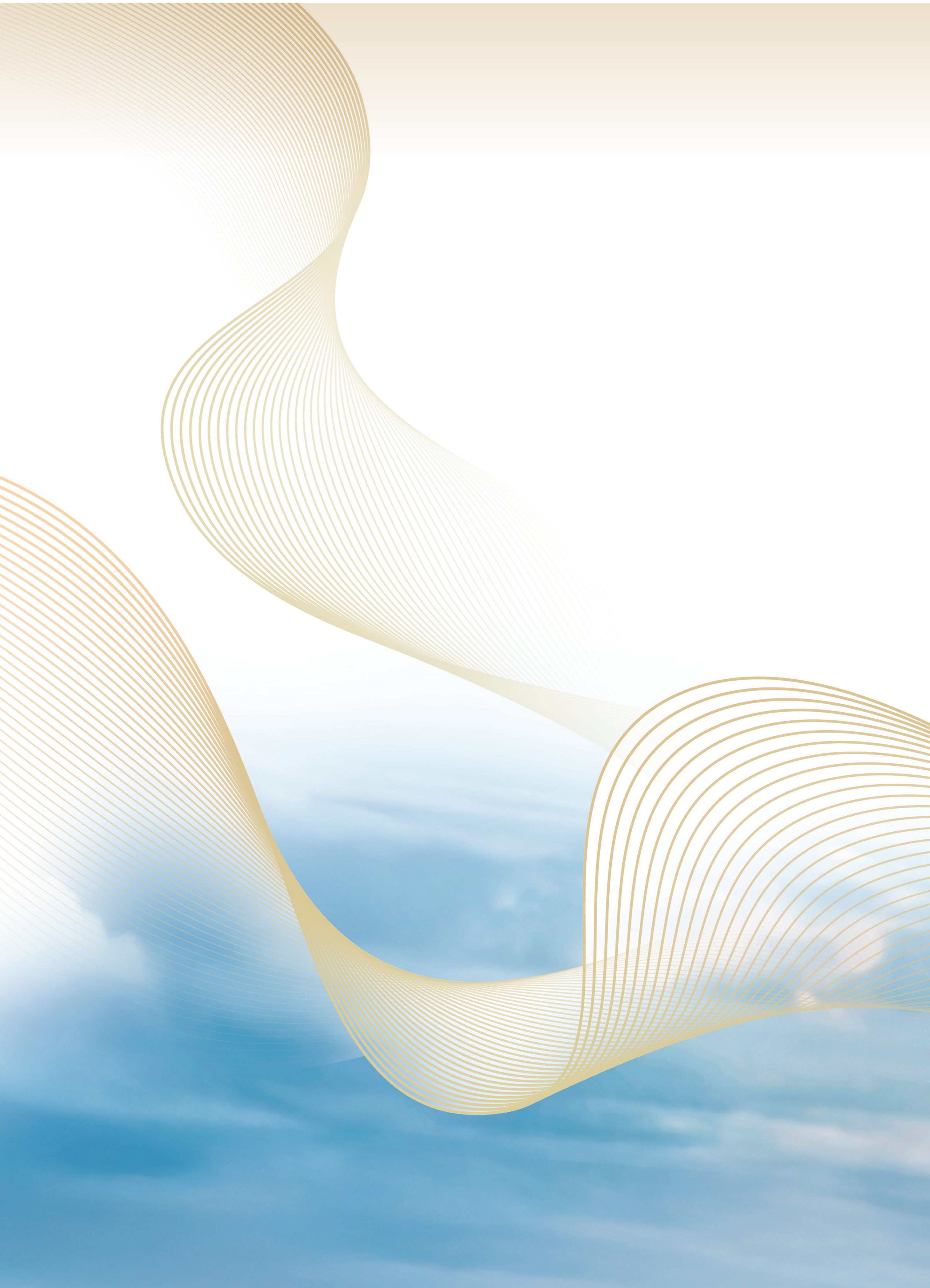
中国南方航空
CHINA SOUTHERN AIRLINES

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

2026
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 controlling 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 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:	The Export-Import Bank of China China Development Bank China Construction Bank China Minsheng Bank Industrial and Commercial 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

CORPORATE INFORMATION

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:	ShineWing Certified Public Accountants
Address of Domestic Auditors:	8/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC
Overseas Auditors:	SHINEWING (HK) CPA Limited
Address of Overseas Auditors:	17th Floor, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, 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 2026	January to June 2025	Increase/ (decrease) %
Operating revenue	94,679	86,291	9.72
(Loss)/profit before income tax	(2,034)	594	/
Net loss attributable to equity shareholders of the Company	(3,699)	(1,534)	141.13
Net cash generated from operating activities	10,450	11,674	(10.48)

	30 June 2026	31 December 2025	Increase/ (decrease) %
Equity attributable to equity shareholders of the Company	30,328	35,792	(15.27)
Total assets	363,925	350,053	3.96

(II) Principal Financial Indicators

	January to June 2026	January to June 2025	Increase/ (decrease) %
Basic loss per share (expressed in RMB per share)	(0.20)	(0.08)	150.00
Diluted loss per share (expressed in RMB per share)	(0.22)	(0.08)	175.00

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		Equity attributable to equity shareholders of the Company	
	January to June 2026	January to June 2025	**30 June 2026**	31 December 2025
Amounts under PRC GAAP	**(3,696)**	(1,533)	**30,119**	35,580
Adjustments under IFRS Accounting Standards:				
Capitalisation of exchange difference of specific loans (a)	**(4)**	(2)	**(2)**	2
Government grants (b)	**–**	–	**(1)**	(1)
Adjustment arising from the Company's business combination under common control (c)	**–**	–	**237**	237
Income tax effect of the above adjustments	**1**	1	**2**	1
Effect of the above adjustments on non-controlling interests	**–**	–	**(27)**	(27)
Amounts under IFRS Accounting Standards	**(3,699)**	(1,534)	**30,328**	35,792

(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 that 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.

III. MAJOR CHARGES ON ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2026, the Group's property, plant and equipment with an aggregate net book value of approximately RMB2,223 million (as at 31 December 2025: RMB1,888 million) was pledged to secure those bank loans.

As at 30 June 2026, the Group had capital commitments of approximately RMB172,735 million (as at 31 December 2025: RMB118,850 million). Of such amounts, approximately RMB163,155 million was for acquisition of aircraft, engines and related flight equipment, RMB83 million was for investment commitments and RMB9,497 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.

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 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.)

Ma Xu Lun
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Safe Flight
1.627 *Million Hours*

Cargo and Mail Traffic Volume
0.9433 *Million Tonnes*

Passenger Traffic Volume
83.1667 *Million Passengers*

The Top Award for Flight Safety from the CAAC
"Three-Star Diamond Award for Flight Safety"

Nine-Time Consecutive Winner
Civil Aviation Passenger Service Evaluation *(CAPSE)*
"Best Airline of the Year"

(II) Industry Summary

During the reporting period, China's civil aviation industry has made sound plans for high-quality development, actively responded to various risks and challenges, fully leveraged its strategic role, and maintained an overall safe and stable development trajectory. During the reporting period, the total traffic volume, passenger traffic volume and cargo and mail traffic volume of China's civil aviation were 83.37 billion tonne-kilometers, 380 million passengers and 5.073 million tonnes, respectively, representing year-on-year increases of 6.4%, 1.0% and 6.0%, respectively.

Han Wen Sheng
Vice chairman and president

II. ANALYSIS ON THE CORE COMPETITIVENESS

The Company fully recognizes that strengthening core functions and enhancing core competitiveness is a critical requirement for accelerating the development of a world-class enterprise, and also the fundamental underpinning for us to respond to all changes in the external environment and achieve sustainable and healthy development. During the reporting period, the Company remained committed to its goal of building a world-class air transport enterprise, and fully implemented the overall high-quality development approach of “adhering to five concepts of development, implementing five strategies, promoting six campaigns and achieving six transformations”. Its core competitiveness has been continuously enhanced through dynamic optimization and systematic improvement, which is mainly reflected in the following six aspects: “a sustainable and high-quality foundation for safe operations”, “scaled and group-based global resource deployment”, “multi-point coordination and a dual-engine-driven hub network strategy”, “a lean, efficient and excellence-driven operational core”, “striving for the world’s first-class brand service with affinity and refinement”, and “a technology innovation ecosystem delivering outcomes and industry leadership”.

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

During the reporting period, China’s economy demonstrated a development trend with new growth drivers and an optimized structure. The GDP was RMB69.6 trillion, representing a year-on-year growth of 4.7%, showing strong vitality and resilience, which provided robust support for air travel demand. China’s civil aviation industry maintained a safe and steady development trend, with a total traffic volume of 83.37 billion tonne-kilometres, a passenger traffic volume of 380 million and a cargo and mail traffic volume of 5.073 million tonnes, representing a year-on-year increase of 6.4%, 1.0% and 6.0%, respectively.

Nevertheless, the industry faced increasing uncertainties in the external environment, and the operating pressures on airlines remain considerable. In the face of a complex and challenging external environment and unforeseen external impacts, the Group stood united and forged ahead with determination. While actively responding to changes, it exercised overall coordination over safe production and operations, which has brought about new developments and effective outcomes in various tasks.

1. Overall Stable and Controllable Safety Profile

During the reporting period, the Group took concrete actions to ensure “absolute safety in two key areas”, and deeply advanced the three-year action plan to address root causes and strengthen safety production foundations, maintaining a stable safety profile. We further integrated the Seven Safety Systems with the Safety Management System to align safety management requirements with operational rules at the grassroots level and information flow channels, and issued safety responsibility checklists and key performance indicators for critical positions. We strengthened the capacity building of our professional teams, conducted hazard perception training programs and competency assessments for maintenance personnel, and organized scenario-based emergency drills and cross-departmental joint exercises. We also developed AI application scenarios and enabling pathways, and advanced the development of intelligent flight risk management projects. During the reporting period, the Group achieved 1.627 million hours of safe flight, maintaining its leading position in safety on an ongoing basis.

2. Powerful and Effective Operation Management

During the reporting period, the Group responded to operational challenges with composure and formulated corresponding countermeasures. In terms of passenger transport, we dynamically optimized capacity based on the principle of precise supply-demand matching; exerted full efforts to secure slot resources and actively expanded sixth freedom rights; and optimized passenger demand forecasting and production-investment management models to enhance core competitiveness. In terms of cargo transport, we flexibly adjusted the deployment of freighter capacity and implemented a fuel-linked pricing mechanism; strengthened network-wide connectivity to improve the loading efficiency of belly-hold capacity and the return-trip cargo volume; further expanded cooperation with foreign airlines and actively explored cooperation models for cross-border aviation logistics; and accelerated the promotion of large-scale transportation of battery-powered goods, with the transportation volume increasing by 169.5% year-on-year. We implemented comprehensive and strict cost control, established a three-tier accountability system for cost management, and focused on optimizing evaluation indicators for the input-output ratio, thereby ensuring that cost responsibilities were assigned to specific positions and individuals.

3. Sustained Improvement in Operational Services

During the reporting period, the Group steadily improved its operational quality, with its brand image continuing to strengthen. We improved our three-tier collaborative operation mechanism and standardized business coordination processes for pre-decision-making, route amendment, and slot adjustment; established a taxiing management system covering all aircraft types and optimized stopover connections; and developed a "one aircraft, one strategy (一機一策)" management and control system for aircraft maintenance, achieving a fleet-wide dispatch reliability rate of 99.9%. The flight punctuality rate from passengers' perspective increased by 2.4 percentage points year-on-year. We strengthened core business capabilities in service delivery management and customer issue management, resulting in a year-on-year improvement in both the passenger Net Promoter Score and overall passenger satisfaction. We improved operational processes for irregular flight handling and established an early-warning mechanism for flight overbooking. Our "Boarding in 15 minutes (一刻登機)" service was rolled out across 230 routes.

4. Continued Deepening of Strategic Management

During the reporting period, the Group continued to improve its strategic management system and made solid progress in implementing its strategies. We commenced the formulation of the "15th Five-Year" development plan and 15 sub-plans, and solidly advanced a new round of optimization of the five major structural adjustments. We further deepened our three-tier strategic management and implemented a routine mechanism for advancing business strategies. We optimized the hub network evaluation system, with transit passenger volumes at Guangzhou hub and Beijing hub increasing by 25.7% and 18.4% year-on-year, respectively. We established a work mechanism for serving major national regional strategies and promoting high-quality regional development. We actively pursued the establishment of a presence at new airports in Guangzhou, Nantong and other locations, and built the China Southern Airlines Smart Park operation management platform.

5. Continued Deepening of Reform and Development

During the reporting period, the Group pursued industrial innovation through technological innovation, and achieved new breakthroughs in deepening reform. We established an innovation workshop, implemented assessment measures for technological innovation, and reinforced the responsibility for scientific and technological innovation among key units. We intensified our efforts in tackling key technological challenges, with the "Tian Ce (天策)" aviation solver achieving key breakthroughs, and the development of the C909 simulator being selected as a key project by the NDRC. We revised the Administrative Measures for the Authorization of the Board (董事會授權管理辦法), optimized differentiated performance evaluation for the boards of directors of our subsidiaries, and launched the "AI + Board" project to empower Directors in performing their duties. We improved the total compensation control mechanism and built a differentiated incentive mechanism; and improved the market-oriented accounting system and optimized the evaluation system for service assurance efficiency.

6. Continued Commitment to Social Responsibility

During the reporting period, the Group actively fulfilled its social responsibilities and continued to advance rural revitalization and employee care initiatives. We organized training programs to foster innovation and efficiency among young people; and continued to improve its EAP mental health service system, regularly carrying out activities such as mental health science popularisation. We strengthened systematic planning and improved our assistance mechanism; enhanced the role of the aviation sector in promoting local cultural and tourism development, creating a new paradigm for "aviation + cultural tourism" industrial assistance; and continued to broaden sales channels through the "aviation + consumption assistance" model, helping to bring supported products to wider markets.

IV. SUMMARY OF OPERATING DATA

	For the six months ended 30 June 2026	2025	Increase/(decrease) %
Traffic			
Revenue passenger kilometers (RPK) (million)			
Domestic	**115,399.05**	115,714.76	(0.27)
Hong Kong, Macau and Taiwan	**1,319.30**	1,266.51	4.17
International	**46,608.20**	41,140.20	13.29
Total:	**163,326.55**	158,121.47	3.29
Revenue tonne kilometers (RTK) (million)			
Domestic	**10,913.00**	10,984.92	(0.65)
Hong Kong, Macau and Taiwan	**133.47**	124.97	6.81
International	**8,314.65**	7,623.68	9.06
Total:	**19,361.12**	18,733.56	3.35
RTK – Passenger (million)			
Domestic	**10,119.53**	10,154.02	(0.34)
Hong Kong, Macau and Taiwan	**116.29**	111.23	4.56
International	**4,098.63**	3,617.38	13.30
Total:	**14,334.45**	13,882.62	3.25
RTK – Cargo (million)			
Domestic	**793.47**	830.90	(4.50)
Hong Kong, Macau and Taiwan	**17.18**	13.74	25.00
International	**4,216.02**	4,006.30	5.23
Total:	**5,026.67**	4,850.94	3.62
Passengers carried (thousand)			
Domestic	**70,983.47**	72,371.15	(1.92)
Hong Kong, Macau and Taiwan	**941.59**	895.51	5.15
International	**11,241.66**	10,060.83	11.74
Total:	**83,166.72**	83,327.49	(0.19)
Cargo and mail carried (thousand tonnes)			
Domestic	**454.34**	474.76	(4.30)
Hong Kong, Macau and Taiwan	**15.95**	12.94	23.28
International	**473.03**	453.27	4.36
Total:	**943.32**	940.97	0.25

	For the six months ended 30 June		Increase/(decrease)
	2026	2025	%
Capacity			
Available seat kilometres (ASK) (million)			
Domestic	135,457.55	134,378.09	0.80
Hong Kong, Macau and Taiwan	1,640.06	1,628.92	0.68
International	55,401.28	49,001.48	13.06
Total:	192,498.89	185,008.49	4.05
Available tonne kilometres (ATK) (million)			
Domestic	14,863.66	14,999.69	(0.91)
Hong Kong, Macau and Taiwan	191.47	186.41	2.71
International	11,826.25	10,890.11	8.60
Total:	26,881.38	26,076.20	3.09
ATK – Passenger (million)			
Domestic	12,191.18	12,094.03	0.80
Hong Kong, Macau and Taiwan	147.61	146.60	0.68
International	4,986.12	4,410.13	13.06
Total:	17,324.90	16,650.76	4.05
ATK – Cargo (million)			
Domestic	2,672.48	2,905.66	(8.02)
Hong Kong, Macau and Taiwan	43.86	39.81	10.19
International	6,840.13	6,479.97	5.56
Total:	9,556.48	9,425.44	1.39

	For the six months ended 30 June 2026	2025	Increase/(decrease) percentage point
Load factor			
Passenger load factor (RPK/ASK) (%)			
Domestic	**85.19**	86.11	(0.92)
Hong Kong, Macau and Taiwan	**80.44**	77.75	2.69
International	**84.13**	83.96	0.17
Average:	**84.85**	85.47	(0.62)
Overall load factor (RTK/ATK) (%)			
Domestic	**73.42**	73.23	0.19
Hong Kong, Macau and Taiwan	**69.71**	67.04	2.67
International	**70.31**	70.01	0.30
Average:	**72.02**	71.84	0.18

	For the six months ended 30 June 2026	2025	Increase/(decrease) %
Yield			
Yield per RPK (RMB)			
Domestic	**0.49**	0.47	4.26
Hong Kong, Macau and Taiwan	**0.81**	0.68	19.12
International	**0.48**	0.43	11.63
Average:	**0.49**	0.46	6.52
Yield per RFTK (RMB)			
Domestic	**0.90**	0.83	8.43
Hong Kong, Macau and Taiwan	**7.10**	8.38	(15.27)
International	**2.36**	2.07	14.01
Average:	**2.14**	1.87	14.44
Yield per RTK (RMB)			
Domestic	**5.20**	5.04	3.17
Hong Kong, Macau and Taiwan	**8.92**	7.81	14.21
International	**3.89**	3.39	14.75
Average:	**4.66**	4.39	6.15
Cost			
Operating expenses per ATK (RMB)	**3.70**	2.96	25.00
Flight Volume			
Kilometers flown (million)	**1,047.69**	1,014.95	3.23
Hours flown (thousand)			
Domestic	**1,248.55**	1,249.49	(0.08)
Hong Kong, Macau and Taiwan	**13.39**	13.87	(3.45)
International	**365.50**	336.94	8.48
Total:	**1,627.44**	1,600.30	1.70
Number of flights (thousand)			
Domestic	**488.96**	492.64	(0.75)
Hong Kong, Macau and Taiwan	**5.63**	5.91	(4.64)
International	**70.20**	65.59	7.04
Total:	**564.79**	564.14	0.12

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.

V. SUMMARY OF FLEET DATA

As at 30 June 2026, 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	7	13	0	4.8	0	0	**20**
A330 Series	12	13	0	10.3	0	0	**25**
A320 Series	164	104	143	9.1	9	6	**411**
B787 Series	15	16	9	8.2	1	4	**40**
B777 Series	7	8	0	9.7	0	0	**15**
B737 Series	168	59	164	10.9	6	8	**391**
C919	0	11	0	0.9	3	0	**11**
C909	8	32	0	3.5	0	0	**40**
Freighter							
B777 Series	14	5	0	10.0	0	0	**19**
B737 Series	0	0	1	19.9	0	0	**1**
Total	**395**	**261**	**317**	**9.4**	**19**	**18**	**973**

As at 30 June 2026, except for the new commitment to purchase 137 A320NEO family aircrafts (subject to the passing of relevant resolution of a general meeting of the Company), 5 B777-8F aircrafts and 2 B777F aircrafts during the reporting period, details of which are disclosed in the announcements of the Company dated 29 April 2026 and 26 June 2026 respectively, 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 2025 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 2026	January to June 2025	Increase/(decrease) %
Operating revenue	94,679	86,291	9.72
Operating expenses	99,327	84,884	17.01
Net cash generated from operating activities	10,450	11,674	(10.48)
Net cash used in investing activities	(15,847)	(4,406)	259.67
Net cash from/(used in) financing activities	4,586	(7,556)	/

(II) Operating Revenue Analysis

In the first half of 2026, the Group recorded operating revenue of RMB94,679 million, representing a year-on-year increase of 9.72%. Among which, traffic revenue was RMB90,244 million, representing a year-on-year increase of 9.85%, mainly due to the increase of passenger revenue and cargo and mail revenue. Passenger revenue was RMB79,471 million, representing a year-on-year increase of 8.76%, which was mainly due to the year-on-year increase in passenger traffic volume on international routes during the reporting period. Cargo and mail revenue was RMB10,773 million, representing a year-on-year increase of 18.65%, mainly resulted from the increase of cargo and mail traffic volume during the reporting period. Revenue from other businesses was RMB4,435 million, representing a year-on-year increase of 7.15%, mainly due to an increase in ground services income during the reporting period.

Unit: RMB million

Items	January to June 2026	January to June 2025	Increase/(decrease) %
Traffic revenue	90,244	82,152	9.85
Including: Passenger	79,471	73,072	8.76
Cargo and mail	10,773	9,080	18.65
Other operating revenue	4,435	4,139	7.15
Total operating revenue	94,679	86,291	9.72

Passenger Revenue by Region

Unit: RMB million

Items	January to June 2026	January to June 2025	Increase/(decrease) %
Domestic	56,028	54,667	2.49
International	22,375	17,551	27.49
Hong Kong, Macau and Taiwan	1,068	854	25.06
Total	79,471	73,072	8.76

Cargo and Mail Revenue by Region

Unit: RMB million

Items	January to June 2026	January to June 2025	Increase/(decrease) %
Domestic	712	691	3.04
International	9,939	8,274	20.12
Hong Kong, Macau and Taiwan	122	115	6.09
Total	10,773	9,080	18.65

(III) Operating Expenses Analysis

Operating expenses	January to June 2026 RMB million	January to June 2026 Percentage (%)	January to June 2025 RMB million	January to June 2025 Percentage (%)	Increase/ (decrease) (%)
Flight operation expenses	50,910	51.25	40,662	47.90	25.20
Maintenance expenses	8,177	8.23	6,958	8.20	17.52
Aircraft and transportation service expenses	16,123	16.23	15,213	17.92	5.98
Promotion and selling expenses	3,942	3.97	3,357	3.96	17.43
General and administrative expenses	2,235	2.25	2,125	2.50	5.18
Depreciation and amortisation	16,136	16.25	14,933	17.59	8.06
Others	1,804	1.82	1,636	1.93	10.27
Total operating expenses	99,327	100.00	84,884	100.00	17.01

Total operating expenses in the first half of 2026 amounted to RMB99,327 million, representing an increase of RMB14,443 million or 17.01% as compared to the first half of 2025. Total operating expenses accounted for 104.91% of total operating revenue, representing an increase of 6.54 percentage points as compared to the same period last year.

Flight operation expenses, which accounted for 51.25% of the total operating expenses, increased by 25.20% to RMB50,910 million as compared to the same period last year, mainly due to the surge in fuel costs caused by the impact of high and volatile oil prices in the first half of the year.

Maintenance expenses, which accounted for 8.23% of total operating expenses, increased by 17.52% to RMB8,177 million as compared to the same period last year, mainly due to the increase in flight hours and, in line with maintenance plans, a corresponding increase in maintenance expenses.

Promotion and selling expenses, which accounted for 3.97% of total operating expenses, increased by 17.43% to RMB3,942 million as compared to the same period last year, mainly due to the increase in agency commissions and computer reservation services expenses.

Aircraft and transportation service expenses accounted for 16.23% of total operating expenses; general and administrative expenses accounted for 2.25% of total operating expenses; depreciation and amortisation accounted for 16.25% of total operating expenses; and other expenses accounted for 1.82% of total operating expenses, the amounts of which remained relatively stable as compared to the same period last year respectively.

(IV) Cash Flow Analysis

In the first half of 2026, the Group recorded a net cash inflow from operating activities of RMB10,450 million, representing a decrease of 10.48% from RMB11,674 million in the same period of last year. Net cash used in investing activities was RMB15,847 million, representing an increase of 259.67% as compared to RMB4,406 million in the same period of last year, mainly due to the increase in cash paid for the purchase and construction of assets during the reporting period. The net cash inflow from financing activities was RMB4,586 million, compared to cash outflow of RMB7,556 million in the same period of last year, mainly because the increase in borrowings exceeded the amount of debt repayments during the reporting period. As at 30 June 2026, the cash and cash equivalents of the Group amounted to RMB8,588 million, which decreased by 8.66% as compared to 31 December 2025.

(V) Liquidity, Financial Resources and Capital Structure

1. Analysis on Assets and Liabilities Structure

Unit: RMB million

	30 June 2026	**Percentage of total assets/ liabilities (%)**	31 December 2025	Percentage of total assets/liabilities (%)	Increase/ (decrease) (%)	Change of percentage point of total assets/ liabilities
Construction in progress	**30,432**	**8.36**	23,944	6.84	27.10	1.52
Trade receivables	**5,688**	**1.56**	3,815	1.09	49.10	0.47
Borrowings – current	**92,915**	**29.74**	86,063	29.19	7.96	0.54
Borrowings – non-current	**57,554**	**18.42**	48,216	16.36	19.37	2.07

As at 30 June 2026, total assets of the Group amounted to RMB363,925 million, representing an increase of 3.96% as compared to 31 December 2025, among which, current assets were RMB44,224 million, accounting for 12.15% of the total assets, while non-current assets were RMB319,701 million, accounting for 87.85% of the total assets. Construction in progress amounted to RMB30,432 million, accounting for 8.36% of the total assets, representing an increase of 27.10% as compared to 31 December 2025, mainly due to increased payments for purchasing aircraft, engines, and other assets. Trade receivables amounted to RMB5,688 million, accounting for 1.56% of the total assets, representing an increase of 49.10% as compared to 31 December 2025, mainly due to the increase of air ticket receivables during the reporting period. Current borrowings amounted to RMB92,915 million, accounting for 29.74% of the total liabilities, representing an increase of 7.96% as compared to 31 December 2025, mainly due to the issuance of super & short-term commercial paper during the reporting period. Non-current borrowings amounted to RMB57,554 million, accounting for 18.42% of the total liabilities, representing an increase of 19.37% as compared to 31 December 2025, mainly due to the increase in long-term borrowings during the reporting period.

As at 30 June 2026, total liabilities of the Group amounted to RMB312,444 million, representing an increase of 5.98% as compared to the beginning of the period, among which, current liabilities were RMB162,296 million, accounting for 51.94% of the total liabilities; non-current liabilities were RMB150,148 million, accounting for 48.06% of the total liabilities.

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

Unit: RMB million

	30 June 2026		31 December 2025		Increase/ (decrease)
	Amount	Proportion (%)	Amount	Proportion (%)	(%)
USD	32,942	12.93	31,499	13.21	4.58
RMB	220,871	86.70	205,683	86.27	7.38
Others	953	0.37	1,242	0.52	(23.27)
Total	254,766	100.00	238,424	100.00	6.85

Net exchange gain of RMB1,005 million was recorded by the Group in the first half of 2026, as compared with a net exchange loss of RMB116 million in the corresponding period of last year, mainly due to the impact of fluctuations in the exchange rate of Renminbi against the USD during the reporting period.

2. Debt Paying Ability Analysis

As at 30 June 2026, the Group's debt ratio (total liabilities divided by total assets) was 85.85%, representing an increase of 1.63 percentage points as compared to 84.22% as at 31 December 2025. As at 30 June 2026, the Group's current ratio (current assets divided by current liabilities) was 27.25%, representing a decrease of 0.39 percentage points as compared to 31 December 2025. As at 30 June 2026, the Group has obtained credit facilities of approximately RMB552,018 million in aggregate granted by several domestic banks and other financial institutions, among which approximately RMB139,444 million has been utilised and the unutilised amount was approximately RMB412,574 million, which 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 2026, restricted deposits with banks and other financial institutions of the Group were approximately RMB117 million and property, plant and equipment with an aggregate net book value of approximately RMB2,223 million was pledged to secure those bank 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
Chongqing Airlines Company Limited	Air passenger and cargo transportation	No	Capital injection	4,500	91.47%	Yes	Investment in subsidiaries	Own funds	/	/	Equivalent to RMB4.5 billion have been fully paid-up	N/A	N/A	No	30 May 2026	http://www.sse.com.cn/

2. Major Non-equity Investment

On 29 April 2026, the Company and its controlling subsidiary, Xiamen Airlines, entered into agreements with Airbus S.A.S to purchase 137 A320NEO family aircrafts from Airbus S.A.S. For details, please refer to the announcement of the Company in relation to major transaction in relation to purchase of aircraft disclosed by the Company on 29 April 2026 on the website of the Stock Exchange.

On 26 June 2026, Cargo Company, a controlling subsidiary of the Company, entered into an agreement with The Boeing Company to purchase 2 B777F aircrafts and 5 B777-8F aircrafts from The Boeing Company, and secured the right to purchase 3 B777-8F aircrafts. For details, please refer to the announcement of the Company in relation to discloseable transaction in relation to purchase of aircraft disclosed by the Company on 26 June 2026 on the website of the Stock Exchange.

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	415	(101)	211	/	/	/	/	314
Derivatives	26	/	/	/	/	/	/	26
Others	2,854	37	(1)	/	/	(1,257)	/	1,634
Total	3,295	(64)	210	/	/	(1,257)	/	1,974

(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
Shares	00696	TravelSky Technology Limited	33	/	415	(101)	211	/	/	/	314	Other equity instrument investments
Total	/	/	35	/	416	(101)	210	/	/	/	315	/

(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	224	23.0	21,798.49	26.2	109,854.8	11.6	3,721.69	19.2	38,908.09	23.8
Shantou Airlines	26	2.7	1,935.38	2.3	8,816.4	0.9	248.19	1.3	2,682.89	1.6
Zhuhai Airlines	16	1.6	1,485.56	1.8	6,362.6	0.7	218.05	1.1	2,396.30	1.5
Guizhou Airlines	23	2.4	2,266.38	2.7	14,798.1	1.6	323.74	1.7	3,420.19	2.1
Chongqing Airlines	32	3.3	2,827.89	3.4	16,051.0	1.7	430.55	2.2	4,586.72	2.8
Henan Airlines	32	3.3	2,795.93	3.4	17,206.5	1.8	388.52	2.0	4,123.20	2.5

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 RMB19,530 million, representing a year-on-year increase of 3.61%; and net profit of RMB35 million was recorded as compared with net profit of RMB431 million for the same period of the previous year. As at 30 June 2026, Xiamen Airlines' total assets amounted to RMB70,839 million, and net assets amounted to RMB21,434 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 RMB11,012 million, representing a year-on-year increase of 17.16%; and net profit of RMB1,906 million was recorded as compared with net profit of RMB1,601 million for the same period of the previous year. As at 30 June 2026, CSA Logistics' total assets amounted to RMB26,400 million, and net assets amounted to RMB21,734 million.

(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. Competition in the domestic market is becoming increasingly intense. If the Company fails to comprehensively build its core market competitiveness, strengthen the mechanisms and capabilities supporting its leading position in operations, and enhance its international operation and management capabilities, it may be unable to address the underlying issues constraining its competitiveness.

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.

(4) RISKS OF TECHNOLOGICAL INNOVATION AND DIGITALISATION

Digital transformation is an important initiative for developing new quality productive forces. If the Company fails to continuously improve its systems and mechanisms for technological innovation, strengthen efforts in major technological innovation initiatives, and accelerate digital transformation, its ability to enhance its core competitiveness may be affected.

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 risk variables other than exchange rate remain unchanged, the shareholders' equity of the Group will increase (or decrease) by RMB237 million and the net loss of the Group will decrease (or increase) by RMB237 million during the reporting period in the case of each and every 1% increase (or decrease) of the exchange rate of RMB to US dollar at 30 June 2026.

(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 RMB3,489 million for the reporting period.

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 (or decrease) of the Group's comprehensive capital cost during the reporting period would decrease (or increase) shareholders' equity of the Group by the amount of RMB359 million and increase (or decrease) net loss of the Group by the amount of RMB359 million during the reporting period. As at 30 June 2026, the gearing ratio (defined as total borrowings divided by total equity) of the Group was 292%.

(V) Business Plans for the Second Half of 2026

In the second half of 2026, the Group will stay confident and tackle challenges head-on. We will remain committed to building sustainable, high-quality safety capabilities, and make every effort to enhance operational effectiveness. The Group will also refine its brand management system, accelerate the execution of key strategic initiatives, and press ahead with a new round of deepening reforms.

1. Firmly Guarding the Safety Bottom Line

The Group will further enhance the construction of a safety management system to build sustainable, high-quality safety capabilities. We will accelerate the deep integration of the seven safety systems into daily operations, enhance the emergency management system, and strengthen the safety responsibility system. We will optimize the evaluation mechanism for responsibility performance, and promote the closed-loop management of responsibility definition, performance, and accountability. We will strengthen risk monitoring and early-warning capabilities, and advance the application of the core safety risk spectrum. We will strengthen safety technology innovation and application, accelerate the construction of the intelligent safety management system (ISMS), and promote the upgrades of the "Tian Tong (天瞳)", "Tian Ji (天極)", and "Tian Jian (天健)" systems. We will explore "AI + Safety" by strengthening the construction of safety large models and the development and application of intelligent agents to enhance safety management effectiveness.

2. Fully Improving Operational Effectiveness

The Group will fully seize opportunities in the passenger market, drive the transformation and development of logistics, and continue to carry out lean cost control measures. We will better align capacity with the market and exert full efforts to secure slot resources in high-demand markets. We will vigorously expand sixth freedom traffic rights and interline through-ticketing sales, while enhancing the integration and synergy of cross-market resources. We will strengthen precision marketing by offering product portfolios tailored to individual customer needs. On the cargo side, we will apply lean management to freighter operations and use revenue management models to optimize flight scheduling. We will accelerate the development of integrated logistics and build a full-chain capability system covering both upstream and downstream supply chain activities. We will expand our transportation of high-tech and sophisticated products such as temperature-controlled pharmaceuticals and high-end electronic equipment to create new business growth drivers. We will also promote measures such as direct flights to control jet fuel costs through lean operations.

3. Refining the Brand Management System

The Group will refine its brand management system to cover all processes and touchpoints, thereby improving service standards. We will enhance refined management capabilities, optimize route adjustments and flight rescheduling strategies under extreme weather conditions to reduce flight delays. We will improve the alignment of markets, flights, and aircraft models to enable more scientific flight scheduling and reduce the impact of aircraft model changes on passengers. We will strengthen passenger rights protection in areas including ticketing, complaint handling, and personal data security. We will review product standards and business processes from a full touchpoint customer perspective. We will develop signature services for China Southern Airlines by promoting brand featured products such as “Boarding in 15 minutes (一刻登機)”, “Pets in Cabin (寵物進客艙)” and “Cloud based Ba Duan Jin (雲上八段錦)”.

4. Accelerating the Implementation of Major Strategies

The Group will strive to reinforce its core competitiveness and expedite the execution of its major strategies. To further elevate the quality of our hub development, we will design differentiated hub products tailored to the geographical advantages and strategic positioning of each hub, while enhancing the convenience and reliability of transfer services. We will deepen a new round of optimization in the five major structural adjustments, with a continued optimization of our route structure to build a backbone network that delivers a competitive advantage. Concurrently, we will accelerate our digital and intelligent transformation by aligning our business architecture with IT architecture, and by innovating and refining our systems and mechanisms. We will also deepen the deployment of our “Tian Jian (天健)” system in pilot training and qualification management, and strengthen our AI-powered safety protection system.

5. Promoting a New Round of Deepening Reform

The Group will deepen market-oriented operating mechanisms and accelerate the cultivation of new quality productive forces. We will strengthen the responsibilities and capabilities of the Board in performing its duties and refine the construction of boards of directors of subsidiaries. We will deepen tenure-based and contractual management, refine the management and control of total remuneration, enrich special incentive models, and enhance the scientific rationality and incentive strength of remuneration distribution. We will strengthen incentives for core technological talent and major projects, and strengthen the building of a professional technical manager team. We will optimize the processes and rules for the transformation of technological achievements, build a scientific and technological innovation service platform to achieve the transformation of technological achievements. We will also intensify efforts in original technological research and development to deliver “China Southern Airlines Solutions（南航方案）” across next-generation information technology, aviation equipment, intelligent maintenance, and green and low-carbon sectors.

CORPORATE GOVERNANCE

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

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

Name	Position	Change	Reason
Cai Zhi Zhou	Executive Director	Elected	Other
Zhang Tao	Employee Director	Elected	Other
Liang Shuang	Executive Vice President	Appointed	Other
Qu Guang Ji	Executive Vice President	Resigned	Work Change
Li Zhi Gang	Chief Engineer	Resigned	Other

During the reporting period, the Company held the 2nd plenary meeting of the 6th session of the employee representative congress, and elected Mr. Zhang Tao as an Employee Director of the 10th session of the Board 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 24 January 2026. The Company held the first extraordinary general meeting of 2026 on 2 March 2026, and elected Mr. Cai Zhi Zhou as an Executive Director of the 10th session of the Board 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 3 March 2026. The Board of the Company held the 15th meeting of the 10th session of the Board on 29 April 2026, and appointed Mr. Liang Shuang as the Executive Vice President 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 30 April 2026.

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 2026 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 2025 was considered and approved at the 2025 annual general meeting of the Company held on 29 May 2026.

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 UNDER RULE 13.51B (1) OF THE LISTING RULES

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

Pansy Catilina Chiu King Ho ceased to act as the member of the Board of Trustees of Cultural Development Fund of the Macau Special Administrative Region Government.

Zhang Tao was appointed as a member of the Standing Committee of the 8th National Committee of the Civil Aviation Trade Union of China, and ceased to act as a member of the 7th National Committee of the Civil Aviation Trade Union of China.

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 IN THE EQUITY OF THE COMPANY

As at 30 June 2026, none of the Directors or chief executive 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.

VI. SHAREHOLDING OF DIRECTORS AND SENIOR MANAGEMENT

During the reporting period, there was no change in shareholding of current Directors and senior management of the Company or the Directors and senior management of the Company who resigned during the reporting period.

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

VII. EMPLOYEES

As at 30 June 2026, the Group had an aggregate of 108,380 employees (31 December 2025: 108,176). Staff cost of the Group during the reporting period amounted to RMB16,905 million (six months ended 30 June 2025: RMB15,840 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 2025 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 2026.

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 2026.

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 practises 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 2026, 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 Company Limited Shenyang Maintenance Base	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index

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 strengthened whole-process refined fuel-saving management with a focus on optimizing fleet structure, implementing the "Double Reduction One Minute (雙減一分鐘)" special work plan, improving single-engine taxiing, fuel-saving landing gear extension, flap retraction altitude, replacing APU with bridge-mounted equipment, and pilot application of sustainable aviation fuel, etc., achieving good fuel-saving results. The Company also continued to strengthen publicity, training and international exchanges, comprehensively building the "Green Flight" responsible brand, actively responding to the call of the Provincial Ecology and Environment Department, and coordinating and co-organizing the China-US Youth Climate Leaders event to vividly demonstrate the effectiveness of green and low-carbon development.

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 2025 under the European Union carbon trading scheme, and completed the carbon dioxide emission reporting and verification for 2025 of the Guangdong carbon trading scheme. We fully completed the carbon dioxide emission report and verification of civil aviation flight activities in 2025 by using the self-developed flight carbon emission data monitoring, reporting and verification system (MRV system).

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

During the reporting period, the Company supported and promoted the initiation of digital transformation projects related to green development, facilitated the practical application of green and low-carbon technological innovation results, and advanced the deployment and application of ecological environmental protection and carbon management systems 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 the quality and accuracy of the data.

5. Comprehensively Built A Professional System for Green and Low-carbon Development

During the reporting period, the Company improved its investment management system, integrated green and low-carbon factors into the investment decision-making system, controlled carbon emissions from the source, and promoted the greening and low-carbon transformation of industrial development. The Company organised a comprehensive review of the energy conservation and emission reduction management system, and compiled and released company-level management manuals, systematically covering key areas such as energy saving and carbon reduction, ecological environmental protection, resource recycling, and emergency response to environmental risks, further consolidating the institutional foundation for green and low-carbon development.

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. Carried Out Coordination and Innovation Exploration Actions

During the reporting period, the Company published the "2025 Sustainability (ESG) Report of China Southern Airlines Company Limited", marking the 19th consecutive year of voluntary disclosure of its performance results. In 2025, the S&P Global CSA score jumped from 20 to 39, demonstrating significant results in green transformation. The Company built a green procurement system, providing energy-saving and environmental protection products and a green supplier resource library for the Company's procurement, strengthened the green and low-carbon empowerment of suppliers, built a green and low-carbon supply chain, and promoted coordinated industrial development.

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 the year, focusing on the goal of "Year of Enhancing Assistance Work (幫扶工作提升年)", the Group strengthened top-level planning and institutional innovation, improved the new assistance mechanism, and carried out industrial assistance, consumption assistance, and talent assistance, so as to establish the "CSA Public Welfare – Rural Revitalisation" brand.

During the reporting period, the Group deepened the development of the "Science and Technology Backyard (科技小院)" and "Mingzhu Shared Farm (明珠共享農場)" in Pixina Township, Pishan County, completing the upgrading and renovation of equipment such as intelligent temperature control and automated irrigation pipelines. We invited university experts to provide practical training on techniques such as the cultivation of multi-coloured peanuts and red beets, as well as ecological goose farming, effectively improving farmers' management skills in crop and livestock production. We held special employee bazaar events for consumption assistance and held public welfare live-streaming events for agricultural assistance, expanding new sales channels for assistance products. We also organised a study trip for 30 outstanding young people from Pishan County to Yiwu to learn from the experience of developing village collective economies and cultivating the e-commerce industry, so as to enhance their industrial operation capabilities.

IMPORTANT MATTERS

I. UNDERTAKINGS

Undertakings given by CSAH, the controlling shareholder of the Company during the reporting period or existing to the reporting period are as follows:

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 operations, 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
	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

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	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
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

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 twelfth meeting of the tenth session of the Board of the Company held on 29 January 2026, the Board considered and approved the proposed appointment of ShineWing Certified Public Accountants as the Company's domestic auditor and internal control auditor for the year 2026 and SHINEWING (HK) CPA Limited as the Company's international auditor for the year 2026.

On 2 March 2026, the above-mentioned resolution was considered and passed at the first extraordinary shareholders' meeting in 2026

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, 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.

IX. MATERIAL CONNECTED TRANSACTIONS

(I) PROPOSED A SHARE ISSUANCE IN 2026

On 29 April 2026, the Board resolved to put forward to the general meeting to approve the issuance of not more than 5,436,289,835 new A Shares (including 5,436,289,835 A Shares) to not more than 35 specific investors (including CSAH) (the "**A Share Issuance**"), and as part of the A Share Issuance, to enter into the A Share subscription agreement with CSAH ("**A Share Subscription Agreement**"), pursuant to which CSAH will subscribe for new A Shares in the amount of not less than RMB5,000 million (including RMB5,000 million) and not more than RMB10,000 million (including RMB10,000 million). The total funds to be raised from the A Share Issuance will be not more than RMB15,000 million (including RMB15,000 million), which will be utilised to purchase new aircraft and supplement the general working capital of the Company, the expected timeline for the use of proceeds will be disclosed upon completion of the proposed A Share Issuance, in accordance with the requirements of the Listing Rules. The aggregate nominal value of the new A Shares to be issued under the A Share Issuance is not more than RMB5,436,289,835. The net price of each new A Share to be issued under the A Share Issuance will be determined and disclosed upon completion of the A Share Issuance, as well as the determination of the relevant expenses incurred or to be incurred in relation to the A Share Issuance in accordance with the requirements of the Listing Rules. The new A Shares to be issued pursuant to the A Share Issuance will be allotted and issued under the specific mandate sought from the independent shareholders by way of special resolution at the general meeting of the Company.

Save for CSAH who has entered into the A Share Subscription Agreement with the Company, the other specific investors for the A Share Issuance are yet to be identified. The other specific investors for the A Share Issuance include securities investment and fund management companies, securities companies, trust companies, financial companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal entity investors, natural person or other qualified investors that satisfy the requirements of CSRC. Securities investment and fund management company, securities company, qualified foreign institutional investor and Renminbi qualified foreign institutional investor subscribing for the Shares through more than two products under their management shall be regarded as one subscriber under the A Share Issuance. Trust companies, as subscribers under the A Share Issuance, are limited to use their own funds to subscribe for the Shares.

The price benchmark date of the A Share Subscription Price shall be the first day of the issuance period of the new A Shares ("**Price Benchmark Date**"). The subscription price of the A Shares to be issued and allotted under the A Share Issuance ("**A Share Subscription Price**") shall be not less than the higher of (i) 80% of the average trading price of the A Shares as quoted on the SSE in the 20 trading days immediately prior to the Price Benchmark Date, and (ii) the latest audited net asset value per Share attributable to equity shareholders of the Company prior to the issuance (rounded up to the nearest two decimal places) (the "**Subscription Base Price**"). The average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date. For illustrative purpose only, the closing price per A Share quoted on the SSE as at the date of Board resolutions approving the A Share Issuance (i.e. 29 April 2026) was RMB5.50.

Where there are any ex-right or ex-dividend events, including distribution of dividend, bonus issue, rights issue, and transfer to share capital from capital reserve, during the period from the balance sheet date of the Company's latest audited financial report to the date of issuance of such new A Shares, the abovementioned audited net asset value per Share will be adjusted accordingly.

Where there are ex-right or ex-dividend events including distribution of cash dividend, bonus issue and transfer to share capital from capital reserve during the period from the Price Benchmark Date to the date of issuance of the new A Shares, the A Share Subscription Price shall be adjusted in view of the ex-right or ex-dividend events. The adjustment methods are set out as follows:

(1) When distributing cash dividends only, the adjustment formula will be: $P1 = P0 - D$

(2) When issuing bonus shares or capitalising capital reserve, the adjustment formula will be: $P1 = P0/(1 + N)$

(3) When distributing cash dividends, issuing bonus shares or capitalising capital reserve were performed simultaneously, the adjustment formula will be: $P1 = (P0 - D)/(1 + N)$

whereas P1 represents the adjusted issue price, P0 represents the issue price before adjustment, D represents cash dividends per Share and N represents the number of bonus shares per Share or number of Shares resulting from capitalisation of capital reserve to be issued for each Share.

Based on the above Subscription Base Price, the final A Share Subscription Price will be determined by the Board or its authorised person(s) within the authorisation of the general meeting upon discussions with the sponsor (the lead underwriter) based on the subscription quotations in the market bidding process accordance with the relevant laws and regulations and the requirements of regulatory authorities after the A Share Issuance has been reviewed and approved by the Shanghai Stock Exchange and approved by the CSRC for registration.

The proceeds from the A Share Issuance, after deduction of expenses for issuance, will be used to purchase new aircraft and supplement the general working capital. This will help the Company continuously optimize its fleet structure and improve its capacity matching capabilities, providing strong support for the Company's efforts to serve national strategies and promote the construction of a modern civil aviation industry system during the 15th Five-Year Plan period. At the same time, the use of the proceeds raised will also help the Company optimize its capital structure, reduce its debt-to-asset ratio, promote the sustained growth of its principal business, and provide financial security for the Company's further stable operation, which is of significant strategic importance to achieving the Company's long-term sustainable development. As CSAH is the controlling shareholder of the Company, the subscription of CSAH for one-third to two-thirds of the total issue size of the Proposed A Share Issuance demonstrates to the market CSAH's strong recognition of the Company's long-term value and its confidence in the Company's future high-quality development. As CSAH is willing to inject further funding to the Company to show support to the Company, the Directors consider that it is in the interests of the Company to raise capital directly from CSAH and other specific investors by way of issuance to specific investors.

The A Share Subscription Agreement shall take effect after the satisfaction of the following conditions:

(1) the approval of the Board and the approval at the general meeting of the A Share Issuance under the A Share Subscription Agreement have been obtained;

(2) the approval by the board of directors of CSAH or the regulatory authority stipulated in the articles of association of CSAH of the subscription of the new A Shares by CSAH under the A Share Subscription Agreement has been obtained;

(3) all necessary licences, authorisations, permits, consents and other forms of approvals from the relevant approval authorities, including but not limited to the competent authorities supervising and managing the state-owned assets, for the A Share Issuance contemplated under the A Share Subscription Agreement have been obtained; and

(4) the A Share Issuance being reviewed and approved by the Shanghai Stock Exchange and being approved for registration by CSRC.

On 29 May 2026, the A Share Issuance was considered and approved at the Company's annual general meeting. As at the date of this report, the Company has received the "Exchange Review Opinion Regarding the Issuance of Shares to Specific Investors by China Southern Airlines Company Limited" 《關於中國南方航空股份有限公司向特定對象發行股票的交易所審核意見》 issued by the SSE. As at the date of this report, no A Shares have been issued pursuant to the A Share Issuance.

For details of the proposed A Share Issuance, please refer to the announcements of the Company dated 29 April 2026, 6 July 2026 and 13 August 2026 and the circular of the Company dated 14 May 2026.

(II) Related party credit and debt transaction

Nil.

(III) 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	30,000	0.55%-2.00%	14,740	304,719	305,109	14,350
Total	/	/	/	14,740	304,719	305,109	14,350

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	30,000	1.80%-2.00%	13,809	8,349	10,067	12,091
Total	/	/	/	/	8,349	10,067	12,091

3. Credit Business or 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	0.68
Finance Company	The same controlling shareholder	Comprehensive credit facilities	43,000	33,050

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 2025		Increase/(decrease) during January to June 2026	30 June 2026	
		Number of Shares	Percentage (%)		Number of Shares	Percentage (%)
I.	Shares subject to trading restrictions	0	0	0	0	0
II.	Shares not subject to trading restrictions					
	1. RMB ordinary shares	13,476,924,727	74.37	47,485	13,476,972,212	74.37
	2. Overseas-listed foreign shares	4,643,997,308	25.63	0	4,643,997,308	25.63
III.	Total number of shares	18,120,922,035	100.00	47,485	18,120,969,520	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 47,485 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

On 29 April 2026, the 15th meeting of the 10th session of the Board of the Company considered and approved the issuance by the Company of A shares to no more than 35 (including 35) specified investors meeting the conditions prescribed by the CSRC, including CSAH, with the total amount of funds to be raised not exceeding RMB15,000 million (inclusive of such amount). CSAH intends to subscribe in cash for the shares to be issued in this issuance, with the subscription amount being not less than RMB5,000 million (inclusive of such amount) and not more than RMB10,000 million (inclusive of such amount). For details, please refer to the Announcements of the Company published on the Stock Exchange on 29 April 2026.

On 29 May 2026, the 2025 annual general meeting of the Company considered and approved the above relevant matters. On 13 August 2026, the Company's application for the issuance of A shares to specified investors was reviewed and approved by the SSE. The Company will continue to perform its information disclosure obligations in accordance with the relevant regulations.

(V) Changes in Shares Subject to Trading Restrictions

Nil.

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 181,085.

(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	Number	Capacity of shareholders
China Southern Air Holding Company Limited	0	9,404,468,936	51.90	0	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	735,000	1,752,103,785	9.67	0	Unknown	–	Overseas legal entity
Hong Kong Securities Clearing Company Limited	7,657,012	603,387,706	3.33	0	Nil	0	Overseas legal entity
American Airlines, Inc.	0	270,606,272	1.49	0	Nil	0	Overseas legal entity
China National Aviation Fuel Group Corporation	0	205,196,056	1.13	0	Nil	0	State-owned legal entity
Spring Airlines Co., Ltd.	0	100,531,612	0.55	0	Nil	0	Domestic non-state-owned legal entity
Bank of China Limited – Huashang Runfeng Flexible Allocation Hybrid Securities Investment Fund	52,559,200	52,559,200	0.29	0	Nil	0	Other
Abu Dhabi Investment Authority – Own Funds	43,175,690	43,175,690	0.24	0	Nil	0	Overseas legal entity
China State-owned Enterprises Structural Adjustment Fund Co., Ltd.	(60,700)	39,821,051	0.22	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	9,404,468,936	RMB ordinary shares	9,404,468,936
Nan Lung Holding Limited	2,612,124,036	Overseas-listed foreign shares	2,612,124,036
HKSCC Nominees Limited	1,752,103,785	Overseas-listed foreign shares	1,752,103,785
Hong Kong Securities Clearing Company Limited	603,387,706	RMB ordinary shares	603,387,706
American Airlines, Inc.	270,606,272	Overseas-listed foreign shares	270,606,272
China National Aviation Fuel Group Corporation	205,196,056	RMB ordinary shares	205,196,056
Spring Airlines Co., Ltd.	100,531,612	RMB ordinary shares	100,531,612
Bank of China Limited – Huashang Runfeng Flexible Allocation Hybrid Securities Investment Fund	52,559,200	RMB ordinary shares	52,559,200
Abu Dhabi Investment Authority – Own Funds	43,175,690	RMB ordinary shares	43,175,690
China State-owned Enterprises Structural Adjustment Fund Co., Ltd.	39,821,051	RMB ordinary shares	39,821,051

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 an aggregate of 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

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

Nil.

(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 2026, to the best knowledge of the Directors and chief executive of the Company, the following persons (other than the Directors or chief executive 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%

* "L" stands for long positions.

Notes:

1. As at 30 June 2026, CSAH was directly interested in 9,404,468,936 A Shares of the Company.

2. As at 30 June 2026, 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.

3. As at 30 June 2026, 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.

4. American Airlines Group Inc. was deemed to be interested in 270,606,272 H Shares by virtue of its 100% control over American Airlines.

5. The percentage was calculated according to the relevant total issued A Shares of 13,476,972,212 A Shares, total issued H Shares of 4,643,997,308 H Shares and the total issued Shares of 18,120,969,520 Shares of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, so far as was known to the Directors and chief executive of the Company, no other person (other than the Directors or chief executive 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.

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

REPORT ON REVIEW OF INTERIM FINANCIAL 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 of China Southern Airlines Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 83, which comprises the consolidated statement of financial position as at 30 June 2026 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 other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34, "Interim financial reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with IAS 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 2026 is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The comparative consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six months period then ended 30 June 2025 and the relevant explanatory notes included in this interim financial report were extracted from the interim financial report of the Group for the six months period ended 30 June 2025 reviewed by another auditor who expressed an unmodified conclusion on that interim financial report on 28 August 2025.

The comparative consolidated statement of financial position as at 31 December 2025 and the relevant explanatory notes included in this interim financial report were extracted from the consolidated financial statements of the Group for the year ended 31 December 2025 audited by the same auditor who expressed an unmodified opinion on those consolidated financial statements on 30 March 2026.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
28 August 2026

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Operating Revenue			
Traffic revenue		**90,244**	82,152
Other operating revenue		**4,435**	4,139
Total operating revenue	4	**94,679**	86,291
Operating expenses			
Flight operation expenses		**50,910**	40,662
Maintenance expenses		**8,177**	6,958
Aircraft and transportation service expenses		**16,123**	15,213
Promotion and selling expenses		**3,942**	3,357
General and administrative expenses		**2,235**	2,125
Depreciation and amortisation		**16,136**	14,933
Others		**1,804**	1,636
Total operating expenses		**99,327**	84,884
Other net income	7	**2,849**	1,916
Operating (loss)/profit	9	**(1,799)**	3,323
Interest income		**221**	138
Interest expense	8	**(2,806)**	(2,792)
Exchange gain/(loss), net		**1,005**	(116)
Share of associates' results		**75**	(854)
Share of joint ventures' results		**415**	519
Changes in fair value of financial assets/liabilities, net		**855**	376
(Loss)/profit before income tax		**(2,034)**	594
Income tax	10	**(1,088)**	(1,427)
Loss for the period		**(3,122)**	(833)
(Loss)/profit attributable to:			
Equity shareholders of the Company		**(3,699)**	(1,534)
Non-controlling interests		**577**	701
Loss for the period		**(3,122)**	(833)
Loss per share	12		
Basic (expressed in RMB per share)		**(0.20)**	(0.08)
Diluted (expressed in RMB per share)		**(0.22)**	(0.08)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB million (Unaudited)	 2025 RMB million (Unaudited)
Loss for the period		**(3,122)**	(833)
Other comprehensive (expense)/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)	11	**(101)**	(2)
– Income tax effect of the above items	11	**25**	–
Items that are or may be reclassified subsequently to profit or loss:			
– Differences resulting from the translation of foreign currency financial statements	11	**(2)**	–
Other comprehensive expense for the period	11	**(78)**	(2)
Total comprehensive expense for the period		**(3,200)**	(835)
Total comprehensive (expense)/income for the period attributable to:			
Equity shareholders of the Company		**(3,742)**	(1,535)
Non-controlling interests		**542**	700
Total comprehensive expense for the period		**(3,200)**	(835)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	As at 30 June 2026 RMB million (Unaudited)	As at 31 December 2025 RMB million (Audited)
Non-current assets			
Property, plant and equipment, net	13	**118,878**	112,846
Construction in progress	14	**30,432**	23,944
Right-of-use assets	15	**143,532**	143,459
Goodwill		**237**	237
Interests in associates		**3,032**	2,987
Interests in joint ventures		**4,503**	4,647
Aircraft lease deposits		**306**	382
Other equity instrument investments		**314**	415
Other non-current financial assets		**56**	126
Derivative financial assets		**26**	26
Amounts due from related companies	21(c)	**28**	57
Deferred tax assets		**12,223**	12,378
Other assets		**6,134**	5,952
		319,701	307,456
Current assets			
Inventories		**4,263**	3,298
Trade receivables	16	**5,688**	3,815
Other receivables		**22,067**	21,852
Cash and cash equivalents		**8,588**	9,402
Restricted bank deposits		**117**	154
Prepaid expenses and other current assets		**921**	797
Other financial assets		**1,633**	2,853
Amounts due from related companies	21(c)	**947**	426
		44,224	42,597
Current liabilities			
Derivative financial liabilities		**147**	965
Borrowings	17	**92,915**	86,063
Lease liabilities		**19,699**	19,372
Trade and bills payables	18	**7,214**	6,003
Contract liabilities		**2,023**	1,938
Sales in advance of carriage		**9,163**	8,796
Current income tax		**354**	410
Amounts due to related companies	21(c)	**649**	488
Accrued expenses		**22,991**	21,938
Other liabilities		**7,141**	8,150
		162,296	154,123
Net current liabilities		**(118,072)**	(111,526)
Total assets less current liabilities		**201,629**	195,930

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	As at 30 June 2026 RMB million (Unaudited)	As at 31 December 2025 RMB million (Audited)
Non-current liabilities			
Borrowings	17	**57,554**	48,216
Lease liabilities		**84,594**	84,765
Other non-current liabilities		**1,666**	1,800
Provision for major overhauls		**5,363**	5,064
Deferred benefits and gains		**951**	814
Deferred tax liabilities		**20**	21
		150,148	140,680
Net assets		**51,481**	55,250
Capital and reserves			
Share capital		**18,121**	18,121
Reserves		**12,207**	17,671
Total equity attributable to equity shareholders of the Company		**30,328**	35,792
Non-controlling interests		**21,153**	19,458
Total equity		**51,481**	55,250

Approved and authorised for issue by the Board of Directors on 28 August 2026.

Ma Xu Lun
Director

Han Wen Sheng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to equity shareholders of the Company							
	Share capital RMB million	Share premium RMB million (Note 19(b))	Fair value reserve (non-recycling) RMB million (Note 19(b))	Other reserves RMB million (Note 19(b))	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2025 (audited)	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:								
(Loss)/profit for the period	–	–	–	–	(1,534)	(1,534)	701	(833)
Other comprehensive expense	–	–	(1)	–	–	(1)	(1)	(2)
Total comprehensive (expense)/ income for the period	–	–	(1)	–	(1,534)	(1,535)	700	(835)
Capital injection from non-controlling interests	–	–	–	–	–	–	4	4
Balance at 30 June 2025 and 1 July 2025 (unaudited)	18,121	52,251	163	3,076	(40,203)	33,408	18,597	52,005
Changes in equity for the six months ended 31 December 2025:								
Profit for the period	–	–	–	–	2,389	2,389	1,127	3,516
Other comprehensive expense	–	–	(4)	(1)	–	(5)	(5)	(10)
Total comprehensive (expense)/ income for the period	–	–	(4)	(1)	2,389	2,384	1,122	3,506
Distributions to non-controlling interests	–	–	–	–	–	–	(257)	(257)
Capital injection from non-controlling interests	–	–	–	–	–	–	(4)	(4)
Balance at 31 December 2025 and 1 January 2026 (audited)	18,121	52,251	159	3,075	(37,814)	35,792	19,458	55,250
Changes in equity for the six months ended 30 June 2026:								
(Loss)/profit for the period	–	–	–	–	(3,699)	(3,699)	577	(3,122)
Other comprehensive expense	–	–	(42)	(1)	–	(43)	(35)	(78)
Total comprehensive (expense)/income for the period	–	–	(42)	(1)	(3,699)	(3,742)	542	(3,200)
Distributions to non-controlling interests	–	–	–	–	–	–	(569)	(569)
Acquisition of non-controlling interests in subsidiaries	–	–	–	(1,722)	–	(1,722)	1,722	–
Balance at 30 June 2026 (unaudited)	18,121	52,251	117	1,352	(41,513)	30,328	21,153	51,481

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Operating activities		
Cash generated from operating activities	**13,384**	15,218
Interest received	**154**	143
Interest paid	**(2,300)**	(2,810)
Income tax paid	**(788)**	(877)
Net cash generated from operating activities	**10,450**	11,674
Investing activities		
Proceeds from disposal of property, plant and equipment and right-of-use assets	**2,725**	166
Proceeds from disposal of other financial assets	**1,257**	1,618
Dividends received from joint ventures	**121**	77
Proceeds from maturity of term deposits	**5,464**	1,653
Dividends received from associates	**8**	30
Acquisition of property, plant and equipment and other assets	**(20,599)**	(5,876)
Acquisition of term deposits	**(4,823)**	(1,089)
Capital injection for associates	**–**	(936)
Acquisition of an associate	**–**	(49)
Net cash used in investing activities	**(15,847)**	(4,406)
Financing activities		
Proceeds from bank borrowings	**30,179**	25,502
Proceeds from ultra-short-term financing bills	**35,750**	22,550
Proceeds from medium-term notes	**350**	3,300
Refund of aircraft lease deposits	**96**	30
Repayment of bank borrowings	**(44,294)**	(36,761)
Repayment of medium-term notes	**(243)**	(4,900)
Repayment of ultra-short-term financing bills	**(6,250)**	(7,200)
Capital element of lease rentals paid	**(10,408)**	(10,002)
Payments for aircraft lease deposits	**(25)**	(75)
Payment of dividend to non-controlling interests	**(569)**	–
Net cash from/(used in) financing activities	**4,586**	(7,556)
Net decrease in cash and cash equivalents	**(811)**	(288)
Cash and cash equivalents at 1 January	**9,402**	12,984
Exchange loss on cash and cash equivalents	**(3)**	(4)
Cash and cash equivalents at 30 June	**8,588**	12,692

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi million unless otherwise indicated)
For the six months ended 30 June 2026

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 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 2025 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 SHINEWING (HK) CPA Limited ("SHINEWING") 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. SHINEWING's independent review report to the Board of Directors is included on pages 51 to 52.

2. CHANGES IN ACCOUNTING POLICIES

The interim financial report has been prepared on the historical cost basis at the end of each reporting period.

The accounting policies used in the interim financial report is consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB which are effective for the Group's financial period beginning 1 January 2026 for the preparation of the Group's interim financial report:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in this interim financial report.

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 measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 valuations: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 valuations: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on a recurring basis by reviewing their respective fair value measurement.

Recurring fair value measurement

	Fair value at 30 June 2026 RMB million (Unaudited)	Fair value measurements as at 30 June 2026 categorised into		
		Level 1 RMB million (Unaudited)	Level 2 RMB million (Unaudited)	Level 3 RMB million (Unaudited)
Financial assets/(liabilities)				
Other equity instrument investments:				
– Non-tradable listed shares	314	–	–	314
Other non-current financial assets:				
– Non-listed shares	1	–	–	1
Other current financial assets:				
– Certificates of deposit	1,633	–	1,633	–
Derivative financial assets:				
– Put-back option	26	–	–	26
Derivative financial liabilities:				
– Derivative component of convertible bonds	(147)	–	(147)	–

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 (Continued)

	Fair value at 31 December 2025 RMB million (Audited)	Fair value measurements as at 31 December 2025 categorised into Level 1 RMB million (Audited)	Level 2 RMB million (Audited)	Level 3 RMB million (Audited)
Financial assets/(liabilities)				
Other equity instrument investments:				
– Non-tradable listed shares	415	–	–	415
Other non-current financial assets:				
– Non-listed shares	1	–	–	1
Other financial assets:				
– Certificates of deposit	2,853	–	2,853	–
Derivative financial assets:				
– Put-back option	26	–	–	26
Derivative financial liabilities:				
– Derivative component of convertible bonds	(965)	–	(965)	–

During the six months ended 30 June 2026 and 30 June 2025, 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.

(Expressed in Renminbi million unless otherwise indicated)
For the six months ended 30 June 2026

3. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value (Continued)

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

Fair value hierarchy (Continued)

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 2026 (Unaudited)	At 31 December 2025 (Audited)
Conversion price	RMB6.17	RMB6.17
Stock price of A shares	RMB5.26	RMB7.34
Stock market volatility	37.64%	25.52%
Risk-free interest rate	1.05%	1.32%

Information about Level 3 fair value measurements at 30 June 2026

	Valuation technique	Significant unobservable inputs	Range (Unaudited)
Other equity securities investments – Non-tradable listed shares (1)	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	8%
		Perpetual growth rates	2.54%
		Expected dividend payout rates during the projection period	44%
		Perpetual dividend payout rates	80%
		Discount rates	9%
Derivative financial assets – Put-back option (3)	Market approach – valuation multiples	Discount for lack of marketability	27.05%

3. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value (Continued)

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

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements at 31 December 2025

	Valuation technique	Significant unobservable inputs	Range (Audited)
Other equity securities investments			
– Non-tradable listed shares (1)	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	8%
		Perpetual growth rates	2.54%
		Expected dividend payout rates during the projection period	44%
		Perpetual dividend payout rates	80%
		Discount rates	9%
Derivative financial assets			
– Put-back option (3)	Market approach – valuation multiples	Discount for lack of marketability	27.05%

3. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value (Continued)

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

Fair value hierarchy (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.

Any gain or loss arising from the remeasurement of the Group's non-tradable equity securities held for strategic purposes is 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.

(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 is 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) The fair value of put-back option of interest in an associate is determined by market value adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. Any gain or loss arising from the remeasurement of the Group's put-back option of interest in an associate is recognised in the changes in fair value of financial assets.

(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 2026 and 31 December 2025.

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	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by service lines		
Traffic revenue		
Passenger	**79,471**	73,072
Cargo and mail	**10,773**	9,080
Commission income	**1,407**	1,498
Cargo handling income	**367**	463
Hotel and tour operation income	**380**	390
Ground services income	**664**	452
Air catering service income	**311**	278
Others	**1,059**	816
	94,432	86,049
Revenue from other sources:		
Rental income	**247**	242
	94,679	86,291

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 (loss)/profit before taxation, assets and liabilities, which arises from different accounting policies, is 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 prevailing market prices.

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

The segment results of the Group for the six months ended 30 June 2026 are as follows:

	Airline transportation operations RMB million (Unaudited)	Other segments RMB million (Unaudited)	Elimination RMB million (Unaudited)	Unallocated* RMB million (Unaudited)	Total RMB million (Unaudited)
Revenue from external customers	93,572	1,107	–	–	94,679
Inter-segment sales	329	3,760	(4,089)	–	–
Reportable segment revenue	93,901	4,867	(4,089)	–	94,679
Reportable segment (loss)/ profit before taxation	(3,338)	351	(388)	1,345	(2,030)
Reportable segment (loss)/ profit after taxation	(4,138)	276	(388)	1,131	(3,119)
Other segment information					
Income tax	800	75	–	214	1,089
Interest income	183	39	(1)	–	221
Interest expense	2,812	36	(42)	–	2,806
Depreciation and amortisation	16,091	43	–	–	16,134
Credit losses	–	1	–	–	1
Share of associates and joint ventures' results	–	–	–	490	490
Change in fair value of financial assets/liabilities, net	–	–	–	855	855
Non-current assets additions during the period#	32,253	195	(245)	–	32,203

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 (Unaudited)	Other segments RMB million (Unaudited)	Elimination RMB million (Unaudited)	Unallocated* RMB million (Unaudited)	Total RMB million (Unaudited)
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 (loss)/ profit 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, net	–	–	–	376	376
Non-current assets additions during the period#	21,590	676	(616)	–	21,650

(Expressed in Renminbi million unless otherwise indicated)
For the six months ended 30 June 2026

5. SEGMENT REPORTING (Continued)

(a) *Business segments (Continued)*

The segment assets and liabilities of the Group as at 30 June 2026 and 31 December 2025 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 2026 (Unaudited)					
Reportable segment assets	**351,299**	**13,378**	**(10,497)**	**9,509**	**363,689**
Reportable segment liabilities	**314,734**	**6,451**	**(8,888)**	**147**	**312,444**
As at 31 December 2025 (Audited)					
Reportable segment assets	333,451	13,403	(7,968)	10,928	349,814
Reportable segment liabilities	295,096	6,629	(7,887)	965	294,803

* Unallocated assets primarily include interests in associates and joint ventures, other equity instrument investments, other financial assets 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 areas is classified as international revenue.

5. SEGMENT REPORTING (Continued)

(b) Geographical information (Continued)

(2) Revenue from commission income, cargo handling, general aviation, hotel and tour operation, ground services, air catering services and other miscellaneous services is classified on the basis of where the services are performed.

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Domestic	**61,175**	59,497
International	**32,314**	25,825
Hong Kong, Macau and Taiwan	**1,190**	969
	94,679	86,291

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 (loss)/profit before income tax, assets and liabilities to the consolidated figures as reported in the interim financial report

	Notes	Six months ended 30 June	
		2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
(Loss)/profit before income tax			
Reportable segment (loss)/profit before taxation	5(a)	**(2,030)**	596
Capitalisation of exchange difference of specific loans	(i)	**(4)**	(2)
Consolidated (loss)/profit before income tax		**(2,034)**	594

	Notes	**30 June 2026 RMB million (Unaudited)**	31 December 2025 RMB million (Audited)
Assets			
Reportable segment assets	5(a)	**363,689**	349,814
Capitalisation of exchange difference of specific loans	(i)	**(2)**	2
Government grants	(ii)	**(1)**	(1)
Adjustments arising from business combinations under common control	(iii)	**237**	237
Others		**2**	1
Consolidated total assets		**363,925**	350,053

5. SEGMENT REPORTING (Continued)

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

Liabilities

As at 30 June 2026 and 31 December 2025, the amount of reportable segment liabilities is the same as the amount of 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 consolidated 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 that 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.

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.

7. OTHER NET INCOME

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Government grants (Note)	**2,336**	1,677
Gain/(loss) on disposal of property, plant and equipment and right-of-use assets		
– Aircraft and spare engines	**239**	(14)
– Other property, plant and equipment and right-of-use assets	**4**	(2)
Others	**270**	255
	2,849	1,916

Note: 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 2026 and 2025.

8. INTEREST EXPENSE

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Interest on borrowings	**1,596**	1,604
Interest on lease liabilities	**1,411**	1,468
Total interest expense on financial liabilities not at fair value through profit or loss	**3,007**	3,072
Less: interest expense capitalised (Note)	**(201)**	(280)
	2,806	2,792

Note: The weighted average interest rate used for interest capitalisation was 2.14% per annum for the six months ended 30 June 2026 (six months ended 30 June 2025: 2.35%).

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For the six months ended 30 June 2026

9. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging the following items:

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Staff costs	**16,905**	15,840
Jet fuel costs	**34,886**	25,334
Depreciation of long-term assets	**15,748**	14,555
Other amortisation	**388**	378
Rental charges	**1,132**	1,021

10. INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Current tax	**909**	651
Deferred tax	**179**	776
	1,088	1,427

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 the 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 periods.

For the six months ended 30 June 2026, 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 2025: 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 2025: 16.5%).

11. OTHER COMPREHENSIVE (EXPENSE)/INCOME

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
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)	**(101)**	(2)
– Income tax effect of the above items	**25**	–
Items that are or may be reclassified subsequently to profit or loss:		
– Differences resulting from the translation of foreign currency financial statements	**(2)**	–
Other comprehensive expense for the period	**(78)**	(2)

12. LOSS PER SHARE

The calculation of basic loss per share attributable to equity shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Loss		
Loss for the purpose of basic loss per share	**(3,699)**	(1,534)
Effect of dilutive potential ordinary shares:		
Net impact on convertible bonds (net of tax)	**(488)**	–
Loss for the purposes of diluted loss per share	**(4,187)**	(1,534)

	Six months ended 30 June	
	2026 million shares (Unaudited)	2025 million shares (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**18,121**	18,121
Effect of dilutive potential ordinary shares:		
Convertible bonds	**956**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**19,077**	18,121

13. PROPERTY, PLANT AND EQUIPMENT, NET

	Six months ended 30 June 2026			
	Aircraft RMB million	Other equipment including rotables RMB million	Others RMB million	Total RMB million
Carrying amounts at 1 January 2026 (Audited)	78,087	13,067	21,692	112,846
Additions	6,651	958	646	8,255
Transfers from construction in progress (Note 14)	645	649	290	1,584
Transferred from right-of-use assets on exercise of purchase option (Note 15)	5,197	–	–	5,197
Depreciation charges	(4,838)	(736)	(977)	(6,551)
Disposals	(2,189)	(84)	(180)	(2,453)
Carrying amounts at 30 June 2026 (Unaudited)	83,553	13,854	21,471	118,878

14. CONSTRUCTION IN PROGRESS

	Six months ended 30 June 2026		
	Advance payments for aircraft and flight equipment RMB million	Others RMB million	Total RMB million
Carrying amounts at 1 January 2026 (Audited)	20,084	3,860	23,944
Additions	12,146	1,587	13,733
Transfers to property, plant and equipment (Note 13)	(1,294)	(290)	(1,584)
Transfers to right-of-use assets (Note 15)	(5,073)	(8)	(5,081)
Transfers to others	(2)	(578)	(580)
Carrying amounts at 30 June 2026 (Unaudited)	25,861	4,571	30,432

15. RIGHT-OF-USE ASSETS

	Six months ended 30 June 2026				
	Aircraft and engines RMB million	Land use rights RMB million	Buildings RMB million	Others RMB million	Total RMB million
Carrying amounts at 1 January 2026 (Audited)	135,336	5,802	2,247	74	143,459
Additions	8,648	5	1,152	347	10,152
Transfers from construction in progress (Note 14)	5,073	8	–	–	5,081
Transferred to property, plant and equipment on exercise of purchase option (Note 13)	(5,197)	–	–	–	(5,197)
Depreciation charges	(8,475)	(92)	(575)	(55)	(9,197)
Disposals	(729)	(3)	(28)	(6)	(766)
Carrying amounts at 30 June 2026 (Unaudited)	134,656	5,720	2,796	360	143,532

16. TRADE RECEIVABLES

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

	At 30 June 2026 RMB million (Unaudited)	At 31 December 2025 RMB million (Audited)
Within 1 month	4,399	2,755
More than 1 month but less than 3 months	561	594
More than 3 months but less than 12 months	620	408
More than 1 year	210	161
	5,790	3,918
Less: loss allowance	(102)	(103)
	5,688	3,815

17. BORROWINGS

Borrowings are analysed as follows:

	At 30 June 2026 RMB million (Unaudited)	At 31 December 2025 RMB million (Audited)
Non-current		
Long-term borrowings (Note (i))	24,315	7,831
Medium-term notes (Note (iii))	33,239	40,385
	57,554	48,216
Current		
Current portion of long-term borrowings (Note (i))	18,269	32,357
Short-term borrowings (Note (i))	17,652	34,188
Ultra-short-term financing bills	40,825	11,231
Current portion of medium-term notes (Note (iii))	9,985	2,273
Convertible bonds (Note (ii))	6,184	6,014
	92,915	86,063
Total borrowings	150,469	134,279

The borrowings are repayable:

	At 30 June 2026 RMB million (Unaudited)	At 31 December 2025 RMB million (Audited)
Within one year	92,915	86,063
In the second year	16,188	17,437
In the third to fifth years	38,614	28,095
After the fifth year	2,752	2,684
Total borrowings	150,469	134,279

Notes:

(i) As at 30 June 2026, the Group had secured borrowings amounting to RMB1,902 million (31 December 2025: RMB1,625 million). The Group's property, plant and equipment with an aggregate net book value of approximately RMB2,223 million (31 December 2025: RMB1,888 million) was pledged to secure those bank loans. The interest rates relating to the long-term bank borrowings were ranging from 1.20% to 2.91% per annum (31 December 2025: 1.20% to 3.00% per annum) and the interest rates relating to the short-term bank borrowings were ranging from 1.80% to 2.19% per annum (31 December 2025: 1.98% to 2.65% per annum).

17. BORROWINGS (Continued)

Notes: (Continued)

(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 2026, 2,930 convertible bonds were converted to A shares at the conversion price of RMB6.17 per share (six months ended 30 June 2025: 350 convertible bonds). As at 30 June 2026, the carrying amount of liability component of the remaining 58,959,270 A share convertible bonds was RMB6,184 million (31 December 2025: 58,962,200 A share convertible bonds with a carrying amount of RMB6,014 million), and the fair value of the derivative component of remaining 58,959,270 A share convertible bonds was RMB147 million (31 December 2025: 58,962,200 A share convertible bonds with fair value of RMB965 million). For the six months ended 30 June 2026, gain on the changes in fair value of the derivative component amounting to RMB818 million was recognised (six months ended 30 June 2025: RMB305 million).

(iii) The Company issued medium-term notes with aggregate nominal value of RMB2,000 million in 2023 at annual interest rate of 2.98% per annum with terms of 3 years. As at 30 June 2026, the medium-term notes will mature within 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% per annum with terms of 3 to 5 years. As at 30 June 2026, except for RMB7,000 million medium-term notes which will mature within 1 year, the remaining notes will mature over 1 year.

The Company issued medium-term notes with aggregate nominal value of RMB21,500 million in 2025 at annual interest rates ranging from 1.78% to 2.02% per annum with terms of 3 to 5 years. As at 30 June 2026, 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 2026, the medium-term notes will mature within 1 year.

Xiamen Airlines issued medium-term notes with aggregate nominal value of RMB350 million in 2026 at annual interest rates of 1.74% per annum, with a term of 3 years. As at 30 June 2026, the medium-term notes will mature over 1 year.

18. TRADE AND BILLS PAYABLES

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

	At 30 June 2026 RMB million (Unaudited)	At 31 December 2025 RMB million (Audited)
Within 1 month	**1,513**	1,114
More than 1 month but less than 3 months	**4,025**	3,899
More than 3 months but less than 6 months	**1,158**	626
More than 6 months but less than 1 year	**358**	163
More than 1 year	**160**	201
	7,214	6,003

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19. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors did not propose any interim dividend for the six months ended 30 June 2026 and 2025.

(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 2026, the Company did not make any appropriation of statutory surplus reserve (six months ended 30 June 2025: nil).

20. COMMITMENTS

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

	At 30 June 2026 RMB million (Unaudited)	At 31 December 2025 RMB million (Audited)
Commitments in respect of aircraft, engines and flight equipment		
– authorised and contracted for	163,155	104,951
Investment commitments		
– authorised and contracted for		
– share of capital commitments of a joint venture	68	76
– capital contributions for acquisition of interests in an associate	–	91
– authorised but not contracted for		
– share of capital commitments of a joint venture	15	14
	83	181
Commitments for other property, plant and equipment		
– authorised and contracted for	6,236	6,513
– authorised but not contracted for	3,261	7,205
	9,497	13,718
	172,735	118,850

21. MATERIAL RELATED PARTY TRANSACTIONS

(a) *Key management personnel remuneration*

Key management, including directors 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 RMB1.77 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB2.20 million). Such remuneration is included in "staff costs" as disclosed in Note 9.

(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	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Income from the CSAH and its affiliates:		
Entrusted management income	**19**	21
Aviation material sales income	**9**	16
Rental income	**4**	6
Pilot training income	**3**	3
Air catering supplies income	**2**	3
Others	**3**	6
Purchase of goods and services from CSAH and its affiliates:		
Lease charges for land and buildings	**275**	275
Maintenance materials purchase expense and lease charges for maintenance materials	**37**	75
Property management fee	**4**	84
Air catering supplies expenses	**105**	91
Commission expenses	**19**	20
Others	**15**	6
Income from joint ventures and associates:		
Cargo and mail revenue	**443**	507
Pilot training income	**3**	1
Air catering supplies income	**18**	17
Ground service income	**8**	31
Maintenance material sales and handling income	**–**	2
Aircraft and flight equipment leasing income	**9**	4
Repairing income	**4**	42
Commission income	**2**	5
Building and equipment lease income	**46**	23
Others	**21**	17

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	
	2026 RMB million (Unaudited)	2025 RMB million (Unaudited)
Purchase of goods and services from joint ventures and associates:		
Repairing charges and maintenance material purchase expenses	**1,896**	1,637
Engine repairing charges	**2,908**	1,351
Ground service expenses	**57**	63
Advertising expenses and cultural products purchase expenses	**63**	65
Cargo handling expenses	**94**	102
Lease charges for land and buildings	**3**	29
Accommodation and meals expense	**15**	23
Others	**21**	12
Purchase of goods and services from other related companies:		
Computer reservation services	**313**	432
Airport landing services	**323**	315
Lease charges for land and buildings	**32**	–
Others	**1**	–
Income received from other related companies:		
Tourism services	**46**	–
Aircraft related transactions with CSAH and its affiliates:		
Payment of lease charges on aircraft	**3,642**	3,265
Other assets related transactions with CSAH and its affiliates:		
Sales of aircraft	**161**	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

	At 30 June 2026 RMB million (Unaudited)	At 31 December 2025 RMB million (Audited)
Current receivables:		
CSAH and its affiliates	**130**	176
Associates	**269**	205
Joint ventures	**538**	37
Other related companies	**10**	8
	947	426
Long-term receivables:		
Associates	**28**	57
Prepayments of acquisition of long-term assets:		
CSAH and its affiliates	**429**	429
Payables:		
CSAH and its affiliates	**290**	215
Associates	**16**	8
Joint ventures	**343**	265
	649	488
Accrued expenses and other current liabilities:		
CSAH and its affiliates	**135**	122
Associates	**99**	73
Joint ventures	**2,958**	2,594
Other related companies	**1,383**	1,405
	4,575	4,194
Lease liabilities:		
CSAH and its affiliates	**35,471**	34,756
Associates	**47**	49
Other related companies	**127**	119
	35,645	34,924

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.

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 2026, loans from Finance Company to the Group amounted to RMB12,091 million (31 December 2025: RMB13,809 million). During the six months ended 30 June 2026, interest expense on such loans amounted to RMB71 million (six months ended 30 June 2025: RMB133 million) and the interest rates range from 1.80% to 2.00% per annum during the six months ended 30 June 2026 (six months ended 30 June 2025: 2.16% to 2.65% per annum).

(ii) Entrusted loans from CSAH

According to the entrusted loan agreements entered into between CSAH, Finance Company and the Group, as at 30 June 2026, the unsecured entrusted loans of RMB15,008 million (including accrued interest expense of RMB8 million) were repayable within one year (31 December 2025: RMB15,009 million) and no repayment over one year (31 December 2025: nil).

During the six months ended 30 June 2026, the interest expense charged on such loans amounted to RMB149 million (six months ended 30 June 2025: RMB142 million) and the interest rate was 1.80% to 2.00% per annum (six months ended 30 June 2025: 2.00% per annum).

(iii) Deposits placed with Finance Company

As at 30 June 2026, the Group's deposits with Finance Company amounted to RMB14,350 million (31 December 2025: RMB14,740 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 2026, interest income from such deposits amounted to RMB138 million (six months ended 30 June 2025: RMB111 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 rights and buildings from CSAH. The change of business registration of such land use rights 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 the lack of adequate documentation of the certain properties and buildings, without recourse to the Group.

22. CONTINGENCIES (Continued)

(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 RMB644 million (31 December 2025: RMB644 million) that can be drawn by the pilot trainees to finance their respective flight training expenses. As at 30 June 2026, total personal bank loans of RMB25 million (31 December 2025: RMB34 million), under these guarantees, were drawn down from the banks. During the six months ended 30 June 2026, the Group has not incurred any repayment amount due to the default of payments of certain pilot trainees (six months ended 30 June 2025: nil).

23. LIQUIDITY RISK MANAGEMENT

As at 30 June 2026, the Group's current liabilities exceeded its current assets by RMB118,072 million. For the six months ended 30 June 2026, the Group recorded a net cash inflow from operating activities of RMB10,450 million, a net cash outflow from investing activities of RMB15,847 million and a net cash inflow from financing activities of RMB4,586 million, which in total resulted in a net decrease in cash and cash equivalents of RMB811 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 2026, the Group has obtained credit facilities of RMB552,018 million in aggregate granted by several banks and other financial institutions, among which approximately RMB412,574 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 2026, 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 that occurred up to the date of issue of this interim financial report.

SUPPLEMENTARY INFORMATION TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi million unless otherwise indicated)
For the six months ended 30 June 2026

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:

	Notes	**Six months ended 30 June 2026 RMB million (Unaudited)**	Six months ended 30 June 2025 RMB million (Unaudited)
Amounts under PRC GAAP		**(3,696)**	(1,533)
Adjustments:			
Capitalisation of exchange difference of specific loans	(a)	**(4)**	(2)
Income tax effect of the above adjustments		**1**	1
Amounts under IFRS Accounting Standards		**(3,699)**	(1,534)

(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:

	Notes	**30 June 2026 RMB million (Unaudited)**	31 December 2025 RMB million (Audited)
Amounts under PRC GAAP		**30,119**	35,580
Adjustments:			
Capitalisation of exchange difference of specific loans	(a)	**(2)**	2
Government grants	(b)	**(1)**	(1)
Adjustment arising from the Company's business combination under common control	(c)	**237**	237
Income tax effect of the above adjustments		**2**	1
Effect of the above adjustments on non-controlling interests		**(27)**	(27)
Amounts under IFRS Accounting Standards		**30,328**	35,792

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 that 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.

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