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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 (the “**Hong Kong Listing Rules**”).

As China Southern Airlines Company Limited has published the “Announcement of China Southern Airlines Company Limited in relation to the Provision of Guarantee to Hebei Airlines Company Limited by Xiamen Airlines Company Limited” on the Shanghai Stock Exchange, the full text of the announcement is set out below for information purpose. The mentioned transaction is required to be disclosed under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and does not constitute any notifiable transaction or connected transaction as defined under the Hong Kong Listing Rules.

By order of the Board

**China Southern Airlines Company Limited**

**Xie Bing**

*Company Secretary*

Guangzhou, the People's Republic of China  
17 February 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.*

**ANNOUNCEMENT OF CHINA SOUTHERN AIRLINES COMPANY LIMITED  
IN RELATION TO  
THE PROVISION OF GUARANTEE TO  
HEBEI AIRLINES COMPANY LIMITED BY  
XIAMEN 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:

- Guarantor: Xiamen Airlines Company Limited (“Xiamen Airlines”)
- Guarantee: Hebei Airlines Company Limited (“Hebei Airlines”)
- Amount of this guarantee and the actual balance of guarantee provided: this guarantee to be provided by Xiamen Airlines to Hebei Airlines will be with the maximum outstanding balance of USD55 million. The current balance of guarantees provided by Xiamen Airlines to Hebei Airlines is RMB800 million.
  - No provision of counter-guarantee;
  - Accumulative overdue amount of the guarantees: As at the date of this announcement, the overdue amount in respect of the loan guarantees for training costs of self-sponsored trainee pilots provided by the Company and Xiamen Airlines, a subsidiary of the Company, is approximately RMB15.758 million and RMB1.377 million, respectively (unaudited);

## I. SUMMARY OF THE GUARANTEE

### (I) Basic information of the guarantee

According to the approval and mandate of the Board and the general meeting of China Southern Airlines Company Limited (the “Company”), on 17 February 2017, Xiamen Airlines entered into the Guarantee Agreement (the “Guarantee Agreement”) with Tianlan (Tianjin) Aircraft Leasing Co., Ltd. (the “Tianlan Company”), for the purpose of providing guarantee for Hebei Airlines for its entering into a lease agreement (the “Aircraft Lease Agreement”) with Tianlan Company regarding one B737 aircraft (Aircraft Registration No. B-6868), details of which are set out below:

During the effective period of the Guarantee Agreement, guarantee of joint liability will be provided by Xiamen Airlines, within the maximum outstanding balance of USD55 million, in respect of the Aircraft Lease Agreement entered into between

Hebei Airlines and Tianlan Company.

(II) Decision-making procedures

On 11 May 2016, the Board received the extraordinary resolution from China Southern Air Holding Company, a shareholder holding 51.99% shareholdings of the Company directly and indirectly, and resolved to submit to convener of the general meeting in written, the proposal includes to authorize Xiamen Airlines to provide loan guarantees for Hebei Airlines with an aggregate balance up to RMB3.5 billion within the period from 1 July 2016 to 30 June 2017. For further details, please refer to the *Announcement on Adding the Extraordinary Resolution at the Annual General Meeting for the year 2015* dated 12 May 2016, which was published on *China Securities Daily*, *Shanghai Securities News*, *Securities Times* and the website of the Shanghai Stock Exchange.

On 27 May 2016, the general meeting of the Company approved through a resolution at the general meeting 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 2016 to 30 June 2017. For further details, please refer to the *Announcement of the Resolutions of Annual General Meeting of China Southern Airlines for the year 2015* dated 28 May 2016, which was published on *China Securities Daily*, *Shanghai Securities News*, *Securities Times* and the website of the Shanghai Stock Exchange.

## II. INFORMATION ON THE GUARANTEED PARTY

(I) 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: Zhao Dong

Registered capital: RMB2.6 billion

Business scope: Domestic (including Hong Kong, Macau and Taiwan) air passenger and cargo transport services; international (to the neighboring countries) 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 (except for the operation prohibited or restricted by the laws, regulations and the decisions of The State Council); and import and export goods and technologies (except for the international prohibition and those

need to approved).

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 one year and one period :

Unit: RMB million

Item	As at 31 December 2015	As at 30 September 2016 (unaudited)
Total assets	4,778.75	4,831.10
Total liabilities	3,197.28	2,878.38
Total bank loans	736.4	350.06
Total current liabilities	1,952.37	1,700.14
Net assets	1,581.47	1,952.72
	January- December 2015	January- September 2016 (unaudited)
Revenue	1,416.52	1,250.46
Net profit	13.71	121.25

## (II) Relationship of the Guaranteed Party with the Guarantor and 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 and Development Group Company Limited. Hebei Airlines is a subsidiary of Xiamen Airlines, which owns 99.47% shareholdings of Hebei Airlines.

## III. THE MAIN CONTENTS OF GUARANTEE AGREEMENT

### (I) Scope of Guarantee

According to the Guarantee Agreement entered into between Xiamen Airlines and Tianlan Company, Xiamen Airlines agreed to provide guarantee of joint liability in respect of all obligations under the Aircraft Lease Agreement entered into between Hebei Airlines and the ICBC.

### (II) Term of Guarantee

The term of guarantee shall be start from the effective date of the Guarantee Agreement till three(3) months after all the obligations and responsibilities have been

performed under the Aircraft Lease Agreement.

### (III) Amount of Guarantee

The maximum outstanding balance of guarantee should be USD55 million, and subject to the adjustments according to obligation performance situation by guaranteed person under the Aircraft Lease Agreement.

## **IV. OPINIONS OF THE BOARD**

The Board is of the opinion that (i) the guarantee is within the scope of the approval and mandate of the general meeting of the Company and the relevant decision-making procedures are in compliance with the laws and regulations; and (ii) the guarantee 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 costs, and hence is in line with the overall development needs of the Company and Xiamen Airlines.

## **V. ACCUMULATED AMOUNT OF EXTERNAL GUARANTEES AND OVERDUE GUARANTEES**

As at the date of this announcement, the Company and Xiamen Airlines provided loan guarantees for self-sponsored trainee pilots with respect to their training fees. The outstanding loan guaranteed was approximately RMB368.3545 million and RMB37.2747 million, respectively, representing approximately 0.74% and 0.075% of the Company's audited net assets for the latest period, respectively. The accumulated amount of the overdue guarantee was approximately RMB15.758 million and RMB1.377 million, respectively (the above figures are unaudited).

## **VI. DOCUMENTS AVAILABLE FOR INSPECTION**

1. Resolutions of Annual General Meeting of the Company for the year 2015
2. Guarantee Agreement
3. Audit Report and Financial Statements of Hebei Airlines for the year 2015

**Board of Directors of  
China Southern Airlines Company Limited**  
17 February 2017