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

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

MAJOR AND CONNECTED TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 28 October 2022 in relation to, among others, the Provision of Deposit Services and the Provision of Loan Services between the Parties under the Previous Financial Services Framework Agreement.

The Company announces that, on 27 October 2025 (after trading hours), in view of the expected expiry of the Previous Financial Services Framework Agreement, the Company and the Finance Company entered into the Financial Services Framework Agreement to renew and extend the term of the provision of the financial services contemplated under the Financial Services Framework Agreement for a period of three years. The Financial Services Framework Agreement is for a fixed term of three years, commencing from 1 January 2026 to 31 December 2028.

As the Finance Company is a connected person of the Company under the Listing Rules, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios for the Provision of Deposit Services is higher than 25% but less than 100% on an annual basis, the Provision of Deposit Services constitutes a continuing connected transaction subject to the reporting, annual review, announcement and the shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the Provision of Deposit Services constitutes the provision of financial assistance under Rule 14.04(1)(e) of the Listing Rules and thus a major transaction under Chapter 14 of the Listing Rules.

The Provision of Loan Services by the Finance Company to the Group would amount to financial

assistance by a connected person for the benefit of the Group, which are on normal commercial terms or better, and such loans are not secured by the assets of the Group, therefore the Provision of Loan Services is exempt under rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

In respect of the other financial services to be provided by the Finance Company to the Group, the Company expects that the total fees payable by the Group to the Finance Company will not exceed RMB7.5 million for each of the three years ending 31 December 2028. As all the applicable percentage ratios for the provision of the other financial services by the Finance Company to the Group are less than 0.1% on an annual basis, which fall within the de minimis threshold set out in rule 14A.76 of the Listing Rules, the provision of the other financial services by the Finance Company to the Group is exempt from the reporting, annual review, announcement and shareholders' approval requirements of the Listing Rules.

The Company will send a circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the Financial Services Framework Agreement (including the Provision of Deposit Services and the Caps) as soon as possible as more time is required to prepare such circular.

Reference is made to the announcement of the Company dated 28 October 2022 in relation to, among others, the Provision of Deposit Services and the Provision of Loan Services between the Parties under the Previous Financial Services Framework Agreement.

The Company announces that, on 27 October 2025 (after trading hours), in view of the expected expiry of the Previous Financial Services Framework Agreement, the Company and the Finance Company entered into the Financial Services Framework Agreement to renew and extend the term of the provision of the financial services contemplated under the Financial Services Framework Agreement for a period of three years. The Financial Services Framework Agreement is for a fixed term of three years, commencing from 1 January 2026 to 31 December 2028.

I. FINANCIAL SERVICES FRAMEWORK AGREEMENT

(i) Date

27 October 2025 (after trading hours)

(ii) Parties

(a) The Company, its principal business activity of the Company is that of civil aviation.

(b) The Finance Company, a non wholly-owned subsidiary of CSAH which is owned as to approximately 51.42% by CSAH and 48.58% by the Company together with its four subsidiaries. The principal business activity of the Finance Company is that of providing financial services, which it is authorised to carry out under the applicable rules and regulations of the PRC.

(iii) Subject matter

(a) **Financial Services Provided by the Finance Company to the Group**

Pursuant to the Financial Services Framework Agreement, the Finance Company agreed to provide the following financial services to the Group:

Provision of Deposit Services

The Finance Company shall accept deposit of money from the Group at interest rates not lower than interest rate rules prescribed by the PBOC from time to time for the same term of deposit. The Finance Company will in turn deposit the whole of such sums of money with certain policy banks, state-owned large scale commercial banks and equity commercial banks to control the risk. The Finance Company will ensure the Group is able to use the deposits at any time.

The interest rate for the Group's deposits with the Finance Company shall not be lower than the rate payable by major commercial banks in the PRC for comparable deposits.

The Finance Company shall provide the Group with transfer and settlement services in normal business activities in accordance with the needs of the Group and relevant national regulations.

Provision of Loan Services

The Finance Company shall provide loans, commercial bill discounting services and other credit services to the Group. The Finance Company and the Company shall enter into of separate loan agreements, which will set out the terms and conditions of the loan services, upon application by the Company during the term of the Financial Services Framework Agreement. The Company will comply with the Listing Rules when entering into such separate written agreements. The total amount of loans extended by the Finance Company to the CSAH Group and its subsidiaries

(excluding the Group) must not exceed the sum of the Finance Company's share capital, provident fund or money deposit received from other parties (except the Group).

The interest rate for loans provided to the Group by the Finance Company shall not be higher than the interest rate rules prescribed by the PBOC for the same type of loan and, subject to the above, the interest rate charged on the loans to the Group shall be equal to or lower than the rate charged by major commercial banks in the PRC for comparable loans.

The Company will make repayment of principal and payment for interest in accordance with the payment terms of the separate loan agreements as might be entered into between the Parties.

Provision of other financial services

Upon request by the Company, the Finance Company shall also provide other financial services to the Group, including guarantee business, financial and financing consultation, foreign exchange business, credit certification and other relevant advice and agency business, and other businesses which are approved by NFRA and PBOC to be operated by the Finance Company by entering into of separate agreements, which will set out the terms and conditions of such services. If the Company is approved to issue bond, the Finance Company can accept engagement by the Company to provide bond issuance or underwriting services, subject to the entering into of separate agreements. The Company will comply with the reporting, annual review, announcement and shareholders' approval requirements of the Listing Rules if the transaction amount of other financial services contemplated under the Financial Services Framework Agreement would exceed the relevant threshold when entering into such separate written agreements.

For the other financial services provided by the Finance Company under the Financial Services Framework Agreement, the handling fees charged by the Finance Company for the provision of other financial services shall be fixed according to the rate of fees chargeable prescribed by the regulatory institutions such the NFRA or the PBOC and, subject to the above principle, the fees chargeable shall be equal to or lower than the rate charged by the Finance Company against independent third parties for the same type of financial services.

The Company will make payment for such fees and commissions in accordance with the payment terms of the separate agreements for other financial services as might be entered into between the Parties.

(iv) Term of the Financial Services Framework Agreement

The Financial Services Framework Agreement is for a fixed term of three years, commencing from 1 January 2026 to 31 December 2028.

(v) Proposed annual Caps

(a) **Financial Services Provided by the Finance Company to the Group**

In respect of the Provision of Deposit Services, pursuant to the Financial Services Framework Agreement, each of the maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group for each of the three years ending 31 December 2028 shall not exceed the Cap which is set at RMB30.0 billion, RMB32.0 billion and RMB35.0 billion, respectively, on any given day.

In respect of the Provision of Loan Services, the maximum daily outstanding loan provided by the Finance Company to the Group (including the corresponding interests payable accrued thereon) for each of the three years ending 31 December 2028 shall not exceed RMB30.0 billion, RMB32.0 billion and RMB35.0 billion, respectively, on any given day.

In respect of the other financial services to be provided by the Finance Company to the Group, the annual fees payable by the Group to the Finance Company will not exceed RMB7.5 million during the term of the Financial Services Framework Agreement.

For each of the three years ending 31 December 2028, the comprehensive credit line provided by the Finance Company to the Group (inclusive of the loan services and the other financial services) shall not exceed RMB43.0 billion, RMB45.0 billion and RMB48.0 billion, respectively, among which the credit line involved in other financial services (including letters of guarantee, factoring, bill acceptance, etc.) shall not exceed RMB 13 billion annually..

The Caps of RMB30.0 billion, RMB32.0 billion and RMB35.0 billion are determined principally by reference to:

(1) the cash flow position of the Group. The amount of cash and cash equivalents held by the Group as at 31 December 2024 and 30 June 2025 were approximately RMB12,984 million and approximately RMB12,692 million (unaudited);

(2) the original annual caps provided for the Provision of Deposit Services under the Previous Financial Services Agreement for the three years ending 31 December 2025 of RMB20.0 billion, RMB21.0 billion and RMB22.0 billion respectively (details of which are provided in the announcement of the Company dated 28 October 2022);

(3) the growth in maximum historical daily balance of the deposits of the Group placed with the Finance Company during the two financial years ended 31 December 2024 and the nine months ended 30 September 2025 (as provided below);

(4) the maximum historical daily balance of the deposits of the Group placed with the Finance Company was close to RMB22.0 billion during the first half of 2025, which indicated that the existing Cap of RMB22.0 billion for the year ending 31 December 2025 has been nearly fully utilized;

(5) the operation scale of the Group which is expected to continue to expand and the ability of centralised fund management which continues to increase and in turn result in an increase in the deposits and loans demand;

(6) the bonds and loans of the Company will mature in the coming three years and the Company will need to prepare repayment funds in advance of the maturity, leading to an increase in the temporary deposit demand; and

(7) the Group's plan to increase utilisation rate of its funds through the centralised fund management with the Finance Company.

(vi) Historical figures

(a) **Financial Services Provided by the Finance Company to the Group**

The original annual caps under the Previous Financial Services Framework Agreement were as follows:

	For the financial year ended/ending 31 December		
	2023 ***RMB (million)***	**2024** ***RMB (million)***	**2025** ***RMB (million)***
Provision of Deposit Services	20,000	21,000	22,000
Provision of Loan Services	20,000	21,000	22,000
Provision of other financial services	7.5	7.5	7.5
Comprehensive credit line	30,000	30,000	30,000

The historical figures relating to the Provision of Deposit Services, Provision of Loan Services and provision of other financial services, during the two financial years ended 31 December 2024 and nine months ended 30 September 2025, were as follows:

	Balance of the deposits placed with the Finance Company as at RMB ***(million)***	**Balance of the outstanding loans provided by the Finance Company as at RMB** ***(million)***	**Deposit interest income received from the Finance Company for the financial period ended RMB** ***(million)***
31 December 2023	8,940	7,442	1.11
31 December 2024	14,580	10,808	2.70
30 September 2025 (unaudited)	14,125	11,227	1.22

The historical maximum daily balance of the deposits with the Finance Company placed by the Group and the historical maximum daily balance of outstanding loans owned by the Group to the Finance Company, during the two financial years ended 31 December 2024 and nine months ended 30 September 2025, were as follows:

	For the financial year ended 31 December		For the nine months ended 30 September
	2023 *RMB (million)*	**2024** *RMB (million)*	**2025** *RMB (million) (unaudited)*
Maximum daily amount of deposits placed by the Group	19,059	18,856	20,743
Maximum daily amount of outstanding loans owed by the Group	9,358	10,808	13,800
Maximum comprehensive credit line	22,695	22,585	22,735

The loans provided by the Finance Company to the Group in the past were unsecured. In future, if the Company provides any guarantee and/or security in respect of any future loans to be provided by the Finance Company to members of the Group, it will comply with the then applicable requirements under the Listing Rules.

II. REASONS AND BENEFITS OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

Financial Services Provided by the Finance Company to the Group

The main reasons for the election by the Company to continue to use the Finance Company for the provision of the relevant financial services are as follows:

- on 31 March 2009, pursuant to the financial services agreement entered into between the Company and the Finance Company, CSAH, as the controlling shareholder of the Finance Company, has undertaken to the Company the following:

- the Finance Company is a duly incorporated enterprise group finance company under the "Administrative Measures for Enterprise Group Finance Companies" and the other relevant rules 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;

- the operations of the Finance Company are in compliance with the requirements of the relevant laws and regulations and it is running well, therefore the deposits placed with and

loans from the Finance Company of the Company are definitely secure. In future, the Finance Company will continue to operate in strict compliance with the requirements of the relevant laws and regulations;

- in respect of the Company's deposits with and borrowings from the Finance Company, the Company will continue to implement its internal procedures in accordance with the relevant laws and regulations and the Articles of Association, and CSAH will not intervene in the relevant decision-making process of the Company; and

- as the Company is independent from CSAH in respect of its assets, businesses, personnel, finance and organizational structures, 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; and

- according to the above undertakings made by CSAH, the Board considers that due to (i) the Finance Company is regulated by the PBOC and the NFRA and provides its services in accordance with and in satisfaction of the rules and operational requirements of relevant laws and regulations these regulatory authorities, and (ii) the business and operations of the Finance Company have been in a sound and solid conditions, CSAH have a sound basis to make such undertakings that "the deposits placed with and loans from the Finance Company of the Company are definitely secure", which means CSAH considers that there would be no risks for the Group on the deposits placed with and loans from the Finance Company, and CSAH would assume any risks caused by the deposits placed with and loans from the Finance Company. Taking account into the undertakings made by the CSAH and the other reasons as set out in the announcement, including but not limited to (i) the business and operation of the Finance Company is highly regulated and are in compliance with the laws and regulations; (ii) the operating results and financial performance of the Finance Company is in a healthy condition; and (iii) the historical transactions between the Group and the Finance Company are running well, the Board is also of the view that the deposits placed with and loans from the Finance Company are secure; and

- the Board has passed the "The Risk Control System relating to the Connected Transactions between China Southern Airlines Company Limited and Southern Airlines Group Finance Company Limited " on 28 July 2010 (the full text of which has been uploaded on the website of the Shanghai Stock Exchange at www.sse.com.cn) and carried out connected transactions with the Finance Company in accordance with this system, so as to ensure the safety and liquidity of the deposits placed by the Group with the Finance Company.

The Directors are of the opinion that the Provision of Deposit Services contemplated under the Financial Services Framework Agreement will not increase the indebtedness of Group and will not have an adverse effect on the sufficiency of the working capital of the Group.

The Board (including the independent non-executive Directors) considers that the terms in relation to the Provision of Loan Services and other financial services under the Financial

Services Framework Agreement are fair and reasonable and are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Company and in the interests of the Group and its Shareholders as a whole.

The Board (excluding the independent non-executive Directors whose view will be expressed in the circular after considering the opinion of the independent financial adviser) further considers that the terms in relation to the Provision of Deposit Services under the Financial Services Framework Agreement and the Caps in respect of the maximum daily balance of deposit (including the corresponding interests accrued thereon) are fair and reasonable and are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Company and in the interests of the Group and its Shareholders as a whole.

III. IMPLICATIONS UNDER THE LISTING RULES

The Finance Company is a non-bank finance company established under the direction of the PBOC with the main business scope of providing various financial services, including deposit and loan facilities, credit facilities, guarantee, remittance of money and credit references, principally to the CSAH Group. CSAH, the controlling shareholder of the Company, directly and indirectly holding approximately 66.52% equity interests in the Company as at the date of this announcement, is a connected person of the Company. The Finance Company is a non-wholly owned subsidiary of CSAH thus also a connected person of the Company. As the Finance Company is a connected person of the Company under the Listing Rules, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Financial Services Provided by the Finance Company to the Group

As one or more of the relevant applicable percentage ratios for the Provision of Deposit Services is higher than 25% but less than 100% on an annual basis, the Provision of Deposit Services constitutes a continuing connected transaction subject to the reporting, annual review, announcement and the shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the Provision of Deposit Services constitutes the provision of financial assistance under rule 14.04(1)(e) of the Listing Rules and thus a major transaction under Chapter 14 of the Listing Rules.

The Provision of Loan Services by the Finance Company to the Group would amount to financial assistance by a connected person for the benefit of the Group, which are on normal commercial terms or better, and such loans are not secured by the assets of the Group, therefore the Provision of Loan Services is exempt under rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

In respect of the other financial services to be provided by the Finance Company to the Group, the total fees payable by the Group to the Finance Company will not exceed RMB7.5 million for each of the three years ending 31 December 2028. As all the applicable percentage ratios for the provision of the other financial services by the Finance Company to the Group are less than 0.1% on an annual basis, which fall within the de minimis threshold set out in rule 14A.76 of the Listing Rules, the provision of the other financial services by the Finance Company to the Group is exempt from the reporting, annual review, announcement and shareholders' approval requirements of the Listing Rules.

Among the six Directors, two connected Directors, Mr. Ma Xu Lun and Mr. Han Wen Sheng, were required to abstain from voting in the Board meeting in respect of the resolutions to approve the Financial Services Framework Agreement. All remaining four Directors who were entitled to vote, unanimously approved the above resolutions. The format and procedure for passing the resolution was in compliance with the Company Law of the PRC and the Articles of Association.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Provision of the Deposit Services under the Financial Services Framework Agreement. The independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Provision of the Deposit Services under the Financial Services Framework Agreement.

CSAH and its associates, who were directly and indirectly holding an aggregate of 12,053,304,972 Shares (representing approximately 66.52% of the issued share capital of the Company) as at the date of this announcement, are required to abstain from voting in respect of the proposed resolution to approve the Provision of Deposit Services under the Financial Services Framework Agreement in the general meeting.

The Company will comply with the Listing Rules when it enters into further separate agreements with the Finance Company in connection with the Provision of Loan Services and the other financial services by the Finance Company.

The Financial Services Framework Agreement is also required to be disclosed pursuant to the relevant rules and regulations of the Shanghai Stock Exchange.

IV. FURTHER INFORMATION

The Company will send a circular containing, among other things, a letter of advice from the independent financial adviser to both the Independent Board Committee and the Independent Shareholders and a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the details of the general meeting to be held to approve the Financial Services Framework Agreement (including the Provision of Deposit Services and the Caps) as soon as possible as more time is required to prepare such circular.

V. DEFINITIONS

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

"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"Cap(s)"	the maximum daily balance of deposits placed by the Group (including the corresponding interest accrued thereon) on any given day during the term of the Financial Services Framework Agreement
"Company"	China Southern Airlines Company Limited, a joint stock company incorporated in the PRC with limited liability
"CSAH"	China Southern Air Holding Company Limited, a state-owned enterprise established under the laws of the PRC and the controlling shareholder of the Company
"CSAH Group"	CSAH and its subsidiaries
"Directors"	directors of the Company
"Finance Company"	China Southern Airlines Group Finance Company Limited, a company incorporated in the PRC with limited liability
"Financial Services Framework Agreement"	the financial services framework agreement dated 27 October 2025 entered into between the Parties
"Group"	the Company and its existing subsidiaries
"Independent Board Committee"	the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the Financial Services Framework Agreement and the Caps

"Independent Shareholders"	shareholders of the Company other than CSAH and its associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"NFRA"	National Financial Regulatory Administration
"Parties"	the Company and the Finance Company
"PBOC"	the People's Bank of China, the central bank of the PRC
"PRC" or "China"	the People's Republic of China (other than, for the purpose of this announcement only, Hong Kong, Macau and Taiwan)
"Previous Financial Services Framework Agreement"	the previous financial services framework agreement dated 28 October 2022 entered into between the Parties
"Provision of Deposit Services"	the provision of deposit of money services (including but not limited to time deposit, saving deposit) by the Finance Company to the Group pursuant to the Financial Services Framework Agreement
"Provision of Loan Services"	the provision of loan services (including loans, commercial bill discount business and other credit line services) by the Finance Company to the Group pursuant to the Financial Services Framework Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Guangzhou, the People's Republic of China
27 October 2025

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