

In 2001, the three supervisors of the Company comprising the Supervisory Committee pursued their work in accordance with the "Working Regulations of the Supervisory Committee of China Southern Airlines Company Limited", the provisions of the Company Law of the PRC and the Articles of Association of the Company, with the objective of protecting the shareholders' best interests and focusing on the development and expansion of the Group.

The Supervisory Committee has studied and reviewed the Group's major operations, improving efficiency measures, flying safety, technological improvement and investment projects.

The Supervisory Committee has reviewed the Chairman's Statement and Report of the Directors to be submitted at the forthcoming Annual General Meeting of the Company, and concluded that they have been properly prepared. It has also reviewed the Group's financial position, including interim results and annual financial statements, and no irregularities have been found.

In the opinion of the Supervisory Committee, the Directors, the President and Senior Administrative Officers of the Company have all carried out their duties diligently and with due consideration to the overall interests of the Company and the shareholders, and in compliance with the provisions of the Company's Articles of Association, the Listing Rules of The Stock Exchange of Hong Kong Limited and the provisions of the Company Laws of the PRC.

The Supervisory Committee is satisfied with the Report of the Directors for 2001 and appreciates the measures the Company undertook during the year to control operating cost per unit of available tonne kilometre and to enhance the economic returns of the Company. The Supervisory Committee is also glad to find that the Company managed to achieve profit amid keen market competition and significant slowdown in the global economy. We will continue to pay close attention to the challenges and opportunities brought by the reform of the PRC aviation industry, as well as by the entry of the PRC into World Trade Organisation. We believe the PRC aviation industry has great potential for growth and we have every confidence in the Group's prospects.

In order to coordinate the future development of the Company, the Supervisory Committee is prepared to continue strengthening its supervisory efforts in the future.

By Order of the Supervisory Committee

Liang Hua Fu

Chairman of the Supervisory Committee

Guangzhou, the PRC

12 April, 2002