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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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**  
**NOTICE OF CLASS MEETING FOR HOLDERS OF A SHARES**  
**NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES**

**NOTICE IS HEREBY GIVEN** that the following meetings of China Southern Airlines Company Limited (the “**Company**”) will be held at No. 1 Conference Room, 4th Floor, Pearl Hotel CSN, No. 5 Road, Southern Work District, Baiyun International Airport, Guangzhou, Guangdong Province, the PRC on Friday, 30 April 2010:

- (1) the extraordinary general meeting (“**EGM**”) will be held at 2:00 p.m. or any adjournment thereof;
- (2) the class meeting for holders of A shares (“**A Shares**”) of the Company will be held immediately after the conclusion of the EGM or any adjournment thereof; and
- (3) the class meeting for holders of H Shares (“**H Shares**”) of the Company will be held immediately after the conclusion of the class meeting for holders of A Shares or any adjournment thereof.

These meetings are to be held for the following purposes (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 16 March 2010 (the “**Circular**”) relating to, among other things, the Subscription):

**EGM**

**AS SPECIAL RESOLUTIONS**

To consider and, if thought fit, approve the following resolutions as special resolutions:

1. “**THAT**, the satisfaction of the conditions of the non-public issue of A Shares and the non-public issue of H Shares by the Company be and is hereby considered and approved.”

- 2 “**THAT** each of the following items under the proposal of the non-public issue of A Shares and the non-public issue of H Shares be considered and approved:

***2.1 Types of Shares to be issued and the par value***

Domestic listed RMB ordinary shares (A Shares) with par value of RMB1.00 each.

Overseas listed foreign shares (H Shares) with par value of RMB1.00 each.

***2.2 Issue mechanism and subscription method***

The A Shares will be issued by way of non-public issue to the targeted subscribers within six months from the date of approval by CSRC.

The H Shares will be issued by way of non-public issue to a targeted subscriber within six months from the date of approval by CSRC.

The non-public issue of A Shares and H Shares will be conducted separately.

Both non-public issued A Shares and non-public issued H Shares are to be subscribed in cash.

The Company has entered into a conditional “Subscription Agreement Relating to the Subscription of Non-Public Issue of A Shares of China Southern Airlines Company Limited” with China Southern Air Holding Company (“CSAHC”) on 8 March 2010 and a conditional “Subscription Agreement Relating to the Subscription of Non-Public Issue of H Shares of China Southern Airlines Company Limited” with Nan Lung Holding Limited (“Nan Lung”) on 8 March 2010.

***2.3 Targeted subscribers and their relationship with the Company***

The targeted subscribers for the non-public issue of A Shares shall not be more than 10 (subject to the maximum number as permitted by PRC laws and regulations at the time of the issuance), including CSAHC (the controlling shareholder of the Company), securities investment fund management companies, securities investment companies, trust investment companies, financial companies, insurance institutional investors, Qualified Foreign Institutional Investors (including the proprietary trading accounts of or investment product accounts managed by the abovementioned investors), other domestic legal person investors and natural persons. The targeted subscribers shall be subject to the requirements under the applicable laws and regulations. The final identified targeted subscribers shall be subject to the approval by CSRC and in compliance with the applicable laws, regulations and other requirements under any other regulatory documents. The targeted subscribers will be determined with regard to the subscription levels and bid prices from the targeted subscriber and the then market condition and will be determined according to the principle of price priority. Fund management companies holding Shares in various investment accounts will be regarded as one subscriber.

The final identified targeted subscribers shall subscribe the A Shares under the non-public issue of A Shares in cash at the same subscription prices. CSAHC will not participate in any price auction process, and is willing to accept the result of the price bidding process. The issue price for A Shares offered to CSAHC will be same as the price offered to other specific investors.

The targeted subscriber for the non-public issue of H Shares is Nan Lung, a wholly-owned foreign subsidiary of CSAHC.

#### ***2.4 Price determination date***

The price determination date of the non-public issue of A Shares and the non public issue of H Shares was the date of publishing the announcement of the board resolution, which is 9 March 2010.

#### ***2.5 Issue price***

The minimum issue price per A Share is RMB5.66, which is not less than 90% of the average trading prices of A Shares for the twenty trading days immediately before the price determination date, and is therefore in compliance with the provisions of the “Measures on the Administration of Issuance of Securities by Listed Companies”.

Subject to the approval by CSRC and in compliance with the applicable laws, regulations and other requirements under any other regulatory documents, the final issue price will be determined by the Board pursuant to the authorisation granted by the shareholders in the shareholders’ meeting, through negotiation with the sponsors (principal underwriters) with regard to the subscription levels and bid prices from the specific investors and the then market condition. Such minimum issue price will be determined according to the principle of price priority. CSAHC will not participate in any price auction process, and is willing to accept the result of the price bidding process. The issue price for A Shares offered to CSAHC will be same as the price offered to other specific investors.

The minimum issue price per H Share is HK\$2.73, which is not less than the average trading price of HK\$2.73 per H Share as quoted on the Stock Exchange for the twenty trading days immediately prior to the base date (i.e. 9 March 2010) and not less than the par value of the H Shares, and is therefore in compliance with the provisions of the “Companies Law of the PRC”.

The said minimum issue prices shall be adjusted if there is any ex-right or ex-dividend event during the period from the price determination date (i.e. 9 March 2010) to the date of issue.

## ***2.6 Number of Shares to be issued and Issue Scale***

The total number of Shares to be issued under the Subscription shall be not more than 2,079,280,000 Shares, of which the total number of A Shares to be issued under the non-public issue of A Shares shall be not more than 1,766,780,000 A Shares and the total number of H Shares to be issued under the non-public issue of H Shares shall be no more than 312,500,000 Shares.

The aggregate funding to be raised from the non-public issue of A Shares and the non-public issue of H Shares will not exceed RMB10.75 billion.

CSAHC and Nan Lung undertake that the aggregate amount for the subscription of the new A Shares and new H Shares contributed by them shall be not less than RMB1.5 billion, of which CSAHC shall subscribe for not less than 132,510,000 A Shares in cash and Nan Lung shall subscribe for not less than 312,500,000 H Shares in cash.

## ***2.7 Adjustment to the number of Shares to be issued and the issue price***

The issue price per A Share and H Share shall be adjusted according to the following formula in case of ex-right or ex-dividend including distribution of dividend, bonus share, transfer to share capital from capital reserve or placing during the period from the price determination date to the date of issue.

By assuming the issue price before the adjustment as  $P_0$ , the number of bonus Shares or Shares being issued upon transfer to share capital from capital reserve of each share as  $N$ , the number of new shares or placing of each share as  $K$ , the price of the new Shares or rights issue as  $A$ , distribution of dividends for each share as  $D$ , the issue price after the adjustment as  $P_1$  (the adjustment value is reserved up to two digits after the decimal place, and rounding the last figure, and the issue price for A Share shall not be less than its par value of RMB1.00 and H Share price shall not be less than HK\$ equivalent of RMB1.00), then

Dividends distribution:  $P_1 = P_0 - D$ ;

Bonus issue or transfer to share capital from capital reserve:  $P_1 = P_0 / (1 + N)$ ;

Issue of new shares or placing:  $P_1 = (P_0 + AK) / (1 + K)$ ;

Combination of the three items:  $P_1 = (P_0 - D + AK) / (1 + N + K)$ .

Besides, the number of A Shares and H Shares to be issued under the non-public issue will be adjusted accordingly based on the issue price adjusted for the ex-rights and ex-dividends as stated above.

## ***2.8 Lock-up period***

CSAHC shall not sell the newly issued A Shares for a period of 36 months from the date of such issue.

The other targeted investors shall not sell the newly issued A Shares for a period of 12 months from the date of such issue.

## **2.9 Place of listing**

The A Shares will be listed and traded on The Shanghai Stock Exchange. The H Shares will be listed and traded on The Stock Exchange of Hong Kong Limited.

## **2.10 Use of proceeds**

All the proceeds to be raised under the non-public issue of A Shares, after deduction of the issue expenses, will be used for the repayment of principals of bank loans as follows:

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
1.	China Construction Bank, Urumqi Henan Road Sub-branch	–	1,000,000,000.00	2011/06/19
2.	The Export-Import Bank of China, Guangdong Province Branch	–	1,000,000,000.00	2011/08/28
3.	China Citic Bank, Guangzhou Airport Road Sub-branch	–	300,000,000.00	2011/09/23
4.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	–	100,000,000.00	2011/10/24
5.	Shanghai Pudong Development Bank, Guangzhou Baiyun Sub-branch	–	100,000,000.00	2011/12/28
6.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	500,000,000.00	2011/12/16
7.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	300,000,000.00	2011/12/23
8.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	200,000,000.00	2012/10/12
9.	China Development Bank, Guangdong Province Branch	22,000,000.00	–	2010/10/08

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
10.	Bank of China, Xinjiang Uyghur Autonomous Region Branch	27,100,000.00	–	2010/10/08
11.	Bank of China, Guangdong Province Branch	200,000,000.00	–	2010/10/13
12.	China Development Bank, Guangdong Province Branch	67,000,000.00	–	2010/10/14
13.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	13,437,750.00	–	2010/10/27
14.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	34,674,396.49	–	2010/10/27
15.	China Development Bank, Guangdong Province Branch	35,000,000.00	–	2010/12/07
16.	China Development Bank, Guangdong Province Branch	47,000,000.00	–	2010/12/20
17.	The Export-Import Bank of China, Guangdong Province Branch	–	800,000,000.00	2010/12/25
18.	Guangzhou Rural Credit Union, Huadu Credit Union	–	300,000,000.00	2010/12/26
19.	Guangzhou Rural Credit Union, Huadu Credit Union	–	200,000,000.00	2010/12/30
20.	China Development Bank, Guangdong Province Branch	35,000,000.00	–	2011/01/03
21.	China Development Bank, Guangdong Province Branch	60,000,000.00	–	2011/01/25
22.	China Construction Bank, Guangzhou Konggang Sub-branch	200,000,000.00	–	2011/02/11

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
23.	China Development Bank, Guangdong Province Branch	130,000,000.00	–	2011/02/23
24.	China Construction Bank, Guangzhou Konggang Sub-branch	200,000,000.00	–	2012/01/21
25.	Bank of China, Guangdong Province Branch	150,000,000.00	–	2011/12/31
<b>Total</b>		<b>1,221,212,146.49</b>	<b>4,800,000,000.00</b>	

If the proceeds being raised from the non-public issue of A Shares is not enough to cover all the above-mentioned loans, the loans shall be repaid in priority as stated above, any difference will be settled by the Company by other means. The remaining proceeds (if any) after repayment of all the abovementioned loans will be used as working capital of the Company.

All the proceeds to be raised under the non-public issue of H Shares, after deduction of the issue expenses, will be used for the repayment of principals of bank loans as follows:

Serial No.	Banks	Outstanding loan (US\$)	Date of Maturity
1	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	30,000,000.00	2010/11/2
2	China Development Bank, Guangdong Province Branch	27,000,000.00	2010/11/15
3	China Development Bank, Guangdong Province Branch	18,000,000.00	2010/11/22
4	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	35,803,845.91	2010/11/25
5	China Development Bank, Guangdong Province Branch	18,000,000.00	2010/11/30
<b>Total</b>		<b>128,803,845.91</b>	

If the proceeds being raised from the non-public issue of H Shares is not enough to cover all the above-mentioned loans, the loans shall be repaid in priority as stated above, any difference will be settled by the Company by other means. The remaining proceeds (if any) after repayment of all the abovementioned loans will be used as working capital of the Company.

***2.11 The relationship between the non-public issue of A Shares and the non-public issue of H Shares***

The non-public issue of A Shares and the non-public issue of H Shares are inter-conditional with each other. If either the non-public issue of A Shares or the non-public issue of H Shares is not approved by CSRC, the implementation of the other will also be terminated.

***2.12 The arrangement for the distribution of profits accumulated before the non-public issue of Shares***

The Company's undistributed profits accumulated prior to the non-public issue of A Shares shall be shared by all the new and existing Shareholders of the Company after the non-public issue of A Shares.

The Company's undistributed profits accumulated prior to the non-public issue of H Shares shall be shared by all the new and existing Shareholders of the Company after the non-public issue of H Shares.

***2.13 The Proposal for Non-Public Issue of A Shares by China Southern Airlines Company Limited***

***2.14 Validity period of this resolution***

This resolution shall be effective for a period of 12 months from the date of approval at the EGM, the class meeting for holders of A Shares and the class meeting for holders of H Shares.

3. **“THAT** “Subscription Agreement Relating to the Subscription of Non-Public Issue of A Shares of China Southern Airlines Company Limited” and “Subscription Agreement Relating to the Subscription of Non-Public Issue of H Shares of China Southern Airlines Company Limited”, copies of which are tabled at the EGM and marked “A” and initialed by the Chairman for identification purpose, be considered and approved.”
4. **“THAT** any Director be and is hereby authorised to make appropriate and necessary amendments to the relevant provisions of the Articles of Association in order to reflect the changes in the registered capital and shareholding structure of the Company as a result of the Subscription and execute all such documents and/or do



all such matters and take all such actions which the Directors may deem necessary or expedient and in the interest of the Company in respect of the amendments to the Articles of Association pursuant to the results of the Subscription and the requirements (if any) of the relevant PRC authorities (including but not limited to all applications, filings and registrations with the relevant authorities).”

### **AS ORDINARY RESOLUTIONS**

To consider and, if thought fit, approve the following resolutions as ordinary resolutions:

5. “**THAT**, the “Explanation on the use of funds raised in previous fund raising exercise”, a copy of which is tabled at the EGM and marked “B” and initialed by the Chairman for identification purpose, be and is hereby considered and approved.”
6. “**THAT**, the “Feasibility study report on the funds raised from the non-public issue of A Shares of China Southern Airlines Company Limited”, a copy of which is tabled at the EGM and marked “C” and initialed by the Chairman for identification purpose, be and is hereby considered and approved.”
7. “**THAT**, the waiver from making a mandatory general offer to the Independent Shareholders by CSAHC and Nan Lung be and is hereby considered and approved.”
8. “**THAT**, the Board be and is hereby authorized with full power to deal with all matters relating to the non-public issue of A Shares and the non-public issue of H Shares.”

### **MEETING FOR HOLDERS OF A SHARES**

To consider and, if thought fit, approve the following resolutions:

#### **AS SPECIAL RESOLUTIONS**

1. “**THAT**, the satisfaction of the conditions of the non-public issue of A Shares and the non-public issue of H Shares by the Company be and is hereby considered and approved.”
2. “**THAT** each of the following items under the proposal of the non-public issue of A Shares and the non-public issue of H Shares be considered and approved:

##### ***2.1 Types of Shares to be issued and the par value***

Domestic listed RMB ordinary shares (A Shares) with par value of RMB1.00 each.

Overseas listed foreign shares (H Shares) with par value of RMB1.00 each.

##### ***2.2 Issue mechanism and subscription method***

The A Shares will be issued by way of non-public issue to the targeted subscribers within six months from the date of approval by CSRC.

The H Shares will be issued by way of non-public issue to a targeted subscriber within six months from the date of approval by CSRC.

The non-public issue of A Shares and H Shares will be conducted separately.

Both non-public issued A Shares and non-public issued H Shares are to be subscribed in cash.

The Company has entered into a conditional “Subscription Agreement Relating to the Subscription of Non-Public Issue of A Shares of China Southern Airlines Company Limited” with China Southern Air Holding Company (“CSAHC”) on 8 March 2010 and a conditional “Subscription Agreement Relating to the Subscription of Non-Public Issue of H Shares of China Southern Airlines Company Limited” with Nan Lung Holding Limited (“Nan Lung”) on 8 March 2010.

### ***2.3 Targeted subscribers and their relationship with the Company***

The targeted subscribers for the non-public issue of A Shares shall not be more than 10 (subject to the maximum number as permitted by PRC laws and regulations at the time of the issuance), including CSAHC (the controlling shareholder of the Company), securities investment fund management companies, securities investment companies, trust investment companies, financial companies, insurance institutional investors, Qualified Foreign Institutional Investors (including the proprietary trading accounts of or investment product accounts managed by the abovementioned investors), other domestic legal person investors and natural persons. The targeted subscribers shall be subject to the requirements under the applicable laws and regulations. The final identified targeted subscribers shall be subject to the approval by CSRC and in compliance with the applicable laws, regulations and other requirements under any other regulatory documents. The targeted subscribers will be determined with regard to the subscription levels and bid prices from the targeted subscriber and the then market condition and will be determined according to the principle of price priority. Fund management companies holding Shares in various investment accounts will be regarded as one subscriber. The final identified targeted subscribers shall subscribe the A Shares under the non-public issue of A Shares in cash at the same subscription prices. CSAHC will not participate in any price auction process, and is willing to accept the result of the price bidding process. The issue price for A Shares offered to CSAHC will be same as the price offered to other specific investors.

The targeted subscriber for the non-public issue of H Shares is Nan Lung, a wholly-owned foreign subsidiary of CSAHC.

### ***2.4 Price determination date***

The price determination date of the non-public issue of A Shares and the non public issue of H Shares was the date of publishing the announcement of the board resolution, which is 9 March 2010.

## ***2.5 Issue price***

The minimum issue price per A Share is RMB5.66, which is not less than 90% of the average trading prices of A Shares for the twenty trading days immediately before the price determination date, and is therefore in compliance with the provisions of the “Measures on the Administration of Issuance of Securities by Listed Companies”.

Subject to the approval by CSRC and in compliance with the applicable laws, regulations and other requirements under any other regulatory documents, the final issue price will be determined by the Board pursuant to the authorisation granted by the shareholders in the shareholders’ meeting, through negotiation with the sponsors (principal underwriters) with regard to the subscription levels and bid prices from the specific investors and the then market condition. Such minimum issue price will be determined according to the principle of price priority. CSAHC will not participate in any price auction process, and is willing to accept the result of the price bidding process. The issue price for A Shares offered to CSAHC will be same as the price offered to other specific investors.

The minimum issue price per H Share is HK\$2.73, which is not less than the average trading price of HK\$2.73 per H Share as quoted on the Stock Exchange for the twenty trading days immediately prior to the base date (i.e. 9 March 2010) and not less than the par value of the H Shares, and is therefore in compliance with the provisions of the “Companies Law of the PRC”.

The said minimum issue prices shall be adjusted if there is any ex-right or ex-dividend event during the period from the price determination date (i.e. 9 March 2010) to the date of issue.

## ***2.6 Number of Shares to be issued and Issue Scale***

The total number of Shares to be issued under the Subscription shall be not more than 2,079,280,000 Shares, of which the total number of A Shares to be issued under the non-public issue of A Shares shall be not more than 1,766,780,000 A Shares and the total number of H Shares to be issued under the non-public issue of H Shares shall be no more than 312,500,000 Shares.

The aggregate funding to be raised from the non-public issue of A Shares and the non-public issue of H Shares will not exceed RMB10.75 billion.

CSAHC and Nan Lung undertake that the aggregate amount for the subscription of the new A Shares and new H Shares contributed by them shall be not less than RMB1.5 billion, of which CSAHC shall subscribe for not less than 132,510,000 A Shares in cash and Nan Lung shall subscribe for not less than 312,500,000 H Shares in cash.

## **2.7 Adjustment to the number of Shares to be issued and the issue price**

The issue price per A Share and H Share shall be adjusted according to the following formula in case of ex-right or ex-dividend including distribution of dividend, bonus share, transfer to share capital from capital reserve or placing during the period from the price determination date to the date of issue.

By assuming the issue price before the adjustment as  $P_0$ , the number of bonus Shares or Shares being issued upon transfer to share capital from capital reserve of each share as  $N$ , the number of new shares or placing of each share as  $K$ , the price of the new Shares or rights issue as  $A$ , distribution of dividends for each share as  $D$ , the issue price after the adjustment as  $P_1$  (the adjustment value is reserved up to two digits after the decimal place, and rounding the last figure, and the issue price for A Share shall not be less than its par value of RMB1.00 and H Share price shall not be less than HK\$ equivalent of RMB1.00), then

Dividends distribution:  $P_1 = P_0 - D$ ;

Bonus issue or transfer to share capital from capital reserve:  $P_1 = P_0/(1 + N)$ ;

Issue of new shares or placing:  $P_1 = (P_0 + AK)/(1 + K)$ ;

Combination of the three items:  $P_1 = (P_0 - D + AK)/(1 + N + K)$ .

Besides, the number of A Shares and H Shares to be issued under the non-public issue will be adjusted accordingly based on the issue price adjusted for the ex-rights and ex-dividends as stated above.

## **2.8 Lock-up period**

CSAHC shall not sell the newly issued A Shares for a period of 36 months from the date of such issue.

The other targeted investors shall not sell the newly issued A Shares for a period of 12 months from the date of such issue.

## **2.9 Place of listing**

The A Shares will be listed and traded on The Shanghai Stock Exchange. The H Shares will be listed and traded on The Stock Exchange of Hong Kong Limited.

## 2.10 Use of proceeds

All the proceeds to be raised under the non-public issue of A Shares, after deduction of the issue expenses, will be used for the repayment of principals of bank loans as follows:

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
1.	China Construction Bank, Urumqi Henan Road Sub-branch	–	1,000,000,000.00	2011/06/19
2.	The Export-Import Bank of China, Guangdong Province Branch	–	1,000,000,000.00	2011/08/28
3.	China Citic Bank, Guangzhou Airport Road Sub-branch	–	300,000,000.00	2011/09/23
4.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	–	100,000,000.00	2011/10/24
5.	Shanghai Pudong Development Bank, Guangzhou Baiyun Sub-branch	–	100,000,000.00	2011/12/28
6.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	500,000,000.00	2011/12/16
7.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	300,000,000.00	2011/12/23
8.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	200,000,000.00	2012/10/12
9.	China Development Bank, Guangdong Province Branch	22,000,000.00	–	2010/10/08
10.	Bank of China, Xinjiang Uyghur Autonomous Region Branch	27,100,000.00	–	2010/10/08
11.	Bank of China, Guangdong Province Branch	200,000,000.00	–	2010/10/13
12.	China Development Bank, Guangdong Province Branch	67,000,000.00	–	2010/10/14

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
13.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	13,437,750.00	–	2010/10/27
14.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	34,674,396.49	–	2010/10/27
15.	China Development Bank, Guangdong Province Branch	35,000,000.00	–	2010/12/07
16.	China Development Bank, Guangdong Province Branch	47,000,000.00	–	2010/12/20
17.	The Export-Import Bank of China, Guangdong Province Branch	–	800,000,000.00	2010/12/25
18.	Guangzhou Rural Credit Union, Huadu Credit Union	–	300,000,000.00	2010/12/26
19.	Guangzhou Rural Credit Union, Huadu Credit Union	–	200,000,000.00	2010/12/30
20.	China Development Bank, Guangdong Province Branch	35,000,000.00	–	2011/01/03
21.	China Development Bank, Guangdong Province Branch	60,000,000.00	–	2011/01/25
22.	China Construction Bank, Guangzhou Konggang Sub-branch	200,000,000.00	–	2011/02/11
23.	China Development Bank, Guangdong Province Branch	130,000,000.00	–	2011/02/23
24.	China Construction Bank, Guangzhou Konggang Sub-branch	200,000,000.00	–	2012/01/21
25.	Bank of China, Guangdong Province Branch	150,000,000.00	–	2011/12/31
	<b>Total</b>	<b>1,221,212,146.49</b>	<b>4,800,000,000.00</b>	

If the proceeds being raised from the non-public issue of A Shares is not enough to cover all the above-mentioned loans, the loans shall be repaid in priority as stated above, any difference will be settled by the Company by other means. The remaining proceeds (if any) after repayment of all the abovementioned loans will be used as working capital of the Company.

All the proceeds to be raised under the non-public issue of H Shares, after deduction of the issue expenses, will be used for the repayment of principals of bank loans as follows:

Serial No.	Banks	Outstanding loan (US\$)	Date of maturity
1	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	30,000,000.00	2010/11/2
2	China Development Bank, Guangdong Province Branch	27,000,000.00	2010/11/15
3	China Development Bank, Guangdong Province Branch	18,000,000.00	2010/11/22
4	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	35,803,845.91	2010/11/25
5	China Development Bank, Guangdong Province Branch	18,000,000.00	2010/11/30
	<b>Total</b>	<b>128,803,845.91</b>	

If the proceeds being raised from the non-public issue of H Shares is not enough to cover all the above-mentioned loans, the loans shall be repaid in priority as stated above, any difference will be settled by the Company by other means. The remaining proceeds (if any) after repayment of all the abovementioned loans will be used as working capital of the Company.

### ***2.11 The relationship between the non-public issue of A Shares and the non-public issue of H Shares***

The non-public issue of A Shares and the non-public issue of H Shares are inter-conditional with each other. If either the non-public issue of A Shares or the non-public issue of H Shares is not approved by CSRC, the implementation of the other will also be terminated.

***2.12 The arrangement for the distribution of profits accumulated before the non-public issue of Shares***

The Company's undistributed profits accumulated prior to the non-public issue of A Shares shall be shared by all the new and existing Shareholders of the Company after the non-public issue of A Shares.

The Company's undistributed profits accumulated prior to the non-public issue of H Shares shall be shared by all the new and existing Shareholders of the Company after the non-public issue of H Shares.

***2.13 The Proposal for Non-Public Issue of A Shares by China Southern Airlines Company Limited***

***2.14 Validity period of this resolution***

This resolution shall be effective for a period of 12 months from the date of approval at the EGM, the class meeting for holders of A Shares and the class meeting for holders of H Shares.

3. **“THAT** “Subscription Agreement Relating to the Subscription of Non-Public Issue of A Shares of China Southern Airlines Company Limited” and “Subscription Agreement Relating to the Subscription of Non-Public Issue of H Shares of China Southern Airlines Company Limited”, copies of which are tabled at the EGM and marked “A” and initialed by the Chairman for identification purpose, be considered and approved.”

**MEETING FOR HOLDERS OF H SHARES**

To consider and, if thought fit, approve the following resolutions:

**AS SPECIAL RESOLUTIONS**

1. **“THAT**, the satisfaction of the conditions of the non-public issue of A Shares and the non-public issue of H Shares by the Company be and is hereby considered and approved.”
2. **“THAT** each of the following items under the proposal of the non-public issue of A Shares and the non-public issue of H Shares be considered and approved:

***2.1 Types of Shares to be issued and the par value***

Domestic listed RMB ordinary shares (A Shares) with par value of RMB1.00 each.

Overseas listed foreign shares (H Shares) with par value of RMB1.00 each.



## ***2.2 Issue mechanism and subscription method***

The A Shares will be issued by way of non-public issue to the targeted subscribers within six months from the date of approval by CSRC.

The H Shares will be issued by way of non-public issue to a targeted subscriber within six months from the date of approval by CSRC.

The non-public issue of A Shares and H Shares will be conducted separately.

Both non-public issued A Shares and non-public issued H Shares are to be subscribed in cash.

The Company has entered into a conditional “Subscription Agreement Relating to the Subscription of Non-Public Issue of A Shares of China Southern Airlines Company Limited” with China Southern Air Holding Company (“CSAHC”) on 8 March 2010 and a conditional “Subscription Agreement Relating to the Subscription of Non-Public Issue of H Shares of China Southern Airlines Company Limited” with Nan Lung Holding Limited (“Nan Lung”) on 8 March 2010.

## ***2.3 Targeted subscribers and their relationship with the Company***

The targeted subscribers for the non-public issue of A Shares shall not be more than 10 (subject to the maximum number as permitted by PRC laws and regulations at the time of the issuance), including CSAHC (the controlling shareholder of the Company), securities investment fund management companies, securities investment companies, trust investment companies, financial companies, insurance institutional investors, Qualified Foreign Institutional Investors (including the proprietary trading accounts of or investment product accounts managed by the abovementioned investors), other domestic legal person investors and natural persons. The targeted subscribers shall be subject to the requirements under the applicable laws and regulations. The final identified targeted subscribers shall be subject to the approval by CSRC and in compliance with the applicable laws, regulations and other requirements under any other regulatory documents. The targeted subscribers will be determined with regard to the subscription levels and bid prices from the targeted subscriber and the then market condition and will be determined according to the principle of price priority. Fund management companies holding Shares in various investment accounts will be regarded as one subscriber. The final identified targeted subscribers shall subscribe the A Shares under the non-public issue of A Shares in cash at the same subscription prices. CSAHC will not participate in any price auction process, and is willing to accept the result of the price bidding process. The issue price for A Shares offered to CSAHC will be same as the price offered to other specific investors.

The targeted subscriber for the non-public issue of H Shares is Nan Lung, a wholly-owned foreign subsidiary of CSAHC.

#### ***2.4 Price determination date***

The price determination date of the non-public issue of A Shares and the non public issue of H Shares was the date of publishing the announcement of the board resolution, which is 9 March 2010.

#### ***2.5 Issue price***

The minimum issue price per A Share is RMB5.66, which is not less than 90% of the average trading prices of A Shares for the twenty trading days immediately before the price determination date, and is therefore in compliance with the provisions of the “Measures on the Administration of Issuance of Securities by Listed Companies”.

Subject to the approval by CSRC and in compliance with the applicable laws, regulations and other requirements under any other regulatory documents, the final issue price will be determined by the Board pursuant to the authorisation granted by the shareholders in the shareholders’ meeting, through negotiation with the sponsors (principal underwriters) with regard to the subscription levels and bid prices from the specific investors and the then market condition. Such minimum issue price will be determined according to the principle of price priority. CSAHC will not participate in any price auction process, and is willing to accept the result of the price bidding process. The issue price for A Shares offered to CSAHC will be same as the price offered to other specific investors.

The minimum issue price per H Share is HK\$2.73, which is not less than the average trading price of HK\$2.73 per H Share as quoted on the Stock Exchange for the twenty trading days immediately prior to the base date (i.e. 9 March 2010) and not less than the par value of the H Shares, and is therefore in compliance with the provisions of the “Companies Law of the PRC”.

The said minimum issue price shall be adjusted if there is any ex-right or ex-dividend event during the period from the price determination date (i.e. 9 March 2010) to the date of issue.

#### ***2.6 Number of Shares to be issued and Issue Scale***

The total number of Shares to be issued under the Subscription shall be not more than 2,079,280,000 Shares, of which the total number of A Shares to be issued under the non-public issue of A Shares shall be not more than 1,766,780,000 A Shares and the total number of H Shares to be issued under the non-public issue of H Shares shall be not more than 312,500,000 Shares.

The aggregate funding to be raised from the non-public issue of A Shares and the non-public issue of H Shares will not exceed RMB10.75 billion.

CSAHC and Nan Lung undertake that the aggregate amount for the subscription of the new A Shares and new H Shares contributed by them shall be not less than RMB1.5

billion, of which CSAHC shall subscribe for not less than 132,510,000 A Shares in cash and Nan Lung shall subscribe for not less than 312,500,000 H Shares in cash.

## ***2.7 Adjustment to the number of Shares to be issued and the issue price***

The issue price per A Share and H Share shall be adjusted according to the following formula in case of ex-right or ex-dividend including distribution of dividend, bonus share, transfer to share capital from capital reserve or placing during the period from the price determination date to the date of issue.

By assuming the issue price before the adjustment as  $P_0$ , the number of bonus Shares or Shares being issued upon transfer to share capital from capital reserve of each share as  $N$ , the number of new shares or placing of each share as  $K$ , the price of the new Shares or rights issue as  $A$ , distribution of dividends for each share as  $D$ , the issue price after the adjustment as  $P_1$  (the adjustment value is reserved up to two digits after the decimal place, and rounding the last figure, and the issue price for A Share shall not be less than its par value of RMB1.00 and H Share price shall not be less than HK\$ equivalent of RMB1.00), then

Dividends distribution:  $P_1 = P_0 - D$ ;

Bonus issue or transfer to share capital from capital reserve:  $P_1 = P_0 / (1 + N)$ ;

Issue of new shares or placing:  $P_1 = (P_0 + AK) / (1 + K)$ ;

Combination of the three items:  $P_1 = (P_0 - D + AK) / (1 + N + K)$ .

Besides, the number of A Shares and H Shares to be issued under the non-public issue will be adjusted accordingly based on the issue price adjusted for the ex-rights and ex-dividends as stated above.

## ***2.8 Lock-up period***

CSAHC shall not sell the newly issued A Shares for a period of 36 months from the date of such issue.

The other targeted investors shall not sell the newly issued A Shares for a period of 12 months from the date of such issue.

## ***2.9 Place of listing***

The A Shares will be listed and traded on The Shanghai Stock Exchange. The H Shares will be listed and traded on The Stock Exchange of Hong Kong Limited.

## 2.10 Use of proceeds

All the proceeds to be raised under the non-public issue of A Shares, after deduction of the issue expenses, will be used for the repayment of principals of bank loans as follows:

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
1.	China Construction Bank, Urumqi Henan Road Sub-branch	–	1,000,000,000.00	2011/06/19
2.	The Export-Import Bank of China, Guangdong Province Branch	–	1,000,000,000.00	2011/08/28
3.	China Citic Bank, Guangzhou Airport Road Sub-branch	–	300,000,000.00	2011/09/23
4.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	–	100,000,000.00	2011/10/24
5.	Shanghai Pudong Development Bank, Guangzhou Baiyun Sub-branch	–	100,000,000.00	2011/12/28
6.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	500,000,000.00	2011/12/16
7.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	300,000,000.00	2011/12/23
8.	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	–	200,000,000.00	2012/10/12
9.	China Development Bank, Guangdong Province Branch	22,000,000.00	–	2010/10/08
10.	Bank of China, Xinjiang Uyghur Autonomous Region Branch	27,100,000.00	–	2010/10/08
11.	Bank of China, Guangdong Province Branch	200,000,000.00	–	2010/10/13
12.	China Development Bank, Guangdong Province Branch	67,000,000.00	–	2010/10/14

Serial No.	Banks	Outstanding loans		Date of maturity
		US\$	RMB	
13.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	13,437,750.00	–	2010/10/27
14.	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	34,674,396.49	–	2010/10/27
15.	China Development Bank, Guangdong Province Branch	35,000,000.00	–	2010/12/07
16.	China Development Bank, Guangdong Province Branch	47,000,000.00	–	2010/12/20
17.	The Export-Import Bank of China, Guangdong Province Branch	–	800,000,000.00	2010/12/25
18.	Guangzhou Rural Credit Union, Huadu Credit Union	–	300,000,000.00	2010/12/26
19.	Guangzhou Rural Credit Union, Huadu Credit Union	–	200,000,000.00	2010/12/30
20.	China Development Bank, Guangdong Province Branch	35,000,000.00	–	2011/01/03
21.	China Development Bank, Guangdong Province Branch	60,000,000.00	–	2011/01/25
22.	China Construction Bank, Guangzhou Konggang Sub-branch	200,000,000.00	–	2011/02/11
23.	China Development Bank, Guangdong Province Branch	130,000,000.00	–	2011/02/23
24.	China Construction Bank, Guangzhou Konggang Sub-branch	200,000,000.00	–	2012/01/21
25.	Bank of China, Guangdong Province Branch	150,000,000.00	–	2011/12/31
	<b>Total</b>	<b>1,221,212,146.49</b>	<b>4,800,000,000.00</b>	

If the proceeds being raised from the non-public issue of A Shares is not enough to cover all the above-mentioned loans, the loans shall be repaid in priority as stated above, any difference will be settled by the Company by other means. The remaining proceeds (if any) after repayment of all the abovementioned loans will be used as working capital of the Company.

All the proceeds to be raised under the non-public issue of H Shares, after deduction of the issue expenses, will be used for the repayment of principals of bank loans as follows:

Serial No.	Banks	Outstanding loan (US\$)	Date of maturity
1	Agricultural Bank of China, Guangzhou Dongshan Sub-branch	30,000,000.00	2010/11/2
2	China Development Bank, Guangdong Province Branch	27,000,000.00	2010/11/15
3	China Development Bank, Guangdong Province Branch	18,000,000.00	2010/11/22
4	Industrial and Commercial Bank of China Limited, Guangzhou Liuhua Sub-branch	35,803,845.91	2010/11/25
5	China Development Bank, Guangdong Province Branch	18,000,000.00	2010/11/30
<b>Total</b>		<b>128,803,845.91</b>	

If the proceeds being raised from the non-public issue of H Shares is not enough to cover all the above-mentioned loans, the loans shall be repaid in priority as stated above, any difference will be settled by the Company by other means. The remaining proceeds (if any) after repayment of all the abovementioned loans will be used as working capital of the Company.

***2.11 The relationship between the non-public issue of A Shares and the non-public issue of H Shares***

The non-public issue of A Shares and the non-public issue of H Shares are inter-conditional with each other. If either the non-public issue of A Shares or the non-public issue of H Shares is not approved by CSRC, the implementation of the other will also be terminated.

***2.12 The arrangement for the distribution of profits accumulated before the non-public issue of Shares***

The Company's undistributed profits accumulated prior to the non-public issue of A Shares shall be shared by all the new and existing Shareholders of the Company after the non-public issue of A Shares.

The Company's undistributed profits accumulated prior to the non-public issue of H Shares shall be shared by all the new and existing Shareholders of the Company after the non-public issue of H Shares.

***2.13 The Proposal for Non-Public Issue of A Shares by China Southern Airlines Company Limited***

***2.14 Validity period of this resolution***

This resolution shall be effective for a period of 12 months from the date of approval at the EGM, the class meeting for holders of A Shares and the class meeting for holders of H Shares.

3. **“THAT** “Subscription Agreement Relating to the Subscription of Non-Public Issue of A Shares of China Southern Airlines Company Limited” and “Subscription Agreement Relating to the Subscription of Non-Public Issue of H Shares of China Southern Airlines Company Limited”, copies of which are tabled at the EGM and marked “A” and initialed by the Chairman for identification purpose, be considered and approved.”

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

Guangzhou, the People's Republic of China

16 March 2010

*As at the date of this notice, the directors of the Company include Si Xian Min, Li Wen Xin, Wang Quan Hua, Liu Bao Heng, Tan Wan Geng, Zhang Zi Fang, 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.*

*Notes:*

**1. Persons who are entitled to attend the EGM and the Class Meetings**

- a. Holders of the H Shares and A Shares whose names appear on the register of holders of H Shares and register of holders of A Shares of the Company respectively, at the close of trading in the afternoon of Tuesday, 30 March 2010 (“Eligible Shareholders”) or their representatives are entitled to attend the EGM and the Class Meetings after completion of the required registration procedures in accordance with Note 2 “Registration procedures for attending the EGM and the Class Meetings. Holders of A Shares shall receive a notice separately.
- b. The directors, supervisors and senior management of the Company.
- c. Representatives of the professional advisers hired by the Company and special guests invited by the Board.

## **2. Registration procedures for attending the EGM and the Class Meetings**

- a. Eligible Shareholders who intend to attend the EGM and/or the Class Meetings either in person or by proxy must deliver to the Company on or before Saturday, 10 April 2010, in person or by post at the registration address of the Company, or by fax at (+86) 20-8665 9040, the reply slip(s), which is attached to the notices of the EGM and the Class Meetings as Attachment A.
- b. When attending the EGM and the Class Meetings, individual Eligible Shareholder or his/her proxy shall bring along his/her identity card. The legal representative of a corporate Eligible Shareholder attending the EGM and the Class Meetings shall bring along his/her identity card, together with a notarised copy of the resolution or power of attorney issued by the board of directors or other governing body of the corporate Eligible Shareholder to appoint such legal representative to attend the meeting.
- c. Holders of H Shares who intend to attend the EGM and the Class Meetings must deliver their instruments of transfer together with the relevant share certificates to Hong Kong Registrars Limited., the registrar of H Shares, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, at or before 4:30 p.m. on 30 March 2010.
- d. 31 March 2010 to 30 April 2010 (both days inclusive), during which period no transfer of H Shares will be registered.

## **3. Proxies**

- a. An Eligible Shareholder has the right to appoint one or more proxies to attend the EGM and the Class Meetings and vote on his/her behalf. A proxy does not need to be a Shareholder. Each holder of H Shares who is entitled to attend and vote at the class meeting for the holders of H Shares may appoint one or more proxies to attend and vote on his or her behalf at the class meeting. Each holder of A Shares who is entitled to attend and vote at the class meeting for the A Shares may appoint one or more proxies to attend and vote on his or her behalf at the class meeting.
- b. A proxy must be appointed by an Eligible Shareholder or his/her attorney by way of a form of proxy for the EGM, which is attached to the notices of EGM and the Class Meetings as Attachment B. If the proxy is appointed by the attorney of an Eligible Shareholder, the power of attorney or other authorisation document(s) authorizing such attorney to appoint the proxy must be notarised.
- c. To be valid, for holders of A Shares, the notarially certified power of attorney, or other document of authorisation, and the form of proxy must be delivered to the registered address of the Company no later than 24 hours before the time appointed for the holding of the EGM and the Class Meetings. To be valid, for holders of H Shares, the notarised power of attorney or other authorisation document(s), together with the completed form of proxy for the EGM and/or the Class Meetings, must be lodged with Hong Kong Registrars Limited within the same period of time.

## **4. Miscellaneous**

- a. The EGM and the Class Meetings are expected to last for not more than half day. Eligible Shareholders (or their proxies) who attend shall bear their own travelling and accommodation expenses.
- b. The address of the headquarter of the Company is:  
1st Floor, No. 278 Ji Chang Road  
Guangzhou 510405, Guangdong Province  
People's Republic of China  
Telephone No.: (+86) 20-8612 4462  
Facsimile No.: (+86) 20-8665 9040  
Website: [www.csair.com](http://www.csair.com)  
Contact person: Mao Lixing