China Southern Airlines Company Limited
Procedural Rules of Audit and Risk Management Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 In order to ensure the sustainable, regular and healthy development of China Southern Airlines Company Limited (the "Company"); to strengthen the scientific decision making by the board of directors of the Company (the "Board"); to strengthen the effective supervision of the Board over the management; to further improve the corporate governance structure, the Company established the Audit and Risk Management Committee of the Board (the "Audit and Risk Management Committee") and formulated the Procedural Rules in accordance with the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Code of Corporate Governance for Listed Companies", the "Measures for the Administration of Independent Directors of Listed Companies", the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited", the "Articles of Association of the China Southern Airlines Company Limited" (the "Articles of Association") and other provisions.

Article 2 The Audit and Risk Management Committee is a specialized committee established by the Board which shall be accountable and report working to the Board. The Audit and Risk Management Committee shall exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law and other laws and administrative rules, and the major terms of reference of the Audit and Risk Management Committee are: (1) the proposal of appointment and replacement of external audit institution; (2) the supervision of the internal audit system of the Company and its implementation; (3) the communication between the external and internal auditing; (4) the auditing of the financial information of the Company and its disclosure; (5) the reviewing of the internal control and risk management system; (6) other duties prescribed by laws, regulations, the requirements of the CSRC, the rules of the stock exchange in the place where the Company's shares are listed, the Articles of Association and the Procedural Rules.

Members of the Audit and Risk Management Committee must ensure that they have sufficient time and energy to perform the Committee's work responsibilities, and perform their duties diligently. The Company shall provide the Audit and Risk Management Committee with the necessary operational conditions, and the Company's management and relevant departments shall cooperate with the Audit and Risk Management Committee in the performance of its duties.

Chapter 2 Composition

Article 3 The Audit and Risk Management Committee comprises three or more directors who do not hold senior management positions within the Company, with a majority being independent directors. Employee representatives on the Board may serve as members of the Audit and Risk Management Committee. All members shall meet the independence requirement under the laws and regulations of the place where the Company listed and shall have the expertise and commercial experience that is

competent for the performance of the duty of the Audit and Risk Management Committee.

Article 4 Members of the Audit and Risk Management Committee shall be nominated by the chairman of the Board, over half of the independent directors or more than one-third of the directors and shall be elected or removed by over half of all directors.

Article 5 The Audit and Risk Management Committee shall have a chairman (convener), who shall be responsible for the work of the Audit and Risk Management Committee. The chairman shall be an independent director who is from the members of the Audit and Risk Management Committee and possesses accounting or relevant professional experience.

Article 6 The term of office of members of the Audit and Risk Management Committee shall be in line with the term of office of the Board. The members may be re-elected upon the expiry of the current term of office. Any member who ceases to be a director or who acts as a non-executive director or independent director but ceases to be independent as required by the Articles of Association during the term shall automatically lose the qualification as a member of the Committee, and the Board shall make the replacement in accordance with the provisions of the Articles of Association and the Procedural Rules.

Article 7 The Board of the Company shall regularly supervise the independence and performance of duties of the members, and if necessary, replace the members who are not suitable for their positions in accordance with the procedures stipulated in the Procedural Rules.

Article 8 The Audit Department of the Company is the day-to-day supporting organization of the Audit and Risk Management Committee, responsible for the day-to-day liaison and organizing meetings; and the Office of the Board is responsible for providing the necessary assistance.

Article 9 The Finance Department of the Company is responsible for reporting the preparation work of the financial report to the Audit and Risk Management Committee; the Audit Department of the Company is responsible for reporting the internal auditing and internal control assessment work to the Audit and Risk Management Committee; the Law & Standards Department of the Company is responsible for reporting the construction of internal control, risk management and connected transaction management work to the Audit and Risk Management Committee; and the Office of the Board is responsible for the coordination and guarantee of the standardized operation of the Audit and Risk Management Committee.

Chapter 3 Terms of Reference

Article 10 The major terms of reference of the Audit and Risk Management Committee are:

(I) Monitoring and evaluating the work of the external audit institution, including but not limited to:

1. Assessing the independence and professionalism of the external audit institution, in particular the impact on its independence from non-audit services provided by such external audit institution;
2. Proposing the appointment, re-appointment or change of external audit institution to the Board, and handling issues such as the resign and removal of the external audit institution;
3. Reviewing the audit fees of and employment terms with the external audit institution;
4. Discussing and communicating on audit scope, audit plans, audit methodology and major issues found in the audit with the external audit institution;
5. Reviewing the internal control audit report issued by the external audit institution;
6. Monitoring and evaluating the diligence and conscientiousness of external audit institution, and listening to the work report of external auditor.

The Audit and Risk Management Committee shall act as the key representative between the Company and the external auditor to oversee their relationship.

The Audit and Risk Management Committee must hold meeting at least twice a year with external auditor. A sole communication meeting with the external auditor (without the participation of the management officers) shall be convened at least once a year, on which the Secretary to the Board could make its presence.

(II) Guiding the internal audit work of the Company, including but not limited to:

1. Reviewing the Company's annual internal audit plan;
2. Supervising the implementation of the Company's internal audit plan;
3. Reviewing the internal audit report, supervising the rectification of major issues, and guiding the effective functioning of the internal audit department;
4. Ensuring that the Company's internal audit function is adequately resourced and has played the corresponding role.

(III) Reviewing the Company's financial report and raising opinions thereon, including but not limited to:

1. Reviewing the financial reports and the financial information in periodic reports of the Company and raising opinions on the authenticity, completeness and accuracy of the reports and information; where members of the Audit and Risk Committee are unable to ensure the truthfulness, accuracy, or completeness of the financial information in the periodic reports, or have any objections, they shall vote against or abstain during the Audit and Risk Committee's review of the reports.

2. Reviewing the Company's financial and accounting policies and practices, focusing on significant accounting and auditing issues in the Company's financial report, including significant adjustments made for accounting errors, significant changes in accounting policies and estimates, matters involving critical accounting judgments, as well as matters resulting in non-standard audit reports, significant adjustments resulting from audit, going concern assumptions of enterprises, compliance with accounting standard and compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting, etc.;
3. Paying special attention to the possibility of the existence of fraud, corrupt practices and material misstatement related to the financial report;

4. Overseeing the rectification progress of problems with the financial report.

(IV) Assessing the effectiveness of internal control, including but not limited to:

1. Assessing the appropriateness of the Company's internal control system design and making suggestions on the improvement of internal control to the Board and the management;

2. Reviewing the self-assessment report of the internal control;

3. Communicating with the external audit institution on any problems found in the auditing of internal control and the improvement methods;
4. Evaluating the results of internal control assessment and audit, and supervising and urging the rectification of internal control defects;
5. Considering major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
6. Discussing the internal control with management to ensure that management has performed its duty to establish effective internal control systems. Including: whether there is significant defect in the design and operation of the internal control, whether the resources, staff qualifications and experience, and the staff's training programs and budget of the Company's accounting and financial reporting function are adequate, so as to incur adverse effect on the ability of the Company in respect of recording, handling, concluding and reporting the financial data; any major weakness in the internal control, as well as the fraud behavior (whether it is material or not) of involved management or other employees who play an important role in the internal control of the Company;

7. Reviewing the arrangements set out by the Company: to enable the employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit and Risk Management Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action by the Company.

(V) Assessing the effectiveness of risk management system of the Company, including but not limited to:

1. Assessing the appropriateness of the Company's risk management system design and making suggestions on the improvement of risk management to the Board and the management;
2. Reviewing and assessing on the system and work of risk management and risk control in respect of major decisions, significant business, material risk investment made by the management of the Company and monitoring its implementation, regularly listening to the assessment report on the risk management from the management, and ensuring that the management has performed his/her duty of establishing effective risk management system;
3. Assisting the Strategic and Investment Committee of the Board to make risk analysis and assessment on the significant investment project, making warning on the potential risk and preventing the happening of risk, and engaging experts or professional organizations to research specific topics when necessary;
4. Assessing the effectiveness of the control rules and operation standards of venture investment, and considering the Company's venture investment strategies and proposals;

5. Reviewing and assessing the annual working plan and annual authorization scheme for aviation fuel, foreign exchange and interest rate hedging transactions, and proposing the same to the Board for consideration and making recommendation to it, as well as regularly listening to the work report on business from the management of the Company;
6. Regularly monitoring, reviewing and assessing the risk of aviation fuel, foreign exchange and interest rate hedging transactions, and use and management of proceeds, and engaging experts or professional organizations to research specific topics when necessary;

7. Studying the results of major investigations into, and the management's feedback concerning, relevant risk management matters, at its own discretion or as entrusted by the Board;
8. Examining and discussing reports concerning any major violations of laws or regulations submitted to it by the Company's lawyers or external legal advisors pursuant to regulations governing the listing place.

(VI) Coordinating the communication between the management, internal audit department, relevant departments and the external audit institution, including but not limited to:

1. Coordinating the communication on major audit problems between the management and the external audit institution;
2. Coordinating the communication between the internal audit department and the external audit institution and ensuring the coordination and cooperation of the internal audit and external audit work.

(VII) Exercising the functions and powers of the Supervisory Committee as stipulated in the Company Law and other laws and administrative rules, including but not limited to:
1. Being entitled to examine the financial situation, and review financial statements and information of the Company;
2. Overseeing the directors and senior management for any violation of laws, administrative regulations, the Articles of Association or any resolution of shareholders' meetings when performing their duties, and proposing to dismiss such directors and senior management;
3. Demanding rectification from the directors or senior management when the acts of such persons are harmful to the Company's interest;
4. Proposing to the Board the convening of an extraordinary general meeting in writing. If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, the Audit and Risk Management Committee may convene and preside over such meeting in accordance with the procedures as stipulated in the Company Law and the Articles of Association;
5. Proposing to shareholders' meetings;
6. Initiating legal proceedings against the directors and senior management pursuant to the provisions contained in Article 189 of the Company Law;
7. Where there is any abnormality in the Company's operations, conducting investigations accordingly; and when necessary, engaging professionals such as accountant firms or law firms to assist in the work, at the cost of the Company;

8. Exercising supervision and checking functions and powers independently, being entitled to interview senior management, department heads and relevant personnel, and requiring directors and senior management to submit reports on the performance of their duties;

(VIII) Other matters as authorized by the Board of the Company and other matters involved in relevant laws and regulations and relevant rules of securities regulatory authorities and the stock exchange in the place where the Company's shares are listed as well as the Articles of Association, including but not limited to:

1. Assessing the effectiveness of the management of major transactions and significant matters such as connected transactions and external guarantees, assessing the appropriateness of relevant management system design and making recommendation to the Board and management for the improvement of management;
2. Regularly reviewing the list of connected persons of the Company, and reviewing the material connected transactions of the Company;
3. Proposing recommendations to the Board for the election, appointment, removal of special or independent legal counsel, other certified accountant firms or other professional institutions based on work requirements and approving the fees and terms of engagement of the above professional institutions;
4. Reviewing the external auditor's management letter, any material queries raised by the auditor to the management of the Company about accounting records, financial accounts or systems of internal control and management's response, and ensuring that the Board or management level will provide a timely response to the issues raised in the external auditor's management letter;
5. Other matters.

Article 11 The chairman shall perform the following duties:

(I) to convene and preside over meetings of the Committee;
(II) to review and sign the reports of the Committee;
(III) to review the resolutions and recommendations of the Committee and the implementation thereof;
(IV) to report to the Board on behalf of the Committee;
(V) Other duties that shall be performed by the chairman of the Committee.

Article 12 The Audit and Risk Management Committee shall review and monitor whether the external auditor is independent and objective and the audit process is effective, and shall pre-approve all audit and non-audit services to be provided by the external auditor, or formulate the appropriate procedures for such pre-approval, and take into account whether the non-audit services provided to the Company by the external auditor could affect the external auditor's independence.

For the purpose of this provision, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally and internationally.

The Audit and Risk Management Committee should report to the Board, and make recommendations to the Board on any matters where action or improvement is needed.

Article 13 The Audit and Risk Management Committee should formulate policies on the audit and non-audit services provided by the external audit institution. The Audit and Risk Management Committee shall discuss with the external audit institution the audit plan and the relevant report accountability before the audit commences. If the work will be undertaken by more than one audit institution, the Audit and Risk Management Committee shall ensure that various institutions coordinate the work among themselves.

Article 14 The Audit and Risk Management Committee shall require the external auditor to submit to it at least one annual report covering the content under the requirements set out in this article for its review. The internal control measures of the institution to be included in the report shall be: any major issues discovered during the most recent inspection of internal controls or peer review of the institution, and any issues discovered during an investigation or inspection by a government authority or any industry self-regulatory organization of any one or more independent audit tasks engaged in by the firm during the most recent five years together with the steps taken to address such issues.

The Audit and Risk Management Committee shall discuss with the external auditor any relationships or services disclosed in such reports which could affect its objectivity and independence as the Company's external auditor or its audit service quality. The Audit and Risk Management Committee shall examine all relations between the external auditor and the Company to evaluate the external auditor's independence.

Article 15 The Audit and Risk Management Committee's proposals and reports shall be submitted to the Board for consideration and approval.

Article 16 The Chief Financial Officer, the Audit Department, the Finance Department and the Law & Standards Department of the Company are responsible for performing the preliminary works for decision-making by the Audit and Risk Management Committee and shall provide the Audit and Risk Management Committee with the relevant complete and truthful written information according to its requirements in a timely manner, including but not limited to:

(I) regular financial reports;
(II) special financial budgets and final accounts;
(III) internal annual audit plan and independent audit plan;
(IV) external audit report and audit contracts;
(V) disclosure of financial information and the relevant information made by the Company;
(VI) annual plan for risk management and regular risk assessment report;
(VII) annual hedging plan and scheme, annual and semi-annual hedging work report;
(VIII) annual plan and scheme for risk investment, and regular risk investment work report;

(IX) annual list of connected persons, and annual work report on the management of connected transactions.

Article 17 Members of the Audit and Risk Management Committee who violate any laws, administrative regulations, departmental rules, the Articles of Association or the Procedural Rules in the course of performing their duties and cause losses to the Company are liable for compensation.

Chapter 4 Rules of Procedure

Article 18 The Audit and Risk Management Committee shall hold regular meetings and extraordinary meetings. The Audit and Risk Management Committee shall convene regular meetings at least once every quarter. The Audit and Risk Management Committee shall convene an extraordinary meeting pursuant to the needs and such extraordinary meeting shall be convened upon proposed by the chairman of the Audit and Risk Management Committee or more than two members of the Committee. The notice of the meeting shall be delivered at least 5 days prior to the convening date for the meeting, and the timeframe of the notice may be less than 5 days after obtaining the approval from all members. The meeting shall be presided over by the chairman of the Audit and Risk Management Committee. In the event that the chairman of the Audit and Risk Management Committee is unable to attend the meeting due to some reason, another member of the Committee who is an independent director shall be designated to preside over the meeting.

Article 19 The meeting of the Audit and Risk Management Committee shall not be held unless more than two-thirds of the members attend the meeting. Each member shall have one vote and the resolutions made by the meeting must be approved by over half of all members of the Committee. The following matters shall be submitted to the Board for consideration upon obtaining majority approval:

(I) Disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports;
(II) Engagement or dismissal of the accountant firms that undertake the audit business of the Company;
(III) Engagement or dismissal of the chief financial officer of the Company;
(IV) Changes to accounting policies or accounting estimates, or correction of significant accounting errors resulting from reasons other than amendments to accounting standards;
(V) other matters as required by laws, administrative regulations, the CSRC and the Articles of Association.

Article 20 Voting at a regular meeting of the Audit and Risk Management Committee shall be conducted by show of hands or by poll. An extraordinary meeting may be held by way of voting by correspondence.

Article 21 A meeting of the Audit and Risk Management Committee may be held in the form of, including but not limited to, physical meetings, teleconference such as video meetings and conference call meetings, combination of physical meeting and teleconference, etc. The members of the Committee should attend the meetings in person and express whether they vote in favor of, against or abstain from voting for the matters to be considered at such meetings. Should any member of the Committee be unable to attend the meeting in person, he/she should review the meeting materials in advance, form his/her specific opinion, and appoint another member of the Committee in writing to attend the meeting on his or her behalf. Among which, an independent director shall authorize another independent director to attend on his/her behalf. The power of attorney shall specify the extent of authorization and its time limit.

Article 22 Where a member of the Audit and Risk Management Committee is interested in any matter discussed at the meeting, such member shall abstain from voting. If a valid resolution cannot be made due to the member abstained from voting, such resolution shall be submitted directly to the Board for consideration.

Article 23 The Directors and senior management such as head of the Finance Department may be invited by the Audit and Risk Management Committee to attend its meetings as non-voting delegates when necessary. The Audit and Risk Management Committee may appoint intermediate institutions such as audit firms or valuation firms as non-voting delegates to attend meetings which shall review the relevant items. The departments and personal have been invited shall made explanation and answers to the enquiries and issues raised by the Audit and Risk Management Committee.

Article 24 The convening procedure and voting method of the meeting of the Audit and Risk Management Committee and the resolutions passed at such meetings shall comply with relevant laws, regulations, the Articles of Association and these Procedural Rules. The resolutions and records (or minutes) of the meetings shall be signed by the members attending the meetings. Relevant documents, schemes, plans, meeting resolutions and records (or minutes of meetings) shall be handed over to, and maintained by, the Board Office.

Article 25 Resolutions and records (or minutes) of meetings of the Audit and Risk Management Committee shall be reported to the Board in written form after conclusion of the meetings.

Article 26 Members of the Committee and all persons attending the meeting, together with the related personnel shall have the obligation for keeping the discussed matters confidential and shall not make any unauthorized disclosure.

Article 27 The Audit and Risk Management Committee shall submit an annual performance report of the Audit and Risk Management Committee to the Board on an annual basis.

Chapter 5 Information Disclosure

Article 28 The Company shall disclose the situation about the members of the Audit and Risk Management Committee, including the composition of the members, their professional background and their experience during the past five years and the change in the member composition of the Audit and Risk Management Committee.

Article 29 The Company shall disclose, at the same time for the disclosure of the annual report, the annual duties performance report of the Audit and Risk Management Committee on the website of the Shanghai Stock Exchange, including but not limited to the performance of the duties of the Audit and Risk Management Committee and the convening of the meetings of the Audit and Risk Management Committee.

Article 30 In the event that major issues found by the Audit and Risk Management Committee during the course of the performance of its duties fall within the standard of information disclosure as provided in the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", the Company must timely disclose such matters and its rectification thereof.

The Audit and Risk Management Committee shall oversee the directors and senior management of the Company in fulfilling their information disclosure duties; monitor the Company's information disclosure practices, and, where unlawful or non-compliant issues are identified, investigate and propose appropriate measures.

Article 31 The Audit and Risk Management Committee shall put forward its opinions of reviewing such matters within its scope of duties to the Board. Should the Board fail to adopt or fully adopt such opinion, the Company shall record the opinions from the Audit and Risk Management Committee and specified reasons for failure adoption in the resolutions of the Board, and make disclosures.

Article 32 The Company shall disclose the special opinion of the Audit and Risk Management Committee regarding the Company's major matters in accordance with the provisions of laws, administrative regulations, rules of the department, the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange" and the relevant standardized documents.

Chapter 6 Supplementary Provisions

Article 33 The Procedural Rules shall be formulated by the Board of the Company and shall come into force since the date of the Board's approval by resolution.

Article 34 For the matters which are not covered by the Procedural Rules, they shall be executed in accordance with the relevant laws and regulations of the State, rules of the stock exchange of the listing place and the Articles of Association. In the event that the Procedural Rules are in conflicts with the laws and regulations promulgated by the State or the Articles of Association amended through valid procedure, the relevant laws and regulations of the State and the Articles of Association shall prevail, and the Procedural Rules shall be reported to the Board for amendment.

Article 35 The term "more than" referred to herein shall include the given figure, and "over" shall not include the given figure.

Article 36 The Procedural Rules shall be amended and interpreted by the Board of the Company. In the event of any inconsistency between the English and Chinese versions of the Procedural Rules, the Chinese version shall prevail.