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If you are in doubt as to any aspect of this circular, or as to the action to be taken, you should consult our stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hainan Meilan International Airport Company Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or other transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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海南美蘭國際機場股份有限公司

Hainan Meilan International Airport Company Limited*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 357)

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
(THE RENEWAL OF FINANCIAL SERVICES AGREEMENT)
PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS
PROPOSED RE-ELECTION OF SUPERVISOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INDEPENDENT FINANCIAL ADVISER
TO THE INDEPENDENT BOARD COMMITTEE AND
THE INDEPENDENT SHAREHOLDERS**



FIRST SHANGHAI CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders of the Company is set out on page 12 of this circular.

A letter from First Shanghai, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 21 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on 26 July 2010 in the Meeting Room of the Company on the 3rd Floor, Office Building of Haikou Meilan International Airport, Haikou City, Hainan Province, the PRC is set out on pages 28 to 32 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon, and in both cases in any event not later than 24 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

* For identification purpose only

9 June 2010

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DEFINITION

Unless the context requires otherwise, the following expressions shall have the following meanings in this circular:

| | |
|---|--|
| “Annual Caps” | the proposed annual caps in respect of the Deposit Services and the Other Financial Services |
| “Board” | board of Directors |
| “CBRC” | China Banking Regulatory Commission (中國銀行業監督管理委員會) |
| “Company” | Hainan Meilan International Airport Company Limited* (海南美蘭國際機場股份有限公司), a joint stock company incorporated in the PRC with limited liability |
| “connected person” | has the meaning given to it by the Listing Rules |
| “Deposit Services” | the deposit services to be provided by HNA Group Finance to the Group under the Financial Services Agreement |
| “Directors” | directors of the Company |
| “EGM” | an extraordinary general meeting of the Company to be convened and held for the approval of the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only), the Annual Caps, the proposed appointment of Mr. Feng Da’an as an independent non-executive Director, the proposed re-election of Mr. Zhang Han’an as a non-executive Director and the proposed re-election of Mr. Zhang Shusheng as a supervisor of the Company |
| “Existing Financial Services Agreement” | the financial services agreement entered into between the Company and HNA Group Finance on 8 October 2007 |
| “Financial Services Agreement” | the financial services agreement entered into between HNA Group Finance and the Company on 25 May 2010 |
| “First Shanghai” | First Shanghai Capital Limited (第一上海融資有限公司), the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps |

DEFINITION

| | |
|-------------------------------|--|
| “General Credit Services” | the general credit services to be provided by HNA Group Finance to the Group under the Financial Services Agreement |
| “Haikou Meilan” | Haikou Meilan International Airport Co., Ltd.* (海口美蘭國際機場有限責任公司), a company incorporated in the PRC, being the controlling shareholder of the Company |
| “Hainan Airlines” | Hainan Airlines Company Limited (海南航空股份有限公司), a joint stock limited company incorporated in the PRC and one of the Promoters of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HNA Group” | HNA Group Company Limited* (海航集團有限公司), a company incorporated in the PRC and one of the promoters of the Company |
| “HNA Group Finance” | HNA Group Finance Co., Ltd. * (海航集團財務有限公司), a non-bank financial institution established in the PRC |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Meilan Airport” | the civil airport known as Haikou Meilan International Airport (海口美蘭國際機場) located in Haikou City, Hainan Province, PRC |
| “Independent Board Committee” | an independent board committee of the Board comprising Mr. Xu Bailing, Mr. Fung Ching Simon and Mr. George F Meng, all being independent non-executive Directors |
| “Independent Shareholders” | Shareholders other than Haikou Meilan, HNA Group, Hainan Airlines and their associates |
| “Latest Practicable Date” | 7 June 2010, being the latest practicable date for ascertaining certain information for inclusion in this circular before printing of this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Other Financial Services” | financial services other than the Deposit Services and General Credit Services to be provided by HNA Group Finance to the Group under the Financial Services Agreement |

DEFINITION

| | |
|------------------|---|
| “PBOC” | People’s Bank of China (中國人民銀行) |
| “PRC” | People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

* For identification purpose only

For the purpose of this circular, RMB has been translated to HK\$ at the exchange rate of RMB1.00 to HK\$1.135 for illustration purpose only. No representation is made that any amounts in HK\$ or RMB have been, could have been or could be converted at this or any other rate.

LETTER FROM THE BOARD



海南美蘭國際機場股份有限公司

Hainan Meilan International Airport Company Limited*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 357)

Executive Directors:

Zhao Yahui, *Chairman*

Liang Jun, *Chief Executive Officer*

Xing Xihong, *Chief Financial Officer*

Registered Office:

Meilan Airport Office Building

Haikou City

Hainan Province, the PRC

Non-executive Director:

Hu Wentai, *Vice-chairman*

Zhang Han'an

Chan Nap Kee Joseph

Yan Xiang

Principal Place of Business

in Hong Kong:

28/F, Bank of East Asia

Harbour View Centre

56 Gloucester Road

Hong Kong

Independent Non-executive Directors:

Xu Bailing

Fung Ching Simon

Xie Zhuang

George F Meng

9 June 2010

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
(THE RENEWAL OF FINANCIAL SERVICES AGREEMENT)
PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS
PROPOSED RE-ELECTION OF SUPERVISOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (a) further details of the Financial Services Agreement, the Deposit Services and the Other Financial Services; (b) the advice of First Shanghai; (c) information in relation to the proposed

* For identification purpose only

LETTER FROM THE BOARD

appointment and re-election of Directors and the proposed re-election of supervisor of the Company; and (d) to give notice of EGM to be held to consider and, if thought fit, to approve the Financial Services Agreement (in relation to the Deposit Services and other Financial Services only), the Annual Caps, the proposed appointment of Mr. Feng Da'an as an independent non-executive Director, the proposed re-election of Mr. Zhang Han'an as a non-executive Director, and the proposed re-election of Mr. Zhang Shusheng as a supervisor of the Company.

B. DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS

1. Background

Reference is made to the announcement of the Company dated 25 May 2010 in relation to the Financial Services Agreements entered into between the Company and HNA Group Finance for the renewal of the Existing Financial Services Agreement dated 8 October 2007. The Existing Financial Services Agreement has a term of three years commencing from 8 October 2007 to 7 October 2010. On 25 May 2010, the Company and HNA Group Finance entered into the Financial Services Agreement, pursuant to which HNA Group Finance has agreed to continue to provide the Group with the Deposit Services, the General Credit Services and the Other Financial Services during the term of the Financial Services Agreement subject to the terms and conditions provided therein.

2. Financial Services Agreement

| | |
|-----------------|--|
| Date: | 25 May 2010 |
| Parties: | The Company HNA Group Finance |
| Service: | Provided that HNA Group Finance could obtain the relevant approval from CBRC, HNA Group Finance shall provide to the Group financial services, including deposit services, settlement services, loans and finance leasing services, bill acceptance and discount services, entrusted loans and entrusted investment services, corporate bonds underwriting services, financial consultation, credit certification and relevant consulting and agency services, provision of guarantee and other financial services approved by CBRC. |

LETTER FROM THE BOARD

Service Principle: HNA Group Finance has undertaken to adhere to the following principles in providing the aforementioned financial services to the Group: (1) the interest rate for the Group's deposits with HNA Group Finance shall be fixed at the deposit interest rate issued by PBOC and shall not be lower than the benchmark deposit interest rate as issued by PBOC; (2) the interest rate for facilities provided to the Group by HNA Group Finance shall be fixed at the benchmark lending interest rate as issued by PBOC; and (3) the fees charged by HNA Group Finance for providing the Other Financial Services to the Group shall not be more than those charged by other financial institutions in the PRC for providing equivalent services.

Expected Interest: Based on the current interest rate issued by PBOC, it is estimated that the annual amount of interest accrued from the Deposit Services shall not be more than RMB10,125,000 (equivalent to approximately HK\$11,491,875).

The net profits before and after taxation attributable to the deposit services under the Existing Financial Services Agreement for the two financial years immediately preceding the Financial Services Agreement are set out below:

| | Year ended | |
|-----------------------------|--------------------|-----------------|
| | 31 December | |
| | 2008 | 2009 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net profits before taxation | 13,610 | 11,350 |
| Net profits after taxation | 13,610 | 10,215 |

Discretion of the Company: During the term of the Financial Services Agreement, the Group may choose to maintain the business relationship with HNA Group Finance or to obtain similar services from other financial institutions.

Termination: If there is any loss to the money of the Company while it is being handled by HNA Group Finance, the Company may unilaterally terminate the Financial Services Agreement.

Term: The Financial Services Agreement is for a term of three years commencing from the date of the Financial Services Agreement.

LETTER FROM THE BOARD

Risk Control Measures: HNA Group Finance shall ensure the strict compliance of relevant regulations and requirements issued by PBOC and CBRC and the scientific management of its business.

3. Annual Cap

(i) Deposit Services

It is provided in the Financial Services Agreement that the Group's maximum daily deposit balance with HNA Group Finance during the term of the Financial Services Agreement shall not exceed RMB450,000,000 (equivalent to approximately HK\$510,750,000). Such proposed maximum daily deposit balance was determined with reference to the historical figures in relation to the deposit services provided by HNA Group Finance to the Group under the Existing Financial Services Agreement and the future plans of the Company.

(ii) Other Financial Services

The Other Financial Services mainly include the consulting services provided by HNA Group Finance to the Group. The Board estimated that the annual financial consulting fees payable by the Group to HNA Group Finance during the term of the Financial Services Agreement shall not exceed RMB2,000,000 (equivalent to approximately HK\$2,270,000). Such annual cap was determined after arm's length negotiation with reference to the historical figures in relation to the consulting services provided by HNA Group Finance to the Group under the Existing Financial Services Agreement.

4. Reasons for Entering the Financial Services Agreement

It is the main business of HNA Group Finance to provide financial services to intra-group members. During the terms of the Existing Financial Services Agreement, the Group has benefited from the efficient and cost-saving services provided by HNA Group Finance. By using HNA Group Finance's system, inter-group fund settlement and transaction costs can be reduced. In addition, the fees charged by HNA Group Finance for providing the Other Financial Services to the Group shall not be more than those charged by other financial institutions in the PRC for providing equivalent services.

The Directors (including the independent non-executive Directors) are of the view that the Financial Services Agreement is on normal commercial terms and the terms of the Deposit Services and the Other Financial Services are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

5. Listing Rules Implications

HNA Group, being one of the promoters of the Company, controls approximately 60.5% of the equity interest in HNA Group Finance. As such, HNA Group Finance is an associate of HNA Group and therefore is a connected person of the Company. Accordingly, the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the Deposit Services and the Other Financial Services are both provided by HNA Group Finance and are similar in nature, they are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Deposit Services and the Other Financial Services, when aggregated, exceed 2.5%, the Deposit Services and the Other Financial Services constitute non-exempt connected transactions of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Deposit Services exceed 5% but are less than 25%, the Deposit Services also constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the General Credit Services are provided for the benefit of the Group on normal commercial terms similar to or better than those offered by independent third parties for the provision of comparable services in the PRC, and no security over the assets of the Group will be granted for the provision of the General Credit Services, such continuing connected transaction is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. General

None of the Directors has any material interest in the Financial Services Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps. First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps.

7. Information of the Group and HNA Group Finance

The Company is principally engaged in aeronautical and non-aeronautical businesses at Meilan Airport. The business scope of the Company mainly includes the provision of transit and ground transportation services to domestic and foreign air transportation companies and transit passengers; the leasing of the aviation commercial area, business and commercial premises within the departure tower and the provision of integrated services, the

LETTER FROM THE BOARD

construction and operation of aviation facilities within the airport and the ancillary buildings thereto, the provision of cargo storage, packing, loading and unloading and transportation services.

HNA Group Finance is a non-bank financial institution established in the PRC. Each of HNA Group and Haikou Meilan controls approximately 60.5% and 20.8% of the equity interest in HNA Group Finance respectively. China Xinhua Airlines Co., Ltd and HNA Hotel (Group) Co., Ltd hold 8.3% and 4.2% in the equity interest of HNA Group Finance, respectively. The remaining portion of the equity interest in HNA Group Finance is held by other third parties which are independent of the Company. Hainan Airlines holds 19% of the equity interest in HNA Hotel (Group) Co., Ltd and 60% of China Xinhua Airlines Co., Ltd. respectively.

HNA Group Finance mainly engages in the provision of financial service, including deposit services, settlement service, loans and finance leasing service, bill acceptance and discount services, entrusted loans and entrusted investment services, company debt bonds underwriting service, financial and financing consultation and credit certification.

8. Financial Effect of the Transaction

The transaction contemplated under the Financial Services Agreement in relation to the Deposit Services and the Other Financial Services will not have a material impact on the earnings and assets and liabilities of the Group.

C. PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board proposes:

- (i) since the term of service of Mr. Xie Zhuang as an independent non-executive Director expired on 6 June 2010, to appoint Mr. Feng Da'an to replace Mr. Xie Zhuang as an independent non-executive Director for a term of three years with effect from the date of the EGM; and
- (ii) since the term of service of Mr. Zhang Han'an as a non-executive Director expired on 6 June 2010, to re-elect Mr. Zhang Han'an as a non-executive Director for a term of three years with effect from the date of the EGM.

Information of Mr. Feng Da'an and Mr. Zhang Han'an are set out in Appendix I to this circular.

D. PROPOSED RE-ELECTION OF SUPERVISOR

The Board proposes:

Since the term of service of Mr. Zhang Shusheng as a supervisor of the Company expired on 6 June 2010, the Board proposes to re-elect Mr. Zhang Shusheng as a supervisor of the Company for a term of three years with effect from the date of the EGM.

LETTER FROM THE BOARD

Information of Mr. Zhang Shusheng is set out in Appendix II to this circular.

E. EGM

Set out on pages 28 to 32 of this circular is a notice convening the EGM to be held at 10:00 a.m. on 26 July 2010 in the Meeting Room of the Company on the 3rd Floor, Office Building of Haikou Meilan International Airport, Haikou City, Hainan Province, the PRC, at which (i) an ordinary resolution would be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Deposit Services and the Other Financial Services under the Financial Services Agreement and the Annual Caps; (ii) ordinary resolutions would be proposed for Shareholders to consider and, if thought fit, to approve the appointment of Mr. Feng Da'an as an independent non-executive Director and the re-election of Mr. Zhang Han'an as a non-executive Director; and (iii) an ordinary resolution would be proposed for Shareholders to consider and, if thought fit, to approve the re-election of Mr. Zhang Shusheng as a supervisor of the Company.

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. The poll results will be published on the websites of the Company and of the Stock Exchange following the EGM. As at the Latest Practicable Date, (i) Haikou Meilan was the controlling shareholder of the Company which held 50.19% equity interests in the Company; (ii) HNA Group was a promoter of the Company which held approximately 0.74% equity interests in the Company; and (iii) Hainan Airlines was a promoter of the Company which held approximately 1.12% equity interests in the Company. Haikou Meilan, HNA Group and Hainan Airlines and their associates will abstain from voting at the EGM in relation to the resolution for the approval of the Financial Services Agreement (in relation to the Deposit Services and Other Financial Services only). Other than Haikou Meilan, HNA Group and Hainan Airlines, no other Shareholder had a material interest in the Financial Services Agreement as at the Latest Practicable Date.

A form of proxy for use at the EGM is accompanied with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon, and in both cases in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so desire.

The reply slip for the EGM is also enclosed with this circular. You are reminded to complete and sign the reply slips and return the signed reply slips to the office of the Secretary Office to the board of directors of the Company at Office Building of Haikou Meilan International Airport, Haikou City, Hainan Province, the PRC no later than 5 July 2010 in accordance with the instructions printed thereon.

LETTER FROM THE BOARD

F. BOOK CLOSURE

The H share register of the Company will be closed from 26 June 2010 (Saturday) to 26 July 2010 (Monday) (both days inclusive), during which period no transfer of H shares will be effected. Any holders of H Shares of the Company, whose names appear on the Company's register of members at close of business on 25 June 2010, are entitled to attend and vote at the EGM after completing the registration procedures for attending the meeting.

In order to be entitled to attend and vote at the EGM (or any adjournment thereof) on 26 July 2010, share transfer documents should be lodged with the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 25 June 2010 (Friday).

G. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Deposit Services, the Other Financial Services and the Annual Caps are fair and reasonable and on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole; and (ii) the appointment of Mr. Feng Da'an as an independent non-executive Director, the re-election of Mr. Zhang Han'an as a non-executive Director and the re-election of Mr. Zhang Shusheng as a supervisor of the Company are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders/Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving (i) the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps; (ii) the appointment of Mr. Feng Da'an as an independent non-executive Director and the re-election of Mr. Zhang Han'an as a non-executive Director; and (iii) the re-election of Mr. Zhang Shusheng as a supervisor of the Company.

H. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By the order of the Board
Hainan Meilan International Airport Company Limited*
Zhao Yahui
Chairman

Hainan PRC, 9 June 2010

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

9 June 2010

To the Independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
(THE RENEWAL OF FINANCIAL SERVICES AGREEMENT)**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps, details of which are set out in the letter from the Board in this circular. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this circular.

First Shanghai has been appointed to advise us in respect of the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps. We wish to draw your attention to the letter from First Shanghai which contains advice to us in relation to the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps, together with the principal factors and reasons taken into consideration in arriving at such advice. Your attention is also drawn to the letter from the Board and the additional information set out in the appendixes to this circular.

Having taken into account the advice of, and the principal factors and reasons considered by First Shanghai in relation thereto as stated in its letter, we consider the terms and conditions of the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps to be fair and reasonable so far as the interests of the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the Financial Services Agreement (in relation to the Deposit Services and the Other Financial Services only) and the Annual Caps.

Yours faithfully,
Independent Board Committee

Xu Bailing
*Independent
non-executive director*

Fung Ching Simon
*Independent
non-executive director*

George F Meng
*Independent
non-executive director*

* For identification purpose only

LETTER FROM FIRST SHANGHAI

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the renewal of the continuing connected transactions pursuant to the Financial Services Agreement for the purpose of inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

9 June 2010

*To the Independent Board Committee and
the Independent Shareholders*

Meilan Airport Complex
Haikou City
Hainan Province
The PRC
Postal Code: 571126

Dear Sirs,

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS (THE RENEWAL OF FINANCIAL SERVICES AGREEMENT)

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions pursuant to the Financial Services Agreement (the “**Continuing Connected Transactions**”), details of which are contained in the “Letter from the Board” in the circular issued to the Shareholders dated 9 June 2010 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context requires otherwise.

On 8 October 2007, the Company and HNA Group Finance entered into the Existing Financial Services Agreement, pursuant to which, HNA Group Finance has agreed to provide the Company with the Deposit Services, the General Credit Services and the Other Financial Services subject to the terms and conditions provided therein. The Existing Financial Services Agreement is going to expire on 7 October 2010. The Company intends to renew the Existing Financial Services Agreement by entering into the Financial Services Agreement so as to effectively regulate the Deposit Services, the General Credit Services and the Other Financial Services provided therein between the Company and HNA Group Finance for the coming three years commencing from 25 May 2010.

LETTER FROM FIRST SHANGHAI

HNA Group, being one of the promoters of the Company, controls approximately 60.5% of the equity interest in HNA Group Finance. As such, HNA Group Finance is an associate of HNA Group and therefore is a connected person of the Company. Accordingly, the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the Deposit Services and the Other Financial Services are both provided by HNA Group Finance and are similar in nature, they are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Deposit Services and the Other Financial Services under the Financial Services Agreement, when aggregated, exceed 2.5%, the Deposit Services and the Other Financial Services to be provided by HNA Group Finance to the Group constitute non-exempt connected transactions of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Deposit Services exceed 5% but are less than 25%, the Deposit Services also constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising three out of the four independent non-executive Directors, namely Mr. Xu Bailing, Mr. Fung Ching, Simon and Mr. George F Meng, has been formed to consider and, after taking into account the recommendation of the independent financial adviser, advise the Independent Shareholders as to whether the Continuing Connected Transactions as contemplated under the Financial Services Agreement for the coming three years commencing from 25 May 2010 are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole and whether the relevant annual caps for both the Deposit Services and the Other Financial Services (the "Annual Caps") have been determined on a fair and reasonable basis, and to advise the Independent Shareholders on how to vote at the forthcoming EGM. As the independent financial adviser to the Independent Board Committee and Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Continuing Connected Transactions as contemplated under the Financial Services Agreement for the coming three years commencing from 25 May 2010 are (i) fair and reasonable, (ii) on normal commercial terms, (iii) in the ordinary and usual course of business of the Group and (iv) in the interests of the Company and the Shareholders as a whole and whether the Annual Caps have been determined on a fair and reasonable basis, and to advise the Independent Shareholders on how to vote at the forthcoming EGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied to a considerable extent on the information, statements, opinions and representations supplied to us by the Company and the Directors and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true and accurate and, unless otherwise stated,

LETTER FROM FIRST SHANGHAI

complete at the time they were made and continue to be true at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the “Letter from the Board” of the Circular were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular to provide a reasonable basis of our opinions. We have no reason to suspect that any material facts or information (which is known to the Company) have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted an independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation relating to the Continuing Connected Transactions pursuant to the Financial Services Agreement and the Annual Caps, we have taken into consideration, inter alia, the following principal factors and reasons:

1. Background of the Financial Services Agreement

Reference is made to the Company’s announcements and circular dated 9 October 2007, 6 November 2007 and 12 November 2007 respectively in connection with, among other matters, the Existing Financial Services Agreement entered into between the Company and HNA Group Finance. On 8 October 2007, the Company and HNA Group Finance entered into the Existing Financial Services Agreement, pursuant to which, HNA Group Finance has agreed to provide the Company with the Deposit Services, the General Credit Services and the Other Financial Services subject to the terms and conditions provided therein. The Existing Financial Services Agreement is going to expire on 7 October 2010. The Company intends to renew the Existing Financial Services Agreement by entering into the Financial Services Agreement so as to effectively regulate the Deposit Services, the General Credit Services and the Other Financial Services provided therein between the Company and HNA Group Finance for the coming three years commencing from 25 May 2010.

2. Background of the Group

The Group is principally engaged in the management and operation of aeronautical and non-aeronautical businesses at Meilan Airport in Hainan Province, the PRC.

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3. Background of HNA Group Finance

HNA Group Finance is a non-bank financial institution established in the PRC on 10 January 1994 with a registered and paid-up capital of RMB1,200 million. Each of HNA Group and Haikou Meilan controls approximately 60.5% and 20.8% of the equity interest in HNA Group Finance respectively. China Xinhua Airlines Co., Ltd. and HNA Hotel (Group) Co., Ltd. hold 8.3% and 4.2% in the equity interest of HNA Group Finance, respectively. The remaining portion of the equity interest in HNA Group Finance is held by other third parties which are independent of the Company. Hainan Airlines holds 19% and 60% of the equity interest in HNA Hotel (Group) Co., Ltd. and China Xinhua Airlines Co., Ltd., respectively.

HNA Group Finance mainly engages in the provision of financial services, including deposit services, settlement services, loans and finance leasing services, bill acceptance and discount services, entrusted loans and entrusted investment services, company debt bonds underwriting services, financial and financing consultation and credit certification.

4. Reasons for entering into the Financial Services Agreement

As mentioned in the “Letter from the Board” of the Circular, it is the main business of HNA Group Finance to provide financial services to intra-group members. During the terms of the Existing Financial Services Agreement, the Group has benefited from the efficient and cost-saving services provided by HNA Group Finance. By using HNA Group Finance’s system, inter-group fund settlement and transaction costs can be reduced. In addition, the fees charged by HNA Group Finance for providing the Other Financial Services to the Group shall not be more than those charged by other financial institutions in the PRC for providing equivalent services.

The Directors (including the independent non-executive Directors) are of the view that the Financial Services Agreement is on normal commercial terms and the terms of the Deposit Services and the Other Financial Services are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the history of cooperation and established relationship between the Company and HNA Group Finance during the past almost two and a half years, the Continuing Connected Transactions under the Financial Services Agreement are consistent with the Group’s established relationship with HNA Group Finance and will facilitate the smooth funding needs and/or arrangements for the Group’s business operation in the coming years. The Financial Services Agreement basically prolongs the well-established cooperation relationship between the Company and HNA Finance Group and sets out, among others, the basis of depository and financing arrangements and the terms of the Continuing Connected Transactions pursuant to the Financial Services Agreement. Subject to the approval by the Independent Shareholders at the forthcoming EGM, the Financial Services Agreement will be for a term of three years, commencing from 25 May 2010 and ending on 24 May 2013.

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5. Major terms of the Financial Services Agreement

Financial services to be provided

Pursuant to the Financial Services Agreement, subject to the Company's request and provided that HNA Group Finance having the relevant approval from CBRC, HNA Group Finance shall provide to the Group financial services, including deposit services, settlement services, loans and finance leasing services, bill acceptance and discount services, entrusted loans and entrusted investment services, corporate bonds underwriting services, financial consultation, credit certification and other relevant consulting and agency services, provision of guarantee and other financial services approved by CBRC.

Service principles

HNA Group Finance has undertaken to adhere to the following principles in providing the aforementioned financial services to the Group:

- (1) the interest rate for the Group's deposits with HNA Group Finance shall be fixed at the deposit interest rate issued by PBOC and shall not be lower than the benchmark deposit interest rate as issued by PBOC;
- (2) the interest rate for facilities provided to the Group by HNA Group Finance shall be fixed at the benchmark lending interest rate as issued by PBOC; and
- (3) the fees charged by HNA Group Finance for providing the Other Financial Services to the Group shall not be more than those charged by other financial institutions in the PRC for providing equivalent services.

Discretion of the Company

During the term of the Financial Services Agreement, the Group may choose to maintain the business relationship with HNA Group Finance or to obtain similar services from other financial institutions.

Termination

If there is any loss to the money of the Company while it is being handled by HNA Group Finance, the Company may unilaterally terminate the Financial Services Agreement.

Term

The Financial Services Agreement is for a term of three years commencing from the date of the Financial Services Agreement (i.e. 25 May 2010).

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Given that (i) the deposit interest rate for the Group's deposits with HNA Group Finance shall not be lower than the benchmark deposit interest rate as issued by PBOC; (ii) the Company has sole discretion to determine whether to maintain the business relationship with HNA Group Finance or not; (iii) the Company may obtain financial services from other financial institutions in addition to those provided by HNA Group Finance pursuant to the Financial Services Agreement; and (iv) the Company shall have the right to unilaterally terminate the Financial Services Agreement, we are of the view that (a) the terms and conditions of the Financial Services Agreement are entered into on normal commercial terms, (b) the Continuing Connected Transactions with HNA Group Finance pursuant to the Financial Services Agreement are conducted in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

6. Basis for the Annual Caps

The Company has agreed and estimated that its (i) daily deposit balance (excluding the interest accrued therefrom) with HNA Group Finance for the coming three years commencing from 25 May 2010 will not exceed RMB450.0 million (equivalent to approximately HK\$510.8 million); and (ii) the annual financial consulting fees payable by the Group to HNA Group Finance for the provision of the Other Financial Services will not exceed RMB2.0 million (equivalent to approximately HK\$2.3 million). Such proposed Annual Caps (i.e. for both the Deposit Services and the Other Financial Services) are basically the same as that under the Existing Financial Services Agreement, which have been determined based on the following factors:

- the Group had a total amount of time deposits and cash and cash equivalents of RMB748.7 million (equivalent to approximately HK\$849.8 million) as at 31 December 2009;
- the Group had deposits with HNA Group Finance of approximately RMB427.1 million (equivalent to approximately HK\$484.8 million) as at 31 December 2009;
- the Group's historical maximum daily balance of deposits placed with HNA Group Finance of approximately RMB449.8 million (equivalent to approximately HK\$510.5 million) over the past almost two and a half years; and
- the annual cap of RMB2.0 million (equivalent to approximately HK\$2.3 million) for any possible financial consulting fees payable to HNA Group Finance accounting for not more than 0.5% of that for the Deposit Services, which was estimated by the Company to provide a reasonable and prudent buffer for any financial services (in particular for possible corporate bonds

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underwriting services) to be provided by HNA Group Finance in the coming three years commencing from 25 May 2010, even though no such fee was incurred over the past almost two and a half years,

Based on the annual reports of the Company for each of the two financial years (“FY(s)”) ended 31 December 2008 and 2009 (the “**Annual Reports**”), the Group’s maximum deposits placed with HNA Group Finance were approximately RMB449.8 million (equivalent to approximately HK\$510.5 million) and RMB449.3 million (equivalent to approximately HK\$509.9 million) respectively, which had never exceeded the historical annual cap for the Deposit Services of RMB450.0 million (equivalent to approximately HK\$510.8 million) under the Existing Financial Services Agreement.

For the two FYs ended 31 December 2009, the relevant interest income arising from these deposits with HNA Group Finance were approximately RMB12.0 million (equivalent to approximately HK\$13.6 million) and RMB10.0 million (equivalent to approximately HK\$11.4 million) respectively.

In view of the above scenario, we are of the view that the proposed Annual Caps of (i) RMB450.0 million (equivalent to approximately HK\$510.8 million) for the Deposit Services; and (ii) RMB2.0 million (equivalent to approximately HK\$2.3 million) for the Other Financial Services for the coming three years commencing from 25 May 2010 are justifiable, prudent, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Implications under the Listing Rules

In compliance with the annual review requirements under Chapter 14A of the Listing Rules, in addition to obtaining Independent Shareholders’ approval for renewal of the Annual Caps at the EGM, the Company will, at least, have to comply with, among others, the following requirements during the term of the Financial Services Agreement:

- (i) the aggregate value of the Continuing Connected Transactions for the coming three years commencing from 25 May 2010 shall not exceed the Annual Caps;
- (ii) the independent non-executive Directors must review the Continuing Connected Transactions each year and confirm in the Company’s annual report and accounts that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those terms available to or from Independent Third Parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

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- (iii) the auditors of the Company will, in accordance with Rule 14A.41 of the Listing Rules, review annually the Continuing Connected Transactions and they will confirm the same in a letter to the Directors (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant FY, during which the Continuing Connected Transactions have been conducted;
- (iv) the Group will provide the auditors of the Company with sufficient access to the relevant records of the Continuing Connected Transactions for the purpose of the auditors' review as referred to in paragraph (iii) above. The Board must state in the annual report whether the auditors of the Company have confirmed the matters stated in Rule 14A.41 of the Listing Rules; and
- (v) the Company will comply with the applicable provisions of the Listing Rules governing connected transactions in the event that the total amount of the Continuing Connected Transactions exceeds the Annual Caps, or that there is any material amendment to the terms of the Financial Services Agreement.

In light of the conditions attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Continuing Connected Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

According to the Annual Reports, the Company had confirmed that an annual review of the Continuing Connected Transactions for the FYs ended 31 December 2008 and 2009 had been conducted by the independent non-executive Directors and the Company's auditors in accordance with the requirements as set out in Rules 14A.37 to 14A.41 of the Listing Rules.

LETTER FROM FIRST SHANGHAI

RECOMMENDATION

Having taken into consideration the above principal factors and reasons, we are of the view that the terms of the Continuing Connected Transactions pursuant to the Financial Services Agreement and the Annual Caps are (i) entered into on normal commercial terms, (ii) conducted in the ordinary and usual course of business of the Group, (iii) fair and reasonable so far as the Independent Shareholders are concerned and (iv) in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution in relation to the Financial Services Agreement together with the Annual Caps at the forthcoming EGM.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Helen Zee

Eric Lee

Managing Director Deputy Managing Director

The following is the information, as at the date of this circular, on the director proposed to be appointed and the director proposed to be re-elected at the EGM and required to be disclosed pursuant to the Listing Rules.

Mr. Feng Da'an, aged 63, is a Bachelor of Engineering and holds the qualification of Senior Economist. Mr. Feng Da'an graduated from the Industrial and Civil Construction Specialty of Lanzhou University of Technology in December 1981. From January 1982 to October 1990, he served various positions as ordinary official, department chief, specialized sub-branch president and vice president of China Construction Bank Gansu Branch. In October 1990, he began serving as a vice president of China Construction Bank Hainan Branch. In July 1995, he began serving as a deputy director of the Securities Administration Office of Hainan Province. He served as deputy director general and director general of the Local Taxation Bureau of Hainan Province from August 1998 to December 2007, and retired in January 2008. At present, Mr. Feng Da'an serves as independent director of three listed companies, namely Beijing Hualian Hypermarket Co., Ltd. (A share code: 600361), Sundiro Holding Co., Ltd. (A share code: 000571) and Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (A share code: 000613).

Mr. Zhang Han'an, aged 64, was re-elected as non-executive Director in June 2007. Mr. Zhang Han'an has more than twenty years' experience in the military aviation industry of China. From August 1998 through August 2002, Mr. Zhang Han'an successively served as the vice general manager and the general manager of Haikou Meilan International Airport Company Limited. Mr. Zhang Han'an joined the Company in December 2000 and was appointed as an executive Director and the general manager of the Company. Mr. Zhang Han'an resigned from the office of the general manager of the Company in January 2004 and became a non-executive Director.

The term of service for Mr. Feng Da'an and Mr. Zhang Han'an will be for three years commencing from the date on which approval by the Shareholders at the EGM is obtained. The amounts of the annual emoluments of Mr. Feng Da'an and Mr. Zhang Han'an will be RMB 100,000 and RMB 50,000, respectively. The Company will determine the bonus for the relevant Directors according to status of the Company's operation, provided that such bonus shall not exceed the limitation of 2% of the Company's net profits for each year audited by an international accounting firm.

Save as disclosed above, neither of Mr. Feng Da'an and Mr. Zhang Han'an has any relationships with any directors, supervisors, senior management of the Company or substantial shareholders or controlling shareholders of the Company, nor do they have any interests in the shares of the Company within the meaning of Part XV of the SFO. There is no other information which is discloseable pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. There is no other matter that needs to be brought to the attention of the Shareholders.

APPENDIX II INFORMATION OF SUPERVISOR PROPOSED TO BE RE-ELECTED

The following is the information, as at the date of this circular, on the supervisor proposed to be re-elected at the EGM and required to be disclosed pursuant to the Listing Rules.

Mr. Zhang Shusheng, aged 73, is a senior reporter. He was re-appointed as an independent supervisor of the Company in June 2007. He is a graduate of the Department of Chinese, Lan Zhou University majoring in Han Literature. He once worked for Gansu Daily and the People's Daily. In June 1994, he was transferred to China Civil Aviation News working as the chief editor and Party branch secretary and was responsible for the management of China Civil Aviation News. He has been the vice-chairman of Gansu Province Journalist Association, the president of the Association for Resident Correspondent in Gansu Province, the managing director of China Press Cultural Advancement Association and the director of China Civil Aviation Association. He has been working as a consultant of China Civil Aviation News since March 1999.

The term of service for Mr. Zhang Shusheng will be for three years commencing from the date on which approval by the Shareholders at the EGM is obtained. The amounts of the annual emoluments of Mr. Zhang Shusheng will be RMB20,000. He will also be entitled to such bonus as decided by the Board. The annual emoluments of Mr. Zhang Shusheng are determined by the Shareholders with reference to his duties and responsibilities in the Company, the Company's performance and the current market situation.

Save as disclosed above, Mr. Zhang Shusheng does not have any relationships with any directors, supervisors, senior management of the Company or substantial shareholders or controlling shareholders of the Company, nor does he have any interests in the shares of the Company within the meaning of Part XV of the SFO. There is no other information which is discloseable pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. There is no other matter that needs to be brought to the attention of the Shareholders.

1. STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in appendix 10 to the Listing Rules; or would be required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO.

Mr. Chan Nap Kee Joseph, a non-executive Director, is a director of Oriental Patron Financial Services Group Limited. The shareholding of the Oriental Patron Financial Services Group Limited in the Company is disclosed in paragraph 3 of this section. Save as disclosed above, as at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as known to any of the Directors, supervisors or chief executive of the Company, the following persons (other than a Director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital; or would be required to be recorded in the register to be kept by the Company under section 336 of the SFO.

Long position in shares*Domestic shares*

| Name of Shareholders | Type of Interest | Number of shares | Percentage of domestic share | Percentage of issued share capital |
|---|------------------|------------------|------------------------------|------------------------------------|
| Haikou Meilan International Airport Company Limited (<i>Note 1</i>) | Beneficial | 237,500,000 | 96.43% | 50.20% |

H shares

| Name of Shareholders | Type of Interest | Number of shares | Approximate percentage of H share issued | Approximate percentage of total issued share capital |
|--|---|------------------|--|--|
| Zhang Gaobo (<i>Note 2</i>) | Interest of controlled corporations | 94,343,000(L) | 41.58% | 19.94% |
| Zhang Zhiping (<i>Note 2</i>) | Interest of controlled corporations | 94,343,000(L) | 41.58% | 19.94% |
| Oriental Patron Financial Services Group Limited (<i>Note 2</i>) | Interest of controlled corporations | 94,343,000(L) | 41.58% | 19.94% |
| Oriental Patron Resources Investment Limited (<i>Note 2</i>) | Beneficial | 94,343,000(L) | 41.58% | 19.94% |
| Oriental Patron Financial Group Limited (<i>Note 2</i>) | Interest of controlled corporations | 94,343,000(L) | 41.58% | 19.94% |
| UBS AG (<i>Note 3</i>) | Security interest and interest of controlled corporations | 34,818,400(L) | 15.34% | 7.36% |
| Utilico Emerging Markets Utilities Limited (<i>Note 4</i>) | Investment manager | 11,629,000(L) | 5.12% | 2.46% |

Notes:

- Haikou Meilan International Airport Company Limited is a company established in the PRC and is the controlling shareholder of the Company
- Zhang Gaobo and Zhang Zhiping were holding 49.19% and 49.92% interest, respectively, in Oriental Patron Financial Group Limited. Oriental Patron Financial Group Limited was holding a 95% interest in Oriental Patron Financial Services Group Limited, which was in turn holding 100% interests in Oriental Patron Resources Investment Limited.
- Among the 34,818,400 H shares in the Company, UBS AG was deemed to be interested in 38,000 H shares through its security interest in those shares and was deemed to be interested in 34,780,400 H shares through its controlled corporations, UBS Fund Services (Luxemburg) SA, UBS Global Asset Management (Singapore) Ltd and UBS Global Asset Management (Hong Kong) Ltd, which were all wholly-owned by UBS AG, and were beneficially holding 21,892,400 H shares, 7,139,000 H shares and 5,749,000 H shares in the Company, respectively.
- Utilico Emerging Markets Utilities Limited is a company listed on the Alternative Investment Market of the London Stock Exchange and the Bermuda Stock Exchange.
- (L) and (S) represent long position and short position respectively.

Save as disclosed above, as at the Latest Practicable Date so far as is known to the Directors, supervisors or chief executives of the Company, no other person (not being a Director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital; or would be required to be recorded in the register to be kept by the Company under section 336 of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors has any material interest, directly or indirectly, in any asset which, since 31 December 2009, being the date to which the latest audited consolidated financial statements of the Group have been made up, had been acquired or disposed of by or leased to any member of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group.

No contracts of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest and which is significant to the Group's business, whether directly or indirectly, subsisted at the date of this circular.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates (as defined in Listing Rules) has any interest in a business, which competes or may compete with the businesses of the Company or any other conflict of interests which any such person has or may have with the Company.

6. SERVICE CONTRACT

None of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries which can not be terminated by the Group within one (1) year without the payment of compensation other than statutory compensation.

7. EXPERT'S CONSENT, QUALIFICATIONS AND INTERESTS

The following is the qualifications of the expert who has given opinion or advice, which is contained in this circular:

| Name | Qualifications |
|----------------|---|
| First Shanghai | A licenced corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO |

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, First Shanghai was not beneficially interested in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been, since the date to which the latest published audited financial statements of the Company were made up acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2009, the date to which the latest audited financial statements of the Group were made up.

9. MISCELLANEOUS

The English text of this circular, form of proxy and form of reply slip shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business in Hong Kong of the Company at 28/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong for a period of 14 days from the date of this circular:

- (i) the Financial Services Agreement;
- (ii) the Existing Financial Services Agreement
- (iii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (iv) the letter from First Shanghai to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular; and
- (v) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Hainan Meilan International Airport Company Limited (the “Company”) will be held at 10:00 a.m. on 26 July 2010 (Monday) in the Meeting Room of the Company on the 3rd Floor, Office Building of Haikou Meilan International Airport, Haikou City, Hainan Province, the People’s Republic of China (the “PRC”) for the purpose of considering and, if thought fit, passing the following resolutions **AS ORDINARY RESOLUTIONS**:

RESOLUTION NO.1

“THAT:

1. the Company’s entering into of the financial services agreement (“**Financial Services Agreement**”) with 海航集團財務有限公司 (HNA Group Finance Co., Ltd.) (“**HNA Group Finance**”) on 25 May 2010 for a period of three years commencing from 25 May 2010 be and is hereby approved and confirmed;
2. the estimated maximum daily deposit balance placed by the Company and its subsidiaries (the “**Group**”) with HNA Group Finance during the term of the Financial Services Agreement (as set out in the announcement of the Company dated 25 May 2010 and the circular of the Company dated 9 June 2010 of which this notice forms part) be and is hereby approved and confirmed;
3. the estimated maximum annual financial consulting fees payable by the Group to HNA Group Finance during the term of the Financial Services Agreement (as set out in the announcement of the Company dated 25 May 2010 and the circular of the Company dated 9 June 2010 of which this notice forms part) be and is hereby approved and confirmed; and

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. any director of the Company be and is hereby authorized to do such other acts and things, enter into all such transactions and arrangements, execute such other documents and/or deeds and/or take all such steps, which in their opinion may be necessary, desirable or expedient to implement the Financial Services Agreement and the continuing connected transactions contemplated thereunder with such changes as the directors of the Company may consider necessary, desirable or expedient.”

RESOLUTION NO.2

“THAT:

since the term of service of Mr. Xie Zhuang as an independent non-executive director of the Company expired on 6 June 2010, the appointment of Mr. Feng Da’an to replace Mr. Xie Zhuang as an independent non-executive director of the Company for a term of three years with effect from the date of the EGM be and is hereby approved (the requisite particulars of Mr. Feng Da’an are set out below in Note (H)).”

RESOLUTION NO.3

“THAT:

since the term of service of Mr. Zhang Han’an as a non-executive director of the Company expired on 6 June 2010, the re-election of Mr. Zhang Han’an as a non-executive director of the Company for a term of three years with effect from the date of the EGM be and is hereby approved (the requisite particulars of Mr. Zhang Han’an are set out below in Note (H)).”

RESOLUTION NO.4

“THAT:

since the term of service of Mr. Zhang Shusheng as a supervisor of the Company expired on 6 June 2010, the re-election of Mr. Zhang Shusheng as supervisor of the Company for a term of three years with effect from the date of the EGM be and is hereby approved (the requisite particulars of Mr. Zhang Shusheng are set out below in Note (I)).”

By Order of the Board
Hainan Meilan International Airport Company Limited*
Xing Zhoujin
Company Secretary

Hainan, the PRC
9 June 2010

As at the date of this notice, there are eleven directors on the Board. The Board comprises of three executive directors, namely Mr. Zhao Yahui, Mr. Liang Jun and Ms. Xing Xihong, and four non-executive directors, namely Mr. Hu Wentai, Mr. Zhang Han’an, Mr. Chan Nap Kee Joseph and Mr. Yan Xiang, and four independent non-executive directors, namely Mr. Xu Bailing, Mr. Xie Zhuang, Mr. Fung Ching Simon and Mr. George F Meng.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (A) **The H share register of the Company will be closed from 26 June 2010 (Saturday) to 26 July 2010 (Monday) (both days inclusive), during which period no transfer of H shares will be effected.**

In order to be entitled to attend and vote at the EGM (or any adjournment thereof) on 26 July 2010, share transfer documents should be lodged with the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 25 June 2010 (Friday).

- (B) Holders of the overseas listed foreign shares (in the form of H shares) of the Company whose names appear on the Company's register of members maintained by Computershare Hong Kong Investor Services Limited at the close of business on 25 June 2010 (Friday) are entitled to attend and vote at the meeting after complying with the necessary registration procedures.
- (C) Holders of H shares and domestic shares of the Company, who intend to attend the EGM, must complete and return the reply slips for attending the EGM to the Secretary Office to the board of directors of the Company not later than 20 days before the date of the EGM, i.e. no later than 5 July 2010 (Monday).

Holders of H shares and domestic shares of the Company can deliver the reply slips by hand, by post or by facsimile.

Details of the Secretary Office to the board of directors of the Company are as follows:

Office Building of Haikou Meilan International Airport
Haikou City
Hainan Province
PRC

Tel: (86-898) 6576 2009
Fax: (86-898) 6576 2010

- (D) Each holder of H shares who has the right to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint in writing one or more proxies, whether a shareholder of the Company or not, to attend and vote on his behalf at the EGM. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
- (E) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarially certified. The instrument appointing a proxy of any holder of H shares (being a body corporate) must be affixed with the corporate seal of such holder of H shares or duly signed by the chairman of its board of directors or by its authorized attorney. To be valid, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.
- (F) Each holder of domestic shares of the Company is entitled to appoint in writing one or more proxies, whether a shareholder of the Company or not, to attend and vote on his behalf at the EGM. Notes (C) and (D) also apply to holders of domestic shares of the Company, except that the proxy form or other documents of authority must be delivered to Secretary Office to the board of directors of the Company, the address of which is set out in Note (C) above, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.
- (G) If a proxy attends the EGM on behalf of a shareholder, he should produce his ID card and the instrument signed by the proxy or his authorized representative, which specifies the date of its issuance. If the legal representative of the holder of legal person share(s) attends the EGM, such legal representative should

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produce his ID card and valid documents evidencing his capacity as such legal representative. If a holder of legal person share(s) appoints a representative of a company other than its legal representative to attend the EGM, such representative should produce his ID card and an authorization instrument affixed with the seal of the holder of the legal person shares and duly signed by its legal representative.

- (H) The requisite particulars of Mr. Feng Da'an and Mr. Zhang Han'an are set out as follows:

Mr. Feng Da'an, aged 63, is a Bachelor of Engineering and holds the qualification of Senior Economist. Mr. Feng Da'an graduated from the Industrial and Civil Construction Specialty of Lanzhou University of Technology in December 1981. From January 1982 to October 1990, he served various positions as ordinary official, department chief, specialized sub-branch president and vice president of China Construction Bank Gansu Branch. In October 1990, he began serving as a vice president of China Construction Bank Hainan Branch. In July 1995, he began serving as a deputy director of the Securities Administration Office of Hainan Province. He served as deputy director general and director general of the Local Taxation Bureau of Hainan Province from August 1998 to December 2007, and retired in January 2008. At present, Mr. Feng Da'an serves as independent director of three listed companies, namely Beijing Hualian Hypermarket Co., Ltd. (A share code: 600361), Sundiro Holding Co., Ltd. (A share code: 000571) and Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (A share code: 000613).

Mr. Zhang Han'an, aged 64, was re-elected as non-executive Director in June 2007. Mr. Zhang Han'an has more than twenty years' experience in the military aviation industry of China. From August 1998 through August 2002, Mr. Zhang Han'an successively served as the vice general manager and the general manager of Haikou Meilan International Airport Company Limited. Mr. Zhang Han'an joined the Company in December 2000 and was appointed as an executive Director and the general manager of the Company. Mr. Zhang Han'an resigned from the office of the general manager of the Company in January 2004 and became a non-executive Director.

The term of service for Mr. Feng Da'an and Mr. Zhang Han'an will be for three years commencing from the date on which approval by the Shareholders at the EGM is obtained. The amounts of the annual emoluments of Mr. Feng Da'an and Mr. Zhang Han'an will be RMB 100,000 and RMB 50,000, respectively. The Company will determine the bonus for the relevant Directors according to status of the Company's operation, provided that such bonus shall not exceed the limitation of 2% of the Company's net profits for each year audited by an international accounting firm.

Save as disclosed above, neither of Mr. Feng Da'an and Mr. Zhang Han'an has any relationships with any directors, supervisors, senior management of the Company or substantial shareholders or controlling shareholders of the Company, nor do they have any interests in the shares of the Company within the meaning of Part XV of the SFO. There is no other information which is discloseable pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. There is no other matter that needs to be brought to the attention of the Shareholders.

- (I) The requisite particulars of Mr. Zhang Shusheng are set out as follows:

Mr. Zhang Shusheng, aged 73, is a senior reporter. He was re-appointed as an independent supervisor of the Company in June 2007. He is a graduate of the Department of Chinese, Lan Zhou University majoring in Han Literature. He once worked for Gansu Daily and the People's Daily. In June 1994, he was transferred to China Civil Aviation News working as the chief editor and Party branch secretary and was responsible for the management of China Civil Aviation News. He has been the vice-chairman of Gansu Province Journalist Association, the president of the Association for Resident Correspondent in Gansu Province, the managing director of China Press Cultural Advancement Association and the director of China Civil Aviation Association. He has been working as a consultant of China Civil Aviation News since March 1999.

The term of service for Mr. Zhang Shusheng will be for three years commencing from the date on which approval by the Shareholders at the EGM is obtained. The amounts of the annual emoluments of Mr. Zhang Shusheng will be RMB20,000. He will also be entitled to such bonus as decided by the Board. The annual emoluments of Mr. Zhang Shusheng are determined by the Shareholders with reference to his duties and responsibilities in the Company, the Company's performance and the current market situation.

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Save as disclosed above, Mr. Zhang Shusheng does not have any relationships with any directors, supervisors, senior management of the Company or substantial shareholders or controlling shareholders of the Company, nor does he have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no other information which is discloseable pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. There is no other matter that needs to be brought to the attention of the Shareholders.

- (J) The EGM is expected to last not more than half a day. Shareholders or proxies attending the EGM are responsible for their own transportation and accommodation expenses.