
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of China Southern Airlines Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



中国南方航空股份有限公司
CHINA SOUTHERN AIRLINES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1055)

**(1) PROPOSED A SHARE ISSUANCE AND CONNECTED TRANSACTIONS
IN RESPECT OF THE PROPOSED A SHARE ISSUANCE;
AND
(2) SUPPLEMENTAL NOTICE OF THE AGM**

**Independent financial adviser to the Independent Board Committee
and Independent Shareholders**



SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 19 of this circular. A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular. A letter from the independent financial adviser to the Independent Board Committee and Independent Shareholders, is set out on pages 22 to 42 of this circular.

A supplemental notice of the AGM to be held at No. 3301 Conference Room, 33rd Floor, China Southern Air Building, No. 68 Qixin Road, Baiyun District, Guangzhou, Guangdong Province, the PRC at 2:30 p.m. on Friday, 29 May 2026 are set out on pages AGM-1 to AGM-7 of this circular. Whether or not you intend to be present at the AGM or any adjournment thereof, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 24 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting at the AGM or any adjournment thereof if you so wish.

14 May 2026

DEFINITION

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	A share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“A Share Convertible Bonds”	the A Share convertible bonds issued by the Company on 15 October 2020 with nominal value of RMB100 each and the adjusted conversion price of RMB6.17 per Share, the conversion period of which is from 21 April 2021 to 14 October 2026
“A Share Issuance” or “Proposed A Share Issuance”	the proposed issuance of new A Shares to not more than 35 specific investors (including CSAH) under the Specific Mandate
“A Share Subscription Agreement”	the share subscription agreement entered into between the Company and CSAH on 29 April 2026, pursuant to which the Company agreed to allot and issue, and CSAH agreed to subscribe for, new A Shares in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million) at the A Share Subscription Price
“A Share Subscription Price”	the subscription price for new A Shares under the A Share Issuance
“AGM”	an annual general meeting of the Company to be convened at 2:30 p.m. on Friday, 29 May 2026
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	China Southern Airlines Company Limited, a company incorporated under the laws of the PRC whose H Shares, A Shares are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively

DEFINITION

“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“CSAH”	China Southern Air Holding Company Limited, a state-owned enterprise established under the laws of the PRC and the controlling shareholder of the Company
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	H share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to advise the Independent Shareholders in relation to the A Share Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the A Share Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than CSAH and its associates
“Latest Practicable Date”	8 May 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nan Lung”	Nan Lung Holding Limited, a wholly-owned subsidiary of CSAH

DEFINITION

“Price Benchmark Date”	the first day of the issuance period of the A Share Issuance
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	collectively, A Shares and H Shares
“Shareholder(s)”	the holders of Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board in relation to the A Share Issuance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



中国南方航空股份有限公司
CHINA SOUTHERN AIRLINES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1055)

Directors:

Executive Directors:

Ma Xu Lun (*Chairman of the Board*)

Han Wen Sheng (*Vice Chairman of the Board
and President*)

Cai Zhi Zhou

Registered address:

Unit 301, 3/F, Office Tower
Guanhao Science Park Phase I
12 Yuyan Street, Huangpu District
Guangzhou, Guangdong Province
PRC 510530

Independent Non-Executive Directors:

Pansy Catilina Chiu King Ho

Guo Wei

Zhang Jun Sheng

Zhu Hai Ping

Employee Director:

Zhang Tao

14 May 2026

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED A SHARE ISSUANCE AND CONNECTED TRANSACTIONS
IN RESPECT OF THE PROPOSED A SHARE ISSUANCE;
AND
(2) SUPPLEMENTAL NOTICE OF THE AGM**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 29 April 2026 in relation to the Proposed A Share Issuance and the connected transactions in respect of the Proposed A Share Issuance. The purpose of this circular is, among other things, to provide you with more information in relation to the aforesaid matters, and to enable you to make an informed decision on whether to vote for or against the resolutions at the AGM.

LETTER FROM THE BOARD

II. PROPOSED A SHARE ISSUANCE AND CONNECTED TRANSACTIONS IN RESPECT OF PROPOSED A SHARE ISSUANCE

On 29 April 2026, the Board resolved to put forward to the general meeting to approve the issuance of not more than 5,436,289,835 new A Shares (including 5,436,289,835 A Shares) to not more than 35 specific investors (including CSAH) at the A Share Subscription Price, and as part of the A Share Issuance, to enter into the A Share Subscription Agreement with CSAH, pursuant to which CSAH will subscribe for new A Shares at the A Share Subscription Price in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million). The total funds to be raised from the proposed A Share Issuance will be not more than RMB15,000 million (including RMB15,000 million), which will be utilised to purchase new aircraft and supplement the general working capital of the Company.

1. A Share Issuance

The Board proposed to put forward to the general meeting to approve, inter alia, the issuance of not more than 5,436,289,835 new A Shares (including 5,436,289,835 A Shares) to not more than 35 specific investors (including CSAH) at the A Share Subscription Price, with the total issue size of not more than RMB15,000 million (including RMB15,000 million). A summary of the proposal of the A Share Issuance is set out below:

Number of new A Shares to be issued

The total number of new A Shares to be issued under the A Share Issuance shall not be more than 5,436,289,835 A Shares (including 5,436,289,835 A Shares). The actual number of A Shares to be issued under the A Share Issuance shall be calculated by dividing the total raised proceeds by the A Share Subscription Price and, in accordance with Article 4 of the “Application Opinions on Articles 9, 10, 11, 13, 40, 57, and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Securities and Futures Legal Application Opinion No. 18” (《<上市公司證券發行註冊管理辦法>第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見–證券期貨法律適用意見第18號》), shall not be more than 30% of the total issued Shares immediately prior to the issuance, i.e., not exceeding 5,436,289,835 A Shares (including 5,436,289,835 A Shares). In case of ex-right or ex-dividend events including distribution of dividend, bonus issue and transfer to share capital from capital reserve or other events leading to changes in the total share capital of the Company during the period from the date of Board resolutions approving the A Share Issuance (i.e. 29 April 2026) to the date of issuance of such new A Shares, the maximum number of A Shares to be issued under the A Share Issuance shall be adjusted accordingly.

With reference to the illustrative A Share Subscription Price of not less the RMB4.61 as mentioned in the sub-paragraph headed “A Share Subscription Price” below, the Company may, for illustrative purpose, issue 3,253,796,095 new A Shares.

LETTER FROM THE BOARD

The final number of A Shares to be issued will be determined by the Board or its authorised person(s) within the authorisation of the general meeting upon discussions with the sponsor (the lead underwriter) (*Note*) based on the actual subscription circumstances after the A Share Issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration. (*Note*: The sponsor (the lead underwriter) will be engaged and the sponsor agreement will be entered into by the Company on normal commercial terms as and when appropriate.)

Target subscribers

As at the Latest Practicable Date, save for CSAH who has entered into the A Share Subscription Agreement with the Company, the other specific investors for the A Share Issuance are yet to be identified. The other specific investors for the A Share Issuance include securities investment and fund management companies, securities companies, trust companies, financial companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal entity investors, natural person or other qualified investors that satisfy the requirements of CSRC. Securities investment and fund management company, securities company, qualified foreign institutional investor and Renminbi qualified foreign institutional investor subscribing for the Shares through more than two products under their management shall be regarded as one subscriber under the A Share Issuance. Trust companies, as subscribers under the A Share Issuance, are limited to use their own funds to subscribe for the Shares.

Such other specific investors shall be determined by the Board or its authorised person(s) within the authorisation of the general meeting and upon discussions with the sponsor (the lead underwriter) based on the subscription quotations in accordance with the relevant laws and regulations and the requirements of regulatory authorities after the A Share Issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration.

It is expected that, save for CSAH, all other specific investors and the ultimate beneficial owners thereof will be third parties independent of the Company and the connected persons of the Company. If any of such specific investors (other than CSAH) shall be a connected person of the Company, the Company will take all reasonable measures to comply with the relevant requirements under Chapter 14A of the Listing Rules.

A Share Subscription Price

The Price Benchmark Date of the A Share Subscription Price shall be the first day of the issuance period of the new A Shares and therefore could not be determined as at the Latest Practicable Date.

The A Share Subscription Price shall be not less than the higher of (i) 80% of the average trading price of the A Shares as quoted on the Shanghai Stock Exchange in the 20 trading days immediately prior to the Price Benchmark Date, and (ii) the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance (rounded up to the nearest two decimal places) (the “**Subscription Base Price**”).

LETTER FROM THE BOARD

The average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date.

The pricing principle of the Subscription Base Price was mainly based on the requirements of the Measures for Administration and Registration of the Issue of Securities by Listed Companies (《上市公司證券發行註冊管理辦法》) issued by CSRC, in which, among others, (i) the issue price of A share issuance to specific entities shall be not lower than 80% of the average trading price of the company's shares during the 20 trading days preceding the pricing benchmark date and (ii) the pricing benchmark date shall be the first day of issuance period.

For illustrative purpose only, (i) as at the date of Board resolution approving the A Share Issuance (i.e. 29 April 2026), the average trading price of A Shares as quoted on the Shanghai Stock Exchange in the immediately preceding 20 trading days was RMB5.76; and (ii) the Company's audited net asset value per Share attributable to equity shareholders of the Company as at 31 December 2025 is RMB1.96. Based on the abovementioned pricing principles and the information available to the Company, the illustrative A Share Subscription Price shall be not less than RMB4.61 per Share.

Where there are any ex-right or ex-dividend events, including distribution of dividend, bonus issue, rights issue, and transfer to share capital from capital reserve, during the period from the balance sheet date of the Company's latest audited financial report to the date of issuance of such new A Shares, the abovementioned audited net asset value per Share will be adjusted accordingly.

Where there are ex-right or ex-dividend events including distribution of cash dividend, bonus issue and transfer to share capital from capital reserve during the period from the Price Benchmark Date to the date of issuance of the new A Shares, the A Share Subscription Price shall be adjusted in view of the ex-right or ex-dividend events. The adjustment methods are set out as follows:

- (1) When distributing cash dividends only, the adjustment formula will be: $P_1 = P_0 - D$
- (2) When issuing bonus shares or capitalising capital reserve, the adjustment formula will be: $P_1 = P_0 / (1 + N)$
- (3) When distributing cash dividends, issuing bonus shares or capitalising capital reserve were performed simultaneously, the adjustment formula will be: $P_1 = (P_0 - D) / (1 + N)$

whereas P_1 represents the adjusted issue price, P_0 represents the issue price before adjustment, D represents cash dividends per Share and N represents the number of bonus shares per Share or number of Shares resulting from capitalisation of capital reserve to be issued for each Share.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no intention to conduct any ex-right or ex-dividend event prior to the A Share Issuance.

Based on the above Subscription Base Price, the final A Share Subscription Price will be determined by the Board or its authorised person(s) within the authorisation of the general meeting upon discussions with the sponsor (the lead underwriter) based on the subscription quotations in the market bidding process accordance with the relevant laws and regulations and the requirements of regulatory authorities after the A Share Issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration. The determination of the final A Share Subscription Price through market bidding process is mainly based on the requirements of the Detailed Rules for the Implementation of the Offering and Underwriting Business for Securities of Listed Companies on the Shanghai Stock Exchange (《上海證券交易所上市公司證券發行與承銷業務實施細則》) and Measures for the Administration of the Offering and Underwriting of Securities (《證券發行與承銷管理辦法》). During the market bidding process, the principle of price priority (i.e. the subscriber who offers higher price has the priority to subscribe the shares over the subscriber who offers lower price in the process of subscription) will apply. Based on the above, the Board considers that the basis of determination of the A Share Subscription Price is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

For illustrative purpose only, the closing price per A Share quoted on the Shanghai Stock Exchange as at the date of Board resolutions approving the A Share Issuance (i.e. 29 April 2026) was RMB5.50.

Lock-up period

The new A Shares to be subscribed by the specific investors (save for CSAH) shall not be transferred within 6 months from the completion date of the issuance thereof. CSAH undertakes that the new A Shares to be subscribed by CSAH shall not be transferred within 36 months from the completion date of the issuance thereof. The same lock-up requirement is applicable for the A Shares the subscribers may subsequently obtain due to distribution of share dividend, transfer to share capital from capital reserve and rights issue by the Company during the lock-up period. Upon expiration of the lock-up period, the change in holding of the Shares by the subscribers shall be implemented in accordance with the requirements of the CSRC and the Shanghai Stock Exchange.

If the CSRC or the Shanghai Stock Exchange has new regulations or requirements for the above-mentioned lock-up period arrangement, the above-mentioned lock-up period arrangement will be revised and implemented in accordance with the regulations or requirements of the regulatory authorities.

LETTER FROM THE BOARD

Subscription method

All specific investors (including CSAH) shall subscribe for the A Shares under the A Share Issuance in cash and at the same price.

A Share Subscription Agreement

In relation to and as part of the A Share Issuance, on 29 April 2026, CSAH entered into the A Share Subscription Agreement with the Company, pursuant to which, the Company will issue and CSAH will at the A Share Subscription Price subscribe for new A Shares in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million), the consideration of which shall be paid by cash.

Date

29 April 2026

Parties

- (1) The Company, as the issuer
- (2) CSAH, as the subscriber

Number of new A Shares to be issued

CSAH will subscribe for new A Shares under the A Share Issuance in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million). The number of A Shares to be subscribed by CSAH under the A Share Issuance is calculated by dividing the total commitment amount of CSAH by the A Share Subscription Price and rounded down to the nearest integer. The Company has the right to make final decision on matters such as the number, the subscription price and the subscription amount of the new A Shares to be subscribed by CSAH according to the laws of the PRC and the issuance plan to be approved for registration by the CSRC.

Lock-up period

CSAH undertakes that the new A Shares to be subscribed by CSAH shall not be transferred within 36 months from the completion date of the issuance thereof. The same lock-up requirement is applicable for the A Shares CSAH may subsequently obtain due to distribution of share dividend, transfer to share capital from capital reserve and rights issue by the Company during the lock-up period. Upon expiration of the lock-up period, the change in holding of the Shares by CSAH shall be implemented in accordance with the requirements of the CSRC and Shanghai Stock Exchange.

LETTER FROM THE BOARD

If the CSRC or the Shanghai Stock Exchange has new regulations or requirements for the above-mentioned lock-up period arrangement, the above-mentioned lock-up period arrangement will be revised and implemented in accordance with the regulations or requirements of the regulatory authorities.

Subscription Price

CSAH shall subscribe for new A Shares at the A Share Subscription Price as set forth in the paragraph headed “A Share Subscription Price” of this section.

CSAH will not participate in the market bidding process in relation to the A Share Issuance. CSAH will accept the market bidding results and subscribe for Shares at the same price with other specific investors. If the subscription price of the A Share Issuance cannot be determined by bidding process, CSAH will continue to participate in the A Share Issuance by subscribing for the Shares at the subscription base price (i.e. the higher of (i) 80% of the average trading price of the A Shares as quoted on the Shanghai Stock Exchange in the 20 trading days immediately prior to the Price Benchmark Date, and (ii) the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance (rounded up to the nearest two decimal places)).

After the conditions precedent set out below have all been satisfied, CSAH agreed to subscribe for the new A Shares to be issued pursuant to the Company’s notice and the A Share Subscription Agreement and to transfer in a lump sum the subscription consideration in cash to a designated bank account as notified by the Company in writing.

Conditions precedent

The A Share Subscription Agreement shall take effect after being executed by the legal or authorised representatives, as well as the satisfaction of the following conditions:

- (1) the approval of the Board and the approval at the general meeting of the A Share Issuance under the A Share Subscription Agreement have been obtained;
- (2) the approval by the board of directors of CSAH or the regulatory authority stipulated in the articles of association of CSAH of the subscription of the new A Shares by CSAH under the A Share Subscription Agreement has been obtained;
- (3) all necessary licences, authorisations, permits, consents and other forms of approvals from the relevant approval authorities, including but not limited to the competent authorities supervising and managing the state-owned assets, for the A Share Issuance contemplated under the A Share Subscription Agreement have been obtained; and
- (4) the A Share Issuance being reviewed and approved by the Shanghai Stock Exchange and being approved for registration by CSRC.

LETTER FROM THE BOARD

The Company and CSAH shall use their best efforts to make or cause to make necessary further action to fulfil the above conditions and A Share Issuance in accordance with the applicable laws and regulations.

In the event that the conditions set out above are not fulfilled within 12 months of the date of passing of the Shareholders' resolution approving the A Share Issuance, and an extension of the A Share Issuance has not been granted at general meetings, the A Share Subscription Agreement shall cease to be of any effect and the Company and CSAH shall have no claims against each other, save for claims arising out of any antecedent breach of the A Share Subscription Agreement. In the event that an extension of the A Share Issuance is granted at general meetings, the A Share Subscription Agreement shall remain pending for being effective until the conditions are all fulfilled or the expiry of the valid period of the relevant Shareholders' resolution in relation to the extension granted.

Completion

The completion of the A Share Subscription Agreement will take place when the Shanghai branch of the China Securities Depository and Clearing Corporation Limited confirms that the amount of new A Shares to be subscribed by CSAH pursuant to the A Share Subscription Agreement corresponding to the A Share Issuance to specific investors have been fully subscribed by CSAH and the registration has been completed.

2. Authorisation to the Board to Complete Matters Relating to the Proposed A Share Issuance

In order to ensure the smooth implementation of the relevant matters relating to the A Share Issuance, and pursuant to the laws, regulations and rules of stock exchanges, such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Measures on the Registration and Administration of Issuance of Securities by Listed Companies and the Listing Rules, as well as the relevant provisions of the Articles of Association, the Board has proposed to seek approval at the general meeting to authorise the Board and its authorised representative(s) with all the powers necessary to proceed with the matters relating to the A Share Issuance, including but not limited to:

- (1) that the Board be authorised to determine the method of issuance, the issue price, the amount of issuance, the timing of issuance, the commencement and completion date of issuance and issue targets within the scope of plan of the A Share Issuance as approved at the general meeting in accordance with regulatory requirements of the CSRC and other relevant regulatory departments;
- (2) that the Board be authorised to make appropriate adjustments to such plan as described above within the scope of the A Share Issuance as approved at the general meeting and the specific plans at the time of issuance, and to authorise the Board to make the necessary supplements, adjustments or amendments to the application materials, agreements or documents of the A Share Issuance in the event of changes

LETTER FROM THE BOARD

in the laws and regulations or policies of the relevant regulatory authorities in relation to the issue of shares to specific entities or the securities regulatory departments and other relevant government departments provide feedback and requirements on the plan and application materials of the A Share Issuance, or changes in the market conditions;

- (3) that the Board be authorised to amend, supplement, execute, submit, report and implement all the agreements or documents related to the A Share Issuance and the subscription, including but not limited to the subscription agreements and other documents and agreements required for the completion of the closing thereunder, all application documents submitted to the competent authorities supervising the state-owned assets and the CSRC and the Shanghai Stock Exchange, the written communications with the competent authorities supervising the state-owned assets, the CSRC, the Shanghai Stock Exchange and the Stock Exchange in relation to the issue and the subscription (if any) of new shares, as well as forms, letters and documents submitted to Shanghai branch of the China Securities Depository and Clearing Corporation Limited;
- (4) that the Board be authorised to proceed with the share registration procedures and do all appropriate and necessary acts within its scope, finalise A Share lock-up matters and complete the relevant industrial and commercial registration procedures (as applicable) after completion of fund raising of the A Share Issuance;
- (5) that the Board be authorised to make corresponding adjustments to the plans for A Share Issuance and the plan for use of proceeds, approve and execute any corresponding amendments to the share issue reporting documents relating to financial reporting and earnings forecast (if any) in accordance with the requirements of governing authority;
- (6) that the Board be authorised, within the scope of the use of proceeds raised and approved by the Shareholders at general meeting and according to the actual progress and the actual capital demand of the projects funded by the proceeds, to adjust or decide the specific arrangement of use of the proceeds; according to the actual progress and the operational needs of the projects, to use the Company's self-raised funds to implement the fund-raising investment project of this offering prior to the receipt of the proceeds first, and then replace the funds used after the proceeds raised are in place in accordance with the procedures prescribed by the relevant regulations; and to make necessary adjustments to the projects funded by the proceeds according to the relevant laws and regulations, the requirements of the regulatory authorities and the market conditions;
- (7) that the Board be authorised to set up special account for proceeds and handle matters related to the set-up of special account for proceeds, including but not limited to confirming and signing the relevant agreements and documents required for the set-up of the special account for proceeds;

LETTER FROM THE BOARD

- (8) under the premise of protecting the interests of the Company, to suspend, cease or terminate the A Share Issuance;
- (9) that, the Board be authorised to amend the relevant clauses of the Articles of Association based on the actual results of the A Share Issuance, and to authorize the Board to handle the relevant industrial and commercial registration of changes;
- (10) that the Board be authorised to execute all the documents relating to the A Share Issuance and to decide and handle all other matters relating thereto, subject to applicable laws and regulations and the provisions or requirements of relevant regulatory agencies or departments, save for those matters required by the relevant laws and regulations and the Articles of Association to be approved at the general meeting; and
- (11) the authorisation shall be effective for a period of 12 months from the date of approval on the resolution of authorisation at the general meeting.

On the basis of the abovementioned authorisation, the Board shall be approved to authorise the chairman of the Board, vice-chairman of the Board, any one executive director of the Company or any of his authorised person to decide, handle and deal with all matters relating to the A Share Issuance.

3. Ranking of New A Shares to be Issued under the Proposed A Share Issuance and Lock-up Period

The new A Shares to be issued pursuant to the A Share Issuance will rank, upon issue, *pari passu* in all respects with the A Shares in issue at the time of issue and allotment of such new A Shares, except that (i) the new A Shares to be issued to CSAH are subject to the lock-up period of 36 months; and (ii) the new A Shares to be issued to other specific investors are subject to the lock-up period of 6 months.

4. Application for Listing

The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the new A Shares to be issued under the A Share Issuance, upon expiry of the lock-up period abovementioned.

LETTER FROM THE BOARD

5. Shareholding Structure of the Company

The following table illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Proposed A Share Issuance:

Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Proposed A Share Issuance (assuming a maximum of 5,436,289,835 A Shares are fully subscribed and none of the outstanding A Share Convertible Bonds is converted) ^{2 and 3}		Immediately after completion of the Proposed A Share Issuance (assuming a maximum of 5,436,289,835 A Shares are fully subscribed and the outstanding A Share Convertible Bonds are fully converted) ^{2 and 3}	
	number of shares	percentage ratio (%)	number of shares	percentage ratio (%)	number of shares	percentage ratio (%)
CSAH (A Shares)	9,404,468,936	51.90%	13,028,662,159	55.31%	13,028,662,159	53.15%
Nan Lung (H Shares) ¹	2,648,836,036	14.62%	2,648,836,036	11.24%	2,648,836,036	10.81%
Public Shareholders						
A Shares	4,072,501,656	22.47%	5,884,598,268	24.98%	6,840,179,629	27.90%
H Shares	1,995,161,272	11.01%	1,995,161,272	8.47%	1,995,161,272	8.14%
Total	18,120,967,900	100.00%	23,557,257,735	100%	24,512,839,096	100%

Notes:

- The H Shares held by Nan Lung include 31,150,000 H Shares directly held by Perfect Lines (Hong Kong) Limited, a wholly-owned subsidiary of Nan Lung.
- Assuming that CSAH subscribes for new A Shares in the maximum amount of RMB10,000 million and the other specific investors subscribe for new A Shares in the remaining amount of RMB5,000 million, a maximum of 3,624,193,223 new A Shares will be issued by the Company to CSAH and 1,812,096,612 new A Shares will be issued by the Company to other specific investors.
- As at the Latest Practicable Date, the A Share Convertible Bonds with a nominal value of RMB5,895,937,000 were outstanding. Assuming the outstanding A Share Convertible Bonds are fully converted based on the conversion price of RMB6.17 per Share, the Company may issue approximately 955,581,361 A Shares.
- Following the completion of the Proposed A Share Issuance (irrespective of whether the outstanding A Share Convertible Bonds are fully converted or not), the Company will be able to continue to comply with the minimum prescribed public float requirements and open market requirements under Rule 8.08 and Rule 19A.28B of the Listing Rules.

6. Recent Fund Raising Activities and Use of Proceeds

The Company has not conducted any fund raising activities in the past 12 months preceding the Latest Practicable Date.

LETTER FROM THE BOARD

Assuming the maximum number of new A Shares at the A Share Subscription Price under the Proposed A Share Issuance will be issued, the Company will be able to raise gross proceeds of not more than RMB15,000 million (including RMB15,000 million) from the proposed A Share Issuance. The aggregate nominal value of the new A Shares to be issued under the Proposed A Share Issuance is not more than RMB5,436,289,835. The net price of each new A Share to be issued under the Proposed A Share Issuance will be determined and disclosed upon completion of the proposed A Share Issuance, as well as the determination of the relevant expenses incurred or to be incurred in relation to the Proposed A Share Issuance in accordance with the requirements of the Listing Rules.

Details on the use of proceeds raised in cash from the A Share Issuance (after deduction of relevant expenses for the Proposed A Share Issuance) are as follows:

Serial No.	Project Name	Total Investment Amount (RMB100 million)	Maximum Amount of Proceeds to be Used (RMB100 million)
1.	Procurement of 46 Aircraft ⁽¹⁾	380.01 ⁽³⁾	105.00
2.	Supplement the general working capital ⁽²⁾	45.00	45.00
Total		425.01	150.00

Notes:

1. The aircraft to be introduced are from purchase agreements signed by the Company in previous years and have been included in the Company's future fleet introduction plan disclosed in its annual reports, and does not involve the signing of new aircraft purchase agreements.
2. The general working capital of the Company to be supplemented by the proceeds from the A Share Issuance mainly includes payment for liquidity expenses incurred during the operation, including but not limited to fuel expenses, take-off and landing expenses, maintenance and repair expenses, and the purchase of aviation materials.
3. Converted at the exchange rate of US\$1: RMB6.9194.

If the actual proceeds to be raised in cash from the A Share Issuance (after deduction of relevant expenses for the Proposed A Share Issuance) are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust the above proceeds utilisation arrangement including the priority of the investment and the specific investment amount of each project according to the actual net proceeds raised, subject to the compliance with the relevant laws and regulations and according to the priorities of the projects. Any shortfall of proceeds shall be made up by the Company by utilising self-raised fund. In order to ensure the smooth progress of the investment projects and protect the interests of all Shareholders, before the actual receipt of the proceeds of the A Share Issuance, the Company will, depending on the actual situations of the progress of the above projects, first finance these projects by self-owned funds or self-raised funds, which will be replaced once the proceeds raised from the A Share Issuance have been received.

LETTER FROM THE BOARD

7. Reasons for and Benefits of the Proposed A Share Issuance

The total issue size of the Proposed A Share Issuance of not more than RMB15,000 million (including RMB15,000 million) was determined by reference to the Company's business development needs, current asset-liability structure, and the expected future capital expenditure (in particular, the capital expenditure needs on the introduction of aircraft and related equipment). The subscription size of CSAH of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million) represents one-third to two-thirds of the total issue size, and was determined by reference to (i) capital arrangement of CSAH; and (ii) the shareholding of CSAH in the Company of approximately 66.52% (representing approximately two-thirds of the total issued share capital of the Company). Taking into account the above consideration, the Board considers that, notwithstanding the potential dilution impacts to the existing Shareholders, the size of the Proposed A Share Issuance and the subscription amount of CSAH are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders.

The proceeds from the Proposed A Share Issuance, after deduction of expenses for issuance, will be used to purchase new aircraft and supplement the general working capital. This will help the Company continuously optimize its fleet structure and improve its capacity matching capabilities, providing strong support for the Company's efforts to serve national strategies and promote the construction of a modern civil aviation industry system during the 15th Five-Year Plan period. At the same time, the use of the proceeds raised will also help the Company optimize its capital structure, reduce its debt-to-asset ratio, promote the sustained growth of its principal business, and provide financial security for the Company's further stable operation, which is of significant strategic importance to achieving the Company's long-term sustainable development. As CSAH is the controlling shareholder of the Company, the subscription of CSAH for one-third to two-thirds of the total issue size of the Proposed A Share Issuance demonstrates to the market CSAH's strong recognition of the Company's long-term value and its confidence in the Company's future high-quality development. As CSAH is willing to inject further funding to the Company to show support to the Company, the Directors consider that it is in the interests of the Company to raise capital directly from CSAH and other specific investors by way of issuance to specific investors. The Company will be able to raise gross proceeds of not more than RMB15,000 million (including RMB15,000 million) from the proposed A Share Issuance if completed. The Directors consider that the A Share Subscription Price is fair and reasonable by taking into account the recent trading prices of the A Shares. For illustrative purposes, the closing prices of the A Shares were within a range between RMB5.41 and RMB8.29 per A Share during the period from 1 May 2025 to the Latest Practicable Date with an average closing price of RMB6.42 per A Share. Having considered the above, the Directors consider the terms of the Proposed A Share Issuance are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Proposed A Share Issuance and the A Share Subscription Agreement were entered into after arms-length negotiation and the terms therein are fair and reasonable, the transactions contemplated thereunder are, although not conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and are beneficial to the operation and long-term development of the Group and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

8. Listing Rules Implications

As CSAH is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. Consequently, the subscription of new A Shares by CSAH under the A Share Subscription Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The new A Shares to be issued pursuant to the Proposed A Share Issuance will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the AGM by way of special resolutions.

Among the eight Directors, four connected Directors, Mr. Ma Xu Lun, Mr. Han Wen Sheng, Mr. Cai Zhi Zhou and Mr. Zhang Tao, were required to abstain from voting in the Board meeting in respect of the resolutions to approve the A Share Subscription Agreement and the transactions contemplated thereunder due to their positions held in CSAH. All remaining four Directors who were entitled to vote, unanimously approved the above resolutions. The format and procedure for passing the resolutions were in compliance with the Company Law of the PRC and the Articles of Association.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders, and the Independent Board Committee comprising all four independent non-executive Directors has been established to advise the Independent Shareholders, in respect of the A Share Subscription Agreement and the transactions contemplated thereunder.

In respect of the proposed resolutions to approve the Proposed A Share Issuance, the A Share Subscription Agreement and the transactions contemplated thereunder, as at the Latest Practicable Date, CSAH and its associates, i.e., Nan Lung and Perfect Lines (Hong Kong) Limited, who are directly and indirectly holding an aggregate of 12,053,304,972 Shares, representing approximately 66.52% of the issued share capital of the Company, are required to abstain from voting at the AGM. Each of CSAH, Nan Lung and Perfect Lines (Hong Kong) Limited controls or is entitled to exercise control over the voting right in respect of its respective shares in the Company.

9. Information of the Contracting Parties

The Company

The principal business activity of the Company is that of civil aviation.

CSAH

CSAH is a state-owned enterprise established in the PRC. The principal business activity of CSAH is operating the Group and other enterprises which the Group invested in and which constitutes wholly state-owned assets and state-owned equity formed through the state's investments.

LETTER FROM THE BOARD

III. AGM

A notice convening the AGM to be held at 2:30 p.m. on Friday, 29 May 2026 at No. 3301 Conference Room, 33rd, China Southern Airlines Building, No. 68 Qixin Road, Bai Yun District, Guangzhou, Guangdong Province, the PRC and a form of proxy for the AGM have been despatched by the Company on 8 May 2026 and are also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.csair.com>).

A supplemental notice setting out the additional resolutions to be resolved at the AGM is set out on pages AGM-1 to AGM-7 of this circular and are also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.csair.com>).

Whether or not you intend to be present at the general meeting or any adjournment thereof, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 24 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending and voting at the AGM or any adjournment thereof if you so wish.

Pursuant to rule 13.39(4) of the Listing Rules and the Articles of Association, any vote of the Shareholders at the AGM must be taken by poll.

IV. RECOMMENDATION OF THE BOARD

The Directors consider that the Proposed A Share Issuance is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the abovementioned resolutions to be proposed at the AGM in respect of the A Share Issuance.

Having taken into account the advice of Independent Financial Adviser, the Independent Board Committee considers that (i) the terms of the A Share Subscription Agreement are fair and reasonable, (ii) the A Share Subscription Agreement and the transactions contemplated thereunder are, although not conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and (iii) the A Share Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM in respect of the A Share Subscription Agreement.

V. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 20 to 21 of this circular which contains its recommendation to the Independent Shareholders as to voting at the AGM in respect of the Proposed A Share Issuance, the A Share

LETTER FROM THE BOARD

Subscription Agreement and the transactions contemplated thereunder and to the letter from the Independent Financial Adviser as set out on pages 22 to 42 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the A Share Subscription Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the additional information set out in the Appendices to this circular.

By Order of the Board

Ma Xu Lun

Chairman



中国南方航空股份有限公司
CHINA SOUTHERN AIRLINES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1055)

14 May 2026

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS
IN RESPECT OF THE PROPOSED A SHARE ISSUANCE

INTRODUCTION

We refer to the circular (the “**Circular**”) of the Company dated 14 May 2026 of which this letter forms a part. Terms used in this letter have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you on whether, in our opinion, (i) the terms of the A Share Subscription Agreement are fair and reasonable, and (ii) the A Share Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 19 of the Circular and the letter from the Independent Financial Adviser as set out on pages 22 to 42 of the Circular, which contains, inter alia, their advice and recommendation regarding the terms of the A Share Subscription Agreement and the transactions contemplated thereunder with the principal factors and reasons for their advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the A Share Subscription Agreement and the transactions contemplated thereunder and taking into account the advice and recommendation of the Independent Financial Adviser, we are of the view that (i) the terms of the A Share Subscription Agreement are fair and reasonable, (ii) the A Share Subscription Agreement and the transactions contemplated thereunder are, although not conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and (iii) the A Share Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the relevant resolutions regarding the A Share Subscription Agreement and the transactions contemplated thereunder at the AGM.

Yours faithfully,

For and on behalf of

the Independent Board Committee of

CHINA SOUTHERN AIRLINES COMPANY LIMITED

Pansy Catilina Chiu

Guo Wei

Zhang Jun Sheng

Zhu Hai Ping

King Ho

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

14 May 2026

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSED A SHARE ISSUANCE AND CONNECTED TRANSACTIONS IN RESPECT OF THE PROPOSED A SHARE ISSUANCE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the A Share Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 14 May 2026 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

On 29 April 2026, the Board resolved to put forward to the general meeting to approve the issuance of not more than 5,436,289,835 new A Shares (including 5,436,289,835 A Shares) to not more than 35 specific investors (including CSAH) at the A Share Subscription Price, and as part of the A Share Issuance, to enter into the A Share Subscription Agreement with CSAH, pursuant to which CSAH will subscribe for new A Shares at the A Share Subscription Price in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million). The total funds to be raised from the proposed A Share Issuance will be not more than RMB15,000 million (including RMB15,000 million), which will be utilised to purchase new aircraft and supplement the general working capital of the Company.

As CSAH is the controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. Consequently, the subscription of new A Shares by CSAH under the A Share Subscription Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

independent shareholders' approval requirements under the Listing Rules. The new A Shares to be issued pursuant to the Proposed A Share Issuance will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the AGM by way of special resolutions.

The Independent Board Committee comprising all the independent non-executive Directors, namely Pansy Catilina Chiu King Ho, Guo Wei, Zhang Jun Sheng and Zhu Hai Ping, has been established to advise the Independent Shareholders in relation to the A Share Subscription Agreement and the transactions contemplated thereunder. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not associated or connected with the Company, CSAH or their respective associates, close associates or core connected persons and, accordingly, are considered eligible to give independent advice on the A Share Subscription Agreement and the transactions contemplated thereunder. In the last two years, we did not have other engagement with the Company or its associates except for having acted as the independent financial adviser to the Company in relation to the continuing connected transactions as disclosed in the circular of the Company dated 25 November 2025. We do not consider the past engagement as independent financial adviser gives rise to any conflict for us to act as the Independent Financial Adviser for the A Share Subscription Agreement. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, CSAH or their respective core associates, close associates or core connected persons. Accordingly, we are independent pursuant to Rule 13.84 of the Hong Kong Listing Rules and are considered eligible to give independent advice on the A Share Subscription Agreement and the transactions contemplated thereunder.

In formulating our advice and recommendation, we have reviewed, among others, (i) the A Share Subscription Agreement; (ii) annual reports of the Company for the years ended 31 December 2024 (“**FY2024**”) (the “**2024 Annual Report**”) and 2025 (“**FY2025**”) (the “**2025 Annual Report**”), and (iii) the Circular. In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, the “**Management**”) and the respective professional advisers of the Company and have assumed that they are true, accurate and complete in all material aspects and in relation to any opinions to be honestly held at the time they were made and will remain, in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held, up to the date of the AGM. We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the A Share Subscription Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group and CSAH

1.1. Background information of the Group

The principal business activity of the Company is that of civil aviation, including the provision of passenger, cargo mail delivery, and other extended transportation services. According to the 2025 Annual Report, the Group completed a total transportation turnover volume of 39.06 billion tonne kilometres, passenger transportation volume of 174 million passengers, and cargo and mail transportation volume of 1.958 million tonnes during the year ended 31 December 2025. As disclosed in the announcement of the Company dated 14 April 2026 in relation to its key operating data, as at 31 March 2026, the Group had a fleet of 971 commercial aircraft, of which 370 were self-owned, 320 were under operating leases, and 281 were under finance leases.

1.2. Background information of CSAH

CSAH, the controlling shareholder of the Company, is a state-owned enterprise established in the PRC. The principal business activity of CSAH is operating the Group and other enterprises which the Group invested in and which constitutes wholly state-owned assets and state-owned equity formed through the state's investments.

2. Reasons for and benefits of the Proposed A Share Issuance

As set out in the letter from the Board of the Circular, the proceeds from the Proposed A Share Issuance, after deduction of expenses for issuance, will be used to purchase new aircraft and supplement the general working capital. This will help the Company continuously optimize its fleet structure and improve its capacity matching capabilities, providing strong support for the Company's efforts to serve national strategies and promote the construction of a modern civil aviation industry system during the 15th Five-Year Plan period. At the same time, the use of the proceeds raised will also help the Company optimize its capital structure, reduce its debt-to-asset ratio, promote the sustained growth of its principal business, and provide financial security for the Company's further stable operation, which is of significant strategic importance to achieving the Company's long-term sustainable development. As CSAH is the controlling shareholder of the Company, the subscription of CSAH for one-third to two-thirds of the total issue size of the Proposed A Share Issuance demonstrates to the market CSAH's strong recognition of the Company's long-term value and its confidence in the Company's future high-quality development. As CSAH is willing to inject further funding to the Company to show support to the Company, the Directors consider that it is in the interests of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company to raise capital directly from CSAH and other specific investors by way of issuance to specific investors. The Company will be able to raise gross proceeds of not more than RMB15,000 million (including RMB15,000 million) from the proposed A Share Issuance if completed.

We have discussed with the Management on the reasons for and the benefits of the Proposed A Share Issuance and performance of our independent work done as set out below:

2.1. Overview of the aviation industry of the PRC and performance of the Group during FY2025

As set out in the 2025 Annual Report, in 2025, the scale of the transportation and production of China's civil aviation industry continued to grow, with the total annual transportation turnover volume, annual passenger transportation volume and annual cargo and mail transportation volume amounting to 164.08 billion tonne kilometres, 770 million passengers and 10.172 million tonnes, representing a year-on-year increase of 10.5%, 5.5% and 13.3%, respectively. During FY2025, the Group completed a total transportation turnover volume of 39.06 billion tonne kilometres, passenger transportation volume of 174 million passengers, and cargo and mail transportation volume of 1.958 million tonnes. For FY2025, the Group's total operating revenue increased by RMB8,032 million or 4.61% from RMB174,224 million in 2024 to RMB182,256 million in 2025. The Group also recorded the net profit attributable to equity shareholders of the Company of RMB855 million for FY2025 as compared to the net loss attributable to equity shareholders of the Company of RMB1,769 million for FY2024.

As disclosed in the 2025 Annual Report, it is expected that the supporting conditions and underlying trend of China's economy with a long-term positive outlook will remain unchanged. The Group will fully implement the overarching approach for quality development, enhance its strategic management capabilities to ensure sustainable and high-quality safety, further improve quality and efficiency, systematically strengthen brand building, accelerate the implementation of major strategies and key reform tasks, and steadily progress toward the goal of building a world-class air transportation enterprise. Among others, the Group will comprehensively enhance its passenger operation capabilities, build core competitiveness in logistics, and deepen lean cost control. The Group will increase capacity deployment in the international passenger market and strive to secure additional flight slots. In view of the organic expansion and development strategy of the Group, the Group has continued to explore various means of fund-raising activities to satisfy its development plan of core business and working capital requirement.

2.2. Financial positions of the Group

As at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB111,526 million. As at 31 December 2025, the Group has cash and cash equivalents of approximately RMB9,402 million, representing a decrease of approximately 27.6% as compared to that as at 31 December 2024. Total interest-bearing liabilities of the Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

amounted to approximately RMB238,423 million, of which approximately RMB105,442 million are due within 1 year. Despite the Group has unutilised credit facilities of approximately RMB313,527 million as at 31 December 2025, the Management considers there is an on-going financing need to maintain sufficient liquidity cushion to support its expansion plan and working capital requirements, as well as meeting its repayment obligation of its borrowing.

2.3. Use of proceeds from the A Share Issuance

As set out in the letter from the Board of the Circular, approximately RMB10,500 million (or approximately 70%) of the net proceeds raised in cash from the A Share Issuance (after deduction of relevant expenses for the Proposed A Share Issuance) will be used for funding the procurement of 46 aircrafts, which is expected to incur a total investment of RMB38,001 million. The remaining 30% (or approximately RMB4,500 million) will be used to supplement the general working capital of the Group.

2.4. Alternative fund-raising methods

As disclosed in the 2025 Annual Report, as at 31 December 2025, the Company's capital commitments related to the acquisition of aircraft, engines and related flight equipment was RMB104,951 million. Such capital commitments need to be supplemented by debt and equity financing of the Company. As advised by the Company, other than the Proposed A Share Issuance, the Company considered the feasibility of other fundraising methods such as debt financing from banks or other financial institutions and equity financing to raise sufficient funding to finance its acquisition of new aircraft and supplement its general working capital.

For debt financing from banks or other financial institutions, the Company considered that it will incur additional interest expenses and leverage on the Group, which would worsen the gearing ratio and the liquidity position of the Group and be contradictory to the Company's intentions of fundraising as compared to the Proposed A Share Issuance. As at 31 December 2024 and 2025, the Group's gearing ratio (defined as total borrowings divided by total equity) was approximately 248% and 243%, respectively. If the proceeds to be raised from the Proposed A Share Issuance (i.e. maximum of RMB15,000 million) is raised by interest-bearing borrowing, the Company will incur significant interest expenses and puts further pressure on the Company's liquidity. Furthermore, debt financing from banks or other financial institutions may also be subject to lengthy due diligence and risk assessment procedures by banks or other financial institutions. Taking into account the above, the Management considers debt financing from banks or other financial institutions not preferable.

As for equity financing, with reference to Rule 9 of the Measures for Administrative and Registration of the Issue of Securities by Listed Companies 《上市公司證券發行註冊管理辦法(2025修正)》 (CSRC Order No. 227) (the “**Administrative Measures**”), company listed on main board of a stock exchange in the PRC must meet certain requirement before conducting a rights issue or public issuance of shares. These requirements include (i) having made a profit in the last three years; and (ii) for public issuance of share, having at least 6% of weighted

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

average return on net assets over the last three years. As the Group recorded net loss attributable equity shareholders of the Company for the year ended 31 December 2023 and 2024, the public issuance of Shares is not feasible under the regulatory requirements of the CSRC.

Having considered the above, the Company considers that the Proposed A Share Issuance is currently the most appropriate fundraising method for the Group.

Taking into account the above factors, in particular (i) our discussions with the Management on the reasons for the Proposed A Share Issuance, being for the purchase new aircraft and supplement the general working capital to support business development, after considering various alternative fund-raising methods; and (ii) our independent research on the overview of the aviation industry of the PRC as well as the Group's financial performance and position, supporting the demand for organic expansion and development of the Group, we concur with the Company that the Proposed A Share Issuance, although not conducted in the ordinary and usual course of the Group's business, are beneficial to the operation and long-term development of the Group and in the interests of the Company and its Shareholders as a whole.

3. Principal terms of the A Share Subscription Agreement

The terms of the A Share Subscription Agreement are same as the A Share Issuance, details of which are set out in the section headed "II. Proposed A Share Issuance and Connected Transactions in respect of Proposed A Share Issuance – 1. A Share Issuance – A Share Subscription Agreement" in the Letter from the Board. The major terms are set out as follows:

Date:	29 April 2026
Parties:	(1) The Company, as the issuer (2) CSAH, as the subscriber
Number of new A Shares to be issued:	CSAH will subscribe for new A Shares under the A Share Issuance in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million). The number of A Shares to be subscribed by CSAH under the A Share Issuance is calculated by dividing the total commitment amount of CSAH by the A Share Subscription Price and rounded down to the nearest integer. The Company has the right to make final decision on matters such as the number, the subscription price and the subscription amount of the new A Shares to be subscribed by CSAH according to the laws of the PRC and the issuance plan to be approved for registration by the CSRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Lock-up period: CSAH undertakes that the new A Shares to be subscribed by CSAH shall not be transferred within 36 months from the completion date of the issuance thereof. The same lock-up requirement is applicable for the A Shares CSAH may subsequently obtain due to distribution of share dividend, transfer to share capital from capital reserve and rights issue by the Company during the lock-up period. Upon expiration of the lock-up period, the change in holding of the Shares by CSAH shall be implemented in accordance with the requirements of the CSRC and Shanghai Stock Exchange.

If the CSRC or the Shanghai Stock Exchange has new regulations or requirements for the above-mentioned lock-up period arrangement, the above-mentioned lock-up period arrangement will be revised and implemented in accordance with the regulations or requirements of the regulatory authorities.

A Share Subscription Price: The Price Benchmark Date of the A Share Subscription Price shall be the first day of the issuance period of the new A Shares and therefore could not be determined as at the Latest Practicable Date.

The A Share Subscription Price shall be not less than the higher of (i) 80% of the average trading price of the A Shares as quoted on the Shanghai Stock Exchange in the 20 trading days immediately prior to the Price Benchmark Date, and (ii) the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance (rounded up to the nearest two decimal places) (i.e. the Subscription Base Price).

The average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The pricing principle of the Subscription Base Price was mainly based on the requirements of the Measures for Administration and Registration of the Issue of Securities by Listed Companies (《上市公司證券發行註冊管理辦法》) issued by CSRC, in which, among others, (i) the issue price of A share issuance to specific entities shall be not lower than 80% of the average trading price of the company's shares during the 20 trading days preceding the pricing benchmark date and (ii) the pricing benchmark date shall be the first day of issuance period.

For illustrative purpose only, (i) as at the date of Board resolution approving the A Share Issuance (i.e. 29 April 2026), the average trading price of A Shares as quoted on the Shanghai Stock Exchange in the immediately preceding 20 trading days was RMB5.76; and (ii) the Company's audited net asset value per Share attributable to equity shareholders of the Company as at 31 December 2025 is RMB1.96. Based on the abovementioned pricing principles and the information available to the Company, the illustrative A Share Subscription Price shall be not less than RMB4.61 per Share.

Where there are any ex-right or ex-dividend events, including distribution of dividend, bonus issue, rights issue, and transfer to share capital from capital reserve, during the period from the balance sheet date of the Company's latest audited financial report to the date of issuance of such new A Shares, the abovementioned audited net asset value per Share will be adjusted accordingly.

Where there are ex-right or ex-dividend events including distribution of cash dividend, bonus issue and transfer to share capital from capital reserve during the period from the Price Benchmark Date to the date of issuance of the new A Shares, the A Share Subscription Price shall be adjusted in view of the ex-right or ex-dividend events. The adjustment methods are set out as follows:

- (1) When distributing cash dividends only, the adjustment formula will be: $P_1 = P_0 - D$

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (2) When issuing bonus shares or capitalising capital reserve, the adjustment formula will be: $P_1 = P_0/(1 + N)$
- (3) When distributing cash dividends, issuing bonus shares or capitalising capital reserve were performed simultaneously, the adjustment formula will be: $P_1 = (P_0 - D)/(1 + N)$

whereas P_1 represents the adjusted issue price, P_0 represents the issue price before adjustment, D represents cash dividends per Share and N represents the number of bonus shares per Share or number of Shares resulting from capitalisation of capital reserve to be issued for each Share.

As at the Latest Practicable Date, the Company has no intention to conduct any ex-right or ex-dividend event prior to the A Share Issuance.

Based on the above Subscription Base Price, the final A Share Subscription Price will be determined by the Board or its authorised person(s) within the authorisation of the general meeting upon discussions with the sponsor (the lead underwriter) based on the subscription quotations in the market bidding process accordance with the relevant laws and regulations and the requirements of regulatory authorities after the A Share Issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration. The determination of the final A Share Subscription Price through market bidding process is mainly based on the requirements of the Detailed Rules for the Implementation of the Offering and Underwriting Business for Securities of Listed Companies on the Shanghai Stock Exchange (《上海證券交易所上市公司證券發行與承銷業務實施細則》) and Measures for the Administration of the Offering and Underwriting of Securities (《證券發行與承銷管理辦法》). During the market bidding process, the principle of price priority (i.e. the subscriber who offers higher price has the priority to subscribe the shares over the subscriber who offers lower price in the process of subscription) will apply.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CSAH will not participate in the market bidding process in relation to the A Share Issuance. CSAH will accept the market bidding results and subscribe for Shares at the same price with other specific investors. If the subscription price of the A Share Issuance cannot be determined by bidding process, CSAH will continue to participate in the A Share Issuance by subscribing for the Shares at the subscription base price (i.e. the higher of (i) 80% of the average trading price of the A Shares as quoted on the Shanghai Stock Exchange in the 20 trading days immediately prior to the Price Benchmark Date, and (ii) the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance (rounded up to the nearest two decimal places)).

After the conditions precedent set out below have all been satisfied, CSAH agreed to subscribe for the new A Shares to be issued pursuant to the Company's notice and the A Share Subscription Agreement and to transfer in a lump sum the subscription consideration in cash to a designated bank account as notified by the Company in writing.

3.1 Analysis of the principal terms of the A Share Subscription Agreement

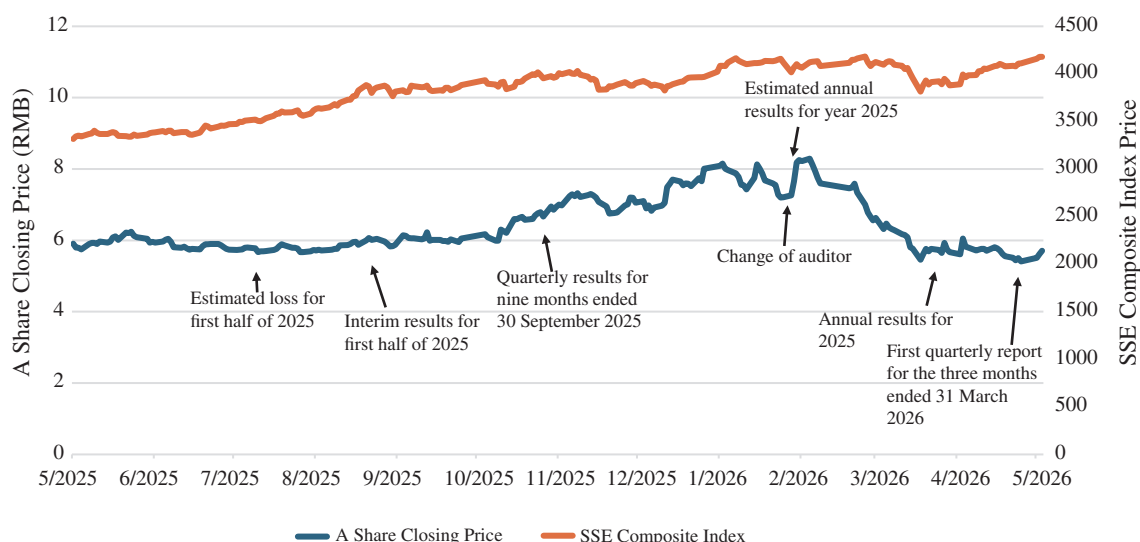
In order to assess the fairness and reasonableness of the principal terms of the A Shares Subscription Agreement, we have performed the following analysis:

(i) Review of historical A Share closing price

We have analysed the historical closing price of the A Shares during the period commencing from 1 May 2025 up to the Latest Practicable Date (the "**Review Period**"), being a period covering approximately one year prior to the Latest Practicable Date which we consider a reasonable and sufficient period to provide a general and fair overview of the recent trend of the closing price of the A Shares free from the influence of, if any, short term market volatility when assessing the issue price of the A Share. The following share price chart of the Company illustrates the daily closing price of the A Shares as quoted on the Shanghai Stock Exchange including a comparison with the Shanghai Stock Exchange Composite Index (the "**SSE Composite Index**") during the Historical Price Period against the Reference Issue Price:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A Share Price Performance



Source: Bloomberg

The closing prices of the A Shares were within a range between RMB5.41 and RMB8.29 per A Share during the Review Period with an average closing price of RMB6.42 per A Share. The lowest closing price of the A Shares was RMB5.41 per A Share was recorded on 30 April 2026 and the highest closing price of the A Shares of RMB8.29 per A Share was recorded on 9 February 2026.

The closing price of the A Shares began to demonstrate an upward trend in May 2025 from RMB5.62 per A Share on 30 April 2025 to reach to a peak of RMB8.29 per A Share on 9 February 2026, which is in line with the movement of the SSE Composite Index. During the period, the Group published a profit warning announcement in relation to the estimated loss for first half of 2025 after trading hours on 14 July 2025, the closing price of the A Shares decreased by approximately 1.9% from RMB5.78 per A Share on 14 July 2025 to RMB5.67 per A Share on 15 July 2025. On 28 August 2025 (after trading hours), the Group published its interim results announcement for the six months ended 30 June 2025, the closing price of the A Shares remained relatively stable on the following trading day (i.e. 29 August 2025) at RMB6.04 per A Share as compared to the closing price of RMB6.03 per A Share on 28 August 2025. On 27 October 2025 (after trading hours), the Group published its third quarterly results for the nine months ended 30 September 2025, the closing price of the A Shares increased by approximately 1.5% from RMB6.60 per A Share on 27 October 2025 to RMB6.70 per A Share on 28 October 2025. On 29 January 2026 and 30 January 2026, the Company announced the proposed change of auditors and the profit warning on estimated annual results for the year of 2025, respectively. The closing price of the A Shares decreased by approximately 1.1% from RMB7.28 per A Share on 28 January 2026 to RMB7.20 per A Share on 29 January 2026 and remained stable at RMB7.21 per A Share on 30 January 2026.

Since then, the closing price of the A Shares demonstrated a downward trend in February, decreasing from RMB8.29 per A Share on 9 February 2026 to RMB5.46 per A Share on 23 March 2026. On 30 March 2026 and 29 April 2026, the Company published its annual results for the year ended 31 December 2025 and the first quarterly report for the three months ended

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

31 March 2026, respectively. The closing price of the A Shares decreased slightly on the day following both announcements by approximately 1.4% and 1.6%, respectively. Meanwhile, coinciding with the outbreak of military conflict in the Middle East, Brent crude oil prices spiked from roughly US\$61 per barrel in January 2026 to over US\$118 per barrel by late March 2026, which will increase the fuel costs and pressure on earnings of the Company. The closing price of the A Shares fluctuated in a range within RMB5.41 per A Share to RMB6.05 per A Share.

Under the pricing principles of the A Share Issuance (the “Pricing Principles”), the Price Benchmark Date of the A Share Issuance shall be the first day of the issuance period of the A Share Issuance which is yet to be determined. For the purpose of our analysis, assuming the Price Benchmark Date is the Board Meeting Date (i.e. 29 April 2026), the issue price would be at least RMB4.61 per A Share (the “**Reference Issue Price**”), being the 80% of the average trading price of the A Shares in the 20 trading days prior to the Board Meeting Date (excluding the Board Meeting Date).

The Reference Issue Price of RMB4.61 per A Share represents:

- (i) a discount of approximately 16.2% to the closing price of the A Shares of RMB5.50 per A Share on the Board Meeting Date;
- (ii) a discount of approximately 17.2% to the average closing price of approximately RMB5.57 per A Share for the last five consecutive trading days immediately prior to the Board Meeting Date;
- (iii) a discount of approximately 18.7% to the average closing price of approximately RMB5.67 per A Share for the last ten consecutive trading days immediately prior to the Board Meeting Date; and
- (iv) a premium of approximately 135.2% over the Company’s audited net asset value per Share attributable to equity shareholders of the Company of approximately RMB1.96 per Share based on the consolidated audited financial statements of the Company for FY2025 prepared in accordance with CAS.

Having considered that (i) the Pricing Principles were determined in compliance with the regulatory requirements in relation to changes in state-owned shares of listed companies set forth by the CSRC; (ii) the discount to the closing price of A Share limited to approximately 20%; and (iii) the Reference Issue Price representing a premium over the Company’s net asset value per Share, we consider the Pricing Principles are acceptable. Investors should also consider our analysis below to assess the fairness and reasonableness of the Reference Issue Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Comparable issuance*

Pursuant to the Administrative Measures, in which, among others, (i) the issue price of A shares under issuance of A shares to specific targets shall be not less than 80% of the average trading price of the company's shares during the 20 trading days preceding the pricing benchmark date; and (ii) the pricing benchmark date shall be the first day of issuance period (發行期) of the relevant issuance to specific targets (the “**Pricing Criteria**”).

As disclosed in the Letter from the Board, the A Share Subscription Price shall be not less than the higher of (i) 80% of the average trading price of the A Shares as quoted on the Shanghai Stock Exchange in the 20 trading days immediately prior to the Price Benchmark Date; and (ii) the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance and the lock-up period for CSAH is 36 months. Accordingly, we consider that such basis of determination of the A Share Subscription Price and such lock-up period are in compliance with the Administrative Measures.

To further assess the fairness and reasonableness of the principal terms of the A Shares Subscription Agreement, we have compared the terms of the A Share Issuance against those of similar issuance of A shares to specific targets (the “**Comparable Transaction(s)**”) proposed by companies listed on both (i) the Hong Kong Stock Exchange and (ii) either the Shenzhen Stock Exchange or Shanghai Stock Exchange from 1 January 2025 up to the date of the A Share Subscription Agreement, being a period of approximately one year and four months immediately prior to the date of the A Share Subscription Agreement. We consider comparison of the terms of the Comparable Transactions and that of the Proposed A Share Issuance (in particular the pricing mechanism and the lock up period) to be fair and representative. To the best of our knowledge, we have identified 9 Comparable Transactions, which represent an exhaustive list under the above selection criteria and we consider the sample size is sufficient to reflect the recent market practices. The review period of the Comparable Transactions, which covers a recent period of over one year, is considered to represent a sufficient period of time to provide a general overview of the recent market practices on issuance of A Shares by companies listed on both the Hong Kong Stock Exchange and either the Shenzhen Stock Exchange or Shanghai Stock Exchange under prevailing market conditions for the purpose of this analysis given the sufficient number of Comparable Transactions identified. Summarised below are our relevant findings:

No.	Company Name	Announcement Date	Issue price (RMB)	Basis for the determination of issue price	Additional basis for A Shares issue price (other than the Pricing Criteria)	Subscriber	Lock-up period	Completion status as at the date of the A Share Subscription Agreement
1	Chongqing Iron & Steel Company Limited (1053.HK) (601005.SH)	19/12/2025	RMB1.32	90% of the average trading price of A Shares over the 20 trading days prior to the date of the announcement	N/A	Hwabao Investment Co., Ltd	36 months	Not completed

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No.	Company Name	Announcement Date	Issue price (RMB)	Basis for the determination of issue price	Additional basis for A Shares issue price (other than the Pricing Criteria)	Subscriber	Lock-up period	Completion status as at the date of the A Share Subscription Agreement
2	Air China Limited (753.HK) (601111.SH)	30/10/2025	RMB6.57	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	Not lower than the company's latest audited net asset value per share attributable to the ordinary shareholders of the listed company as at the most recent period prior to the issuance	China National Aviation Holding Corporation Limited and China National Aviation Capital Holding Co., Ltd.	18 months	Not completed
3	China Longyuan Power Group Corporation Limited (916.HK) (001289.SZ)	30/10/2025	Not Specified	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	Not lower than the company's latest audited net asset value per share attributable to the ordinary shareholders of the listed company as at the most recent period prior to the issuance	No more than 35 specific investors	6 months	Not completed
4	Jiangsu Lopal Tech. Group Co., Ltd. (2465.HK) (603906.SH)	20/8/2025	Not Specified	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	N/A	No more than 35 specific investors	6 months	Not completed
5	Bank of Communications Co., Ltd. (3328.HK) (601328.SH)	30/3/2025	RMB8.71	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	N/A	The Ministry of Finance of PRC (the "MOF"), China National Tobacco Corporation and China Doublewin Investment Co., Ltd.	5 years	Completed on 18 June 2025

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No.	Company Name	Announcement Date	Issue price (RMB)	Basis for the determination of issue price	Additional basis for A Shares issue price (other than the Pricing Criteria)	Subscriber	Lock-up period	Completion status as at the date of the A Share Subscription Agreement
6	China Construction Bank Corporation (939.HK) (601939.SH)	30/3/2025	RMB9.27	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	N/A	The MOF	5 years	Completed on 25 June 2025
7	Postal Savings Bank of China Co., Ltd. (1658.HK) (601658.SH)	30/3/2025	RMB6.32	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	N/A	The MOF, China Mobile Communications Group Co., Ltd. and China State Shipbuilding Corporation Limited	5 years	Completed on 20 June 2025
8	Bank of China Limited (3988.HK) (601988.SH)	30/3/2025	RMB6.05	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	N/A	The MOF	5 years	Completed on 18 June 2025
9	COSCO SHIPPING Energy Transportation Co., Ltd. (1138.HK) (600026.SH)	24/1/2025	RMB11.52	Not less than 80% of the 20-day average trading price of the A-shares immediately preceding the price benchmark date (i.e. the first day of the issuance period)	Not lower than the company's latest audited net asset value per share attributable to the ordinary shareholders of the listed company as at the most recent period prior to the issuance	Not more than 35 (inclusive of 35) specific investors, including COSCO SHIPPING, the indirect controlling Shareholder of the company	18 months for COSCO and 6 months for other target subscribers	Completed on 22 October 2025

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No.	Company Name	Announcement Date	Issue price (RMB)	Basis for the determination of issue price	Additional basis for A Shares issue price (other than the Pricing Criteria)	Subscriber	Lock-up period	Completion status as at the date of the A Share Subscription Agreement
	The Company	29/4/2026	Reference Issue Price: RMB4.61	Not less than 80% of the average trading price of the A Shares as quoted on the Shanghai Stock Exchange in the 20 trading days immediately prior to the Price Benchmark Date	Not lower than the Company's most recent audited net asset value per share	Not more than 35 specific investors (including CSAH)	36 months for CSAH and 6 months for other target subscribers	N/A

Offering size

The Comparable Transactions comprises companies operating across diverse sectors which inherently possess distinct capital structures and risk profiles. Consequently, the offering size of any particular A-share issuance (including those of the Comparable Transactions and the Proposed A Share Issuance) is based on the specific strategic objectives and financial circumstances of the respective issuer at the relevant time.

For the Company, the proposed commitment from CSAH ranging from RMB5,000 million to RMB10,000 million represents approximately 33.3% to 66.7% of the maximum total issue size of RMB15,000 million. Such offering size and commitment of CSAH is specifically tailored to address the Company's capital requirements for fleet expansion and the aim to deleverage its balance sheet, particularly given the Group's gearing ratio of approximately 243% as at 31 December 2025. By subscribing to a significant portion of the total RMB15,000 million issuance, CSAH provides the necessary financial certainty required to execute the Company's large-scale fleet optimization, specifically the procurement of 46 aircraft which requires a total investment of approximately RMB38,001 million. The maximum subscription proportion of CSAH of approximately 66.7% is also close to the aggregate shareholding of CSAH and its associates in the Company of approximately 66.52% as at the Latest Practicable Date, ensuring a stable shareholding structure following the Proposed A Share Issuance.

Given that the number of A Shares to be subscribed is determined by a calculation of the total offering size divided by the final A Share Subscription Price, and that the Company retains the final decision-making power over the issuance plan subject to CSRC registration, we are of the view that the offering size is fair and reasonable and in the interests of the Company and the Independent Shareholders taking into account the Group's funding needs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing basis

Under the terms of the A Share Subscription Agreement, CSAH will not participate in the market bidding process in relation to the A Share Issuance but has committed to accept the results of the bidding by other specific investors. This ensures that the price paid by CSAH is identical to the price determined by the competitive market forces of independent third parties.

Based on our review, we noted that the basis for issue price for the Comparable Transactions follows the Administrative Measures, which requires that the issue price to be not less than 80% of the average trading price of the A shares during the 20 trading days preceding the pricing benchmark date. In addition to the Pricing Criteria, we noticed that the pricing mechanism of three out of nine Comparable Transactions included additional pricing basis, being the latest audited net asset value per share, representing the minimum issue price in the event that the market price of A shares trades below their net asset value per share. Despite only one-third of the Comparable Transactions adopted the additional pricing criteria, the inclusion of the latest audited net asset value as the price floor constitutes an additional safeguard for the issuing company. This ensures that even if the market price experiences extreme volatility or trades at a deep discount to the net asset value, the issuance price will not be lower than the book value of the issuing company, thereby preventing a severe dilution of the net asset value for existing shareholders.

As such, we considered the pricing mechanism (i.e. the issue price shall not be lower than the higher of 80% of the average trading price of A Shares in the 20 Trading Days prior to the pricing benchmark date and the Company's most recent audited net asset value per share) is no less favourable to the Company than those of the Comparable Transactions and to the subscribers who are independent third parties under the A Share Issuance.

Lock-up period

The A Shares to be subscribed by CSAH under the A Share Issuance shall be subject to a lockup period (the “**CSAH Lock-up Period**”) of 36 months from the date of completion of the issuance of the A Shares. The CSAH Lock-up Period is longer than the lock-up period requirement of six months of subscriptions by subscribers who were independent third parties of the A Share Issuance. It also fulfilled the regulatory requirements of the 18-month lock-up period and it is within the range of the Comparable Transactions from 6 months to 5 years of lock-up period. As set out in the table above, each of the Comparable Transaction with a lock-up period of 5 years involved the MOF as one of the subscribers. We noted that pursuant to the relevant requirements of the “Interim Measures for the Equity Management of Commercial Banks” (《商業銀行股權管理暫行辦法》), the A shares to be subscribed by the MOF shall not be transferred within 5 years from the date when the equity is acquired, subject to any further lock-up requirements as the relevant regulatory authority may impose. Excluding these Comparable Transactions, the lock-up period of the Comparable Transactions ranged from 6 months to 36 months. Given the 36-month lock-up period of CSAH is (i) significantly more restrictive than the 6-month period applicable to independent specific investors and the statutory 18-month minimum required under the Administrative Measures; (ii) at the high end of the range of lock-up periods of the Comparable Transactions, excluding those with the MOF as one of the subscribers; and (iii) significantly more restrictive than the lock-up period for other potential independent subscribers of the A Share Issuance of 6 months, we are of the view

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the CSAH Lockup Period is no less favourable to the Company than those of the Comparable Transactions and to the subscribers who are independent third parties under the A Share Issuance. In addition, it represents CSAH's faith in the future development of the Group and its long-term commitment in the Group.

Based on the above, we consider that the terms of the A Share Subscription Agreement to CSAH, which is no more favourable to CSAH than those applicable to the subscribers who are independent third parties under the A Share Issuance, are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned.

4. Potential effects on the shareholding of the Company

Assuming the maximum number of new A Shares at the A Share Subscription Price under the Proposed A Share Issuance will be issued, the Company will be able to raise gross proceeds of not more than RMB15,000 million (including RMB15,000 million) from the proposed A Share Issuance. The aggregate nominal value of the new A Shares to be issued under the Proposed A Share Issuance is not more than RMB5,436,289,835. The net price of each new A Share to be issued under the Proposed A Share Issuance will be determined and disclosed upon completion of the proposed A Share Issuance, as well as the determination of the relevant expenses incurred or to be incurred in relation to the Proposed A Share Issuance in accordance with the requirements of the Listing Rules.

The following table illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Proposed A Share Issuance:

Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Proposed A Share Issuance (assuming a maximum of 5,436,289,835 A Shares are fully subscribed and none of the outstanding A Share Convertible Bonds is converted) ^{2 and 3}		Immediately after completion of the Proposed A Share Issuance (assuming a maximum of 5,436,289,835 A Shares are fully subscribed and the outstanding A Share Convertible Bonds are fully converted) ^{2 and 3}	
	<i>number of shares</i>	<i>percentage ratio (%)</i>	<i>number of shares</i>	<i>percentage ratio (%)</i>	<i>number of shares</i>	<i>percentage ratio (%)</i>
CSAH (A Shares)	9,404,468,936	51.90%	13,028,662,159	55.31%	13,028,662,159	53.15%
Nan Lung (H Shares) ¹	2,648,836,036	14.62%	2,648,836,036	11.24%	2,648,836,036	10.81%
Public Shareholders						
– A Shares	4,072,501,656	22.47%	5,884,598,268	24.98%	6,840,179,629	27.90%
– H Shares	1,995,161,272	11.01%	1,995,161,272	8.47%	1,995,161,272	8.14%
Total	18,120,967,900	100.00%	23,557,257,735	100.00%	24,512,839,096	100.00%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- 1. The H Shares held by Nan Lung include 31,150,000 H Shares directly held by Perfect Lines (Hong Kong) Limited, a wholly-owned subsidiary of Nan Lung.*
- 2. Assuming that CSAH subscribes for new A Shares in the maximum amount of RMB10,000 million and the other specific investors subscribe for new A Shares in the remaining amount of RMB5,000 million, a maximum of 3,624,193,223 new A Shares will be issued by the Company to CSAH and 1,812,096,612 new A Shares will be issued by the Company to other specific investors.*
- 3. As at the Latest Practicable Date, the A Share Convertible Bonds with a nominal value of RMB5,895,937,000 were outstanding. Assuming the outstanding A Share Convertible Bonds are fully converted based on the conversion price of RMB6.17 per Share, the Company may issue approximately 955,581,361 A Shares.*
- 4. Following the completion of the Proposed A Share Issuance (irrespective of whether the outstanding A Share Convertible Bonds are fully converted or not), the Company will be able to continue to comply with the minimum prescribed public float requirements and open market requirements under Rule 8.08 and Rule 19A.28B of the Listing Rules.*

Assuming there are no other changes to the total issued share capital of the Company other than the Proposed A Share Issuance from the Latest Practicable Date to the date of the completion of the Proposed A Share Issuance and the maximum number of A Shares under the A Share Issuance are issued in full, upon completion of the Proposed A Share Issuance, the shareholding percentage of CSAH in the Company will increase from approximately 51.90% to approximately 55.31% and that of Nan Lung will decrease from approximately 14.62% to 11.24%.

For illustrative purpose, the Company may issue up to 5,436,289,835 new A Shares, such that the total number of Shares will increase to 23,557,257,735 Shares. Under this scenario, upon completion of the Proposed A Share Issuance, the shareholding of the existing public shareholders of the H Shares will be diluted from approximately 11.01% to approximately 8.47% and the shareholding of the existing public shareholders of the A Shares will increase from approximately 22.47% to approximately 24.98%. The shareholdings of the existing public shareholders of A Shares and H Shares in aggregate will decrease slightly from approximately 33.48% to approximately 33.45%.

Having considered the availability of the raised funds from the Proposed A Share Issuance will be used for (i) funding partially for the procurement of 46 aircraft, which would consolidate the Company's foundation of business development, strengthen the Company's core competitiveness and profitability by optimizing its fleet structure; and (ii) supplementing the working capital requirements of the Group to ensure the its smooth operation to promote the sustained and rapid growth of the Company's principal business, we are of the view that the above merits outweigh the dilution impact to the shareholding of the existing public Shareholders and thus, we consider the fundraising structure of the Proposed A Share Issuance is fair and reasonable and in the interest of the public Shareholders.

5. Financial effects of the Proposed A Share Issuance

5.1 Cashflow

According to the 2025 Annual Report, the Group had cash and cash equivalent as at 31 December 2025 of approximately RMB9,402 million. Upon completion of the Proposed A Share Issuance and save for the expenses in relation to the Proposed A Share Issuance, the cash position of the Group will be improved as the Proposed A Share Issuance will increase the cash position of the Group by a maximum amount of approximately RMB15,000 million. Accordingly, the cash position and current ratio of the Company are expected to be improved upon completion of the Proposed A Share Issuance.

5.2 Net asset value

Upon completion of the Proposed A Share Issuance and save for the expenses in relation to the Proposed A Share Issuance, the total assets of the Company will increase. Accordingly, there will be a positive impact on the net assets value of the Group. Furthermore, as the A Share Subscription Price will not be lower than the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance, net assets value per share attributable to shareholders of the Company will also be enhanced.

5.3 Gearing

According to the 2025 Annual Report, the gearing ratio of the Group as at 31 December 2025, as derived by total borrowings over the total equity of the Group as at 31 December 2025 was approximately 243%. Upon completion of the Proposed A Share Issuance, the total equity of the Group will increase, assuming the total borrowings of the Group remain unchanged, the gearing ratio of the Group will decrease.

5.4 Revenue and earnings

As discussed in the section above, the net proceeds from the Proposed A Share Issuance will be utilised for funding the procurement of 46 aircrafts and supplementing the working capital of the Group. Since such investments will not generate immediate returns in short-term, it may result in a temporary decrease in the Company's return on equity and a dilution of earnings per Share. However, as discussed in the section headed "2. Reasons for and benefits of the Proposed A Share Issuance" above, the Proposed A Share Issuance will help consolidate the Company's foundation of business development, strengthen the Company's core competitiveness and profitability, promote the sustained and rapid growth of the Company's principal business, provide capital guarantee for the Company's further expansion and growth, which has important strategic significance for the realization of the Company's long-term sustainable development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save for the expenses in relation to the Proposed A Share Issuance, the Proposed A Share Issuance will not have any immediate material impact on the revenue and earnings of the Company.

Based on the above, the Proposed A Share Issuance would have an overall positive effect on the financial position of the Group in terms of cashflow, net asset value, and gearing upon completion. It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial results and the financial position of the Group will be upon the completion of the Proposed A Share Issuance.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the entering into of the A Share Subscription Agreement, though not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole and the terms of the A Share Subscription Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the A Share Subscription Agreement and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 21 years of experience in the corporate finance industry.

CHINA SOUTHERN AIRLINES COMPANY LIMITED
REPORT ON USE OF PROCEEDS FROM PREVIOUS FUND RAISING
ACTIVITIES AS OF 31 MARCH 2026

According to the Guideline on the Application of Regulatory Rules – Issue Category No. 7 (《監管規則適用指引–發行類第7號》) issued by the China Securities Regulatory Commission, the use of the proceeds from previous fund raising activities as of 31 March 2026 of China Southern Airlines Company Limited (hereinafter referred to as “China Southern Airlines” or the “Company”) is reported as follows:

I. BASIC INFORMATION OF PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES

(I) Actual Proceeds Raised in Cash and the Time of Receipt

1. Proceeds from Non-public Issuance of A Shares and Non-public Issuance of H Shares in 2022

(1) Proceeds from Non-public Issuance of A Shares in 2022

As approved by the Approval on the Non-public Issuance of Shares of China Southern Airlines Company Limited (Zheng Jian Xu Ke [2022] No. 2287) issued by the CSRC, China Southern Airlines issued 803,571,428 A Shares by way of non-public issuance to CSAH at an issue price of RMB5.60 per share on 10 November 2022. The gross proceeds from the issuance were RMB4,499,999,996.80, and after deduction of sponsorship and underwriting expenses of RMB1,800,000.00 (VAT inclusive), the actual net subscription amount in cash received was RMB4,498,199,996.80. In addition, after deduction of other issuance expenses (VAT inclusive) payable by the Company of RMB2,196,679.71 in total, the actual net proceeds raised were RMB4,496,003,317.09.

The proceeds were received on 10 November 2022. Baker Tilly China Certified Public Accountants LLP inspected the availability of the proceeds and issued a capital verification report (Baker Tilly Yan Zi [2022] No. 44587) on 11 November 2022.

(2) Proceeds from Non-public Issuance of H Shares in 2022

As approved by the Approval on Issuance of Overseas Listed Foreign Shares of China Southern Airlines Company Limited (Zheng Jian Xu Ke [2022] No. 497) issued by the CSRC, China Southern Airlines issued 368,852,459 H Shares by way of non-public issuance to Nan Lung Holding at an issue price of HK\$4.88 per share on 10 August 2022. The gross proceeds of HK\$1,799,999,999.92 were all received before 10 August 2022, and converted into RMB1,550,393,999.93 based on the

middle exchange rate for Hong Kong dollar to Renminbi on the date of issuance of 10 August 2022 (HK\$1 = RMB0.86133). In addition, after deduction of issuance expenses, being equivalent to RMB1,510,377.92, the actual net proceeds raised were RMB1,548,883,622.01.

The proceeds were received on 9 August 2022. Baker Tilly China Certified Public Accountants LLP inspected the availability of the proceeds and issued a capital verification report (Baker Tilly Yan Zi [2022] No. 38729) on 8 September 2022.

(II) Deposit of Proceeds Raised

China Southern Airlines has opened special accounts for proceeds raised in accordance with the Shanghai Stock Exchange Share Listing Rules (《上海證券交易所股票上市規則》) and Use and Management Measures of Raised Funds of China Southern Airlines Company Limited (《中國南方航空股份有限公司募集資金使用與管理辦法》) (hereinafter referred to as the “**Raised Funds Management Measures**”) of the Company, and set out provisions on the deposit and utilisation of proceeds raised, project implementation management, investment project changes and supervision of utilisation of proceeds raised.

Upon receipt of the proceeds, China Southern Airlines set up special accounts for the proceeds at Guangzhou Baiyun Sub-branch of China CITIC Bank Corporation Limited, Sub-branch of the Guangzhou based on the actual needs of projects financed by the proceeds. The proceeds would be earmarked for intended purposes. China Southern Airlines, the sponsor CICC signed a Tripartite Supervision Agreement on Special Account Keeping for Proceeds Raised with China CITIC Bank Corporation Limited Guangzhou Branch on 10 November 2022. All proceeds raised were temporarily deposited in the special account for the proceeds.

As of 31 March 2026, the proceeds raised from Non-public Issuance of A Shares in 2022 have been fully utilised, and the special accounts for the proceeds from Non-public Issuance of A Shares in 2022 was closed in August 2023.

II. ACTUAL USE OF PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES

(I) Use of Proceeds from Previous Fund Raising Activities

1. *Proceeds from Non-public Issuance of A Shares and Non-public Issuance of H Shares in 2022*

(1) *Proceeds from Non-public Issuance of A Shares in 2022*

As of 31 March 2026, the proceeds raised from China Southern Airlines Non-public Issuance of A Shares in 2022 have been fully utilised, and the special accounts for the proceeds from Non-public Issuance of A Shares in 2022 was closed.

(2) *Proceeds from Non-public Issuance of H Shares in 2022*

As of 31 March 2026, the proceeds from China Southern Airlines Non-public Issuance of H Shares in 2022 had been fully utilised.

As of 31 March 2026, for the details of actual use of proceeds from the previous fund raising activities of China Southern Airlines, please refer to the “Comparison Table of Use of Proceeds Raised – Proceeds from the Non-public Issuance of A Shares in 2022” (Schedule 1-1), “Comparison Table of Use of Proceeds Raised – Proceeds from the Non-public Issuance of H Shares in 2022” (Schedule 1-2).

(II) Changes in Projects Actually Financed by Proceeds from Previous Fund Raising Activities

As of 31 March 2026, the projects to be financed by the proceeds from previous fund raising activities of China Southern Airlines had not changed.

(III) External Transfer or Replacement of Projects Financed by Proceeds from Previous Fund Raising Activities

China Southern Airlines has not carried out the replacement of the proceeds.

China Southern Airlines has not externally transferred any project financed by the proceeds raised from previous fund raising activities.

(IV) Description of Use of Idle Proceeds from Previous Fund Raising Activities

The proceeds raised from Non-public Issuance of A Shares and Non-public Issuance of H Shares in 2022 have been fully utilised.

(V) The Unused Proceeds from Previous Fund Raising Activities

China Southern Airlines has no unused proceeds from previous fund raising activities.

**III. BENEFITS REALISED FROM PROJECTS FINANCED BY PROCEEDS FROM
PREVIOUS FUND RAISING ACTIVITIES**

For details of the benefits realised from the projects financed by the proceeds from previous fund raising activities of China Southern Airlines, please refer to the “Comparison Table of Benefits Realised from Projects Financed by Proceeds from Previous Fund Raising

Activities – Proceeds from Non-public Issuance of A Shares in 2022” (Schedule 2-1), “Comparison Table of Benefits Realised from Projects Financed by Proceeds from Previous Fund Raising Activities – Proceeds from Non-public Issuance of H Shares in 2022” (Schedule 2-2).

IV. DESCRIPTION OF OPERATION OF ASSETS USED TO SUBSCRIBE FOR SHARES IN PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES

No assets were used to subscribe for shares in the proceeds from previous fund raising activities of China Southern Airlines.

V. COMPARISON BETWEEN USE OF PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES AND INFORMATION DISCLOSED IN THE COMPANY’S ANNUAL REPORT

The actual use of proceeds raised by China Southern Airlines from previous fund raising activities is consistent with the relevant content disclosed in the Company’s periodic reports and other information disclosure documents.

VI. CONCLUSION

The board of directors of China Southern Airlines believes that all of the proceeds from previous fund raising activities has been fully received, and China Southern Airlines has utilised the proceeds as intended. China Southern Airlines has faithfully fulfilled its obligation to disclose the investment and progress of the proceeds from previous fund raising activities.

All directors of China Southern Airlines warrant that there are no misrepresentations, misleading statements or major omissions in this report, and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the information contained herein.

VII. APPROVAL AND AUTHORIZATION FOR ISSUANCE OF THE REPORT

This report was approved and authorized for issuance by the board of directors on 29 April 2026.

- Schedules:
1. Comparison Table of Use of Previous Proceeds Raised
 2. Comparison Table of Benefits Realised from Projects Financed by Proceeds from Previous Fund Raising Activities

China Southern Airlines Company Limited
29 April 2026

Schedule 1-1

China Southern Airlines Company Limited
Comparison Table of Use of Previous Proceeds Raised – Proceeds from Non-public
Issuance of A Shares in 2022
As of 31 March 2026

Prepared by: China Southern Airlines Company Limited										Unit: RMB'0000
Total amount of proceeds:				449,600.33	Accumulated total amount of proceeds used:				449,600.33	
Total amount of proceeds subject to a change of use:				N/A	Total amount of proceeds used in each year:				449,600.33	
Proportion of total amount of proceeds subject to a change of use:				N/A	2022:				449,600.33	
No.	Investment projects		Total investment amount of the proceeds			Accumulated investment amount of the proceeds as at the cut-off date			The difference between actual investment amount and committed investment amount after the issuance (note 2)	Date on which the project reached the working condition for its intended use (or the completion progress of the project as at the No. cut-off date)
	Committed investment project	Actual investment project	Committed investment amount prior to the issuance	Committed investment amount after the issuance	Actual investment amount	Committed investment amount prior to the issuance	Committed investment amount after the issuance (note 1)	Actual investment amount		
1	Supplementing the working capital	Supplementing the working capital	449,600.33	449,600.33	449,600.33	449,600.33	449,600.33	449,600.33	-	100.00%
	Total		449,600.33	449,600.33	449,600.33	449,600.33	449,600.33	449,600.33	-	-

Note 1: The gross proceeds raised from Non-public Issuance of A Shares in 2022 was RMB4,499,999,996.80. After deducting the sponsorship and underwriting expenses of RMB1,800,000.00 (VAT inclusive), the net cash subscription amount actually received was RMB4,498,199,996.80. After deducting other issuance expenses of RMB2,196,679.71 (VAT inclusive) paid by the Company from the net cash subscription amounts, the actual net proceeds raised was RMB4,496,003,317.09. The committed investment amount was adjusted with regards to the actual proceeds of RMB4,496,003,317.09 in total.

Note 2: As of 31 March 2026, the proceeds raised from Non-public Issuance of A Shares in 2022 have been fully utilised, and the special accounts for the proceeds from Non-public Issuance of A Shares in 2022 was closed in August 2023.

Schedule 1-2

China Southern Airlines Company Limited
Comparison Table of Use of Previous Proceeds Raised – Proceeds from Non-public
Issuance of H Shares in 2022

As of 31 March 2026

Investment projects		Total investment amount of the proceeds			Accumulated investment amount of the proceeds as at the cut-off date			The difference between actual investment amount and committed investment amount after the issuance	Date on which the project reached the working condition for its intended use (or the completion progress of the project as at the No. cut-off date)	
No.	Committed investment project	Actual investment project	Committed investment amount prior to the issuance	Committed investment amount after the issuance	Actual investment amount	Committed investment amount prior to the issuance	Committed investment amount after the issuance (note 3)	Actual investment amount		
1	Supplementing the general working capital of the Company	Supplementing the general working capital of the Company	154,888.36	154,888.36	154,888.36	154,888.36	154,888.36	154,888.36	-	100.00%
	Total		154,888.36	154,888.36	154,888.36	154,888.36	154,888.36	154,888.36	-	-

Note 3: The gross proceeds raised from issuance of H Shares in 2022 was RMB1,550,393,999.93. After deducting issuance expenses of RMB1,510,377.92, the actual net proceeds raised was RMB1,548,883,622.01. The committed investment amount was adjusted with regards to the actual proceeds to be RMB1,548,883,622.01 in total.

Schedule 2-1

China Southern Airlines Company Limited
Comparison Table of Benefits Realised from Projects Financed by Proceeds from
Previous Fund
Raising Activities – Proceeds from Non-public Issuance of A Shares in 2022
As of 31 March 2026

Prepared by: China Southern Airlines Company Limited

No.	Actual investment project	Accumulated capacity utilisation rate of the investment project as of the cut-off date	Promised benefits	Benefits realised in the last three years and one period			Accumulated benefits realised as of the cut-off date	Estimated benefits achieved	
				2023	2024	2025			From January to March 2026
1	Supplementing the working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<i>Note 1</i>
	Total								

Note 1: The proceeds raised from Non-public Issuance of A Shares in 2022 were used to supplement the working capital, of which the benefits could not be verified separately. Obtaining these proceeds reduced the asset-to-liability ratio of the Company, further enhanced the financial position and asset structure as well as the Company's risk resistance capacity and competitiveness.

Schedule 2-2

China Southern Airlines Company Limited
Comparison Table of Benefits Realised from Projects Financed by Proceeds from
Previous Fund
Raising Activities – Proceeds from Non-public Issuance of H Shares in 2022
As of 31 March 2026

Prepared by: China Southern Airlines Company Limited

No.	Actual investment project	Accumulated capacity utilisation rate of the investment project as of the cut-off date	Promised benefits	Benefits realised in the last three years and one period			From January to March 2026	Accumulated benefits realised as of the cut-off date	Estimated benefits achieved
				2023	2024	2025			
1	Supplementing the general working capital of the Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<i>Note 2</i>
	Total								

Note 2: The proceeds raised from Non-public Issuance of H Shares in 2022 were used to supplement the general working capital of the Company, of which the benefits could not be verified separately. Obtaining these proceeds reduced the asset-to-liability ratio of the Company, further enhanced the financial position and asset structure as well as the Company's risk resistance capacity and competitiveness.

**APPENDIX II FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM
THE ISSUANCE OF A SHARES TO SPECIFIC ENTITIES**

**CHINA SOUTHERN AIRLINES COMPANY LIMITED
FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM THE
ISSUANCE OF A SHARES TO SPECIFIC ENTITIES**

APRIL 2026

Definitions

In this report, unless the context otherwise requires, the following abbreviations herein shall have the following meaning:

China Southern Airlines/the Company/the Issuer	China Southern Airlines Company Limited
CSAH/the Controlling Shareholder/the Controlling Shareholder of the Company	China Southern Air Holding Company Limited
A Shares	the ordinary shares issued to domestic investors, listed and traded on a domestic securities exchange, with a par value of RMB1.00 each upon the approval from the Shanghai Stock Exchange and CSRC
Issuance of A Shares to the Specific Entity, Issuance of A Shares	the proposed issuance by the Company of A Shares to no more than 35 specific investors, including CSAH, by way of issuance of shares to specific entity(ies)
Comac	The Commercial Aircraft Corporation of China, Ltd.
The Boeing Company	Boeing Commercial Airplanes
Airbus	Airbus Group
Report	Feasibility Report on the Use of Proceeds from the Issuance of A Shares of China Southern Airlines Company Limited to the Specific Entity
CSRC	China Securities Regulatory Commission

Any discrepancies in this Report between totals and sums of figures listed are due to rounding.

Content

I. PLAN OF USE OF PROCEEDS	II-3
II. NECESSITY AND FEASIBILITY ANALYSIS OF THE USE OF PROCEEDS	II-3
(I) Procurement of 46 Aircraft	II-3
(II) Supplement the general working capital.....	II-7
III. IMPACT OF THE ISSUANCE OF A SHARES TO THE SPECIFIC ENTITY ON THE OPERATIONAL MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY.	II-9
(I) Impact of the Issuance of A Shares to the Specific Entity on the Operational Management of the Company	II-9
(II) Impact of the Issuance of A Shares to the Specific Entity on the Financial Position of the Company	II-9
IV. CONCLUSION ON THE FEASIBILITY OF THE USE OF PROCEEDS ..	II-9

APPENDIX II FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM THE ISSUANCE OF A SHARES TO SPECIFIC ENTITIES

I. PLAN OF USE OF PROCEEDS

The aggregate amount of the proceeds from the Issuance of A Shares to the Specific Entity will be not more than RMB15,000 million (including RMB15,000 million), and (after deduction of relevant expenses for the issuance) will be used for the following projects:

No.	Project name	Total investment amount (RMB100 million)	Proposed investment amount of the proceeds (RMB100 million)
1	Procurement of 46 Aircraft	380.01 ¹	105.00
2	Supplement the General Working Capital	45.00	45.00
Total		425.01	150.00

If the actual proceeds after deduction of issuance expenses of this issuance are less than the proposed total investment amount of the proceeds for the above-mentioned projects, the listed company will adjust the use arrangement including the priority of investment with the proceeds and the specific investment amount of each project, based on the actual net proceeds, in compliance with relevant laws and regulations and according to the order of priority of projects, and the insufficient part of the proceeds shall be financed by the listed company itself.

In order to ensure the smooth progress of the projects funded by the proceeds and protect the interests of shareholders of the Company as a whole, before receipt of the proceeds from this issuance, the listed company will first invest with its own funds or self-raised funds according to the actual progress of the projects funded by the proceeds, which will be replaced by the proceeds upon received according to the relevant regulations.

II. NECESSITY AND FEASIBILITY ANALYSIS OF THE USE OF PROCEEDS

(I) Procurement of 46 Aircraft

1. Overview of the project

The Company intends to utilise RMB10,500 million of the proceeds from the Issuance of A Shares to the Specific Entity for the procurement of 46 aircraft with types include 26 A320NEO series aircraft, 12 C919 series aircraft, and 8 B737MAX series aircraft. The aircraft to be introduced in this project are all sourced from the aircraft purchase agreements previously signed by the Company in prior years and have been included in the future fleet introduction plan disclosed in the Company's periodic reports. No new aircraft purchase agreements will be involved in this regard. According to the

¹ Based on the central parity exchange rate of US\$1 to RMB6.9194 by the People's Bank of China on March 31, 2026, the same below.

product catalogue price offered by Airbus, Comac and The Boeing Company under the relevant aircraft purchase agreements at the time of signing, the total catalog price of the 46 aircraft to be procured in such transaction is USD5.492 billion, equivalent to approximately RMB38.001 billion, of which the Company intends to pay no more than RMB10,500 million with the proceeds from the Issuance of A Shares to the Specific Entity. The implementation entities of this project are the Company and its wholly-owned subsidiaries.

2. *Necessity and feasibility of the project*

(1) Necessity of optimizing fleet structure and matching capacity

- 1) The long-term development trend of the civil aviation industry remains positive

Since 2023, China's civil aviation industry has maintained a sound growth momentum, with air passenger demand continuing to be released. From 2023 to 2025, the total traffic volume of the whole industry increased from 118.83 billion tons per km to 164.08 billion tons per km, representing a compound growth rate of 17.51%; a passenger traffic volume grew from 620 million to 770 million, representing a compound growth rate of 11.44%. In 2025, China's total air population exceeded 500 million, making it the world's largest air population country. However, per capita air travel frequency remains below the global average. With stable national economic growth and the upgrading of resident consumption structures, the super-large domestic demand market provided a stable growth driver for the industry. According to the 2026 National Civil Aviation Work Conference Report, in 2026, the civil aviation industry aims to achieve a total traffic volume of 175 billion tons per km, a passenger traffic of 810 million, and cargo and mail transport volume of 10.70 million tons.

The further advancement of "One Belt One Road" Initiative has also provided major strategic opportunities for the Chinese civil aviation to explore international markets and enhance global connectivity. During the "15th Five-Year" Plan period, China's civil aviation will further optimize and improve the functional system of international aviation hubs, focus on serving the national strategic landscape and foreign exchange overall situation, solidly promote the construction of the Silk Road in the air, and play a greater role in serving the country's high-level opening-up.

At the same time, in recent years, industry regulators have actively promoted domestic airfare reforms and optimized the market environment in the civil aviation industry. During the "15th Five-Year" Plan period, China's civil aviation will take multiple measures to advance the comprehensive rectification of "involution" competition and guide the healthy and high-quality development in the industry.

APPENDIX II FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM THE ISSUANCE OF A SHARES TO SPECIFIC ENTITIES

Therefore, in the long term, as a strategic industry in the national economy, it will continue to maintain a steady growth trend for the civil aviation industry.

2) Serving the construction of the Guangdong-Hong Kong-Macao Greater Bay Area

The Guangdong-Hong Kong-Macao Greater Bay Area is located at the forefront of China's opening up along the coast and with the Pan-PRD Region as its vast hinterland for development. It plays an important role in the Belt and Road Initiative. With the in-depth implementation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, the world-class airport cluster in the Greater Bay Area is accelerating its rise and has firmly established itself among the top global aviation hub clusters. According to forecasts by Airports Council International, by 2035, the air passenger demand in the Guangdong-Hong Kong-Macao Greater Bay Area will reach 420 million passengers. As a core airline in the region, the Company will continue to increase its fleet capacity and intensify its route network coverage to better serve the development of the Greater Bay Area and the travel needs of its users.

3) Enhance the Core Competitiveness of the Company

This issuance of A Shares will enhance the Company's traffic capacity, and lay a solid foundation for it to optimize route network and increase market share. Besides, increase of capacity will also facilitate the Company to better construct Guangzhou and Beijing as two main all-around, complexed international aviation hubs and to satisfy the requirements for large-scale network airlines, which is conducive to further consolidating its large-scale network advantages, thereby strengthening competitiveness of the Company.

(2) *Reasonableness of the models procured*

The Company has been optimizing its fleet structure and reducing operating costs by purchasing advanced aircraft models, retiring older aircraft models and streamlining the variety of aircraft models. The 46 aircraft to be purchased in this time include 26 A320NEO series aircraft, 12 C919 aircraft, and 8 B737MAX series aircraft, all of which are next-generation fuel-efficient models. The Company has gained more extensive operating experience with respect to the models procured.

The A320 NEO series and B737MAX series aircraft are the most mainstream narrow-body aircraft models in the current global civil aviation market, and are also the Company's main model series, which are widely used by the Company for domestic (including regional) and international route operations. These models offer good economy and flexibility. Introducing such models can significantly reduce fuel consumption, optimize the Company's operating costs, and enhance travel experience of passengers.

APPENDIX II FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM THE ISSUANCE OF A SHARES TO SPECIFIC ENTITIES

C919 series aircraft is the first domestically developed jetliner in China that has been designed and manufactured in accordance with international airworthiness standards and possesses independent intellectual property rights. It adopts advanced design concepts and offers high levels of economy, safety, and comfort. Purchasing this model will help the Company rapidly advance the large-scale operation of C919 series and provide important capacity supplementation for the domestic trunk route network of the Company.

Through the issuance of A Shares to targeted subscribers, the Company will use its proceeds to procure 46 aircraft, continuously optimizing its fleet structure and route network, consistent with the Company's development plan of its fleet. This is in line with the Company's development direction of creating a streamlined, efficient, economical, and fuel-efficient modern fleet, and will further enhance the core competitiveness of the Company.

(3) Pilot resources

As at the end of 2025, the Company had a total of 13,253 professional pilots. The Company has worked out corresponding human resource support plan based on the future fleet development. The Company will also procure aircraft steadily with due regard to its airport stands and operating conditions so as to facilitate talent cultivation. During the period, the number of new captains that the Company plans to train annually will meet the demand of the newly procured aircraft.

3. *Approval status of the project*

The purchase contracts corresponding to the aircraft to be procured with this proceeds have completed the filing procedures with the competent industry authorities.

4. *Investment budget*

The total catalogue price of the aforesaid 46 aircraft to be procured amounts to USD5.492 billion (equivalent to approximately RMB38.001 billion) based on Airbus', Comac's and The Boeing Company's product catalogue price under the relevant aircraft purchase agreements at the time of signing. The actual contract price is determined after arms' length negotiation between the parties and lower than the catalogue price. The Company intends to use RMB10,500,000,000 of the proceeds raised from the issuance to procure such 46 aircraft and will make up for the shortfall through other financing methods.

5. *Economic performance of the project*

The 46 aircraft to be procured will be incorporated into the Company's existing fleet for centralized allocation and management. It will be able to increase the Company's transportation capacity, expand the capacity of main routes, enhance the Company's route network, and increase in revenue of route. At the same time, the newly procured aircraft will partially replace the old aircraft, which is able to optimize the fleet structure, reduce fuel consumption and maintenance costs effectively, and improve the Company's competitiveness on its airlines business.

(II) Supplement the General Working Capital

1. *Overview of the project*

The Company intends to use RMB4,500 million of the proceeds raised from the Issuance of A Shares to the Specific Entity to replenish the liquidity, optimize capital structure, reduce the Company's gearing ratio, enhance the financial strength and increase the risk resistance capacity.

2. *Necessity of the project*

(1) Addressing the funding needs for business development and supporting the Company's long-term stable operation

The air transportation industry is characterized by both high capital expenditure and high liquidity requirements. Sufficient funding is a strong guarantee for the Company to expand its business scale, improve operational quality, and respond to complex changes in the external environment. Part of the funds raised from this issuance of A Shares to specific targets will be used to replenish working capital, providing stable financial support for the Company's fleet development, route network construction, and daily operations. This aligns with the Company's need for long-term stable operations, helps consolidate its core competitive advantages within the industry, and provides strong support for the Company's high-quality development.

(2) Optimize capital structure and reduce the Company's asset-liability ratio

The air transportation industry is capital-intensive, and a reasonable capital structure is the foundation for ensuring the Company's long-term stable development. As of December 31, 2023, December 31, 2024, and December 31, 2025, the Company's asset-liability ratios on a consolidated basis were 83.18%, 84.05%, and 84.27%, respectively, which are relatively high levels. The replenishment of working capital through this issuance of A Shares to specific targets will help optimize the Company's capital structure, lower its asset-liability ratio, enhance its financial strength, improve financial stability, and promote the Company's sustainable development.

3. *Feasibility of the project*

- (1) *The use of proceeds from the Issuance of A Shares to the Specific Entity is in compliance with laws and regulations*

RMB4,500 million of the proceeds raised from the Issuance of A Shares to the Specific Entity by the Company will be used to replenish the liquidity, accounting for 30.00% of the total amount of proceeds, which is in compliance with relevant policies and laws and regulations and in line with the Company's current actual development and is feasible. Upon the receipt of proceeds from the Issuance of A Shares to the Specific Entity, the Company's net assets and working capital will increase, which will help meet the Company's needs for capital turnover, optimize its capital structure, and support the sustainable development of the Company's core business.

- (2) *The proceeds from the Issuance of A Shares to the Specific Entity are used by entity with standardized governance and complete internal control*

The Company has established a modern corporate system focusing on corporate governance structure in accordance with the governance standards of listed companies, and has formed a relatively standardized corporate governance system and a relatively complete internal control procedure through continuous improvement and enhancement.

In terms of the management of proceeds, the Company has established the "Raised Funds Use and Administrative Measures" in accordance with regulatory requirements, to set out detailed provisions for deposit, management and use of the raised funds and any change in the raised funds for investment. The Company will strictly comply with the provisions of the "Supervision Rules for Listed Companies on Use of Proceeds" (《上市公司募集資金監管規則》) and the "Guidelines of Self-regulation of Companies Listed on the Shanghai Stock Exchange No. 1 – Standard Operation (《上海證券交易所上市公司自律監管指引第1號–規範運作》) as well as the "Raised Funds Use and Administrative Measures" of the Company and other relevant requirements, so as to ensure the reasonable and standardized deposit and use of proceeds and safeguard the use of proceeds against risks.

III. IMPACT OF THE ISSUANCE OF A SHARES TO THE SPECIFIC ENTITY ON THE OPERATIONAL MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY

(I) Impact of the Issuance of A Shares to the Specific Entity on the Operational Management of the Company

After deducting issuance expenses, the proceeds raised from the Issuance of A Shares to the Specific Entity will be used for the procurement of 46 aircraft and supplementing of the general working capital.

The projects funded by the proceeds will help the Company further optimize the fleet structure, better meet the growing air transportation needs in the PRC, especially the Guangdong-Hong Kong-Macao Greater Bay Area, and accelerate the implementation of the Company's strategies. Meanwhile, the Company's capital strength and asset scale will be enhanced, providing a financial foundation for daily operations and the sustainable development of its core business, thereby supporting the company's long-term stable development.

Therefore, the Issuance of A Shares to the Specific Entity will further consolidate the Company's foundation for business development, enhance its core competitiveness, promote the continuous growth of its principal operations and provide capital guarantee for its further stable operation, which has important strategic significance to realize long-term sustainable development of the Company.

(II) Impact of the Issuance of A Shares to the Specific Entity on the Financial Position of the Company

Upon the receipt of proceeds, total assets and net assets of the Company will increase accordingly, and its working capital will be further replenished, the asset-liability ratio will decrease correspondingly, and its capital structure will be further optimized. In addition, the Company's cash inflow from financing activities will also increase, and the cash flow position will be further improved, which is conducive to enhancing the Company's core competitiveness, and laying a capital foundation for the Company's future high-quality development.

IV. CONCLUSION ON THE FEASIBILITY OF THE USE OF PROCEEDS

In summary, the proposed use of funds raised from this issuance of A Shares to specific targets complies with relevant policies, laws, and regulations. The fundraising investment project will optimize the fleet structure and enhance capacity matching capabilities, aligning with the Company's strategic needs and demonstrating both necessity and feasibility. Furthermore, the application of the raised funds will help optimize the Company's capital structure and lower its asset-liability ratio, matching the Company's need for long-term stable operations. It will also support the sustainable development of the Company's core business, improve its financial stability, enhance its capacity for sustainable development, and strengthen its core competitive advantages within the industry, which is in the interest of all shareholders.

**CHINA SOUTHERN AIRLINES COMPANY LIMITED
RISK WARNINGS ON DILUTION OF CURRENT RETURNS,
REMEDIAL MEASURES AND COMMITMENTS OF RELATED
ENTITIES OF THE ISSUE OF SHARES TO SPECIFIC ENTITIES**

According to the requirements of the Several Opinions of the State Council on Promoting the Health Development of Capital Market (Guo Fa [2014] No. 17), Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-sized Investors of Capital Market (Guobanfa [2013] No. 110) and the Guidance on Matters concerning Dilution of Spot Returns by First Issuance, Refinancing and Major Asset Restructuring (Zheng Jian Hui Gong Gao [2015] No. 31), and in order to guarantee the right to know of the small and medium-sized investors, and maintain their interests, China Southern Airlines Company Limited (hereinafter referred to as the “Company”) carefully analyzed and calculated the impact on the dilution of spot returns by the issue of Shares to specific entities. The impact of dilution of spot returns by the issue of Shares to specific entities on the Company’s major financial indicators, the Company’s remedial measures and commitments of related entities are set out below:

**I. THE IMPACT OF DILUTION OF SPOT RETURNS BY THE ISSUANCE OF
SHARES TO SPECIFIC ENTITIES ON THE COMPANY’S MAJOR FINANCIAL
INDICATORS****(I) Key Assumptions**

1. There were no material adverse changes in the macroeconomic environment and stock market, and there were no material adverse changes in the operating environment of the Company, industry policies, major costs and exchange rates;
2. Assume that the issuance of A Share to specific entities will be completed in December 2026. This assumption is only used to measure the impact of this issuance on the Company’s major financial indicators, and does not represent the Company’s judgment of the actual completion time in this issuance. The final issuance completion time shall be subject to the Company’s actual completion of the issuance following approval by the Shanghai Stock Exchange and registration approval by the China Securities Regulatory Commission;
3. The anticipated total share capital of the Company is based on the total share capital of 18,120,922,035 Shares of the Company as of 31 December 2025. Assuming that the total proceeds from the issuance of A Share to specific entities amount to RMB15,000,000,000, and based on an assumed issue price of RMB4.88 per share (which represents 80% of the average trading price of the Company’s A-shares over the twenty trading days preceding 31 March 2026), the number of shares to be issued in this issuance will be approximately 3,073,770,500 shares, and upon completion of this issue, the Company’s total share capital will be approximately

21,194,692,500 shares. Only the impact of the number of Shares on the share capital after the completion of the issuance of A Shares to specific entities is taken into account. Changes in the share capital caused by the Company's remaining daily share repurchases, profit distribution, partial or full conversion of convertible bonds, conversions upon maturity and other factors are not taken into account. This assumption is only used to measure the impact of this issuance on the Company's major financial indicators, and does not represent the Company's judgment of the actual issue price and the actual quantity of Shares issued in this issuance. The final quantity shall be the actual issuance;

4. In 2025, the Company's net profit attributable to shareholders of the parent company was RMB857 million, and deducting non-recurring gains and losses, attributable to shareholders of the parent company was RMB145 million. Provided that there are no major operating risks, three scenarios are assumed for 2026: net profit attributable to shareholders of the parent company, both before and after deducting non-recurring gains and losses, remains unchanged from 2025; decreases by 10% compared to 2025; or increases by 10% compared to 2025;

The above profit assumptions are only used to measure the impact of the dilution of spot returns of this issuance of A Shares to specific entities on the Company's key financial indicators, and do not represent the Company's judgment of its operating conditions or trends, nor do they constitute the Company's earnings forecasts. Investors should not make investment decisions accordingly. If investors make investment decisions accordingly and any losses are caused, the Company does not assume any liability;

5. The effects of operating or non-operating factors other than the proceeds from this issuance and the net profit on the Company's asset condition, profitability, and net assets are temporarily not taken into consideration;
6. Without considering the cost of the issuance, it is assumed that this issuance of A Shares to specific entities will be RMB15,000 million. The above proceeds are only an estimate, and only used to measure the impact of the dilution of spot returns of this issuance on the Company's key financial indicators. It does not represent the final gross proceeds raised. The actual proceeds raised will be determined based on regulatory review and registration, subscription status, issuance expenses, and other factors;
7. The impact on the production and operation, financial condition, including finance costs and investment income, and other aspects of the Company after the receipt of proceeds raised from the issuance of Shares to specific entities is not taken into account; the impact of cash dividend of the Company is not considered in this estimation.

(II) Impact on the Company's Key Indicators

The impact of this issuance of A Shares and H Shares to specific entities on financial indicators is as follows:

Items	2025/as of	2026/as of 31 December 2026	
	31 December 2025	Before this issuance	After this issuance
Total share capital at the end of the period (shares)	18,120,922,035	18,120,922,035	21,194,692,527
Scenario 1: Net profit attributable to shareholders of the parent company, before and after deducting non-recurring gains and losses in 2026 remains unchanged compared with 2025			
Net profit attributable to shareholders of the parent company (RMB million)	857.00	857.00	857.00
Net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses (RMB million)	145.00	145.00	145.00
Basic earnings per share (RMB/share)	0.05	0.0473	0.0466
Diluted earnings per share (RMB/share)	0.05	0.0473	0.0466
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.01	0.0080	0.0079
Diluted earnings per share after deducting nonrecurring gains and losses (RMB/share)	0.01	0.0080	0.0079
Scenario 2: Net profit attributable to shareholders of the parent company, before and after deducting non-recurring gains and losses in 2026 decreases by 10% compared with 2025			
Net profit attributable to shareholders of the parent company (RMB million)	857.00	771.30	771.30
Net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses (RMB million)	145.00	130.50	130.50
Basic earnings per share (RMB/ share)	0.05	0.0426	0.0420
Diluted earnings per share (RMB/share)	0.05	0.0426	0.0420
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.01	0.0072	0.0071
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.01	0.0072	0.0071
Scenario 3: Net profit attributable to shareholders of the parent company, before and after deducting non-recurring gains and losses in 2026 increases by 10% compared with 2025			
Net profit attributable to shareholders of the parent company (RMB million)	857.00	942.70	942.70
Net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses (RMB million)	145.00	159.50	159.50
Basic earnings per share (RMB/ share)	0.05	0.0520	0.0513
Diluted earnings per share (RMB/share)	0.05	0.0520	0.0513
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.01	0.0088	0.0087
Diluted earnings per share after deducting nonrecurring gains and losses (RMB/share)	0.01	0.0088	0.0087

Note: Basic earnings per share and diluted earnings per share are calculated in accordance with the provisions of "Rule No. 9 on Information Disclosure for Companies Issuing Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings Per Share".

II. THE RATIONALITY AND NECESSITY OF THIS ISSUANCE TO SPECIFIC ENTITIES

The proceeds from this issue of A Shares to specific entities are intended to be used for the purchase of 46 aircraft and to supplement working capital. With the long-term, rapid, and stable development of the economy and society, the market demand for China's air transport industry is steadily expanding. The proposed acquisition of 46 aircraft forms part of the Company's established capital expenditure plan, which is based on its previously announced fleet development strategy and relevant aircraft purchase agreements. This share issue will provide the necessary funding for the acquisition of these aircraft, thereby helping the Company to continuously optimise its fleet structure and enhance its capacity to match demand, whilst advancing the large-scale operation of domestically produced large aircraft. It will also provide the necessary capacity support for the Company to serve national strategies and promote the development of a modern civil aviation industry system during the 15th Five-Year Plan period. The working capital supplement project will strengthen the Company's financial position, optimise its capital structure, reduce its debt-to-equity ratio, support the sustained development of its core business, and lay a solid foundation for the Company's long-term stable and healthy operation in the future.

In summary, the use of proceeds from this issue of A Shares to specific entities aligns with the Company's strategic direction and the development needs of its principal business, supports the company's long-term and stable operations, and is both reasonable and necessary.

III. A SPECIAL RISK WARNING OF DILUTION OF SHAREHOLDERS' SPOT RETURNS BY THIS ISSUANCE TO SPECIFIC ENTITIES

The gross proceeds raised in the issuance of A Shares to specific entities will not exceed RMB15,000 million (including RMB15,000 million). The proceeds to be raised from this issuance, after deducting the cost of issuance, will be used for procuring 46 aircraft and replenishing the liquidity.

After the proceeds from this issuance of A Shares to specific entities are in place, which will increase the net profit of the Company in the short term. However, as the total equity and net assets of the Company will go up upon the proceeds being in place, but generation of profits from the use of raised funds will require a certain time span, the financial indicators such as earnings per share and return on net assets of the Company may decline to a certain extent before the operating performance of the Company has not been significantly improved. Investors shall make rational investments, and pay attention to investment risks.

At the same time, during the process of Company's calculation of the impact of this issuance of A Shares to specific entities on dilution of spot returns, the hypothesis analysis conducted on net profit for the year of 2026, after deducting non-recurring gains and losses, attributable to shareholders of the parent company and specific measures developed for making

up the returns to cope with the risk of dilution of the spot returns do not constitute the Company's profit forecast. And such measures do not represent any guarantee of the Company's future profit in any form. Please note that investors shall not make investment decisions accordingly.

IV. RELATIONS BETWEEN THE FUNDRAISING FOR INVESTMENT AND THE COMPANY'S EXISTING BUSINESS, AND THE COMPANY'S RESERVES OF PERSONNEL, TECHNOLOGY, MARKET, ETC. FOR ENGAGING IN THE FUNDRAISING PROJECTS

(I) Relations between the Fundraising Investment Projects and the Company's Existing Business

The fundraising investment projects for this issue of A Shares to specific objects are directed towards the Company's principal business activities. The 46 aircraft purchased through this fundraising project will further optimise the fleet structure, enhance air transport capacity, and lay the foundation for increasing flight frequency on existing routes and opening new routes. The working capital supplement project is conducive to strengthening the Company's financial strength, providing necessary financial support for the subsequent development of the Company's business. The investment of proceeds from this issue of A Shares to specific objects revolves around the Company's core business activities and is consistent with the Company's business scale, technical level, and management capabilities.

(II) The Company's Reserves of Personnel, Technology, Resources, Market, etc. for Engaging in the Fundraising Projects

1. Personnel reserve

As at 31 December 2025, the Company had 108,176 in-service employees. By professional category: 13,253 in flight operations, 38,461 in service, 7,046 in management, 1,519 in flight dispatch, 12,792 in maintenance, 1,688 in information technology, 4,709 in marketing, 20,417 in general support, and 8,291 in corporate functions. By educational background: the Company employs 5,965 with postgraduate degrees, 62,598 with bachelor's degrees, 27,669 with associate degrees, and 11,944 with technical secondary school qualifications or below. In the future, the Company will continue to recruit outstanding personnel from universities and society based on market conditions to strengthen its talent pool.

In summary, the Company has sufficient and well-structured personnel reserves to ensure the effective implementation of the fundraising projects.

2. *Technology and resource reserves*

The Company is the largest airline in the PRC by annual passenger traffic. As at 31 December 2025, the Company operated a transport fleet of over 900 aircraft, including B787, B777, B737 series, A350, A330, A320 series, C919, C909 and other models. In terms of aircraft operations management, the Company achieves refined operations management through measures such as route optimisation, real-time system analysis, and self-developed load and balance systems, while comprehensively standardising flight operation dispatch, monitoring, and supervision management to enhance operational quality and reduce operational risks. In terms of maintenance management, the Company continuously strengthens maintenance safety, operations, engineering management, and team building to build a world-class aviation maintenance service brand.

In summary, the Company possesses sound technology and resource reserves to ensure the effective implementation of the fundraising projects.

3. *Market reserves*

According to the 2026 National Civil Aviation Work Conference, the civil aviation industry aims to achieve a total transport turnover of 175 billion tonne-kilometres, passenger traffic of 810 million person-trips, and cargo and mail traffic of 10.7 million tonnes for the full year of 2026, representing year-on-year growth of 6.7%, 5.2%, and 5.2%, respectively. Leveraging its large fleet size and efficient fleet operations, the Company has developed an extensive route network that densely covers domestic China, fully radiates across Asia, and effectively connects Europe, the Americas, Australia, and Africa. The Company has over 20 branches, including Xinjiang, Beijing, Shenzhen, and Northern China, as well as 9 passenger and cargo airlines such as Xiamen Airlines. These branches and subsidiaries effectively leverage local market, airport, key account, channel, and media resources to feed transit passengers to the hubs. Additionally, the Company has 5 bases, 23 domestic sales offices, and 57 overseas sales offices worldwide, forming a sales network combining branches, subsidiaries, regional marketing centres, and sales offices.

In summary, the fundraising projects have strong market reserves.

V. MEASURES TO BE TAKEN TO COPE WITH DILUTION OF SPOT RETURN BY THE ISSUANCE**(I) Operating Status, Development Trends, Key Risks, and Improvement Measures for the Company's Existing Business Segments****1. *Operating Status and Development Trends of the Company's Existing Business Segments***

As at 31 December 2025, the Company operated 972 passenger and cargo aircraft of various models, forming an extensive route network that densely covers China, fully radiates Asia, and effectively connects Europe, the Americas, Australia, and Africa. In 2025, the Company achieved 3.309 million hours of safe flight, maintaining a leading safety level in China's civil aviation industry. The Company focuses on building two comprehensive international aviation hubs in Guangzhou and Beijing, achieving dual-hub drive and enhancing hub competitiveness. Transit passengers carried by the Guangzhou and Beijing hubs increased by 19.2% and 3.8% year-on-year, respectively, with intercontinental connectivity and global reach further strengthened. The Beijing hub implements a "transit + point-to-point" strategy, focusing on markets such as Japan, South Korea, Central and West Asia, and the Middle East, continuously expanding the breadth and depth of its domestic network. Concurrently, the Company consolidates and enhances the composite functions of gateway hubs in Urumqi, Shenzhen, Harbin, etc., densifies domestic trunk routes, expands international routes to Southeast Asia and the Middle East, and effectively links with the Guangzhou and Beijing hubs. Furthermore, the Company strongly supports the construction of the "Air Silk Road," creating new profit models and development methods, and a large-scale network airline form is gradually taking shape.

2. *Key Risks Facing the Company and Countermeasures*

- (1) Jet fuel price fluctuation risk. Jet fuel costs are one of the most significant cost items for an airline. Fluctuations in international crude oil prices and adjustments to domestic jet fuel prices by the National Development and Reform Commission can significantly impact the Company's operations and profitability. Although the Company has adopted various fuel-saving measures to reduce jet fuel consumption, its operating results may still be significantly affected if international oil prices fluctuate sharply in the future. In response to the above risk, the Company has adopted various fuel-saving measures to control unit fuel costs and reduce jet fuel consumption.
- (2) Safety risk. Flight safety is a prerequisite and foundation for the normal operation of an airline. Adverse weather, mechanical failure, human error, aircraft defects, and other force majeure events may affect flight safety. The Company's large fleet size, coupled with significant operations away from base, overnight operations, and international operations, presents certain challenges to safe operations. Any flight safety accident would adversely affect the Company's normal production,

operations, and reputation. In response to the above risk, the Company has established a relatively comprehensive safety management system covering production, operations, and management aspects. The Company has deeply implemented a three-year action plan for safety production rectification, promoting the effective implementation of the safety management system, with risk management as its core, proactively preventing and controlling risks.

- (3) Competition risk. With the gradual liberalisation of the domestic aviation market, competition among domestic airlines is intensifying not only in terms of products, pricing, services, routes, flight schedules, fleet configuration, cost control, and quality management, but the Company also faces market substitution and competitive pressure from international airlines and other modes of transport such as rail and road. This issue of A Shares to specific entities will further support the sustained development of the Company's core business; however, should competition in the domestic aviation market intensify, the Company will continue to face significant competitive risks. In response to these risks, the Company will continue to optimise its fleet structure and route network, improve the efficiency of resource allocation, enhance operational management standards and service quality, and strengthen its core competitiveness.

(II) Specific Measures to Improve the Company's Daily Operational Efficiency, Reduce Operating Costs, and Enhance Operating Performance

1. *Regulate the management of raised funds, and ensure the rational use of funds raised*

In order to regulate the management and use of the raised funds, the Company has, according to the Measures for the Management and Use of Raised Funds and many other laws and regulations, established Rules for the Supervision of Raised Funds by Listed Companies, to set out detailed provisions for deposit, management and use of the raised funds and any change in the raised funds for investment. At the same time, the Company will also establish a special account for funds to be raised from this issuance to specific entities, and sign a three-party regulatory agreement as to this fund raising with the opening bank and the sponsor, so that the raised funds will be under the common management by the sponsor, the opening bank and the Company to ensure the reasonable and compliant use of funds raised.

2. *Adhere to the overall idea of high-quality development to steadily improve performance of the Company*

The Company will proactively adjust its operating strategies, make every effort to respond to the operation in line with the development of the industry and direction of policy, and take multiple measures to improve efficiency. At the same time, it will steadily improve the Company's operation efficiency and service quality, strengthen safety management, and continuously improve the comprehensive market competitiveness of the Company, thereby creating sustained value for our shareholders.

3. *Continue to improve the corporate governance structure to control management and operational risk*

Since its listing, the Company, in accordance with the requirements of the Company Law, Securities Law, Governance Guidelines of Listed Company and other relevant laws, regulations and normative documents, continuously improves the corporate governance structure and strengthens internal control system to ensure that Board of Directors and Management to effectively exercise their functions and powers, and strictly control management and operation risks while effectively make decisions, thus effectively protecting the interests of investors, especially the legitimate rights and interests of small and medium sized Shareholders.

At the same time, the Company reminds investors that the Company develops measures to make up the returns is not equal to a guarantee of the Company's future profits; that investors shall not make investment decisions accordingly; and that the Company is not liable for any losses caused due to any investment decisions so made.

VI. THE COMPANY'S CONTROLLING SHAREHOLDER, DIRECTORS AND SENIOR MANAGEMENT PERSONNEL MAKE UNDERTAKINGS TO RESPOND TO THIS ISSUANCE OF SHARES TO SPECIFIC ENTITIES, SO THAT MEASURES TO MAKE UP THE DILUTED SPOT RETURNS CAN BE ACTUALLY FULFILLED

In order to ensure that the Company's measures for making up the diluted spot returns after the completion of the issuance can be effectively fulfilled, the directors and senior management personnel of the Company make the following commitments in accordance with the relevant provisions of CSRC:

- “1. I undertake not to send benefits to other units or individuals without gratuitous or unfair conditions, nor in any other way to damage the interests of the Company;
2. I undertake to restrict my own position consumption behaviors;
3. I undertake not to use the Company's assets to engage in investment or consumption activities that are unrelated to my duties;
4. I undertake that the remuneration system established by the Board of Directors or the Remuneration and Evaluation Committee is linked to the implementation of the Company's measures to make up the returns;
5. I undertake that if the Company plans to implement equity incentives in the future, the conditions of exercise of the Company's equity incentive to be announced will be linked to the implementation of the Company's measures to make up the returns;

6. If, during the period from the date after the issuance of these Undertakings to the date prior to the completion of the implementation of this issuance of A Shares and H Shares to specific entities, CSRC releases any new regulatory requirements related to the measures to make up the returns and any other new regulatory measures it undertakes, and the above undertakings cannot meet the requirements of CSRC, I undertake that I will, in accordance with the latest requirements of CSRC, make additional and supplementary undertakings then;
7. I undertake to actually fulfill the Company's any relevant measures to make up the returns and any undertakings I have made related to such measures. If I violate such undertakings and cause any losses to the Company or investors, I am willing to bear the liability for giving compensations in accordance with the laws".

At the same time, the controlling Shareholder of the Company, in accordance with the relevant provisions of CSRC, makes the following undertakings to ensure the Company's measures to make up the returns can be effectively fulfilled:

- "1. As the controlling Shareholder of China Southern Airlines, CSAH will strictly comply with laws and regulations and the relevant regulatory rules of CSRC and Shanghai Stock Exchange and will not exceed its authority to interfere the Company' operation and management activities, nor encroach on the interests of the Company.
2. If, during the period from the date after the issuance of these Undertakings to the date prior to the completion of the implementation of issuance of A shares of China Southern Airlines to specific entities, CSRC releases any new regulatory requirements related to the measures to make up the returns and any other new regulatory measures it undertakes, and the said undertakings cannot meet the requirements of CSRC, CSAH undertakes that it will, in accordance with the latest requirements of CSRC, make additional and complementary undertakings then.
3. CSAH undertakes to actually fulfil any relevant measures of China Southern Airlines to make up the returns and any undertakings that CSAH has made related to such measures. If CSAH violates such undertakings and causes any losses to the Company or investors, CSAH is willing to bear the liability for giving compensations to China Southern Airlines or investors in accordance with the laws.

As one of the main related responsible bodies of measures to make up returns, if CSAH is or will be in violation of, or refuses or will refuse to fulfill, the above undertakings, CSAH agrees hereby CSRC, Shanghai Stock Exchange and other securities regulatory authorities to, in accordance with the relevant provisions and rules enacted or released by them, impose any relevant punishments or take regulatory measures against CSAH.

China Southern Airlines Company Limited

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors or chief executive and their respective associates had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers in Appendix C3 of the Listing Rules.

None of the Directors or chief executive of the Company and their respective associates (as defined in the Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Ma Xu Lun, Mr. Han Wen Sheng, Mr. Cai Zhi Zhou and Mr. Zhang Tao, all being directors of the Company, were also directors of CSAH, a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL LITIGATION

No member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group, as at the Latest Practicable Date.

4. DIRECTORS' INTERESTS

- (a) None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2025, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

Recently, international oil prices have shown fluctuation. As aviation oil is a key cost component of the Company's principal business, oil price volatility may create short-term pressure on operating costs and profitability.

From a medium-to long-term perspective, oil price volatility is a cyclical external factor and does not constitute a sustained systemic business risk. With the Company's leading operating scale, established route network and mature internal controls, the Company has sufficient resilience and cost absorption capacity to mitigate the impact of short-term oil price changes.

The Company will continue to respond to oil price fluctuation by optimising route networks and capacity deployment and by strengthening cost management throughout the full operating process. As at the Latest Practicable Date, the short-term cost impact from oil price volatility has not caused any material adverse impact on the Company's financial position or business operations since 31 December 2025, the date to which the latest published audited consolidated accounts of the Group were made up.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirmed that there was not any material adverse change in the financial or trading position of the Group since 31 December 2025, the date to which the latest published audited consolidated accounts of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualifications
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Somerley Capital Limited had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Somerley Capital Limited was not interested, directly or indirectly, in any assets which had since 31 December 2025 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Somerley Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/report on the same date and references to its name in the form and context in which it appears.

8. DOCUMENTS ON DISPLAY

Copies of the A Share Subscription Agreement will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.csair.com>) from the date of this circular and for a reasonable period of time (not less than 14 days).

SUPPLEMENTAL NOTICE OF AGM



中国南方航空股份有限公司 CHINA SOUTHERN AIRLINES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1055)

SUPPLEMENTAL NOTICE OF AGM

Reference is made to the notice (the “**First Notice**”) of the annual general meeting (the “**AGM**”) of China Southern Airlines Company Limited (the “**Company**”) dated 8 May 2026. The AGM will be held at No. 3301 Conference Room, 33rd Floor, China Southern Airlines Building, No. 68 Qixin Road, Bai Yun District, Guangzhou, Guangdong Province, the PRC on Friday, 29 May 2026 at 2:30 p.m.

The board of directors of the Company (the “**Board**”) received the motion made by China Southern Air Holding Company Limited, a controlling shareholder of the Company, for additional proposals to be submitted to the AGM for approval by the shareholders of the Company. According to the relevant requirements of laws, regulations and the articles of association of the Company, the Board consented to submit the additional proposals to AGM for review. The format and procedure for the proposed submission of additional resolutions were in compliance with the provisions of the Company Law and the articles of association of the Company.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be held as originally scheduled and will consider and, if thought fit, approve the following resolutions. Unless otherwise indicated, capitalised terms used in this supplemental notice shall have the same meanings as those defined in the circular of the Company dated 14 May 2026 (the “**Circular**”).

The special resolutions (6) to (8) as set out in the First Notice shall be renumbered as special resolutions (16) to (18) and the ordinary resolution (9) as set out in the First Notice shall be renumbered as ordinary resolution (19). Additional resolutions to be put forward to the AGM and their respective numberings are set out below.

AS ORDINARY RESOLUTIONS

To consider and, if thought fit, approve the following resolutions as ordinary resolutions:

6. Resolution regarding the Satisfaction of the Conditions of the Issue of A Shares to Specific Entities by China Southern Airlines Company Limited;
7. Resolution regarding the Feasibility Report on the Use of Proceeds from the Issue of A Shares to Specific Entities by China Southern Airlines Company Limited. Details of this resolution are set out in Appendix II to the Circular;

SUPPLEMENTAL NOTICE OF AGM

8. Resolution regarding the Report on Use of Proceeds from the Previous Fund-Raising Activities of China Southern Airlines Company Limited. Details of this resolution are set out in Appendix I to the Circular;
9. Resolution regarding the Impacts of Dilution of Current Returns of the Issue of Shares to Specific Entities and the Remedial Returns Measures and the Undertakings from Controlling Shareholder, Directors and Senior Management of the Company on the Relevant Measures. Details of this resolution are set out in Appendix III to the Circular;

AS SPECIAL RESOLUTIONS

To consider and, if thought fit, approve the following resolutions as special resolutions:

10. Resolution regarding the Demonstration and Analysis Report relating to China Southern Airlines Company Limited's Plan on Issue of Shares to Specific Entities. Details of this resolution are set out in the overseas regulatory announcement of the Company dated 29 April 2026 published on the website of The Stock Exchange of Hong Kong Limited;

- 11.00 Resolution regarding the Proposal of the Issue of A Shares to Specific Entities by China Southern Airlines Company Limited;

- 11.01 Types of Shares to be issued and the nominal value

The type of Shares to be issued to specific entities are domestic-listed RMB ordinary shares (A Shares) with a nominal value of RMB1.00 each.

- 11.02 Issue method and period

The A Shares will be issued by way of issuance to specific entities. The Company will choose the appropriate time to issue within the valid period as approved by the Shanghai Stock Exchange and approved for registration by the China Securities Regulatory Commission (hereinafter referred to as "CSRC").

- 11.03 Subscribers and subscription method

The subscribers of this issue of A Shares to specific entities are not more than 35 (including 35) specific investors, including China Southern Air Holding Company Limited (hereinafter referred to as "CSAH"), the controlling shareholder of the Company. Among them, CSAH intends to subscribe in cash shares of this issuance in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million).

The other specific investors (other than CSAH) include securities investment and fund management companies, securities companies, trust companies, financial companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal entity investors, natural person or other qualified

SUPPLEMENTAL NOTICE OF AGM

investors that satisfy the requirements of CSRC. Securities investment and fund management company, securities company, qualified foreign institutional investor and Renminbi qualified foreign institutional investor subscribing through more than two products under their management shall be regarded as one subscriber. Trust companies, as the subscribers under the issuance, are limited to use their own funds to subscribe.

The other specific investors (other than CSAH) for the issue of A Shares to specific entities are yet to be identified, and will be determined by the Board or its authorised person(s) within the authorisation of the general meeting and upon discussions with the sponsor (the lead underwriter) based on the subscription quotations in accordance with the relevant laws and regulations and the requirements of regulatory authorities after the issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration.

As CSAH is the controlling shareholder of the Company, its proposed participation in the subscription of this issuance of Shares to specific entities constitutes a connected transaction with the Company. The Company will strictly follow the approval and disclosure procedures with respect to connected transactions in accordance with laws and regulations and internal rules.

All subscribers will subscribe for the Shares under this share issuance in cash and at the same price.

11.04 Price benchmark date, issue price and pricing method

The price benchmark date for this issuance of A Shares to specific entities shall be the first day of the issuance period of this issuance of A Shares to specific entities. The issue price of this issuance of A Shares to specific entities shall be not less than the higher of 80% of the average trading price of the A Shares in the 20 trading days immediately prior to the price benchmark date, and the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance (rounded up to the nearest two decimal places). Where there are any ex-right or ex-dividend events, including distribution of dividend, bonus issue, rights issue, and transfer to share capital from capital reserve, during the period from the balance sheet date of the Company's latest audited financial report to the date of issuance of Shares, the abovementioned audited net asset value per Share shall be adjusted accordingly.

The average trading price of the A Shares in the 20 trading days preceding the price benchmark date equals to the total trading amount of A Shares traded in the 20 trading days preceding the price benchmark date divided by the total volume of A Shares traded in the 20 trading days preceding the price benchmark date. Where there are ex-right or ex-dividend events including distribution of dividend, bonus issue, rights issue, and transfer to share capital from capital reserve during the period from the price benchmark date to the date of issuance of Shares, the issue price of this issuance of A Shares to specific entities shall be adjusted accordingly.

SUPPLEMENTAL NOTICE OF AGM

Based on the above subscription base price, the final issue price will be determined by the Board or its authorised person(s) within the authorisation of the general meeting upon discussions with the sponsor (the lead underwriter) based on the subscription quotations in accordance with the relevant laws and regulations and the requirements of regulatory authorities after this issuance of A Shares has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration.

CSAH will not participate in the bidding process in relation to the price determination of this issuance, but undertakes to accept the bidding results and to subscribe for Shares of this issuance at the same price with other subscribers. If no one bids or the issue price cannot be determined by bidding process, CSAH will continue to participate in the subscription at the subscription base price (the higher of 80% of the average trading price of the A Shares in the 20 trading days immediately prior to the price benchmark date, and the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance).

11.05 Number of shares to be issued

The number of A Shares to be issued under this issuance to specific entities shall be calculated by dividing the total raised proceeds by the issue price and, in accordance with Article 4 of the “Application Opinions on Articles 9, 10, 11, 13, 40, 57, and 60 of the Administrative Measures for the Registration of Securities Issuance by Listed Companies – Securities and Futures Legal Application Opinion No. 18” (《<上市公司證券發行註冊管理辦法>第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見–證券期貨法律適用意見第18號》), shall not exceed 30% of the total share capital of the Company prior to the issuance, being not more than 5,436,289,835 Shares (including 5,436,289,835 Shares). The final number of A Shares to be issued will be determined by the board of directors of the Company or its authorised person(s) within the authorisation of the general meeting upon discussions with the sponsor (the lead underwriter) based on the actual subscription circumstances after the application for this issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration. In case of ex-right or ex-dividend events including distribution of dividend, bonus issue and transfer to share capital from capital reserve or other events leading to changes to the total share capital of the Company during the period from the resolution announcement date of the meeting of the board of directors regarding this issuance to the date of issuance, the maximum number of A Shares to be issued under this A Share issuance shall be adjusted accordingly.

11.06 Lock-up period

CSAH undertakes not to transfer the A Shares subscribed by it from this subscription within 36 months from the completion date of this issue of A Shares to specific entities. A Shares to be subscribed by other subscribers shall not be transferred within 6 months from the completion date of the issuance thereof.

SUPPLEMENTAL NOTICE OF AGM

The same lock-up requirement is applicable for the Shares subsequently obtained due to distribution of share dividend, transfer to share capital from capital reserve and rights issue by the Company during the lock-up period. Upon expiration of the said lock-up period, it shall be implemented in accordance with the requirements of the CSRC and the Shanghai Stock Exchange.

If the CSRC or the Shanghai Stock Exchange has new regulations or requirements for the above-mentioned lock-up period arrangement, the above-mentioned lock-up period arrangement will be revised and implemented in accordance with the regulations or requirements of the regulatory authorities.

11.07 Proceeds raised and the use of proceeds

The total funds to be raised from this issue of A Shares to specific entities shall be not more than RMB15,000 million (including RMB15,000 million) and after deduction of expenses of issuance will all be utilised in the projects as follows:

Serial No.	Project Name	Total Investment Amount (RMB100 million)	Maximum Amount of Proceeds to be Used (RMB100 million)
1.	Procurement of 46 Aircraft	380.01	105.00
2.	Supplement the general working capital	45.00	45.00
Total		425.01	150.00

If the actual proceeds to be raised in cash from this issue of Shares (after deduction of relevant expenses for the issuance) are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust the proceeds utilisation arrangement including the priority of the investment and the specific investment amount of each project according to the actual net proceeds raised, subject to the compliance with the relevant laws and regulations and according to the priorities of the projects. Any shortfall of proceeds shall be made up by the Company by utilising self-raised funds.

In order to ensure the smooth progress of the investment projects and protect the interests of all shareholders of the Company, before the actual receipt of the proceeds to be raised from this issuance, the Company will, depending on the actual situations of the progress of the projects, finance these projects by self-owned funds or self-raised funds, which will be replaced once the proceeds raised have been received.

SUPPLEMENTAL NOTICE OF AGM

11.08 Place of listing

The A Shares issued under this issue of A Shares to specific entities will be listed and traded on the Shanghai Stock Exchange after the expiry of the lock-up period.

11.09 The arrangement for the distribution of undistributed profits accumulated before the issue of A Shares to specific entities

The Company's undistributed profits accumulated prior to the issuance shall be shared by all the shareholders of the Company, pro-rata to their respective shareholding in the Company, upon completion of the issuance.

11.10 Validity period of this resolution regarding the issue of A Shares to specific entities

This resolution shall be effective for a period of 12 months from the date of approval of the resolution with respect to this issue of A Shares to specific entities at the general meeting of the Company.

12. Resolution regarding the Preliminary Proposal of the Issue of A Shares to Specific Entities by China Southern Airlines Company Limited. Details of this resolution are set out in the overseas regulatory announcement of the Company dated 29 April 2026 published on the website of The Stock Exchange of Hong Kong Limited;
13. Resolution regarding the Connected Transactions Involved in the Issue of A Shares to Specific Entities;
14. Resolution regarding the Conditional Subscription Agreement in relation to the Subscription of A Shares Entered into between China Southern Airlines Company Limited and the Specific Entity;
15. Resolution regarding the Board or the Authorised Person(s) thereof being Authorised by the General Meeting with Full Power to Deal with All Matters relating to the Issue of A Shares to Specific Entities.

By order of the Board
China Southern Airlines Company Limited
Chen Wei Hua and Liu Wei
Joint Company Secretaries

Guangzhou, the People's Republic of China
14 May 2026

As at the date of this announcement, the Directors include Ma Xu Lun, Han Wen Sheng and Cai Zhi Zhou as executive Directors; Pansy Catilina Chiu King Ho, Guo Wei, Zhang Jun Sheng and Zhu Hai Ping as independent non-executive Directors; and Zhang Tao as employee Director.

SUPPLEMENTAL NOTICE OF AGM

Notes:

1. Save for the inclusion of the newly proposed resolutions, there are no other changes to the resolutions set out in the First Notice. Please refer to the First Notice for the other resolutions to be passed at the AGM and other relevant matter.
2. Since the proxy form sent together with the First Notice (the “**First Proxy Form**”) does not contain the proposed additional resolutions as set out in this supplemental notice of AGM, a new proxy form (the “**Second Proxy Form**”) has been prepared and is enclosed with this supplemental notice of AGM.
3. The Second Proxy Form for use at AGM is enclosed and is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.csair.com>). Whether or not you intend to attend the AGM, you are requested to complete and return the enclosed Second Proxy Form in accordance with the instructions printed thereon no later than 24 hours before the time fixed for holding the AGM or any adjournment thereof (as the case may be).
4. A shareholder who has not yet lodged the First Proxy Form with the Company’s H Share registrar – Computershare Hong Kong Investor Services Limited is requested to lodge the Second Proxy Form if he or she wishes to appoint proxies to attend the AGM on his or her behalf. The Company’s H Share registrar – Computershare Hong Kong Investor Services Limited, is at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. In this case, the First Proxy Form should not be lodged with the Company’s H Share registrar.
5. A shareholder who has already lodged the First Proxy Form with the Company’s H Share registrar should note that:
 - a. If no Second Proxy Form is lodged with the Company’s H Share registrar, the First Proxy Form will be treated as a valid proxy form lodged by him or her if correctly completed. The proxy so appointed by the shareholder will be entitled to vote at his or her discretion or to abstain from voting on any resolutions properly put to the AGM other than those referred to in the First Notice and the First Proxy Form, including the additional proposed resolutions as set out in this supplemental notice of AGM.
 - b. If the Second Proxy Form is lodged with the Company’s H Share registrar at or before 2:30 p.m. on Thursday, 28 May 2026, the Second Proxy Form will revoke and supersede the First Proxy Form previously lodged by him or her. The Second Proxy Form will be treated as a valid proxy form lodged by the shareholder if correctly completed.
 - c. If the Second Proxy Form is lodged with the Company’s H share registrar after 2:30 p.m. on Thursday, 28 May 2026, the Second Proxy Form will be invalid. It will not revoke the First Proxy Form previously lodged by the shareholder. The First Proxy Form will be treated as a valid proxy form lodged by him or her if correctly completed. The proxy so appointed by the shareholder will be entitled to vote at his or her discretion or to abstain from voting on any resolutions properly put to the AGM other than those referred to in the First Notice and the First Proxy Form, including the additional proposed resolutions as set out in this supplemental notice of AGM.
6. Shareholders are reminded that completion and delivery of the First Proxy Form and/or the Second Proxy Form will not preclude shareholders from attending and voting in person at the AGM or at any adjourned meeting should they so wish.