

HAINAN AIRLINES COMPANY LIMITED

2. Management of the Raise Capital

In order to better regulate the management of the raised capital and protect the interest of investors, the Haitong Securities Company Limited (hereinafter referred to as the sponsor) and the Company together signed the Three-Party Agreements on Supervision of the Raised Capital with 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) in accordance with the Guidelines for the Supervision of Administration of the Funds Raised by Listed Enterprises No. 2 and Measures for the Administration of the Funds Raised by Listed Enterprises (2013 Provision) respectively on Sept. 6, 2016. As of June 30 of 2017, all signing parties of the Agreements on Supervision had performed their duty accordingly. Following is the detail:

No.	Opening Bank	Account No.	Balance on June 30 of 2017 (In RMB yuan)	Remark	Amount
1	Shanghai Pudong Development Bank Co., Ltd., Haikou Branch	34010154800003951	41,012.47	-	41,012.47
2	Construction Bank of China, Haikou New Haihang Sub-branch	4605010025360000196	31,067.95	The one-year fixed deposit of RMB 1.5 billion yuan does not expire.	1,500,031,067.95
3	Agricultural Bank of China, Haikou Haixiu Sub-branch	21160001040046462	4,180,644.12		4,180,644.12
Total			4,252,724.54		1,504,252,724.54

3. Actual Use of the Raised Capital

3.1 Use of the raised capital on investment projects
As of June 30 of 2017, the total amount of raised capital which was used on investment project accounted for RMB 14,947,054,386.13 yuan. Following is the detail:

No.	Project	Proposed Investment Amount (In RMB yuan)	Payment of Raised Capital in 2016 (In RMB yuan)
1	To import 37 aircraft	11,000,000,000	9,393,354,386.13
2	To buy 48.21% stock right of the Tianjin Airlines	5,553,700,000	5,553,700,000.00
Total		16,553,700,000	14,947,054,386.13

For details of the capital used on the investment projects, please refer to the Table of Comparison attached. There's no situation as regulated in Item 4 of Clause 10, the Measures for Administration of Raised Capital of the Listed Enterprise (Revision 2013) of the SSE.

3.2 Projects Using the Raised Capital to Replace the Working Capital Input

On Sept. 21 of 2016, the 53rd session of the seventh board of directors and 26th session of the seventh board of supervisors of the Company passed the Report on Capital Replacement of the Committed Investment Projects and approved that the Company could replace the advance investment of self-raised capital with the raised capital of RMB 6,862,175,203.19 yuan for the importation of 37 aircraft. As of June 30 of 2017, the Company replaced RMB 6,862,175,203.19 yuan from the account of the raised capital. The capital replacement projects are performed in accordance with the Measures for the Administration of the Funds Raised by Listed Enterprises (2013 Provision) of the SSE and the Management System on the Raised Capital of the Company. There's neither change or disguised change of the raised capital use nor damages to the interest of the shareholder. It did not influence the normal implementation of the committed investment projects.

3.3 Cash Management of the Idle Raised Capital

On Nov. 25 of 2016, the 1st session of the eighth board of directors and 1st session of the eighth board of supervisors of the Company passed through the Report of Idle Cash Management. It's agreed that the Company could implement cash management on the temporal idle raised capital for total amount of no more than RMB 2.6 billion yuan in the method of RMB Agreement Deposit, Seven-day Notice Deposit, Time Deposit and buying other guaranteed financial products under the precondition that the investment shall not influence the safety and normal progress of the investment plan of the raised capital. The above stated idle capital could be used repeatedly within its quota. The term of investment products using the idle capital shall be within twelve months after the approval of board of directors. The board of directors would authorize the chairman to execute the investment decision-making right and sign related agreements and documents on such investment within the capital quota. The financial chief of the Company would be responsible for the organization and implementation of the investment and financial department for actual performance. Such authorization shall be effective within 12 months after the approval of the board of directors.

Following is the detail of bank financial products bought by the Company using the idle raised capital as of June 30 of 2017:

No.	Issue Subject/Administrator	Amount (In RMB 10,000 yuan)	Maturity	Reference Document	Redemption (Yes or No)	Redeemed Amount (In RMB 10,000 yuan)	Investment Income (In RMB yuan)
1	The Agricultural Bank of China	150,000	Nov. 29, 2017	Announcement (Lin No. 2016-087)	No		
2	The Agricultural Bank of China	90,000	To be redeemed at any time	Announcement (Lin No. 2016-088)	Yes	90,000	4,024,942.47
3	The Agricultural Bank of China	20,000	To be redeemed at any time	Announcement (Lin No. 2016-089)	Yes	20,000	1,354,794.52
4	The Agricultural Bank of China	35,600	To be redeemed at any time	Announcement (Lin No. 2016-097)	Yes	35,600	278,947.95

4. Using Idle Raised Capital to Supplement the Current Capital

As of June 30 of 2017, there's no case which used the idle raised capital to supplement the current capital.

5. Project Alternation of Investment with Raised Capital

In the first half of 2017, there's no project investment alternation.

6. Existing Problems of the Use & Information Disclosure of the Raised Capital

In the first half of 2017, the Company timely, truly, accurately and completely disclosed the information of the use and saving of the raised capital subject to the related regulations.

Board of Directors
Hainan Airlines Holding Company Limited
August 26, 2017

Attachment:

Table of Comparison of the Use of Raised Capital

Monetary Unit: In RMB 1,000 yuan		Total Amount of Raised Capital	Total Amount of Raised Capital (Investment in the first half of 2017)	1,138,180								
Total Amount of Raised Capital	16,403,584											
Total Amount of Raised Capital (Altered Use)	-	Total Accumulated Investment Amount of Raised Capital		14,947,054								
Rate of the Total Amount of Raised Capital (Altered Use)	-											
Project	Altered Investment (If there is)	Promised Investment Amount	Adjusted Total Investment Amount	Accumulated Investment as of Period End (1)	Investment in Report Period	Accumulated Investment as of Period End (2)	Difference between the Promised Investment and Accumulated Investment as of Period End (3)=(2)-(1)	Investment Progress at Period End (%) (4)=(2)/(1)	When would the Project Reach Scheduled Availability Status	Efficiency in Report Period	Whether Achieved Expected Efficiency	Whether the Project Feasibility Changed Economously
To import 37 aircraft	-	11,000,000	-	11,000,000	1,138,180	9,393,354	(1,606,646)	85%	December of 2018	Not applicable	Not applicable	No
To buy 48.21% stock right of the Tianjin Airlines	-	5,553,700	-	5,553,700	5,553,700	5,553,700		100%	January of 2017	Not applicable	Not applicable	No
Total	-	16,553,700	-	16,553,700	1,138,180	14,947,054	(1,606,646)	-	-	-	-	-

Specifications on enormous changes in feasibility of project	As of the end of report period, there's no enormous changes in promised investment project.
Initial investment and replacement of investment projects	As of August 31 of 2016 when the raised capital was transferred in to the account, the Company had introduced in 37 aircraft with its own fund. In the year of 2016, the initial investment capital of the Company for amount of RMB 6,505,184,000 yuan had been replaced from the raised capital account. In the report period, the initial investment capital of the Company for amount of RMB 356,991,000 yuan has been replaced from the raised capital account. The accumulated amount of replacement accounts for RMB 6,862,175,000 yuan
Temporary supplement to current capital	As of the end of report period, there's no temporary supplement to current capital with raise capital.
Management of idle raised capital and investment product	In the report period, the Company redeemed financial products (redeemable at any time) with guaranteed floating income for RMB 11,000,000,000 yuan bought with idle raised capital in 2016. The amount of RMB 1,500,000,000 yuan were saved as time deposit for one year to be matured on November of 2017.
Permanent supplement to current capital or repayment of bank loan with over-raised capital	As of the end of report period, there's no permanent supplement to current capital or repayment of bank loan with over-raised capital.
Balance of raised capital and reason	In the report period, the raised capital is still in the process of investment, there is no accumulation of raised capital.
Other uses of raised capital	No

THE ANNOUNCEMENT ON USING SELF-OWNED IDLE FUND FOR BUYING FINANCIAL PRODUCTS HAINAN AIRLINES HOLDING CO., LTD.

The board of directors of the Hainan Airlines Holding Company Limited 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.

The 9th session of the eighth board of directors and 6th session of the eighth board of supervisors of the Hainan Airlines Holding Company Limited (hereinafter referred to as the Company) convened on Aug. 25 of 2017 deliberated and passed through the Report on Using Self-owned Idle Fund for Buying Financial Products. The Company (including its controlled subsidiaries) could use the self-owned idle fund of no more than RMB 4.5 billion yuan to buy risk controllable financial products within 1 year from the date when the Report on Using Self-owned Idle Fund for Buying Financial Products was approved by the board of directors and board of supervisors.

1. General of Buying Financial Product

1.1 Purpose

As an enterprise dealing with civil aviation business, the Company used to keep mass cash flow. The Company plans to use the idle capital of no more than RMB 4.5 billion yuan to buy risk controllable financial products which would not affect the normal operation of the Company, so to improve the capital using efficiency and income from cash assets, increase the value of the Company and create greater value for the Company and its shareholders. Since there 's still uncertainty on whether the investment quota of RMB 4.5 billion yuan would be adequate and such investment quota would involve in long term capital management, the actual use shall be arranged according to the actual situation of the investment target and fund status of the Company ant not to influence the operation and production of the Company.

1.2 Amount

The Company could use the self-owned idle capital to buy financial products for accumulated amount of no more than RMB 4.5 billion yuan, which shall be operated separately according to the market discount rate and funds. The idle capital would be rolling within above quota. There 's still uncertainty on whether the investment quota of RMB 4.5 billion yuan would be adequate and such investment quota would involve in long term capital management, the actual use shall be arranged according to the actual situation of the investment target and fund status of the Company .

1.3 Term

The term of the financial products shall not exceed one year from the buying date (subject to actual operation).

1.4 Buying method

The Company would entrust the commercial bank to invest in risk controllable financial product.

1.5 Validity of resolution

The resolution of the board of directors shall be effective for one year from the approving date.

1.6 Implementation

The board of directors would authorize the chairman of the board of directors to implement the financial product buying subject to the actual practice of the Company.

2. Capital Resource

The Company would buy financial products with self-owned idle capital.

3. Requirement

The Company would buy or redeem financial products according to its cash flow status while the capital is managed reasonably and safely. The buying of financial products shall not affect the normal operating capital requirements.

4. Influence

As an enterprise dealing with civil aviation business, the Company used to keep mass cash flow. The Company plans to use the idle capital of no more than RMB 4.5 billion yuan to buy risk controllable financial products which would not affect the normal operation of the Company, so to improve the capital using efficiency and income from cash assets, increase the value of the Company and create greater value for the Company and its shareholders. Since there 's still uncertainty on whether the investment quota of RMB 4.5 billion yuan would be adequate and such investment quota would involve in long term capital management, the actual use shall be arranged according to the actual situation of the investment target and fund status of the Company and not to influence the operation and production of the Company.

The Company would use self-owned idle fund of no more than RMB 4.5 billion yuan (accumulated amount) to buy risk controllable financial products. Such capital quota (if in its full amount) would take 3.04% of the total amount of latest audited assets, 6.63% of the latest audited net assets, which conforms to the rules and regulations of the Company Law, Security Law, Listing Regulations of the SSE, Measures for the Administration of Securities Investment and Articles of Association of the Company.

5. Measures on Risk Control

The Measures for the Administration of Securities Investment of the Company makes detailed regulations on the examination and approval authority, execution procedures, account management, fund management and information disclosure and other aspects of the purchase of financial products to effectively prevent the risk of entrusted financial management and ensure the safety of funds. In order to prevent risks, the Company would arrange full-time staff to follow up and analyze the financial projects to enforce risk control and supervision and ensure investment liquidity and capital security

6. Financial Products Bought with the Idle Fund in Previous 12 Months

As of the date of the Announcement, the total accumulated financial products bought by the Company (including its subsidiaries) in the past 12 months accounts for RMB 2.8 billion yuan, in which the amount of RMB 2.0 billion yuan was recovered upon the maturity.

7. Opinions of Independent Directors

The independent directors deliberated the Report on Using Self-owned Idle Fund for Buying Financial Products and carried out necessary examination on the operation, internal control system and approval procedures. Following is opinions of the independent directors:

7.1 The buying of financial product shall be carried out without influence on the normal operation and capital safety of the Company. It would improve the efficiency and increase short-term return of the self-owned capital. The main business development of the Company would not be affected. It would not damage the interest of the Company and its all shareholders, especially the interest of minority shareholders.

7.2 The Company formulated and disclosed the Measures for the Administration of Securities Investment. Its financial internal control system is rather improved. The financial risk would be avoided effectively and capital safety ensured.

7.3 The 9th session of the eighth board of directors and 6th session of the eighth board of supervisors of the Company deliberated and passed through the Report on Using Self-owned Idle Fund for Buying Financial Products. The relative approval procedures were carried out accordingly.

Therefore we agree that the Company could use its self-owned idle capital to buy financial products.

8. Opinions of Board of Supervisors

Presently, the Company is well operated and its financial status is sound. The buying of financial product with partial idle capital shall be carried out under the precondition of ensuring the capital liquidity and security. It would improve the efficiency and increase short-term return of the self-owned capital. It would not influence the operation of the Company and conforms to its interest. It would not damage the interest of the Company and its all shareholders.

9. Documents for Reference

9.1 Resolutions of the Board of Directors

9.2 Resolutions of the Board of Supervisors

9.3 Opinions of Independent Directors signed

Board of Directors
Hainan Airlines Holding Company Limited
August 26, 2017

ANNOUNCEMENT ON TRANSFER OF FUND SHARES OF THE QIANHAI CULTURE HAINAN AIRLINES HOLDING CO., LTD.

The board of directors of the Hainan Airlines Holding Company Limited (hereinafter referred to as 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.

The Tianjin Airlines Company Limited (hereinafter referred to as the Tianjin Airlines, controlled subsidiary of the Hainan Airlines Holding Co., Ltd.) plans to accept 58.75% fund shares of the Shenzhen Qianhai Culture Tourism Fund (LP, hereinafter referred to as the Qianhai Culture) held by the Tianjin Airlines Holding Company Limited (hereinafter referred to as the Tianjin Airlines Holding) at the price of RMB2,427,973,000 yuan, so to improve the supporting capacity and service quality of international air transportation and profit-earning ability of its auxiliary business to create a diversified operation mode. The Qianhai Culture invests and holds equity of overseas hotels in Europe, North America, etc. It could provide service support (such as accommodation and transfer reception, etc.) for the crew and passengers flying the international air route. Upon the completion of the transfer, the Tianjin Airlines would hold capital contribution of the Qianhai Culture for amount of RMB 2,350,000,000 yuan (that is 58.75% capital contribution percentage of it).

The HNA Group Company Limited (shareholder of the Company) is the controlling shareholder of the Tianjin Airlines Holding. Therefore this transaction is a connected transaction. The related directors, Wang Fei, Mu Weigang, Wang Shaoping and Sun Jianfeng, abstained from voting at the meeting of the board of directors discussing the connected transaction.

The Tianjin Airlines plans to accept 58.75% fund shares held by the Tianjin Airlines Holding at the price of RMB2,427,973,000 yuan. Upon the completion of the transfer, the Tianjin Airlines would hold capital contribution of the Qianhai Culture for amount of RMB 2,350,000,000 yuan (that is 58.75% capital contribution percentage of it).

2. Basic Information of the Related Parties

The Tianjin Airlines Holding Co., Ltd

Enterprise name: The Tianjin Airlines Holding Co., Ltd.

Registered address: 202-F145, Fl. 2 of the Annex Building, No. 82 Xi'er Street, Tianjin Free Trade Zone (Airport Economic Zone)

Legal representative: Liu Lu

Registered capital: RMB 10,246,666,700 yuan

Business scope: Investment into transportation industry, real estate, hotel and the advertising industry with its own funds; advertisement business; operation of aviation equipment and general merchandise; asset management services; to provide labor service for the enterprise

Shareholders and ownership structure :

No.	Shareholder	Capital Contribution (In RMB 10,000 yuan)	Equity Percentage(%)
1	The Haihang Aviation Group Co., Ltd.	506,666.67	49.45
2	The Zhongyu Fenggu Investment Center	50,000.00	4.88
3	The Haihang Infrastructure Industrial Group Co., Ltd.	68,000.00	6.64
4	The Hainan Shunding Fuyi Enterprise Management Partnership (LP)	160,000.00	15.61
5	The Hainan Shunrong Fuqing Enterprise Management Partnership (LP)	140,000.00	13.66
6	The Hainan Shunxiang Futai Enterprise Management Partnership (LP)	100,000.00	9.76
Total		1,024,666.67	100.00

3. Basic Information of the Trading Object

3.1 Fund name: The Shenzhen Qianhai Culture Tourism Fund (LP)

3.2 Fund scale: RMB 4,000,000,000 yuan

3.3 Establish time: Feb. 2, 2016

3.4 Duration : Long-term

3.5 Fund manager : The Qianhai Culture Tourism Fund Management (Shenzhen) Co., Ltd.

3.6 Fund structure

3.6.1 Before the fund share transfer

No.	Partner	Capital Contribution (In RMB 10,000 yuan)	Investment Rate
1	The Qianhai Culture Tourism Fund Management (Shenzhen) Co., Ltd.	1,000	0.25%
2	The Haihang Hotel Holding Group Co., Ltd.	14,000	3.50%
3	The Capital Airlines Investment Holding (Tianjin) Co., Ltd.	100,000	25.00%
4	The Tianjin Airlines Holding Co., Ltd.	235,000.00	58.75%
5	The HNA Group Southwest Headquarter Co., Ltd.	50,000.00	12.50%
Total		400,000	100.00

3.6.2 After the fund share transfer

No.	Partner	Capital Contribution (In RMB 10,000 yuan)	Investment Rate
1	The Qianhai Culture Tourism Fund Management (Shenzhen) Co., Ltd.	1,000	0.25%
2	The Haihang Hotel Holding Group Co., Ltd.	14,000	3.50%
3	The Capital Airlines Investment Holding (Tianjin) Co., Ltd.	100,000	25.00%
4	The Tianjin Airlines Co., Ltd.	235,000.00	58.75%
5	The HNA Group Southwest Headquarter Co., Ltd.	50,000.00	12.50%
Total		400,000	100.00

3.7 Key financial data: As of Dec. 31 of 2016, the audited total assets of the Qianhai Culture accounted for RMB 3,850,058,100 yuan and net assets for RMB 3,850,057,900 yuan, audited operation income for RMB 0 yuan and net profit for RMB 57,900 yuan in 2016.

As of May 31 of 2017, the audited total assets of the Qianhai Culture accounted for RMB 3,850,058,100 yuan and net assets for RMB 3,850,057,900 yuan, audited operation income for RMB 0 yuan and net profit for RMB 0 yuan in Jan-May of 2017.

4. Main Content and Pricing Policy

4.1 Fund share transfer

4.1.1 Transferor: The Tianjin Airlines Holding Co., Ltd.

4.1.2 Acquiring party: The Tianjin Airlines Co., Ltd.

4.3 Trading target: Capital contribution of the Shenzhen Qianhai Culture Tourism Fund (LP) for RMB2,350,000,000 yuan

4.2 Transfer amount & pricing policy

According to the Project Evaluation Report (Tong Zhi Xin De Ping Bao Zi [2017] No. A0178) issued by the Tongzhi Xinde (Beijing) Assets Evaluation Company Limited (the benchmark day is May 31 of 2017), the fund share of the Qianhai Culture to be acquired accounts for RMB 2,350,000,000 yuan, the evaluated value for RMB 2,427,973,000 yuan. The value added rate is at 3.32%. Therefore the fund share per investment unit equals to RMB 1.0332 yuan. Through friendly negotiation, the Tianjin Airlines would acquire the fund shares of the Qianhai Culture at total price of RMB 2,427,973,000 yuan. The trading price is fair and reasonable.

5. Influences

The Qianhai Culture invests and holds equity of overseas hotels in Europe, North America, etc. The Tianjin Airlines Holding Company Limited (controlled subsidiary of the Company) would accept 58.75% fund shares of the Shenzhen Qianhai Culture Tourism Fund, which is beneficial for the Company to improve its service support ability and service quality of international air transportation. It would also help to enhance the profit-earning ability of its auxiliary business and create a diversified operation mode to better cope with the operation risks of aviation industry.

6. Opinion of Independent Directors

The Qianhai Culture invests and holds equity of overseas hotels in Europe, North America, etc. The Tianjin Airlines Company Limited (controlled subsidiary of the Company) would accept 58.75% fund shares of the Shenzhen Qianhai Culture Tourism Fund, which improve the anti-risk ability of the Company to cope with the operation risks of aviation industry and take positive effect on the Company. The trading price conforms to the evaluation report provided by the third party, which is fair and reasonable. The relate directors had avoid from voting during the deliberation of the board of directors. The decision making procedure is effective and legal. No activity damaging the interest of the listed enterprise and entire shareholder exists.

7. Documents for Reference

7.1 Resolutions of the Board of Directors;

7.2 Prior Opinion of Independent Directors signed;

7.3 Opinion of Independent Directors signed;

7.4 Assets Evaluation Report of Qianhai Culture

7.5 Auditor's Report of Qianhai Culture

7.6 Transfer Agreement of Qianhai Culture Fund Share

Board of Directors
Hainan Airlines Holding Company Limited
August 26, 2017

ANNOUNCEMENT OF RESOLUTIONS OF BOARD OF SUPERVISORS HAINAN AIRLINES HOLDING CO., LTD.

The board of supervisors and its entire supervisors of the Hainan Airlines Holding Company Limited guarantees there's no significant omission, fictitious description or serious misleading of the announcement and would take both individual and joint responsibilities for the truthfulness, accuracy and completeness of its content.

On August