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

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

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is published pursuant to Rule 13.10B of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

As China Southern Airlines Company Limited has published the “Announcement of China Southern Airlines Company Limited on the Proposed Authorization by General Meeting to Xiamen Airlines Company Limited on the Provision of Guarantees to Hebei Airlines Company Limited” on the Shanghai Stock Exchange, the full text of the announcement is set out below for information purpose.

By order of the Board
China Southern Airlines Company Limited
Xie Bing
Company Secretary

Guangzhou, the People's Republic of China
11 May 2016

As at the date of this announcement, the Directors include Yuan Xin An and Yang Li Hua as non-executive Directors, Tan Wan Geng, Zhang Zi Fang and Li Shao Bin as executive Directors; and Ning Xiang Dong, Liu Chang Le, Tan Jin Song, Guo Wei and Jiao Shu Ge as independent non-executive Directors.

**ANNOUNCEMENT OF CHINA SOUTHERN AIRLINES COMPANY LIMITED
ON THE PROPOSED AUTHORIZATION BY GENERAL MEETING TO XIAMEN
AIRLINES COMPANY LIMITED ON THE PROVISION OF GUARANTEES TO HEBEI
AIRLINES COMPANY LIMITED**

The board (the “Board”) of directors (the “Directors”) of the Company and all of its members confirm that the contents of this announcement do not contain misrepresentations, misleading statements or material omission, and jointly and severally accept full responsibilities for the truthfulness, accuracy and completeness of the information contained in this announcement.

Important Notice:

- Information on the authorization on provision of guarantees: it is proposed to authorize Xiamen Airlines Company Limited ("Xiamen Airlines") to provide guarantees to Hebei Airlines Company Limited ("Hebei Airlines") with an aggregate balance up to RMB3.5 billion within the period from 1 July 2016 to 30 June 2017;
- As at the date thereof, the current balance of guarantees provided by Xiamen Airlines to Hebei Airlines is approximately RMB233 million;
- As at the date thereof, the overdue loan balance in respect of the guarantees for training costs of self-sponsored trainee pilots provided by the Company and Xiamen Airlines is RMB0.8241 million and RMB1.3774 million, respectively;
- The proposed authorization on provision of guarantees is subject to consideration and approval at the general meeting.

I. Overview of the Authorization on Provision of Guarantees:

The 2014 annual general meeting of China Southern Airlines Company Limited (the “Company”) considered and approved to authorize Xiamen Airlines to provide loan guarantees to Hebei Airlines with an aggregate balance up to RMB3.5 billion within the period from 1 July 2015 to 30 June 2016. According to the authorization of the general meeting of the Company, Xiamen Airlines entered into the Maximum Amount Guarantee Contract with the Industrial and Commercial Bank of China Limited (the "ICBC"), to provide loan guarantees to Hebei Airlines. During the period from the effective date of the said guarantee contract to 30 June 2016, guarantee of joint liability would be provided by Xiamen Airlines, within the maximum outstanding balance of RMB800 million, in respect of the Local and Foreign Currency Borrowings Contract and the Foreign Exchange Loan Contract entered into between Hebei Airlines and the ICBC. As of the date of this announcement, the current balance of guarantee of joint liability provided by Xiamen Airlines to Hebei Airlines is around RMB233 million, representing approximately 0.60% of the Company's audited net assets for the latest period, and the overdue guarantee amount is RMB0.

With a view to broaden the financing channel of Hebei Airlines, reduce its financing and rental costs and achieve sustained and steady development, in accordance with the Articles of Association of Company, the Board unanimously approved the following resolutions by way of written resolution on 11 May 2016 :

1. to authorize Xiamen Airlines to provide guarantees to Hebei Airlines with an aggregate balance up to RMB3.5 billion within the period from 1 July 2016 to 30 June 2017;
2. to authorize the legal representative of Xiamen Airlines (or his authorized person) to deal with all procedures in relation to the abovementioned guarantees, including but not limited to executing relevant agreements and documents;
3. to submit the aforesaid matters to the general meeting of the Company for consideration.

The number of Directors supposed to be present was 10, of which 10 attended in person. The Directors approved the above resolutions unanimously after consideration. The manner and procedures for considering the relevant resolution were in compliance with the provisions of the Company Law and the Articles of Association of the Company.

II. Information on the Guaranteed Party

1. Overview of the Guaranteed Party

Name of guaranteed party: Hebei Airlines Company Limited

Place of registration: World Trade Plaza Hotel, No. 303 Zhongshan East Road, Shijiazhuang

Legal representative: Mu Jianyong

Registered capital: RMB2.6 billion

Business scope: Domestic air passenger and cargo transport services; operation and management of dedicated roads for airport; advertising design, production, agency and publishing; leasing of aviation equipment, tools and devices, and sale of aviation equipment; and import and export goods and technologies.

Material contingencies affecting solvency of the guaranteed party: None

Shareholding structure: Hebei Airlines is owned as to 99.47% by Xiamen Airlines and 0.53% by Shenyang Zhongrui Investment Co., Ltd., respectively

Financial information for the latest year and the latest period:

Unit: RMB million

Item	As at 31 December 2015	As at 31 March 2016
Total assets	4,778.75	4,836.69
Total liabilities	3,197.28	2,934.22
Total bank loans	736.40	491.52
Total current liabilities	1,952.37	1,592.27
Net assets	1,581.47	1,902.47
Item	12 months ended 31 December 2015	3 months ended 31 March 2016
Revenue	1,416.52	419.55
Net profit	13.71	71.00

2. Relationship of the Guaranteed Party with the Company

Xiamen Airlines, a subsidiary of the Company, is owned as to 55% by the Company, 34% by Xiamen Jianfa Group Co., Ltd. and 11% by Fujian Investment Group Co., Ltd.. Hebei Airlines is a subsidiary of Xiamen Airlines, which owns 99.47% shareholdings of Hebei Airlines.

III. Principal Terms of the Authorization on Provision of Guarantees

Pursuant to the approval of the Company's 2014 annual general meeting, the Company has authorized Xiamen Airlines to provide guarantees to Hebei Airlines with an aggregate balance up to RMB3.5 billion within the period from 1 July 2015 to 30 June 2016.

The proposed guarantee would be provided within the period from 1 July 2016 to 30 June 2017, with an aggregate balance remains unchanged at RMB3.5 billion. The above limit of guarantees represents the proposed aggregate amount of authorized guarantees available for Xiamen Airlines to provide to Hebei Airlines, within which the amount of a given guarantee transaction is subject to the guarantee contract to be entered into with relevant financial institutions. The Company will fulfill information disclosure obligations in accordance with the execution progress of guarantee contracts.

IV. Opinion of the Board

The Board is of the opinion that the proposed authorization to Xiamen Airlines on provision of guarantees to Hebei Airlines, which takes full consideration of the needs in production, operation and development of Hebei Airlines, is conducive for Hebei Airlines to broaden its financing channels, reduce financing and rental costs and achieve sustained and steady development, and hence is in line with the overall development needs of the Company and Xiamen Airlines. The Board approves to submit a proposal to the general meeting for authorizing Xiamen Airlines to provide guarantees to Hebei Airlines with an aggregate balance up to RMB3.5 billion within the period from 1 July 2016 to 30 June 2017.

The important decisions and daily operations of Hebei Airlines, as a subsidiary of Xiamen Airlines, are under absolute control of Xiamen Airlines, and hence the significant risks are foreseeable and under effective management. Xiamen Airlines has established strict rules on

financing to closely monitor the financing progress of Hebei Airlines. The Board is of the opinion that Hebei Airlines has adequate solvency under centralized operation and management by Xiamen Airlines. Meanwhile, Xiamen Airlines is requested to submit monthly statements on the aggregate balance of guarantees to the Company, ensuring the balance of the guarantees has been kept within the authorized limit at all times.

Independent Directors of the Company have expressed the following independent opinions on the aforesaid matters:

1. The matters including the proposed authorization to Xiamen Airlines on provision of guarantees to its subsidiary Hebei Airlines with an aggregate balance up to RMB3.5 billion, as approved by the Board and subject to consideration by the general meeting, which take full consideration of the needs in production, operation and development of Hebei Airlines, is conducive for Hebei Airlines to broaden its financing channels and reduce financing costs, and hence is in line with the overall development needs of the Company and Xiamen Airlines and in the interests of the Company and its shareholders as a whole;

2. As the guarantees are to be provided to Hebei Airlines, a subsidiary of Xiamen Airlines, the Company and Xiamen Airlines can exercise effective control and precaution against guarantee risks without damaging the interests of the Company and its shareholders as a whole;

3. The decision-making procedures of the Board in respect of the abovementioned guarantees are in compliance with the applicable listing rules and the Articles of Association of the Company and are legitimate and effective.

V. Aggregate Amount of External Guarantees and Overdue External Guarantees

As at the date of this announcement, the loan balance in respect of the guarantees for training costs of self-sponsored trainee pilots provided by the Company and Xiamen Airlines is approximately RMB402.7296 million and RMB41.699 million, respectively, representing approximately 1.03% and 0.11% of the Company's audited net assets for latest period, respectively, with aggregate amount of overdue guarantees of approximately RMB0.8241 million and RMB1.3774 million, respectively.

VI. Documents Available for Inspection

1、The Board Resolutions

2、Independent opinions of independent Directors on the proposed authorization by general meeting to Xiamen Airlines Company Limited on the provision of guarantees to Hebei Airlines Company Limited

3、Audited opinions of supervisory committee of the Company on the provision of external guarantees

**The Board of
China Southern Airlines Company Limited**
11 May 2016