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海南美蘭國際空港股份有限公司
Hainan Meilan International Airport Company Limited*
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 357)

FINAL RESULTS ANNOUNCEMENT AS OF 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Total revenue was RMB2,170.99 million (2023: RMB2,085.68 million)
- Revenue from aeronautical business was RMB1,081.10 million (2023: RMB974.62 million)
- Revenue from non-aeronautical business was RMB1,089.89 million (2023: RMB1,111.06 million)
- Net loss was RMB366.25 million (2023: Net loss was RMB168.63 million)
- Net loss attributable to shareholders of the Company was RMB381.44 million (2023: Net loss attributable to shareholders of the Company was RMB136.01 million)
- Loss per share was RMB0.81 (2023: Loss per share was RMB0.29)

BUSINESS HIGHLIGHTS

- The passenger throughput recorded 26.8904 million
- Aircraft takeoff and landing reached 186,117 times
- Cargo and mail throughput was 209,336.00 tons

* For identification purpose only

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Hainan Meilan International Airport Company Limited (the “**Company**” or “**Meilan Airport**”) is pleased to announce the financial position and operating results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), together with the comparative information for the corresponding period of 2023 as follows:

The following selected consolidated financial information is prepared according to China Accounting Standards for Business Enterprises:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2024 RMB	2023 RMB
Revenue	3	2,170,988,338	2,085,679,527
Less: Cost of sales		(2,021,817,757)	(2,047,233,665)
Taxes and surcharges		(63,328,488)	(61,150,901)
Selling and distribution expenses		(3,731,882)	(3,509,898)
General and administrative expenses		(108,457,774)	(119,047,637)
Finance expenses		(134,251,347)	(135,747,181)
Including: Interest expenses		(135,625,805)	(139,150,026)
Interest income		2,518,611	3,002,421
Add: Other income		9,668,744	15,428,294
Investment income	4	22,009,494	6,130,881
Including: Investment income on associates		21,954,953	–
Gains or losses on changes in fair value		2,595,606	(7,411,163)
Reversal for expected credit losses	5	10,061,326	58,702,224
Gains on disposals of assets		–	1,270,267
Operating loss		(116,263,740)	(206,889,252)
Add: Non-operating income		11,896,731	743,351
Less: Non-operating expenses		(296,834,407)	(2,603,403)
Total loss		(401,201,416)	(208,749,304)
Less: Income tax credits	6	34,953,746	40,122,459
Net loss		(366,247,670)	(168,626,845)
Net loss attributable to shareholders of the Company		(381,444,206)	(136,008,897)
Minority interests		15,196,536	(32,617,948)

	<i>Note</i>	2024 RMB	2023 RMB
Other comprehensive loss, net of tax		<u>(11,118,429)</u>	—
Other comprehensive loss attributable to shareholders of the Company, net of tax		(11,118,429)	—
Other comprehensive loss which will be reclassified to profit or loss		(11,118,429)	—
Other comprehensive loss that can be transferred to profit or loss under the equity method		<u>(11,118,429)</u>	—
Total comprehensive loss		<u>(377,366,099)</u>	<u>(168,626,845)</u>
Attributable to shareholders of the Company		(392,562,635)	(136,008,897)
Attributable to minority interests		15,196,536	(32,617,948)
Losses per share			
Basic and diluted losses per share (RMB)	7	<u>(0.81)</u>	<u>(0.29)</u>

CONSOLIDATED BALANCE SHEET

		31 December 2024	31 December 2023
	<i>Note</i>	RMB	RMB
ASSETS			
Current assets			
Cash at bank and on hand		541,082,778	203,653,693
Financial assets held for sale		23,461,177	20,865,570
Accounts receivable	9	337,389,236	415,503,852
Prepayments		2,704,227	3,375,113
Other receivables		18,063,155	48,003,363
Inventories		1,258,215	1,351,071
Other current assets		12,519,373	12,111,057
Total current assets		<u>936,478,161</u>	<u>704,863,719</u>
Non-current assets			
Long-term equity investments		197,661,037	8,349,494
Other non-current financial assets		49,025,153	49,041,540
Investment properties		1,431,457,557	1,483,620,416
Fixed assets		6,735,411,485	6,894,912,392
Construction in progress		9,058,228	–
Right-of-use assets		524,895,525	1,096,877,998
Intangible assets		1,018,410,530	1,033,989,080
Long-term prepaid expenses		1,469,077	2,343,742
Deferred tax assets		14,981,480	34,855,604
Other non-current assets		63,728,859	52,098,200
Total non-current assets		<u>10,046,098,931</u>	<u>10,656,088,466</u>
Total assets		<u><u>10,982,577,092</u></u>	<u><u>11,360,952,185</u></u>

	31 December 2024 <i>RMB</i>	31 December 2023 <i>RMB</i>
	<i>Note</i>	
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	400,406,667	320,000,000
Accounts payable	259,394,070	286,825,486
Advances from customers	22,691,036	17,659,784
Contract liabilities	11,275,619	19,700,653
Employee benefits payable	141,321,602	122,945,096
Taxes payable	155,480,607	202,968,104
Other payables	1,538,629,737	1,819,984,108
Non-current liabilities due within one year	1,830,588,485	3,604,496,207
Other current liabilities	636,621	4,097,247
Total current liabilities	4,360,424,444	6,398,676,685
Non-current liabilities		
Long-term borrowings	1,773,145,861	–
Lease liabilities	–	545,460,674
Long-term payables	699,098,359	21,553,901
Deferred revenue	38,088,889	40,892,223
Deferred tax liabilities	–	53,507,316
Other non-current liabilities	60,567,483	62,968,250
Total non-current liabilities	2,570,900,592	724,382,364
Total liabilities	6,931,325,036	7,123,059,049
Shareholders' equity		
Share capital	473,213,000	473,213,000
Capital surplus	1,043,365,741	864,890,722
Other comprehensive income	2,505,840	13,624,269
Surplus reserve	246,394,231	246,394,231
Retained earnings	2,293,867,521	2,675,311,727
Total equity attributable to shareholders of the Company	4,059,346,333	4,273,433,949
Minority interests	(8,094,277)	(35,540,813)
Total equity	4,051,252,056	4,237,893,136
Total liabilities and equity	10,982,577,092	11,360,952,185
Net current liabilities	3,423,946,283	5,693,812,966
Total assets less current liabilities	6,622,152,648	4,962,275,500

Notes:

1. GENERAL INFORMATION

Hainan Meilan International Airport Company Limited (hereinafter referred to as the “**Company**”) was established as a joint stock company with limited liability in the People’s Republic of China (the “**PRC**”) on 28 December 2000. The registered address and headquarters of the Company is in Haikou City, Hainan Province, the PRC. The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 18 November 2002. The Company and its subsidiaries (collectively the “**Group**”) are mainly engaged in the operation of the Meilan Airport (“**Meilan Airport**”) and certain ancillary commercial businesses in Haikou City, Hainan Province, the PRC. The parent company of the Company is Haikou Meilan International Airport Co., Ltd. (“**Haikou Meilan**”), an enterprise established in the PRC with limited liability.

These financial statements are authorized for issue by the board of directors of the Company on 20 March 2025.

2. BASIS OF PREPARATION

These financial statements have been prepared on a going concern basis. Based on actual transactions and events, they are compiled in accordance with the Accounting Standards for Business Enterprises – Basic Standards, issued by the Ministry of Finance (Order No. 33 and revised by Order No. 76), the specific accounting standards promulgated and revised on 15 February 2006 and thereafter, the application guidance of the accounting standards for business enterprises, interpretations of the accounting standards for business enterprises, and other relevant regulations (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “**CASs**”). These financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

The Group’s net loss in 2024 was RMB366 million. The Group’s net cash inflow from operating activities in 2024 was RMB730 million. As at 31 December 2024, the Group’s current liabilities amounted to RMB4.36 billion, exceeding its current assets by RMB3.424 billion. The Group’s current liabilities mainly comprised the amounts due to related parties of RMB1.076 billion, lease liabilities due within one year of RMB788 million, short-term borrowings of RMB400 million, long-term borrowings due within one year of RMB83 million, and construction payments payable for the airport project of Meilan Airport Phase II Expansion Project (hereinafter referred to as the “**Phase II Expansion Project**”) of RMB427 million.

The Company and Haikou Meilan jointly constructed the Phase II Expansion Project, with Haikou Meilan as the borrower and the Company as the co-borrower obtaining a syndicated loan with a term of RMB7.8 billion and a term of 20 years in 2018 (hereinafter referred to as the “**Existing Syndicated Loan**”), which was specifically used for the Phase II Expansion Project, and the Company and Haikou Meilan jointly undertook the repayment obligation for each loan under the syndicated loan contract, and were jointly and severally liable for the repayment of the creditor’s rights (hereinafter referred to as the “**Joint Repayment Commitment**”). As at 31 December 2024, the cumulative principal amount of the Existing Syndicated Loan was RMB5.176 billion, the cumulative principal amount of repayment was RMB400 million, and the cumulative outstanding principal that had been drawn down was RMB4.776 billion, of which Haikou Meilan had drawn down the outstanding principal of the Existing Syndicated Loan of RMB2.921 billion, and the Company had drawn down the outstanding principal of the Existing Syndicated Loan of RMB1.855 billion. Arbitration cases arising from the Company in 2020 (hereinafter referred to as the “**Arbitration Cases**”) triggered events of default of the Existing Syndicated Loan, resulting in the existing syndicate lenders having the right and possibility at any time to require the Company to undertake the Joint Repayment Commitment and fully repay the principal of the Existing Syndicated Loan of RMB2.921 billion that Haikou Meilan has drawn down and has not yet been repaid, and the existing syndicate lenders have the right to require the Company to repay the principal of the Existing Syndicated Loan of RMB1.855 billion drawn down and outstanding at any time, and to suspend the loan amount of RMB1.956 billion remaining from the loan contract to the Company.

Regarding the Arbitration Case, as stated in the Company’s announcement dated 25 October 2024, according to the second phase award of the Arbitration Case (being the final award for such), after the amicable negotiation between the Company and the arbitration applicant, the parties finally reached a settlement amount of HK\$225 million (before tax) and waived the interest payable. The Company has completed the payment and the Arbitration Case has been concluded.

As at 31 December 2024, the Company, together with Haikou Meilan, has signed the new syndicated loan agreement with Hainan Branch of China Development Bank and Haikou Jiangdong Branch of Industrial and Commercial Bank of China Limited (hereinafter referred to as the “**New Syndicated Loan Agreement**”). According to the New Syndicated Loan Agreement, the Company, together with Haikou Meilan, will receive a total new syndicated loan of RMB6.363 billion and a term of 20 years (hereinafter referred to as the “**New Syndicated Loan**”), of which no more than RMB4.776 billion will be used to repay the Existing Syndicated Loan in advance, and the remaining RMB1.587 billion will be used for the construction of the Phase II Expansion Project. As at 14 March 2025, the cumulative principal of the New Syndicated Loan was RMB4.776 billion, of which the Company repaid the Existing Syndicated Loan in advance of RMB1.855 billion, and Haikou Meilan repaid the Existing Syndicated Loan in advance of RMB2.921 billion. The matter of which the existing syndicate lenders having the right and possibility at any time to require the Company to undertake the Joint Repayment Commitment has been fully concluded.

The management of the Company have carefully considered the Company’s future working capital, operating forecast and available sources of financing so as to assess whether the Company has sufficient working capital to settle its debts and continue to operate. As of 31 December 2024, the Company has sufficient credit limit to ensure that it can continue to operate and repay the principal and interest of the debt when they fall due within 12 months.

The Board has reviewed the Group’s cash flow forecast for not less than 12 months from 31 December 2024 prepared by the management of the Company. The Board is of the view that the Company will have sufficient working capital and sources of financing to ensure that the Company is able to settle its debt due in the next 12 months from 31 December 2024. Accordingly, these financial statements of the Group for 2024 have been prepared on a going concern basis.

3. REVENUE AND SEGMENT INFORMATION

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Analysis of revenues (by nature)		
Aeronautical:		
Passenger service income	502,684,446	448,590,560
Ground handling service income	375,954,534	336,392,533
Fees and related charges on aircraft take-off and landing	<u>202,463,961</u>	<u>189,637,156</u>
	<u>1,081,102,941</u>	<u>974,620,249</u>
Non-aeronautical:		
Franchise income	507,297,738	622,399,533
Hotel income	112,077,141	110,241,102
Freight and packaging income	106,625,031	86,981,209
Rental income	98,243,419	76,557,013
VIP room income	62,565,676	39,225,048
Other income	<u>203,076,392</u>	<u>175,655,373</u>
	<u>1,089,885,397</u>	<u>1,111,059,278</u>
	<u><u>2,170,988,338</u></u>	<u><u>2,085,679,527</u></u>

4. INVESTMENT INCOME

	2024 <i>RMB</i>	2023 <i>RMB</i>
Investment income from long-term equity investment using equity method	21,954,953	–
Income on debt restructuring	54,541	5,322,131
Others	–	808,750
	<u>22,009,494</u>	<u>6,130,881</u>

5. REVERSAL FOR EXPECTED CREDIT LOSSES

	2024 <i>RMB</i>	2023 <i>RMB</i>
Reversal for bad debt of accounts receivable	(7,125,363)	(58,757,117)
Provision/(Reversal) for bad debt of other receivables	102,858	(358,979)
(Reversal)/Provision for expected credit losses of Joint Repayment Commitment	(3,038,821)	413,872
	<u>(10,061,326)</u>	<u>(58,702,224)</u>

6. INCOME TAX CREDITS

Hong Kong profits tax has not been provided for as the Group had no assessable profits arising from Hong Kong in 2024 (2023: Nil). Income tax expenses in the consolidated income statement represent provision for the PRC corporate income tax (“CIT”).

	2024 <i>RMB</i>	2023 <i>RMB</i>
Current income tax calculated based on tax law and related regulations	(1,320,554)	1,672,435
Deferred income tax	(33,633,192)	(41,794,894)
	<u>(34,953,746)</u>	<u>(40,122,459)</u>

According to the Notice of Preferential Policies for Enterprise Income Tax Hainan Free Trade Port (CS [2020] No.31) and relevant regulations issued by Hainan Provincial Finance Department and Hainan Taxation Bureau of State Administration of Taxation, the Group is subject to corporate income tax at a reduced rate of 15% during the period from 1 January 2020 to 31 December 2024. The applicable CIT rate of the Group for the current period is 15% (2023: 15%).

7. LOSSES PER SHARE

Basic losses per share are calculated by dividing the consolidated net loss attributable to shareholders of the Company by weighted average number of outstanding ordinary shares of the Company:

	2024	2023
Consolidated net loss attributable to shareholders of the Company (RMB)	(381,444,206)	(136,008,897)
Weighted average number of outstanding ordinary shares of the Company (Share)	473,213,000	473,213,000
Basic losses per share (RMB)	<u>(0.81)</u>	<u>(0.29)</u>

Diluted losses per share is calculated by dividing the consolidated net loss attributable to shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. As there were no dilutive potential ordinary shares in this year (2023: Nil), diluted losses per share equal to basic losses per share.

8. DIVIDENDS

On 20 March 2025, the Board of Directors proposed not to distribute 2024 final cash dividend (2023 final cash dividend: Nil).

9. ACCOUNTS RECEIVABLE

	31 December 2024 RMB	31 December 2023 RMB
Accounts receivable	365,534,798	450,774,777
Less: Provision for bad debts	<u>(28,145,562)</u>	<u>(35,270,925)</u>
	<u>337,389,236</u>	<u>415,503,852</u>

Credit terms granted to customers are generally ranged from 1 to 3 months. The ageing analysis of accounts receivable, based on the dates of recognition, is set out as follows:

	31 December	31 December
	2024	2023
	RMB	RMB
Within 90 days	290,655,473	348,316,212
91 to 180 days	19,811,124	71,733,466
181 to 365 days	41,613,400	17,380,091
Over 365 days	13,454,801	13,345,008
	<u>365,534,798</u>	<u>450,774,777</u>

10. ACCOUNTS PAYABLE

The ageing analysis of accounts payable, based on the dates of recognition, is as follows:

	31 December	31 December
	2024	2023
	RMB	RMB
Within 90 days	149,975,478	142,368,078
91 to 180 days	22,881,469	37,427,814
181 to 365 days	13,752,280	13,893,685
Over 365 days	72,784,843	93,135,909
	<u>259,394,070</u>	<u>286,825,486</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Revenue Review

Overview of Aviation Business

Since 2024, in order to improve the travel experience of passengers on key source routes, Meilan Airport has jointly built the Haikou = Guangzhou express route with China Southern Airlines and the Haikou = Beijing boutique express route with Hainan Airlines, and has once again teamed up with Hainan Airlines to actively build the “Free Trade Port Express”, and the first batch of the Free Trade Port Express covers 5 routes from Haikou to Guangzhou, Shenzhen, Changsha, Wuhan and Chongqing.

In 2024, Meilan Airport continued to support the airlines to establish bases in Haikou, continuously increasing its transport capacity stationed at the airport and improving its routes layout, so as to gradually approach the goal of setting up a base for the airlines.

In order to further improve the network layout of the Meilan Airport routes, expand the aviation market, build a connected international and domestic transfer network, accelerate to construct a route network for an international aviation hub for the Pacific Ocean and the Indian Ocean (the “**Two Oceans**”), the Company has issued the Measures for the Implementation of the Aviation Market Development Incentives for the Promotion of the Construction of the Aviation Regional Gateway Hub for the Two Oceans by the Haikou Meilan Airport (《海口美蘭機場促進兩洋航空區域門戶樞紐建設航空市場發展獎勵實施辦法》), which encourages airlines to increase the deployment of capacity and product design. During the year, Meilan Airport has entered into cooperation agreements with a number of domestic and overseas airlines and actively promoted the execution and implementation of such agreements.

As at 31 December 2024, Meilan Airport operated a total of 284 originating routes, including 239 domestic routes, 39 international and regional routes, 6 international freight routes, representing a year-on-year increase of 76 new routes, including 59 domestic routes, 11 international and regional routes and 6 international freight routes. Meilan Airport extended its reach to a total of 155 cities, including 124 domestic cities, 24 international and regional cities, 7 international freight destinations, representing a year-on-year increase of 22 new destinations, including 10 domestic destinations, 8 international and regional destinations, and 4 international freight destinations. A total of 54 airlines operated at Meilan Airport, including 36 domestic airlines, 14 international and regional airlines and 4 international freight airlines, representing a year-on-year increase of 6 airlines, including 1 domestic airlines, 2 international and regional airlines and 3 international freight airlines.

Details of the aviation traffic throughput of Meilan Airport in 2024 and comparative figures of last year are set out below:

	2024	2023	Change
Passenger throughput			
(headcount in ten thousand)	2,689.04	2,434.04	10.48 %
in which: domestic	2,569.11	2,385.70	7.69 %
international and regional	119.93	48.34	148.10%
Aircraft takeoff and landing (times)	186,117	172,454	7.92%
in which: domestic	174,795	167,553	4.32%
international and regional	11,322	4,901	131.01%
Cargo and mail throughput (tons)	209,336.00	174,904.80	19.69%
in which: domestic	182,785.00	167,551.30	9.09%
international and regional	26,551.00	7,353.50	261.07%

The Group's total revenue from aviation business in 2024 was RMB1,081,102,941, representing an increase of 10.93% as compared to the corresponding period in 2023. The increase in revenue from aviation business was mainly due to the year-on-year increase in passenger throughput as well as cargo and mail throughput resulting from the intensification of the layout of route network, and constant improvement of the domestic and overseas route network at Meilan Airport. A breakdown of the Group's revenue from aviation business is as follows:

	Amount in 2024 (RMB)	Changes over 2023
Passenger service charges	502,684,446	12.06%
Ground handling service income	375,954,534	11.76%
Fees and related charges on aircraft take-offs and landing	<u>202,463,961</u>	<u>6.76%</u>
Total revenue from aviation business	<u>1,081,102,941</u>	<u>10.93%</u>

Overview of Non-aviation Business

In 2024, due to the impact of the macroeconomic environment, passenger consumption willingness slowed down periodically, and the franchise income such as duty-free and advertising businesses decreased year-on-year. The revenue of the annual non-aviation business reached RMB1,089,885,397, representing a year-on-year decrease of 1.91%, accounting for 50.20% of the Group's total revenue.

In 2024, the Group recorded franchise income of RMB507,297,738, representing a year-on-year decrease of 18.49%; hotel income amounted to RMB112,077,141, representing a year-on-year increase of 1.67%; freight and packaging income reached RMB106,625,031, representing a year-on-year increase of 22.58%; rental income reached RMB98,243,419, representing a year-on-year increase of 28.33%; VIP room income reached RMB62,565,676, representing a year-on-year increase of 59.50%. A breakdown of the Group's revenue from non-aviation business is as follows:

	Amount in 2024 (RMB)	Changes over 2023
Franchise income	507,297,738	-18.49%
Hotel income	112,077,141	1.67%
Freight and packaging income	106,625,031	22.58%
Rental income	98,243,419	28.33%
VIP room income	62,565,676	59.50%
Other income	<u>203,076,392</u>	<u>15.61%</u>
Total revenue from non-aviation business	<u><u>1,089,885,397</u></u>	<u><u>-1.91%</u></u>

Franchise Income

In 2024, the franchise income of the Group aggregated to RMB507,297,738, representing a year-on-year decrease of 18.49%, which was mainly due to the impact of the macroeconomic environment, passenger consumption willingness slowed down periodically, and the franchise income from duty-free, advertising businesses and other businesses of Meilan Airport decreased year-on-year.

Hotel Income

In 2024, the hotel income of the Group amounted to RMB112,077,141, representing a year-on-year increase of 1.67%, which was essentially flat compared to the corresponding period last year.

Freight and Packaging Income

In 2024, the freight and packaging income of the Group amounted to RMB106,625,031, representing a year-on-year increase of 22.58%, which was mainly due to the year-on-year increase in the cargo and mail throughput at Meilan Airport as a result of the expansion of the air freight market at Meilan Airport, the launching of promotion activities and the expansion of cross-border e-commerce business, resulting in an increase in freight and packaging income.

Rental Income

In 2024, the rental income of the Group amounted to RMB98,243,419, representing a year-on-year increase of 28.33%, which was mainly due to the natural increase in the rental standard in accordance with the agreement and the higher amortisation of rent reductions during the epidemic in the corresponding period of last year as compared to this period, resulting in a year-on-year increase in the Group's rental income.

VIP Room Income

In 2024, the VIP room income of the Group amounted to RMB62,565,676, representing a year-on-year increase of 59.50%, which was mainly attributable to the increase in passenger throughput at Meilan Airport has driven the growth of the business travel VIP card franchise, leading to a year-on-year increase in the Group's VIP room income.

Financial Review

Asset Analysis

As at 31 December 2024, the total assets of the Group amounted to RMB10,982,577,092, representing a year-on-year decrease of 3.33%, among which, current assets amounted to RMB936,478,161, representing approximately 8.53% of the total assets; and non-current assets amounted to RMB10,046,098,931, representing approximately 91.47% of the total assets.

Costs Analysis

The cost of sales, selling and distribution expenses and general and administrative expenses of the Group aggregated to RMB2,134,007,413 in 2024, representing a decrease of RMB35,783,787 and a year-on-year decrease of 1.65% as compared to that of 2023. Information on main items with changes in cost and expense for this year is as follows:

- (1) the Group's maintenance expenses for this year decreased by RMB58,346,558 as compared to the corresponding period in 2023, mainly due to the airport equipment and facilities entered a concentrated maintenance period in 2023, and after the completion of equipment and facility upgrades, the maintenance and renovation demand of Meilan Airport decreased for the current period;
- (2) the Group's other cost expenses for this year decreased by RMB59,955,476 as compared to the corresponding period in 2023, mainly due to the Group's enhanced meticulous management and strict control over other cost expenditures in 2024, coupled with the decrease in expenditure on intermediary services in the year as compared to the previous year;
- (3) the employee salary, and labour outsourcing and labour dispatch cost of the Group for this year increased by RMB85,523,311 as compared to the corresponding period in 2023, mainly due to the employees' remuneration and benefits of Meilan Airport increased. Additionally, during the year, there was a slight growth in employee numbers and labor dispatch demand compared to the previous year, resulting in an increase in staff costs.

In 2024, the financial expenses of the Group amounted to RMB134,251,347, representing a decrease of RMB1,495,834 as compared to the corresponding period in 2023, which is mainly attributable to the decrease in financial expenses as a result of the decrease in the interest fees on leased liabilities for this year.

Expected Credit Losses

The Group recorded the reversal of expected credit losses of RMB10,061,326 in 2024, which is mainly attributable to the Group's increased efforts in collection management of receivables during the year and the recovery of historical debts. Part of the provision for bad debts was reversed.

Cash Flow

In 2024, the Group's net cash inflow from operating activities was RMB729,889,550, representing a year-on-year increase of 38.52%, which was mainly attributable to the intensification of the layout of route network, and constant improvement of the domestic and overseas route network by Meilan Airport, which led to the growth of aviation business volume, driving the increase in revenues, as well as the increased efforts in collection of receivables and acceleration of fund recovery.

In 2024, the Group's net cash outflow for investing activities was RMB425,522,359, which was mainly for the settled payment of construction costs for the airport project (the "**Airport Project**") of the Phase II Expansion Project.

In 2024, the Group's net cash inflow for financing activities was RMB33,061,894, which was mainly due to the receipt of the sale and leaseback payment and payment of rent and interest of debt in the year.

Pledge of Assets

As mentioned in the announcement of the Company dated 1 February 2018 and the circular of the Company dated 6 March 2018, the Company and Haikou Meilan International Airport Co., Ltd. (the "**Parent Company**"), as co-borrowers, pledged the lands and buildings owned by the Company and the Parent Company as security to secure a syndicated loan (the "**Original Syndicated Loan**") of RMB7.8 billion from China Development Bank Corporation Limited, Hainan Branch of Industrial and Commercial Bank of China Limited and Hainan Branch of Agricultural Bank of China Limited, as co-lenders, for a period of 20 years. The loan proceeds shall be solely used for the construction of the Airport Project.

As mentioned in the announcement of the Company dated 31 December 2024 and the circular of the Company dated 28 January 2025, the Company and the Parent Company, as co-borrowers, pledged the lands and buildings owned by the Company and the Parent Company as security to secure a syndicated loan (the "**New Syndicated Loan**") of RMB6.36327 billion from Hainan Branch of China Development Bank (the "**CDB Hainan Branch**") and Haikou Jiangdong Branch of Industrial and Commercial Bank of China Limited (the "**ICBC Haikou Jiangdong Sub-branch**"), as co-lenders, for a period of 20 years. The loan proceeds shall be used to repay the outstanding amount of the Original Syndicated Loan and for the construction of the Airport Project.

Gearing Ratio

As at 31 December 2024, the current assets of the Group were RMB936,478,161, total assets were RMB10,982,577,092, current liabilities were RMB4,360,424,444, and total liabilities were RMB6,931,325,036.

As at 31 December 2024, the gearing ratio (total liabilities/total assets) of the Group was 63.11%, representing an increase of 0.41% as compared with that as at 31 December 2023.

Foreign Exchange Risks

The businesses of the Group are principally conducted in Renminbi, except certain aviation revenue, purchase of equipment and consulting service fee which are denominated in US dollars or Hong Kong dollars. The Group has not entered into any forward contracts to hedge its exposure to foreign exchange risks.

Financial Instruments

As at 31 December 2024, the financial instruments of the Group mainly comprised cash at bank and on hand, stock and trusts, sale and leaseback payable, Original Syndicated Loan and short-term borrowings. The major sources of these financial instruments are the fund-raising for operation of the Group and the repayment of liabilities. Besides, the Group had other financial instruments in relation to daily operations, such as receivables (excluding prepayments) and payables (excluding statutory liabilities).

Contingent Liability

Save for the arrangements under the Original Syndicated Loan, as at 31 December 2024, the Group had no other significant contingent liability.

Significant Investments Held and Their Performances

As at 31 December 2024, the Group had no material investment enterprises.

Intelligent Airport Construction

On 24 December 2024, the data center of the Meilan Airport was officially launched, driving the transformation of refined business management, ensuring the timeliness and consistency of data output. The data center completed the in-depth mining of five major scenarios such as flight operations and passenger services, and based on historical data and algorithmic modeling, established an indicator prediction and alert system to forecast future business trends. At the same time, it identified potential risks in the operation of the business in advance through the setting of early warning rules.

In 2024, in order to enhance the efficiency of production and operation, Meilan Airport has launched a number of systems for trial operation: the Smart Energy Management and Control System of Meilan Airport (美蘭機場智慧能源管控系統), which has established a unified energy management standard system to achieve digital management of Meilan Airport’s energy supply side and energy-using side; the Harbours Stands Management System of Meilan Airport (美蘭機場港灣機位管理系統), which was the first of its kind in the country, to achieve the establishment of the management mechanism of the airport harbour operation in the whole process by digital means, increasing the capacity of harbours stands by 10%; the Smart Service Platform of Meilan Airport (美蘭機場智慧大服務平台), which has built online and offline service touchpoints through the construction of passenger service platform, to achieve the digital enhancement of passenger services, operation and business of Meilan Airport; the Meilan Airport Training Management System, which has built a perfect course system, realised diversified learning modes, provided intelligent assessment tools and formed an efficient management mechanism, laying a solid foundation for the subsequent realisation of “streamlined training system management, online training for grade-supporting learning map courses, facilitation of employees’ agile training and fragmented time for independent learning, and customisation of training course development and delivery”.

In 2025, Meilan Airport will accelerate the research and application of new technologies, particularly relying on the natural language processing, deep learning, and data analysis and reasoning capabilities of the DeepSeek platform to provide technical support for the digital transformation of Meilan Airport. Currently, Meilan Airport has utilised existing resources to complete the localised deployment of the DeepSeek-R1 lightweight large model, enabling the whole process offline application of AI large models. This technological breakthrough not only enhances the intelligence level of airport services but also sets a new benchmark for user privacy and efficiency experience with its features of zero data leakage and zero response delay. In the future, Meilan Airport will actively explore multiple feasibilities of actual business scenario application of Meilan Airport in aspects such as passenger services, operation management and security assurance.

Terminal Complex Project

Situated on the north side of Meilan Airport, the terminal complex project has a gross floor area of 315,300 sq.m. The project has comprehensive business patterns and functions and encompasses the commercial building, the hotel building, GTC (Ground Traffic Center, a traffic hub) and the parking building. The commercial building brings together various business patterns, including Hainan featured products shopping, OUTLETS and food court.

The parking building located on the north side of the terminal complex has the second to eleventh floors above ground, with a construction area of approximately 130,000 sq.m. and contains 3,059 parking spaces for motor vehicles. It is just a three-minute walk from the parking building to the T1 terminal. The parking building has introduced intelligent systems such as 24-hour surveillance, automatic identification, and sensorless payment. In addition to regular parking spaces for motor vehicles, there are also new energy vehicle parking spaces with charging piles and barrier-free parking spaces which are available to special travelers free of charge by reservation. In addition, seven car rental units, including Car Inc. (神州租車), Ctrip Car Rental (攜程租車) and eHi Car Rental (一嗨租車), are located on the eighth to eleventh floors of the parking building, making it convenient for travelers to rent a car.

GTC on the ground floor of the terminal complex project integrates long distance coach, bus, high-speed railway, online car-hailing, taxi, and other transportation tools. Roundabout high-speed railway and suburban trains of Hainan pass directly to GTC form a preliminary land based three-dimensional transportation service system for Meilan Airport and provide diverse and convenient traffic services for travelers. In 2024, a total of 7 bus routes were in operation at GTC, with 221,701 departures which carried 680,047 passengers; a total of 9 long distance coach routes towards Danzhou and Wenchang and other cities were in operation at GTC with 17,038 departures which carried 56,971 passengers; 884,290 taxis accessed the GTC and carried 1,424,539 passengers.

Duty-paying commercial area of the terminal complex project is situated at the south side of the second to fifth floors of the aviation tourism city of the terminal complex, with a gross floor area of approximately 78,000 sq.m., of which approximately 12,859 sq.m. is retail business area and approximately 3,180 sq.m. is catering area. The outlet stores in the terminal complex project also gather numerous well-known domestic and foreign brands.

The room occupancy rate of Haikou Meilan International Airport Hotel (海口美蘭國際機場酒店) (“**Meilan Airport Hotel**”) (operated by the subsidiary of the Company, Hainan Meilan Airport Hotel Investment Co., Ltd. (海南美蘭機場酒店投資有限公司)) was 77.59% and approximately 417,400 guests were received this year, representing a decrease of approximately 3.83% and 2.40%, respectively, as compared to the same period of the previous year. In 2024, Meilan Airport Hotel entered into cooperation with 45 airlines, of which more than 20 airlines have long-term room and dining needs; continued to optimise the online and offline individual traveler market, set up a digital marketing team to comprehensively co-ordinate the marketing and revenue-generating programmes to further enhance the revenue of the individual traveler market; at the same time, actively developed the co-operative room business with individual business traveler, governmental units travel and internally-agreed units; and developed the conference team customers, receiving 126 groups of business meetings and 376 batches of travelling groups in total throughout the year.

In 2024, with high quality of service, Meilan Airport Hotel received a total of 17 honorary awards, including “Top 10 Brand Units in Hotel Industry (酒店行業十強品牌單位)” by Hainan Provincial Commerce Chamber (海南省商業總會), “Top 10 Tourist Hotels in Hainan Province (Domestic Brands) (海南省旅游飯店行業TOP10(國內品牌))” by Hainan Tourist Hotel Association (海南省旅游飯店業協會), “Top 100 Quality Hotels in Hainan (海南100家品質酒店)” by the Office of the Hainan Provincial Tourism, Culture, Radio, Television and Sports Department (海南省旅遊和文化廣電體育廳辦公室), “2023 Best Word-of-Mouth Tourist Hotels in Haikou (二零二三年度海口旅遊酒店行業最佳口碑酒店)” by Haikou Hotel Association (海口酒店協會), “Influential Landmark Airport Hotel (影響力地標機場酒店)” by Hainan Province Hotel and Catering Industry Association (海南省酒店與餐飲行業協會), “2023 Most Popular Choice (二零二三年度最佳人氣推薦)” award by Trip.com Group, “2023 Star Hotel of the Year (二零二三年度明星酒店)” by Fliggy Travel (飛豬旅行) and “2023 Gold Circle Award (二零二三年金環獎)” by Agoda.

In the future, Sino-Singapore (Hainan) Airport Commercial Management Co., Ltd. (中新(海南)空港商業管理有限公司), a subsidiary of the Company, will timely re-conduct commercial planning for the terminal complex project, strengthen the differentiated operation mindset, identify its accurate position through business district benchmarking, and improve the shopping experience and commercial service quality, so as to meet the deep needs of consumers and continue to enhance commercial value.

The Progress of Proposed Issuance of New Domestic Shares and Proposed Issuance of New H Shares

References are made to the circulars of the Company dated 28 April 2017, 6 March 2018, 18 April 2019 and 7 January 2020 in relation to, among other things, the past Parent Company subscription and the past new H shares issue, and the extension of validity period of the shareholders’ resolutions and authorisation granted to the Board in relation to the past Parent Company subscription and the past new H shares issue.

According to the past Parent Company subscription, the Parent Company agreed to subscribe for the new domestic shares, which include:

- (1) 189,987,125 new domestic shares as consideration for the transfer of assets in relation to the Phase I runway of Meilan Airport by the Parent Company to the Company; and
- (2) 12,500,000 new domestic shares by cash at an aggregate subscription price of RMB100,000,000, at the subscription price of RMB8.00 per new domestic share.

Pursuant to the past new H shares issue, the Company may proceed to place no more than 200,000,000 new H shares to qualified institutional, corporate and individual and other investors.

The validity period of the shareholders' resolutions and authorisation granted to the Board in relation to the past Parent Company subscription and the past new H shares issue expired on 25 June 2020.

References are made to the announcement of the Company dated 24 July 2020 and the circular of the Company dated 20 August 2020 in relation to, among other things, the Parent Company subscription and the new H shares issue. On 24 July 2020, the Company and the Parent Company entered into the Parent Company domestic shares subscription agreement (the “**2020 Parent Company Domestic Shares Subscription Agreement**”), pursuant to which the Parent Company agreed to subscribe for the subscription shares, being no more than 140,741,000 new domestic shares as consideration for the transfer of the assets in relation to the Phase I runway of Meilan Airport by the Parent Company to the Company (the “**Parent Company Subscription**”). There were no other material changes on the terms of the 2020 Parent Company Domestic Shares Subscription Agreement as compared to those of the past Parent Company domestic shares subscription agreements, except for the adjustments on the subscription price, number and method of the subscription shares. Meanwhile, the Board proposed the new H shares issue (i.e. the issue of no more than 155,000,000 new H shares, the “**New H Shares Issue**”). The Company convened the extraordinary general meeting, H shareholders class meeting and domestic shareholders class meeting on 18 September 2020 to consider and approve relevant resolutions in relation to the Parent Company Subscription and the New H Shares Issue.

References are made to the announcement of the Company dated 21 August 2021 and the circular of the Company dated 21 September 2021 in relation to, among other things, the Parent Company Subscription and the New H Shares Issue. On 21 August 2021, the Company and the Parent Company entered into the 2021 supplemental Parent Company domestic shares subscription agreement, pursuant to which, the Company and the Parent Company mutually agreed to make certain amendments to the 2020 Parent Company Domestic Shares Subscription Agreement. The Company held the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting on 8 October 2021, where the relevant resolutions were considered and approved to extend the validity period of shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue for a further period of twelve months, commencing from 18 September 2021 and ending on 17 September 2022.

References are made to the announcement of the Company dated 8 August 2022 and the circular of the Company dated 30 September 2022 in relation to, among other things, the Parent Company Subscription and the New H Shares Issue. The Company held the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting on 8 November 2022, where the relevant resolutions were considered and approved to extend the validity period of shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue for a further period of twelve months, commencing from 18 September 2022 and ending on 17 September 2023.

References are made to the announcement of the Company dated 17 September 2023 and the circular of the Company dated 16 November 2023 in relation to, among others, the Parent Company Subscription and the New H Shares Issue. The Company held the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting on 20 December 2023, where the relevant resolutions were considered and approved to extend the validity period of shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue for a further period of twelve months, commencing from 18 September 2023 and ending on 17 September 2024. The validity period of shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue expired on 17 September 2024.

The completion of the Parent Company Subscription and the New H Shares Issue shall be subject to certain conditions precedent, respectively. For details, please refer to the circulars of the Company dated 20 August 2020, 21 September 2021, 30 September 2022 and 16 November 2023. As at the date of this results announcement, none of such conditions precedent was satisfied or waived. The Company will notify the shareholders and potential investors of the Company with the information on the progress of the Parent Company Subscription and the New H Shares Issue in the future (if any/necessary).

Employees, Remuneration Policy and Training

As at 31 December 2024, the Group had a total of 4,189 employees, representing a year-on-year increase of 83 employees. Employees of the Group are remunerated based on their performances, seniority and prevailing industry practices. The Group will review the remuneration policy and related packages on a regular basis. Bonuses and commissions may be awarded to employees according to the assessment of their performance.

The Group upgraded the talent of employees and provided adequate training based on the requirements of the positions of employees. A total of 475 courses were completed, and approximately 145,274 staff participated in such courses for this year.

Retirement Pension

The Company and its subsidiaries shall participate in the retirement scheme operated by the relevant local governmental institutions. The PRC government shall be responsible for the pension of the retired employees. The Group has to make contribution at a certain percentage of the employees' salary for those employees who hold permanent residency in the PRC (according to the retirement pension policies in Hainan Province, the Group's contribution ratio was 16% from January to December 2024). Once contributions are made by the Group to the retirement scheme, the relevant employer's contribution is fully owned by the employees. For the year ended 31 December 2024, the pension contribution of the Group was approximately RMB85,792,952 (2023: approximately RMB72,327,861).

EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 31 December 2024 and the circular of the Company dated 28 January 2025, pursuant to the loan agreement of New Syndicated Loan (the “**New Syndicated Loan Agreement**”), CDB Hainan Branch and ICBC Haikou Jiangdong Sub-branch agreed to grant New Syndicated Loan to the Company and the Parent Company on a jointly and severally liable basis. Pursuant to the loan allocation agreement of New Syndicated Loan (the “**New Syndicated Loan Allocation Agreement**”), the Company was allocated RMB3.181635 billion (representing 50% of the New Syndicated Loan). Not more than RMB4.776 billion of the New Syndicated Loan was utilized for the repayment of the outstanding amount of the Original Syndicated Loan and the remaining RMB1.58727 billion of the New Syndicated Loan was utilized for the Airport Project. The New Syndicated Loan Agreement and the New Syndicated Loan Allocation Agreement were approved by the shareholders of the Company at the extraordinary general meeting held on 7 March 2025.

Save as disclosed above, no events occurred which had a significant impact on the Group after 31 December 2024.

Outlook

Looking ahead to 2025, there are still numerous persistent uncertainties that may continue to impact economic recovery. From an international perspective, the accelerated evolution of the world’s century-old changes has made the external environment more complex and severe, which may pose greater challenges to China’s trade, technology and other fields. The momentum of global economic growth is insufficient, unilateralism and protectionism are intensifying, the multilateral trade system is obstructed, tariff barriers are increasing, impacting the stability of the global industrial and supply chains, and hindering the international economic cycle. Geopolitical tensions remain significant, affecting global market expectations and investment confidence, and exacerbating the risk of volatility in international markets. From a domestic perspective, the foundation for economic recovery remains unstable, with insufficient effective demand, particularly weak consumption, with many enterprises experiencing difficulties in production and operation, and the issue of overdue accounts remaining quite prominent.

Regarding the economic work for 2025, China will implement more proactive and effective macroeconomic policies, further intensify counter-cyclical adjustments, and actively hedge against external uncertainties, vigorously boost consumption, enhance investment efficiency, and comprehensively expand domestic demand; lead the development of new productive forces through technological innovation and build a modern industrial system. By implementing a series of effective measures to strongly address development challenges, stabilise development expectations, boost social confidence, fully mobilise the enthusiasm of all parties, and consolidate the joint efforts to promote high-quality development.

2025 marks the closing year of the “14th Five-Year Plan” and also the year for the lockdown operation and further opening up of the Hainan Free Trade Port (the “**Hainan Free Trade Port**”). Hainan Province will adhere to the general principle of seeking progress while maintaining stability, fully and accurately implement the new development concept, actively integrate into and serve the new development pattern, and solidly promote high-quality development. It will advance the comprehensive deepening of reform and opening up at a high level, accelerate the implementation of core policies for the Hainan Free Trade Port, and mobilise the efforts of the whole province to advance the “No.1 Project” of the lockdown operation. Hainan Province will focus on building a modern industrial system with Hainan characteristics and advantages, promote the integrated development of technological and industrial innovation, cultivate and strengthen new quality productivity, boost expectations, stimulate vitality, enhance people’s livelihood and welfare, continuously improve residents’ cultural literacy and social civilisation level, better coordinate development and security, maintain social harmony and stability, and strive to achieve the goals and tasks of the “14th Five-Year Plan”, laying a solid foundation for a good start to the “15th Five-Year Plan”.

The Group recognises the difficulties and challenges in the macro environment that may affect the Company’s development, but the Group will remain steadfast in its development confidence. The Group will establish a new pattern in areas such as production safety, deepen efforts to overcome challenges, and enhance disaster response and emergency support capabilities; anchor the objectives of the lockdown operation project, strengthen communication and coordination to ensure smooth national acceptance and facilitate customs clearance; advance various tasks such as route development, transit optimisation, and cooperation with Changi Airports China Pte. Ltd. (新加坡樟宜機場(中國)有限公司) (“**Changi China**”), accelerating the construction of building an aviation regional gateway hub facing “Two Oceans”; complete the formulation of medium-term and long-term strategic planning, and promote the preliminary and related construction preparation work for the Phase III Expansion Project of Meilan Airport; enhance governance and standardised operation capabilities of the Company, prudently formulate relevant plans based on market conditions and strategic development needs, and fulfill information disclosure obligations in a timely manner in accordance with the law.

Promote Transformation and Upgrade, Strive for Win-Win in both “Production Quantity” and “Operation Quality”

The Group will continuously improve the domestic route network. With the aim of “fast track for key cities and making small and medium-sized cities more accessible”, the Group is expected to increase the proportion of wide-body aircraft and utilisation of flight schedule in key passenger sourcing markets, intensify flights to second-tier and third-tier cities and expand routes towards popular tourist cities. In respect of international routes, the Group will optimise flight schedules and enhance service quality to gradually improve the route network, focusing on densely organising special southbound passenger routes to Southeast Asia and Oceania. At the same time, we will strengthen connections with major domestic airports and international hub airports to improve transit efficiency and expand the coverage of transit routes. Based on continuing the efforts to open the access of the route of the fifth freedom of the air, we will further strengthen communication, cooperation, and coordination efforts to strive for a breakthrough of “zero” route of the seventh freedom of the air. We will continuously and actively advance the acceptance of port facilities and other finishing touches, playing the main role in the construction of the lockdown operation project.

Stick to Core Capability Construction, Constantly Clutch Attention on Safety

In 2025, the Group will further solidify the concept of safety development, firmly adhere to the safety-first principle with strictness at the forefront and seek progress while maintaining stability. The Group will continue to advance the construction of the safety management and control system, focusing on strengthening the guidance of concepts, the implementation of responsibilities, the enforcement of regulations, the development of infrastructures, the risk prevention and control, the process management and control and regulatory efficiency. From the aspects of promoting the deepening reform of the comprehensive safety management system, constructing of a new governance pattern of safe operations and researching and implementing of human factor management and control, the Group aims to further simplify complexity, effectively improve system regulatory efficiency, identify and resolve deep-seated contradictions, and enhance intrinsic safety level.

Firmly Enhance Efficiency Promotion and Focus on Improving Business Quality and Efficiency

In 2025, Meilan Airport will focus on its core operational business and take the enhancement of airport operational efficiency as the starting point, fully utilise the joint operation mechanism of the Airport Operations Control Centre (AOCC), the consultation mechanism and the air-ground collaborative operation mechanism of the coordination committee for flight operation management. Meilan Airport will actively and make every effort to fully complete various major support tasks, continuously improve operational efficiency, contributing to further advancements in airport operational safety and efficiency.

In 2025, Meilan Airport will continue to focus on the travel needs and experience of passengers, take the full implementation of the requirements of the civil aviation service special plan under the “14th Five-Year Plan” as the core, improve in service quality of the “four aspects” (namely passengers, airlines, partners and employees), fully strive to enhance both the hard quality and soft power of various services. We will ensure high-quality development with high-level services, promote the construction of Meilan Airport as an aviation regional gateway hub facing “Two Oceans” and build it into a beautiful service card for the Hainan Free Trade Port. Firstly, enhance service management efficiency and strive to become a leader in the industry. Taking the deepening of the service quality management system as the “guiding principle”, we will focus on special tasks such as service process management, comprehensive governance and enhancement of the passenger service process and the development of a service talent pipeline, and fully implement the concept of “sincere services”, thus achieving high-level service. Secondly, consolidate service advantages and showcase a new service image. By using the renewal and upgrade of the service brand as a “bugle call”, strengthening international exchanges and cooperation, creating a good service culture atmosphere, implementing refined management of service sites, and promoting the implementation of three major service products, further enhance the brand development capabilities in various fields, maintain the reputation of high-quality service and continuously enhance the capacity of Meilan Airport in terms of the industry, international competitiveness and brand.

Efforts to Build An Aviation Regional Gateway Hub Facing “Two Oceans”

In 2025, the Group will continue to anchor by the positioning as an aviation regional gateway hub facing “Two Oceans”, actively cooperate with relevant provincial and municipal units to promote infrastructure construction, airspace reform and other work, to enhance airport operational support capabilities. Focusing on the regions such as Northeast Asia and Southeast Asia, the Group will vigorously develop international routes, increase the coverage rate of Regional Comprehensive Economic Partnership (RCEP) member countries, and enhance the accessibility of the route network. The Group will promote airlines to open seventh freedom passenger and cargo routes, strive to achieve the inaugural flight of seventh freedom routes. The Group will also actively cooperate with customs and relevant provincial and municipal units to improve the lockdown operation plan and related supporting service processes of Meilan Airport, with a view to successfully passing the inspection by the National Office of Port Administration (國家口岸管理辦公室). At the same time, the Group will, on the basis of deepening cooperation with Changi China, introduce high-quality international commercial resources, optimize the commercial layout of the airport, create a one-stop consumption center, enhancing its commercial operation capabilities.

AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures set out in this results announcement for the year ended 31 December 2024 have been agreed by the Group’s auditor, Pan-China Certified Public Accountants LLP, to the Group’s audited financial statements for this year. The work performed by Pan-China Certified Public Accountants LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Pan-China Certified Public Accountants LLP on this results announcement.

FINAL DIVIDEND

The Board expected that, in 2025, the Company will have a relatively large capital demand, mainly because the overall operating performance of Meilan Airport is still in the growth period and the out-of-pocket costs are also relatively high after the official operation of the Phase II Expansion Project. In view of the actual needs of the Company’s future development capital, the Board recommended no payment of final dividend for the year ended 31 December 2024.

During the year, there was no arrangement under which any shareholders of the Company has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Company will announce the date of the annual general meeting and the period of closure of register of members in due course.

MATERIAL LITIGATION OR ARBITRATION

As disclosed in the announcement of the Company dated 5 January 2021, Aero Infrastructure Holding Company Limited and the Company entered into a subscription agreement in relation to the subscription of 200,000,000 New H Shares (the “**New H Shares Subscription Agreement**”) on 29 September 2019. Aero Infrastructure Holding Company Limited, as the claimant, filed an arbitration (the “**Arbitration Case**”) with the Hong Kong International Arbitration Centre against the Company asserting allegations in connection with the New H Shares Subscription Agreement.

Reference is made to the announcement of the Company dated 5 July 2024, the second phase of the Arbitration Case (being the final award for such) ruled that the Company shall pay to the Arbitration Claimant the damages and relevant arbitration fees of approximately HK\$298.8 million in aggregate, and the interest from the hand-down date of the arbitration award of the second phase of the Arbitration to the date of full payment of the arbitrated amount (calculated by simple interest at 8.875% per annum) (“**Interest Payable**”).

After the amicable negotiation between the Company and the Arbitration Claimant, the parties finally reached a settlement amount of HK\$225 million (before tax) and waived the Interest Payable. The Company has paid the amount in October 2024 and the payment has no adverse impact on the production and operation of the Company. Please refer to the announcement of the Company dated 25 October 2024 for details of the Arbitration Case.

Save as disclosed above, the Group had no other material litigation or arbitration for the year ended 31 December 2024.

SHARE CAPITAL STRUCTURE

As at 31 December 2024, the total number of issued share capital of the Company was 473,213,000, of which:

	Number of shares	Percentage of total issued shares
Domestic shares	246,300,000	52%
H shares	<u>226,913,000</u>	<u>48%</u>
Total	<u>473,213,000</u>	<u>100%</u>

During the year, the Group did not hold or sell any treasury shares.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2024, so far as known to the Directors, supervisors or chief executive of the Company, the following persons (other than a Director, supervisor or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register to be kept by the Company under section 336 of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong).

Domestic Shares

Name of shareholders	Capacity	Number of ordinary shares	Percentage of domestic shares issued	Percentage of total issued share capital
Haikou Meilan International Airport Company Limited* (Note 1)	Beneficial owner	237,500,000(L)	96.43%	50.19%
Hainan Airport Industrial Investment Co., Ltd.* (Note 1)	Interest of controlled corporations	237,500,000(L)	96.43%	50.19%
Hainan Development Holdings Co., Ltd.* (Note 1)	Interest of controlled corporations	237,500,000(L)	96.43%	50.19%

H Shares

Name of shareholders	Type of interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
UBS Group AG <i>(Note 2)</i>	Interest of controlled corporations	22,152,128 (L)	9.76%	4.68%
M&G Plc <i>(Note 3)</i>	Interest of controlled corporations	20,378,000(L)	8.98%	4.31%
Feng Global Fund SPC – Feng Global SP	Investment manager	18,235,000(L)	8.04%	3.85%
JPMorgan Chase & Co. <i>(Note 4)</i>	Beneficial owner	5,418,043(L)	2.39%	1.14%
		4,384,543(S)	1.93%	0.93%
	Person having a security interest in shares	4,676,000(L)	2.06%	0.99%
	Approved lending agent	1,268,498(P)	0.56%	0.27%

Notes:

- Haikou Meilan International Airport Company Limited* (海口美蘭國際機場有限責任公司) is established in the PRC and is the controlling shareholder of the Company. According to the disclosure of interests filed on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), Hainan Development Holdings Co., Ltd.* (海南省發展控股有限公司) holds 100% interests in Hainan Airport Group Co., Ltd.* (海南機場集團有限公司), Hainan Airport Group Co., Ltd. holds 56.00% interests in Hainan Airport Industrial Investment Co., Ltd.* (海南機場實業投資有限公司), and Hainan Airport Industrial Investment Co., Ltd. holds 46.71% interests in the Parent Company. Therefore, both Hainan Development Holdings Co., Ltd. and Hainan Airport Industrial Investment Co., Ltd. are deemed to be interested in the 237,500,000 domestic shares in long position held by the Parent Company.

2. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, UBS Group AG holds 100% interests in each of (i) UBS Asset Management (Hong Kong) Ltd; (ii) UBS Asset Management (Singapore) Ltd; (iii) UBS Fund Management (Switzerland) AG; (iv) UBS AG; (v) UBS Switzerland AG; and (vi) UBS Asset Management (Europe) S.A. Therefore, UBS Group AG is deemed to be interested in 1,206,000, 317,300, 534,000, 3,345,728, 2,363,175 and 14,385,925 H shares in long position held by the aforesaid companies, respectively.
3. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, M&G Plc holds 100% interests in M&G Group Regulated Entity Holding Company Limited, which holds 100% interests in M&G Group Limited. M&G Plc also holds 100% interests in The Prudential Assurance Company. M&G Group Limited holds 100% interests in M&G FA Limited, which holds 100% interests in M&G Luxembourg S.A., M&G Investment Management Limited, M&G Securities Limited and M&G Investments (Singapore) Pte. Ltd. Therefore, M&G Plc is deemed to be interested in 1,808,000, 20,378,000, 18,570,000 and 20,378,000 H shares in long position held by M&G Luxembourg S.A., M&G Investment Management Limited, M&G Securities Limited and M&G Investments (Singapore) Pte. Ltd, respectively.
4. According to the disclosure of interests filed on the website of the Hong Kong Stock Exchange, (i) JPMorgan Chase & Co. holds 100% interests in JPMorgan Chase Holdings LLC and JPMorgan Chase Bank, National Association; (ii) JPMorgan Chase Bank, National Association holds 100% interests in J.P. Morgan International Finance Limited; (iii) J.P. Morgan International Finance Limited holds 100% interests in J.P. Morgan SE and J.P. MORGAN CAPITAL HOLDINGS LIMITED; (iv) J.P. MORGAN CAPITAL HOLDINGS LIMITED holds 100% interests in J.P. MORGAN SECURITIES PLC; (v) JPMorgan Chase Holdings LLC holds 100% interests in J.P. Morgan Broker-Dealer Holdings Inc.; and (vi) J.P. Morgan Broker-Dealer Holdings Inc. holds 100% interests in J.P. Morgan Securities LLC. Therefore, JPMorgan Chase & Co. is deemed to be interested in 272,000, 4,000, 1,268,498 and 9,818,043 H shares of the Company in long position held by J.P. Morgan Securities LLC, J.P. Morgan SE, JPMorgan Chase Bank, National Association and J.P. MORGAN SECURITIES PLC, and 35,000 and 4,349,543 H shares of the Company in short position held by J.P. Morgan Securities LLC and J.P. MORGAN SECURITIES PLC, respectively.
5. (L), (S) and (P) represent long position, short position and shares available for lending, respectively.

Save as disclosed above, as at 31 December 2024, so far as known to the Directors, supervisors and chief executive of the Company, there was no other person (other than the Directors, supervisors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register to be kept by the Company under section 336 of the SFO.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES

As at 31 December 2024, no Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

THE RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had entered into any arrangement to enable the Directors or supervisors to acquire any benefit by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or supervisors or their respective spouses or children under the age of 18 has been granted any rights to subscribe for shares in or debentures of the Company or any other body corporate or has exercised any of such rights.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale or transfer of treasury shares, if any).

AUDIT COMMITTEE

The Audit Committee was established with terms of reference in accordance with the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advice thereon, including review of the relationship with external auditor, the Company’s financial reporting, risk management and internal control system. There was no disagreement between the Audit Committee and the external auditor on the accounting policies adopted by the Company. The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2024.

PARTICULARS ON COMPLIANCE WITH RULES 3.10(1), 3.10(2) AND 3.21 OF THE LISTING RULES

As at 31 December 2024, the Board is comprised of four independent non-executive Directors. The Audit Committee is composed of three independent non-executive Directors, one of whom has obtained accounting qualification and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. George F Meng ceased to serve as an independent non-executive Director and a member of the Audit Committee since 27 December 2024. The number of members in the Audit Committee reduced to two, which was below the minimum number required by Rule 3.21 of the Listing Rules and the relevant terms of reference of the Company. Ms. Liu Hongbin was appointed as a member of the Audit Committee on 17 January 2025. The Audit Committee has resumed to consist of three independent non-executive Directors. Accordingly, the Company once again complied with the requirements of Rule 3.21 of the Listing Rules and the relevant terms of reference.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' and supervisors' securities transactions on terms no less exacting than the required standards set out in the Model Code. Having made specific enquiry to all the Directors and supervisors, the Company confirmed that, all the Directors and supervisors have complied with the required standards set out in the Model Code and the code of conduct of the Company regarding Directors' and supervisors' securities transactions during the year ended 31 December 2024.

COMPLIANCE WITH THE CG CODE

The Company has been in compliance with all the rules prescribed by the China Securities Regulatory Commission and the Hong Kong Stock Exchange, as well as requirements of other regulatory bodies. The Company has applied the principles as set out in the CG Code and established a series of corporate governance systems in accordance with relevant requirements to continuously improve the corporate governance structure.

According to code provision C.2.1 of Part II of the CG Code, the responsibilities of the chairman and chief executive officer of listed issuers should be separate and should not be performed by the same individual. The arrangement of Mr. Wang Hong serving as both the chairman (“**Chairman**”) and president (“**President**”) of the Company deviated from the code provision C.2.1 of Part II of the CG Code.

Notwithstanding the deviation from code provision C.2.1 of Part II of the CG Code, given that the Company has set out clearly in writing the respective responsibilities of the Chairman and the President (i.e. the responsibilities of the general manager as stipulated in the Articles of Association), and Mr. Wang Hong, being the President, is familiar with and has superior knowledge and experience of the Company’s business, therefore, the Board considers that Mr. Wang Hong serving as both the Chairman and the President has the benefit of ensuring consistent leadership with the Company and enables more efficient overall business development strategic planning for the Company. The Board believes that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and efficiently. The Board shall nevertheless review the structure from time to time and it will consider appropriate moves should suitable circumstances arise.

Pursuant to code provision B.2.2 of Part II of the CG Code, each Director (including those with specific terms of appointment) is subject to retirement by rotation at least once every three years. The terms of appointment of the executive Director Mr. Xing Zhoujin, independent non-executive Directors Mr. Fung Ching, Simon, Mr. Ye Zheng and Mr. Deng Tianlin, and former independent non-executive Director Mr. George F Meng were for three years (for Mr. Fung Ching, Simon, Mr. Deng Tianlin and Mr. George F Meng, from 23 December 2020 to 22 December 2023, and for Mr. Xing Zhoujin and Mr. Ye Zheng, from 8 October 2021 to 7 October 2024). As the selection of the candidates succeeding the above Directors has not yet been completed promptly, the said Directors have not retired upon the expiration of their terms and continued to serve their duties of Directors in accordance with the provisions of the Articles of Association. At the extraordinary general meeting of the Company on 27 December 2024, Mr. Xing Zhoujin was re-elected as an executive Director, and Mr. Fung Ching, Simon, Mr. Ye Zheng and Mr. Deng Tianlin were re-elected as independent non-executive Directors, while Mr. George F Meng ceased to serve as an independent non-executive Director on the same day.

Save for the deviation and the non-compliance with the requirements of Rule 3.21 of the Listing Rules disclosed above, during the year ended 31 December 2024, the Company had complied with the other code provisions of the CG Code and met with the reasonable governance and disclosure requirements. The Company will continue to improve its corporate governance and enhance its transparency to shareholders of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as well as the Company's website at www.mlairport.com. The 2024 annual report of the Company containing all information required under the Listing Rules will be published and will be made available on the websites of the Hong Kong Stock Exchange and the Company on or before 20 April 2025.

BOARD OF DIRECTORS

As at the date of this results announcement, the members of the Board include:

Executive Directors

Wang Hong (*Chairman and President*)

Ren Kai

Xing Zhoujin

Non-executive Directors

Wu Jian

Li Zhiguo

Wen Zhe

Independent Non-executive Directors

Fung Ching, Simon

Ye Zheng

Deng Tianlin

Liu Hongbin

By order of the Board

Hainan Meilan International Airport Company Limited*

Wang Hong

Chairman and President

Haikou, the PRC

20 March 2025

* *For identification purposes only*