

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 of 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 22 meetings of the 2007 Board. The following were presented to the supervisors: the 2006 audited financial report of the Company; the proposed profit distribution plan of the Company for 2006; the 2007 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 2007, the Supervisory committee held eight meetings. Members of the Supervisory Committee of the Company were present at the 2006 AGM, at which the Supervisory Committee gave an account of the 2006 report of the Supervisory Committee, and expressed the 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 2007:

- (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 2007 annual financial statements represented a true and fair view of the financial situation and the operating results of the Company in 2007. The audited financial reports prepared by Vocation HK CPA Limited 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.

監事會報告書 (續)

REPORT OF SUPERVISORY COMMITTEE *(Continued)*

- (4) In order to comply with the new and revised China Accounting Standards, the reports had been adjusted or restated the application of new issues. For details, please refer to the notes to the financial statements.
- (5) On 2 July 2007, the Group had issued 200 million convertible shares with face value of RMB 100. All the money raised from the issue has been paid for the acquisition of 42 bulk carriers from China Shipping (Group) Company and its subsidiaries in 2006.

By order of the Supervisory Committee

Kou Laiqi
Chairman of the Supervisory Committee

Shanghai, People's Republic of China
25 March 2008