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ANNOUNCEMENT

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.

The Company estimates that it has incurred a book net foreign exchange loss of approximately Renminbi 180 million based on its unaudited consolidated financial statements for 2003.

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").

All financial data for the year 2003 set out in this announcement is unaudited.

Based on its unaudited consolidated financial statements, the Company estimates that it has incurred a book net foreign exchange loss of approximately Renminbi 180 million for the year 2003 (the "Book Net Foreign Exchange Loss"). The Company incurred foreign currency debts denominated in both the US Dollars and the Japanese Yen as a result of purchasing and leasing aircraft, turbine engines and aviation equipment from outside the People's Republic of China (the "PRC"). Thus, any change in foreign exchange rate could result in a book foreign exchange gain or loss for the Company. The main cause for the Book Net Foreign Exchange Loss is the increase of the exchange rate for Japanese Yen against Renminbi by approximately 11.9% as of December 31, 2003, comparing to that of December 31, 2002. Based on its unaudited consolidated financial statements, the Company has an aggregate amount of Japanese Yen denominated debts of approximately Japanese Yen 22.8 billion as of December 31, 2003.

The Book Net Foreign Exchange Loss has a negative impact on the Company's operating results for the year ended December 31, 2003. However, given that the majority of the Book Net Foreign Exchange Loss has not been realized as a result of the different repayment schedules for these Japanese Yen denominated debts, the Book Net Foreign Exchange Loss is unlikely to cause significant and substantial impact on the Company's cash flow, and it is not expected that the Book Net Foreign Exchange Loss will cause any significant negative impact on the future development of the Company's business.

The Company did not make provision for any changes in foreign exchange rate in its profit forecast for the year ended December 31, 2003 which was published in the Company's announcement dated July 4, 2003 in relation to the issue of "A" shares by the Company. The Company therefore issue this announcement in relation to its Book Net Foreign Exchange Loss, pursuant to the relevant regulatory requirements and practices in the PRC.

By order of the Board
SU LIANG
Company Secretary

Guangzhou, the People's Republic of China
January 14, 2004

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

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undersigned, thereunto duly authorized.

CHINA SOUTHERN AIRLINES COMPANY LIMITED

By /s/ Su Liang

Name: Su Liang
Title: Company Secretary

Date: January 15, 2004