

CHINA SOUTHERN AIRLINES CO LTD
Form 6-K
October 31, 2005

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 October, 2005

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 October 28, 2005 published in two local newspapers in Hong Kong an announcement in Chinese and English, respectively, concerning the Company's third quarterly report of 2005. 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)

THIRD QUARTERLY REPORT OF 2005

SUMMARY

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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

- 1.1 The directors of the Company (the "Directors") 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.
- 1.2 Mr. Liu Shao Yong, the Chairman, and Mr. Liu Ming Qi, an executive Director did not attend the board meeting. Mr. Liu Shao Yong appointed Mr. Si Xian Min, the President, to attend and execute the relevant documents on his behalf.
- 1.3 The financial statements of the Company for the Third Quarterly Report were unaudited.
- 1.4 Mr. Liu Shao Yong (Chairman), Mr. Si Xian Min (Chief of Accounting Work, President), Mr. Xu Jie Bo (Chief Financial Officer) 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 South Air
Stock code: 600029 (A share), 1055 (H share), ZNH (ADS)

	COMPANY SECRETARY	SECURITIES REPRESENTATIVE
Name:	Su Liang	Lei Bin
Correspondence Address:	No. 278 Ji Chang Road, Guangzhou	No. 278 Ji Chang Road, Guangzhou
Telephone:	020-86124737, 86124462	020-86124737, 86124462
Facsimile:	020-86659040	020-86659040
E-mail address:	ir.cz@cs-air.com	ir.cz@cs-air.com

2.2 FINANCIAL INFORMATION

2.2.1 Major Accounting Data and Financial Indices

	AS AT 30 SEPTEMBER 2005	AS AT 31 DECEMBER 2004	CHANGE (%)
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Total assets (RMB' million)	71,886	63,210	13.73
Shareholders' equity (excluding minority interests) (RMB' million)	11,674	11,653	0.18
Net assets per share (RMB)	2.67	2.66	0.38
Adjusted net assets per share (RMB)	2.57	2.55	0.78

	FOR THE PERIOD FROM 1 JULY 2005 TO 30 SEPTEMBER 2005	FOR THE PERIOD FROM 1 JANUARY 2005 TO 30 SEPTEMBER 2005	CHANGE (%)
Net cash outflow from operating activities (RMB' million)	520	3,149	-74.66
Earnings per share (RMB)	0.19	0.0021	295.83
Return on net assets (%)	7.30	0.08	Increase of 314.77 percentage points
Return on net assets after extraordinary gains and losses (%)	7.26	0.30	Increase of 327.06 percentage points

EXTRAORDINARY GAINS/LOSSES	AMOUNT (RMB' million)
Gains on disposal of fixed assets, net	1
Non-operating income and expenses after provision for assets impairment	-32
Effect of the above on taxation	5
Total	----- -26 =====

2.2.2 Unaudited Profit and Loss Account

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ITEMS	CONSOLIDATED		THE COM
	FOR THE PERIOD FROM 1 JULY 2005 TO 30 SEPTEMBER 2005 (RMB' million)	FOR THE PERIOD FROM 1 JULY 2004 TO 30 SEPTEMBER 2004 (RMB' million)	FOR THE PERIOD FROM 1 JULY 2005 TO 30 SEPTEMBER 2005 (RMB' million)
REVENUE FROM PRINCIPAL OPERATIONS	11,401	6,733	9,141
Less: Costs of principal operations	9,273	5,246	7,540
Business taxes and surcharges	328	189	252
	-----	-----	-----
PROFIT FROM PRINCIPAL OPERATIONS	1,800	1,298	1,349
Add: Profit from other operations	45	11	26
Less: Selling expenses	814	566	647
General and administrative expenses	460	312	317
Financial expenses	-437	100	-443
	-----	-----	-----
OPERATING PROFIT	1,008	331	854
Add: Investment income	102	14	98
Non-operating income	8	21	6
Less: Non-operating expenses	5	13	5
	-----	-----	-----
PROFIT BEFORE INCOME TAX	1,113	353	953
Less: Income tax	119	72	101
Minority interests	142	73	--
	-----	-----	-----
NET PROFIT	852	208	852
	=====	=====	=====

ITEMS	CONSOLIDATED		THE C
	FOR THE PERIOD FROM 1 JANUARY 2005 TO 30 SEPTEMBER 2005 (RMB' million)	FOR THE PERIOD FROM 1 JANUARY 2004 TO 30 SEPTEMBER 2004 (RMB' million)	FOR THE PERIOD FROM 1 JANUARY 2005 TO 30 SEPTEMBER 2005 (RMB' million)
REVENUE FROM PRINCIPAL OPERATIONS	29,454	17,900	23,247
Less: Costs of principal operations	25,197	14,022	20,179
Business taxes and surcharges	846	508	640
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PROFIT FROM PRINCIPAL OPERATIONS	3,411	3,370	2,428
Add: Profit from other operations	285	106	179
Less: Selling expenses	2,104	1,435	1,655
General and administrative expenses	1,322	790	907
Financial expenses	146	432	56
	-----	-----	-----
OPERATING PROFIT	124	819	-11
Add: Investment income	92	43	93
Non-operating income	31	70	22
Less: Non-operating expenses	62	38	50
	-----	-----	-----
PROFIT BEFORE INCOME TAX	185	894	54
Less: Income tax	62	160	45
Minority interests	114	193	-
	-----	-----	-----
Net Profit	9	541	9
	=====	=====	=====

2.3 AS AT THE END OF THE REPORTING PERIOD, THE TOTAL NUMBER OF SHAREHOLDERS AND THE SHAREHOLDINGS OF TEN LARGEST LISTED SHAREHOLDERS OF LISTED SHARES OF THE COMPANY WERE AS FOLLOWS:

TOTAL NUMBER OF SHAREHOLDERS 129,733 shares

SHAREHOLDINGS OF THE TEN LARGEST LISTED SHAREHOLDERS

NAME OF SHAREHOLDERS (FULL NAME)	SHAREHOLDINGS AS AT 30 SEPTEMBER 2005	NATURE OF SHARES HELD
HKSCC Nominees Limited	1,151,020,998	H Shares
Bank of China -- Haifutong Return Growth Securities Investment Fund	50,000,000	A Shares
Industry and Commerce Bank of China -- Shangzheng 50 Trading & Opening Index Fund	26,526,446	A Shares
National Social Security Fund 103 Portfolio	20,080,000	A Shares
Bank of China -- Jiashi Service Value-added		
Industry Securities Investment Fund	18,781,353	A Shares
Tongqian Securities Investment Fund	18,580,400	A Shares
Hong Wen Hui	14,566,679	A Shares
Bank of Communications -- Rongtong Industries		
Prosperity Securities Investment Fund	14,189,150	A Shares
Industry and Commerce Bank of China		

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-- BOC International China Selected		
Portfolio Securities Investment Fund	14,169,124	A Shares
Jingfu Securities Investment Fund	12,934,627	A Shares

3 MANAGEMENT DISCUSSION AND ANALYSIS

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

As approved at the extraordinary general meeting on 31 December 2004, the Company has acquired the relevant assets of the airline operations of China Northern Airlines Company and Xinjiang Airlines Company ("Joint Restructuring"). During the period, the management was committed to the consolidation of the enlarged company, which involves the completion of a series

of unified works in stages such as route network, brandname, sales, operation, financial management and IT platform, in order to realize the accompanied synergy effect. As a result of the Joint Restructuring, all operational indices were remarkably increased as compared to the same period of last year. However, due to the continuous hiking jet fuel price and its likely upward trend, the Company was under great pressure of escalating costs. During the period, the Company's traffic volume was 2,042.04 million tonne-kilometers, representing a growth of 60.62% over the same period last year; passengers carried were 126,079,800, representing an increase of 63.31% from the same period last year; cargo and mail traffic amounted to 213,600 tonne, representing an increase of 51.67% from the same period of last year. Revenue from principal operations for the third quarter was RMB11,401 million, an increase of 69.33% from the same period last year, profit from the principal operations was RMB1,800 million, an increase of 38.67% from the same period last year, and net profit increased by 309.62% to RMB852 million from RMB208 million in the same period last year. From the first quarter to the third quarter of this year, the Company's total traffic volume was 5,384.73 million tonne-kilometers, representing an increase of 55.8% from the same period last year, passengers carried were 328,628,200, an increase of 64.55% from the same period last year, cargo and mail traffic amounted to 5,613,500 tonne, an increase of 37.6% from the same period last year, and the passenger load factor was 70.3%, an increase of 1.4% from the same period last year. Total revenue from principal operations was RMB29,454 million, an increase of 65% from the same period last year. Profit from principal operations was RMB3,411 million, an increase of 1.22% from the same period last year, and net profit was RMB9 million for the period from 1 January 2005 to 30 September 2005 as compared to net profit was RMB541 million in the same period last year.

On 21 July 2005, the People's Bank of China ("PBOC") announced that the PRC government reformed the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of foreign currencies. Renminbi is no longer pegged to US dollar and a more flexible Renminbi exchange rate regime is developed. The exchange rate of US dollar against Renminbi was adjusted upward to RMB8.11 per US dollar with effect from the close of business on 21 July 2005. The Company was benefited from the Renminbi appreciation as it finances its aircraft acquisitions and conducts other transactions in US dollar e.g. jet fuel, lease of aviation equipment, acquisition and major repair, and it still has a substantial amount of debt in US dollar. In addition, landing fees for international flights are denominated in foreign currencies making the Company a beneficiary of the appreciation of Renminbi. Renminbi appreciation will also bring a one-off exchange gain to

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the Company and reduce its operating costs which are denominated in foreign currencies. On the other hand, the Group faces greater challenge from international routes.

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

Unit: RMB'

	REVENUES FROM PRINCIPAL OPERATIONS	COSTS OF PRINCIPAL OPERATIONS	PROFIT
Passengers	26,892	25,197	
Cargo	2,330		
Others	232		

3.1.2 Composition of profit of the reporting period (the significant changes in the proportion of profit from principal operations, profit from other operations, expenses, investment income, subsidy income and net non-operating results of the total profit as compared with the previous reporting period and the related explanation)

Renminbi appreciation will also bring a one-off exchange gain to the Company as it has financed its aircraft acquisitions by a substantial amount of debt in US dollar. The expenses denominated in US dollars during the period from 1 July 2005 to 30 September 2005 decreased by 15% as compared to the same period last year.

By Order of the Board of
CHINA SOUTHERN AIRLINES COMPANY LIMITED
LIU SHAO YONG
Chairman

Guangzhou, the People's Republic of China
27 October 2005

As at the date of this notice, the Directors of the Company include Liu Shao Yong, Liu Ming Qi, Peng An Fa, Wang Quan Hua, Zhao Liu An, Zhou Yong Qian, Zhou Yong Jin, Xu Jie Bo, Wu Rong Nan and Si Xian Min as executive Directors: and Simon To, Peter Lok, Wei Ming Hai, Wang Zhi and Sui Guang Jun as independent non-executive Directors.

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.

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CHINA SOUTHERN AIRLINES COMPANY LIMITED

By _____ /s/ Su Liang

Name: Su Liang

Title: Company Secretary

Date: October 31, 2005