



REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

In 2003, the members of the Supervisory Committee of the Company (the "Supervisory Committee") faithfully carried out their duties, participated in all the board meetings of the Directors, monitored the financial position of the Company and the Directors and senior administrative officers of the Company in discharge of their duties and protected the legitimate rights and interests of the Company and all the Shareholders, based on the powers bestowed upon them by the Company Law and the Company's Articles of Association and in accordance with the Working Procedures for the Supervisory Committee of China Southern Airlines Company Limited and their sense of responsibility toward all the Shareholders.

I. PARTICULARS OF THE WORK OF THE SUPERVISORY COMMITTEE

The Supervisory Committee held a meeting on 14 March, 2003 during which it reviewed and approved the 2002 Report of the Supervisory Committee and concluded that the 2002 financial statements of the Company truly reflected the financial position and operating results of the Company, and that the audit opinions prepared by KPMG and KPMG Huazhen were both objective and fair.

II. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINION:

1. The Company's policy making process and its operation were in compliance with the laws and the Company established a relatively comprehensive internal control system. The Supervisory Committee was not aware of any actions of the Directors or senior administrative officers of the Company who, in carrying out their duties, violated laws, regulations, the Articles of Association of the Company or were prejudicial to the interests of the Company.
2. The Company's financial report for 2003 gave a true and fair view of its financial positions and operating results. The unqualified opinion expressed in the auditors' reports issued by KPMG and KPMG Huazhen gave an objective and fair view.
3. The Supervisory Committee was not aware of any insider dealings or acts which impaired the Shareholders' interests or caused loss of assets of the Company in the course of acquisition or disposal of assets.
4. The Supervisory Committee was of the opinion that the use of proceeds from the offering was in accordance with the disclosure in the prospectus and such use of proceeds had not been changed.
5. The Supervisory Committee was of the opinion that the connected transactions between the Company and its connected persons were conducted at fair market value without prejudice to the interests of the Company and its medium and minority Shareholders.



REPORT OF THE SUPERVISORY COMMITTEE (Cont'd)

The Supervisory Committee is satisfied with the annual report for 2003 presented by the Board of Directors of the Company, and appreciates the satisfactory results in terms of enhancement of safety and service standards achieved by the management of the Company in the face of challenges and difficulties during the SARS outbreak. The Supervisory Committee will continue to closely monitor the reorganization of CSAHC in 2004, and consider that an integration of corporate culture after the reorganization is crucial to the future development. The Supervisory Committee has every confidence in the Group's prospects.

By Order of the Supervisory Committee

Liang Hua Fu

Chairman of the Supervisory Committee

Guangzhou, the PRC

23 April, 2003