

> 22:30

The *airline never rests in its
determination to offer the very best
in quality and service, ensuring a
prosperous journey into the
domestic and global markets.*



Report of the Supervisory Committee

The Supervisory Committee participated in and provided suggestions on the Company's operations, investment plans and development of new business plans.

In 2001, the Supervisory Committee recognized that the directors, management and other senior executives strictly followed the articles of association of the Company, and diligently carried out their duties. The Company's management overcame unfavourable market factors and ensured consistent increases in total traffic.

Dear Shareholders,

In 2001, members of the Supervisory Committee of the Company ("Supervisory Committee") carried out their duties actively in accordance with the articles of association of the Company and relevant regulations to protect the shareholders' interests and long-term development of the Company.

In 2001, the Supervisory Committee held a meeting to discuss matters such as the financial statement and the profit distribution scheme submitted to the 2000 Annual General Meeting by the Board of Directors. All members of the Supervisory Committee attended meetings of the Board and effectively monitored whether the strategic decisions of the Board were made in accordance with the relevant laws of the PRC, the long-term development of the Company or in the shareholders' interests. The Supervisory Committee participated in and provided suggestions on the Company's operations, investment plans and development of new business plans.

The Supervisory Committee has carefully reviewed the financial report and the profit distribution scheme to be submitted to the 2001 Annual General Meeting, and found no problems with these submissions. None of the directors, management or other senior executives is aware of any information indicating that their actions in carrying out their duties violated applicable PRC laws, administrative regulations, or the articles of association of the Company or were infringing the rights of the Company.

The Supervisory Committee is satisfied with the Company's achievements in 2001 and has confidence in the Company's prospects.

On behalf of
the Supervisory Committee

Li Wenxin

Chairman of the Supervisory Committee

Shanghai, the PRC
8 April 2002