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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)**

**MAJOR AND CONNECTED TRANSACTION  
THE 2021 SUPPLEMENTAL PARENT COMPANY  
DOMESTIC SHARES SUBSCRIPTION AGREEMENT  
EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS'  
RESOLUTIONS AND AUTHORISATION GRANTED TO  
THE BOARD IN RELATION TO THE PARENT COMPANY  
SUBSCRIPTION, THE NEW H SHARES ISSUE AND AOA  
CONSEQUENTIAL AMENDMENTS**

**THE 2021 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES  
SUBSCRIPTION AGREEMENT**

The Board announces that on 21 August 2021, the Company and the Parent Company entered into the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement after negotiation, pursuant to which, the Company and the Parent Company mutually agreed to make certain amendments to the 2020 Parent Company Domestic Shares Subscription Agreement.

\* For identification purpose only

## **EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' RESOLUTIONS AND AUTHORISATION GRANTED TO THE BOARD IN RELATION TO THE PARENT COMPANY SUBSCRIPTION, THE NEW H SHARES ISSUE AND THE AOA CONSEQUENTIAL AMENDMENTS**

Considering that the validity period of the resolutions relating to each of the Parent Company Subscription, the New H Shares Issue and the AOA Consequential Amendments which were approved by the Shareholders on 18 September 2020, will expire on 17 September 2021, in order to enable the Board to complete the Parent Company Domestic Shares Subscription Agreements and the Parent Company Subscription contemplated thereunder, the New H Shares Issue and the AOA Consequential Amendments, the Board proposed to convene the EGM and the Class Meetings for the Shareholders to consider, among other things, the Extension Resolutions (including the Parent Company Subscription Extension Resolutions, the New H Shares Issue Extension Resolutions and the AOA Consequential Amendments Extension Resolutions) to extend the validity period of the Shareholders' resolutions and the authorisation granted to the Board to deal with and complete the Parent Company Subscription, the New H Shares Issue and the AOA Consequential Amendments for a further period of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022.

### **GENERAL**

The EGM and the Class Meetings will be convened to consider and, if thought fit, approve, among other things, (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription; (ii) the Extension Resolutions (including the Parent Company Subscription Extension Resolutions, the New H Shares Issue Extension Resolutions and the AOA Consequential Amendments Extension Resolutions). The Parent Company, which controls over the voting right in respect of its shares in the Company, will abstain from voting on the resolutions to be proposed at the EGM and the Domestic Shareholders Class Meeting for approving (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription; and (ii) the Parent Company Subscription Extension Resolutions.

A circular containing, among other things, (i) further details of the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription; (ii) the Extension Resolutions; (iii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Subscription Extension Resolutions; (iv) the letter from the Independent Board Committee to the Independent Shareholders in relation to the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Subscription Extension Resolutions; and (v) the notices of the EGM and the Class Meetings will be despatched to the Shareholders on or before 9 September 2021.

## **BACKGROUND**

Reference are made to the circular of the Company dated 20 August 2020 and the poll results announcement of the Company dated 18 September 2020, in relation to, among others, the Shareholder's resolution and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Share Issue.

The validity period of the Shareholder's resolution and authorisation granted to the Board in relation to the Parent Company Subscription will expire on 17 September 2021. In order to complete the transactions contemplated under the 2020 Parent Company Domestic Shares Subscription Agreement, on 21 August 2021, the Company and Parent Company entered into the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement to amend certain terms and conditions of the 2020 Parent Company Domestic Shares Subscription Agreement.

### **THE 2021 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES SUBSCRIPTION AGREEMENT**

The Company and the Parent Company entered into the 2020 Parent Company Domestic Shares Subscription Agreement on 24 July 2020, pursuant to which the Parent Company agreed to subscribe for the Subscription Shares, being not more than 140,741,000 new Domestic Shares as consideration for the transfer of the Phase I Runway Assets by the Parent Company to the Company.

The Board announces that on 21 August 2021, the Company and the Parent Company entered into the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement after negotiation, pursuant to which, the Company and the Parent Company mutually agreed to make the following amendment to the Parent Company Domestic Shares Subscription Agreement:

- (i) The Parent Company agreed to subscribe for not more than 140,741,000 Domestic Shares to be issued by the Company as the consideration for the transfer of the Phase I Runway Assets, which was determined based on the aggregate appraised asset value of the Phase I Runway Assets as at 30 June 2021 (the "**2021 Valuation**"); and

- (ii) The Parent Company and the Company further agreed that if, in accordance with the requirements of domestic laws and regulations or regulatory authorities, a relevant valuation report is required to be issued by a domestic appraisal entity, and if there is any difference between the valuation results and the 2021 Valuation, the lower appraised value will be adopted by both parties as the consideration for the Parent Company Subscription by the Parent Company with an view to protect the interests of minority Shareholders of the Company. Accordingly, where the domestic appraised value is greater than the 2021 Valuation at that time, the consideration for the Parent Company Subscription shall be determined with reference to the 2021 Valuation without any adjustment; where the domestic appraised value is less than the 2021 Valuation at that time, the consideration for the Parent Company Subscription shall be determined based on such lower appraised value. The parties agreed to make necessary written confirmation or sign a supplemental agreement (if required) in accordance with the final valuation results at that time.

The Board will seek the Shareholder at the EGM and the Class Meetings to authorize the Board and/or designated persons by the Board to determine the final consideration if there is no material difference (within a difference not more than 1% between the 2021 Valuation and any domestic appraised value).

The 2020 Parent Company Domestic Shares Subscription Agreement which are amended by the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement would continue to remain valid and legally binding on the parties thereto. The price mechanism and the maximum number of Domestic Shares to be issued for the Parent Company Subscription remained unchanged as contained in the 2020 Parent Company Domestic Shares Subscription Agreement. There was only a slight adjustment to the total consideration of the Parent Company Subscription, which was determined with reference to the 2021 Valuation.

The Directors (excluding the independent non-executive Directors who reserve their view pending receipt of advice from Octal Capital) consider that the transactions contemplated under the Parent Company Domestic Shares Subscription Agreements will be conducted in the ordinary and usual course of business of the Company, and the terms and conditions of the Parent Company Domestic Shares Subscription Agreements have been negotiated on an arm's length basis, and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' RESOLUTIONS AND AUTHORISATION GRANTED TO THE BOARD IN RELATION TO THE PARENT COMPANY SUBSCRIPTION, THE NEW H SHARES ISSUE AND AOA CONSEQUENTIAL AMENDMENTS**

Based on the reasons disclosed in this announcement below, the Company believes that a further twelve (12)-month extension is required and is in the best interest of the Shareholders. Considering that the validity period of the resolutions relating to each of the Parent Company Subscription, the New H Shares Issue and the AOA Consequential Amendments will expire on 17 September 2021, in order to enable the Board to complete the Parent Company Domestic Shares Subscription Agreements and the Parent Company Subscription contemplated thereunder, the New H Shares Issue and the AOA Consequential Amendments, the Board proposed to convene the EGM and the Class Meetings for the Shareholders to consider, among other things, the Extension Resolutions (including the Parent Company Subscription Extension Resolutions, the New H Shares Issue Extension Resolutions and the AOA Consequential Amendments Extension Resolutions) to extend the validity period of the Shareholders' resolutions and the authorisation granted to the Board to deal with and complete the Parent Company Subscription and the New H Shares Issue for a further period of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022. The Parent Company and its associates will abstain from voting on the Parent Company Subscription Extension Resolutions.

Details of the Specific Mandate are set out below.

### **(a) Class of Shares to be issued**

Shares to be issued are H Shares with nominal value of RMB1.00 each.

### **(b) Time of issuance**

The Company will select an appropriate time and issuance window within the validity period of the resolutions to be passed at the EGM and the Class Meetings to proceed with the New H Shares Issue. The specific time of issue will be determined by the Board with reference to the international capital market conditions, as well as the progress of review by the domestic and foreign administrative and/or regulatory authorities.

**(c) Size of issuance**

The New H Shares to be issued shall not exceed 155,000,000 Shares, representing not more than 32.75% of the total share capital of the Company before the Parent Company Subscription and the New H Shares Issue, and approximately 20.15% of total share capital of the Company as enlarged by the Parent Company Subscription (assuming the maximum of 140,741,000 Subscription Shares are subscribed by the Parent Company) and the New H Shares Issue; and representing not more than 68.31% of share capital of H Shares of the Company before the New H Shares Issue, and 40.59% of share capital of H Shares of the Company as enlarged by the New H Shares Issue.

**(d) Ranking of New H Shares**

Unless otherwise required by the applicable PRC laws and regulations and the Articles of Association, the New H Shares proposed to be issued should rank pari passu with the existing issued Domestic Shares and H Shares in all respects.

**(e) Listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New H Shares to be allotted and issued.

**(f) Method of issuance**

The proposed New H Shares Issue will be carried out by way of private placement.

**(g) Target placee(s)**

Upon the grant of the Specific Mandate, the Board may proceed to place the New H Shares to qualified institutional, corporate and individual and other investors, who will be independent of and not connected with any Director, supervisor, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates.

If any investor of the New H Shares becomes a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the completion of the New H Shares Issue, the Company will ensure compliance with the public float requirement under Rule 8.08(1) of the Listing Rules upon completion of the New H Shares Issue. If the number of the placee(s) is less than six (6), the Company will comply with the disclosure requirements under Rule 13.28(7) of the Listing Rules.

**(h) Pricing mechanism**

The New H Shares will be issued at an issue price which is the highest of the followings:

- (1) RMB10.80 (equivalent to approximately HK\$12.06) per Subscription Share, being the audited net asset value per Share of the Company as at 31 December 2019; or
- (2) the audited net asset value per Share of the Company as at the end of the financial year preceding the Date of Relevant Agreement; or
- (3) 90% of the highest among the followings:
  - (i) the closing price of H Share as quoted on the Stock Exchange at the Date of Relevant Agreement;
  - (ii) the average closing price of H Shares as quoted on the Stock Exchange over the last five (5) trading days prior to the Date of Relevant Agreement;
  - (iii) the average closing price of H Shares as quoted on the Stock Exchange over the last ten (10) trading days prior to the Date of Relevant Agreement; and
  - (iv) the average closing price of H Shares as quoted on the Stock Exchange over the last twenty (20) trading days prior to the Date of Relevant Agreement.

Such pricing mechanism of the issue price was determined by the Board after taking into account the interests of existing Shareholders, investors' capabilities, the potential issuance risks, the market practice and applicable regulatory requirements, as well as the conditions of the civil aviation industry, the business pattern, the operation status and prospects and the asset quality of the Company and with reference to the net asset value per Share of the Company, the market price of the H Shares and the market conditions at the Date of Relevant Agreement. The applicable exchange rate of Renminbi to Hong Kong dollars shall be the exchange rate of Renminbi to Hong Kong dollars promulgated by the People's Bank of China on the Date of Relevant Agreement.

**(i) Method of subscription**

The New H Shares are to be subscribed by the investors in cash, and issued and allotted in accordance with the terms of the subscription agreement(s) to be entered into between the Company and the placee(s) and/or the placing agreement(s) to be entered into between the Company and the placing agent(s) in relation to the proposed New H Shares Issue.

**(j) Accumulated profits**

Any accumulated profits of the Company which remain undistributed immediately before the proposed New H Shares Issue shall be for the benefit of all the Shareholders (including the subscriber(s) of the New H Shares) as a whole.

**(k) Use of proceeds**

Please refer to the section headed “Use of Proceeds” in this announcement for details.

**(l) Validity period of the resolutions**

The resolutions relating to the Specific Mandate to be set out in the notices of the EGM and the Class Meetings will be extended and valid for a further period of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022.

The Board will also seek the Shareholders’ authorization at each of the EGM and the Class Meetings to authorize the Board and the persons delegated by the Board to deal with all the matters in relation to the New H Shares Issue with full authority for a further period of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022:

- (1) execute and submit all the relevant applications, reports and other documents to the relevant PRC and overseas regulatory departments or authorities and deal with all the relevant approvals, registration, filing, sanction and permission;
- (2) determine the terms of the proposed New H Shares Issue, including the determination of the actual size, issue price (including the price range and final price), timing, method and target placee(s) of the proposed New H Shares Issue, the execution, implementation, modification and termination of any agreement, contract or other documents in relation to the exercise of the Specific Mandate to issue the New H Shares, making adjustment to the use of proceeds of the proposed New H Shares Issue, and any other relevant matter;
- (3) negotiate and enter into subscription agreement(s) with the placee(s) and/or the placing agreement(s) with the placing agent(s) in relation to the proposed New H Shares Issue, and approving any revision or amendments to such agreement(s);

- (4) deal with all the matters in relation to obtaining all the approvals and permissions from the relevant authorities including but not limited to the CSRC, the Stock Exchange and/or any other relevant PRC and overseas authorities in relation to the proposed New H Shares Issue;
- (5) depending on the requirements at the time of the issuance, engage and appoint financial advisor, the placing agent(s), PRC and overseas legal advisers and other relevant agencies in relation to the proposed New H Shares Issue and enter into engagement or appointment letters and other relevant legal documents;
- (6) make appropriate amendments to the terms of the proposed New H Shares Issue in light of the specific circumstances and pursuant to the approval(s) by the relevant regulatory authorities;
- (7) execute, implement, amend and complete any document and do any act as necessary and appropriate in relation to the proposed New H Shares Issue;
- (8) approve the publication of relevant announcement(s), circular(s) and notice(s) in relation to the proposed New H Shares Issue on the websites of the Stock Exchange and the Company, respectively, and the submission of relevant forms, files or other documents to the Stock Exchange;
- (9) obtain the approval from the Stock Exchange for listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Shares Issue on the Main Board of the Stock Exchange;
- (10) adjust or waive in time any one of the conditions precedent for the proposed New H shares Issue based on the actual conditions; and
- (11) take all necessary actions to deal with the matters in relation to the proposed New H Shares Issue.

## POSSIBLE CHANGES IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

Solely for illustration purposes, assuming that: (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement is approved by the Shareholders at the forthcoming EGM and the Class Meetings; (ii) the proposed Extension Resolutions are granted by the Shareholders at the forthcoming EGM and the Class Meetings; (iii) the Board exercises the proposed Specific Mandate; (iv) all conditions for the proposed New H Shares Issue have been satisfied; (v) the maximum of 155,000,000 New H Shares are issued pursuant to the proposed Specific Mandate; and (vi) the maximum of 140,741,000 Subscription Shares are subscribed by the Parent Company pursuant to the Parent Company Subscription, the possible changes in the share capital and shareholding structure of the Company will be as follows:

Class of Shares	As at the date of this announcement		Immediately after issuance of the Subscription Shares and the New H Shares	
	No. of Shares	Percentage of total issued Shares (%)	No. of Shares (maximum)	Percentage of total issued Shares (%)
<b>Domestic Share</b>				
Parent Company	237,500,000	50.19	378,241,000	49.19
Hainan Airlines Holding Co., Ltd.* (海南航空控股股份有限公司)	5,287,500	1.12	5,287,500	0.69
HNA Group Co., Ltd.* (海航集團有限公司)	3,512,500	0.74	3,512,500	0.46
<b>H Shares</b>				
H Shares in issue				
Public Shareholders	226,913,000	47.95	226,913,000	29.51
New H Shares	<u>0</u>	<u>0</u>	<u>155,000,000</u>	<u>20.15</u>
<b>Total Number of Issued Shares</b>	<u><u>473,213,000</u></u>	<u><u>100</u></u>	<u><u>768,954,000</u></u>	<u><u>100</u></u>

As indicated above, the public float of the Company in such scenario will be approximately 49.66%.

Assuming that the Company fails to issue any New H Shares and the maximum of 140,741,000 Subscription Shares are subscribed by the Parent Company pursuant to the Parent Company Subscription, the resulting changes in the issued share capital and shareholding structure of the Company will be as follows:

Class of Shares	As at the date of this announcement		Immediately after issuance of the Subscription Shares	
	No. of Shares	Percentage of total issued Shares (%)	No. of Shares (maximum)	Percentage of total issued Shares (%)
<b>Domestic Share</b>				
Parent Company	237,500,000	50.19	378,241,000	61.61
Hainan Airlines Holding Co., Ltd.* (海南航空控股股份有限公司)	5,287,500	1.12	5,287,500	0.86
HNA Group Co., Ltd.* (海航集團有限公司)	3,512,500	0.74	3,512,500	0.57
<b>H Shares</b>				
H Shares in issue				
Public Shareholders	226,913,000	47.95	226,913,000	36.96
New H Shares	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Number of Issued Shares</b>	<u>473,213,000</u>	<u>100</u>	<u>613,954,000</u>	<u>100</u>

As indicated above, the public float of the Company in such scenario will be approximately 36.96%.

Therefore, the Company is able to comply with the minimum public float requirement in the above two scenarios after the completion of the Parent Company Subscription and the New H Shares Issue.

The Company would undertake to comply with the public float requirement under Rule 8.08(1) of the Listing Rules after completion of the Parent Company Subscription and the New H Shares Issue.

The Company confirms that it will comply with Rule 7.27B of the Listing Rules in respect of the Parent Company Subscription and New H Shares Issue.

The Company confirms that the acquisition of the Phase I Runway Assets, the Parent Company Subscription and the New H Shares Issue will not result in a change of control of the Company after the completion of such transactions.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES SUBSCRIPTION AGREEMENT AND EXTENSION RESOLUTIONS**

The validity period of the Shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue will expire on 17 September 2021. In order to further promote the Parent Company Subscription and the New H Shares Issue, the Company entered into the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement with the Parent Company and proposes Extension Resolutions after considering, among others, the following reasons:

### **1. Acquisition of the Phase I Runway Assets**

The Phase I Runway Assets which consist of Phase I runway of Meilan Airport and other auxiliary facilities, are located at the Meilan Airport in Haikou City, Hainan Province, the PRC. Phase I runway of Meilan Airport is approximately 3,600 meters long and 60 meters wide, equipped with the parallel taxiway which is approximately 3,600 meters long and 44 meters wide, 78 aircraft parking stands, globally advanced navigational lighting aid system, communication navigation equipment and other service facilities. It can satisfy the full-weight takeoff and landing requirements of large aircrafts, such as Boeing 747-400 and handled more than 16.49 million passengers in 2020. The original cost of the construction of the Phase I Runway Assets of the Parent Company was approximately RMB592,255,000.

Prior to the acquisition of the Phase I Runway Assets under the 2020 Parent Company Domestic Shares Subscription Agreement, the Phase I Runway Assets is owned and operated by the Parent Company. The Directors are of the view that the current separation of operation of the Phase I Runway Assets and the terminal buildings of Meilan Airport leads to unclear delineation of responsibilities which affects the operational efficiency and security of Meilan Airport. The acquisition of the Phase I Runway Assets will enable the Company to better run its operational assets consistent with the "High Standard, Strict Compliance" (高標準，嚴要求) standards in the civil aviation industry. In addition, upon the completion of the acquisition of the Phase I Runway Assets, the Parent Company's share of the service fees will reduce from 25% to such lesser amount to be approved by the CAAC. The increase of the service fees to be received by the Company going forward, as a result of the acquisition of the Phase I Runway Assets, will strengthen the revenue stream and competitiveness of the Company. To ensure the timely completion of the Parent Company Subscription and avoid the possible adverse impact of the tightening of local property transfer policies by the government of Haikou City, as agreed by both parties, as at the date of this announcement, the Parent Company has cooperated with the Company to complete the transfer and registration procedures of part of the Phase I Runway Assets in advance. Before the completion of the Parent Company Subscription, the Parent Company will still have the ownership and operation right of such part of the Phase I Runway Assets.

## 2. Equity fundraising to improve working capital

As an important transportation hub for the construction of Hainan Free Trade Port, Meilan Airport is well positioned to capture opportunities in connection with the Hainan Free Trade Port. The Company believes that the proposed New H Shares Issue will improve its capital structure, strengthen its financial risk resilience, enhance its solvency and expand its financial base. As such, the Company wishes to take advantage of the relatively low cost to raise additional funds through the issuance of the New H Shares to the investors to replenish its working capital to equip the Group to carry out the renovation and expansion of infrastructure and the intelligent upgrade of the airport and to fund any operational needs of the Company (including the repayment of debts).

Reference is made to the announcement of the Company dated 5 January 2021. As disclosed in the announcement, Aero Infrastructure Holding Company Limited and the Company entered into a subscription agreement in relation to the subscription of 200,000,000 New H Shares (the “**Subscription Agreement**”) on 29 September 2019. The Company received a notice of arbitration (the “**Notice of Arbitration**”). Pursuant to the Notice of Arbitration, Aero Infrastructure Holding Company Limited, as the claimant (the “**Claimant**”), filed an arbitration (the “**Arbitration**”) with the Hong Kong International Arbitration Centre against the Company asserting allegations in connection with the Subscription Agreement. The Claimant alleged that the Company breached the Subscription Agreement and claimed damages and related arbitration costs in the amount of HK\$5,832 million or HK\$6,962 million. For further details, please refer to the announcement of the Company dated 5 January 2021. As at the date of this announcement, the Arbitration is still pending.

Reference is also made to the announcement of the Company dated 15 March 2021. As disclosed in the announcement, on 15 March 2021, the Company received a notice from Parent Company regarding the court ruling on acceptance of the restructuring of Parent Company. As at the date of this announcement, the restructuring of Parent Company is still on-going.

Taking the above events into consideration, the Board believes that the Company needs more time to complete the Parent Company Subscription and the New H Share Issue. The Company needs, among others, to obtain the CSRC approval for the New H Shares Issue and the Parent Company Subscription, approach and negotiate with potential investors, complete the New H Shares Issue (including but not limited to signing the placing agreement and obtaining the approval from the Stock Exchange) and to complete the closing work of the Parent Company Subscription and the New H Shares Issue. Therefore, the Company believes that a further twelve-month extension is required and is in the best interest of the Shareholders.

## USE OF PROCEEDS

The use of proceeds will remain the same as disclosed in the announcement of the Company dated 24 July 2020 and the circular of the Company dated 20 August 2020.

Solely for illustration purposes, assuming the New H Shares are fully placed at the price of RMB10.80 (equivalent to approximately HK\$12.06), the gross proceeds from the proposed New H Shares Issue will be approximately RMB1,674,000,000 (equivalent to approximately HK\$1,868,721,600) and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately RMB1,651,000,000 (equivalent to approximately HK\$1,843,045,000).

The net proceeds from the proposed New H Shares Issue, after deducting relevant expenses, will be used as follows:

**1. Approximately 40% shall be used for expansions, upgrades, improvements and maintenance of existing terminal buildings and other areas of Meilan Airport**

The existing terminal buildings of Meilan Airport have been in use for over twenty (20) years. In order to consolidate existing operation level of Meilan Airport and to improve safety operation of Meilan Airport, it is expected that the Company will invest approximately 40% of the net proceeds in the upgrades, improvements and maintenance of the existing terminal buildings of Meilan Airport.

As at the date of this announcement, the Company has not entered into any agreement, arrangement, understanding or undertaking for the upgrades, improvements and maintenance of the existing terminal buildings of Meilan Airport.

**2. Approximately 35% shall be used to repay the loans and replenish the working capital of the Company**

To guarantee the smooth operation and to reduce the financing cost of the Company, approximately 35% of the net proceeds shall be used to repay the loans and replenish the working capital of the Company (including but not limited to operation cost of the Company, such as tax, labour cost, cost of water and electricity, environmental handling fee and afforestation fee).

### **3. Approximately 25% shall be used for introducing innovative technology and upgrading Meilan Airport to a “smart airport”**

Since 2013, the Company has launched the “smart airport” project with remarkable achievements. The Company expects to invest approximately 25% of the net proceeds in construction projects in relation to “smart airport” including but not limited to the basic cloud platform (基礎雲平台), GIS (geographic information system), the information exchange platform and the data warehouse.

As at the date of this announcement, the Company has not entered into any agreement, arrangement, understanding or undertaking for investment in innovation technology.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE (12) MONTHS**

The Company has not conducted any equity fund raising activity or any issuance of equity securities in the twelve (12) months preceding the date of this announcement.

### **INFORMATION OF THE COMPANY AND THE PARENT COMPANY**

The Company is principally engaged in aeronautical and non-aeronautical businesses at Meilan Airport, in Hainan Province, the PRC.

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 state-owned or state-controlled enterprises, including the State-owned Assets Supervision and Administration Commission of Hainan Province as to 29.98% (directly and indirectly), CDB Development Fund Co., Ltd. (國開發基金有限公司) 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 Shang Yongmin (尚永民) and Wang Yuanyuan (王媛媛). The State-owned Assets Supervision and Administration Commission of Hainan Province is the largest shareholder of the Parent Company and is a special institution directly under the government of Hainan Province and responsible for the supervision and administration of state-owned assets of Hainan Province. CDB Development Fund Co., Ltd. (國開發基金有限公司) 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.

## **GENERAL**

The EGM and the Class Meetings will be convened to consider and, if thought fit, approve, among other things, (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription; (ii) the Extension Resolutions (including the Parent Company Subscription Extension Resolutions, the New H Shares Issue Extension Resolutions and the AOA Consequential Amendments Extension Resolutions). The Parent Company, which controls over the voting right in respect of its shares in the Company, will abstain from voting on the resolutions to be proposed at the EGM and the Domestic Shareholders Class Meeting for approving (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription; and (ii) the Parent Company Subscription Extension Resolutions.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no other Shareholder has a material interest in the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription, the proposed New H Shares Issue, or the AOA Consequential Amendments, and no other Shareholder is required to abstain from voting on the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and Extension Resolutions at the EGM and the Class Meetings.

The votes to be taken at the EGM and the Class Meetings in relation to the above proposed resolutions will be taken by poll.

The Independent Board Committee comprising four independent non-executive Directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F Meng and Mr. He Linji, none of whom has any direct or indirect interest in the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder, has been established to advise the Independent Shareholders in relation to their voting on the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions.

Octal Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions.

A circular containing, among other things, (i) further details of the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription; (ii) the Extension Resolutions; (iii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Subscription Extension Resolutions; (iv) the letter from the Independent Board Committee to the Independent Shareholders in relation to the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Subscription Extension Resolutions; and (v) the notices of the EGM and the Class Meetings will be despatched to the Shareholders on or before 9 September 2021.

## **DEFINITIONS**

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“2020 Parent Company Domestic Shares Subscription Agreement”	the subscription agreement dated 24 July 2020 entered into between the Company and the Parent Company in relation to the Parent Company Subscription
“2021 Supplemental Parent Company Domestic Shares Subscription Agreement”	the supplemental agreement dated 21 August 2021 entered into by the Company and Parent Company for the amendments of certain terms and conditions of the 2020 Parent Company Domestic Shares Subscription Agreement

“AOA Consequential Amendments”	the consequential amendments to the Articles of Association as the Board thinks fit to reflect the latest registered capital structure of the Company as a result of each of the issuance of the Subscription Shares and the New H Shares
“AOA Consequential Amendments Extension Resolutions”	The proposed resolutions to extend the validity period of the resolutions in relation to the AOA Consequential Amendments within a term of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of Directors
“CAAC”	Civil Aviation Administration of China (中國民用航空局)
“Class Meetings” and each as “Class Meeting”	the respective class meetings of the Domestic Shareholders and the H Shareholders to be convened by the Company immediately following the conclusion of the EGM or any adjournment thereof for the purposes of considering and, if thought fit, approving, among other things, (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; and (ii) the Extension Resolutions, including any adjournment in respect thereof
“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 person(s)”	shall have the meaning as defined in the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Date of Relevant Agreement”	the date on which: (a) the subscription agreement(s) in respect of the New H Shares Issue is entered into between the Company and the placee(s); and/or (b) the placing agreement(s) in respect of the New H Shares Issue is entered into between the Company with the placing agent(s)

“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the domestic ordinary share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company, which is/are subscribed for in RMB
“Domestic Shareholder(s)”	holders of Domestic Shares
“Effective Date”	the effective date of the Parent Company Domestic Shares Subscription Agreements when all the relevant conditions precedent are fulfilled or waived
“EGM”	the extraordinary general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving, among other things, (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated under the Parent Company Domestic Shares Subscription Agreements; (ii) the Extension Resolutions, including any adjournment in respect thereof
“Extension Resolutions”	the Parent Company Subscription Extension Resolutions, the New H Shares Issue Extension Resolutions and the AOA Consequential Amendment Extension Resolutions
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee of the Company comprising of all the independent non-executive Directors to advise the Independent Shareholders on (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Domestic Shares Subscription contemplated under the Parent Company Domestic Shares Subscription Agreements; and (ii) the Parent Company Subscription Extension Resolutions
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on (i) the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Domestic Shares Subscription contemplated under the Parent Company Domestic Shares Subscription Agreements; and (ii) the Parent Company Subscription Extension Resolutions
“Independent Shareholders”	Shareholders who do not have any material interests and are not required to abstain from voting at the EGM and the Class Meetings pursuant to the Listing Rules
“Last Trading Day”	20 August 2021, being the last trading day in the H Shares immediately before the date on which the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement was signed
“Listing Committee”	the listing committee of the Stock Exchange
“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

“New H Shares”	the maximum number of 155,000,000 H Shares proposed to be issued upon the exercise of the Specific Mandate
“New H Shares Issue”	the issuance of the New H Shares by way of private placing upon the exercise of the Specific Mandate, if granted, subject to fulfilment of certain conditions stated in this announcement
“New H Shares Issue Extension Resolutions”	the proposed resolutions (i) to extend the validity period of the Specific Mandate in relation to the New H Shares Issue and (ii) to authorize the Board and the persons delegated by the Board to deal with and complete the New H Shares Issue within a term of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022
“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 and the controlling shareholder of the Company
“Parent Company Domestic Shares Subscription Agreements”	2020 Parent Company Domestic Shares Subscription Agreement and the 2021 Supplemental Parent Company Domestic Shares Subscription Agreement
“Parent Company Subscription”	the subscription of the Subscription Shares by the Parent Company contemplated under the Parent Company Domestic Shares Subscription Agreements
“Parent Company Subscription Extension Resolutions”	The proposed resolutions (i) to extend the validity period of the resolutions in relation to the Parent Company Subscription and (ii) to authorize the Board and the persons delegated by the Board to deal with and complete the Parent Company Subscription within a term of twelve (12) months, commencing from 18 September 2021 and ending on 17 September 2022
“Phase I Runway Assets”	the Phase I runway of Meilan Airport and other auxiliary facilities as more particularly described in the 2020 Parent Company Domestic Shares Subscription Agreement
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the Domestic Shareholders and the H Shareholders
“Shares”	Domestic Shares and H Shares
“Specific Mandate”	the specific mandate granted to the Board by the Shareholders to issue not more than 155,000,000 New H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the maximum number of 140,741,000 new Domestic Shares proposed to be subscribed by the Parent Company pursuant to the Parent Company Domestic Shares Subscription Agreements
“%”	per cent

*For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.8958 has been used for currency translation, where applicable. Such exchange rate is for illustrative purpose only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.*

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

Haikou, the PRC  
21 August 2021

*As at the date of this announcement, the Board comprises of (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.*

\* For identification purposes only