

Changes in Share Capital and Shareholdings

(1) Changes in shareholdings during the Reporting Period

(Unit: '000 shares)

	Before change	Increase or decrease (+, -)	After change
(I) Restricted Shares			
1. State-owned shares	0	0	0
2. State-owned legal person shares	622,480	0	622,480
3. Other domestic shares	0	0	0
4. Foreign shares	0	0	0
(II) Unrestricted Shares			
1. RMB-denominated ordinary shares ("A Shares")	200,000	0	200,000
2. Domestically listed foreign shares	0	0	0
3. Overseas listed foreign shares ("H Shares")	433,200	0	433,200
4. Others	0	0	0
(III) Total number of shares	1,255,680	0	1,255,680

During the Reporting Period, there was no change in the total number of shares and the share capital structure of the Company.

During the Reporting Period, the Company entered into an "Asset Purchase Agreement" with Conch Holdings and Conch Venture respectively on 21 August 2006, pursuant to which the Company intends to issue 22,755,147 A Shares to Conch Holdings as consideration to purchase the 100% equity interests in Anhui Ningchang Plastic Package Co., Ltd ("Ningchang Company"), 75% equity interests in Wuhu Conch Plastic Products Company Limited ("Wuhu Plastic") and 100% equity interests in Shanghai Conch Construction Material International Trading Company Limited ("Conch International Trading"); the Company intends to issue 287,999,046 A Shares to Conch Venture as consideration to purchase 49% equity interests in Anhui Digang Conch Cement Co., Limited ("Digang Conch"), 49% equity interests in Anhui Zongyang Conch Cement Co., Limited ("Zongyang Conch"), 49% equity interests in Anhui Chizhou Conch Cement Co., Limited ("Chizhou Conch") and 31.86% equity interests in Anhui Tongling Conch Cement Co., Limited ("Tongling Conch"), the four of which being subsidiaries of the Company.

The two transactions were approved at the first extraordinary general meeting of the Company in 2006, the first class meeting of holders of H Shares in 2006 and the first class meeting of holders of domestic shares in 2006, and are subject to the approval of the CSRC.

Changes in Share Capital and Shareholdings

Upon completion of the aforesaid acquisitions, the shareholding structure of the Company will have the following changes:

	Before completion of the acquisitions		After completion of the acquisitions	
	Number of shares (shares)	Percentage of shareholdings	Number of shares (shares)	Percentage of shareholdings
Conch Holdings A Shares	622,480,000	49.57%	645,235,147	41.19%
Conch Venture A Shares	0	0%	287,999,046	18.39%
Public H Shares	433,200,000	34.50%	433,200,000	27.66%
Public A Shares	200,000,000	15.93%	200,000,000	12.77%
Total:	1,255,680,000	100.00%	1,566,434,193	100.00%

(2) Issue of shares

The Company has not issued any shares for the three years ended 31 December 2006.

(3) Summary of trading of the Company's Shares in 2006

	A Shares	H Shares
	RMB	HK\$
Opening price on the first trading day of the year	9.58	9.55
Closing price on the last trading day of the year	30.00	25.90
Highest trading price of the year	30.40	26.50
Lowest trading price of the year	8.51	9.05

Changes in Share Capital and Shareholdings

(4) Shareholders

1. As at 31 December 2006, the total number of shareholders was 3,237, of which 61 were holders of H Shares.
2. As at 31 December 2006, the shareholdings of the top 10 shareholders and the top 10 holders of floating shares of the Company were as follows:

Rank	Name of shareholder	Nature of shareholder	Number of shares held at the end of the period	Percentage of shareholding (%)	Class of Shares	Conditional or unconditional on sale
1.	Conch Holdings	State-owned shareholder	622,480,000	49.57	A shares	Yes
2.	HKSCC Nominees Limited	Foreign shareholder	432,544,997	34.45	H Shares	No
3.	Fenghe Value Securities Investment Fund	Other	18,690,959	1.49	A Shares	No
4.	TCC International Limited	Foreign shareholder	15,000,000	1.19	H Shares	No
5.	Bank of Communications – Fuguo Tianyi Value Securities Investment Fund	Other	12,380,002	0.99	A Shares	No
6.	Taihe Securities Investment Fund	Other	12,360,096	0.98	A Shares	No
7.	Industrial and Commercial Bank of China – Guangfa Strategic Aborative – select Composite Securities Investment Fund	Other	12,245,152	0.98	A Shares	No
8.	Bank of China – Yinhua Excellent Growth Share-type Securities Investment Fund	Other	9,445,742	0.75	A Shares	No
9.	China Construction Bank – Bank of Communications & Schroders – Stable, Deploying Composite Securities Investment Fund	Other	7,679,972	0.61	A Shares	No

Changes in Share Capital and Shareholdings

Rank	Name of shareholder	Nature of shareholder	Number of shares held at the end of the period	Percentage of shareholding (%)	Class of Shares	Conditional or unconditional on sale
10.	Haitong – Bank of Communications – Nikko Asset Management Co., Ltd. – Nikko AM China Renminbi – denominated A Shares Parent Fund	Other	7,109,455	0.57	A Shares	No
11.	Industrial and Commercial Bank of China – Guangfa Stable Growth Securities Investment Fund	Other	6,308,884	0.50	A Shares	No

Notes:

- (1) Among the above-mentioned shareholders, Conch Holdings held 622,480,000 shares of the Company, representing 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 shares held by it to Nanjing City Chengnan Sub-branch of Minsheng Bank as security for its loan for a term of one year. Such share pledge was released before the expiry date on 23 November 2006 and the procedures for release of such share pledge was completed at the Shanghai Office of the China Securities Depository and Clearing Corporation Limited. The Company had published announcements regarding the aforementioned share pledge and release of such share pledge on 2 March 2006 and 5 December 2006 respectively.

Save as disclosed above, during the Reporting Period, there has been no change to the number of shares, nor was there any pledge or moratorium of shares in the Company held by Conch Holdings. The Company is not aware of any pledge or moratorium of the floating shares during the Reporting Period.

Changes in Share Capital and Shareholdings

Pursuant to the share segregation reform proposal considered and approved by the relevant general meeting of the Company held on 20 February 2006 and implemented on 2 March 2006 and the Company's announcement regarding the listing of the Company's floating shares with trading restrictions published on 1 March 2007, Conch Holdings obtained the listing right for the non-floating shares of the Company held by Conch Holdings through the payment of RMB15.00 in cash for every 10 floating A shares held by holders of floating A shares as consideration. The conditions of trading restrictions of shares of the Company held by Conch Holdings are as follows:

Name of holder of restricted shares	Conch Holdings				
Number of restricted shares held	622,480,000 shares				
Conditions for listing of restricted shares	<table> <tr> <td>Date on which listing and trading may commence</td> <td>7 March 2007</td> </tr> <tr> <td>Number of new shares allowed to be listed and traded</td> <td>Not exceeding 62,784,000 shares within 12 months after 7 March 2007; not exceeding 125,568,000 shares within 24 months after 1 March 2007</td> </tr> </table>	Date on which listing and trading may commence	7 March 2007	Number of new shares allowed to be listed and traded	Not exceeding 62,784,000 shares within 12 months after 7 March 2007; not exceeding 125,568,000 shares within 24 months after 1 March 2007
Date on which listing and trading may commence	7 March 2007				
Number of new shares allowed to be listed and traded	Not exceeding 62,784,000 shares within 12 months after 7 March 2007; not exceeding 125,568,000 shares within 24 months after 1 March 2007				
Selling restrictions	Conch Holdings undertook not to trade or transfer its non-floating shares of the Company during the 12 months from the date on which its non-floating shares were granted the right to list (2 March 2006). After the expiration of such undertaking, the number of the Company's shares held by Conch Holdings to be sold through trading on the Shanghai Stock Exchange shall not exceed 5% and 10% of the Company's total issued shares during the period of 12 months and 24 months respectively.				
Special undertakings	If the average closing price of A shares calculated by way of arithmetic mean during the first 30 trading days after the end of the sixth month from the date of approval by the relevant shareholders' meeting of A shares and implementation of the share segregation reform proposal was lower than RMB11.00, Conch Holdings would pay to all the holders of floating A shares whose names appeared on the register of members of the Company on the record date a cash subsidy equivalent to 50% of the difference which amount shall not exceed RMB3.65 for every 10 floating A shares.				

Changes in Share Capital and Shareholdings

Fulfilment of the special undertakings

As at 20 October 2006, the average closing price of A shares calculated by way of arithmetic mean during the first 30 trading days after the end of the sixth month from the completion of the share segregation reform was RMB16.11, which was not less than RMB11.00. As such, Conch Holdings was not required to fulfil the aforementioned undertaking to pay the cash subsidy.

- (2) HKSCC Nominees Limited held 432,544,997 H Shares, representing 34.45% of the total share capital of the Company, and 99.85% of the issued H share capital of the Company, on behalf of its various clients.
- (3) So far as the Board is aware, the above mentioned holders are not connected to each other nor are parties acting in concert, except that Fenghe Value Securities Investment Fund and Taihe Securities Investment Fund are under Harvest Fund Management Co., Ltd., and Guangfa Strategic Aborative-select Composite Securities Investment Fund and Guangfa Stable Growth Securities Investment Fund are under GF Fund Management Co., Ltd.
- (4) As at 31 December 2006, 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 ("SFO") (Cap 571 of the Laws of Hong Kong):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	622,480,000 A shares (long position) (Note a)	Beneficial owner	75.68% (Note b)
Anhui Provincial Investment Group Limited	622,480,000 A shares (long position) (Note a)	Interests of controlled corporation	75.68% (Note b)
Conch Venture	622,480,000 A shares (long position) (Note a)	Interests of controlled corporation	75.68% (Note b)
Morgan Stanley Private Equity Asia, Inc.	133,200,000 A shares (long position) (Note c)	Interests of controlled corporation	16.19% (Note b)

Changes in Share Capital and Shareholdings

Name of shareholder	Number of ordinary shares held	Capacity	Percentage to that class of shares
Morgan Stanley Private Equity Asia, LLC	133,200,000 A shares (long position) (Note c)	Interests of controlled corporation	16.19% (Note b)
Morgan Stanley Private Equity Asia, L.P.	133,200,000 A shares (long position) (Note c)	Interests of controlled corporation	16.19% (Note b)
MS Asia Pacific Holdings Limited	133,200,000 A shares (long position) (Note c)	Interests of controlled corporation	16.19% (Note b)
MS Asia Pacific Investment Limited	133,200,000 A shares (long position) (Note c)	Interests of controlled corporation	16.19% (Note b)
MS Asia Investment Limited	133,200,000 A shares (long position) (Note c)	Others	16.19% (Note b)
International Finance Corporation	46,800,000 A shares (Note d)	Others	5.70% (Note b)
JPMorgan Chase & Co.	644,000 H shares (long position)	Beneficial owner	0.15% (Note e)
JPMorgan Chase & Co.	44,552,000 H shares (long position) (Note f)	Investment manager	10.28% (Note e)
JPMorgan Chase & Co.	41,237,000 H shares (long position) (Note f)	Interests of controlled corporation	9.52% (Note e)
The Capital Group Companies, Inc.	60,596,000 H shares (long position) (Note g)	Investment manager	13.99% (Note e)

Changes in Share Capital and Shareholdings

Name of shareholder	Number of ordinary shares held	Capacity	Percentage to that class of shares
T. Rowe Price Associates, Inc. and its affiliates	38,654,000 H shares (long position)	Investment manager	8.92% (Note e)
Fidelity International Limited	28,180,000 H shares (long position)	Investment manager	6.51% (Note e)

Notes:

- (a) These 622,480,000 A 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 Conch Venture (representing 49% of the equity interests in Conch Holdings). Pursuant to the SFO (Caps 571 of the Laws of Hong Kong), 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 executed an agreement with strategic investors MS Asia Investment Limited (a subsidiary of Morgan Stanley, hereinafter referred to as “MS”) and International Finance Corporation (a member of the World Bank Group, hereinafter referred to as “IFC”) (the “Transfer Agreement”), whereby, it intended to transfer 132,000,000 and 48,000,000 shares to the two strategic investors, MS and IFC respectively. On 31 March 2006, Conch Holdings, MS and IFC entered a supplemental agreement to the Transfer Agreement (the “Supplemental Agreement”), pursuant to which adjustments were made to the number and prices of shares to be transferred to MS and IFC, the number of shares to be transferred to MS increased from 132,000,000 shares to 133,200,000 shares and the number of shares to be transferred to IFC decreased from 48,000,000 shares to 46,800,000 shares.

On 30 April 2006, the Company received the “Approval regarding the relevant transfer of some of the State-owned shares of Anhui Conch Cement Company Limited” (Guo Zi Chan Quan [2006] No. 477) from the State-owned Assets Supervision and Administration Commission, agreeing to the transfers of 133,200,000 shares and 46,800,000 shares of the Company held by Conch Holdings to MS and IFC respectively, out of its 622,480,000 shares. The above share transfers are subject to the approval of the Ministry of Commerce of the PRC.

- (b) The total number of domestic shares was 822,480,000 shares, all of which are A Shares.

Changes in Share Capital and Shareholdings

- (c) Pursuant to the Transfer Agreement and the Supplemental Agreement, MS intended to purchase 133,200,000 A 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 133,200,000 shares. According to the disclosure of interests 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.
- (d) Pursuant to the Transfer Agreement and the Supplemental Agreement, IFC intended to purchase 46,800,000 A shares. Although the shares to be transferred under the Transfer Agreement has yet to take effect, pursuant to the SFO, IFC is deemed to be interested in the 46,800,000 shares. However, according to the Company's records, IFC has not submitted the relevant disclosure of interests forms to the Stock Exchange or to the Company.
- (e) The total number of H Shares in issue was 433,200,00 shares.
- (f) According to the disclosure of interests form submitted by JPMorgan Chase & Co. on 4 December 2006, these shares were held through certain subsidiaries of JPMorgan Chase & Co..
- (g) According to the disclosure of interests form submitted by The Capital Group Companies, Inc. on 21 November 2006, these shares were held through certain subsidiaries of The Capital Group Companies, Inc.

Save for the aforesaid shareholders, as at 31 December 2006, 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. Controlling shareholder of the Company

Official name in English:	Anhui Conch Holdings Company Limited
Legal representative:	Guo Wensan
Date of establishment:	8 November 1996
Registered capital:	RMB800 million

Changes in Share Capital and Shareholdings

Principal business activities: Assets management, investment, financing, properties transactions, construction materials, chemical industrial products, transportation, warehousing, construction project, development of technological products, technical support services, import and export trading, etc.

There was no change in the controlling shareholder during the Reporting Period.

4. Controlling shareholder of the controlling shareholder of the Company

Official name in English: Anhui Provincial Investment Group Limited

Legal representative: Du Changdi

Date of establishment: 31 July 1998

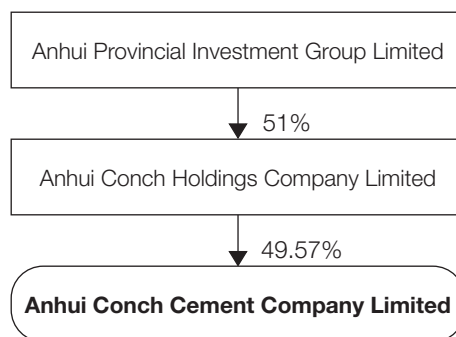
Registered capital: RMB1.22 billion

Principal business activities: Fund raising, managing, operating the provincial infrastructure fund, railway construction fund and other construction fund of Anhui, property investment and capital management, etc.

There was no change in the controlling shareholder of the controlling shareholder of the Company during the Reporting Period.

Changes in Share Capital and Shareholdings

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



6. Public float

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

(5) Purchase, sale and redemption of shares of the Company

For the year ended 31 December 2006, neither the Company nor its subsidiaries purchased, sold or redeemed any listed shares of the Company.

(6) Pre-emptive rights

Pursuant to the articles of association of the Company ("Articles of Association") and the laws of the PRC, the Company is not required to offer to its existing shareholders the pre-emptive rights to acquire new shares in proportion to their shareholdings.

(7) Transactions of its own shares

As at 31 December 2006, the Group had neither issued nor authorized the issue of convertible securities, options, warrants or other securities. As at 31 December 2006, the Group had no redeemable securities.

(8) Taxation reduction and exemption of holders of listed shares

For the year ended 31 December 2006, holders of the Company's shares shall not be entitled to any taxation reduction and exemption by virtue of their holding of such shares under their legal status of the PRC.