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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)

MAJOR TRANSACTION
ACQUISITION OF AIRCRAFT

The Board hereby announces that on 31 May 2011 (after trading hours), the Company entered into the Boeing Aircraft Acquisition Agreement with Boeing to purchase the Boeing Aircraft from Boeing.

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios for the Acquisition, aggregated with the Previous Boeing Aircraft Purchase with regards to the consideration test under Rule 14.07 of the Listing Rules is above 25%, and less than 100%, the Acquisition together with the Previous Boeing Aircraft Purchase constitute a major acquisition of the Company, and therefore is subject to approval by the Shareholders under Rule 14.49 of the Listing Rules.

CSAHC, which directly or indirectly holds approximately 53.07% of the issued share capital of the Company, does not have any interest or benefit under the Boeing Aircraft Acquisition Agreement. No shareholder (including CSAHC) would be required to abstain from voting at any shareholders' general meeting, if convened, to approve the Boeing Aircraft Acquisition Agreement. The Boeing Aircraft Acquisition Agreement has accordingly been approved in writing by CSAHC pursuant to Rule 14.44 of the Listing Rules, and no general meeting is required to be convened.

A circular containing, amongst other things, further information on the Acquisition will be despatched to the Shareholders on or before 31 August 2011.

On 31 May 2011 (after trading hours), the Company entered into the Boeing Aircraft Acquisition Agreement, pursuant to which the Company agreed to purchase the Boeing Aircraft from Boeing in accordance with the terms and conditions thereof.

Parties

- (i) The Company, as the purchaser. The principal business activity of the Company is that of civil aviation.
- (ii) The Boeing Company, as the vendor. The principal business activity of Boeing is that of aircraft manufacturing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Boeing and its ultimate beneficial owners is a third party independent of the Company and

connected persons (as defined in the Listing Rules) of the Company, and is not a connected person of the Company.

Aircraft to be acquired

Six Boeing B777F freighters

Consideration

According to the information provided by Boeing, the catalogue price of one Boeing B777F freighters is US\$264 million. Such catalogue price includes price for airframe and engine.

The Boeing Aircraft Acquisition Agreement was negotiated and entered into with customary business and industry practice. The aggregate actual consideration for the Boeing Aircraft, which is payable in cash, and determined after arm's length negotiation between the parties, is significantly lower than the catalogue price as provided by Boeing because of certain price concessions granted by Boeing in relation to the Boeing Aircraft, in the form of credit memoranda which could be used to purchase the aircraft, spare parts, or any other goods or services from Boeing. Such credit memoranda were determined after arm's length negotiation between the parties. The Board (including the independent non-executive Directors) is of the view that there is no material impact of the price concessions obtained in the Acquisition on the operating costs of the Group.

In respect of the Acquisition, the Boeing Aircraft Acquisition Agreement contains confidentiality provisions restricting, among other things, disclosure of the consideration of the Acquisition. In addition, consistent with the customary practice of the local aviation industry, the consideration for the acquisition of the Boeing Aircraft is not customarily disclosed to the public. The Company has on separate occasions sought the consents of Boeing to the Company's disclosure of certain information as required under Chapter 14 of the Listing Rules (including the relevant actual consideration involved) in the relevant announcements and circulars. Nonetheless, Boeing rejected the Company's request in this respect, and insisted preservation of the confidentiality carried with such information to the extent possible. Disclosure of the actual consideration will result in the loss of the significant price concessions and hence a significant negative impact on the Group's cost for the Acquisition and will therefore not be in the interest of the Company and its Shareholders as a whole. The Company has made an application to the Stock Exchange for a waiver from strict compliance with the relevant provisions under the Listing Rules in respect of the disclosure of the actual consideration for the Boeing Aircraft.

The Board is of the view that the extent of the price concessions granted to the Company in the Acquisition is comparable with the price concessions that the Group had obtained in the Previous Boeing Aircraft Purchase. The Company also believes that there is no material difference between the effect of the price concessions obtained in the Acquisition and each of the Previous Boeing Aircraft Purchase on the Group's operating costs taken as a whole.

Payment and delivery terms

The aggregate consideration for the Acquisition will be partly payable by cash and partly by financing arrangements with banking institutions. The six Boeing B777F freighters will be delivered in stages to the Company during the period commencing from 2013 to 2015.

Source of funding

The Acquisition will be funded partly by internal resources of the Company and partly through commercial loans by commercial banks. Such commercial banks are not and will not be connected persons (as defined in the Listing Rules) of the Company. As of the date hereof, the Company has not entered into any agreement with any of these commercial banks for financing the Acquisition. The Company will follow the necessary legal procedures and will make the necessary disclosure in accordance with the Articles of Association and comply with the applicable Listing Rules when the Company enters into any agreement with any commercial bank for financing the Acquisition.

Reasons for the Acquisition

The Directors (including the independent non-executive Directors) consider that the Acquisition is consistent with the development strategy and the aircraft fleet structure plan of the Group; and the Acquisition will facilitate the optimization of the structures of the Group's cargo business, freighter fleet and cargo traffic capacity, thus maximizing the operational efficiency of the cargo freighter, enhancing the competitiveness of the cargo business of the Group. The Boeing Aircraft will increase the ATKs of the Group by 8.4% when compared to the ATKs of the Group as at 31 December 2010, without taking into account the adjustment to be made by the Company according to market conditions and age of the aircraft fleet.

The Directors, including the independent non-executive Directors, consider that the Acquisition is in the ordinary and usual course of business of the Group, the terms of the Boeing Aircraft Acquisition Agreement are fair and reasonable, are on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratio for the Acquisition, aggregated with the Previous Boeing Aircraft Purchase with regards to the consideration test under Rule 14.07 of the Listing Rules is above 25%, and less than 100%, the Acquisition together with the Previous Boeing Aircraft Purchase constitute a major acquisition of the Company, and therefore is subject to approval by the Shareholders under Rule 14.49 of the Listing Rules.

CSAHC, which directly or indirectly holds approximately 53.07% of the issued share capital of the Company, does not have any interest or benefit under the Boeing Aircraft Acquisition Agreement. No shareholder (including CSAHC) would be required to abstain from voting at any shareholders' general meeting, if convened, to approve the Boeing Aircraft Acquisition Agreement. The Boeing Aircraft Acquisition Agreement has accordingly been approved in writing by CSAHC pursuant to Rule 14.44 of the Listing Rules, and no general meeting is required to be convened.

A circular containing, amongst other things, further information on the Acquisition, will be despatched to the Shareholders on or before 31 August 2011, as additional time will be required for the preparation of the indebtedness statement for inclusion in the Circular.

DEFINITIONS

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

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|---------------------------|----------------------------------------------------------------------------------------|
| “Acquisition” | the acquisition of the Boeing Aircraft under the Boeing Aircraft Acquisition Agreement |
| “Articles of Association” | the articles of association of the Company |

“available kilometers” or “ATKs”	tonne	the tones of capacity available for the transportation of revenue load (passengers and/or cargo) multiplied by the kilometers flown
“Board”		the board of Directors
“Boeing”		the Boeing Company, the vendor to the Boeing Aircraft Acquisition Agreement
“Boeing Aircraft”		six Boeing B777F freighters, the subject matter of the Boeing Aircraft Acquisition Agreement
“Boeing Aircraft Acquisition Agreement”	Aircraft	the aircraft acquisition agreement entered into between Boeing and the Company on 31 May 2011, pursuant to which the Company agreed to acquire and Boeing agreed to sell the Boeing Aircraft
“China” or “PRC”		the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, 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 depository shares are listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, Inc., respectively
“CSAHC”		China Southern Air Holding Company, the controlling Shareholder directly and indirectly holding approximately 53.07% equity interest in the Company as at the date of this announcement
“Director(s)”		the director(s) of the Company
“Group”		the Company and its subsidiaries (as defined under the Listing Rules)
“Hong Kong”		The Hong Kong Special Administrative Region of the PRC
“Listing Rules”		the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Aircraft Purchase”	Boeing	the acquisition from Boeing of 10 Boeing B737 series aircraft and six Boeing B787 series aircraft by Xiamen Airlines on 30 September 2010 and 9 May 2011, respectively
“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
“US dollars” or “US\$”		United States dollars, the lawful currency of the United States of

America

“Xiamen Airlines”

Xiamen Airlines Company Limited, a limited liability company incorporated in the PRC and a subsidiary (as defined in the Listing Rules) owned as to 60% by the Company as at the date of this announcement

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

31 May 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.