stock issue. No new connected transaction and horizontal competition would be involved in

7. Information of the Related Institutes

## HAINAN AIRLINES COMPANY LIMITED

## ANNOUNCEMENT OF PRIVATE STOCK **ISSUE RESULT** HAINAN AIRLINES COMPANY LIMITED

The board of directors of the Company and its entire directors guarantee that there is no significant omission, fictitious description or serious misleading of information in this announcement and they will take both individual and joint responsibilities for the truthfulness, accuracy and completeness of the content.

1. Important Notice: 1.1 Issue brief

**A**33

1.1.1 Issue amount: 4,623,938,540 shares

1.1.2 Issue price: RMB 3.58 yuan per share 1.1.3 Total amount of raised capital: RMB 16,553,699,973.20 yuan

1.1.4 Net value of raised capital: RMB 16,403,584,279.59 yuan

1.2 Subscription object, amount and lockup period

No.	Subscription Object of the Stock	Subscription Price (In RMB yuan per share)	Allocated Share Amount (In Share)	Percentage to the Total Share Capital after the Issue (%)	Lockup Period (In Month)
1	Essence Securities Co., Ltd.	3.58	363,128,491	2.16	12
2	Guangfa Securities Assets Management (Guangdong) Co., Ltd.	3.58	363,128,491	2.16	12
3	China Merchants Securities Assets Management Co., Ltd.	3.58	825,055,865	4.91	12
4	China Merchants Wealth Assets Management Co., Ltd.	3.58	460,893,854	2.74	12
5	Huafu Fund Management Co., Ltd.	3.58	460,893,854	2.74	12
6	China Fund Management Co., Ltd.	3.58	460,893,854	2.74	12
7	CITIC Securities Co., Ltd.	3.58	460,893,854	2.74	12
8	SWS MU Fund Management Co., Ltd.	3.58	418,994,413	2.49	12
9	SINVO Fund Management Co., Ltd.	3.58	405,027,932	2.41	12
10	Kaiyuan Securities Co., Ltd.	3.58	405,027,932	2.41	12
Total			4,623,938,540	27.51	-

1.3 Estimated listing date

The registration and trustee procedure of the issued shares had been completed at the China Securities Depository and Clearing Corporation Limited Shanghai branch on September 5, 2016. The issued shares are circulation shares with trade restrictions. It shall be held for trade in 12 months from the completion date of the private stock issue. The estimated listing time of the shares would be on Sept. 6 of 2017, which would be postponed accordingly to the first trading day after the official holidays or rest day in case that the issue date happens to be on an official holiday or rest day

2. General Information of the Private Issuance

2.1 Issue related procedures 2.1.1 On April 13 of 2015, the 36<sup>th</sup> session of the seventh board of directors deliberated and passed through the relevant

proposal of the private stock iss 2.1.2 On June 19 of 2015, the 39<sup>th</sup> session of the seventh board of directors deliberated and passed through the relevant

osal of the private stock issue

2.1.3 On July 8 of 2015, the 2015 third extraordinary general meeting of the shareholders deliberated and passed through the relevant proposal of the private stock issue.

2.1.4 On Dec. 7 of 2015, the 44<sup>th</sup> session of the seventh board of directors deliberated and passed through the relevant proposal of the private stock issue

2.1.5 On Dec. 23 of 2015, the 2015 seventh extraordinary general meeting of the shareholders deliberated and passed through the relevant proposal of the private stock issue.

2.1.6 On June 22 of 2016, the 50<sup>th</sup> session of the seventh board of directors deliberated and passed through the proposal of postponing the validity of the resolutions of the general meeting about the private stock issue

2.1.7 On July 8 of 2016, the 2016 second extraordinary general meeting of the shareholders deliberated and passed through the relevant proposal of the private stock issue.

2.2 Examination and approval of the supervising authorities

2.2.1 On Feb. 24 of 2016, the application for private issuance of A-shares of the Company was examined and approved by the Issuance and Examination Committee of the CSRC

2.2.2 On June 27 of 2016, the Company received the Approval on Private Issuance of the Hainan Airlines Company Limited (document of Zheng Jian Xu Ke [2016] No. 875) from the CSRC, which approved the private issuance

2.3 Basic Information of the Private Issue 2 3 1 Issue method: PrivateStock Issue

2.3.2 Par value of the stock: at the par value of RMB 1.00 yuan per share.

2.3.3 Issue amount: 4,623,938,540 shares

2.3.4 Issue price: The issue price shall not be lower than the 90% of the average trading price of previous 20 trading days before the benchmark day (The day of the announcement of the resolutions of the 36th session of the seventh board of directors on April 14 of 2015), i.e. RMB 3.64 yuan per share (Average stock trading price of 20 trading days before the benchmark day=Total trading amount of 20 trading days before the benchmark day/Total trading volume of 20 trading days before the benchmark day). The issue price shall be adjusted accordingly in case of distribution of rights and interests public reserve transfer-into stock capital or share allotment and other ex-dividend issues. On June 3 of 2015, the issuer distributed cash dividend of RMB 0.638 yuan per 10 shares (tax included) to entire shareholders. The minimum issue price was adjusted to no less than RMB 3.58 yuan per share after the ex-dividend.

The issue price was at RMB 3.58 yuan per share, 100% of the minimum issue price. It shall not be less than 90% of the average trading price of previous 20 trading days before the benchmark day comparing with 104.68% of the average

trading price of previous 20 trading days before the stock issue day (that is the subscription offering day). 2.3.5 Raised capital: The total amount of the raised capital through this private stock issue accounts for RMB 16,553,699,973.20 yuan. The net value of the raised capital accounts for RMB 16,403,584,279.59 yuan after withdrawing the issue fee of RMB 150,115,693.60 yuan. The projects which would be invested with the raised capital needs the capital

for RMB 48,606,700,000 yuan. 2.3.6 The Sponsor (Joint main underwriter): The Haitong Securities Co., Ltd

2.3.7 The joint main underwriter: The China Beijing Goldman Sachs Gao Hua Securities Company Limited

2.4 Capital verification and share registration

2.4.1 On August 31 of 2016, the Shanghai Certified Public Accountants (Special General Partnership) issued the Capital Verification Report (Shang Kuai Shi Bao Zi [2016] No. 4175). According to the verification report, it's confirmed that the total subscription capital at the special account opened for the private stock issue by the Haitong Securities Co., Ltd accounted for RMB 16,553,699,973.20 yuan at 12:00 of August 31 of 2016.

On August 31 of 2016, the Haitong Securities Co., Ltd transferred the raised capital of RMB 16,404,716,673.44 yuan to the special account of the Company after withdrawing the underwriting and sponsor fee of RMB 148,983,299.76 yuan. On September 1 of 2016, the PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) issued the Capital Verification Report (PricewaterhouseCoopers Zhong Tian Yan Zi [2016] No. 1119). According the Capital Verification Report, the total raised capital of this private stock issue accounted for RMB 16,404,716,673.44 yuan after withdrawing the sponsoring and underwriting fee as of August 31 of 2016. The net value of the actual raised capital accounts for RMB 16,403,584,279.59 yuan after withdrawing the issue-related fee of RMB 1,132,393.85 yuan, which includes newlyincreased registered capital (share capital) of RMB 4,623,938,540.00 yuan and increased capital reserves of RMB 11,779,645,739.59 yuan.

4.2 Registra

s scope: Specific customer assets management business and other business approved by the CSRC 3.2.5 Huafu Fund Management Co., Ltd. Enterprise nature: Limited liability compan Registered address: Fl. 4 of Building 11. Xihang New Residential Zone of Xihang Road. Tancheng Town, Pingtan County Registered capital: RMB 100,000,000 yuan Legal representative: Chen Wenqi iness scope: Raising and sales of fund, specific customer assets management, assets management, other bus approved by the CSRC (Projects need administrative approval shall be operated accordingly) 3.2.6 China Fund Management Co., Ltd. Enterprise nature: Other limited liability company Registered address: Room 1 of Building 3, Balongqiao Yayuan, Qiaozi Town, Huairou District, Beijing Registered capital: RMB 150,000,000 yuan Legal representative: Jiang Yueqin Business scope: Raising and sales of fund, specific customer assets management, assets management, other business approved by the CSRC (The company has the freedom under the law to select what kind of business to engage in, and to start business operations. Projects need administrative approval shall be operated accordingly. Business operations that are prohibited or restricted by the city bylaws are not allowed.) 3.2.7 CITIC Securities Co., Ltd. Enterprise nature: Listed join stock company Registered address: Unit A02, Fl. 28 and 35 of the Allianz Building, No. 4018 Jintian Road, Futian District, Shenzhen Registered capital: RMB 12,116,908,400 yuan Legal representative: Zhang Youiun Business scope: Securities brokerage (Limited to regions outside the Shandong province, Henan Province, Tiantai and Cangnan county of Zhejiang province); securities investment & consulting; financial adviser to the securities exchange and investment activities; securities underwriting and sponsor; securities proprietary; securities asset management; margin trading; sales agency of securities investment fund; to provide an intermediary business for the Futures Enterprises; sales agency of financial product; making market for stock options. 3.2.8 SWS MU Fund Management Co., Ltd. Enterprise nature: Limited liability company (Sino-foreign joint venture) Registered address: Fl.11 of No. 100 South Zhongshan Road, Shanghai Registered capital: RMB 150,000,000 Legal representative: Jiang Guofang Business scope: Fund management business; to launch the establishment of the fund; other business approved by the CSRC, including sales of the fund established by itself (Projects need administrative approval shall be operated accordingly) 3.2.9 SINVO Fund Management Co., Ltd. Enterprise nature: Limited liability company (Domestic joint venture) Registered address: Room C220 of Building 2, No.2250 South Pudong Road, China (Shanghai) Pilot Free Trade Zone Registered capital: RMB 100.000.000 vuan Legal representative: Zhu Can Business scope: Raising and sales of fund, specific customer assets management, assets management, other business approved by the CSRC (Projects need administrative approval shall be operated accordingly) 3.2.10 Kaiyuan Securities Co., Ltd. Enterprise nature: incorporated company (unlisted, state-owned holding company) Registered address: Fl. 5, Building B of City Gate, No. 1 of Jinye Road, New high-tech zone, Xi'an city, Shaanxi Province

Registered capital: RMB 1,300 million yuan

Legal representative: Li Gang

Business scope: Securities brokerage; securities investment & consulting; financial adviser to the securities exchange and investment activities; securities underwriting and sponsor; securities proprietary; securities asset management; margin trading; sales of securities investment fund (the validity of the business license would expire on Jan. 21 of 2019); to provide

an intermediary business for the Futures Enterprise (Projects need administrative approval shall be operated accordingly) 3.3 Connected relations between the issuing objects and the Company There's no connected relation between the issuing objects and the Company as of the date of this announcement. The

nportant transaction between the issuer and the issuing objects and its related parties in the future would be disclosed truthfully according to the Administrative Measures for the Disclosure of Information of Listed Companies and related rules and regulations and laws. 4. Ton ten shareholders and particulars about shares held before and after the private stock issue

4.1 The total share amount of the Company accounted for 12,182,181,790 shares as of the closing of August 15 of 2016. Following is the particulars about the top 10 shareholders:

No.	Name of Shareholder	Nature of Shareholders	Shareholding Amount (In Share)	Shareholding Percentage (%)
1	Grand China Air Co., Ltd.	Others	4,089,167,580	33.5
2	Haikou Meilan International Airport Co., Ltd.	Others	862,848,902	7.08
3	HNA Group Company Limited	Others	593,941,394	4.88
4	Changjiang Leasing Co., Ltd.	Others	517,671,098	4.2
5	China Securities Finance Corporation Limited	State Legal Person	29,761,9637	2.44
6	ICBC Ruixin Fund Corporation-ICBC-Zhonghai Trust Company Limited	Others	261,700,000	2.1
7	AMERICAN AVIATION LDC.	Others	216,086,402	1.7
8	Central Huijin Assets Management Corporation Limited	State Legal Person	142,860,500	1.17
9	ICBC-Southern Consumption Hybrid Securities Investment Fund	Others	73,815,011	0.6
10	National Council for Social Security Fund, PRC (SSF)-Eight Portfolio	Others	50,661,567	0.42

4.2 The particulars about the top 10 shareholders after the private stock issue The Company carried out the related equity registration procedures at the China Securities Depository and Clearing

Corpora	tion Limited Shanghai branch. Following is the particulars	about the top 10 s	shareholders as of Sep	t. 5 of 2016.
No.	Name of Shareholder	Nature of Shareholders	Shareholding Amount (In Share)	Shareholding Percentage (%)
1	Grand China Air Co., Ltd.	Others	4,089,167,580	24.33
2	Haikou Meilan International Airport Co., Ltd.	Others	862,848,902	5.13
3	Changjiang Fortune-Pufa Bank-Shanghai Pudong Development Bank Co., Ltd. (Haikou Branch)	Others	825,055,865	4.91
4	HNA Group Company Limited	Others	593,941,394	3.53
5	Changjiang Leasing Co., Ltd.	Others	517,671,098	3.08
6	China Merchants Wealth-Construction Bank-CITIC Trust- CITIC Hangyuan Financial Investment Collective Capital Trust Scheme	Others	460,893,854	2.74
7	Huafu Fund-Industrial Bank-Chang'an International Trust- Chang'an Trust•HNA Private Placement No. 1 Single Trust	Others	46,0893,854	2.74
8	China Rail Way Trust Co., LtdChina Rail Way Trust eMAA Private Placement Equity Investment Collective Capital Trust Scheme	Others	460,893,854	2.74
9	CITIC Construction Investment Fund-Huaxia Bank-Tibet Trust-Tibet Trust-Shun Jing No. 27 Single Trust	Others	460,893,854	2.74
10	SWS Mu Fund-ICBC-Shaanxi International Trust-Shaanxi International Trust•Qing Yuan No.8 Directional Investment Collective Capital Trust	Others	418,994,413	2.49

7.1 The Sponsor (Joint main underwriter): The Haitong Securities Co., Ltd Legal representative: Qu Qiuping Sponsoring representative: Sang Jichun, Zhu Hong Project Co-organizer: Non Operator: Wang Tao, Ma Qiuyan, Quan Weigang, Tan Lulu Office Addr.: Fl. 16 of Zhongshen International Mansion, Hongling Mid-way, Shenzhen Tel: 0755-25869000 Fax: 0755-25869800 7.2 The joint main underwriter: The China Beijing Goldman Sachs Gao Hua Securities Company Limited Legal representative: Song Bing Operator: Song Yulin, Chen Yuxi Office Addr.: Room 1807-1819, Fl. 18 of the Beijing International Financial Center, No.7 Finance Avenue, Xicheng District, Beijing Tel: 010-66273333 Fax: 010-66273300 7.3 The Lawyer: The Grandall Law Firm, Shanghai Head of the law firm: Huang Ningning Attorney: Shi Nianqing, Zhang Ying Office Addr.: Fl. 23-25 of the Garden Square, No. 968 West Beijing Road, Shanghai Tel: 021-52341668 Fax: 021-52341670 7.4 Auditing institute: Pricewaterh seCoopers Zhong Tian LLP (Special General Partnership) Head of the accounting firm: Li Dan Accountant: Duan Yongqiang, Cheng Yuntong Office Addr.: Fl. 11 of the PWC Center, Builidng 2 of the Corporate Avenue, No.202 Lake Road, Huangpu District, Shanghai Tel: 021-2323 8888 Fax: 021-2323 8800 7.5 Capital verification institute: PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) Head of the accounting firm: Li Dan Accountant: Duan Yongqiang, Cheng Yuntong Office Addr.: Fl. 11 of the PWC Center, Builidng 2 of the Corporate Avenue, No.202 Lake Road, Huangpu District, Shanghai Tel: 021-2323 8888 Fax: 021-2323 8800 8. Attachments of the On-line Annou 1.1 The Report on Private Issue of the Company 1.2 The Capital Verification Report on the Private Issue of A-share issued by the Pricewaterhouse Coopers Zhong Tian LLP 1.3 The Compliance Report on the Issuing Procedure and Subscription Objects of the Private Issue of A-shares of the Company issued by the Haitong Securities Co., Ltd and the China Beijing Goldman Sachs Gao Hua Securities Company Limited

usiness and management relationship between the related parties and the Company after the completion of the private

1.4 The Legal Opinion on the Compliance of the Issuing Procedure and Subscription Objects of the Private Issue of A-shares of the Company issued by the Grandall Law Firm, Shanghai ;

> Board of Directors The Hainan Airlines Company Limited September 7, 2016

## THE ANNOUNCEMENT OF SIGNING THREE-PARTY AGREEMENT ON SUPERVISION OF RAISED CAPITAL HAINAN AIRLINES COMPANY LIMITED

The board of directors of the Company and its entire directors guarantee that there is no significant omission, fictitious description or serious misleading of information in this announcement and they will take both individual and joint responsibilities for the truthfulness, accuracy and completeness of the content.

1. Basic Information of the Raised Capital

It's approved by the CSRC (the document of Zheng Jian Xu Ke [2016] No. 875) that the Hainan Airlines Company Limited (hereinafter referred to as the Company carried out the private issue of renminbi ordinary shares (A share) for amount of 4,623,938,540 shares at the price of RMB 3.58 yuan per share. The total raised capital through this private stock issue accounted for RMB 16,553,699,973.20 yuan. The net value of the raised capital accounted for RMB 16,403,584,279.59 yuan after withdrawing the issue expenses of RMB 150,115,693.61 yuan. On August 31, 2016, the above raised capital had been paid in. The PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) issued the Capital carried out the capital verification on the payment and issued the Capital Verification Report (PricewaterhouseCoopers Zhong Tian Yan Zi [2016] No. 1119) on September 1 of 2016.

2. Signature of the Three-Party Agreement and Account Opening for Raised Capital

For purpose of regulating the administration of the raised capital and protecting the interest of investors, the Haitong Securities Company Limited (hereinafter referred to as the sponsor), the Shanghai Pudong Development Bank (Haikou Branch), the Construction Bank of China (New Haihang Sub-branch of Haikou), the Agricultural Bank of China (Haixiu Sub-branch of Haikou) and the Company signed the Three-Party Agreements on Supervision of the Raised Capital in accordance with the regulations of the Measures for the Administration of the Issuance of Securities by Listed Enterprises and Measures for the Administration of the Funds Raised by Listed Enterprises (2013 Provision) on Sept. 6, 2016. There's no major discrepancies between the content of the Three-Party Agreements on Supervision of the Raised Capital and the Model Contract of the Three-Party Agreements on Supervision of the Raised Capital of the SSE.

The Company opened the special account for the raised capital at the bank. Following is the details on the balance of the special account as of August 31, 2016.

IVIO	Monetary Onit. In KMB yuan				
No.	Opening Bank	Account No.	Amount		
1	Shanghai Pudong Development Bank Co., Ltd., Haikou Branch	34010154800003951	5,553,700,000.00		
2	Agricultural Bank of China, Haikou Haixiu Sub-branch	21160001040046462	4,851,016,673.44		
3	Construction Bank of China, Haikou New Haihang Sub-branch	46050100253600000196	6,000,000,000.00		
Total	-	-	16,404,716,673.44		

The total raised capital through this private stock issue accounts for RMB 16,553,699,973.20 yuan. The net value of the raised capital accounts for RMB 16,403,584,279.59 yuan after withdrawing the issue fee. The difference between the total account and the net value of raised capital was caused by the non-payment of certain issue fee and value-added tax of the underwriting and sponsorship fees.

3.Main Contents of the Three-Party Agreement

1. The special accounts shall be used for the save and withdraw of the raised capital through the private stock issue, which shall not be used for other purposes except for the confirmed investment projects 2. The opening bank and the Company shall abide by the rules, regulations and laws of the Bill Law, Payment and

Settlement Measures and RMB Banking Clearing Account Management Means.

3. As the sponsor of the Company, the sponsor shall designate its representative or other staff to monitor the using of the raised capital from this private stock issue in compliance with the related regulations.

The sponsor promises to perform its duty for the management of the raised capital and keep to its responsibility in accordance with the regulations of the Measures for the Administration of the Issuance of Securities by Listed Enterprises. the Measures for the Administration of the Funds Raised by Listed Enterprises (2013 Provision) and Management System of the Raised Capital.

e sponsor could perform its supervision right through field investigation and

restriction procedures at the China Securities Depository and Clearing Corporation Limited Shanghai branch

2.5 Conclusions of the sponsor, the joint main underwriter and the law firm 2.5.1 The conclusions of the sponsor (the Haitong Securities Co., Ltd) and joint main underwriter (the China Beijing Goldman Sachs Gao Hua Securities Company Limited): The issue procedure is in conformity with the principle of fairness and justice and prevailing supervision regulations of the security market. The issue price, amount, objects, amount of stock placement and raised capital conform to the resolutions of the general meeting of shareholders of the issuer, regulations of the Measures for the Administration of the Issuance of Securities by Listed Enterprises and the ntation Details of Private Stock Issue of Listed Enterprises. The selection of subscription objects, price inquiry, pricing and stock placement are equal and fair. The final placing objects of this private stock issue promise that their consignor or partner would not transfer the product or withdraw form the partnership within the lockup period. It conforms to the interests of both the issuer and all shareholders and regulations of the related rules and laws of the Measures for the tration of the Issuance of Securities by Listed Enterprises, etc.

2.5.2 The conclusions of the lawyers (The Grandall Law Firm, Shanghai):

The Issuer had acquired all necessary legal approval and authorization of the private stock issue. The issue plan is in conformity with the Measures for the Administration of the Issuance of Securities by Listed Enterprises and the Implementation Details of Private Stock Issue of Listed Enterprises. The selection of subscription objects, price inquiry, stock placement and result conform to the regulations of the resolutions of the general meeting of shareholders of the issuer and related rules and regulations of the Measures for the Administration of the Issuance of Securities by Listed Enterprise, the Implementation Details of Private Stock Issue of Listed Enterprises, the Measures for the Administration of Securities Issuance and Underwriter. The legal documents involved in the price inquiry of the issuer and stock placement is real legitimate and effective. The private stock issue is fair and open. It conforms to the principle of priority of subscription price and amount.

3. Brief Information of the Stock Issue Result and Objects

The total stock issue amount accounts for 4.623.938.540 shares, which does not exceed the amount of 4.623.938.547 shares regulated by the Approval on the Private Stock Issue of the Hainan Airlines Company Limited (the document of Zheng Jian Xu Ke [2016] No. 875).

The total issue objects are 10, which conforms to the related regulations of the Measures for the Admi Issuance of Securities by Listed Enterprises and the Implementation Details of Private Stock Issue of Listed Enterprises. Following is the issue result, trading restriction and estimated listing time of the private stock issue

No.	Issuing Object	Subscription Price (In RMB yuan per Share)	Allotment Quantity (In Share)	Lockup Period (In Month)	Estimated Listing Time
1	Essence Securities Co., Ltd.	3.58	363,128,491	12	Sept. 6, 2017
2	Guangfa Securities Assets Management (Guangdong) Co., Ltd.	3.58	363,128,491	12	Sept. 6, 2017
3	China Merchants Securities Assets Management Co., Ltd.	3.58	825,055,865	12	Sept. 6, 2017
4	China Merchants Wealth Assets Management Co., Ltd.	3.58	460,893,854	12	Sept. 6, 2017
5	Huafu Fund Management Co., Ltd.	3.58	460,893,854	12	Sept. 6, 2017
6	China Fund Management Co., Ltd.	3.58	460,893,854	12	Sept. 6, 2017
7	CITIC Securities Co., Ltd.	3,58	460,893,854	12	Sept. 6, 2017
8	SWS MU Fund Management Co., Ltd.	3.58	418,994,413	12	Sept. 6, 2017
9	SINVO Fund Management Co., Ltd.	3.58	405,027,932	12	Sept. 6, 2017
10	Kaiyuan Securities Co., Ltd.	3.58	405,027,932	12	Sept. 6, 2017
Total	•	4,623,938,540	12		

Note: The estimated listing time of the newly increased shares would be postponed to the first trading day after the official holidays or rest day in case that the issue date happens to be on an official holiday or rest day

3.2 Basic information of issuing objects

3.2.1 Essence Securities Company Limited

Enterprise nature: incorporated company Registered address: Unit A02, Fl. 28 and 35 of the Allianz Building, No. 4018 Jintian Road, Futian District, Shenzhen Registered capital: RMB 3,525,134,979 yuan

Legal representative: Wang Lianzhi

ness scope: Securities brokerage; securities investment & consulting; financial adviser to the securities exchange and investment activities; securities underwriting and sponsor; securities proprietary; securities asset management; margin trading; sales of securities investment fund; to provide an intermediary business for the Futures Enterprise; consignment of

financial products; other securities business approved by the CSRC 3.2.2 Guangfa Securities Assets Management (Guangdong) Co., Ltd.

Enterprise nature: Limited liability company (corporate owned)

Registered address: Room 105-285, No. 6 Baohua Road, Hengqin New Area, Zhuhai

Registered capital: RMB 1.000.000.000 vuan

Legal representative: Zhang Wei

siness scope: Securities asset management business which includes the overseas securities investment management of qualified domestic institutional investors (Projects need adm istrative approval shall be operated accordingly)

3.2.3 China Merchants Securities Assets Management Co., Ltd.

Enterprise nature: Limited liability company (corporate owned)

Registered address: Room 201 of Building A, No. 1 Qianwan Road One, Qianhai Shen Gang Cooperation Zone Shenzhen

Registered capital: RMB 100,000,000 yuan

Legal representative: Xiong Jiantao

s scope: Securities asset mana ement busines

3.2.4 China Merchants Wealth Assets Management Co., Ltd.

Enterprise nature: Limited liability company (corporate owned)

Registered address: Room 201 of Building A, No. 1 Liyumen Street, Qianwan Road One, Qianhai Shen Gang Cooperation Zone, Shenzhen (To join the Shenzhen Qianhai Commerce Secretariat Co., Ltd.)

Registered capital: RMB 100,000,000 yuan

Legal representative: Zhao Shengzhang

4.3 Influence of the private stock issue on corporate control rights

Before the private issue, the Grand China Air Company Limited directly held 4.089.167.580 tradable A-shares of the mpany, taking 33.57% of the total share capital of the Company. Meanwhile it indirectly held 216,086,402 tradable B-shares of the Company through its fully-owned subsidiary, the American Aviation LDC, taking 1.77% of the total share capital of the Company. The Grand China Air Company Limited held 35.34% shares of the Company directly and indirectly, which made it the controlling shareholder of the Company. Upon the completion of the private stock issue. the total shareholding amount by the Grand China Air Company Limited would not be changed, it would remain as the controlling shareholder of the Company through holding 25.62% share capital of it. The private stock issue would not change the corporate control rights of the Company.

5. Influence on the share structure of the Company

The total share capital accounted for 12,182,181,790 shares before the private stock issue. The total private stock issue amount accounts for 4,623,938,540 shares. Therefore the total share capital of the Company accounts for 16,806,120,330 shares after the completion of the private stock issue. Following is the changes in the share structure of the Compan

Shareholder Type	Before the Private Issue		After the Private Issue				
Shareholder Type	Amount (In Share)	Percentage (%)	Amount (In Share)	Percentage (%)			
1. Shares with trading restriction							
Total amount of shares with trading restriction	671,200	0.01	4,624,609,740	27.52			
2. Shares without trading restriction	2. Shares without trading restriction						
Total amount of shares without trading restriction	12,181,510,590	99.99	12,181,510,590	72.48			
Total	12,182,181,790	100.00	16,806,120,330	100.00			

6 Discussion and Analysis of the Management

5.1 Influence on the capital structure

Upon the completion of the private stock issue, the total and net assets of the Company would increase and assetliability ratio decline correspondingly. Meanwhile its capital structure and financial status would improve. The anti-risk canability would be improved along with the decline of the financial risks

6.2 Influence on the operation of the Company

The Company started its business from the Hainan Island, the largest special economic zone and unique international tourist destination of China, It's the most vigorous and fastest growing airlines enterprise of China. Its fleet mainly composes of Boeing aircraft. The raised capital of this private stock issue would be used to introduce 37 aircraft and buy 48.21% stock right of the Tianjin Airlines Company Limited. It would be helpful to expand the fleet scale, improve rtation capability, enhance its core competitiveness, improve its brand image, increase its market share and lay a sound foundation for the future development of the Company. The successful use of the raised capital would promote the comprehensive competitiveness of the Company.

6.3 Influence on the financial status

6.3.1 Upon the completion of the private stock issue, the shareholder's equity belongs to the parent Company of the Company would further increase. It would not only optimize the capital structure through enhancing the capital capability of the Company, but also reduce its financial burden.

6.3.2 The demand for capital scale of the Company would improve along with the development of its main business and expansion of the fleet. The raised capital of the private stock issue would provide capital security for the future development of the Company. The profit earning ability and rate of return on equity would be gradually improved with the tation of the project to be invested with the raised capital

6.4 Corporate governance status

Before the private stock issue, the Company had established rather perfect corporate governance system strictly in accordance with the regulations of the Company Law, Security Law and Listing Regulations of the SSE (2014 Provision). After the completion of the private stock issue, the actual controller of the Company does not change. The directors and senior managements of the Company keep relatively stable. It would not influence the stability and independence of its original corporate governance structure. The Company would further regulate the operation and ensure the independence of the Company subject to the regulations of the rules, laws and national policies.

6.5 Structure of senior executives

After the private stock issue, the structure of the board of directors and senior executives would keep relatively stable The independence of above personnel would not change thereof.

6.6 Influence on the income per share and net assets per share The private stock issue amount accounts for 4,623,938,540 shares. The net value of raised capital accounts for RMB 16,403,584,279.59 yuan, and total equity accounts for 16,806,120,330 shares. Based on the latest annual financial data of the Company, the income per share and net assets per share before and after the private stock issue could be simulated as following

	June 30 of 2016 (Jan	uary-June of 2016)	December 31 of 2015 (Fiscal Year of 2015)		
Item	Before the Private Issue	After the Private Issue	Before the Private Issue	After the Private Issue	
Net assets per share (In RMB yuan)	3.09	3.21	2.75	2.97	
Basic earnings per share (In RMB yuan)	0.14	0.10	0.25	0.18	

a. Basic income per share = Net profit belongs to the parent company ÷ Total stock capital before or after the private stock issue (According to the consolidated financial statements of the issuer in 2015 and January-June of 2016)

b. Net assets per share before the private stock issue = Shareholder's equity belongs to the parent company ÷ Total stock capital before the private stock issue (According to the consolidated financial statements of the issuer on December 31 of 2015 and June 30 of 2016)

Net assets per share after the private stock issue = (Shareholder's equity belongs to the parent company + net value of raised capital of the private stock issue) ÷ Total stock capital after the private stock issue (According to the consolidated financial statements of the issuer on December 31 of 2015 and June 30 of 2016) 6.7 Influence on the connected transaction and horizontal cor

The specific investors of the private stock issue subscribed the shares in cash. There's no important changes on the

and the Company shall cooperate with the investigation and inquiry. The sponsor shall examine the special saving account while it carries out the semi-annual field investigation.

4. Sang Jichun and Zhu Hong, the sponsor's representatives assigned by the sponsor, may check the special account of the Company and obtain photocopies of the documents related at any time, while the opening bank shall provide the equired information duly, accurately and completely.

The sponsor's representatives shall present the legal proof of identity and letter of recommendation

5. The opening banks shall provide the Company true, accurate and complete statement of account on monthly base with a copy to the sponsor before the fifth of each month.

6. If withdrawing amount of the Company each time or within 12 months exceeds RMB 50 million yuan and reached 20% of the raised capital of the private stock issue after the issue expense. The Company shall notice the sponsor in time and provide expense list of the special account.

7. The sponsor shall have the right to change the designated representatives subject to the related regulations. The Company shall inform the opening bank of the change to the sponsor's representative with written documents. It shall inform the Company and the opening bank of the contacting method of the new sponsor's representatives according to the agreement. The change of sponsor's representative would not influence the validity of the agreement.

8. The Company could unilaterally terminate this agreement and close the special account actively or under the equest of the sponsor if the opening bank failed neither to provide the statement of account for three consecutive times nor to co-operate with the investigation of the sponsor

9. This agreement shall take into effect upon the date of the signature of the legal representatives of three parties or their authorized representative and stamp of the seals. It would be invalid upon the completion of capital expenditure and the supervision term of the sponsor.

> Board of Directors Hainan Airlines Company Limited Sept. 7, 2016

## **NOTICE OF CHANGES IN SHAREHOLDER'S** EQUITY HAINAN AIRLINES COMPANY LIMITED

The Hainan Airlines Company Limited and the entire members of its board of directors ("BoD") hereby guarantee the truthfulness, accuracy and completeness of the announcement and would take responsibilities for significant omission, fictitious description or serious misleading of it.

Important Notice:

. The changes in equity originated from the private stock issue of the Company. The shareholding amount remains unchanged. The passively-declined shareholding percentage did not involve in the tender offers

• The changes in equity would not cause the changes of the controlling shareholder of the Company

I. Basic Information of Equity Changes

It's approved by the CSRC (the document of Zheng Jian Xu Ke [2016] No. 875) that the Hainan Airlines Company Limited (hereinafter referred to as the Company carried out the private issue of renminbi ordinary shares (A share) for amount of 4,623,938,540 shares at the price of RMB 3.58 yuan per share. The total raised capital through this private stock issue accounted for RMB 16,553,699,973.20 yuan. The net value of the raised capital accounted for RMB 16,403,584,279.59 yuan after withdrawing the issue expenses of RMB 150,115,693.61 yuan. On August 31, 2016, the above raised capital had been paid in. The PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) issued the Capital carried out the capital verification on the payment and issued the Capital Verification Report (PricewaterhouseCoopers Zhong Tian Yan Zi [2016] No. 1119) on September 1 of 2016

The registration and trustee procedure of the issued shares had been completed at the China Securities Depository and Clearing Corporation Limited Shanghai branch on September 5, 2016. The shares subscribed by the issuing objects shall be held for trade in 12 months from the completion date of the private issue. The estimated listing time of the shares would be on the second trading day of the expiration of the trade restriction. Upon the completion of the private stock issue, the total stock equity increased into 16,806,120,330 shares from the 12,182,181,790 shares before the private stock issue.

Following is the particulars of the shareholder's equity changes after the private stock issue

The Grand China Air Company Limited (the controlling shareholder of the Company) and the American Aviation LDC. (the fully-owned subsidiary of the Grand China Air Company Limited) did not involve in the subscription of the private stock issue. Therefore the shares held by them were diluted by the private stock issue. Following is the details:

	Before the Private Stock Issue		After the Private	Percentage of	
Shareholder	Total Shareholding Amount (In Share)	Shareholding Percentage (%)	Total Shareholding Amount (In Share)	Shareholding Percentage (%)	Equity Changes (%)
Grand China Air Company Limited	4,089,167,580	33.57	4,089,167,580	24.33	-9.24
American Aviation LDC.	216,086,402	1.77	216,086,402	1.29	-0.48
Total	4,305,253,982	35.34	4,305,253,982	25.62	-9.72

2. Contingency

After the private stock issue, the Grand China Air Company Limited still remains as the controlling shareholder of the Company although its shareholding percentage declined. Therefore, the private stock issue would neither cause the change of the controlling right of the Company, nor substantial effect on its management.

According to the requirement of the related rules and regulations, the information disclosure obligation of the Grand China Air Company Limited (information announcing obligator) and the American Aviation LDC. (the fully-owned subsidiary of the Grand China Air Company Limited) perform its obligation to disclose the the shareholding equity changes. For details, please refer to the Brief Changes in Shareholder's Equity.

> Board of Directors Hainan Airlines Company Limited Sept. 7, 2016