

Changes in Share Capital and Shareholdings

(1) Changes in shareholdings during the Reporting Period

| | | <i>(Unit: '000 shares)</i> | | |
|--------------|--|----------------------------|--|-------------------------|
| | | Before change | Increase or decrease (+, -) | After change |
| (I) | Unlisted shares | | | |
| 1. | Promoter's shares | 622,480 | 0 | 622,480 |
| | Of which: | | | |
| | Domestic legal person shares | 622,480 | 0 | 622,480 |
| | Total of unlisted shares | 622,480 | 0 | 622,480 |
| (II) | Listed shares | | | |
| 1. | Ordinary RMB shares ("A Shares") | 200,000 | 0 | 200,000 |
| 2. | Overseas foreign listed shares ("H Shares") | 433,200 | 0 | 433,200 |
| | Total of listed shares | 633,200 | 0 | 633,200 |
| (III) | Total of shares | 1,255,680 | 0 | 1,255,680 |

During the Reporting Period, there had been no change in the number of shares.

(2) Issue of shares and the listing

The Company successfully issued 72,200,000 H Shares on 5 November 2003 of RMB1.00 each. The price of issue was HK\$8.20 and the capital raised was HK\$592,040,000, equivalent to approximately RMB631,290,000. The net proceeds after issuing expenses amounted to RMB617,620,000. On 12 November 2003, all of these H Shares were listed and traded on The Stock Exchange of Hong Kong Limited.

(3) Summary of trading of our shares in 2005

| | A Share/RMB | H Share/HK\$ |
|--|--------------------|---------------------|
| Opening price on the first trading day of the year | 8.01 | 8.50 |
| Closing price of the last trading day of the year | 9.58 | 9.55 |
| Highest trading price of the year | 10.08 | 9.55 |
| Lowest trading price of the year | 5.42 | 6.55 |

Changes in Share Capital and Shareholdings

(4) Shareholders

- As at 31 December 2005, the total number of shareholders was 8,419, of which 86 were holders of H Shares.
- As at 31 December 2005, shareholdings of the top ten shareholders and top ten holders of listed shares of the Company were as follows:

| Rank | Name of shareholder | Nature of shareholder | Number of shares held | Percentage of shareholding (%) | Class of shares |
|------|--|-------------------------|-----------------------|--------------------------------|--|
| 1. | Anhui Conch Holdings Company Limited | State-owned shareholder | 622,480,000 | 49.57 | State-owned legal person shares (unlisted) |
| 2. | HKSCC Nominees Limited | Foreign investor | 417,405,997 | 33.24 | H Shares |
| 3. | Shenyin Wanguo-Citibank-UBS Limited | Others | 19,169,726 | 1.53 | A Shares |
| 4. | TCC International Limited | Foreign investor | 15,000,000 | 1.19 | H Shares |
| 5. | Jingfu Securities Investment Fund | Others | 11,607,484 | 0.92 | A Shares |
| 6. | International Financial-Chartered Bank-Citigroup Global Markets Limited | Others | 10,463,833 | 0.83 | A Shares |
| 7. | Shenyin Wanguo-Citibank-Deutsche Bank Aktiengesellschaft | Others | 9,059,758 | 0.72 | A Shares |
| 8. | International Financial-HSBC-Morgan Stanley & Co. International Limited | Others | 8,985,798 | 0.72 | A Shares |
| 9. | Tongqian Securities Investment Fund | Others | 8,167,977 | 0.65 | A Shares |
| 10. | Bank of China-Jinghong Securities Investment Fund | Others | 7,149,698 | 0.57 | A Shares |
| 11. | Guotai Junan-China Construction Bank-Hongkong & Shanghai Banking Corporation Limited | Others | 6,915,017 | 0.55 | A Shares |

Changes in Share Capital and Shareholdings

Notes:

- (1) Of the shareholders set out above, as to 622,480,000 shares are held by Conch Holdings, which accounts for 49.57% of the total share capital of the Company.

On 28 February 2006, Conch Holdings pledged 64,400,000 shares (approximately 5.1% of the total share capital of the Company) out of the 622,480,000 State-owned shares held by it to Chengnan Sub-branch of Minsheng Bank as security for its loan for a term of one year. Such pledging of shares had been registered with the China Securities Clearing Company Limited.

Other than as disclosed, there had not been any changes in the number of shares in the Company held by Conch Holdings during the Reporting Period. There had not been any pledge or moratorium of shares. The Company is not aware of any pledge or moratorium of shares of the unlisted shares during the Reporting Period.

Moreover, pursuant to the shareholding disposal proposal approved by the shareholders' general meeting on 20 February 2006, and which was implemented on 2 March 2006, Conch Holdings obtained the listing right for the unlisted shares of Conch Cement held by Conch Holdings by the payment of consideration of RMB15.00 for every 10 listed A shares held by listed A share holders. These unlisted shares will not be listed or transferred within a period of 12 months from the date the listing right for the listed shares of Conch Cement held by Conch Holdings was obtained (2 March 2006). Upon the expiration of such undertaking, Conch Holdings will have these Conch Cement shares listed and sell on a stock exchange, and the amount of shares to be sold on The Stock Exchange will account for not more than 5% of the total number of shares in Conch Cement within a period of 12 months, and not more than 10% within a period of 24 months.

- (2) HKSCC Nominees Limited held 417,405,997 H Shares, representing 33.24% of the total share capital of the Company, and 96.35% of the H share capital in issue of the Company, on behalf of its various clients.
- (3) So far as the Board is aware the holder of the State-owned legal person shares is not connected to or is a party acting in concert with the public shareholders.

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- (4) As at 31 December 2005, the following persons (other than the Directors and chief executive of the Company) hold interests or short positions in the shares and underlying shares of the Company which are required to be entered in the register kept by the Company under section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong):

| Name of shareholder | Number of ordinary shares held | Capacity | Percentage to that class of shares |
|--|--|-------------------------------------|---|
| Anhui Conch Holdings Company Limited | 622,480,000 domestic shares (long position) (Note 1) | Beneficial owner | 75.68% (Note 2) |
| Anhui Provincial Investment Group Limited | 622,480,000 domestic shares (long position) (Note 1) | Interests of controlled corporation | 75.68% (Note 2) |
| Anhui Conch Venture Investment Company Limited | 622,480,000 domestic shares (long position) (Note 1) | Interests of controlled corporation | 75.68% (Note 2) |
| Morgan Stanley Private Equity Asia, Inc. | 132,000,000 domestic shares (long position) (Note 3) | Interests of controlled corporation | 16.05% (Note 2) |
| Morgan Stanley Private Equity Asia, LLC | 132,000,000 domestic shares (long position) (Note 3) | Interests of controlled corporation | 16.05% (Note 2) |
| Morgan Stanley Private Equity Asia, L.P. | 132,000,000 domestic shares (long position) (Note 3) | Interests of controlled corporation | 16.05% (Note 2) |
| MS Asia Pacific Holdings Limited | 132,000,000 domestic shares (long position) (Note 3) | Interests of controlled corporation | 16.05% (Note 2) |
| MS Asia Pacific Investment Limited | 132,000,000 domestic shares (long position) (Note 3) | Interests of controlled corporation | 16.05% (Note 2) |
| MS Asia Investment Limited | 132,000,000 domestic shares (long position) (Note 3) | Others | 16.05% (Note 2) |

Changes in Share Capital and Shareholdings

| Name of shareholder | Number of ordinary shares held | Capacity | Percentage to that class of shares |
|------------------------------------|--|---|---|
| International Finance Corporation | 48,000,000 shares (Note 4) | Others | 5.84% (Note 2) |
| The Capital Group Companies, Inc. | 91,236,000 H Shares (long position) (Note 5) | Investment manager | 21.06% (Note 9) |
| Templeton Asset Management Limited | 56,306,000 H Shares (long position) | Investment manager | 13.00% (Note 9) |
| JP Morgan Chase & Co. | 29,112,000 H Shares (long position) (Note 6) | Investment manager | 6.72% (Note 9) |
| JP Morgan Chase & Co. | 17,838,000 H Shares (long position) (Note 6) | Custodian/approved pool agent | 4.12% (Note 9) |
| JP Morgan Chase & Co. | 896,000 H Shares (long position) (Note 6) | Beneficial owner | 0.21% (Note 9) |
| JP Morgan Chase & Co. | 17,838,000 H Shares (available for lending) | Interests of controlled corporation | 4.12% (Note 9) |
| UBS AG | 23,900,000 H Shares (long position) | Beneficial owner | 5.52% (Note 9) |
| UBS AG | 100,000 H Shares (short position) | Beneficial owner | 0.02% (Note 9) |
| UBS AG | 4,539,000 H Shares (short position) | Owner of guaranteed interests in the shares | 1.05% (Note 9) |
| UBS AG | 2,194,000 H Shares (long position) (Note 8) | Interests of controlled corporation | 0.51% (Note 9) |
| UBS AG | 500,000 H Shares (short position) (Note 7) | Interests of controlled corporation | 0.12% (Note 9) |

Changes in Share Capital and Shareholdings

Notes:

- (1) These 622,480,000 State-owned legal person shares are held in the name of Conch Holdings and in its capacity as the beneficial owner. The registered capital of Conch Holdings is RMB800 million, of which as to RMB408 million is attributable to Anhui Provincial Investment Group Limited (“Investment Group”) (representing 51% of the equity interests in Conch Holdings); and as to RMB392 million is attributable to Anhui Conch Venture Investment Company Limited (“Haichuang”) (representing 49% of the equity interests in Conch Holdings). Pursuant to the SFO, both Investment Group and Conch Venture are deemed to own the entire interests in the shares of the Company held by Conch Holdings.

On 28 December 2005, Conch Holdings had executed an agreement with strategic investors MS Asia Investment Limited (a subsidiary of Morgan Stanley, hereinafter “MS”) and International Finance Corporation (hereinafter “IFC”) (the “Transfer Agreement”), whereby, it intends to transfer 132,000,000 and 48,000,000 State-owned legal person shares to MS and IFC respectively. The aforesaid intended transfer represents foreign investors investing in the State-owned shares. Pursuant to the existing provisions, such intended transfer has to be approved by the State-owned Assets Administration and the Administration of Commerce to become effective.

- (2) The total number of domestic shares in issue was 822,480,000, including 622,480,000 State-owned legal person shares and 200,000,000 A Shares.
- (3) Pursuant to the transfer agreement, MS intends to purchase 132,000,000 State-owned legal person shares. Although the shares transfer under the transfer agreement has yet to take effect, pursuant to the SFO, MS is deemed to be interested in the 132,000,000 shares. According to the disclosure of interest form submitted on 29 December 2005 by Morgan Stanley Private Equity Asia Inc. (“MS Inc.”), Morgan Stanley Private Equity Asia, LLC (“MS LLC”), Morgan Stanley Private Equity Asia L.P. (“MSLP”), MS Asia Pacific Holdings Limited (“MSPH”), MS Asia Pacific Investment Limited (“MSPI”) and MS, MS LLC was held as to 58.50% by MS Inc., MSPH and MSLP was held as to 100% and 1% respectively by MS LLC, MSPI was held as to 94.45% by MSLP, and MS was held by MSPH and MSPI as to 63.32% and 36.68% respectively. Pursuant to the SFO, MS Inc., MS LLC, MSLP, MSPH and MSPI are deemed to own the shareholding interests owned by MS.
- (4) Pursuant to the transfer agreement, IFC intends to purchase 48,000,000 State-owned legal person shares. Although the shares transfer under the transfer agreement has yet to take effect, pursuant to the SFO, IFC is deemed to be interested in the 48,000,000 shares.
- (5) According to the disclosure of interest form submitted by The Capital Group Companies, Inc. on 22 December 2005, the 91,236,000 H Shares were held directly by the three wholly-owned subsidiaries of The Capital Group Companies, Inc., which are Capital International Inc., Capital Research and Management Company and Capital International Limited. 73,472,000 H Shares were owned directly by Capital International Inc.; 17,652,000 H Shares were owned directly by Capital Research and Management Company, and 112,000 H Shares were owned directly by Capital International Limited. Pursuant to the SFO, the entire shareholding interests held by Capital Investment Inc., Capital Research and Management Company and Capital International Limited were deemed to be owned by The Capital Group Companies, Inc.

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- (6) According to the disclosure of interest form submitted by JP Morgan Chase & Co. on 8 December 2005, the 47,846,000 H Shares held in aggregate by JP Morgan Chase & Co. (of which 17,838,000 shares are available for lending), were owned directly by JP Morgan Chase Bank N.A. (19,604,000 shares), JP Morgan Investment Management Inc. (9,982,000 shares), JP Morgan Investment Management Limited (270,000 shares), JP Morgan Whitefriars Inc. (896,000 shares), JP Morgan Asset Management (Canada) Inc. (428,000 shares), JP Morgan Asset Management (UK) Limited (15,940,000 shares) and JF Asset Management Limited (726,000 shares).
- (7) According to the securities interests reporting form submitted by UBS AG on 23 December 2005, the 2,194,000 H Shares were held directly by UBS Fund Securities (Luxembourg) SA and UBS Securities LLC respectively. UBS Fund Securities (Luxembourg) SA owned directly 1,694,000 H Shares and UBS Securities LLC owned directly 500,000 H Shares. Pursuant to the SFO, UBS AG was deemed to be interested in such shares.
- (8) According to the disclosure of interest form submitted by UBS AG on 23 December 2005, the 500,000 H Shares were held directly by UBS Securities LLC. Pursuant to the SFO, UBS AG was deemed to hold such interests.
- (9) The total number of H Shares in issue was 433,200,000.

Other than these shareholders, as at 31 December 2005, the Company is not aware of any interests required to be recorded pursuant to section 336 of the SFO (Cap 571 of the Laws of Hong Kong).

3. Largest substantial shareholders of the Company

| | |
|----------------------------|---|
| Legal Chinese name: | 安徽海螺集團有限責任公司 |
| Authorized representative: | Guo Wensan |
| Date of establishment: | 8 November 1996 |
| Registered capital: | RMB800 million |
| Principal operations: | Assets operation, investment, financing, transactions in property rights, construction materials, chemical products, transport, warehousing, construction works, development of technological products, technical services, import and export trading |

There was no change in the largest substantial shareholder.

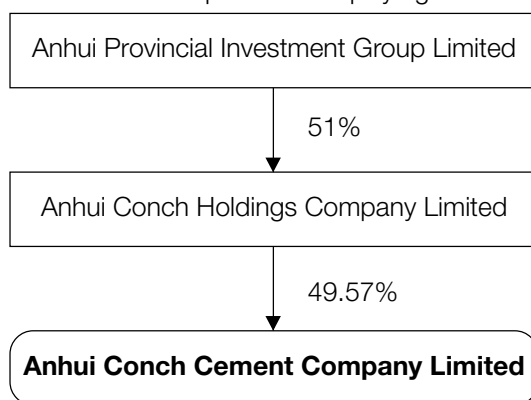
Changes in Share Capital and Shareholdings

4. Controlling shareholder of the largest substantial shareholder of the Company

| | |
|----------------------------|---|
| Legal Chinese name: | Anhui Provincial Investment Group Limited |
| Authorized representative: | Qian Jin |
| Date of establishment: | 31 July 1998 |
| Registered capital: | RMB1,220 million |
| Principal operations: | Fund raising, management, operation of the infrastructure funds, railway construction funds and other construction funds, asset investment and capital operations |

There was no change in the controlling shareholder.

5. The relationship between the Company and the controlling shareholder of the controlling shareholder in respect of its equity rights and control



6. Public float

Based on the information publicly available and to the knowledge of the Directors, the Company has been maintaining the percentage of public float required by the Listing Rules as at the date of this report.

Changes in Share Capital and Shareholdings

(5) Purchase, sales and redemption of listed securities

For the year ended 31 December 2005, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company.

(6) Pre-emptive options

The articles of association of the Company and the laws of the PRC contain no provision requiring the Company to offer to its existing shareholders any pre-emptive rights to acquire new shares of the Company.

(7) Transactions of its own securities

As at 31 December 2005, the Group had neither issued nor authorized the issue of convertible securities, options, warrants or other securities. Also, as at 31 December 2005, the Group had no redeemable securities.

(8) Taxation reduction of holders of listed securities

For the year ended 31 December 2005, holders of the Company's securities shall not be entitled to any taxation reduction by virtue of their legal status of the PRC.