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 for the First Three Quarters of 2006 (Ended 30 September 2006)

To enhance shareholders' understanding of the operations of Chia Hsin Cement Greater China Holding Corporation (the "Company") and its subsidiaries (collectively the "Group"), the Board of Directors of the Company is pleased to disclose the operations of the Group for the nine months ended 30 September 2006 (the "Period") pursuant to rule 13.09 of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited as follows:

1. Financial Highlights for the First Three Quarters

	For the nine months ended	
	30 September 2006	**30 September 2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Turnover	94,267	64,193
Cost of Sales	77,168	54,046
Profit for the Period	5,137	457
Inclusive of: Chia Hsin Jingyang Cement Co., Ltd. ("Jingyang Cement")	5,626	1,156
Basic earnings per share (US Cents)	0.45	0.04

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

2. Business Review

2.1 Business Environment Analysis

China's economy came down slightly amid the austerity control measures in the first three quarters of 2006. Nevertheless, it continued with fast growth. During the Period, GDP recorded RMB14,147.7 billion, a year-on-year growth of 10.7%, an increase of 0.8 percentage points from the same period of last year but 0.2 percentage points less than the first half of the year. The overall fixed assets investment was RMB7,194.2 billion, a year-on-year growth of 27.3%, an increase of 1.2 percentage points from the same period of last year but 2.5 percentage points less than the first half of the year. However, with the austerity control measures moving further, a slight decrease in the China's economy may be expected in the fourth quarter of 2006, thereby dampening the pace of growth.

During the third quarter, the cement industry continued with an upward trend of the steady growth from the first half of 2006. Demand driven production growth slightly eased the balance of demand and supply relationship. For the first eight months of 2006, the total cement production amounted to 762,287,700 tonnes, an increase of 21.0% from the same period of 2005. The growth increased by 11.2 percentage points over the same period of last year. Meanwhile, the slowdown of energy prices growth provided a foundation for recovery of the cement industry. With the suspended growth in production capacity and the increase in demand, revival of the industry in the Jiangsu and Zhejiang regions was seen after a two-year trough period. However, the imbalance in supply and demand was deteriorated as a result of the rapid expanding production capacity in the Guangdong area, causing the prices to remain low.

Growth of the US and world economy together with the sluggish domestic market are the main reasons for the strong growth in China's cement export in recent years. During the first three quarters of 2006, export volume continued to grow rapidly. For the first eight months of 2006, the total cement export amounted to 13.7 million tonnes, a year-on-year growth of 109.5%. The clinker export amounted to 11.3 million tonnes, a year-on-year growth of 105.0%. The average cement FOB price increased by US$1.25 per tonne compared to the same period of last year. The average clinker FOB price increased by US$1.48 per tonne compared to the same period of last year. Growth in cement and clinker export was mainly due to the rapid growth of large corporations and certain foreign-owned corporations. Since the new export refund tax policy reduced export refund tax from 13% to 11% and the demand of the US, the main cement importer, appeared to slow down, it is expected that the cement export may be affected. Corporations with the genuine competitive strengths in exports will not only become more eminent, but will also continue to reap the benefits.

2.2 **Analysis of the Group's Operations**

Breakdown of turnover by product:

	For the nine months ended			
	30 September 2006		**30 September 2005**	
Type	**Amount**	**Percentage**	**Amount**	**Percentage**
	US$'000	*%*	*US$'000*	*%*
Domestic sales				
52.5 cement	14,197	15.1	11,225	17.5
42.5 cement	11,317	12.0	29,806	46.4
32.5 cement	1,328	1.4	7,299	11.4
Clinker	309	0.3	501	0.8
Sub-total	27,151	28.8	48,831	76.1
Exports				
52.5 cement	65,014	69.0	13,245	20.6
Clinker	2,102	2.2	2,117	3.3
Sub-total	67,116	71.2	15,362	23.9
Total	94,267	100.0	64,193	100.0

Breakdown of turnover by sales region

	For the nine months ended			
	30 September 2006		30 September 2005	
Region	**Amount**	**Percentage**	**Amount**	**Percentage**
	US$'000	*%*	*US$'000*	*%*
Jiangsu	12,628	13.4	22,613	35.2
Zhejiang	9,672	10.3	16,858	26.3
Shanghai	1,797	1.9	5,402	8.4
Fujian	3,054	3.2	3,958	6.2
Exports	67,116	71.2	15,362	23.9
Total	94,267	100.0	64,193	100.0

2.2.1 **Balanced production and sales, outstanding exports performance, and progression in domestic trade.** During the first three quarters of the year, the Group recorded 2.81 million tonnes of sales of cement and clinker and US$94,267,000 of turnover, an increase of 12.0% and 46.8% over the same period of last year respectively. The Group continued with its export strategy, with the help of its international sales network, the total exports of cement and clinker was 1.83 million tonnes with a total value of US$67,116,000, an increase of 3.9 times and 3.4 times over the same period of last year respectively. During the third quarter, the Group increased its production and sales of TypeII/V cement, a higher value-added product, to meet the demands of the US and the Middle East. The sales volume of TypeII/V accounted for 17.4% of the total sales volume for the said quarter, showing an excellent growth trend. On the other hand, as most of the Group's own production is exported, the Group continued to expand its domestic trading volume by fully utilizing its domestic sales network and market penetration capabilities to maintain its market position in China. The proportion of income from domestic trade of cement increased from 0.8% of the first half of the year to 5.9% of the third quarter.

2.2.2 **Stabilizing average cost of sales.** Overall, the average cost of sales was stable. During the first three quarters of the year, the average cost of sales was US$27.5 per tonne, an increase of 27.6% over the same period of last year. A period-on-period growth decreased by 7.1 percentage points over the first half of the year. Reasons for the increase in the period-on-period growth of the average cost were the same as that of the first half of the year: increase in high-grade cement production due to the implementation of the export strategy by the Group, expansion of domestic trade, and purchase of clinker to meet the enlarged capacity of cement mills, etc.

2.2.3 **Jump in gross profit margin and profit for the Period.** The effect on the increased cost was offset by the significant increase in the average selling price. Gross profit margin of the average sales for the first three quarters reached 18.1%, of which the gross profit margin for exports reached 19.7%, which is approximately 5.5 percentage points higher than domestic sales. By quarters, the gross profit margin for the third quarter increased by 2.2 percentage points over the first half of the year. Profit for the Period recorded US$5,137,000, an increase of 10.2 times over the same period of last year. Earnings per share amounted to US$0.45 cents.

3. **Option exercised by the Group and acquisition of Jiangsu Union Cement Co., Ltd.**

On 18 September 2006, the Company announced the acquisition of 100% equity of Yonica (BVI) Pte. Ltd. from Chia Hsin Pacific Limited, the parent company, for a consideration of US$43 million, resulting in the acquisition of Jiangsu Union Cement Co., Ltd. ("Union Cement"). The acquisition expanded the domestic operation presence in China of the Group. After completion of the acquisition, 80% interest of Union Cement will be indirectly held by the Group. The Group's production capacity of cement and clinker will increase by 17.1% and 45.5% respectively, representing 4.1 million tonnes and 3.2 million tonnes respectively. The economy of scale will become more apparent over time. The Group will lower the cost of purchase by making bulk purchase of raw materials according to the needs in whole, and will centralize the storage silos and logistics procedures. To increase the entire operation's efficiency and to fully realize the synergies of the acquisition, the Group will put more effort in integrating its technology, human resources and management internally. For detail information of such transaction, please refer to the circular made by the Company on 10 October 2006.

Looking forward, the Company considers that the fourth quarter of 2006 as the traditional peak season and in the wake of industry consolidation and the slow upward rise in the cost of energy such as coal, the cement industry in the Eastern China Region will become more prosperous. Exports will be affected by the decrease in tax refund, revaluation of Renminbi and the slowdown in the growth of the US demand, but should still remain more profitable than domestic sales. Cement producers with genuine export advantages will continue to benefit from the increase in exports. During the three quarters, the newly completed storage silos and jetty No. 2 increased the cement storage silos by 50% and the throughput capacity of the jetties by 100%. The Group will make efforts to give full play to such advantage, to overcome the potential obstacles of export, actively readjust its product mix and the export market region and take hold of the improving domestic market to heighten its profitability. In future, the Group will soon complete the acquisition of Union Cement, making the best use of resources and the synergy accompanying it to strengthen the Group's capabilities. The Group will develop strategic alliances to seize the opportunities for future development.

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
Chairman
WANG Chien Kuo, Robert

23 October 2006

** for identification purpose only*

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