

III. Information of directors, supervisors and senior management

1. During the Reporting Period, none of the above directors, supervisors or senior management holds any shares of the Company.
2. Changes in directors, supervisors and senior management of the Company during the Reporting Period
 - a. The Company held its first extraordinary general meeting of 2005 on 1 March 2005, where the appointment of Mr. Mao Shijia as an executive director of the Company and the appointment of the Mr. Yan Mingyi as a supervisor of the Company were approved.

IV. Management discussion and analysis

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

The Group is principally engaged in the cargo shipping. Cargo shipping mainly consists of the shipment of oil and dry bulk cargoes (primarily coal) along the coastal region of the PRC and internationally.

During the six months ended 30 June 2005, the PRC domestic economy sustained a steady improvement due to the macro-economic control measures adopted by the central PRC government. The GDP growth rate was 9.5%, as compared with the same period of 2004. The demand for crude oil shipping in the domestic shipping market was strong, and the cargo resources of crude oil and product oil were sufficient; the cargo resources in the international oil shipping market were also sufficient, whereas the shipping rate fluctuated significantly. On the other hand, the severe situation of the domestic coastal coal shipment eased off, but the shipping capacity remained short of supply, and the demand for coal shipment remained strong; the international dry bulk cargo shipping market fell due to the decrease of the energy products of China, and the Baltic dry bulk shipping rate index (the "BDI") fell from over 6,200 points at the end of 2004 to 2,521 points at the end of June 2005. Facing with such changes in both domestic and international shipping market, the Group focused on the thermal coal shipping and oil shipping. By making readjustment to its operation strategies, and by spending substantial 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 2005. The growth of the operating results of the Group continued to be strong. During the first half of 2005, the volume of cargo undertaken by the Group was 65.68 million tons, and the shipping volume was 74.91 billion tonne-nautical miles, increasing by 6.4% and 21.3%, respectively, as compared with the same period of 2004. The total revenue derived from shipment was RMB4,201 million (after operation tax and supplementary duty), and the net profit was RMB1,606 million, increasing by 34.9% and 81.2%, respectively, as compared with the same period of 2004.