

重要事項

SIGNIFICANT EVENTS

1. Material litigation or arbitration

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

2. Sale of assets

(1) Acquisition of assets: Nil

(2) Sale of assets (Unit: Rmb'000)

The other party to the transaction and assets sold	Time of disposal	Sales Price	Net profits /(loss) contributed for the listed company from 1 January 2003 to disposal time	Profit/(loss) arising from disposal of assets	Connected transaction (Yes/No)	Pricing policy	
Leqing City Yunhong Shipping Co., Ltd. “Daqing 216” Vessel	January 2003	6,650		1,617	626	No	Market price
Digang Dili Material Recovery Co., Ltd “Daqing 48” Vessel	April 2003	6,924		(104)	993	Yes	Market price
Digang Dili Material Recovery Co., Ltd “Daqing 47” Vessel	May 2003	6,924		1,169	6,125	Yes	Market price

The sale of the above vessels were carried out in accordance with the overall strategic plan of the Company's operation and development. Through the implementation of the adjustments to the Company's existing fleet composition, the Company is expected to further adapt itself to the shipping market and enhance its operational benefits.

3. Connected transactions (Prepared in accordance with the PRC GAAP)

The Group had connected transactions during the year with the holding company, fellow subsidiaries, jointly-controlled entities, affiliated companies as well as related companies. The detailed information of the significant connected transactions is as follows (which has been set out in note 10.5 to the financial statements) :

(1) Revenue from lease of vessels (Rmb'000)

Name of related party	Pricing basis	2003 Rmb'000	2002 Rmb'000
China Shipping Container Lines Co., Ltd.	Market prices	46,915	55,988
China Shipping (Hong Kong) Marine Co., Ltd.	Market prices	47,331	59,898

A services agreement dated 19 March 1998 between the Company and China shipping (the "Services Agreement") became effective subsequent to an approval by the independent shareholders at an extraordinary general meeting held on 26 May 1998. Pursuant to the Services Agreement China Shipping (or its subsidiaries) will provide to the Company necessary supporting shipping materials and services for the on-going operations of dry-docking and repairs services, lubricating oil, fresh water suppliers, raw material, bunker oil, as well as other services. The contract term of the Services Agreement is for a period of ten years.

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SIGNIFICANT EVENTS

(Continued)

Name of related party	Pricing basis	2003 Rmb'000	Proportion of the same business of the year	2002 Rmb'000
(a) Supply of lubricating oil, fresh water suppliers, raw material, bunker oil, mechanical and electrical engineering, ship stores and maintenance services for vessels and life boats China Shipping Supplies Co., Ltd.	Market price	749,931	62.95%	597,620
(b) Dry-docking, repairs and vessels innovation expenses China Shipping Industry Co., Ltd.	State-fixed price	138,029	43.86%	129,278
(c) Hiring of sea crew expenses Guangzhou Maritime (Group) Co., Ltd.	Market price	154,491	97.60%	138,537
(d) Leasing of vessels expenditure Shanghai Maritime (Group) Co., Ltd.	Agreement price	33,115,	22.04%	26,898
Guangzhou Maritime (Group) Co., Ltd.	Agreement price	41,200	27.42%	41,200
Dalian Shipping (Group) Co., Ltd.	Agreement price	41,102	27.35%	-

The executive directors and the independent non-executive directors of the Company have reviewed the connected transactions and confirmed that, during the reporting period, such transactions were:

- (1) conducted in the ordinary course of business of the Group;
- (2) entered into in accordance with the terms of any agreements governing such transactions;
- (3) fair and reasonable so far as the shareholders of the Company were concerned; and
- (4) within the relevant monetary caps as agreed with the Stock Exchange or approved by the shareholders of the Company.

4. Material contracts and the implementation of the contracts

(1) During the reporting period, the Company did not have any material trusts, contracts or lease with other entities during the reporting period or those which occurred in the previous years but were postponed to the reporting period.

(2) Material guarantees provided by the Company during the reporting period

Debtor	Time of signature	Guarantee Rmb'000	Type of guarantee	Term for deed of security	Completion of the guarantee (Yes/No)
Zhuhai New Century Shipping Company Limited	27 December 2003	4,200	Joint liability guarantee	2 years	No
Percentage of total guarantees in the net assets	0.6%				

(3) The Company did not have any trust arrangement with any security companies during the reporting period.

(4) Pursuant to the Services Agreement entered into between the Company and the China Shipping, the China Shipping (or its subsidiaries) will provide to the Company the necessary supporting shipping materials and services for the ongoing operations of the Company. The details of the related business transactions for 2003 are set out in the notes to the financial statements.

(5) Pursuant to the Services Agreement stated in the Note to the financial statements, the management charges paid by the Company to the China Shipping for the provided services was Rmb45,140,000 during the reporting period (2002: Rmb43,724,000).

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SIGNIFICANT EVENTS

(Continued)

5. Commitment

China Shipping made the following commitment to the Company on 23 May 2001:

- (1) Not to carry out competitive business with the Company; and
- (2) Not to support the jointly-controlled companies to conduct the competitive business against the Company.

China shipping has not breached any of the above commitment during the year.

6. Information of the domestic and international auditors of the Company

During the reporting period, neither the domestic auditors nor the international auditors appointed by the Company changed. Shanghai Zhonghua Huyin C.P.A. and Ernst & Young have been appointed as the domestic and international auditors of the Company for 10 years. During the reporting period, the service fees payable to the above auditors are as follows:

Shanghai Zhonghua Huyin C.P.A.: auditing fee Rmb500,000 (2002: Rmb626,000), travelling charges Rmb29,700 (2002: Rmb13,000)

Ernst & Young: auditing fees Rmb2,011,300 (2002: Rmb2,094,000)