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ANNOUNCEMENT ON KEY OPERATING DATA

AND

FURTHER ANNOUNCEMENT ON ISSUE OF NEW H SHARES

UNDER GENERAL MANDATE

KEY OPERATING DATA

This announcement is made regarding the operating data for March 2017 of China Southern Airlines Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) to be published on the Shanghai Stock Exchange.

In March 2017, passenger capacity (measured by available seat kilometres (“**ASK**”)) of the Group increased by 9.39% as compared to the same period last year (a year-on-year (“**YoY**”) basis). Of which, passenger capacity for domestic routes increased by 8.58%, passenger capacity on regional routes decreased by 20.65% and passenger capacity for international routes increased by 13.43%, respectively as compared to the same period last year. Compared to the same period last year, passenger traffic (measured by revenue passenger kilometres (“**RPK**”)) increased by 12.04%. Of which, passenger traffic for domestic routes increased by 12.33%, passenger traffic on regional routes decreased by 20.69% and passenger traffic on international routes increased by 13.28%, respectively as compared to the same period last year. The passenger load factor was 81.60%, representing an increase of 1.93 percentage points as compared to the same period last year. Of which, the passenger load factor for domestic routes increased 2.75 percentage points, the passenger load factor for international and regional routes increased 0.11 percentage point and 0.03 percentage point as compared to the same period last year, respectively. The Group has launched Beijing - Ho Chi Minh City route (seven flights per week) since 18 March 2017, has launched Shenzhen - Phnom Penh route (seven flights per week), Changsha - Hanoi (three flights per week) and Wuhan - Dalian - Osaka (two flights per week) since 26 March 2017, and has launched Changchun - Nagoya route (two flights per week) since 27 March 2017.

In terms of cargo operations, in March 2017, cargo capacity (measured by available tonne kilometers (“**ATK**”) - Cargo and Mail) increased by 8.76% as compared to the same period last year, and cargo and mail traffic (measured by revenue tonne kilometres (“**RTK**”) - Cargo and Mail) increased by 19.23% as compared to the same period last year. The cargo load factor was 55.19%, representing an increase of 4.84 percentage points as compared to the same period last year.

In March 2017, the Group had introduced one A320neo aircraft, one A333 aircraft, one A320 aircraft, one A321 aircraft and one B738 aircraft, and had terminated the lease of one B77A and six B73G aircraft. As of the end of March 2017, the Group operated a fleet of 707 aircraft with 251 aircraft self-owned, 205 aircraft under finance lease and 251 under operating lease.

KEY OPERATION DATA OF MARCH 2017

Capacity	March 2017			Cumulative 2017	
	Amount	Month-on-Month (“ MoM ”) Change (%)	YoY Change (%)	Amount	YoY Change (%)
RPK (in million)					
Domestic	12,931.84	1.13	12.33	38,791.68	12.47
Regional	218.93	-4.08	-20.69	691.42	-22.48
International	5,230.59	-0.28	13.28	16,360.52	15.13
Total	18,381.36	0.66	12.04	55,843.62	12.61
RTK (in million)					
Domestic	1,293.98	5.56	10.61	3,806.73	11.11
Regional	21.57	1.63	-17.89	65.63	-20.38
International	937.25	25.91	19.74	2,573.88	16.86
Total	2,252.80	13.13	13.84	6,446.24	12.87
RTK - Cargo and Mail (in million)					
Domestic	141.83	26.84	-0.89	405.79	2.12
Regional	2.12	41.82	19.90	5.33	11.37
International	474.16	64.91	26.93	1,143.48	19.29
Total	618.11	54.20	19.23	1,554.60	14.25
Passengers carried (in thousand)					
Domestic	8,736.15	2.95	11.45	25,899.00	12.09
Regional	176.47	-3.41	-13.93	558.23	-16.48
International	1,198.80	-4.63	5.34	3,827.93	9.30
Total	10,111.42	1.87	10.12	30,285.16	11.03
Cargo and mail carried (in thousand tonnes)					
Domestic	88.25	27.35	-0.52	252.00	2.23

Regional	1.89	41.10	16.20	4.74	8.89
International	53.38	62.95	25.12	129.40	17.03
Total	143.52	38.87	7.95	386.14	6.84

Capacity	March 2017			Cumulative 2017	
	Amount	MoM Change (%)	YoY Change (%)	Amount	YoY Change (%)
ASK (in million)					
Domestic	15,688.47	3.70	8.58	46,909.81	7.79
Regional	305.29	1.59	-20.65	944.87	-22.20
International	6,532.19	3.58	13.43	19,764.59	12.80
Total	22,525.95	3.64	9.39	67,619.27	8.61
ATK (in million)					
Domestic	1,804.16	2.89	6.85	5,420.29	6.22
Regional	35.72	1.43	-22.07	111.31	-23.98
International	1,307.38	17.06	13.81	3,738.46	12.60
Total	3,147.26	8.32	9.16	9,270.06	8.18
ATK - Cargo and Mail (in million)					
Domestic	392.19	0.08	1.07	1,198.61	1.06
Regional	8.24	0.87	-26.47	26.28	-29.20
International	719.48	30.99	14.12	1,959.65	12.43
Total	1,119.91	17.97	8.76	3,184.54	7.36

Load Factor	March 2017			Cumulative 2017	
	Figure (%)	MoM Change (Percentage Point)	YoY Change (Percentage Point)	Figure (%)	YoY Change (Percentage Point)
Passenger Load Factor (RPK/ASK)					
Domestic	82.43	-2.10	2.75	82.69	3.44
Regional	71.71	-4.24	-0.03	73.18	-0.27
International	80.07	-3.10	-0.11	82.78	1.68
Total	81.60	-2.42	1.93	82.59	2.93
Cargo and Mail Load Factor					
Domestic	36.16	7.63	-0.71	33.86	0.35
Regional	25.76	7.44	9.96	20.30	7.40
International	65.90	13.55	6.65	58.35	3.36
Total	55.19	12.97	4.84	48.82	2.94
Overall Load Factor (RTK/ATK)					
Domestic	71.72	1.81	2.44	70.23	3.09
Regional	60.38	0.12	3.08	58.96	2.66

International	71.69	5.04	3.55	68.85	2.51
Total	71.58	3.04	2.94	69.54	2.89

Notes:

1. "RPK(s)" refers to the number of revenue passengers carried multiplied by the kilometers flown;
2. "RTK(s)" refers to the revenue load (passenger and cargo) in tonnes multiplied by the kilometers flown;
3. "RTK(s) - Cargo and Mail" refers to the revenue cargo and mail load in tonnes multiplied by the kilometers flown;
4. "ASK(s)" refers to the number of seats available for sale multiplied by the kilometers flown;
5. "ATK(s)" refers to the number of tonnes of capacity available for transportation multiplied by the kilometers flown;
6. "ATK(s) - Cargo and Mail" refers to the number of tonnes of capacity available for the carriage of cargo and mail multiplied by the kilometers flown;
7. "Passenger Load Factor" refers to RPK expressed as a percentage of ASK;
8. "Cargo and Mail Load Factor" refers to RTK- Cargo and Mail expressed as a percentage of ATK - Cargo and Mail;
9. "Overall Load Factor" refers to RTK expressed as a percentage of ATK.

The key operating data above was calculated based on the internal statistics of the Group, which may differ from the data disclosed in the relative periodic reports. Investors are hereby reminded of the risks which may result from inappropriate reliance upon or utilization of the information given above.

ISSUE OF NEW H SHARES UNDER GENERAL MANDATE

On 27 March 2017, according to the authorisation under the general mandate as approved by 2015 annual general meeting and as approved by the board of directors of the Company (the "**Board**"), the Company entered into the Subscription Agreement (the "**Subscription Agreement**") with American Airlines, Inc. (the "**Subscriber**"), pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for 270,606,272 new H Shares of the Company (the "**Subscription Shares**"), at the subscription price of HK\$1,553.28 million, representing HK\$5.74 per Subscription Share (the "**Subscription**"). The Subscription is subject to the approval of relevant authorities. Please refer to the announcement of the Company dated 28 March 2017 for details.

The Company wishes to emphasize that (i) after the request of the Subscriber, the Board will, at its own decision, appoint the board observer (the "**Board Observer**") through its internal decision-making process considering the relevant background, experience and possible contribution to the Company of the candidate of the Board Observer, and (ii) the intention of the Board Observer arrangement is not creating any special rights in favour of the Subscriber, but rather to add value to the Company. The Board Observer arrangement was made in the context of the Subscriber acting as a strategic partner of the Company going forwards, and the role of the

Board Observer, in the opinion of the Company, is more as a consultant to the Board. When considering the Board Observer arrangement, the Board took into account the significant benefits that the strategic cooperation with the Subscriber will bring to the Company, the industry stature of the Subscriber as a leading international airlines and the other obligations borne by the Subscriber in the commercial cooperation arrangement. It is expected that the Board Observer to be appointed by the Board will have relevant industry experience and will therefore be of value to the Board.

In addition, the Company would like to further state that the issue of the Subscription Shares as contemplated under the Subscription Agreement will be issued pursuant to the general mandate, which was granted to the Board by the shareholders of the Company at the 2015 annual general meeting held on 27 May 2016 (the "**General Mandate**"), regardless of whether the completion of the Subscription takes place before or after the expiry of the General Mandate.

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

Guangzhou, the People's Republic of China
13 April 2017

As at the date of this announcement, the Directors include Wang Chang Shun, 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.