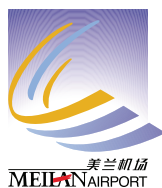


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*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in the Company.*



## 海南美蘭國際機場股份有限公司

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

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 357)**

- (1) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;**
- (2) MAJOR TRANSACTION INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;**
- (3) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION; AND**
- (4) POSSIBLE CONNECTED TRANSACTIONS IN RELATION TO RECEIPT OF FINANCIAL ASSISTANCE**

#### **A. THE SUBSCRIPTION AGREEMENT**

On 2 July 2014 (after trading hours of the Stock Exchange), the Company and the Parent Company entered into the Subscription Agreement pursuant to which the Parent Company has agreed to subscribe for 66,615,016 new Domestic Shares in the Company in cash at the aggregate subscription price of RMB379,039,440 (equivalent to approximately HK\$477,319,531.5).

The Company will seek the grant of the specific mandate from the Independent Shareholders at the EGM and the Class Meetings, respectively to issue and allot new Domestic Shares to satisfy the issue and allotment of the Subscription Shares.

#### **B. THE SPA**

The Board is pleased to announce that on 2 July 2014 (after trading hours of the Stock Exchange), the Company entered into the SPA with Xinhua Lianhang, Haidao Development and HNA Engineering as the Vendors pursuant to which (i) the Company had conditionally agreed to acquire and Xinhua Lianhang had conditionally agreed to sell the Wuhan Linkong

Sale Shares, representing 80% equity interest in Wuhan Linkong at a consideration of RMB379,039,440 (equivalent to approximately HK\$477,319,531.5), which will be satisfied in full by cash and (ii) the Company had conditionally agreed to acquire and Haidao Development and HNA Engineering had conditionally agreed to sell the Haidao Commercial Sale Shares, representing 100% equity interest in Haidao Commercial at an aggregate consideration of RMB1,273,518,200 (equivalent to approximately HK\$1,603,725,223.5), which will be satisfied in full partly by setting off the Loan Advances and partly by the allotment and issue of the Consideration Shares.

The Company will seek the grant of a specific mandate from the Shareholders at the EGM and the Class Meetings, respectively to issue and allot new Domestic Shares to satisfy the issue and allotment of the Consideration Shares.

### **C. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

The Board proposed to make amendments to the Articles, subject to and upon completion of the Subscription Agreement, in order to reflect the latest registered capital structure of the Company as a result of the issue of the Subscription Shares pursuant to the Subscription Agreement.

Similarly, the Board proposed to make amendments to the Articles, subject to and upon completion of the SPA, in order to reflect the latest registered capital structure of the Company as a result of the issue of the Consideration Shares pursuant to the SPA.

The proposed amendments to the Articles are subject to approval of the Shareholders by way of special resolutions at the EGM and the Class Meetings and the approval of and registration or filing with the relevant PRC government authorities.

Further information in respect of the proposed amendments to the Articles will be contained in the circular to be issued by the Company in relation to the Subscription Agreement and the SPA.

### **D. IMPLICATIONS UNDER THE LISTING RULES**

#### **The Subscription Agreement**

As at the date of this announcement, the Parent Company is a controlling shareholder holding 237,500,000 Domestic Shares, representing approximately 50.19% of the registered and issued share capital of the Company, and hence a connected person of the Company under the Listing Rules. As such, the Proposed Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company

will seek the Independent Shareholders' approval for the Subscription Agreement and the granting of the specific mandate for the allotment and issue of the Subscription Shares at the EGM and the Class Meetings.

### **The SPA**

As the applicable percentage ratios as set out in the Listing Rules in respect of the Proposed Acquisitions exceed 25% but less than 100%, the Proposed Acquisitions constitute a major transaction for the Company under the Listing Rules and shall be subject to shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **E. POSSIBLE CONNECTED TRANSACTIONS IN RELATION TO RECEIPT OF FINANCIAL ASSISTANCE**

### **Corporate guarantees by HNA Airport on bank borrowings of Wuhan Linkong**

Pursuant to loan and guarantee agreements of Wuhan Linkong dated 26 March 2014 (the "**First HNA Airport Guaranteed Loan Agreement**"), HNA Airport has provided a corporate guarantee for Wuhan Linkong in respect of bank borrowings of Wuhan Linkong of up to RMB100 million (equivalent to approximately HK\$125.9 million) for the period from 27 March 2014 to 30 April 2022. As at 31 May 2014, the outstanding bank borrowings of Wuhan Linkong pursuant to the First HNA Airport Guaranteed Loan Agreement amounted to RMB100 million (equivalent to approximately HK\$125.9 million).

Pursuant to loan and guarantee agreements of Wuhan Linkong dated 26 April 2014 (the "**Second HNA Airport Guaranteed Loan Agreement**", together with the First HNA Airport Guaranteed Loan Agreement collectively, the "**HNA Airport Guaranteed Loan Agreements**"), HNA Airport has provided a corporate guarantee for Wuhan Linkong in respect of bank borrowings of Wuhan Linkong of up to RMB100 million (equivalent to approximately HK\$125.9 million) for the period from 29 April 2014 to 29 April 2020. As at 31 May 2014, the outstanding bank borrowings of Wuhan Linkong pursuant to the Second HNA Airport Guaranteed Loan Agreement amounted to RMB82 million (equivalent to approximately HK\$103.3 million).

### **Corporate guarantee by HNA Basic on bank borrowings of Wuhan Linkong**

Pursuant to loan and guarantee agreements of Wuhan Linkong dated 19 March 2014 (the "**HNA Basic Guaranteed Loan Agreement**"), HNA Basic has provided a corporate guarantee for Wuhan Linkong in respect of bank borrowings of Wuhan Linkong of up to RMB65 million (equivalent to approximately HK\$81.9 million) for the period from 19 March 2014 to 18 March 2015. As at 31 May 2014, the outstanding bank borrowings of Wuhan Linkong pursuant to the HNA Basic Guaranteed Loan Agreement amounted to RMB65 million (equivalent to approximately HK\$81.9 million).

Haidao Development, HNA Airport and HNA Basic are all subsidiaries of HNA Group. As Haidao Development, will, as a result of the completion of the sale and purchase of the Haidao Commercial Sale Shares pursuant to the SPA, become a substantial shareholder of the Company, HNA Airport and HNA Basic, being associates of Haidao Development, will also become connected persons of the Company. Accordingly, the provision of the corporate guarantees by HNA Airport and HNA Basic in respect of the bank borrowings of Wuhan Linkong under the HNA Airport Guaranteed Loan Agreements and the HNA Basic Guaranteed Loan Agreement respectively will become connected transactions under Chapter 14A of the Listing Rules upon completion of the sale and purchase of the Haidao Commercial Sale Shares pursuant to the SPA. However, pursuant to Rule 14A.90 of the Listing Rules, these connected transactions should be exempted from the reporting, announcement and Independent Shareholders' approval requirements as no security over the assets of the Group is granted in respect of the corporate guarantees.

## **F. GENERAL**

Pursuant to Rule 19A.38 of the Listing Rules and the Articles, the allotment and issue of the Subscription Shares and the Consideration Shares are required to be approved by the Shareholders by way of special resolutions at the EGM and separate Class Meetings of the Domestic Shares Shareholders and H Shares Shareholders, respectively.

### **The Subscription Agreement**

The EGM and the Class Meetings will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the grant of the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles. The Parent Company and its associates will abstain from voting on the above resolutions relating thereto at the EGM and the Class Meetings. Save as disclosed above, no other Shareholder will be required to abstain from voting in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles and the transactions contemplated thereunder. As at the date of this announcement, the Parent Company is interested in 237,500,000 Domestic Shares, representing approximately 50.19% of the registered and issued share capital of the Company as at the date of this announcement. None of the associates of the Parent Company is interested in any Shares as at the date of this announcement.

Mr. Liang Jun, an executive Director of the Company, is also a director of the Parent Company. Mr. Zhang Peihua, an executive Director of the Company, is also a senior management of the Parent Company. Mr. Hu Wentai, a non-executive Director of the Company, is also a director of the Parent Company. Mr. Liang Jun, Mr. Zhang Peihua and Mr. Hu Wentai are considered to have a material interest in the Proposed Subscription as a

result of their directorship or senior management positions held with the Parent Company. Therefore, Mr. Liang Jun, Mr. Zhang Peihua and Mr. Hu Wentai have abstained from voting on the board resolutions for approving the Proposed Subscription.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Xu Bailing, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. Feng Da'an will be appointed by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles, whether the terms are in the interests of the Company and the Shareholders as a whole, after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard, and such appointment has been approved by the Independent Board Committee.

### **The SPA**

As all of the Vendors are subsidiaries of HNA Group and/or ultimately controlled by HNA Group, HNA Group is considered to be interested in the SPA, the specific mandate for the allotment and issue of the Consideration Shares and the corresponding amendments to the Articles, HNA Group and its associates will abstain from voting on the above resolutions relating thereto at the EGM and the Class Meetings. As at the date of this announcement, HNA Group is interested in 3,512,500 Domestic Shares, representing approximately 0.74% of the registered and issued share capital of the Company as at the date of this announcement. None of the associates of HNA Group is interested in any Shares as at the date of this announcement. Save as disclosed above, no other Shareholder will be required to abstain from voting in respect of the SPA, the specific mandate for the allotment and issue of the Consideration Shares and the corresponding amendments to the Articles and the transactions contemplated thereunder.

### **Circular**

A circular containing, amongst other things, (i) further details of the Subscription Agreement, the specific mandate for the allotment and issue of Subscription Shares, the SPA and the specific mandate for the allotment of the Consideration Shares and the corresponding amendments to the Articles as a result of the issue of the Subscription Shares and the Consideration Shares; (ii) a letter of advice from the Independent Financial Adviser in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles and the transactions contemplated thereunder;

(iv) the Valuation Reports, together with (v) the notices of EGM and the Class Meetings will be dispatched to the Shareholders on or before 31 July 2014 so as to allow sufficient time for finalising the contents of the circular.

**The Subscription Agreement and the SPA may or may not proceed, as the transactions contemplated thereunder are subject to a numbers of conditions precedent and such conditions precedent may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and securities of the Company.**

## **THE SUBSCRIPTION AGREEMENT**

Date: 2 July 2014 (after trading hours)

### **Parties to the Subscription Agreement**

Issuer the Company

Subscriber the Parent Company

As at the date of this announcement, the Parent Company is a controlling shareholder holding 237,500,000 Domestic Shares, representing approximately 50.19% of the registered and issued share capital of the Company as at the date of this announcement, and hence a connected person of the Company under the Listing Rules. None of the associates of the Parent Company is interested in any Shares as at the date of this announcement.

The Parent Company is principally engaged in transportation and ground handling services business. The Parent Company is a company established in the PRC, its single largest shareholder is State-owned Assets Supervision and Administration Commission of Hainan Province (海南省政府國有資產監督管理委員會).

### **Subscription Shares**

The Parent Company will subscribe for 66,615,016 new Domestic Shares in the Company in cash at the subscription price of RMB5.69 per Subscription Share. The aggregate subscription price for the Proposed Subscription is RMB379,039,440 (equivalent to approximately HK\$477,319,531.5), which will be payable in cash upon completion of the Proposed Subscription. The estimated amount of net proceeds from the issue of the Subscription Shares (after deducting the costs and expenses in connection with the Proposed Subscription) will be approximately RMB373,039,440 (equivalent to approximately HK\$469,763,808.1).

The subscription price of the Subscription Shares was arrived based on the average price per H Share of the Company for the last 20 consecutive trading days up to and including the Last Trading Day. The applicable exchange rate of Renminbi to Hong Kong dollar shall be the middle price for quoting Hong Kong dollar against Renminbi on the interbank foreign exchange market as announced by the China Foreign Exchange Trade System under the authorisation of the People's Bank of China on the Last Trading Day.

The Subscription Shares will be allotted and issued at the subscription price of RMB5.69 (equivalent to approximately HK\$7.17) per Subscription Share represents:

- (i) a premium of approximately 0.14% of the closing price of HK\$7.16 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.70% of the average closing price of approximately HK\$7.12 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 0.56% of the average closing price of approximately HK\$7.13 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Subscription Shares to be allotted and issued by the Company to the Parent Company under the Subscription Agreement represents:

- (i) approximately 27.05% and 14.08% of the existing Domestic Shares in issue and the existing registered share capital of the Company, respectively;
- (ii) approximately 21.29% and 12.34% of the Domestic Shares in issue as enlarged by the allotment and issue of the Subscription Shares, the registered share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and
- (iii) approximately 13.32% and 9.16% of the Domestic Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares, the registered share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares.

The aggregate nominal value of the Subscription Shares is RMB66,615,016.

The Directors (excluding Mr. Liang Jun, Mr. Zhang Peihua and Mr. Hu Wentai who have abstained from voting on the board resolutions for approving the Proposed Acquisition and the members of the Independent Board Committee whose views will, after receiving the advice from the Independent Financial Adviser, be set out in the letter from the Independent Board Committee in the circular to be dispatched to the Shareholders) consider that the subscription price of RMB5.69 (equivalent to approximately HK\$7.17) per Subscription Shares is fair and reasonable.

## **Specific mandate**

The Subscription Shares shall be allotted and issued under the specific mandate to be obtained from the Independent Shareholders at the EGM and the Class Meetings, respectively.

## **Ranking**

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue at the time of the allotment and issue of the Subscription Shares.

The Subscription Shares will not be subject to any lock-up or other disposal restriction under the terms of the Subscription Agreement.

## **Conditions precedent**

Completion of the Subscription Agreement is conditional upon fulfillment of the following conditions:

- (a) the passing of resolutions by the Board and the meetings of the Shareholders (including Class Meetings) in accordance with the Articles and the Listing Rules approving the Subscription Agreement and the transactions contemplated thereunder;
- (b) the Parent Company having obtained the internal approvals from its competent decision making bodies; and
- (c) all necessary approvals, authorisations, consents having been obtained from and all necessary registrations and filings (if required) having been completed with all competent governmental authorities or regulatory bodies or other third parties in respect of the Subscription Agreement and the transactions contemplated thereunder by the Company and the Parent Company.

None of the conditions precedent above is waivable. In the event any of the conditions precedent are not fulfilled on or before 31 December 2014 or such later date as may be agreed between the Company and the Parent Company, the Subscription Agreement shall automatically be terminated (save and except for the clauses relating to confidentiality, notices and governing law which shall continue to have full force and effect). Neither party shall have any obligations nor liabilities towards each other thereafter save for any antecedent breaches of the terms thereof.

## **Completion of the Subscription Agreement**

Completion of the Subscription Agreement shall take place on the twentieth Business Day (or such other date as the Company and the Parent Company may agree in writing) after all the conditions precedent under the Subscription Agreement having been fulfilled by the relevant party thereto.



## **THE SPA**

Date: 2 July 2014 (after trading hours)

### **Parties to the SPA**

Purchaser the Company

- Vendors
- (1) 新華聯航臨空產業投資開發有限公司 (Xinhua Lianhang Airport Industry Investment Development Co., Ltd.\*), a company established in the PRC with limited liability.
  - (2) 海航國際旅游島開發建設(集團)有限公司 (HNA International Tourism Island Development (Group) Co., Ltd.\*), a company established in the PRC with limited liability.
  - (3) 海南海航工程建設有限公司 (Hainan HNA Engineering Construction Co., Ltd.\*), a company established in the PRC with limited liability.

All of the Vendors are subsidiaries of HNA Group and/or ultimately controlled by HNA Group. To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners are Independent Third Parties as at the date of the SPA.

As at the date of this announcement, HNA Group, which controls all of the Vendors, is interested in 3,512,500 Domestic Shares, representing approximately 0.74% of the registered and issued share capital of the Company as at the date of this announcement.

Save as disclosed above, none of the Vendors is interested in any Shares.

For further details of the Vendors, please refer to the paragraph headed “Information of the Vendors” below.

### **Subject matter**

The Board is pleased to announce that on 2 July 2014 (after trading hours of the Stock Exchange), the Company entered into the SPA with Xinhua Lianhang, Haidao Development and HNA Engineering as the Vendors, pursuant to which (i) the Company had conditionally agreed to acquire and Xinhua Lianhang had conditionally agreed to sell the Wuhan Linkong Sale Shares, representing 80% equity interest in Wuhan Linkong at a consideration of RMB379,039,440 (equivalent to approximately HK\$477,319,531.5) and (ii) the Company had conditionally agreed to acquire and Haidao Development and HNA Engineering had conditionally agreed to sell the Haidao Commercial Sale Shares, representing 100% equity interest in Haidao Commercial at a consideration of RMB1,273,518,200 (equivalent to approximately HK\$1,603,725,223.5).

The completion of the sale and purchase of the Wuhan Linkong Sale Shares and the Haidao Commercial Sale Shares are inter-conditional and shall take place simultaneously.

For further details of Wuhan Linkong and Haidao Commercial, please refer to the paragraph headed “Information on Wuhan Linkong and Haidao Commercial” below.

### **Consideration**

The Consideration for the acquisition of the Wuhan Linkong Sale Shares is RMB379,039,440 (equivalent to approximately HK\$477,319,531.5), which will be satisfied in full by cash to Xinhua Lianhang on the date of completion of the SPA.

The aggregate Consideration for the acquisition of the Haidao Commercial Sale Shares is RMB1,273,518,200 (equivalent to approximately HK\$1,603,725,223.5), which will be satisfied in full partly by setting off the Loan Advances pursuant to the Loan Assignment Agreement and partly by the allotment and issue of the Consideration Shares in the following manner on the date of completion of the SPA:

- (1) in respect of Haidao Development, as to (i) RMB81,913,665 (equivalent to approximately HK\$103,152,833.4) by way of setting off by the Company in respect of the Loan Advances in the aggregate amount of RMB81,913,665 (equivalent to approximately HK\$103,152,833.4) due from Haidao Development to the Company pursuant to the Loan Assignment Agreement; and (ii) RMB1,064,252,715 (equivalent to approximately HK\$1,340,199,867.8) by way of allotment and issue of 187,039,141 new Consideration Shares; and
- (2) in respect of HNA Engineering, as to RMB127,351,820 (equivalent to approximately HK\$160,372,522.4) by way of setting off by the Company in respect of the Loan Advances in the aggregate amount of RMB127,351,820 (equivalent to approximately HK\$160,372,522.4) due from HNA Engineering to the Company pursuant to the Loan Assignment Agreement.

For further details of the Loan Assignment Agreement, please refer to the paragraph headed “Loan Assignment Agreement” below.

The respective Consideration for each of the Wuhan Linkong Sale Shares and the Haidao Commercial Sale Shares has been arrived at after arm’s length negotiations between the Company and the respective Vendor(s) and was determined with reference to the preliminary valuation of assessment by the Independent Valuer on the fair value of Wuhan Linkong and Haidao Commercial of approximately RMB473,799,300 (based on income approach) and RMB1,273,518,200 (based on asset based approach) respectively and the prevailing market price of the H Shares. As at the date of this announcement, the market price of the H Shares is HK\$7.17 per H Share.

The income approach has been adopted for preparation of the Valuation Report on Wuhan Linkong which will constitute a profit forecast under the Listing Rules. Information in compliance with Rule 14.62 of the Listing Rules in respect of the profit forecast under the Valuation Report on Wuhan Linkong will be contained in the circular to be issued by the Company in relation to the SPA and the Subscription Agreement.

In view of the Consideration reflects the preliminary valuation of 80% equity interest of Wuhan Linkong (i.e. RMB379,039,440) and 100% equity interest of Haidao Commercial (i.e. RMB1,273,518,200), the Directors consider that the Proposed Acquisitions are in the interests of the Company and the Shareholders as a whole.

### **Loan Assignment Agreement**

As at 31 March 2014, Haidao Commercial as lender has advanced to the Related Parties an aggregate amount of approximately RMB208,715,485 (equivalent to approximately HK\$262,832,747.8) which is non-interest bearing. In addition, as at 31 March 2014, Haidao Commercial as lender has advanced to HNA Engineering an aggregate amount of approximately RMB550,000 (equivalent to approximately HK\$692,608.0).

Pursuant to the Loan Assignment Agreement, subject to the completion of the transfer of the Haidao Commercial Sale Shares pursuant to the SPA, (a) the Related Parties have agreed to assign the indebtedness of the Loan Advances in the aggregate amount of RMB126,801,820 (equivalent to approximately HK\$159,679,914.4) and RMB81,913,665 (equivalent to approximately HK\$103,152,833.4) to HNA Engineering and Haidao Development respectively; and (b) Haidao Commercial has agreed to transfer its creditor rights in respect of the Loan Advances in the aggregate amount of RMB127,351,820 (equivalent to approximately HK\$160,372,522.4) and RMB81,913,665 (equivalent to approximately HK\$103,152,833.4) against HNA Engineering and Haidao Development respectively to the Company.

Pursuant to the Loan Assignment Agreement, (a) the Loan Advances in the aggregate amount of RMB127,351,820 (equivalent to approximately HK\$160,372,522.4) against HNA Engineering shall be set off by the Company to satisfy in full the Company's obligation to pay Consideration to Haidao Development upon completion of the SPA; and (b) the Loan Advances in the aggregate amount of RMB81,913,665 (equivalent to approximately HK\$103,152,833.4) shall be set off by the Company to satisfy in part the Company's obligation to pay Consideration to Haidao Development upon completion of the SPA.

For further details of the settlement arrangements of the Consideration under the SPA, please refer to the paragraph headed "Consideration" above.

If for any reason the Company does not complete the acquisition of the Haidao Commercial Sale Shares, the Loan Assignment Agreement shall automatically become void and the rights and obligations of the Loan Advances shall be restituted to the positions as if the Loan Assignment Agreement has not been signed.

## **Source of funding**

In relation to the Wuhan Linkong Sale Shares:

The Company intends to satisfy the cash portion consideration with the proceeds from the Proposed Subscription and/or its internal resources.

The balance of proceeds from the Proposed Subscription (if any) will be used as the general working capital of the Company.

## **Consideration Shares**

The issue price of the Consideration Shares was arrived based on the average price per H Share of the Company for the last 20 consecutive trading days up to and including the Last Trading Day. The applicable exchange rate of Renminbi to Hong Kong dollar shall be the middle price for quoting Hong Kong dollar against Renminbi on the interbank foreign exchange market as announced by the China Foreign Exchange Trade System under the authorisation of the People's Bank of China on the Last Trading Day.

The Consideration Shares will be issued at the issue price of RMB5.69 (equivalent to approximately HK\$7.17) per Consideration Share represents:

- (i) a premium of approximately 0.14% of the closing price of HK\$7.16 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.70% of the average closing price of approximately HK\$7.12 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 0.56% of the average closing price of approximately HK\$7.13 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Consideration Shares to be allotted and issued by the Company to Haidao Development under the SPA, represents:

- (i) approximately 75.94% and 39.53% of the existing Domestic Shares in issue and the existing registered share capital of the Company, respectively;
- (ii) approximately 43.16% and 28.33% of the Domestic Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the registered share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and

- (iii) approximately 37.41% and 25.73% of the Domestic Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares, the registered share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares.

The aggregate nominal value of the Consideration Shares is RMB187,039,141.

The Directors consider that the issue price of RMB5.69 (equivalent to approximately HK\$7.17) per Consideration Shares is fair and reasonable.

### **Specific mandate**

The Consideration Shares shall be allotted and issued under the specific mandate to be obtained at the EGM and the Class Meetings, respectively.

### **Ranking**

The Consideration Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue at the time of the allotment and issue of the Consideration Shares.

The Consideration Shares will not be subject to any lock-up or other disposal restriction under the terms of the Subscription Agreement.

### **Conditions precedent**

Completion of the SPA is conditional upon fulfillment or waiver (where applicable) of the following conditions:

- (a) the passing of resolutions by the Board and the meetings of the Shareholders (including Class Meetings) in accordance with the Articles and the Listing Rules approving the SPA and the transactions contemplated thereunder, including the purchase of the Wuhan Linkong Sale Shares and Haidao Commercial Sale Shares, the allotment and issue of the Consideration Shares and the corresponding increase in registered capital of the Company, and to amend the corresponding terms of the Articles regarding the change of the registered capital of the Company;
- (b) Xinhua Linhang (in respect of the sale of Wuhan Linkong Sale Shares) and Haidao Development and HNA Engineering (in respect of the sale of Haidao Commercial Sale Shares) having obtained the internal approvals from their respective competent decision making bodies;
- (c) Xinhua Linhang (in respect of the sale of Wuhan Linkong Sale Shares) having obtained the approval from the shareholders of Wuhan Linkong, and the other shareholder of Wuhan Linkong having waived its pre-emption rights in relation to the sale of Wuhan Linkong Sale Shares by Xinhua Linhang; Haidao Development and HNA Engineering (in respect of the sale

of Haidao Commercial Sale Shares) having obtained the approval from the shareholders of Haidao Commercial, and each of Haidao Development and HNA Engineering having waived its pre-emption rights in relation to the sale of Haidao Commercial Sale Shares by each of them;

- (d) each of Xinhua Linhang, Haidao Development, HNA Engineering, the Company, Wuhan Linkong, Haidao Commercial and Meilan Mianshui having obtained consents or waivers (if required) from the relevant parties of their respective material contracts (in particular, financing or guarantee contracts) in respect of the sale and purchase of Wuhan Linkong Sale Shares and Haidao Commercial Sale Shares and the issue of Consideration Shares by the Company contemplated under the SPA;
- (e) all necessary approvals, authorisations, consents having been obtained from and all necessary registrations and filings (if required) having been completed with the relevant governmental authorities or regulatory bodies (including but not limited to all levels of competent commercial affairs departments) in respect of the purchase from Xinhua Linhang the Wuhan Linkong Sale Shares and the purchase from Haidao Development and HNA Engineering the Haidao Commercial Sale Shares by the Company, the issue of the Consideration Shares by the Company and the corresponding increase in the registered capital of the Company, and to amend the corresponding terms of the Articles regarding the change of the registered capital of the Company;
- (f) the Company having conducted a due diligence review of and being satisfied with the assets, liabilities, operation, taxation, books and accounts, corporate records and legal matters of Wuhan Linkong, Haidao Commercial and Meilan Mianshui;
- (g) the Company having obtained a PRC legal opinion issued by qualified PRC legal advisers engaged by it, with respect to the matters in relation to the SPA and the transactions contemplated thereunder, in such substance to the reasonable satisfaction of the Company;
- (h) with respect to each of Wuhan Linkong, Haidao Commercial and Meilan Mianshui, since the date of the SPA and up to the Completion Date:
  - (i) there being no adverse change in its business, assets, financial position and operation which the Company reasonably considers to be material to the SPA and the transactions contemplated thereunder;
  - (ii) there being no on-going or pending investigation, action, arbitration, claim or any other legal proceeding, whether initiated or threatened to be initiated by any court, arbitration authority or any governmental authority of competent jurisdiction, which the Company reasonably considers to be material to the SPA and the transactions contemplated thereunder;

- (iii) there being no event or circumstance which causes any representation, undertaking, covenant or warranty given by each of the Vendors in the SPA to be materially untrue or inaccurate, which the Company reasonably considers to be material to the SPA and the transactions contemplated thereunder;
  - (iv) there being no proposed enactment, promulgation or enforcement by any authority of any ordinances, rules, orders, judgments, notices or awards, which prohibits, restricts or materially delays the execution or performance of the SPA and the transactions contemplated thereunder by any of the Vendors; and
- (i) on completion of the SPA, each of the Vendors provide a written confirmation to the Company confirming that conditions precedent (b), (c), (d) and (h) above have been fulfilled.

The Company may at any time waive condition precedent (h) by notice in writing to the Vendors. If any of the conditions precedent has not been fulfilled or waived (as the case may be) on or before 31 December 2014 or such later date as may be agreed between the Company and the Vendors, (except condition precedent (i) which can take place simultaneously with completion of the SPA), the SPA shall automatically be terminated (save and except for clauses relating to confidentiality, notice and governing law which shall continue to have full force and effect). Neither party shall have any obligations nor liabilities towards each other thereafter save for any antecedent breaches of the terms thereof.

### **Completion of the SPA**

Completion of the SPA shall take place on the Completion Date falling on the twentieth Business Day (or such other date as the Company and the Vendors may agree in writing) after all the conditions precedent under the SPA having been fulfilled or waived (as the case may be) by the relevant parties thereto.

Upon completion of the SPA, the Company will directly own 80% equity interest in Wuhan Linkong and 100% equity interest in Haidao Commercial. Wuhan Linkong and Haidao Commercial will therefore become direct subsidiaries of the Company and their financial results will be consolidated into the books of the Company.

None of the equity interest in relation to the Proposed Acquisitions under the SPA is charged, distressed, frozen, or otherwise restricted from transfer. The SPA does not impose any restrictions on subsequent sale of any equity interest in relation to the Proposed Acquisitions under the SPA after completion of the SPA.

### **Indemnity**

Pursuant to the SPA, Xinhua Lianhang (in respect of Wuhan Linkong) and Haidao Development and HNA Engineering (in respect of Haidao Commercial and Meilan Mianshui) undertake to indemnify and keep indemnified (on pro-rata basis of their respective equity interest in Wuhan Linkong and

Haidao Commercial (and indirect equity interest in Meilan Mianshui) to be sold to the Company pursuant to the SPA) each of Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be), the Company (for itself and as trustee, agent or representative for Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be)) against losses, liabilities, damages, costs, charges, fees, expenses, penalties and fines which any of them may suffer, sustain or incur (as the case may be) in connection with (including but not limited to) (a) any taxes payable by Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be) or derived from any incomes, profits, revenues, transactions, employments, events, matters or issues in relation with Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be) incurred prior to the Completion Date; (b) the failure of Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be) to pay for its employees any social insurance, pension fund, housing provident fund or any other social insurance or similar schemes in accordance with the requirements of PRC laws and regulations prior to the Completion Date; (c) any breach or non-compliance of the requirements of the PRC laws and rules on foreign exchange regulation by Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be) prior to the Completion Date; (d) any breach or non-compliance of the laws or regulations of PRC by Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be) prior to the Completion Date; (e) any deficiency or defects of the ownerships and rights of use of the lands and assets currently held or leased by Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be); (f) exercising or enforcing their rights or intentions under the SPA; and (g) enforcing the legal rights in connection with the debts or contracts of Wuhan Linkong or any of Haidao Commercial and Meilan Mianshui (as the case may be) prior to the Completion Date.

The above indemnities do not cover any claims or obligations in respect of the following matters:

- (a) any obligations arising from changes in any relevant laws, regulations or policies after Completion Date;
- (b) any obligations prepared, reserved or maintained in the audited accounts of Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be) pursuant to relevant recognised accounting standards, other than any fraud;
- (c) such claims or obligations paid by any other person apart from Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be), for which Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be) has no responsibilities to repay to such person; and
- (d) the taxes incurred in the ordinary course of the business of Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be) after 31 December 2013, subject to the payment of taxes incurred in the ordinary course of the business of Wuhan Linkong or Haidao Commercial and Meilan Mianshui (as the case may be) during the period from 31 December 2013 to the Completion Date when fall due and payable.



## REGISTERED CAPITAL INCREASE

As at the date of this announcement, the registered capital of the Company is RMB473,213,000 comprising 246,300,000 Domestic Shares and 226,913,000 H Shares.

The following table illustrates the registered capital of the Company as at the date of this announcement and the changes thereto as a result of (a) the allotment and issue of the Subscription Shares immediately after completion of the Subscription Agreement assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares; and (b) the allotment and issue of the Consideration Shares immediately after completion of the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Consideration Shares; and (c) the allotment and issue of the Subscription Shares and the Consideration Shares immediately after completion of the Subscription Agreement and the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares and the Consideration Shares:

	As at the date of this announcement		(a) Immediately after completion of the Subscription Agreement		(b) Immediately after completion of the SPA		(c) Immediately after completion of the Subscription Agreement and the SPA	
	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>
Domestic Shares	246,300,000	52.05	312,915,016	57.97	433,339,141	65.63	499,954,157	68.78
H Shares	<u>226,913,000</u>	<u>47.95</u>	<u>226,913,000</u>	<u>42.03</u>	<u>226,913,000</u>	<u>34.37</u>	<u>226,913,000</u>	<u>31.22</u>
Total:	<u>473,213,000</u>	<u>100.00</u>	<u>539,828,016</u>	<u>100.00</u>	<u>660,252,141</u>	<u>100.00</u>	<u>726,867,157</u>	<u>100.00</u>
<b>Registered share capital (RMB)</b>	<b>473,213,000</b>		<b>539,828,016</b>		<b>660,252,141</b>		<b>726,867,157</b>	

As shown in the table above, the existing registered share capital of the Company will be increased from RMB473,213,000 comprising 246,300,000 Domestic Shares and 226,913,000 H Shares to RMB726,867,157 comprising 499,954,157 Domestic Shares and 226,913,000 H Shares upon issuance of the Subscription Shares and the Consideration Shares on completion of the Subscription Agreement and the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares and the Consideration Shares.

## **INFORMATION ON WUHAN LINKONG AND HAIDAO COMMERCIAL**

### **Wuhan Linkong**

Wuhan Linkong is a company established in the PRC with limited liability. It has a registered and paid-up capital of RMB300,000,000 and is owned as to 80% by Xinhua Lianhang and 20% by 武漢盤龍城市建設投資發展有限公司 (Wuhan Panlong City Construction Investment Development Co., Ltd.\*), an Independent Third Party.

Wuhan Linkong is principally engaged in logistics park consolidated services consultation, logistics information, merchandise demonstration services, storage, installation and delivery of goods; import and export trading (excluding goods or technologies prohibited or restricted by the government to be imported or exported); domestic advertisement design, creation, agency and publishing; conference and exhibition services; sales of construction materials and mechanical equipment; leasing of construction engineering mechanical equipment; development and sales of real estate and property management.

### ***The Project***

In July 2010, HNA Group entered into the Strategic Cooperative Agreement with the People's Government of Huangpi District of Wuhan City pursuant to which HNA Group and the People's Government of Huangpi District of Wuhan City agreed, through their respective controlled entities, to establish Wuhan Linkong with respective equity holding of 80% and 20% respectively to construct the Project within Huangpi District in Wuhan City. According to the Strategic Cooperative Agreement, the Project will be constructed in three phases. The People's Government of Huangpi District of Wuhan City will, by entering into relevant land-use rights transfer agreements, provide to Wuhan Linkong the land to be used for the Project which has a total site area of approximately 3,000 acres by stages in accordance with the construction progress of the Project.

As at the date of this announcement, Wuhan Linkong owns the Project Land which has a total site area of approximately 656,067.24 sq.m. (equivalent to approximately 984.1 acres) which will be developed into first phase of the Project. The first phase of the Project involves the businesses of consolidated services consultation, logistics information, merchandise demonstration services and development and sales of real estate. As at the date of this announcement, part of logistics warehouses have been completed and Wuhan Linkong has obtained all approvals from the relevant PRC authorities necessary for the development and construction of the current stage of the Project. The Group's share of investment pursuant to its 80% interest in Wuhan Linkong will be financed with the current bank facilities of Wuhan Linkong and its internal funding.

### **Haidao Commercial**

Haidao Commercial is a company established in the PRC with limited liability. It has a registered and paid-up capital of RMB250,000,000 and is owned as to 90% by Haidao Development and 10% by HNA Engineering, both are subsidiaries of HNA Group.

Haidao Commercial is principally engaged in investment holding business. As at the date of this announcement, Haidao Commercial holds 49% equity interest in Meilan Mianshui.

Meilan Mianshui is a company established in the PRC with limited liability. It has a registered and paid-up capital of RMB50,000,000 and is owned as to 49% by Haidao Commercial and 51% by 海南省免税品有限公司 (Hainan Province Duty Free Merchandise Co., Ltd.\*), an Independent Third Party. Upon completion of the SPA, the Company will indirectly own 49% equity interest in Meilan Mianshui through Haidao Commercial.

Meilan Mianshui is principally engaged in providing duty free merchandise sales and shopping services at Meilan Airport. As at the date of this announcement, Meilan Mianshui provides duty free merchandise sales and shopping services at Meilan Airport with aggregate gross floor area of approximately 4,922 sq.m.

### **Financial information of Wuhan Linkong and Haidao Commercial**

Set out below are certain unaudited financial information of Wuhan Linkong for each of the two financial years ended 31 December 2013 prepared in accordance with the Accounting Standards for Business Enterprises:

	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2013</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	0	1,111
Net (loss) before tax	(9,325)	(9,013)
Net (loss) after tax	(9,325)	(9,013)

As at 31 December 2012 and 31 December 2013, the unaudited net asset value of Wuhan Linkong was RMB285,168,000 and RMB276,155,000 respectively.

Set out below are certain unaudited consolidated financial information of Haidao Commercial for each of the two financial years ended 31 December 2013 prepared in accordance with the Accounting Standards for Business Enterprises:

	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2013</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	0	0
Net profit before tax	7,433	17,153
Net profit after tax	7,433	17,153

As at 31 December 2012 and 31 December 2013, the unaudited consolidated net asset value of Haidao Commercial was RMB246,033,000 and RMB263,187,000 respectively.

## **INFORMATION OF THE VENDORS**

Xinhua Lianhang is a company established in the PRC with limited liability. It is principally engaged in investment of airports, airport operation and management, domestic and overseas air transportation related ground services, investment and construction of airports and other airport related projects, domestic and overseas air transportation business agency, domestic and overseas trading, logistics, storage (non-dangerous goods), advertising business, investment and management of sales, investment, management of airport industry, technical cooperation, consultation and services of domestic and overseas air transportation business. Xinhua Lianhang is controlled by HNA Group.

Haidao Development is a company established in the PRC with limited liability. It is principally engaged in investment and management in business, hotels and golf courses; investment and development in energies, transportations, new technologies and new materials and equity interests operation; tourism projects development; agricultural projects development; investment consultation services.

HNA Engineering is a company established in the PRC with limited liability. It is principally engaged in engineering project management, investment consultation, assets and equity interests management.

Both Haidao Development and HNA Engineering are subsidiaries of HNA Group.

HNA Group is principally engaged in air transportation, investment and management of airports, investment and management of hotels and golf courses, information technology services, export and import of aircrafts and aviation supplies, investment and development of energy, transportation, new technologies and new materials, and equity operation and domestic labour and commercial services agency.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION AND THE PROPOSED ACQUISITIONS**

The Group is engaged in both aeronautical and non-aeronautical businesses at the Meilan Airport. Its aeronautical business consists of the provision of terminal facilities, ground handling services and passenger services. Its non-aeronautical businesses include commercial and retail spaces leasing at the Meilan Airport, airport-related business franchising, advertising space leasing, car parking business, cargo handling services and sales of consumable goods.

The Directors consider that the Proposed Subscription could increase the Company's available capital for its core business, including the investment capital for the acquisition of the Wuhan Linkong Sale Shares. In addition, the Proposed Subscription will provide the Company with an alternative channel to raise further capital and will enlarge the capital base of the Company. The Directors (excluding the members of the Independent Board Committee whose views will, after receiving the advice from the

Independent Financial Adviser, be set out in the letter from the Independent Board Committee in the circular to be dispatched to the Shareholders) consider that the terms of the Proposed Subscription are on normal commercial terms and the Proposed Subscription is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Directors are of the view that the Proposed Acquisitions will facilitate the Company's medium-long term strategy of developing into an investment management group, underpin the profitability of the Group's principal operations, expand the Group's operation scale and enhance the Group's competitive power and expand the Group's business into other parts of the PRC from Hainan. The Project provides the Group with an opportunity to expand its business into Wuhan and fits with its business and investment strategies.

Wuhan is the capital of Hubei Province of China, and is a populous city in Central China with a population of 10.2 million as of 2013. It is a major transportation hub, with dozens of railways, roads and expressways passing through the city. The Project is located at Huangpi District which is north of Wuhan's urban core and includes important infrastructure facilities, such as Wuhan Tianhe International Airport and Wuhan North Railway Station which is one of the main freight stations on the Beijing-Guangzhou Railway.

The Directors are of the view that driven by the accelerated transformation and upgrading of the tourism industry, it is expected that the local governments of Hainan and Wuhan will continue to promote its key tourism projects, capitalise on the development potential of the tourism industry, and further improve transportation and other infrastructure construction. In the face of the business needs brought by the promotion of the tourism industry and the favourable location of the Project, the Proposed Acquisitions will enhance the Group's future growth and profitability from capturing the opportunities to expand its non-aviation businesses including operation of duty-free shops and developing the Wuhan Industrial Park.

The Directors are of the view that the Proposed Acquisitions could further improve the profitability and facilitate the sustainable development of the Company in the long run, and that the terms of the SPA are on normal commercial terms and the Proposed Acquisitions (and the transactions thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **RECENT FUND RAISING ACTIVITIES AND USE OF PROCEEDS**

The Company has not conducted any fund raising activities within the 12 months immediately prior to the date of this announcement.

The total gross proceeds to be raised from the Proposed Subscription are RMB379,039,440 (equivalent to approximately HK\$477,319,531.5). The proceeds are currently intended by the Company to use to broaden the capital scale of the Company, increase the solvency ratio and strengthen the capital base of the Company for its core business, including the investment capital for the acquisition of the Wuhan Linkong Sale Shares. The estimated amount of net proceeds from the

issue of the Subscription Shares (after deducting the costs and expenses in connection with the Proposed Subscription) will be approximately RMB373,039,440 (equivalent to approximately HK\$469,763,808.1).

## CHANGES IN THE COMPANY'S SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company as at the date of this announcement and the changes thereto as a result of (a) the allotment and issue of the Subscription Shares immediately after completion of the Subscription Agreement assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares; and (b) the allotment and issue of the Consideration Shares immediately after completion of the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Consideration Shares; and (c) the allotment and issue of the Subscription Shares and the Consideration Shares immediately after completion of the Subscription Agreement and the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares and the Consideration Shares. As at the date of this announcement, the Company does not have any warrants or convertible securities in issue.

	As at the date of this announcement		(a) Immediately after completion of the Subscription Agreement		(b) Immediately after completion of the SPA		(c) Immediately after completion of the Subscription Agreement and the SPA	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)	Number of Shares	% (approx.)	Number of Shares	% (approx.)
<b>Shareholders</b>								
<i>Domestic Shares</i>								
<i>Shareholders</i>								
Parent Company	237,500,000	50.19	304,115,016	56.34	237,500,000	35.97	304,115,016	41.84
<b>HNA Group and its associates</b>								
HNA Group	3,512,500	0.74	3,512,500	0.65	3,512,500	0.53	3,512,500	0.48
Haidao Development	–	–	–	–	187,039,141	28.33	187,039,141	25.73
<b>Sub-total:</b>	3,512,500	0.74	3,512,500	0.65	190,551,641	28.86	190,551,641	26.21
Other Domestic Shares holders	5,287,500	1.12	5,287,500	0.98	5,287,500	0.80	5,287,500	0.73
	<u>246,300,000</u>	<u>52.05</u>	<u>312,915,016</u>	<u>57.97</u>	<u>433,339,141</u>	<u>65.63</u>	<u>499,954,157</u>	<u>68.78</u>
<i>H Shares Shareholders</i>	<u>226,913,000</u>	<u>47.95</u>	<u>226,913,000</u>	<u>42.03</u>	<u>226,913,000</u>	<u>34.37</u>	<u>226,913,000</u>	<u>31.22</u>
<b>Total:</b>	<u>473,213,000</u>	<u>100.00</u>	<u>539,828,016</u>	<u>100.00</u>	<u>660,252,141</u>	<u>100.00</u>	<u>726,867,157</u>	<u>100.00</u>

As shown in the table above, upon the allotment and issue of 187,039,141 Consideration Shares on completion of the SPA which represents approximately 39.53% the registered and issued share capital of the Company as at the date of this announcement. Approximately (a) 28.86%; and (b) 26.21% of the registered and issued share capital of the Company as enlarged by (a) the issue of the Consideration Shares; and (b) the issue of the Consideration Shares and the Subscription Shares respectively will be held by HNA Group and its associates.

The shareholding of the Parent Company in the Company will change from approximately 50.19% to approximately (a) 56.34%; (b) 35.97% and (c) 41.84% as a result of (a) the allotment and issue of the Subscription Shares immediately after completion of the Subscription Agreement assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares; and (b) the allotment and issue of the Consideration Shares immediately after completion of the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Consideration Shares; and (c) the allotment and issue of the Subscription Shares and the Consideration Shares immediately after completion of the Subscription Agreement and the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares and the Consideration Shares. As such, the Parent Company will remain the controlling shareholder of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **The Subscription Agreement**

As at the date of this announcement, the Parent Company is a controlling shareholder holding 237,500,000 Domestic Shares, representing approximately 50.19% of the registered and issued share capital of the Company, and hence a connected person of the Company under the Listing Rules. As such, the Proposed Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement and the granting of the specific mandate for the allotment and issue of the Subscription Shares at the EGM and the Class Meetings.

### **The SPA**

As the applicable percentage ratios as set out in the Listing Rules in respect of the transactions under the SPA exceed 25% but less than 100%, the transactions under the SPA constitute a major transaction for the Company under the Listing Rules and shall be subject to shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

The Board proposed to make amendments to the Articles, subject to and upon completion of the Subscription Agreement, in order to reflect the latest registered capital structure of the Company as a result of the issue of the Subscription Shares pursuant to the Subscription Agreement.

Similarly, the Board proposed to make amendments to the Articles, subject to and upon completion of the SPA, in order to reflect the latest registered capital structure of the Company as a result of the issue of the Consideration Shares pursuant to the SPA.

The proposed amendments to the Articles are subject to approval of the Shareholders by way of special resolutions at the EGM and the Class Meetings and the approval of and registration or filing with the relevant PRC government authorities.

Further information in respect of the proposed amendments to the Articles will be contained in the circular to be issued by the Company in relation to the Subscription Agreement and the SPA.

## **POSSIBLE CONNECTED TRANSACTIONS IN RELATION TO RECEIPT OF FINANCIAL ASSISTANCE**

### **Corporate guarantees by HNA Airport on bank borrowings of Wuhang Linkong**

Pursuant to loan and guarantee agreements of Wuhan Linkong dated 26 March 2014 (the “**First HNA Airport Guaranteed Loan Agreement**”), HNA Airport has provided a corporate guarantee for Wuhan Linkong in respect of bank borrowings of Wuhan Linkong of up to RMB100 million (equivalent to approximately HK\$125.9 million) for the period from 27 March 2014 to 30 April 2022. As at 31 May 2014, the outstanding bank borrowings of Wuhan Linkong pursuant to the First HNA Airport Guaranteed Loan Agreement amounted to RMB100 million (equivalent to approximately HK\$125.9 million).

Pursuant to loan and guarantee agreements of Wuhan Linkong dated 26 April 2014 (the “**Second HNA Airport Guaranteed Loan Agreement**”, together with the First HNA Airport Guaranteed Loan Agreement collectively, the “**HNA Airport Guaranteed Loan Agreements**”), HNA Airport has provided a corporate guarantee for Wuhan Linkong in respect of bank borrowings of Wuhan Linkong of up to RMB100 million (equivalent to approximately HK\$125.9 million) for the period from 29 April 2014 to 29 April 2020. As at 31 May 2014, the outstanding bank borrowings of Wuhan Linkong pursuant to the Second HNA Airport Guaranteed Loan Agreement amounted to RMB82 million (equivalent to approximately HK\$103.3 million).

### **Corporate guarantee by HNA Basic on bank borrowings of Wuhan Linkong**

Pursuant to loan and guarantee agreements of Wuhan Linkong dated 19 March 2014 (the “**HNA Basic Guaranteed Loan Agreement**”), HNA Basic has provided a corporate guarantee for Wuhan Linkong in respect of bank borrowings of Wuhan Linkong of up to RMB65 million (equivalent to approximately HK\$81.9 million) for the period from 19 March 2014 to 18 March 2015. As at 31 May 2014, the outstanding bank borrowings of Wuhan Linkong pursuant to the HNA Basic Guaranteed Loan Agreement amounted to RMB65 million (equivalent to approximately HK\$81.9 million).



Haidao Development, HNA Airport and HNA Basic are all subsidiaries of HNA Group. As Haidao Development, will, as a result of the completion of the sale and purchase of the Haidao Commercial Sale Shares pursuant to the SPA, become a substantial shareholder of the Company, HNA Airport and HNA Basic, being associates of Haidao Development, will also become connected persons of the Company. Accordingly, the provision of the corporate guarantees by HNA Airport and HNA Basic in respect of the bank borrowings of Wuhan Linkong under the HNA Airport Guaranteed Loan Agreements and the HNA Basic Guaranteed Loan Agreement respectively will become connected transactions under Chapter 14A of the Listing Rules upon completion of the sale and purchase of the Haidao Commercial Sale Shares pursuant to the SPA. However, pursuant to Rule 14A.90 of the Listing Rules, these connected transactions should be exempted from the reporting, announcement and Independent Shareholders' approval requirements as no security over the assets of the Group is granted in respect of the corporate guarantees.

## **GENERAL INFORMATION**

Pursuant to Rule 19A.38 of the Listing Rules and the Articles, the allotment and issue of the Subscription Shares and the Consideration Shares are required to be approved by the Shareholders by way of special resolutions at the EGM and separate Class Meetings of the Domestic Shares Shareholders and H Shares Shareholders, respectively.

### **The Subscription Agreement**

The EGM and the Class Meetings will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the grant of the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles. The Parent Company and its associates will abstain from voting on the above resolutions relating thereto at the EGM and the Class Meetings. Save as disclosed above, no other Shareholder will be required to abstain from voting in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles and the transactions contemplated thereunder. As at the date of this announcement, the Parent Company is interested in 237,500,000 Domestic Shares, representing approximately 50.19% of the registered and issued share capital of the Company as at the date of this announcement. None of the associates of the Parent Company is interested in any Shares as at the date of this announcement.

Mr. Liang Jun, an executive Director of the Company, is also a director of the Parent Company. Mr. Zhang Peihua, an executive Director of the Company, is also a senior management of the Parent Company. Mr. Hu Wentai, a non-executive Director of the Company, is also a director of the Parent Company. Mr. Liang Jun, Mr. Zhang Peihua and Mr. Hu Wentai are considered to have a material interest in the Proposed Subscription as a result of their directorship or senior management positions held with the Parent Company. Therefore, Mr. Liang Jun, Mr. Zhang Peihua and Mr. Hu Wentai have abstained from voting on the board resolutions for approving the Proposed Subscription.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Xu Bailing, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. Feng Da'an will be appointed by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles, whether the terms are in the interests of the Company and the Shareholders as a whole, after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard, and such appointment has been approved by the Independent Board Committee.

### **The SPA**

As all of the Vendors are subsidiaries of HNA Group and/or ultimately controlled by HNA Group, HNA Group is considered to be interested in the SPA, the specific mandate for the allotment and issue of the Consideration Shares and the corresponding amendments to the Articles, HNA Group and its associates will abstain from voting on the above resolutions relating thereto at the EGM and the Class Meetings. As at the date of this announcement, HNA Group is interested in 3,512,500 Domestic Shares, representing approximately 0.74% of the registered and issued share capital of the Company as at the date of this announcement. None of the associates of HNA Group is interested in any Shares as at the date of this announcement. Save as disclosed above, no other Shareholder will be required to abstain from voting in respect of the SPA, the specific mandate for the allotment and issue of the Consideration Shares and the corresponding amendments to the Articles and the transactions contemplated thereunder.

### **Circular**

A circular containing, amongst other things, further details of (i) the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares, the SPA and the specific mandate for the allotment and issue of the Consideration Shares and the corresponding amendments to the Articles as a result of the issue of the Subscription Shares and the Consideration Shares; (ii) a letter of advice from the Independent Financial Adviser in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to the Articles and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the corresponding amendments to Articles and the transactions contemplated thereunder; (iv) the Valuation Reports, together with (v) the notices of EGM and the Class Meetings will be dispatched to the Shareholders on or before 31 July 2014 so as to allow sufficient time for finalising the contents of the circular.

**The Subscription Agreement and the SPA may or may not proceed, as the transactions contemplated thereunder are subject to a numbers of conditions precedent and such conditions precedent may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and securities of the Company.**

## DEFINITIONS

For the purpose of this announcement, capitalized terms appearing herein shall unless the context otherwise requires, have the meaning set out below:

“Accounting Standards for Business Enterprises”	the Basic Standard and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance of Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC on or after 15 February 2006
“Articles”	the articles of association of the Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of directors of the Company
“Business Day”	a day excluding Saturdays, Sundays, PRC statutory holidays or on which banks in PRC are authorised or obliged to be closed for business in accordance with applicable laws and excluding any Mondays to Fridays which are announced by the PRC government as temporary rest days, but shall include any Saturday or Sunday which is announced by the PRC government as temporary business day
“Class Meetings”	the Domestic Shareholders Meeting and the H Shareholders Class Meeting
“Company”	海南美蘭國際機場股份有限公司 (Hainan Meilan International Airport Company Limited*), a joint stock limited company incorporated in the PRC on 28 December 2000, the issued H Shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the date on which the completion of the SPA takes place in accordance with the terms and conditions set out therein
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules

“Consideration”	in respect of the Wuhan Linkong Sale Shares, the consideration of RMB 379,039,440 (equivalent to approximately HK\$477,319,531.5); in respect of the Haidao Commercial Sale Shares, the consideration of RMB1,273,518,200 (equivalent to approximately HK\$1,603,725,223.5)
“Consideration Shares”	the 187,039,141 new Domestic Shares to be allotted and issued by the Company to Haidao Development pursuant to the SPA
“Domestic Share(s)”	the domestic share(s) with a nominal value of RMB1.00 each in the registered capital of the Company
“Domestic Shares Shareholder(s)”	holder(s) of the Domestic Shares
“Domestic Shareholders Meeting”	the class meeting of Domestic Shares Shareholders to be convened and held to approve, among other things, the Subscription Agreement, the SPA and the transactions contemplated thereunder including but not limited to the grant of the specific mandate for the allotment and issue of the Subscription Shares, the specific mandate for the allotment and issue Consideration Shares, the corresponding amendments to the Articles as a result of the issue of the Subscription Shares and the Consideration Shares and the Registered Capital Increase
“Directors”	directors of the Company
“EGM”	extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Subscription Agreement, the SPA and the transactions contemplated thereunder including but not limited to the grant of the specific mandate for the allotment and issue of the Subscription Shares, the specific mandate for the allotment and issue of the Consideration Shares, the corresponding amendments to the Articles as a result of the issue of the Subscription Shares and the Consideration Shares and the Registered Capital Increase
“Group”	the Company and its subsidiaries
“H Share(s)”	H share(s) of nominal value of RMB1.00 each in the registered capital of the Company which are listed on the Stock Exchange

“H Shareholders Meeting”	the class meeting of H Shares Shareholders to be convened and held to approve, among other things, the Subscription Agreement, the SPA and the transactions contemplated thereunder including but not limited to the grant of the specific mandate for the allotment and issue of the Subscription Shares, the specific mandate for the allotment and issue of the Consideration Shares, the corresponding amendments to the Articles as a result of the issue of the Subscription Shares and the Consideration Shares and the Registered Capital Increase
“H Shares Shareholder(s)”	holder(s) of the H Shares
“Haidao Commercial”	海南海島商業管理有限公司 (Hainan Haidao Commercial Management Co., Ltd.*), a company established in the PRC with limited liability
“Haidao Commercial Sale Shares”	the 100% equity interest in Haidao Commercial held as to 90% by Haidao Development and 10% by HNA Engineering to be sold pursuant to the SPA
“Haidao Development”	海航國際旅游島開發建設(集團)有限公司 (HNA International Tourism Island Development (Group) Co., Ltd.*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HNA Airport”	海航機場集團有限公司 (HNA Airport Group Company Ltd.*), a company established in the PRC with limited liability
“HNA Basic”	海航基礎產業集團有限公司 (HNA Basic Industry Group Company Ltd.*), a company established in the PRC with limited liability
“HNA Engineering”	海南海航工程建設有限公司 (Hainan HNA Engineering Construction Co., Ltd.*), a company established in the PRC with limited liability
“HNA Group”	海航集團有限公司 (HNA Group Company Limited*), a company established in the PRC with limited liability, which holds 0.74% registered and issued share capital of the Company as at the date of this announcement

“Independent Board Committee”	an independent board committee, comprising all the independent non-executive Directors, namely Mr. Xu Bailing, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. Feng Da’an , established to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the Subscription Agreement and the specific mandate for the allotment and issue of the Subscription Shares and as to whether the Subscription Agreement and the specific mandate for the allotment and issue of the Subscription Shares are in the interests of the Company and the Independent Shareholders as a whole, after taking into account the recommendation of the Independent Financial Adviser
“Independent Financial Adviser”	First Shanghai Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of in respect of the Subscription Agreement, the specific mandate for the allotment and issue of the Subscription Shares and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Parent Company and its associates and those who are involved in or interested in the transactions contemplated under the Subscription Agreement and the issuance of the Subscription Shares who are required by the Listing Rules to abstain from voting in respect of the resolution(s) relating to the transactions contemplated under the Subscription Agreement at the EGM and the Class Meetings
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, any third party(ies) that is (are) independent of the Company and its connected person
“Independent Valuer”	China Enterprise Appraisal Limited, an independent valuer engaged by the Company in determining the fair value of the Wuhan Linkong Sale Shares and the Haidao Commercial Sale Shares
“Last Trading Day”	2 July 2014, being the last trading day in the H Shares immediately before the publication of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange

“Loan Advances”	the aggregate advances amounted to approximately RMB208,715,485 (equivalent to approximately HK\$262,832,747.8) provided by Haidao Commercial to the Related Parties and the aggregate advance amounted to approximately RMB550,000 (equivalent to approximately HK\$692,608.0) provided by Haidao Commercial to HNA Engineering as at 31 March 2014
“Loan Assignment Agreement”	the loan assignment agreement governed by PRC law and dated 2 July 2014 entered into among the Related Parties, Haidao Commercial, HNA Engineering, Haidao Development and the Company in respect of the transfer of the Loan Advances
“Meilan Airport”	海南美蘭國際機場 (Hainan Meilan International Airport*), an airport located in Haikou City, Hainan Province, the PRC
“Meilan Mianshui”	海免海口美蘭機場免稅店有限公司 (Haimian Haikou Meilan Airport Duty Free Co., Ltd.*), a company established in the PRC with limited liability
“Parent Company”	海口美蘭機場有限責任公司 (Haikou Meilan Airport Co., Ltd.*), a company established in the PRC with limited liability and the controlling shareholder of the Company
“Project”	the project which involves the investment, construction and management of the Wuhan Industrial Park
“Project Land”	the parcels of land located at Yingqun Cun at Hengdian Street, Liuxin Cun and Dalan Cun at Tianhe Street, Huangpi District, Wuhan City, Hubei Province, the PRC (中國湖北省武漢市黃陂區天河街劉辛村、大蘭村、橫店街迎群村) and legally and beneficially owned by Wuhan Linkong
“Proposed Acquisitions”	the proposed acquisition of the Wuhan Linkong Sale Shares and the Haidao Commercial Sale Shares as contemplated under the SPA
“Proposed Subscription”	the proposed subscription for the Subscription Shares by the Parent Company pursuant to the Subscription Agreement
“PRC”	the People’s Republic of China

“Related Parties”	海航地產控股(集團)有限公司 (HNA Real Estate Holdings (Group) Co., Ltd.*), 海航物業管理有限公司 (HNA Properties Management Co., Ltd.*), 海口新城區建設開發有限公司 (Haikou Xincheng District Development Co., Ltd.*), 海南海島酒店管理有限公司 (Hainan Haidao Hotel Management Co., Ltd.*), 海南海航機場資產管理有限公司 (Hainan HNA Airport Assets Management Co., Ltd.*) and 海航實業有限公司(HNA Industry Co., Ltd.*), which are related parties of Haidao Commercial, HNA Engineering and Haidao Development under the Accounting Standards for Business Enterprises as at the date of the Loan Assignment Agreement
“Registered Capital Increase”	the proposed increase in the existing registered share capital of the Company from RMB473,213,000 comprising 246,300,000 Domestic Shares and 226,913,000 H Shares to RMB726,867,157 comprising 499,954,157 Domestic Shares and 226,913,000 H Shares upon issuance of the Subscription Shares and the Consideration Shares on completion of the Subscription Agreement and the SPA assuming there is no other allotment and issue or repurchase of Shares other than the Subscription Shares and the Consideration Shares
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	the H Share(s) and the Domestic Share(s)
“SPA”	the sale and purchase agreement dated 2 July 2014 entered into between the Company and the Vendors in respect of the Proposed Acquisitions
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperative Agreement”	the strategic cooperative agreement dated 23 July 2010 entered into between HNA Group and the People’s Government of Huangpi District of Wuhan City in relation to the Project
“Subscription Agreement”	the subscription agreement dated 2 July 2014 entered into between the Company and the Parent Company in respect of the Proposed Subscription



“Subscription Shares”	66,615,016 new Domestic Shares in the Company subscribed for by the Parent Company pursuant to the Subscription Agreement
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Valuation Reports”	the valuation reports to be issued by the Independent Valuer for determining the fair value of Wuhan Linkong and Haidao Commercial as at 31 March 2014
“Vendors”	Xinhua Lianhang, Haidao Development and HNA Engineering
“Wuhan Industrial Park”	武漢海航藍海臨空產業園 (Wuhan HNA Lanhai Airport Industrial Park*), which is located in 武漢臨空經濟區 (Wuhan Airport Economic Zone*) with an area of approximately 3,000 acres in Huangpi District of Wuhan City
“Wuhan Linkong”	武漢海航藍海臨空產業發展有限公司 (Wuhan HNA Lanhai Airport Industry Development Co., Ltd.*), a company established in the PRC with limited liability
“Wuhan Linkong Sale Shares”	the 80% equity interest in Wuhan Linkong held by Xinhua Lianhang and to be sold pursuant to the SPA
“Xinhua Lianhang”	新華聯航臨空產業投資開發有限公司 (Xinhua Lianhang Airport Industry Investment Development Co., Ltd.*), a company established in the PRC with limited liability
“%”	per cent

*Unless otherwise specified in this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

*For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.7941 have been used for currency translation, where applicable. Such exchange rates are for illustrative purposes and do not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.*

By order of the Board  
**Hainan Meilan International Airport Company Limited\***  
**Xing Zhoujin**  
*Company Secretary*

Haikou, Hainan Province, the PRC  
2 July 2014

*As at the date of this announcement, the Board comprises of (i) four executive Directors, namely Mr. Wang Zhen, Mr. Liang Jun, Mr. Yang Xiaobin and Mr. Zhang Peihua; (ii) three non-executive Directors, namely Mr. Hu Wentai, Mr. Chan Nap Kee, Joseph and Mr. Yan Xiang; and (iii) four independent non-executive Directors, namely Mr. Xu Bailing, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. Feng Da'an.*

*\* For identification purpose only*