

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.

- Important Notice:
 - Issue brief
 - Issue amount: 4,623,938,540 shares
 - Issue price: RMB 3.58 yuan per share
 - Total amount of raised capital: RMB 16,553,699,973.20 yuan
 - Net value of raised capital: RMB 16,403,584,279.59 yuan
- 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 36th session of the seventh board of directors deliberated and passed through the relevant proposal of the private stock issue.

2.1.2 On June 19 of 2015, the 39th session of the seventh board of directors deliberated and passed through the relevant proposal 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 44th 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 50th 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: Private Stock 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 to 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 newly-increased registered capital (share capital) of RMB 4,623,938,540.00 yuan and increased capital reserves of RMB 11,779,645,739.59 yuan.

2.4.2 Registration and Collection: On Sept. 5 of 2016, the Company carried out the related equity registration and trade 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 Implementation 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 Administration 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 4,623,938,540 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 Administration of the 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

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; 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, Hengjin New Area, Zhubai
Registered capital: RMB 1,000,000,000 yuan
Legal representative: Zhang Wei

Business scope: Securities asset management business which includes the overseas securities investment management of qualified domestic institutional investors (Projects need administrative 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

Business scope: Securities asset management business

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

Business 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 company
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

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)

3.2.6 China Fund Management Co., Ltd.
Enterprise nature: Other limited liability company
Registered address: Room 1 of Building 3, Balongqiao Yayuan, Qiaozhou 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 joint 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 Youjun

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: F111 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 yuan
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 important 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. Top 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	33.57
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	4.25
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	2.15
7	AMERICAN AVIATION LDC.	Others	216,086,402	1.77
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	0.61
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 Corporation Limited Shanghai branch. Following is the particulars about the top 10 shareholders as of Sept. 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-Fundamental Bank-Chang'an International Trust-Chang'an Trust-HNA Private Placement No. 1 Single Trust	Others	46,089,854	2.74
8	China Rail Way Trust Co., Ltd.-China Rail Way Trust-HNA 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

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 Company, 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 Company:

Shareholder Type	Before the Private Issue		After the Private Issue	
	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				
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

6.1 Influence on the capital structure
Upon the completion of the private stock issue, the total and net assets of the Company would increase and asset-liability ratio decline correspondingly. Meanwhile its capital structure and financial status would improve. The anti-risk capability 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 transportation 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 implementation 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:

Item	June 30 of 2016 (January-June of 2016)		December 31 of 2015 (Fiscal Year of 2015)	
	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

Note:
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