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 2010

Revenue of the Company for the year 2010 amounted to approximately RMB34,508 million (in accordance with IFRSs), representing an increase of 38.04% over that of 2009.

Net profit attributable to equity shareholders of the Company for the year 2010 amounted to approximately RMB6,163 million (in accordance with IFRSs), representing an increase of 75.80% over that of 2009.

Earnings per share for the year 2010 was RMB1.74 (in accordance with IFRSs), representing an increase of 75.80% over that of 2009.

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 ("A Shares") are listed	The Shanghai Stock Exchange ("SSE")
H Shares stock code	0914
Exchange on which H shares ("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

	Company Secretary	Securities affairs representative
Name	Zhang Mingjing	Yang Kaifa
Contact address	1011 Jiuhua South Road Wuhu City, Anhui Province, the PRCthe PRC	1011 Jiuhua South Road Wuhu City, Anhui Province,
Telephone number	0086-553-8398918	0086-553-8398927
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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	2010	2009	2008	2007	2006 (Restated)
Revenue	34,508,282	24,998,007	24,228,268	18,776,098	16,096,057
Net profit attributable to equity shareholders of the Company	6,163,481	3,505,936	2,607,223	2,480,146	1,543,767
Total assets	60,266,442	47,003,951	42,383,736	30,921,284	22,737,644
Total liabilities	25,157,974	18,179,216	17,496,416	19,674,182	14,152,667

Note: In 2007, Anhui Conch Cement Company Limited ("the Company") 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 2006 were thus restated in the above table.

2. Accounting data prepared in accordance with PRC Accounting Standards

(1) Profit indicators for the year

(Unit: RMB'000)

Item	Amount
Operating profit	7,615,883
Profit before taxation	8,078,332
Net profit attributable to equity shareholders of the Company	6,171,403
Net profit after extraordinary items attributable to equity shareholders of the Company	5,902,351
Net cash flow generated from operating activities	6,010,307

(2) Extraordinary items and amount for the year

(Unit: RMB'000)

Extraordinary items	Amount
(1) Loss on disposal of non-current assets	-10,351
(2) Government subsidy	351,315
(3) Fair value changes	1,753
(4) Reversal of impairment provision for receivables subject to separate impairment test	831
(5) Non-operating income and expenses other than the above items	10,807
(6) Effect of extraordinary items on income tax	-80,729
(7) Effect of extraordinary items on minority interests	-4,574
Total	**269,052**

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

Table 1: *(Unit: RMB'000)*

Items	**2010**	**2009**	**Year-on-year change (%)**	**2008**
Revenue	34,508,282	24,998,007	38.04	24,228,268
Profit before taxation	8,078,332	4,476,543	80.46	3,245,749
Net profit attributable to equity shareholders of the Company	6,171,403	3,544,365	74.12	2,607,012
Net profit after extraordinary items attributable to equity shareholders of the Company	5,902,351	3,413,662	72.90	2,424,995
Basic earnings per share (RMB/share) (restated)	1.75	1.00	74.12	0.77
Diluted earnings per share (RMB/share) (restated)	1.75	1.00	74.12	0.77
Basic earnings per share after extraordinary items (RMB/share) (restated)	1.67	0.97	72.90	0.72
Diluted return on net assets (%)	17.63	12.32	Increased by 5.31 percentage points	10.51
Weighted average return on net assets (%)	19.39	13.17	Increased by 6.22 percentage points	13.81
Diluted return on net assets after extraordinary items (%)	16.86	11.87	Increased by 4.99 percentage points	9.78
Weighted average return on net assets after extraordinary items (%)	18.54	12.69	Increased by 5.85 percentage points	12.85
Net cash flow generated from operating activities	6,010,307	7,029,352	(14.50)	5,266,375
Net cash flow per share generated from operating activities (RMB/share) (restated)	1.70	1.99	(14.50)	1.56

Table 2:

Items	**As at 31 December 2010**	**As at 31 December 2009**	**Year-on-year change (%)**	**As at 31 December 2008**
Total assets	60,411,853	47,148,498	28.13	42,532,123
Total equity attributable to equity shareholders of the Company	35,003,281	28,759,639	21.71	24,796,664
Net assets per share attributable to equity shareholders of the Company (RMB/share) (restated)	9.91	8.14	21.71	7.37

Note: The Company and its subsidiaries' (collectively referred to the "Group'") implementation of the capitalization issue proposal during the reporting period (i.e. the period from 1 January 2010 to 31 December 2010, hereinafter called "Reporting Period") resulted in a change in the share capital. As such, the Group had restated the "Basic earnings per share", "Diluted earnings per share", "Basic earnings per share after extraordinary items", and "Net cash flow per share generated from operating activities" for 2009 and 2008 in Table 1 above; and restated the "Net assets per share attributable to equity shareholders of the Company" as at 31 December 2009 and that as at 31 December 2008 in Table 2 above.

(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
2007	-	-
2008	529,930	20.33%
2009	618,252	17.44%

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 2010 (Audited)	1 January to 31 December 2009 (Audited)	**As at 31 December 2010 (Audited)**	As at 31 December 2009 (Audited)
As reported in the statutory financial statements in accordance with PRC Accounting Standards	**6,171,403**	3,544,365	**35,003,281**	28,759,639
- Reversal of valuation surplus of land use rights upon restructuring of the Group	**3,838**	3,838	**-140,712**	-144,550
- Deferral of subsidy income not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" in accordance with IFRSs	**-11,760**	-42,267	**-374,326**	-327,749
As reported in accordance with IFRSs	**6,163,481**	3,505,936	**34,488,243**	28,287,340

III. Changes in Share Capital and Shareholders

1. Changes in the shareholding structure

(Unit: Share)

Class of shares	Before change		Increase/decrease (+,-)			After change	
	Number	Percentage (%)	Others	Transfer from capital reserves	Subtotal	Number	Percentage (%)
I. Shares subject to trading restrictions	310,754,193	17.59	-310,754,193	0	-310,754,193	0	0
1. State-owned legal person shares	22,755,147	1.29	-22,755,147	0	-22,755,147	0	0
2. Other domestic shares	287,999,046	16.30	-287,999,046	0	-287,999,046	0	0

II. Shares not subject to trading restrictions	1,455,680,000	82.41	+310,754,193	+1,766,434,193	+2,077,188,386	3,532,868,386	100
1. RMB-denominated ordinary shares (i.e. A Shares)	1,022,480,000	57.89	+310,754,193	+1,333,234,193	+1,643,988,386	2,666,468,386	75.48
2. Overseas-listed foreign shares (i.e. H Shares)	433,200,000	24.52	0	+433,200,000	+433,200,000	866,400,000	24.52
III. Total number of shares	**1,766,434,193**	**100**	**0**	**+1,766,434,193**	**+1,766,434,193**	**3,532,868,386**	**100**

Notes:

(1) On 26 May 2010, 22,755,147 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) On 26 May 2010, 287,999,046 floating A Shares which had been subject to trading restrictions held by other domestic shareholders (i.e. Ping An Trust and Investment Co., Ltd ("Ping An Trust") and Anhui Conch Venture Investment Co., Ltd. ("Conch Venture"), who are domestic non-state owned legal persons) were released from trading restrictions.

(3) During the Reporting Period, the Company implemented the proposal of capitalization of capital reserve fund on the basis of issue of 10 new shares for every existing 10 shares held, the 1,766,434,193 new shares (including 1,333,234,193 A Shares and 433,200,000 H Shares) were not subject to trading restrictions.

2. Changes in shares subject to trading restrictions:

(Unit: Share)

Name of shareholders	Number of shares subject to trading restrictions at the beginning of the year	Number of shares released from trading restrictions during the year	Increase in number of shares subject to trading restrictions during the year	Number of shares subject to trading restrictions at the end of the year	Reasons for trading restrictions	Date of release from trading restrictions
Conch Holdings	22,755,147	22,755,147	—	—	Private issue of shares	26 May 2010
Ping An Trust	203,828,265	203,828,265	—	—	Note	26 May 2010
Conch Venture	84,170,781	84,170,781	—	—	Private issue of shares	26 May 2010
Total	**310,754,193**	**310,754,193**	—	—	—	—

Note: In 2009, 203,828,265 shares out of 287,999,046 shares of the Company held by Conch Venture (obtained through private issue of shares subject to three years' trading restriction) were transferred to Ping An Trust to offset certain indebtedness owing by it to 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 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 were released from trading restrictions on 26 May 2010 (please refer to the announcement of the Company dated 20 May 2010 for details).

3. Shareholders

(1) As at 31 December 2010, the total number of registered shareholders was 51,231, of which 73 were registered holders of H Shares.

(2) As at 31 December 2010, the shareholdings of the top ten registered shareholders of the Company are set out as follows:

	Name of shareholders	**Nature of shareholders**	**Number of shares held at the end of the Reporting Period**	**Percentage of shareholding (%)**	**Class of shares**
1	Conch Holdings (Note 2)	State-owned	1,278,886,072	36.20	A Share
2	HKSCC Nominees Limited (Note 3)	Foreign	865,377,994	24.50	H Share
3	Conch Venture (Note 4)	Others	191,142,164	5.41	A Share
4	Ping An Trust – Conch Equity Interest (Note 5)	Others	74,334,565	2.10	A Share
5	The Industrial and Commercial Bank of China – Shanghai Trust Morgan Domestic Consumption Power Stock Securities Investment Fund	Others	20,008,635	0.57	A Share
6	UBS AG	Others	16,836,954	0.48	A Share
7	Bank of Communications - Fuguo Tianyi Value Securities Investment Fund	Others	16,079,131	0.46	A Share
8	The Industrial and Commercial Bank of China - South Excellent Performance Growth Stock Securities Investment Fund	Others	15,999,843	0.45	A Share
9	Yale University	Others	14,232,792	0.40	A Share
10	The Industrial and Commercial Bank of China - Jianxin Optimized Placement Mixed Securities Investment Fund	Others	13,940,833	0.39	A Share

Notes:

(1) These shares are floating shares without trading restrictions.

(2) As at 31 December 2010, Conch Holdings held a total of 1,278,886,072 A Shares of the Company, representing an increase of 643,297,729 A Shares from the beginning of 2010 (of which 3,854,693 A Shares were acquired through the trading system of SSE by Conch Holdings during the Reporting Period, and 639,443,036 A shares were obtained through capitalization of capital reserves).

(3) HKSCC Nominees Limited held 865,377,994 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.

(4) As at 31 December 2010, Conch Venture held a total of 191,142,164 A Shares of the Company, representing an increase of 106,112,712 A Shares from the beginning of 2010 (of which 10,541,630 A Shares were acquired through the trading system of SSE by Conch Venture during the Reporting Period, and 95,571,082 A shares were obtained through capitalization of capital reserves).

(5) 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. Upon release from trading restrictions of such shares on 26 May 2010, Ping An Trust reduced its shareholdings on the market of the SSE. As at 31 December 2010, Ping An Trust held 74,334,565 A Shares of the Company.

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, imports and exports 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 2010, the shareholding relationship structure between the Company and Conch Holdings, Anhui Provincial Investment Group and Anhui SASAC is set out as follows:

State-owned Assets Supervision and Administration Commission of Anhui Province

↓ 100%

Anhui Provincial Investment Group Limited

↓ 51%

Anhui Conch Holdings Company Limited

↓ 36.20%

Anhui Conch Cement Company Limited

5. Purchase, sale or redemption of listed securities

For the year ended 31 December 2010, 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 ("Directors"), supervisors ("Supervisors"), chief executive and senior management of the Company and their respective spouses and children under the age of 18 had any interests and/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 exercise 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 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 Rules Governing the Listing of Securities on the Stock Exchange ("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) and Mr. Qi Shengli (executive Director and deputy general manager). Mr. Wu Jianping (executive Director) received a total remuneration (before tax) of RMB685,179 from the Company during the Reporting Period for his office as officer-in-charge of the regional management committee ("Regional Committee") in Guangdong and chairman of Prosperity Conch Cement Co., Ltd. ("Prosperity Conch") .

During the Reporting Period, Mr. Ding Feng (staff representative Supervisor) received a total remuneration (before tax) of RMB410,091 from the Company, among which RMB112,982 was basic salaries; RMB264,833 was bonus and RMB32,276 was housing provident fund and various insurances.

During the Reporting Period, Mr. Guo Wensan (chairman and executive Director of the Company), Mr. Guo Jingbin (executive Director) and Mr. Wang Jun (chairman of the supervisory committee (“Supervisory Committee”)) 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 paid by the Company to them for the Reporting Period 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	80,000
Total		**280,000**

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) [Note 1]
Ji Qinying [Note 2]	Executive Director and general manager	529,407
Qi Shengli	Executive Director and deputy general manager	995,873
Wang Pengfei	Deputy general manager	993,151
He Chengfa	Deputy general manager	966,101
Zhang Mingjing	Deputy general manager and company secretary	844,844
Wu Bin	Assistant to general manager	733,834
Li Leyi	Deputy chief engineer of technical art	795,735
Total		**5,858,945**

Notes:

1. The above-mentioned annual remunerations included basic salary, bonus, housing provident fund and

various insurances.

2. As Mr. Ji Qinying (executive Director and general manager) also serves as the executive deputy general manager of Conch Holdings, his annual remuneration is subject to review and approval by Anhui SASAC. The Company paid Mr. Ji Qinying the remuneration in accordance with the document Wan Guozi Fenpei Han [2010] No.625 promulgated by Anhui SASAC. Under the terms and requirements of the said document, 30% of Mr. Ji's bonus (equivalent to RMB110,460) was required to deposit in a designated account which will be released based on the assessment results upon the expiry of his tenure 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 2010 have been reviewed by the Audit Committee of the Board. All the Directors of the Company agree and acknowledge their individual and joint responsibility for preparing the accounts as contained in the financial report for the year under review.

VI. Management Discussion and Analysis

MACRO-ENVIRONMENT

In 2010, the Chinese government maintained consistency and stability of the macro-economic policy through proactive execution of fiscal policy and moderate relaxation of the monetary policy. Apart from stimulating consumption and promoting energy saving and emission reduction, the government also refined economic structure and changed its development approach. All these efforts enabled China to maintain a stable and rapid economic growth in 2010, with a year-on-year GDP growth rate of 10.3%, up by 1.6 percentage points from that of the previous year. Fixed asset investment saw a year-on-year growth rate of 23.8%, down by 6 percentage points from that of the previous year, while property investment sustained a year-on-year growth rate of 33.2%. (Source: National Bureau of Statistics of China)

In 2010, the government increased investment in infrastructural development such as affordable housing, high-speed rail and energy facilities, leading to a year-on-year growth of 15.53% in demand for cement. The government also focused on adjusting economic structure and boosting industry upgrade, whilst continuing to restrict the review and approval of cement projects and accelerate the phasing out of obsolete cement production capacity. The growth of investment in cement industry slowed down remarkably. Cement investment for the year only increased by 3.19% year-on-year, reflecting a substantial decrease of 58.6 percentage points from the growth rate of the previous year. The percentage of production capacity utilizing new dry-process accounted for 80%. The top 20 cement manufacturers in China accounted for 45% of the annual clinker production capacity in the country. In general, the cement industry structure in China improved with increasing concentration and better demand and supply relationship, thus maintaining a sound and healthy growth momentum. (Sources: Digital Cement/ China Building Materials News)

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

In 2010, the Group proactively responded to changes in the macro-economy and industrial policies. The Group captured the opportunities arising from the improved market supply and demand alignment and intensified its marketing efforts, thereby increasing its market share and profitability. Through management and technical innovation, the Group pushed ahead with refined management of internal operation to drive improvement in operations through energy saving, cost reduction and efficiency enhancement. During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue from principle activities amounted to RMB34,036 million, representing an increase of 37.89% from that of the previous year; its net profit attributable to equity shareholders of the Company amounted to RMB6,171 million, representing a year-on-year increase of 74.12%; and earnings per share were RMB1.75. In accordance with IFRSs, the revenue amounted to RMB34,508 million, representing an increase of 38.04% from that of the previous year; its net profit attributable to equity shareholders of the Company amounted to RMB6,163 million, representing an increase of 75.8% from that of the previous year; and earnings per share were RMB1.74.

During the Reporting Period, construction of 14 clinker production lines each with a daily production capacity of 5,000 tonnes located at subsidiaries, such as Dazhou Conch Cement Co., Ltd. ("Dazhou Conch"), Guangyuan Conch Cement Co., Ltd. ("Guangyuan Conch"), Chongqing Conch Cement Co., Ltd. ("Chongqing Conch") and Linxiang Conch Cement Co., Ltd. ("Linxiang Conch"), and 37 cement grinding units located at subsidiaries, such as Pingliang Conch Cement Co., Ltd. ("Pingliang Conch"), Dazhou Conch and Jiangxi Ganjiang Conch Cement Co., Ltd. ("Ganjiang Conch"), were completed and put into operation, resulting in additional clinker production capacity of 25.2 million tonnes and additional cement production capacity of 40.1 million tonnes. As at the end of 2010, the Group's clinker production capacity and cement production capacity reached 130 million tonnes and 150 million tonnes respectively. For the full year of 2010, the Group produced a total of 115 million tonnes of clinker and 110 million tonnes of cement, representing increases of 18% and 12% respectively from those of the previous year.

In 2010, the Group also made rapid progress in the aspects of energy conservation and environmental protection. During the year, 11 sets of residual heat electricity generation units located at subsidiaries, such as Pingliang Conch, Dazhou Conch and Linxiang Conch, were put into operation with an additional combined installed capacity of 108MW and combined residual heat generated electricity of approximately 3.6 billion kwh. As at the end of 2010, the Group had in total 43 residual heat electricity generation units with a total installed capacity of 623MW. In addition, an urban waste treatment project through the use of a 5,000t/d clinker production line at Anhui Tongling Conch Cement Co., Ltd ("Tongling Conch") was put into operation. About 300 tonnes of urban waste were treated on a daily basis. With all environmental protection specifications up to the national emission standards, the project has gained a desirable social effect.

Sales Market Overview

The Group's cement and clinker markets mainly located in four regional markets, namely East

China, South China, Central China and West China. In 2010, the Group achieved steady increase in sales in each of the regional markets with strengthened market deployment abilities and dominance.

In 2010, the Group achieved an aggregate net sales volume of cement and clinker of 137 million tonnes, representing a year-on-year growth of 15.89%. In the East, Central and South China markets, the Group capitalized on the phasing power rationing and output control initiatives as well as the improved supply and demand relationship to lift selling prices, resulting in a relatively significant increase in sales amount. In the West China region, the Group realized a year-on-year growth of 229.02% in sales volume and 287.20% in sales amount, as new projects were put into production as scheduled.

Markets and Sales by Region

Sales Amount by Region

Region	2010		2009		Increase/ (decrease) in sales amount (%)	Change in sales proportion (percentage points)
	Sales amount (RMB'000)	Percentage (%)	Sales amount (RMB'000)	Percentage (%)		
East China[note 1]	13,015,389	38.24	10,099,796	40.92	28.87	(2.68)
Central China[note 2]	10,072,893	29.59	7,166,334	29.03	40.56	0.56
South China[note 3]	7,734,749	22.73	5,567,900	22.56	38.92	0.17
West China[note 4]	1,526,353	4.48	394,204	1.60	287.20	2.88
Export	1,686,898	4.96	1,455,404	5.89	15.91	(0.93)
Total	34,036,282	100	24,683,638	100	37.89	-

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

The features of the Group's various regional markets are as follows:

East China Market: As the market demand and supply relationship was significantly improved by the phasing power rationing and output control initiatives, selling prices rose steadily and profitability increased considerably. In 2010, the Group's sales amount in this region rose by 28.87% on a year-on-year basis to RMB13,015.39 million, accounting for 38.24% of the Group's total sales amount; sales volume in this region rose by 3.92% on a year-on-year basis, accounting for 37.33% of the Group's total sales volume.

Central China Market: Benefiting from the State's strategy for Central China development and the implementation of the strategy of designating the Wanjiang city belt as the demonstrative area for industrial transfer, the construction of infrastructure, high-speed rail and urbanization in the region had stimulated the growth in cement demand. The Group made a timely adjustment to its sales strategy and thereby achieved a steady growth in sales volume. In 2010, the Group's sales volume in this region rose by 19.52% on a year-on-year basis, accounting for 30.47% of the Group's total sales volume.

South China Market: As the fixed asset investment in Guangdong province and Guangxi province rose by 20.7% and 37.7% respectively from those of the previous year, and there were a relatively large number of infrastructure development projects, cement demand increased steadily. The Group obtained cement supply contracts for a large number of key infrastructure projects including Guizhou-Guangzhou Railway, Xiamen-Shenzhen Railway and Yunnan-Guangxi Railway. In 2010, the Group's sales volume in this region rose by 16.48% on a year-on-year basis, accounting for 20.97% of the Group's total sales volume.

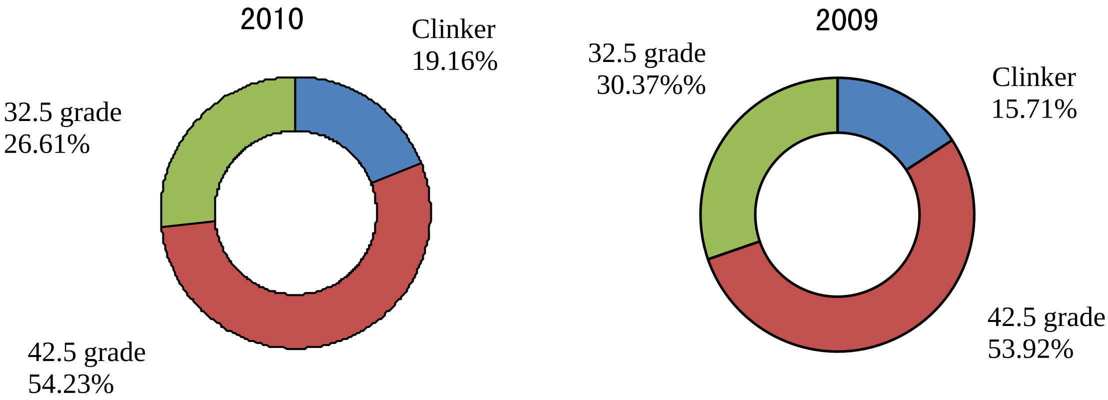
West China Market: Despite the growing cement demand driven by relatively high level of fixed asset investment as a result of post disaster reconstruction, market competition remained fierce due to the release of concentration of new production capacity in Sichuan and Chongqing. In 2010, the Group's sales volume in this region rose significantly by 229.02% on a year-on-year basis, as a number of new projects were completed and commended production.

International Market: In response to increase in cement demand on gradual market recovery, the Group increased sales volume by intensifying efforts to expand emerging markets such as Africa, South America, etc. The Group's total export volume in 2010 grew by 14.34% on a year-on-year basis.

Sales By Type Of Products

During the Reporting Period, the Group's newly constructed clinker production lines commenced production, resulting in an increase in sales volume of clinker. The percentage of sales amount of clinker increased by 3.45 percentage points from that of the previous year.

Percentage of sales amount by type of products



PROFIT ANALYSIS

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

Standards

Item	Amount		Change from that of the previous year (%)
	2010 (RMB'000)	2009 (RMB'000)	
Revenue from principal activities	34,036,282	24,683,638	37.89
Profit from operations	7,615,883	4,260,155	78.77
Profit before taxation	8,078,332	4,476,543	80.46
Net profit attributable to equity shareholders of the Company	6,171,403	3,544,365	74.12

During the Reporting Period, driven by increasing sales volume of products and rising selling price, the Group's profit from operations amounted to RMB7,615.88 million, representing a year-on-year increase of 78.77%; its net profit attributable to equity shareholders of the Company increased by 74.12% on a year-on-year basis.

2010 gross profit 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 in gross profit margin (percentage point)
42.5 grade cement	18,459,908	12,606,342	31.71	27.32	4.39
32.5 grade cement	9,055,767	5,573,977	38.45	32.82	5.63
Clinker	6,520,607	4,820,807	26.07	25.45	0.62
Total	34,036,282	23,001,126	32.42	28.70	3.72

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

In 2010, the Group's gross profit grew steadily, with a consolidated gross profit margin of 32.42%, an increase of 3.72 percentage points over that of last year. In particular, the gross profit margin of 32.5 grade cement and 42.5 grade cement rose by 5.63 percentage points and 4.39 percentage points over those of last year respectively, mainly attributable to the substantial increase in the selling price due to improved demand and supply balance in the cement market, resulting in higher profitability of products.

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

Expenses for the period	2010 amount (RMB'000)	2009 amount (RMB'000)	As a percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the same period last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	1,546,451	1,419,569	4.54	5.75	(1.21)
Administrative expenses	1,254,146	976,170	3.68	3.95	(0.27)
Financial expenses (net)	480,986	356,469	1.42	1.45	(0.03)
Total	**3,281,583**	**2,752,208**	**9.64**	**11.15**	**(1.51)**

During the Reporting Period, the above three expense items (i.e. selling expenses, administrative expenses and financial expenses) of the Group were controlled effectively, and each as a percentage of revenue from principal activities decreased with various degrees. The above three expense items in aggregate accounted for 9.64% of the revenue from principal activities, representing a year-on-year decrease of 1.51 percentage points.

FINANCIAL POSITION

Assets and Liabilities Structure

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

Item	As at 31 December 2010 (RMB'000)	As at 31 December 2009 (RMB'000)	Change as at the end of the Reporting Period to those as at the beginning of the year (%)
Fixed assets	32,751,828	25,609,417	27.89
Current and other assets	27,660,025	21,539,081	28.42
Total assets	60,411,853	47,148,498	28.13
Current liabilities	13,077,027	12,073,311	8.31
Non-current liabilities	11,703,004	5,772,307	102.74
Minority interests	628,541	543,241	15.70
Equity attributable to shareholders of the Company	35,003,281	28,759,639	21.71

Total liabilities and shareholders' equity	60,411,853	47,148,498	28.13

As at 31 December 2010, the Group's non-current liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB11,703.00 million, representing an increase of 102.74% as compared with that at the end of the previous year, mainly due to the increase in long-term borrowings for development of construction projects and daily operating needs of the Group. As at 31 December 2010, the Group's gearing ratio prepared in accordance with the PRC Accounting Standards was 41.02%, representing an increase of 3.17 percentage points as compared with that at the end of the previous year. The Group maintained a relatively sound financial structure.

As at 31 December 2010, the Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB60,411.85 million, representing an increase of 28.13% as compared with that at the end of the previous year; equity attributable to shareholders of the Company amounted to RMB35,003.28 million, representing a growth of 21.71% as compared with that at the end of the previous year; net assets per share attributable to shareholders of the Company was RMB9.91, representing an increase of 21.71% as compared with that at the end of the previous year.

As at 31 December 2010, the Group's fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB32,751.83 million, representing an increase of 27.89% as compared with that at the end of the previous year. Such increase was mainly attributable to the re-classification of the projects under construction to fixed assets, after completion and commencement of production of part of the Group's projects including clinker production lines, cement grinding and residual heat electricity generation units during the Reporting Period. The Company's current and other assets amounted to RMB27,660.03 million, up by 28.42% as compared with that at the end of the previous year, which was primarily due to the increase in the book balance of notes receivable and inventory at the end of the period.

As at 31 December 2010, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB13,228.43 million and RMB13,077.03 million respectively, with a current ratio of 1.01:1 (corresponding period last year: 0.84:1). The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB13,501.59 million and RMB13,077.03 million respectively, with a net gearing ratio of 0.33 (corresponding period last year: 0.21).

Liquidity and Sources of Funds

Maturity analysis of bank loans and other borrowings of the Group as at 31 December 2010:

	As at 31 December 2010 (RMB'000)	As at 31 December 2009 (RMB'000)
Due within 1 year	3,171,523	4,183,280
Due after 1 year but within 2 years	2,387,773	1,279,130
Due after 2 years but within 5 years	8,499,068	3,390,310
Due after 5 years	84,545	724,182
Total	14,142,909	9,576,902

As at 31 December 2010, the Group's borrowings which are due after 2 years but within 5 years amounted to RMB8,499.07 million, an increase of RMB5,108.76 million from that at the beginning of the year, mainly attributable to the Group's borrowings of medium-term notes from Conch Holdings, the controlling shareholder, during the Reporting Period.

Analysis of Cash Flow

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

	2010 (RMB'000)	2009 (RMB'000)
Net cash flows generated from operating activities	6,010,307	7,029,352
Net cash flows generated from investing activities	（10,341,206）	（7,813,154）
Net cash flows generated from financing activities	3,447,171	（2,394,532）
Net increase/(decrease) in cash and cash equivalents	（883,728）	（3,178,334）
Balance of cash and cash equivalents at the beginning of the year	3,572,877	6,751,211
Balance of cash and cash equivalents at the end of the year	2,689,149	3,572,877

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB6,010.31 million, representing a decrease of RMB1,019.04 million as compared with that of last year. Such decrease was mainly attributable to the Group's repayment of bank acceptance bills upon maturity and the increase in undue bank acceptance bills due from customers during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investing activities increased by RMB2,528.05 million as compared with that of last year, which was mainly due to an increase in cash outflow from investing activities as a result of the Group's greater investments in construction projects.

During the Reporting Period, the Group's net cash inflows from financing activities increased by RMB5,841.70 million, primarily as a result of the increase in borrowings of the Group during the Reporting Period, as compared to the net cash outflows from financing activities due to the repayment of borrowings and maturity of discounted bank acceptance bills for repayment in the same period of last year.

Capital Expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB9.3 billion, 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 2010, 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 2010 (RMB'000)	**As at 31 December 2009 (RMB'000)**
Authorised and contracted for	13,614,304	4,425,361
Authorised but not contracted for	3,287,417	8,705,135
Total	16,901,721	13,130,496

Items measured by fair value

In accordance with the relevant requirements of the PRC Accounting Standards, the Group recognises the financial assets held for trading at the fair value of the forward exchange contract for the purpose of hedging and any changes of fair value will be recognized in the profit or loss for the period (please refer to note 2(9) and note 5(2) to the financial statements prepared in accordance with the PRC Accounting Standards for details). 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 financial assets and any changes of fair value would be recognised in capital reserve (for details, please refer to notes 2(9) and 5(9) 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 (3) 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.

Unit: RMB'000

Item	Amount as at the beginning of the period	Fair value movement for the period	Accumulated fair value movement recognized in equity	Impairment recognized for the period	Amount as at the end of the period
Financial assets					
Of which: 1. Financial assets at fair value through profit or loss	-	1,753	-	-	1,753
Of which: Derivative financial assets	-	1,753	-	-	1,753
2. Available-for-sale financial assets	2,343,992	-	2,053,095	-	3,754,675
Financial assets sub-total	2,343,992	1,753	2,053,095	-	3,756,428

Financial assets and financial liabilities denominated in foreign currency:

Unit: RMB'000

Item	Amount as at the beginning of the period	Fair value movement for the period	Accumulated fair value movement recognized in equity	Impairment recognized for the period	Amount as at the end of the period
Financial assets					
Of which: 1. Financial assets at fair value through profit or loss	-	1,753	-	-	1,753
Of which: Derivative financial assets	-	1,753	-	-	1,753
2. Loans and receivables	49,278	-	-	-	25,468
3. Available-for-sale financial assets	-	-	-	-	-
4. Investment held to maturity	-	-	-	-	-
Financial assets sub-total	49,278	1,753	-	-	27,221
Financial liabilities					
Of which: 1. Financial liabilities carried at amortised cost	76,849	-	-	-	24,002
Financial liabilities sub-total	76,849	-	-	-	24,002

Note: During the Reporting Period, the assets denominated in foreign currency held by the Group were mainly US Dollar-denominated and Euro-denominated assets which included receivables and bank deposits, equivalent to RMB25.47 million and RMB144.9 million respectively; the Group's financial liabilities denominated in foreign currency were mainly US Dollar-denominated liabilities which included advance from customers, equivalent to RMB24.00 million (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 exchange rate on 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).

PROSPECT FOR 2011

The year 2011 marks the beginning of China's implementation of the 12th Five-Year Plan. The central government will continue to adopt a proactive fiscal policy and prudent monetary policy in an attempt to tame inflation, adjust structure and stabilize economic growth.

During the 12th Five-Year Plan period, the low-carbon industry development and consumption concept will impose new requirements on the cement industry. The strategic restructuring of national economy will facilitate the change in the development approach of the cement industry. With the *Cement Industry Market Entry Requirements* coming into force, China seeks to keep production capacity from growing too fast while stepping up efforts to eliminate obsolete production capacity. These measures will accelerate consolidation within the industry and continue to improve supply and demand relationship.

According to the *Decision on Accelerating Water Resources Reform and Development* (2011 No. 1 Document of the State Council), the government will invest up to RMB4 trillion over the next 5-10 years to speed up construction of water resources infrastructure. The government will also increase its support for the construction of affordable housing through favorable policies and financial resources. It plans to construct 36 million units of affordable housing over the next 5 years, with the construction of 10 million units commencing in 2011. Such an initiative was aimed to improve social welfare. Implementation of all these measures will serve to facilitate stable growth of cement demand.

2011 presents both opportunities and challenges for the cement industry.

In 2011, the Group will earnestly formulate the strategic development plans in line with the 12th Five Year Plan, fully capturing the opportunities from the strategic restructuring of the national economy to change its development approach and implement the development strategies of combining new construction and acquisition to improve its domestic market presence. The Group will develop recycling economy and roll out the environmental protection project which utilizes the new dry-process kiln for urban waste treatment. The Group also seeks to appropriately extend the supply chain and actively explores an international strategy so as to achieve steady expansion of its global market share as well as a healthy and stable development.

In 2011, the Group's planned capital expenditure will amount to approximately RMB9 billion, which will be funded primarily by internal capital and supplemented by bank loans. The Group will push ahead with the construction of new cement and clinker production lines of Dazhou Conch, etc, and expansion of cement and clinker production lines of Qiyang Conch Cement Co., Ltd. ("Qiyang Conch"), etc., and the construction of three 12,000 t/d cement and clinker production lines and its ancillary residual heat electricity generation projects of Wuhu Conch

Cement Co., Ltd. (“Wuhu Conch”) and Tongling Conch, etc. It is expected that the clinker and cement production capacity will increase by approximately 31.8 million tonnes and 26.9 million tonnes respectively, while the installed capacity of residual heat generated electricity will increase by approximately 166MW for the full year.

In addition, the Group will further improve its internal control system, optimize management structure and fine-tune various business processes. The Group will also enhance regional market organization and increase control over its regional markets on an on-going basis. Furthermore, the Group will expand procurement channels for large volume purchases of raw materials and fuel, such as coal, in order to lower procurement costs. Emphasis is put on the refinement of allocation structure, and the incentive scheme will further be enhanced, so that the corporate competitiveness will continuously increase.

2011 is a new start for the Group in respect of the 12th Five Year Plan. We will move forward with determination, embracing both opportunities and challenges, thereby seeking to create 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 2010 amounted to RMB6,171.40 million and RMB6,163.48 million respectively. The Board of the Company proposed the appropriation of the profit for the year ended 31 December 2010 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 appropriated to the statutory surplus reserve of the Company, which amounted to RMB382.88 million.

(2) Based on the Company's total number of issued shares of 3,532,868,386 shares in its share capital as at 31 December 2010, the payment of a final dividend of RMB0.3 per share (tax inclusive) is proposed, totaling RMB1,059,860,000.

(3) The transfer from capital reserve–share premium to share capital by way of allotment and issue of 5 new shares for every 10 existing shares held by all shareholders is proposed. After such capitalisation issue, the Company's capital reserve will decrease from RMB13,989,110,000 to RMB12,222,680,000.

The Company will issue further announcement(s) on the timetable and the related details concerning the proposed issue to shareholders of new shares from capitalization of the capital reserve. In respect of the new H shares to be issued in such connection, application for listing approval from the Stock Exchange will be made in due course.

Upon the implementation of the above-mentioned profit appropriation proposal (if approved), the total number of issued shares in the share capital of the Company would increase from 3,532,868,386 shares to 5,299,302,579 shares. It will also be proposed to shareholders in the annual general meeting for year 2010 to authorise the Board to handle the relevant matters as a result of the implementation of the profit appropriation proposal for the year 2010, such matters include but not limited to the increase in registered capital, amendments to the Articles of Association and filing of 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 2010.

As far as the Company is aware, as at the date of this announcement, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2010.

According to the Enterprise 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 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 and will not be liable for such arrangement. 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 record date for the 2010 annual general meeting (please refer to the notice of 2010 annual general meeting to be 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 confirming the identity of the shareholders.

2. Major Investment Projects during the Reporting Period

1. Use of fund-raising proceeds and progress of investment projects applying fund raised during the Reporting Period

The net proceeds raised from public issue of shares in 2008 amounted to RMB11,282.06 million. As at 31 December 2010, the accumulated proceeds used by the Company amounted to RMB10,681.61 million; whereas the accrued interests and the remaining proceeds amounted to RMB103.75 million and RMB704.20 million respectively. During the Reporting Period, use of funding raising proceeds ("Proceeds"), progress of the investment projects ("Investment Projects") and gains arising there from were set out as follows:

(Unit: RMB'000)

Items	Description of the Investment Projects	Progress of the project	Amounts of proceeds undertaken to be used	Actual investment amount	Gain from the project during the Reporting Period
1	4×4,500t/d cement and clinker production lines project of Anhui Chizhou Conch Cement Co., Ltd. ("Chizhou Conch")	Two in operation Two under construction	1,530,180	1,026,950	103,010
2	2×4,500t/d cement and clinker production lines project of Yiyang Conch Cement Co., Ltd.	In operation	1,185,960	950,000	60,870
3	4,500t/d cement and clinker production line project of Shuangfeng Conch Cement Co., Ltd. ("Shuangfeng Conch")	In operation	433,100	330,000	133,160
4	4,000t/d cement and clinker production line project of Hunan Conch Cement Co., Ltd. ("Hunan Conch")	In operation	406,000	350,000	61,650

5	4,000t/d cement and clinker production line project of Xing'an Conch Cement Co., Ltd. ("Xing'an Conch")	In operation	378,360	288,530	266,030
6	4,000t/d cement and clinker production line project (phase one) of Beiliu Conch Cement Co., Ltd. ("Beiliu Conch")	In operation	453,200	327,460	84,820
7	4,500t/d cement and clinker production line project (phase two) of Beiliu Conch	In operation	277,220	265,130	101,360
8	2×18MW residual heat electricity generation project of Chizhou Conch	One in operation One under construction	262,770	98,610	67,300
9	18MW residual heat electricity generation project of Anhui Zongyang Conch Cement Co., Ltd. ("Zongyang Conch")	In operation	132,970	75,030	49,850
10	12MW residual heat electricity generation project of Baimashan Cement Plant of Anhui Conch Cement Co., Ltd. ("Baimashan Cement Plant")	In operation	93,540	59,760	40,450
11	18MW residual heat electricity generation project of Anhui Huaining Conch Cement Co., Ltd.	In operation	131,650	120,660	77,220
12	11.6MW and 17MW residual heat electricity generation projects of Chizhou Conch	In operation	216,530	185,740	114,370
13	15MW and 18.5MW residual heat electricity generation projects of Zongyang Conch	In operation	275,060	269,390	133,100
14	18MW residual heat electricity generation project of Beiliu Conch	In operation	133,020	86,690	61,140
15	18MW residual heat electricity generation project of Xing'an Conch	In operation	133,040	90,000	60,520
16	18MW residual heat electricity generation project of Shimen Conch Cement Co., Ltd.	In operation	130,000	70,000	30,000
17	18MW residual heat electricity generation project of Shuangfeng Conch	In operation	130,000	90,000	68,290
18	9.1MW residual heat electricity generation project of Hunan Conch	In operation	65,000	50,070	26,190
19	The spare parts processing centre project of Anhui Conch Mechancial & Electrical Equipment Co., Ltd.	In operation	330,000	138,110	62,240
20	The new dry-process kiln for urban waste treatment project of Tongling Conch	In operation	154,340	116,300	-
21	The energy conservation technology upgrade project of the Company	Completed	38,450	33,360	35,970
22	The optimization of financial structure and repayment of bank loans project [Note 2]	Repaid	2,000,000	2,098,000	-
	Total	-	**8,890,390**	**7,119,790**	**1,637,540**

Note 1: The abovementioned Investment Projects were projects with extended use of Proceeds uring the Reporting Period;
Note 2: Actual amount of repayment of bank loan exceeded amounts of proceeds undertaken to be repaid to banks was due to interests earned from the Proceeds.

2. Major investments not applying the Proceeds during the Reporting Period

(Unit: RMB'000)

Items	Description of investment projects	Progress of the project	Fund used during the Reporting Period	Gain from project during the Reporting Period
1	Project of 2X4,500t/d cement and clinker production lines (phase one) and 18MW residual heat electricity generation unit of Liquan Conch Cement Co., Ltd.	Under construction	934,870	-
2	Project of 2X12,000t/d clinker production lines (phase three) and 36MW residual heat electricity generation unit of Wuhu Conch	Under construction	674,130	-
3	Project of 4,500t/d clinker production line and 9MW residual heat electricity generation unit of Jining Conch Cement Co., Ltd.	In partial operation	617,730	10,320
4	Project of 4,500t/d clinker production line, 9MW residual heat electricity generation unit and 2.20 million tonnes cement grinding of Qianyang Conch Cement Co., Ltd. ("Qianyang Conch")	In partial operation	517,530	-6,860
5	Project of 4,500t/d clinker production line (phase three) and 9MW residual heat electricity generation unit of Fusui Xinning Conch Cement Co., Ltd. ("Xinning Conch")	In partial operation	370,650	-
6	Project of 12,000t/d clinker production line of Tongling Conch	Under construction	360,680	-
7	Project of 4,000t/d new dry-process cement and clinker production line and 9MW pure low temperature residual heat electricity generation unit of Qiyang Conch	Under construction	350,220	-
8	Project of 2X4,500t/d clinker production lines and 2.00 million tonnes cement grinding and 9MW residual heat electricity generation unit of Quanjiao Conch Cement Co., Ltd.	In operation	312,180	54,750
9	Project of 4,000t/d clinker production line (phase two) and 9MW residual heat electricity generation unit of Jiande Conch Cement Co., Ltd.	In operation	264,920	10,190
10	Project of 2X5,000t/d clinker production lines (phase one), cement grinding with an annual capacity of 4.40 million tonnes and 18MW residual heat electricity generation unit of Guangdong Qingxin Cement Co., Ltd.	In operation	253,980	240,110
11	Project of the 4.40 million tonnes cement grinding and terminal of Huainan Conch Cement Co., Ltd.	Under construction	239,760	-
12	Project of the 4.40 million tonnes cement grinding and terminal of Xiangshan Conch Cement Co., Ltd.	In partial operation	202,800	5,120
13	Project of 4,500t/d clinker production line, 2.20 million tonnes cement grinding and 9MW residual heat electricity generation unit of Linxiang Conch	In operation	158,840	99,190
	Total		**5,258,290**	**412,820**

Note 1: As the 4,500t/d clinker production line of Qianyang Conch commenced operation in November 2010, it was not operating at full capacity during the Reporting Period.

Note 2: As the 4,500t/d clinker production line (phase three) of Xinning Conch commenced operation at the end of December 2010, it was under trial operation.

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.

(2) Shareholdings in Other Listed Companies and Trading of Shares of Other Listed Companies

As approved and authorized by the Board, the Company utilized some of its funds for making strategic investment in a few PRC listed companies in the cement industry with competitive strengths and growth potential. During the Reporting Period, the Company purchased 34,969,375 additional shares in Jidong Cement, after taking into account the changes in the conditions of the 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.

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

Stock code	Short name	Initial acquisition cost (RMB)	Percentage of shareholding in such company (%)	Carrying amount as at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)	Change in equity owners' interest during the Reporting Period (RMB)
600318	Chaodong Cement	98,019,695	16.28	459,631,119	-	156,743,270
000401	Jidong Cement	1,563,997,644	11.28	3,232,808,225	-	739,519,202
000885	Tongli Cement	44,349,667	2.12	62,235,174	-	(13,355,188)
Total		**1,706,367,006**	-	**3,754,674,518**	-	**882,907,284**

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

(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 trademarks

On 23 September 1997, the Company and its controlling shareholder, Conch Holdings entered into a 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 RMB1,513,000 per annum for the use of the permitted trademarks.

The Group paid the relevant 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 SSE ("Listing Rules of 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 transactions constituted continuing connected transactions. 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 SSE, Longshan Cement is a connected person of the Company; and accordingly the above transactions constituted connected transactions.

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 RMB85.06 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 transactions were not subject to the approval of independent shareholders.

(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 for mutual procurement of spare parts and production ancillary materials between Prosperity Conch and Longshan Cement were the respective purchase prices from their suppliers.

During the Reporting Period, the purchase prices for spare parts and production ancillary materials mutually procured between Prosperity Conch and Longshan Cement were 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 RMB6.62 million; and the procurement amount for spare parts and production ancillary materials by Longshan Cement from Prosperity Conch was RMB8.15 million, neither of which exceeded the annual transaction cap of RMB21.50 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.

2. Residual heat electricity generation projects

On 25 June 2010, 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 it was agreed that Conch Kawasaki Engineering shall 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 RMB505.35 million.

Conch Kawasaki Engineering is a sino-foreign equity joint venture enterprise established in the PRC. As Mr. He Chengfa, a deputy general manager of the Company, serves as the chairman of Conch Kawasaki Engineering, pursuant to the Listing Rules of SSE, Conch Kawasaki Engineering is a connected person of the Company; as such, the above transaction constituted a connected transaction. Under the Listing Rules of the Stock Exchange, the above transaction did not constitute a connected transaction.

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 RMB214.56 million. With respect to the performance of related contracts entered into in previous years, the aggregate amount of the relevant equipment price and design fee paid to Conch Kawasaki Engineering of the Group during the Reporting Period was RMB446.52 million.

Please refer to the announcements of the Company dated 25 June 2010 (published on the website of the Stock Exchange and the website of the Company) and dated 26 June 2010 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders.

3. Purchase of milling equipment

On 25 June 2010, as approved by the Board of the Company, the Company and Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Energy Conservation") entered into a milling equipment supply contract, pursuant to which the Company agreed to purchase from Conch Kawasaki Energy Conservation 8 sets of milling equipment to be installed at the clinker production lines of certain subsidiaries of the Company. The total contract price was RMB192 million.

Conch Kawasaki Energy Conservation is a sino-foreign equity joint venture enterprise established in the PRC. As Mr. Ji Qinying, an executive Director and general manager of the Company, serves as the chairman of Conch Kawasaki Energy Conservation, and Mr. He Chengfa, a deputy general manager of the Company serves as a director of Conch Kawasaki Energy Conservation, under the Listing Rules of SSE, Conch Kawasaki Energy Conservation is a connected person of the Company; as such, the above transaction constituted a connected transaction. Under the Listing Rules of the Stock Exchange, the above transaction did not constitute a connected transaction.

The contract price under the said contract was determined by the parties having regard to the costs of the equipment, the prevailing market prices of such equipment, with reference to the price charged by Conch Kawasaki Energy Conservation to other customers, and such price shall not be higher than that offered by Conch Kawasaki Energy Conservation 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 purchase price of RMB130.59 million to Conch Kawasaki Energy Conservation. In connection with the performance of related contracts entered into in previous years, the total equipment price paid to Conch Kawasaki Energy Conservation by the Group during the Reporting Period amounted to RMB323.09 million.

Please refer to the Company's announcements dated 25 June 2010 (published on the website of the Stock Exchange and the website of the Company) and dated 26 June 2010 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders.

4. Design of cement and clinker projects

On 25 June 2010, as approved by the Board of the Company, the Company and Anhui Conch Construction Materials Design Institute ("Conch Design") entered into a design and technical services contract, pursuant to which it was agreed that Conch Design shall provide services including design and technological modification of clinker production lines and grinding mill systems for certain subsidiaries of the Company. The contract price was RMB 78.13 million.

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

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 shall be settled according to project progress.

During the Reporting Period, for the sole purpose of performing of the above design and technical services contract, the Group paid the relevant design fee of RMB12.21 million to Conch Design. Taking into account the aforesaid contract and the related contracts entered into in previous years, the total design fee paid by the Group to Conch Design during the Reporting Period amounted to RMB36.02 million.

Please refer to the announcements of the Company dated 25 June 2010 (published on the website of the Stock Exchange and the website of the Company) and dated 26 June 2010 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders.

5. Acquisition of the minority interests in two subsidiaries held by controlling shareholder, Conch Holdings

As approved by the Board of the Company (where the interested Directors shall be abstained from voting) on 26 October 2010, the Company and Conch Holdings, its controlling shareholder, entered into a sale and purchase agreement of 25% equity interest of Anhui Conch Cement Ltd. ("Anhui Conch") and a sale and purchase agreement of 5% equity interest of Anhui Wuhu Conch Construction and Installation Engineering Co., Ltd. ("Conch Construction"), pursuant to which it was agreed that the Company shall acquire 25% equity interests in Anhui Conch and 5% equity interests in Conch Construction held by Conch Holdings.

As Conch Holdings is the controlling shareholder of the Company, under the Listing Rules of SSE and the Listing Rules of the Stock Exchange, it is a connected person of the Company; as such, the above transaction constituted a connected transaction.

The consideration for acquiring the 25% equity interest of Anhui Conch was determined with reference to the net asset value of Anhui Conch as at 30 June 2010, being the record date, as appraised by Beijing China Faith Appraisers Co., Ltd. ("Beijing China Faith") in proportion to the percentage of equity interest being transferred, which was RMB84,471,200. The consideration for acquiring the 5% equity interest of Conch Construction was determined with reference to the net asset value of Conch Construction as at 30 June 2010, being the record date, as appraised by Beijing China Faith in proportion to the percentage of equity interest being transferred, which was RMB2,004,600. The aggregate consideration for the said transactions amounted to RMB86,475,800, which was settled in full by the Company with its internal funds on 2 November 2010.

Please refer to the Company's announcements dated 26 October 2010 (published on the website of the Stock Exchange and the website of the Company) and dated 27 October 2010 (published on the SSE website and Shanghai Securities Journal) for details. Such connected transaction was not subject to the approval of independent shareholders.

6. Loans from controlling shareholder, Conch Holdings

During the Reporting Period, in order to support the operation and growth of the Company, optimize the financial structure and reduce the finance costs of the Company, after negotiation, Conch Holdings agreed to lend part of the proceeds raised from its issuance of medium-term notes to the Group for developing the energy conservation technology upgrade project (including residual heat electricity generation and terminal project), improving the financing structure and supplementing the working capital. As approved by the Board of the Company on 1 February 2010, it was agreed that the Company shall borrow from Conch Holdings in the sum of no more than RMB4.8 billion at an interest rate of 4.83% per annum for a term commencing from the date of transfer of fund from the bank account of Conch Holdings to 24 January 2013.

Please refer to the Company's announcements dated 1 February 2010 (published on the website of the Stock Exchange and the website of the Company) and dated 2 February 2010 (published on the website of the SSE and Shanghai Securities News) for details. Such connected transaction was not subject to the approval of independent shareholders.

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.

In respect of the continuing connected transactions disclosed (the "Transactions"), KPMG Certified Public Accountants, the international auditors of the Company, have executed the necessary procedures and issued a letter to the Board, stating that (1): they were not aware that the Transactions were not approved by the Board; (2) there were not aware of any matters which would make them believe that the Transactions were not in line with the pricing policies of the Group in any material aspects in connection with the transactions relating to the provision of commodities and services by the Group; (3) they were not aware of any matters which would make them believe that the Transactions did not comply with the terms of the agreements governing the transactions in any material aspects; (4) they were not aware of any matters which would make them believe that the annual accumulated amount for each of the Transactions, in aggregate, would exceed the annual cap of aggregate value of such transaction the Company had disclosed in the previous announcement.

(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 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 of the Company or by shareholders in general meeting.

During the Reporting Period, the guarantees provided by the Company for its majority-owned subsidiaries amounted to RMB2,075 million, all being guarantees for collateral liabilities. As at 31 December 2010, the balance of guarantees provided by the Company for its majority-owned subsidiaries amounted to RMB5,040 million, representing 15.95% 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 connected persons, any other entities which are not legal persons nor individuals. The aggregate amount of guarantees provided by the Company did not exceed 50% of the Company's latest audited net assets. The Company did not provide guarantees to its majority-owned subsidiaries whose gearing ratio was over 70%.

As at 31 December 2010, Baimashan Cement Plant and Ningguo Cement Plant of Anhui Conch Cement Co., Ltd., both being branch companies of the Company, pledged their assets with a book value of approximately RMB670 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 22,755,147 A Shares and 287,999,046 A Shares respectively to Conch Holdings and Conch Venture as consideration for the purchase of certain assets from Conch Holdings and Conch Venture, and Conch Holdings 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 287,999,046 shares held 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. The details of the undertakings are as follows:

1. The Relevant Shares would remain as A Shares subject to trading restrictions and would be released from trading restrictions on 26 May 2010; and would 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 a shareholder of the Company (such as the right to nominate and elect directors or supervisors of the Company), except for rights as a shareholder of proprietary nature (including but not limited to dividend rights).

During the Reporting Period, Conch Holdings, Conch Venture and Ping An Trust were in strict compliance with the above undertakings.

(6) Fund appropriation by controlling shareholder and its subsidiaries

The Company has formulated the "Measures to prevent the Company's funds from being misappropriated by its controlling shareholder and related parties" for the purpose of setting up an effective and long-term mechanism 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.

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder and its subsidiaries (other than the Company).

(7) Penalties and remedies in relation to the Company and its Directors, Supervisors, senior management, controlling shareholder and de facto controller

During the Reporting Period, none of the Company, and its Directors, Supervisors, senior management, controlling shareholder and de facto controller were subject to any penalties.

IX. Financial Information

Financial information extracted from the audited consolidated income statement and consolidated statement of comprehensive income of the Group for the year ended 31 December 2010 and audited consolidated balance sheet of the Group at 31 December 2010 together with the 2009 comparative figures, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated income statement
for the year ended 31 December 2010

(Expressed in Renminbi Yuan)

	Note	*2010* RMB'000	*2009* RMB'000
Turnover	4 (3)	34,508,282	24,998,007
Cost of sales and services rendered		(23,566,109)	(17,971,239)
Gross profit		10,942,173	7,026,768
Other revenue	4 (4)	506,893	354,111
Other net loss	4 (4)	(5,381)	(22,666)
Selling and marketing costs		(1,546,451)	(1,419,569)
Administrative expenses		(1,294,870)	(977,717)
Profit from operations		8,602,364	4,960,927
Finance costs	4 (5)(a)	(514,157)	(451,145)
Share of profits of associates		226	83
Share of profits/(losses) of jointly controlled entities		27,027	(1,369)
Profit before taxation	4 (5)	8,115,460	4,508,496
Income tax	4 (6)	(1,770,091)	(882,012)
Profit for the year		6,345,369	3,626,484

1. Consolidated income statement (continued)
for the year ended 31 December 2010

(Expressed in Renminbi Yuan)

Attributable to:			
Equity shareholders of the Company		6,163,481	3,505,936
Non-controlling interests		181,888	120,548
Profit for the year		6,345,369	3,626,484
Earnings per share	4 (8)		
- Basic (restated)		RMB 1.74	RMB0.99
- Diluted (restated)		RMB 1.74	RMB0.99

2. Consolidated statement of comprehensive income
for the year ended 31 December 2010

	2010 RMB'000	*2009* RMB'000
Profit for the year	6,345,369	3,626,484
Other comprehensive income for the year (after tax and reclassification adjustments)		
Available-for-sale equity securities: net movement in the fair value reserve	662,180	889,861
Total comprehensive income for the year	7,007,549	4,516,345
Attributable to:		
Equity shareholders of the Company	6,825,661	4,395,797
Non-controlling interests	181,888	120,548
Total comprehensive income for the year	7,007,549	4,516,345

3. Consolidated balance sheet at 31 December 2010

	Note	*2010*		*2009*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment			39,118,501		31,526,436
Lease prepayments			1,879,454		1,458,659
			40,997,955		32,985,095
Intangible assets			781,755		476,416
Goodwill			16,120		16,120
Interest in associates			159,590		159,364
Interest in jointly controlled entities			863,602		321,996
Loans and receivables			110,216		131,862
Available-for-sale equity securities			3,754,675		2,343,992
Deferred tax assets			80,943		60,250
			46,764,856		36,495,095
Current assets					
Inventories		2,493,128		2,172,191	
Trade receivables	4 (9)	6,403,560		3,030,137	
Prepayments and other receivables		1,526,682		1,183,945	
Amounts due from related parties		335,435		479,907	
Tax recoverable		6,907		15,637	
Restricted cash deposits		46,726		54,163	
Cash and cash equivalents		2,689,148		3,572,876	
		13,501,586		10,508,856	
Current liabilities					
Trade payables	4 (10)	4,001,783		4,274,803	
Other payables and accruals		4,615,129		2,969,563	
Bank loans and other borrowings		3,171,523		4,183,280	
Amounts due to related parties		366,946		287,003	
Current portion of long-term payables		12,702		15,822	
Obligations under finance leases		66,742		-	
Current taxation		842,200		342,838	
		13,077,025		12,073,309	
Net current assets/ (liabilities)			424,561		(1,564,453)
Total assets less current liabilities			47,189,417		34,930,642

3. Consolidated balance sheet at 31 December 2010 (**continued**)

	Note	*2010*		*2009*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Bank loans and other borrowings		10,971,386		5,393,622	
Long-term payables		65,398		72,375	
Obligations under finance leases		110,934		-	
Deferred income		410,109		338,187	
Deferred tax liabilities		523,122		301,723	
			12,080,949		6,105,907
NET ASSETS			35,108,468		28,824,735
CAPITAL AND RESERVES					

3. Consolidated balance sheet (cont'd)

Share capital	3,532,868	1,766,434
Reserves	30,955,375	26,520,906
Total equity attributable to equity shareholders of the Company	34,488,243	28,287,340
Non-controlling interests	620,225	537,395
TOTAL EQUITY	35,108,468	28,824,735

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.

The consolidated financial statements for the year ended 31 December 2010 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 2010.

(2) Changes in accounting policies

The IASB has issued two revised IFRS, a number of amendments to IFRSs and one 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 3 (revised 2008), Business combinations
- Amendments to IAS 27, Consolidated and separate financial statements
- Amendments to IFRS 5, Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary
- Amendments to IAS 39, Financial instruments: Recognition and measurement – eligible hedged items
- Improvements to IFRSs (2009)
- IFRIC 17, Distributions of non-cash assets to owners

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

The amendments to IAS 39 have had no material impact on the Group’s financial statements as the amendments were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to IFRS 3, IAS 27, IFRS 5 and IFRIC 17 have not yet had a material effect on the Group’s financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree’s deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:

  - Transaction costs that the Group incurs in connection with a business combination, such as finder’s fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  - Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

  - If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

- In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of IAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

  - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

  In accordance with the transitional provisions in IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to IFRS 3 and IAS 27, and as a result of amendments to IAS 28, Investments in associates, and IAS 31, Interests in joint ventures, the following policies will be applied as from 1 January 2010:

  - If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  - If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in IFRS 3 and IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to IAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

(3) Turnover 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:

	2010 RMB'000	*2009* RMB'000
Sales of clinkers and cement products	34,036,282	24,683,638
Sales of materials and other products	214,925	201,715
Service income	257,075	112,654
	34,508,282	24,998,007

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 2010 and 2009 is set out below:

For the year ended 31 December 2010

	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	10,956,077	14,378,479	7,772,689	1,401,037	34,508,282	-	34,508,282
Inter-segment revenue	1,229,634	6,949,939	107,564	167	8,287,304	(8,287,304)	-
Reportable segment revenue	**12,185,711**	**21,328,418**	**7,880,253**	**1,401,204**	**42,795,586**	**(8,287,304)**	**34,508,282**
Reportable segment profit (Profit before taxation)	**1,331,293**	**5,723,272**	**2,360,999**	**332,842**	**9,748,406**	**(1,632,946)**	**8,115,460**
Interest income	6,284	35,097	2,889	631	44,901	-	44,901
Interest expense	(73,408)	(352,287)	(74,834)	(13,628)	(514,157)	-	(514,157)
Depreciation and amortisation for the year	(279,246)	(1,235,528)	(373,235)	(131,318)	(2,019,327)	-	(2,019,327)
Impairment of property, plant and equipment	(33,724)	(6,911)	-	-	(40,635)	-	(40,635)
Reportable segment assets (including investment in associates and joint ventures)	**9,982,827**	**43,908,331**	**9,285,897**	**8,006,318**	**71,183,373**	**(10,916,931)**	**60,266,442**
Additions to non-current segment assets during the year	1,969,817	3,718,920	1,090,024	3,670,676	10,449,437	-	10,449,437
Reportable segment liabilities	**6,085,008**	**13,595,847**	**2,360,713**	**4,985,933**	**27,027,501**	**(1,869,527)**	**25,157,974**

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

For the year ended 31 December 2009

	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	8,129,179	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)
Impairment of property, plant and equipment	-	-	-	-	-	-	-
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**

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

	2010	*2009*
	RMB'000	RMB'000
Revenue		
Elimination of inter-segment revenue	(8,287,304)	(5,811,300)
Profit		
Elimination of inter-segment profits	(1,670,074)	(1,467,167)
Differences between		
PRC accounting standards and IFRS*		
- item (1)	3,838	3,838
- item (2)	33,290	28,115
	(1,632,946)	(1,435,214)

	2010	*2009*
	RMB'000	RMB'000
Assets		
Elimination of inter-segment balances	(10,771,520)	(9,593,348)
Differences between		
PRC accounting standards and IFRS*		
- item (1)	(140,711)	(144,549)
- item (3)	(4,700)	-
	(10,916,931)	(9,737,897)
Liabilities		
Elimination of inter-segment balances	(2,247,472)	(1,512,384)
Differences between		
PRC accounting standards and IFRS*		
- item (2)	377,945	333,599
	(1,869,527)	(1,178,785)

* 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 certain government grants recognised under IFRS.

- item (3): The difference arises from the profit for the year in respect of jointly controlled entities 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 ("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.

	Revenue from external customers		Specified non-current assets	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
The PRC	32,821,384	23,542,603	42,819,022	33,958,991
Others	1,686,898	1,455,404	-	-
	34,508,282	24,998,007	42,819,022	33,958,991

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

	2010 RMB'000	*2009* RMB'000
Other revenue		
Interest income	44,901	97,898
Dividend income from available-for-sale equity securities	-	9,966
Subsidy income	461,992	246,247
	506,893	354,111

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

	2010 RMB'000	*2009* RMB'000
Other net loss		
Net loss on disposal of fixed assets	(10,351)	(34,043)
Net realised gain on trading securities	-	346
Reclassification from equity on disposal of available-for-sale equity securities	-	6,035
Net loss on disposal of other investments in equity securities	-	(10)

Net gain on partial disposal of a subsidiary	-	889
Net exchange loss	(7,591)	(67)
Change in fair value of derivatives	1,753	-
Others	10,808	4,184
	(5,381)	(22,666)

(5) Profit before taxation

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

	2010 RMB'000	*2009* RMB'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	579,274	430,471
Interest on bank advances and other borrowings wholly repayable after five years	58,720	68,129
Finance charges on obligations under finance lease	656	-
Interest on discount of notes receivable	28,977	7,934
Total interest expense on financial liabilities not at fair value through profit or loss	667,627	506,534
Less: Interest expense capitalised into construction-in-progress*	(153,470)	(55,389)
	514,157	451,145

* The borrowing costs have been capitalised at rates of 4.69%~6.80% (2009: 4.69%~6.80%) per annum.

	2010 RMB'000	*2009* RMB'000
(b) Staff costs		
Contributions to defined contribution retirement plans	142,580	128,526
Salaries, wages and other benefits	1,334,277	945,078
	1,476,857	1,073,604

	Note	*2010* RMB'000	*2009* RMB'000

(c) Other items

Recognition of deferred income	(33,700)	(28,457)
Amortisation		
- interest in leasehold land held for own use under operating leases	43,144	27,919
- intangible assets	30,045	15,375
Depreciation	1,942,300	1,604,890
Impairment losses /(reversal of impairment losses)		
- trade receivables	(3,411)	(378)
- prepayments and other receivables	238	2,608
- fixed assets	40,635	-
Auditors' remuneration		
- audit services	4,240	4,220
- other services	10	30

(6) Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2010 RMB'000	*2009* RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the year	1,777,537	869,422
Under-provision in respect of prior years	12,575	14,601
	1,790,112	884,023
Deferred tax		
Origination and reversal of temporary differences	(20,021)	(2,011)
	1,770,091	882,012

No provision for Hong Kong Profits Tax is made for 2009 and 2010 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% (2009: 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)	22%
Shanghai Mingzhu Conch Cement Co., Ltd 上海海螺明珠水泥有限責任公司 (Note i)	22%
Shanghai Conch Construction Material International Trading Co., Ltd. 上海海螺建材國際貿易有限公司 (Note i)	22%
Xing'an Conch Cement Co., Ltd. 興安海螺水泥有限責任公司 (Note ii)	15%
Guangyuan Conch Cement Co., Ltd. 廣元海螺水泥有限責任公司 (Note iii)	15%
Pingliang Conch Cement Co., Ltd 平涼海螺水泥有限責任公司 (Note iv)	15%
Prosperity Conch Cement Co., Ltd. 英德海螺水泥有限責任公司 (Note v)	12.5%
Xinye Kuiyang Conch Cement Co., Ltd. 興業葵陽海螺水泥有限責任公司 (Note vi)	0%
Beiliu Conch Cement Co., Ltd. 北流海螺水泥有限責任公司 (Note vii)	0%

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 2010 is therefore 22% (2009: 20%).

(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 2010 is therefore 15% (2009: 15%).

(iii) In 2010, Guangyuan Conch Cement Co., Ltd. was recognised by the local tax authorities as domestic enterprise located in mid-west China with over 70% revenue from operation in encouraged industries as defined by relevant authorities. According to circular Cai Shui (2001) 202, Guangyuan Conch Cement Co., Ltd. is entitled to a reduced Corporate Income Tax rate of 15% in 2010. The applicable Corporate Income Tax rate in 2010 is therefore 15% (2009: 25%).

(iv) In 2010, Pingliang Conch Cement Co., Ltd. was recognised by the local tax authorities as domestic enterprise located in mid-west China with over 70% revenue from operation in encouraged industries as defined by relevant authorities. According to circular Cai Shui (2001) 202, Pingliang Conch Cement Co., Ltd. is entitled to a reduced Corporate Income Tax rate of 15% in 2010. The applicable Corporate Income Tax rate in 2010 is therefore 15% (2009: 25%).

(v) 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. 2010 is the fifth profitable year of Prosperity Conch Cement Co., Ltd. The applicable Corporate Income Tax rate in 2010 is therefore 12.5% (2009: 12.5%).

(vi) 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 2010 is therefore 0% (2009: 0%).

(vii) 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 Corporate Income Tax exemption for the five years ended 31 December 2011. The applicable Corporate Income Tax rate in 2010 is therefore 0% (2009: 0%).

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

	2010 RMB'000	*2009* RMB'000
Profit before taxation	8,115,460	4,508,496
Notional tax on profit before taxation calculated at 25% (2009: 25%)	2,028,865	1,127,124
Tax effect of tax exemption enjoyed by subsidiaries	(150,737)	(168,704)
Tax effect of different tax rates applicable to subsidiaries	(145,998)	(99,246)
Tax effect of non-deductible expenses	39,523	8,385
Tax effect of non-taxable income	(22,033)	(11,310)
Tax effect of unused tax losses not recognised	7,896	1,502
Income tax credits relating to subsidiaries	-	9,660
Under-provision in respect of prior years	12,575	14,601
Actual tax expense	1,770,091	882,012

(7) Dividends

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

	2010 RMB'000	*2009* RMB'000
Final dividend proposed after the balance sheet date of RMB0.30 per ordinary share (2009: RMB0.35 per ordinary share)	1,059,861	618,252

In addition, the directors proposed a bonus issue of 5 shares (2009: 10 shares) for every 10 shares held by the shareholders. As a result, the issued capital of the Company will increase from RMB3,532,868,000 to RMB5,299,302,000 by capitalising share premium of RMB1,766,434,000 (2009: RMB1,766,434,000).

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

The above proposed 2010 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:

	2010 RMB'000	*2009* RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.35 per ordinary share (2009: RMB0.30)	618,252	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 2010 of RMB6,163,481,000 (2009: RMB 3,505,936,000) and the weighted average number of shares in issue during the year ended 31 December 2010 of 3,532,868,000 (2009: 3,532,868,000 after adjustment for the capitalisation issue in 2010).

Weighted average number of ordinary shares

	2010 thousand	*2009* thousand
Issued ordinary shares at 1 January	1,766,434	1,766,434
Effect of capitalisation issue	1,766,434	1,766,434
Weighted average number of ordinary shares at 31 December	3,532,868	3,532,868

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2010 and 2009.

(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:

	2010 RMB’000	*2009* RMB’000
Within 1 year (inclusive)	6,403,560	3,030,137

(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:

	2010 RMB’000	2009 RMB’000
Within 1 year (inclusive)	3,986,624	4,260,096
Between 1 year and 2 years (inclusive)	11,438	10,814
Between 2 years and 3 years (inclusive)	2,385	2,922
Over 3 years	1,336	971
	4,001,783	4,274,803

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

Wuhu City, Anhui Province, the PRC
28 March 2011

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 Woon, Mr Chan Yuk Tong, and Mr Ding Meicai as independent non-executive directors.