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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)

CONNECTED TRANSACTIONS

ASSET LEASES

In order to comply with the various requirements under Chapter 14A of the Listing Rules in respect of connected transactions of the Company, on 12 December 2025 (after trading hours), the Company renewed the transactions contemplated under the Existing Property and Land Lease Framework Agreement and the Existing Asset Lease Framework Agreement by entering into the New Asset Lease Framework Agreement with CSAH for a term of three years commencing from 1 January 2026 to 31 December 2028.

As the applicable percentage ratios (other than the profits ratio) for the Value of the Right-of-use Asset in respect of the transactions contemplated under the New Asset Lease Framework Agreement are on an annual basis exceeding 0.1% and less than 5%, the transactions contemplated under the New Asset Lease Framework Agreement are only subject to the reporting, announcement and annual review requirements and are exempt from the shareholders' approval requirement under the Listing Rules.

In order to comply with the various requirements under Chapter 14A of the Listing Rules in respect of connected transactions of the Company, on 12 December 2025 (after trading hours), the Company renewed the transactions contemplated under the Existing Property and Land Lease Framework Agreement and the Existing Asset Lease Framework Agreement by entering into the New Asset Lease Framework Agreement with CSAH for a term of three years commencing from 1 January 2026 to 31 December 2028.

NEW ASSET LEASE FRAMEWORK AGREEMENT

Reference are made to the announcements of the Company dated 28 December 2022 and 27 December 2023, respectively, in relation to the Existing Property and Land Lease Framework Agreement and the Existing Asset Lease Framework Agreement.

As the Existing Property and Land Lease Framework Agreement and the Existing Asset Lease Framework Agreement shall soon expire by the end of 2025 and the transactions contemplated under the Existing Property and Land Lease Framework Agreement and the Existing Asset Lease Framework Agreement shall continue to be entered into, in order to meet the needs of production and operation, the Company proposed to consolidate the lease transactions with CSAH regarding property, land and equipment assets into a single framework agreement, and has entered into the New Asset Lease Framework Agreement on 12 December 2025 (after trading hours) relating to the renewal of the transactions contemplated under the Existing Property and Land Lease Framework Agreement and the Existing Asset Lease Framework Agreement to enter into the asset leases transactions contemplated thereunder for the lease term from 1 January 2026 to 31 December 2028.

Subject Matter

Pursuant to the New Asset Lease Framework Agreement, CSAH agreed to lease certain properties, equipment assets, land-use rights and underground parking lots located in various cities such as Shenyang, Dalian, Chaoyang, Beijing, Harbin, Changchun, Urumqi, Nanyang, Wuhan, Changsha, Guangzhou, Haikou and overseas locations held by CSAH or its subsidiaries to the Company. The details of which are set out in the tables below:

Properties, equipment assets and land use rights leased by CSAH or its subsidiaries (excluding the Company) to the Company

Location/ Type	**Quantity**	**Use**	**Aggregate floor area (square meter)**	**Aggregate annual rental (RMB '0,000)**
Properties				
Shenyang	22	Office, warehouse, garage, etc.	61,900	722.14
Chaoyang	1	Office	461.13	3.38
Dalian	16	Office, warehouse, garage, dormitory, residential, etc.	40,000	793.07
Harbin	20	Office, warehouse, garage, dormitory, ticket office, substation, etc.	27,700	332.76
Changchun	2	Office, garage, etc.	2,175.93	17.06
Urumqi	8	Office, warehouse, garage, duty office, commercial, etc.	48,790.68	1,662.75
Bishkek	1	residential	534.10	21.86
Beijing	3	commercial	13,800	1,219.50
Nanyang	51	Civil airport terminal, office, warehouse, garage, boiler	33,611.17	718.70

		room, fire brigade, etc.		
Wuhan	8	Industrial, office, commercial and service, etc.	8,800	221.24
Changsha	6	Residential and airport support	7,000	96.40
Guangzhou (excluding CSA Building)	4	Office	10,957.58	352.64
Haikou	1	Residential and commercial	1,219.08	184.47
Total	**143**	**-**	**256,949.67**	**6,345.97**
CSA Building				
Tower	-	Office	97,444.26	17,539.97
Podium	-	Office	24,364.00	4,385.52
Parking lots	919	Parking lots	-	1,017.12
Total	**919**	**-**	**121,808.26**	**22,942.61**
Facilities and other infrastructure				
Harbin	57	Drainage, water supply pipelines, heating networks, cable trenches, etc.	–	16.05
Dalian	10	Pipelines, power lines, roads, site areas, etc.	–	39.41
Nanyang	23	Drainage channels, lighting, pipework installations, etc.	–	3,512.80
Total	**90**	**–**	**–**	**3,568.26**
Equipment assets				
Machinery equipment	291	Equipment (e.g. venue lighting, communication and navigation equipment, high	-	207.79

		and low voltage power distribution equipment, firefighting equipment and others)		
Transportation equipment	11	Vehicles (e.g. commercial vehicle, aircraft tractors, sewage vehicles, shuttle bus and others)	-	21.39
Electronic equipment	94	Equipment (e.g. air conditioning, automatic vehicle identification system, stainless steel drill plate disinfection pool and others)	-	15.58
Total	**396**	**-**	**-**	**244.76**
Land Use Rights				
Shenyang	8	Industrial	134, 400	323. 91
Dalian	5	Commercial services	14, 400	155. 56
Chaoyang	1	Office	461. 13	0. 66
Harbin	8	Industrial, Office, Commercial-Residential, Commercial	255, 800	1, 411. 99
Changchun	2	Airport and Commercial	46, 100	325. 35
Urumqi	13	Industrial	516, 800	2, 202. 93
Nanyang	9	Civil Aviation, Airports and Commercial	1, 855, 906. 99	4, 711. 53
Wuhan	2	Commercial, service and	16, 532. 73	537. 63

		townhouse mixed-use development		
Guangzhou	9	Transportation, Freight and warehousing	132,000	1,860.96
Total	57	–	2,972,400.85	11,530.52

Annual Rental

The annual cap of annual aggregate amount of rent payable by the Company to CSAH under the New Asset Lease Framework Agreement for each of the three years ending 31 December 2026, 2027 and 2028 are respectively, RMB428.0482 million, RMB446.3212 million and RMB446.3212 million, which was determined with reference to the Rental Assessment Results.

In respect of the annual rental for the property, equipment assets and land of which land use rights is to be leased pursuant to the New Asset Lease Framework Agreement stated in the tables above, except for the office floors in the CSA Building and the parking lots in the CSA Building, the Company has engaged (1) Shenzhen Shilian Land Appraisal Co., Ltd. (深圳市世聯土地房地產評估有限公司), an independent PRC professional valuer, to conduct rental assessments of all the properties and lands contemplated under the New Asset Lease Framework Agreement other than the property located in Beijing, Shunyi District; (2) GuoZhongLian Asset Appraisal Land Real Estate Valuation Co., Ltd. (國眾聯資產評估土地房地產估價有限公司), an independent PRC professional valuer, to conduct rental assessments of the property located in Beijing, Shunyi District contemplated under the New Asset Lease Framework Agreement; and (3) Shanghai Shenwei Assets Evaluation Co., Ltd. (上海申威資產評估有限公司), an independent PRC professional valuer, to conduct rental assessments of all the equipment assets contemplated under the New Asset Lease Framework Agreement and to provide the Rental Assessment Results. The annual rental is determined after arm's length negotiation between the parties, based on the fair market rental of the relevant properties, equipment assets and lands and adjusted with reference to the Rental Assessment Results. In addition, CSAH agreed that the annual rental shall not be higher than the average prevailing market rental of properties, equipment assets and lands located at similar locations. The annual rental will be payable on a quarterly basis and will be funded by the internal resources of the Company.

For the rental assessments of the properties and lands other than the property located in Beijing, Shunyi District, a mixture of the comparative method, the residual method and value discount approach (a form of income approach) was applied by comparing to the referential rental transactions in the area where the properties and lands are located in and taking into account the economic income and potential economic income that can be yielded from those land use rights. For the rental assessments of the property located in Beijing, Shunyi District, a comparative method was applied by comparing to the referential rental transactions in the area where the Beijing, Shunyi District property is located in. For the rental assessments of all the equipment assets, a value discount approach was applied to equipment assets since economic income or potential economic income can be yielded from those equipment. The above standard for determining the rental is based on the assessment of the appraiser of the nature and market condition of the categories of assets and normal commercial terms determined in accordance with market rules and after arm's length negotiation; the parties consider that the pricing is reasonable and the agreement conforms to fair market conditions.

The annual rental for the office floors in the CSA Building and the parking lots in the CSA Building is determined after arm's length negotiation by the parties with reference to the annual rental for the offices and parking lots of the surrounding areas. The comparables used are set out in the table below:

The comparable office buildings:

Property	**Hongyu Builing (宏宇大厦)**	**Greenland Center (綠地中心)**
Use	Office	Office
Rental (RMB/square meter (construction floor area) /month)/ Decoration	130-170/ Decorated	140-180/ Decorated
Valuation Date	November 2025	November 2025

The comparable office buildings with parking lots:

Property	**Hongyu Builing (宏宇大厦)**	**Greenland Center (綠地中心)**
Charges	RMB1,200/month	RMB1,200/month

Historical Figures and Value of the Right-of-use Asset

As disclosed in the announcement of the Company dated 28 December 2022,and 27 December 2023, the maximum annual aggregate amount of rent payable by the Company to CSAH under the Existing Property and Land Lease Framework Agreement for each of the three years ending 31 December 2025 is RMB 105.40 million, for each of the two years ending 31 December 2025, the annual cap of the annual rent payable by the Company to the CSAH under the Existing Asset Lease Framework Agreement is RMB 334.9348 million.

The previous annual rental paid to CSAH by the Company under the Existing Property and Land Lease Framework Agreement for the two years ended 31 December 2024 and the 11 months ended 30 November 2025 are as follows:

Rental for previous years	**For the year ended 31 December**		**For the 11 months ended 30 November**
	2023*(audited)*	**2024***(audited)*	**2025** *(unaudited)*
Existing Property and Land Lease Framework Agreement	RMB78,460,700	RMB78,561,800	RMB77,573,300

The previous annual rental paid to CSAH by the Company under the Existing Asset Lease Framework Agreement for the year ended 31 December 2024 and the 11 months ended 30 November 2025 are as follows:

Rental for previous years	**For the year ended 31 December**	**For the 11 months ended 30 November**
	2024*(audited)*	**2025** *(unaudited)*
Existing Asset Lease Framework Agreement	RMB303,968,500	RMB312,674,900

The Group adopted IFRS 16 - "Leases" as at 1 January 2019, which forms part of the financial reporting standards applicable to the Group. Based on IFRS 16, which is the latest applicable financial reporting standard, each of the Proposed Transactions should be classified as a one-off connected transaction of the Company. According to IFRS 16, the Group, as the lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position of the Group. As such, each of the Proposed Transactions should be regarded as an acquisition of asset under the definition of transaction set out in rule 14.04(1)(a) of the Listing Rules. The aggregate value of the right-of-use asset recognised under the Proposed Transactions is RMB 1,195,328,700 (the "**Value of the Right-of-use Asset**"). The aggregate amount of lease liability recognised under the Proposed Transactions shall be the same as the Value of the Right-of-use Asset recognised. The Value of the Right-of-use Asset will be amortised over the lease period.

Reasons for and the Benefits of Entering into the New Asset Lease Framework Agreement

The Company has expanded its civil aviation business to locations where the lands and buildings, facilities and other infrastructure under the New Asset Lease Framework Agreement are situated at since November 2004. The purchase and/or transfer of such properties, equipment assets and the land use rights will involve the more time-consuming and costly process of transferring to the Company the relevant titles, ownership or land use rights relating thereto; whereas the renewal of the New Asset Lease Framework Agreement allows the Company to continue to use those properties, equipment assets and lands to operate its expanded civil aviation business at rents not higher than the prevailing market rates for similar properties, equipment assets and lands at similar locations. As these properties, equipment assets and lands are necessary for the daily business operation of the Company, it is necessary for the Company to enter into the New Asset Lease Framework Agreement so that the Company can continue its long-term cooperation with CSAH and that the Company can enjoy the convenience of accessing these properties, equipment assets and lands.

LISTING RULES IMPLICATIONS

CSAH is the controlling shareholder of the Company, directly and indirectly holding approximately 66.52% of the issued share capital in the Company as of the date hereof, and is therefore a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the New Asset Lease Framework Agreement constitute connected transactions for the Company under the Listing Rules.

The Board (including the independent non-executive Directors) considers that the terms of and transactions contemplated under the New Asset Lease Framework Agreement as well as the annual cap in respect thereof are fair and reasonable and are entered into on normal commercial terms or better, in the ordinary and usual course of business of the Company and in the interests of the Group and its Shareholders as a whole.

As the applicable percentage ratios (other than the profits ratio) for the Value of the Right-of-use Asset in respect of the transactions contemplated under the New Asset Lease Framework Agreement are on an annual basis exceeding 0.1% and less than 5%, the transactions contemplated under the New Asset Lease

Framework Agreement are only subject to the reporting, announcement and annual review requirements and are exempt from the shareholders' approval requirement under 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 New Asset Lease Framework Agreement and the transactions contemplated thereunder. All the remaining four Directors who were entitled to vote unanimously approved the above resolutions. The format and procedure for passing the resolutions were in compliance with the Company Law of the PRC and the articles of association of the Company.

GENERAL INFORMATION

The principal business activity of the Company is that of civil aviation.

CSAH is a state-owned enterprise established in the PRC. The principal business activity of CSAH is operating the Group and other enterprises which the Group invested in and which constitutes wholly state-owned assets and state-owned equity formed through the state's investments.

DEFINITIONS

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

"Board"	the board of Directors;
"Company"	China Southern Airlines Company Limited, a joint stock company incorporated in the PRC with limited liability, its H shares and A shares are listed on the Stock Exchange of Hong Kong and the Shanghai Stock Exchange respectively;
"CSA Building"	China Southern Air Building (中國南方航空大廈) located at No. 68 Qixin Road, Baiyun District, Guangzhou, Guangdong Province, the PRC;
"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;
"Directors"	directors of the Company;
"Existing Asset Lease Framework Agreement"	the asset lease framework agreement dated 27 December 2023 entered into between the Company and CSAH for a term of two years commencing from 1 January 2024 to 31 December 2025;
"Existing Property and Land Lease Framework Agreement "	the property and land lease framework agreement dated 28 December 2022 entered into between the Company and CSAH for a term of three years commencing from 1 January 2023 to 31 December 2025;

"Group"	the Company and its subsidiaries;
"IFRS 16"	the International Financial Reporting Standard 16 issued by the International Accounting Standards Board, which sets out the principles for the recognition, measurement, presentation and disclosure of leases;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"New Asset Lease Framework Agreement"	the new asset lease framework agreement dated 12 December 2025 entered into between the Company and CSAH for a term of three years from 1 January 2026 to 31 December 2028;
"PRC" or "China"	the People's Republic of China (other than, for the purpose of this announcement only, Hong Kong, Macau and Taiwan);
"Proposed Transactions"	the proposed lease transactions contemplated under the New Asset Lease Framework Agreement whereby CSAH would (i) lease certain properties located in various cities such as Shenyang, Dalian, Chaoyang, Beijing, Harbin, Changchun, Urumqi, Nanyang, Wuhan, Changsha, Guangzhou, Haikou and overseas locations held by CSAH or its subsidiaries to the Company, for the use of the Company's civil aviation and related business purposes; and (ii) by leasing the land use rights of certain land located in Shenyang, Dalian, Chaoyang, Harbin, Changchun, Urumqi, Nanyang, Wuhan and Guangzhou to the Company, for the use of the Company's civil aviation and related business purposes.;
"Rental Assessment Results"	the results of the rental assessment of the list of properties, equipment assets and lands contemplated under the New Asset Lease Framework Agreement conducted by (1) Shenzhen Shilian Land Appraisal Co., Ltd.（深圳市世聯土地房地產評估有限公司）, on the properties and lands (other than the property located in Beijing, Shunyi District); (2) GuoZhongLian Asset Appraisal Land Real Estate Valuation Co., Ltd. (國眾聯資產評估土地房地產估價有限公司) on the property located in Beijing, Shunyi Distract; and (3) Shanghai Shenwei Assets Evaluation Co., Ltd. (上海申威資產評估有限公司) on the equipment assets;
"RMB"	Renminbi, the lawful currency of the PRC; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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

Guangzhou, the People's Republic of China

12 December 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.