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(a joint stock limited company incorporated in the
People's Republic of China with limited liability)

THIRD QUARTERLY REPORT OF 2003

SUMMARY

The unaudited financial statements of the Company for the third quarter of 2003 were prepared in accordance with the PRC GAAP.

This announcement is made by the Company pursuant to paragraph 2(2) of the Listing Agreement entered into between the Company and the Stock Exchange.

1. IMPORTANT NOTICE

This announcement is made by China Southern Airlines Company Limited (the "Company") pursuant to paragraph 2(2) of the Listing Agreement entered into between the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Directors of the Company collectively and individually warrant that the information set out in this report does not contain any misrepresentation, misleading statement or material omission; and jointly and severally accepts full responsibility as to the truthfulness, accuracy and completeness of the content herein.

The third quarterly report of the Company for the year 2003 (the "Third Quarterly Report") was prepared in accordance with the relevant rules and regulations of the China Securities Regulatory Commission.

The unaudited financial statements of the Company for the third quarter of 2003 were prepared in accordance with the PRC GAAP.

Mr. Yan Zhi Qing (Chairman), Mr. Wang Chang Shun (President), Mr. Xu Jie Bo (Chief Financial Officer) and Mr. Xiao Li Xin (General Manager of Finance Department) of the Company, warrant that the Third Quarterly Report is true and complete.

2. BASIC PARTICULARS OF THE COMPANY

2.1 BASIC INFORMATION OF THE COMPANY

| | |
|----------------------------|--|
| Company Secretary: | Su Liang |
| Securities Representative: | Lei Bin |
| Correspondence Address: | Baiyun International Airport, Guangzhou, the People's Republic of China |
| Telephone: | 020-86124737 |
| Facsimile: | 020-86659040 |
| e-mail address: | ir.cz@cs-air.com |

2.2 FINANCIAL INFORMATION

2.2.1 Major Accounting Data and Financial Indices

AS AT
30 SEPTEMBER
2003

AS AT
31 DECEMBER
2003

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| | | |
|---|------------|------------|
| Total assets (RMB'000) | 38,895,562 | 37,470,113 |
| Shareholders' equity (excluding minority interests) (RMB'000) | 10,752,425 | 8,894,594 |
| Net assets per share (RMB) | 2.46 | 2.64 |
| Adjusted net assets per share (RMB) | 2.41 | 2.58 |

| | FOR THE PERIOD FROM 1 JULY 2003 TO 30 SEPTEMBER 2003 | FOR THE PERIOD ENDED 30 SEPTEMBER 2003 |
|---|--|---|
| Net cash inflow from operating activities (RMB'000) | 1,497,399 | 3,017,964 |
| Earnings per share (RMB) | 0.09 | -0.18 |
| Return on net assets | 3.55% | -7.28% |
| Return on net assets after extraordinary gains and losses | 3.59% | -7.08% |

| EXTRAORDINARY GAINS AND LOSSES | AMOUNT (RMB'000) |
|---|---------------------|
| Non-operating income | |
| Net gain on disposal of fixed assets | 1,020 |
| Others | 5,798 |
| Non-operating expenses | |
| Net loss on disposal of fixed assets | -20,994 |
| Others | -17,681 |
| Taxation effect of non-operating income | -2,250 |
| Taxation effect of non-operating expenses | 12,763 |
| Total | -21,344 |

2.2.2 Profit and Loss Account

| CONSOLIDATED | | THE COMPANY | |
|---------------------|------------------------|---------------------|------------------------|
| JULY- SEPTEMBER, | JANUARY- SEPTEMBER, | JULY- SEPTEMBER, | JANUARY- SEPTEMBER, |

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| | 2003 ----- RMB'000 | 2003 ----- RMB'000 | 2003 ----- RMB'000 | 2003 ----- RMB'000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| REVENUE FROM PRINCIPAL OPERATIONS | 4,992,022 | 11,965,102 | 3,367,037 | 8,213,79 |
| Less: Transfer to CAAC Infrastructure Development Fund | - | 250,788 | - | 167,94 |
| NET REVENUE FROM PRINCIPAL OPERATIONS | 4,992,022 | 11,714,314 | 3,367,037 | 8,045,85 |
| Less: Operating costs of principal operations | 3,427,771 | 10,208,129 | 2,305,797 | 7,267,70 |
| Business taxes and surcharges | 14,216 | 203,518 | 12,578 | 140,17 |
| PROFIT FROM PRINCIPAL OPERATIONS | 1,550,035 | 1,302,667 | 1,048,662 | 637,97 |
| Add: Profit from other operations | 132,566 | 220,509 | 98,060 | 205,28 |
| Less: Selling expenses | 436,369 | 1,081,544 | 332,261 | 802,82 |
| General and administration expenses | 210,222 | 710,386 | 171,359 | 475,73 |
| Financial expenses | 360,072 | 814,153 | 338,400 | 746,00 |
| OPERATING PROFIT | 675,938 | -1,082,907 | 304,702 | -1,181,30 |
| Add: Investment income | 52,145 | 40,343 | 291,381 | 65,23 |
| Non-operating income | 2,141 | 6,818 | 1,949 | 4,55 |
| Less: Non-operating expense | 8,442 | 38,675 | 5,668 | 7,45 |
| PROFIT BEFORE INCOME TAX | 721,782 | -1,074,421 | 592,364 | -1,118,96 |
| Less: Income tax | 222,731 | -321,758 | 210,548 | -336,02 |
| PROFIT AFTER INCOME TAX | 499,051 | -752,633 | 381,816 | -782,94 |
| Minority interests | 117,235 | 30,278 | - | - |
| NET PROFIT | 381,816 | -782,941 | 381,816 | -782,94 |

Note: This is the first quarterly report announced by the Company. Therefore no comparative figures for the corresponding period of last year are available.

2.3 As at the end of the reporting period, the Company had a total number of 216,914 shareholders, of whom 214,162 were holders of A shares and 2,752 were holders of H shares.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 BRIEF ANALYSIS OF THE COMPANY'S OVERALL OPERATIONAL ACTIVITIES DURING THE REPORTING PERIOD

For the third quarter of 2003, the Company's total traffic volume was 1,008.2 million tonne kilometers, representing a growth of 8.1% over the corresponding period last year. Passenger carried was 6,183,500 million, representing an increase of 11.6% from the same period last year. Cargo and mail traffic amounted to 121,000 tonnes, which represents a fall of 5% over the same period last year. The revenue from principal operations of the Company for the third quarter was RMB4,992 million, and the profit from principal operations and net profit were RMB1,550 million and RMB382 million respectively. During the first three quarters of 2003, the Company accumulated a total traffic volume of 2,432.22 million tonne kilometers, representing a

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fall of 6.7%. Passenger carried was 13.92 million, which represents a fall of 12.6% compared with the same period last year. Cargo and mail traffic amounted to 320,000 tonnes, down 6.3% compared with the same period last year. The accumulated revenue from principal operations was RMB11,965 million, resulting in a profit from principal operations and net loss of RMB1,303 million and RMB783 million respectively. The airline industry of the People's Republic of China (the "PRC") has experienced resurgence, primarily attributable to the continued growth of the PRC's national economy and the subsiding impact of the outbreak of the severe acute respiratory syndrome ("SARS"). As a consequence, the profitability of the Company's principal operations has gradually returned to normal. Yet, the accumulated operational results of the Company for the first three quarters of 2003 suffered decrease of different degrees compared with the same periods last year, as a result of the negative impact of the outbreak of SARS during the first half of 2003. Accordingly, the Company recorded a net loss for the period.

3.1.1 Principal operations or products representing more than 10% of the income or profit from the Company's principal operations

| PRINCIPLE OPERATION (BY BUSINESS OR PRODUCT) | REVENUE FROM PRINCIPAL OPERATIONS ----- | OPERATING COSTS OF PRINCIPAL OPERATIONS ----- |
|---|--|---|
| Income from transportation (RMB'000) | 11,965,102 | 10,208,129 |
| Including: connected transactions (RMB'000) | - | 358,149 |

3.1.2 Analysis of material changes in the profitability (gross profit margin) of the Company's principal operations for the reporting period as compared with that for the previous reporting period

During the first half of 2003, the outbreak of SARS led to a significant shrinkage in the passenger transportation operation of the Company. As such, the profitability of the Company's principal operations has dropped relatively substantially as compared to that of the previous years. In the third quarter of 2003, the PRC's airline industry experienced resurgence as a result of the continued growth of the PRC's national economy and the subsiding impact of the outbreak of SARS. As a consequence, the profitability of the Company's principal operations has returned to normal.

3.2 ANALYSIS OF SIGNIFICANT EVENTS AND THEIR IMPACT AND SOLUTIONS

1. Issue and listing of A shares

Pursuant to the approval of the China Securities Regulatory Commission, the Company issued 1,000,000,000 A shares at an issue price of RMB2.7 per share from 10 to 17 July 2003, raising an aggregate sum of RMB2.7 billion. The issued A shares were listed on the Shanghai Stock Exchange on 25 July 2003. As approved by the Company's shareholders during the relevant shareholders' meeting, the proceeds from the A shares issue will be used to

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acquire Boeing B737-800 aircraft to replace certain aircraft of which the operating leases are due to expire. Details of the issue and listing of A shares were disclosed by the Company in two press announcements of the Company dated 4 July 2003 and 18 July 2003.

2. Acquisition of Airbus A330 aircraft

On 29 September 2003, the Company entered into the Aircraft Acquisition Agreement with Airbus G.I.E., an independent third party, for the acquisition of four A330 aircraft from Airbus G.I.E. Pursuant to the Aircraft Acquisition Agreement, Airbus G.I.E. will deliver all the four A330 aircraft to the Company by 2005. Details of the acquisition of aircraft transaction were disclosed by the Company in its press announcement dated 8 October 2003.

3. US dollars loans

On 29 September 2003, the Directors of the Company approved two United States ("US") dollars loan agreements entered into between the Company and the Guangdong Branch of Bank of China ("Bank of China"), for an eight-year medium to long term swap loan of US\$138,566,854 and a three-year short term foreign currency loan of US\$117,127,725.27 respectively. Pursuant to the loan agreements, the Company agreed to pledge three Boeing B737-800 aircraft, numbered B2695, B2696 and B2697 respectively, as security for the medium to long term swap US dollars loan and signed the undertakings for such pledge and for transfer of the relevant insurance rights. Details of the above transaction were disclosed by the Company in its press announcement dated 29 September 2003.

4. Ground service joint venture with Beijing Airport

In order to enhance the quality and competitiveness of the services provided by the Company in Beijing Airport, the Company and Beijing Aviation Ground Services Co., Ltd. have established a joint venture company called China Southern Airlines Capital Airport Services Co. Ltd.. The joint venture company is primarily engaged in providing ground services for the passenger transportation businesses of the Company and its business partners in Termination One of Beijing Airport.

3.3 FORECAST OF AN ACCUMULATED NET LOSS FOR THE PERIOD FROM THE BEGINNING OF THE YEAR TO THE END OF THE NEXT REPORTING PERIOD OR SIGNIFICANT CHANGES IN PROFITABILITY FOR THE SAID PERIOD AS COMPARED WITH THE CORRESPONDING PERIOD IN THE PREVIOUS YEAR - PROFIT WARNING AND ANALYSIS

The outbreak of SARS in the first half of 2003 had a significant impact on the PRC airline industry. This negative impact, together with the surge in oil prices due to the Iraq war and the relatively substantial increase in operating costs such as airport levies, contributed to a relatively enlarged loss of the Company for the first half of the year. Investors should be aware that although the operation of the Company has returned to normal level as the adverse effect of SARS subsides, given the relatively substantial loss in the first half of 2003, it is estimated that the accumulated annual net profit of the Company, prepared in accordance with the PRC GAAP, would

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be at least 50% lower than that for the previous year.

By order of the Board
CHINA SOUTHERN AIRLINE COMPANY LIMITED
YAN ZHI QING
Chairman

Guangzhou, the People's Republic of China
29 October 2003

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA SOUTHERN AIRLINES COMPANY LIMITED

By /s/ Su Liang

Name: Su Liang
Title: Company Secretary

Date: October 30, 2003