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中国南方航空股份有限公司 CHINA SOUTHERN AIRLINES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1055)

PROPOSED ISSUE OF MEDIUM TERM NOTES

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On 28 May 2008, the Board proposed the issue of medium term notes by the Company in the principal amount of up to RMB1.5 billion and the submission of such proposal to the Shareholders for their consideration and approval, in accordance with the relevant procedural requirements under applicable PRC laws and regulations and Article 76(10) of the Articles of Association.

GENERAL

A circular containing, amongst other things, further information on the proposed issue of the medium term notes will be despatched to the Shareholders as soon as practicable.

The Directors collectively and individually warrant that the information set out in this announcement does not contain any misrepresentation, misleading statement or material omission and jointly and severally accept full responsibility as to the truthfulness, accuracy and completeness of the content herein.

On 28 May 2008, in accordance with the provisions of Article 177 of the articles of association of the Company, the Board considered and unanimously approved by way of written resolution the proposed issue of medium term notes and submission of the same to the general meeting for the Shareholders' review.

The format and procedure for passing the resolutions were in compliance with the provisions of the Company Law and the Articles of Association.

PROPOSED ISSUE OF MEDIUM TERM NOTES

On 28 May 2008, the Board approved the proposed issue of medium term notes in the PRC and the submission of this proposal to the general meeting for the Shareholders' approval in accordance with the relevant procedural requirements under applicable PRC laws and regulations and the Articles of Association.

Particulars of the medium term notes are as follows:

- (i) Place of Issue: within the PRC (by one single issue or more);
- (ii) Principal amount: up to RMB1.5 billion

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| (iii) Maturity: | 3 years |
| (iv) Interest rate: | to be determined according to market conditions |
| (v) Target subscribers: | institutional investors in the PRC's inter-bank bond market
(and not the general public) |
| (vi) Use of proceeds: | to be used as the working capital of the Company and fund
the capital expenditure of the Company |

Subject to the Shareholders' consideration and approval, the executive Directors authorized by the Board shall be authorized to determine and finalise the terms and conditions of and any relevant matters in relation to the proposed issue of medium term notes based on the needs of the Company and the market conditions at the time of issue, including to determine and finalise the final principal amount and interest rate of such medium term notes.

The Board believes that the proposed issue of medium term notes will provide the Company with a further source of medium to long term funding at an interest rate lower than the best lending rate for loans from commercial bank. The Board considers that the issue of the medium term notes will lower the finance costs of borrowings for the Company and improve the debt structure of the Company.

GENERAL

A circular containing, amongst other things, further information on the proposed issue of the medium term notes together with a notice of the general meeting, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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| “Articles of Association” | the articles of association of the Company |
| “Board” | the board of Directors |
| “China” or “PRC” | the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region and Taiwan |
| “Company” | China Southern Airlines Company Limited, a company incorporated under the laws of the PRC whose H Shares, A Shares and American depositary receipts are listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, Inc., respectively |
| “Director(s)” | the director(s) of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share of RMB1.00 each in the capital of the Company
“Shareholder(s)”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Xie Bing and Liu Wei
Joint Company Secretaries

Guangzhou, the People’s Republic of China
28 May 2008

As at the date of this announcement, the Directors of the Company include Liu Shao Yong, Li Wen Xin, Wang Quan Hua, Zhao Liu An, Si Xian Min, Tan Wan Geng, Xu Jie Bo and Chen Zhen You as executive Directors; and Wang Zhi, Sui Guang Jun, Gong Hua Zhang and Lam Kwong Yu as independent non-executive Directors.