

Report of the Supervisory Committee

To: All Shareholders

For the year ended 31 December, 2005, all members of the supervisory committee of the Company have adhered to the principles of diligence and integrity to perform their supervisory duties and safeguard the interests of the Company and shareholders pursuant to the "Company Law of the People's Republic of China", "Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited", "Articles of Association" of China COSCO and other relevant laws and regulations.

During the period, the supervisory committee is mainly responsible for: convening meetings of the supervisory committee, attending board meetings of the Company, reviewing minutes and resolutions of board meetings, make recommendations and giving advice to the board of directors on the business operations and development plans of the Company.

During the period, the supervisory committee has supervised the convening procedures, matters to be resolved and execution of the resolutions of general meetings and board meetings, as well as the performance of duties by senior management of the Company and the management system of the Company. The supervisory committee believes that with the objectives of maximizing returns for shareholders, corporate value and operating efficiency, all members of the board of directors and senior management of the Company have seriously performed their duties, have conducted business in accordance to the laws and regulated the operations so as to ensure sustained growth of the Company's operating results and completed the tasks delegated by shareholders satisfactorily. During the period, no violation of laws, regulations and articles of association and infringement of shareholders' interests by the above people was found.

During the period, the supervisory committee has reviewed the audit report with unqualified opinion issued by PricewaterhouseCoopers on the Group's financial statements prepared in accordance with the Hong Kong Financial Reporting Standards and is of the view that the financial information in the financial statements reflected the operating results and financial position of the Company in a true, complete and fair manner and the evaluation on relevant matters was objective and unbiased, and that the profit distribution plan was in line with the current operating conditions of the Company, which is favourable to the long-term development of the Company.

Li Yunpeng

Chairman of the Supervisory Committee

Beijing, the PRC

11 April 2006