

Report of the PRC Auditors



KPMG-CH(2006)AR No.0076

The Shareholders of China Southern Airlines Company Limited (the “Company”):

We have audited the accompanying Company’s consolidated balance sheet and balance sheet at 31 December 2005, and the consolidated income statement and profit appropriation statement, income statement and profit appropriation statement, consolidated cash flow statement and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with China’s Independent Auditing Standards for Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Company’s management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above-mentioned financial statements comply with the requirements of the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China and present fairly, in all material respects, the consolidated financial position and financial position of the Company at 31 December 2005, and the consolidated results of operations, results of operations, and consolidated cash flows and cash flows of the Company for the year then ended.

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Certified Public Accountant In-charge

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19 April 2006