



AUDITORS' REPORT TO THE SHAREHOLDERS OF
SINOTRANS LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

We have audited the accompanying balance sheet of Sinotrans Limited (the "Company") and consolidated balance sheet of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") as at 31 December 2003, and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in shareholders' equity for the year then ended. The financial statements set out on pages 41 to 112 are the responsibility of the Company's management. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2003, and the results of operations of the Group and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2004