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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)**

**VERY SUBSTANTIAL ACQUISITION  
AND CONNECTED TRANSACTION  
SUPPLEMENTAL INVESTMENT AND CONSTRUCTION AGREEMENT**

**SUPPLEMENTAL INVESTMENT AND CONSTRUCTION AGREEMENT**

Reference is made to the announcement of the Company dated 21 August 2015 and the circular of the Company dated 7 October 2015 in relation to, among others, the Investment and Construction Agreement, pursuant to which the Company and the Parent Company agreed to construct the Airport Project with an estimated aggregate investment amount of approximately RMB13.838 billion, and the Company agreed to provide funds, amounting to approximately RMB7.158 billion, to construct the Company Construction Project, while the Parent Company agreed to provide funds, amounting to approximately RMB6.680 billion, to construct the Parent Company Construction Project.

The Board is pleased to announce that, considering the adjustment of the estimated aggregate investment amount of the Airport Project, on 11 May 2020 (after trading hours), the Company and the Parent Company entered into the Supplemental Investment and Construction Agreement to make certain amendments to the Investment and Construction Agreement in order to, among others, specify the allocation of investment amount between the Company and the Parent Company and arrange further financing for the Airport Project.

**LISTING RULES IMPLICATIONS**

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

As certain applicable percentage ratio (as defined under the Listing Rules) in respect the transactions contemplated under the Supplemental Investment and Construction Agreement are more than 100%, such transactions also constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and therefore are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

\* *For identification purposes only*

## **GENERAL**

The EGM will be convened to consider and, if thought fit, approve, among other things, the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder. The Parent Company, which controls over the voting right in respect of its Shares in the Company, will abstain from voting on the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders; (iii) the letter from the Independent Board Committee to the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 1 June 2020.

## **BACKGROUND OF THE PHASE II EXPANSION PROJECT**

Reference is made to the announcement of the Company dated 21 August 2015 and the circular of the Company dated 7 October 2015.

As disclosed in the aforesaid announcement and circular, on 2 June 2015, the NDRC approved the construction of the Phase II Expansion Project (NDRC Infrastructure [2015] No. 1215 (發改基礎[2015]1215號)), which means the Feasibility Study Report issued by a professional institution engaged by the Parent Company in relation to the construction of the Phase II Expansion Project which comprised three parts, i.e. the Airport Project, an air traffic control project and a fuel supply project, was approved. The Company confirms that the air traffic control project and the fuel supply project are independent from the Airport Project and the Company will not participate in these projects.

According to the Feasibility Study Report and the approval from NDRC, and leveraging the previous experience of the Parent Company in airport construction, the Parent Company acts as the project representative of the Airport Project, with an estimated aggregate investment amount of approximately RMB13.838 billion. Such estimated aggregate investment amount of approximately RMB13.838 billion of the Airport Project was the estimated amount determined with reference to the applicable national and regional construction fee standards, applicable rules for composing of civil aviation airport construction project budget and interest rate of long-term bank loan of approximately 6.55%.

The Airport Project comprised the terminal building project, parking building project, cargo handling service area project, ground handling service area, airport fire-fighting and rescue project, airport emergency respond and rescue project, and vehicles and equipment project (collectively as the “**Company Construction Project**”); and other projects including, without limitation, the airfield area project, visual navigation lighting equipment project, road and bridge project, aviation food and aviation supplies project, water supply project, electricity supply project, and cooling, heating and gas supply project (collectively as the “**Parent Company Construction Project**”). According to the Investment and Construction Agreement, the estimated investment amount of the Company Construction Project was approximately RMB7.158 billion and the estimated investment amount of the Parent Company Construction Project was approximately RMB6.680 billion.

According to the latest construction progress of the Airport Project, various preparations for the completion and acceptance of the airfield area project have begun; the installation of baggage tracking systems, air conditioners and boarding bridges in terminals has been basically completed, and the interior decoration has completed 40%; the supporting ringlike road and bridge transportation system has generally taken shape while the east access road is almost finished, 50% of which has been functionally opened to traffic.

The project design and the estimated aggregate investment amount of the Airport Project in the Feasibility Study Report were amended mainly based on further project construction need or improvement of quality standards. For example, the estimated investment amount of the terminal building project increased by approximately RMB394.62 million as a result of, among others, the improvement of decoration standards, the adoption of LED lights and the adding of anti-seismic facilities, security equipment, elevators and escalators; the estimated investment amount of the airfield area project increased by approximately RMB387.09 million as a result of, among others, the adding of Yuwuxi dark culvert diversion project and slope project and the increase in the work amount of earthwork; the estimated investment amount of the electricity supply project increased by approximately RMB72.80 million as a result of, among others, the increase in the length of electricity supply network cable; the estimated investment amount of the ground handling service area increased by approximately RMB58.81 million as a result of, among others, the increase in the construction cost of special garages and the adding of certain equipment. Therefore, the estimated aggregate investment amount of the Airport Project will be adjusted from approximately RMB13.838 billion to approximately RMB14.830 billion. For more details of the adjustment of estimated investment amount of each project, please refer to the breakdown table on page 5. Such adjustments have been approved by relevant governmental authorities, including Development and Reform Commission of Hainan Province (海南省發展和改革委員會) and Central South Regional Administration of Civil Aviation Administration of China (中國民用航空中南地區管理局).

Considering the adjustment of the estimated aggregate investment amount of the Airport Project, on 11 May 2020 (after trading hours), the Company and the Parent Company entered into the Supplemental Investment and Construction Agreement to make certain amendments to the Investment and Construction Agreement in order to, among others, specify the allocation of investment amount between the Company and the Parent Company and arrange further financing for the Airport Project.

## **THE SUPPLEMENTAL INVESTMENT AND CONSTRUCTION AGREEMENT**

The principal terms of the Supplemental Investment and Construction Agreement are set out as follows:

### **Date**

11 May 2020

### **Parties**

- (i) the Company; and
- (ii) the Parent Company

### **Subject matter**

Pursuant to the Supplemental Investment and Construction Agreement, the Company and the Parent Company have agreed that, due to the adjustment of the estimated aggregate investment amount of the Airport Project, the Company shall provide funds, amounting to approximately RMB7.646 billion, to construct the Company Construction Project, and the Parent Company shall provide funds, amounting to approximately RMB7.184 billion, to construct the Parent Company Construction Project.

The breakdown of the estimated aggregate investment amount of the Airport Project will be adjusted as below:

<b>Items to be constructed</b>	<b>Estimated investment amount (RMB'000)</b>
<b>The Company Construction Project</b> <i>(Note 1)</i>	
Terminal building project	4,283,720
Parking building project	448,840
Cargo handling service area project	156,540
Ground handling service area	201,030
Airport fire-fighting and rescue project	79,150
Airport emergency respond and rescue project	1,820
Vehicles and equipment project	165,270
Other incidental expenses <i>(Note 2)</i>	<u>2,309,980</u>
<b>Sub-total</b>	<b><u>7,646,350</u></b>
<b>The Parent Company Construction Project</b>	
Airfield area project (including a runway, two sets of parallel taxiway and contact roads system, parking apron, Yuwuxi dark culvert diversion project and slope project)	2,162,260
Visual navigation lighting equipment project	392,730
Road and bridge project (including viaduct)	433,740
Aviation food and aviation supplies project	202,290
Security check building	15,290
Airport service area	16,670
Aviation maintenance area	94,600
Emergency and rescue warehouse and ancillary facilities	9,890
Electricity supply project	430,500
Water supply project	78,910
Rainwater, sewage and containment treatment	331,490
Cooling, heating and gas supply project	99,430
Communication, information, general design and security project	538,940
Other incidental expenses <i>(Note 3)</i>	<u>2,376,860</u>
<b>Sub-total</b>	<b><u>7,183,600</u></b>
<b>Total</b>	<b><u><u>14,829,950</u></u></b>

*Notes:*

1. The estimated investment amount of the Company Construction Project will be adjusted from RMB7.158 billion to RMB7.646 billion, among which, the estimated investment amount of the terminal building project will be adjusted from RMB3,889.10 million to RMB4,283.72 million, the estimated investment amount of the parking building project will be adjusted from RMB443.17 million to RMB448.84 million, the estimated investment amount of the cargo handling service area project will be adjusted from RMB120.80 million to RMB156.54 million, the estimated investment amount of the ground handling service area will be adjusted from RMB142.22 million to RMB201.03 million, the estimated investment amount of the airport fire-fighting and rescue project will be adjusted from RMB36.54 million to RMB79.15 million, the estimated investment amount of the airport emergency respond and rescue project will be adjusted from RMB1.03 million to RMB1.82 million, the estimated investment amount of the vehicles and equipment project will be adjusted from RMB157.53 million to RMB165.27 million, and the estimated other incidental expenses will be adjusted from RMB2,367.84 million to RMB2,309.98 million.
2. The estimated other incidental expenses include, without limitation to, land acquisition and settlement compensation of approximately RMB1,103 million, infrastructure preparation fee of approximately RMB291 million, loan interest of approximately RMB424 million, project design fee of approximately RMB124 million, etc.
3. The estimated other incidental expenses include, without limitation to, land acquisition and settlement compensation of approximately RMB1,290 million, infrastructure preparation fee of approximately RMB262 million, loan interest of approximately RMB382 million, project design fee of approximately RMB112 million, etc.

The final amount of funds that the Company shall provide for constructing the Company Construction Project shall be subject to the actual investment amount to be set out in the project completion and settlement report of the Airport Project to be approved (if required) by relevant authorities and the allocation of the assets of the Airport Project between the Company and the Parent Company upon completion and acceptance of the Airport Project. The Company and the Parent Company shall have the right to engage an independent third party to audit such project completion and settlement report of the Airport Project.

### **Details and progress of the Company Construction Project**

For the estimated area of buildings and lands of the Company Construction Project, please refer to the circular of the Company dated 7 October 2015. There is no change in such area as at the signing date of the Supplemental Investment and Construction Agreement. The area of buildings and lands of the Company Construction Project is subject to adjustment based on the final design of the Airport Project.

According to the latest construction progress of the Company Construction Project, 75% of interior decoration of the terminal building project has been completed; the main steel structure of the parking building project has been completed, with 62% of the entire construction being completed; 50% of the entire construction of the cargo handling service area project has been completed; the construction of the ground handling service area, airport fire-fighting and rescue project and airport emergency respond and rescue project is also fully in progress.

### **Consideration and Payment**

Pursuant to the Supplemental Investment and Construction Agreement, the Company will provide funds covering all the costs and expenses in the construction of the Company Construction Project of an estimated total amount of approximately RMB7.646 billion, comprising (i) construction costs of approximately RMB5.336 billion; (ii) other incidental expenditures of approximately RMB1.595 billion; (iii) preparation fee of approximately RMB291 million; and (iv) loan interest of approximately RMB424 million.

The estimated total investment amount of the Company Construction Project was determined with reference to the estimated construction costs as set out in the review reports regarding the preliminary design of the Phase II Expansion Project issued by China Civil Aviation Engineering Consulting Co., Ltd. (中國民航工程諮詢有限公司) and the approvals of the project design and estimated investment amount of the Phase II Expansion Project by Development and Reform Commission of Hainan Province (海南省發展和改革委員會) and Central South Regional Administration of Civil Aviation Administration of China (中國民用航空中南地區管理局). Such estimated construction costs were determined with reference to relevant public official documents in relation to construction cost and fees of Haikou City and the standard fees in civil aviation industry of the PRC.

The Directors confirm that the estimated aggregate amount of approximately RMB7.646 billion is the estimated maximum investment amount in relation to the construction of the Company Construction Project based on currently available information. Subject to the project completion and settlement report of the Airport Project to be approved (if required) by relevant authorities and the assets invested by and registered under the name of the Company upon completion and acceptance of the Airport Project, such estimated maximum investment amount shall be further adjusted. The Directors further confirm that the Company shall seek approval from the Shareholders and make additional disclosure pursuant to the applicable compliance requirements under the Listing Rules (if necessary) if and when the aggregate investment amount for the construction of the Company Construction Project is expected to exceed RMB7.646 billion due to any unforeseeable reasons that may be beyond the control of the Company.



The Company considers to provide the remaining funds required for the Company Construction Project by the followings (subject to future adjustment):

(i) The Loan

As disclosed in the circular of the Company dated 6 March 2018, pursuant to the loan agreement dated 1 February 2018, China Development Bank Limited (國家開發銀行股份有限公司), the Hainan Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司海南省分行) and the Hainan Branch of Agricultural Bank of China Limited (中國農業銀行股份有限公司海南省分行) agreed to grant the Loan to the Company and the Parent Company on a joint and several basis in the principal amount of RMB7.8 billion for a period of 20 years, which shall be solely used for the construction of the Airport Project, and pursuant to the loan allocation agreement entered into between the Company and the Parent Company on 1 February 2018, the Company was allocated RMB3.9 billion (representing 50% of the Loan). As at the date of this announcement, the Company has drawn down RMB1.944 billion and the remaining of RMB1.956 billion will be utilized in the construction of the Company Construction Project;

(ii) The Parent Company Subscription and the HOPU Subscription

As disclosed in the circular of the Company dated 7 January 2020, subject to completion of the Parent Company Subscription and the HOPU Subscription, approximately RMB0.2 billion of the net proceeds from the Parent Company Subscription and the HOPU Subscription will be utilized in the construction of the Company Construction Project;

(iii) The Local Government Special Bonds

The Local Government Special Bonds will be issued for the construction of the Airport Project. Certain proportion of the proceeds from the Local Government Special Bonds will be allocated to the Company, which will be utilized in the construction of the Company Construction Project; and

(iv) Working capital

The Company will use part of its working capital generated from its operation activities to support the construction of the Company Construction Project.



## **Further Financing Arrangement**

In light of the construction schedule and funds requirement of the Airport Project, the Company and the Parent Company have agreed to raise funds for the construction of the Airport Project through issuance of the Local Government Special Bonds and to allocate the proceeds from the Local Government Special Bonds between the Company and the Parent Company. The proceeds from the Local Government Special Bonds shall be used by the Company and the Parent Company for the construction of the Airport Project, and the principal and interest of the Local Government Special Bonds shall be repaid by the Company and the Parent Company using the revenue to be generated from the operation of the Airport Project.

The Company confirms that as at the date of this announcement, the Company and the relevant parties have not finalized the terms and conditions of the Local Government Special Bonds, and the issue plan of the Local Government Special Bonds, including the total principal amount, issue price and interest rate, will be finalized at a later stage based on a series of factors, such as the then market conditions. It is expected that the total principal amount of the Local Government Special Bonds will not exceed RMB2.4 billion (subject to adjustment). The proceeds from the Local Government Special Bonds shall be allocated between the Company and the Parent Company taking into consideration various factors such as their respective fund needs and the total investment amount incurred. The Company confirms that the interest to be paid by the Company and Parent Company will be based on the terms and conditions of the Local Government Special Bonds, which are applicable to both the Company and Parent Company.

For the purpose of issuance of the Local Government Special Bonds, the Company and the Parent Company have agreed that the revenue to be generated from the operation of the Airport Project (after deducting all necessary expenses, including but not limited to operating costs paid in cash, fees and taxes) shall be used to repay the principal and interest of the Local Government Special Bonds in priority and that the Company and the Parent Company shall issue relevant commitment letters or execute relevant legal documents separately or jointly (if necessary) for the issuance of the Local Government Special Bonds.

For the avoidance of doubts, the Company and the Parent Company have confirmed that although the principal and interest of the Local Government Special Bonds shall be repaid using the revenue to be generated from the operation of the Airport Project, each of the Company and the Parent Company shall be liable for repayment of the respective principal and interest in conformity with the actual amount of proceeds from the Local Government Special Bonds to be allocated to it. The distribution of revenue to be generated from the operation of the Airport Project between the Company and the Parent Company shall be subject to the agreement to be entered into between the Company and the Parent Company. The Company and the Parent Company shall distribute such revenue pursuant to the terms of such agreement after using such revenue to repay the principal and interest of the Local Government Special Bonds.

Taking into account that the Company and Parent Company will bear the same interest rate and the allocation of proceeds will be based on a series of factors such as the investment made by the Company and the Parent Company, the Directors are of the view that the above arrangement regarding the Local Government Special Bonds are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL INVESTMENT AND CONSTRUCTION AGREEMENT**

As the estimated aggregate investment amount of the Airport Project will be adjusted from approximately RMB13.838 billion to approximately RMB14.830 billion, the Company and the Parent Company have to further specify the allocation of investment amount after such adjustment. Currently, the construction of various projects of the Airport Project has entered the finalization stage. According to the latest schedule, the Airport Project aims to be put into use upon the completion and acceptance in this year. Therefore, in order to fully enjoy the economic benefits to be generated from the Airport Project upon putting into use and to ensure a smooth construction and assets operation of the Airport Project afterwards, the Company and the Parent Company entered into the Supplemental Investment and Construction Agreement, which specifies the allocation of investment amount between the Company and the Parent Company and arranges further financing for the Airport Project, in order to promote the construction of the Airport Project in a faster and better way, as well as the development of the Company and Meilan Airport in the long run.

The roles of the Company and the Parent Company in the construction of the Airport Project, the allocation of the Company Construction Project and the Parent Company Construction Project and the respective assets thereunder were mainly determined by taking into consideration of the following: (i) the financial challenges the Company may face for providing funds of approximately RMB14.830 billion for the construction of the whole Airport Project by itself; (ii) the current operation model of Meilan Airport between the Company and the Parent Company, details of which were set out in the paragraph headed “The Operation Plans of the Phase II Expansion Project of Meilan Airport” in the circular of the Company dated 7 October 2015; and (iii) the compliance with the existing non-competition agreement between the Company and the Parent Company by allocating the relevant assets in consistent with the current operation model of Meilan Airport.

The Phase II Expansion Project, as a major landmark project of China (Hainan) Pilot Free Trade Zone (Port), not only undertakes the important mission of the civil aviation in Hainan to expand and upgrade and efficiently connect the world in the future, but also serves as a huge “engine” for the airport industry, headquarters economy and other core businesses of Hainan. The Company believes that entering into the Supplemental Investment and Construction Agreement is conducive to the Company and the Parent Company to push forward the construction of the Airport Project with concerted efforts, so that the Airport Project could be completed and put into use as soon as possible and achieve economic and social benefits. If the Supplemental Investment and Construction Agreement cannot be entered into, it will have negative impacts on the Airport Project, probably resulting in (among others) the delay in completion of the Airport Project, which will harm the interests of the Company and its Shareholders as a whole and is prejudice to the achievement of economic and social benefits of the Airport Project.

The Directors (excluding the independent non-executive Directors who reserve their view pending receipt of advice from Octal Capital) are satisfied that (i) the terms and conditions of the Supplemental Investment and Construction Agreement have been negotiated on an arm’s length basis and are on normal commercial terms; (ii) the transactions contemplated under the Supplemental Investment and Construction Agreement will be conducted in the ordinary and usual course of business of the Company; and (iii) the terms of such transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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

As certain applicable percentage ratio (as defined under the Listing Rules) in respect the transactions contemplated under the Supplemental Investment and Construction Agreement are more than 100%, such transactions also constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and therefore are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

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

## **GENERAL INFORMATION**

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

The Parent Company is principally engaged in ancillary airport service business in the PRC. As at the date of this announcement, the Parent Company is owned as to 59.54% by certain PRC state-owned or state-controlled enterprises, including Hainan Development Holdings Co., Ltd. (海南省發展控股有限公司) as to 29.98% (directly and indirectly), a company owned by Hainan government, CDB Development Fund Co., Ltd. (國開發基金有限公司) as to 19.92%, a subsidiary of China Development Bank, Hainan Airlines Holding Co., Ltd. (海南航空控股股份有限公司) as to 5.77%, China Southern Airlines Co., Ltd. (中國南方航空股份有限公司) as to 2.35% and China National Aviation Fuel Co., Ltd. (中國航空油料有限責任公司) as to 1.52%. HNA Group Co., Ltd. (海航集團有限公司) holds 29.50% of equity interest in the Parent Company through its relevant subsidiaries. The remaining 10.96% of equity interest of the Parent Company is held by Hainan Hanghui Agricultural Development Co., Ltd. (海南航輝農業開發有限公司). Hainan Development Holdings Co., Ltd. (海南省發展控股有限公司) is the largest shareholder of the Parent Company and is an investment holding company focusing on infrastructure and equity investments in Hainan Province.

## **GENERAL**

The EGM will be convened to consider and, if thought fit, approve, among other things, the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder. The Parent Company, which controls over the voting right in respect of its Shares in the Company, will abstain from voting on the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder, and no other Shareholder is required to abstain from voting on the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder at the EGM.

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

The Independent Board Committee comprising four independent non-executive Directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F Meng and Mr. He Linji, none of whom has any direct or indirect interest in the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder, has been established to advise the Independent Shareholders in relation to their voting on the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder.

Octal Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders; (iii) the letter from the Independent Board Committee to the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 1 June 2020.

## DEFINITIONS

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

“Airport Project”	the airport project under the Investment and Construction Agreement and the Supplemental Investment and Construction Agreement
“Board”	the board of Directors
“Company”	海南美蘭國際空港股份有限公司 (Hainan Meilan International Airport Company Limited*), a joint stock company incorporated in the PRC with limited liability
“connected person(s)”	shall have the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the domestic ordinary share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company, which is/are subscribed for in RMB
“EGM”	the extraordinary general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving, among other things, the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder, including any adjournment in respect thereof

“Feasibility Study Report”	a feasibility study report issued by a professional institution engaged by the Parent Company in relation to the construction of the Phase II Expansion Project
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HOPU Subscription”	the subscription of a total of 200,000,000 new H Shares by Aero Infrastructure Holding Company Limited, the completion of which is subject to certain conditions precedent, including, among others, the approval of the China Securities Regulatory Commission
“Independent Board Committee”	an independent board committee of the Company comprising of all the independent non-executive Directors to advise the Independent Shareholders on the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have any material interests in the Supplemental Investment and Construction Agreement and the transactions contemplated thereunder and are not required to abstain from voting at the EGM pursuant to the Listing Rules

“Investment and Construction Agreement”	the investment and construction agreement dated 21 August 2015 entered into between the Company and the Parent Company in respect of the Airport Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB7.8 billion granted by China Development Bank Limited (國家開發銀行股份有限公司), the Hainan Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司海南省分行) and the Hainan Branch of Agricultural Bank of China Limited (中國農業銀行股份有限公司海南省分行) to the Company and the Parent Company on a joint and several basis for a period of 20 years, which shall solely be used for the construction of the Airport Project
“Local Government Special Bonds”	the local government special bonds to be issued for the construction of the Airport Project
“Meilan Airport”	the civil airport known as 海口美蘭國際機場 (Haikou Meilan International Airport*) located in Haikou City, Hainan Province, the PRC
“NDRC”	National Development and Reform Commission of the People’s Republic of China (中華人民共和國國家發展和改革委員會)
“Parent Company”	海口美蘭國際機場有限責任公司 (Haikou Meilan International Airport Co., Ltd.*), a limited liability company established in the PRC and the controlling shareholder of the Company
“Parent Company Subscription”	the subscription of a total of 202,487,125 new Domestic Shares by the Parent Company
“Phase II Expansion Project”	the phase II expansion project of Meilan Airport



“PRC”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Investment and Construction Agreement”	the supplemental investment and construction agreement dated 11 May 2020 entered into between the Company and the Parent Company in respect of the Airport Project
“%”	per cent

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

Haikou, the PRC

11 May 2020

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

\* For identification purpose only