THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

美兰机场
MEILAN AIRPORT

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)

(1) MAJOR AND CONNECTED TRANSACTION ACQUISITION AGREEMENT
(2) DISCLOSEABLE AND CONNECTED TRANSACTION LAND USE RIGHT TRANSFER AGREEMENT
(3) PROPOSED ISSUE OF DOMESTIC CORPORATE BONDS
(4) AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

FIRST SHANGHAI CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 21 of this circular. A letter from the Independent Board Committee is set out on page 22 to 23 of this Circular.

A letter from First Shanghai Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 40 of this Circular.

A revised notice convening the extraordinary general meeting of Hainan Meilan International Airport Company Limited (the "Company") to be held at 9:00 a.m. on 24 October 2011 in the meeting room of the Company on 3rd Floor, Meilan Airport Office Building at No. 6 Haikou City, Hainan Province, the People's Republic of China (the "PRC") is set out on pages 61 to 66 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 purposes only*

19 September 2011

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For the purposes of this circular, capitalized term appearing herein shall, unless the context otherwise admits, have the meanings set out below:

"Acquisition Agreement"	the subsequent assets acquisition agreement dated 26 August 2011 entered into between the Company and Parent Company
"Actual construction Cost"	the actual construction cost for the buildings and ancillary facilities of the Project under the Acquisition Agreement
"Articles of Association"	the Articles of Association of the Company for the time being
"Board"	the board of Directors of the Company
"Company"	海南美蘭國際機場股份有限公司 (Hainan Meilan International Airport Company Limited), a joint stock limited company incorporated in the PRC on 28 December 2000
"connected person"	shall have the meaning as defined in the Listing Rules
"CSRC"	中國證券監督管理委員會* (China Securities Regulatory Commission);
"Director(s)"	the director(s) of the Company
"Domestic Corporate Bonds"	domestic corporate bonds to be issued by the Company with an aggregate principal amount of not more than RMB900 million
"Domestic Corporate Bonds Issue"	the offer and issue of the Domestic Corporate Bonds to the public in the PRC
"EGM"	the extraordinary general meeting to be convened by the Company on 24 October 2011 for the purposes of, among others, considering and, if thought fit, approving the Acquisition Agreement and the Land Use Right Transfer Agreement and the transactions contemplated thereunder
"Estimated Construction Cost"	the estimated construction cost for the buildings and ancillary facilities of the Project under the Acquisition Agreement
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Financial Adviser" or "First Shanghai"	First Shanghai Capital Limited
"Independent Shareholders"	Shareholders who are not involved or interested in the transactions contemplated under the Acquisition Agreement and the Land Use Right Transfer Agreement
"Land Use Right Transfer Agreement"	the land use right transfer agreement dated 26 August 2011 entered into between the Company and Parent Company
"Land Use Right Transfer Consideration"	the consideration of RMB150,180,000 for the land use right to be transferred under the Acquisition Agreement pursuant to the appraisal value as at 31 July 2011 as appraised by an independent third party valuer
"Latest Practicable Date"	16 September 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Meilan Airport"	the civil airport known as 海口美蘭國際機場 (Haikou Meilan International Airport) located in Haikou City, Hainan Province, PRC
"Parent Company"	海口美蘭國際機場有限責任公司 (Haikou Meilan Airport Co., Ltd.), a limited liability company established in the PRC which is the controlling shareholder of the Company
"PRC"	People's Republic of China
"Project"	the terminal expansion project carried out by Parent Company, details of which are set out in the section headed "B. The Acquisition Agreement and The Land Use Right Transfer Agreement – 1. Major and Connected Transaction – The Acquisition Agreement"
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Shareholder(s)"	the holder(s) of the shares of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tentative Acquisition Consideration"	the tentative consideration of RMB1,096,806,000 for the Project under the Acquisition Agreement

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:
Liang Jun *(chairman)*
Dong Zhanbin
Xing Xihong

Non-executive Director:
Hu Wentai *(vice chairman)*
Zhang Han'an
Joseph Chan
Yan Xiang

Independent Non-executive Directors:
Xu Bailing
Fung Ching Simon
George F. Meng
Feng Da'an

Registered Office:
Meilan Airport Office Building
Haikou City
Hainan Province, PRC

Principal Place of Business in Hong Kong:
28/F, Bank of East Asia
Harbour View Centre
56 Gloucester Road
Hong Kong

19 September 2011

To the Shareholders

**1) MAJOR AND CONNECTED TRANSACTION
ACQUISITION AGREEMENT
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
LAND USE RIGHT TRANSFER AGREEMENT
(3) PROPOSED ISSUE OF DOMESTIC CORPORATE BONDS
(4) AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A. INTRODUCTION

Reference is made to the announcement of the Company dated 26 August 2011 in relation to the Acquisition Agreement and the Land Use Right Transfer Agreement entered into between the Company and Parent Company in relation to the acquisition of the Project and transfer of land use right owned by the Company. The transaction contemplated under the Acquisition Agreement constitutes a major and connected transaction for the Company

* *For identification purposes only*

under Chapters 14 and 14A of the Listing Rules. The transaction contemplated under the Land Use Right Transfer Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules.

The Company is principally engaged in the management and operation of aeronautical and non-aeronautical businesses at Meilan Airport in Hainan Province, PRC. Parent Company is principally engaged in ancillary airport service business.

To avoid from amending the Articles of Association each time for the increase or decrease of the number of holding subsidiaries of the Company and amend the business scope of the Company to exclude certain business which requires special qualification, a special resolution will be proposed at the EGM to amend the Articles of Association.

In order for the Company to meet medium and long term capital needs which is arising from the expected upgrade of the airport equipment and facilities and further commercial development of Meilan Airport, improve capital structure and reduce financing cost, on 26 August 2011, the Board has approved and resolved to submit to the Shareholders at the EGM for considering and, if thought fit, approving the offer and issue of the Domestic Corporate Bonds with an aggregate principal amount of not more than RMB900 million (subject to the approved limit of domestic issue) to the public in the PRC.

To avoid deadlock situation of tie of votes by four independent non-executive Directors, Mr. Xu Bailing, Mr. Fung Ching Simon and Mr. George F Meng, being three out of four independent non-executive Directors of the Company, have been appointed by the Board to serve as members of the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the resolution regarding the Acquisition Agreement, the Land Use Right Transfer Agreement and the transaction contemplated thereunder. The Board confirmed that there is no other particular reason for Mr. Feng Da'an not being a member of the Independent Board Committee and he did not hold different views in relation to the Acquisition Agreement and the Land Use Right Transfer Agreement and the transactions contemplated thereunder.

First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder, are fair and reasonable on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with, among other things, further information regarding the Acquisition Agreement, the Land Use Right Transfer Agreement and transactions contemplated thereunder, to set out the advice from First Shanghai to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder and to give revised notice of the EGM.

B. THE ACQUISITION AGREEMENT AND THE LAND USE RIGHT TRANSFER AGREEMENT

1. Major and Connected Transaction – The Acquisition Agreement

On 26 August 2011, the Company and the Parent Company entered into the Acquisition Agreement. A summary of the principal terms of the Acquisition Agreement is set out below.

Date: 26 August 2011

Parties: The Company

Parent Company

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company has agreed to purchase, and Parent Company has agreed to sell, all assets comprising the Project upon completion of construction of the Project, including but not limited to, the land use rights of the Project, and all buildings, equipment, facilities and other related assets comprising the Project upon completion of construction of the Project (Property Nos. 1 and 2 in the Appendix II), details of which are set out below:

Item under construction or to be constructed	Commencement date of construction	Expected date of completion of construction	Gross floor area of buildings after completion	Site area of land
International terminal project and ancillary project	20 April 2011	18 January 2012	13,000 m^2	101,031.46 m^2
Expansion project of the west gallery of the terminal and ancillary project	1 September 2011	20 January 2013	(west gallery expansion) 28,000 m^2 (station site) 114,000 m^2	263,520.89 m^2
Customs regulatory warehouse project and ancillary project	25 April 2011	31 August 2011	3,095 m^2	25,988.86 m^2
Special garage project and ancillary project	27 April 2011	15 September 2011	3,610 m^2	9,939.16 m^2
Total			161,705 m^2	400,480.37 m^2

As at the Latest Practicable Date, the Project was under normal progress of construction and each of the main body (主體工程) of the customs regulatory warehouse project and ancillary project and the special garage project and ancillary project had been completed as of 31 August 2011 and as of 15 September 2011, respectively.

Out of the land of the Project with a total site area of 600.72 acres (approximately 400,480.37 m^2), the land use right of the land with a site area of 475.53 acres (approximately 317,020.29 m^2) is owned by Parent Company, the original purchase cost of which was RMB149,140 per acre, while the land use right of the land with a site area of 125.19 acres (approximately 83,439.29 m^2) is owned by the Company. In order to facilitate the construction of the Project and the obtaining of relevant property ownership certificate(s) as a whole by Parent Company, the Company will transfer the land use right of the land with a site area of 125.19 acres (approximately 83,439.29 m^2) to Parent Company at a consideration of RMB250,000 per acre, totaling RMB31,289,733.75, which was determined with reference to the value of the land of which the land use right is owned by Parent Company as at 31 July 2011 as appraised by an independent third party valuer pursuant to the Land Use Right Transfer Agreement, details of which are set out below. Upon completion of the construction and acceptance of the Project and obtaining of the property ownership certificate(s), Parent Company will transfer the portion of the land use right originally owned by the Company back to the Company at the same consideration, together with the above mentioned land use right with a site area of 475.53 acres (approximately 317,020.29m^2) currently owned by Parent Company. Details of the land use right owned by the Company are set out in the section headed "2. Discloseable and Connected Transaction – The Land Use Right Transfer Agreement".

Consideration

The Tentative Acquisition Consideration which consists of:

(a) the Estimated Construction Cost plus 8% premium which included an estimated tax expenses of approximately RMB78,531,100 arising from the transaction under the Acquisition Agreement to be born by Parent Company, amounting to RMB946,626,000 in aggregate; and

(b) the Land Use Right Transfer Consideration; and

The Estimated Construction Cost was estimated by the Directors based on their past experience and knowledge in relation to construction and operation of an airport and verified and reviewed by a professional independent third party and has been approved by the Development and Reform Commission of Hainan Province. The 8% premium over the Estimated Construction Cost was determined between the Parent Company and the Company on an arm length's basis after taking into account that, among others, the resources to be devoted by the Parent Company relating to the management of the construction of the Project and the tax expenses of approximately RMB78.5 million arising from the transaction under the Acquisition Agreement.

The final consideration for the transaction contemplated under the Acquisition Agreement shall consist of:

(a) the Actual Construction Cost as audited by an independent third party auditor within 180 days after completion and acceptance of the Project plus a 8% premium; and

(b) the Land Use Right Transfer Consideration.

According to the relevant requirements under the applicable PRC laws, the actual construction cost generately can not exceed 110% of the estimated construction costs in relation to a civil airport project, therefore the Board expects that the Actual Construction Cost shall not exceed 110% of the Estimated Construction Cost. The excess portion of the actual construction cost (if any) shall be born by Parent Company.

The consideration shall be settled in the following manner:

(i) 20% of the Tentative Acquisition Consideration (amounting to RMB219,361,200) prepayment shall be payable to Parent Company within ten (10) business days after the effectiveness of the Acquisition Agreement;

(ii) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to Parent Company on or before 30 September 2011, conditional upon normal progress of the Project as scheduled;

(iii) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to Parent Company on or before 31 October 2011, conditional upon normal progress of the Project as scheduled;

(iv) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to Parent Company on or before 31 December 2011, conditional upon normal progress of the Project as scheduled;

(v) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to Parent Company on or before 29 February 2012, conditional upon normal progress of the Project as scheduled;

(vi) 20% of the Tentative Acquisition Consideration (amounting to RMB219,361,200) prepayment shall be payable to Parent Company within ten (10) business days after completion and acceptance of the Project and handover to the Company; and

(vii) the balance of the final consideration net of an estimated payments to be made by the Company to Parent Company as referred (i) to (vi) above, shall be payable to Parent Company within ten (10) business days after the transfer of relevant land use rights and property ownership certificates to the Company and the completion of relevant necessary legal procedures to hand over the Project and all relevant documents and licenses to the Company.

(viii) The Company shall assume an estimated tax expenses of RMB39,446,700 in total (subject to the actual amount) in accordance with the requirements under relevant laws and regulation.

Parent Company shall complete the transfer of relevant land use rights and property ownership certificates to the Company and the relevant necessary procedures to hand over the Project and all relevant documents and licenses to the Company before 31 December 2013. Otherwise the Company shall be entitled to terminate the Acquisition Agreement, and be refunded for all payments by Parent Company upon written notice to Parent Company.

According to the Acquisition Agreement, the subject of the transaction is the overall assets under the Project, and the transfer of the project shall take effect only after the acceptance of the Project as required by relevant PRC laws. Therefore, the Company is not entitled to have the ownership of such assets, which is under control of Parent Company, even if part of the Project has been completed. The payment of the consideration under the Acquisition Agreement in relation to the acquisition of the Project will be recorded as "prepayments" and will not be reflected in the Company's non-current assets. If the Parent Company fails to complete the transfer of the Project to the Company, including but not limited to the passing of the acceptance of the Project, the Company will seek legal protection and remedies pursuant to the Acquisition Agreement and other applicable PRC Laws.

The Directors are of the view that the arrangements for the settlement of consideration under the Acquisition Agreement followed with the prevailing market practices and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedents

The Acquisition Agreement is conditional upon approval by the Independent Shareholders being obtained.

The transfer of the Project under the Acquisition Agreement is conditional upon:

(i) the Independent Shareholders passing the necessary resolution approving the Acquisition Agreement and the transaction contemplated thereunder; and

(ii) the Project being completed and accepted as required under relevant laws and regulations.

Indemnity

According to the Acquisition Agreement, either party's failure to perform, or not completely perform its obligations under such agreement, or breach of any of its representation, undertakings and warranty under such agreement, or violation of any provision of such agreement, shall constitute breach of such agreement. The defaulting party shall be liable to fully compensate the observant party, and the observant party shall be entitled to decide, among others, whether to continue to perform, or terminate such agreement.

2. Discloseable And Connected Transaction – The Land Use Right Transfer Agreement

Date:	26 August 2011
Parties:	The Company
	Parent Company

Land use right to be transferred

In order to facilitate the construction of the Project and the obtaining relevant property ownership certificate(s) as a whole by Parent Company, the Company and Parent Company entered into the Land Use Right Transfer Agreement. Pursuant to the Land Use Right Transfer Agreement, the Company has agreed to transfer, and Parent Company has agreed to purchase, the land use right of the land with a site area of approximately 83,439.29 m^2 located at the Meilan Airport (Property No. 1 in the Appendix II).

Consideration

The consideration payable to the Company for the above land use right shall be RMB31,289,733.75 in total, determined with reference to the appraisal price as at 31 July 2011 as appraised by an independent third party valuer.

A deposit of 10% of the consideration (amounting to RMB3,128,973.38) payable to the Company shall be paid by Parent Company in cash or by cheque within ten (10) days upon the Land Use Right Transfer Agreement taking effect as guarantee for the performance of its obligations under the Land Use Right Transfer Agreement. Such deposit may be used to offset to the total consideration under the Land Use Right Transfer Agreement.

The consideration payable to the Company shall be fully paid by Parent Company within 60 days upon the effectiveness of the Land Use Right Transfer Agreement taking effect. In the event of any delay in payment for more than ten (10) days, Parent Company shall be liable to pay the Company a penalty of 0.3% of the outstanding consideration per day of overdue; in the event of any delay in payment for more than ninety (90) days, Parent Company shall be deemed to have breached the Land Use

Right Transfer Agreement, and the Company shall return the consideration paid by Parent Company and be entitled to retain the deposit paid under the Land Use Right Transfer Agreement.

As at 31 July 2011, the book value of the land with a site area of approximately 83,439.29 m^2 to be transferred under the Land Use Right Transfer Agreement was approximately RMB17,275,000 .

Completion

The completion of the Land Use Right Transfer Agreement shall take place upon the Independent Shareholders passing the necessary resolution approving the Land Use Right Transfer Agreement and the transaction contemplated thereunder and the completion of the land registration modification procedures after signing of the Land Use Right Transfer Agreement.

The land registration modification will be filed by the Company with the relevant authorities in the PRC after obtaining the Independent Shareholders' approval at the coming EGM. The land registration modification procedures generally take about 30 business days to complete (exclusive of the time required for measurement and payment of tax). Since the Company is the lawful proprietor of the land use right for the land under the Land Use Right Transfer Agreement, and such land will still be used for the construction of airport, as advised by our PRC legal advisers, the land registration modification is procedural legal requirement, and therefore the Board expects that there is not any foreseeable legal impediment for the completion of such procedures.

For the accounting treatment, please refer to note 2 of Appendix I to this Circular. The Company will apply the consideration received under the Land Use Right Transfer Agreement as working capital for general corporate purpose.

3. Reasons for and Benefits of the Above Major and Connected Transactions

The Company is principally engaged in the management and operation of the aeronautical and the non-aeronautical businesses at Meilan Airport. In recent years, the passenger throughput of Meilan Airport has significantly increased and expected to or even exceed its designed maximum throughput in the second half of 2011. In line with the government plan to establish Hainan Province as an "International Tourism Island" which has been approved by the central government of the PRC and accommodate the increasing number of tourists, aircraft movement, passenger and cargo throughput at Meilan Airport, Parent Company launched the Project. As the vast majority portion of the land on which the Project will be built is owned by Parent Company (approximately 317,020.29 m^2 out of 400,480.37 m^2), Parent Company had submitted the approval application for construction of the Project and has obtained relevant approvals, and therefore it is administratively more convenient for Parent Company to continue the such construction of the Project. The Company intends to carry out the acquisition of assets under the Acquisition Agreement so as to maintain the integrity of the Company's assets and business.

As Parent Company is the proprietor of the Project, the property ownership certificate should be issued to Parent Company upon completion of the construction of the Project, while the land use right for part of the land on which the Project will be built was owned by the Company. In order to facilitate Parent Company to construct the Project and to obtain the property ownership certificate(s) of the Project as a whole by Parent Company, the Company agreed to transfer the land use right for the land with a site area of 125.191 acres (approximately 83,439.29 m^2) to Parent Company pursuant to the Land Use Right Transfer Agreement and Parent Company will transfer back such land use right to the Company at the same consideration after the completion of the construction of the Project and the acquirement of relevant property ownership certificate(s) pursuant to the Acquisition Agreement at a later stage.

In view of the above, the Board consider that the transactions under the Acquisition Agreement and the Land Use Right Transfer Agreement will benefit the region's aviation industry by bringing in new opportunities and enable the Company to better implement its strategy and planning in respect of the operation and development of the existing Meilan Airport in the future, and therefore are of commercial benefit to the Company and the Group as a whole.

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of the Acquisition Agreement and the Land Use Right Transfer Agreement have been negotiated on an arms' length basis and are on normal commercial terms; (ii) such transactions will be conducted in the ordinary and usual course of business of the Company; and (iii) terms of the same transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors confirm that they do not have any material interest in such transactions.

Five of the Directors, namely Mr. Liang Jun, Mr. Hu Wentai, Mr. Zhang Han'an, Mr. Dong Zhanbin and Ms. Xing Xihong were recommended by Parent Company for their appointment as Directors, and therefore they have voluntarily abstained from voting at the board meeting for aforesaid resolutions.

4. Financial Effects of the Acquisition Agreement

(a) Effect on assets, liabilities, and net assets

Based on the unaudited pro forma financial information in Appendix I of this circular, the assets of the Group as at 30 June 2011 would be increased approximately RMB704,979,000 from RMB2,829,142,000 to approximately RMB3,534,121,000. It is the Group's present intention to pay part of the consideration amounting RMB438,715,000 with the Group's cash at bank.

Based on the unaudited pro forma financial information in Appendix I to this circular, the liabilities of the Group as at 30 June 2011 would increase approximately RMB704,979,000 from RMB675,963,000 to approximately RMB1,380,942,000. The increase in liabilities is mainly due to the new financing used for the acquisition of the Project.

As the increase in the total assets of the Group will be offset by the decrease in bank balance and cash of the Group and increase of other financings, the Board expects that there will be no significant impact on the net assets of the Group upon completion of the transaction contemplated under the Acquisition Agreement.

(b) Effect on earnings

Upon completion of the transaction contemplated under the Acquisition Agreement, the Directors do not expect such transaction will have any material impact on the earnings of the Group until the Project is put into operation which is expected to take place upon completion and acceptance of the Project before 30 June 2013.

5. Listing Rules Implications

Parent Company, holding 50.19% shares of the Company, is the holding company of, and therefore a connected person of the Company under the Listing Rules. The transaction contemplated under the Acquisition Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules which is subject to reporting, announcement and independent shareholders' approval requirements. Such transaction will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

The transaction contemplated under the Land Use Right Transfer Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules which is subject to reporting, announcement and independent shareholders' approval requirements. Such transaction will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

C. PROPOSED ISSUE OF DOMESTIC CORPORATE BONDS

Background

In order for the Company to meet medium and long term capital needs which is arising from the expected upgrade of the airport equipment and facilities and further commercial development of Meilan Airport, improve capital structure and reduce financing cost, on 26 August 2011, the Board has approved and resolved to submit to the Shareholders at the EGM to be held on 24 October 2011 for considering and, if thought fit, approving the offer and issue of the Domestic Corporate Bonds with an aggregate principal amount of not more than RMB900 million (subject to the approved limit of domestic issue) to the public in the PRC.

According to the Company Law of the PRC and the articles of association of the Company, the Domestic Corporate Bonds Issue is subject to the approval of the Shareholders and CSRC.

Proposed Domestic Corporate Bonds Issue

The proposed Domestic Corporate Bonds Issue shall be in compliance with the requirements for the qualifications and conditions under the relevant PRC laws and regulations, including but not limited to, that the Company's production and operation shall be in line with the provisions under the laws, administrative regulations and articles of association of the Company, and shall be in line with the national industrial policy, and that the Company shall have established internal control system, the integrity, reasonableness and validity of which have no significant defect. Such Domestic Corporate Bonds will be issued to the general public who can freely trade in the domestic corporate bonds market at the then prevailing market rate which is expected to be lower than the then bank interest rate.

The proposed arrangements under the Domestic Corporate Bonds Issue are set forth below.

Aggregate principal amount:	Not more than RMB900 million (subject to the approved limit of domestic issue)
Maturity:	5 years to 7 years (single maturity period or mixed maturity periods); the varieties of maturity and the issue size for each variety shall be subject to final determination by the Board according to relevant rules and regulations and market conditions as authorised by the Shareholders at the EGM)
Interest rate:	Fixed rate; the nominal rate and the method of payment of interest shall be negotiated between the Company and the sponsors (main underwriter) with reference to the prevailing market rate and the market inquiry price.
Use of proceeds:	All the proceeds from the Domestic Corporate Bonds Issue shall be used by the Company to meet medium-long-term development capital needs and improve capital structure.
Issue method:	Price inquiry to institutional investors or book building; single issue or issue in installments, which shall be determined by the Board according to the market conditions and capital demand of the Company as authorised by the Shareholders at the EGM.

Placing arrangements:	The Domestic Corporate Bonds will not be placed to the Shareholders of the Company
Listing:	Application for listing of and dealing in the Domestic Corporate Bonds shall be filed with the Shanghai Stock Exchange following the completion of the Domestic Corporate Bonds Issue.
Guarantee:	In the event that the Company expects to fail to repay any amounts of principal or interest of the Domestic Corporate Bonds on schedule or when such amounts fall due, the Company shall take a series of measures to guarantee the repayment, including but not limited to: (i) not to declare any profit distribution to the Shareholders; (ii) to postpone the implementation of capital expenditure projects such as material investment, merger or acquisition; (iii) to reduce or discontinue the payment of salaries and bonuses of Directors and members of senior management; and (iv) not to approve any transfer or secondment of the primarily responsible staff.
Term of validity of resolution:	The Shareholders' resolutions in respect of the Domestic Corporate Bonds Issue, if passed, shall be valid for 24 months from the date of approval by the Shareholders at the EGM

Domestic Corporate Bonds to be issued are not convertible into shares of the Company.

Authorization to the Board

It shall be submitted to the Shareholders at the EGM to consider and, if thought fit, approve to authorize the Board to deal with (including, but not limited to) the following matters in relation to the Domestic Corporate Bonds Issue according to the applicable laws and regulations and the market conditions prevailing at the time of issue:

1) to formulate, to the extent permitted by laws and regulations and according to the Company's specific circumstances and the market conditions, the specific terms and arrangements of the Domestic Corporate Bonds Issue and make any changes and adjustments to such terms and arrangements, including but not limited to, total amount, maturity, coupon rate or the calculation method, timing of issue, offer tranche (if any), redemption and

repurchase mechanism (if any), duration and method of repayment of the principal and the interests placing arrangement, place of listing and any other matters in relation to the Domestic Corporate Bonds Issue;

2) to appoint relevant professional parties involved in the Domestic Corporate Bonds Issue and to prepare and submit the relevant application documents to the relevant regulatory authorities;

3) to appoint the bonds trustee manager, sign and execute the entrusted bonds management agreement and other necessary documents and formulate the rules on the meetings of the holders of the Domestic Corporate Bonds;

4) to sign, revise, finalize and execute all the documents, agreements, contracts and other statutory documents relating to the Domestic Corporate Bonds Issue and its Listing, including but not limited to the prospectus, the sponsor agreement, the underwriting agreement, the entrusted bonds management agreement, the listing agreement and various announcements, and make appropriate information disclosure pursuant to the applicable laws and regulations and relevant regulatory rules;

5) to deal with all the approval, registration, filing, examination and consent procedures relating to the Domestic Corporate Bonds Issue, to handle all the matter relating to the listing of the Domestic Corporate Bonds after the Domestic Corporate Bonds Issue and to take necessary, appropriate and proper actions relating to the Domestic Corporate Bonds Issue and its Listing as are deemed to be;

6) to apply to the relevant regulatory authorities for their approval on the Domestic Corporate Bonds Issue and to make adjustments to the specific terms and arrangements of the Domestic Corporate Bonds Issues according to the opinions of the relevant regulatory authorities or in the event of any changes in the relevant authorities' policies regarding the issue and Listing of Domestic Corporate Bonds or in the market conditions;

7) to deal with the repayment of principal and interest in relation to the Domestic Corporate Bonds Issues;

8) to determine as to whether to continue the Domestic Corporate Bonds Issue according to the actual circumstances in the event of any material changes in the market conditions or policies and regulations; and

9) to deal with any other matters relating to the Domestic Corporate Bonds Issue.

The Board shall, under the condition of obtaining the above authorization from the Shareholders at the EGM, delegate such authorization to the committee of bonds issue, which is composed of the executive directors of the Company, unless otherwise provided by relevant laws and regulations, relevant provisions of government regulatory departments or articles of association of the Company, or adopted by way of resolutions on a board meeting convened by all the directors of the Company, to implement the above authorized issues with the signature of any member of the committee of bonds issue.

The above mentioned authorization, if granted, shall be valid from the date of approval of the Domestic Corporate Bonds Issue by the Shareholders at the EGM to the date on which the above issues authorized to the Board to deal with are completed.

4. Reasons and benefits for the Domestic Corporate Bonds Issue

In issuing the proposed Domestic Corporate Bonds, it will help meet the Company's medium and long term capital needs which is arising from the expected upgrade of the airport equipment and facilities and further commercial development of Meilan Airport and improve capital structure so as to lower the financing cost.

D. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the EGM to amend the Articles of Association. The proposed amendments to the Articles of Association are for the purposes to (a) avoid from amending the Articles of Association each time for the increase or decrease of the number of holding subsidiaries of the Company; and (b) amend the business scope of the Company to exclude certain business which requires special qualification. The Company has outsourced such business to third parties.

The Board proposes to amend Article 8 of the Articles of Association of the Company from "The Company may invest in another limited liability company or joint stock limited company, and shall be liable to such company to the extent of the Company's capital contribution. As approved by the competent authority authorized by the State Council, the Company may operate pursuant to Paragraph 2 of Article 12 of the Company Law, according to the needs of the Company's operation and management. The holding subsidiaries of the Company are Hainan Haikou Meilan Airport Advertising Co., Ltd., Hainan Meilan Airport Travel Service Co., Ltd. and Hainan Haikou Meilan Airport Duty Free Co., Ltd., the registered capitals of which are held as to 95%, 95% and 95% by the Company, respectively." to "The Company may invest in another limited liability company or joint stock limited company, and shall be liable to such company to the extent of the Company's capital contribution. As approved by the competent authority authorized by the State Council, the Company may operate pursuant to Paragraph 2 of Article 12 of the Company Law, according to the needs of the Company's operation and management."

The Board proposes to amend Article 11 of the Articles of Association of the Company from "The business scope of the Company shall be subject to the items approved by the companies' registration authority. The business scope of the Company includes: to provide over-port services and ground transportation services for domestic and international air transport enterprises and over-port or port transfer passengers; to lease business premises, commercial and office premises in the terminal buildings and provide comprehensive services; construct and operate airport aviation and its ancillary real estate and other aviation facilities and business; to provide warehousing, packaging, loading and uploading and transporting services; to provide aviation fuel, hardware and tools, electric products, electronic products and telecommunications equipment, general merchandise, textile products, arts and crafts, air food, local special products, other food, magazine sales and other services for the airline companies and passengers within the airport." to: "The business scope of the Company shall be subject to the items approved by the companies' registration authority. The business scope of the Company includes: to provide over-port services and ground transportation services for domestic and international air transport enterprises and over-port or port transfer passengers; to lease business premises, commercial and office premises in the terminal buildings and provide comprehensive services; construct and operate airport aviation and its ancillary real estate and other aviation facilities; to provide warehousing (other than hazardous cargo), packaging, loading and uploading and transporting services; to provide aviation fuel, hardware and tools, electric products, electronic products and telecommunications equipment, general merchandise, textile, arts and crafts and magazine retail services for the airline companies and passengers within the airport. (all business requiring administrative approvals shall proceed on the basis of approval certificates)"

It is proposed that the Shareholders shall authorize the Board to do all such things as necessary in respect of the amendments to the Articles of Association pursuant to the requirements (if any) under domestic or overseas laws or under the rules of any stock exchange on which any securities of the Company are listed.

The legal advisers to the Company as to Hong Kong laws and the PRC laws have confirmed that the proposed amendments comply with the requirements of the Listing Rules and do not violate the applicable laws of the PRC. The Board confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed in Hong Kong.

The proposed amendments to the Articles of Association are subject to the approval of the shareholders by way of special resolution at the coming EGM.

E. INDEPENDENT SHAREHOLDERS' APPROVAL AND COMPLIANCE WITH LISTING RULES

The Company will seek the approval of the Independent Shareholders at the EGM for the Acquisition Agreement, the Land Use Right Transfer Agreement and transactions contemplated thereunder.

The Company will comply with Chapter 14 and Chapter 14A of the Listing Rules in respect of the transactions under the Acquisition Agreement and the Land Use Right Transfer Agreement.

F. EXTRAORDINARY GENERAL MEETING

The EGM will be held for, among other things, consideration and approval of the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder.

Set out on pages 61 to 66 of this circular is a revised notice convening an EGM to be held at 9:00 a.m. on 24 October 2011 (Monday) in the meeting room of the Company on the 3rd Floor, Meilan Airport Office Building, Haikou City, Hainan Province, the PRC. At the EGM, among others things, ordinary resolution will be proposed to consider and, if thought fit, to approve the Acquisition Agreement, the Land Use Right Transfer Agreement and transactions contemplated thereunder, the relevant details contained in the Letter from the Board in this circular. Votes for the resolutions at the EGM shall be taken by way of poll. As at the Latest Practicable Date, Parent Company, which holds 50.19% voting rights at a general meeting of the Company and has controls over the voting right in respect of its shares, and is interested in the transaction contemplated under the Acquisition Agreement and the Land Use Right Transfer Agreement, will abstain from voting at the EGM for aforesaid resolutions pursuant to the Listing Rules. Other than Parent Company, there is no other Shareholder who has a material interest in the transaction contemplated under the Acquisition Agreement and the Land Use Right Transfer Agreement.

G. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.mlairport.com) respectively:

- annual report of the Company for the year ended 31 December 2008 published on 8 April 2009 (pages 43 to 106);
- annual report of the Company for the year ended 31 December 2009 published on 9 April 2010 (pages 47 to 108);
- annual report of the Company for the year ended 31 December 2010 published on 13 April 2011 (pages 40 to 96); and
- interim report of the Company for the six months ended 30 June 2011 published on 9 September 2011 (pages 19 to 64).

H. INDEBTEDNESS

At the close of business on 31 August 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding secured bank loans of RMB475.191 million which were secured by a floating charge over the Company's revenue and by the 24.5% interest of HNA Airport Holding (Group) Company Limited.

At the close of business on 31 August 2011, the Group had no contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 31 August 2011, the Group did not have any debt securities, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The directors have confirmed that there have no material changes in the indebtedness and contingent liabilities of the Group since 31 August 2011.

I. WORKING CAPITAL

As at the Latest Practicable Date, HNA Group Finance Co. Ltd ("**HNA Finance**") may provide a medium-long-term loan not exceeding RMB1 billion available at the request of the Company within 12 months since 31 August 2011 pursuant to the conformation letter from HNA Finance dated 31 August 2011. As at the Latest Practicable Date, there are no terms fixed in relation to such proposed loan (if any) and the Company will comply with relevant requirements under the Listing Rules when and if a loan agreement is entered into between the Company and HNA Finance if required. If the Company fails to obtain such loan, it will obtain the relevant loans from other banks in the PRC.

The Directors are of the opinion that, after taking into account the internal resources available to the Group including the internally generated funds and the available banking facilities, and the expected completion of the Acquisition Agreement and the Land Use Right Transfer Agreement, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

J. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the six months ended 30 June 2011, the Group recorded an unaudited revenue of RMB289,045,000, and a net profit attributable to the Company of approximately RMB155,089,000.

In order to further expand the Group's business, the Company makes use of this opportunity from the transaction contemplated under the Acquisition Agreement to expand its business, as well as to accommodate the expected increase in number of tourists, aircraft movement, passenger and cargo throughput at Meilan Airport of the Company, which will enable the Company to enhance its future development. Upon completion of the Project, the Meilan Airport will have the capacity to satisfy the operational needs for passenger throughput of 15 million per year and the cargo and mail throughput of 180,000 tons per year. The acquisition of the Project will help maintain the integrity of the assets and business of the Company to meet the needs for the Company's future passenger growth and lay the foundation of the Company's long-term development, increase of revenue and level of profitability. The Board expects that growth of business after the acquisition of the Project will provide more working capital for the Company.

K. GENERAL INFORMATION

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

Parent Company is principally engaged in ancillary airport service business.

L. RECOMMENDATION

The Board, including the Independent Board Committee, is of the opinion that the terms of the Acquisition Agreement and the Land Use Right Transfer Agreement are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the Independent Board Committee) recommends that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM for approval of the Acquisition Agreement and the Land Use Right Transfer Agreement and the transaction contemplated thereunder.

The Directors also consider that each of other proposed resolutions set out in the notice of the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of each of such proposed resolutions.

M. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee which contains its recommendation to the Independent Shareholders as to the voting at the EGM regarding the Acquisition Agreement and the Land Use Right Transfer Agreement and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser containing among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement, the Land Transfer Agreement and the transactions contemplated thereunder, details of which are set out on pages 22 and 24 respectively of this circular. None of the members of the Independent Board Committee has any material interest relating to the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the additional information set out in the appendices to this Circular. A form of proxy and a copy of reply slip for use at the EGM are enclosed with this Circular.

Yours faithfully,
By order of the Board
Hainan Meilan International Airport Company Limited
Liang Jun
Chairman of the Board

Hainan PRC, 19 September 2011

MEILAN AIRPORT 美兰机场

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)

19 September 2011

To the Shareholders

Dear Sir/Madam,

MAJOR, DISCLOSEABLE AND CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise the Shareholders in respect of the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder that are subject to the Independent Shareholders' approval, details of which are set out in the letter from the Board in this circular to the Shareholders. 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 as the Independent Financial Adviser to advise us regarding the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder that are subject to the Independent Shareholders' approval. We wish to draw your attention to the letter from First Shanghai which contains advice to us in relation to the Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder that are subject to the Independent Shareholders' approval, 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 appendix 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 Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder that are subject to the Independent Shareholders'

* *For identification purposes only*

approval, 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 Acquisition Agreement, the Land Use Right Transfer Agreement and the transactions contemplated thereunder that are subject to the Independent Shareholders' approval.

Yours faithfully,
Independent Board Committee

Xu Bailing	**Fung Ching Simon**	**George F Meng**
Independent non-executive director	*Independent non-executive director*	*Independent non-executive director*

*The following is the full text of the letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders dated 19 September 2011 setting out their opinion regarding the proposed acquisition of the parcels of lands and construction in progress to be erected thereon under the Project from the Parent Company pursuant to the Acquisition Agreement (the "**Acquisition**") (including the Land Use Right Transfer) and the Land Use Right Transfer Agreement for the purpose of inclusion in this circular.*

第一上海
FIRST SHANGHAI GROUP

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

19 September 2011

To the Independent Board Committee and the Independent Shareholders

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION ACQUISITION AGREEMENT AND DISCLOSEABLE AND CONNECTED TRANSACTION LAND USE RIGHT TRANSFER AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed acquisition of the parcels of lands and construction in progress to be erected thereon under the Project from the Parent Company, details of which are set out in a circular dated 19 September 2011 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 26 August 2011, the Company entered into the Acquisition Agreement with the Parent Company for the acquisition of parcels of lands and construction in progress to be erected thereon under the Project, details of which are set out below.

On the same day, the Company further entered into the Land Use Right Transfer Agreement with the Parent Company, pursuant to which the Company has agreed to transfer, and the Parent Company has agreed to purchase, the land use right of the land with a site area of approximately 125.19 acres (approximately 83,439.29 m^2) located at the Meilan Airport (the "**Land Use Right Transfer**"), details of which are set out below.

The Parent Company, currently holding 50.19% issued shares of the Company, is the holding company of, and therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Acquisition Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. Further, the transaction contemplated under the Land Use Right Transfer Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements.

The Acquisition in addition to the Land Use Right Transfer therefore requires the approval by the Independent Shareholders by way of poll at the EGM to be convened and held for the Independent Shareholders to consider and, if thought fit, to vote for the Acquisition Agreement as well as the Land Use Right Transfer Agreement and the transactions contemplated thereunder. The Parent Company and its associates will abstain from voting at the EGM on the relevant resolution in respect of the Acquisition.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management (the "**Management**"). We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular.

We consider that we have (i) obtained all information and documents of the Group and the Parent Company relevant to an assessment of the fairness and reasonableness of the terms of the Acquisition (including the Land Use Right Transfer); (ii) researched the relevant market and other conditions and trends relevant to the pricing of the Acquisition (including the Land Use Right Transfer); (iii) reviewed the fairness, reasonableness and completeness of any assumptions relevant to the Acquisition (including the Land Use Right Transfer); and (iv) reviewed the opinion and valuation relevant to the Acquisition (including the Land Use Right Transfer) provided by the expert, being Vigers Appraisal and Consulting Limited and an independent property valuer (the "**Valuer**"), including reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the expert's report (the "**Valuation Report**"), opinion or statement). Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Acquisition (including the Land Use Right Transfer), as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

We consider that we have reviewed sufficient information, including financial information of the Parent Company that is to be ultimately acquired by the Group, to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and the Management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed and we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by the Group. All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group and the Parent Company.

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 established to consider the Acquisition and the transactions contemplated under the Acquisition Agreement and the Land Use Right Transfer Agreement, and to advise the Independent Shareholders on the fairness and reasonableness in relation to the terms of the Acquisition (including the Land Use Right Transfer) and the transactions contemplated thereunder.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the transactions under the Acquisition (including the Land Use Right Transfer) are conducted in the ordinary and usual course of business of the Group; (ii) whether the terms of the Acquisition Agreement and the Land Use Right Transfer Agreement are on normal commercial terms; (iii) whether the entering into of the Acquisition Agreement and the Land Use Right Transfer Agreement is in the interests of the Company and the Shareholders as a whole; (iv) whether the terms of the Acquisition (including the Land Use Right Transfer) pursuant to the Acquisition Agreement and the Land Use Right Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (v) how the Independent Shareholders should vote in relation to the ordinary resolution(s) to be proposed at the EGM for approving the Acquisition Agreement as well as the Land Use Right Transfer Agreement and the transactions contemplated thereunder at the EGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Acquisition (including the Land Use Right Transfer) pursuant to the Acquisition Agreement and the Land Use Right Transfer Agreement, we have considered the following principal factors and reasons:

1. 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.

The Group has been operating the Meilan Airport, the main gateway to, and located at Hainan Province, the PRC since May 1999, and has basically been experiencing a smooth operation and satisfactory growth in terms of aircraft movement, passenger throughput and cargo throughput since then.

2. Background of the Parent Company

The Parent Company is a domestic limited liability company established in the PRC and the controlling shareholder of the Company

3. Reasons for and benefits of the Acquisition

The Company is principally engaged in the management and operation of the aeronautical and the non-aeronautical businesses at the Meilan Airport. In recent years, the passenger throughput of Meilan Airport has significantly increased and expected to or even exceed its designed maximum throughput in the second half of the 2011. In line with the government plan to establish Hainan Province as an "International Tourism Island" which has been approved by the central government of the PRC to accommodate the increasing number of tourists, aircraft movement, passenger and cargo throughput at the Meilan Airport, the Parent Company launched the Project. As the vast majority portion of the land on which the Project will be built is owned by the Parent Company (approximately 317,020.29 m^2 out of 400,480.37 m^2), the Parent Company had submitted the approval application for construction of the Project and has obtained the relevant approvals from the regulatory authorities, and therefore it is administratively more convenient for the Parent Company to continue the construction of the Project. The Company intends to carry out the acquisition of assets under the Acquisition Agreement so as to maintain the integrity of the Company's assets and business.

As the Parent Company is the proprietor of the Project, the property ownership certificate should be issued to the Parent Company upon completion of the construction of the Project, while the land use right for part of the land on which the Project will be built was owned by the Company. In order to facilitate the Parent Company to construct the Project and to obtain the property ownership certificate(s) of the Project as a whole by the

Parent Company, the Company agreed to transfer the land use right for the land with a site area of 125.19 acres (approximately 83,439.29 m^2) to the Parent Company pursuant to the Land Use Right Transfer Agreement and the Parent Company will transfer back such land use right to the Company at the same consideration after the completion of the construction of the Project and the acquirement of relevant property ownership certificate(s) pursuant to the Acquisition Agreement at a later stage.

In view of the above, the Board considers that the transactions contemplated under the Acquisition Agreement and the Land Use Right Transfer Agreement will benefit the region's aviation industry by bringing in new opportunities and enable the Company to better implement its strategy and planning in respect of the operation and development of the existing Meilan Airport in the future, and therefore are of commercial benefit to the Company and the Group as a whole.

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of the Acquisition Agreement and the Land Use Right Transfer Agreement have been negotiated on an arm's length basis and are on normal commercial terms; (ii) such transactions will be conducted in the ordinary and usual course of business of the Company; and (iii) terms of the same transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors confirm that they do not have any material interest in such transactions.

According to the statistical information as extracted from the official websites of 中華人民共和國國家統計局 (The National Bureau of Statistics of China) and 中華人民共和國海南省人民政府 (The People's Government of Hainan Province, the PRC) (the "**Government of Hainan Province**"), Hainan Province had a population of approximately 8.7 million as at 31 December 2010 and had experienced a substantial economic growth in the past ten years. The real gross domestic products (the "**GDP**") growth rate of Hainan Province exceeded the average national growth rate for the past few years. Since Hainan became a province of the PRC in 1988, the economic structure gradually evolved toward a healthy balance between primary, secondary and tertiary sectors when compared with its substance in agricultural industry before. In 2010, the GDP rose to 15.8% on year-on-year basis to approximately RMB205.2 billion, which was higher than the national average growth rate of 10.3%. The GDP growth was mainly contributed by investment and consumption. Hainan Province's fixed-asset investment surged 32.8% on year-on-year basis to approximately RMB133.1 billion, while its retail sales increased by 19.5% to approximately RMB62.4 billion.

According to the statistical information published by the Government of Hainan Province, tourism in Hainan Province had been rapidly growing over the past five years, which represented an average increase in terms of revenue and number of tourists of almost 10% per annum. It recorded over 25.9 million tourists visiting Hainan Province and bringing gross revenue of approximately RMB25.8 billion in 2010, which represented respective increases of approximately 15.0% and 21.7% over that in 2009. According to a statement of the State Council of the PRC, the PRC's central government aims to build the southern island of Hainan into a top international tourism destination by 2020; and plans to develop the only tropical island province (i.e. the Hainan Province) to be a platform for international economic cooperation and cultural exchanges. In view of such scenario, the Government of Hainan Province has anticipated that there would be about 47.6 million and 76.8 million tourists visiting Hainan Province and bringing gross revenue of approximately RMB54.0 billion and RMB124.0 billion in 2015 and 2020 respectively, representing respective significant increases from that of approximately 25.9 million tourists visiting Hainan Province with gross revenue of approximately RMB25.8 billion in 2010.

Based on the above scenario, we share with the Directors' view that the Acquisition (including the Land Use Right Transfer) will (i) benefit the region's aviation industry by bringing in new opportunities; and (ii) enable the Group to better implement its strategy and planning in respect of the operation and development of the existing Meilan Airport in the future, and therefore potentially benefit and broaden the earning base of the Group in the future which the Board considers is in the interests of the Company and the Shareholders as a whole.

In view of the above, we are of the view that the Acquisition (including the Land Use Right Transfer) is in line with the business development strategy of the Group, conducted in its ordinary and usual course of business, and in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Acquisition Agreement

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company has agreed to purchase, and the Parent Company has agreed to sell, all assets comprising the Project upon completion of construction of the Project (the "**Project Completion**"), including but not limited to, the land use rights of the Project, and all buildings, equipment, facilities and other related assets comprising the Project upon the Project Completion (being Property Nos. 1 and 2 in the Appendix II to the Circular), details of which are set out below:

Item under construction or to be constructed	Commencement date of construction	Expected date of completion of construction	Gross floor area of buildings after completion	Site area of land
			m^2	*m^2*
International terminal project and ancillary project	20 April 2011	18 January 2012	13,000	101,031.46
Expansion project of the west gallery of the terminal and ancillary project	1 September 2011	20 January 2013	(west gallery expansion) 28,000 (station site) 114,000	263,520.89
Customs regulatory warehouse project and ancillary project	25 April 2011	31 August 2011	3,095	25,988.86

Item under construction or to be constructed	Commencement date of construction	Expected date of completion of construction	Gross floor area of buildings after completion	Site area of land
			*m*²	*m*²
Special garage project and ancillary project	27 April 2011	15 September 2011	3,610	9,939.16
Total			**161,705**	**400,480.37**

As at the Latest Practicable Date, the Project was under normal progress of construction, while each of the main body of the customs regulatory warehouse project and ancillary project; and (ii) and the special garage project and the ancillary project, have been completed as of 31 August 2011 and 15 September 2011 respectively.

Out of the land of the Project with a total site area of 600.72 acres (approximately 400,480.37 m^2), the land use right of the land with a site area of 475.53 acres (approximately 317,020.29 m^2) is owned by the Parent Company, the original purchase cost of which was RMB149,140 per acre, while the land use right of the land with a site area of 125.19 acres (approximately 83,439.29 m^2) is owned by the Company. In order to facilitate the construction of the Project and the obtaining of relevant property ownership certificate(s) as a whole by the Parent Company, the Company will transfer the land use right of the land with a site area of 125.19 acres (approximately 83,439.29 m^2) to the Parent Company at a consideration of RMB250,000 per acre, totaling approximately RMB31,289,733.75, which was determined with reference to the value of the land of which the land use right is owned by the Parent Company as at 31 July 2011 as appraised by the Valuer pursuant to the Land Use Right Transfer Agreement, details of which are set out below. Upon completion of the construction and acceptance of the Project and obtaining of the property ownership certificate(s), the Parent Company will transfer the portion of the land use right originally owned by the Company back to the Company at the same consideration, together with the above mentioned land use right with a site area of 475.53 acres (approximately 317,020.29 m^2) currently owned by the Parent Company. Further details of the land use right owned by the Company are set out in the "Letter from the Board" in the Circular.

Basis for determination of the Tentative Acquisition Consideration

The Tentative Acquisition Consideration which consists of:

(a) the Estimated Construction Cost plus 8% premium which included an estimated tax expenses of approximately RMB78,531,100 arising from the transaction under the Acquisition Agreement to be born by the Parent Company, amounting to RMB946,626,000 in aggregate; and

(b) the Land Use Right Transfer Consideration.

The final consideration for the transaction contemplated under the Acquisition Agreement shall consist of:

(a) the Actual Construction Cost as audited by an independent third party auditor within 180 days after completion and acceptance of the Project plus a 8% premium; and

(b) the Land Use Right Transfer Consideration.

According to the relevant requirements under the applicable PRC Laws, the actual construction costs for similar airport construction works generally can not exceed 110% of the relevant estimated construction costs, the Board therefore expects that the Actual Construction Cost shall not exceed 110% of the Estimated Construction Cost. Based on our review on the 民航建設工程設計變更及概算調整管理辦法 (The Management Regulations for Variations of Civil Aviation Construction Design and Adjustments for Cost Estimations) granted by the 中國民用航空局機場司 (Airport Office of the Civil Aviation Administration of China), the 110% buffer for allowable deviation from the Estimated Construction Cost was determined with reference to, and consistent with, the regulations as stipulated thereunder. The excess portion of the actual construction cost shall be borne by the Parent Company. Given the consumer price index of the PRC for the past eight months ended 31 August 2011 rose by approximately 6.2% when compared to that of the corresponding period in 2010, we consider that the 10% buffer over the Estimated Construction Cost is to provide a reasonable flexibility for the Parent Company to implement the construction works under the Project which will last for almost two years, and therefore is appropriate, fair and reasonable. Independent Shareholders should note that the Actual Construction Cost is subject to audit by independent third party auditor prior to the Project Completion.

5. Principal terms of the Land Use Right Transfer Agreement

Land use right to be transferred

In order to facilitate the construction of the Project and the obtaining relevant property ownership certificate(s) as a whole by the Parent Company, the Company and the Parent Company entered into the Land Use Right Transfer Agreement on 26 August 2011. Pursuant to the Land Use Right Transfer Agreement, the Company has agreed to transfer, and the Parent Company has agreed to purchase, the land use right of the land with a site area of approximately 125.19 acres (approximately 83,439.29 m^2) located at the Meilan Airport (being Property No. 1 in the Appendix II to the Circular).

Basis for determination of the Land Use Right Transfer

The consideration payable to the Company for the above land use right shall be RMB31,289,733.75 in total, which was determined with reference to the appraisal price as at 31 July 2011 as appraised by the Valuer.

A deposit of 10% of the consideration (amounting to RMB3,128,973.38) payable to the Company shall be paid by the Parent Company in cash or by cheque within ten (10) days upon the Land Use Right Transfer Agreement taking effect as guarantee for the performance of its obligations under the Land Use Right Transfer Agreement. Such deposit may be used to offset to the total consideration under the Land Use Right Transfer Agreement.

The consideration payable to the Company shall be fully paid by the Parent Company within 60 days upon the effectiveness of the Land Use Right Transfer Agreement taking effect. In the event of any delay in payment for more than ten (10) days, the Parent Company shall be liable to pay the Company a penalty of 0.3% of the outstanding consideration per day of overdue; in the event of any delay in payment for more than ninety (90) days, the Parent Company shall be deemed to have breached the Land Use Right Transfer Agreement, and the Company shall return the consideration paid by the Parent Company and be entitled to retain the deposit paid under the Land Use Right Transfer Agreement.

Based on the above, we consider that the payment schedule is fair and reasonable since the consideration for the above land use rights is payable to the Company by the Parent Company in reasonable progress payment on the basis that the exclusive purpose for the Land Use Right Transfer is to facilitate the construction of the Project and the obtaining of relevant property ownership certificate(s) as a whole by the Parent Company, and therefore is in the interests of the Company and the Shareholders as a whole, and fair and reasonable so far as the Independent Shareholders are concerned.

Completion

The completion of the Land Use Right Transfer Agreement shall take place upon the Independent Shareholders passing the necessary resolution approving the Land Use Right Transfer Agreement and the transaction contemplated thereunder; and the completion of the land registration modification procedures after signing of the Land Use Right Transfer Agreement.

Given the facts that (i) the above Land Use Right Transfer is conducted for the exclusive purpose to facilitate the construction of the Project and the obtaining relevant property ownership certificate(s) as a whole by the Parent Company which is part and parcel of the Acquisition; and (ii) the Land Use Right Transfer Consideration was basically determined with reference to the Valuer's valuation as set out in the Appendix II to the Circular, we are of the view that the Land Use Right Transfer is conducted in the ordinary and usual course of business of the Group, the entering into of the Land Use Right Transfer Agreement is on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and fair and reasonable so far as the Independent Shareholders are concerned.

6. Analysis for the reasonableness of the Estimated Construction Cost and the Tentative Acquisition Consideration

Items to be constructed or transferred under the Project	Estimated construction cost/consideration	
	RMB'000	*RMB'000*
Building Structures (as defined hereunder)	755,106	755,106
Ancillary Facilities (as defined hereunder)		121,400
Sub-total of basic construction cost		**876,506**
8% premium on the above		70,120
Estimated Construction Cost		**946,626**
Consideration for transfer of the land use rights originally held by the Company		31,297
Market value of / consideration for transfer of the land use rights currently held by the Parent Company	120,600	118,883
Capital value as set out in Appendix II to the Circular	**875,706**	
Tentative Acquisition Consideration		**1,096,806**

For the Estimated Construction Cost attributable to the buildings and ancillary facilities of the Project under the Acquisition Agreement of approximately RMB876.5 million, plus 8% premium thereon of approximately RMB946.6 million comprising approximately (i) RMB755.1 million attributable to the building structures under the Project (the "**Building Structures**"); and (ii) RMB121.4 million attributable to the ancillary machinery, equipment, furniture and fixtures etc. to be installed and fixed into the new airport buildings under the Project (the "**Ancillary Facilities**"), which was prudently estimated by the Management and the Parent Company based on their past experience, expertise and knowledge for construction and running of the existing Meilan Airport. In addition, such Estimated Construction Cost had been verified and reviewed by a professional independent institution. Based on our understanding from the Management and the prospectus of the Company dated 6 November 2002, the existing Meilan Airport was previously constructed, owned and managed by the Parent Company prior the re-organisation prepared for the listing of the shares of the Company in November 2002. We further understand that (i) currently, a number of Directors and the Management are recommended by the Parent Company who have already possessed the requisite experience and expertise in areas similar for managing the Project before joining the Group, which have been gained from the Parent Company itself; (ii) the Parent Company is mainly State-owned with well established relationship with the Government of Hainan Province; (iii) the Parent Company is also the owner of the six parcels of land where the new airport Building Structures are to be erected thereon, it has been and would be administratively convenient and beneficial for the Parent Company to take the leading role for the Project instead of independent business partners, for the purposes of obtaining regulatory approval and bargaining for government subsidies and/or tax concessions, if any. On such basis, we consider that it would be appropriate and justifiable for utilising the Parent Company to undertake and manage the construction works for new airport Building Structures and the Ancillary Facilities under the Project, and then transfer to the Group upon the Project Completion on the grounds that the requisite expertise and knowledge thereunder is quite unique when compared to other residential and/or commercial construction works.

We have reviewed the feasibility study report specifically prepared for the Project by 中國民用航空總局轄下中國民航機場建設集團公司 (China Airport Construction Group Corporation sub-ordinated to the Civil Aviation Administration of China) (the "**Feasibility Study Report**"), and noted that the above Estimated Construction Cost of approximately RMB876.5 million is within the budgeted cost of investment under the Project already approved by the 海南省發展和改革委員會 (The Development and Reform Commission of Hainan Province) in November 2010.

Based on the Valuation Report in the Appendix II to the Circular, the Valuer has indicated that the capital value of the property when completed as at 31 July 2011 would be RMB875.7 million (the "**Capital Value**") by (i) assuming the property is completed as at 31 July 2011 in accordance with the development plans provided by the Group and relevant title documents were obtained; and (ii) including the valuation value as at 31 July 2011 attributable to the six parcels of lands currently owned by the Parent Company of approximately RMB120.6 million, but excluding the consideration attributable to the Ancillary Facilities to be installed and fixed into the new airport Building Structures of approximately RMB121.4 million. Based on the Valuer's same indication, the above Capital Value, net of the land portion of RMB120.6 million attributable to the six parcels of lands currently owned by the Parent Company, is basically consistent with the consideration attributable to the Building Structures of approximately RMB755.1 million. On such basis, we consider that the Tentative Acquisition Consideration for the Building Structures is fair and reasonable.

For the Estimated Construction Cost attributable to the Ancillary Facilities of approximately RMB121.4 million, which is prudently estimated by the Management and the Parent Company based on their past experience, expertise and knowledge for a typical airport that can be running smoothly, efficiently and effectively; and accounted for approximately 13.9% of the total Estimated Construction Cost for the Buildings Structures and the Ancillary Facilities of approximately RMB876.5 million (by excluding the land portion of RMB120.6 million attributable to the six parcels of lands currently owned by the Parent Company). We have reviewed and analysed the fixed asset structure of the existing Meilan Airport as at 31 December 2010 as extracted from the annual report of the Company for the year ended 31 December 2010 (the "**Annual Report**"), and noted that the corresponding historical costs of machinery, equipment, furniture and fixtures etc. in aggregate comparable with the Ancillary Facilities accounted for approximately 20.7% of the total fixed assets (excluding land use rights). We have also reviewed the list of Ancillary Facilities that will be required to be installed and fixed into the Building Structures, the major items of which are basically comparable with the Feasibility Study Report prepared by the expert and already approved the relevant authority in the PRC as mentioned above; such Estimated Construction Cost for the Ancillary Facilities are the basic, but appropriate and effective, utilisation requirements for a typical civil airport based on the experience of the Management and effective cost control consideration adopted by the Group, and therefore is implying a lower ratio when compared to the existing Meilan Airport, which may be further upgraded in the future when the Group considers appropriate and necessary at that time. On such basis, we consider that the Estimated Construction Cost for the Ancillary Facilities is fair and reasonable.

In accordance with the Acquisition Agreement, the Tentative Acquisition Consideration includes 8% premium over the Estimated Construction Cost for the Buildings Structures and the Ancillary Facilities in aggregate of RMB876.5 million, and which amounts to approximately RMB70.1 million. Based on our understanding from the Management, since the Parent Company (i) possesses the requisite experience, expertise and knowledge for undertaking and managing the similar construction works and processes for new airport Buildings Structures and the Ancillary Facilities as previously gained from the existing Meilan Airport; (ii) will be responsible for properly arranging the transfer of relevant land use rights and property ownership certificates to the Company and the completion of relevant necessary legal procedures to hand over all relevant documents and licenses to the Company; and (iii) has to bear an estimated tax expenses of approximately RMB78.5 million arising from the transaction under the Acquisition Agreement, it may be unfair for the Parent Company to spend almost two years to manage the Project but not to be reasonably compensated by paying a reasonable project management fee, the 8% premium was compromised and determined between the Parent Company and the Company after arm length's negotiation prior to the entering into the Acquisition Agreement. Based on our research into and analysis of the latest published statistical year book of China for 2009, we noted that the pre-tax profit rate over gross construction output value of professional construction contractors accounted for approximately 8.6% and 10.9% for the average national basis and Hainan Province respectively, so we consider that a one-off 8% premium on the total construction contract sum payable by the Company to the Parent Company for the anticipated construction period of almost two years is comparable to, or more favourable than, that of the general market norm. On such basis, we consider that the aggregate consideration for the Project comprising the said 8% premium portion is fair and reasonable so far as the Independent Shareholders are concerned.

Valuation for the parcels of lands under the Project

To assess the fairness and reasonableness of the Land Use Right Transfer Consideration, we have reviewed the Valuation Report and enquired into the Valuer on the methodology adopted and the basis and assumptions used in arriving at the valuation of market value as at 31 July 2011 in respect of the land use rights to be transferred under the Acquisition Agreement and the Land Use Right Transfer Agreement as set out in the Appendix II to the Circular (the "**Valuation**"). In the course of our enquiry, we understand that the Valuer carried out a site inspection to the land sites at Haikou City, Hainan Province, the PRC in August 2011 to research into the necessary information to determine the market value of the parcel of land held by the Parent Company and the Company itself. The Valuer has further advised that it has adopted the direct comparison approach for the Valuation by reference with the standard land price in Haikou City, Hainan Province, the PRC and the sales evidence as available to it in the locality. As confirmed by the Valuer, the direct comparison approach is commonly adopted for valuation of properties in Hong Kong and the PRC and is also consistent with normal market practice. Further details of the basis and assumptions of the Valuation are included in the Valuation Report as contained in the Appendix II to the Circular.

During the course of our discussions with the Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for the Valuation.

Since the consideration of approximately (i) RMB118.9 million attributable to the six parcels of lands currently held by the Parent Company represents a slight discount of approximately 1.4% to the Valuation of approximately RMB120.6 million; while (ii) RMB31.3 million attributable to the other six parcels of lands originally held by the Company itself are nominal consideration for the exclusive purpose to facilitate the procedures for obtaining the property ownership certificate(s) based on the mutual agreement between both parties and at the comparable value with that of the Valuation of approximately RMB31.6 million, we consider that the basis for determining the consideration attributable to the six parcels of lands currently held by each of the Parent Company and the Company itself is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

Payment terms of the Tentative Acquisition Consideration

The consideration shall be settled in the following manner:

(i) 20% of the Tentative Acquisition Consideration (amounting to RMB219,361,200) prepayment shall be payable to the Parent Company within ten (10) business days after the effectiveness of the Acquisition Agreement;

(ii) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to the Parent Company on or before 30 September 2011, conditional upon normal progress of the Project as scheduled;

(iii) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to the Parent Company on or before 31 October 2011, conditional upon normal progress of the Project as scheduled;

(iv) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to the Parent Company on or before 31 December 2011, conditional upon normal progress of the Project as scheduled;

(v) 10% of the Tentative Acquisition Consideration (amounting to RMB109,680,600) prepayment shall be payable to the Parent Company on or before 29 February 2012, conditional upon normal progress of the Project as scheduled;

(vi) 20% of the Tentative Acquisition Consideration (amounting to RMB219,361,200) prepayment shall be payable to the Parent Company within ten (10) business days after completion and acceptance of the Project (the "Project Acceptance") and handover to the Company;

(vii) the balance of the final consideration net of estimated payments to be made by the Company to the Parent Company as referred to (i) to (vi) above, shall be payable to the Parent Company within ten (10) business days after the transfer of relevant land use rights and property ownership certificates to the Company and the completion of relevant necessary legal procedures to hand over the Project and all relevant documents and licenses to the Company; and

(viii) the Company shall assume an estimated tax expenses of RMB39,446,700 in total (subject to the actual amount) in accordance with the requirements under relevant laws and regulations.

The Parent Company shall complete the transfer of relevant land use rights and property ownership certificates to the Company and the relevant necessary procedures to hand over the Project and all relevant documents and licenses to the Company before 31 December 2013. Otherwise, the Company shall be entitled to terminate or discharge the Acquisition Agreement, and be refunded for all payments by the Parent Company upon written notice to the Parent Company.

According to the Acquisition Agreement, the subject of the transaction is the overall assets under the Project, and the Acquisition Agreement shall take effect only after the acceptance as required by relevant PRC laws. Therefore, the Company is not entitled to have the ownership of such assets, which is under control of the Parent Company, even if part of the Project has been completed. The payment of the consideration for the transfer of such assets will be recorded as "prepayments" and will not be reflected in the Company's non-current assets. If the Parent Company fails to complete the transfer of the Project to the Company upon Project Acceptance, the Company will seek legal protection and remedies pursuant to the Acquisition Agreement and other applicable PRC laws.

The Directors are of the view that the arrangements for settlement of the Tentative Acquisition Consideration following with the prevailing market practice are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on our research into the construction market, we understand that the above payment schedule is basically in line with the market practice in the PRC, the prepayments typically occur on a phase by phase basis depending on the various stages of completion, while contractors usually utilize the prepayment proceeds received to fund a significant portion of the construction cost for the relevant project. Independent Shareholders should note that the above Tentative Acquisition Consideration is the best estimate made by the Management and preliminary compromise between the Company and the Parent Company, while the Actual Construction Cost and the final consideration for the Acquisition will be subject to audit by an independent third party auditor within 180 days after the Project Acceptance. On such basis, we consider that the payment schedule is fair and reasonable since the Tentative Acquisition Consideration under the Acquisition Agreement will be paid by seven instalments conditional upon normal progress of the Project as scheduled; while the final instalment is subject to audit by independent third party auditor and after the transfer of relevant land use rights and property ownership certificates to the Company and the completion of relevant necessary legal procedures to hand over all relevant documents and licenses to the Company.

Having considered the above factors, we are of the view that the Tentative Acquisition Consideration (including its payment terms), subject to final audit, is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

7. Possible financial effects on the Acquisition (including the Land Use Right Transfer) to the Group

Earnings

Upon the Project Completion, there is no immediate material impact on earnings of the Group, while the Directors expect that the Acquisition (including the Land Use Right Transfer) will enhance the operating capability of the existing Meilan Airport and business development of the Group, and then further contribute to its earnings base in the long run, but the quantification of such impact will depend on the future operating performance of the Group after commencement of the full scale of operation attributable to the new airport building(s) erected on the parcels of lands under the Project.

Working capital

The total consideration under the Project will be partially financed by the internal resources of the Group while the remaining balance will be served by long-term debt-financing where the Directors consider appropriate and necessary, and which will be settled in progress by seven instalments within the coming two years. Therefore, it is currently expected that there will be an immediate cash outflow of approximately RMB219.4 million upon signing of the Acquisition Agreement. Based on the interim report of the Company for the six months ended 30 June 2011 (the "**Interim Report**"), the working capital (i.e. total current assets of approximately RMB772.0 million, less total current liabilities of approximately RMB202.4 million) and bank balances and cash of the Group as at 30 June 2011 amounted to approximately RMB569.6 million and RMB553.7 million respectively, representing a current ratio of approximately 3.8 times. As such, the (i) 20% initial payment of the Tentative Acquisition Consideration of approximately RMB219.4 million; and (ii) two further 10% subsequent instalments thereof with accumulated cash outflow of approximately RMB438.7 million, would not exert considerable pressure on the working capital of the Group.

Based on the unaudited pro forma financial information of the Group set out in Appendix I to the Circular (the "**Pro Forma Information**"), the Group's total current assets would significantly decrease to approximately RMB364.6 million while its total current liabilities would conversely increase to approximately RMB241.1 million immediately upon the Project Completion, representing a much lower current ratio of approximately 1.5 times, but which we consider still at a healthy level.

Based on our review on the Company's annual reports for the past three financial years up to 31 December 2010, we have noted that the Group had net cash inflow generated its operating activities of approximately RMB272.7 million, RMB231.3 million, RMB149.2 million and RMB373.2 million over the past four financial years, which had demonstrated that the Group has strong capability to generate sufficient operating cash inflow to finance its operations. On such basis, we concur with the Directors' confirmation that the Group would have sufficient cash resources to satisfy the financing needs for the Acquisition (including the Land Use Right Transfer). As such, there would not be material adverse effect on the working capital position of the Group after the Project Completion and in the coming few years.

Net asset value

According to the Interim Report, the unaudited net asset value of the Group was approximately RMB2,153.2 million as at 30 June 2011. Had the Group paid all the land premium and obtained all the State-owned land use right certificates of the parcels of lands and then completed all construction works thereon in accordance with the current schedule, the estimated capital value of the properties after the Project Completion would be RMB1,096.8 million.

It is currently expected that there will not be any significant impact of the net assets of the Group following the Project Completion as the increase in the value of the properties under the Project will be offset by the decrease in bank balances and cash of the Group. There will also be no material impact on the income statement and reserves of the Group. Based on the Pro Forma Information, it could be inferred that the Group's consolidated net asset value would not adversely change upon the Project Completion.

Gearing

As at 30 June 2011, the Group had interest-bearing borrowings of approximately RMB475.2 million and hence an acceptable gearing ratio (which is calculated as total interest-bearing borrowings divided by the net asset value of the Group) of approximately 22.1%. As the total consideration under the Project will be partially funded by the internal resources of the Group while the remaining balance will be served by long-term debt-financing to the extent up to approximately RMB666.2 million, where the Directors consider appropriate and necessary, it is currently anticipated that the gearing position of the Group may increase to a certain higher level of approximately 53.0% based on the Pro Forma Information, as the case maybe, but which we consider still at a tolerable level on the basis that (i) the capital formation expenditure associated with the Project is one-off in nature for the Group's long-term business development; while (ii) such higher gearing position could gradually be improved in the coming years because the Group has strong capability to generate recurrent operating cash inflow from its ordinary and usual course of business operations.

In light of the foregoing financial effects of the Acquisition (including the Land Use Right Transfer) on the earnings, working capital, net asset value as well as gearing position of the Group, we are of the view that the Acquisition (including the Land Use Right Transfer) would have no significant adverse impact on the Group's financial position, save and except for the reduction in working capital and increase in long-term borrowings, which are inevitable as the Group intends to partially finance the total consideration amount under the Project by internal cash resources plus some long-term debt financing. Therefore, we are of the view that while the Group's cash resources would be reduced and its gearing position would conversely increase considerably, the Acquisition (including the Land Use Right Transfer) is an effective utilisation of its cash resources which is aimed at positioning the Group for better growth in the future which, in the long run, is expected to benefit the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors, in particular, (i) the long-term benefits of the Acquisition (including the Land Use Right Transfer) to the Group; (ii) the basis for determination of the Tentative Acquisition Consideration which is subject to final audit upon Project Acceptance; and (iii) the financial effects of the Acquisition (including the Land Use Right Transfer) to the Group, and that the terms of the Acquisition Agreement and the Land Use Right Transfer Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the Acquisition (including the Land Use Right Transfer) is conducted in the ordinary and usual course of business of the Group while the Land Use Right Transfer is part and parcel of the Acquisition, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution(s) to approve the Acquisition (including the Land Use Right Transfer) and the transactions contemplated under or in connection with the Acquisition Agreement and the Land Use Right Transfer Agreement at the EGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited
Eric Lee **Fanny Lee**
Managing Director *Managing Director*

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group (the "Unaudited Pro Forma Financial Information"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effects of the proposed transfer of land use right to and proposed acquisition of the Project and related land use right from Haikou Meilan Airport Co., Ltd. (the "Transactions"), as if it had taken place on 30 June 2011 for the Compliance with Rule 14.67.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Transactions been completed on 30 June 2011 or any future date.

	Unadjusted unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2011	**Pro forma adjustments**	**Pro forma adjustments**	**Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	
ASSETS				
Current assets				
Cash at bank and on hand	553,668	31,298	(438,715)	146,251
Accounts receivable	194,660			194,660
Advances to suppliers	9,523			9,523
Other receivables	11,006			11,006
Interest receivable	3,131			3,131
Inventories	5			5
Total current assets	771,993			364,576
Non-current Assets				
Long-term equity investments	1,002,232			1,002,232
Fixed assets	891,473		975,498	1,866,971
Construction in progress	4,053			4,053
Intangible assets	148,820	7,441	129,457	285,718
Long-term prepaid expenses	6,465			6,465
Deferred tax assets	4,106			4,106
Total non-current assets	2,057,149			3,169,545
Total assets	2,829,142			3,534,121

	Unadjusted unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2011	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	
LIABILITIES				
Current liabilities				
Accounts payable	11,310			11,310
Advances from customers	15,352			15,352
Employee benefits payable	41,605			41,605
Taxes payable	10,196	7,441		17,637
Interest payable	2,986			2,986
Dividends payable	54,759			54,759
Other payables	58,964	31,298		90,262
Current portion of non-current liabilities	7,236			7,236
Total current liabilities	202,408			241,147
Non-current liabilities				
Long-term borrowings	467,955		666,240	1,134,195
Non-current liabilities	5,600			5,600
Total non-current liabilities	473,555			1,139,795
Total liabilities	675,963			1,380,942

Notes to this unaudited pro forma statement of assets and liabilities:

1 The balances are extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2011 as set out in the published interim report of the Company for the six months ended 30 June 2011.

The following pro forma adjustments are made to reflect the effect of the Transactions:

2 Pursuant to the Land Use Right Transfer Agreement, the Company would transfer land use right with a book value of RMB17,275,000 to Haikou Meilan Airport Co., Ltd. at a consideration of RMB31,298,000 to facilitate the obtain of the relevant property ownership certificate as a whole, and there would be a tax payable by us of RMB7,441,000 in connection with the transfer. Upon the completion of construction of the Project, the land use right transferred, forming part of the land use right to be acquired by the Company from Haikou Meilan Airport Co., Ltd., would be transferred back at the same consideration of RMB31,298,000. As the transfer is merely to facilitate the obtaining of the whole land use right and the Company is committed to acquire the land use right at the same consideration, the Company still retains substantial risk and reward of the land use right. Accordingly, the land use right will not be derecognized upon the completion of the Land Use Right Transfer Agreement and no gain/loss should be recognized. The consideration of RMB31,298,000 will be recorded as other payables in the Group's financial statements upon the completion of the Land Use Right Transfer Agreement.

The transaction tax of RMB7,441,000 is capitalized because this is a direct cost used to put the land use right together with the Project for their intended use.

3. The adjustment represents (i) the consideration for the acquisition of land use right of RMB118,882,000 (being the Land Use Right Transfer Consideration of RMB150,180,000 less the consideration for the transfer back of the land use right as mentioned in note 2 above of RMB31,298,000) (ii) the consideration for the acquisition of the Project of RMB946,626,000 and (iii) transaction tax totalling RMB39,447,000 of which RMB28,872,000 is attributable to the acquisition of the Project and RMB10,575,000 is attributable to the acquisition of the land use right which are determined by reference to the respective consideration price. The transaction taxes are capitalised because there are direct costs used to put the land use rights together with the Project for their intended use. It is our present intention to pay part of the consideration amounting to RMB438,715,000 with the Group's cash at bank and the remaining RMB666,240,000 by long-term borrowing, including a proposed medium-long-term loan from HNA Finance.

4. According to the China Accounting Standards and the Group's accounting policies, land use rights are presented as intangible assets in the Group's balance sheet.

5. No other adjustments have been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2011, including the proposed issue of domestic bonds.

B. REPORT FROM THE COMPANY'S AUDITOR

The following is the text of a report received from PricewaterhouseCoopers Zhong Tian CPAs Limited Company, for the purpose of incorporation in this circular.

pwc 普华永道

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF HAINAN MEILAN INTERNATIONAL AIRPORT COMPANY LIMITED

We report on the unaudited pro forma financial information set out on pages 41 to 43 under the heading of "Unaudited Pro Forma Statement of Assets and Liabilities" (the "Unaudited Pro Forma Financial Information") in Appendix I of the circular dated 19 September 2011 (the "Circular") of Hainan Meilan International Airport Company Limited (the "Company"), in connection with the proposed transfer of land use right to and proposed acquisition of properties and related land use right from Haikou Meilan Airport Co., Ltd. (the "Transactions") by the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transactions might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 41 to 43 of the Circular.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2011 as set out in the Unaudited Pro forma Financial Information with the unaudited financial statements of the Group as set out in the published interim report of the Company for the six months ended 30 June 2011, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Shanghai, the People's Republic of China

19 September 2011

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal & Consulting Limited, an independent property valuer, in connection with their valuation as at 31st July 2011 of the property interests held and to be held by Haikou Meilan Airport Co., Ltd. in the People's Republic of China.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

19 September 2011

The Directors
Hainan Meilan International Airport Company Limited
Office Building
Meilan International Airport
Haikou City, Hainan Province,
the People's Republic of China

Dear Sirs,

In accordance with your instructions for us to value the property interests held and to be held by Haikou Meilan Airport Co., Ltd. (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 31st July 2011 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interest where we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests Nos. 1 and 2, Direct Comparison Approach was adopted, reference has been made to the standard land price in Haikou City and the sales evidence as available to us in the locality.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interests at the relevant government bureaus in the PRC for properties located in the PRC. We have been provided with certain extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinion ("the PRC legal opinion") provided by the Group's PRC legal adviser, Jun He Law Offices.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior of the properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards on Properties published by The Hong Kong Institute of Surveyors (HKIS), the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (the "RICS") and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate adopted in valuing the property interests in the PRC as at 31st July 2011 were HK$1: RMB0.8219. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty five years' experience in undertaking valuations of properties in Hong Kong and has over eighteen years' experience in valuations of properties in the PRC, Taiwan, Macau and the Asia-Pacific region. He joined Vigers in 1989.

Contributing Valuer:

Lawrence Chan Ka Wah, Associate Director BSc(Real Estate) MRICS MHKIS

SUMMARY OF VALUATION

Group I – Property interest to be held by the Group for development purpose in the PRC

	Property	Market Value in existing state as at 31st July 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 31st July 2011
1.	6 land parcels held by Hainan Meilan International Airport Company Limited located at Meilan International Airport, Lingshan Town, Meilan District, Haikou City, Hainan Province, the PRC	RMB31,610,000 (equivalent to approximately HK$38,460,000)	100%	RMB31,610,000 (equivalent to approximately HK$38,460,000)

Group II – Property interest held by the Group for development purpose in the PRC

	Property	Market Value in existing state as at 31st July 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 31st July 2011
2.	6 land parcels and construction in progress held by Haikou Meilan Airport Co., Ltd. located at Meilan International Airport, Lingshan Town, Meilan District, Haikou City, Hainan Province, the PRC	RMB120,600,000 (equivalent to approximately HK$146,730,000)	100%	RMB120,600,000 (equivalent to approximately HK$146,730,000)
	Grand-Total	**RMB152,210,000 (equivalent to approximately HK$185,190,000)**		**RMB152,210,000 (equivalent to approximately HK$185,190,000)**

VALUATION CERTIFICATE

Group I – Property interest to be held by the Group for development purpose in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31st July 2011
1.	6 land parcels held by Hainan Meilan International Airport Company Limited located at Meilan International Airport, Lingshan Town, Meilan District, Haikou City, Hainan Province, the PRC	The property comprises 6 adjoining land parcels with a total site area of approximately 83,439.29 sq.m. The land use rights of the property were granted for various terms with the latest expiry date on 25th April 2069 for airport use.	The property was vacant as at the date of valuation.	RMB31,610,000 (equivalent to approximately HK$38,460,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31st July 2011** RMB31,610,000 (equivalent to approximately HK$38,460,000)

Notes:

1. Pursuant to 6 State-owned Land Use Certificates (Document Nos.: Hai Kou Shi Guo Yong (2004) Nos.: 000938 and 000940, Hai Kou Shi Guo Yong (2010) Nos.: 008081, 008086, 008088 and 008089), the land use rights of 6 land parcels with a total site area of approximately 572,476.39 sq.m. were granted to Hainan Meilan International Airport Company Limited for airport use. The particulars are as below:

Lot No.	Approximate Site Area *(sq.m.)*	Tenure expiry date	State-owned Land Use Certificates *(Document Nos.)*
03-13-10-357	117,639.90	25th April 2069	Hai Kou Shi Guo Yong (2004) No. 000940
01-11-12-22	163,155.87	5th September 2049	Hai Kou Shi Guo Yong (2010) No. 008089
01-11-12-20	35,610.53	5th September 2049	Hai Kou Shi Guo Yong (2010) No. 008088
01-13-10-355	192,360.06	25th April 2069	Hai Kou Shi Guo Yong (2004) No. 000938
01-11-12-23	40,009.55	5th September 2049	Hai Kou Shi Guo Yong (2010) No. 008081
01-09-12-57	23,700.48	5th September 2049	Hai Kou Shi Guo Yong (2010) No. 008086
Total	**572,476.39**		

2. According to the information provided by the Group, the property comprises portion of the land parcels stated in Note 1 with a total site area of approximately 83,439.29 sq.m.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Jun He Law Offices, which contains, inter alia, the following information:

   (a) Hainan Meilan International Airport Company Limited is entitled to occupy, transfer, leased and mortgage the property; However, the consent from the Mortgagee has to be obtained in the transfer, lease and mortgage the portion of the property under mortgage stated in Note 3(b);

   (b) Portion of the property with the total site area of approximately 227,970.59 sq.m. under the State-owned Land Use Certificates (Document Nos.: Hai Kou Shi Guo Yong (2004) No. 000938 and Hai Kou Shi Guo Yong (2010) No. 008088) are subject to a mortgage in favour of China Development Bank Holdings Company Limited (the "Mortgagee");

       The rest of the property is free from any mortgages: and

   (c) Except the mortgage stated in Note 3(b), the property is free from any orders, charges and other legal encumbrances which may cause adverse effects on the ownership of the property.

4. As instructed by the Group, the portion of the property under mortgage stated in Note 3(b) was a transitional security in the mortgage. The Group has planned to replace it in the mortgage by approximately 24.5% shares of HNA Airport Group Co., Ltd. held by Hainan Meilan International Airport Company Limited not later than the end of October, 2011, the Mortgagee stated in Note 3(b) has preliminary agreed such arrangement. Thus, such mortgage would not affect the transfer of the property and hence, the execution of the Acquisition Agreement would not be affected. As Advised by the Group, the mortgage stated in Note 3(b) would not affect the transfer of the property.

VALUATION CERTIFICATE

Group II – Property interest held by the Group for development purpose in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31st July 2011
2.	6 land parcels and construction in progress held by Haikou Meilan Airport Co., Ltd. located at Meilan International Airport, Lingshan Town, Meilan District, Haikou City, Hainan Province, the PRC	The property comprises 6 parcels of adjoining land together with construction in progress erected thereon. The total site area of the property is approximately 317,023.01 sq.m. As advised by the Group, the total gross floor area of the property after completion is approximately 161,705 sq.m. The property is estimated to be completed in 2013. The land use rights of the property were granted for a term expiring on 25th April 2069 for airport use.	The property was under piling as at the date of valuation.	RMB120,600,000 (equivalent to approximately HK$146,730,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31st July 2011** RMB120,600,000 (equivalent to approximately HK$146,730,000)

Notes:

1. Pursuant to 6 State-owned Land Use Certificates (Document Nos: Hai Kou Shi Guo Yong (2005) No. 001250, 001253, 001256, 001258 and 001261 and Hai Kou Shi Guo Yong (2009) No.: 009767), the land use rights of 6 land parcels with a total site area of approximately 1,189,621.72 sq.m. were granted to Haikou Meilan Airport Co., Ltd. for a term expiring on 25th April 2069 for airport use. The particulars are as below:

Lot No.	Approximate Site Area *(sq.m.)*	Tenure expiry date	State-owned Land Use Certificates *(Document Nos.)*
03-13-10-550	261,070.31	25th April 2069	Hai Kou Shi Guo Yong (2005) No. 001261
03-13-10-536	108,737.53	25th April 2069	Hai Kou Shi Guo Yong (2005) No. 001253
03-13-10-539	189,557.21	25th April 2069	Hai Kou Shi Guo Yong (2005) No. 001250
01-09-12-52	141,208.95	25th April 2069	Hai Kou Shi Guo Yong (2009) No. 009767
03-13-10-534	327,731.89	25th April 2069	Hai Kou Shi Guo Yong (2005) No. 001256
03-13-10-549	161,315.83	25th April 2069	Hai Kou Shi Guo Yong (2005) No. 001258
Total	**1,189,621.72**		

2. According to the information provided by the Group, the property comprises portion of the land parcels stated in Note 1 with a total site area of approximately 317,023.01 sq.m.

3. According to the information provided by the Group, the following legal documents relating to the construction in progress of the property were obtained:

   (a) Construction Work Planning Permit

   (b) Construction Work Commencement Permit

4. We have ascribed no commercial value to the construction in progress due to the construction in progress has not completed and cannot be transferred, leased and mortgaged as at the date of valuation.

5. According to the information provided by the Group, the estimated total development cost (including the construction cost of property but excluding the machinery and equipment) of the construction in progress is RMB755,105,500 and the total development cost (including the construction cost of property but excluding the machinery and equipment) incurred as at the date of valuation is RMB46,051,103.

6. For indicative purpose, the capital value of the property when completed as at the date of valuation is RMB875,700,000 (equivalent to approximately HK$1,065,460,000) by assuming the property is completed as at the date of valuation in accordance with the development plans provided by the Group and relevant title documents were obtained.

7. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Jun He Law Offices, which contains, inter alia, the following information:

   (a) Haikou Meilan Airport Co., Ltd. is entitled to occupy, transfer, leased and mortgage the property subject to the consents by the Mortgagee 1 and Mortgagee 2 stated in Note 7(b); and

   (b) Portion of the property (Lot No. 01-09-12-52) under the State-owned Land Use Certificate (Document No.: Hai Kou Shi Guo Yong (2009) No. 009767) is subject to a mortgage in favour of Haikou Countryside Rural Credit Cooperative Union Holdings Company Limited (the "Mortgagee 1").

   The rest of the property is subject to a mortgage in favour of China Development Bank Holdings Company Limited (the "Mortgagee 2").

8. As instructed by the Group, Haikou Meilan Airport Co., Ltd. has guaranteed to settle the loan of the mortgages stated in Note 7(b) before 30 June 2013, and the Mortgagee 1 and Mortgagee 2 have agreed such arrangement, thus such mortgages would not affect the transfer of the property and hence, the execution of the Acquisition Agreement would not be affected. As advised by the Group, the mortgages stated in Note 7(b) would not affect the transfer of the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company 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 of the Company, 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 INTERESTS

(a) Director's interest and short position

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.

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.

None of the Directors has any material interest, directly or indirectly, in any asset which, since 31 December 2010, 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.

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

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.

Mr. Joseph Chan, 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 Securities and Futures Ordinance.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at the Latest Practicable Date, so far as is 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, 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 Securities and Futures Ordinance ("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.

Domestic shares

Name of Shareholders	Identity	Type of Shares	Number of ordinary shares	Percentage of domestic shares issued	Percentage of total issued share capital
Haikou Meilan International Airport Company Limited	Beneficial	Corporate	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
Zhang Gaobo *(Note 2)*	Interest of controlled corporation	94,343,000(L)	41.58%	19.94%
	Interest of controlled corporation	32,788,500(S)	14.45%	6.93%
Zhang Zhi Ping *(Note 2)*	Interest of controlled corporation	94,343,000(L)	41.58%	20.00%
	Interest of controlled corporation	32,788,500(S)	14.45%	6.93%

Name of Shareholders	Type of Interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
Oriental Patron Financial Services Group Limited *(Note 2)*	Interest of controlled corporation	94,343,000(L)	41.58%	20.00%
	Interest of controlled corporation	32,788,500(S)	14.45%	6.93%
Oriental Patron Financial Group Limited *(Note 2)*	Interest of controlled corporation	94,343,000(L)	41.58%	19.94%
	Interest of controlled corporation	32,788,500(S)	14.45%	6.93%
Oriental Patron Resources Investment Limited *(Note 2)*	Beneficial	94,343,000(L)	41.58%	19.94%
	Beneficial	32,788,500(S)	14.45%	6.93%
UBS AG *(Note 3)*	Beneficial, security interest and controlled corporate interest	33,679,400(L)	14.84%	7.12%
Utilico Emerging Markets Utilities Limited *(Note 4)*	Investment manager	11,629,000(L)	5.12%	2.46%
ARC Capital Holdings Limited *(Note 5)*	Interest of controlled corporation	98,365,500(L)	43.35%	20.79%
ARC Capital Partners Limited *(Note 5)*	Investment manager	98,365,500(L)	43.35%	20.79%
Pacific Alliance Asia Opportunity Fund L.P. *(Note 5)*	Interest of controlled corporation	98,365,500(L)	43.35%	20.79%
Pacific Alliance Equity Partners Limited *(Note 5)*	Interest of controlled corporation	98,365,500(L)	43.35%	20.79%
Pacific Alliance Group Asset Management Limited *(Note 5)*	Investment manager	98,365,500(L)	43.35%	20.79%
Pacific Alliance Group Holdings Limited *(Note 5)*	Interest of controlled corporation	98,365,500(L)	43.35%	20.79%
Pacific Alliance Group Limited *(Note 5)*	Interest of controlled corporation	98,365,500(L)	43.35%	20.79%

Name of Shareholders	Type of Interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
Pacific Alliance Investment Management Limited *(Note 5)*	Interest of controlled corporation	98,365,500(L)	43.35%	20.79%
Walden Ventures Limited *(Note 5)*	Beneficial owner and person having a security interest in shares	98,365,500(L)	43.35%	20.79%
Deutsche Bank Aktiengesellschaft *(Note 6)*	Beneficial owner, investment manager and person having a security interest in shares	13,794,980(L)	6.07%	2.92%
	Beneficial owner	5,498,000(S)	2.42%	1.16%

Notes:

1. Haikou Meilan International Airport Company Limited is a company established in the PRC and is the controlling shareholder of the Company.

2. Each of Zhang Gaobo and Zhang Zhiping holds 49% and 51% interests of Oriental Patron Financial Group Limited, respectively. Oriental Patron Financial Group Limited holds 95% interests of Oriental Patron Financial Services Group Limited. The interests of Oriental Patron Resources Investment Limited is wholly-owned by Oriental Patron Financial Services Group limited.

3. Among the 33,679,400 shares in the Company, UBS AG was holding 2,000 shares as a beneficial owner and was deemed to have equity interest in the remaining 33,677,400 shares (UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Singapore) Ltd and UBS Global Asset Management (Hong Kong) Ltd were all wholly-owned by UBS AG, and were beneficially holding 23,502,400 shares, 5,631,000 shares and 4,544,000 shares in the Company, respectively).

4. Utilico Emerging Markets Utilities Limited is a company listed on the Alternative Investment Market of the London Stock Exchange and the Bermuda Stock Exchange.

5. Pacific Alliance Group Holdings Limited was holding 99.17% interest in Pacific Alliance Group Limited, which was in turn holding 90% interest in Pacific Alliance Investment Management Limited.

   Pacific Alliance Investment Management Limited was holding 61.8% interest in Pacific Alliance Equity Partners Limited. Pacific Alliance Equity Partners Limited was holding 100% interest in ARC Capital Partners Limited. ARC Capital Partners Limited was deemed to be interested in 98,365,500 shares in its capacity as investment manager. ARC Capital Holdings Limited is a corporation controlled by ARC Capital Partners Limited for the purpose of Part XV of the SFO. ARC Capital Holdings Limited was holding 46.67% interest in Walden Ventures Limited which was in turn holding 43.35% interest of the Company.

   Pacific Alliance Investment Management Limited was also holding 100% in Pacific Alliance Group Asset Management Limited. Pacific Alliance Group Asset Management Limited was deemed to be interested in 98,365,500 shares in its capacity as investment manager. Pacific Alliance Asia Opportunity Fund L.P. is a corporation controlled by Pacific Alliance Group Asset Management

Limited for the purpose of Part XV of the SFO. Pacific Alliance Asia Opportunity Fund L.P. was holding 36.67% interest in Walden Ventures Limited which was in turn holding 43.35% interest of the Company.

6. Among the 13,794,980 shares in the Company, Deutsche Bank Aktiengesellschaft was holding 5,499,980 shares as a beneficial owner, was deemed to be interested in 1,657,000 shares in its capacity as investment manager, and was deemed to be interested in the remaining 6,308,000 shares as person having a security interest in shares. Deutsche Bank Aktiengesellschaft was holding short position in 5,498,000 shares in its capacity as beneficial owner.

7. (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. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2010, the date to which the latest audited financial statements of the Group were made up.

5. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

6. EXPERT AND CONSENT

The following are the qualifications of the professional advisers who have given opinion or advice, which is contained in this circular:

Name	Qualification
First Shanghai Capital Limited	A licenced corporation to carry out type 6 (advising on corporate Limited finance) regulated activities under the SFO.
Vigers Appraisal & Consulting Limited	An independent third party valuer

Name	Qualification
PricewaterhouseCoopers Zhong Tian CPAs Limited Company ("PwC")	Audit firm that is licensed to conduct securities and futures related business in China and approved by the relevant PRC authorities to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong

Each of First Shanghai, Vigers Apprasial & Consulting Limited and PwC has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of First Shanghai, Vigers Apprasial & Consulting Limited and PwC is not beneficially interested in the share capital of any member of the Group nor does 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 does it have any interest, either direct or indirect, in any assets which have 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 are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MISCELLANEOUS

(a) The secretary of the Company is Mr. Xing Zhoujin. Mr. Xing Zhonjin, aged 46, an economist, has engaged in corporate governance of listed companies for years and participated in relevant trainings provided by Securities regulatory authorities at home and abroad.

(b) The registered address of the Company is at Meilan Airport Office Building, Haikou City Hainan Province, PRC.

(c) The Hong Kong Branch Share Registrar and Transfer Office of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The English text of this circular and form of proxy shall prevail over the Chinese text.

8. MATERIAL CONTRACT

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(a) the Acquisition Agreement;

(b) the Land Use Right Transfer Agreement;

(c) the share transfer agreement dated 25 March 2010 and entered into between the Company and HNA Group Company Limited ("**HNA Group**"), pursuant to which HNA Group agreed to transfer its 30% equity interest in HNA Airport Holding (Group) Company Ltd. ("**HNA Airport**") to the Company at a consideration of RMB1,211 million (approximately HK$1,368.4 million); and

(d) the share transfer agreement dated 25 March 2010 and entered into between the Company and Kingward Investment Limited ("**Kingward**"), pursuant to which Kingward agreed to transfer its 24.5% equity interest in HNA Airport to the Company at a consideration of US$145 million (approximately RMB988.9 million or HK$1,11 7,457,000).

9. 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 office of 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:

(a) the Articles of Association;

(b) the Acquisition Agreement;

(c) the Land Use Right Transfer Agreement;

(d) the letter from the Board, the text of which is set out on pages 4 to 21 of this circular;

(e) the letter from the Independent Board Committee to the Independent Shareholders;

(f) the letter from First Shanghai to the Independent Board Committee, the text of which will be submitted separately by First Shanghai;

(g) the annual reports of the Company for each of the three financial years ended 31 December 2008, 2009 and 2010;

(h) the report from PwC on unaudited pro forma financial information;

(i) the letter, summary of valuation and valuation certificates from the Vigers Appraisal & Consulting Limited, the text of which is set out in Appendix II to this circular;

(j) a copy of each of the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(k) the written consents referred to in the paragraph headed "Expert and Consent" in this Appendix; and

(l) the Circular.

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)

REVISED NOTICE OF EXTRAORDINARY GENERAL MEETING

REFERENCE IS MADE to the notice of extraordinary general meeting (the "**EGM**") of Hainan Meilan International Airport Company Limited (the "**Company**") dated 9 September 2011 (the "**EGM Notice**"). Certain changes have been made to the resolution (f) in the EGM Notice and the Company hereby re-issues the revised notice of EGM.

REVISED NOTICE IS HEREBY GIVEN that the EGM of the Company will be held at 9:00 a.m. on 24 October 2011 (Monday) in the meeting room of the Company on the 3rd Floor, Meilan Airport Office Building, 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

"**THAT**:

(a) the assets transfer agreement dated 26 August 2011 entered into between the Company and Haikou Meilan Airport Co., Ltd. ("**Parent Company**") (the "**Acquisition Agreement**") and the major and connected transaction (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) the land use right transfer agreement dated 26 August 2011 entered into between the Company and Parent Company (the "**Land Use Right Transfer Agreement**") and the discloseable and connected transaction (as defined in the Listing Rules) contemplated thereunder be and are hereby ratified, confirmed and approved.

(c) the interim report of the Company for the six months ended 30 June 2011 be and is hereby ratified, confirmed and approved; and

(d) the interim profit distribution of the Company for the six months ended 30 June 2011 be and is hereby approved."

* *For identification purposes only*

As special resolutions

"**THAT**:

(e) the amendments to the existing articles of association of the Company be and are hereby approved ***(note H)***;

(f) the issue of domestic corporate bonds to be issued by the Company with an aggregate principal amount of not more than RMB900 million ("**Domestic Corporate Bonds Issue**"), on the conditions set forth below be and is hereby approved:

Aggregate principal amount:	Not more than RMB900 million (subject to the approved limit of domestic issue)
Maturity:	5 years to 7 years (single maturity period or mixed maturity periods); the varieties of maturity and the issue size for each variety shall be subject to final determination by the Board according to relevant rules and regulations and market conditions as authorised by the Shareholders at the EGM
Interest rate:	Fixed rate; the nominal rate and the method of payment of interest shall be negotiated between the Company and the sponsors (main underwriter) with reference to the prevailing market rate and the market inquiry price.
Use of proceeds:	All the proceeds from the Domestic Corporate Bonds Issue shall be used by the Company to meet medium-long-term development capital needs and improve capital structure
Issue method:	Price inquiry to institutional investors or book building; single issue or issue in installments, which shall be determined by the Board according to the market conditions and capital demand of the Company as authorised by the Shareholders at the EGM.
Placing arrangements:	The Domestic Corporate Bonds will not be placed to the Shareholders of the Company

Listing:	Application for listing of and dealing in the Domestic Corporate Bonds shall be filed with the Shanghai Stock Exchange following the completion of the Domestic Corporate Bonds Issue
Guarantee:	In the event that the Company expects to fail to repay any amounts of principal or interest of the Domestic Corporate Bonds on schedule or when such amounts fall due, the Company shall take a series of measures to guarantee the repayment, including but not limited to: (i) not to declare any profit distribution to the Shareholders; (ii) to postpone the implementation of capital expenditure projects such as material investment, merger or acquisition; (iii) to reduce or discontinue the payment of salaries and bonuses of Directors and members of senior management; and (iv) not to approve any transfer or secondment of the primarily responsible staff
Term of validity of resolution:	The Shareholders' resolutions in respect of the Domestic Corporate Bonds Issue, if passed, shall be valid for 24 months from the date of approval by the Shareholders at the EGM

(g) the Board be and is hereby authorized (and the Board shall further authorize a committee comprising two or more executive Directors), to deal with (including, but not limited to) the following matters in relation to the Domestic Corporate Bonds Issue according to the applicable laws and regulations and the market conditions prevailing at the time of issue:

1) to formulate, to the extent permitted by laws and regulations and according to the Company's specific circumstances and the market conditions, the specific terms and arrangements of the Domestic Corporate Bonds Issue and make any changes and adjustments to such terms and arrangements, including but not limited to, total amount, maturity, coupon rate or the calculation method, timing of issue, offer tranche (if any), redemption and repurchase mechanism (if any), duration and method of repayment of the principal and the interests placing arrangement, place of listing and any other matters in relation to the Domestic Corporate Bonds Issue;

2) to appoint relevant professional parties involved in the Domestic Corporate Bonds Issue and to prepare and submit the relevant application documents to the relevant regulatory authorities;

3) to appoint the bonds trustee manager, sign and execute the entrusted bonds management agreement and other necessary documents and formulate the rules on the meetings of the holders of the Domestic Corporate Bonds;

4) to sign, revise, finalize and execute all the documents, agreements, contracts and other statutory documents relating to the Domestic Corporate Bonds Issue and its Listing, including but not limited to the prospectus, the sponsor agreement, the underwriting agreement, the entrusted bonds management agreement, the listing agreement and various announcements, and make appropriate information disclosure pursuant to the applicable laws and regulations and relevant regulatory rules;

5) to deal with all the approval, registration, filing, examination and consent procedures relating to the Domestic Corporate Bonds Issue, to handle all the matter relating to the listing of the Domestic Corporate Bonds after the Domestic Corporate Bonds Issue and to take necessary, appropriate and proper actions relating to the Domestic Corporate Bonds Issue and its Listing as are deemed to be;

6) to apply to the relevant regulatory authorities for their approval on the Domestic Corporate Bonds Issue and to make adjustments to the specific terms and arrangements of the Domestic Corporate Bonds Issues according to the opinions of the relevant regulatory authorities or in the event of any changes in the relevant authorities' policies regarding the issue and Listing of Domestic Corporate Bonds or in the market conditions;

7) to deal with the repayment of principal and interest in relation to the Domestic Corporate Bonds Issues;

8) to determine as to whether to continue the Domestic Corporate Bonds Issue according to the actual circumstances in the event of any material changes in the market conditions or policies and regulations; and

9) to deal with any other matters relating to the Domestic Corporate Bonds Issue.

The Board shall, under the condition of obtaining the above authorization from the Shareholders at the EGM, delegate such authorization to the committee of bonds issue, which is composed of the executive directors of the Company, unless otherwise provided by relevant laws and regulations, relevant provisions of government regulatory departments or articles of association of the Company, or adopted by way of resolutions on a board meeting convened by all the directors of the Company, to implement the above authorized issues with the signature of any member of the committee of bonds issue.

The above mentioned authorization, if granted, shall be valid from the date of approval of the Domestic Corporate Bonds Issue by the Shareholders at the EGM to the date on which the above issues authorized to the Board to deal with are completed."

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

Hainan, the PRC
19 September 2011

Notes:

(A) A circular containing, among other things, details of the Acquisition Agreement, the Land Use Right Transfer Agreement, the proposed amendments to the articles of association of the Company and the proposed issue of domestic corporate bonds will be despatched on or before 19 September 2011.

(B) The H share register of the Company will be closed from 24 September 2011 (Saturday) to 24 October 2011 (Monday) (both days inclusive), during which no transfer of H shares will be effected. Holders of the H shares of the Company whose names appear on the Company's register of members at the close of business on 23 September 2011 (Friday) are entitled to attend and vote at the EGM (or any adjournment thereof).

In order to be entitled to attend and vote at the EGM (or any adjournment thereof), share transfer documents should be lodged with the Company's H shares share registrar not later than 4:30 p.m. on 23 September 2011 (Friday).

The address of the Company's H shares share registrar is as follows:

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

(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. on or before 4 October 2011 (Tuesday).

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:

Meilan Airport Office Building 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. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, 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 authorised attorney.

(E) For holders of H shares of the Company, the revised form of proxy (the "**Revised Proxy Form**"), and if the Revised Proxy From is signed by a person under a power of attorney or other authority on behalf of the appointor, a certified copy of that power of attorney or other authority (such certification to be made by a notary public), must be delivered to the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited, 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 or not, to attend and vote on its behalf at the EGM. Note (C) also applies to holders of domestic shares of the Company, except that the Revised Proxy From 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 (B) 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 legal representative, which specifies the date of its issuance. If the legal representative of the holder of legal person shares attends the EGM, such legal representative should produce his ID card and valid documents evidencing his capacity as such legal representative. If a holder of legal person shares 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 legal person shares and duly signed by its legal representative.

(H) Details of the proposed amendments to the existing articles of association of the Company are set out in the announcement of the Company headed "Proposed Amendments to the Articles of Association "dated 26 August 2011.

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

(J) **The Revised Proxy From shall replace and supersede the complete proxy form which was previously distributed with the EGM Notice dated 9 September 2011 (the "Previous Proxy Form") and that the Previous Proxy From is invalid. Shareholders who have signed and returned the Previous Proxy From should sign and return the Revised Proxy From in accordance with instructions of this revised notice of EGM.**

BOOK CLOSURE NOTICE

The H share register of the Company will be closed from 24 September 2011 (Saturday) to 24 October 2011 (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 24 October 2011 (Monday), 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 23 September 2011 (Friday).

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