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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 2021

FINANCIAL HIGHLIGHTS

- Total revenue was RMB1,605.71 million (2020: RMB1,369.53 million)
- Revenue from aeronautical business was RMB518.58 million (2020: RMB463.01 million)
- Revenue from non-aeronautical business was RMB1,087.13 million (2020: RMB906.53 million)
- Net profit attributable to shareholders of the Company was RMB765.13 million (2020: net loss attributable to shareholders of the Company was RMB1,340.38 million)
- Earnings per share was RMB1.62 (2020: losses per share was RMB2.83)

BUSINESS HIGHLIGHTS

- The passenger throughput recorded 17.5197 million
- Aircraft takeoff and landing reached 138,930 times
- Cargo throughput was 148,378.70 tons

* *For identification purposes 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 2021, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), together with the comparative figures for the corresponding period of 2020 as follows:

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

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2021 <i>RMB</i>	2020 <i>RMB</i>
Revenue	3	1,605,712,250	1,369,531,792
Less: Cost of sales		(871,442,217)	(676,429,554)
Taxes and surcharges		(28,764,966)	(14,440,239)
Selling and distribution expenses		(5,413,649)	(8,342,961)
General and administrative expenses		(114,462,862)	(83,984,850)
Finance expenses		(21,375,640)	(14,377,017)
Including: Interest expenses		(27,377,384)	(6,427,645)
Interest income		6,524,891	3,310,201
Add: Other income		11,786,485	18,000,726
Investment loss	4	(17,517,193)	(1,389,427,364)
Including: Investment loss on associates		(7,976)	(1,389,859,957)
Gains or losses on changes in fair value		(695,041)	—
Reversal/(provision) for expected credit losses	5	160,172,771	(501,882,184)
Losses on disposals of assets		(712,875)	(884,225)
Operating profit/(loss)		717,287,063	(1,302,235,876)
Add: Non-operating income		607,039	218,643
Less: Non-operating expenses		(25,174)	(2,477)
Total profit/(loss)		717,868,928	(1,302,019,710)
Less: Income tax credit/(expenses)	6	37,682,419	(40,053,498)
Net profit/(loss)		755,551,347	(1,342,073,208)
Attributable to shareholders of the Company		765,131,573	(1,340,376,146)
Minority interests		(9,580,226)	(1,697,062)

	<i>Note</i>	2021 <i>RMB</i>	2020 <i>RMB</i>
Other comprehensive income, net of tax		—	—
Attributable to shareholders of the Company		—	—
Other comprehensive income that will be subsequently reclassified to profit and loss		—	—
Other comprehensive income that can be transferred to profit or loss under the equity method		—	—
Total comprehensive income/(loss)		755,551,347	(1,342,073,208)
Total comprehensive income/(loss) attributable to shareholders of the Company		765,131,573	(1,340,376,146)
Total comprehensive loss attributable to minority interests		(9,580,226)	(1,697,062)
Earnings/(Losses) per share			
– Basic and diluted earnings/(losses) per share	7	1.62	(2.83)

CONSOLIDATED BALANCE SHEET

	31 December 2021 <i>Note</i>	31 December 2020 <i>RMB</i>
ASSETS		
Current assets		
Cash at bank and on hand	212,123,485	292,182,748
Financial assets held for sale	26,834,409	—
Accounts receivable	309,474,896	353,076,812
Prepayments	10,080,773	10,566,302
Other receivables	54,925,229	8,454,512
Inventories	627,642	399,282
Other current assets	8,510,729	6,258,140
 Total current assets	622,577,163	670,937,796
 Non-current assets		
Long-term equity investments	12,848,969	12,856,945
Investment properties	1,639,860,833	1,180,319,936
Fixed assets	7,523,860,760	2,124,341,242
Construction in progress	—	5,728,721,777
Right-of-use assets	136,102,636	151,354,862
Intangible assets	1,066,972,506	153,471,779
Long-term prepaid expenses	4,276,037	6,003,025
Deferred tax assets	82,246,998	44,213,919
Other non-current assets	46,601,425	1,005,266,388
 Total non-current assets	10,512,770,164	10,406,549,873
 Total assets	11,135,347,327	11,077,487,669

	<i>Note</i>	31 December 2021 <i>RMB</i>	31 December 2020 <i>RMB</i>
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings		—	379,450,000
Accounts payable	10	344,481,547	310,016,962
Advances from customers		24,514,155	25,539,573
Contract liabilities		26,429,947	36,382,700
Employee benefits payable		61,333,318	44,512,417
Taxes payable		408,684,554	393,236,216
Other payables		2,617,621,949	2,697,974,613
Other current liabilities		4,171,396	189,087,000
Non-current liabilities due within one year		2,798,330,539	2,832,324,339
Total current liabilities		6,285,567,405	6,908,523,820
Non-current liabilities			
Lease liabilities		65,266,267	86,903,269
Long-term payables		60,167,166	79,444,402
Deferred revenue		46,558,889	49,392,222
Long-term employee benefits payable		141,860	361,580
Deferred tax liabilities		989,853	639,193
Other non-current liabilities		110,587,014	141,705,657
Total non-current liabilities		283,711,049	358,446,323
Total liabilities		6,569,278,454	7,266,970,143
Shareholders' equity			
Share capital		473,213,000	473,213,000
Capital surplus		819,661,947	819,661,947
Surplus reserve		246,394,231	246,394,231
Other comprehensive loss		(19,524,487)	(19,524,487)
Retained earnings		3,013,842,700	2,248,711,127
Total equity attributable to shareholders of the Company		4,533,587,391	3,768,455,818
Minority interests		32,481,482	42,061,708
Total equity		4,566,068,873	3,810,517,526
Total liabilities and equity		11,135,347,327	11,077,487,669
Net current liabilities		5,662,990,242	6,237,586,024
Total assets less current liabilities		4,849,779,922	4,168,963,849

Notes:

1. GENERAL INFORMATION

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 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.

As of 31 December 2021, HNA Group Co., Ltd. ("HNA Group") is a major shareholder of Haikou Meilan. In the year of 2020, the liquidity risk of HNA Group increased. On 10 February 2021, the Hainan High People's Court ("Hainan High Court") ruled on the acceptance of the restructuring of Hainan Airport Infrastructure Co., Ltd. ("Hainan Airport", formerly known as "**HNA Infrastructure Investment Group Co., Ltd**") and its 20 subsidiaries ("**Hainan Airport Restructuring**"), Hainan Airlines Holding Co., Ltd. ("**Hainan Airlines**") and its 10 subsidiaries ("**Hainan Airlines Restructuring**"). On 13 March 2021, Hainan High Court ruled on the acceptance of the substantial consolidated restructuring of HNA Group and its related companies totaling 321 companies ("**HNA Group Substantial Consolidated Restructuring**"). Haikou Meilan, HNA Airport Holdings (Group) Co., Ltd. (an significant associate of the Company, hereinafter referred to as "**HNA Airport Holdings**") and other companies with daily business transactions with the Group have been included in the above restructuring. On 31 October 2021, Hainan High Court ruled on the approval of the restructuring plan of the above three restructurings. On 31 December 2021, Hainan High Court ruled on the completion of the Hainan Airport Restructuring and Hainan Airlines Restructuring, the HNA Group Substantial Consolidated Restructuring is still in progress. According to the restructuring plan of HNA Group Substantial Consolidated Restructuring, Haikou Meilan was included in the airport sector, of which the Hainan Development Holdings Co., Ltd. is the strategy investor and has completed its capital injection to the airport sector. As of the date of these financial statements, the Group's business operation is stable. The above restructurings and their impacts have been accounted for when preparing these financial statements.

These financial statements are authorized for issue by the Board on 25 March 2022.

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**"). The new Hong Kong Companies Ordinance was effective on 3 March 2014. These financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

As at 31 December 2021, the Group recorded net current liabilities of approximately RMB5.66 billion, current portion of non-current liabilities of RMB2.80 billion, mainly including syndicated loan of RMB1.94 billion, amounts due to related parties of RMB0.77 billion and the construction fee payable of Meilan Airport Phase II Expansion Project (the "**Phase II Expansion Project**") of RMB1.37 billion, the Group's cash and cash equivalents amounted to RMB0.18 billion only.

The Company and Haikou Meilan jointly constructed the Phase II Expansion Project. Haikou Meilan as the borrower and the Company as the co-borrower have obtained a syndicated loan (the “**Syndicated Loan**”) with a total facility of RMB7.8 billion and maturity of 20 years which is specifically for financing the construction of the Phase II Expansion Project. Haikou Meilan and the Company jointly undertake the repayment obligation for each loan drawn down under the Syndicated Loan Agreement and are jointly and severally liable for the repayment of the Loan (the “**Joint Repayment Commitment**”). As of 31 December 2021, the draw-down of the Syndicated Loan totalled approximately RMB5.18 billion, of which Haikou Meilan has drawn down RMB3.24 billion and the Company has drawn down RMB1.94 billion. During the year ended 31 December 2020, Haikou Meilan has triggered the event of default of the Syndicated Loan. Furthermore, as HNA Group and its certain related parties including Haikou Meilan were not able to settle their debts in due course and were insolvent as a whole, Hainan High Court ruled on the acceptance of the substantial consolidated restructuring of Haikou Meilan, HNA Group and its related companies totalling 321 companies on 13 March 2021 (the “**HNA Group Substantial Consolidated Restructuring**”) (“**Haikou Meilan’s Defaults**”). Haikou Meilan’s Defaults resulted in the loan syndicate having the right to request, at any time, the Company as the co-borrower to undertake the Joint Repayment Commitment to repay the Syndicated Loan drawn down by Haikou Meilan amounting to RMB3.24 billion, after which the Company has the right to request reimbursement from Haikou Meilan. Haikou Meilan’s Default has also resulted in the loan syndicate having the right to request the Company to early repay the principal and interest of Syndicated Loan drawn down by the Company amounting to RMB1.94 billion and suspend the remaining loan facility of RMB1.96 billion to the Company. During the year ended 31 December 2021, Hainan High Court ruled on the approval of continuing to perform the Syndicated Loan Agreement and the approval of the HNA Group Substantial Consolidated Restructuring plan. In addition, the airport sector (including Haikou Meilan) under the HNA Group Substantial Consolidated Restructuring has secured the new strategic investor, Management is of the view that the lending syndicate will continue the original Syndicated Loan Agreement.

A short-term bank loan of the Company amounting to RMB0.38 billion was overdued in November 2020 (the “**Overdue Debt**”), which constituted an event of default of the Syndicated Loan. As of the issuance date of these financial statements, the Company has fully repaid the bank loan.

On 23 December 2020, the Company received arbitration application requiring the Company to pay a compensation for the damage in a maximum amount of HK\$6.962 billion in respect of the H shares subscription agreement entered into in prior year (the “**Arbitration Case**”). Management is of the view that the Company has no breach of the contract as claimed by the applicant and the damage claimed by the applicant will not be supported by the arbitration center after consulting the lawyer’s opinion. As of 31 December 2021, the Company has not made any provision for this contingency.

The Arbitration Case, Haikou Meilan’s Defaults and Overdue Debt constituted events of default of the Syndicated Loan. Even though the airport sector under the HNA Group Substantial Consolidated Restructuring has secured the new strategic investor, Haikou Meilan’s Defaults have been cleared and the Overdue Debt has been paid off, as of the date of the financial statements, the Company and Haikou Meilan have not obtained the written waiver from the loan syndicate, notwithstanding the Company and Haikou Meilan have not received notice from the loan syndicate requiring the Company to repay the Syndicated Loan or undertake the Joint Repayment Commitment.

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.

The directors of the Company have carefully considered the Group's future working capital, operation results and available sources of financing so as to assess whether the Group has sufficient working capital and sources of financing to meet its current requirement and continue as going concern for at least of 12 months from 31 December 2021. The Group is trying to take certain measures to improve its financial position and cash flow status, including but not limited to:

- 1) In respect of the Arbitration Case, the arbitration is still in progress as of the date of these financial statements, and the Company has submitted the first round written affirmative defenses and supporting documents. The Company will raise a strong defense. Management is of the view that the matters claimed by the applicant will not be supported by the arbitration center and the Company will not be required to pay a compensation for the damage;
- 2) The Company and Haikou Meilan have obtained the agreement from the lending syndicate to continue the Syndicated Loan and are negotiating with the lending syndicate to obtain a waiver from the lending syndicate in respect of aforementioned events of default. Management believes that the lending syndicate will agree to waive the above defaults and will not require the Company to early repay the principal and interest of the Syndicate Loan drawn down by the Company of RMB1.94 billion or settle the principal and interest of the Syndicate Loan drawn down by Haikou Meilan of RMB3.24 billion;
- 3) In December 2021, the Phase II Expansion Project was granted the 2022 local government specific bond with a total facility of RMB1.4 billion by Hainan Provincial Development and Reform Commission, and the first tranche of RMB0.5 billion was granted on 1 March 2022. Haikou Meilan and the Company will follow up with the People's Government of Hainan Province to continue utilising the unused facility of government specific bonds for the Phase II Expansion Project; and
- 4) As Hainan Province has accelerated the construction of free trade port, while the Epidemic has been effectively controlled within China, the airport operation businesses of the Group have achieved a stable and continuous improvement in the year of 2021. Moreover, the Phase II Expansion Project has been officially put into use since December 2021. Management will start the application for the expansion of flight time in due course, and introducing commercial facilities with diversity brands. Therefore, Management estimated the Group's airport operation businesses in 2022 will continue to grow on the basis of the year of 2021 and generate stable operating cash inflow accordingly.

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 2021. Accordingly, the Board is of view that it is appropriate to prepare these financial statements on a going concern basis.

Notwithstanding, significant uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. 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 lending syndicate's waiver in respect of the aforementioned events of default and then the Company is not required to early repay the principal and interest of the Syndicate Loan drawn down by the Company of RMB1.94 billion or settle the principal and interest of the Syndicate Loan drawn down by Haikou Meilan of RMB3.24 billion;
- 3) The Company can continue to utilise the undrawn facility of government specific bonds to settle the construction payment about Phase II Expansion Project; and
- 4) Whether the Group's airport operation businesses will continue to grow according to the management's forecast and generate stable operating cash inflow.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further 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

The chief operating decision-maker of the Group has been identified as the Executive Directors and senior management led by the chairman of the Company. The management reviews the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The management considers the Group conducts business within one business segment operations of the Meilan Airport and provision of services in connection with the airport operations and the Group also operates within one geographical segment because its revenues are primarily generated from and its assets are located in the PRC.

2021	2020
RMB	RMB

Analysis of revenue (by nature)

Aeronautical:

Passenger service income	252,465,010	232,104,867
Ground handling service income	164,501,372	140,935,947
Fees and related charges on aircraft takeoff and landing	101,613,008	89,964,362
	518,579,390	463,005,176

Non-aeronautical:

Franchise income	667,975,213	558,722,588
Hotel income	91,137,084	84,502,051
Freight and packaging income	87,672,452	92,986,239
VIP room income	78,078,153	70,422,336
Rental income	64,629,776	25,450,351
Car parking income	14,749,541	14,749,541
Other income	82,890,641	59,693,510
	1,087,132,860	906,526,616
	1,605,712,250	1,369,531,792

4. INVESTMENT LOSS

	2021 <i>RMB</i>	2020 <i>RMB</i>
Losses on debt restructuring	(17,509,217)	—
Investment loss from long-term equity investment in unlisted companies using equity method	(7,976)	(1,389,859,957)
Investment income from disposal of a subsidiary	<u>—</u>	<u>432,593</u>
	<u>(17,517,193)</u>	<u>(1,389,427,364)</u>

There is no significant restrictions on the repatriation of investment income.

5. (REVERSAL)/PROVISION FOR EXPECTED CREDIT LOSSES

	2021 <i>RMB</i>	2020 <i>RMB</i>
(Reversal)/provision for expected credit losses of		
Joint Repayment Commitment	(186,501,400)	189,087,000
Bad debt provision for accounts receivable	28,874,688	169,618,907
(Reversal)/provision for bad debt of other receivables	(3,194,014)	5,179,732
Bad debt provision for cash and cash equivalents	<u>647,955</u>	<u>137,996,545</u>
	<u>(160,172,771)</u>	<u>501,882,184</u>

6. INCOME TAX (CREDIT)/EXPENSES

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 2021 (2020: nil). Income tax expenses in the consolidated income statement represent provision for the PRC corporate income tax (“CIT”).

	2021 <i>RMB</i>	2020 <i>RMB</i>
Current income tax calculated based on tax law and related regulations	—	79,061,440
Deferred income tax	<u>(37,682,419)</u>	<u>(39,007,942)</u>
	<u>(37,682,419)</u>	<u>40,053,498</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 enterprise 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 2021 is 15% (year ended 31 December 2020: 15%).

7. EARNINGS/(LOSSES) PER SHARE

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

	2021	2020
Consolidated net profit/(loss) attributable to ordinary shareholders of the Company (<i>RMB</i>)	765,131,573	(1,340,376,146)
Weighted average number of outstanding ordinary shares of the Company (<i>share</i>)	473,213,000	473,213,000
Basic earnings/(losses) per share (<i>RMB</i>)	1.62	(2.83)

Diluted earnings/(losses) per share is calculated by dividing the consolidated net profit/(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 (2020: nil), diluted earnings/(losses) per share equal to basic earnings/(losses) per share.

8. DIVIDENDS

On 20 August 2021, the Board proposed not to distribute 2021 interim cash dividend (2020 interim cash dividend: nil).

On 25 March 2022, the Board proposed not to distribute 2021 final cash dividend (2020 final cash dividend: nil).

9. ACCOUNTS RECEIVABLE

	31 December 2021 <i>RMB</i>	31 December 2020 <i>RMB</i>
Accounts receivable	453,400,873	525,327,347
Less: Provision for bad debts	(143,925,977)	(172,250,535)
	309,474,896	353,076,812

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:

	31 December 2021 <i>RMB</i>	31 December 2020 <i>RMB</i>
Within 90 days	275,961,954	298,650,633
91 to 180 days	19,932,981	78,604,686
181 to 365 days	31,261,918	61,466,387
Over 365 days	126,244,020	86,605,641
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	453,400,873	525,327,347
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10. ACCOUNTS PAYABLE

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

	31 December 2021 <i>RMB</i>	31 December 2020 <i>RMB</i>
Within 90 days	124,905,871	93,777,791
91 to 180 days	11,039,865	46,998,457
181 to 365 days	57,372,286	103,013,742
Over 365 days	151,163,525	66,226,972
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	344,481,547	310,016,962
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MANAGEMENT DISCUSSION AND ANALYSIS

Business and Revenue Review

Overview of Aviation Business

In 2021, the COVID-19 epidemic (the “Epidemic”) continued to have a negative impact on the civil aviation industry. Meilan Airport actively coordinated with airlines such as Hainan Airlines, Southern Airlines, Capital Airlines, Juneyao Airlines, Sichuan Airlines and Eastern Airlines to operate wide-body passenger aircraft on popular routes. In 2021, Meilan Airport operated 5,715 times wide-body passenger aircrafts in total, representing a significant year-on-year increase of 29.92%.

On 13 April 2021, Cambodia Angkor Air formally entered into a cooperation agreement with Haikou Municipal Government, pursuant to which a base company will be established in Haikou to leverage the fifth freedom of the air of Hainan and the pilot policy of opening the seventh freedom of the air so as to build a “Air Silk Road among ASEAN, Haikou and Northeast Asia” featured with “Takeoff from Hainan” and “Travelling towards Cambodia”.

In 2021, when the international passenger port had not opened yet, Meilan Airport took international freight as a breakthrough and newly opened nine freight routes including bi-directional flight lines between Haikou and Paris, Haikou and Frankfurt, Haikou and Milan, etc., network of which covered Germany, South Korea, France, Australia and other countries, with 11 overseas freight destinations. In 2021, Meilan Airport operated 885 times of all-cargo flights with a total cargo throughput of 9,862.9 tons, of which the international freight routes carried 7,337.7 tons, representing a significant year-on-year increase of 857.55%.

Meilan Airport continues to improve its own route network and further expand its coverage. Up to now, Meilan Airport has achieved a full coverage of domestic provincial capitals on the route network.

As of 31 December 2021, Meilan Airport operated a total of 237 originating routes, including 227 domestic routes, nine international freight routes and one regional freight route; Meilan Airport extended its reach to 123 cities, including 112 domestic cities, 10 international freight cities and one regional freight city. Compared with 2020, 41 domestic routes, nine international and regional freight routes, seven domestic destinations and 10 international and regional freight destinations were newly opened. A total of 41 airlines operated at Meilan Airport, including 35 domestic passenger airlines, seven international freight airlines and one regional freight airline.

Details of the aviation traffic throughput of Meilan Airport in 2021 and comparative figures of last year are set out below:

	2021	2020	Change
Passenger throughput (headcount in ten thousand)	1,751.97	1,649.02	6.24%
in which: domestic	1,751.97	1,635.00	7.15%
international and regional	0.00	14.02	-100.00%
Aircraft takeoff and landing (times)	138,930	129,726	7.09%
in which: domestic	138,353	128,479	7.69%
international and regional	577	1,247	-53.73%
Cargo throughput (tons)	148,378.70	134,717.80	10.14%
in which: domestic	141,041.00	133,951.50	5.29%
international and regional	7,337.70	766.30	857.55%

The Group's total revenue from aviation business in 2021 was RMB518,579,390, representing an increase of 12.00% as compared to that of 2020. Such increase was mainly due to the Epidemic in China was generally well controlled with the resumption of flights which were affected by the Epidemic and therefore the passenger throughput increased during the year. A breakdown of the Group's revenue from aviation business is as follows:

	Amount in 2021 (RMB)	Changes over 2020
Passenger service charges	252,465,010	8.77%
Ground handling service income	164,501,372	16.72%
Fees and related charges on aircraft take-offs and landing	101,613,008	12.95%
Total revenue from aviation business	518,579,390	12.00%

Overview of Non-aviation Business

In 2021, the non-aviation business of the Group maintained a good growth momentum and achieved revenue of RMB1,087,132,860, representing a year-on-year increase of 19.92%. It accounted for 67.70% of the Group's total revenue.

In 2021, due to the increased promotional efforts of Meilan Airport offshore duty-free shop, the off-line sales amount increased significantly, leading to an increase in franchise income of the Group. At the same time, the new lease contracts during the year brought an increase in the rental income of the Group, resulting the good performance in revenue of the non-aviation business of the Group.

In 2021, the Group recorded franchise income of RMB667,975,213, representing a year-on-year increase of 19.55%; the revenue from operating Meilan Airport Hotel amounted to RMB91,137,084, representing a year-on-year increase of 7.85%; freight and packaging income reached RMB87,672,452, representing a year-on-year decrease of 5.71%; VIP room income reached RMB78,078,153, representing a year-on-year increase of 10.87%; rental income reached RMB64,629,776, representing a year-on-year increase of 153.94%; car parking income reached RMB14,749,541, flat with the previous year.

	Amount in 2021 (RMB)	Changes over 2020
Franchise income	667,975,213	19.55%
Hotel income	91,137,084	7.85%
Freight and packaging income	87,672,452	-5.71%
VIP room income	78,078,153	10.87%
Rental income	64,629,776	153.94%
Car parking income	14,749,541	0.00%
Other income	<u>82,890,641</u>	<u>38.86%</u>
Total revenue from non-aviation business	<u>1,087,132,860</u>	<u>19.92%</u>

Franchise Income

In 2021, the franchise income of the Group aggregated to RMB667,975,213, representing a year-on-year increase of 19.55%, which was mainly attributable to the Meilan Airport off-shore duty-free shop increased its promotional efforts, resulting in a significant increase in its off-line sales amount, leading to an increase in franchise income of the Group.

Hotel Income

In 2021, the hotel income of the Group amounted to RMB91,137,084, representing a year-on-year increase of 7.85%, which was mainly due to the increase in the occupancy rate of Meilan Airport Hotel as a result of an increase in the passenger throughput of Meilan Airport.

Freight and Packaging Income

In 2021, the freight and packaging income of the Group aggregated to RMB87,672,452, representing a year-on-year decrease of 5.71%, which was mainly due to the cut in charge rate of freight of Meilan Airport and the decline in carton sales.

VIP Room Income

In 2021, the VIP room income of the Group amounted to RMB78,078,153, representing a year-on-year increase of 10.87%, which was mainly attributable to the recovery of the number of flights at Meilan Airport and the increase in the business volume of the VIP room.

Rental Income

In 2021, the rental income of the Group amounted to RMB64,629,776, representing a year-on-year increase of 153.94%, which was mainly attributable to the new lease contracts.

Car Parking Income

In 2021, the car parking income of the Group amounted to RMB14,749,541, flat with the previous year, which was mainly attributable to the lease of the operation rights of parking lots of the Company to receive relatively fixed rental.

Financial Review

Asset Analysis

As at 31 December 2021, the total assets of the Group amounted to RMB11,135,347,327, representing a year-on-year increase of 0.52%, among which, current assets amounted to RMB622,577,163, representing approximately 5.59% of the total assets; non-current assets amounted to RMB10,512,770,164, representing approximately 94.41% of the total assets.

Costs Analysis

The operation cost, selling expenses and administrative expenses of the Group aggregated to RMB991,318,728 in 2021, representing an increase of RMB222,561,363 or 28.95% as compared to that of 2020. Information on items with large changes in cost and expense for the year is as follows:

- (1) the employee salary, labour outsourcing and labour dispatch cost of the Group for the year increased by RMB104,107,317 as compared with that of the corresponding period of 2020, mainly due to that in the year, the Group promoted the resumption of work and production, abolished the employee rotation system implemented due to the Epidemic in the same period of the previous year, and paid normal wages and benefits for employees;
- (2) the maintenance costs of the Group for the year increased by RMB26,003,559 as compared with that of the corresponding period of 2020, mainly due to the increase in maintenance and renovation expenses as a result of the aging of certain equipment of the Terminal 1 of Meilan Airport;

- (3) the Group's depreciation expense of fixed assets and depreciation expense of investment properties for the year increased by RMB16,807,483 as compared with that of the corresponding period of 2020, mainly due to that the Phase II Expansion Project of Meilan Airport (the "**Phase II Expansion Project**") has been put into operation; and
- (4) the water and electricity costs of the Group for the year increased by RMB6,063,516 as compared with that of the corresponding period of 2020, mainly due to that certain service areas closed in the same period of the previous year as a result of the Epidemic were restored to use, in addition, the Phase II Expansion Project has been put into operation, resulting in an increase in consumption of water and electricity.

In 2021, the financial expenses of the Group amounted to RMB21,375,640, and increased RMB6,998,623 compare to the same period of the previous year, which is mainly attributable to the cessation of interest capital due to that the Group's Phase II Expansion Project has been put into operation during the year.

Expected credit losses

The Group recorded a reversal of expected credit losses of RMB160,172,771 in 2021, which is mainly attributable to the reversal of expected credit losses of approximately RMB186,501,400 in respect of the joint repayment commitment of the syndicated loan drawn down by Haikou Meilan International Airport Company Limited (the "**Parent Company**") according to the status of the HNA Group Co., Ltd. ("**HNA Group**") Substantial Consolidated Restructuring during the year.

Investment Loss

In 2021, the investment loss of the Group was RMB17,517,193, mainly because the Group has confirmed that the loss of its restricted creditor's rights is RMB17,509,217, with the completion of restructuring procedure of Hainan Airlines Holding Co., Ltd. and Hainan Airport Infrastructure Co., Ltd. ("**Hainan Airport**", formerly known as "**HNA Infrastructure Investment Group Company Limited**").

Cash Flow

In 2021, the Group's net cash inflow from operating activities was RMB828,186,035, representing a year-on-year increase of 78.50%, which was mainly because Meilan Airport's aviation business volume increased and franchise income increased due to the recovery of the number of flights, and increased cash inflow accordingly.

In 2021, the Group's net cash outflow for investing activities was RMB316,381,563, which was mainly for the construction expenses on the Phase II Expansion Project.

In 2021, the Group's net cash outflow for financing activities was RMB592,025,723, which was mainly attributable to the repayment of matured debts in the 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, which shall be solely used for the construction of the airport project of the Phase II Expansion Project.

Gearing Ratio

As at 31 December 2021, current assets of the Group were RMB622,577,163, total assets were RMB11,135,347,327, current liabilities were RMB6,285,567,405, and total liabilities were RMB6,569,278,454.

As at 31 December 2021, the gearing ratio (total liabilities/total assets) of the Group was 58.99%, representing a decrease of 6.61 percentage points as compared with that as at 31 December 2020, mainly due to the repayment of a short-term bank borrowing with principal of approximately RMB379,450,000 by the Group during the year.

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 2021, financial instruments of the Group mainly included bank loans, cash at bank and on hand. The purpose of these financial instruments is to finance the Group's operations. 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” below in this announcement, as at 31 December 2021, the Group had no other significant contingent liability.

Employment, Remuneration Policy and Training

As at 31 December 2021, the Group had a total of 1,153 employees, representing a year-on-year increase of 102 employees, which was mainly due to the commencement of production of the Phase II Expansion Project, resulting in the Group’s increased labor demand. Employees are remunerated by the Group based on their performance, experience and prevailing industry practices. 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 requirement of the positions of employees. A total of 114 courses under the annual training scheme were completed, and 4,805 staffs participated in such courses. In order to meet the demand for epidemic prevention and control and implement measures that are compliant with anti-epidemic requirements, the Group conducted 434 epidemic prevention trainings for all employees, with 31,284 participants and 27 trainings per capita.

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 a contribution at a certain percentage of the salary of the employees with permanent residence in the PRC (according to the retirement pension policies in Hainan Province, the Company’s contribution ratio was 16% from January to December 2021). Once the Group contributes to the retirement scheme, the employer’s contribution is fully owned by the employees. For the year ended 31 December 2021, the pension contribution of the Group was approximately RMB27,068,457 (2020: RMB7,326,704).

The pension contribution for the year has increased significantly compared with the previous year, mainly because the Company and its subsidiaries resumed to pay for the pension insurance, unemployment insurance and work-related injury insurance to be undertaken by employers in 2021, which were exempted for the period from February to December 2020 due to the impact of the Epidemic in 2020 in accordance with the Notice on the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises (《關於階段性減免企業社會保險費的通知》) and Notice on Extending the Implementation Period of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises and Other Issues (《關於延長階段性減免企業社會保險費政策實施期限等問題的通知》) issued by the Ministry of Human Resources and Social Security of the People’s Republic of China, the Ministry of Finance of the People’s Republic of China and the State Taxation Administration.

Significant Investments Held and Their Performances

Hainan Airlines Airport Holding (Group) Company Limited (“**HNA Airport Holdings**”) is principally engaged in the operation and management of Sanya Phoenix Airport, holds investments in two associates engaged construction of Sanya new airport and real estate development business respectively and carry out other investment activities.

In 2020, as affected by the overall liquidity risk of HNA Group and the impact of the epidemic, HNA Airport Holdings recognised a series of losses, including losses of investments in associates accounted for using the equity method, losses from changes in fair value of other non-current financial assets, expected credit losses of receivables from related parties and guarantees provided to related parties. The Group recognized the investment loss of RMB1,370,744,642 according to the net loss of consolidated carrying amount of HNA Airport Holdings attributable to the Parent Company, and the carrying amount of the long-term equity investment in HNA Airport Holdings was deducted to nil.

In 2021, affected by the construction of the Hainan Free Trade Port (the “**Hainan Free Trade Port**”) and the off-shore duty-free policy, the revenue of HNA Airport Holdings has gradually recovered. Taking into account Hainan Airport’s declaration of restructuring creditors’ rights, the retention of creditors’ rights, the settlement of creditors’ rights and the implementation of the restructuring plan, the derecognition of other non-current financial assets in accordance with the relevant restructuring plan, and the expected credit losses of receivables from related parties will be settled according to the relevant restructuring plan, the equity of consolidated carrying amount of HNA Airport Holding attributable to the Parent Company is negative. Therefore, the carrying amount of the equity interest held by the Group in the HNA Airport Holdings is still nil.

EVENT AFTER THE REPORTING PERIOD

There were no important events affecting the Group that have occurred since 31 December 2021.

Outlook

In 2022, the recurrence of the Epidemic in the future will continue to restrict the recovery of the world economy. The impact of the Epidemic on the supply chain, energy constraints and local quantitative monetary easing will jointly push global inflation to remain high. The global economy has recovered in an orderly manner, but it is difficult to restore to the pre-epidemic level.

Looking ahead to the domestic economic environment, 2022 is a crucial year for the implementation of the “14th Five-Year” Plan. Adhering to the general principle of seeking progress while remaining stable, China will fully, accurately and comprehensively implement the new development concept, to accelerate the construction of a new development pattern with promoting high-quality development, and give further play to the central and local initiatives to coordinate epidemic prevention and control and economic and social development. China will also continue to proceed with the “Six Stabilizations” (i.e. “stabilization of employment”, “stabilization of finance”, “stabilization of foreign trade”, “stabilization of foreign investment”, “stabilization of investment” and “stabilization of expectations”), and accomplish the “Six Guarantees” (i.e. “guarantee of resident employment”, “guarantee of basic people’s livelihood”, “guarantee of market players”, “guarantee of food and energy security”, “guarantee of the

stability of the industrial chain and supply chain” and “guarantee of grassroots operations”). In addition, it will deepen reform and opening up and coordinate development and security, so as to effectively prevent and resolve risks. By focusing on stabilizing the macro-economic market, China will achieve relatively full employment, thus maintaining economic operation within a reasonable range.

In order to further comprehensively deepen reform and opening up and accelerate the construction of Hainan Free Trade Port, Hainan Province will accelerate the improvement of outward-oriented economy and make greater efforts to stimulate the vitality of market entities, to speed up the preparation of software and hardware for the closed operation of the whole island. Based on promoting the transformation of policy advantages into development advantages and expanding the two battlefields of scientific and technological innovation and institutional innovation, it will fully integrate into the new development pattern, and accelerate the building of an open, ecological and service-oriented modern industrial system.

In terms of the future development direction of the transportation industry in Hainan Province, on 20 May 2021, the General Office of the People’s Government of Hainan Province officially issued the “14th Five-Year” Plan for Integrated Transportation of Hainan Province (《海南省「十四五」綜合交通運輸規劃》) (the “**14th Five-Year Plan for Integrated Transportation**”), which confirmed the overall goals, key tasks and policy directions of integrated transportation development of Hainan. In 2022, in accordance with the “14th Five-Year” Plan for Integrated Transportation, Hainan Province will enhance the competitiveness and influence of gateway hub, and access to the comprehensive external transportation channels. With a more complete integrated transportation network on the island, the integrated transportation services will be significantly enhanced, which will strongly support and guarantee the smooth realization of the initial goals of the construction of Hainan Free Trade Port.

In accordance with the spirit of the 2022 Provincial Business Work Conference of the Department of Commerce of Hainan Province, Hainan will make every effort to prepare for the closed operation of the Hainan Free Trade Port, and continue to optimize the policies of trade and investment liberalization and facilitation. Through multiple measures to promote the quality and expand the capacity of consumption, and increase the return of duty-free consumption, it can improve the energy level of traditional consumption and make the rapid development of new consumption. Hainan boosts its investment growth through precise investment promotion, striving to become a national economic development zone. It will promote the stability and quality of trade in goods, continue to optimize the structure of foreign trade, to increase the cultivation of new forms of foreign trade. In order to accelerate the development of digital trade and enhance the competitiveness of service trade enterprises, Hainan will facilitate the leapfrog growth of service trade, fully implement and optimize the negative list of cross-border service trade in Hainan Free Trade Port. With the implementation of RCEP Agreement and the deepening of cooperation with Hong Kong, Macao, ASEAN and other regions, it could support the enterprise in the layout of international industrial chains. Meanwhile, it will continue to optimize the business environment in the business field, to improve the service level of the enterprise. The continuous growth of Hainan’s trade in goods and services and the development of digital trade, the expansion of duty-free consumption and the gradual optimization of the business environment are believed to bring more development opportunities and more considerable returns to the Group.

In accordance with the requirements of the “14th Five-Year” Plan for Integrated Transportation, Meilan Airport, as the gateway hub of Hainan Province, will focus on its main business, build its core competitiveness, and proactively promote the expansion of phase III of Meilan Airport. By building a comprehensive transportation core hub in Hainan Province and taking the air transportation industry as the support, Meilan Airport will become a regional aviation hub facing the Pacific and Indian Oceans, so as to expand and strengthen the airport economy to facilitate the development of airport air passenger and freight, and promote to build Meilan Airport into an important power source for the economic development of Hainan Province.

The Group will coordinate the recovery of transportation and production and improve the operational support capabilities. Holding on the bottom line of aviation safety, the Group will normalize epidemic prevention and control on the basis of measures taken strictly to combat the Epidemic. In addition, the Group will continuously improve the safety service management level, tap the profit potential and make full use of the policy on the Seventh Freedom of The Air, to make contributes to the construction of the Hainan Free Trade Port. It will also strengthen the construction of the workforce and increase investment in vocational education for employees. At the same time, leveraging on the establishment of a sound management system, such as the risk management system and the internal control system, good corporate regulatory governance, solid and modernized corporate governance capabilities, the Group will further unblock the two-way interaction channel of internal and external information and establish a smooth communication channel for investors. Aiming at improving the quality of the Group’s assets and achieving further development, the Group will carry out capital operation projects in a timely manner to reward all shareholders with better performance.

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

In 2022, in order to facilitate Hainan Province to achieve the overall goal of comprehensive transportation development during the “14th Five-Year” Plan period, the Group will:

- accelerate the preparation and construction of the second-tier port of Meilan Airport, and strive to have the hardware for its border closure ready by the end of 2023, so as to accelerate the implementation of policy on “the First-tier being Opened and the Second-tier being Controlled” of the Hainan Free Trade Port;
- closely connect with provincial and municipal governments to follow up the opening of Haikou international port, pay attention to the development of the Epidemic, and make coordination and preparations for the resumption of international and regional routes; seize market opportunities and actively communicate with airlines to promote the implementation of the policy on the Seventh Freedom of The Air, to accelerate the construction process of Hainan Free Trade Port; and
- Promptly facilitate the flight time expansion after the launch of the Phase II Expansion Project and promote the preparatory work for phase III of Meilan Airport, to further remove the bottleneck restriction of the development of Meilan Airport and open up the space for future development.

Stick to Core Capability Construction, Constantly Clutch Attention on Safety

In 2022, the Group will focus on both epidemic prevention and control and safety production. On the basis of unconditional and normalized epidemic prevention and control, the Group will make scientific deployment, rationally allocate energy, manage and control core risks, to promote various projects in an orderly manner. In order to put an end to major aviation liability accidents, prevent serious liability accidents of air defense safety and major aviation ground accidents, the Group will complete the dual prevention mechanism of risk prevention and control and hidden danger treatment, which promote the conclusion of the “Three-year Action for Special Safety Rectification”. Furthermore, the Group will also improve the qualification and ability of personnel in key positions of safety management, and promote the innovation of major elements of the system.

Firmly Deepen Efficiency Promotion and Solidly Develop Brand Improvement

In 2022, the Group will promote the establishment of an equipment guarantee model of “Dual-terminal Operation”, and improve the emergency guarantee and linkage mechanism for important equipment and facilities such as power supply, water supply, environmental protection, baggage conveying system, corridor bridges, elevators and high-pole lights. Focusing on the security coordination of the dual terminals, the Group will urge the outsourcing units to enhance their security performance capabilities, and steadily improve the security management level of the entire site area, which could ensure the smooth operation of the dual buildings and the dual terminals.

In addition, Meilan Airport will continue to cooperate with the Hainan Branch of Civil Aviation Administration of China Central and Southern Region Air Traffic Management to implement the “Twin Towers Combination”, actively promote the “non-full runway take-off” operation procedure, strengthen the coordination of release to optimize the air traffic order. In addition, it will jointly establish a collaborative decision-making mechanism with airlines. Meilan Airport will also continue to facilitate the institutionalization and standardization of the implementation of “Push-Open Synchronization”, improve the construction of AOCC (Airport Operations Control Centre), upgrade and optimize A-CDM (Airport-Collaborative Decision Making) project to improve the overall operation level of Meilan Airport.

As the operation of Phase II Expansion Project tends to be stable, Meilan Airport will start capacity assessment in due course depending on the actual situation of Meilan Airport in accordance with the requirements of the Notice on Further Strengthening Airport Capacity Management (Ju Fa Ming Dian [2016] No. 2657) (《關於進一步加強機場容量管理工作的通知》(局發明電[2016]2657號)) issued by the Civil Aviation Administration of China, to support the construction of Hainan Free Trade Port through the expansion of flight time.

In 2022, the Group will continue to solidify the achievement of brand building, strengthen international cooperation, take the idea of “providing genuine services and building a humanistic airport” as the guidance, focus on meeting the needs of passengers, continuously improve its brand work system and promote the efficient operation of branding system. Through scientific organization and standardized management, it is expected that the commercial value of brand will be finally realized.

Spare No Effort to Build a Comprehensive Three-Dimensional Transportation Center

In 2022, focusing on the overall goals of the “14th Five-Year Plan for Integrated Transportation”, the Group will fully take advantage of various favorable policies on development of the civil aviation industry, step up route development of Meilan Airport, expand route coverage network, proactively advance the implementation of the policy on the Seventh Freedom of The Air, promote Hainan Province to give full play to its role as a strategic fulcrum of the “Maritime Silk Road” by following its planned key tasks, improve the capacity and utilization rate of existing cargo facilities at Meilan Airport, promote the construction of new cargo facilities, and help Hainan Free Trade Port to achieve the goal of improving air cargo support capabilities. In addition, the Group will continue to explore the efficient operation mode of “Dual-terminal Operation”, step up its efforts in preparations for the Phase III Expansion Project of Meilan Airport in a timely manner, and strive to cultivate Meilan Airport as a comprehensive three-dimensional transportation center with its base in Northern Hainan, which faces the entire Hainan Province and radiates in Southeast Asia, so as to accelerate the implementation of key tasks of airport expanding and upgrading of the Hainan Free Trade Port hub.

Intelligent Airport Construction

In 2021, Meilan Airport accelerated the construction of an intelligent airport by introducing advanced technologies such as 5G, big data, cloud computing, Internet of Things and artificial intelligence. As the gateway of Hainan Free Trade Port, Meilan Airport will continue to improve the integrated comprehensive service capabilities of “land, sea, air and space”.

In 2021, Meilan Airport has integrated 5G technology with advanced technologies such as the Internet of Things, cloud computing, big data, and VR through the strategic cooperation of new 5G intelligent airports with the three major network carriers. At present, both the Terminal 1 and Terminal 2 terminals of Meilan Airport have achieved 5G network coverage, which effectively improves the service quality and safety management support capabilities of Meilan Airport.

In view of the background that the current epidemic prevention and control situation is still severe, in order to better carry out the epidemic prevention and control work, in November 2021, Meilan Airport established the Meilan Airport Intelligent Epidemic Prevention System by introducing artificial intelligence technology, and changed the health status verification method of passengers and airport employees from “Manual Verification” to “AI Intelligent Verification” based on its big data. At present, Meilan Airport has deployed a total of nine AI verification equipment in Terminal 1 and Terminal 2, which significantly improved the safety, effectiveness and reliability of verification, as well as the efficiency of personnel passage. In December 2021, Meilan Airport installed a 24-hour intelligent monitoring display screens in the nucleic acid sampling area and rest and waiting area of passengers from the epidemic-related areas. Information and data regarding the flights of the epidemic-related areas, the number of nucleic acid samples, the waiting time for sampling results, and the number of people waiting on site are clearly displayed on the screen.

On 2 December 2021, the Terminal 2 of Meilan Airport was officially put into operation, meanwhile, the whole process of self-service customs clearance was realized in Terminal 2 of Meilan Airport. Terminal 2 of Meilan Airport is equipped with self-service check-in devices, self-service baggage check-in devices, self-service gates for pre-security inspection, self-service security gates, millimeter-wave security gates, intelligent return basket system and baggage sorting system. The baggage sorting speed can reach 4,000 pieces per hour, which greatly improves the efficiency of baggage sorting.

The parking building of the terminal complex project and the Phase II Expansion Project in Meilan Airport are equipped with intelligent access gate system and online payment procedures are set up, which significantly improved traffic efficiency. The parking building of the terminal complex project has 3,059 parking lots, and the parking building of Phase II Expansion Project has 3,441 parking lots. In 2021, a total of 6,498,865 vehicles accessed the parking building of the terminal complex project, and a total of 136,296 vehicles accessed the parking building of the Phase II Expansion Project from 2 December 2021 (the date being put into operation) to 31 December 2021. In 2021, a total of 6,635,161 vehicles accessed Meilan Airport, representing a year-on-year increase of 33.01%.

Phase II Expansion Project

As of the end of 2021, the flight area, terminal area, supporting road and bridge, new tower and other projects of the Phase II Expansion Project had been completed, various inspections have been successfully passed and it was officially put into operation on 2 December 2021. After the Phase II Expansion Project is put into operation, the overall design capacity of Meilan Airport can meet the operational needs of 35 million passengers and 400,000 tons of cargo throughput annually.

The design level of the flight area of the Phase II Expansion Project is 4F. The runway with a length of 3,600 meters and a width of 60 meters can take off and land the world's largest civil airliner A380 at present. At the same time, two parallel slides with a length of 3,600 meters and a width of 25 meters are constructed, which has a higher operation support capability.

The floor area of Terminal 2 of Meilan Airport is nearly 300,000 sq.m., and the overall business area is approximately 23,000 sq.m., which is divided into two parts: duty-paying and duty-free. Among them, the off-shore duty-free area is 9,313 sq.m., mainly engaged in certain international first-tier and second-tier brands and 45 categories of commodities permitted by the off-shore duty-free policy; domestic duty-paying business area, including catering, retail and service industries, covers an area of 11,052 sq.m., and brand categories cover domestic and foreign and local well-known brands, providing passengers with "dining, drinking, playing, shopping" and other one-stop business services.

The Phase II Expansion Project adheres to the construction vision of "Blooming Meilan, Road Building in the Sky, People Traveling Enjoyment, Smooth Logistics", and deeply implements the following new development concepts of Four Types of Airport (i.e. Safe Airport, Green Airport, Smart Airport, and Humanistic Airport): breaking through the technical difficulties and building the largest split-level isolation single building in China; the indoor green area ranking among the top of all airports in China

based on green development, and the light transmittance of the terminals exceeding 60% by introducing natural lighting; adhering to the cultural heritage, and integrating the beauty of natural culture such as coconut wind and sea charm, arcade and boathouse, and the “Flower of Hainan Province — Bougainvillea” into the architecture; adhering to the design concept of people-oriented, and introducing new technologies and new applications, such as face identification, one-card clearance, self-service baggage tracking, visual inquiry system, millimeter-wave security inspection, intelligent return basket system, early baggage storage system, etc.; optimizing passenger travel routes, shortening walking distances, improving transfer efficiency, and convenient and efficient customs clearance procedures to make travel better.

The Phase II Expansion Project is the successful result of the gradual exploration and steady progress of the construction of Hainan Free Trade Port, which being put into operation successfully marks the formation of a new “air portal” in Hainan. Meilan Airport, as a new hub and new starting point, will face new opportunities, and it can realize the efficient connection with the world, keep up with the trend of the times, so as to comprehensively promote the high-quality development of Hainan Free Trade Port.

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 multiple 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 and taxi and other transportation tools, roundabout high-speed railway and suburban trains of Hainan pass directly to GTC, initially forming a land-based three-dimensional transportation service system for Meilan Airport, and providing multiple and convenient traffic services for travelers. In 2021, a total of 6 bus routes were run in GTC, with 68,645 departures carrying 896,630 passengers; a total of 5 intercity routes towards Danzhou and Wenchang and other cities were run, with 11,575 departures carrying 127,084 passengers; 956,435 taxis accessed the center and carried 1,495,430 passengers.

The room occupancy rate of Meilan Airport Hotel was 71.12%, and about 359,400 guests were given reception for the year, representing an increase of 6.52% and 6.14%, respectively, as compared to the same period of the previous year. In 2021, in order to reduce the impact of the Epidemic, Meilan Airport Hotel optimized the customer source market through various channels by vigorously developing new customers for airlines, strengthening conference team cooperation, and product innovation. With excellent quality and good reputation, Meilan Airport Hotel won the “Best City Landmark Hotel of China” and the “Best Customer Satisfaction Hotel of China” of “2021 Beautiful Golden Olive Award in China Hotel Industry”, the “China Excellent Airport Hotel” as well as other awards in the 18th Golden-Pillow Competitiveness of Hotels.

Duty-paying commerce of the terminal complex project is situated on 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 gather numerous well-known brands at home and abroad.

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 authorisation 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 the Phase I runway assets 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 (equivalent to approximately HK\$111,632,061), at the subscription price of RMB8.00 (equivalent to approximately HK\$8.93) per new domestic share.

Pursuant to the past new H shares issue, the Company may proceed to place not 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 not more than 140,741,000 new domestic shares as consideration for the transfer of the Phase I runway assets by the Parent Company to the Company. There is no other material change 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 for the subscription shares. Meanwhile, the Board proposed the new H shares issue (i.e. issue of not more than 155,000,000 new H shares). 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.

Reference is made to the announcement of the Company dated 22 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 (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 EGM, 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 (12) months, commencing from 18 September 2021 and ending on 17 September 2022.

Each of the completion of the Parent Company subscription and the new H shares issue shall be subject to certain conditions precedent. For details, please refer to the circulars of the Company dated 20 August 2020 and 21 September 2021. As of the date of this announcement, none of such conditions precedent were 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).

AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the announcement of the Group’s results for the year ended 31 December 2021 have been agreed by the Group’s auditor, PricewaterhouseCoopers Zhong Tian LLP, to the figures set out in the Group’s audited consolidated financial statements for the 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 2022, the Company has a large capital demand, mainly due to that the Phase II Expansion Project has been put into operation in December 2021, and the out-of-pocket costs have increased significantly; and the Phase II Expansion Project have not yet been completed and settled, although it has been put into operation, and a large amount of capital will still be required in 2022 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 2021.

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

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Friday, 6 May 2022 to Wednesday, 25 May 2022 (both days inclusive), during which no transfer of shares will be registered. In order to be qualified for attending and vote at the annual general meeting of the Company, all share transfer instruments, accompanied by the relevant share certificates and forms of transfer, shall be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 5 May 2022.

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**”) with the Hong Kong International Arbitration Centre against the Company asserting allegations in connection with the New H Shares Subscription Agreement.

As of the date of this announcement, the Company has submitted the first round written affirmative defenses and supporting documents. On 17 March 2022, the both parties disclosed to each other the documents related to the Arbitration pursuant to the decision of the arbitration center. For details of the Arbitration, please refer to the announcement of the Company dated 5 January 2021.

Save as disclosed above, the Group had no other material litigation or arbitration for the year ended 31 December 2021.

SHARE CAPITAL STRUCTURE

As at 31 December 2021, the total number of issued share capital of the Company was 473,213,000, of which:

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2021, 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	Class of shares	Number of ordinary shares	Percentage of domestic shares issued	Percentage of total issued share capital
Haikou Meilan International Airport Company Limited	Beneficial owner	Corporate	237,500,000(L)	96.43%	50.19%

(Note 1)

H Shares

Name of Shareholders	Type of interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
ARC Capital Holdings Limited <i>(Note 2)</i>	Interest of controlled corporations	32,788,500(L)	14.45%	6.93%
ARC Capital Partners Limited <i>(Note 2)</i>	Investment manager	32,788,500(L)	14.45%	6.93%
Pacific Alliance Asia Opportunity Fund L.P. <i>(Note 2)</i>	Interest of controlled corporations	32,788,500(L)	14.45%	6.93%
Pacific Alliance Equity Partners Limited <i>(Note 2)</i>	Interest of controlled corporations	32,788,500(L)	14.45%	6.93%
Pacific Alliance Group Asset Management Limited <i>(Note 2)</i>	Investment manager	32,788,500(L)	14.45%	6.93%
PAG Holdings Limited <i>(Note 2)</i>	Interest of controlled corporations	32,788,500(L)	14.45%	6.93%
Pacific Alliance Group Limited <i>(Note 2)</i>	Interest of controlled corporations	32,788,500(L)	14.45%	6.93%
Pacific Alliance Investment Management Limited <i>(Note 2)</i>	Interest of controlled corporations	32,788,500(L)	14.45%	6.93%
Walden Ventures Limited <i>(Note 2)</i>	Beneficial owner	32,788,500(L)	14.45%	6.93%
UBS Group AG <i>(Note 3)</i>	Interest of controlled corporations	35,364,064(L) 3,496,262(S)	15.58% 1.54%	7.47% 0.74%
Aspex Management (HK) Limited <i>(Note 4)</i>	Investment manager	24,968,000(L)	11.00%	5.28%
JPMorgan Chase & Co. <i>(Note 5)</i>	Interest of controlled corporations Person having a security interest in shares Approved lending agent	4,857,232(L) 4,622,232(S) 4,717,000(L) 4,081,447(P)	2.14% 2.04% 2.08% 1.80%	1.03% 0.98% 1.00% 0.86%

Notes:

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

2. According to the disclosure of interest filed on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), (i) PAG Holdings Limited held 99.17% interests in Pacific Alliance Group Limited; (ii) Pacific Alliance Group Limited held 90.0% interests in Pacific Alliance Investment Management Limited; (iii) Pacific Alliance Investment Management Limited held 52.53% interests in Pacific Alliance Equity Partners Limited; (iv) Pacific Alliance Equity Partners Limited held 100% interests in ARC Capital Partners Limited; (v) ARC Capital Partners Limited was deemed to be interested in 32,788,500 H shares of the Company in long position in its capacity as investment manager; (vi) ARC Capital Holdings Limited was a corporation controlled by ARC Capital Partners Limited; (vii) ARC Capital Holdings Limited held 46.67% interests in Walden Ventures Limited which in turn held 32,788,500 H shares of the Company in long position; (viii) Pacific Alliance Investment Management Limited held 100% interests in Pacific Alliance Group Asset Management Limited; (ix) Pacific Alliance Group Asset Management Limited was deemed to be interested in 32,788,500 H shares of the Company in long position in its capacity as investment manager; (x) Pacific Alliance Asia Opportunity Fund L.P. was a corporation controlled by Pacific Alliance Group Asset Management Limited; and (xi) Pacific Alliance Asia Opportunity Fund L.P. held 36.67% interests in Walden Ventures Limited which in turn held 32,788,500 H shares of the Company in long position.

3. 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 AG; (ii) UBS Asset Management (Singapore) Ltd; (iii) UBS Fund Management (Luxembourg) S.A.; (iv) UBS Asset Management (Deutschland) GmbH; (v) UBS Fund Management (Switzerland) AG; (vi) UBS Switzerland AG; (vii) UBS Asset Management (Americas) Inc.; (viii) UBS Asset Management (Hong Kong) Ltd; and (ix) UBS Asset Management Switzerland AG. Therefore, UBS Group AG was deemed to be interested in 13,821,666, 541,300, 19,827,100, 46,000, 40,000, 516,998, 3,000, 228,000 and 340,000 H shares of the Company in long position held by the aforesaid companies, respectively, and 3,496,262 H shares of the Company in short position held by UBS AG.

4. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, Aspex Management (HK) Limited was deemed to be interested in 24,968,000 H shares of the Company in long position in its capacity as investment manager.

5. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, (i) JPMorgan Chase & Co. held 100% interests in JPMorgan Chase Bank, National Association; (ii) JPMorgan Chase Bank, National Association held 100% interests in JPMorgan Chase Bank, N.A. – London Branch and J.P. Morgan International Finance Limited; (iii) J.P. Morgan International Finance Limited held 100% interests in J.P. Morgan AG and J.P. Morgan Capital Holdings Limited; and (iv) J.P. Morgan Capital Holdings Limited held 100% interests in J.P. Morgan Securities Plc. Therefore, JPMorgan Chase & Co. was deemed to be interested in 4,081,447, 94,000 and 9,480,232 H shares of the Company in long position held by JPMorgan Chase Bank, N.A. – London Branch, J.P. Morgan AG and J.P. Morgan Securities Plc, respectively, and 4,622,232 H shares of the Company in short position held by J.P. Morgan Securities Plc.

6. (L), (S) and (P) represent long position, short position and lending pool respectively.

Save as disclosed above, as of 31 December 2021, 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 2021, 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 10 to the Listing Rules.

THE RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2021, 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 2021, 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 14 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 auditors, the Company’s financial reporting, risk management and internal control system. There was no disagreement between the Audit Committee and the external auditors 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 2021.

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 consolidated financial statements of the Group for the year ended 31 December 2021.

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 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“**CASs**”).

Material Uncertainty Related to Going Concern

We draw your attention to Note 2(1) to the accompany financial statements, which states that the Group’s net current liabilities amounted to RMB5.66 billion and cash and cash equivalents amounted to RMB 180 million only as at 31 December 2021. The arbitration case and overdue of debts of the Company incurred during the year ended 31 December 2020, the overdue of debts of Haikou Meilan, the Company’s Parent Company, incurred during the year ended 31 December 2019 and Hainan High People Court ruled on the acceptance of the substantial consolidated restructuring of HNA Group together with Haikou Meilan and other companies totalling 321 companies on 13 March 2021, have 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 by the Company amounting to RMB1.94 billion as at 31 December 2021 and the Syndicated Loan drawn down by the Haikou Meilan amounting to RMB3.24 billion as at 31 December 2021 which the Company is jointly liable for repayment as a co-borrower. These conditions, together with other matters set forth in Note 2(1) in the consolidated 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 2021, the Board is comprised of four independent non-executive Directors. As at 31 December 2021, 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 2021.

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.

Pursuant to the code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the articles of association (the “**Articles of Association**”) of the Company, Directors and supervisors shall hold a term of office of three years from the date of election, and may stand for re-election upon the expiry of their term of office. The respective terms of office of Mr. Xing Zhoujin, the executive Director and Mr. He Linji, the independent non-executive Director, expired on 15 March 2021 and 24 May 2021, respectively. As the nomination process of the Directors of the Company had not been completed in a timely manner and the selection of successors of above Directors had not been completed in a timely manner, the Company failed to complete the re-election/election before the expiration of the terms of office of the above Directors. The re-election of executive Directors and the election of independent non-executive Directors were considered and approved at the extraordinary general meeting held on 8 October 2021.

According to code provision C.2.1 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. Such arrangement of Mr. Wang Hong serving as both Chairman and President deviated from the code provision C.2.1 of the CG Code.

Notwithstanding the deviation from code provision C.2.1 of the CG Code, given that the Company has set out clearly in writing the respective responsibilities for 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.

Save for the deviation disclosed above, during the year ended 31 December 2021, 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 as well as the Company’s website at www.mlairport.com. The 2021 annual report of the Company containing all information required under the Listing Rules will be dispatched to the shareholders of the Company and will be made available on the websites of the Hong Kong Stock Exchange and the Company on or before 20 April 2022.

BOARD OF DIRECTORS

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

Executive Directors

WANG Hong (*Chairman and President*)
WANG Zhen
YU Yan
XING Zhoujin

Independent Non-executive Directors

DENG Tianlin
FUNG Ching, Simon
George F MENG
YE Zheng

Non-executive Directors

LI Zhiguo
QIU Guoliang
WU Jian

By order of the Board

Hainan Meilan International Airport Company Limited*

Wang Hong

Chairman and President

Haikou, the PRC

25 March 2022

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