

# 監事會報告書

## REPORT OF SUPERVISORY COMMITTEE

### 1. Work of the Supervisory Committee

- (1) During the Reporting Period, the Supervisory Committee executed their duties in strict compliance with the PRC Company Law and the Company's Articles of Associations on the inspection of the Company's legal operation, financial management, and the performance of their duties of directors, general manager and other senior managerial staff;
- (2) Members of the Supervisory Committee were present at the 19 meetings of the 2006 Board. The following were presented to the supervisors: the 2005 audited financial report of the Company; the proposed profit distribution plan of the Company for 2005; the 2006 interim financial report of the Company. Through attendance at these meetings, the supervisors are knowledgeable with the Company's operation, development situation and the formation of significant strategies.
- (3) In 2006, the supervisory committee held eight meetings. Members of the Supervisory Committee of the Company were present at the 2005 AGM, at which the Supervisory Committee gave an account of the 2005 report of the Supervisory Committee, and expressed their independent opinion on the Company's operation, financial situations and performance of their duties of the directors and senior managerial staff.

### 2. Supervisory Committee's view of the Company's operation in 2006:

- (1) The Company followed legitimate decision-making process and established a comparatively complete internal controlling system. The operation of the Company was in strict compliance with the PRC laws and regulations, as well as the normalized process for listed companies. In performing their duties, the directors, managers and the senior management of the Company strictly executed the resolutions passed at the annual general meeting and board meetings. As far as the Supervisory Committee is aware, the directors, managers and the senior management of the Company have not contravened any laws and regulations and/or the Company's articles of associations or damaged the interests of the Company when performing their duties; and

- (2) During the Reporting Period, the Company's stable financial condition, sound financial management, and strict internal controlling system enabled the smooth operation of the Company. The 2006 annual financial statements represented a true and fair view of the financial situation and the operating results of the Company in 2005. The audited financial reports prepared by Ernst & Young and Shanghai Zhonghua Huyin C.P.A. respectively are objective and fair.
- (3) As far as the Supervisory Committee is aware, connected transactions entered into during the Reporting Period conformed to principles of fairness, openness and impartiality. The prices of these connected transactions were negotiated on an arm's length basis and were conducted on normal commercial terms. Such transactions were not detrimental to the interests of the shareholders, nor resulted in any loss of the Company's assets.
- (4) During the Reporting Period, the Company has acquired 42 bulk carriers from China Shipping and its subsidiaries successfully and submitted the application to issue Convertible Bond to the China Securities Regulatory Commission, which accord with the laws and regulations of the country and is benefit to the shareholders and will promote the development of the Company.

By order of the Supervisory Committee

**Kou Laiqi**  
*Chairman of the Supervisory Committee*

Shanghai, People's Republic of China  
29 March 2007