

CHINA SOUTHERN AIRLINES CO LTD  
Form 20-F  
April 27, 2012

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 20-F**

**(Mark One)**

**..REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934**

**For the fiscal year ended December 31, 2011**

**OR**

**..TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**OR**

**..SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-14660

(Exact name of Registrant as specified in its charter)

**CHINA SOUTHERN AIRLINES COMPANY LIMITED**

(Translation of Registrant's name into English)

**THE PEOPLE'S REPUBLIC OF CHINA**

(Jurisdiction of incorporation or organization)

**278 JI CHANG ROAD**

**GUANGZHOU, 510405**

**PEOPLE'S REPUBLIC OF CHINA**

(Address of principal executive offices)

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**PEOPLE'S REPUBLIC OF CHINA**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
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Ordinary H Shares of par value RMB1.00 per share represented by American Depository Receipts	New York Stock Exchange
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Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

SEC 1852 (05-06) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 7,022,650,000 ordinary A Shares of par value RMB1.00 per share and 2,794,917,000 ordinary H Shares of par value RMB1.00 per share were issued and outstanding as of December 31, 2011.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No



Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards  Other   
as issued by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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## FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. These statements appear in a number of different places in this Annual Report. A forward-looking statement is usually identified by the use in this Annual Report of certain terminology such as “estimate”, “project”, “expect”, “intend”, “believe”, “plan”, “anticipate”, “may”, or their negatives or other comparable words. Also look for discussions of strategy that involve risks and uncertainties. Forward-looking statements include statements regarding the outlook for our future operations, forecasts of future costs and expenditures, evaluation of market conditions, the outcome of legal proceedings (if any), the adequacy of reserves, or other business plans. You are cautioned that such forward-looking statements are not guarantees and involve risks, assumptions and uncertainties. Our actual results may differ materially from those in the forward-looking statements due to risks facing the Company or due to actual facts differing from the assumptions underlying those forward-looking statements.

Some of these risks and assumptions, in addition to those identified under Item 3, “Key Information - Risk Factors,” include:

- general economic and business conditions in markets where the Company operates, including changes in interest rates;

- the effects of competition on the demand for and price of our services;

- natural phenomena;

- the impact of unusual events on our business and operations;

- actions by government authorities, including changes in government regulations, and changes in the CAAC’s regulatory policies;

- our relationship with China Southern Air Holding Company (the “CSAHC”);

- uncertainties associated with legal proceedings;

- technological development;

- our ability to attract key personnel and attract new talent;
- future decisions by management in response to changing conditions;
- the Company's ability to execute prospective business plans;
- the availability of qualified flight personnel and airport facilities; and
- misjudgments in the course of preparing forward-looking statements.

The Company advises you that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company, the Group and persons acting on their behalf.

#### INTRODUCTORY NOTE

In this Annual Report, unless the context indicates otherwise, the "Company", "we", "us" and "our" means China Southern Airlines Company Limited, a joint stock company incorporated in China on March 25, 1995, the "Group" means the Company and its consolidated subsidiaries, and "CSAHC" means China Southern Air Holding Company, the Company's parent company which holds a 53.07% interest in the Company as of April 20, 2012.

References to "China" or the "PRC" are to the People's Republic of China, excluding Hong Kong, Macau and Taiwan. References to "Renminbi" or "RMB" are to the currency of China, references to "U.S. dollars", "\$" or "US\$" are to the currency of the United States of America (the "U.S." or "United States"), and reference to "HK\$" is to the currency of Hong Kong. Reference to the "Chinese government" is to the national government of China. References to "Hong Kong" or "Hong Kong SAR" are to the Hong Kong Special Administrative Region of the PRC. References to "Macau" or "Macau SAR" are to the Macau Special Administrative Region of the PRC.

The Company presents its consolidated financial statements in Renminbi. The consolidated financial statements of the Company for the year ended December 31, 2011 (the “Financial Statements”) have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IAS”) and interpretations issued by the International Accounting Standards Board (the “IASB”).

Solely for the convenience of the readers, this Annual Report contains translations of certain Renminbi amounts into U.S. dollars at the rate of US\$1.00 = RMB6.3009, which is the average of the buying and selling rates as quoted by the People’s Bank of China at the close of business on December 31, 2011. No representation is made that the Renminbi amounts or U.S. dollar amounts included in this Annual Report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. Any discrepancies in the tables included herein between the amounts listed and the totals are due to rounding.

## GLOSSARY OF AIRLINE INDUSTRY TERMS

In this Annual Report, unless the context indicates otherwise, the following terms have the respective meanings set forth below.

### Capacity Measurements

“available seat kilometers” or “ASKs” the number of seats made available for sale multiplied by the kilometers flown

“available ton kilometers” or “ATKs” the tons of capacity available for the transportation of revenue load (passengers and cargo) multiplied by the kilometers flown

### Traffic Measurements

“cargo ton kilometers” the load in tons multiplied by the kilometers flown

“revenue passenger kilometers” or “RPKs” the number of passengers carried multiplied by the kilometers flown

“revenue ton kilometers” or “RTKs” the load (passenger and cargo) in tons multiplied by the kilometers flown

### Yield Measurements

“average yield” revenue from airline operations (passenger and cargo) divided by RTKs

“cargo yield” revenue from cargo operations divided by cargo ton kilometers

“passenger yield” revenue from passenger operations divided by RPKs

“ton” a metric ton, equivalent to 2,204.6 pounds

#### Load Factors

“breakeven load factor” the load factor required to equate scheduled traffic revenue with operating costs assuming that total operating surplus is attributable to scheduled traffic operations

“overall load factor” RTKs expressed as a percentage of ATKs

“passenger load factor” RPKs expressed as a percentage of ASKs

#### *Utilization*

“utilization rates” the actual number of flight and taxi hours per aircraft per operating day



Equipment

“expendables” aircraft parts that are ordinarily used up and replaced with new parts

“rotables” aircraft parts that are ordinarily repaired and reused

Others

“ADR” American Depositary Receipt

“A Shares” Shares issued by the Company to investors in the PRC for subscription in RMB, with par value of RMB1.00 each

“CAAC” Civil Aviation Administration of China

“CAOSC” China Aviation Oil Supplies Company

“CSRC” China Securities Regulatory Commission

“H Shares” Shares issued by the Company, listed on The Stock Exchange of Hong Kong Limited and subscribed for and traded in Hong Kong dollars, with par value of RMB1.00 each

“Nan Lung” Nan Lung Holding Limited (a wholly-owned subsidiary of CSAHC)

“NDRC” National Development and Reform Commission of China

“SA Finance” Southern Airlines Group Finance Company Limited

“SAFE” State Administration of Foreign Exchange of China

“SEC” United States Securities and Exchange Commission

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.

Not applicable.

### ITEM 3. KEY INFORMATION.

#### A. Selected Financial Data.

The following tables present selected financial data for the five-year period ended December 31, 2011. The selected consolidated income statement data for the three-year period ended December 31, 2009, 2010 and 2011 and selected consolidated statement of financial position data as of December 31, 2010 and 2011 excluding basic and diluted earnings per ADR, are derived from the consolidated financial statements of the Company, including the related notes, included elsewhere in this Annual Report. The selected consolidated income statement data for the years ended December 31, 2007 and 2008 and selected consolidated statement of financial position data as of December 31, 2007, 2008 and 2009 are derived from the Company's audited consolidated financial statements that are not included in this Annual Report.

Moreover, the selected financial data should be read in conjunction with our consolidated financial statements together with accompanying notes and "Item 5. Operating and Financial Review and Prospects" are included elsewhere in this Annual Report. Our consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRSs.

**Year ended December 31,**

2011	2011	2010	2009	2008	2007
US\$	RMB	RMB	RMB	RMB	RMB

(in million, except per share and per ADR data)

**Consolidated Income Statement Data:**

Operating revenue	14,346	90,395	76,495	54,802	55,288	54,401
Operating expenses	(13,817)	(87,063)	(70,689)	(55,355)	(61,771)	(52,960)
Operating profit/(loss)	691	4,353	6,282	1,436	(5,650)	1,877
profit/(loss) before taxation	1,099	6,930	8,089	428	(4,728)	2,875
profit/(loss) for the year	966	6,090	6,412	524	(4,789)	2,029
profit/(loss) attributable to:						
Equity shareholders of the Company	810	5,110	5,792	327	(4,826)	1,836
Non-controlling interests	156	980	620	197	37	193
Basic and diluted earnings/(loss) per share	0.08	0.52	0.70	0.05	(0.74)	0.28
Basic and diluted earnings/(loss) per ADR	4.13	26.02	34.83	2.31	(36.78)	13.99

**Year ended December 31,**

2011	2011	2010	2009	2008	2007
US\$	RMB	RMB	RMB	RMB	RMB

(in million)

**Consolidated Statement of Financial Position Data:**

Cash and cash equivalents	1,565	9,863	10,404	4,343	4,649	3,824
Other current assets	1,527	9,622	5,455	4,785	4,599	4,966
Asset classified as held for sale	-	-	-	529	-	-
Property, plant and equipment, net	13,920	87,711	80,214	63,673	53,237	58,441
Total assets	20,539	129,412	111,335	94,856	83,151	82,118
Bank and other loans, including long-term bank and other loans due within one year	2,982	18,789	9,324	17,452	22,178	24,948
Short-term financing bills	-	-	-	-	2,000	-
Obligations under capital leases due within one year	283	1,784	1,654	1,431	1,781	2,877
Bank and other loans, excluding balance due within one year	4,608	29,037	31,876	27,875	17,429	9,074
Obligations under capital leases, excluding balance due within one year	2,230	14,053	12,776	11,887	11,157	12,858
Total equity	5,995	37,777				