嘉新水泥（中國）控股股份有限公司*
Chia Hsin Cement Greater China Holding Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 699)

Summary Report on Third Quarter of 2005

In order to increase shareholders' understanding of the Company's operations, the directors of Chia Hsin Cement Greater China Holding Corporation (the "Company") disclose the operations of the Company and its subsidiaries (the "Group") for the nine months ended 30 September 2005 pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited as follows:

1. Summary of financial data for the first three quarters

	For the nine months ended 30 September 2005 (Unaudited) *US$'000*	For the nine months ended 30 September 2004 (Unaudited) *US$'000*
Turnover	**64,193**	61,382
Cost of sales	**54,046**	38,154
Profit for the period	**457**	13,048
Inclusive of: Chia Hsin Jingyang Cement Co., Ltd. ("Jingyang Cement")	**1,156**	14,164
Basic earnings per Share (US cents)	**0.04**	1.14

Note: Jingyang Cement, incorporated in Zhenjiang, Jiangsu Province, the PRC, is a wholly-owned subsidiary of the Company.

2. Business Review

2.1 Operating Environment Analysis

In the first three quarters of 2005, the PRC economy, while undergoing reasonable adjustments, experienced rapid growth. During the period, the GDP grew year-on-yearly by 9.4%, slightly down 0.1 percentage point from the same period last year. The total investment in fixed assets grew year-on-yearly by 26.1%, down 1.6 percentage point from the same period last year.

The downturn in the first half year had persisted in the cement industry. After bottoming out, market prices became stabilised with output slightly picking up again on a monthly basis. From January to August 2005, the aggregate production of cement for the whole country amounted to 638 million tonnes, up 9.8% from the same period last year. However, the growth rate slowed down as compared with the same period last year. Historically, the third quarter is a slow season for the cement industry. As many provinces and cities, particularly the Eastern part of China, have been subject to the impact of storms and typhoons, some construction units suspended their works while transportation were blocked. As a result, the sales of cement was seriously affected. With the successive initiation of new cement projects and the continuing launch of products in the market, the gap between supply and demand was further widened. Cement continued to be traded at low market prices. Since September 2005, with the stepping up of reconstruction works in the wake of damages caused by floods, the demand for cement gradually increased.

From January to August 2005, the cement industry recorded exports of cement and clinker of 12.03 million tonnes. Export sales has become an important tool for cement enterprises in the PRC to attain balance between domestic and overseas markets, and to promote technological advancement in the cement industry. With an increase in acquisitions and mergers within the industry, the cooperation among large enterprises has become more and more important. International cement giants have speeded up their pace to enter the PRC market. With the participation of foreign companies, the structural adjustment proceeded even faster.

2.2 Operation Analysis

For the nine months ended 30 September 2005, the Group recorded sales of cement and clinker of 2.51 million tonnes, an increase of 26.2% over the same period last year. Compared with the same period last year, turnover increased by 4.6% to US$64,193,000 and profit declined by 96.5% to US$457,000, with earnings per share of US cents 0.04. Quarter on quarter, the Group's operations saw strong growth in the third quarter, with distinct improvements in various result indicators over the second quarter. The Group recorded sales of cement and clinker of 0.93 million tonnes and turnover of US$25,967,000, representing increases of 12.0% and 26.4% over the second quarter respectively. Given a net profit of US$1,613,000 and earnings per share of US cents 0.14, the Group's loss position in the first half year was successfully reversed.

Breakdown of turnover by products

Types of cement	For the nine months ended 30 September 2005		For the nine months ended 30 September 2004	
	Turnover	**Percentage**	**Turnover**	**Percentage**
	US$'000	*%*	*US$'000*	*%*
52.5 cement	**24,470**	**38.1**	17,341	28.3
42.5 cement	**29,806**	**46.4**	31,996	52.1
32.5 cement	**7,299**	**11.4**	11,630	18.9
Clinker	**2,618**	**4.1**	414	0.7
Total	**64,193**	**100.0**	61,381	100.0

During the first three quarters in 2005, the Group adhered to the strategy of producing and selling high-grade cement. High-grade cement accounted for approximately 84.5% of the sales amount, up 4.1% from the same period in 2004, and accounted for 88.5% of the turnover in the third quarter.

Breakdown of turnover by sales regions

Region	For the nine months ended 30 September 2005		For the nine months ended 30 September 2004	
	Turnover	**Percentage**	**Turnover**	**Percentage**
	US$'000	*%*	*US$'000*	*%*
Jiangsu	**22,613**	**35.2**	33,917	55.3
Zhejiang	**16,858**	**26.3**	16,642	27.1
Shanghai	**5,402**	**8.4**	7,050	11.5
Fujian	**3,958**	**6.2**	2,898	4.6
Guangdong	**—**	**0**	98	0.2
Exports	**15,362**	**23.9**	776	1.3
Total	**64,193**	**100.0**	61,381	100.0

With the expansion of its production capacity and the strong efforts made in developing its markets, the Group experienced sustained growth in market sales in the first three quarters in 2005. However, because of intense competition in the East China region and the impact of seasonality of the cement industry, the Group's average selling prices decreased by 17.1% over the same period last year. As a result, turnover increased to a lesser extent than sales. During the period, the Group added export into its portfolio. Exports amounted to US$15,362,000, 19.8 times over the same period last year. Exports for the third quarter amounted to US$11,663,000, representing 75.9% of the total exports for the first three quarters.

As for the cost of sales, the Group's average cost of sales for the first three quarters in 2005 was 12.2% higher than that over the same period in 2004. On one hand, the Group was required to outsource part of its clinker to satisfy the increase in cement production to 4.2 million tonnes per annum after the Group installed a new cement mill. The increase in cement production is used to supply the fast developing export market, leading to this increase in production cost. On the other hand, part of the increased production cost was attributable to the significant increase in energy prices (including raw coal and power) over the same period last year. Quarter on quarter, prices of raw coal declined to some extent in the third quarter of 2005 over the second quarter. In addition, according to the annual overhaul plan, the Group conducted maintenance in the third quarter of 2005, which also added to the maintenance expenses.

As for profits, the Group recorded profits amounting to US$457,000 in the first three quarters of 2005. In particular, profit contribution for the third quarter of US$1,613,000, helped reverse the loss position in the first half year. Firstly, because of an increase in production capacity in the third quarter, the Company also strengthened its sales efforts, increasing exports to reduce the unfavorable impact brought about by the reduction in gross profit margin. Accordingly, the Group recorded a gross profit of US$3,728,000, up 9.9% over the second quarter. Secondly, the Group benefited from the appreciation of Renminbi against the US dollars in July 2005 by holding loans denominated in US dollars, generating some exchange revenue.

Looking into the fourth quarter, the Group believes that the demand for cement will possibly see a slight seasonal rebound as it is a traditional peak season. Besides, the structure of the industry will be gradually optimised while export will play an even more important role. However, excess production capacity, high energy prices and thin margins will persist. The Group will continue to capitalize on its competitive advantage in logistics, quality and sales network to increase exports while taking measures to reduce cost and improve efficiency and increase the utilisation of energy and equipment operating efficiency, thereby enhancing the profitability of the Group.

As at the date of this announcement, Mr. WANG Chien Kuo, Robert, Mr. LAN Jen Kuei, Konrad, Mr. CHANG Kang Lung, Jason and Ms. WANG Li Shin, Elizabeth are the Executive Directors, Mr. CHANG Yung Ping, Johnny and Mr. CHANG An Ping, Nelson are the Non-executive Directors and Mr. Davin A. MACKENZIE, Mr. ZHUGE Pei Zhi and Mr. WU Chun Ming are the Independent Non-executive Directors.

By order of the Board
WANG Chien Kuo, Robert
Chairman

20 October 2005

* *For identification purposes only*

Please also refer to the published version of this announcement in The Standard.