

REPORT OF THE SUPERVISORY COMMITTEE

Dear shareholders,

I. WORKING STATUS OF THE SUPERVISORY COMMITTEE IN 2004

During the reporting period, committed to protecting the interests of all the shareholders and the Company, all the members of the supervisory committee of the Company performed their supervisory duties and commenced their work in a cautious but active manner and strictly in accordance with the Companies Law of the PRC (“Companies Law”) and the provisions of the Articles of Association of the Company (“Articles”) and adhering to the principle of acting in good faith.

Apart from attending all the Board meetings during 2004, the members of the supervisory committee of the Company held two supervisory committee meetings and seriously supervised and reviewed the financial status of the Company, the business decisions of the management and the operation of the Company.

II. OPINIONS ON THE WORK OF THE COMPANY IN 2004

- (1) The operating activities of the Company and its subsidiaries in 2004 were not in breach of the Companies Law, the Articles, the financial accounting system and the laws and regulations of the PRC.
- (2) In 2004, the Directors and senior management of the Company were dedicated in performing their duties. They conducted the business in accordance with law, implemented standardized management and explored the market with innovation. They respected and protected the interests of all the shareholders and their behaviour were not in breach of the Companies Laws, the Articles, the financial accounting system and the laws and regulations of the PRC.
- (3) During the reporting period, the financial status of the Company was sound, and the financial management standards and internal control system were strictly complied with, implemented and continuously improved in order to ensure the operation of its transportation business. The accounts of the Company for the year ended 31 December, 2004 truly, objectively and accurately reflected the financial status of the Company and its operating results for the year ended 31 December, 2004.
- (4) The audited accounts with non-qualified opinions issued by the auditors were objective and fair.

By order of the supervisory committee

Yao Zuozhi

Chairman of the supervisory committee

Shanghai, the People's Republic of China

8 March, 2005