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MAJOR TRANSACTION IN RELATION TO PURCHASE OF AIRCRAFT

The Board hereby announces that on 29 April 2024 (after trading hours), the Company entered into the Agreement with COMAC to purchase 100 C919 series aircraft from COMAC.

As the relevant percentage ratio for the Purchase with regards to the consideration test under Rule 14.07 of the Listing Rules is above 25% and less than 100%, the Purchase will constitute a major transaction, therefore is also subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

The EGM will be convened for the purposes of, among other matters, considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further information on the Purchase; (ii) other information as required to be disclosed under the Listing Rules; and (iii) notice to convene the EGM, will be despatched to the Shareholders in due course as more time is required to prepare such circular.

On 29 April 2024 (after trading hours), the Company entered into the Agreement with COMAC to purchase 100 C919 series aircraft from COMAC.

THE AGREEMENT

Parties

- (i) The Company, as the purchaser. The principal business activity of the Company is that of civil aviation.
- (ii) COMAC, a company incorporated in the PRC with limited liability, as the vendor. The principal business activity of COMAC mainly include the design, research and development, production, modification, test, sales, maintenance, servicing, technology development and consulting services, etc. of civil aircraft and related products. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, COMAC is owned by the following parties:
 - (a) as to 49.80% by the SASAC of the State Council;

- (b) as to 20.92% by Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司), which is directly wholly-owned by Shanghai SASAC;
- (c) as to 9.97% by Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司), which is directly wholly-owned by the SASAC of the State Council;
- (d) as to 4.12% by Aluminum Corporation of China (中國鋁業集團有限公司), which is directly wholly-owned by the SASAC of the State Council;
- (e) as to 4.12% by China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司), which is directly wholly-owned by the SASAC of the State Council;
- (f) as to 4.12% by Sinochem Corporation (中國中化股份有限公司), which is owned as to 98% by Sinochem Group Co., Ltd. (中國中化集團有限公司) and 2% by Sinochem Investment Development Co., Ltd. (中化投資發展有限公司), respectively, and is ultimately wholly-owned by the State Council;
- (g) as to 2.98% by China National Building Materials Group Corporation (中國建材集團有限公司), which is directly wholly-owned by the State Council;
- (h) as to 2.00% by China Electronics Technology Group Corporation (中國電子科技集團有限公司), which is directly wholly-owned by the SASAC of the State Council; and
- (i) as to 1.99% by China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司), which is directly wholly-owned by the State Council.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of COMAC and its ultimate beneficial owners is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company, and is not a connected person of the Company.

Aircraft to be purchased

100 C919 series aircraft

Consideration

According to the information provided by COMAC, the catalogue price of one C919 series aircraft is priced at US\$99 million. The catalogue price of the Aircraft in aggregate is approximately US\$9.9 billion. Such catalogue price includes price for airframe and engine.

The Agreement was negotiated and entered into with customary business and industry practice. The aggregate actual consideration for the Aircraft, which is determined after an arm's length negotiation between the parties, is lower than the catalogue price as provided by COMAC because of the price concessions granted by COMAC in relation to the Aircraft. The Board (including the independent non-executive Directors) is of the view that there is no material impact of the price concessions obtained in the Purchase on the operating costs of the Group.

In respect of the Purchase, the Agreement contains confidentiality provisions restricting, among other things, disclosure of the consideration of the Purchase. In addition, consistent with the customary practice of the local aviation industry, the consideration for the purchase of the Aircraft is not customarily disclosed to the public. Disclosure of the actual consideration will result in the loss of the price concessions and hence a significant negative impact on the Group's cost for the Purchase and will therefore not be in the interest of the Company and its Shareholders as a whole. The Company has made an application to the Stock Exchange for a waiver from strict compliance with the relevant provisions under the Listing Rules in respect of the disclosure of the actual consideration for the Aircraft.

The Board is of the view that the extent of the price concessions granted to the Group in the Purchase is comparable with the price concessions that the Group had obtained in the past under previous similar transactions. The Company also believes that there is no material difference between the effect of the price concessions obtained in the Purchase and each of the previous similar transactions on the Group's operating costs taken as a whole.

Payment and delivery terms

The aggregate consideration for the Purchase is denominated in US dollars and shall be settled by cash in RMB. According to the current delivery schedule, the Aircraft will be delivered in stages to the Company during the period commencing from 2024 to 2031. The total consideration will be paid to COMAC in instalments according to the respective delivery schedule for each of the relevant Aircraft from 2024 to 2031.

Source of funding

The Purchase will be funded partly by internal resources of the Group and partly through loans or other finance arrangement by banks or other institutions. Such banks are not and will not be connected persons (as defined in the Listing Rules) of the Company. As of the date hereof, the Company has not entered into any agreement with any of these banks for financing the Purchase. The Company will follow the necessary legal procedures and will make the necessary disclosure in accordance with the Articles of Association and comply with the applicable Listing Rules when the Company enters into any agreement with any institutions for financing the Purchase. In addition, if the Company enter into any agreement for financing the Purchase with any institution which is the connected person of the Company, the Company will further comply with the relevant requirements of the Listing Rules.

CONDITIONS PRECEDENT

The Purchase is subject to the Shareholders' approval, pursuant to the Listing Rules, the Articles of Association and the relevant rules and regulations of the Shanghai Stock Exchange.

REASONS FOR THE PURCHASE

The purchase of Aircraft aligns with the strategy of our country and effectively meets the medium to long term fleet development needs of the Company. Under the overall layout of the national civil aviation development strategy, the domestic market demand for narrow-body aircraft is showing a significant upward trend. The Company introducing 100 C919 series aircrafts between 2024 and 2031 could alleviate the Company's capacity demand pressure, achieve a balanced fleet structure and enhance the overall strength and brand image of the Company.

The Directors (including the independent non-executive Directors) consider that the Purchase is in the ordinary and usual course of business of the Group, the terms of the Agreement are fair and reasonable, are on normal commercial terms and in the interests of the Company and

its Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the relevant percentage ratio for the Purchase with regards to the consideration test under Rule 14.07 of the Listing Rules is above 25% and less than 100%, the Purchase will constitute a major transaction, therefore is also subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

The Purchase is also required to be disclosed pursuant to the relevant rules and regulations of the Shanghai Stock Exchange.

The EGM will be convened for the purposes of, among other matters, considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, amongst other things, (i) further information on the Purchase; (ii) other information as required to be disclosed under the Listing Rules; and (iii) notice to convene the EGM, will be despatched to the Shareholders in due course as more time is required to prepare such circular.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	the C919 Aircrafts Purchase Agreement entered into between COMAC and the Company on 29 April 2024, pursuant to which the Company agreed to purchase and COMAC agreed to sell the Aircraft
“Aircraft”	100 C919 series aircraft, the subject matter of the Agreement
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“COMAC”	means Commercial Aircraft Corporation of China, Ltd. (中國商用飛機有限責任公司), a company incorporated in the PRC with limited liability
“Company”	China Southern Airlines Company Limited, a company incorporated under the laws of the PRC whose H Shares and A Shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively

“Director(s)”	the director(s) of the Company
“EGM”	the first extraordinary general meeting of 2024 of the Company to be convened and held for the purpose of, among other things, approving the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries (as defined under the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchase”	the purchase of the Aircraft under the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission
“Share(s)”	share of RMB1.00 each in the capital of the Company
“Shareholder(s)”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board

China Southern Airlines Company Limited

Chen Wei Hua and Liu Wei

Joint Company Secretaries

Guangzhou, the People’s Republic of China

29 April 2024

As at the date of this announcement, the Directors include Ma Xu Lun, Han Wen Sheng and Luo Lai Jun as executive Directors; and Pansy Catilina Chiu King Ho, Gu Hui Zhong, Guo Wei and Cai Hong Ping as independent non-executive Directors.