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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)

OVERSEAS REGULATORY ANNOUNCEMENT – BONUS SHARE ISSUE BY WAY OF CONVERSION OF CAPITAL RESERVE

The board (the “Board”) of directors (the “Directors”) of the Company and all of its members confirm that this announcement does not contain any misrepresentation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

The shareholders of China Southern Airlines Company Limited (the “Company”) has approved the bonus shares issue by way of conversion of capital reserve (“Bonus Shares Issue”) at the 2007 annual general meeting and the class meetings of the Company on 25 June 2008. The capital reserve of the Company was RMB5.979 billion as at 31 December 2007. The Bonus Shares Issue will be made by conversion of capital reserve on the basis of 5 new shares, credited as fully paid, for every 10 existing shares. On the basis of a total of 2,187,089,000 new shares of the Company being issued to the shareholders of the Company pursuant to the Bonus Shares Issue (based on 4,374,178,000 shares of the Company in issue as at 31 December 2007), a total of 6,561,267,000 shares of the Company will be in issue after the completion of the Bonus Share Issue. The Bonus Shares Issue shall be subject to the approval by the Ministry of Commerce.

The Company has received the “Approval in respect of the increase in the registered capital of China Southern Airlines Company Limited from the Ministry of Commerce” (Shang Zi Pi [2008] No. 1094) issued by the Ministry of Commerce on 14 August 2008 approving the Bonus Shares Issue. The Company will implement the Bonus Shares Issue as soon as practicable. Further announcement will be made by the Company as to the details of implementation plan of the Bonus Shares Issue.

By Order of the Board
China Southern Airlines Company Limited
Xie Bing and Liu Wei
Joint Company Secretaries

Guangzhou, the People's Republic of China
18 August 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.