

Report of the Supervisory Committee

To all shareholders,

The supervisory committee of the Company (the "Supervisory Committee") has carried out its duties in accordance with the Company's articles of association and relevant requirements in 2006. Members of the Supervisory Committee attended Board meetings, inspected relevant documents and conducted seminars, exercising supervision over the conduct and decision-making process of Board meetings and enforcement of resolutions for compliance with the relevant laws and regulations and the Company's articles of association, with the aim of safeguarding the interests of the Company and shareholders as a whole.

The Supervisory Committee is of the opinion that the decision-making process of the Company complied with the relevant laws and regulations, and the Company's articles of association and was well-regulated. The directors and senior management of the Company observed their fiduciary duties and worked diligently and legally. The Supervisory Committee is not aware that the directors and senior management of the Company acted in breach of the laws and regulations and the articles of association of the Company or against the interests of the Company.

The Supervisory Committee considers that the unqualified opinion expressed in the auditors' report issued by Ernst & Young is objective and fair, and the Company's 2006 financial statements reflected a true and fair view of the financial position of the Company and the Group and of the financial performance of the Group. In the opinion of the Supervisory Committee, the Company has achieved satisfactory results in 2006, which represented a remarkable accomplishment given the continued rise in jet fuel price and intensified market competition. It is expected that the Company will continue to exercise robust cost control and risk management.

The Supervisory Committee is of the opinion that the connected transactions between the Company and its connected persons were conducted at fair market price without prejudice to the interests of the Company and its minority shareholders. The use of proceeds from the Company's initial public offering of A shares conformed to the relevant purposes disclosed in the Company's prospectus and such proceeds were not used for other purposes.

In 2007, the Supervisory Committee will continue to perform its duties in safeguarding the interests of the shareholders of the Company in strict adherence to the Company's articles of associations and relevant requirements.

By Order of the Supervisory Committee



Zhang Xianlin

Chairman of the Supervisory Committee

Beijing, PRC
16 March 2007