



Recent economic development

During the period under review, the Group continued to devote its efforts in perfecting its route network, and to expand its international routes in a prudent manner. In July 2001, the Group entered into a code-sharing agreement with KLM Royal Dutch Airlines on two routes, Beijing-Amsterdam and Shanghai-Amsterdam. In July 2001, the Group successfully conducted a trial non-stop flight via the North Pole. Through such exercise, the Group not only accumulated comprehensive and detailed aviation data, but also reviewed its flying techniques and the flight protection capability of its computerised flight operations control system (SOC) — the first set of advanced flight operations control system operating in the PRC, and set a good foundation for its North American route operations in the future. The Group considers that the implementation of such measures will enhance the operation capability of its international routes, strengthen its competitiveness, and help to increase its market share.