

Report of the Supervisory Committee



Dear Shareholders,

In 2005, the Supervisory Committee of the Company faithfully carried out their duties and obligations with diligence in accordance with the Working Procedures for the Supervisory Committee of China Southern Airlines Company Limited subject to the Company Law and Companies Ordinance. Members of the committee participated in all Board meetings of the Directors, supervised the assembly of Board meetings and the review and resolution procedure of the Board meetings, monitored the financial position of the Company and the conduct of the Directors and the senior management of the Company in discharge of their duties and their compliance with the applicable laws and regulations and the Company's Articles of Association, in protection of the legitimate rights and interests of the shareholders and the Company as a whole.

I. PARTICULARS OF THE WORK OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company met twice in 2005, with details as follows:

- (1) The Supervisory Committee of the Company held a meeting on 25 April 2005, during which the following resolutions were considered and adopted:
 1. That the 2004 annual report, including the summary and the full version, and the results announcement (for A Shares and H Shares) of the Company be reviewed and approved;
 2. That the 2004 report of the Supervisory Committee be reviewed and approved;
 3. That the 2004 audited financial statements be reviewed and approved;
 4. That the profit distribution proposal be reviewed and approved;
 5. That the amendments to the Articles of Association, and the Rules of Procedures of General Meeting and of Board Meeting be reviewed and approved;
 6. That the reappointment of KPMG and KPMG Huazhen as the international auditors and PRC auditors of the Company respectively be reviewed and approved; and
 7. That the submission of the above resolutions No. 2 to No. 6 to the general meeting of the Company for approval be reviewed and approved.

- (2) The Supervisory Committee held a meeting on 26 August 2005, details of which are as follows:

The 2005 interim report, including the summary and the full version, and the results announcement (including A Shares and H Shares) of the Company were reviewed and approved.

Report of the Supervisory Committee (Cont'd)

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 Directors, managers and other senior management staff of the Company were devoted to implement all resolutions passed at the Board meeting. The Supervisory Committee was not aware of any actions of the Directors or senior management officers of the Company who, in carrying out their duties, violated any applicable laws, regulations, the Articles of Association of the Company or were prejudicial to the interests of the Company.
- (2) The Supervisory Committee was of the opinion that strict supervision and continued improvement over financial management and internal control ensured a smooth production and operation process. The Company's financial statements for 2005 gave a true and fair view of its financial position 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 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.
- (4) 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.
- (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 minority shareholders.

By Order of the Supervisory Committee

Sun Xiao Yi

Chairman of the Supervisory Committee
Guangzhou, the PRC

19 April 2006