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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)

INSIDE INFORMATION
ANNOUNCEMENT ON THE UNRECOVERED LOSSES AMOUNTING TO
ONE-THIRD OF THE TOTAL PAID-UP SHARE CAPITAL

This announcement is made by the board of directors (the “**Board**”) of China Southern Airlines Company Limited (the “**Company**”) pursuant to Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

According to the audit report issued by KPMG Huazhen LLP (“**KPMG Huazhen**”), the amount of uncovered losses in the Company's consolidated statements as at 31 December 2023 has exceeded one-third of the total paid-up share capital, details of which are set out as follows:

I. OVERVIEW

According to the audit report issued by KPMG Huazhen, the amount of uncovered losses in the Company's consolidated statements as at 31 December 2023 was RMB36.888 billion, while the Company's paid-up share capital was RMB18.121 billion, and accordingly the amount of uncovered losses has exceeded one-third of the total paid-up share capital. In accordance with the Company Law and the Articles of Association of China Southern Airlines Company Limited, the Company's uncovered losses amounted to one-third of the total paid-up share capital, which shall be subject to consideration at the general meeting of the Company.

II. MAJOR REASONS FOR THE UNCOVERED LOSSES

In 2023, the domestic economy continued to recover and civil aviation production was restored, however, the industry and the Company still failed to turn around its losses due to the impact of residents' weak consumption ability, the pressure on jet fuel costs, the poor supply chain and the depreciation of Renminbi. The Company overcame the difficult challenges through its own subjective efforts and made comprehensive efforts on the revenue side, cost side, management side and strategic side to improve production, operation and cost control. However, as affected by multiple factors, the operating results of the Company in 2023 continued to suffer loss, and accumulated uncovered losses amounting to RMB36.888 billion.

III. COUNTERMEASURES

In 2024, the situation will remain complex and severe. The management of the Company will make preparations for all kinds of risks and challenges, maintain its confidence and determination to promote high-quality development, and do its best to improve operating efficiency through the following measures:

1. Strengthen market research and judgment. We will seriously study the operating situation, scientifically research the domestic and international economic situation and the development trend of the aviation market, strengthen the analysis of new market characteristics, summarize the rules and regulations, and make a good response to the situation.
2. Enhance the capacity of passenger and cargo operations. We will seize the opportunity of market recovery, strengthen passenger and freight linkage, improve the quality of hub construction, enhance product system construction and deepen ecosystem construction, so as to enhance the operating capacity of passenger and freight transportation.
3. Establish core competitiveness in the market. We will enhance hub network synergies and strengthen capacity refinement. We will promote the integration of customer operations to further enhance our market control and competitiveness in the Greater Bay Area.
4. Consolidate and improve cost control. We will continue to promote the Golden Idea Efficiency Project to further reduce costs and increase efficiency. We will further promote the value creation action against world-class enterprises, and deepen the benchmarking and creation of benchmarks.
5. Efforts will be made to improve operational efficiency. We will strengthen system thinking, link core resource allocation, improve aircraft utilization, consolidate our leading position in operations, and realize intensive resource allocation and maximize efficiency.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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
27 March 2024

As at the date of this announcement, the Directors include Ma Xu Lun, Han Wen Sheng and Luo Lai Jun as executive Directors; and Pansy Catilina Chiu King Ho, Gu Hui Zhong, Guo Wei and Cai Hong Ping as independent non-executive Directors.