

HAINAN AIRLINES COMPANY LIMITED

4.3.3 Issue amount

The total amount of supporting funds to be raised would account for no more than RMB 7,033,802,700 yuan which shall not exceed 100.00% of the trading price of the assets to be purchased. The maximum amount of shares to be issued shall be limited to 20.00% of the total share capital of the Company prior to this issue.

The specific issue amount shall be approved by the CSRC first. Then the board of directors of the Company would negotiate and confirm it with the sponsor institution for this issue in accordance with the authorization of the shareholders' general meeting and issue price confirmed subject to the inquiry.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

4.3.4 Subscription targets

The Company plans to raise the supporting funds from no more than 10 specific investors (including the Temasek Fullerton Alpha Pte Ltd) in the method of inquiry for private issue of A-share. The total amount of supporting funds to be raised would account for no more than RMB 7,033,802,700 yuan. Such specific investors include domestic industry investors, securities investment fund management companies, securities companies, trust and investment companies, financial companies, insurance institutional investors, qualified foreign institutional investors, natural person investors and other legitimate investors, etc.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

4.3.5 Locking period of the shares

The shares for raising supporting funds would be issued in the method of inquiry. The shares subscribed by the Temasek Fullerton Alpha Pte Ltd shall not be transferred within 36 months from the completion date of the issue, and shares subscribed by other subscription target shall not be transferred within 12 months from the completion date of the issue. The shares with trading lock-in restriction shall be executed in accordance with the relevant regulations of the CSRC and the SSE upon the expiry of the lock-in restriction.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

4.3.6 Use of the raised supporting fund

The raised fund would be used to invest in the construction of following projects of the object companies and payment of commissions and expenses and taxes of the intermediary institutions for this Transaction. Following is the major construction projects: ① The Tianjin Engine Maintenance Investment Project of the Haihang Technology; ② The Xi'an Accessory Maintenance Investment Project of the Haihang Technology; ③ The Chongqing Tianyu Flight Training Center Project; ④ The Shaanxi Chang'an Tianyu Flight Training Center Project; ⑤ The Flight Training Simulator Purchase Project of the Tianyu Flight (Haikou) Training Center Project; ⑥ The Chongqing Jiangbei Airport Production Base (Phase II) Construction Project of the Western Airlines; ⑦ To buy 4 aircraft for the Western Airlines.

Following is the specific investment amount and estimated use of raised supporting fund:

| Monetary unit: In RMB 10,000 yuan | | | | |
|-----------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------|--|
| No. | Investment Projects | Estimated Investment Amount | Maximum Amount of Proposed Use of Raised Capital | |
| 1 | The Tianjin Engine Maintenance Investment Project of the Haihang Technology | 150,646.69 | 141,111.28 | |
| 2 | The Xi'an Accessory Maintenance Investment Project of the Haihang Technology | 67,181.30 | 63,548.40 | |
| 3 | The Chongqing Tianyu Flight Training Center Project | 288,086.74 | 165,790.01 | |
| 4 | The Shaanxi Chang'an Tianyu Flight Training Center Project | 270,909.53 | 111,957.43 | |
| 5 | The Flight Training Simulator Purchase Project of the Tianyu Flight (Haikou) Training Center Project | 45,003.90 | 45,003.90 | |
| 6 | The Chongqing Jiangbei Airport Production Base (Phase II) Construction Project of the Western Airlines | 27,490.80 | 22,280.73 | |
| 7 | To buy 4 aircraft for the Western Airlines | 153,688.50 | 153,688.50 | |
| Total | | 1,003,007.46 | 703,380.27 | |

If the final total amount of funds raised is less than the total amount of project investment, the Company would help to settle the difference by using its own funds or other financing methods. If the Company invested its own funds into above projects in advance, it shall replace the advance investment when the raised funds are in place.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

4.3.7 Raising supporting funds is not the precondition of the share issue for assets purchasing

The share issue for purchasing assets would not take the successful implementation of raising supporting funds as a prerequisite and the success or failure of raising supporting funds would not affect the implementation of the assets purchase in this issue.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

4.3.8 Accumulated undistributed profits

The accumulated undistributed profit of the Company prior to this issue shall be co-shared by both new and old shareholders of the Company after the completion of the share issue.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

4.3.9 Validity of the resolutions on share issue

The resolutions on share issue shall be effective for 12 months from the approval of the general meeting of shareholders of the Company. If the Company acquired the approving documents of the CSRC on this Transaction within such period, such authorization will automatically be extended to the completion date of this Transaction.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

5. The Report on Issuing Stock to Purchase Assets which Constitutes the Material Assets Reorganization and Connected Transaction

In accordance with the relevant provisions of the Company Law and the Securities Law and the Measures for the Administration of Material Assets Reorganization of Listed Companies, this Transaction constitutes a material asset reorganization and connected transaction.

5.1 This transaction constitutes a material asset reorganization:

Following is the comparison table between the total non-audited assets and owner's equity belonging to the parent company and revenue and trading price of this Transaction of the underlying companies in 2017 and the non-audited financial data of the Company:

| Item | The Company | The Haihang Technology | The HNA Aviation | The Tianyu Flight Training | The Western Airlines | The Western Holding | Total of the Underlying Companies | Calculation Basis | Percentage | Whether or not Achieved 50% |
|----------------------------------------------------------------------|-------------|------------------------|------------------|----------------------------|----------------------|---------------------|-----------------------------------|-------------------|------------|-----------------------------|
| Total Assets (In 100 million yuan) | 1,973.48 | 68.62 | 84.25 | 12.43 | 111.13 | 111.18 | 387.61 | 387.61 | 19.64% | No |
| Owner's Equity Belonging to the Parent Company (In 100 million yuan) | 576.17 | 38.11 | 39.12 | 4.68 | 48.13 | 17.42 | 147.46 | 147.46 | 25.59% | No |
| Revenue (In 100 million yuan) | 599.04 | 35.87 | 80.74 | 4.26 | 50.38 | 50.38 | 221.63 | 221.63 | 37.00% | No |
| | | | | | | | | | | |

Note: The calculation of the total assets and the owner's equity belonging to the parent company is based on the higher one between the corresponding index of each underlying company and the trading price of each underlying asset.

According to the Article 14 of the Measures for the Administration of Material Assets Reorganization, "(4) If a listed company buys or sells the same or related assets continuously within 12 months, the corresponding amount shall be calculated separately on the basis of its accumulated number." and "The underlying assets could be identified as the same or related assets, if the underlying assets are under the ownership or control of the same trading party, or within the same or similar business scope, or under other circumstances as determined by the CSRC."

Following is the major assets (under the control of same trading counterpart or within the same or similar business scope) acquired by the Company in the methods of establishment and capital increase and purchasing in the last 12 months:

| Invested Companies | Trading method | Deliberation Date | Amount (In RMB 10,000 yuan) | Trading Equity |
|------------------------------------------------------------|------------------|------------------------------------------------------|-----------------------------|----------------|
| The Yunnan Xiangpeng Airlines Co., Ltd. | Purchasing | Shareholders' general meeting on Dec. 29 of 2017 | 187,723.70 | 20.14% |
| The Haihang Tonghang Investment Co., Ltd. | Establishment | Shareholders' general meeting on Dec. 13 of 2017 | 450,000.00 | 15.00% |
| The Jiaxing Jinglv Equity Investment Fund Partnership (LP) | Establishment | Shareholders' general meeting on Dec. 13 of 2017 | 149,700.00 | 29.94% |
| The Haihang Import&Export Co., Ltd. | Capital increase | Shareholders' general meeting on Dec. 13 of 2017 | 75,000.00 | No change |
| The Chang'an Airlines Co., Ltd. | Purchasing | Shareholders' general meeting on Oct. 30 of 2017 | 96,927.18 | 11.91% |
| The Chang'an Airlines Co., Ltd. | Purchasing | Shareholders' general meeting on Oct. 30 of 2017 | 209,290.18 | 25.71% |
| The Shanxi Airlines Co., Ltd. | Purchasing | Shareholders' general meeting on Oct. 30 of 2017 | 122,850.84 | 49.39% |
| The China Xinhua Aviation Group Co., Ltd. | Purchasing | Meeting of the board of directors on Oct. 13 of 2017 | 135,461.07 | 10.25% |
| The Shenzhen Qianhai Culture Tourism Fund (LP) | Purchasing | Shareholders' general meeting on Sept. 5 of 2017 | 242,797.30 | 58.75% |
| Total | | | 1,669,750.27 | |

The higher value between the total amount of the owner's equity belonging to the parent company of all underlying companies and the total amount of the transaction consideration of all underlying companies accounts for RMB 14,746 million yuan. The total amount of above transaction accounts for RMB 16,698 million yuan. Therefore the sum value of above two value accounts for RMB 31,444 million yuan, which takes 54.57% of the owner's equity belonging to the parent company of the Company and meets the provisions of Article 12 of the Measures for the Administration of Material Assets Reorganization.

In conclusion, this Transaction constitutes a material assets reorganization according to the provisions of Article 12 and Article 14 of the Measures for the Administration of Material Assets Reorganization.

5.2 This transaction constitutes a connected transaction

In this Transaction, the trading counterpart, the Haihang Aviation Group, the Tianjin Chuangxin Investment and the Haihang Southwest Headquarters are all companies under the control of the HNA Group Company Limited (the related party of the company), therefore this transaction constitutes a connected transaction.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

6. The Report on Appointing Intermediary Institutions for the Stock Issue

The board of directors of the Company agreed to appoint the Haitong Securities Co., Ltd. as the independent financial adviser, and the PricewaterhouseCoopers (Special General Partnership) as special audit institution, the Beijing Zhonghua Asset Appraisal Company Limited as special appraisal agency, and the Guohao (Shanghai) Firm as special legal adviser, so to assist in handling the related matters of this Transaction.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

7. The Report on Stock Issue for Purchasing Assets and Raising Supporting Fund (i.e. Connected Transaction) and its Summary

The board of directors agreed with the Report on Stock Issue for Purchasing Assets and Raising Supporting Fund (i.e. Connected Transaction) and its Summary.

For details, please refer to the Pre-plan for Issue Shares to Purchase Assets and Raise Supporting Fund (i.e. Connected Transaction) and its Summary disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

8. The Report on Signing the Conditional Entry into Force Agreement of Issuing Shares to Purchase Assets

The board of directors agreed that the Company would sign the conditional entry into force agreement of issuing shares to purchase assets with the Haihang Aviation Group, the Haihang Southwest Headquarter and the Tianjin Chuangxin Investment respectively.

For details, please refer to the Agreement of Issuing Shares to Purchase Assets disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

9. The Report on Signing the Conditional Entry into Force Agreement on Profit Forecast Compensation

The board of directors agreed that the Company would sign the Conditional Entry into Force Agreement on Profit Forecast Compensation with the Haihang Aviation Group, the Haihang Southwest Headquarter and the Tianjin Chuangxin Investment respectively.

For details, please refer to the profit forecast compensation agreement disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

10. The Report on Risk Warning Notice of Diluted Immediate Return and Corresponding Measures for Return Filling

Since the audit and evaluation works relating to this Transaction have not been completed, it's impossible to make an accurate quantitative analysis on the consolidated financial situation and profitability of the Company after the completion of this Transaction. After the completion of this transaction, the Company's earnings per share in current period may be diluted without taking into account the follow-up synergistic effect of the consolidation.

The Company has formulated measures to fill the diluted current earnings per share through improving integration performance and perfecting the internal control system to provide support for the future development strategy. However, there's still risks of failing to fill the earnings per share in short term after the completion of this Transaction if the Company failed to achieve its development strategic objectives or realized but not expected.

After this transaction, the company still exists because its development strategic objectives have not been achieved or have not met expectations, thus resulting in earnings per share Diluted risks that cannot be filled in the short term.

In order to deal with the risk that earnings per share of the Company may be diluted in short term after this Transaction, the Company formulated the measures for filling the earnings per share after the completion of this Transaction. The Company and its all directors, supervisors, senior managements, and the HNA Group, the Changjiang Leasing Company Limited, the Grand China Air, the Haihang Aviation Group, the Tianjin Chuangxin Investment and the HNA Group Southwest Headquarter have issued the commitments on filling the diluted earnings per share of this issue.

The Company would complete the audit and evaluation work after the issue of the pre-plan of this Transaction as soon as possible, and convene the meeting of the board of directors to make supplementary resolutions on the relevant matters. The report on this Transaction would give detailed analysis on specific effect of this Transaction on the financial situation and profitability of the Company.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

11. The Report on Issue Shares for Assets Purchasing Conforming to the Article 4 of the Regulations on Certain Issues for Standardizing the Material Assets Reorganization of Listed Companies

The board of directors carried out careful examination according to the related regulations of the Company Law, the Securities Law, the Measures for Administration of Material Assets Reorganization of Listed Companies and the Regulations on Certain Issues for Standardizing the Material Assets Reorganization of Listed Companies and considered that this Transaction conforms to the the provisions of the Article 4 of the Regulations on Certain Issues for Standardizing the Material Assets Reorganization of Listed Companies.

For details, please refer to the Specifications on the Share Issue Conforming to the Provisions of the Article 4 of the Regulations on Certain Issues for Standardizing the Material Assets Reorganization of Listed Companies disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

12. The Report on Issue Shares for Assets Purchasing and Supporting Fund Raising Conforming to the Article 11 of the Measures for Administration of Material Assets Reorganization of Listed Companies

The board of directors carried out careful examination according to the related regulations of the Company Law, the Securities Law and the Measures for Administration of Material Assets Reorganization of Listed and considered that this Transaction conforms to the the provisions of the Article 11 of the Measures for Administration of Material Assets Reorganization of Listed Companies.

For details, please refer to the Specifications on the Share Issue Conforming to the Provisions of the Article 11 of the Measures for Administration of Material Assets Reorganization of Listed Companies disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

13. The Report on Issue Shares for Assets Purchasing and Supporting Fund Raising not Constituting a Reorganization Listing as the Provisions of the Article 13 of the Measures for Administration of Material Assets Reorganization of Listed Companies

The board of directors carried out careful examination according to the related regulations of the Company Law, the Securities Law and the Measures for Administration of Material Assets Reorganization of Listed and considered that this Transaction does not constitute a reorganization listing as regulated by the provisions of the Article 13 of the Measures for Administration of Material Assets Reorganization of Listed Companies.

For details, please refer to the Specifications on the Share Issue not Constituting a Reorganization Listing as the Provisions of the Article 13 of the Measures for Administration of Material Assets Reorganization of Listed Companies disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

14. The Report on Issue Shares for Assets Purchasing Conforming to the Article 43 of the Measures for Administration of Material Assets Reorganization of Listed Companies

The board of directors carried out careful examination according to the related regulations of the Company Law, the Securities Law and the Measures for Administration of Material Assets Reorganization of Listed and considered that this Transaction conforms to the the provisions of the Article 43 of the Measures for Administration of Material Assets Reorganization of Listed Companies.

For details, please refer to the Specifications on the Share Issue Conforming to the Provisions of the Article 43 of the Measures for Administration of Material Assets Reorganization of Listed Companies disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

15. The Report on the Specifications to the Stock Price Fluctuation not Reaching the Relevant Standards of the Article 5 of the Notice on Standardizing the Information Disclosure of Listed Companies and Behavior of Relevant Parties (Zheng Jian Gong Si Zi [2007] No. 128)

The board of directors carried out examination and considered that the cumulative prices decline of the Company's A-share and B-share did not reach 20% in 20 trading days prior to this stock trading suspension, which is lower than the relevant standards of the Article 5 of the Document No. 128.

For details, please refer to the Specifications to the Stock Price Fluctuation not Reaching the Relevant Standards of the Article 5 of the Notice on Standardizing the Information Disclosure of Listed Companies and Behavior of Relevant Parties (Zheng Jian Gong Si Zi [2007] No. 128) disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

16. The Report on the Relevant Entity Being Non-existent of Any Situation of Not Participating in Any Material Assets Reorganization of Any Listed Company as the Provisions of the Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Transactions Related to Material Assets Reorganization of Listed Companies

The board of directors carried out examination according to the related regulations of the Company Law, the Securities Law and the Measures for Administration of Material Assets Reorganization of Listed and considered that there's no such situation in this Transaction which might cause the non-participation in any material assets reorganization of any listed company subject to the provisions of the Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Transactions Related to Material Assets Reorganization of Listed Companies.

For details, please refer to the Specifications to the Relevant Entity Being Non-existent of Any Situation of Not Participating in Any Material Assets Reorganization of Any Listed Company as the Provision of the Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Transactions Related to Material Assets Reorganization of Listed Companies disclosed on the same day with this announcement.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

17. The Report on Signing Conditional Entry into Force Stock Subscription Agreement

The board of directors agreed that the Company would sign the conditional entry into force Stock Subscription Agreement with the Temasek Fullerton Alpha Pte Ltd. The Temasek Fullerton Alpha Pte Ltd would participate the private issue of A-share and subscribe share for amount of RMB 700,000,000 yuan. If the total amount of raised capital is less than RMB 7,000,000,000 yuan, the Temasek Fullerton Alpha Pte Ltd would adjust its subscription amount to 10% of total amount of the actual raised capital correspondingly.

Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstaining vote.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

18. The Report on Applying to the General Meeting for Authorizing the Board of Directors to Handle with the Stock Issue

The board of directors agreed to apply to the general meeting to authorize the BoD with full right to handle with all matters of the stock issue to purchase assets and raise supporting fund from the trading counterparts. The authorization includes but not limited to:

① To formulate, adjust and implement the specific plan of this Transaction to the extent permitted by relevant laws and regulations and in accordance with the resolutions of the shareholders' general meeting of the Company and the market conditions and specific circumstances of this Transaction, which shall include but not limited to confirmation or adjustment of the trading price of the underlying asset, timing of the share, quantity and price of the share issue, selection of the subscription object, specific subscription measures, and other matters related to the trading scheme;

② If the relevant provisions of the laws, regulations and normative documents changed or the market conditions changed, the board of directors shall have the right to supplement, adjust and modify the transaction plan and relevant declaration material, which shall include but not limited to approve/sign all modification, alteration, supplement or adjustment of the transactions related documents and agreements such as the financial report, audit report, asset assessment report, profit forecast, etc..

③ To sign, modify, supplement, submit, report and execute all agreements and documents related to this Transaction;

④ To appoint the financial consultants, audit institution, asset appraisal agencies and law firms to provide intermediary services for this Transaction;

⑤ To organize the Company and intermediary institutions to jointly prepare the declaration materials for this

transaction and submit them to the SSE and the CSRC and other regulatory authorities for examination and approval; to make necessary supplements, adjustments and amendments to the transaction plan and the declaration materials which include but not limited to all modification, alteration, supplement or adjustment of the transactions related documents and agreements such as the financial report, audit report, asset assessment report and profit forecast according to the feedback or request of the SSE or the CSRC and other regulatory authorities.

⑥ To handle with full right for the specific implementation of this Transaction after the approval of the CSRC;

⑦ After the implementation and subject to the implementing results of this Transaction, the board of directors could authorize the managements of the Company to amend the relevant Articles of Association of the Company accordingly and to handle with the relevant formalities such as increasing the registered capital, transferring ownership of the underlying assets, and changing the business registration, etc.

⑧ After the implementation of this Transaction, the board of directors would handle the registration and custody, the locking of shares issued by the company, and the listing with the securities registration & settlement institution and the SSE;

⑨ To authorize the board of directors to take all necessary action to the extent permitted by laws and regulations and normative documents, to fully decide and deal with all other matters relating to this Transaction to the extent permitted by laws, regulations and normative documents.

Above stated authorization shall be effective for 12 months from the date of the approval of the general meeting of shareholders of the Company. If the Company acquired the approving documents of the CSRC on this Transaction within such period, such authorization will automatically be extended to the completion date of this Transaction.

This transaction constitutes a connected transaction. The related directors, Bai Qifa, Wang Fei, Sun Jianfeng and Cao Fenggang (who are related to this proposal), had avoided from voting.

Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

19. The Report on Suspending to Convene an Interim General Meeting to Deliberate Related Matters for the Time Being

According to the Notice on the Relevant Supervisory Matters after the Implementation of the Measures for the Administration of Material Assets Reorganization of Listed Companies of the CSRC, the Shanghai Stock Exchange shall examine and verify the relevant documents of the Company's share issue for purchasing assets and raising supporting funds. Therefore, the board of directors of the Company agreed to suspend the general meeting of shareholders for the time being. After the completion of the relevant work, the Company will convene the meeting of the board of directors and issue the announcement on convening the general meeting of shareholders and submit to the general meeting for consideration of related matters of the issue of shares to purchase assets and raise supporting funds.

Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstaining vote.

This proposal is passed through.

| | |
|-----------------------------------------|--------------|
| Board of Directors | |
| Hainan Airlines Holding Company Limited | June 9, 2018 |

ANNOUNCEMENT OF RESOLUTIONS OF BOARD OF SUPERVISORS HAINAN AIRLINES HOLDING COMPANY LIMITED

The board of supervisors and its entire members of the Hainan Airlines Holding Company Limited hereby guarantee that 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.

The 13th session of the eighth board of supervisors of the Hainan Airlines Holding Co., Ltd. (hereinafter referred to as "the Company") was convened in the method of communication on June 8 of 2018. The entire board of supervisors (five supervisors) participated the meeting, which conforms to the regulations of the Company Law and Articles of Association. During the meeting, following proposals were deliberated and passed through:

1. The Report on Termination of Convertible Corporate Bond Issue

The board of supervisors agreed to terminate the issue of convertible corporate bonds. On May 19 of 2017, the proposal on issuing the convertible corporate bond was deliberated and passed through by the 5th session of the eighth board of the Company.

Voting result: 5 affirmative votes, 0 dissenting vote and 0 abstention vote.

This proposal is passed through.

2. The Report on Qualification of Issuing Stock to Buy Assets and Raise Supporting Funds (i.e. Connected Transactions)

The Company implemented careful self-examination and argument on the actual situation and related matters in accordance with the regulations of the Company Law, Securities Law and Measures for the Administration of Material Assets Reorganization of Listed Companies. The board of supervisors of the Company considers that the proposal on issuing stock to buy assets and connected transactions conforms with above stated regulations and the Company is qualified to issue shares to specific objects to buy assets.

This proposal shall be submitted to the general meeting for approval.

This proposal is passed through.

3. The Report on the Completeness and Compliance of Legal Procedures and Validity of Legal Documents in the Stock Issue

The board of supervisors considers that the legal procedures performed in this transaction are complete and in accordance with the relevant laws and regulations and Articles of Association. The legal documents submitted to the SSE are legal and effective and do not contain any false records, misleading statements or material omissions. The board of supervisors and all the supervisors of the Company would take both individual and joint liabilities for the authenticity, accuracy and completeness of the aforesaid documents.

For details, please refer to the Specifications on the Completeness and Compliance of Legal Procedures and Validity of Legal Documents in the Stock Issue disclosed on the same with this announcement.

Voting result: 5 affirmative votes, 0 dissenting vote and 0 abstention vote.

This proposal is passed through.

This proposal shall be submitted to the general meeting for approval.

4. The Report on the Specific Plan to Issue Stock for Purchasing Assets and Raising Supporting Funds (i.e. Connected Transactions)

The board of supervisors voted item by item on the specific plan to purchase assets and raise supporting funds by issuing stock (i.e. connected transaction). Following is the detail:

4.1 Generals

The board of directors agreed that the Company could issue stock to buy assets from its trading counterparts. The Company could buy 60.78% shares of the Haihang Aviation Technology Company Limited (hereinafter referred to as the Haihang Technology) and 59.93% shares of the HNA Aviation (Hong Kong) Technics Holding Co., Ltd (hereinafter referred to as the HNA Aviation) and 100% equity of the Hainan Tianyu Flight Training Company Limited (hereinafter referred to as the Tianyu Flight Training) held by the Haihang Aviation Group Company Limited (hereinafter referred to as the Haihang Aviation Group); 29.72% equity of the Western Airlines Company Limited (hereinafter referred to as the Western Airlines) held by the Tianjin Chuangxin Investment Partnership (LP, hereinafter referred to as the Tianjin Chuangxin Investment); 60% equity of the Chongqing Western Airlines Holding Company Limited (hereinafter referred to as the Western Holding) held by the HNA Group (Southwest Headquarter) Company Limited (hereinafter referred to as the HNA Southwest Headquarter). The Company would raised the supporting funds from no more than 10 specific investors (including the Temasek Fullerton Alpha Pte Ltd) through private issue of A-shares in the method of inquiry. The total amount of the supporting fund to be raised would not exceed RMB 7,033,802,700 yuan (hereinafter referred to as this Transaction).

The raised fund would be used to invest in the construction of following projects: ① The Tianjin Engine Maintenance Investment Project of the Haihang Technology; ② The Xi'an Accessory Maintenance Investment Project of the Haihang Technology; ③ The Chongqing Tianyu Flight Training Center Project; ④ The Shaanxi Chang'an Tianyu Flight Training Center Project; ⑤ The Flight Training Simulator Purchase Project of the Tianyu Flight (Haikou) Training Center Project; ⑥ The Chongqing Jiangbei Airport Production Base (Phase II) Construction Project of the Western Airlines; ⑦ To buy 4 aircraft for the Western Airlines.

It's estimated that the Company would finish the work of re-election of the board of directors of the Company after the completion of this Transaction. The controlling shareholder of the Company would be changed into the Haihang Aviation Group Company Limited and its concerted actors from the Grand China Air Company Limited (hereinafter referred to as the Grand China Air) and its concerted actors. The actual controller would be changed into Hainan Provincial Cihang Charity Funds (hereinafter referred to as the Cihang Funds) from the the Hainan Provincial State-owned Assets Supervision and Administration Commission (hereinafter referred to as Hainan Provincial State-owned Assets Commission).

This Transaction is divided into two parts which include share issue to buy assets and share issue to raised supporting fund. However, the share issue for purchasing assets would not take the successful implementation of raising supporting funds as a prerequisite and the success or failure of raising supporting funds would not affect the implementation of the assets purchase in this issue.

4.1.1 Assets to be purchased in this issue

As of the date of the meeting of the board of supervisors, the audit and evaluation on the underlying assets is in progress. The advance valuation and preliminary trading price of the target assets are listed below:

| Underlying Assets | Advance Valuation (In RMB 10,000 yuan) | Transaction Pricing (In RMB 10,000 yuan) |
|----------------------------------------------|----------------------------------------|------------------------------------------|
| 60.78% Shares of the Haihang Technology | 333,681.68 | 333,681.68 |
| 59.93% Shares of the HNA Aviation | 234,481.18 | 234,481.18 |
| 100.00% Equity of the Tianyu Flight Training | 52,120.18 | 52,120.18 |
| 29.72% Equity of the Western Airlines | 246,901.94 | 246,901.94 |
| 60.00% Equity of the Western Holding | 180,619.49 | 180,619.49 |
| Total | 1,047,804.47 | 1,047,804.47 |

The Company intends to pay the total transaction consideration by issuing shares for total amount of RMB 10,478 million yuan.

The issue price shall be the higher value between the Company's audited net assets per share in last year and 90.00% of the average price of A-shares traded during previous 20 days, 60 days and 120 day before the benchmark date.

According to above principles, the initial price of the shares to be issued is primarily confirmed at RMB 3.12 yuan per share through friendly negotiation of the trading parties. The total share amount to be issued by the Company for the purchase of assets would account for 3,358,347,663 shares.

During the period of the pricing benchmark date to the issue date, if the Company carried out exclude dividend/right (such as dividend distribution, stock delivery, cash dividend, capitalization of common reverse, etc.) or repurchased shares, the issue price and share issue amount shall be adjusted according to the relevant laws and regulations of the SSE.

Before this Transaction, the Company holds 39.22% shares of the Haihang Technology. After the completion of this Transaction, the Haihang Technology would become a wholly owned subsidiary of the Company.

Before this Transaction, the Company does not hold any share of the HNA Aviation. After the completion of this Transaction, it would hold 59.93% shares of the HNA Aviation, and the HNA Aviation would become a controlled subsidiary of the Company.

Before this Transaction, the Company does not hold any share equity of the Tianyu Flight Training. After the completion of the transaction, the Tianyu Flight Training would a wholly owned subsidiary of the Company.

Before this Transaction, the Company holds 28.43% share equity in the Western Airlines. After the completion of the transaction, the Company would directly hold 58.15% equity in the Western Airlines, and indirectly hold 36.31% equity of the Western Airlines through its controlled company (the Western Holding). Therefore the Company would control 94.46% equity of the Western Airlines in total, and the Western Airlines would become a controlled subsidiary of the Company.

Before this Transaction, the Company is not the controlling shareholder of the Western Holding. After the completion of the transaction, the Company would hold 60.00% equity in the Western Holding, and the Western Holding would become the controlled subsidiary of the Company.

Voting result: 5 affirmative votes, 0 dissenting vote and 0 abstention vote.

This proposal is passed through.

4.1.2 Supporting funds to be raised in this issue

The Company plans to raise the supporting funds from no more than 10 specific investors (including the Temasek Fullerton Alpha Pte Ltd, hereinafter referred to as the Temasek Fullerton) in the method of inquiry for private issue of A-share. The pricing benchmark date is the first day of the issue period, and the total amount of supporting funds to be raised would account for no more than RMB 7,033,802,700 yuan which shall not exceed 100.00% of the trading price of the assets to be purchased (which does not include the corresponding trading price of the underlying assets bought by the trading counterpart in the method of capital increase in cash within six months prior to the stock trading suspension and during the stock trading suspension period.) The maximum amount of shares to be issued shall be limited to 20.00% of the total share capital of the Company prior to this issue.

In this Transaction, the share issue for purchasing assets would not take the successful implementation of raising supporting funds as a prerequisite and the success or failure of raising supporting funds would not affect the implementation of the assets purchase in this issue.

Voting result: 5 affirmative votes, 0 dissenting vote and 0 abstention vote.

This proposal is passed through.