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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

This announcement is published pursuant to rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

As China Southern Airlines Company Limited (the "Company") has published an "Announcement on the impairment of fixed assets and foreign exchange forward option contracts for the year 2008 of China Southern Airlines " on Shanghai Stock Exchange, the full texts of the announcement is set out below for information purpose.

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

14 May 2009

As at the date of this announcement, the directors of the Company include Si Xian Min, Li Wen Xin, Wang Quan Hua, Liu Bao Heng, 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.

Announcement on the impairment of fixed assets and foreign exchange forward option contracts for the year 2008 of China Southern Airlines

The Board of Directors of Company and all the directors confirm the contents of this announcement does not contain misrepresentations, misleading statements or material omission, and jointly and severally accept full responsibilities for the truthfulness, accuracy and completeness of the information contained herein.

China Southern Airlines Company Limited (the “Company”) issued the 2008 Annual Report of the Company on 15 April 2009, the text of which was published on the website of the Shanghai Stock Exchange (www.sse.com.cn). Based on the requirement of the Shanghai Stock Exchange, the Company hereby makes a supplementary announcement on the impairment of fixed assets and foreign exchange forward option contracts for the year 2008 as follows:

I. Explanation in relation to the provision for impairment of fixed assets made by the Company in 2008

1. Reasons for the provision for impairment of fixed assets made by the Company in 2008

In accordance with the strategic development plan of the Company and for the purpose of reducing operating cost and optimising fleet structure, the Company intends to have an early disposal of 23 aircraft with poor operating efficiency, which comprises 4 Boeing 777-200A aircraft, 6 Airbus A300-600 aircraft and 13 McDonnell Douglas 90 aircraft.

According to the current flight routes network and traffic capacity of the Company, all of its existing Boeing 777-200A aircraft are serving domestic flight routes. The overall operating efficiency of Boeing 777-200A aircraft is comparatively poor due to the short voyage of domestic flight routes and high operating cost, coupled with the inability to attract passengers of upper income as a result of the absence of first-class cabin. The Company only owns 6 Airbus A300-600 aircraft, which has served the Company for 13 to 14 years and has ceased production. The maintenance cost and the price of materials and spare components of A300-600 aircraft are high. The early disposal of McDonnell Douglas 90 aircraft is mainly due to its lower recognition among passengers as compared to that of Boeing and Airbus aircraft.

In addition, as a result of global economic recession triggered by the international financial crisis, the demands of international cargo transportation market plummeted in 2008. The Company currently operated only two cargo freighters Boeing 747 in the international routes. In view of the unsatisfactory operating efficiency of cargo freighters Boeing 747 and the lack of economy of scale for the existing small fleet of cargo freighters, there was an indication of impairment.

2. Relevant rules of the Company’s provision for impairment loss of fixed assets in 2008

According to the requirements of the PRC Accounting Standards for Business Enterprises No. 8 – Impairment of Asset and International Financial Reporting Standards 36 - Impairment of Asset, where there exists any evidence that “assets have been or will be set

aside, terminated for use or planned for disposal in advance.” and “the company’s internal report evidenced that the economic efficiency of assets was or will be lower than expected.”, there may be an impairment of assets and their recoverable amounts should be assessed. A provision for impairment of assets is made for any difference between the lower recoverable amounts of assets and their carrying amounts.

The Company is required to make provision for impairment loss of the fixed assets in respect of such aircrafts in 2008 in accordance with the requirements of the PRC Accounting Standards for Business Enterprise and the International Financial Reporting Standards.

3. Basis for calculation of the provision for impairment of fixed assets

The provision for impairment will be made pursuant to the differences between the fair value which is the value of the aircrafts in the open market accepted by the international aviation industry and net carrying amount of the Company. The details of the provision for impairment of various models of our aircraft in 2008 is set out as follows:

(Expressed in Renminbi million)

	Original value	Accumulated depreciation	Net value	Recoverable amount	Impairment
Total	9,627	3,867	5,760	3,969	1,791

4. Disclosure of the provision for impairment of the Company’s fixed assets

On 12 March 2009, the Company issued the announcement of the Board of Directors which set out the indicative descriptions on the impairment of the Company’s fixed assets in 2008. Please refer to the announcement published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn), the China Securities Journal and Shanghai Securities News on 12 March 2009 for details. In the “Announcement on Resolutions Passed at the Eighth Meeting of the Fifth Session of the Board of Directors of China Southern Airlines” issued by the Company on 15 April 2009, it was announced that the Board of Directors had considered and approved the relevant resolutions on the provision for impairment of assets in 2008, and the descriptions on such matter were also set out in the notes to the financial statements in the Company’s 2008 annual report published on the same date. For the full text of the 2008 annual report, please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn).

II. Information on the Company’s foreign exchange forward option contracts

The Company currently operates some routes between certain cities of China and Japan and has established representative offices in the major cities in Japan, including Tokyo, Osaka and Fukuoka. As a result, the Company may receive a certain amount of Japanese Yen depending on the sales of air tickets every month. Moreover, as the Company requires large amounts of USD to finance its aircraft lease charges and jet fuel consumption as well as other expenditures, the Company needs to convert Japanese Yen into USD in its usual and ordinary business course.

Since the exchange rate of Japanese Yen to USD always fluctuates to a substantial

extent, the Company uses foreign exchange forward option contracts to lock the swap rate for part of its Japanese Yen income to reduce the exchange rate risks caused by depreciation of Japanese Yen as well as fluctuations of exchange rates in the market.

Details of the movements in the fair values of the Company's foreign exchange forward option contracts for the year 2008 were disclosed in "Note 29 - Financial liabilities for trading purpose" to the financial statements of the Company's annual report 2008.

Board of Directors of China Southern Airlines Company

14 May 2009