

VI. Important information

(1) Corporate governance

The Company will actively improve the governance of the Company and establish the “best” governance system composed of shareholders’ meeting, board of directors, board of supervisors and senior management of the Company pursuant to the requirements stipulated by the China Security Regulatory Commission. The Company has accomplished the self-evaluation and put forward the report to the relevant competent authorities pursuant to “the Notification on Examination of Listing Companies on the Establishment of Modern Enterprise System” jointly issued by the China Security Regulatory Commission and the State Economic and Trade Commission.

The Board currently has two independent directors, accounting for less than one-third of the total number of directors of the Company. The Company has not yet established a specialised committee of directors. The Company will continue to rectify its governance system pursuant to the requirements set out in the relevant rules and regulations.

(2) Dividend distribution and A Share Issue

1. The Company held the AGM on 28 May 2002. The AGM approved the resolution of the Company: the proposed profit distributions plan of the Company for 2001. The dividend was proposed to be distributed at RMB0.05 per share on the basis of the share capital of 2,976,000,000 shares as at 31 December 2001, and the aggregate amount of dividend to be distributed was RMB148.8 million. The above said dividend has been distributed to holders of H shares and domestic corporate shares of the Company whose names appeared on the register of members of the Company at the close of business on 26 April 2002.
2. The Company held a class meeting for holders of domestic shares and a meeting for holders of H shares on 22 May 2001. Both meetings approved by special resolutions of the Company: the proposed A Share Issue of no more than 350,000,000 A shares in the PRC. The A Share Issue was approved by the China Security Regulatory Commission pursuant to the approval document, Zheng Jian Fa Xing Zi [2001] No.113. The Company has successfully accomplished the A Share Issue of 350,000,000 A shares with par value of RMB1.00 per A share on 17 May 2002 at the price of RMB2.36 per A share. The Company raised from the A Share Issue RMB826,000,000, and the net proceeds was RMB825.30 million after deduction of expenses and addition of interest income on the share subscription fund. The above A shares of the Company were listed on Shanghai Stock Exchange on 23 May 2002.

(3) Material litigation or arbitration

The Company was not involved in any material litigation or arbitration during the Period.

(4) Purchase, sale or disposal of major assets

The Company did not purchase, sell or dispose any major assets during the Period.

(5) Connected transactions

The Company had no material connected transactions with its related companies during the Period (save as those already disclosed in announcements by the Company during the period).

(6) Material contracts

1. Except for the leases of vessels as disclosed in the notes to Condensed consolidated financial statements, the Company did not have any material trusts, contracts or leases with other entities during the Period or those which occurred in the previous years but were postponed to the Period.

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2. The aggregate amount of credit guarantees of the Company was RMB33.6 million, which were provided to the jointly-controlled entity or related company of the Company in respect of loans from financial institutions. The details are as follows:

| Creditor | Debtor | Guarantee RMB'000 | Term for deed of security | Expiration of guarantee | Place |
|--|--|----------------------|---------------------------------------|-------------------------|-----------|
| Commercial Bank of China, Shanghai Branch | Shanghai Baojiang Shipping Company Limited | 2,000 | 8 October 2001- 8 October 2002 | 8 October 2004 | Shanghai |
| Bao Steel Group Financial Management Company Limited | Shanghai Baojiang Shipping Company Limited | 4,100 | 6 June 2002-6 June 2007 | 6 July 2008 | Shanghai |
| Bao Steel Group Financial Management Company Limited | Shanghai Baojiang Shipping Company Limited | 500 | 6 June 2002-6 June 2003 | 6 June 2004 | Shanghai |
| Commercial Bank of China, Guangzhou Branch, Zhuhai Sub-branch | Zhuhai New Century Shipping Company Limited | 27,000 | 14 December 2001- 14 December 2002 | 14 December 2004 | Guangzhou |

3. The Company did not have any trust arrangement with any security companies.

(7) Undertaking

Neither the Company nor any of its shareholders owning 5 per cent. or more of the share capital of the Company had given any undertaking during the Period or those which occurred in the previous years but were postponed to the Period, that may have material effect on the operating results or financial conditions of the Company during the Period.

(8) Interim dividend

The Board does not recommend the payment of interim dividend for the Period.