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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)**

**FINAL RESULTS ANNOUNCEMENT AS OF 31 DECEMBER 2023**

**FINANCIAL HIGHLIGHTS**

- Total revenue was RMB2,085.68 million (2022: RMB1,141.46 million)
- Revenue from aeronautical business was RMB974.62 million (2022: RMB361.14 million)
- Revenue from non-aeronautical business was RMB1,111.06 million (2022: RMB780.32 million)
- Net loss attributable to shareholders of the Company was RMB136.01 million (2022: Net loss attributable to shareholders of the Company was RMB155.30 million)
- Loss per share was RMB0.29 (2022: Loss per share was RMB0.33)

**BUSINESS HIGHLIGHTS**

- The passenger throughput recorded 24.3404 million
- Aircraft takeoff and landing reached 172,454 times
- Cargo and mail throughput was 174,904.80 tons

\* For identification purpose only

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Hainan Meilan International Airport Company Limited (the “**Company**” or “**Meilan Airport**”) is pleased to announce the financial position and operating results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), together with the comparative information for the corresponding period of 2022 as follows:

The following selected consolidated financial information is prepared according to China Accounting Standards for Business Enterprises:

### CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>2023</b>	2022
		<b>RMB</b>	<b>RMB</b>
<b>Revenue</b>	3	<b>2,085,679,527</b>	1,141,461,624
Less: Cost of sales		<b>(2,047,233,665)</b>	(1,122,744,960)
Taxes and surcharges		<b>(61,150,901)</b>	(71,361,233)
Selling and distribution expenses		<b>(3,509,898)</b>	(2,446,760)
General and administrative expenses		<b>(119,047,637)</b>	(82,451,754)
Finance expenses		<b>(135,747,181)</b>	(88,154,187)
Including: Interest expenses		<b>(139,150,026)</b>	(88,901,726)
Interest income		<b>3,002,421</b>	1,495,501
Add: Other income		<b>15,428,294</b>	29,322,776
Investment income/(loss)	4	<b>6,130,881</b>	(12,343,546)
Including: Investment loss on associates		<b>–</b>	(35,653,821)
Gains or losses on changes in fair value		<b>(7,411,163)</b>	1,442,324
Reversal/(Provision) for expected credit losses	5	<b>58,702,224</b>	(12,073,086)
Gains/(loss) on disposals of assets		<b>1,270,267</b>	(383,778)
<b>Operating loss</b>		<b>(206,889,252)</b>	(219,732,580)
Add: Non-operating income		<b>743,351</b>	598,215
Less: Non-operating expenses		<b>(2,603,403)</b>	(17,362,578)
<b>Total loss</b>		<b>(208,749,304)</b>	(236,496,943)
Less: Income tax credits	6	<b>40,122,459</b>	45,793,705
<b>Net loss</b>		<b>(168,626,845)</b>	(190,703,238)
Net loss attributable to shareholders of the Company		<b>(136,008,897)</b>	(155,298,891)
Minority interests		<b>(32,617,948)</b>	(35,404,347)

	<i>Note</i>	<b>2023</b> <b>RMB</b>	2022 <i>RMB</i>
<b>Other comprehensive loss, net of tax</b>		<u>—</u>	<u>(14,074,429)</u>
Other comprehensive loss attributable to shareholders of the Company, net of tax		—	(14,074,429)
Other comprehensive income which will be reclassified to profit or loss		—	(14,074,429)
Other comprehensive income that can be transferred to profit or loss under the equity method		<u>—</u>	<u>(14,074,429)</u>
<b>Total comprehensive loss</b>		<b><u>(168,626,845)</u></b>	<b><u>(204,777,667)</u></b>
Attributable to shareholders of the Company		<b>(136,008,897)</b>	(169,373,320)
Attributable to minority interests		<b>(32,617,948)</b>	(35,404,347)
<b>Losses per share</b>			
Basic and diluted losses per share (RMB)	7	<b><u>(0.29)</u></b>	<b><u>(0.33)</u></b>

## CONSOLIDATED BALANCE SHEET

	<b>31 December</b>	31 December
	<b>2023</b>	2022
<i>Note</i>	<b>RMB</b>	<b>RMB</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash at bank and on hand	<b>203,653,693</b>	119,427,073
Financial assets held for sale	<b>20,865,570</b>	28,276,733
Accounts receivable	<b>415,503,852</b>	267,265,560
Prepayments	<b>3,375,113</b>	9,827,641
Other receivables	<b>48,003,363</b>	45,165,250
Inventories	<b>1,351,071</b>	785,451
Other current assets	<b>12,111,057</b>	9,257,877
	<u><b>704,863,719</b></u>	<u>480,005,585</u>
<b>Total current assets</b>		
<b>Non-current assets</b>		
Long-term equity investments	<b>8,349,494</b>	8,349,494
Other non-current financial assets	<b>49,041,540</b>	49,057,863
Investment properties	<b>1,483,620,416</b>	1,588,118,868
Fixed assets	<b>6,894,912,392</b>	7,287,915,800
Right-of-use assets	<b>1,096,877,998</b>	84,244,294
Intangible assets	<b>1,033,989,080</b>	1,050,102,401
Long-term prepaid expenses	<b>2,343,742</b>	3,338,293
Deferred tax assets	<b>34,855,604</b>	41,834,806
Other non-current assets	<b>52,098,200</b>	46,583,900
	<u><b>10,656,088,466</b></u>	<u>10,159,545,719</u>
<b>Total non-current assets</b>		
<b>Total assets</b>		
	<u><b>11,360,952,185</b></u>	<u>10,639,551,304</u>

	<b>31 December</b>	31 December
	<b>2023</b>	2022
<i>Note</i>	<b>RMB</b>	<b>RMB</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term borrowings	320,000,000	100,000,000
Accounts payable	286,825,486	361,617,182
Advances from customers	17,659,784	29,159,367
Contract liabilities	19,700,653	12,433,168
Employee benefits payable	122,945,096	72,653,332
Taxes payable	202,968,104	242,555,786
Other payables	1,819,984,108	2,381,475,457
Other current liabilities	4,097,247	3,306,607
Non-current liabilities due within one year	<u>3,604,496,207</u>	<u>2,796,812,359</u>
<b>Total current liabilities</b>	<b><u>6,398,676,685</u></b>	<b><u>6,000,013,258</u></b>
<b>Non-current liabilities</b>		
Lease liabilities	545,460,674	–
Long-term payables	21,553,901	24,682,712
Deferred revenue	40,892,223	43,725,556
Deferred tax liabilities	53,507,316	84,598,932
Other non-current liabilities	<u>62,968,250</u>	<u>80,010,865</u>
<b>Total non-current liabilities</b>	<b><u>724,382,364</u></b>	<b><u>233,018,065</u></b>
<b>Total liabilities</b>	<b><u>7,123,059,049</u></b>	<b><u>6,233,031,323</u></b>
<b>Shareholders' equity</b>		
Share capital	473,213,000	473,213,000
Capital surplus	864,890,722	864,890,722
Surplus reserve	246,394,231	246,394,231
Other comprehensive income	13,624,269	13,624,269
Retained earnings	<u>2,675,311,727</u>	<u>2,811,320,624</u>
<b>Total equity attributable to shareholders of the Company</b>	<b>4,273,433,949</b>	4,409,442,846
Minority interests	<u>(35,540,813)</u>	<u>(2,922,865)</u>
<b>Total equity</b>	<b><u>4,237,893,136</u></b>	<b><u>4,406,519,981</u></b>
<b>Total liabilities and equity</b>	<b><u>11,360,952,185</u></b>	<b><u>10,639,551,304</u></b>
<b>Net current liabilities</b>	<b><u>5,693,812,966</u></b>	<b><u>5,520,007,673</u></b>
<b>Total assets less current liabilities</b>	<b><u>4,962,275,500</u></b>	<b><u>4,639,538,046</u></b>

Notes:

## 1. GENERAL INFORMATION

Hainan Meilan International Airport Company Limited (hereinafter referred to as the “**Company**”) was established as a joint stock company with limited liability in the People’s Republic of China (the “**PRC**”) on 28 December 2000. The registered address and headquarters of the Company is in Haikou City, Hainan Province, the PRC. The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 18 November 2002. The Company and its subsidiaries (collectively the “**Group**”) are mainly engaged in the operation of the Meilan Airport and certain ancillary commercial businesses in Haikou City, Hainan Province, the PRC. The parent company of the Company is Haikou Meilan International Airport Co., Ltd. (“**Haikou Meilan**”), an enterprise established in the PRC with limited liability.

These financial statements are authorized for issue by the board of directors of the Company (the “**Board**”) on 28 March 2024.

## 2. BASIS OF PREPARATION

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises—Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “**CASs**”). These financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

The Group’s net loss for the year ended 31 December 2023 was RMB170 million. The Group’s net cash flow from operating activities in 2023 was RMB527 million, and net cash outflow was RMB30 million after deducting the annual rental on Haikou Meilan’s leased assets of RMB557 million. As at 31 December 2023, the Group’s current liabilities amounted to RMB6.4 billion, exceeding its current assets by RMB5.69 billion. The Group’s current liabilities mainly comprised the Syndicated Loan of RMB1.91 billion, short-term borrowings of RMB320 million, amounts due to related parties of RMB1.16 billion, lease liabilities due within one year of RMB910 million, and construction payments payable for the Meilan Airport Phase II Expansion Project (the “**Phase II Expansion Project**”) of RMB620 million.

The Company and Haikou Meilan jointly constructed the Phase II Expansion Project, with Haikou Meilan as the borrower and the Company as the co-borrower obtaining a Syndicated Loan with a term of RMB7.8 billion and a term of 20 years (the “**Syndicated Loan**”), which was specifically used for the Phase II Expansion Project, and the Company and Haikou Meilan jointly undertook the repayment obligation for each loan under the Syndicated Loan Contract, and were jointly and severally liable for the repayment of the creditor’s rights (the “**Joint Repayment Commitment**”). As of 31 December 2023, the cumulative principal amount of the Syndicated Loan was RMB5.18 billion, and the cumulative principal amount was RMB170 million, of which Haikou Meilan had drawn down the outstanding principal of the Syndicated Loan of RMB3.10 billion, and the Company had drawn down the outstanding principal of the Syndicated Loan of RMB1.91 billion. Arbitration cases arising from the Company in 2020 (“**Arbitration Cases**”) triggered events of default of the Syndicated Loan, resulting in the syndicate lenders having the right and possibility at any time to require the Company to undertake a joint repayment commitment and fully repay the balance of the Syndicated Loan of RMB3.10 billion that Haikou Meilan has drawn down and has not yet been repaid, and the syndicate lenders have the right to require the Company to repay the balance of the Syndicated Loan of RMB1.91 billion drawn down and outstanding at any time, and to suspend the loan amount of RMB1.96 billion remaining from the loan contract to the Company.

In June 2023, the Company received the first stage award of the Arbitration Case, and the majority opinion of the arbitral tribunal found that the Company had failed to use its best efforts to facilitate the transaction of the Subscription Agreement, and therefore found that there was a breach of contract. As of the date of these financial statements, the second phase of the Arbitration Case has been heard, pending the arbitral tribunal's determination as to whether there is a causal relationship between the Company's breach of contract and the damage claimed by the Claimant, and the amount of compensation to be compensated to the Claimant if there is a causal relationship.

The above events or circumstances indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

In view of the above, the Directors of the Company have carefully considered the Group's future working capital, operating forecast and available sources of financing so as to assess whether the Group has sufficient working capital and sources of financing to ensure that it can settle its debts when they fall due and continue to operate within 12 months from 31 December 2023. The Group is trying to take certain measures to reduce the uncertainty on the future working capital, including but not limited to:

- 1) In respect of the Arbitration Cases, the second stage of arbitration is still in progress as of the date of these financial statements. The Company will, through the Company's lawyer, vigorously defend in the legal proceedings and make its the best efforts to ensure that the Company does not have to pay the compensation claimed by the arbitration applicant;
- 2) The Company and Haikou Meilan is negotiating with the syndicate lenders to obtain a waiver from the syndicate lenders for arbitration matters. The management believes that the syndicate lenders have been informed of the pending arbitration matters and will not require the Company to repay the outstanding balance of the Syndicated Loan of RMB1.91 billion in advance, nor will it require the Company to repay the balance of the Syndicated Loan of Haikou Meilan of RMB3.10 billion.
- 3) The Company also continued to communicate with major banks and financial institutions to actively obtain new bank facilities. In March 2024, the Company has obtained approval from a domestic financial institution for an financing facility of RMB1 billion to repay institutional borrowings, related party borrowings and replenish the Company's daily operating funds.
- 4) The Company has negotiated with Haikou Meilan and has obtained its consent that the Company can repay the amounts due to Haikou Meilan when the Company has sufficient working capital, including the Company's amounts due to Haikou Meilan of about RMB1.16 billion, and the lease liabilities payable within one year is RMB910 million on 31 December 2023; and
- 5) The Group will continue to apply the incremental time, promote the landing of the seventh air rights route, and build a domestic and international dual-cycle aviation network pattern; reasonably control the airport operating costs, continue to introduce of internationally renowned luxury brands to increase the unit price of duty-free business passengers and other measures to increase the company's operating capital inflow.

The Board has reviewed the Group's cash flow forecast for the 12 months from the date of these financial statements prepared by the management of the Company. The Board is of the view that the Group will have sufficient working capital and sources of financing to ensure that the Group is able to settle its debt due in the next 12 months from 31 December 2023. Accordingly, the Board is of view that it is appropriate to prepare these financial statements on a going concern basis.

Nevertheless, there are still significant uncertainties as to whether the Group's management can implement the above plans and measures. Whether the Group will be able to continue as a going concern would depend upon the following:

- 1) whether the Company will not be required to pay the damage as claimed by the applicant of the Arbitration Case;
- 2) whether the Company can obtain the waiver of the syndicate lenders and not require the Company to prepay the outstanding balance of the Syndicated Loan of RMB1.91 billion or settle the balance of the outstanding Syndicated Loan of Haikou Meilan of RMB3.10 billion;
- 3) whether the Company can enter into relevant loan agreements and disburse loans with financial institutions for the new financing facility to repay debts due and meet future funding needs;
- 4) whether the Company can continue to obtain the consent of Haikou Meilan to repay the amount payable to Haikou Meilan, the construction payment advanced by Haikou Meilan for the Company and the rent of the leased assets in subsequent years, depending on the Company's working capital sufficiency; and
- 5) Whether the Group's airport operation will generate the expected growth stable net operating cash inflow.

Should the Group be unable to operate as a going concern, adjustments would have to be made to adjust the carrying amounts of the Group's assets to their recoverable amounts, to make a provision for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not yet been reflected in these financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

	2023	2022
	<i>RMB</i>	<i>RMB</i>
<b>Analysis of revenues (by nature)</b>		
Aeronautical:		
Passenger service income	<b>448,590,560</b>	158,814,739
Ground handling service income	<b>336,392,533</b>	122,099,994
Fees and related charges on aircraft take-off and landing	<b>189,637,156</b>	<u>80,222,211</u>
	<b>974,620,249</b>	<u>361,136,944</u>
Non-aeronautical:		
Franchise income	<b>622,399,533</b>	453,939,102
Hotel income	<b>110,241,102</b>	71,931,611
Freight and packaging income	<b>86,981,209</b>	65,325,788
Rental income	<b>76,557,013</b>	70,150,817
VIP room income	<b>39,225,048</b>	32,400,608
Other income	<b>175,655,373</b>	<u>86,576,754</u>
	<b>1,111,059,278</b>	<u>780,324,680</u>
	<b>2,085,679,527</b>	<u>1,141,461,624</u>

#### 4. INVESTMENT INCOME/(LOSS)

	2023 <i>RMB</i>	2022 <i>RMB</i>
Income on debt restructuring	5,322,131	22,471,954
Investment loss from long-term equity investment in unlisted companies using equity method	–	(35,653,821)
Others	<u>808,750</u>	<u>838,321</u>
	<u><b>6,130,881</b></u>	<u><b>(12,343,546)</b></u>

#### 5. (REVERSAL)/PROVISION FOR EXPECTED CREDIT LOSSES

	2023 <i>RMB</i>	2022 <i>RMB</i>
(Reversal)/Provision for bad debt of accounts receivables	(58,757,117)	11,116,269
(Reversal)/Provision for bad debt of other receivables	(358,979)	917,468
Provision for expected credit losses of Joint Repayment Commitment	<u>413,872</u>	<u>39,349</u>
	<u><b>(58,702,224)</b></u>	<u><b>12,073,086</b></u>

#### 6. INCOME TAX CREDITS

Hong Kong profits tax has not been provided for as the Group had no assessable profits arising from Hong Kong during the year ended 31 December 2023 (2022: Nil). Income tax expenses in the consolidated income statement represent provision for the PRC corporate income tax (“CIT”).

	2023 <i>RMB</i>	2022 <i>RMB</i>
Current income tax calculated based on tax law and related regulations	1,672,435	–
Deferred income tax	<u>(41,794,894)</u>	<u>(45,793,705)</u>
	<u><b>(40,122,459)</b></u>	<u><b>(45,793,705)</b></u>

According to the Notice of Preferential Policies for Enterprise Income Tax Hainan Free Trade Port (CS [2020] No.31) and relevant regulations issued by Hainan Provincial Finance Department and Hainan Taxation Bureau of State Administration of Taxation, the Group is subject to corporate income tax at a reduced rate of 15% during the period from 1 January 2020 to 31 December 2024. The applicable CIT rate of the Group for the year ended 31 December 2023 is 15% (2022: 15%).

## 7. LOSSES PER SHARE

Basic losses per share are calculated by dividing the consolidated net loss attributable to ordinary shareholders of the Company by weighted average number of outstanding ordinary shares of the Company:

	2023	2022
Consolidated net loss attributable to ordinary shareholders of the Company ( <i>RMB</i> )	<b>(136,008,897)</b>	(155,298,891)
Weighted average number of ordinary shares outstanding ( <i>Share</i> )	<b>473,213,000</b>	473,213,000
Basic losses per share ( <i>RMB</i> )	<b><u>(0.29)</u></b>	<b><u>(0.33)</u></b>

Diluted losses per share is calculated by dividing the consolidated net loss attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. As there were no dilutive potential ordinary shares in this year (2022: Nil), diluted losses per share equal to basic losses per share.

## 8. DIVIDENDS

On 28 March 2024, the Board of Directors proposed not to distribute 2023 final cash dividend (2022 final cash dividend: Nil).

## 9. ACCOUNTS RECEIVABLE

	31 December 2023 <i>RMB</i>	31 December 2022 <i>RMB</i>
Accounts receivable	<b>450,774,777</b>	379,760,127
Less: Provision for bad debts	<b><u>(35,270,925)</u></b>	<u>(112,494,567)</u>
	<b><u>415,503,852</u></b>	<u>267,265,560</u>

Credit terms granted to customers are generally ranged from 1 to 3 months. The ageing analysis of accounts receivable, based on the dates of recognition, is set out as follows:

	<b>31 December 2023 RMB</b>	31 December 2022 RMB
Within 90 days	<b>348,316,212</b>	210,796,481
91 to 180 days	<b>71,733,466</b>	32,858,608
181 to 365 days	<b>17,380,091</b>	39,427,881
Over 365 days	<b>13,345,008</b>	96,677,157
	<b><u>450,774,777</u></b>	<b><u>379,760,127</u></b>

#### 10. ACCOUNTS PAYABLE

The ageing analysis of accounts payable, based on the dates of recognition, is as follows:

	<b>31 December 2023 RMB</b>	31 December 2022 RMB
Within 90 days	<b>142,368,078</b>	108,738,388
91 to 180 days	<b>37,427,814</b>	24,203,659
181 to 365 days	<b>13,893,685</b>	36,520,441
Over 365 days	<b>93,135,909</b>	192,154,694
	<b><u>286,825,486</u></b>	<b><u>361,617,182</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Revenue Review

#### *Overview of Aviation Business*

Since 2023, the aviation market has seen a clear recovery, Meilan Airport actively coordinated with airlines such as Hainan Airlines, Southern Airlines to put wide-body passenger aircrafts on popular routes and continuously increased airlines' capacity in Haikou.

In 2023, Meilan Airport made a breakthrough with respect of flight scheduling capacity. In June 2023, the Civil Aviation Administration of China (“CAAC”) approved an increase of peak hour capacity standard for flights at Meilan Airport from 30 flights/hour to 40 flights/hour (i.e., the flight scheduling coordination parameter was not exceed 39 flights/hour, and the use of the remaining 1 flight was determined by the CAAC), resulting in a 33% increase in flight scheduling capacity. Subsequently, the CAAC initiated the allocation of new flights scheduling at some coordinated airports, with the first round of the release of hour capacity for 5 flights at Meilan Airport, and 23 airlines obtained the incremental capacity, planned to operate 52 routes, all of which were scheduled and successfully operated.

In 2023, Meilan Airport continued to support Juneyao Airlines in establishing the Hainan branch. Meilan Airport will continue to promote the airlines to establish bases in Haikou, continuously increasing its transport capacity stationed at the airport and improving its routes layout.

In order to further improve the network layout of the Meilan Airport routes, expand the aviation market, build a connected international and domestic transfer network, Meilan Airport accelerated to construct a route network for an international aviation hub for the Pacific Ocean and the Indian Ocean (“**the Pacific Ocean and the Indian Ocean**”). Meilan Airport entered into a series of cooperation agreements with airports and airlines in various regions and actively promoted the execution and implementation of such agreements.

As of 31 December 2023, Meilan Airport operated a total of 254 originating routes, including 218 domestic routes, 29 international and regional routes, 7 international freight routes, representing a year-on-year increase of 68 new routes, including 45 domestic routes, 20 international and regional routes and 3 international freight routes. Meilan Airport extended its reach to a total of 146 cities, including 121 domestic destinations, 17 international and regional destinations, 8 international freight destinations, representing a year-on-year increase of 31 new destinations, including 12 domestic destinations, 16 international and regional destinations, and 3 international freight destinations. A total of 51 airlines operated at Meilan Airport, including 35 domestic airlines, 12 international and regional airlines and 4 international freight airlines, representing a year-on-year increase of 16 airlines, including 2 domestic airlines, 11 international and regional airlines and 3 international freight airlines.

Details of the aviation traffic throughput of Meilan Airport in 2023 and comparative figures of last year are set out below:

	<b>2023</b>	2022	Change
<b>Passenger throughput</b>			
<b>(headcount in ten thousand)</b>	<b>2,434.04</b>	1,116.22	118.06%
in which: domestic	<b>2,385.70</b>	1,116.00	113.77%
international and regional	<b>48.34</b>	0.22	21,872.73%
<b>Aircraft takeoff and landing (times)</b>	<b>172,454</b>	105,675	63.19%
in which: domestic	<b>167,553</b>	105,181	59.30%
international and regional	<b>4,901</b>	494	892.11%
<b>Cargo and mail throughput (tons)</b>	<b>174,904.80</b>	124,372.70	40.63%
in which: domestic	<b>167,551.30</b>	118,758.10	41.09%
international and regional	<b>7,353.50</b>	5,614.60	30.97%

The Group's total revenue from aviation business in 2023 was RMB974,620,249, representing an increase of 169.88% as compared with the corresponding period in 2022. The increase in revenue from aviation business was mainly due to the increase in revenue resulting from the significant increase in passenger throughput as well as cargo and mail throughput, and the income from aviation business generated from the leased assets of Haikou Meilan International Airport Company Limited (the "**Parent Company**") were transferred to the Company. A breakdown of the Group's revenue from aviation business is as follows:

	<b>Amount in 2023 (RMB)</b>	<b>Changes over 2022</b>
Passenger service charges	448,590,560	182.46%
Ground handling service income	336,392,533	175.51%
Fees and related charges on aircraft take-offs and landing	<u>189,637,156</u>	<u>136.39%</u>
<b>Total revenue from aviation business</b>	<b><u>974,620,249</u></b>	<b><u>169.88%</u></b>

## **Overview of Non-aviation Business**

In 2023, the non-aviation business of the Group experienced a significant increase. The revenue of the annual non-aviation business reached RMB1,111,059,278, representing a year-on-year increase of 42.38% accounting for 53.27% of the Group's total revenue.

In 2023, the Group continued to assist the cdf duty-free shop at Haikou Meilan Airport (“**duty-free shop at Meilan Airport**”) in advancing the upgrade of luxury brands, strengthening marketing promotions, and enhancing the revenue from duty-free business. Within this year, the Group also tapped into potential resources, promoted the recovery of business such as VIP cards for business travel and agency insurance sales, increased efforts on marketing and promotion, boosted business revenue, and increased revenue from non-aviation business.

In 2023, the Group recorded franchise income of RMB622,399,533, representing a year-on-year increase of 37.11%; hotel income amounted to RMB110,241,102, representing a year-on-year increase of 53.26%; freight and packaging income reached RMB86,981,209, representing a year-on-year increase of 33.15%; rental income reached RMB76,557,013, representing a year-on-year increase of 9.13%; VIP room income reached RMB39,225,048, representing a year-on-year increase of 21.06%.

	<b>Amount in 2023 (RMB)</b>	<b>Changes over 2022</b>
Franchise income	622,399,533	37.11%
Hotel income	110,241,102	53.26%
Freight and packaging income	86,981,209	33.15%
Rental income	76,557,013	9.13%
VIP room income	39,225,048	21.06%
Other income	<u>175,655,373</u>	<u>102.89%</u>
<b>Total revenue from non-aviation business</b>	<b><u>1,111,059,278</u></b>	<b><u>42.38%</u></b>

### *Franchise Income*

In 2023, the franchise income of the Group aggregated to RMB622,399,533, representing a year-on-year increase of 37.11%, which was mainly attributable to the continuous recovery of the aviation industry in PRC, which led to increased passenger throughput at Meilan Airport and a significant growth of sales of duty-free shops at Meilan Airport, resulting in a significant increase in franchise income of the Group as compared to the same period last year.

### *Hotel Income*

In 2023, the hotel income of the Group amounted to RMB110,241,102, representing a year-on-year increase of 53.26%, which was mainly due to the increase in passenger throughput and higher occupancy rate of hotel at the airport.

### *Freight and Packaging Income*

In 2023, the freight and packaging income of the Group amounted to RMB86,981,209, representing a year-on-year increase of 33.15%, which was mainly attributable to the significant recovery of aviation market and the resources integration and promoting activities carried by Meilan Airport's freight business, leading to an increase in freight and packaging income as a result of the significant year-on-year increase in cargo and mail throughput of Meilan Airport.

### *Rental Income*

In 2023, the rental income of the Group amounted to RMB76,557,013, representing a year-on-year increase of 9.13%, which was mainly attributable to the increase in rental income due to the addition of leased area during this year.

### *VIP Room Income*

In 2023, the VIP room income of the Group amounted to RMB39,225,048, representing a year-on-year increase of 21.06%, which was mainly attributable to the increase in passenger throughput at Meilan Airport and the year-on-year increase in VIP room income due to the addition of the Company's franchised business of VIP cards for business travel since August 2023.

## **Financial Review**

### ***Asset Analysis***

As at 31 December 2023, the total assets of the Group amounted to RMB11,360,952,185, representing a year-on-year increase of 6.78%, among which, current assets amounted to RMB704,863,719, representing approximately 6.20% of the total assets; and non-current assets amounted to RMB10,656,088,466, representing approximately 93.80% of the total assets.

### ***Costs Analysis***

The cost of sales, selling and distribution expenses and general and administrative expenses of the Group aggregated to RMB2,169,791,200 in 2023, representing an increase of RMB962,147,726 and a year-on-year increase of 79.67% as compared to that of 2022. Information on items with large changes in cost and expense for this year is as follows:

- (1) the Group's depreciation and amortization of intangible assets for this year increased by RMB473,602,252 as compared with the corresponding period in 2022, mainly due to the increase in depreciation of related right-of-use assets as the Company leased relevant assets of Phase I and Phase II of Meilan Airport held by the Parent Company;
- (2) the employee salary, and labour outsourcing and labour dispatch cost of the Group for this year increased by RMB283,636,907 as compared with that of the corresponding period of 2022, which mainly because, the Company has been responsible for the overall operation of Meilan Airport since 2023, increasing flight scheduling capacity and business volume recovery, which led to an increase in labour demand and consequently, an increase in the number of employees;
- (3) the cleaning and environmental maintenance fees, security service fees, utilities and maintenance costs of the Group for this year increased by RMB198,232,503 as compared with that of the corresponding period of 2022, mainly due to the increase in passenger throughput and cargo and mail throughput of Meilan Airport, and the increase in relevant operation costs as the Company has been responsible for the overall operation of Meilan Airport since 2023.

In 2023, the financial expenses of the Group amounted to RMB135,747,181, representing a year-on-year increase of RMB47,592,994, which is mainly attributable to the increase in financial expenses as a result of the addition to the interest fees on leased liabilities of RMB52,456,540 during this year.

### ***Expected Credit Losses***

The Group recorded the reversal of expected credit losses of RMB58,702,224 in 2023, which is mainly attributable to the debt restructuring arrangement entered into between the Group and Company A during this year. Company A has made good the Group's receivables against the debts by the Company to its related parties. The provision for bad debts previously accounted for such receivables was reversed during this year.

### ***Cash Flow***

In 2023, the Group's net cash inflow from operating activities was RMB526,935,887, representing a year-on-year increase of 202.76%, which was mainly attributable to the continuous recovery of the aviation industry in PRC, which led to increased growth of aviation business volume of Meilan Airport, and the revenue arising from the assets of Phase I and Phase II of Meilan Airport leased in 2023 was attributable to the Company, driving the increase in revenues.

In 2023, the Group's net cash outflow for investing activities was RMB326,689,079, which was mainly for the payment of construction costs for Meilan Airport Phase II Expansion Project (**“the Phase II Expansion Project”**).

In 2023, the Group's net cash outflow for financing activities was RMB116,020,188, which was mainly attributable to the repayment of loan principal and interest, as well as the payment to the Parent Company for rents on leased assets in this year.

### ***Pledge of Assets***

As mentioned in the Company's announcement dated 1 February 2018, the Company and the Parent Company, as co-borrowers, pledged the lands and buildings owned by the Company and the Parent Company as security to secure a syndicated loan (the **“Syndicated Loan”**) of RMB7.8 billion from China Development Bank Corporation Limited, Hainan Branch of Industrial and Commercial Bank of China Limited and Hainan Branch of Agricultural Bank of China Limited, as co-lenders, for a period of 20 years. The loan proceeds shall be solely used for the construction of the airport project of the Phase II Expansion Project.

### ***Gearing Ratio***

As at 31 December 2023, the current assets of the Group were RMB704,863,719, total assets were RMB11,360,952,185, current liabilities were RMB6,398,676,685, and total liabilities were RMB7,123,059,049.

As at 31 December 2023, the gearing ratio (total liabilities/total assets) of the Group was 62.70%, representing an increase of 4.12% as compared with that as at 31 December 2022, which was mainly due to the Company leased relevant assets of Phase I and Phase II of Meilan Airport held by the Parent Company and the addition to leased liabilities and non-current liabilities leading to a significant increase in liabilities.

### ***Foreign Exchange Risks***

The businesses of the Group are principally conducted in Renminbi, except certain aviation revenue, purchase of equipment and consulting service fee which are denominated in US dollars or Hong Kong dollars. The Group has not entered into any forward contracts to hedge its exposure to foreign exchange risks.

### ***Financial Instruments***

As at 31 December 2023, the financial instruments of the Group mainly comprised cash at bank and on hand, stock and trusts, Syndicated Loan and short-term borrowings. The major sources of these financial instruments are the fund-raising for operation of the Group and the repayment of liabilities. Besides, the Group had other financial instruments in relation to daily operations, such as receivables (excluding prepayments) and payables (excluding statutory liabilities).

### ***Contingent Liability***

Save for the arrangement of the Syndicated Loan and the arbitration mentioned in the section headed “Material Litigation or Arbitration” in this results announcement, as at 31 December 2023, the Group had no other significant contingent liability.

### **Significant Investments Held and Their Performances**

As of 31 December 2023, the Group had no material investment enterprises.

## **Intelligent Airport Construction**

In 2023, the data center of the Meilan Airport completed the fundamental construction of the platform covering data access, storage, management, analysis, and sharing of the entire process, and completed the large-screen display and mobile terminal display in three segments, i.e. production and operation, operational situation and freight logistics, which marked the realisation of completeness and ease of data output and the completion of in-depth utilisation of six key operational indicators of airports, such as normal departure rate of flights.

On 19 June 2023, the new VIP management system at the Meilan Airport commenced trial run, which finally achieved full-process closed-loop management of VIP services at the Meilan Airport and built a one-stop platform for “VIP Management + Services”.

On 6 December 2023, the fixed assets management system of Meilan Airport commenced trial run and established a standardized asset management and control system, which implemented a closed-loop process control over the full process of asset acceptance, transfer, obsolescence, disposal, inventory and other business applications, and realized the digital, refined and global management of fixed assets.

After the Phase II Expansion Project has been put into use in December 2021, the configuration and operation mode of the north-south flight area of Meilan Airport gave rise to some hot spot areas (which refer to the area where aircraft taxiing speed is relatively fast and some of the corridors block the view of vehicles). In order to avoid the risk of conflict or collision between vehicles and aircraft in operation within the hot spots, the traffic light system in the hot spot areas of the apron of Meilan Airport has examined and inspected the aircraft, vehicle operation track with integration of multiple data, and calculated the probability of a possible conflict based on the information provided by the aircraft and the location of the vehicles. Also, traffic lights at the crossing of the field will be controlled automatically or manually at seat terminal, which will lead the safe passage of ground vehicles, ensuring the safe operation of the airport while enhancing the efficiency of the airport operation.

## Terminal Complex Project

Situated on the north side of Meilan Airport, the terminal complex project has a gross floor area of 315,300 sq.m. The project has comprehensive business patterns and functions and encompasses the commercial building, the hotel building, GTC (Ground Traffic Center, a traffic hub) and the parking building. The commercial building brings together various business patterns, including off-shore duty-free shopping, Hainan featured products shopping, OUTLETS and food court.

GTC on the ground floor of the terminal complex project integrates inter-city express, bus, high-speed railway, car-hailing, taxi, and other transportation tools. Roundabout high-speed railway and suburban trains of Hainan pass directly to GTC, which forms a preliminary land based three-dimensional transportation service system for Meilan Airport and provides diverse and convenient traffic services for travelers. In 2023, a total of 7 bus routes were in operation at GTC, with 216,661 departures which carried 811,583 passengers; a total of 7 long distance coach routes towards Danzhou and Wenchang and other cities were in operation, with 10,962 departures which carried 53,318 passengers; 986,715 taxis accessed the GTC and carried 1,462,399 passengers.

The room occupancy rate of Meilan Airport Hotel was 81.43% and about 427,600 guests were received this year, representing an increase of 25.18% and 44.46%, respectively, as compared to the same period of the previous year. In 2023, the delivery of passenger traffic at the Meilan Airport reached new breakthroughs, Meilan Airport Hotel seized the opportunity to consolidate the customer base market of the airlines and continue to develop new business cooperation with the airlines. The structure of the individual traveler source market of Meilan Airport Hotel was optimized to increase the room occupancy for online booking. With the expansion of Meilan Airport's routes, Meilan Airport Hotel focused on the development of the tour group market of international and domestic transit. Meanwhile, Meilan Airport continued to maintain long-term cooperation with civil aviation units. In 2023, with high quality of service, Meilan Airport Hotel received a total of 15 honorary awards. In particular, "Provincial Civilized Tourism Model Unit\* (省級文明旅遊示範單位)" was awarded by the Hainan Provincial Tourism Integrity Building Guiding Committee\* (海南省旅遊誠信建設指導委員會). Meilan Airport Hotel received four awards of cooperative platforms, including "2022 Most Popular Hotel" by Trip.com Group, and received four awards in the industry, including "Top 100 Mid-to-High-end Hotels in China" by Mobility Consumer Favourite List of 2022, "Best Airport Hotel of the Year" of China Hotel Starlight Awards and the title of "Top 100 Hotels in China" from the Red Velvet\* (紅絲絨).

Duty-paying commercial area of the terminal complex project is situated at the south side of the second to fifth floors of the aviation tourism city of the terminal complex, with a gross floor area of approximately 78,000 sq.m., of which approximately 12,859 sq.m. is retail business area and approximately 3,180 sq.m. is catering area. The outlet stores in the terminal complex project also gather numerous well-known domestic and foreign brands.

In the future, the Company will timely re-conduct commercial planning for the terminal complex project, strengthen the differentiated operation mindset, identify its accurate position through business district benchmarking, and improve the shopping experience and commercial service quality, so as to meet the deep needs of consumers and continue to enhance commercial value.

### **The Progress of Proposed Issuance of New Domestic Shares and Proposed Issuance of New H Shares**

References are made to the circulars of the Company dated 28 April 2017, 6 March 2018, 18 April 2019 and 7 January 2020 in relation to, among other things, the past Parent Company subscription and the past new H shares issue, and the extension of validity period of the shareholders' resolutions and authorization granted to the Board in relation to the past Parent Company subscription and the past new H shares issue.

According to the past Parent Company subscription, the Parent Company agreed to subscribe for the new domestic shares, which include:

- (1) 189,987,125 new domestic shares as consideration for the transfer of assets in relation to the Phase I runway by the Parent Company to the Company; and
- (2) 12,500,000 new domestic shares by cash at an aggregate subscription price of RMB100,000,000, at the subscription price of RMB8.00 per new domestic share.

Pursuant to the past new H shares issue, the Company may proceed to place no more than 200,000,000 new H shares to qualified institutional, corporate and individual and other investors.

The validity period of the shareholders' resolutions and authorisation granted to the Board in relation to the past Parent Company subscription and the past new H shares issue expired on 25 June 2020.

References are made to the announcement of the Company dated 24 July 2020 and the circular of the Company dated 20 August 2020 in relation to, among other things, the Parent Company subscription and the new H shares issue. On 24 July 2020, the Company and the Parent Company entered into the Parent Company domestic shares subscription agreement (the “**2020 Parent Company Domestic Shares Subscription Agreement**”), pursuant to which the Parent Company agreed to subscribe for the subscription shares, being no more than 140,741,000 new domestic shares as consideration for the transfer of the assets in relation to the Phase I runway by the Parent Company to the Company (the “**Parent Company Subscription**”). There were no other material changes on the terms of the 2020 Parent Company Domestic Shares Subscription Agreement as compared to those of the past Parent Company domestic shares subscription agreements, except for the adjustments on the subscription price, number and method of the subscription shares. Meanwhile, the Board proposed the new H shares issue (i.e. the issue of no more than 155,000,000 new H shares, the “**New H Shares Issue**”). The Company convened the extraordinary general meeting, H shareholders class meeting and domestic shareholders class meeting on 18 September 2020 to consider and approve relevant resolutions in relation to the Parent Company Subscription and the New H Shares Issue.

References are made to the announcement of the Company dated 21 August 2021 and the circular dated 21 September 2021 in relation to, among other things, the Parent Company Subscription and the New H Shares Issue. On 21 August 2021, the Company and the Parent Company entered into the 2021 supplemental Parent Company domestic shares subscription agreement, pursuant to which, the Company and the Parent Company mutually agreed to make certain amendments to the 2020 Parent Company Domestic Shares Subscription Agreement. The Company held the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting on 8 October 2021, where the relevant resolutions were considered and approved to extend the validity period of shareholders’ resolutions and authorization granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue for a further period of twelve months, commencing from 18 September 2021 and ending on 17 September 2022.

References are made to the announcement of the Company dated 8 August 2022 and the circular of the Company dated 30 September 2022 in relation to, among other things, the Parent Company Subscription and the New H Shares Issue. The Company held the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting on 8 November 2022, where the relevant resolutions were considered and approved to extend the validity period of shareholders’ resolutions and authorization granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue for a further period of twelve months, commencing from 18 September 2022 and ending on 17 September 2023.

Reference is made to the announcement of the Company dated 17 September 2023 and the circular dated 16 November 2023 in relation to, among others, the Parent Company Subscription and the New H Shares Issue. The Company held the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting on 20 December 2023, where the relevant resolutions were considered and approved to extend the validity period of shareholders' resolutions and authorization granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue for a further period of twelve months, commencing from 18 September 2023 and ending on 17 September 2024.

The completion of the Parent Company Subscription and the New H Shares Issue shall be subject to certain conditions precedent, respectively. For details, please refer to the circulars of the Company dated 20 August 2020, 21 September 2021, 30 September 2022 and 16 November 2023. As of the date of this results announcement, none of such conditions precedent was satisfied or waived. The Company will notify the shareholders and potential investors of the Company with the information on the progress of the Parent Company Subscription and the New H Shares Issue in the future (if necessary).

### **Employees, Remuneration Policy and Training**

As at 31 December 2023, the Group had a total of 4,106 employees, representing a year-on-year increase of 2,810 employees, which was mainly due to the fact that firstly, the Company has been responsible for the overall operation of Meilan Airport since this year, and the business volume has increased, resulting in an increase in labor demand; secondly, according to the “Interim Provisions on Labor Dispatch(《勞務派遣暫行規定》)” by the Ministry of Human Resources and Social Security, the employing unit should strictly control the number of labor dispatched, so the Company organized 545 dispatched employees to be converted into labor contract workers during this year. The Group will review the remuneration policy and related packages on a regular basis. Bonuses and commissions may be awarded to employees according to the assessment of their performance.

The Group upgraded the talent of employees and provided adequate training based on the requirements of the positions of employees. A total of 470 courses were completed, and 126,860 staffs participated in such courses for this year.

## **Retirement Pension**

The Company and its subsidiaries shall participate in the retirement scheme operated by the relevant local governmental institutions. The PRC government shall be responsible for the pension of the retired employees. The Group has to make contribution at a certain percentage of the employees' salary for those employees who hold permanent residency in the PRC (according to the retirement pension policies in Hainan Province, the Group's contribution ratio was 16% from January to December 2023). Once contributions are made by the Group to the retirement scheme, the relevant employer's contribution is fully owned by the employees. For the year ended 31 December 2023, the pension contribution of the Group was approximately RMB72,327,861 (2022: approximately RMB36,507,944). The pension contribution for this year has increased significantly as compared with the previous year, mainly due to the significant increase in the number of employees in the Company as compared to the previous year.

## **EVENT AFTER THE REPORTING PERIOD**

No events occurred which had a significant impact on the Group after 31 December 2023.

## **Outlook**

At present, the world economic lacks growth momentum and fluctuation, uncertainty and unpredictability have increased. Looking ahead to 2024, the world economy still faces many risk challenges. China's economy recovery is at a critical stage to recovery, and although the long-term underlying trend remains positive, some difficulties and challenges still need to be overcome.

For the economic work in 2024, China will coordinate the expansion of domestic demand and the deepening of supply-side structural reform, combine the two in an organic manner, enhance the internal momentum and reliability of the domestic cycle, and improve the quality and standard of international circulation. China will coordinate high-quality development and high-level of safety, focus on the high-quality development, continue to effectively prevent and resolve risks in key areas and enhance the construction of national security capability, and ensure the new development pattern with new security landscape.

Focused on the high quality development, Hainan Province will make greater efforts to promote economic recovery, deepen the reform and opening up at a higher level, deeply coordinate the development of education, technology and talents, and nurture a modern industrial system with higher quality, promote regional coordinated development more effectively, improve the people's well-being with more efforts, and build a higher standard of ecological civilization and coordinate development and safety with stronger measures.

The Group will steadily advance the construction of the hub facing the Pacific Ocean and the Indian Ocean and consolidate and enhance the positive trend in production and operation of Meilan Airport. The Group will hold on the bottom line of aviation safety, improve and optimize the various operation procedures and improve the professional quality of employees. In addition, the Group will continuously improve the safety service management level, tap into the profit potential and make full use of the policy on the fifth freedom of the air and the seventh freedom of the air and contribute to the construction of the Hainan Free Trade Port (the “**Hainan Free Trade Port**”). It will also strengthen the construction of the workforce and increase investment in vocational education for employees, improve the development of the risk management system, internal control system and other management system, ensure standardized corporate governance, and solidly promote the modernization of corporate governance capacity. The Group will also carry out capital operation projects in a timely manner to improve the asset quality of the Group, achieve further development and reward all shareholders with better performance.

***Promote Transformation and Upgrade, Strive for Win-Win in “Output Quantity” and “Operation Quality”***

The Group will seize the opportunities of post-pandemic economic recovery after the and expand domestic flight routes. With the aim of “fast track for key cities and convenience for small and medium-sized cities”, the Group is expected to increase the proportion of wide-body aircraft, add flights to second-tier cities and expand routes towards popular tourist cities. The Group will layout international route networks, densely organize special southbound passenger routes to Southeast Asia and the Oceania and establish a transit network between domestic and international flight routes. Meanwhile, a special work team was established to advance the access of the route on the seventh freedom of the air based on continuing the efforts to open the access of the route on the fifth freedom of the air, striving for a breakthrough of “zero”. The Group will spare no effort in promoting the implementation of the information technology project for independent customs operation of Meilan Airport, actively cooperate with government bodies in carrying out customs clearance drills, gain experience for pressure tests regarding customs clearance, continue to build a benchmark for customs operation in Hainan Province with continuous efforts, and improve its capability to support tourists’ transit.

### ***Stick to Core Capability Construction, Constantly Clutch Attention on Safety***

In 2024, the Group will further consolidate the concept of safety development and firmly adhere the safety-first principle. It will continue to strengthen its responsibility for implementation, enforcement of regulations, rectification effectiveness, organisation of production, infrastructure and regulatory performance. The Group will fully implement the highest standards and strictest requirements in respect of improving production safety responsibility system, deepening the implementation of the dual prevention mechanism of intensifying the risk control and grading of civil aviation safety risk classification control and hidden danger inspection and management dual prevention work mechanism (“**Dual Prevention Mechanism**”), carrying on core risks and potential hazards, fully securing the implementation of Ten Security Capacity Enhancement Projects (十個安全能力提升項目), conducting comprehensive support capacity assessment and enhancement, and continuously promoting its safety governance system and modernization of governance capacity to ensure high-level safety to high-quality development.

### ***Firmly Enhance Efficiency Promotion and Solidly Develop Brand Promotion***

In 2024, according to the “quick construction and quick use (快建快用)” principle and transitional application requirements, Meilan Airport will complete the expansion of the positions of Airport Operations Control Centre (“**AOCC**”), ensuring full support the coordination of the joint operation of air control and airlines stationed in the Meilan Airport. The Company will continue to deepen the collaborative mechanism of the operation coordination and management committee of Meilan Airport and focus on overcoming challenges in high level operation and unfavourable conditions. The Company will also enhance the three major operation mechanisms based on six major collaborative mechanisms (六大協同機制), expand the operation of the flight management system to cover the five stages of the planning, tactical forecast, tactics, review analysis and improvement and promote the establishment of the full-life-cycle guarantee system of flights to further enhance the efficiency of the flight operation.

In 2024, Meilan Airport will continue to focus on high-quality development. With the goal of actively practicing sincere services and creating a more beautiful service card for the Hainan Free Trade Port, Meilan Airport will adhere to the people-oriented principle, focusing on the travel needs and experience of passengers, continue to deepen system practice, implement five-star service standards, promote quality brand construction, and strive to create “first-class management, first-class services, first-class environment and first-class talents”, comprehensively improving the sense of achievement and happiness of passengers for travel. Firstly, with the deepening of system practice as the starting point, Meilan Airport will strengthen service process management, focus on service process supervision and special governance, and comprehensively promote the implementation of service system elements and the quality and efficiency of service business. Secondly, Meilan Airport will focus on the improvement of service quality in “four aspects”, focusing on business processes, service facilities and environment, and jointly improve the quality of travel services for passengers while providing airline support, employee care and partner services. Thirdly, Meilan Airport will build a quality brand-building indicator system, create “core brands” and “competitive products”, present the highlights of humanistic characteristics, promote the realisation of the beautiful vision of “joyful travel for passengers and the smooth flow of goods”, and continue to maintain the advantages of industry and international service brands.

### ***Efforts to Build An Aviation Regional Gateway Hub Facing “the Pacific Ocean and the Indian Ocean”***

In 2024, the Group will continue to give full play to the advantages of off-shore duty-free shopping and southbound location, make full use of the policy on the fifth freedom of the air and the seventh freedom of the air, reasonably arrange international air routes and promote substantial progress in the construction of an aviation regional gateway hub facing “the Pacific Ocean and the Indian Ocean”. Anchored by this position, the Group will establish a special route to build an aviation hub facing “the Pacific Ocean and the Indian Ocean”, thoroughly study and formulate the overall implementation plan, actively contact relevant provincial and municipal units to put forward work suggestions, and shifting strategic focus to the upstream and downstream of the industry, improve its own economic benefits in the process of building an aviation regional gateway hub facing “the Pacific Ocean and the Indian Ocean”. Meanwhile, the Group will give full play to the fundamental, pioneering, strategic and service-oriented role of air transportation, improve the facilitation of passenger and cargo transit, open new, stable and encrypted international air routes, and build an extensive and accessible air transport network to enhance the attractiveness of off-shore duty-free shopping and tourism vacations.

## **AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT**

The figures set out in this results announcement for the year ended 31 December 2023 have been agreed by the Group’s auditor, PricewaterhouseCoopers Zhong Tian LLP, to the Group’s audited financial statements for this year. The work performed by PricewaterhouseCoopers Zhong Tian LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers Zhong Tian LLP on this results announcement.

## **FINAL DIVIDEND**

The Board expected that, in 2023, the Company will have a relatively large capital demand, mainly because the Phase II Expansion Project has been put into operation, and the out-of-pocket costs have increased relatively significantly; and the Phase II Expansion Project has not yet been completed and settled, a large amount of capital will still be required in 2024 to ensure the payment of the project funds. In view of the actual needs of the Company’s future development capital, the Board recommended no payment of final dividend for the year ended 31 December 2023.

During the year, there was no arrangement under which any shareholders of the Company has waived or agreed to waive any dividend.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The Company will announce the date of the annual general meeting and the period of closure of register of members in due course.

## MATERIAL LITIGATION OR ARBITRATION

As disclosed in the announcement of the Company dated 5 January 2021, 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 “**New H Shares Subscription Agreement**”) on 29 September 2019. Aero Infrastructure Holding Company Limited, as the claimant, filed an arbitration (the “**Arbitration Case**”) with the Hong Kong International Arbitration Centre against the Company asserting allegations in connection with the New H Shares Subscription Agreement.

In June 2023, the Company received the first phase arbitration award of the above Arbitration Case. The majority opinion of the arbitral tribunal determined that the Company did not use its best endeavors to procure the completion of the transactions contemplated under the New H Shares Subscription Agreement, which constitutes a breach of contract. As the approval of the financial statements, the second phase of the Arbitration Case is still in progress, pending the arbitral tribunal’s determination as to whether there is a causal relationship between the breach of contract of the Company and the loss alleged by the Claimant, should there be a casual relationship and the amount of damages to be awarded to the Claimant. For the details of the Arbitration Case, please refer to the announcement of the Company dated 15 June 2023.

Save as disclosed above, the Group had no other material litigation or arbitration for the year ended 31 December 2023.

## SHARE CAPITAL STRUCTURE

As at 31 December 2023, the total number of issued share capital of the Company was 473,213,000, of which:

	<b>Numbers of shares</b>	<b>Approximate percentage of total issued shares</b>
Domestic shares	246,300,000	52%
H shares	<u>226,913,000</u>	<u>48%</u>
<b>Total</b>	<b><u>473,213,000</u></b>	<b><u>100%</u></b>

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2023, so far as known to the Directors, supervisors and chief executive of the Company, the following persons (other than a Director, supervisor or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register to be kept by the Company under section 336 of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong).

### Domestic Shares

Name of Shareholders	Capacity	Number of ordinary shares	Percentage of Domestic shares issued	Percentage of total issued share capital
Haikou Meilan International Airport Company Limited.* (Note 1)	Beneficial owner	237,500,000(L)	96.43%	50.19%
Hainan Airport Industrial Investment Co., Ltd.* (Note 1)	Interest of controlled corporations	237,500,000(L)	96.43%	50.19%
Hainan Development Holdings Co., Ltd.* (Note 1)	Interest of controlled corporations	237,500,000(L)	96.43%	50.19%

## H Shares

Name of Shareholders	Type of interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
UBS Group AG ( <i>Note 2</i> )	Interest of controlled corporations	24,956,642 (L)	10.99%	5.27%
HSBC Holdings plc ( <i>Note 3</i> )	Interest of controlled corporations	12,123,000 (L)	5.34%	2.56%
		12,124,000 (S)	5.34%	2.56%
M&G Plc ( <i>Note 4</i> )	Interest of controlled corporations	13,925,090 (L)	6.13%	2.94%
		1,198,910(S)	0.53%	0.25%
The Bank of New York Mellon Corporation ( <i>Note 5</i> )	Interest of controlled corporations	11,763,925 (L)	5.18%	2.49%
		126,000 (P)	0.06%	0.03%
China International Capital Corporation Limited ( <i>Note 6</i> )	Interest of controlled corporations	11,641,000 (L)	5.13%	2.46%
		11,641,000 (S)	5.13%	2.46%

### Notes:

1. Haikou Meilan International Airport Company Limited is established in the PRC and is the controlling shareholder of the Company.

According to the disclosure of interests filed on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), Hainan Development Holdings Co., Ltd.\* (海南省發展控股有限公司) holds 100% interests in Hainan Airport Group Co., Ltd.\* (海南機場集團有限公司), Hainan Airport Group Co., Ltd. holds 56.00% interests in Hainan Airport Industrial Investment Co., Ltd.\* (海南機場實業投資有限公司), and Hainan Airport Industrial Investment Co., Ltd. holds 46.81% interests in the Parent Company. Therefore, both Hainan Development Holdings Co., Ltd. and Hainan Airport Industrial Investment Co., Ltd. are deemed to be interested in the 237,500,000 domestic shares of the Company in long position held by the Parent Company.

2. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, UBS Group AG held 100% interests in each of (i) UBS Asset Management (Americas) Inc.; (ii) UBS Asset Management (Hong Kong) Ltd; (iii) UBS Asset Management (Singapore) Ltd; (iv) UBS Fund Management (Luxembourg) S.A.; (v) UBS Asset Management Switzerland AG; (vi) UBS Fund Management (Switzerland) AG; (vii) UBS AG; (viii) UBS Switzerland AG; and (ix) Credit Suisse Funds AG. Therefore, UBS Group AG was deemed to be interested in 23,000, 1,297,000, 512,300, 19,112,499, 39,000, 40,000, 3,000,143, 850,700 and 82,000 H shares of the Company in long position held by the aforesaid companies, respectively.
3. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, HSBC Holdings plc held 100% interest in HSBC Bank plc. Therefore, HSBC Holdings plc was deemed to be interested in 12,123,000 H Shares in long positions and 12,110,000 H Shares in short positions held by HSBC Bank plc. In addition, HSBC Holdings plc held 100% interest in HSBC Asia Holdings Limited, which held 100% interest in The Hongkong and Shanghai Banking Corporation Limited. Therefore, HSBC Holdings plc was deemed to be interested in 14,000 H Shares in short positions held by The Hongkong and Shanghai Banking Corporation Limited.
4. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, M&G Plc held 100% interest in M&G Group Regulated Entity Holding Company Limited, which held 100% interest in M&G Group Limited. M&G Plc also held 100% interest in The Prudential Assurance Company. M&G Group Limited held 100% interest in M&G FA Limited, which held 100% interest in M&G Luxembourg S.A., M&G Investment Management Limited and M&G Securities Limited. Therefore, M&G Plc was deemed to be interested in 1,882,000, 13,925,090 and 12,043,090 H Shares in long positions held by M&G Luxembourg S.A., M&G Investment Management Limited and M&G Securities Limited, respectively, and 1,198,910 and 1,198,910 H Shares in short positions held by M&G Investment Management Limited and M&G Securities Limited, respectively.
5. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, The Bank of New York Mellon Corporation held 100% interest in The Bank of New York Mellon. The Bank of New York Mellon held 100% interest in BNY International Financing Corporation, which held 100% interest in BNY Mellon Corporate Trustee Services Limited. Therefore, The Bank of New York Mellon Corporation was deemed to be interested in 4,956,538 and 6,807,387 H Shares in long positions held by The Bank of New York Mellon and BNY Mellon Corporate Trustee Services Limited, respectively.
6. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, China International Capital Corporation Limited held 100% interest in China International Capital Corporation (International) Limited, which held 100% interest in CICC Financial Holdings Limited. CICC Financial Holdings Limited held 100% interest in CICC Financial Trading Limited. Therefore, China International Capital Corporation Limited was deemed to be interested in 11,110,000 H Shares in long positions and 5,717,000 H Shares in short positions held by CICC Financial Trading Limited.
7. (L), (S) and (P) represent long position, short position and shares available for lending, respectively.

Save as disclosed above, as at 31 December 2023, so far as known to the Directors, supervisors and chief executive of the Company, there was no other person (other than the Directors, supervisors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register to be kept by the Company under section 336 of the SFO.

## **INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES**

As at 31 December 2023, no Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Hong Kong Stock Exchange.

## **THE RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had entered into any arrangement to enable the Directors or supervisors to acquire any benefit by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or supervisors or their respective spouses or children under the age of 18 has been granted any rights to subscribe for shares in or debentures of the Company or any other body corporate or have exercised any of such rights.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE**

The Audit Committee was established with terms of reference in accordance with the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advice thereon, including review of the relationship with external auditor, the Company’s financial reporting, risk management and internal control system. There was no disagreement between the Audit Committee and the external auditor on the accounting policies adopted by the Company. The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2023.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The below sections set out an extract of the report by PricewaterhouseCoopers Zhong Tian LLP, the auditor of the Company, regarding the financial statements of the Group for the year ended 31 December 2023.

## **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries (the “**Group**”) and the Company as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

## **Material Uncertainty Related to Going Concern**

We draw your attention to Note 2(1) to the accompanying financial statements, which states that the Group’s net loss for the year ended 31 December 2023 amounted to approximately RMB170 million and the Group’s net current liabilities amounted to RMB5.69 billion as at 31 December 2023. The arbitration case incurred during the year ended 31 December 2020 (Note 9) has triggered the relevant default clauses of the Syndicated Loan, which resulted in the loan syndicate having the right to request, at any time, the Company to early repay the Syndicated Loan drawn down without repaid by the parent company amounting to approximately RMB3.10 billion which the Company is jointly liable for repayment as a co-borrow and the Syndicated Loan drawn down without repaid by the Company. These conditions, together with other matters set forth in Note 2(1) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern. Our audit opinion is not modified in respect of this matter.

## **PARTICULARS ON COMPLIANCE WITH RULES 3.10(1), 3.10(2) AND 3.21 OF THE LISTING RULES**

As at 31 December 2023, the Board is comprised of four independent non-executive Directors. As at 31 December 2023, the Audit Committee is comprised of three independent non-executive Directors, one of whom has obtained accounting qualification and is a member of the Hong Kong Institute of Certified Public Accountants.

## **DIRECTORS’ AND SUPERVISORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors’ and supervisors’ securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all the Directors and supervisors, the Company confirmed that, all the Directors and supervisors have complied with the required standard set out in the Model Code and the code of conduct of the Company regarding directors’ and supervisors’ securities transactions during the year ended 31 December 2023.

## COMPLIANCE WITH THE CG CODE

The Company has been in compliance with all the rules prescribed by the China Securities Regulatory Commission and the Hong Kong Stock Exchange, as well as requirements of other regulatory bodies. The Company has applied the principles as set out in the CG Code and established a series of corporate governance systems in accordance with relevant requirements to continuously improve the corporate governance structure.

According to code provision C.2.1 of Part II of the CG Code, the responsibilities of the chairman and chief executive officer of listed issuers should be separate and should not be performed by the same individual. The arrangement of Mr. Wang Hong serving as both the chairman (“**Chairman**”) and president (“**President**”) of the Company deviated from the code provision C.2.1 of Part II of the CG Code.

Notwithstanding the deviation from code provision C.2.1 of Part II of the CG Code, given that the Company has set out clearly in writing the respective responsibilities of the chairman and the president (i.e. the responsibilities of the general manager as stipulated in the Articles of Association), and Mr. Wang Hong, being the President, is familiar with and has superior knowledge and experience of the Company’s business, therefore, the Board considers that Mr. Wang Hong serving as both the Chairman and the President has the benefit of ensuring consistent leadership with the Company and enables more efficient overall business development strategic planning for the Company. The Board believes that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and efficiently. The Board shall nevertheless review the structure from time to time and it will consider the appropriate move to take should suitable circumstances arise.

Pursuant to code provision B.2.2 of Part II of the CG Code, each Director (including those with specific terms of appointment) is subject to retirement by rotation at least once every three years. The term of appointment of the independent non-executive Directors, namely Mr. Fung Ching, Simon, Mr. George F Meng and Mr. Deng Tianlin were for three years, from 23 December 2020 to 22 December 2023. As the selection of the candidates succeeding the above Director has not yet been completed, Mr. Fung Ching, Simon, Mr. Deng Tianlin and Mr. George F Meng have not retired and continue to serve their duties of Directors in accordance with the provisions of the Articles of Association. The Company will hold a general meeting as soon as possible after confirming the candidates of the Directors to seek the approval of the Shareholders for the relevant appointments.

Save for the deviation disclosed above, during the year ended 31 December 2023, the Company had complied with the other code provisions of the CG Code and met with all reasonable governance and disclosure requirements. The Company will continue to improve its corporate governance and enhance its transparency to shareholders.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement will be published on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the Company's website at [www.mlairport.com](http://www.mlairport.com). The 2023 annual report of the Company containing all information required under the Listing Rules will be published and will be made available on the websites of the Hong Kong Stock Exchange and the Company on or before 26 April 2024.

## **BOARD OF DIRECTORS**

As at the date of this results announcement, the members of the Board include:

### *Executive Directors*

WANG Hong (*Chairman and President*)

REN Kai

XING Zhoujin

### *Non-executive Directors*

WU Jian

LI Zhiguo

WANG Zhen

### *Independent Non-executive Directors*

FUNG Ching, Simon

George F MENG

DENG Tianlin

YE Zheng

By order of the Board

**Hainan Meilan International Airport Company Limited\***

**Wang Hong**

*Chairman and President*

Haikou, the PRC

28 March 2024

*This announcement is published in English and Chinese.*

*In the event of any inconsistency between the two versions, the Chinese version shall prevail.*

\* *For identification purpose only*