

Report of the Supervisory Committee

Dear Shareholders,

In 2004, the Supervisory Committee of the Company faithfully carried out their duties and obligations with due diligence in accordance with the Working Procedures for the Supervisory Committee of China Southern Airlines Company Limited subject to the Company Law and Companies Ordinance. Members of the committee participated in all board meetings of the Directors, monitored the financial position of the Company and the conduct of the Directors and the senior management of the Company in discharge of their duties and their compliance with the applicable laws and regulations and their compliance with the applicable laws and regulations and the Company's Articles of Association, in protection of the legitimate rights and interests of the Shareholders and the Company as a whole.

I. PARTICULARS OF THE WORK OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company met for three times in 2004, with details as follows:

- (1) The Supervisory Committee of the Company held a meeting on 23 April, 2004, during which the following resolutions were considered and adopted:
 1. That the 2003 annual report, including the summary and the full version, and the results announcement (for A Shares and H Shares) of the Company be reviewed and approved;
 2. That the 2003 report of the Supervisory Committee be reviewed and approved;
 3. That the 2003 audited financial report be reviewed and approved;
 4. That the profit distribution proposal be reviewed and approved;
 5. That a resolution be put forward for approval by the general meeting in relation to the election of members for the next term of the Supervisory Committee and the authorization of the incumbent Supervisory Committee for determination of the remuneration of the newly elected members;
 6. That the amendments to the Articles of Association, and the Rules of Procedures of General Meeting and of Board Meeting be reviewed and approved;
 7. That the reappointment of KPMG and KPMG Huazhen as the international auditor and PRC auditor of the Company respectively be reviewed and approved;
 8. That resolutions no. 2-7 set out above be reviewed and approved for further endorsement by the general meeting.
- (2) The Supervisory Committee of the Company held a meeting on 16 June, 2004, during which the following resolution was considered and adopted:

That Mr. Sun Xiao Yi be elected as the Chairman of the Fourth Session of the Supervisory Committee.



Report of the Supervisory Committee (Cont'd)

- (3) The Supervisory Committee of the Company held a meeting on 11 November, 2004, during which the following resolutions were considered and adopted:
1. That the Company's acquisition of the airline business-related assets and liabilities of China Southern Air Holding Company, China Northern Airlines Company and Xinjiang Airlines Company and execution of the "Asset Sale and Purchase Contract", "Land Use Right Leasing Agreement", "Premises Leasing Agreement" and "Catering Contract" be reviewed and approved for further endorsement by the general meeting.
 2. That the "Report on Asset Acquisitions and Connected Transactions of China Southern Airlines Company Limited" (domestic) and "Announcement on Substantial Acquisitions and Connected Transactions" (overseas) be reviewed and approved.
 3. That the proposal of the Board of Directors for convening the second extraordinary general meeting at the Company's headquarters in Guangzhou on 31 December, 2004 and the agenda therefor be approved.

II. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINION:

- (1) The Company's policy making process and its operation were in compliance with the laws and the Company established a relatively comprehensive internal control system. The Supervisory Committee was not aware of any actions of the Directors or senior management officers of the Company who, in carrying out their duties, violated laws, regulations, the Articles of Association of the Company or were prejudicial to the interests of the Company.
- (2) The Company's financial report for 2004 gave a true and fair view of its financial position and operating results. The unqualified opinion expressed in the auditors' reports issued by KPMG and KPMG Huazhen gave an objective and fair view.
- (3) The Supervisory Committee was of the opinion that the use of proceeds from the offering was in accordance with the disclosure in the prospectus and such use of proceeds had not been changed.
- (4) The Supervisory Committee was not aware of any insider dealings or acts which impaired the Shareholders' interests or caused loss of assets of the Company in the course of acquisition or disposal of assets.
- (5) The Supervisory Committee was of the opinion that the connected transactions between the Company and its connected persons were conducted at fair market value without prejudice to the interests of the Company and its minority shareholders.

Report of the Supervisory Committee (Cont'd)

The Supervisory Committee is satisfied with the annual report for 2004 presented by the Board of Directors of the Company, and appreciates the encouraging results in respects of the Company's acquisition of the core assets of China Northern Airlines Company and Xinjiang Airlines Company in connection with the reorganization of China Southern Air Holding Company and the enhancement of safety and service standards achieved by the management of the Company. The Supervisory Committee will continue to closely monitor the progress of consolidation of its operations and capital resources after the reorganization. It will also pay attention to the performance of the Company's management in taking effective cost control measures to counter the impact of rising oil prices and other complex market issues.

The Supervisory Committee has every confidence in the Group's prospects.

By Order of the Supervisory Committee

Sun Xiao Yi

Chairman of the Supervisory Committee

Guangzhou, the PRC

25 April, 2005