

IV. Information of directors, supervisors and senior management

1. During the Reporting Period, none of the above directors, supervisors or senior management holds shares of the Company.
2. Changes in directors, supervisors and senior management of the Company during the Reporting Period
 - a. The Company held its third meeting of the 2003 board of directors on 25 March 2003, where the resignation of Mr. Xu Zuyuan as the general manager of the Company, the appointment of Mr. Yan Mingyi as the general manager of the Company and Mr. Wang Kunhe as the deputy general manager of the Company were approved. The resignation of Mr. Ye Yumang and the appointment of Ms. Yao Qiaohong as the company secretary of the Company were approved.
 - b. The Company held its 2002 annual general meeting on 28 May 2003, where the fourth session of board of directors and supervisory Committee of the Company was elected. The new board was comprised of Mr. Li Kelin, Mr. Li Shaode, Mr. Xu Zuyuan, Mr. Wang Daxiong, Mr. Yan Mingyi, Mr. Yao Zuozhi, Mr. Hu Honggao, Mr. Xie Rong and Mr. Zhou Zhanqun, amongst whom, Mr. Hu Honggao, Mr. Xie Rong and Mr. Zhou Zhanqun were elected as independent non-executive directors of the Company. Mr. Li Kelin and Mr. Li Shaode were elected as Chairman and Deputy Chairman of the board of directors of the Company at the board meeting held on 11 June 2003, respectively. The fourth session of the supervisory committee of the Company was comprised of Mr. Kou Laiqi, Mr. Wang Xiangyun and Mr. Zhang Yunbiao. Mr. Kou Laiqi was elected as Chairman of the supervisory committee at the committee meeting held on 10 June 2003. The former directors, Mr. Wang Kangtian, Mr. Yan Zhichong, Mr. Xue Qingxiang, Mr. Shen Kangcheng and Mr. Zhangqi and the former Chairman of the supervisory committee, Mr. Dai Jinxiang resigned from their post on 28 May 2003.

V. Management discussion and analysis

1. Scope of the principal businesses of the Group and its operating conditions

The principal activities of the Group include cargo shipping, which mainly consists of the shipment of oil and dry bulk cargoes (primarily coal) along the coast of the PRC, and international shipment. During the six months ended 30 June 2003, despite the temporary adverse effect of the outburst of the Severely Acute Respiratory Syndrome (“SARS”) on the domestic economic growth, the Group took advantage of the favourable opportunity of the steady improvement in PRC domestic economy. By making readjustment to its operating strategies and shipping capacity, and by spending much efforts in controlling its operating costs, the Group made further improvement in its operating profit and fulfilled the target set by the board of directors for the first half year of 2003. The growth of the operating results of the Group continued to be strong.