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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)

2024 ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Southern Airlines Company Limited (the “**Company**”) hereby announces the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for 2023, which have been derived from the Group’s audited consolidated financial statements for the year ended 31 December 2024.

FINANCIAL RESULTS

A. PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

CONSOLIDATED INCOME STATEMENTS

For the year ended 31 December 2024

		2024	2023
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Operating revenue			
Traffic revenue		165,145	151,445
Other operating revenue		9,079	8,484
Total operating revenue	4	174,224	159,929
Operating expenses			
Flight operation expenses	5	83,046	76,799
Maintenance expenses		14,853	14,390
Aircraft and transportation service expenses		31,006	26,487
Promotion and selling expenses		6,831	6,349
General and administrative expenses		4,435	4,150
Depreciation and amortisation	6	28,341	27,165
Reversal of impairment losses on property, plant and equipment and right-of-use assets		(302)	(123)
Others		3,596	3,835

		2024	2023
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Total operating expenses		<u>171,806</u>	<u>159,052</u>
Other net income	7	<u>5,909</u>	<u>4,680</u>
Operating profit		<u>8,327</u>	<u>5,557</u>
Interest income		215	361
Interest expense	8	(5,758)	(5,928)
Exchange loss, net	19	(912)	(687)
Share of associates' results		(1,244)	(2,244)
Share of joint ventures' results		628	546
Changes in fair value of financial assets/ liabilities		<u>195</u>	<u>874</u>
Profit/(loss) before income tax		1,451	(1,521)
Income tax expense	9	<u>(1,426)</u>	<u>(1,436)</u>
Net profit/(loss) for the year		<u>25</u>	<u>(2,957)</u>
Net profit/(loss) attributable to:			
Equity shareholders of the Company		(1,769)	(4,140)
Non-controlling interests		<u>1,794</u>	<u>1,183</u>
Net profit/(loss) for the year		<u>25</u>	<u>(2,957)</u>
Loss per share			
Basic and diluted (expressed in RMB per share)	10	<u>(0.10)</u>	<u>(0.23)</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Net profit/(loss) for the year	<u>25</u>	<u>(2,957)</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(114)	(112)
– Income tax effect of the above items	29	28
Items that are or may be reclassified subsequently to profit or loss		
– Differences resulting from the translation of foreign currency financial statements	<u>–</u>	<u>1</u>
Other comprehensive income for the year	<u>(85)</u>	<u>(83)</u>
Total comprehensive income for the year	<u>(60)</u>	<u>(3,040)</u>
Total comprehensive income attributable to:		
Equity shareholders of the Company	(1,816)	(4,185)
Non-controlling interests	<u>1,756</u>	<u>1,145</u>
Total comprehensive income for the year	<u>(60)</u>	<u>(3,040)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		31 December 2024	31 December 2023
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i> <i>(restated)</i>
Non-current assets			
Property, plant and equipment, net		101,217	93,575
Construction in progress	<i>12</i>	34,562	34,177
Right-of-use assets		128,872	127,634
Goodwill		237	237
Interests in associates		2,835	2,714
Interests in joint ventures		4,334	4,005
Aircraft lease deposits		420	386
Other equity instrument investments		431	547
Other non-current financial assets	<i>13</i>	3,017	3,419
Derivative financial assets		18	–
Amounts due from related companies		171	262
Deferred tax assets	<i>14</i>	12,873	12,279
Other assets		3,229	2,422
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		292,216	281,657
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Current assets			
Inventories		2,002	1,565
Trade receivables	<i>15</i>	3,306	3,161
Other receivables	<i>16</i>	15,378	9,167
Cash and cash equivalents		12,984	9,531
Assets held for sale		118	198
Restricted bank deposits		139	137
Prepaid expenses and other current assets		818	695
Other financial assets	<i>13</i>	2,695	3,157
Derivative financial assets		–	4
Amounts due from related companies		323	324
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		37,763	27,939
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		31 December 2024	31 December 2023
	<i>Note</i>	RMB million	<i>RMB million (restated)</i>
Current liabilities			
Derivative financial liabilities	17	908	907
Borrowings	18	73,954	71,192
Lease liabilities	19	18,378	19,261
Trade and bills payables	20	3,577	2,004
Contract liabilities		1,749	1,509
Sales in advance of carriage		9,295	7,179
Current income tax		584	346
Amounts due to related companies		525	594
Accrued expenses		21,074	23,142
Other liabilities		8,358	8,800
		<u>138,402</u>	<u>134,934</u>
Net current liabilities		<u>(100,639)</u>	<u>(106,995)</u>
Total assets less current liabilities		<u>191,577</u>	<u>174,662</u>
Non-current liabilities			
Borrowings	18	56,870	45,024
Lease liabilities	19	74,154	69,232
Other non-current liabilities		1,662	1,497
Amounts due to related companies		6	36
Provision for major overhauls		5,322	5,731
Deferred benefits and gains		720	752
Deferred tax liabilities		7	23
		<u>138,741</u>	<u>122,295</u>
Net assets		<u>52,836</u>	<u>52,367</u>
Capital and reserves			
Share capital		18,121	18,121
Reserves		16,822	18,950
Total equity attributable to equity shareholders of the Company		<u>34,943</u>	<u>37,071</u>
Non-controlling interests		<u>17,893</u>	<u>15,296</u>
Total equity		<u>52,836</u>	<u>52,367</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Fair value reserve		Accumulated losses	Total	Non- controlling interests	Total equity
			(non- recycling)	Other reserves				
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Balance at 1 January 2023	18,121	52,251	257	3,406	(32,760)	41,275	14,084	55,359
Changes in equity for 2023:								
Net profit/(loss) for the year	-	-	-	-	(4,140)	(4,140)	1,183	(2,957)
Other comprehensive income	-	-	(46)	1	-	(45)	(38)	(83)
Total comprehensive income	-	-	(46)	1	(4,140)	(4,185)	1,145	(3,040)
Distributions to								
non-controlling interests	-	-	-	-	-	-	(909)	(909)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(19)	-	(19)	(11)	(30)
Capital injection from non-controlling interests	-	-	-	-	-	-	1,017	1,017
Decrease in non-controlling interests as a result of liquidation of subsidiaries	-	-	-	-	-	-	(30)	(30)
Balance at 31 December 2023	<u>18,121</u>	<u>52,251</u>	<u>211</u>	<u>3,388</u>	<u>(36,900)</u>	<u>37,071</u>	<u>15,296</u>	<u>52,367</u>

Attributable to equity shareholders of the Company

	Fair value				Accumulated losses	Total	Non- controlling interests	Total equity
	Share capital	Share premium	(non- recycling) reserve	Other reserves				
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Changes in equity for 2024:								
Net profit/(loss) for the year	-	-	-	-	(1,769)	(1,769)	1,794	25
Other comprehensive income	-	-	(47)	-	-	(47)	(38)	(85)
Total comprehensive income	-	-	(47)	-	(1,769)	(1,816)	1,756	(60)
Distributions to								
non-controlling interests	-	-	-	-	-	-	(12)	(12)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(312)	-	(312)	246	(66)
Capital injection from non- controlling interests	-	-	-	-	-	-	607	607
Balance at 31 December								
2024	18,121	52,251	164	3,076	(38,669)	34,943	17,893	52,836

Notes to the financial information prepared in accordance with IFRS Accounting Standards:

1 CORPORATE INFORMATION

China Southern Airlines Company Limited (the “**Company**”), a joint stock limited company, was incorporated in the People’s Republic of China (the “**PRC**”) on 25 March 1995. The address of the Company’s registered office is Unit 301, 3/F, Office Tower, Guanhao Science Park Phase I, 12 Yuyan Street, Huangpu District, Guangzhou, Guangdong Province, the PRC. The Company and its subsidiaries (the “**Group**”) are principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

The Company’s majority interest is owned by China Southern Air Holding Company Limited (“**CSAH**”), a state-owned enterprise incorporated in the PRC.

The Company’s shares are traded on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

2 BASIS OF PREPARATION

The financial information is extracted from the audited consolidated financial statements prepared under IFRS Accounting Standards.

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (the “**IASB**”). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- other equity instrument investments;
- other financial assets and other non-current financial assets (fair value through profit or loss (“**FVPL**”)); and
- derivative financial assets/liabilities.

Non-current assets (or disposal groups) held for sale are stated at the lower of carrying amount and fair value less costs to sell.

3 CHANGES IN ACCOUNTING POLICIES

(i) New and amended IFRS Accounting Standards

The Group has applied the following new and amended IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”) and amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, *Presentation of financial statements* (“2020 and 2022 amendments”, or collectively the “IAS 1 amendments”)

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current. The Group has made the following reclassifications to conform to the revised policy:

Reclassifying the non-derivative liabilities arising from convertible bonds with a maturity date of 14 October 2026 from non-current to current, as the related conversion features of those bonds do not meet the definition of an equity instrument and are exercisable at any time at the noteholders’ option.

The following table summarises the impact of the adoption of the IAS 1 amendments on the comparatives presented in the Group's consolidated statement of financial position:

	As previously reported <i>RMB million</i>	Effect of adopting the IAS 1 amendments <i>RMB million</i>	As restated <i>RMB million</i>
Consolidated statement of financial position as at 31 December 2023:			
Borrowings	65,694	5,498	71,192
Total current liabilities	129,436	5,498	134,934
Net current liabilities	101,497	5,498	106,995
Total assets less current liabilities	180,160	(5,498)	174,662
Borrowings	50,522	(5,498)	45,024
Total non-current liabilities	127,793	(5,498)	122,295
Company-level statement of financial position as at 31 December 2023:			
Borrowings	57,781	5,498	63,279
Total current liabilities	110,935	5,498	116,433
Net current liabilities	86,336	5,498	91,834
Total assets less current liabilities	140,381	(5,498)	134,883
Borrowings	45,072	(5,498)	39,574
Total non-current liabilities	113,938	(5,498)	108,440

The following table illustrates the amounts that would have been in the Group's consolidated statement of financial position as at 31 December 2024 if the IAS 1 amendments had not been adopted:

	As reported <i>RMB million</i>	Backing out effect of adopting the IAS 1 amendments <i>RMB million</i>	If accounting policy had not been changed <i>RMB million</i>
Consolidated statement of financial position as at 31 December 2024:			
Borrowings	73,954	(5,755)	68,199
Total current liabilities	138,402	(5,755)	132,647
Net current liabilities	100,639	(5,755)	94,884
Total assets less current liabilities	191,577	5,755	197,332
Borrowings	56,870	5,755	62,625
Total non-current liabilities	138,741	5,755	144,496
Company-level statement of financial position as at 31 December 2024:			
Borrowings	64,521	(5,755)	58,766
Total current liabilities	117,396	(5,755)	111,641
Net current liabilities	88,981	(5,755)	83,226
Total assets less current liabilities	142,179	5,755	147,934
Borrowings	54,046	5,755	59,801
Total non-current liabilities	118,789	5,755	124,544

The amendments have no effect on the Group's consolidated statement of profit or loss, cash flows and loss per share.

Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right-of-use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have material amended impact on these financial statements of the Group.

Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this financial report.

4 REVENUE AND SEGMENT INFORMATION

(a) Operating revenue

The Group is principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery, and other extended transportation services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Revenue from contracts with customers		
within the scope of IFRS 15:		
Disaggregated by service lines		
– Traffic revenue		
– Passenger	146,450	136,170
– Cargo and mail	18,695	15,275
– Commission income	3,261	3,164
– Cargo handling income	992	820
– Hotel and tour operation income	832	750
– Ground services income	805	473
– Air catering service income	535	458
– Others	2,268	2,456
	<u>173,838</u>	<u>159,566</u>
Revenue from other sources:		
– Rental income		
– Lease payments that are fixed or depend on an index or a rate	302	303
– Variable lease payments that do not depend on an index or a rate	84	60
	<u>386</u>	<u>363</u>
	<u><u>174,224</u></u>	<u><u>159,929</u></u>

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 4(c).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligation, which is the unredeemed credits under the frequent flyer award programmes, amounted to RMB3,043 million (31 December 2023: RMB2,893 million). This amount represents revenue expected to be recognised in the future when the customers obtain control of the goods or services.

(b) Business segments

The Group has two reportable operating segments “airline transportation operations” and “other segments”, according to internal organisation structure, managerial needs and internal reporting system. “Airline transportation operations” comprises the Group’s passenger and cargo and mail operations. “Other segments” includes cargo handling, hotel and tour operation, ground services, air catering services and other miscellaneous services.

For the purposes of assessing segment performance and allocating resources between segments, the Group’s chief operating decision maker (“**CODM**”) monitors the results, assets and liabilities attributable to each reportable segment based on financial results prepared under the People’s Republic of China Accounting Standards for Business Enterprises (“**PRC GAAP**”). As such, the amount of each material reconciling item from the Group’s reportable segment loss before taxation, assets and liabilities, which arises from different accounting policies, are set out in Note 4(d).

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the Group’s reportable segments as provided to the Group’s CODM for the purposes of resource allocation and assessment of segment performance is set out below.

The segment results of the Group for the year ended 31 December 2024 are as follows:

	Airline transportation operations <i>RMB million</i>	Other segments <i>RMB million</i>	Elimination <i>RMB million</i>	Unallocated* <i>RMB million</i>	Total <i>RMB million</i>
Revenue from external customers	171,829	2,395	-	-	174,224
Inter-segment sales	595	6,009	(6,604)	-	-
Reportable segment revenue	172,424	8,404	(6,604)	-	174,224
Reportable segment profit/(loss) before taxation	1,129	867	(12)	(403)	1,581
Reportable segment profit/(loss) after taxation	(115)	736	(15)	(452)	154
Other segment information					
Income tax expense	1,244	131	3	49	1,427
Interest income	204	24	(13)	-	215
Interest expense	5,754	56	(52)	-	5,758
Depreciation and amortisation	28,163	211	-	-	28,374
Impairment losses	5	-	-	-	5
Credit losses	4	1	-	-	5
Share of associates and joint ventures' results	-	-	-	(616)	(616)
Changes in fair value of financial assets/liabilities	-	-	-	195	195
Non-current assets additions during the year [#]	40,498	658	(368)	-	40,788

The segment results of the Group for the year ended 31 December 2023 are as follows:

	Airline transportation operations <i>RMB million</i>	Other segments <i>RMB million</i>	Elimination <i>RMB million</i>	Unallocated* <i>RMB million</i>	Total <i>RMB million</i>
Revenue from external customers	157,542	2,387	–	–	159,929
Inter-segment sales	573	5,098	(5,671)	–	–
Reportable segment revenue	158,115	7,485	(5,671)	–	159,929
Reportable segment (loss)/profit before taxation	(1,410)	613	(34)	(814)	(1,645)
Reportable segment (loss)/profit after taxation	(2,496)	474	(28)	(1,032)	(3,082)
Other segment information					
Income tax expense	1,086	139	(6)	218	1,437
Interest income	352	20	(11)	–	361
Interest expense	5,926	71	(69)	–	5,928
Depreciation and amortisation	26,947	233	–	–	27,180
Impairment losses	10	1	–	–	11
Credit losses	10	(1)	–	–	9
Share of associates and joint ventures' results	–	–	–	(1,698)	(1,698)
Changes in fair value of financial assets/liabilities	–	–	–	874	874
Non-current assets additions during the year [#]	27,981	745	(627)	–	28,099

The segment assets and liabilities of the Group as at 31 December 2024 and 31 December 2023 are as follows:

	Airline transportation operations <i>RMB million</i>	Other segments <i>RMB million</i>	Elimination <i>RMB million</i>	Unallocated* <i>RMB million</i>	Total <i>RMB million</i>
As at 31 December 2024					
Reportable segment assets	313,651	9,068	(6,101)	13,120	329,738
Reportable segment liabilities	<u>277,523</u>	<u>4,791</u>	<u>(6,079)</u>	<u>908</u>	<u>277,143</u>
As at 31 December 2023					
Reportable segment assets	291,170	7,654	(3,146)	13,548	309,226
Reportable segment liabilities	<u>255,347</u>	<u>4,090</u>	<u>(3,115)</u>	<u>907</u>	<u>257,229</u>

* Unallocated assets primarily include interests in associates and joint ventures, other equity instrument investments, other financial assets, other non-current financial assets (FVPL) and derivative financial assets. Unallocated liabilities primarily include derivative financial liabilities. Unallocated results primarily include the share of results of associates and joint ventures, the fair value movement of financial instruments recognised through profit or loss, dividend income from equity securities.

The additions of non-current assets do not include interests in associates and joint ventures, other equity instrument investments, other non-current financial assets (FVPL), long-term receivables (including amounts due from related companies), derivative financial assets and deferred tax assets.

(c) **Geographical information**

The Group's business segments operate in three main geographical areas, even though they are managed on a worldwide basis.

The Group's revenue by geographical segment are analysed based on the following criteria:

- (1) Traffic revenue from services of both origin and destination within Chinese Mainland (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan (“**Hong Kong, Macau and Taiwan**”)), is classified as domestic revenue. Traffic revenue with origin and destination among Chinese Mainland, Hong Kong, Macau and Taiwan is classified as Hong Kong, Macau and Taiwan revenue; while that with origin from or destination to other overseas markets is classified as international revenue.
- (2) Revenue from commission income, cargo handling, hotel and tour operation, ground services, air catering services and other miscellaneous services are classified on the basis of where the services are performed.

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Domestic	122,121	122,933
International	50,025	35,223
Hong Kong, Macau and Taiwan	2,078	1,773
	<u>174,224</u>	<u>159,929</u>

The major revenue earning assets of the Group are its aircraft fleet which is registered in Chinese Mainland and is deployed across its worldwide route network. Majority of the Group's other assets are located in Chinese Mainland. CODM considers that there is no suitable basis for allocating such assets and related liabilities to geographical locations. Accordingly, geographical segment assets and liabilities are not disclosed.

(d) **Reconciliation of reportable segment loss before income tax, assets and liabilities to the consolidated figures as reported in the consolidated financial statements**

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Profit/(loss) before income tax		
Reportable segment profit/(loss) before taxation	1,581	(1,645)
Capitalisation of exchange difference of specific loans	(5)	(3)
Government grants	1	1
(Provision)/reversal of impairment losses on property, plant and equipment	(126)	126
Consolidated profit/(loss) before income tax	<u>1,451</u>	<u>(1,521)</u>
	31 December 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Assets		
Reportable segment assets	329,738	309,226
Capitalisation of exchange difference of specific loans	6	11
Government grants	(2)	(3)
Adjustments arising from business combinations under common control	237	237
Reversal of impairment losses on property, plant and equipment	–	126
Others	–	(1)
Consolidated total assets	<u>329,979</u>	<u>309,596</u>
Liabilities		

As at 31 December 2024 and 2023, there is no difference between the amount of reportable segment liabilities and consolidated total liabilities.

5 FLIGHT OPERATION EXPENSES

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Jet fuel costs	54,989	52,050
Flight personnel payroll and welfare	12,542	12,428
Air catering expenses	4,406	2,563
Civil Aviation Development Fund	1,367	1,305
Aircraft operating lease charges	1,613	1,110
Training expenses	751	885
Others	7,378	6,458
	<u>83,046</u>	<u>76,799</u>

6 DEPRECIATION AND AMORTISATION

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Depreciation of long-term assets	27,692	26,630
Other amortisation	649	535
	<u>28,341</u>	<u>27,165</u>

7 OTHER NET INCOME

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Government subsidies	3,301	3,785
Gains on disposal of property, plant and equipment, right-of-use assets and assets held for sale		
– Aircraft and spare engines	55	220
– Other property, plant and equipment and right-of-use assets	210	140
Others	2,343	535
	<u>5,909</u>	<u>4,680</u>

8 INTEREST EXPENSE

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Interest on borrowings	3,218	3,000
Interest relating to lease liabilities	<u>3,222</u>	<u>3,600</u>
Total interest expense on financial liabilities not at fair value through profit or loss	6,440	6,600
Less: interest expense capitalised (<i>Note</i>)	<u>(682)</u>	<u>(672)</u>
	<u><u>5,758</u></u>	<u><u>5,928</u></u>

Note: The weighted average interest rate used for interest capitalisation was 2.59% per annum in 2024 (2023: 2.56%).

9 INCOME TAX

(a) Income tax expense in the consolidated income statement

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Current tax		
– Provision for the year	2,044	1,203
– (Over)/under-provision in prior year	<u>(37)</u>	<u>14</u>
	2,007	1,217
Deferred tax		
Origination and reversal of temporary differences	<u>(581)</u>	<u>219</u>
Income tax expense	<u><u>1,426</u></u>	<u><u>1,436</u></u>

In respect of majority of the Group's airlines operation outside Chinese mainland, there was no material overseas income tax for the year of 2024, as the Group has obtained exemptions from overseas taxation pursuant to the bilateral aviation agreements between the overseas governments and the Chinese government.

For the year of 2024, the Company and its branches and subsidiaries in Chinese Mainland are subject to income tax rates ranging from 15% to 25% (2023: 15% to 25%), and certain subsidiaries of the Company in Hong Kong are subject to income tax at 16.5% (2023: 16.5%).

(b) Reconciliation between actual income tax expense and calculated tax based on accounting loss at applicable income tax rates

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Profit/(loss) before income tax	<u>1,451</u>	<u>(1,521)</u>
Notional tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdictions concerned	374	(362)
Adjustments for tax effect of:		
Non-deductible expenses	140	109
Share of results of associates and joint ventures and other non-taxable income	151	427
Unrecognized tax losses and temporary differences	854	1,282
(Over)/under-provision in prior year	(37)	14
Super deduction of research and development expenses	<u>(56)</u>	<u>(34)</u>
Income tax expense	<u>1,426</u>	<u>1,436</u>

10 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2024 is based on the net loss attributable to equity shareholders of the Company of RMB1,769 million (2023: RMB4,140 million) and the weighted average of 18,120,907,985 shares in issue during the year (2023: 18,120,900,578 shares).

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Issued ordinary shares at 1 January	<u>18,121</u>	<u>18,121</u>
Weighted average number of ordinary shares at 31 December	<u>18,121</u>	<u>18,121</u>

The amount of diluted loss per share is the same as basic loss per share as the effect of convertible bonds is anti-dilutive for the year ended 31 December 2024 and for the year ended 31 December 2023.

11 DIVIDENDS

The directors did not propose any final dividend in respect of the years ended 31 December 2024 and 2023.

12 CONSTRUCTION IN PROGRESS

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Advance payment for aircraft and flight equipment	30,809	32,270
Others	<u>3,753</u>	<u>1,907</u>
	<u>34,562</u>	<u>34,177</u>

13 OTHER NON-CURRENT FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Other non-current financial assets (FVPL)		
– Listed shares	–	26
– Non-listed shares	33	31
– Certificates of deposit	2,774	3,065
Other non-current financial assets (amortised cost)		
– Long-term receivables	210	297
	<u>3,017</u>	<u>3,419</u>
Other financial assets (FVPL)		
– Certificates of deposit	2,695	3,157
	<u>2,695</u>	<u>3,157</u>

As at 31 December 2024, the fair value of the negotiable certificates of deposit was RMB5,469 million. The Group expected to sell the certificates of deposit rather than held-to-maturity, and based on the Group's working capital forecast, approximately RMB2,695 million and approximately RMB2,774 million were recorded in other financial assets and non-current financial assets, respectively.

14 DEFERRED TAX ASSETS

Deferred tax assets arise from deductible temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the related tax benefit can be utilised. The Group's tax losses in Chinese Mainland are available for carrying forward to set off future assessable income for a maximum period of five or eight years (According to the *Notice of the Ministry of Finance on the Taxation Policy for supporting the prevention of pandemic of Covid-19 (No. 8, 2020)*, the carry over period for tax losses of enterprises in certain difficult industries suffering from the epidemic in 2020 will be extended from 5 years to 8 years). Therefore, the tax losses of the Company and aviation subsidiaries occurred in 2020 can be carried forward for 8 years, and the tax losses occurred in other years can be carried forward for 5 years.

15 TRADE RECEIVABLES

Credit terms granted by the Group to sales agents and other customers generally range from one to three months. Ageing analysis of trade receivables based on transaction date is set out below:

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Within 1 month	2,506	2,259
More than 1 month but less than 3 months	358	517
More than 3 months but less than 12 months	322	315
More than 1 year	210	134
	<hr/>	<hr/>
	3,396	3,225
Less: loss allowance	(90)	(64)
	<hr/>	<hr/>
	3,306	3,161
	<hr/> <hr/>	<hr/> <hr/>

16 OTHER RECEIVABLES

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
VAT recoverable	9,344	7,062
Government subsidies	1,170	826
Rebate receivables	1,578	329
Other deposits	130	186
Others	3,267	898
	<hr/>	<hr/>
	15,489	9,301
Less: loss allowance	(111)	(134)
	<hr/>	<hr/>
	15,378	9,167
	<hr/> <hr/>	<hr/> <hr/>

17 DERIVATIVE FINANCIAL LIABILITIES

In October 2020, the Group issued a total of 160,000,000 A share convertible bonds with par value of RMB100 each at par. The convertible bonds have a term of six years from the date of the issuance and the convertible bonds bear interest at the annual rate of 0.2% in the first year, 0.4% in the second year, 0.6% in the third year, 0.8% in the fourth year, 1.5% in the fifth year and 2.0% in the sixth year. Interest is paid once a year. Conversion rights are exercisable from 21 April 2021 to 14 October 2026 at an initial conversion price of RMB6.24 per share, subject to clauses of adjustment and downward revision of conversion price, redemption and sell-back. Convertible bonds, which conversion rights have not been exercised in five transaction days after maturity, will be redeemed at 106.5% of par value (including the interest for the sixth year).

Any excess of proceeds over the fair value amount initially recognised as the derivative component is recognised as the host liability component. Transaction costs related to the issuance of the convertible bonds are allocated to the host liability and are recognised initially as part of the liability. The derivative component is subsequently remeasured at fair value while the host liability component is subsequently carried at amortised cost using the effective interest method.

For the year ended 31 December 2024, 290 convertible bonds were converted to A shares at the conversion price of RMB6.17 per share (for the year ended 31 December 2023, 870 convertible bonds were converted to A shares at the conversion price of RMB6.17 per share). As at 31 December 2024, the carrying amount of liability component of the remaining 58,962,850 A share convertible bonds was RMB5,775 million (31 December 2023: 58,963,140 A share convertible bonds with a carrying amount of RMB5,510 million), and the fair value of the derivative component of the remaining 58,962,850 A share convertible bonds was RMB908 million (31 December 2023: 58,963,140 A share convertible bonds with fair value of RMB907 million). For the year ended 31 December 2024, the loss on the changes in fair value of the derivative component amounted to RMB1 million was recognised (31 December 2023: gain on the changes in fair value amounted to RMB801 million).

18 BORROWINGS

Borrowings are analysed as follows:

	2024	2023
	<i>RMB million</i>	<i>RMB million</i> <i>(restated)</i>
Non-current		
Long-term borrowings	35,985	38,130
Medium-term notes	20,885	6,894
	56,870	45,024
Current		
Current portion of long-term borrowings	11,823	5,153
Short-term borrowings	40,440	51,362
Ultra-short-term financing bills	10,744	–
Current portion of corporate bonds and medium-term notes	5,172	9,167
Convertible bonds	5,775	5,510
	73,954	71,192
Total borrowings	130,824	116,216
The borrowings are repayable:		
Within one year	73,954	71,192
In the second year	34,020	16,334
In the third to fifth year	19,908	26,308
After the fifth year	2,942	2,382
Total borrowings	130,824	116,216

19 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were payable as follows:

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Within 1 year	18,378	19,261
After 1 year but within 2 years	15,887	15,994
After 2 years but within 5 years	35,344	34,623
After 5 years	22,923	18,615
	<u>92,532</u>	<u>88,493</u>

The Group has significant lease liabilities which are denominated in USD as at 31 December 2024. The net exchange loss of RMB912 million for the year ended 31 December 2024 (2023: RMB687 million) was mainly attributable to the translation of balances of lease liabilities which are denominated in USD.

20 TRADE AND BILLS PAYABLES

Ageing analysis of trade and bills payables based on transaction date is set out below:

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Within 1 month	1,182	756
More than 1 month but less than 3 months	1,720	674
More than 3 months but less than 6 months	245	271
More than 6 months but less than 1 year	224	109
More than 1 year	206	194
	<u>3,577</u>	<u>2,004</u>

B. PREPARED IN ACCORDANCE WITH THE PRC GAAP

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Revenue	174,224	159,929
Less: Operating costs	159,571	147,582
Taxes and surcharges	608	531
Selling and distribution expenses	7,122	6,629
General and administrative expenses	4,113	3,779
Research and development expenses	544	511
Finance expenses	6,628	6,393
Including: interest expense	5,758	5,928
interest income	215	361
Add: Other income	3,298	3,779
Investment loss	(599)	(1,688)
Including: loss from investment in associates and joint ventures	(616)	(1,698)
Changes in fair value of financial assets/ liabilities	195	874
Provision of credit losses	(5)	(9)
Impairment losses	(5)	(11)
Gain on assets disposals	731	409
	<hr/>	<hr/>
Operating loss	(747)	(2,142)
Add: Non-operating income	2,434	581
Less: Non-operating expenses	106	84
	<hr/>	<hr/>
Profit/(loss) before income tax	1,581	(1,645)
Less: Income tax expense	1,427	1,437
	<hr/>	<hr/>
Net profit/(loss) for the year	154	(3,082)
	<hr/> <hr/>	<hr/> <hr/>
(1) Net profit/(loss) classified by continuity of operations:		
1. Net profit/(loss) from continuing operations	154	(3,082)
(2) Net profit/(loss) classified by ownership:		
1. Shareholders of the Company	(1,696)	(4,209)
2. Non-controlling interests	1,850	1,127

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	31 December 2024 <i>RMB million</i>	31 December 2023 <i>RMB million (restated)</i>
Assets		
Current assets		
Cash at bank and on hand	15,994	9,924
Other financial assets	2,695	3,157
Derivative financial instruments	–	4
Bills receivables	–	2
Account receivables	3,463	3,322
Prepayments	819	695
Other receivables	3,095	1,640
Inventories	2,002	1,565
Non-current assets due within one year	178	180
Other current assets	9,397	7,252
	37,643	27,741
Total current assets	37,643	27,741
Non-current assets		
Long-term equity investments	7,168	6,718
Other equity instrument investment	431	547
Other non-current financial assets	2,807	3,122
Derivative financial instruments	18	–
Investment properties	564	524
Fixed assets	100,691	93,076
Construction in progress	34,584	34,199
Right-of-use assets	123,023	122,131
Intangible assets	7,341	6,629
Long-term receivables	381	559
Aircraft lease deposits	420	386
Long-term deferred expenses	462	517
Deferred tax assets	12,873	12,280
Other non-current assets	1,332	797
	292,095	281,485
Total non-current assets	292,095	281,485
Total assets	329,738	309,226

	31 December 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i> (restated)
Liabilities and shareholders' equity		
Current liabilities		
Short-term bank borrowings	40,440	51,362
Derivative financial liabilities	908	907
Bills payables	1,089	236
Account payables	18,490	19,722
Contract liabilities	1,749	1,509
Sales in advance of carriage	9,295	7,179
Employee benefits payable	4,716	4,968
Taxes payable	1,095	802
Other payables	8,644	8,969
Non-current liabilities due within one year	35,457	33,770
Other current liabilities	16,519	5,510
	<u>138,402</u>	<u>134,934</u>
Total current liabilities		
Non-current liabilities		
Long-term bank borrowings	35,985	38,130
Bonds payable	20,885	6,894
Lease liabilities	74,154	69,232
Long-term payable	7	100
Provision for major overhauls	5,322	5,731
Deferred benefits and gains	720	752
Deferred tax liabilities	7	23
Other non-current liabilities	1,661	1,433
	<u>138,741</u>	<u>122,295</u>
Total non-current liabilities		
	<u>277,143</u>	<u>257,229</u>
Total liabilities		

	31 December 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i> (restated)
Shareholders' equity		
Share capital	18,121	18,121
Capital reserve	52,444	52,756
Other comprehensive income	169	216
Surplus reserve	2,579	2,579
Accumulated losses	(38,584)	(36,888)
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company	34,729	36,784
Non-controlling interests	17,866	15,213
	<hr/>	<hr/>
Total equity	52,595	51,997
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and equity	329,738	309,226
	<hr/> <hr/>	<hr/> <hr/>

C. RECONCILIATION OF DIFFERENCES IN FINANCIAL STATEMENTS PREPARED UNDER PRC GAAP AND IFRS ACCOUNTING STANDARDS

Difference in loss and equity attributable to equity shareholders of the Company under consolidated financial information in financial statements between IFRS Accounting Standards and PRC GAAP

	Net loss attributable to equity shareholders of the Company		Equity attributable to equity shareholders of the Company	
	2024	2023	31 December 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Amounts under PRC GAAP	(1,696)	(4,209)	34,729	36,784
Adjustments:				
Capitalisation of exchange difference of specific loans	(5)	(3)	6	11
Government grants	1	1	(2)	(3)
Adjustment arising from the Company's business combination under common control	-	-	237	237
Reversal of impairment losses on property, plant and equipment	(126)	126	-	126
Income tax effect of the above adjustments	1	1	-	(1)
Effect of the above adjustments on non-controlling interests	56	(56)	(27)	(83)
Amounts under IFRS Accounting Standards	<u>(1,769)</u>	<u>(4,140)</u>	<u>34,943</u>	<u>37,071</u>

BUSINESS REVIEW

In 2024, the global economy continued to recover, with an overall rise in trade demand. According to the report of World Economic Outlook published by International Monetary Fund (IMF), the global economic growth rate in 2024 was 3.2%. China's economy achieved an overall stable operation with steady progress, and high-quality development was advancing solidly, with an annual GDP of RMB134.9 trillion, representing a year-on-year increase of 5.0%.

In 2024, 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 148.52 billion tonne kilometres, 730 million passengers and 8.982 million tonnes, representing a year-on-year increase of 25.0%, 17.9% and 22.1%, respectively. The Group comprehensively coordinated its safety production and operation and actively promoted the implementation of major strategies and key reform tasks. During the reporting period, the Group recorded 3.148 million safe flight hours and carried 165 million passengers and 1.83 million tonnes of cargo and mail. The Group was awarded the "Three-Star Diamond Award for Flight Safety", the top award for flight safety from the CAAC, and has been honoured as the "Best Airline of the Year" by Civil Aviation Passenger Service Evaluation (CAPSE) for seven consecutive years and as the First Brand in Aviation Service Industry in China Brand Power Index for fourteen consecutive years.

1. Safety Management

During the reporting period, the Group launched a three-year initiative to address the root causes of production safety issues, continuously improving safety and quality. We implemented a comprehensive examination of the seven safety systems, standardised the operating procedures for flight crews, promoted the standardisation of aircraft maintenance, and established an operation guarantee system for domestic aircraft; comprehensively promoted the refresher training mechanism for random grouping and route cross-checking of the flight system; promoted the coordination between the dual prevention mechanism and routine work, developed a special program for the management and control of the runway incursion risks and the compliance risks during the rest period for aircrew, as well as a special program for the systematic response to extreme weather, and carried out special remediation and supervision and inspection of major production safety hazards in a deep-going way. During the reporting period, the Group achieved 3.148 million hours of safe flight, maintaining its leading position in China's civil aviation industry in safety on an ongoing basis.

2. Operation Management

During the reporting period, the Group focused on enhancing the core market competitiveness to facilitate quality and efficiency improvement in operation with all-out efforts. We implemented the strategies of “two matching and two enhancing (i.e. matching capacity with the market, matching volume with rates, enhancing seat control, and enhancing customer base) and maximising the total marginal contribution” to seize opportunities for market recovery; deepened the construction of the customer management system, strengthened the operation of customer segmentation and classification, and adopted various measures to enhance the effect of reach and conversion; deepened the construction of the cost management responsibility system and optimised the management mechanism of strategic, structural and open-source costs; steadily improved the operation capacity of freighter, tabbed into emerging markets such as the Middle East and Central and Eastern Europe, enhanced cooperation with leading express enterprises in China, and was the first enterprise in China to realise the normalised transportation of battery-powered cargo of cross-border e-commerce. During the reporting period, the Company’s passenger transportation volume recorded a year-on-year increase of 15.8%, and the cargo and mail transportation volume recorded a year-on-year increase of 15.7%.

3. Operation Service

During the reporting period, the Group overcame the challenges of frequent incidences of severe weather and steadily improved its operation quality, with the continuous improvement of the service brand. We deepened the construction of the mega operation system, optimised the AOC management system and operation decision-making process, and strictly controlled the temporary cancellation of flights; successfully completed the transfer flights, proving flights and commercial operation of domestically produced COMAC C919 aircraft; comprehensively enhanced its “humanized, digitalised, refined, personalised, and convenient” services, built a one-stop full-process service platform, implemented flexible ticket refund and changing rules, adjusted downward 127 charges, optimised the carriage standards for passengers with special needs, optimised the allocation of catering resources, and enhanced the efficiency of guarantee for transportation of transit passengers and baggage. During the reporting period, the Company has been honoured as the “Best Airline of the Year” by CAPSE for seven consecutive years and as the First Brand in Aviation Service Industry in China Brand Power Index for fourteen consecutive years.

4. Implementation of Strategies

During the reporting period, the Group actively served national strategies and continuously explored room for development. We further promoted the adjustment and optimisation of the five major structures, and vigorously revitalised our existing real estate; established a platform of “jointly building Guangzhou hub” with seven parties including the Guangzhou Municipal Government and promoted the integration of the four aspects of the Greater Bay Area, namely, market, network, products and services. We were dedicated to improving the quality of the Beijing hub, with the number of domestic high-frequency routes increased; efficiently promoted the strategic synergies among airline subsidiaries, and significantly increased the number of associated flight segments; constructed an ecosystem traffic entrance with the CSA Mall as the core, steadily progressed the digital transformation, and obtained the Data Security Maturity Level 3 certificate.

5. Reform and Development

During the reporting period, the Group further fulfilled reform tasks to constantly enhance the momentum and vitality. We formulated incentives for technological innovation and the development of strategic and emerging industries, set up major scientific and technological breakthrough projects, and popularised the application of the “Tian Tong (天瞳)” aircraft health monitoring system and the “Tian Ji (天極)” operation control system; deepened the reform of corporate governance on an ongoing basis, optimised the institutional system of decision-making meetings, and promoted the reform of the supervisory committees of our subsidiaries; promoted the expansion of the tenure system and contractual management, and constructed a mechanism for determining the total amount of remuneration based on “coordinated business performance, regulatory efficiency and managed level”; put 29 business platforms into operation, and built a private cloud platform and computing power centre. During the reporting period, the Company was awarded the “Best Practice of the Board of Directors” by China Association for Public Companies.

6. Social Responsibility

During the reporting period, the Group proactively fulfilled its social responsibilities and promoted sustainable development and rural revitalisation assistance. We took the lead in compiling the first plastic-restricted group standard for civil aviation in China, carried out a pilot project on the application of sustainable aviation fuels, explored the green and cyclic utilisation of aviation materials, received an AA rating from China Reform ESG Rating for its efforts made in sustainable development, and was awarded the “Sky Choice • Travel Awards 2024 – Corporate Sustainability Brand of the Year” by CAAC; promoted the seven assistance models with the characteristics of CSA, set up an assistance industrial park, and made great efforts to promote investment attraction. During the reporting period, the fuel consumption per tonne kilometre of the Company was reduced to 2.572 tonnes/10,000-tonne-kilometres.

OPERATING DATA SUMMARY

The following table sets forth operating data by geographic regions:

	For the year ended 31 December		Increase/ (decrease) %
	2024	2023	
Traffic			
Revenue passenger kilometers (RPK) (million)			
Domestic	231,264.49	207,816.73	11.28
Hong Kong, Macau and Taiwan	2,539.48	1,809.23	40.36
International	72,161.96	37,321.27	93.35
Total:	305,965.93	246,947.23	23.90

	For the year ended 31 December		Increase/ (decrease)
	2024	2023	%
Revenue tonne kilometers (RTK) (million)			
Domestic	21,878.49	19,654.63	11.31
Hong Kong, Macau and Taiwan	251.43	183.60	36.95
International	14,077.87	9,952.88	41.45
Total:	<u>36,207.79</u>	<u>29,791.11</u>	<u>21.54</u>
RTK – passenger (million)			
Domestic	20,237.75	18,229.18	11.02
Hong Kong, Macau and Taiwan	222.02	157.48	40.99
International	6,333.06	3,277.65	93.22
Total:	<u>26,792.84</u>	<u>21,664.31</u>	<u>23.67</u>
RTK – cargo (million)			
Domestic	1,640.74	1,425.45	15.10
Hong Kong, Macau and Taiwan	29.41	26.12	12.60
International	7,744.80	6,675.24	16.02
Total:	<u>9,414.96</u>	<u>8,126.80</u>	<u>15.85</u>
Passengers carried (thousand)			
Domestic	145,171.02	131,571.96	10.34
Hong Kong, Macau and Taiwan	1,911.60	1,535.76	24.47
International	17,649.44	9,093.37	94.09
Total:	<u>164,732.05</u>	<u>142,201.09</u>	<u>15.84</u>
Cargo and mail carried (thousand tonnes)			
Domestic	945.93	840.80	12.50
Hong Kong, Macau and Taiwan	26.86	23.03	16.61
International	861.12	721.09	19.42
Total:	<u>1,833.91</u>	<u>1,584.92</u>	<u>15.71</u>

	For the year ended 31 December		Increase/ (decrease)
	2024	2023	%
Capacity			
Available seat kilometres (ASK) (million)			
Domestic	272,957.34	266,515.67	2.42
Hong Kong, Macau and Taiwan	3,254.27	2,441.55	33.29
International	86,397.43	47,260.23	82.81
Total:	362,609.04	316,217.46	14.67
Available tonne kilometres (ATK) (million)			
Domestic	30,646.01	30,348.36	0.98
Hong Kong, Macau and Taiwan	378.79	316.95	19.51
International	19,821.71	14,233.28	39.26
Total:	50,846.51	44,898.59	13.25
Available tonne kilometres (ATK) – passenger (million)			
Domestic	24,566.16	23,986.41	2.42
Hong Kong, Macau and Taiwan	292.88	219.74	33.29
International	7,775.77	4,253.42	82.81
Total:	32,634.81	28,459.57	14.67
Available tonne kilometres (ATK) – cargo (million)			
Domestic	6,079.85	6,361.95	(4.43)
Hong Kong, Macau and Taiwan	85.91	97.21	(11.63)
International	12,045.94	9,979.86	20.70
Total:	18,211.70	16,439.02	10.78

	For the year ended 31 December		Increase/ (decrease)
	2024	2023	percentage points
Load Factor			
Passenger load factor (RPK/ASK) (%)			
Domestic	84.73	77.98	6.75
Hong Kong, Macau and Taiwan	78.04	74.10	3.93
International	83.52	78.97	4.55
	<u> </u>	<u> </u>	<u> </u>
Average:	84.38	78.09	6.28
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Overall load factor (RTK/ATK) (%)			
Domestic	71.39	64.76	6.63
Hong Kong, Macau and Taiwan	66.38	57.93	8.45
International	71.02	69.93	1.10
	<u> </u>	<u> </u>	<u> </u>
Average:	71.21	66.35	4.86
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
	For the year ended 31 December		Increase/ (decrease)
	2024	2023	%
Yield			
Yield per RPK (RMB)			
Domestic	0.48	0.54	(11.11)
Hong Kong, Macau and Taiwan	0.73	0.89	(17.98)
International	0.46	0.58	(20.69)
	<u> </u>	<u> </u>	<u> </u>
Average:	0.48	0.55	(12.73)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Yield per RFTK (RMB)			
Domestic	0.88	1.06	(16.98)
Hong Kong, Macau and Taiwan	7.58	6.31	20.13
International	2.20	2.04	7.84
	<u> </u>	<u> </u>	<u> </u>
Average:	1.99	1.88	5.85
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

	For the year ended 31 December		Increase/ (decrease) %
	2024	2023	
Yield per RTK (RMB)			
Domestic	5.17	5.82	(11.17)
Hong Kong, Macau and Taiwan	8.26	9.66	(14.49)
International	3.55	3.54	0.28
Average:	4.56	5.08	(10.24)
Cost			
Main business cost per ATK (RMB)	3.07	3.20	(4.06)
Flight Volume			
Kilometers flown (million)	1,991.76	1,772.78	12.35
Hours flown (thousand)			
Domestic	2,524.86	2,465.30	2.42
Hong Kong, Macau and Taiwan	28.49	20.52	38.82
International	594.17	356.29	66.77
Total:	3,147.52	2,842.11	10.75
Number of flights (thousand)			
Domestic	1,007.30	1,000.31	0.70
Hong Kong, Macau and Taiwan	12.78	10.42	22.68
International	115.02	65.22	76.35
Total:	1,135.10	1,075.95	5.50

Note: Operating data are retained to two decimal places, discrepancies between the column and the total sum are due to rounding of numbers.

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL PERFORMANCE

Part of the financial information presented in this section below is derived from the Group's audited consolidated financial statements that have been prepared in accordance with IFRS Accounting Standards.

The net loss attributable to equity shareholders of the Company of RMB1,769 million was recorded in 2024 as compared to the net loss attributable to equity shareholders of the Company of RMB4,140 million in 2023. The Group's total operating revenue increased by RMB14,295 million or 8.94% from RMB159,929 million in 2023 to RMB174,224 million in 2024. Passenger load factor increased by 6.28 percentage points from 78.09% in 2023 to 84.38% in 2024. Yield per RPK decreased by 12.73% from RMB0.55 in 2023 to RMB0.48 in 2024. Yield per RTK decreased by 10.24% from RMB5.08 in 2023 to RMB4.56 in 2024. Operating expenses increased by RMB12,754 million or 8.02% from RMB159,052 million in 2023 to RMB171,806 million in 2024. Operating profit increased by RMB2,770 million from RMB5,557 million in 2023 to RMB8,327 million in 2024.

II. OPERATING REVENUE

	2024		2023		Changes in
	Operating revenue	Percentage	Operating revenue	Percentage	revenue
	<i>RMB million</i>	%	<i>RMB million</i>	%	%
Traffic revenue	165,145	94.79	151,445	94.70	9.05
Including: Passenger revenue	146,450		136,170		7.55
– Domestic	111,601		112,946		(1.19)
– Hong Kong, Macau and Taiwan	1,855		1,608		15.36
– International	32,994		21,616		52.64
Cargo and mail revenue	18,695		15,275		22.39

	2024 Operating revenue <i>RMB million</i>	Percentage %	2023 Operating revenue <i>RMB million</i>	Percentage %	Changes in revenue %
Other operating revenue	9,079	5.21	8,484	5.30	7.01
Mainly including:					
Commission income	3,261		3,164		3.07
Cargo handling income	992		820		20.98
Hotel and tour operation income	832		750		10.93
Ground services income	805		473		70.19
Total operating revenue	<u>174,224</u>	<u>100.00</u>	<u>159,929</u>	<u>100.00</u>	<u>8.94</u>
Less: fuel surcharge income	<u>(12,987)</u>		<u>(12,143)</u>		<u>6.95</u>
Total operating revenue excluding fuel surcharge	<u>161,237</u>		<u>147,786</u>		<u>9.10</u>

Substantially all of the Group's operating revenue is attributable to airlines transport operations. Traffic revenue accounted for 94.70% and 94.79% of the total operating revenue in 2023 and 2024, respectively. Passenger revenue and cargo and mail revenue accounted for 88.68% and 11.32%, respectively, of the total traffic revenue in 2024. During the reporting period, the Group's total traffic revenue was RMB165,145 million, representing an increase of RMB13,700 million or 9.05% as compared to the same period last year, mainly because of the increase in passenger transport revenue and freight transport revenue.

The increase in operating revenue was primarily due to the increase in revenue generated from passenger transportation from RMB136,170 million in 2023 to RMB146,450 million in 2024, representing an increase of 7.55%. The total number of passengers carried increased by 15.84% to 164.73 million passengers in 2024. RPKs increased by 23.90% from 246,947 million in 2023 to 305,966 million in 2024, mainly due to the increase in production volume.

Domestic passenger revenue, which accounted for 76.20% of the total passenger revenue in 2024, decreased by 1.19% from RMB112,946 million in 2023 to RMB111,601 million in 2024. Domestic passenger traffic in RPKs increased by 11.28%, while passenger capacity in ASKs increased by 2.42%, resulting in an increase in passenger load factor by 6.75 percentage points from 77.98% in 2023 to 84.73% in 2024. Yield per RPK decreased by 11.11% from RMB0.54 in 2023 to RMB0.48 in 2024.

Hong Kong, Macau and Taiwan passenger revenue, which accounted for 1.27% of total passenger revenue, increased by 15.36% from RMB1,608 million in 2023 to RMB1,855 million in 2024. For Hong Kong, Macau and Taiwan flights, passenger traffic in RPKs increased by 40.36%, while passenger capacity in ASKs increased by 33.29%, resulting in an increase in passenger load factor by 3.93 percentage points from 74.10% in 2023 to 78.04% in 2024. Passenger yield per RPK decreased from RMB0.89 in 2023 to RMB0.73 in 2024.

International passenger revenue, which accounted for 22.53% of total passenger revenue, increased by 52.64% from RMB21,616 million in 2023 to RMB32,994 million in 2024. For international flights, passenger traffic in RPKs increased by 93.35%, while passenger capacity in ASKs increased by 82.81%, resulting in an increase in passenger load factor by 4.55 percentage points from 78.97% in 2023 to 83.52% in 2024. Passenger yield per RPK decreased from RMB0.58 in 2023 to RMB0.46 in 2024.

Cargo and mail revenue, which accounted for 11.32% of the Group's total traffic revenue and 10.73% of total operating revenue, increased by 22.39% from RMB15,275 million in 2023 to RMB18,695 million in 2024, mainly due to the rise in demand for international cargo transportation.

Other operating revenue increased by 7.01% from RMB8,484 million in 2023 to RMB9,079 million in 2024, mainly due to the increase of ground service income.

III. OPERATING EXPENSES

Total operating expenses in 2024 amounted to RMB171,806 million, representing an increase of RMB12,754 million or 8.02% comparing to that of 2023. Total operating expenses as a percentage of total operating revenue decreased from 99.45% in 2023 to 98.61% in 2024.

Operating expenses	2024		2023	
	RMB million	Percentage (%)	RMB million	Percentage (%)
Flight operation expenses	83,046	48.34	76,799	48.29
Mainly including:				
Jet fuel costs	54,989		52,050	
Aircraft operating lease charges	1,613		1,110	
Flight personnel payroll and welfare	12,542		12,428	
Maintenance expenses	14,853	8.65	14,390	9.05
Aircraft and transportation service expenses	31,006	18.05	26,487	16.65
Promotion and selling expenses	6,831	3.98	6,349	3.99
General and administrative expenses	4,435	2.58	4,150	2.61
Depreciation and amortisation	28,341	16.49	27,165	17.08
Reversal of impairment losses on property, plant and equipment and right-of-use assets	(302)	(0.18)	(123)	(0.08)
Hotel and tour operation expense	827	0.48	656	0.41
External air catering service expense	477	0.28	432	0.27
Financial institution charges	173	0.10	139	0.09
Cargo handling expense	519	0.30	552	0.35
Others	1,600	0.93	2,056	1.29
Total operating expenses	<u>171,806</u>	<u>100.00</u>	<u>159,052</u>	<u>100.00</u>

Flight operation expenses, which accounted for 48.34% of total operating expenses, increased by 8.13% from RMB76,799 million in 2023 to RMB83,046 million in 2024, mainly due to the increase of jet fuel costs as a result of the increased flight volume.

Maintenance expenses, which accounted for 8.65% of total operating expenses, increased by 3.22% from RMB14,390 million in 2023 to RMB14,853 million in 2024, mainly due to the increase in aircraft utilization rate with the recovery of the industry.

Aircraft and transportation service expenses, which accounted for 18.05% of total operating expenses, increased by 17.06% from RMB26,487 million in 2023 to RMB31,006 million in 2024. The increase was primarily due to the increase in landing and navigation fee as a result of the increase in the amounts of take-off and landing.

Promotion and selling expenses, which accounted for 3.98% of total operating expenses, increased by 7.59% from RMB6,349 million in 2023 to RMB6,831 million in 2024, mainly due to the increase in sales commissions and computer reservation services expenses as a result of the increased flight volume.

General and administrative expenses, which accounted for 2.58% of the total operating expenses, increased by 6.87% from RMB4,150 million in 2023 to RMB4,435 million in 2024, mainly due to the increase in general corporate expenses.

Depreciation and amortisation, which accounted for 16.49% of the total operating expenses, increased by 4.33% from RMB27,165 million in 2023 to RMB28,341 million in 2024, mainly due to the increase in depreciation and amortisation of aircraft and engines as a result of the increased number of aircraft and flight hours, respectively.

Reversal of impairment losses on property, plant and equipment and right-of-use assets of RMB302 million was recorded in 2024 (2023: RMB123 million).

IV. OPERATING PROFIT

Operating profit of RMB8,327 million was recorded in 2024 (2023: operating profit of RMB5,557 million). The increase of the operating profit is mainly due to the increase in production volume.

V. OTHER NET INCOME

Other net income increased by RMB1,229 million from RMB4,680 million in 2023 to RMB5,909 million in 2024, mainly due to the aircraft operation compensation obtained by the Group.

VI. INCOME TAX

Income tax expense decreased by RMB10 million from RMB1,436 million in 2023 to RMB1,426 million in 2024.

VII. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group's net current liabilities amounted to RMB100,639 million. For the year ended 31 December 2024, the Group recorded a net cash inflow from operating activities of RMB25,764 million, a net cash outflow from investing activities of RMB16,728 million and a net cash outflow from financing activities of RMB5,589 million, which in total resulted in a net increase in cash and cash equivalents of RMB3,447 million.

The Group is dependent on its ability to maintain adequate cash inflow from operations, its ability to maintain existing external financing, and its ability to obtain new external financing to meet its debt obligations as they fall due and to meet its committed future capital expenditures. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2024, the Group has obtained credit facilities of RMB342,109 million in aggregate granted by several banks and other financial institute, among which approximately RMB199,641 million was unutilised. The Directors of the Company believe that sufficient financing will be available to the Group when and where needed.

The analyses of the Group's total interest-bearing liabilities are as follows:

Composition of interest-bearing liabilities

	31 December 2024 <i>RMB million</i>	31 December 2023 <i>RMB million</i>
Lease liabilities	92,532	88,493
Borrowings	130,824	116,216
Long-term payables	91	289
Fixed rate interest-bearing liabilities	168,681	148,417
Floating rate interest-bearing liabilities	54,766	56,581

Analysis of interest-bearing liabilities by currency

	31 December 2024 <i>RMB million</i>	31 December 2023 <i>RMB million</i>
USD	39,542	43,742
RMB	182,399	159,084
Others	1,506	2,172
Total	<u>223,447</u>	<u>204,998</u>

Maturity analysis of interest-bearing liabilities

	31 December 2024 <i>RMB million</i>	31 December 2023 <i>RMB million</i> (restated)
Within 1 year	92,416	90,642
1 year but within 2 years	49,914	32,421
2 years but within 5 years	55,252	60,938
5 years and afterwards	25,865	20,997
Total	<u>223,447</u>	<u>204,998</u>

Interest expense and net exchange loss

Interest expense decreased slightly by RMB170 million from RMB5,928 million in 2023 to RMB5,758 million in 2024.

Net exchange loss increased by RMB225 million from RMB687 million in 2023 to RMB912 million in 2024, mainly due to the increased depreciation of the RMB against the US dollar.

The Group's capital structure at the end of the year is as follows:

	31 December 2024	31 December 2023	Change
	<i>RMB million</i>	<i>RMB million</i>	
Total liabilities	277,143	257,229	7.74%
Total assets	329,979	309,596	6.58%
Debt ratio	83.99%	83.09%	0.90%

The Group monitors capital on the basis of debt ratio, which is calculated as total liabilities divided by total assets. The debt ratio as at 31 December 2024 remained stable as compared to that as at 31 December 2023.

VIII. MAJOR CHARGE ON ASSETS

As at 31 December 2024, the Group's certain aircraft with an aggregate net book value of approximately RMB2,033 million (31 December 2023: nil) were pledged to secure certain bank loans of the Group.

IX. COMMITMENTS AND CONTINGENCIES

Commitments

As at 31 December 2024, the Group had capital commitments (excluding investment commitment) of RMB143,387 million (31 December 2023: RMB112,358 million), of which, RMB128,640 million was related to the acquisition of aircraft, engines and related flight equipment (31 December 2023: RMB102,883 million) and RMB14,747 million was related to other projects of the Group (31 December 2023: RMB9,475 million).

The Group had investment commitments as follows:

	31 December 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Authorised and contracted for:		
Share of capital commitments of a joint venture	8	19
Capital contributions for acquisition of interest in an associate	1,027	2,431
	1,035	2,450
Authorised but not contracted for:		
Share of capital commitments of a joint venture	15	46
	1,050	2,496

Contingent liabilities

- (a) The Group leased certain properties and buildings from CSAH which were located in Guangzhou, Wuhan, Haikou, etc. Although such properties and buildings were used by CSAH before being leased to the Group, as known to the Group, such properties and buildings lack adequate documentation evidencing CSAH's rights thereto. Pursuant to the indemnification agreement dated 22 May 1997 entered into between the Group and CSAH, CSAH has agreed to indemnify the Group against any loss or damage arising from any challenge of the Group's right to use the aforementioned properties and buildings.
- (b) The Group entered into certain agreements with CSAH in prior years to acquire certain land use right and buildings from CSAH. The change of business registration of such land use right and buildings are still in progress. CSAH issued letters of commitment to the Company, committing to indemnify the Group against any claims from third parties to the Group, or any loss or damage in the Group's operation activities due to lack adequate documentation of the certain properties and buildings, without recourse to the Group.

- (c) The Company issued an undertaking to China Southern Airlines General Aviation Limited (“**General Aviation Limited**”) in prior years that the Company has injected the relevant assets and liabilities into General Aviation Limited on 1 July 2016 and General Aviation Limited has received all the assets and actually owned, controlled and used. In the event that any third party claims rights against General Aviation Limited due to defective land use rights and property rights or General Aviation Limited suffers losses due to defective land use rights and property rights affecting the normal business operations of General Aviation Limited, such losses shall be borne by the Company and the contributed assets may be replaced in an appropriate manner if necessary.
- (d) The Company and its subsidiary, Xiamen Airlines, entered into agreements with certain pilot trainees and certain banks to provide guarantees on personal bank loans amounting to RMB696 million (31 December 2023: RMB696 million) that can be drawn by the pilot trainees to finance their respective flight training expenses. As at 31 December 2024, total personal bank loans of RMB64 million (31 December 2023: RMB102 million), under these guarantees, were drawn down from the banks. During the year, RMB0.1 million has been made by the Group due to the default of payments of certain pilot trainees (2023: RMB0.1 million).

SUBSEQUENT EVENTS

Since the end of the reporting period to the date of publication of this results announcement, no subsequent event has occurred which had a material impact on the Group.

CHANGES IN SHARE CAPITAL STRUCTURE

Unit: Share

	31 December 2023		Increase/ (decrease) in 2024	31 December 2024	
	Number of Shares	Percentage (%)		Number of Shares	Number of Shares
I. subject to restrictions on sales					
1. RMB ordinary shares	<u>803,571,428</u>	<u>4.43</u>	<u>0</u>	<u>803,571,428</u>	<u>4.43</u>
Total	<u>803,571,428</u>	<u>4.43</u>	<u>0</u>	<u>803,571,428</u>	<u>4.43</u>
II. Shares not subject to restrictions on sales					
1. RMB ordinary shares	<u>12,673,338,070</u>	<u>69.94</u>	<u>4,698</u>	<u>12,673,342,768</u>	<u>69.94</u>
2. Foreign listed shares	<u>4,643,997,308</u>	<u>25.63</u>	<u>0</u>	<u>4,643,997,308</u>	<u>25.63</u>
Total	<u>17,317,335,378</u>	<u>95.57</u>	<u>4,698</u>	<u>17,317,340,076</u>	<u>95.57</u>
III. Total number of shares	<u><u>18,120,906,806</u></u>	<u><u>100.00</u></u>	<u><u>4,698</u></u>	<u><u>18,120,911,504</u></u>	<u><u>100.00</u></u>

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There is no specific provision under the articles of association of the Company regarding pre-emptive rights, which does not require the Company to offer new shares to existing shareholders in proportion to their existing shareholdings when there is issuance of shares.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024.

COMPLIANCE WITH THE MODEL CODE

Having made specific enquiries, all Directors and Supervisors of the Company confirmed that they had complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 31 December 2024. The code of conduct adopted by the Company regarding securities transactions by the Directors and Supervisors is no less stringent than the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board considers that the Group has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules for the year ended 31 December 2024.

DIVIDENDS

Considering that the Company does not meet the conditions for profit distribution as required under the Articles of Association of the Company, the Board did not recommend any payment of cash dividend or conversion of capital reserve into share capital or other profit distribution of the Company for the year of 2024. The proposal in relation to the profit distribution plan is still subject to the consideration and approval of the shareholders’ general meeting of the Company.

2025 OUTLOOK

Looking ahead to 2025, as global inflation continues to decline and the uncertainty in various countries’ economic policy rises, global economic growth will be unstable due to several factors. Global economic growth rate in 2025 is projected to be 3.3%, according to the IMF.

In 2025, the supporting conditions and basic trend of China’s economy with a stable foundation, multiple advantages, strong resilience, great potential and long-term positive outlook remain unchanged. China will adhere to the general principle of seeking progress while maintaining stability, implement more proactive and promising macropolicies, expand domestic demand, stabilise expectations, and stimulate vitality, so as to promote a sustained economic upturn.

In the face of more complex and severe domestic and international situations, the Group will continue to enhance its core competitiveness, implement the overarching approach for quality development to ensure sustainable and high-quality safety, enhance and improve operational standards, continuously improve the quality of operation and service, accelerate the implementation of major strategies, deepen and improve reform, and constantly stride forward towards the goal of building the Group into a world-class aviation transportation enterprise.

1. Firmly guarding the safety bottom line and continuously improving safety and quality

The Group will deepen the construction of the seven safety systems and promote the integration of the seven systems into the entire chain of safety management. We will continue to make efforts in the qualification and capability building for key positions, strengthen the management of the entire career cycle of professional teams, and comprehensively improve the qualifications and capabilities of key personnel; implement the standards for determining major safety hazards, and form a closed-loop risk prevention and control system of identifying, evaluating, implementing and verifying risks, so as to guard against the risks of extreme weather; create a technology-supported and data-driven safety management mode, speed up the iterative upgrading and popularisation of the “Tian Tong (天瞳)” and “Tian Ji (天極)” systems, and empower safety management through scientific and technological means. In 2025, the Group will continue to maintain the stable trend of safety operation.

2. Enhancing market operation capability and consolidating and improving operation standard

The Group will actively explore the market and carry out lean cost control. We will focus on improving the daily utilisation rate of aircraft, strengthening capacity allocation, and enhancing the flight scheduling optimisation capability; strengthening the matching of capacity with market, volume and rates, conducting market analysis, and implementing the refined management of rates for the whole market and all routes; further enhancing the cargo operation capability, and vigorously developing cross-border e-commerce platform customers and high-end manufacturing customers; strengthening the integrated application of digital intelligence technology in multiple scenarios of aviation logistics, and enhancing digital intelligence capabilities such as network booking and whole-process cargo tracking; enhancing the efficiency of cost control, and carrying out the full life-cycle management of cost management projects.

3. Continuously improving the operation quality to create a top service brand

The Group will improve its operation and management capabilities, strengthen the construction of service capabilities, and improve the brand management system. We will improve the flight scheduling process and rules, and deepen the capacity building of operational risk prevention and control, operational resource management, etc.; improve the operation decision-making model to promote operational intelligence; optimise the whole chain of service experience from the perspective of passengers, and improve the stability and consistency of our services; enhance the level of service management and control, and solve the sore points and difficulties that are of concern to passengers; and improve the characteristic brand management system of CSA to continuously enhance our international influence.

4. Accelerating the implementation of strategies and continuously expanding the development space

The Group will further promote high-quality development and endeavour to enhance quality and efficiency. We will vigorously promote hub construction, strengthen hub design, optimise the flight wave structure of Guangzhou hub, and construct Beijing hub and Urumqi hub with high quality; solidly pushing forward the adjustment and optimisation of the five major structures; vigorously develop strategic and emerging industries highly relevant to civil aviation, optimise the industrial layout, and enhance the specialisation and marketisation level of strategic and emerging industries; push forward the digital transformation with all our strength, strengthen the application of decision-making models in key business areas, and, and enhance the ability to accurately grasp the market and quickly respond with digital means.

5. Promoting reform and deepening improvement and continuing to strengthen the foundation of development

The Group will endeavour to carry out the functional and mission-oriented reform and the reform of systems and mechanisms. We will strengthen the research of key technologies and promote the output of practical results from major scientific and technological research projects; further promote the development of strategic and emerging industries in accordance with the overarching approach of “professional competence, market-oriented development, high-end transformation and modern governance”; complete the reform of the supervisory committee, and improve the operation of the boards of directors of the subsidiaries and the management system of the directors; enhance the quality of tenure system and contractual management, and improve the remuneration incentive mechanism based on market-oriented operation; scientifically prepare the “Fifteenth Five-Year Plan”, and strengthen the four-tier strategic planning system; carry out optimisation of flight efficiency, ground energy saving and carbon reduction, energy green transformation and other activities in a deep-going way, and strengthen carbon asset management.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The 2024 annual report of the Company, which contains consolidated financial statements for the year ended 31 December 2024, with an unmodified auditor's report, and all other information required under Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.csair.com) in due course.

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
26 March 2025

As at the date of this announcement, the Directors include Ma Xu Lun and Han Wen Sheng as executive Directors; and Pansy Catilina Chiu King Ho, Guo Wei and Zhang Jun Sheng as independent non-executive Directors.