

Significant Events

I. MATERIAL LITIGATION AND ARBITRATION

During the reporting period, the Group was not involved in any litigation and arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors and senior management of the Group involved in any material litigation or arbitration.

II. SHARE CONVERSION

1. Share conversion of BNBM (a subsidiary)

The share scheme of BNBM was completed on 29 June 2006, pursuant to which the Company offered each holder of A shares 2 shares for every 10 tradable shares held by such shareholder, and Parent paid RMB3.83 for every 10 tradable shares held by such shareholder as cash consideration.

2. Share conversion of Yaopi (an associate)

The conversion scheme of Yaopi was completed on 8 February 2006, pursuant to which each holder of A shares was offered 3.5 shares for every 10 tradable shares held by such shareholder.

3. Share conversion of China Fiberglass (an associate)

The conversion scheme of China Fiberglass was completed on 17 August 2006, pursuant to which each holder of A shares was offered 2 shares for every 10 tradable shares held by such shareholder, and Parent and other holders of non-tradable shares also paid RMB3.5 for every 10 tradable shares held by each holder of A shares as cash consideration.

For the impact of share conversion on business results of the Company, please refer to the financial review herein.

III. MATERIAL TRANSACTIONS

1. Acquisition of the entire equity interests in Xuzhou Conch

During the reporting period, the Company's subsidiary China United entered into a share transfer agreement to acquire the entire equity interests in Xuzhou Conch on 27 June 2006. The consideration for the acquisition comprised a cash consideration of RMB961,113,628.12, which includes accounts payable totalling RMB358,457,031.18 that is payable by China United, and the guarantee of RMB230,000,000 provided by China United for the bank loans of Xuzhou Conch.

2. Issue of domestic corporate bonds

As approved at the Company's first extraordinary general meeting for 2007 on 28 February 2007 and after approval of the State Development and Reform Commission dated on 5 April 2007, the Company has issued domestic corporate bonds amounting to RMB1,000,000,000 and a bond maturity of ten years (the "Bond Issue"). As disclosed in the announcement of the Company dated 9 April, 2007, the Company shall apply the proceeds from the Bond Issue for the following projects:

1. The Cement Project

The Cement Project includes the construction of (i) two new suspension preheater dry process clinker production lines with a daily clinker production capacity of 6,000 tonnes each and (ii) four cement grinding stations. The investment for the Cement Project is estimated to be approximately RMB1.62 billion.

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III. MATERIAL TRANSACTIONS (CONTINUED)

2. Issue of domestic corporate bonds (Continued)

2. The Building Materials Project

The Building Materials Project includes a project for a gypsum board production line with an annual production capacity of 50 million square metres, a lightweight metal frames project, a GRC external wall board production line project, a project for a logistics and distribution centre of housing industrialisation base and a factory housing production line with an annual production capacity of 2,600 sets. The investment for the Building Materials Project is estimated to be approximately RMB0.93 billion.

3. The New Materials Project

The Glass Fiber Project includes the investment in a direct-melt furnace production line for alkali-free glass fiber with an annual production capacity of 80,000 tonnes, an environmentally friendly direct-melt furnace production line for alkali-free with an annual production capacity of 20,000 tonnes and a mid-alkali glass fiber direct-melt furnace production with an annual production capacity of 30,000 tonnes and the construction of a glass fiber mat production line with an annual production capacity of 70 million square meters. The investment for the Glass Fiber Project is estimated to be approximately RMB1.26 billion.

4. The Resources Project

The Resources Project includes the construction of three gypsum board production lines with an annual production capacity of 30 million square metres and ancillary facilities and a rotor blade production line with an annual production capacity of 200 pieces and the investment in a flourin-free floatation quartz and a production line with an annual production capacity of 900,000 tonnes. The investment for the Resources Project is estimated to be approximately RMB1.29 billion.

Details of the Cement Project, the Building Materials Project and the New Materials Project (with the exception of the construction of two additional cement grinding stations and the project for a logistics and distribution center of housing industrialisation base and a factory housing production line with an annual production capacity of 2,600 sets) as well as the construction of one gypsum board production line with an annual production capacity of 30 million square metres and ancillary facilities and a rotor blade production line with an annual production capacity of 200 pieces included in the Resources Project were previously disclosed in the Company's prospectus dated 13 March, 2006, the 2005 annual report of the Company and, or the 2006 interim report of the Company. A part of the proceeds from the Bond Issue shall be used to supplement these projects.

3. Capital increase in Daye Jianfeng

On 16 April 2007, the Company entered into an investment agreement to subscribe 40% of the enlarged registered capital of Daye Jianfeng for a consideration of RMB60,000,000.

4. Acquisition of the equity interest in Taishan Cement

On 16 April 2007, China United, a subsidiary of the Company, entered into an equity transfer agreement to acquire 80% equity interest in Taishan Cement after its equity consolidation for a cash consideration of RMB307,180,000.

For details of the above material transactions, please refer to the relevant announcements dated 27 June 2006, 9 April 2007 and 16 April 2007 and circulars dated 19 July 2006 and 12 January 2007 issued by the Company.