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CHINA SOUTHERN AIRLINES CO LTD

Form 6-K

May 25, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2006

CHINA SOUTHERN AIRLINES COMPANY LIMITED
(Translation of registrant's name into English)

Jichang Road
Guangzhou, Guangdong 510405
People's Republic of China
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.)

Form 20-F. X Form 40-F. -----

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes. No. X
 ----- -----

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.)

China Southern Airlines Company Limited (the "Company") on April 28, 2006 published in two local newspapers in Hong Kong an announcement in Chinese and English, respectively, concerning the Company's first quarterly report of 2006. A copy of the English announcement is included in this Form 6-K of the Company.

[CHINESE CHARACTERS]
[LOGO] CHINA SOUTHERN AIRLINES COMPANY LIMITED
(a joint stock limited company incorporated in
the People's Republic of China with limited liability)
(STOCK CODE: 1055)

FIRST QUARTERLY REPORT OF 2006

SUMMARY

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The unaudited financial statements of the Company for the First 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 (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 first quarterly report of the Company for the year 2006 (the "First Quarterly Report") was prepared in accordance with the relevant rules and regulations of the China Securities Regulatory Commission.

In accordance with the provisions of Article 134 of the Articles of Association of this Company, the board (the "Board") of Directors of the Company has reviewed the First Quarterly Report of the Company by means of correspondence and in the manner of signed approval. Ten persons should have taken part in this review and eight actually took part in it. Mr. Sui Gang Jun, an independent non-executive Director, was not able to take part in this review and so authorized Mr. Wei Ming Hai, another independent non-executive Director, to act as his proxy in this review. Mr. Zhou Yong Qian, a Director, was not able to take part in this review as he has asked for leave. After careful deliberations, the Board of Directors approved the First Quarterly Report.

The manner and procedure for reviewing the First Quarterly Report are in compliance with the provisions of the Company Law and the Articles of Association of the Company.

The unaudited financial statements of the Company for the First Quarterly Report were prepared in accordance with the accounting rules and regulations of the People's Republic of China ("PRC GAAP").

The management and all the employees of the Company have been making great efforts to achieve a good performance and a satisfactory return for the Company in 2006. However, in addition to the uncertainty inherent in the market competition, the operational costs of the Company have remained high due to all-time high oil prices. Therefore, the Board of Directors expects that the net profit of the Company that will be accumulated from the beginning of this year to the end of the reporting period of the second quarterly report for the year 2006 will turn out negative.

Mr. Liu Shao Yong (Chairman), Mr. Si Xian Min (Chief of Accounting Work, President), Mr. Xu Jie Bo (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 First Quarterly Report is true and complete.

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2. BASIC PARTICULARS OF THE COMPANY

2.1 BASIC INFORMATION OF THE COMPANY

| | | |
|-------------------------------|--|---------------------------|
| Stock Abbreviation (A Shares) | China Southern | |
| Stock Code | 600029 | |
| Stock Abbreviation (H Shares) | China Southern | |
| Stock Code | 1055 | |
| Stock Abbreviation (ADR) | China Southern Air | |
| Stock Code | ZNH | |
| | Company Secretary | Securities Representative |
| Name | Su Liang | Lei Bin |
| Correspondence Address | No. 278 Ji Chang Road, Guangzhou, Guangdong Province, People's Republic of China | |
| Telephone: | 020-86124738 | 020-86124736 |
| Facsimile: | 020-86659040 | 020-86659040 |
| Email address: | ir.cz@cs-air.com | ir.cz@cs-air.com |

2.2 FINANCIAL INFORMATION

2.2.1 Major Accounting Data and Financial Indices (Unaudited)

| | AS AT 31 MARCH 2006 | AS AT 31 DECEMBER 2005 | CHANGE (%) |
|---|---------------------------|------------------------------|---------------|
| Total assets (RMB'million) | 73,554 | 72,304 | 1.71 |
| Shareholders' equity (excluding minority interests) (RMB'million) | 9,286 | 9,951 | -6.7 |
| Net assets per share (RMB) | 2.12 | 2.28 | -7.0 |
| Adjusted net assets per share (RMB) | 2.03 | 2.19 | -7.3 |

| | FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2006 | CHANGE COMPARED WITH THE PERIOD FROM 1 JANUARY TO 31 MARCH 2005 (%) |
|---|--|---|
| Net cash inflow from operating activities (RMB'million) | 522 | -65.1 |
| Earnings per share (RMB) | -0.15 | 114.3 |
| Return on net assets (%) | -6.9 | -4.4 |
| Return on net assets after extraordinary gains and losses (%) | -7.0 | -4.5 |

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| EXTRAORDINARY GAINS AND LOSS | AMOUNT (RMB'million) |
|--|-------------------------|
| Net of other non-operating income and expenses other than provision for impairment | 5 |
| Gain on disposal of fixed assets | 8 |
| Total | 13 |

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2.2.2 Profit and Loss Account (Unaudited)

| | JANUARY -- MARCH 2006 | |
|---|--------------------------------------|--|
| | ----- CONSOLIDATED RMB million | ----- THE COMPANY RMB million |
| REVENUE FROM PRINCIPAL OPERATIONS | 9,429 | 7,332 |
| Less: Operating costs of principal operations | 8,507 | 6,721 |
| Business taxes and surcharges | 262 | 196 |
| PROFIT FROM PRINCIPAL OPERATIONS | 660 | 415 |
| Add: Profit from other operations | 115 | 40 |
| Less: Selling expenses | 694 | 547 |
| General and administration expenses | 478 | 348 |
| Finance expenses | 265 | 203 |
| OPERATING (LOSS)/PROFIT | (662) | (643) |
| Add: Investment (loss)/income | (11) | (30) |
| Subsidy income | -- | -- |
| Non-operating income | 18 | 8 |
| Less: Non-operating expenses | 5 | -- |
| (LOSS)/PROFIT BEFORE INCOME TAX | (660) | (665) |
| Less: Income tax | 7 | -- |
| Less: Minority interest | (2) | -- |
| Add: Un-recognized investment loss (consolidated) | -- | -- |
| NET (LOSS)/PROFIT | (665) | (665) |

2.3 As at the end of the reporting period, the Company had a total number of 131,004 shareholders. Shareholdings of the Ten Largest Shareholders (Before Completion of Equity Division Reform)

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| NAME OF SHAREHOLDERS | NUMBER OF SHARES HELD AS AT 31 MARCH 2006 | TYPE OF SHAREHOLDER |
|--|--|------------------------|
| HKSCC Nominees Limited | 1,150,876,998 | H shares |
| Boshi Value Growth Securities Investment Fund | 27,952,865 | A shares |
| National Social Securities Fund 102 Group | 22,427,704 | A shares |
| National Social Securities Fund 108 Group | 22,030,386 | A shares |
| The Industrial and Commerce Bank of China -- Shanghai Stock Exchange 50 Openly Trading Index Fund | 15,584,746 | A shares |
| Hong Wen Hui | 14,399,720 | A shares |
| Bank of China -- Tong Sheng Securities Investment Fund | 13,491,337 | A shares |

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| | | |
|--|------------|----------|
| Bank of Communication Kong Tong Industry Prosperous Securities Invest Fund | 11,000,000 | A shares |
| International Finance -- Standard Chartered -- CITI Group GLOBAL MARKETS LIMITED | 10,407,743 | A shares |
| Bank of China -- Jia Shi Service Value Added Industries Securities Investment Fund | 10,079,302 | A shares |

3. MANAGEMENT DISCUSSION AND ANALYSIS

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

The total traffic volume of the Company and its subsidiaries (the "Group") was 1,778.66 million tonne-kilometers, representing a growth of 13.5% over the same period of last year; passengers carried were 10.75 million, representing an increase of 13.6% from the same period last year; cargo and mail traffic amounted to 180,000 tonne, representing an increase of 13.5% from the same period last year; passenger load factor was 70.4%, representing an increase of 5.1% from the same period last year. Meanwhile, the revenues and profits from our principal operations were RMB9,429 million which is an increase of 14% from the same period last

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year, and RMB660 million which is a decrease of 14% from the same period last year respectively. The decrease in profits from principal operations was mainly due to the effect of a 15% increase of jet fuel costs as compared to the same period last year, which had already largely increased during last year. As a result, the net loss for the first quarter of this year was RMB665 million.

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) | INCOME (RMB'million) | COSTS (RMB'million) | GROSS PROFIT MARGIN (%) |
|---|-------------------------|------------------------|-------------------------------|
| Income from passenger transportation | 8,571 | | |
| Income from cargo and mail transportation | 788 | 8,507 | 7.0 |
| Others | 70 | | |
| Total | 9,429 | | |

By order of the Board
CHINA SOUTHERN AIRLINE COMPANY LIMITED
LIU SHAO YONG
Chairman of the Board of Directors

Guangzhou, the People's Republic of China
April 27, 2006

As at the date of this announcement, the Directors of the Company include Liu Shao Yong, Wang Quan Hua, Zhao Liu An, Zhou Yong Qian, Xu Jie Bo and Si Xian Min as executive Directors; and 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: May 25, 2006