



# REPORT OF THE SUPERVISORY COMMITTEE



## REPORT OF THE SUPERVISORY COMMITTEE

Dear shareholders:

During the year ended December 31, 2003, the Supervisory Committee (the “Committee”) fulfilled its duties faithfully and carried out work actively in accordance with the Company Law of the PRC and the Articles of Association of the Company, adhered to the principle of honesty and diligence for the purpose of protecting the interests of the Company and its shareholders. The Supervisory Committee held two meetings during the period under review, at which resolutions concerning certain major issues were passed and notified to the Board. The supervisors attended all meetings of the Board and important meetings concerning operation of the Company during the period under review and made suggestions on improving management of the Company. The Committee has carefully reviewed the Report of Directors, the financial report and proposed profit distribution to be presented by the Board at the annual general meeting.

In 2003, the Company overcame the unexpected difficulty brought by SARS epidemic. It achieved better operating results by timely adjustment of its operating strategy, improvement in its transportation businesses structure, formulation of measures to increase revenue and reduce cost, strengthen of its marketing efforts on passenger and freight transportation, better management of its budget, adjustment of its development strategy on diversification and emphasis of safety of transportation. The Committee is satisfied with the achievement of the Company in the past year and is confident of the Company’s future.

As far as the Committee knows, the Board of Directors, the workgroup of General Manager and the senior management of the Company carried out their duties with sincerity and honesty. They acted in the best interests of the Company and did not violate any laws, regulations, and the Company’s articles of association and management system in the course of performing their duties.

We would like to express our gratitude to the shareholders, the Directors and all employees for their sincere support to our work.

By Order of the Supervisory Committee

**Gu Hongxi**

*Chairman*

Shenzhen, the PRC

April 20, 2004



**Mr. Gu Hongxi**, *Chairman of the Supervisory Committee*