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海南美蘭國際空港股份有限公司
Hainan Meilan International Airport Company Limited*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 357)

CONNECTED TRANSACTIONS
THE RENEWED LEASE AGREEMENT
AND
BUSINESS UPDATE

THE RENEWED LEASE AGREEMENT

Reference is made to the announcement of the Company dated 12 March 2019. According to the aforesaid announcement, Meilan Freight, a non-wholly owned subsidiary of the Company, and the Parent Company entered into the Old Lease Agreement, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to flights and passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2019 and ending on 11 March 2021 (both days inclusive).

The Board is pleased to announce that on 11 March 2021, Meilan Freight and the Parent Company entered into the Renewed Lease Agreement, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to flights and passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2021 and ending on 11 March 2023 (both days inclusive).

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Parent Company holds 50.19% of the total issued Shares of the Company and is a substantial shareholder of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Lease Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with CAS 21 – Leases applicable to the Company, the transactions contemplated under the Renewed Lease Agreement will be regarded as acquisitions of right-of-use assets that will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

* *For identification purpose only*

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect the Connected Transactions is more than 0.1% but less than 5%, the Connected Transactions are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 March 2021, Meilan Freight, a non-wholly owned subsidiary of the Company, and the Parent Company entered into the Renewed Lease Agreement, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to flights and passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2021 and ending on 11 March 2023 (both days inclusive).

THE RENEWED LEASE AGREEMENT

The material terms of the Renewed Lease Agreement are set out as follows:

1. **Date:** 11 March 2021
2. **Parties:**
 - (i) the Parent Company, as the leaser; and
 - (ii) Meilan Freight, a non-wholly owned subsidiary of the Company, as the lessee.
3. **Term:** The term of the Renewed Lease Agreement is commencing on 12 March 2021 and ending on 11 March 2023 (both days inclusive).
4. **Purpose:** The Leased Assets shall be used only for the purpose of providing ground services to flights and passengers or other services within the business scope of Meilan Freight.
5. **Subject matter:** the Leased Assets, comprising of:
 - (i) the Land Use Rights of the New Cargo Terminal with a total area of approximately 128,540 sq.m.;
 - (ii) the Property of the New Cargo Terminal with a total gross floor area of approximately 25,980 sq.m.; and

- (iii) the Equipment, including, among others, storehouses, low-voltage power distribution boxes (低壓配電櫃), high-voltage power distribution boxes (高壓配電櫃), air conditioners, luggage carousels and cameras.

6. Rental and payment:

The annual rental for the Leased Assets payable by Meilan Freight to the Parent Company under the Renewed Lease Agreement shall be RMB20,000,000 (including VAT) in aggregation (including the annual rental for the Land Use Rights of RMB9,600,000 (including VAT), the annual rental for the Property of RMB8,100,000 (including VAT) and the annual rental for the Equipment of RMB2,300,000 (including VAT)), which is determined based on arm's length negotiations between the two parties with reference to (i) the total area of the New Cargo Terminal under the Land Use Rights and the total gross floor area of the Property; (ii) the prevailing market rental for the land use rights and properties located at similar locations, i.e. approximately RMB75 (including VAT) per sq.m. per year for the land use rights and approximately RMB312 (including VAT) per sq.m. per year for the properties; and (iii) the depreciation of the Equipment.

The Directors confirmed that the annual rental for the Leased Assets agreed between Meilan Freight and the Parent Company is fair and reasonable and constitutes a normal commercial term.

Meilan Freight shall pay the rental, on a monthly basis, to the bank account designated by the Parent Company within fifteen (15) business days after receipt of the invoices issued by the Parent Company. A penalty of 0.04% per day on the overdue rental will be charged for the late payment.

7. Right-of-use assets:

In accordance with CAS 21 – Leases, it is estimated that the Company will recognise the right-of-use assets under the Renewed Lease Agreement at an aggregate value of approximately RMB34,800,000 (including VAT, subject to further adjustments if necessary).

- 8. Deposit:** Meilan Freight shall pay a deposit of RMB20,000 to the Parent Company within ten (10) days upon the execution of the Renewed Lease Agreement for deduction of overdue rental, penalty and other expenses (if any).

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED LEASE AGREEMENT

To satisfy the business needs of Meilan Freight, Meilan Freight and the Parent Company entered into the Renewed Lease Agreement, through which, Meilan Freight can use the Leased Assets to provide better ground services and other services to the passengers in Meilan Airport and expand its operating area as well as increase its operational efficiency.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms and conditions of the Renewed Lease Agreement and the Connected Transactions contemplated thereunder have been negotiated on an arms' length basis and are on normal commercial terms; (ii) the Connected Transactions will be conducted in the ordinary and usual course of business of the Company; and (iii) the terms of the Connected Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Parent Company holds 50.19% of the total issued Shares of the Company and is a substantial shareholder of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Lease Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with CAS 21 – Leases applicable to the Company, the transactions contemplated under the Renewed Lease Agreement will be regarded as acquisitions of right-of-use assets that will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect the Connected Transactions is more than 0.1% but less than 5%, the Connected Transactions are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Wang Zhen, Mr. Wang Hong, Mr. Wang Hexin, Mr. Yu Yan and Mr. Xing Zhoujin is interested in the Renewed Lease Agreement and the Connected Transactions contemplated thereunder as they are nominated to the Board by the Parent Company, and therefore had abstained from voting on the relevant resolutions of the Board approving the same.

GENERAL INFORMATION

The Company is principally engaged in aeronautical and non-aeronautical businesses at Meilan Airport.

Meilan Freight is principally engaged in the sale agency business of international, regional and domestic air cargo transportation; the business of delivery, booking and transfer of cargo; and the agency business of cargo import and export at Meilan Airport.

The Parent Company is principally engaged in ancillary airport service business in the PRC. As at the date of this announcement, the Parent Company is owned as to 59.54% by certain PRC governmental authorities and state-owned or state-controlled enterprises, including State-owned Assets Supervision and Administration Commission of the Province of Hainan as to 29.98% (directly and indirectly), CDB Development Fund Co., Ltd. (國開發展基金有限公司) as to 19.92%, a subsidiary of China Development Bank which is controlled by the PRC government, Hainan Airlines Holding Co., Ltd. (海南航空控股股份有限公司) as to 5.77%, China Southern Airlines Co., Ltd. (中國南方航空股份有限公司) as to 2.35% and China National Aviation Fuel Co., Ltd. (中國航空油料有限責任公司) as to 1.52%, a company controlled by State-owned Assets Supervision and Administration Commission. HNA Group Co., Ltd. (海航集團有限公司), a company controlled by Hainan Cihang Charity Foundation (海南省慈航公益基金會), holds 29.50% of equity interest in the Parent Company through its relevant subsidiaries. The remaining 10.96% of equity interest of the Parent Company is held by Hainan Hanghui Agricultural Development Co., Ltd. (海南航輝農業開發有限公司), a company owned by Feng Chao (馮超) and Wang Yuanyuan (王媛媛). State-owned Assets Supervision and Administration Commission of the Province of Hainan is the largest shareholder of the Parent Company and is a special institution directly under the Hainan Provincial Government responsible for the supervision and administration of state-owned assets in Hainan Province. CDB Development Fund Co., Ltd. (國開發展基金有限公司) is a policy-oriented investment company focusing on investment in national key projects. Hainan Airlines Holding Co., Ltd. (海南航空控股股份有限公司) is a company listed on the Shanghai Stock Exchange (stock code: 600221.SH), principally engaged in air transport business, air tour business and other air transport-related businesses. China Southern Airlines Co., Ltd. (中國南方航空股份有限公司) is a company listed on the Shanghai Stock Exchange (stock code: 600029.SH), mainly providing air transport service, general aviation service, aircraft maintenance service and other aviation-related services. China National Aviation Fuel Co., Ltd. (中國航空油料有限責任公司) is principally engaged in the wholesale of gasoline, kerosene and diesel oil in the civil aviation system of the PRC. HNA Group Co., Ltd. (海航集團有限公司) is principally engaged in the air transport business and investment and management of airports, hotels and golf courses. Hainan Cihang Charity Foundation (海南省慈航公益基金會) is a non-public foundation officially registered with the Bureau of Civil Affairs of Hainan (海南省民政廳) in 2010, which is a non-profit charity organization and carries out various charity projects both at home and abroad, including education assistance, poverty relief, earthquake rescue and disaster relief, culture promotion, medical aid, environmental protection, scientific innovation and others. Hainan Hanghui Agricultural Development Co., Ltd. (海南航輝農業開發有限公司) is principally engaged in the agricultural development and investment and operation of ecological and environmental protection projects, landscape gardening projects and water conservancy projects.

BUSINESS UPDATE

The Company is pleased to announce that on 11 March 2021, the Company entered into a lease contract, a concession contract and a comprehensive service contract, respectively (collectively, the “**T2 Domestic Lounge Project Contracts**”) with Global Consumer Luxury (Hainan) Trading Company Limited (全球消費精品(海南)貿易有限公司) (“**Global Consumer Luxury Co.**”). Pursuant to the T2 Domestic Lounge Project Contracts, the Company shall provide Global Consumer Luxury Co. with a taxable commercial space of a total leased area of approximately 11,000 square meters in T2 domestic lounge, and Global Consumer Luxury Co. shall be authorized to carry out concession operations (i.e., to manage, operate, sell and provide relevant services in the leased area), and the Company shall provide Global Consumer Luxury Co. with necessary integrated services, including security inspection services, security services and commercial production protection services. The T2 Domestic Lounge Project Contracts shall be valid for a term of five (5) years, subject to early termination as stipulated therein.

The Directors believe that entering into the T2 Domestic Lounge Project Contracts will bring more revenue to the Group, and provide passengers with a better commercial experience, which will contribute to the business expansion and stable operation of the Company, and therefore is in the best long-term interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

Global Consumer Luxury Co. is a limited liability company established in the PRC, principally engaged in, among others, retailing of goods, sales of duty-free commodities, and providing warehousing service for cargo under customs supervision, and committed to building itself into a comprehensive service platform integrating travel retail, new retail and new consumption covering duty-free shopping, import exhibitions and domestic luxuries. Global Consumer Luxury Co. has a close cooperative relationship with internationally renowned retail integrated operators, which can ensure the internationalization, trendiness and diversification of taxable commercial brands, and also ensure commercial quality with guaranteed revenue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Board”	the board of Directors
“CAS”	China Accounting Standards for Business Enterprises
“Company”	海南美蘭國際空港股份有限公司 (Hainan Meilan International Airport Company Limited), a joint stock company incorporated in the PRC with limited liability
“Connected Transactions”	the connected transactions contemplated under the Renewed Lease Agreement
“Director(s)”	the director(s) of the Company
“Equipment”	the equipment owned by the Parent Company, including, among others, storehouses, low-voltage power distribution boxes (低壓配電櫃), high-voltage power distribution boxes (高壓配電櫃), air conditioners, luggage carousels and cameras
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land Use Rights”	the land use rights of the New Cargo Terminal (with a total area of approximately 128,540 sq.m.) owned by the Parent Company
“Leased Assets”	the subject matter under the Renewed Lease Agreement, comprising of the Land Use Rights, the Property and the Equipment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Meilan Airport”	the civil airport known as 海口美蘭國際機場 (Haikou Meilan International Airport) located in Haikou City, Hainan Province, the PRC

“Meilan Freight”	海南美蘭國際機場貨運有限責任公司 (Hainan Meilan International Airport Freight Co., Ltd.), a limited liability company established in the PRC on 24 February 2010, a non-wholly owned subsidiary of the Company, of which 51% equity interests were held by the Company and 49% equity interests were held by 神行速運有限公司 (VeloX Express Co., Ltd.) as at the date of this announcement
“New Cargo Terminal”	the new cargo terminal of Meilan Airport
“Old Lease Agreement”	the lease agreement entered into between Meilan Freight and the Parent Company on 12 March 2019, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to flights and passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2019 and ending on 11 March 2021 (both days inclusive)
“Parent Company”	海口美蘭國際機場有限責任公司 (Haikou Meilan International Airport Co., Ltd.), a limited liability company established in the PRC on 25 August 1998, which is the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Property”	the property of the New Cargo Terminal (with a total gross floor area of approximately 25,980 sq.m.) owned by the Parent Company
“Renewed Lease Agreement”	the lease agreement entered into between Meilan Freight and the Parent Company on 11 March 2021, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to flights and passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2021 and ending on 11 March 2023 (both days inclusive)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of the Company

“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value added tax at the rate of 9% for the Land Use Right and Property and at the rate of 13% for the Equipment, which are subject to adjustment from time to time according to the tax laws and regulations in the PRC

By order of the Board
Hainan Meilan International Airport Company Limited*
Wang Zhen
Chairman

Haikou, the PRC
11 March 2021

As at the date of this announcement, the Board comprises (i) five executive directors, namely Mr. Wang Zhen, Mr. Wang Hong, Mr. Wang Hexin, Mr. Yu Yan and Mr. Xing Zhoujin; (ii) two non-executive directors, namely Mr. Tu Haidong and Mr. Yuan Yubao; and (iii) four independent non-executive directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F Meng and Mr. He Linji.

Unless otherwise specified in this announcement, the English names of the PRC entities are transliteration of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

* *For identification purposes only*