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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)

**DISCLOSEABLE TRANSACTION –
SALE AND LEASEBACK AGREEMENTS**

THE SALE AND LEASEBACK AGREEMENTS

The Board announces that, on 12 June 2024 (after trading hours), the Company entered into the Sale and Leaseback Agreements with BOCOM Financial Leasing, pursuant to which BOCOM Financial Leasing shall purchase the Lease Assets under each of Sale and Leaseback Agreements from the Company at the Purchase Price of RMB500 million (in respect of the Sale and Leaseback Agreement I) and RMB300 million (in respect of the Sale and Leaseback Agreement II), and lease the Lease Assets to the Company for a term of approximately 120 months in return for the lease payment.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Sale and Leaseback Agreements (on an aggregated basis) exceeds 5% but is less than 25%, the transactions constitute discloseable transactions of the Company and are subject to the notification, reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that, on 12 June 2024 (after trading hours), the Company entered into the Sale and Leaseback Agreements with BOCOM Financial Leasing, pursuant to which BOCOM Financial Leasing shall purchase the Lease Assets under each of Sale and Leaseback Agreements from the Company at the Purchase Price of RMB500 million (in respect of the Sale and Leaseback Agreement I) and RMB300 million (in respect of the Sale and Leaseback Agreement II), and lease the Lease Assets to the Company for a term of approximately 120 months in return for the lease payment.

* *For identification purpose only*

SALE AND LEASEBACK AGREEMENTS

The general terms and conditions of each of the Sale and Leaseback Agreements are substantially the same and their principal terms and conditions are summarised as follows:

Date: 12 June 2024 (after trading hours)

Parties: (1) BOCOM Financial Leasing (as the lessor)
(2) the Company (as the lesser)

To the best knowledge of the Directors, BOCOM Financial Leasing and its ultimate beneficial owners are independent third parties.

Subject matter: Pursuant to respective Sale and Leaseback Agreement, BOCOM Financial Leasing will purchase the Lease Assets from the Company at the Purchase Price, and the Lease Assets will be leased back to the Company for a period of approximately 120 months.

Subject to the compliance with the financial policies of the PRC, BOCOM Financial Leasing shall pay the Purchase Price under the respective Sale and Leaseback Agreement to the Company within ten (10) business days upon fulfillment of the conditions as set out in the respective Sale and Leaseback Agreement, including, among others, (i) the execution of the respective Sale and Leaseback Agreement and other related agreements (if any); (ii) the due completion of the registration of title and transfer procedure (if any) of the Lease Assets and the due completion of the registration for publication for the Lease Assets; and (iii) the provision to BOCOM Financial Leasing of the title information relevant to the Lease Assets.

Purchase Price: The Purchase Price of the Lease Assets as agreed between the Company and BOCOM Financial Leasing in accordance with the relevant regulations of the PRC is RMB500 million (in respect of the Sale and Leaseback Agreement I) and RMB300 million (in respect of the Sale and Leaseback Agreement II). The Company confirmed that the Purchase Price under the respective Sale and Leaseback Agreement was determined based on book value of the Lease Assets in the Company's account book and taking into account the corresponding depreciation.

Lease Term: Approximately 120 months, from the Lease Inception Date to the 15th day of the 120th month after the month of the Lease Inception Date.

Lease Assets: Certain airport operational equipment of Terminal 2 of Meilan Airport as set out under the respective Sale and Leaseback Agreement.

Legal title of the Lease Assets: BOCOM Financial Leasing owns the legal title of the Lease Assets during the Lease Term.

Lease payment: The total amount of lease payment under the respective Sale and Leaseback Agreement represents the sum of the Lease Principal and the lease interest. The lease payment is payable in arrear every six (6) months, for a total of twenty (20) instalments (each, an “**Instalment**”).

The annual lease interest rate under the respective Sale and Leaseback Agreement depends on the stage of the Lease Term. For the first five (5) years of the Lease Term, the annual lease interest rate will be the five (5)-year LPR on 20 May 2024 (the “**Specified LPR**”), i.e. 3.95%, minus fifteen (15) base point (“**BP**”), i.e. 3.80% (subject to adjustment as set out below). For the subsequent five (5) years, the annual lease interest rate will be the Specified LPR plus fifteen (15) BP, i.e. 4.10% (subject to adjustment as set out below). The lease payment will apply periodic interest rate, i.e. the annual interest rate divided by the number of lease payment per year.

The annual lease interest rate was determined through arm’s length negotiation between the Company and BOCOM Financial Leasing, after taking into account factors including the amount of the Lease Principal, the Lease Term, the overall return rate to BOCOM Financial Leasing, creditability of the Company and the prevailing market conditions.

During the Lease Term, the annual lease interest rate shall be adjusted once every twelve (12) months, from the Lease Inception Date. The effective date of the adjustment shall be the lease payment date in respect of the Instalment to be paid at the twelfth (12th) month from the Lease Inception Date and every twelfth (12th) month thereafter. The annual lease interest rate shall be calculated based on the arithmetic average of the LPR for the corresponding classes of the respective Sale and Leaseback Agreement as published during the six (6) months preceding the effective date of the adjustment and the method as agreed between BOCOM Financial Leasing and the Company.

The payment amount of each Instalment under the respective Sale and Leaseback Agreement should be the sum of the principal payable and the lease interest payable, whereas:

Principal payable = Lease Principal/Number of instalments

Lease interest payable = (Lease Principal – Aggregate repaid principal) x Periodic interest rate

Events of default:

If the Company commits any event of default as stipulated under the respective Sale and Leaseback Agreement, including, among other things, default in the lease payment or other payment, etc., BOCOM Financial Leasing may, among other remedies available under the respective Sale and Leaseback Agreement, accelerate the respective Sale and Leaseback Agreement and demand repayment of all the lease payment (due and undue) and other payables.

Security deposit:

On or before the respective payment date of the Purchase Price under the respective Sale and Leaseback Agreement by BOCOM Financial Leasing, the Company shall pay a sum equal to 1.5% of the Purchase Price to BOCOM Financial Leasing as security deposit. The Company confirmed that the amount of the security deposit was determined with reference to, among other things, the background and creditability of the Company.

If the Company terminates the respective Sale and Leaseback Agreement by early repayment in full, the respective security deposit will be deducted to offset the remaining lease payment (due and undue) in accordance with the terms of the respective Sale and Leaseback Agreement. BOCOM Financial Leasing is also entitled to deduct the respective security deposit to offset any damages and other amount payable to it by the Company in accordance with the terms of the respective Sale and Leaseback Agreement.

No interest will be accrued in respect of the security deposit.

The Company's right to repurchase the Lease Assets:

Upon expiry of the Lease Term and payment of all the lease payments and other amount payables (if any) under the respective Sale and Leaseback Agreement by the Company to BOCOM Financial Leasing, the Company shall have the right to repurchase the Lease Assets in accordance with the terms of the respective Sale and Leaseback Agreement at a nominal consideration of RMB1.

FINANCIAL EFFECTS AND USE OF PROCEEDS

According to the China Standards on Auditing, the transactions contemplated under the Sale and Leaseback Agreements are expected to be accounted for as financing arrangements and therefore would not have any significant immediate effect on the earnings of the Group for the year ending 31 December 2024.

The funding from the Sale and Leaseback Agreements would be used for settlement of the final payment of the construction costs for the Meilan Airport Phase II Expansion Project, replenishing capital for daily operation of the Company and other necessary expenses.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Sale and Leaseback Agreements are financing arrangements that would enable the Company to further optimise its cash flows and extend the Company's financing channels, thereby further replenishing the working capital of the Company, while allowing the Company to continue to utilise the Lease Assets at the same time.

The Directors considered that the Sale and Leaseback Agreements and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis. Having considered the above, the Directors considered that the terms of the Sale and Leaseback Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND BOCOM FINANCIAL LEASING

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

BOCOM Financial Leasing is principally engaged in financial leasing services.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Sale and Leaseback Agreements (on an aggregated basis) exceeds 5% but is less than 25%, the transactions constitute discloseable transactions of the Company and are subject to the notification, reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“BOCOM Financial Leasing”	Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司)
“Company”	Hainan Meilan International Airport Company Limited* (海南美蘭國際空港股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Assets”	certain airport operational equipment of Terminal 2 of Meilan Airport as set out under the respective Sale and Leaseback Agreement
“Lease Inception Date”	the date on which BOCOM Financial Leasing pays the Purchase Price pursuant to the respective Sale and Leaseback Agreement to the Company (or if the Purchase Price is to be paid in instalments, the date on which BOCOM Financial Leasing pays the first instalment)
“Lease Term”	from the Lease Inception Date under the respective Sale and Leaseback Agreement to the 15th day of the 120th month after the month of the Lease Inception Date
“Lease Principal”	RMB500 million (in respect of the Sale and Leaseback Agreement I) or RMB300 million (in respect of the Sale and Leaseback Agreement II), being the amount of the Purchase Price to be paid by BOCOM Financial Leasing pursuant to the respective Sale and Leaseback Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	the loan prime rate as promulgated by the National Interbank Funding Center
“Meilan Airport”	the civil airport known as Haikou Meilan International Airport (海口美蘭國際機場) located in Haikou City, Hainan Province, the PRC
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excluding Hong Kong and Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchase Price”	the consideration of RMB500 million (in respect of the Sale and Leaseback Agreement I) or RMB300 million (in respect of the Sale and Leaseback Agreement II) payable by BOCOM Financial Leasing for the purchase of the Lease Assets from the Company pursuant to the respective Sale and Leaseback Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreement(s)”	collectively, the Sale and Leaseback Agreement I and the Sale and Leaseback Agreement II, or any of them if the context so required
“Sale and Leaseback Agreement I”	the sale and leaseback agreement dated 12 June 2024 entered into between the Company and BOCOM Financial Leasing in relation to the sale and leaseback of the Lease Assets at the Purchase Price of RMB500 million
“Sale and Leaseback Agreement II”	the sale and leaseback agreement dated 12 June 2024 entered into between the Company and BOCOM Financial Leasing in relation to the sale and leaseback of the Lease Assets at the Purchase Price of RMB300 million
“Shareholder(s)”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By order of the Board
Hainan Meilan International Airport Company Limited*
Wang Hong
Chairman and President

Hainan, the PRC
12 June 2024

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Wang Hong, Mr. Ren Kai and Mr. Xing Zhoujin; (ii) three non-executive directors, namely Mr. Wu Jian, Mr. Li Zhiguo and Mr. Wen Zhe; and (iii) four independent non-executive directors, namely Mr. Fung Ching, Simon, Mr. George F Meng, Mr. Deng Tianlin and Mr. Ye Zheng.

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