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(STOCK CODE: 1055)

THIRD QUARTERLY REPORT OF 2004

SUMMARY

The unaudited financial statements of the Company for the Third Quarterly Report were prepared in accordance with the PRC GAAP.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

1. IMPORTANT NOTICE

This announcement is made by China Southern Airlines Company Limited (the "Company") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 accept full responsibility as to the truthfulness, accuracy and completeness of the content herein.

The third quarterly report of the Company for the year 2004 (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 Quarterly Report were prepared in accordance with the accounting rules and regulations of the People's Republic of China ("PRC GAAP").

Mr. Yan Zhi Qing (Chairman), Mr. Xu Jie Bo (Chief of Accounting Work, Chief Financial Officer and Vice President) and Mr. Xiao Li Xin (Chief of Accounting Department and General Manager of the Financial 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

Stock abbreviation:	China Southern
Stock code:	600029 (A share), 1055 (H share), ZNH (ADs)
Company Secretary:	Su Liang
Securities Representative:	Lei Bin
Correspondence Address:	No. 278 Ji Chang Road, Guangzhou, Guangdong Province, 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 2004	AS AT 31 DECEMBER 2003	CHANGE (%)
Total assets (RMB'000)	45,676,650	39,372,204	16.01
Shareholders' equity (excluding minority interests) (RMB'000)	12,091,051	11,549,849	4.69
Net assets per share (RMB)	2.76	2.64	4.69
Adjusted net assets per share (RMB)	2.70	2.59	4.24

	FOR THE PERIOD FROM 1 JULY 2004 TO 30 SEPTEMBER 2004	FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2004	CHANGE (%)
Net cash outflow from operating activities (RMB'000)	2,052,028	3,565,661	37.04
Earnings per share (RMB)	0.048	0.124	-47.13
Return on net assets	1.76%	4.58%	-50.40
Return on net assets after extraordinary gains and losses	1.70%	4.35%	-52.73

	AMOUNT (RMB'000)
EXTRAORDINARY (GAINS)/LOSSES	
Net gain on disposal of fixed assets	1,941
Net gain from expired air tickets	59,561
Others	-29,290
Effect of the above on taxation	-4,832

Total	27,380
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	JULY - SEPTEMBER, 2004		JULY - SEPTEMBER, 2003	
	CONSOLIDATED	THE COMPANY	CONSOLIDATED	THE COMPANY
	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE FROM PRINCIPAL OPERATIONS	6,732,982	4,646,062	4,992,022	3,367,000
Less: Transfer to CAAC Infrastructure Development Fund	-	-	-	-
NET REVENUE FROM PRINCIPAL OPERATIONS	6,732,982	4,646,062	4,992,022	3,367,000
Less: Operating costs of principal operations	5,246,495	3,789,137	3,427,771	2,305,000
Business taxes and surcharges	189,135	124,661	14,216	12,000
PROFIT FROM PRINCIPAL OPERATIONS	1,297,352	732,264	1,550,035	1,048,000
Add: Profit from other operations	11,171	37,362	132,566	98,000
Less: Selling expenses	565,822	417,153	436,369	332,000
General and administration expenses	311,816	191,305	210,222	171,000
Finance expenses	100,443	78,901	360,072	338,000
OPERATING PROFIT	330,442	82,267	675,938	304,000
Add: Investment income	14,146	122,786	52,145	291,000
Non-operating income	21,653	19,058	2,141	1,000
Less: Non-operating expenses	12,779	4,836	8,442	5,000
PROFIT BEFORE INCOME TAX	353,462	219,275	721,782	592,000
Less: Income tax	71,994	11,152	222,731	210,000
Minority interests	73,345	-	117,235	-
NET PROFIT	208,123	208,123	381,816	381,000

	JANUARY - SEPTEMBER, 2004		JANUARY - SEPTEMBER, 2003	
	CONSOLIDATED	THE COMPANY	CONSOLIDATED	THE COMPANY
	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE FROM PRINCIPAL OPERATIONS	17,899,974	12,361,470	11,965,102	8,213,000
Less: Transfer to CAAC Infrastructure Development Fund	-	-	250,788	167,000
NET REVENUE FROM PRINCIPAL OPERATIONS	17,899,974	12,361,470	11,714,314	7,946,000

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OPERATIONS	17,899,974	12,361,470	11,714,314	8,045
Less: Operating costs of principal operations	14,022,143	10,017,460	10,208,129	7,267
Business taxes and surcharges	507,387	332,318	203,518	140
PROFIT FROM PRINCIPAL OPERATIONS	3,370,444	2,011,692	1,302,667	637
Add: Profit from other operations	105,674	102,720	220,509	205
Less: Selling expenses	1,435,489	1,048,350	1,081,544	802
General and administration expenses	789,643	465,197	710,386	475
Finance expenses	431,880	356,400	814,153	746
OPERATING PROFIT	819,106	244,465	-1,082,907	-1,181
Add: Investment income	42,965	294,453	40,343	65
Non-operating income	70,002	62,666	6,818	4
Less: Non-operating expenses	37,790	12,288	38,675	7
PROFIT BEFORE INCOME TAX	894,283	589,296	-1,074,421	-1,118
Less: Income tax	160,020	48,094	-321,758	-336
Minority interests	193,061	-	30,278	-
NET PROFIT	541,202	541,202	-782,941	-782

2.3 As at the end of the reporting period, the Company had a total number of 143,081 shareholders.

NAME OF SHAREHOLDERS	NUMBER OF SHARES HELD AS AT 30 SEPTEMBER 2004	TYPE OF SHAREHOLDER
HKSCC Nominees Limited	1,151,421,998	H shares
China Merchants Bank Shareholders Co., Ltd. - CITIC Classic Allocation Fund	30,530,879	A shares
Yin Feng Securities Investment Fund	23,143,201	A shares
The Bank of Communication - Efund 50 Index Fund	21,824,754	A shares
China Construction Bank - Fortune SGAM Multi-Strategy Growth Investment Fund	18,250,687	A shares
Boshi Value Growth Securities Investment Fund	18,000,000	A shares
Industry and Commerce Bank of China - Galaxy Yintai Financial Management Dividends Distribution Fund	14,890,171	A shares

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China Bank - China AMC Return Fund	14,213,100	A shares
Xin Hua Securities Investment Fund	13,880,000	A shares
The Bank of Communication - Rongtong Industries Prosperity Securities Investment Fund	13,354,750	A shares

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3. MANAGEMENT DISCUSSION AND ANALYSIS

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

During the reporting period, the domestic aviation market benefited from the continuing steady development in China's economy and the increase in domestic consumption level, which resulted in a strong demand for air transportation. For the third quarter of 2004, our aviation transportation business maintained a good trend of growth. All production indices were higher as compared to the same period of last year. However, the sustained high fuel price, which might climb even higher, contributed to the high jet fuel costs borne by the Company. The Company's total traffic volume was 1,270.78 million tonne-kilometers, representing a growth of 26.06% over the same period of last year; passengers carried were 77,202,900, representing an increase of 24.88% from the same period last year; cargo and mail traffic amounted to 141,100 tonne, representing an increase of 16.61% from the same period last year. Meanwhile, the revenues and profits from our principal operations were RMB6,732,982,000 which is an increase of 34.87% from the same period last year, and RMB1,297,352,000 which is a decrease of 16.3% from the same period last year respectively. The decrease in profits from principal operations was mainly due to the combined effect of a 60% increase of jet fuel costs as compared to the same period last year, the reduction of sales tax and the waiver of the levies of CAAC Infrastructure Development Fund in the same period of last year. As a result, the net profit for the third quarter of this year dropped by RMB381,816,000, or 45.49%, from the same period of last year to RMB208,123,000.

For the period of January to September 2004, the Company's total traffic volume was 3,456.29 million tonne-kilometers, representing a growth of 39.6% over the same period of last year; passengers carried were 210,346,200, an increase of 51.1% from the same period of last year; cargo and mail traffic was 4,079,200 tonne, representing an increase of 25% over the same period of last year; passenger load factor was 69.3%, an increase of 9.9% over the same period of last year. For the period of January to September 2004, the accumulated revenues from our principal operations were RMB17,899,974,000, representing a rise of 49.6% over the same period of last year; accumulated profits from our principal operations were RMB3,370,444,000, an increase of 158.73% over the same period of last year. The net profit for the period of January to September of this year was RMB541,202,000, as compared to a net loss of RMB782,941,000 for the same period of last year.

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

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PRINCIPLE OPERATION (BY BUSINESS OR PRODUCT)	INCOME (RMB'000)	COSTS (RMB'000)	GROSS P M
Income from passenger transportation	16,049,352		
Income from cargo and mail transportation	1,673,331	14,022,143	
Others	177,291		

3.1.2 Analysis of significant events and their impact and solutions

As disclosed in an announcement of the Company dated 26 July, 2004, in order to enhance the efficiency of the Company's capital utilization and hence its investment return and profit, the Company entered into an asset management agreement with Zhong Zheng Wei Ye Investment Co., Ltd (CHINESE CHARACTERS) ("Zhong Zheng") and Centergate Securities Co., Ltd (CHINESE CHARACTERS) ("Centergate") on 22 July, 2004. Pursuant to the asset management agreement, each of the Company and Zhong Zheng jointly appointed Centergate to manage and invest an aggregate investment sum contributed as to RMB500 million by the Company and as to RMB75 million by Zhong Zheng respectively. The appointment is effective from 27 July, 2004 to 26 July, 2005. If the annual rate of return from investment is 6% or below, Centergate will not charge any assets management fee. If the annual rate of return from investment exceeds 6%, Centergate will charge an assets management fee equivalent to a sum which is less than 60% of the excess of 6% annual return from investment of the Company's capital. The Board has approved the asset management agreement by way of a written approval in accordance with the articles of association of the Company and the laws of PRC.

3.1.3 Alert on expected significant change in net profit

The outbreak of SARS from April to June of 2003 in China caused an unprecedented adverse impact to the business of the Company, as a result the Company recorded an accumulated net loss for January to September of 2003.

In 2004, the continued improvement in domestic economy and consumer consumption level in China stimulated the growth of the domestic civil aviation industry, therefore the total traffic volume of the Company rose as compared to the same period of last year. It is expected that the accumulated net profit of the Company for January to December 2004 will increase substantially by over 50 per cent as compared with the same period of 2003.

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

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Director

Guangzhou, the People's Republic of China
October 26, 2004

As at the date of this announcement, the Directors of the Company are Yan Zhi Qing, Liu Ming Qi, Wang Chang Shun, Peng An Fa, Wang Quan Hua, Zhao Liu An, Zhou Yong Qian, Zhou Yong Jin, Xu Jie Bo and Wu Rong Nan as executive Directors and Simon To, Peter Lok, Wei Ming Hai, Wang Zhi and Sui Guang Jun as independent non-executive Directors.

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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 28, 2004