



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

(Incorporated in Cayman Islands with Limited Liability)
(Stock Code: 699)

Summary Report for the First Quarter of 2007

To increase shareholders' understanding of operations of Chia Hsin Cement Greater China Holding Corporation (the "Company") and its subsidiaries (collectively the "Group"), the directors of the Company would like to disclose the operations of the Group for the three months ended 31 March 2007 (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 Quarter

	For the three months ended 31 March 2007 Unaudited US\$000'	For the three months ended 31 March 2006 Unaudited US\$000'
Turnover	30,556	27,526
Cost of sales	27,712	24,316
Loss for the period	<u>(530)</u>	<u>(265)</u>
Inclusive of: Chia Hsin Jingyang Cement Co., Ltd ("Jingyang Cement")	(386)	(137)
Basic earnings/(loss) per share (US cents)	<u>(0.05)</u>	<u>(0.02)</u>

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

In the first quarter of 2007, China's economy continued to maintain steady and fast development. During the Period, GDP recorded RMB5,028.7 billion, representing a year-on-year growth of 11.1%, up 0.7 percentage point from the same period last year and up 0.4 percentage point as compared with that at the end of last year. Aggregate fixed asset investments recorded RMB1,752.6 billion, representing a year-on-year growth of 23.7%, down 4 percentage point from the same period last year, and down 0.3 percentage point as compared with that at the end of last year. Investment in real estate development recorded RMB354.4 billion, representing a year-on-year growth of 26.9%, up 6.7 percentage point from the same period last year. The PRC government will continue to strengthen and improve the austerity control measures, and the central bank of the PRC forecasted the growth rate of China's economy for the whole year will reach 10.2%.

As China is affected by seasonal factors such as cold climate and the traditional Spring Festival, the first quarter is a traditional slow for the cement industry. However, as compared to the same period last year, demand in the cement market has rebounded considerably. Total cement production for the first two months of 2007 amounted to 150 million tonnes, up 23.8% from the same period last year, which was 2.47 percentage point more than the growth of the same period last year. Meanwhile, a slowdown in the growth of energy prices had also provided a solid basis for the recovery of the cement industry. With the slowdown in new capacity expansion and driven by the demand, the cement industry of Eastern China recovered. While maintaining a low price trend from January to February, cement prices in the Eastern China market recovered in late March. It is expected with the coming of April, a traditional strong season, cement prices in Eastern China will pursue an upward trend, but situations in other regions may vary.

In the first quarter of 2007, with reduced export tax rebate and increased demand in the domestic market, exports of cement reduced as compared with the same period last year. For the first two months of 2007, exports of cement amounted to approximately 1.67 million tonnes, down 19% over the same period last year, while the exports of clinker continued to maintain an upward trend with exports totaling 2.81 million tonnes, representing a year-on-year growth of 15%. The United States remains the major export market though a decrease in exports was recorded as compared with the same period last year. With the changes in the export tax rebate policy and the increasing demand in the domestic market, total exports of cement and clinker from China are expected to decrease substantially during the year.

2.2 Analysis of the Group's Operations

Breakdown of turnover by products:

Types	For the three months ended 31 March 2007		For the three months ended 31 March 2006	
	Turnover US\$000'	Percentage %	Turnover US\$000'	Percentage %
Domestic sales				
52.5 Cement	7,786	25.5	3,123	11.3
42.5 Cement	6,361	20.8	3,535	12.8
32.5 Cement	26	0.1	675	2.5
Clinker	—	—	309	1.1
	<u>14,173</u>	<u>46.4</u>	<u>7,642</u>	<u>27.7</u>
Exports				
52.5 Cement	16,171	52.9	19,176	69.7
42.5 Cement	212	0.7	—	—
Clinker	—	—	708	2.6
	<u>16,383</u>	<u>53.6</u>	<u>19,884</u>	<u>72.3</u>
Total	<u>30,556</u>	<u>100.0</u>	<u>27,526</u>	<u>100.0</u>

Breakdown of turnover by regions:

Regions	For the three months ended 31 March 2007		For the three months ended 31 March 2006	
	Turnover <i>US\$000'</i>	Percentage %	Turnover <i>US\$000'</i>	Percentage %
Jiangsu	7,415	24.3	3,213	11.7
Zhejiang	3,639	11.9	2,708	9.8
Shanghai	721	2.4	554	2.0
Fujian	2,398	7.8	1,167	4.2
Exports	<u>16,383</u>	<u>53.6</u>	<u>19,884</u>	<u>72.3</u>
Total	<u><u>30,556</u></u>	<u><u>100.0</u></u>	<u><u>27,526</u></u>	<u><u>100.0</u></u>

2.2.1 A steady increase in turnover due to an increase in sales volume and average sales price

In the first quarter of 2007, the sales volume of the Group reached 922,935 tonnes, representing an increase of 8.9% from the same period in 2006. During the Period, the average sales price of the Group was US\$33.1 per tonne, up 1.9% from the same period in 2006. Although affected by the export tax rebate rate for cement in the third quarter of 2006 and the adjustment to the product structure for export sales to meet the needs of the export market, the net export price of cement exports has slightly decreased as compared with 2006, while the sales price in the domestic cement market increased. Meanwhile, in view of the rebound in the domestic sales price, the Group increased its domestic sales and the average sales price has slightly increased as compared with the same period in 2006. Benefiting from the increased sales volume and average sales price, the sales amount has increased 11.0% over the same period last year.

2.2.2 An increase in domestic sales due to an appropriate adjustment to the sales structure

In the first quarter of 2007, a traditional low season for the industry, the Group maintained the strategy of export sales and developing high grade cement. Considering the revival of the domestic market and the effect of a possible adjustment to the export rebate rate in future, the Group increased domestic sales to an appropriate extent and complimented it by further increased domestic sales through domestic trading of cement. During the Period, export sales decreased from 72.3% in the same period last year to 53.6%. Sales of high grade cement reached 99.9%, representing an increase of 6.1 percentage point over the same period in 2006.

2.2.3 An decline in gross profit due to an increase in average sales cost

In the first quarter of 2007, the Group's average sales cost increased approximately 4.6% from the same period in 2006, which was mainly due to an increase 40.8% in maintenance costs caused by the one-off cost incurred in actively exploring ways to reduce costs without affecting the production of high quality cement. The aggregate output of clinker has slightly decreased 10.2% as compared with the same period last year. Therefore, the average sales cost of clinker has increased 8.8% as compared with the same period in 2006. Meanwhile, with increased 6.1 percentage point sales of the Group's high grade cement and to fully utilize the cement production capacity, the Group has increased 12.1% that the use of clinker purchased from external parties for producing cement, leading to an increase 4.6% in the average sales cost of cement.

Looking forward to 2007, the overall economy of Mainland China will continue to maintain rapid growth. Although the PRC government might introduce new macroeconomic measures, this will not affect the overall growth trend. Driven by the demand, the cement industry will continue to grow while announcements such as the "60 manufacturers to receive support from the government in the growth and consolidation of the cement industry" ("60家國家重點支持水泥工業結構重整大型企業名單") and the "Notice regarding weeding out backward cement production capacity" ("國家發展改革委辦公廳關於做好淘汰落後水泥生產能力有關工作的通知") issued by the National Development and Reform Commission at the beginning of the year, will further accelerate the restructuring and the development of the industry. This provides an excellent opportunity for cement groups with advanced management, a large capital base and a technical edge. The Group will continue to adhere to the principles and practices it has persisted in, and strives to grow in line with the government's policies and assets. The Group will also seize suitable opportunities to pursue organic growth and acquisition and mergers. Meanwhile, we will explore ways to fully utilize existing resources such as limestone mines to gain profit and strengthen 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 An Ping, Nelson and Mr. FU Ching Chuan 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.

On behalf of the board
Chairman
WANG Chien Kuo, Robert

26 April 2007

* *for identification purpose only*

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