for the year	(259,574)	(1,090,577)	(287,605)	(14,266)	(1,652,022)	-	(1,652,022)
Reportable segment assets (including investment in associates and joint ventures)	**6,938,340**	**37,286,933**	**8,279,154**	**4,237,421**	**56,741,848**	**(9,737,897)**	**47,003,951**
Additions to non-current segment assets during the year	821,235	3,156,182	1,366,923	3,446,430	8,790,770	-	8,790,770
Reportable segment liabilities	**3,479,855**	**11,686,051**	**2,678,695**	**1,513,400**	**19,358,001**	**(1,178,785)**	**18,179,216**

(a) Segment results, assets and liabilities (continued)

For the year ended 31 December 2008

	East China RMB'000	Central China RMB'000	South China RMB'000	West China RMB'000	Subtotal RMB'000	Reconciling items (note b) RMB'000	Total RMB'000
Revenue from external customers	8,263,977	11,154,290	4,810,001	-	24,228,268	-	24,228,268
Inter-segment revenue	1,060,656	5,014,937	69,404	-	6,144,997	(6,144,997)	-
Reportable segment revenue	**9,324,633**	**16,169,227**	**4,879,405**	**-**	**30,373,265**	**(6,144,997)**	**24,228,268**
Reportable segment profit (Profit before taxation)	**316,160**	**2,190,868**	**878,474**	**(3,201)**	**3,382,301**	**(113,214)**	**3,269,087**
Interest income	6,519	55,214	2,789	15	64,537	-	64,537
Interest expense	(92,148)	(607,206)	(121,404)	-	(820,758)	-	(820,758)
Depreciation and amortisation for the year	(244,380)	(958,550)	(239,945)	(1,117)	(1,443,992)	-	(1,443,992)
Reportable segment assets (including investment in associates and joint ventures)	**6,752,066**	**35,031,185**	**6,606,503**	**733,640**	**49,123,394**	**(6,739,658)**	**42,383,736**
Additions to non-current segment assets during the year	529,306	3,358,957	1,111,552	369,122	5,368,937	-	5,368,937
Reportable segment liabilities	**4,222,065**	**12,589,257**	**3,073,104**	**26,052**	**19,910,478**	**(2,414,062)**	**17,496,416**

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2009 RMB'000	2008 RMB'000
Revenue		
Elimination of inter-segment revenue	(5,811,300)	(6,144,997)
Profit		
Elimination of inter-segment profits	(1,467,167)	(136,552)
Differences between PRC accounting standards and IFRS*		
- item (1)	3,838	3,838
- item (2)	28,115	19,500
	(1,435,214)	(113,214)

	2009 RMB'000	2008 RMB'000
Assets		
Elimination of inter-segment balances	(9,593,348)	(6,591,271)
Differences between PRC accounting standards and IFRS*		
- item (1)	(144,549)	(148,387)
	(9,737,897)	(6,739,658)
Liabilities		
Elimination of inter-segment balances	(1,512,384)	(2,646,562)
Differences between PRC accounting standards and IFRS*		
- item (2)	333,599	232,500
	(1,178,785)	(2,414,062)

* Differences between PRC accounting standards and IFRS:

- item (1): The difference arises from the revaluation of interests in leasehold land held for own use under operating leases.

- item (2): The difference arises from the deferred income in respect of the government grants recognised under IFRS.

(c) Geographic information

The following table sets out information about the geographic location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, intangible assets, goodwill, interests in associates and jointly controlled entities and other investments in equity securities ("specified non-current assets"). The geographical location of customers is based on the location, at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and jointly controlled entities and other investments in equity securities.

	Revenue from external customers		Specified non-current assets	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	23,542,603	21,531,460	33,958,991	27,017,810
Others	1,455,404	2,696,808	-	-
	24,998,007	24,228,268	33,958,991	27,017,810

The Group's customer base is diversified and there is no single customer with whom transactions have exceeded 10% of the Group's revenue.

(4) Other revenue and net (loss)/income

	2009	*2008*
	RMB'000	RMB'000
Other revenue		
Interest income from held-to-maturity unlisted investments	-	8,325
Other interest income	97,898	64,537
Total interest income on financial assets not at fair value through profit or loss	97,898	72,862
Dividend income from available-for-sale equity securities	9,966	-
Subsidy income	246,247	251,441
	354,111	324,303

Subsidy income comprises refunds of value-added tax in connection with certain sales of cement and government grants received.

	2009	*2008*
	RMB'000	RMB'000
Other net (loss)/income		
Net (loss)/gain on disposal of fixed assets	(34,043)	3,682
Net realised gain on trading securities	346	12,202
Reclassification from equity on disposal of		

available-for-sale equity securities	6,035	32,352
Net loss on disposal of other investments in equity securities	(10)	-
Net gain on partial disposal of a subsidiary	889	-
Net exchange (loss)/gain	(67)	9,001
Others	4,184	3,482
	(22,666)	60,719

(5) Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2009 RMB'000	*2008* RMB'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	430,471	775,269
Interest on bank advances and other borrowings wholly repayable after five years	68,129	79,892
Interest on discount of notes receivable	7,934	58,391
Total interest expense on financial liabilities not at fair value through profit or loss	506,534	913,552
Less: Interest expense capitalised into construction-in-progress*	(55,389)	(92,794)
	451,145	820,758

* The borrowing costs have been capitalised at rates of 4.69%~6.80% (2008: 4.86%~7.04%) per annum.

	2009 RMB'000	*2008* RMB'000
(b) Staff costs		
Contributions to defined contribution retirement plans	128,526	98,065
Salaries, wages and other benefits	945,078	762,216
	1,073,604	860,281

	2009 RMB'000	*2008* RMB'000
(c) Other items		
Recognition of deferred income		

in respect of government grant received	(28,457)	(19,501)
Amortisation		
- interest in leasehold land held for own use under operating leases	27,919	24,556
- intangible assets	15,375	12,966
Depreciation	1,604,890	1,402,632
Impairment losses /(reversal of impairment losses)		
- trade receivables	(378)	(1,160)
- prepayments and other receivables	2,608	183
Auditors' remuneration		
- audit services	4,220	4,230
- other services	30	20

(6) Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2009 RMB'000	*2008* RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the year	869,422	568,194
Under-provision in respect of prior years	14,601	12,638
	884,023	580,832
Deferred tax		
Origination and reversal of temporary differences	(2,011)	10,248
	882,012	591,080

No provision for Hong Kong Profits Tax is made for 2008 and 2009 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

Individual companies within the Group are generally subject to Corporate Income Tax at 25% (2008: 25%) on taxable income determined according to the relevant income tax rules and regulations of the PRC except for:

Shanghai Conch Cement Sales Co., Ltd. 上海海螺水泥銷售有限公司 (Note i)	20%
Shanghai Mingzhu Conch Cement Co., Ltd 上海海螺明珠水泥有限責任公司(Note i)	20%
Shanghai Conch Construction Material International Trading Co., Ltd.	20%

上海海螺建材國際貿易有限公司(Note i)	
Xing'an Conch Cement Co., Ltd.	15%
興安海螺水泥有限責任公司(Note ii)	
Prosperity Conch Cement Co., Ltd.	12.5%
英德海螺水泥有限責任公司 (Note iii)	
Xinye Kuiyang Conch Cement Co., Ltd.	0%
興業葵陽海螺水泥有限責任公司 (Note iv)	
Fusui Xinning Conch Cement Co., Ltd.	0%
扶綏新寧海螺水泥有限責任公司 (Note v)	
Beiliu Conch Cement Co., Ltd.	0%
北流海螺水泥有限責任公司(Note vi)	

Notes:

(i) Starting from 2008, Shanghai Conch Cement Sales Co., Ltd., Shanghai Mingzhu Conch Cement Co., Ltd. and Shanghai Conch Construction Material International Trading Co., Ltd., have five years to transit to the 25% statutory Corporate Income Tax rate, 18% for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012 and thereafter. The Corporate Income Tax rate applicable to these subsidiaries in 2009 is therefore 20% (2008: 18%).

(ii) In 2009, Xing'an Conch Cement Co., Ltd. was recognised by the local tax authorities as a domestic enterprise located in mid-west China with over 70% revenue from operations in encouraged industries as defined by relevant authorities. According to circular Cai Shui (2001) 202, Xing'an Conch Cement Co., Ltd. is entitled to a reduced Corporate Income Tax rate of 15% until the end of 2010. The applicable Corporate Income Tax rate in 2009 is therefore 15%.

(iii) Prosperity Conch Cement Co., Ltd. is a sino-foreign enterprise. In 2006, Prosperity Conch Cement Co., Ltd. was recognised by the local tax authorities as a productive sino-foreign enterprise, and thus is entitled to an Corporate Income Tax exemption for the first two profitable years and a 50% reduction of Corporate Income Tax for subsequent three years. 2009 is the fourth profitable year of Prosperity Conch Cement Co., Ltd. The applicable Corporate Income Tax rate in 2009 is therefore 12.5%.

(iv) Xinye Kuiyang Conch Cement Co., Ltd. was recognised by the local tax authorities as a company located in mid-west China, and thus is entitled to an Corporate Income Tax exemption for the five years ending 31 December 2010. The applicable Corporate Income Tax rate in 2009 is therefore 0%.

(v) Fusui Xinning Conch Cement Co., Ltd. was recognised by the local tax authorities as a company located in mid-west China, and thus is entitled to an Corporate Income Tax exemption for the five years ending 31 December 2009. The applicable Corporate Income Tax rate in 2009 is therefore 0%.

(vi) Beiliu Conch Cement Co., Ltd. was recognised by the local tax authorities as a company located in mid-west China, and thus is entitled to an Corporate Income Tax exemption for the five years ending 31 December 2011. The applicable Corporate Income Tax rate in 2009 is therefore 0%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2009	*2008*
	RMB'000	RMB'000
Profit before taxation	4,508,496	3,269,087
Notional tax on profit before taxation calculated at 25% (2008: 25%)	1,127,124	817,272
Tax effect of tax exemption enjoyed by subsidiaries	(168,704)	(106,969)
Tax effect of different tax rates applicable to subsidiaries	(99,246)	(40,784)
Tax effect of non-deductible expenses	8,385	4,460
Tax effect of non-taxable income	(11,310)	(6,836)
Tax effect of unused tax losses not recognised	1,502	2,341
Income tax credits relating to subsidiaries	9,660	(91,042)
Under-provision in respect of prior years	14,601	12,638
Actual tax expense	882,012	591,080

(7) Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	2009	*2008*
	RMB'000	RMB'000
Final dividend proposed after the balance sheet date of RMB0.35 per ordinary share (2008: RMB0.30 per ordinary share)	618,252	529,930

In addition, the directors proposed a bonus issue of 10 shares for every 10 shares held by the shareholders. As a result, the issued capital of the Company will increase from RMB1,766,434,193 to RMB3,532,868,386 by capitalising share premium of RMB1,766,434,193.

The final dividend proposed after the balance sheet date has not been recognised at the balance sheet date.

The above proposed 2009 dividends were pending for shareholders' approval.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2009	*2008*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.30 per ordinary share (2008: Nil)	529,930	-

(8) Earnings per share

(a) ***Basic earnings per share***

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2009 of RMB3,505,936,000 (2008: RMB2,607,223,000) and the weighted average number of shares in issue during the year ended 31 December 2009 of 1,766,434,000 (2008: 1,683,101,000).

Weighted average number of ordinary shares

	2009 thousand	*2008* thousand
Issued ordinary shares at 1 January	1,766,434	1,566,434
Shares issued in May 2008 (weighted average)	-	116,667
Weighted average number of ordinary shares at 31 December	1,766,434	1,683,101

(b) ***Diluted earnings per share***

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2009 and 2008.

(9) Credit Policy and Ageing Analysis of Trade Receivables

(a) ***Credit risk***

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-60 days from the date of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

(b) ***Ageing analysis of trade receivables***

Included in trade receivables are trade debtors and notes receivable (net of allowance for doubtful debts) with the following ageing analysis based on invoice issuance dates as of the balance sheet date:

	2009 RMB'000	*2008* RMB'000
Within 1 year (inclusive)	3,030,137	4,203,001
Between 1year and 2 years (inclusive)	-	-
Between 2 years and 3 years (inclusive)	-	102

	3,030,137	4,203,103

(10) Ageing Analysis of Trade payables

Included in trade payables are trade creditors and notes payable with the following aging analysis based on invoice/notes issuance dates as of the balance sheet date:

	2009	*2008*
	RMB'000	RMB'000
Within 1 year (inclusive)	4,260,096	3,456,043
Between 1 year and 2 years (inclusive)	10,814	12,059
Between 2 years and 3 years (inclusive)	2,922	2,216
Over 3 years	971	316
	4,274,803	3,470,634

By order of the Board
Anhui Conch Cement Company Limited
Guo Wensan
Chairman

29 March 2010

As at the date of this announcement, the Board comprises (i) Mr Guo Wensan, Mr Guo Jingbin, Mr Ji Qinying, Mr Qi Shengli and Mr Wu Jianping as executive directors, and (ii) Mr Kang Huan, Mr Chan Yuk Tong, and Mr Ding Meicai as independent non-executive directors.