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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)

CONTINUING CONNECTED TRANSACTIONS

In order to comply with the various requirements under Chapter 14A of the Listing Rules in respect of continuing connected transactions of the Company, the Company and the wholly-owned subsidiaries of CSAHC have entered into the Continuing Connected Transaction Agreements on 28 January 2011 to renew several continuing connected transactions between the Company and the wholly-owned subsidiaries of CSAHC. As the applicable percentage ratios (other than the profits ratio) for each of the Continuing Connected Transaction Agreements are on an annual basis exceeding 0.1% and less than 5%, the transactions contemplated under each of the Continuing Connected Transaction Agreements are only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirements under the Listing Rules.

The Continuing Connected Transaction Agreements are also required to be disclosed pursuant to the relevant rules and regulations of the Shanghai Stock Exchange.

Reference is made to the announcement of China Southern Airlines Company Limited (the "Company") dated 10 January 2008 in relation to various continuing connected transactions of the Company.

In order to comply with the various requirements under Chapter 14A of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in respect of continuing connected transactions of the Company, whose principal business activity is that of civil aviation, the Company renewed several continuing connected transactions between the wholly-owned subsidiaries of China Southern Air Holding Company ("CSAHC") and the Company for an additional term of three years commencing from 1 January 2011 to 31 December 2013. Details of the same are set out below:

(1) China Southern Airlines Group Passenger and Cargo Agent Company Limited ("PCACL"), a wholly-owned subsidiary of CSAHC

The Company entered into a new master passenger and cargo sales agency services framework agreement ("Sales Agency Services Framework Agreement") on 28 January 2011 with PCACL (whose principal business activity is that of acting as an agent for air ticket, airfreight forwarding and chartered flight and pallets) to renew the annual cap, to expand the services scope and for an additional term of three years, commencing from 1 January 2011 to 31 December 2013.

Pursuant to the Sales Agency Services Framework Agreement, PCACL agrees to provide the following services to the Group:

- (1) domestic and international air ticket sales agency services;
- (2) domestic and international airfreight forwarding sales agency services;
- (3) chartered flight and pallets agency services;
- (4) internal operation services for the inside storage area (these services will extend to areas in Guangzhou, Beijing and Shanghai); and
- (5) delivery services for the outside storage area.

For the two years ended 31 December 2009 and for the nine months ended 30 September 2010, the aggregate historical agency fee incurred by the Company and its subsidiaries (the “Group”) were RMB 4 million, RMB 6 million and RMB 62 million (unaudited), respectively. Based on the historical figure (the rise in ticket sales and airfreight forwarding services conducted through PCACL in the past), the additional internal operation services for the inside storage area to be provided by PCACL in Guangzhou, Beijing and Shanghai, the historical figures and the original cap of RMB 250 million as disclosed above, the annual cap shall be RMB 250 million per annum for the entire term of the Sales Agency Services Framework Agreement. Further, the agency fee charged by PCACL should not be higher than the one charged by any independent third parties in the similar locations for similar services and should not exceed those of the same category that prevail in the PRC market in normal conditions. The Company will fund the agency fee wholly by its internal resources.

As the original sales agency services framework agreement expired and the transactions contemplated thereunder would continue to be entered into on a recurring basis between the parties, the Company entered into the Sales Agency Services Framework Agreement to renew the continued cooperation with PCACL with an expansion of services scope in order to fit the operation need of the Company and cater for the substantial increase in demand for internal operation services for the inside storage area.. The Group is expected to benefit from PCACL's better understanding of operations of the Group which should allow expedient and efficient service provision and the additional services to be provided by PCACL to facilitate the expansion and development of the sale of freight and passenger services business of the Group.

(2) Southern Airlines (Group) Import and Export Trading Company (“SAIETC”), a wholly-owned subsidiary of CSAHC

The Company and SAIETC entered into an import and export agency framework agreement dated 10 January 2008 for the import and export of aircraft, flight equipment, special vehicles for airline use, communication and navigation facilities, and training facilities for a term of three years from 1 January 2008 to 31 December 2010. The principal business activities of SAIETC are that of import and export of aircraft, flight equipment and facilities, and custom clearing services. In order that SAIETC can continue to provide import and export services and custom clearing services to the Company, the Company and SAIETC renewed the import and export agency framework agreement (the “Import and Export Agency Framework Agreement”) on 28 January 2011 with a revision of annual cap.

Pursuant to the Import and Export Agency Framework Agreement, SAIETC agrees to provide the

following services to the Group:

- (1) import and export services;
- (2) custom clearing services;
- (3) customs declaration and inspection services; and
- (4) tendering and agency services.

The Import and Export Agency Framework Agreement is valid for a term of three years, commencing from 1 January 2011 to 31 December 2013, subject to compliance with the relevant provisions of the Listing Rules by the Company. Both parties agreed that the agency fee for import and export shall be determined after arm's length negotiation and shall not be higher than the market rate. The agency fee is payable within the time period set out in the invoice to be delivered to the Company. The Company will fund the agency fee wholly by its internal resources.

For the two years ended 31 December 2009 and for the nine months ended 31 September 2010, the historical transaction amounts incurred by the Group for the import and export of the above equipment were approximately RMB 50 million, RMB 68 million and RMB 59 million (unaudited), respectively. Based on the historical figure and with regard to current market prices and the approximate amount of import and export required for the business development of the Company, the annual cap for the Import and Export Agency Framework Agreement is revised from RMB 90 million per annum to RMB 97.2 million per annum for the entire term of the Import and Export Agency Framework Agreement.

The Group is expected to benefit from SAIETC 's better understanding of operations of the Group which should allow expedient and efficient service provision and the additional services to be provided by SAIETC to facilitate the expansion and development of the import and export services of the Group.

It is expected that the continuing connected transactions contemplated under the Sales Agency Services Framework Agreement and the Import and Export Agency Framework Agreement (together the "Continuing Connected Transaction Agreements") will allow the Group to maintain its stable operations and leverage on the experiences and resources of PCACL and SAIETC in agency and import and export and enjoy economies of scale, which will benefit the ongoing operation of the Group's business and facilitate future growth.

Implications under the Listing Rules

CSAHC is the controlling shareholder of the Company, holding approximately 52.80% equity interest in the Company as of the date hereof, and is therefore a connected person of the Company under the Listing Rules. The principal business activity of CSAHC, based on its business licence, is that of operating and managing, on behalf of the PRC government, certain state-owned assets, including properties, and state-owned shareholdings in various PRC companies.

As PCACL and SAIETC are wholly-owned subsidiaries of CSAHC, each of them is a connected person of the Company under the Listing Rules, the transactions contemplated under each of the Continuing Connected Transaction Agreements constitute continuing connected transactions for the Company under the Listing Rules. The board (the "Board") of directors (the "Directors") of

the Company (including the independent non-executive Directors) considers that the terms of the Continuing Connected Transaction Agreements and the cap in respect thereof are fair and reasonable and are entered into on normal commercial terms, or on terms no less favourable than those available to independent third parties under the prevailing local market conditions, in the ordinary and usual course of business of the Company and in the interests of the Group and its shareholders as a whole.

Pursuant to the Listing Rules, as the applicable percentage ratios (other than the profits ratio) for each of the Continuing Connected Transaction Agreements are on an annual basis exceeding 0.1% and less than 5%, the transactions contemplated under each of the Continuing Connected Transaction Agreements are only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirements under the Listing Rules. Transactions which took place since 1 January 2011 and prior to this announcement represented de minimis transactions under Rule 14A.33(3) of the Listing Rules. The transactions contemplated under each of the Continuing Connected Transaction Agreements are separate transactions from each other and they together do not constitute a series of transactions which should be aggregated pursuant to Rule 14A.25 of the Listing Rule. Moreover, there are no other transactions which should be aggregated with the transactions contemplated under each of the Continuing Connected Transaction Agreements under Rules 14.22 and 14A.25 of the Listing Rules.

The Continuing Connected Transactions Agreements are also required to be disclosed pursuant to the relevant rules and regulations of the Shanghai Stock Exchange.

GENERAL

Among the 11 Directors, three Directors, Mr. Si Xian Min, Mr. Li Wen Xin and Mr. Wang Quan Hua, who were duly appointed to the Board by CSAHC, were required to abstain from voting in respect of the resolutions to approve the Continuing Connected Transactions Agreements. All the remaining Directors who were entitled to vote, unanimously approved the resolutions approving the above Continuing Connected Transaction Agreements.

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

28 January 2011

As at the date of this announcement, the Directors include Si Xian Min, Li Wen Xin and Wang Quan Hua as non-executive Directors, Tan Wan Geng, Zhang Zi Fang, Xu Jie Bo and Chen Zhen You as executive Directors; and Gong Hua Zhang, Lam Kwong Yu, Wei Jin Cai and Ning Xiang Dong as independent non-executive Directors.

Rule 2.14