



中国南方航空
CHINA SOUTHERN AIRLINES

H Share Stock Code: 1055 • A Share Stock Code: 600029

Enabling More People
to Enjoy Better Flights

2025

Interim Report



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DEFINITIONS

Unless the context otherwise requires, the terms below should have the following meanings in this report:

Company, CSA, China Southern Airlines	China Southern Airlines Company Limited
Group	China Southern Airlines Company Limited and its subsidiaries
CSAH	China Southern Air Holding Company Limited
Xiamen Airlines	Xiamen Airlines Company Limited
Guizhou Airlines	Guizhou Airlines Company Limited
Zhuhai Airlines	Zhuhai Airlines Company Limited
Shantou Airlines	Shantou Airlines Company Limited
Chongqing Airlines	Chongqing Airlines Company Limited
Henan Airlines	China Southern Airlines Henan Airlines Company Limited
Hebei Airlines	Hebei Airlines Company Limited
Jiangxi Airlines	Jiangxi Airlines Company Limited
Finance Company	China Southern Airlines Group Finance Company Limited
CSA Logistics	China Southern Air Logistics Company Limited
Cargo Company	China Southern Airlines Cargo Co., Ltd.
Nan Lung	Nan Lung Holding Limited
American Airlines	American Airlines, Inc.
PRC	The People's Republic of China
CSRC	China Securities Regulatory Commission
NDRC	National Development and Reform Commission
CAAC	Civil Aviation Administration of China
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Articles of Association	Articles of Association of China Southern Airlines Company Limited

Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
Corporate Governance Code	Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Available Seat Kilometers or “ASK”	the number of seats made available for sale multiplied by the kilometers flown
Available Tonne Kilometers or “ATK”	the tonnes of capacity available for the transportation multiplied by the kilometers flown
Available Tonne Kilometers – passenger	the tonnes of capacity available for passenger multiplied by the kilometers flown
Available Tonne Kilometers – cargo	the tonnes of capacity available for cargo and mails multiplied by the kilometers flown
Revenue Passenger Kilometers or “RPK”	i.e. passengers traffic volume, the number of passengers carried multiplied by the kilometers flown
Revenue Tonne Kilometers or “RTK”	i.e. total traffic volume, the load (passengers, cargo and mail) in tonnes multiplied by the kilometers flown
Revenue Tonne Kilometers – cargo or “RFTK”	i.e. cargo and mail traffic volume, the load for cargo and mail in tonnes multiplied by the kilometers flown
Revenue Tonne Kilometers – passenger	the load for passenger in tonnes multiplied by the kilometers flown
Passenger Load Factor	RPK expressed as a percentage of ASK
Overall Load Factor	RTK expressed as a percentage of ATK
Yield per RPK	revenue from passenger operations divided by RPK
Yield per RFTK	revenue from cargo and mail operations divided by RFTK
Yield per RTK	revenue divided by RTK

CORPORATE INFORMATION

Chinese Name:	中國南方航空股份有限公司
Chinese Short Name:	南方航空
English Name:	China Southern Airlines Company Limited
English Short Name:	CSN
Legal Representative:	Ma Xu Lun
Secretary to the Board:	Chen Wei Hua
Joint Company Secretaries:	Chen Wei Hua Liu Wei
Securities Affairs Representative:	Xu Yang
Shareholder Enquiry:	The Board Office of the Company
Telephone:	+86-20-86112480
Fax:	+86-20-86659040
E-mail:	ir@csair.com
Address:	China Southern Air Building, 68 Qixin Road, Baiyun District, Guangzhou, Guangdong Province, PRC
Registered Address:	Unit 301, 3/F, Office Tower Guanhao Science Park Phase I, 12 Yuyan Street, Huangpu District, Guangzhou, Guangdong Province, PRC
APP:	China Southern Airlines
WeChat Mini Program:	China Southern Airlines
WeChat Official Account:	China Southern Airlines
WeChat QR Code:	
WeChat ID:	CS95539
Sina Weibo:	http://weibo.com/csair
Place of Business:	China Southern Air Building, 68 Qixin Road, Baiyun District, Guangzhou, Guangdong Province, PRC
Place of Business in Hong Kong:	Unit B1, 9th Floor, United Centre, 95 Queensway, Hong Kong

Website of the Company:	www.csair.com
Authorised Representatives under the Listing Rules:	Ma Xu Lun Chen Wei Hua
Controlling Shareholder:	China Southern Air Holding Company Limited
Principal Bankers:	Industrial and Commercial Bank of China The Export-Import Bank of China China Development Bank China Construction Bank Agricultural Bank of China
Designated Newspapers for Information Disclosure (A Shares):	China Securities Journal, Shanghai Securities News, Securities Times
Designated Website for Information Disclosure (A Shares):	www.sse.com.cn
Designated Website for Information Disclosure (H Shares):	www.hkexnews.hk
Interim Report Available for Inspection:	The Board Office of the Company
Place of Listing of A Shares:	Shanghai Stock Exchange
Short Name of A Shares:	南方航空
Stock Code of A Shares:	600029
A Share Registrar:	China Securities Depository and Clearing Corporation Limited Shanghai Branch 188 South Yanggao Road, Pudong New Area, Shanghai
Place of Listing of H Shares:	The Stock Exchange of Hong Kong Limited
Short Name of H Shares:	CHINA SOUTH AIR
Stock Code of H Shares:	01055
H Share Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Domestic Legal Adviser:	Beijing Dentons Law Offices, LLP (Guangzhou)
Overseas Legal Adviser:	Jingtian & Gongcheng LLP
Domestic Auditors:	KPMG Huazhen LLP
Address of Domestic Auditors:	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing, China
Overseas Auditors:	KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
Address of Overseas Auditors:	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

PRINCIPAL ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

I. PRINCIPAL ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE GROUP AS AT THE END OF THE REPORTING PERIOD

(I) Principal Accounting Information

Unit: RMB million

	January to June 2025	January to June 2024	Increase/ (decrease) %
Operating revenue	86,291	84,790	1.77
Profit before income tax	594	357	66.39
Net loss attributable to equity shareholders of the Company	(1,534)	(1,054)	45.54
Net cash generated from operating activities	11,674	12,893	(9.45)

	30 June 2025	31 December 2024	Increase/ (decrease) %
Equity attributable to equity shareholders of the Company	33,408	34,943	(4.39)
Total assets	336,775	329,979	2.06

(II) Principal Financial Indicators

	January to June 2025	January to June 2024	Increase/ (decrease) %
Basic loss per share (RMB/share)	(0.08)	(0.06)	33.33
Diluted loss per share (RMB/share)	(0.08)	(0.06)	33.33

II. RECONCILIATION OF DIFFERENCES IN INTERIM FINANCIAL REPORT PREPARED UNDER PRC GAAP AND IFRS ACCOUNTING STANDARDS

(I) Difference in net loss and equity attributable to equity shareholders of the Company in financial reports disclosed under PRC GAAP and IFRS Accounting Standards

Unit: RMB million

	Net loss attributable to equity shareholders of the Company January to June 2025	January to June 2024	Equity attributable to equity shareholders of the Company 30 June 2025	31 December 2024
Amounts under PRC GAAP	(1,533)	(1,228)	33,195	34,729
Adjustments under IFRS Accounting Standards:				
Capitalisation of exchange difference of specific loans (a)	(2)	(3)	4	6
Government grants (b)	-	-	(2)	(2)
Adjustment arising from the Company's business combination under common control (c)	-	-	237	237
Reversal of impairment losses on property, plant and equipment (d)	-	201	-	-
Income tax effect of the above adjustments	1	(81)	1	-
Effect of the above adjustments on non-controlling interests	-	57	(27)	(27)
Amounts under IFRS Accounting Standards	(1,534)	(1,054)	33,408	34,943

(II) Explanation of differences between PRC GAAP and IFRS Accounting Standards

- (a) In accordance with the PRC GAAP, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency is capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.
- (b) In accordance with the PRC GAAP, assets related government grants (other than special funds) are deducted from the cost of the related assets. Special funds granted by the government and clearly defined in the approval documents as part of “capital reserve” are accounted for as increase in capital reserve. Under IFRS Accounting Standards, assets related government grants are deducted to the cost of the related assets. The difference is resulted from government grants received in previous years and are recognised in capital reserve under PRC GAAP.
- (c) In accordance with the PRC GAAP, the Company accounts for the business combination under common control by applying the pooling-of-interest method. Under the pooling-of-interest method, the difference between the historical carrying amount of the acquiree and the consideration paid is accounted for as an equity transaction. Business combinations under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose, relevant comparative figures are restated under PRC GAAP. Under IFRS Accounting Standards, the Company adopts the purchase accounting method for acquisition of business under common control.
- (d) In accordance with the PRC GAAP, impairment loss of non-current assets cannot be reversed. Under IFRS Accounting Standards, an impairment loss is reversed if there is indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased.

III. MAJOR CHARGES ON ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2025, the Group had capital commitments of approximately RMB132,849 million (as at 31 December 2024: RMB144,437 million). Of such amounts, approximately RMB119,120 million was for acquisition of aircraft, engines and related flight equipment, RMB105 million was for investment commitments and RMB13,624 million was for other property, plant and equipment.

Details of contingent liabilities of the Group are set out in Note 22 to the interim financial report prepared under International Accounting Standard 34.

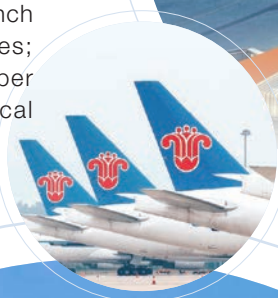
As at 30 June 2025, certain aircraft of the Group with a carrying value of approximately RMB1,963 million (as at 31 December 2024: RMB2,033 million) were mortgaged under certain loans.

MANAGEMENT DISCUSSION AND ANALYSIS

I. THE COMPANY'S INDUSTRY AND PRINCIPAL BUSINESS

(I) *Principal Business*

The scope of business of the Company covers: provision of scheduled and non-scheduled domestic, regional and international air transportation services for passengers, cargo, mail and luggage; provision of aircraft repair and maintenance services; acting as agents for other domestic and international airlines; provision of air catering services (operated by branch office only); provision of airline ground extension services; civil aircraft training (operated by branch office with proper license); asset leasing; project management and technical



Ma Xu Lun

Chairman



Eight Consecutive Times Winner
**Civil Aviation
 Passenger Service
 Evaluation**
 (CAPSE) “Best Airline of the Year”



Safe Flight

1.599

Million Hours

The First Brand in
**Aviation Service Industry
 in China Brand Power Index**
 for fifteen consecutive years



Cargo and Mail
 Transportation
 Volume

0.9405

Million Tonnes



Passenger
 Transportation
 Volume

83.2798

Million
 Passengers



consultancy; sales of aviation equipment; travel agency business service; merchandise retail and wholesale; health and medical examination service; internet sales (except for sale of commodities subject to licensing); concurrent-business insurance agent services; domestic trade agency; professional design service; Type 1 value-added telecommunication service; Type 2 value-added telecommunication service; advertisement preparation; advertisement publication; advertisement design and agency; internet data services; internet information service; information system integration service; IoT technical service; social and economic consulting service; information technology consulting services; information consulting services (except information consulting services subject to licensing). (For all projects subject to approval in accordance with laws, the business activities can only be carried out after obtaining approval from relevant authorities.)

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Operating Model

With building a world-class enterprise as the goal, the Company has determined the overarching approach for quality development featuring “adhering to five developments, implementing five strategies, promoting six campaigns and achieving six transformations”, and the development vision of “14th Five-Year Plan”, which closely focuses on the “building of a world-class air transportation enterprise with global competitiveness”. It is clear that by 2025, a synergistic development pattern will be initially established with the main industry of air transportation as the core and the supporting industries as the backbone. The Company has developed an implementation plan for accelerating the construction of a world-class enterprise, launched a special operation entitled “making up for shortcomings, improving quality, and striving for first-class”, and clarified the objectives and measures for building a world-class enterprise.

The Company adheres to the “five development” concepts of safety, high quality, innovation, cooperation and sharing; focuses on the “five strategies” in relation to hub network, ecosystem, innovation-driven, lean management and control, and brand management; carries out “six campaigns” on special actions of “making up for shortcomings, improving quality, and striving for first-class”, accelerating the construction of Beijing Daxing Hub, implementing reforms to deepen and enhance the action, pushing forward the digitalisation transformation with all-out efforts, pushing forward the adjustment and optimisation of the five major structures, and comprehensively providing “humanised, digitalised, refined, personalised and convenient” service; and strives for “six transformations” from speed-oriented to quality-oriented, from comprehensive market expansion to key areas exploration, from a relatively single industry to high correlative and diversified industries, from planning management and control to market operation, from the traditional business model to digitalisation and ecological circle, and from extensive management to refined management.



(III) Industry Summary

During the reporting period, the transportation and production of China's civil aviation industry maintained steady growth, achieved new progress in high-quality development, and featured by "overall stability, rapid growth in international operations, strong resilience in cargo transportation, and improved efficiency and benefit". During the reporting period, the total transportation turnover volume, passenger transportation volume and cargo and mail transportation volume of China's civil aviation were 78.35 billion ton-kilometers, 370 million passengers and 4.784 million tonnes, respectively, representing year-on-year increases of 11.4%, 6.0% and 14.6%, respectively.



Han Wen Sheng

Vice chairman and president

MANAGEMENT DISCUSSION AND ANALYSIS

II. ANALYSIS ON THE CORE COMPETITIVENESS

With building a world-class enterprise as the goal, the Group has determined the overarching approach for high-quality development featuring “adhering to five developments, implementing five strategies, promoting six campaigns and achieving six transformations”, and has accelerated the progress of building itself into a world-class air transportation enterprise with global competitiveness. The Group’s five core competitive strengths have begun to take shape, including its strong and comprehensive advantages in scale and networking, its network development pattern centered around Guangzhou and Beijing, combination of integrated operation and matrix management for resource synergy, its high-quality brand service influence, and its leadership in information technology.

III. DISCUSSION AND ANALYSIS OF OPERATING CONDITIONS DURING THE REPORTING PERIOD

During the reporting period, the global economic situation was complex and volatile. According to World Economic Outlook report of International Monetary Fund, global economic growth is projected at 3.0% in 2025. In the first half of the year, China’s national economy withstood pressure, maintaining overall stability and steady improvement in economic performance. The gross domestic product (GDP) reached RMB66.05 trillion, with a year-on-year increase of 5.3%, demonstrating strong vitality and resilience. China’s civil aviation industry showed steady development trend, with the international aviation market growing at a relatively fast pace. The industry achieved a total transport turnover of 78.35 billion tonne-kilometres, passenger traffic volume of 370 million, and cargo and mail transportation volume of 4.784 million tonnes, representing year-on-year growth of 11.4%, 6.0%, and 14.6%, respectively.

During the reporting period, the Group coordinated safety production and operations, continuously improved service quality, accelerated the implementation of reform and development strategies, and was awarded the “Best Airline of the Year” by Civil Aviation Passenger Service Evaluation (CAPSE) for the eight consecutive years. It was also ranked as first brand in aviation services industry in the China Brand Power Index for 15 consecutive years.

1. Safety Management

During the reporting period, the Group further advanced the three-year initiative to address the root causes of safety issues and continuously improved safety management standards. We strengthened the competency and qualification development of key positions, implemented a merit-based selection mechanism, and enhanced the competency assessment system for dispatchers; deepened the development of safety management teams and carried out special campaigns to improve safety practices; intensified efforts to address safety risks and hazards in key areas, advancing the implementation of graded and categorised control measures for aircraft malfunctions; accelerated the establishment of a data-driven, technology-supported safety management model, promoting in-depth integration of information in safety management, aircraft maintenance, flight training, and ramp operations, while undertaking iterative upgrades of the “Tian Tong (天瞳)” system and key technology breakthroughs for the “Tian Ji(天極)” system. During the reporting period, the Group achieved 1.599 million hours of safe flight, maintaining an industry-leading safety performance.

2. Operation Management

During the reporting period, the Group actively seized market opportunities and made every effort to enhance operational quality and efficiency. We strengthened the precise alignment of capacity input with market demand, improved passenger market organization and channel management; enhanced insights into customer needs and strengthened customer management capabilities; flexibly adjusted capacity allocation and optimised network layout in response to changes in the freight market, achieving full-network, normalised transportation of cross-border e-commerce battery-powered cargo; deepened the full-network connectivity of freight operations, strengthening the synergy between Southeast Asia and the freight hubs in Guangzhou, Shenzhen and Shanghai; built an air logistics product system, acquiring 70 new corporate customers. We carried out a comprehensive cost-control initiative and refined the cost management accountability system.

3. Operation Service

During the reporting period, the Group steadily improved operational quality and continuously enhanced service standards. We optimised flight scheduling and implemented stringent cancellation controls for flights scheduled within three days, achieving an on-time flight execution rate for flights within three days of over 98%. The flight punctuality rate from passengers' perspective increased by 7.71 percentage points year on year. We implemented a 30-minute check-in cutoff for domestic express flights departing from seven cities, including Guangzhou and Beijing. We refined the fault warning and health trend prediction models for aircraft maintenance. We strengthened service compliance management, improved service compliance systems, and revised the transportation service plan for passengers with disabilities. We established a rapid complaint handling process, significantly reducing the call abandonment rate for customer service hotlines year on year. The "Pets in Cabin (愛寵進客艙)" service was expanded to 18 domestic cities. During the reporting period, the Company was awarded the "Best Airline of the Year" by Civil Aviation Passenger Service Evaluation (CAPSE) for the eighth consecutive year.

4. Implementation of Strategies

During the reporting period, the Group advanced major strategic initiatives and solidly promoted high-quality development. We continued to implement the optimisation of the five major structural adjustments, retiring aircraft with low economic efficiency and increasing the proportion of high-performance aircraft; strengthened hub competitiveness, optimised the flight wave structure of the Guangzhou hub, and enhanced transfer efficiency, achieving a transfer passenger completion rate of 98.5%; improved the transfer connection quality of the Beijing hub and optimised the route structure of the Urumqi hub; deepened the revitalisation of real estate operations and further strengthened strategic synergies among aviation subsidiaries; advanced digital transformation, expanded foundational AI applications, deployed eight large models, and achieved new milestones in the development of the IT R&D ecosystem platform.

5. Reform and Development

During the reporting period, the Group implemented reforms to deepen and enhance its operations, strengthening its development foundation. We formulated an evaluation plan for scientific and technological innovation work, established classification and grading assessment rules for technological achievements, and received seven Civil Aviation Science and Technology Awards; customised and developed a civil aviation-specific server operating system; deepened tenure-based and contractual management, and optimised the linkage mechanism between remuneration realization and performance evaluation. We solidly advanced the preparation of the "15th Five-Year Plan", completing preliminary research and quantitative target calculations; promoted and applied enterprise architecture methodology, optimising and iterating enterprise architecture assets; built a business capability management responsibility system, and accelerated the development of enterprise architect teams.

6. Social Responsibility

During the reporting period, the Group actively fulfilled its social responsibilities, promoted sustainable development, and deepened rural revitalisation assistance. We adhered to green and low-carbon development and were ranked fifth globally among airlines in the United Nations IAIO – NARDO ESG Assessment for the aviation industry. We carried out assistance work in a scientific and standardised manner, improved the assistance mechanism, advanced the "Rural Revitalisation Assistance Standardisation Year" initiative, explored new approaches to consumption-based assistance, and innovatively implemented industrial assistance, talent assistance, and aviation assistance tailored to local conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. SUMMARY OF OPERATING DATA

	For the six months ended 30 June		Increase/ (decrease) %
	2025	2024	
Traffic			
Revenue passenger kilometers (RPK) (million)			
Domestic	115,704.69	111,849.45	3.45
Hong Kong, Macau and Taiwan	1,257.25	1,224.81	2.65
International	41,024.24	32,588.95	25.88
Total:	157,986.19	145,663.22	8.46
Revenue tonne kilometers (RTK) (million)			
Domestic	10,984.42	10,570.73	3.91
Hong Kong, Macau and Taiwan	124.12	121.98	1.75
International	7,611.75	6,626.90	14.86
Total:	18,720.29	17,319.62	8.09
RTK – Passenger (million)			
Domestic	10,153.28	9,790.12	3.71
Hong Kong, Macau and Taiwan	110.40	106.99	3.19
International	3,607.20	2,862.63	26.01
Total:	13,870.88	12,759.74	8.71
RTK – Cargo (million)			
Domestic	831.15	780.61	6.47
Hong Kong, Macau and Taiwan	13.72	14.99	(8.48)
International	4,004.55	3,764.27	6.38
Total:	4,849.41	4,559.88	6.35
Passengers carried (thousand)			
Domestic	72,363.60	70,443.91	2.73
Hong Kong, Macau and Taiwan	886.06	971.62	(8.81)
International	10,030.16	8,024.53	24.99
Total:	83,279.82	79,440.06	4.83
Cargo and mail carried (thousand tonnes)			
Domestic	474.90	453.00	4.83
Hong Kong, Macau and Taiwan	12.91	13.59	(4.97)
International	452.64	420.77	7.58
Total:	940.45	887.36	5.98

	For the six months ended 30 June		Increase/ (decrease) %
	2025	2024	
Capacity			
Available seat kilometres (ASK) (million)			
Domestic	134,368.93	133,775.17	0.44
Hong Kong, Macau and Taiwan	1,618.89	1,588.19	1.93
International	48,849.45	39,878.11	22.50
Total:	184,837.28	175,241.47	5.48
Available tonne kilometres (ATK) (million)			
Domestic	14,998.93	15,039.02	(0.27)
Hong Kong, Macau and Taiwan	185.27	188.75	(1.84)
International	10,870.45	9,450.50	15.03
Total:	26,054.65	24,678.27	5.58
ATK – Passenger (million)			
Domestic	12,093.20	12,039.77	0.44
Hong Kong, Macau and Taiwan	145.70	142.94	1.93
International	4,396.45	3,589.03	22.50
Total:	16,635.35	15,771.73	5.48
ATK – Cargo (million)			
Domestic	2,905.72	2,999.26	(3.12)
Hong Kong, Macau and Taiwan	39.57	45.82	(13.63)
International	6,474.00	5,861.47	10.45
Total:	9,419.30	8,906.54	5.76

MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended 30 June		Increase/(decrease)
	2025	2024	percentage point
Load factor			
Passenger load factor (RPK/ASK) (%)			
Domestic	86.11	83.61	2.50
Hong Kong, Macau and Taiwan	77.66	77.12	0.54
International	83.98	81.72	2.26
Average:	85.47	83.12	2.35
Overall load factor (RTK/ATK) (%)			
Domestic	73.23	70.29	2.95
Hong Kong, Macau and Taiwan	66.99	64.63	2.37
International	70.02	70.12	(0.10)
Average:	71.85	70.18	1.67
	For the six months ended 30 June		Increase/
	2025	2024	(decrease) %
Yield			
Yield per RPK (RMB)			
Domestic	0.47	0.50	(6.00)
Hong Kong, Macau and Taiwan	0.68	0.77	(11.69)
International	0.43	0.47	(8.51)
Average:	0.46	0.49	(6.12)
Yield per RFTK (RMB)			
Domestic	0.83	0.94	(11.70)
Hong Kong, Macau and Taiwan	8.38	7.20	16.39
International	2.07	2.09	(0.96)
Average:	1.87	1.91	(2.09)
Yield per RTK (RMB)			
Domestic	5.04	5.34	(5.62)
Hong Kong, Macau and Taiwan	7.81	8.58	(8.97)
International	3.39	3.48	(2.59)
Average:	4.39	4.65	(5.59)

	For the six months ended 30 June		Increase/ (decrease) %
	2025	2024	
Cost			
Main business cost per ATK (RMB)	2.96	3.10	(4.52)
Flight Volume			
Kilometers flown (million)	1,014.08	962.88	5.32
Hours flown (thousand)			
Domestic	1,249.48	1,247.60	0.15
Hong Kong, Macau and Taiwan	13.78	14.20	(2.99)
International	335.90	274.89	22.20
Total:	1,599.16	1,536.69	4.07
Number of flights (thousand)			
Domestic	492.63	496.98	(0.88)
Hong Kong, Macau and Taiwan	5.85	6.62	(11.68)
International	65.32	52.91	23.45
Total:	563.79	556.51	1.31

Note: Operating data is rounded to two decimal places. Discrepancies between the column sum and the total sum or between the increase/(decrease) and the total sum are due to rounding of percentage numbers.

MANAGEMENT DISCUSSION AND ANALYSIS

V. SUMMARY OF FLEET DATA

As at 30 June 2025, the scale and structure of fleet, the age of aircraft and the delivery and disposal of aircraft of the Group were as follows:

Unit: number of aircraft

Models	Number of aircraft purchased	Number of aircraft under finance lease	Number of aircraft under operating lease	Average age (year)	Delivery during the reporting period	Disposal during the reporting period	Total number of aircraft at the end of the reporting period
Passenger Aircraft							
A350 Series	6	14	0	3.8	0	0	20
A330 Series	9	16	1	9.4	0	2	26
A320 Series	150	97	141	9.2	22	1	388
B787 Series	13	18	10	8.1	1	0	41
B777 Series	5	10	0	8.7	0	0	15
B737 Series	152	66	169	10.6	8	8	387
EMB190	1	0	0	9.7	0	0	1
C919	0	5	0	0.5	2	0	5
C909	7	33	0	2.5	2	0	40
Freighter							
B777 Series	12	7	0	9.0	2	0	19
B737 Series	0	0	1	18.9	0	0	1
Total	355	266	322	9.3	37	11	943

As at 30 June 2025, the current information in relation to the capital expenditure plan and relevant financing plan for aircraft and related equipment has not changed materially from the information disclosed in the 2024 annual report of the Company.

VI. MAJOR INFORMATION OF OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis on Changes in Financial Statements Related Items

Unit: RMB million

Items	January to June 2025	January to June 2024	Increase/ (decrease) %
Operating revenue	86,291	84,790	1.77
Operating expenses	84,884	84,126	0.90
Net cash generated from operating activities	11,674	12,893	(9.45)
Net cash used in investing activities	(4,406)	(9,776)	(54.93)
Net cash used in financing activities	(7,556)	(3,090)	144.53

(II) Operating Revenue Analysis

In the first half of 2025, the Group recorded operating revenue of RMB86,291 million, representing a year-on-year increase of 1.77%. Among which, traffic revenue was RMB82,152 million, representing a year-on-year increase of 2.06%, mainly due to the increase of passenger revenue and cargo and mail revenue. Passenger revenue was RMB73,072 million, representing a year-on-year increase of 1.82%, which was mainly due to the increase of passengers. Cargo and mail revenue was RMB9,080 million, representing a year-on-year increase of 4.01%, mainly resulted from the increase of freight traffic volume during the reporting period. Revenue from other businesses was RMB4,139 million, representing a year-on-year decrease of 3.65%, mainly due to a decrease in revenue from commission income, hotel and tour operation income.

Unit: RMB million

Items	January to June 2025	January to June 2024	Increase/ (decrease) %
Traffic revenue	82,152	80,494	2.06
Including: Passenger	73,072	71,764	1.82
Cargo and mail	9,080	8,730	4.01
Other operating revenue	4,139	4,296	(3.65)
Total operating revenue	86,291	84,790	1.77

MANAGEMENT DISCUSSION AND ANALYSIS

Passenger Revenue by Region

Unit: RMB million

Items	January to June 2025	January to June 2024	Increase/ (decrease) %
Domestic	54,667	55,662	(1.79)
International	17,551	15,164	15.74
Hong Kong, Macau and Taiwan	854	938	(8.96)
Total	73,072	71,764	1.82

Cargo and Mail Revenue by Region

Unit: RMB million

Items	January to June 2025	January to June 2024	Increase/ (decrease) %
Domestic	691	736	(6.11)
International	8,274	7,886	4.92
Hong Kong, Macau and Taiwan	115	108	6.48
Total	9,080	8,730	4.01

(III) Operating Expenses Analysis

Operating expenses	January to June 2025		January to June 2024		Increase/ (decrease) (%)
	RMB Million	Percentage (%)	RMB Million	Percentage (%)	
Flight operation expenses	40,662	47.90	41,270	49.06	(1.47)
Maintenance expenses	6,958	8.20	7,351	8.74	(5.35)
Aircraft and transportation service expenses	15,213	17.92	14,545	17.29	4.59
Promotion and selling expenses	3,357	3.96	3,179	3.78	5.60
General and administrative expenses	2,125	2.50	2,064	2.45	2.96
Depreciation and amortisation	14,933	17.59	13,935	16.56	7.16
Reversal of impairment losses on property, plant and equipment	–	–	(304)	(0.36)	(100.00)
Others	1,636	1.93	2,086	2.48	(21.57)
Total operating expenses	84,884	100.00	84,126	100.00	0.90

Total operating expenses in the first half of 2025 amounted to RMB84,884 million, representing an increase of RMB758 million or 0.90% as compared to the first half of 2024. Total operating expenses accounted for 98.37% of total operating revenue, representing a decrease of 0.85 percentage points as compared to the same period last year.

Flight operating expenses accounted for 47.90% of the total operating expenses, maintenance expenses accounted for 8.20% of total operating expenses, aircraft and transportation service expenses accounted for 17.92% of total operating expenses, promotion and selling expenses accounted for 3.96% of total operating expenses, and general and administrative expenses accounted for 2.50% of total operating expenses, all of which remained stable as compared to the same period last year.

Depreciation and amortisation accounted for 17.59% of total operating expenses, increased by 7.16% to RMB14,933 million as compared to the same period last year, mainly due to the increase in depreciation and amortisation of aircraft and engines as a result of the increase in number of aircraft and flight hours.

Others represented the expenses related to other operating revenues, including hotel and tour operation expenses, external air catering service expenses and sales of aviation materials expenses. The decrease of others was mainly due to a decrease of sales of aviation materials expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Cash Flow Analysis

In the first half of 2025, the Group recorded a net cash inflow from operating activities of RMB11,674 million, decreased by 9.45% from RMB12,893 million in the first half of last year. Net cash used in investment activities was RMB4,406 million, representing a decrease of 54.93% as compared to RMB9,776 million in the same period of last year, mainly due to the increase of proceeds from other financial assets and term deposits and the decrease of acquisition of property, plant and equipment and other assets. The net cash used in financing activities was RMB7,556 million, increased by 144.53% from RMB3,090 million in the first half of last year, mainly due to the increase in debt repayment during the reporting period. As at 30 June 2025, the cash and cash equivalents of the Group amounted to RMB12,692 million, which decreased by 2.25% as compared to 31 December 2024.

(V) Liquidity, Financial Resources and Capital Structure

1. Analysis on Assets and Liabilities Structure

Unit: RMB million

Items	30 June 2025	Percentage of total assets (%)	31 December 2024	Percentage of total assets (%)	Increase/ (decrease) (%)	Change of percentage point of total assets
Trade receivables	5,219	1.55	3,306	1.00	57.86	0.55
Other receivables	15,549	4.62	15,378	4.66	1.11	(0.04)
Other non-current financial assets	1,790	0.53	3,017	0.91	(40.67)	(0.38)
Derivative financial liabilities	603	0.18	908	0.28	(33.59)	(0.10)

As of 30 June 2025, total assets of the Group amounted to RMB336,775 million, representing an increase of 2.06% as compared to 31 December 2024, among which, current assets were RMB40,115 million, accounting for 11.91% of the total assets, while non-current assets were RMB296,660 million, accounting for 88.09% of the total assets. Trade receivables amounted to RMB5,219 million, accounting for 1.55% of the total assets, representing an increase of 57.86% as compared to 31 December 2024, mainly due to the increase of air ticket receivables. Other receivables amounted to RMB15,549 million, accounting for 4.62% of the total assets, representing an increase of 1.11% as compared to 31 December 2024, mainly due to increase in rebate from aircraft equipment manufacturers. Other non-current financial assets amounted to RMB1,790 million, accounting for 0.53% of the total assets, representing a decrease of 40.67% as compared to 31 December 2024, mainly due to certain other non-current financial assets were reclassified to other financial assets. Derivative financial liabilities amounted to RMB603 million, accounting for 0.18% of the total assets, representing a decrease of 33.59% as compared to 31 December 2024, mainly due to the decrease of fair value for derivative component of convertible bonds.

As at 30 June 2025, total liabilities of the Group amounted to RMB284,770 million, representing an increase of 2.75% as compared to the beginning of the period, among which, current liabilities were RMB151,329 million, accounting for 53.14% of the total liabilities; non-current liabilities were RMB133,441 million, accounting for 46.86% of the total liabilities.

The Group's interest-bearing liabilities classified by currencies are as follows:

Unit: RMB million

	30 June 2025		31 December 2024		
	Amount	Proportion (%)	Amount	Proportion (%)	Change (%)
USD	36,768	15.85	39,542	17.70	(7.02)
RMB	193,730	83.51	182,398	81.63	6.21
Others	1,474	0.64	1,507	0.67	(2.19)
Total	231,972	100.00	223,447	100.00	3.82

Net exchange loss of RMB116 million was recorded by the Group in the first half of 2025, as compared with a net exchange loss of RMB456 million in the corresponding period of 2024, mainly due to the lower devaluation rate of Renminbi against the USD during the reporting period compared with the same period last year.

2. Debt Paying Ability Analysis

As at 30 June 2025, the Group's debt ratio (total liabilities divided by total assets) was 84.56%, representing an increase of 0.57 percentage point as compared to 83.99% as at 31 December 2024. As at 30 June 2025, the Group's current ratio (current assets divided by current liabilities) was 26.51%, representing a decrease of 0.78 percentage points as compared to 31 December 2024. As at 30 June 2025, the Group has obtained credit facilities of approximately RMB394,123 million in aggregate granted by several banks and other financial institutes, among which approximately RMB118,631 million has been utilised and the unutilised amount was approximately RMB275,492 million. Management believes that these credit facilities are sufficient for the Group to meet the requirement of working capital and future capital commitments.

3. Major Restricted Assets at the End of the Reporting Period

As at 30 June 2025, restricted deposits with banks and other financial institutes of the Group were approximately RMB150 million and certain aircraft with a carrying value of approximately RMB1,963 million were mortgaged under certain loans. Save as disclosed above, the Group has no other restricted assets.

VII. OTHER DISCLOSURE MATTERS

(I) Analysis on Investments

1. Major Equity Investment

Unit: RMB million

Name of the investee	Principal business	Whether the subject is principally engaged in investment business	Investment method	Investment amount	Shareholding proportion	Whether to consolidate	Item in financial statements (if applicable)	Source of funds	Partners (if applicable)	Investment period (if any)	Progress as at the balance sheet date	Expected revenue (if any)	Effects on current profit or loss	Whether involved in lawsuits	Date of disclosure	Index of disclosure
Sichuan Airlines Company Limited	Air passenger and cargo transportation	No	Capital injection	4,680	39%	No	Interest in associates	Own funds	/	/	Equivalent to RMB4.68 billion have been fully paid-up	N/A	Investment loss of RMB936 million	No	30 December 2023, 30 April 2024	http://www.sse.com.cn/

MANAGEMENT DISCUSSION AND ANALYSIS

2. Major Non-equity Investment

Nil.

3. Financial Assets Carried at Fair Value

Unit: RMB million

Asset class	Opening balance	Gains or losses from changes in fair value during the period	Accumulated fair value change included in equity	Impairment for the current period	Amount of purchase during the period	Amount of disposal/redemption during the period	Other changes	Closing balance
Shares	431	(3)	296	/	/	/	/	428
Derivatives	18	2	/	/	/	/	/	20
Others	5,502	69	22	/	/	(1,618)	/	3,953
Total	5,951	68	318	/	/	(1,618)	/	4,401

(1) SECURITIES INVESTMENT

Unit: RMB million

Security type	Security code	Security abbreviation	Initial investment cost	Sources of funds	Beginning book value	Gains or losses from changes in fair value during the period	Accumulated fair value changes included in equity	Amount purchased during the period	Amount sold during the period	Profit and loss from investment during the period	Closing book value	Accounting item
Others	N/A	China Aircraft Services Limited	2	/	1	/	(1)	/	/	/	1	Other non-current financial assets
Others	N/A	Aviation Data Communication Corporation	1	/	32	/	23	/	/	/	32	Other non-current financial assets
Shares	00696	TravelSky Technology Limited	33	/	431	(3)	296	/	/	/	428	Other equity instrument investments
Total	/	/	36	/	464	(3)	318	/	/	/	461	/

(2) PRIVATE EQUITY INVESTMENT

Nil.

(3) DERIVATIVE INVESTMENT

Nil.

(II) Major Assets and Shareholding Disposal

During the reporting period, there was no disposal of any major assets or equity by the Company.

(III) Analysis on Major Controlling Companies

1. Main Operational Information of Six Airline Subsidiaries of the Group:

Name of subsidiary	Number of aircraft	Proportion (%)	Number of passengers carried (thousand)	Proportion (%)	Cargo and mail carried (tonne)	Proportion (%)	RTK (million)	Proportion (%)	RPK (million)	Proportion (%)
Xiamen Airlines	220	23.33	22,957.35	27.57	116,585.60	12.40	3,777.67	20.18	39,410.69	24.95
Shantou Airlines	26	2.76	2,140.42	2.57	9,065.60	0.96	278.54	1.49	3,017.00	1.91
Zhuhai Airlines	16	1.70	1,553.84	1.87	6,802.70	0.72	224.33	1.20	2,459.77	1.56
Guizhou Airlines	20	2.12	2,016.66	2.42	13,396.00	1.42	275.16	1.47	2,900.49	1.84
Chongqing Airlines	33	3.50	2,938.19	3.53	14,094.50	1.50	421.95	2.25	4,533.20	2.87
Henan Airlines	29	3.08	2,638.46	3.17	16,675.40	1.77	366.07	1.96	3,883.74	2.46

Note: The operational information of Xiamen Airlines includes operational information of its subsidiaries, Hebei Airlines and Jiangxi Airlines.

2. Analysis on Major Controlling Companies

(1) XIAMEN AIRLINES

Xiamen Airlines was established in August 1984 with registered capital of RMB14 billion. The legal representative is Xie Bing. The Company holds 55% of the shares in Xiamen Airlines; Xiamen Jianfa Group Co., Ltd. and Fujian Investment & Development Group Co., Ltd. also hold 34% and 11% of the shares in Xiamen Airlines, respectively.

During the reporting period, Xiamen Airlines recorded an operating revenue of RMB18,850 million, representing a year-on-year increase of 6.11%; and net profit of RMB431 million was recorded as compared with net profit of RMB191 million for the same period of the previous year. As at 30 June 2025, Xiamen Airlines' total assets amounted to RMB65,008 million, and net assets amounted to RMB21,274 million.

(2) CSA LOGISTICS

CSA Logistics was established in June 2018 with registered capital of RMB1.818 billion. The legal representative is Li Xiao. CSA Logistics is owned as to 55% by the Company.

During the reporting period, CSA Logistics recorded an operating revenue of RMB9,399 million, representing a year-on-year increase of 1.88%; and net profit of RMB1,601 million was recorded as compared with net profit of RMB1,712 million for the same period of the previous year. As at 30 June 2025, CSA Logistics' total assets amounted to RMB22,880 million, and net assets amounted to RMB19,466 million.

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Potential Risks

1. Macro Environment Risks

(1) RISKS OF FLUCTUATION IN MACRO ECONOMY

The degree of prosperity of the civil aviation transportation industry is closely linked to the status of the development of the domestic and international macro economy. The degree of prosperity of macro economy has a direct impact on the development of economic activities, the disposable income of the residents and the increase or decrease in import and export trade volume, which in turn affects the demand of the air passenger and air cargo, and further affects the business and operating results of the Group.

(2) RISKS OF MACRO POLICIES

Macroeconomic policies made by the government, in particular the adjustment in the cyclical macro policies, such as credit, interest rate, exchange rate and fiscal expenditure, have a direct or indirect impact on the air transportation industry. In addition, the establishment of the new airlines, the opening of aviation rights, routes, air ticket fares and other aspects are regulated by the government, and the fuel surcharges pricing mechanism is also formulated by the government. The changes in the relevant policies will have a potential impact on the operating results and the future development of the business of the Company.

2. Force Majeure Risks such as Serious Pandemics and Natural Disasters

The aviation industry is subject to a significant impact from the external environment, abrupt public health emergencies, such as serious pandemics, natural disasters such as floods, typhoons and volcanic eruptions, terrorist attacks, international political turmoil and other factors. These risks will affect the normal operation of the airlines, and thus bringing unfavourable effect to the results and long-term development of the Company.

3. Industry Risks

(1) RISKS OF INTENSIFIED COMPETITION IN THE INDUSTRY

Faced with ever-changing markets, if the Company fails to effectively enhance its ability to predict and adopt flexible sales strategies and pricing mechanisms, it may have an impact on the Company's goal of achieving expected returns. With regard to the introduction of transportation capacity, if the Company fails to establish a corresponding capacity introduction and exit mechanism, it may have a material adverse effect on the Company's operating efficiency. In terms of exploring the international market, if the Company fails to further improve the operational quality of international routes, it may affect the Company's operating income and profit levels.

(2) RISKS OF COMPETITION FROM OTHER MODES OF TRANSPORTATION

There is certain substitutability in short to medium range routes transportation among air transportation, railway transportation and road transportation. With the improving high-speed rail network, if the Company fails to develop an effective marketing strategy to deal with high-speed rail competition, it may affect the Company's operating efficiency.

4. Risks of the Company Management

(1) SAFETY RISKS

Flight safety is the prerequisite and foundation for the normal operation of the airlines. Adverse weather, mechanical failure, human error, aircraft defects as well as other force majeure incidents may have effect on the flight safety. With big size of aircraft fleet and large amount of cross-location, overnight or international operations, the Company was confronted with certain challenges in its safety operation. In case of any flight safety accident, it will have an adverse effect on the normal production and operation and reputation of the Company.

(2) INFORMATION SAFETY RISKS

The information safety situation is becoming more and more severe. If the Company fails to manage the information safety affairs at company level or a higher level, increase input of information safety resources, and strengthen the information safety management, the Company's safety, production, operation, marketing and service, etc. may be affected, as a result of which the Company may be affected and suffer losses.

(3) RISKS OF HIGH CAPITAL EXPENDITURE

The major capital expenditure of the Company is to purchase aircraft. In recent years, the Company has been optimising the aircraft fleet structure and reducing the operational cost through introducing more advanced models, disposing obsolete models and streamlining the number of models. Due to the high fixed costs for the operation of aircraft, if the operation condition of the Company suffers from a severe downturn, it may lead to the significant drop in the operating profit, financial distress and other problems.

5. Financial Risks of the Company

(1) RISKS OF FLUCTUATION IN EXCHANGE RATE

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place either through the People's Bank of China ("PBOC") or other institutions authorised to buy and sell foreign exchange or at a swap center. Substantial of the Group's lease liabilities are denominated in foreign currencies, principally US dollars and Euro. Depreciation or appreciation of Renminbi against foreign currencies therefore affects the Group's results significantly. In particular, fluctuations in exchange rate of US dollar against Renminbi will have a material impact on the Group's finance expense. Assuming risks other than exchange rate remain unchanged, the shareholders' equity of the Group will increase by RMB259 million and the net loss of the Group will decrease by RMB259 million during the reporting period in the case of each and every 1% increase of the exchange rate of RMB to US dollar at 30 June 2025.

(2) RISKS OF FLUCTUATION IN JET FUEL PRICE

The jet fuel cost is the most major expenditure for the Group. Both the fluctuation in the international crude oil prices and the adjustment of domestic fuel prices by the NDRC have a big impact on the cost of the Group. Although the Group has adopted various fuel-saving measures to decrease the fuel consumption volume, provided there is significant fluctuation in the international oil prices, the operating results of the Group may be significantly affected. Assuming that the fuel oil consumption remains unchanged, in the case of each and every 10% increase or decrease on average in fuel price during the reporting period, the Group's operating expenses would increase or decrease by RMB2,533 million for the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group is required to procure a majority of its jet fuel domestically at PRC spot market prices. There is currently no effective means available to manage the Group's exposure to the fluctuations of domestic jet fuel prices. However, according to the "Notice on Questions about Establishing Linked Pricing Mechanism for Fuel Surcharges of Domestic Routes and Jet Fuel" jointly published by the NDRC and the CAAC in 2009, airlines may, within a prescribed scope, make their own decision as to fuel surcharges for domestic routes. The linked pricing mechanism, to a certain extent, reduces the Group's exposure to fluctuation in jet fuel price.

(3) RISKS OF FLUCTUATION IN INTEREST RATE

Since the civil aviation industry is featured with high investments, the gearing ratio of the airlines is generally high. Therefore, the interest rate fluctuation resulting from the change of capital in the market has a relatively greater influence on the Group's financial expense, so as to further affect the Group's operating results. During the reporting period, assuming all other risk variables other than interest rate remained constant, 100 basis point increase of the Group's comprehensive capital cost would decrease shareholders' equity of the Group by the amount of RMB373 million and increase net loss of the Group by the amount of RMB373 million during the reporting period. As at 30 June 2025, the gearing ratio (defined as total borrowings divided by total equity) of the Group was 257%.

(V) Business Plans for the Second Half of 2025

In the second half of 2025, influenced by trade policies, geopolitical situations and other factors, global economic uncertainty has increased, with the International Monetary Fund predicting downside risks to global economic growth. China will adhere to the general principle of pursuing progress while maintaining stability, maintain policy continuity and stability while enhancing flexibility and foresight, focus on stabilising employment, enterprises, markets and expectations, and effectively promote domestic and international dual circulation.

Facing complex and severe challenges, the Group will uphold the overarching strategy of high-quality development, using its own certainty to counter external uncertainties, firmly safeguarding safety as the bottom line, striving to enhance operational and management effectiveness, continuously improving the quality of operation and service, accelerating the implementation of major strategies, advancing reform and upgrading initiatives, and steadily progressing toward the goal of building a world-class air transportation enterprise.

1. Firmly Guarding the Safety Bottom Line

The Group will deepen the construction of a safety management system to create sustainable, high-quality safety. We will establish a safety management system model and capabilities, introduce data analysis and AI technologies for safety management, improve the dual prevention mechanism for graded risk control and hidden hazard investigation and governance, and manage major risks such as extreme weather. We will continue to enhance the qualifications and capabilities of key positions, strengthen refresher training management and authorisation of job qualifications for maintenance personnel, and advance the construction of an intelligent safety management system. We will streamline the safety management business chain, integrate data resources, and accelerate the development of a digital professional team. In the second half of 2025, the Group will continue to maintain the stable trend of safety operation.

2. Improving Operational and Management Effectiveness

The Group will seize market opportunities and implement lean cost control. We will accurately grasp market trends, strengthen analysis and judgment of passenger flow and volume, and efficiently allocate capacity resources. We will optimise aircraft-route matching, refine flight scheduling granularity, and improve the scientific planning of schedules. We will vigorously expand the transportation of battery-powered cargo, enhance passenger-cargo synergy, and improve belly-hold operational capabilities. We will accelerate the construction of an integrated logistics system, develop businesses such as cold chain transportation, and strengthen air-rail and air-ground intermodal transport, including the operation of the Guangzhou Baiyun Station Air-Rail Intermodal Center. We will refine the cost management responsibility system and strengthen full-process cost control.

3. Improving Operation Service Quality

The Group will continuously enhance operational management capabilities, advance service compliance management, and improve the brand management system. We will refine flight scheduling processes and rules to improve the utilisation of key resources such as aircraft. We will optimise flight management strategies under extreme weather conditions to maximize on-time performance. We will strengthen service compliance management, improve in-flight service standards and processes for international routes, and fully promote the “Boarding in 15 minutes (一刻登機)” service. We will optimise the service experience from the customer perspective and build a service product system covering diverse passenger needs. We will plan themed flights and activities for major hot topics and festivals, creating sub-brands with CSA characteristics.

4. Accelerating the Implementation of Major Strategies

The Group will comprehensively and systematically enhance core competitiveness and drive the achievement of strategic goals. We will further refine the overall approach to CSA's high-quality development, scientifically plan the “15th Five-Year” development strategy, improve the strategic planning system, and establish mechanisms for implementation. We will continuously enhance hub construction quality, strengthen route density and breadth at hub airports, and create differentiated competitive advantages. We will advance a new round of optimisation in the five major structural adjustments and the “mending shortcomings, improving quality and creating a first-class enterprise” initiative, promoting the large-scale operation of domestically produced aircraft. We will deepen digital transformation, build CSA's large model platform, integrate AI with business operations, and enhance AI literacy across the workforce.

5. Facilitating the Deepening and Improvement of Reform

The Group will further advance the functional and mission-oriented reform and the reform of systems and mechanisms. We will strengthen breakthroughs in core technologies and strive to achieve major scientific and technological innovations. We will enhance the promotion and transformation of technological achievements and improve management systems for the transformation of achievements. We will complete a series of reforms, including revising the articles of association of the Company and abolishing the supervisory committee. We will improve the quality of tenure-based and contractual management, deepen research on performance indicators and incentive mechanisms, and strengthen the application of assessment results. We will optimise market-oriented accounting and performance evaluation processes and rules, scientifically decompose assessment indicators, and continuously refine the remuneration incentive mechanism, increasing the linkage between remuneration and labour efficiency.

CORPORATE GOVERNANCE

I. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, the changes in Directors, Supervisors and senior management of the Company were as follows:

Name	Position	Change
Luo Lai Jun	Executive Director	Resigned
Zeng Yong Chao	Executive Vice President	Appointed
Chen Zhe	Chief Security Officer	Resigned
Chen Zhe	Chief Pilot	Appointed
Cai Qi	Chief Security Officer	Appointed
Wu Ying Xiang	Executive Vice President	Resigned
Wu Rong Xin	Executive Vice President	Resigned
Zhu Hai Ping	Independent Non-executive Director	Elected
Ren Ji Dong	Supervisor, Chairman of Supervisory Committee	Resigned
Zhang Tao	Supervisor, Chairman of Supervisory Committee	Elected

During the reporting period, the Board of the Company held the 5th meeting of the 10th session of the Board on 18 February 2025, and appointed Mr. Zeng Yong Chao as the Executive Vice President of the Company, Mr. Chen Zhe as the Chief Pilot of the Company, and Mr. Cai Qi as the Chief Security Officer of the Company. For details, please refer to the relevant announcements of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times and on the website of the SSE on 19 February 2025. The Company held the annual general meeting of 2024 on 23 May 2025, and elected Mr. Zhu Hai Ping as an Independent Non-executive Director of the 10th session of the Board of the Company; elected Mr. Zhang Tao as the shareholder representative Supervisor of the 10th session of the Supervisory Committee of the Company. On the same day, the Company held the 7th meeting of the 10th session of the Supervisory Committee, and elected Supervisor Zhang Tao as the Chairman of the 10th session of the Supervisory Committee. For details, please refer to the relevant announcements of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times and on the website of the SSE on 24 May 2025.

II. PROPOSALS FOR PROFIT DISTRIBUTION OR THE TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

No interim dividend for the six months period ended 30 June 2025 was declared by the Company, and there was no issue of shares by way of conversion of capital reserve. The profit distribution proposal of the Company for the year 2024 was considered and approved at the 2024 annual general meeting of the Company held on 23 May 2025.

III. EQUITY INCENTIVE PLAN

During the reporting period, the Company did not implement nor had an on-going equity incentive plan.

IV. CHANGES OF INFORMATION OF DIRECTORS OR SUPERVISORS UNDER RULE 13.51B (1) OF THE LISTING RULES

Below are the information relating to the changes of Directors or Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Pansy Catilina Chiu King Ho ceased to act as the executive director of Macau International Airport Co. Ltd. and an executive vice president of the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation.

Guo Wei ceased to act as the chairman of Beijing Digital China Limited and Digital China (China) Ltd.

Save as disclosed above, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

V. INTERESTS OF THE DIRECTORS AND SUPERVISORS IN THE EQUITY OF THE COMPANY

As at 30 June 2025, none of the Directors, chief executive or Supervisors of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of 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 the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO), or which 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 as set out in Appendix C3 to the Listing Rules.

CORPORATE GOVERNANCE

VI. SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, save that Ding Anning, the Chief Operating Officer of the Company, acquired 3,000 shares of the Company, there was no change in shareholding of current Directors, Supervisors and senior management of the Company or the Directors, Supervisors and senior management of the Company who resigned during the reporting period.

During the reporting period, no share incentive was granted to the Directors, Supervisors and senior management of the Company.

VII. EMPLOYEES

As at 30 June 2025, the Group had an aggregate of 103,192 employees (31 December 2024: 102,597). Staff cost of the Group during the reporting period amounted to RMB15,840 million (six months ended 30 June 2024: RMB14,512 million). The wages of the Group's employees mainly consist of basic salaries and bonuses. The current information in relation to the emolument policy of employees and training plan has not changed materially from the information disclosed in the 2024 annual report of the Company.

VIII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board of the Company 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 six months ended 30 June 2025.

IX. COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct which is no less stringent than the Model Code as set out in Appendix C3 to the Listing Rules regarding securities transactions of the Directors of the Company. Having made specific enquiries with all the Directors, the Directors have complied with the Model Code and the code of conduct during the six months ended 30 June 2025.

X. REVIEW OF THE INTERIM REPORT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company, together with the management and the external auditors, have reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the review of the interim financial report prepared in accordance with the International Accounting Standards 34.

XI. PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold and redeemed any shares of the Company.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF COMPANIES REQUIRED TO DISCLOSE ENVIRONMENTAL INFORMATION IN ACCORDANCE WITH THE LAW

Number of companies included in the list of companies required to disclose environmental information in accordance with the law (number)

1

Number	Company Name	Index for querying reports on the disclosure of environmental information in accordance with the law
1	China Southern Airlines Co., Ltd. Shenyang Maintenance Base	https://sthj.deing.cn:8180/home/public

Other Information

During the reporting period, the Company continued to push forward the Green Flight, advocated the concept of low-carbon travel, and reduced environmental pollution by use of market mechanism.

1. Green Flight

During the reporting period, the Company continues to promote fuel-saving initiatives, focusing on improving fuel efficiency in areas such as single-engine taxiing, fuel-saving wheel deployment, flap retraction height, replacing APU use with ground-based equipment, and piloting the use of sustainable aviation fuel, achieving significant fuel-saving results. The Company has also been actively promoting the “Green Flight” meal-saving initiative, encouraging passengers to order meals as needed and voluntarily opt out of meal service. By the end of June 2025, the “Green Flight – Meal-on-Demand” service had reached a cumulative total of 25.9 million passengers.

2. Research on “Carbon Peak and Carbon Neutrality”

During the reporting period, the Company formulated the “carbon peak and carbon neutrality” action plan and implementation plan to systematically promote carbon peak and carbon neutrality through seven major actions, including optimisation of flight efficiency, ground energy saving and carbon reduction, energy green transformation, environmental pollution prevention and control, resource recycling, professional system construction, and coordination of innovation and exploration.

3. Reduced Impact of Carbon Dioxide Emission on Climate Change by Market Mechanism

The Company has been supporting and actively participating in Chinese government’s various work regarding the market mechanism of carbon trading. During the reporting period, according to the requirements of CAAC, the Company fully fulfilled its performance for 2024 under the European Union carbon trading scheme in June 2025, and completed the carbon dioxide emission reporting and verification for 2024 of the Guangdong carbon trading scheme in June 2025. We fully completed the carbon dioxide emission report and verification of civil aviation flight activities in 2024 by using the self-developed flight carbon emission data monitoring, reporting and verification system (MRV system).

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

4. Established and Improved Information System of Environmental Protection and Management

During the reporting period, the Company continued the improvement of an information management system of environmental protection to realise online reporting and processing of data and information regarding energy consumption and pollutant discharge, and online monitoring of environmental pollution sources, risk points, and prevention and control measures, and continued to improve data quality and accuracy.

5. Established and Improved the Emergency Management System for Environmental Contingencies

During the reporting period, the Company focused on emergency plans for environmental contingencies, which were supplemented by special management and plans for environmental impact assessment reports, environmental contingencies, fires, hazardous aviation chemicals, and hazardous wastes, and supported by emergency plans of each secondary unit, so as to establish a complete emergency management system for environmental contingencies.

6. Developed Passenger Carbon Account and Improved the Passenger Flight Carbon Calculator

During the reporting period, the Company opened carbon accounts for passengers, which will record the reduced carbon emission behaviors such as cancelling meals, use of electronic check-in and use of E-ticket, and upgraded the passenger flight carbon calculator, launching the passenger carbon offset service on the company's APP.

7. Fully Promoted the Work of Plastic Pollution Control

During the reporting period, the Company implemented the overall plan for the treatment of plastic pollution, improved the replacement standards for disposable non-degradable plastic products, continued to update the management standards for prohibition and restriction on plastic products, strictly implemented the standards of management and control in the production and procurement links, carried out separate recycling and disposal, and promoted the establishment of industry standards. The Company has worked on innovation and research to build the CSA Building headquarters as a model. In March 2024, the Company led the drafting of the first plastic limited group standard "Domestic departure passenger flights Disposable non-degradable plastic products replacement Code" (T/CATAGS 78-2024) of China's civil aviation industry was officially released. In December 2024, the Company compiled and published the "Management Standards for the Prohibition and Restriction of Single-Use Plastic Products."

8. Carried Out Noise Pollution Prevention and Control

During the reporting period, in accordance with the Law of the People's Republic of China on the Prevention and Control of Noise Pollution, which came into effect in June 2022, the Company formulated a plan for noise reduction of aircraft take-off and landing.

II. CONSOLIDATE AND EXPAND THE PROGRESS IN POVERTY ALLEVIATION AND RURAL REVITALISATION

In the first half of 2025, the Group leveraged its aviation advantages, strengthened institutional empowerment, continued to promote consumption-based poverty alleviation, innovated in specialised poverty alleviation initiatives, drove new progress in poverty alleviation work and demonstrated its commitment to rural revitalisation, thereby demonstrating that “rural revitalisation is the responsibility of CSA”.

(I) Continued to promote consumption assistance

During the reporting period, the Group organised the “Wing Spreads Across the Countryside • Taste the Mountains and Rivers” product exhibition and sales event, inviting 61 participating companies and 32 secondary trade unions within the Group to jointly showcase and sell 400 products, thereby supporting the marketisation and branding of poverty alleviation products. The exhibition combines five key elements: product promotion, cultural tourism promotion, intangible cultural heritage experiences, poverty alleviation stories, and live-streaming interactions, establishing a new model for consumer-driven poverty alleviation initiatives by CSA.

(II) Innovated implementation of special assistance programmes

During the reporting period, the Group deepened the characteristic assistance model by holding a special recruitment event for CSA flight attendants in the assisted areas to actively promote employment assistance. It helped 367 people who had been lifted out of poverty to find new jobs. It invited experts from Tarim University to provide on-site training in Pishina Township, Xinjiang, to promote the upgrading of agricultural technology training. It also provided aviation assistance by providing aviation services to 36 patients and their guardians in Hotan, Xinjiang, to enable them to seek medical treatment outside the region.

IMPORTANT MATTERS

I. UNDERTAKINGS

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Time of undertaking	Fulfilment time limit, if any	Term of undertaking	Strict fulfilment in time, if any	Reason for failed fulfilment in a timely manner	Followup actions, in case of undertakings not fulfilled in a timely manner
Undertaking related to share reform	Other	CSAH	Upon completion of the share reform plan, and subject to compliance with the relevant laws and regulations of the PRC, CSAH will support the Company in respect of the formulation and implementation of a management equity incentive system.	April 2007	Yes	Long-term	Yes	Nil	Nil
Other undertaking	Other	CSAH	CSAH and the Company entered into a Separation Agreement with regard to the definition and allocation of the assets and liabilities between CSAH and the Company on 25 March 1995 (amended on 22 May 1997). According to the Separation Agreement, CSAH and the Company agreed to compensate the other party for the claims, liabilities and costs borne by such party as a result of the business, assets and liabilities held or inherited by CSAH and the Company pursuant to the Separation Agreement.	March 1995	Yes	Long-term	Yes	Nil	Nil
	Other	CSAH	The relevant undertakings under the Financial Services Framework Agreement entered into between the Company and Finance Company include: A. Finance Company is an enterprise group finance company duly incorporated under the "Administrative Measures for Enterprise Group Finance Companies" and other relevant laws and regulations, whose principal business is to provide finance management services, such as deposit and financing for the members of the Group and the relevant capital flows are kept within the Group; B. the operations of Finance Company are in compliance with the requirements of the relevant laws and regulations and well-performed, therefore the deposits placed with and borrowings from Finance Company by the Company are secured. In future, Finance Company will continue to operate in strict compliance with the requirements of the relevant laws and regulations; C. in respect of the Company's deposits with and borrowings from Finance Company, the Company will continue to implement its internal procedures and make decision on its own in accordance with relevant laws and regulations and the Articles of Association, and CSAH will not intervene in the relevant decision-making process of the Company; and D. CSAH will continue to fully respect the rights of the Company to manage its own operations, and will not intervene in the daily business operations of the Company.	March 2009	Yes	Long-term	Yes	Nil	Nil

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Time of undertaking	Fulfilment time limit, if any	Term of undertaking	Strict fulfilment in time, if any	Reason for failed fulfilment in a timely manner	Followup actions, in case of undertakings not fulfilled in a timely manner
Other Undertaking	Resolving defects in land and other properties	CSAH	In respect of the connected transaction entered into between the Company and CSAH on 14 August 2007 in relation to the sale and purchase of various assets, the application for building title certificates for eight properties of Air Catering (with a total gross floor area of 8,013.99 square meters) and 11 properties of the Training Centre (with a total gross floor area of 13,948.25 square meters) has not been made for various objective reasons. On 19 December 2019, the Company received the Undertaking Letter on Building Title Certificates Application Work of Air Catering and Training Centre (《關於南航食品公司及培訓中心房產辦證工作的承諾函》) from CSAH, the controlling shareholder of the Company. So far, the application for building title certificates for 12 properties aforementioned has been completed with a total gross floor area of 14,178.25 sq.m.. The main reason for the incomplete application of the remaining property title certificates is that the land where the property is located is leased land. Due to the change of relevant laws, regulations and policies, the application for the property title certificates cannot be made. CSAH undertook with the Company that: (1) in the case that the application of the title certificate for related property is allowed due to subsequent policy changes, all the costs and expenses arising from the application of the relevant title certificates would be borne and paid by CSAH; (2) if any third party claimed against the Company as a result of the properties not having the title certificates, or the title defect of the properties has an effect on the daily operation of the Company and gives rise to loss, such loss shall be borne by CSAH and CSAH shall have no right to seek recovery from the Company.	December 2019	Yes	Long-term	Yes	Nil	Nil

IMPORTANT MATTERS

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Time of undertaking	Fulfilment time limit, if any	Term of undertaking	Strict fulfilment in time, if any	Reason for failed fulfilment in a timely manner	Followup actions, in case of undertakings not fulfilled in a timely manner
	Other	CSAH	On 7 February 2018, the Company received an undertaking letter from CSAH, the controlling shareholder of the Company, in respect of certain land and properties without having ownership certificates by the Company, details of which are set out as follows: as at 30 September 2017, the Company and its branches, offices held 3 parcels of land (with a total area of 181,350.42 square meters) and 342 properties (with a total area of 244,228.08 square meters), being land and properties allocated to the Company from CSAH on different occasions. The registration of the abovementioned land and properties has not been completed to change the title to the applicant. These land and properties were transferred under the Separation Agreement, Agreement regarding the Reorganisation of China Northern Airlines Company and Xinjiang Airlines Company and Assets Sale & Purchase Agreement entered into between the Company and CSAH in 1997, 2004 and 2007, respectively. CSAH undertook that if any third party claimed against the Company as a result of the land and properties without having the ownership certificates, or the title defect of the land and properties has an effect on the normal business operation of the Company and gives rise to loss, such loss shall be borne by CSAH and CSAH shall have no right to seek recovery from the Company.	February 2018	Yes	Long-term	Yes	Nil	Nil
Other Undertaking	Resolving defects in land and other properties	The Company	The Company issued an undertaking to China Southern Airlines General Aviation Limited ("General Aviation Limited") in August 2022 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 property rights or General Aviation Limited suffers losses due to defective property rights affecting the normal business operations of General Aviation Limited, such losses shall be borne by the Company and the injected assets may be replaced in an appropriate manner if necessary.	August 2022	Yes	Long-term	Yes	Nil	Nil

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Time of undertaking	Fulfilment time limit, if any	Term of undertaking	Strict fulfilment in time, if any	Reason for failed fulfilment in a timely manner		Followup actions, in case of undertakings not fulfilled in a timely manner
Other undertaking	Other	The Company	The Company makes the following undertakings in connection with CSA Logistics: To fully ensure the independence of the assets and operations of CSA Logistics, for the aforementioned freighters, the Company will effectively operate the relevant freighters during the transition period when Cargo Company does not have the capacity to operate the relevant freighters. The Company will only use the relevant freighters to provide air cargo transportation services for CSA Logistics, and will promptly transfer the relevant freighters to Cargo Company for operation after Cargo Company has the capacity to operate the relevant freighters. In particular: (1) In 2024, on the premise that Cargo Company has obtained the approval of the Civil Aviation Administration of China and other regulatory authorities, the Company will terminate the lease and operation relationship of the four freighters with the registration numbers B-2010, B-2072, B-2080 and B-2081 with CSA Logistics, and support CSA Logistics to transfer the ownership and operation rights of the four freighters to Cargo Company in a reasonable manner; (2) Except for the freighters required for the routes to Germany and the Netherlands (subject to the restrictions of obtaining the air rights and flight schedules to Germany and the Netherlands), all the freighters introduced by the Company under the finance lease arrangement will be promptly transferred to Cargo Company for operation within two years from the end of the lease term, after meeting all external regulatory requirements and after all parties have completed the relevant approval procedures; (3) All the remaining freighters introduced by the Company under the finance lease arrangement that cannot be transferred according to the aforementioned Article (2) will be promptly transferred to Cargo Company for operation within two years after the end of the lease term, after Cargo Company has obtained the air rights and flight schedules for the routes to Germany and the Netherlands, and after meeting all external regulatory requirements and all parties have completed the relevant approval procedures; (4) The Company will actively fulfill all external regulatory requirements and relevant transfer approval procedures (if any and applicable), and promptly support the handling of the relevant aircraft certificate change procedures. The Company will provide support in the construction of Cargo Company's freighter operation capability (including but not limited to the introduction of pilots, the construction of maintenance, flight and other capabilities).	October 2023	Yes	Until the relevant freighters are delivered to Cargo Company for operation	Yes	Nil	Nil	

IMPORTANT MATTERS

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Time of undertaking	Fulfilment time limit, if any	Term of undertaking	Strict fulfilment in time, if any	Reason for failed fulfilment in a timely manner	Followup actions, in case of undertakings not fulfilled in a timely manner
Other undertaking	Restrictions on share ownership	CSAH, Nan Lung and Perfect Lines (Hong Kong) Limited	CSAH and its wholly-owned subsidiaries, Nan Lung and Perfect Lines (Hong Kong) Limited., as the controlling shareholders of the Company and their concerted parties, shall not, in addition to strictly fulfilling the share lock-up commitments made in connection with the refinancing, reduce their holdings of the Company's unrestricted circulating shares (including newly issued shares obtained through capitalization of capital reserves, stock dividends, rights issues, or additional share issuances) in any manner for a period of 18 months from the date of issuance of the undertaking letter.	April 2025	Yes	Within 18 months from the issuance of the undertaking letter	Yes	Nil	Nil

II. MISAPPROPRIATION OF THE COMPANY'S FUNDS BY ITS CONTROLLING SHAREHOLDER AND RELATED PARTIES FOR NON-OPERATIONAL PURPOSE DURING THE REPORTING PERIOD

During the reporting period, there was no misappropriation of the Company's funds by its controlling shareholder or its related parties for non-operational purposes.

III. GUARANTEES IN VIOLATION

During the reporting period, the Company did not provide external guarantees in violation of any specified decision-making procedures.

IV. APPOINTMENT AND DISMISSAL OF AUDITORS

At the sixth meeting of the tenth session of the Board of the Company held on 26 March 2025, the Board considered and approved the proposed reappointment of KPMG Huazhen LLP to provide professional services to the Company for its domestic financial reporting and internal control reporting for the year 2025 and KPMG to provide professional services to the Company for its Hong Kong financial reporting for the year 2025.

On 23 May 2025, the above-mentioned resolution was considered and passed at 2024 annual general meeting.

V. BANKRUPTCY OR RESTRUCTURING EVENTS

During the reporting period, the Company was not involved in any bankruptcy or restructuring events.

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Company was not involved in any material litigation or arbitration.

VII. SUSPECTED VIOLATION OF LAWS AND REGULATIONS BY, PUNISHMENT ON AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the reporting period, the Company did not have the above-mentioned situation.

VIII. DESCRIPTION OF THE CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the reporting period, the Company did not involve in the above-mentioned situation.

IMPORTANT MATTERS

IX. MATERIAL CONNECTED TRANSACTIONS

(I) Share Issuance

Share Issuance in 2020

On 27 December 2019, the Company's 2019 second extraordinary general meeting, the 2019 first class meeting for holders of A shares, and the 2019 first class meeting for holders of H shares considered and approved the resolution to issue not more than 2,453,434,457 A shares (including 2,453,434,457 A shares) to CSAH ("**2020 A Share Issuance**") and enter into the A shares subscription agreement with CSAH and the resolution to issue not more than 613,358,614 H shares (including 613,358,614 H shares) to Nan Lung (a wholly-owned subsidiary of CSAH) ("**2020 H Share Issuance**") and to enter into the H shares subscription agreement with Nan Lung. The proceeds from the 2020 A Share Issuance will be utilised in the procurement of aircraft and the repayment of the Company's borrowings, and the proceeds from the 2020 H Share Issuance will be utilised to supplement the general working capital of the Company.

On 15 April 2020, the Company issued 608,695,652 H shares in total to Nan Lung at the issue price of HK\$5.75 per H share pursuant to the subscription agreement dated 30 October 2019 entered into between the Company and Nan Lung. The net price of each new H share issued under the 2020 H Share Issuance was HK\$5.74 per H share. The gross proceeds and the net proceeds raised from the 2020 H Share Issuance were HK\$3,499,999,999 and RMB3,175,094,454.53 respectively. As of 30 June 2025, all proceeds raised from the 2020 H Share Issuance has been fully utilised. The use of proceeds utilised was consistent with the intended use of proceeds as previously disclosed.

On 18 June 2020, the Company issued 2,453,434,457 A shares in total to CSAH at the issue price of RMB5.21 per A share pursuant to the subscription agreement dated 30 October 2019 entered into between CSAH and the Company. The net price of each new A share issued under the 2020 A Share Issuance was RMB5.21 per A share. The use of proceeds utilised was consistent with the intended use of proceeds as previously disclosed.

Particulars of gross proceeds and the use of proceeds from the 2020 A Share Issuance:

Gross proceeds from the 2020 A Share Issuance (RMB)	Intended use of the proceeds as previously disclosed	Utilised proceeds as of 30 June 2025 (RMB)	Unutilised proceeds as of 30 June 2025 (RMB)	Expected timeline for the use of unutilised proceeds
12,782,393,520.97	Procurement of aircraft	9,094,057,321.00	182,027,992.42	Utilised ^(Note 1)
	Repayment of the Company's borrowings	3,500,000,000.00	0.00	Not applicable

- Notes:
1. The unutilised proceeds have been fully utilised as of the disclosure date of this report.
 2. The total amount of funds raised from 2020 Non-public Issuance of A Shares was RMB12,782,393,520.97. After deducting the underwriting expenses of RMB2,000,000.00 (including VAT), the net cash subscription amount actually received was RMB12,780,393,520.97. After deducting other issuance expenses totaling RMB4,308,207.55 (including VAT) payable by the Company from the net cash subscription amount, the actual net proceeds raised was RMB12,776,085,313.42.

(II) A Share Convertible Bonds Issuance

On 14 May 2020, the thirteenth meeting of the eighth session of the Board of the Company considered and approved, among others, the relevant resolutions on the issuance plan of the convertible bonds in the total amount of not more than RMB16 billion (including RMB16 billion) which are convertible into new A shares and proposed to be issued by the Company within the PRC (the “**A Share Convertible Bonds**”) and the possible subscription for the A Share Convertible Bonds by CSAH.

On 15 October 2020, the Company has completed the public issuance of 160,000,000 A Share Convertible Bonds in the total amount of RMB16 billion with a nominal value of RMB100 each and the initial conversion price of RMB6.24 per share, out of which CSAH subscribed for 101,027,580 A Share Convertible Bonds.

Pursuant to the approval by the Self-discipline Supervision Decision [2020] No. 355 issued by the SSE, the A Share Convertible Bonds were listed on the SSE on 3 November 2020 with the bond abbreviation of “Nanhang Convertible Bonds (南航轉債)” and the bond code of 110075.

On 21 April 2021, the conversion of the A Share Convertible Bonds was commenced, with the initial conversion price being RMB6.24 per share and the conversion period being from 21 April 2021 to 14 October 2026. With effect from 28 November 2022, the conversion price was adjusted to RMB6.17 per share.

The use of proceeds utilised was consistent with the intended use of proceeds as previously disclosed.

Particulars of gross proceeds and the use of proceeds from the issuance of the A Share Convertible Bonds:

Gross proceeds from the A Shares Convertible Bonds issuance (RMB)	Intended use of the proceeds as previously disclosed	Utilised proceeds as of 30 June 2025 (RMB)	Unutilised proceeds as of 30 June 2025 (RMB)	Expected timeline for the use of unutilised proceeds
16,000,000,000.00	Purchasing aircraft and aviation equipment and maintenance projects	10,374,907,665.07	168,467,742.93	Utilised ^(Note 1)
	Introduction of spare engines	636,228,511.72	0.00	Not applicable
	Supplementing working capital	4,800,000,000.00	0.00	Not applicable

- Notes:
- The unutilised proceeds have been fully utilised as of the disclosure date of this report.
 - The total amount of funds raised from 2020 Public Issuance of A Share Convertible Bonds was RMB16,000,000,000.00. After deducting the underwriting expenses of RMB17,691,726.00 (including VAT), the net cash subscription amount actually received was RMB15,982,308,274.00. After deducting other issuance expenses totaling RMB2,704,354.28 (including VAT) paid by the Company from the net cash subscription amount, the actual net proceeds raised was RMB15,979,603,919.72.

IMPORTANT MATTERS

As of 30 June 2025, the A Share Convertible Bonds with a nominal value of RMB5,896,250,000 were outstanding. If the outstanding A Share Convertible Bonds were fully converted during the reporting period based on the conversion price of RMB6.17 per share, the Company would have issued approximately 955,632,090 A shares and the total issued shares of the Company would have increased to approximately 19,076,549,265 shares, while the shares held by the controlling shareholder of the Company, CSAH, would have decreased to approximately 63.18% of the total issued shares of the Company. The A Share Convertible Bonds may be conditionally redeemed by the Company during the conversion period. It is expected that the full redemption of the outstanding A Share Convertible Bonds during the reporting period would not have material adverse impact on the financial and liquidity position of the Company. Please refer to notes 12 and 17 to the interim financial report prepared under International Accounting Standard 34 and the section headed “Related Information of Bonds – II. CORPORATE CONVERTIBLE BONDS” for the dilution impact on loss per share that may be brought by the full conversion of the outstanding A Share Convertible Bonds during the reporting period and other details of the A Share Convertible Bonds.

(III) Related party credit and debt transaction

Nil.

(IV) Financial Business between the Company and Its Related Financial Company, and between Financial Company Controlled by the Company and Related Parties

1. Deposits Business

Unit: RMB million

Related party	Related party relationship	The maximum daily deposit limit	Deposit interest rate range	Balance at the beginning of the period	Amount incurred during the period		Balance at the end of the period
					Total amount deposited during the current period	Total amount withdrawn during the current period	
Finance Company	The same controlling shareholder	22,000	0.4%-2%	14,580	233,380	235,940	12,020
Total	/	/	/	14,580	233,380	235,940	12,020

Note: The deposit interest rate range does not include small foreign currency deposits.

2. Loan Business

Unit: RMB million

Related party	Related party relationship	Loan limit	Loan interest rate range	Balance at the beginning of the period	Amount incurred during the period		Balance at the end of the period
					Total loans during the current period	Total repayment during the current period	
Finance Company	The same controlling shareholder	22,000	2.16%-2.65%	10,808	7,641	8,843	9,606
Total	/	/	/	10,808	7,641	8,843	9,606

3. Credit Business and Other Financial Business

Unit: RMB million

Related party	Related party relationship	Type of business	Total amount	Amount incurred
Finance Company	The same controlling shareholder	handling charge	7.5	1
Finance Company	The same controlling shareholder	Comprehensive credit facilities	30,000	22,485

X. MAJOR CONTRACTS

Trust, Contracting and Lease

During the reporting period, the Company did not enter into any trust or contracting arrangement.

Please refer to the sections headed “Summary of Fleet Data” in “Principal Accounting Information and Financial Indicators” for matters related to the Company’s lease transactions during the reporting period.

XI. CIRCUMSTANCES, REASONS AND EFFECT OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ACCOUNTING METHODS COMPARED WITH THE PREVIOUS ACCOUNTING PERIOD

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

CHANGES IN THE SHARE CAPITAL, SHAREHOLDERS' PROFILE AND DISCLOSURE OF INTERESTS

I. CHANGES IN SHARE CAPITAL

(I) Changes in Shareholdings

Unit: Share

	31 December 2024		Increase/ (decrease) during January to June 2025	30 June 2025	
	Number of Shares	Percentage (%)		Number of Shares	Percentage (%)
I. Shares subject to trading restrictions					
Shares held by state-owned legal entities	803,571,428	4.43	0	803,571,428	4.43
II. Shares not subject to trading restrictions					
1. RMB ordinary shares	12,673,342,768	69.94	5,671	12,673,348,439	69.94
2. Overseas-listed foreign shares	4,643,997,308	25.63	0	4,643,997,308	25.63
III. Total number of shares	18,120,911,504	100.00	5,671	18,120,917,175	100.00

(II) Description of Change in Shares

The Company publicly issued RMB16 billion Convertible Bonds with the bond abbreviation of “Nanhang Convertible Bonds (南航轉債)” on 15 October 2020. During the reporting period, the total number of shares being converted by the holders of “Nanhang Convertible Bonds (南航轉債)” was 5,671 shares. For details, please refer to the relevant announcements published by the Company on China Securities Journal, Shanghai Securities News and Securities Times and the website of the SSE.

(III) The Impact of Share Changes that Occurred between the Reporting Period and the Disclosure Period of the Interim Report on Financial Indicators such as Earnings per Share and Net Asset per Share, if any

Nil.

(IV) Other Information Considered to be Necessary by the Company or Required to be Disclosed by the Securities Regulatory Authorities

Nil.

(V) Changes in Shares Subject to Trading Restrictions

Unit: Share

Name of shareholders	Number of shares subject to trading restrictions at the beginning of the reporting period	Number of shares unlocked during the reporting period	Increase in number of shares subject to trading restrictions during the reporting period	Number of shares subject to trading restrictions at the end of the reporting period	Reasons for lock-up	Date of unlocking
China Southern Air Holding Company Limited	803,571,428	0	0	803,571,428	Non-public issuance of shares subject to trading restrictions	24 November 2025
Total	803,571,428	0	0	803,571,428	/	/

CHANGES IN THE SHARE CAPITAL, SHAREHOLDERS' PROFILE AND DISCLOSURE OF INTERESTS

II. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Number of Shareholders

As at the end of the reporting period, total number of ordinary shareholders of the Company was 139,951.

(II) Particulars of Shareholdings of Top Ten Shareholders and Top Ten Shareholders Holding the Company's Tradable Shares (or Shareholders Not Subject to Trading Restrictions) as at the End of the Reporting Period

Particulars of the top ten shareholders

Unit: Share

Name of the shareholder (in full)	Increase/ (decrease) during the reporting period	Total number of shares held at the end of reporting period	Shareholding percentage (%)	Number of shares held subject to trading restrictions	Status of pledged, tagged or frozen shares	Capacity of shareholders Number	
China Southern Air Holding Company Limited	0	9,404,468,936	51.90	803,571,428	Nil	0	State-owned legal entity
Nan Lung Holding Limited	0	2,612,124,036	14.41	0	Nil	0	State-owned legal entity
HKSCC Nominees Limited	93,360	1,751,129,087	9.66	0	Unknown	–	Overseas legal entity
Hong Kong Securities Clearing Company Limited	(64,576,750)	581,838,058	3.21	0	Nil	0	Overseas legal entity
China Securities Finance Corporation Limited	0	320,484,148	1.77	0	Nil	0	State-owned legal entity
American Airlines, Inc.	0	270,606,272	1.49	0	Nil	0	Overseas legal entity
China National Aviation Fuel Group Corporation	0	261,685,354	1.44	0	Nil	0	State-owned legal entity
Spring Airlines Co., Ltd.	0	140,531,561	0.78	0	Nil	0	Domestic non-state-owned legal entity
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-end Index Securities Investment Fund	3,164,450	96,317,799	0.53	0	Nil	0	Other
China Construction Bank Corporation – E FUND CSI 300 Trading Open Index Sponsored Securities Investment Fund	4,261,300	68,470,222	0.38	0	Nil	0	Other

Particulars of the top ten shareholders not subject to trading restrictions

Unit: Share

Name of Shareholder	Number of tradable shares held not subject to trading restrictions	Type and number of shares	
		Type	Number
China Southern Air Holding Company Limited	8,600,897,508	RMB ordinary shares	8,600,897,508
Nan Lung Holding Limited	2,612,124,036	Overseas-listed foreign shares	2,612,124,036
HKSCC Nominees Limited	1,751,129,087	Overseas-listed foreign shares	1,751,129,087
Hong Kong Securities Clearing Company Limited	581,838,058	RMB ordinary shares	581,838,058
China Securities Finance Corporation Limited	320,484,148	RMB ordinary shares	320,484,148
American Airlines, Inc.	270,606,272	Overseas-listed foreign shares	270,606,272
China National Aviation Fuel Group Corporation	261,685,354	RMB ordinary shares	261,685,354
Spring Airlines Co., Ltd.	140,531,561	RMB ordinary shares	140,531,561
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-end Index Securities Investment Fund	96,317,799	RMB ordinary shares	96,317,799
China Construction Bank Corporation – E FUND CSI 300 Trading Open Index Sponsored Securities Investment Fund	68,470,222	RMB ordinary shares	68,470,222
Description of special repurchase account among the top ten shareholders	N/A		
Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with, the voting rights the above shareholders abstained from	N/A		
Explanation of the related party relationship or concert party relationship of the above shareholders	CSAH held aggregate 2,648,836,036 H shares of the Company through its wholly-owned subsidiaries in Hong Kong, namely Nan Lung and Perfect Lines (Hong Kong) Limited. The Company is not aware of any other related party relationship between other shareholders.		
Description of holders of preference shares with voting rights restored and the number of shares held	N/A		

CHANGES IN THE SHARE CAPITAL, SHAREHOLDERS' PROFILE AND DISCLOSURE OF INTERESTS

Particulars of the top ten shareholders subject to trading restrictions and the conditions of trading restrictions

Unit: Share

No.	Name of shareholder subject to trading restrictions	Number of shares held subject to trading restrictions	Listing status of shares which are subject to trading restrictions		
			Eligible listing time	Number of new listed shares	Conditions for trading restrictions
1	China Southern Air Holding Company Limited	803,571,428	24 November 2025	803,571,428	Non-public issuance of shares subject to trading restrictions
Explanation of the related party relationship or concert party relationship of the above shareholder		CSAH held in aggregate 2,648,836,036 H shares of the Company through its wholly-owned subsidiaries in Hong Kong, namely Nan Lung and Perfect Lines (Hong Kong) Limited. The Company is not aware of any other connected relationship between other shareholders.			

(III) Strategic Investors or General Legal Entities Becoming one of the Top Ten Shareholders of the Company as a Result of Placing of New Shares

Nil.

(IV) Changes of the Controlling Shareholder or De Facto Controller

During the reporting period, there were no changes of the controlling shareholder or de facto controller of the Company.

III. DISCLOSURE OF INTERESTS

As at 30 June 2025, to the best knowledge of the Directors, chief executive and Supervisors of the Company, the following persons (other than the Directors, chief executive or Supervisors of the Company) had interests or short positions in the shares (“**Shares**”) or underlying Shares which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name of shareholders	Capacity	Class of Shares	Number of Shares held	Approximate % of the total issued A Shares (Note 5)	Approximate % of the total issued H Shares (Note 5)	Approximate % of the total issued share capital of the Company (Note 5)
CSAH	Beneficial owner	A Share	9,404,468,936 (L) (Note 1)	69.78%	–	51.90%
	Interest of controlled corporations	H Share	2,648,836,036 (L) (Note 2)	–	57.04%	14.62%
		Sub-total	12,053,304,972 (L)	–	–	66.52%
Nan Lung	Beneficial owner and interest of controlled corporations	H Share	2,648,836,036 (L) (Note 3)	–	57.04%	14.62%
American Airlines Group Inc. (Note 4)	Interest of controlled corporations	H Share	270,606,272 (L)	–	5.83%	1.49%

Notes:

- As at 30 June 2025, CSAH was directly interested in 9,404,468,936 A Shares of the Company.
- As at 30 June 2025, CSAH was indirectly interested in 2,648,836,036 H Shares of the Company through its controlled corporations Nan Lung and Perfect Lines (Hong Kong) Limited, a wholly-owned subsidiary of Nan Lung.
- As at 30 June 2025, Nan Lung was interested in 2,648,836,036 H Shares of the Company, which included the indirect interests in the 31,150,000 H Shares held through Perfect Lines (Hong Kong) Limited, its wholly-owned subsidiary, and the direct interests in the 2,617,686,036 H Shares.
- American Airlines Group Inc. was deemed to be interested in 270,606,272 H Shares by virtue of its 100% control over American Airlines.
- The percentage was calculated according to the relevant total issued A Shares of 13,476,919,867 A Shares, total issued H Shares of 4,643,997,308 H Shares and the total issued Shares of 18,120,917,175 Shares of the Company as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, so far as was known to the Directors, chief executive and Supervisors of the Company, no other person (other than the Directors, chief executive or Supervisors of the Company) had interests or short positions in the Shares or underlying shares of the Company recorded in the register of the Company required to be kept under section 336 of the SFO.

RELATED INFORMATION OF BONDS

I. CORPORATE BOND (INCLUDING ENTERPRISE BOND) AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

(I) Corporate Bond (Including Enterprise Bond)

Nil

(II) Non-financial Corporate Debt Financing Instruments in the Interbank Bond Market

Basic information of non-financial corporate debt financing instruments

The table below sets out the non-financial corporate debt financing instruments outstanding of the Group as of the disclosure date of this report:

Unit: RMB million

Name of bonds	Abbreviation	Code	Issuance date	Interest date	Maturity date	Outstanding balance of bonds	Interest rate (%)	Repayment of principal and interest	Trading floor	Trading mechanism	Whether there is a risk of termination of the listing
The first tranche of medium-term notes of China Southern Airlines Company Limited in 2023	23 China Southern Airlines MTN001	102382762	2023/10/18	2023/10/20	2026/10/20	2,000.00	2.98	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The first tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN001	102481187	2024/03/25	2024/3/27	2027/3/27	1,000.00	2.49	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry Transaction approach and one-click-order transaction approach	No
The third tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN003	102482055	2024/05/23	2024/5/27	2027/5/27	500.00	2.30	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry Transaction approach and one-click-order transaction approach	No
The fourth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN004	102482065	2024/05/24	2024/5/28	2027/5/28	500.00	2.30	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry Transaction approach and one-click-order transaction approach	No
The fifth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN005	102482085	2024/05/28	2024/5/29	2027/5/29	500.00	2.29	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry Transaction approach and one-click-order transaction approach	No
The sixth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN006	102482100	2024/05/29	2024/5/30	2027/5/30	500.00	2.28	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry Transaction approach and one-click-order transaction approach	No

Name of bonds	Abbreviation	Code	Issuance date	Interest date	Maturity date	Outstanding balance of bonds	Interest rate (%)	Repayment of principal and interest	Trading floor	Trading mechanism	Whether there is a risk of termination of the listing
The seventh tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN007	102482750	2024/06/25	2024/6/26	2027/6/26	3,000.00	2.19	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry Transaction approach and one-click-order transaction approach	No
The eighth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN008	102482775	2024/06/26	2024/6/27	2027/6/27	1,000.00	2.18	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The ninth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN009	102484254	2024/9/24	2024/9/26	2027/9/26	3,000.00	2.12	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The tenth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN010	102484438	2024/10/16	2024/10/17	2027/10/17	3,000.00	2.23	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The eleventh tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN011	102484490	2024/10/18	2024/10/21	2029/10/21	1,500.00	2.31	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The twelfth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN012	102484531	2024/10/22	2024/10/23	2029/10/23	1,500.00	2.32	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The thirteenth tranche of medium-term notes of China Southern Airlines Company Limited in 2024	24 China Southern Airlines MTN013	102485028	2024/11/20	2024/11/20	2027/11/20	2,400.00	2.19	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The fifth tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP005	012580767	2025/3/25	2025/3/25	2025/9/19	2,500.00	1.80	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The sixth tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP006	012581039	2025/4/24	2025/4/24	2025/10/21	3,000.00	1.61	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The seventh tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP007	012581026	2025/4/24	2025/4/24	2025/9/19	1,400.00	1.61	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No

RELATED INFORMATION OF BONDS

Name of bonds	Abbreviation	Code	Issuance date	Interest date	Maturity date	Outstanding balance of bonds	Interest rate (%)	Repayment of principal and interest	Trading floor	Trading mechanism	Whether there is a risk of termination of the listing
The eighth tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP008	012581034	2025/4/24	2025/4/25	2025/9/19	600.00	1.61	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The ninth tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP009	012581253	2025/5/29	2025/5/29	2025/11/25	1,000.00	1.52	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The tenth tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP010	012581231	2025/5/26	2025/5/27	2026/2/18	1,000.00	1.54	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The eleventh tranche of Ultra-shortterm Financing Bills of China Southern Airlines Company Limited in 2025	25 China Southern SCP011	012581225	2025/5/28	2025/5/28	2025/11/21	500.00	1.50	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The first tranche of medium-term notes of China Southern Airlines Company Limited in 2025	25 China Southern MTN001	102582663	2025/6/26	2025/6/27	2028/6/27	1,500.00	1.78	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The third tranche of medium-term notes of China Southern Airlines Company Limited in 2025	25 China Southern MTN003	102582654	2025/6/26	2025/6/27	2030/6/27	1,800.00	1.95	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The first tranche of medium-term notes of Xiamen Airlines Company Limited in 2024	24 Xiamen Airlines MTN001	102482088	2024/05/28	2024/05/29	2027/05/29	500.00	2.35	Pay interests once a year, pay back principal plus interests when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The third tranche of Ultra-shortterm Financing Bills of Xiamen Airlines Company Limited in 2025	25 Xiamen Airlines SCP003	012581498	2025/06/25	2025/06/26	2025/10/24	700.00	1.71	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No
The fourth tranche of Ultra-shortterm Financing Bills of Xiamen Airlines Company Limited in 2025	25 Xiamen Airlines SCP004	012581499	2025/06/25	2025/06/26	2025/10/24	1,800.00	1.76	Repayment of the principal and interest in lump sum when due	National Interbank bond market	Price-enquiry transaction approach and one-click-order transaction approach	No

II. CORPORATE CONVERTIBLE BONDS

(I) Issuance of Convertible Bonds

On 14 May 2020, the thirteenth meeting of the eighth session of Board of the Company was held, and the resolution on the satisfaction by the Company of the conditions of the public issuance of A Share Convertible Bonds was passed, as well as the resolutions on the specific plan, preliminary proposal and feasibility report, etc. On 30 June 2020, 2019 annual general meeting, 2020 first class meeting for holders of A Shares and 2020 first class meeting for holders of H Shares were held, at which the relevant resolutions on the public issuance of A Share Convertible Bonds were considered and approved.

On 21 September 2020, the Company received the “Approval of China Southern Airlines Company Limited’s Public Issuance of Convertible Bonds (Zheng Jian Xu Ke [2020] No. 2264) 《關於核准中國南方航空股份有限公司公開發行可轉換公司債券的批覆》(證監許可[2020]2264號)” issued by the CSRC. On 15 October 2020, the Company publicly issued 160 million A Share Convertible Bonds with nominal value of RMB100 each, representing a total amount of RMB16 billion. On 21 October 2020, the Company received the proceeds from public issuance of A Share Convertible Bonds and deposited them in the special account for the proceeds.

Pursuant to the approval by the Self-discipline Supervision Decision [2020] No. 355 issued by the SSE, the convertible bonds of the Company with an amount of RMB16 billion were listed on the SSE since 3 November 2020 with the bond abbreviation of “Nanhang Convertible Bonds (南航轉債)” and the bond code of “110075”.

(II) Holders and Guarantors of Convertible Bonds during the Reporting Period

Name of convertible bonds	2020 Convertible Bonds of China Southern Airlines Company Limited
Numbers of holders of convertible bonds at the end of the period	15,211
Guarantor of the convertible bonds of the Company	Nil
Material changes in profitability, assets conditions and credit of guarantors	Nil

RELATED INFORMATION OF BONDS

(III) Changes in Convertible Bonds during the Reporting Period

Unit: RMB

Name of convertible bonds	Before change	Increase/decrease in the current change			After change
		Converted	Redeemed	Resold	
2020 Convertible Bonds of China Southern Airlines Company Limited	5,896,285,000.00	35,000.00	–	–	5,896,250,000.00

(IV) Cumulative Number of Shares Converted during the Reporting Period

Name of convertible bonds	2020 Convertible Bonds of China Southern Airlines Company Limited
Convertible bonds converted during the reporting period (RMB)	35,000.00
Number of shares converted during the reporting period (shares)	5,671
Aggregated number of shares converted (shares)	1,619,190,893
Aggregated number of shares converted over total number of shares issued by the Company before conversion (%)	10.56
Outstanding convertible bonds (RMB)	5,896,250,000.00
Outstanding convertible bonds over total number of convertible bonds issued (%)	36.85

(V) Information on the Company's Liability and Credit Changes as well as the Cash Arrangement for Debt Repayment in the Coming Years

Pursuant to the relevant provisions of the Administrative Measures for the Registration of Issuance of Securities by Listed Companies, the Administrative Measures for Issuance and Trading of Corporate Bonds issued by CSRC and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, during the reporting period, the Company entrusted a credit rating agency China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司) to conduct credit rating for the Nanhong Convertible Bonds issued by the Company in October 2020. China Lianhe Credit Rating Co., Ltd. issued the 2025 Follow-up Rating Report for Convertible Bonds of China Southern Airlines Company Limited (《中國南方航空股份有限公司可轉換公司債券2025年跟蹤評級報告》). The rating results are as follows: it maintained the AAA long-term credit rating of the main body of the Company, the credit rating of AAA of Nanhong Convertible Bonds with stable outlook. The Company's operations are stable in all aspects, and the credit status is good. The Company's cash sources for debt repayment in the coming years mainly include cash inflows from income from the normal business operations of the Company.

INDEPENDENT AUDITOR'S REPORT



Review report to the Board of Directors of China Southern Airlines Company Limited

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 58 to 90 which comprises the consolidated statement of financial position of China Southern Airlines Company Limited (the "Company") as of 30 June 2025 and the related consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, as issued by the International Auditing and Assurance Standards Board. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2025

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June	
		2025 RMB million	2024 RMB million
Operating revenue			
Traffic revenue		82,152	80,494
Other operating revenue		4,139	4,296
Total operating revenue	4	86,291	84,790
Operating expenses			
Flight operation expenses		40,662	41,270
Maintenance expenses		6,958	7,351
Aircraft and transportation service expenses		15,213	14,545
Promotion and selling expenses		3,357	3,179
General and administrative expenses		2,125	2,064
Depreciation and amortisation		14,933	13,935
Reversal of impairment losses on property, plant and equipment		–	(304)
Others		1,636	2,086
Total operating expenses		84,884	84,126
Other net income	7	1,916	3,843
Operating profit	9	3,323	4,507
Interest income		138	95
Interest expense	8	(2,792)	(2,910)
Exchange loss, net		(116)	(456)
Share of associates' results		(854)	(1,320)
Share of joint ventures' results		519	282
Changes in fair value of financial assets/liabilities		376	159
Profit before income tax		594	357
Income tax	10	(1,427)	(765)
Loss for the period		(833)	(408)
Loss attributable to:			
Equity shareholders of the Company		(1,534)	(1,054)
Non-controlling interests		701	646
Loss for the period		(833)	(408)
Loss per share			
Basic and diluted (expressed in RMB per share)	12	(0.08)	(0.06)

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June	
		2025 RMB million	2024 RMB million
Loss for the period		(833)	(408)
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)		(2)	(173)
– Income tax effect of the above items		–	43
Other comprehensive income for the period	11	(2)	(130)
Total comprehensive income for the period		(835)	(538)
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		(1,535)	(1,126)
Non-controlling interests		700	588
Total comprehensive income for the period		(835)	(538)

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

	Note	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Non-current assets			
Property, plant and equipment, net	13	106,226	101,217
Construction in progress	14	28,109	34,562
Right-of-use assets	15	136,560	128,872
Goodwill		237	237
Interest in associates		2,941	2,835
Interest in joint ventures		4,373	4,334
Aircraft lease deposits		464	420
Other equity instrument investments		428	431
Other non-current financial assets		1,790	3,017
Derivative financial assets		20	18
Amounts due from related companies	21(c)	86	171
Deferred tax assets		12,113	12,873
Other assets		3,313	3,229
		296,660	292,216
Current assets			
Inventories		2,420	2,002
Trade receivables	16	5,219	3,306
Other receivables		15,549	15,378
Cash and cash equivalents		12,692	12,984
Assets held for sale		118	118
Restricted bank deposits		150	139
Prepaid expenses and other current assets		873	818
Other financial assets		2,331	2,695
Amounts due from related companies	21(c)	763	323
		40,115	37,763
Current liabilities			
Derivative financial liabilities		603	908
Borrowings	17	86,953	73,954
Lease liabilities		19,045	18,378
Trade and bills payables	18	4,681	3,577
Contract liabilities		1,932	1,749
Sales in advance of carriage		8,130	9,295
Current income tax		386	584
Amounts due to related companies	21(c)	580	525
Accrued expenses		21,282	21,074
Other liabilities		7,737	8,358
		151,329	138,402
Net current liabilities		(111,214)	(100,639)
Total assets less current liabilities		185,446	191,577

	Note	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Non-current liabilities			
Borrowings	17	46,567	56,870
Lease liabilities		79,364	74,154
Other non-current liabilities		1,621	1,662
Amounts due to related companies	21(c)	–	6
Provision for major overhauls		4,984	5,322
Deferred benefits and gains		883	720
Deferred tax liabilities		22	7
		133,441	138,741
Net assets		52,005	52,836
Capital and reserves			
Share capital		18,121	18,121
Reserves		15,287	16,822
Total equity attributable to equity shareholders of the Company		33,408	34,943
Non-controlling interests		18,597	17,893
Total equity		52,005	52,836

Approved and authorised for issue by the Board of Directors on 28 August 2025.

Ma Xu Lun
Director

Han Wen Sheng
Director

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company						Non-controlling interests RMB million	Total equity RMB million
	Share capital	Share premium	Fair value reserve (non-recycling)	Other reserves	Accumulated losses	Total		
	RMB million (Note 19(b) (i))	RMB million (Note 19(b) (ii))	RMB million (Note 19(b) (iii))	RMB million (Note 19(b) (iii))	RMB million (Note 19(b) (iii))	RMB million (Note 19(b) (iii))		
Balance at 1 January 2024	18,121	52,251	211	3,388	(36,900)	37,071	15,296	52,367
Changes in equity for the six months ended 30 June 2024:								
Profit/(loss) for the period	–	–	–	–	(1,054)	(1,054)	646	(408)
Other comprehensive income	–	–	(72)	–	–	(72)	(58)	(130)
Total comprehensive income for the period	–	–	(72)	–	(1,054)	(1,126)	588	(538)
Capital injection from non-controlling interests	–	–	–	–	–	–	4	4
Balance at 30 June 2024 and 1 July 2024	18,121	52,251	139	3,388	(37,954)	35,945	15,888	51,833
Changes in equity for the six months ended 31 December 2024:								
Profit/(loss) for the period	–	–	–	–	(715)	(715)	1,148	433
Other comprehensive income	–	–	25	–	–	25	20	45
Total comprehensive income for the period	–	–	25	–	(715)	(690)	1,168	478
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	–	–	–	–	–	–	603	603
Balance at 31 December 2024 and 1 January 2025	18,121	52,251	164	3,076	(38,669)	34,943	17,893	52,836
Changes in equity for the six months ended 30 June 2025:								
Profit/(loss) for the period	–	–	–	–	(1,534)	(1,534)	701	(833)
Other comprehensive income	–	–	(1)	–	–	(1)	(1)	(2)
Total comprehensive income for the period	–	–	(1)	–	(1,534)	(1,535)	700	(835)
Capital injection from non-controlling interests	–	–	–	–	–	–	4	4
Balance at 30 June 2025	18,121	52,251	163	3,076	(40,203)	33,408	18,597	52,005

The accompanying notes form part of this interim financial report.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025 – unaudited

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Operating activities		
Cash generated from operating activities	15,218	16,418
Interest received	143	101
Interest paid	(2,810)	(2,918)
Income tax paid	(877)	(708)
Net cash generated from operating activities	11,674	12,893
Investing activities		
Proceeds from disposal of property, plant and equipment, right-of-use assets and assets held for sale	166	527
Proceeds from disposal of other financial assets	1,618	606
Dividends received from joint ventures	77	192
Proceeds from maturity of term deposits	1,653	–
Dividends received from associates	30	13
Proceeds from disposal of derivative financial instruments	–	11
Dividends received from other non-current financial assets	–	11
Acquisition of property, plant and equipment and other assets	(5,876)	(8,764)
Acquisition of term deposits	(1,089)	(1,475)
Capital injection for associates	(936)	(855)
Acquisition of an associate	(49)	(42)
Net cash used in investing activities	(4,406)	(9,776)
Financing activities		
Proceeds from bank borrowings	25,502	33,732
Proceeds from ultra-short-term financing bills	22,550	2,700
Proceeds from medium-term notes	3,300	7,500
Capital injections from non-controlling interests	–	4
Refund of aircraft lease deposits	30	40
Repayment of bank borrowings	(36,761)	(36,416)
Repayment of medium-term notes	(4,900)	–
Repayment of ultra-short-term financing bills	(7,200)	–
Capital element of lease rentals paid	(10,002)	(10,578)
Payments for aircraft lease deposits	(75)	(72)
Net cash used in financing activities	(7,556)	(3,090)
Net (decrease)/increase in cash and cash equivalents	(288)	27
Cash and cash equivalents at 1 January	12,984	9,531
Exchange loss on cash and cash equivalents	(4)	(5)
Cash and cash equivalents at 30 June	12,692	9,553

The accompanying notes form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation

This interim financial report of China Southern Airlines Company Limited (the “Company”) and its subsidiaries (the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue by the Company’s Board of Directors on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the International Auditing and Assurance Standards Board. KPMG’s independent review report to the Board of Directors is included on page 57.

2 Changes in accounting policies

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Fair value measurement of financial instruments

(a) Fair value

(i) Financial instruments carried at fair value

Fair value hierarchy

The following table presents the carrying value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

Recurring fair value measurement	Fair value measurements as at 30 June 2025 categorised into			
	Fair value at 30 June 2025 RMB million	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million
Financial assets/(liabilities):				
Other equity instrument investments:				
– Non-tradable listed shares	428	–	–	428
Other non-current financial assets:				
– Non-listed shares	33	–	–	33
– Certificates of deposit	1,589	–	1,589	–
Other financial assets:				
– Certificates of deposit	2,331	–	2,331	–
Derivative financial assets:				
– Put-back option	20	–	–	20
Derivative financial liabilities:				
– Derivative component of convertible bonds	(603)	–	(603)	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 Fair value measurement of financial instruments (continued)

(a) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

Fair value hierarchy (continued)

Recurring fair value measurement	Fair value measurements as at 31 December 2024 categorised into			
	Fair value at 31 December 2024 RMB million	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million
Financial assets/(liabilities):				
Other equity instrument investments:				
– Non-tradable listed shares	431	–	–	431
Other non-current financial assets:				
– Non-listed shares	33	–	–	33
– Certificates of deposit	2,774	–	2,774	–
Other financial assets:				
– Certificates of deposit	2,695	–	2,695	–
Derivative financial assets:				
– Put-back option	18	–	–	18
Derivative financial liabilities:				
– Derivative component of convertible bonds	(908)	–	(908)	–

During the six months ended 30 June 2025 and 30 June 2024, there were no transfers among Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

Fair value of certificates of deposit is measured by the expected recoverable amounts that would receive assuming that these certificates of deposit had been sold at the end of the reporting period.

Fair value of derivative component of convertible bonds is measured by using the Binomial Model. The major inputs used in the Binomial Model are:

	At 30 June 2025	At 31 December 2024
Conversion price	RMB6.17	RMB6.17
Stock price of A shares	RMB5.88	RMB6.82
Stock market volatility	26.65%	26.62%
Risk-free interest rate	1.35%	1.13%

3 Fair value measurement of financial instruments (continued)

(a) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

Valuation techniques and inputs used in Level 2 fair value measurements (continued)

Information about Level 3 fair value measurements at 30 June 2025

	Valuation technique	Significant unobservable inputs	Range
Other equity securities investments			
– Non-tradable listed shares(1)&(3)	Market approach-valuation multiples	Discount for lack of marketability	32%
Other non-current financial assets			
– Non-listed shares(2)	Income approach-discounted cash flow	Expected profit growth rates during the projection period	10.00%-10.99%
		Perpetual growth rates	2.67%-5.57%
		Expected dividend payout rates during the projection period	27%-33%
		Perpetual dividend payout rates	80%
		Discount rates	8.96%-11.77%
Derivative financial assets			
– Put-back option(4)	Market approach-valuation multiples	Discount for lack of marketability	27.0%

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 Fair value measurement of financial instruments (continued)

(a) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

Information about Level 3 fair value measurements at 31 December 2024

	Valuation technique	Significant unobservable inputs	Range
Other equity securities investments			
– Non-tradable listed shares(1)&(3)	Market approach-valuation multiples	Discount for lack of marketability	32%
Other non-current financial assets			
– Non-listed shares(2)	Income approach-discounted cash flow	Expected profit growth rates during the projection period	10.00%-10.99%
		Perpetual growth rates	2.67%-5.57%
		Expected dividend payout rates during the projection period	27%-33%
		Perpetual dividend payout rates	80%
		Discount rates	8.96%-11.77%
Derivative financial assets			
– Put-back option(4)	Market approach-valuation multiples	Discount for lack of marketability	27.1%

3 Fair value measurement of financial instruments (continued)

(a) *Fair value (continued)*

(i) Financial instruments carried at fair value (continued)

- (1) The fair value of non-tradable listed shares are determined by market value adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.
- (2) The fair value of these non-listed shares are determined by discounting projected cash flow series associated with respective investments. The valuation takes into account the expected profit growth rates and expected dividend payout rates of the investees. The discount rates used have been adjusted to reflect specific risks relating to respective investees. The fair value measurement are positively correlated to the expected profit growth rates during the projection period, perpetual growth rates, expected dividend payout rates during the projection period and perpetual dividend payout rates of respective investees, and negatively correlated to the discount rates.
- (3) Any gain or loss arising from the remeasurement of the Group's non-tradable equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.
- (4) The fair value of non-tradable listed shares are determined by market value adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

(ii) Financial instruments not carried at fair value

All other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2025 and 31 December 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

4 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.

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

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by service lines		
– Traffic revenue		
– Passenger	73,072	71,764
– Cargo and mail	9,080	8,730
– Commission income	1,498	1,620
– Cargo handling income	463	437
– Hotel and tour operation income	390	431
– Ground services income	452	244
– Air catering service income	278	258
– Others	816	1,093
	86,049	84,577
Revenue from other sources:		
– Rental income	242	213
	86,291	84,790

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 5(b).

5 Segment reporting

(a) 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 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 profit/(loss) before taxation, assets and liabilities, which arises from different accounting policies, are set out in Note 5(c).

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.

5 Segment reporting (continued)

(a) Business segments (continued)

The segment results of the Group for the six months ended 30 June 2025 are as follows:

	Airline transportation operations RMB million	Other segments RMB million	Elimination RMB million	Unallocated* RMB million	Total RMB million
Revenue from external customers	85,185	1,106	–	–	86,291
Inter-segment sales	369	3,009	(3,378)	–	–
Reportable segment revenue	85,554	4,115	(3,378)	–	86,291
Reportable segment profit before taxation	45	464	30	57	596
Reportable segment profit/(loss) after taxation	(1,115)	292	28	(37)	(832)
Other segment information					
Income tax	1,160	172	2	94	1,428
Interest income	118	21	(1)	–	138
Interest expense	2,786	33	(27)	–	2,792
Depreciation and amortisation	14,804	127	–	–	14,931
Share of associates' and joint ventures' results	–	–	–	(335)	(335)
Change in fair value of financial assets/liabilities	–	–	–	376	376
Non-current assets additions during the period [#]	21,590	676	(616)	–	21,650

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 Segment reporting (continued)

(a) Business segments (continued)

The segment results of the Group for the six months ended 30 June 2024 are as follows:

	Airline transportation operations RMB million	Other segments RMB million	Elimination RMB million	Unallocated* RMB million	Total RMB million
Revenue from external customers	83,556	1,234	–	–	84,790
Inter-segment sales	220	3,048	(3,268)	–	–
Reportable segment revenue	83,776	4,282	(3,268)	–	84,790
Reportable segment profit/(loss) before taxation	622	376	18	(857)	159
Reportable segment profit/(loss) after taxation	53	305	16	(899)	(525)
Other segment information					
Income tax	569	71	2	42	684
Interest income	85	11	(1)	–	95
Interest expense	2,902	19	(11)	–	2,910
Depreciation and amortisation	13,852	84	–	–	13,936
Credit loss	21	–	–	–	21
Share of associates' and joint ventures' results	–	–	–	(1,038)	(1,038)
Change in fair value of financial assets/liabilities	–	–	–	159	159
Non-current assets additions during the period [#]	16,538	369	(362)	–	16,545

5 Segment reporting (continued)

(a) Business segments (continued)

The segment assets and liabilities of the Group as at 30 June 2025 and 31 December 2024 are as follows:

	Airline transportation operations RMB million	Other segments RMB million	Elimination RMB million	Unallocated* RMB million	Total RMB million
As at 30 June 2025					
Reportable segment assets	320,218	9,786	(5,183)	11,714	336,535
Reportable segment liabilities	284,131	5,167	(5,131)	603	284,770
As at 31 December 2024					
Reportable segment assets	313,651	9,068	(6,101)	13,120	329,738
Reportable segment liabilities	277,523	4,791	(6,079)	908	277,143

* 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 and 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.

(b) 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 the PRC (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 the PRC, 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 Segment reporting (continued)

(b) Geographical information (continued)

- (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.

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Domestic	59,497	60,694
International	25,825	23,050
Hong Kong, Macau and Taiwan	969	1,046
	86,291	84,790

The major revenue earning assets of the Group are its aircraft fleet which is registered in the PRC and is deployed across its worldwide route network. Majority of the Group's other assets are located in the PRC. 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.

(c) Reconciliation of reportable segment profit before income tax, assets and liabilities to the consolidated figures as reported in the unaudited interim financial report

	Note	Six months ended 30 June	
		2025 RMB million	2024 RMB million
Profit before income tax			
Reportable segment profit before taxation	5(a)	596	159
Capitalisation of exchange difference of specific loans	(i)	(2)	(3)
Reversal of impairment losses on property, plant and equipment	(iv)	–	201
Consolidated profit before income tax		594	357

	Note	30 June 2025 RMB million	31 December 2024 RMB million
Assets			
Reportable segment assets	5(a)	336,535	329,738
Capitalisation of exchange difference of specific loans	(i)	4	6
Government grants	(ii)	(2)	(2)
Adjustments arising from business combinations under common control	(iii)	237	237
Others		1	–
Consolidated total assets		336,775	329,979

5 Segment reporting (continued)

(c) Reconciliation of reportable segment profit before income tax, assets and liabilities to the consolidated figures as reported in the unaudited interim financial report (continued)

Liabilities

As at 30 June 2025 and 31 December 2024, the amount of reportable segment liabilities is the same as the amount of consolidated total liabilities.

Notes:

- (i) In accordance with the PRC GAAP, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency is capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.
- (ii) In accordance with the PRC GAAP, assets related government grants (other than special funds) are deducted from the cost of the related assets. Special funds granted by the government and clearly defined in the approval documents as part of “capital reserve” are accounted for as increase in capital reserve. Under IFRS Accounting Standards, assets related government grants are deducted to the cost of the related assets. The difference is resulted from government grants received in previous years and are recognised in capital reserve under the PRC GAAP.
- (iii) In accordance with the PRC GAAP, the Company accounts for the business combination under common control by applying the pooling-of-interest method. Under the pooling-of-interest method, the difference between the historical carrying amount of the acquiree and the consideration paid is accounted for as an equity transaction. Business combinations under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose, relevant comparative figures are restated under PRC GAAP. Under IFRS Accounting Standards, the Company adopts the purchase accounting method for acquisition of business under common control.
- (iv) In accordance with the PRC GAAP, impairment loss of non-current assets cannot be reversed. Under IFRS Accounting Standards, an impairment loss is reversed if there is indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased.

6 Seasonality of operations

The civil aviation industry is subject to seasonal fluctuations, with peak demand during the holiday season in the second half of the year. As such, the revenue and results of the Group in the first half of the year are generally lower than those in the second half of the year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

7 Other net income

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Government grants (Note 1)	1,677	1,682
(Loss)/gains on disposal of property, plant and equipment, right-of-use assets and assets held for sale		
– Aircraft and spare engines	(14)	50
– Other property, plant and equipment and right-of-use assets	(2)	58
Others (Note 2)	255	2,053
	1,916	3,843

Note 1: Government grants mainly include subsidies granted by various local governments to encourage the Group to operate certain routes to cities where these governments are located.

There are no unfulfilled conditions and other contingencies related to subsidies that have been recognised during the six months ended 30 June 2025 and 2024.

Note 2: During the six months ended 30 June 2024, these mainly include flight operation remedies.

8 Interest expense

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Interest on borrowings	1,604	1,607
Interest on leases liabilities	1,468	1,645
Total interest expense on financial liabilities not at fair value through profit or loss	3,072	3,252
Less: interest expense capitalised (Note)	(280)	(342)
	2,792	2,910

Note: The weighted average interest rate used for interest capitalisation was 2.35% per annum for the six months ended 30 June 2025 (six months ended 30 June 2024: 2.44%).

9 Operating profit

Operating profit are stated after charging the following items:

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Staff costs	15,840	14,512
Jet fuel costs	25,334	27,885
Depreciation of long-term assets	14,555	13,634
Other amortisation	378	301
Rental charges	1,021	987

10 Income tax

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Current tax	651	832
Deferred tax	776	(67)
	1,427	765

In respect of a majority of the Group's airlines operation outside the PRC, the Group has either obtained exemptions from overseas taxation pursuant to the bilateral aviation agreements between the overseas governments and Chinese government, or has sustained tax losses in those overseas jurisdictions. Accordingly, no significant provision for overseas income tax has been accrued for overseas airlines operation in the current and prior years.

For the six months ended 30 June 2025, the Company and its branches and subsidiaries in Chinese mainland are subject to income tax rates ranging from 15% to 25% (six months ended 30 June 2024: 15% to 25%), and certain subsidiaries of the Company in Hong Kong are subject to income tax at 16.5% (six months ended 30 June 2024: 16.5%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

11 Other comprehensive income

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Equity investments measured at FVOCI:		
Changes in fair value recognised during the period	(2)	(173)
Net deferred tax credited to other comprehensive income	–	43
	(2)	(130)
Other comprehensive income for the period	(2)	(130)

12 Loss per share

The calculation of basic loss per share for the six months ended 30 June 2025 is based on the loss attributable to equity shareholders of the Company of RMB1,534 million (six months ended 30 June 2024: RMB1,054 million) and the weighted average of 18,120,913,541 shares (six months ended 30 June 2024: 18,120,907,822 shares) in issue during the period.

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 six months ended 30 June 2025 and 2024.

13 Property, plant and equipment, net

	Six months ended 30 June 2025			
	Aircraft RMB million	Other flight equipment including rotables RMB million	Others RMB million	Total RMB million
Carrying amounts at 1 January 2025	70,096	10,754	20,367	101,217
Additions	1,786	1,020	283	3,089
Transfers from construction in progress (Note 14)	4,470	697	1,047	6,214
Transferred from right-of-use assets on exercise of purchase option (Note 15)	2,088	–	–	2,088
Depreciation charges	(4,473)	(908)	(819)	(6,200)
Disposals	(79)	(74)	(29)	(182)
Carrying amounts at 30 June 2025	73,888	11,489	20,849	106,226

14 Construction in progress

	Six months ended 30 June 2025		
	Advance payments for aircraft and flight equipment RMB million	Others RMB million	Total RMB million
Carrying amounts at 1 January 2025	30,809	3,753	34,562
Additions	11,525	1,018	12,543
Transfers to property, plant and equipment (Note 13)	(5,167)	(1,047)	(6,214)
Transfers to right-of-use assets (Note 15)	(12,384)	–	(12,384)
Transfers to others	–	(398)	(398)
Carrying amounts at 30 June 2025	24,783	3,326	28,109

15 Right-of-use assets

	Six months ended 30 June 2025				
	Aircraft and engines RMB million	Land use rights RMB million	Buildings RMB million	Others RMB million	Total RMB million
Carrying amounts at 1 January 2025	120,649	5,906	2,196	121	128,872
Additions	5,171	73	577	1	5,822
Transfers from construction in progress (Note 14)	12,384	–	–	–	12,384
Transferred to property, plant and equipment on exercise of purchase option (Note 13)	(2,088)	–	–	–	(2,088)
Depreciation charges	(7,756)	(88)	(470)	(56)	(8,370)
Disposals	(21)	–	(39)	–	(60)
Carrying amounts at 30 June 2025	128,339	5,891	2,264	66	136,560

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 Trade receivables

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

	30 June 2025 RMB million	31 December 2024 RMB million
Within 1 month	4,005	2,506
More than 1 month but less than 3 months	693	358
More than 3 months but less than 12 months	401	322
More than 1 year	210	210
	5,309	3,396
Less: loss allowance	(90)	(90)
	5,219	3,306

17 Borrowings

Borrowings are analysed as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Non-current		
Long-term borrowings (Note (i))	22,382	35,985
Medium-term notes (Note (iii))	24,185	20,885
	46,567	56,870
Current		
Current portion of long-term borrowings (Note (i))	21,432	11,823
Short-term borrowings (Note (i))	33,158	40,440
Ultra-short-term financing bills	26,191	10,744
Current portion of medium-term notes (Note (iii))	235	5,172
Convertible bonds (Note (ii))	5,937	5,775
	86,953	73,954
Total borrowings	133,520	130,824

17 Borrowings (continued)

The borrowings are repayable:

	30 June 2025 RMB million	31 December 2024 RMB million
Within one year	86,953	73,954
In the second year	25,493	34,020
In the third to fifth year	18,106	19,908
After the fifth year	2,968	2,942
Total borrowings	133,520	130,824

Notes:

- (i) As at 30 June 2025, the Group had secured borrowings amounting to RMB1,775 million (31 December 2024: RMB1,867 million). The Group's property, plant and equipment with an aggregate net book value of approximately RMB1,963 million (31 December 2024: RMB2,033 million) were pledged to secure those bank loans.

The interest rates relating to the long-term bank borrowings were ranging from 1.20% to 3.43% (31 December 2024: 1.20% to 3.43%) and the interest rates relating to the short-term bank borrowings were ranging from 1.98% to 4.56% (31 December 2024: 1.82% to 5.62%).

- (ii) 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 six months ended 30 June 2025, 350 convertible bonds were converted to A shares at the conversion price of RMB6.17 per share (six months ended at 30 June 2024: 100 convertible bonds). As at 30 June 2025, the carrying amount of liability component of the remaining 58,962,500 A share convertible bonds was RMB5,937 million (31 December 2024: 58,962,850 A share convertible bonds with a carrying amount of RMB5,775 million), and the fair value of the derivative component of remaining 58,962,500 A share convertible bonds was RMB603 million (31 December 2024: 58,962,850 A share convertible bonds with fair value of RMB908 million). For the six months ended 30 June 2025, gain on the changes in fair value of the derivative component amounted to RMB305 million was recognised (six months ended 30 June 2024: RMB48 million).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

17 Borrowings (continued)

Notes: (continued)

- (iii) The Company issued medium-term notes with aggregate nominal value of RMB2,000 million in 2023 at annual interest rate of 2.98% with terms of 3 years. As at 30 June 2025, the medium-term notes will mature over 1 year.

The Company issued medium-term notes with aggregate nominal value of RMB18,400 million in 2024 at annual interest rate of 2.12% to 2.49% with terms of 3 to 5 years. As at 30 June 2025, the medium-term notes will mature over 1 year.

The Company issued medium-term notes with aggregate nominal value of RMB3,300 million in 2025 at annual interest rates ranging from 1.78% to 1.95% with terms of 3 to 5 years. As at 30 June 2025, the medium-term notes will mature over 1 year.

Xiamen Airlines issued medium-term notes with aggregate nominal value of RMB500 million in 2024 at annual interest rate of 2.35% per annum with a term of 3 years. As at 30 June 2025, the medium-term notes will mature over 1 year.

- (iv) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to the Group's certain financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2025, none of the covenants relating to drawn down facilities had been breached.

18 Trade and bills payables

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

	30 June 2025 RMB million	31 December 2024 RMB million
Within 1 month	2,194	1,182
More than 1 month but less than 3 months	1,842	1,720
More than 3 months but less than 6 months	239	245
More than 6 months but less than 1 year	188	224
More than 1 year	218	206
	4,681	3,577

19 Capital, reserves and dividends

(a) Dividends

The directors did not propose any interim dividend for the six months ended 30 June 2025 and 2024.

(b) Reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and consideration for the shares issued.

(ii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) mainly comprises the Group's and share of an associate's cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(iii) Other reserves

Other reserves mainly comprise statutory surplus reserve. For the six months ended 30 June 2025, the Company did not make any appropriation of statutory surplus reserve (six months ended 30 June 2024: nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

20 Commitments

As at the end of the reporting period, the Group had capital commitments as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Commitments in respect of aircraft, engines and flight equipment		
– authorised and contracted for	119,120	128,640
Investment commitments		
– authorised and contracted for		
– share of capital commitments of a joint venture	–	8
– capital contributions for acquisition of interests in an associate	91	1,027
– authorised but not contracted for		
– share of capital commitments of a joint venture	14	15
	105	1,050
Commitments for other property, plant and equipment		
– authorised and contracted for	6,419	7,117
– authorised but not contracted for	7,205	7,630
	13,624	14,747
	132,849	144,437

21 Material related party transactions

(a) Key management personnel remuneration

Key management, including directors, supervisors and senior management personnel receive compensation in the form of fees, salaries, allowances, discretionary bonuses and retirement scheme contributions. Key management personnel received total compensation of RMB2.20 million for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB2.50 million). Such remuneration is included in “staff costs” as disclosed in Note 9.

21 Material related party transactions (continued)

(b) *Transactions with China Southern Air Holding Company Limited (“CSAH”) and its affiliates, associates, joint ventures and other related companies of the Group*

The Group provided various operational services to CSAH and its affiliates, associates, joint ventures and other related companies of the Group during the normal course of its business. The Group also received operational services provided by these entities.

Details of the significant transactions carried out by the Group are as follows:

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Income from the CSAH and its affiliates:		
Entrusted management income	21	21
Aviation material sales income	16	27
Rental income	6	1
Pilot training income	3	3
Air catering supplies income	3	4
Others	6	6
Purchase of goods and services from CSAH and its affiliates:		
Lease charges for land and buildings	275	277
Maintenance materials purchase expense and lease charges for maintenance materials	75	35
Property management fee	84	88
Air catering supplies expenses	91	82
Commission expenses	20	15
Pilot training fee	–	12
Others	6	3
Income from joint ventures and associates:		
Cargo and mail revenue	507	411
Pilot training income	1	2
Air catering supplies income	17	15
Ground service income	31	30
Maintenance material sales and handling income	2	52
Aircraft leasing income	4	3
Repairing income	42	1
Commission income	5	5
Building and equipment lease income	23	9
Others	17	10

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

21 Material related party transactions (continued)

(b) Transactions with China Southern Air Holding Company Limited (“CSAH”) and its affiliates, associates, joint ventures and other related companies of the Group (continued)

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Purchase of goods and services from joint ventures and associates:		
Repairing charges and maintenance material purchase expenses	1,637	1,453
Engine repairing charges	1,351	2,289
Ground service expenses	63	62
Advertising expenses and cultural products purchase expenses	65	60
Cargo handling expenses	102	86
Lease charges for land and buildings	29	5
Accommodation and meals expense	23	19
Others	12	8
Purchase of goods and services from other related companies:		
Computer reservation services	432	443
Airport landing services	315	–
Others	–	5
Aircraft related transactions with CSAH and its affiliates:		
Payment of lease charges on aircraft	3,265	3,132
Other assets related transactions with CSAH and its affiliates:		
Sales of aircraft	89	–

21 Material related party transactions (continued)

(c) Balances with the CSAH and its affiliates, associates, joint ventures and other related companies of the Group

	30 June 2025 RMB million	31 December 2024 RMB million
Current receivables:		
CSAH and its affiliates	43	28
Associates	207	267
Joint ventures	427	27
Other related companies	86	1
	763	323
Long-term receivables:		
Associates	86	171
Prepayments for acquisition of long-term assets:		
CSAH and its affiliates	429	429
Payables:		
CSAH and its affiliates	225	326
Associates	5	5
Joint ventures	350	194
	580	525
Accrued expenses and other current liabilities:		
CSAH and its affiliates	144	144
Associates	116	82
Joint ventures	1,521	1,446
Other related companies	2,498	2,528
	4,279	4,200
Lease liabilities:		
CSAH and its affiliates	30,145	27,371
Associates	22	54
Other related companies	3	–
	30,170	27,425
Long-term payables:		
CSAH and its affiliates	–	6

The amounts due from/to CSAH and its affiliates, associates, joint ventures and other related companies of the Group are unsecured, interest-free and have no fixed terms of repayment, except the long-term receivables, long-term payables and lease liabilities as disclosed above.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

21 Material related party transactions (continued)

(d) Loans from and deposits placed with related parties

(i) Loans from China Southern Airlines Group Finance Company Limited (“Finance Company”)

As at 30 June 2025, loans from Finance Company to the Group amounted to RMB9,606 million (31 December 2024: RMB10,808 million). During six months ended 30 June 2025, interest expense on such loans amounted to RMB133 million (six months ended 30 June 2024: RMB83 million) and the interest rates range from 2.16% to 2.65% per annum during six months ended 30 June 2025 (six months ended 30 June 2024: 2.80% to 3.30% per annum).

(ii) Entrusted loans from CSAH

According to the entrusted loan agreements entered between CSAH, Finance Company and the Group, as at 30 June 2025, the unsecured entrusted loans of RMB13,008 million (including accrued interest expense of RMB8 million) were repayable within one year (31 December 2024: RMB3,008 million) and the unsecured entrusted loans of RMB2,000 million were repayable over one year (31 December 2024: RMB12,000 million).

Interest expense charged on such loans amounted to RMB142 million (six months ended 30 June 2024: RMB149 million) and the interest rate was 2.00% per annum during the six months ended 30 June 2025 (six months ended 30 June 2024: 2.00% -3.43% per annum).

(iii) Deposits placed with Finance Company

As at 30 June 2025, the Group’s deposits with Finance Company amounted to RMB12,020 million (31 December 2024: RMB14,580 million). The applicable interest rates were determined in accordance with the rates published by the People’s Bank of China.

During the six months ended 30 June 2025, interest income from such deposits amounted to RMB111 million (six months ended 30 June 2024: RMB81 million).

22 Contingencies

- (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 Group issued an undertaking to China Southern Airlines General Aviation Limited ("General Aviation Limited") in prior years that the Group 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 Group 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 2024: RMB696 million) that can be drawn by the pilot trainees to finance their respective flight training expenses. As at 30 June 2025, total personal bank loans of RMB46 million (31 December 2024: RMB64 million), under these guarantees, were drawn down from the banks. During the period, the Group has not incurred any repayment amount due to the default of payments of certain pilot trainees (six months ended 30 June 2024: RMB74 thousand).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

23 Liquidity risk management

As at 30 June 2025, the Group's current liabilities exceeded its current assets by RMB111,214 million. For the six months ended 30 June 2025, the Group recorded a net cash inflow from operating activities of RMB11,674 million, a net cash outflow from investing activities of RMB4,406 million and a net cash outflow from financing activities of RMB7,556 million, which in total resulted in a net decrease in cash and cash equivalents of RMB288 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 borrowing 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 30 June 2025, the Group has obtained credit facilities of RMB394,123 million in aggregate granted by several banks and other financial institutions, among which approximately RMB275,492 million was unutilised. The Directors of the Company believe that sufficient financing will be available to the Group when and where needed.

As at 30 June 2025, the contractual maturities of the Group's borrowings are disclosed in Note 17.

24 Non-adjusting events after the period

After the financial period end, there were no non-adjusting events occurred up to the date of issue of this interim financial report.

SUPPLEMENTARY INFORMATION TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

RECONCILIATION OF DIFFERENCES IN INTERIM FINANCIAL REPORT PREPARED UNDER DIFFERENT GAAPS

(1) The effect of the differences between PRC GAAP and IFRS Accounting Standards on loss attributable to equity shareholders of the Company is analysed as follows:

	Note	Six months ended 30 June 2025 RMB million	Six months ended 30 June 2024 RMB million
Amounts under PRC GAAP		(1,533)	(1,228)
Adjustments:			
Capitalisation of exchange difference of specific loans	(a)	(2)	(3)
Reversal of impairment losses on property, plant and equipment	(d)	–	201
Income tax effect of the above adjustments		1	(81)
Effect of the above adjustments on non-controlling interests		–	57
Amounts under IFRS Accounting Standards		(1,534)	(1,054)

(2) The effect of the differences between PRC GAAP and IFRS Accounting Standards on equity attributable to equity shareholders of the Company is analysed as follows:

	Note	As at 30 June 2025 RMB million	As at 31 December 2024 RMB million
Amounts under PRC GAAP		33,195	34,729
Adjustments:			
Capitalisation of exchange difference of specific loans	(a)	4	6
Government grants	(b)	(2)	(2)
Adjustment arising from the Company's business combination under common control	(c)	237	237
Income tax effect of the above adjustments		1	–
Effect of the above adjustments on non-controlling interests		(27)	(27)
Amounts under IFRS Accounting Standards		33,408	34,943

SUPPLEMENTARY INFORMATION TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

RECONCILIATION OF DIFFERENCES IN INTERIM FINANCIAL REPORT PREPARED UNDER DIFFERENT GAAPS (CONTINUED)

Notes:

- (a) In accordance with the PRC GAAP, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency is capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.
- (b) In accordance with the PRC GAAP, assets related government grants (other than special funds) are deducted from the cost of the related assets. Special funds granted by the government and clearly defined in the approval documents as part of “capital reserve” are accounted for as increase in capital reserve. Under IFRS Accounting Standards, assets related government grants are deducted to the cost of the related assets. The difference is resulted from government grants received in previous years and are recognised in capital reserve under PRC GAAP.
- (c) In accordance with the PRC GAAP, the Company accounts for the business combination under common control by applying the pooling-of-interest method. Under the pooling-of-interest method, the difference between the historical carrying amount of the acquiree and the consideration paid is accounted for as an equity transaction. Business combinations under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose, relevant comparative figures are restated under PRC GAAP. Under IFRS Accounting Standards, the Company adopts the purchase accounting method for acquisition of business under common control.
- (d) In accordance with the PRC GAAP, impairment loss of non-current assets cannot be reversed. Under IFRS Accounting Standards, an impairment loss is reversed if there is indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased.



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