

### 1. Corporate governance

During the reporting period, the Company's governance activities has complied with the relevant laws and regulations. The board of directors of the Company comprised 8 directors, 3 of whom were independent non-executive directors. As a result, the total number of independent non-executive directors represents more than one third of the total number of directors of the Company.

### 2. Implementation of the profit allocation proposal

- i) The resolution regarding the profit allocation proposal for 2002 was passed at the 2002 Annual General Meeting which was held on 16 May 2003. Based on the total number of shares of 1,183,480,000 as at the end of 2002, a final dividend of RMB0.05 per share was paid. The total of final dividend paid for the year was RMB59.174 million. The above-mentioned dividend had already been paid to all registered shareholders.
- ii) According to the authorization given at the 2002 Annual General Meeting, the board of directors decided not to declare any interim dividend for 2003.

### 3. Material litigation and arbitration

For the six months ended 30 June 2003, the Group was not involved in any litigation or arbitration, which might have significant impact on the Group's business operation, nor were any of the members of the Group or any of the directors, supervisors or senior management of the Group involved in any material litigation or arbitration.

### 4. Material acquisitions, disposals and reorganisations of assets

During the reporting period, the Company was not involved in any material acquisition, disposal or reorganisation of assets.

### 5. Significant connected transaction

For details of transactions between the Company and connected parties during the reporting period, please refer to Note 12 of the financial statements.

### 6. Material contracts

- i) The Company was not subject to any material custody, sub-contracting or leasing of assets of other companies nor were the Company's assets subject to any custody of or sub-contracting or leasing to other companies which took place during the reporting period or which took place during a prior period but subsisted onto the reporting period.
- ii) As at 30 June 2003, the machinery and equipment of the Company's subsidiary, Ningbo Conch Cement Company Limited, with a book value of RMB104,172,900 were pledged to a bank for its short-term borrowings.
- iii) During the reporting period, the Company did not make any material entrustment of management for its cash or other assets.

## 7. Taxation

Details of taxation are set out in Note 4 of the financial statements.

## 8. Staff housing

The Group does not own any quarters for staff housing nor operate any scheme for the provision of staff housing. The Group and its staff are required to make contributions at a prescribed percentage of the salaries of the relevant staff to a housing reserve fund to the government. Apart from the payment of such contribution by the Group, the Group does not have any other obligations. For the six months ended 30 June 2003, the housing reserve fund paid by the Group in 2002 amounted to RMB2,635,900.

## 9. Staff and remuneration

As of 30 June 2003, the Group had a total of 9,643 employees. The aggregate remuneration, representing the total amount of salaries paid to the staff for the reporting period, was RMB71,748,972.

## 10. Other matters

- i) On 8 January 2003, the Company and Anhui Conch Machinery & Electric Co., Ltd., one of the Company's subsidiaries, jointly established Huai'an Conch Cement Co., Ltd. with a registered capital of RMB20 million, of which RMB18 million (representing 90% thereof) was contributed by the Company.
- ii) On 14 January 2003, the Company established a branch office in Nanjing (Nanjing Branch), which is engaged in marketing cement products and auxiliary materials. The main facilities of Nanjing Branch is a cement transmitting silo, which was transferred to the Company from Nanjing Construction Materials Company (the "Materials Company") due to the debt owed by the Materials Company to the Company, the establishment of Nanjing Branch helped the Company to further enhance its market share in Nanjing.
- iii) On 15 January 2003, the Company and Anhui Conch Machinery & Electric Co., Ltd., one of the Company's subsidiaries, jointly established Fuyang Conch Cement Co., Ltd. with a registered capital of RMB20 million, of which RMB18 million (representing 90% thereof) was contributed by the Company.
- iv) On 18 June 2003, the board of the directors of the Company approved the joint establishment by the Company and Anhui Conch Digang Co., Ltd., one of the Company's subsidiaries, of Taizhou Conch Cement Co., Ltd. with a registered capital of RMB20 million, of which RMB18 million (representing 90% thereof) would be contributed by the Company.

## 11. Subsequent events

The Company and Anhui Conch Digang Co., Ltd., a subsidiary of the Company, jointly established Taicang Conch Cement Co., Ltd. on 8 July 2003, with a registered capital of RMB20 million, of which RMB18 million (representing 90% thereof) was contributed by the Company.

### 12. Index of other important information

During the reporting period, the publication of other important information is stated as follows:

No.	Item	Publication date	Media	Page
1	The tenth meeting of the second session of the Board of Directors of the Company and also the notice of the 2002 Annual General Meeting	2003.3.7	Shanghai Securities Journal China Securities Hong Kong Wen Wei Po The Standard	20 17 B10 N-19
2	Announcement: the investment by China Cement Plant Co., Ltd. and by Anhui Huaining Hailuo Cement Co., Ltd. in the construction of clinker production lines	2003.5.13	Shanghai Securities Journal China Securities Hong Kong Wen Wei Po The Standard	22 22 A6 C-29
3	Announcement in respect of a summary of the resolutions passed in the 2002 Annual General Meeting	2003.5.17	Shanghai Securities Journal China Securities Hong Kong Wen Wei Po The Standard	33 39 A21 C-31
4	Announcement: deregistration of the enterprise legal person status of Anhui Baima Cement Plant and establishment of a branch office, "Anhui Conch Cement Company Limited-Baimashan Cement Plant"	2003.5.30	Shanghai Securities Journal China Securities Hong Kong Wen Wei Po The Standard	21 3 A26 C-41

The announcements above can be checked on the website of the Shanghai Stock Exchange, <http://www.sse.com.cn>, by typing in the Company's stock code in box of "Listed Company Information Search."