

# Report of the Supervisory Committee

Dear Shareholders,

During the year ended 31 December 2004, the Supervisory Committee (the “Committee”) performed its duties, undertook various tasks in a proactive and diligent manner in the principle of due care and good faith and supervised the legal compliance of the operations of the Company in a legal and effective manner, so as to ensure that the Company complied with the Company Law of the People’s Republic of China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”), the Articles of Association of the Company and other relevant laws and regulations, thereby safeguarding the lawful interests of the Company and the shareholders.

In 2004, the major duties of the Committee are to convene Supervisory Committee meetings, attend Board meetings, Audit Committee meetings and General Meetings, to give reasonable recommendations and opinions to the Board in respect of the business operations and development plans of the Company and to effectively supervise that the policies and decisions made by the Board are in compliance with the laws and regulations of the State, the Listing Rules and the Articles of Association of the Company and are in the interest of the shareholders. The Committee is of the opinion that the Company had a normal and disciplined operation and the directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the report of the directors for the year ended 31 December 2004 reflected a true position of the Company. To be accountable to shareholders, the Board and the senior management of the Company have discharged their respective duties in a diligent manner and have accomplished the mission entrusted by the shareholders by formulating a strategy of steady development for maintaining the growth of the operating results and providing handsome returns to the shareholders. The Committee is satisfied with the performance of, and the economic efficiency as achieved by the Company for 2004 and is confident about the Company’s future prospects and development.

The Committee has carefully reviewed the financial statements prepared in accordance with International Financial Reporting Standards as well as the Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises of the People’s Republic of China and considers that the financial statements reflect a true and fair view of the financial position and results of operations of the Company.

Our businesses will benefit from the rapid development of the PRC economy and the strong demand in the logistics and transportation market of the PRC. However, the further liberalisation of the market will intensify the market competition. In order to safeguard the lawful interests of the Company and the shareholders, the Committee will, as in the past, continue to perform its duties and put a stronger emphasis on supervision to realise a stable, healthy and sustainable development of the Company.

By Order of the Supervisory Committee

**Su Yi**

*Chairman of the Supervisory Committee*

Beijing, 22 March 2005