

Report of the Supervisory Committee

Dear Shareholders,

In 2006, the Supervisory Committee of the Company faithfully carried out their duties and obligations with diligence in accordance with the Working Procedures for the Supervisory Committee of China Southern Airlines Company Limited subject to the Company Law and Articles of Association of the Company. Members of the committee participated in all Board meetings of the Directors, supervised the assembly of Board meetings and the review and resolution procedure of the Board meetings, 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 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 held four meetings in 2006, with details as follows:

- (1) The Supervisory Committee of the Company held a meeting on 19 April 2006, during which the following resolutions were considered and adopted:
 1. the 2005 annual report, including the summary and the full version, and the results announcement (for A Shares and H Shares) of the Company were reviewed and approved;
 2. the 2005 report of the Supervisory Committee was reviewed and approved and was approved to be submitted to the general meeting for approval;
- (2) The Supervisory Committee held a meeting on 13 June 2006, details of which are as follows:

The Duties of the Office of the Supervisory Committee of China Southern Airlines Company Limited was reviewed and approved;
- (3) The Supervisory Committee held a meeting on 15 August 2006, details of which are as follows:

The 2006 interim report, including the summary and the full version, and the results announcement (including A Shares and H Shares) of the Company were reviewed and approved;
- (4) The Supervisory Committee held a special meeting on 2 November 2006, details of which are as follows:
 1. The amendments to the Articles of Associations of the Company according to new PRC Company Law and submission to the general shareholders' meeting for review and approval were reviewed and approved; and
 2. The submission to the general shareholders' meeting to authorize the Supervisory Committee to amend Working Procedures of Supervisory Committee Meeting of China Southern Airlines Company according to new amended Articles of Associations of the Company.

Report of the Supervisory Committee (Cont'd)

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 Directors, managers and other senior management staff of the Company were devoted to implement all resolutions passed at the Board meeting. 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 any applicable laws, regulations, the Articles of Association of the Company or were prejudicial to the interests of the Company.
- (2) The Supervisory Committee was of the opinion that strict supervision and continued improvement over financial management and internal control ensured a smooth production and operation process. The Company's financial statements for 2006 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.

By Order of the Supervisory Committee

Sun Xiao Yi

Chairman of the Supervisory Committee

Guangzhou, the PRC

16 April 2007