SUMMARY

You should consider carefully all the information set out in this document including the risks and uncertainties described below. Our business, results of operations, financial condition or prospects could be materially and adversely affected by any of these risks. The risks described below are those that we believe are material, but these may not be the only risks and uncertainties that we face. Additional risks we have not identified, or which we currently deem immaterial, may nevertheless have a material adverse effect on our business, results of operations or financial condition.

Overview

We are a leading cement and concrete producer in Southern China. We are the largest NSP cement and clinker producer in Southern China by production capacity according to the China Cement Net (中國水泥網)[1] and the second largest concrete producer in China by sales volume according to the China Concrete Website (中國混凝土網)[2]. Our operations range from the excavation of limestone, to the production, sale and distribution of cement and cement products, clinker and concrete. We distribute our products through a well-established waterway, railway and road logistics network. Our cement products are mainly sold in Guangdong, Guangxi and Fujian under the trademarks "華潤" (Huarun) and "紅水河" (Hongshuihe). The trademark "紅水河" (Hongshuihe) is mainly used for our products sold in Guangxi and was already being used by Hongshuihe Cement before it was acquired by our Company in 2003. We use the trademark "華潤" (Huarun) through a non-exclusive license granted by China Resources National Corporation, which we further sub-license to our subsidiaries in the PRC so as to enable our Group to use such trademark in the sale and production of our products in China, mainly in Guangdong, Guangxi and Fujian.

As at June 30, 2009, we had a total of 11 clinker production lines and 31 cement grinding lines. We believe we are one of the few cement producers in China to equip all of their clinker production lines with advanced NSP technology and residual heat recovery generators that recycle the heat generated during the clinker production process. Our clinker plants and cement grinding plants are located in Binyang, Pingnan, Guigang, Nanning and Fangchenggang in Guangxi, and Dongguan and Zhanjiang in Guangdong. Our clinker production facilities are strategically located close to our limestone quarries, which supply most of the limestone required for our clinker production. We also have 20 concrete batching plants currently in operation in Guangxi, Guangdong, Fujian and Hong Kong. After we re-acquired Redland Concrete on December 31, 2008, we added three concrete batching plants located in Hong Kong. One of the three batching plants is presently leased to an Independent Third Party. As at June 30, 2009, we had an annual production capacity of 22.5 million tons of cement, 15.7 million tons of clinker and 12.3 million cubic meters of concrete. We expect that our annual production capacity will reach 30.0 million tons of cement, 21.9 million tons of clinker and 15.9 million cubic meters of concrete by the first quarter of 2010.

Our principal products are cement, clinker and concrete. Our products are primarily used in the construction of high-rise buildings and infrastructure projects such as hydroelectric power stations, dams, bridges, ports, airports and roads. Our customers include infrastructure construction companies, PRC and Hong Kong Government entities and property developers in China and Hong Kong. Our products have been used in a number of high-profile and large scale projects in China, including the Guangzhou-Shenzhen-Hong Kong Express Railway (廣深港高速鐵路), Guanghe Expressway (廣賀高速公路), Guiwu Expressway (桂梧高速公路), Guangwu Expressway (廣梧高速公路), Guangzhu Railway (廣珠城際軌道) and Wuguang Express Railway (武廣高速鐵路).

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[1] According to a report by the China Cement Net issued on July 28, 2009. China Cement Net is an independent website that provides cement industry information.

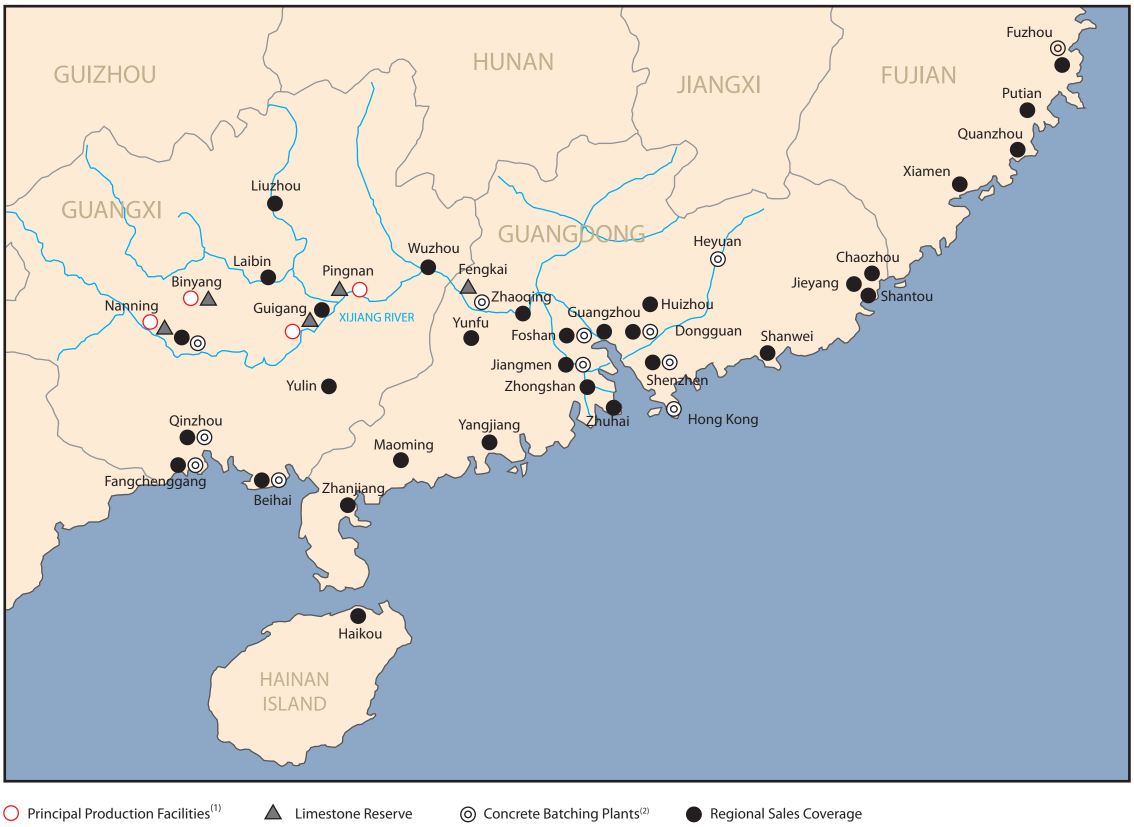
[2] China Concrete Website is an independent website that provides concrete industry information.

SUMMARY

We sell most of our products directly to end users through our extensive sales network, and the remainder of our products through distributors. As at the Latest Practicable Date, we have 18 regional sales offices covering 31 cities in Southern China.

In 2008, we sold 13.2 million tons of cement, 1.3 million tons of clinker and 5.6 million cubic meters of concrete. Our turnover from continuing operations was HK$2,111.7 million, HK$3,743.2 million and HK$5,781.3 million in 2006, 2007 and 2008, respectively, representing a CAGR of 65.5%. Our net profit from continuing operations for the same periods was HK$82.6 million, HK$358.8 million and HK$783.7 million, respectively, representing a CAGR of 208.0%. Our turnover and net profit from continuing operations for the six months ended June 30, 2009 was HK$2,738.7 million and HK$369.6 million, respectively.

Our principal production facilities, limestone quarries, concrete batching plants and regional sales offices are located in the following locations:



(1) Our principal production facilities are located in Pingnan, Binyang, Guigang and Nanning where there are five clinker production lines and nine cement grinding lines in Pingnan, two clinker production lines and six cement grinding lines in Binyang, two clinker production lines and four cement grinding lines in Guigang, two clinker production lines and four cement grinding lines in Nanning. In addition, we have three cement grinding lines in Dongguan, three cement grinding lines in Zhanjiang and two cement grinding lines in Fangchenggang.

(2) In terms of our 20 concrete batching plants, we have two in Dongguan, two in Foshan, two in Jiangmen, four in Nanning, one in each of Beihai, Fangchenggang, Fengkai, Fuzhou, Heyuan, Qinzhou and Shenzhen and three in Hong Kong.

Our Competitive Strengths

- We have a strong market position as a leading cement and concrete producer in Southern China.
- We are well positioned to capture growth opportunities in the construction industry in Southern China.

- We benefit from convenient access to limestone quarries and transportation channels as well as an extensive sales network.
- We believe we are one of the few cement producers in China to equip all of their clinker production lines with advanced NSP technology and residual heat recovery generators that recycle the heat generated during the clinker production process.
- We have convenient access to high quality limestone resources.
- We have a stable and experienced management team.

Our Strategies

- Strengthen our leading position through capacity expansion in selected markets.
- Continue to improve our transportation and logistics network.
- Continue to develop our sales and marketing capability for our cement operations and strengthen our distribution network.
- Continue to improve our operational efficiency.
- Continue to source high quality limestone resources.

Our Utilization Rates and Expansion Plans

The table below sets forth the number of production lines, pro-rated production capacity, production volume, and utilization rates by product categories.

	Year ended			Six Months ended
	December 31, 2006	**December 31, 2007**	**December 31, 2008**	**June 30, 2009**
Cement				
Number of Cement Production Lines	22	23	25	31
Pro-rated Production Capacity ('000 tons)	9,274.0	13,153.5	16,374.0	8,782.8
Production Volume ('000 tons)	6,303.6	9,673.5	14,070.5	7,456.4
Utilization Rate (%)	68.0	73.5	85.9	84.9
Clinker				
Number of Clinker Production Lines	6	7	8	11
Pro-rated Production Capacity ('000 tons)	6,076.0	8,354.5	10,937.8	6,308.5
Production Volume ('000 tons)	6,476.4	9,093.7	12,632.0	7,574.6
Utilization Rate (%)	106.6	108.8	115.5	120.1
Concrete				
Number of Batching Plants	10	16	19	20
Pro-rated Production Capacity ('000 m^3)	4,850.0	7,525.0	10,225.0	6,050.0
Production Volume ('000 m^3)	2,951.7	4,707.8	5,552.2	2,456.5
Utilization Rate (%)	60.9	62.6	54.3	40.6

The pro-rated capacity does not represent the actual annualized production capacity. For cement and clinker, the pro-rated production capacity is calculated based on the designed production capacity of each production line per day multiplied by 310 days per year or 155 days per six months. For concrete, the pro-rated production capacity is calculated based on the designed production capacity of each production line per load multiplied by operating hours per day (eight hours) divided by the estimated time per load multiplied by 310 days per year or 155 days per six months. For the pro-rated production capacity of our batching plants for the year ended December 31, 2008, we have included the January and February 2008 concrete production capacity of Redland Concrete into our calculation as we disposed of Redland Concrete in March 2008 but re-acquired it in December 2008.

We intend to increase our annual production capacity to 30.0 million tons of cement, 21.9 million tons of clinker and 15.9 million cubic meters of concrete by the first quarter of 2010.

Our clinker production facilities operated at above their designed production capacities in 2006 through 2008. The utilization rate for our cement production facilities also increased from 68.0% in 2006 to 85.9% in 2008. The utilization rate of our cement production facilities was 84.9% for the six months ended June 30, 2009. During the same period, the utilization rate of concrete production facilities ranged from approximately 40.6% to 60.9%. The utilization rate reflects our corporate strategies and a common practice in concrete industry in PRC: (1) our strategy is to expand into new markets when we identify suitable opportunities, and develop cement and concrete capacities to capture increasing market demand in various regions. As we establish and develop our presence in the new markets, some of our facilities will not be operating at their optimal capacity. We believe that it is reasonable to continue to adopt this expansion strategy for our business, as the demand for, and sales of our cement and concrete products steadily increased during the Track Record Period; (2) in designing the capacity of our cement production lines, we usually include a buffer capacity that enables us to respond to any increase in utilization in our production lines and demand for our cement products; (3) utilization rate of concrete production is generally low across the industry in the PRC given the nature of the concrete business. The production capacity for a facility is generally calculated on the basis of eight operational hours per day, however, the actual operational hours is shorter than eight hours due to the limitation imposed by local governmental authorities as well as downtime spent for cleaning the facilities. Thus, our Directors are of the opinion that the utilization rates of our cement and concrete production facilities were reasonable during the Track Record Period.

Our Directors have taken into consideration the recent global and PRC financial performance, situation and development, and they are of the view that our expansion plan is justified because:

- our clinker production was operating above capacity and our cement production was operating at a utilization rate of 85.9% for the period ended December 31, 2008;

- our Directors believe the demand for our products will continue to rise in the regions where our Group operates due to the factors disclosed in the section headed "Industry Overview" of this document. According to the National Bureau of Statistics of China, the GDP of Guangdong and Guangxi grew at a CAGR of 17.2% and 21.9% from 2006 to 2008, respectively. During the same period, the FAI of Guangdong and Guangxi grew at a CAGR of 17.4% and 29.7%, respectively. Guangdong's GDP in 2008 was RMB3.6 trillion, representing an increase of 16.1% over 2007. Guangdong's FAI was RMB1.1 trillion in 2008, representing a 16.5% increase over 2007. Guangxi's GDP for 2008 was RMB717.2 billion, representing an increase of 20.4% over 2007. Guangxi's FAI for 2008 was approximately RMB377.8 billion, representing an increase of 29.1% over 2007;

- the increase in the size of the cement industry in Guangdong and Guangxi also shows the industry believes that the growing demand warranted expansion. Guangdong's cement industry increased volume of cement production from 88.5 million tons in 2006 to 97.8 million tons in 2007. For 2008, Guangdong's cement industry produced 94.8 million tons of cement, only a slight decrease from 2007. Guangxi's cement industry increased volume of cement production from 36.6 million tons in 2006 to 43.5 million tons in 2007. For 2008, Guangxi's cement industry produced 51.9 million tons of cement, representing an increase of 19.3% over the same period of the previous year;

- our Directors believe the economic growth in China and the markets where we operate will continue to create a number of opportunities for new construction projects which in turn will create greater demand for our products. As at July 2009, the International Monetary Fund's estimates for China's economic growth in 2009 was approximately 7.5% and 8.5% in 2010. In addition, for the first six months of 2009, property sales rose 53.0% as compared to the corresponding period in 2008, and real estate investment growth was 9.9% for such period in 2009. Continued strength in the real estate sector may lead to investment in construction, which would spur demand for cement and concrete;

- according to the China Cement Association, NSP technology accounted for approximately 62.9% of the 1,400 million tons of cement produced in the PRC in 2008. Together with the PRC’s government policies to outlaw the use of vertical kilns, our Directors believe the demand for our NSP products will continue to grow; and

- our Directors believe the PRC Government’s Eleventh Five-Year Plan to implement major infrastructure and development projects between 2006 and 2010 will further increase the demand for our products. Moreover, the PRC Government has recently introduced measures to moderate the effects of the global economic downturn on the PRC’s economy which could benefit the real estate and construction sectors. Such measures have included a RMB4 trillion general stimulus plan that includes initiatives to promote infrastructure development, tax breaks for home buyers, lower down-payment requirements for home purchases and a RMB400 billion package for building affordable homes.

Please see the section headed “Financial Information — Recent Economic Situation” of this document for more information.

Summary of History and Background

Our Company was incorporated in the Cayman Islands on March 13, 2003 for the purpose of becoming the listed holding company of China Resources Holdings’ cement and concrete operations. On March 26, 2003, our Company entered into a conditional agreement with China Resources Holdings to acquire its 100% indirect equity interests in Hongshuihe Cement, Dongguan Cement, Dongguan Concrete and Shenzhen Concrete. Our Company, which held the interest of cement and concrete interests of China Resources Holdings, was listed on the main board of the Hong Kong Stock Exchange on July 29, 2003. The listing was through an introduction so that no funds were raised by our Company as part of the listing. China Resources Holdings was the controlling shareholder of our Company throughout the period during which it was listed on the Hong Kong Stock Exchange. Our Company has expanded through organic growth and acquisitions, notably Pingnan Cement.

From 2004 to 2005, the conditions in the building materials sectors in China had changed significantly due principally to measures taken by the PRC Government to curb excessive FAI and the substantial increase in production and distribution costs due principally to sharply increased coal and oil prices. This resulted in pressure on the prices of our products in 2006.

In addition, our shares were trading at a significant discount to their underlying adjusted net asset value per share. The discounts ranged from 25.9% to 58.0% from March 2004 to March 2006 and the trading volume remained low during the same period. The price performance of our shares had been recording a general downward trend from April 29, 2004 to March 28, 2006, during which the price declined from HK$2.30 to HK$1.81.

Our then Directors were concerned about our continuing business development. In 2005, our Company intended to expand its annual production capacity for cement and concrete to 15 million tons and 10 million cubic meters by 2008, respectively. At that time, our management estimated we would require new capital of approximately HK$2 billion to finance this expansion plan. In circumstances where it was not possible to raise significant funds from the capital markets at the time (except for the issuance of an aggregate principal amount of HK$800 million of convertible bonds which were substantially purchased by China Resources Holdings in 2005) and in view of keen competition and cost pressures in the construction materials sector, our then Directors believed that our continued expansion during difficult trading conditions was best carried out as a private company.

As a result, China Resources Holdings, through its wholly-owned subsidiary, Smooth Concept, requested the then Board to put forward to the then Shareholders a proposal regarding the privatization and the withdrawal of our listing on March 29, 2006.

The privatization in 2006 involved a scheme of arrangement, a convertible bond offer and an option lapsing payment as described in the section headed "History and Reorganization" of this document.

We did not raise any new capital by way of our previous listing by introduction in 2003. While the financial crisis continues to contribute to increased volatility and diminished expectations for the global economy and the financial market moving forward, the International Monetary Fund's estimate of China's economic growth in 2009 was 7.5% (as at July 2009), which was much higher than its estimate for the contraction of the global economy of 1.4%. Our Directors believe the growth in our business, our financial performance in the past few years, the estimated potential growth of the PRC economy, our use of environmentally production technology and the PRC Government's effort to move the economic growth on to a more socially and environmentally sustainable path in the long run present favorable conditions for us to raise equity capital from capital markets to increase our operation scale to meet the increase in demand for our products. On August 31, 2009, Smooth Concept injected an additional HK$1 billion into our Company in exchange for 4 billion Shares issued by us. We plan to use the new capital to finance our expansion plans in Fujian and Hainan provinces.

Details of the privatization and other corporate developments since the privatization are set out in the section headed "History and Reorganization" of this document.

Summary of Historical Financial Information

The following tables set forth, for the periods indicated, the selected financial data from our consolidated financial information. For more detailed information, please see the "Accountants' Report of the Company" in Appendix I to this document.

Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Continuing operations					
Turnover	2,111,695	3,743,155	5,781,278	2,603,962	2,738,739
Cost of sales	(1,624,520)	(2,662,043)	(4,462,068)	(1,889,833)	(2,005,232)
Gross profit	487,175	1,081,112	1,319,210	714,129	733,507
Selling and distribution expenses	(166,880)	(271,025)	(346,656)	(157,964)	(147,289)
General and administrative expenses	(221,242)	(346,395)	(345,351)	(155,576)	(173,441)
Finance costs	(100,066)	(148,215)	(123,592)	(61,543)	(85,369)
Others:					
Other income	85,776	69,223	265,499	220,083	40,785
Gain on disposal of subsidiaries	—	391	—	—	22,399
Change in fair value of investment properties	—	—	55,040	—	(1,000)
Discount on acquisition of a subsidiary	—	2,679	—	—	—
Impairment loss recognized in respect of goodwill	—	—	(1,301)	(1,301)	—
Share of result of an associate	(6)	(5)	(1)	(1)	—
Profit before taxation	84,757	387,765	822,848	557,827	389,592
Taxation	(2,205)	(28,951)	(39,101)	(21,220)	(19,986)
Profit for the year/period from continuing operations	82,552	358,814	783,747	536,607	369,606
Discontinued operations					
(Loss) profit for the year/period from discontinued operations	(2,502)	2,113	—	—	—
Profit for the year/period	80,050	360,927	783,747	536,607	369,606
Attributable to:					
Equity holders of the Company	81,954	360,253	760,924	530,353	365,663
Minority interests	(1,904)	674	22,823	6,254	3,943
	80,050	360,927	783,747	536,607	369,606
Earning per share					
— Basic	14.6 cents	46.1 cents	97.3 cents	67.8 cents	46.8 cents
— Diluted	14.3 cents	N/A	N/A	N/A	N/A

Cash Flow

	Year ended December 31,			Six Months ended June 30,	
	2006	2007	2008	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Net cash generated from operating activities	150,340	762,865	1,052,790	328,677	254,881
Net cash used in investing activities	(1,003,541)	(1,310,786)	(2,620,773)	(942,798)	(3,960,838)
Net cash generated from financing activities	855,579	643,076	1,579,331	589,690	4,204,893
Net increase (decrease) in cash and cash equivalents for the year/period	2,378	95,155	11,348	(24,431)	498,936
Cash and cash equivalents at beginning of the year/period	221,362	229,976	339,013	339,013	363,889
Effect of foreign exchange rate changes of cash and bank balances	6,236	13,882	13,528	13,562	(875)
Cash and cash equivalents at the end of year/period, representing cash and bank balances	229,976	339,013	363,889	328,144	861,950

Consolidated Statements of Financial Positions

	As at December 31,			As at June 30,
	2006	2007	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000
Non current assets				
Fixed assets	4,077,315	5,422,105	8,124,263	10,546,437
Prepaid lease payments	147,154	182,648	293,401	327,088
Investment properties	87,683	93,966	35,000	34,000
Intangible assets	101,369	113,724	137,807	136,513
Interest in an associate	54	49	48	48
Deposits for acquisition of an associate	—	—	—	305,218
Deposits for acquisition of fixed assets	89,160	26,326	73,025	79,895
Deferred tax assets	24,132	8,831	9,616	9,902
Long term receivables	—	—	118,916	161,092
Total non current assets	4,526,867	5,847,649	8,792,076	11,600,193
Current assets				
Inventories	333,936	362,488	379,789	527,986
Retention monies receivable	19,231	—	—	—
Amount due from immediate holding company	40,794	—	—	—
Amount due from an intermediate holding company	—	160,170	—	—
Amounts due from fellow subsidiaries	—	6,675	—	—
Trade and other receivables	828,265	896,664	954,820	1,008,796
Taxation recoverable	—	—	36,961	4,920
Pledged bank deposits	30,094	9,131	9,171	1,164,903
Cash and bank balances	229,976	339,013	363,590	861,950
Assets classified as held for sale	—	—	157,053	—
Total current assets	1,482,296	1,774,141	1,901,384	3,568,555
Total assets	6,009,163	7,621,790	10,693,460	15,168,748
Current liabilities				
Trade and other payables	861,689	1,250,319	1,674,425	1,606,665
Provisions	3,349	3,959	3,861	3,865
Amounts due to immediate holding company	—	1,548,056	—	—
Amounts due to minority shareholders of subsidiaries	5,892	—	—	—
Amount due to a fellow subsidiary	—	—	10,916	—
Taxation payable	9,496	7,469	11,005	12,133
Bank loans — amount due within one year	1,806,439	1,185,634	2,810,763	3,897,886
Liabilities associated with assets classified as held for sale	—	—	22,731	—
Total current liabilities	2,686,865	3,995,437	4,533,701	5,520,540
Net current liabilities	(1,204,569)	(2,221,296)	(2,632,317)	(1,951,985)
Non current liabilities				
Bank loans — amount due after one year	1,081,426	818,647	1,686,812	4,810,987
Provisions	46,186	44,916	40,588	38,195
Deferred tax liabilities	43,212	39,457	31,115	33,169
Total non current liabilities	1,170,824	903,020	1,758,515	4,882,351
Total liabilities	3,857,689	4,898,457	6,292,216	10,402,891
Equity attributable to equity holders of the Company	2,120,331	2,695,464	4,366,597	4,727,228
Minority interests	31,143	27,869	34,647	38,629
Total equity	2,151,474	2,723,333	4,401,244	4,765,857

Profit Forecast for the Year Ending December 31, 2009

Forecasted consolidated profit attributable to our equity holders (Note)	not less than HK$1,000.0 million (equivalent to approximately US$129.0 million)

Note: The bases and assumptions on which the above profit forecast for the year ending December 31, 2009 has been prepared are set out in Appendix IV — "Profit Forecast" to this document.

Dividend Policy

We do not intend to distribute dividends in 2010. We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. The Board will review our dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid, including our results of operations, financial condition and position and other factors the Board may deem relevant.

PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including the HKFRS. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Risk Factors

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk Factors" in this document and are summarized below:

Risks Relating to our Business

- We may not be able to continue grow at a rate comparable to our historical growth rates, or we may have difficulty managing any future growth.

- Our business depends significantly on the market conditions in the construction industry in China and Hong Kong.

- The current global market fluctuations and economic downturn could materially and adversely affect our business, results of operations and financial condition.

- We rely heavily on the Xijiang River to transport coal to our production sites and our finished products to our customers; any interruption to this means of transportation could disrupt or delay our production schedule and our delivery to our customers.

- Our business and results of operations may be adversely affected by increases in coal or electricity prices or shortages of coal and electricity supplies.

- The prices of raw materials may continue to rise, and we may be unable to pass on some or all of the increases to our customers.
- We cannot assure you that we will be able to renew our existing mining rights, or secure additional mining rights.
- We recorded net current liabilities during the Track Record Period, and we may continue to maintain a net current liabilities position in the future, which may adversely affect our liquidity.
- We are highly leveraged, and our business, results of operations and financial condition could be materially and adversely affected by our indebtedness.
- Our business depends on our ability to manage our working capital successfully.
- Fluctuations in the exchange rate of the Renminbi against the Hong Kong Dollar will have an effect on our potential exchange gain or loss, finance cost, depreciation expense, other comprehensive income and profitability.
- Exchange rate fluctuations of the Renminbi may affect our results of operations.
- We rely on our network of distributors, and to the extent that any distributor for any particular market ceases to cooperate with us for any reason, we may lose significant business in that market.
- We do not possess valid legal title or the right to lease with respect to certain properties that we occupy.
- Our controlling shareholder has significant influence over our management, and the interests of our controlling shareholder may not be aligned with our interests or the interests of other shareholders.
- Our business depends substantially on the continuing efforts of our executive directors, senior management, key personnel, and our ability to maintain a skilled labor force.
- Any failure to maintain an effective quality control system at our production facilities could have a material and adverse effect on our business, results of operations and financial condition.
- We have limited insurance coverage and may be subject to liabilities resulting from potential operation risks and losses that may not be covered by our insurance policies.
- Any unauthorized use or tarnishment of our brand names, trademarks and other intellectual property rights may materially and adversely affect our business, results of operations and financial condition.
- Any significant product liability claims made against us, whether successful or not, could harm our business, results of operations and financial condition.
- We rely principally on dividends and other distributions paid by our subsidiaries, and limitations on their ability to pay dividends to us could have a material adverse effect on our business, results of operations and financial condition.
- We currently enjoy certain PRC Government incentives. Expiration of, or changes to, these incentives could materially and adversely affect our business, results of operations and financial condition.
- Our operating results may fluctuate significantly as a result of some factors beyond our control.

- Compliance with environmental regulations can be expensive, and any failure to comply with these regulations could result in adverse publicity, potential significant monetary damages and fines and suspension of our business operations.

- We are subject to safety and health laws and regulations in China, and any failure to comply could adversely affect our operations.

Risks Relating to the Cement and Concrete Industries in China and Hong Kong

- The cement industry is highly capital intensive, and our future growth depends to a large extent on our ability to obtain external financing.

- We face intense competition in the cement and concrete industries, which may reduce demand for our products.

- Our results of operations are subject to seasonal changes in demand for our cement and concrete products.

- The cement and concrete industries are subject to significant regulation by the PRC and Hong Kong Governments.

Risks Relating to China

- Any slowdown in the PRC economy or changes in political and economic policies of the PRC Government could have an adverse effect on the overall growth in China, which could reduce the demand for our products and materially and adversely affect our business, results of operations and financial condition.

- Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

- PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from making additional capital contributions or loans to our PRC subsidiaries.

- We may be deemed a PRC resident enterprise under the new PRC Enterprise Income Tax Law and be subject to the PRC taxation on our worldwide income.

- We may be subject to fines and penalties under the new PRC Labor Law, and our labor costs may increase.

- Government control over currency conversion may limit our ability to utilize our cash effectively.

- Our results of operations may be adversely affected by the occurrence of an epidemic.

Other Risks

- Certain facts and other statistics with respect to China, the PRC economy and the PRC cement and concrete industries in this document are derived from various official government sources and third party sources and may not be reliable.

- You should read this entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us.