Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

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 liabilities)

(Stock Code: 357)

Annual results announcement for the year ended 31 December 2010

SUMMARY

- Total revenue was RMB487,415,000
- Revenue from the aeronautical business was RMB324,624,000
- Revenue from the non-aeronautical business was RMB162,791,000
- Net profit attributable to shareholders was RMB239,265,000
- Earnings per share was RMB51 cents

HIGHLIGHTS

- The passenger throughput recorded 8.774 million
- Aircraft movements reached 73,824
- Cargo throughput was 154,124.6 tons

RESULTS

The Board of Directors (the "Board") of Hainan Meilan International Airport Company Limited (the "Company" or "Meilan Airport") is pleased to announce the consolidated financial information of the Company and its subsidiaries (the "Group") prepared and presented in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2010, together with comparative figures for 2009, which is set out below:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
			(Restated)
Revenues			
Aeronautical	*2*	**324,624**	301,807
Non-aeronautical	*2*	**162,791**	98,914
		487,415	400,721
Cost of services and sales	*3*	**(190,719)**	(156,137)
Gross profit		**296,696**	244,584
Administrative expenses	*3*	**(54,302)**	(62,377)
Other gains-net		**503**	260
Operating profit		**242,897**	182,467
Finance income		**11,746**	12,328
Finance costs		**(634)**	(1,017)
Finance income-net	*4*	**11,112**	11,311
Share of loss of an associate		**–**	(24)
Profit before income tax		**254,009**	193,754
Income tax expense	*5*	**(11,823)**	(11,055)
Profit for the year		**242,186**	182,699
Profit attributable to:			
Shareholders of the Company		**239,265**	182,701
Non-controlling interests		**2,921**	(2)
		242,186	182,699
Earnings per share for profit attributable to the shareholders of the Company during the year –basic and diluted	*6*	**51 cents**	39 cents
		RMB'000	*RMB'000*
Dividends	*7*	**113,571**	94,643

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**242,186**	182,699
Other comprehensive income	**–**	–
Total comprehensive income for the year	**242,186**	182,699
Attributable to:		
Shareholders of the Company	**239,265**	182,701
Non-controlling interests	**2,921**	(2)
Total comprehensive income for the year	**242,186**	182,699

CONSOLIDATED BALANCE SHEET

		31 December		1 January
		2010	2009	2009
	Note	***RMB'000***	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Land use rights		**150,402**	153,622	156,965
Property, plant and equipment		**911,304**	941,661	975,072
Deferred income tax assets		**3,172**	–	–
Investment in an associate		**30,875**	30,875	30,504
		1,095,753	1,126,158	1,162,541
Current assets				
Inventories		**26**	11	106
Trade receivables	*8*	**218,362**	179,883	109,235
Other receivables and prepayments		**23,261**	14,229	15,811
Current income tax recoverable		**5,439**	4,864	–
Time deposits		**78,000**	160,000	162,000
Cash and cash equivalents		**882,553**	588,678	507,339
		1,207,641	947,665	794,491
Total assets		**2,303,394**	2,073,823	1,957,032
EQUITY				
Equity attributable to the Company's shareholders				
Share capital		**1,100,250**	1,100,250	1,100,250
Other reserves	*9*	**194,948**	164,207	144,714
Retained earnings				
– Proposed final dividend	*7*	**56,786**	94,643	62,580
– Others		**691,218**	589,672	520,627
		2,043,202	1,948,772	1,828,171
Non-controlling interests		**8,420**	599	601
Total equity		**2,051,622**	1,949,371	1,828,772

	Note	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Borrowings		**4,000**	8,000	12,000
Deferred income tax liabilities		**–**	5,335	5,237
Deferred income-government grants		**5,800**	3,000	–
		9,800	16,335	17,237
Current liabilities				
Trade and other payables	*10*	**237,972**	104,117	67,767
Current income tax liabilities		**–**	–	39,256
Borrowings		**4,000**	4,000	4,000
		241,972	108,117	111,023
Total liabilities		**251,772**	124,452	128,260
Total equity and liabilities		**2,303,394**	2,073,823	1,957,032
Net current assets		**965,669**	839,548	683,468
Total assets less current liabilities		**2,061,422**	1,965,706	1,846,009

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention.

Changes in accounting policy and disclosures

During the year, the Group changed its accounting policy for property, plant and equipment. In previous years, the Group carried its property, plant and equipment at revalued amounts, less accumulated depreciation and provision for impairment. With effect from 1 January 2010, the Group decided to carry its property, plant and equipment at historical cost less accumulated depreciation and provision for impairment in order to conform with the benchmark treatment in IAS16 (Property, plant and equipment).

Management believes that the new accounting policy for property, plant and equipment results in a more relevant presentation of the financial position of the Group, and reflects the management's intention on the use of the assets. The new accounting policy also results in a presentation consistent with the industry practices and removes the difference between the consolidated financial statements prepared under IFRS and China Accounting Standards for Business Enterprises ("CAS"), which will provide more transparent and comparable financial statements for the users.

The change in accounting policy has been accounted for retrospectively and the consolidated and the Company's financial statements have been restated by reversal of revaluation accounting for property, plant and equipment. The effects on the Group's and the Company's financial statements are as follows:

The Group and the Company

	As at 1 January 2009 *RMB'000*	Profit for the year ended 31 December 2009 *RMB'000*	As at 31 December 2009 *RMB'000*	**Profit for the year ended 31 December 2010** ***RMB'000***	**As at 31 December 2010** ***RMB'000***
Non-current assets					
Decrease in property, plant and equipment	(20,028)	–	(17,683)	**–**	**(15,555)**
Non-current liabilities					
Decrease in deferred income tax liabilities	(4,538)	–	(4,331)	**–**	**(4,097)**
Income statement					
Decrease in cost of service and sales	–	2,345	–	**2,128**	**–**
Increase in income tax expense	–	(207)	–	**(234)**	**–**
Other reserves					
Decrease in revaluation surplus	(15,490)		(13,352)		**(11,458)**
Increase in earnings per share (basic and diluted)		RMB0.45cents		**RMB0.40cents**	

2 REVENUE AND SEGMENT INFORMATION

The management considers the Group conducts its business within one business segment-the business of operating an airport and provisions of related services in the PRC and the Group also operates within one geographical segment because its revenues are primarily generated from and its assets are located in the PRC.

	2010	2009
Analysis of revenues (by category)	***RMB'000***	*RMB'000*
Aeronautical:		
Passenger charges	**133,273**	122,707
Aircraft movement fees and related charges	**46,726**	43,347
Airport fee	**103,197**	98,025
Ground handling services income	**41,428**	37,728
	324,624	301,807
Non-aeronautical:		
Franchise fee	**54,968**	44,795
Rental	**16,292**	15,112
Freight and packing	**55,530**	13,811
Car parking	**7,128**	5,562
VIP room charge	**16,863**	10,254
Others	**12,010**	9,380
	162,791	98,914
Total revenues	**487,415**	400,721

3 EXPENSES BY NATURE

Expenses/(income) included in cost of services and sales and administrative expenses are analysed as follows:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Airport and logistic composite services fee	**38,673**	31,553
Business tax and levies	**14,184**	10,880
Depreciation of property, plant and equipment	**54,925**	49,551
Amortisation of land use rights	**3,220**	3,481
Employee benefit expenses	**52,466**	63,887
Other taxes	**6,220**	6,213
Utilities and power	**18,967**	16,052
Auditors' remuneration	**2,073**	2,030
Traveling expenses	**2,245**	5,472
Reversal of impairment provision of trade and other receivables	**(7,119)**	(3,524)
Costs of packing materials	**28,123**	–
Repairs and maintenance	**7,440**	10,414

4 FINANCE INCOME – NET

	2010	2009
	RMB'000	*RMB'000*
Finance income-interest	**11,746**	12,328
Interest on bank borrowings	**(634)**	(1,017)
Finance income – net	**11,112**	11,311

There was no interest capitalised for the years ended 31 December 2010 (2009: Nil).

5 INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for as the Group had no assessable profits arising in Hong Kong during the year (2009: nil). Income tax expense represents provision for the PRC corporate income tax ("CIT").

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– outside Hong Kong	**13,737**	10,957
Deferred income tax	**(1,914)**	98
Income tax expense	**11,823**	11,055

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2010	2009
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**254,009**	193,754
Tax calculated at a rate applicable to profits in Hainan Province *(Note (a))*	**55,882**	38,751
Effect of tax holiday *(Note (b))*	**(29,373)**	(19,407)
Income not subject to corporate income tax	**–**	(9,803)
Tax deduction arising from purchase of domestic equipments *(Note (c))*	**(15,289)**	–
Tax losses not recognised	**–**	6
Utilisation of previously unrecognised tax losses	**(6)**	(192)
Expenses not deductible for tax purposes	**609**	1,700
Tax charge	**11,823**	11,055

Note (a)

In accordance with the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law", effective from 1 January 2008.) as approved by the National People's Congress on 16 March 2007, the CIT rate applicable to the Company will be gradually increased from 15% to 25% in a 5-year period from 2008 to 2012. The tax rate in 2010 is 22% (2009: 20%).

Note (b)

Pursuant to the approval document (Hai Guo Shui Han [2008] No.13) issued by Haikou State Tax Bureau on 2 February 2008, the CIT holiday of the Company was revised and the Company was then entitled to the exemption of CIT from 2004 to 2008, and 50% deduction of CIT from 2009 to 2013. Therefore, the applicable tax rate for the Company in 2010 is 11% (2009: 10%).

Note (c)

Pursuant to the approval documents (Hai Guo Shui Han [2006] No.323, Hai Guo Shui Han [2007] No.105 and Hai Guo Shui Han [2008] No.50) issued by Haikou State Tax Bureau on 27 December 2006, 11 June 2007 and 9 May 2008 respectively, the Company was entitled to enjoy a tax deduction or exemption on CIT, related to the purchase of domestic equipment upon meeting certain conditions attached. In the year, the Company has obtained the approval from Haikou State Tax Bureau for a deduction on CIT of RMB15,289,000.

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the number of ordinary shares in issue during the year.

	2010	2009 (Restated)
Profit attributable to shareholders of the Company *(RMB'000)*	**239,265**	182,701
Number of ordinary shares in issue *(thousands)*	**473,213**	473,213
Basic earnings per share *(RMB per share)*	**51 cents**	39 cents

Diluted earnings per share is equal to basic earnings per share as there was no potential dilutive ordinary share outstanding during 2010 and 2009.

7 DIVIDENDS

	2010 *RMB'000*	2009 *RMB'000*
2010 Interim dividend paid of RMB0.12 per share (2009:Nil) *(Note (a))*	**56,785**	–
Proposed 2010 final dividend of RMB0.12 (2009: RMB0.2 per share) per share *(Note (b))*	**56,786**	94,643
	113,571	94,643

Note:

(a) An interim dividend of RMB0.12 per share (2009: nil) was paid in 2010, amounting to RMB56,785,000 (2009: nil).

(b) A dividend in respect of the year 2010 of RMB0.12 (2009: RMB0.2 per share) per ordinary share, amounting to a total dividend of RMB56,786,000 (2009: RMB94,643,000) is to be proposed at the coming annual general meeting for shareholders' approval. These financial statements do not reflect this dividend payable.

8. TRADE RECEIVABLES

	2010 *RMB'000*	2009 *RMB'000*
Trade receivables from third parties *(Note (a))*	**66,891**	72,156
Less: provision for impairment of trade receivables *(Note (c))*	**(4,401)**	(11,520)
	62,490	60,636
Trade receivables from related parties *(Note (b))*	**155,872**	119,247
	218,362	179,883

The carrying amounts of trade receivables approximate their fair values. The maximum exposure to credit risk at the reporting date is the fair value of each class of trade receivables. The Group does not hold any collateral as security.

The credit terms given to trade customers are determined on an individual basis with a normal credit period ranging from 1 to 3 months.

(a) As at 31 December 2010, the ageing analysis of gross trade receivables from third parties is as follows:

	2010	2009
	RMB'000	*RMB'000*
0-90 days	**52,082**	53,778
91-180 days	**7,329**	6,002
181-365 days	**3,692**	8,932
Over 365 days	**3,788**	3,444
	66,891	72,156

(b) As at 31 December 2010, the ageing analysis of gross trade receivables from related parties is as follows:

	2010	2009
	RMB'000	*RMB'000*
0-90 days	**52,465**	52,249
91-180 days	**34,124**	25,249
181-365 days	**52,452**	38,777
Over 365 days	**16,831**	2,972
	155,872	119,247

(c) Movements on the provision for impairment of trade receivables are as follows:

	2010	2009
	RMB'000	*RMB'000*
Balance as at 1 January	**11,520**	14,471
Provision for receivable impairment	**915**	85
Provision reversed as receivables collected	**(8,034)**	(3,036)
Balance as at 31 December	**4,401**	11,520

9. OTHER RESERVES

	Revaluation surplus *RMB'000*	Statutory reserves *RMB'000*	Other *RMB'000*	Total *RMB'000*
As at 1 January 2009				
Balance as previously reported	15,490	144,714	–	160,204
Change in accounting policy *(Note 1 (a))*	(15,490)	–	–	(15,490)
Balance as restated	–	144,714	–	144,714
Transfer from retained earnings	–	19,098	–	19,098
Share of reserve of an associate	–	–	395	395
Balance at 31 December 2009	–	163,812	395	164,207
As at 1 January 2010				
Balance as previously reported	13,352	163,812	395	177,559
Change in accounting policy *(Note 1 (a))*	(13,352)	–	–	(13,352)
Balance as restated	–	163,812	395	164,207
Deferred tax credited to other reserves	–	–	6,593	6,593
Transfer from retained earnings	–	24,148	–	24,148
Balance at 31 December 2010	–	187,960	6,988	194,948

Note:

Pursuant to the revised "The Company Law of the People's Republic of China" effective from 1 January 2006 and a circular issued by the Ministry of Finance ("MOF") (Cai Qi Han [2006] No.67), when distributing the net profit of each year, the Company and its certain subsidiaries shall set aside 10% of its profit after taxation (based on the local statutory financial statements) for the statutory reserves. These reserves shall not be used for the purposes other than those for which they are created and are not distributable as cash dividend.

10 TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables	**5,330**	4,095
Other payables	**128,659**	91,133
Deposits received	**8,132**	6,003
Due to related parties	**95,851**	2,886
	237,972	104,117

As at 31 December 2010, the ageing analyses of trade payables (including amounts due to related parties of trading in nature) are as follows:

	2010	2009
	RMB'000	*RMB'000*
0-90 days	**29,805**	2,314
91-180 days	**20,500**	731
181-365 days	**49,438**	1,123
Over 365 days	**1,438**	2,813
	101,181	6,981

BUSINESS REVIEW

Aeronautical Business Overview

In 2010, promoted by the Provisional Regulations on Haikou Air Passenger Market issued by the government of Haikou, the Group grasped the opportunity of the construction of Hainan International Tourism Island by actively developing marketing plans for different markets, developing aviation market through various measures and channels, and successfully established aviation routes such as Haikou = Nanning = Xian, Haikou = Changsha = Tianjin, Haikou = Beihai/Zhanjiang, Haikou = Wuhan = Dalian, Haikou = Nanning = Bangkok, Haikou = Jinan = Harbin, Haikou = Ganzhou = Nanchang, Haikou, = Guilin = Linyi, Haikou = Baotou, Shijiazhuang = Ningbo = Haikou improving the aviation route network of Haikou.

As the local government significantly increased the subsidies for international and regioned flights, the Group has the best results in history interim of the Group's international (regional) transportation volume. International and regional passenger throughout reached a total of 354,000 people, representing a 14.9% increase from last year.

Aviation traffic throughput for 2010 and comparison figures for the year 2009 are set out below:

	2010	2009	change(%)
Aircraft movement	**73,824**	69,128	6.8
In which: Domestic	**70,874**	66,386	6.8
Hong Kong/Macau/Taiwan	**1,399**	1,452	-3.7
International	**1,551**	1,290	20.2
Passenger throughput			
(Headcount in ten thousand)	**877.4**	839.1	4.6
In which: Domestic	**842.0**	808.3	4.2
Hong Kong/Macau/Taiwan	**16.6**	15.6	6.4
International	**18.8**	15.2	23.7
Cargo throughput (Tons)	**154,124.6**	137,819.6	11.8
In which: Domestic	**149,997.5**	134,069.8	11.9
Hong Kong/Macau/Taiwan	**2,157.6**	1,867.5	15.5
International	**1,969.5**	1,882.3	4.6

The Group's revenue from aeronautical business for 2010 was RMB324,624,000, representing an increase of 7.56 % over 2009. Details of which are as follows:

	Amount *(RMB'000)*	**Change over 2009** *(%)*
Passenger charges	133,273	8.61
Aircraft movement fees and related charges	46,726	7.80
Airport fees	103,197	5.28
Ground handling service fees	41,428	9.81
Total revenue from aeronautical business	324,624	7.56

For the period from 1 January 2011 to 31 December 2015, the Company shall continue to retain 40% – 50% of the collected airport construction fee as the income of the Company according to the Bureau of invention of electricity [2011] 17, issued by Finance Division of Civil Aviation Administration of China.

Non-Aeronautical Business Overview

In 2010, the Group took full advantage of opportunities introduced by the construction of Hainan International Tourism Island, by widening resources of income. Driven by the continued growth in transportation volume, the Group achieved a substantial growth with its non-aeronautical business. The non-aeronautical business recorded a revenue of RMB162,791,000 during the year, representing an increase of 64.58% in comparison with that of the year 2009.

	Amount *(RMB'000)*	**Change over 2009** *(%)*
Franchise fee	54,968	22.71
Rental	16,292	7.81
Freight	55,530	302.07
Car parking	7,128	28.16
VIP room charge	16,863	64.45
Others	12,010	28.04
Total revenue from non-aeronautical businesses	162,791	64.58

Franchise Fee

For the year ended 31 December 2010, the Group recorded franchise fees of RMB54,968,000, representing an increase of 22.71% in comparison with that of the year 2009. The increase in income of the Company's franchise fee was due to the increase in franchise advertising fee and the sales growth of Hainan Di Feng Retail Limited (DFS).

Freight

In 2010, the Group enhanced its cargo business model and established a professional cargo company, for the purpose to establish the cargo business as its core non-aeronautical business, and made full efforts to facilitate expansion of it. For the year ended 31 December 2010, income from cargo business was RMB55,530,000, representing an increase of 302.07% over the year 2009.

VIP room charge

In 2010, the Group, through outsourcing and utilization of old VIP rooms enhanced its reception capability and service quality. The income of title fee and VIP room charge have both experienced a significant increase. For the year ended 31 December 2010, the Group recorded an income from VIP room service of RMB16,863,000, representing an increase of 64.45% over the year 2009.

FINANCIAL REVIEW

Asset Analysis

As at 31 December 2010, total assets of the Group amounted to RMB2,303,394,000, in which RMB1,207,641,000 was current assets (representing 52.43% of the total assets) and RMB1,095,753,000 was non-current asset (representing 47.57% of the total assets). Total asset increased by 11.07% compared with the year 2009, which was mainly due to the increase in trade receivables as well as cash and cash equivalents.

Cost Analysis

In 2010, total operating costs of the Group were RMB190,719,000, representing an increase of RMB34,582,000 (or 22.15%) in comparison with that of the year 2009, which is mainly due to the increase in cost of freight business and enhancement of the standard of utilities, which led the increase in relevant cost. Administrative expenses were RMB54,302,000, representing a decrease of RMB8,075,000 (or 12.95%) over the year 2009, which is mainly due to reversal of impairment charges receivable and decrease in termination benefits expenses.

Cash Flow

For the year ended 31 December 2010, the Group recorded a net cash inflow from operating activities of RMB373,223,000, representing a 150.21% increase compared with 2009. This was mainly attributable to the fact that the aircraft movement fees and ground handling services fees collected on behalf of others have not been paid. During the year, the Group's net cash outflow from financing activities was RMB150,528,000, which mainly represented the payment of the 2009 final dividends and the 2010 interim dividends.

Pledge of the Group's Assets

As at 31 December 2010, the Group had no pledged assets.

Gearing Ratio

As at 31 December 2010, total current assets of the Group amounted to approximately RMB1,207,641,000, total assets were approximately RMB2,303,394,000, total current liabilities were approximately RMB241,972,000 and total liabilities were approximately RMB251,772,000. The gearing ratio (total liabilities/total assets) of the Group was 10.93%, representing an increase of 4.93% over 2009. This was mainly attributable to the fact that the aircraft movement fees and ground handling service fees collected on behalf of others have not been paid, which increased the trade payables.

Foreign Exchange Exposure

The Group's businesses are principally denominated in RMB, except that limited aeronautical revenues are denominated in US dollars. Given the fluctuation of the exchange rates of RMB against foreign currencies has a limited impact on the Group's results of operation, the Group has not entered into any forward rate contract to hedge its exposure of foreign exchange risk.

Financial Instruments

As at 31 December 2010, financial instruments of the Group mainly comprised bank borrowings, cash and bank deposits. The purpose of those financial instruments is to finance the Group's operations. Besides, the Group had other financial instruments in relation to daily operations, such as receivables excluding prepayment and payables excluding statutory liabilities.

Purchase, Sale or Redemption of Shares

As at 31 December 2010, neither the Group nor the Company had purchased, sold or redeemed any of the Shares.

Contingent Liabilities

As at 31 December 2010, neither the Group nor the Company had any significant contingent liabilities.

Employment, Training and Development

As at 31 December 2010, the Group had a total of 631 employees, representing an increase of 37 employees over the year 2009. The increase was mainly attributable to the recruitments under the new manpower structure of the newly established Hainan Meilan International Airport Freight Transport Company Limited (海南美蘭國際機場貨運有限公司). Total staff costs accounted for approximately 10.76% of total turnover (total income), representing a decrease of 5.18% over the year 2009. The main reason for the decrease of staff cost was that the negative effects of global financial crisis has been diminishing which reduced the dismissal benefits expenses for the adjustment of management framework. The Group made up its annual training schemes based on the needs of the positions of its employees to provide technical training for its staff and improve its staff's quality. Employees are remunerated based on their performance, experience and prevailing industry practices. The Group will review the remuneration policy and related packages on a regular basis. Performance-based bonuses and commissions may be awarded to employees.

Retirement Pension

The Company and its subsidiaries have participated in the employee retirement scheme operated by the relevant local government of the PRC. The PRC government shall be responsible for the pension of the retired employees. The Group has to make contribution at the rate of 20% of the salary of its employees with permanent residence in the PRC. For the year ended 31 December 2010, the contribution for the pension amounted to approximately RMB3,938,000 (2009: RMB3,564,000).

Other Information

In 2010, the Group had no material change in other information in relation to those matters set out in paragraph 32 of Appendix 16 in the Listing Rules.

OUTLOOK

2011 is the first year of the "12th Five-year plan" which is also an important transition year of China's social economy moving "from external to domestic demand, from high-carbon to low-carbon, from the power to enrich the people". The Chinese government will deepen the reform and development and technology innovation, promote economic recovery and strengthens autonomous growth, through the implementation of the key projects of "12th Five-year" Planning and new industries development program to advance the strategic adjustment of economic structure, enhancing the sustainability of recovery of the domestic economy. At the same time, it is the critical period of the development of building Hainan as an International Tourism Island. Hainan will accelerate the implementation of various preferential policies given international tourism in Hainan Island granted by the state, which will make a substantial increase in tourism attraction and social influence. Under the influence of this, the Group estimates that the industry operating environment will be improved, the island's civil aviation transportation and production will show a rapid growth. However, the deep impact of the international financial crisis has not been completely eliminated, the world economy has not yet entered a virtuous circle of steady growth. Systemic and structural risks are still quite prominent. In 2011, the Group will face great challenges and opportunities at the same time. Driven by the gradual implementation of preferential policies of building Hainan as an International Tourism Island, the Group will buckle up with the strategy development planning, implement the transformation of income model, actively acquire external resources, effectively carry out investment and financing work, strive to realize the Company's strategic development goals as soon as possible, effectively carry out infrastructure investment projects; actively expand aviation, and non-aviation business, strengthen assets and fund management, so as to make Meilan Airport achieve a sustainable, healthy and harmonious development for even more satisfactory performance feedback to all of its shareholders.

STRENGTHENING MARKET DEVELOPMENT TO CAPTURE THE "INTERNATIONAL TOURISM ISLAND" OPPORTUNITY

In the year of 2011, the Group will capture the "International Tourism Island" opportunity, and lobby the Hainan province and HaiKou City governments to issue more preferential policies for aviation market to enhance attractiveness of the aviation market in Haikou and to introduce airlines to build their bases there with an aim to expand the capacity and open new routes in the Haikou market. On the other hand, the Group will continue to seek for cooperation for charter flights, and will ally with travel agencies and airlines to offer charter flight service. The Group will also put more efforts in exploring new international flight routes and introducing more foreign airlines to open up new routes that make transfer flight in Haikou to other cities all over the countries using the fifth freedom right of Hainan, with a vision to build Meilan Airport as the southern gateway of China.

SEEKING FOR PREFERENTIAL TREATMENTS AND COST SAVING

In 2010, one of the Group's focuses was to study the national preferential policies' criteria and strive to be benefited from the supporting policies and funding from the government, so as to create a good external environment for its corporate development. The Group has fully implemented budget optimization in both its management and operation, and resulted in remarkable achievements. In 2011, the Company will further enforce its budget control to reduce costs, and enhance its incentive system and integrate resources to increase its profitability. Furthermore, while making proper arrangement for the refund of the airport construction fees, the Company will capture the opportunity, where the government is advocating for cooperation between banks and enterprises in order to boost domestic demand and promote economic growth, to apply for various preferential treatments to create a favorable external environment for the development of the Company.

ACCELERATING MANAGEMENT TRANSFORMATION AND ENHANCING MANAGEMENT STRUCTURE OPTIMIZATION

Following the successful outsourcing of car parking business, and setting up an independent joint venture cargo company, in 2010, the Group has completed the outsourcing of daily repairs and maintenance business of terminal building facilities, VIP service business and first-class cabin service, so as to further optimize its business process and organization structure. In 2011, the Group will be efficiency oriented, in addition to speeding up outsourcing of various non-aeronautical businesses, enlarging the outsourcing scale, accelerating the transformation of its management model and exploring the feasibility of outsourcing its aeronautical business, fostering reformation of its operation model, endeavoring to bring breakthrough to the airport management ecology in the region, so as to enhance its core competitive strengths and establish a management mechanism that will promote its development and ensure sustainable profitability.

PROVIDING INNOVATIVE SERVICES WITH AN ON-GOING EFFORT TO IMPROVE SERVICE QUALITY

In 2010, the Group actively explored and introduced various services with personal and special characteristics, and achieved satisfactory result and had won public recognition. Meanwhile, the Group actively promoted the structure adjustment of the Airport Service Quality (ASQ) program, and was awarded the World's Best Airport Service Award issued by the Airports Council International. For the year of 2011, the Group will continue to build its service system, participate in the appraisal of the World Best Airport campaign, actively take part in the SKYTRAX four-star airport ranking, introduce advanced service models and experience at home and abroad, accelerate the replacement and reformation of service hardware, strengthen its service awareness, further raise and improve servicing skills and service quality, so as to establish an integrated mechanism for promoting airport service quality. (Skytrax is a UK based consultantancy, a subsidiary of Inflight Research Services. Its main business is to conduct survey on airline services. Its most well-known awards are the Airline of the Year and Airport of the Year awards.)

Acquisition and Issuing A Shares to move up steadily

The Company announced on 6 April, 21 April, 31 May, 16 November and 28 December 2010 respectively that it has entered into the conditional Share Transfer Agreements with HNA Group Company Limited and Kingward Investment Limited respectively for the acquisition of 54.5% issued share capital of HNA Airport Holding (Group) Company Ltd ("HNA Airport") at a total consideration of RMB2,199,900,000 and proposed to issue A shares in the PRC. The Company had financed the consideration of the acquisition of the 24.5% issued share capital in HNA Airport from Kingward by its own funds and bank borrowings. The Company intends to finance the consideration of RMB1,211,000,000 of the acquisition of the remaining 30% issued share capital in HNA Airport from HNA Group by the proceeds from the proposed A share issue in the PRC. The proposal of issuing A share is subject to market conditions and the policy of the China Securities Regulatory Commission. If the A share issue fails to be completed for any reason, the Company will seek other financing ways to carry out the equity purchase to expand the Company.

SUPPLEMENTARY INFORMATION

Final Dividend

The Board has passed the resolution to recommend the payment of a final dividend on or before Friday, 15 July 2011 of RMB0.12 per share (before tax) on the annual general meeting to be held on Tuesday, 17 May 2011 to shareholders of the Company whose names appear on the Company's Register of Members on Saturday, 16 April 2011 (at the close of business).

The Company's register of members will be closed from Saturday, 16 April 2011 to Tuesday, 17 May 2011 (both days inclusive), during which time no transfer of shares will be registered. To ensure that shareholders are entitled to receive the distribution of final dividends to be approved at the annual general meeting, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, located at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 15 April 2011 for completion of the registration of the relevant transfer.

Code on Corporate Governance

The Company is committed to comply with all the rules prescribed by China Securities Regulatory Commission and The Stock Exchange of Hong Kong Limited, as well as requirements of other regulatory bodies. The Company has adopted a code on corporate governance practices on terms no less exacting than the standard of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code on Corporate Governance") which came into effect in January 2005. During the year ended 31 December 2010, the Company had complied with the Code on Corporate Governance and met with all governance and disclosure requirements. The Company will strive for continuously enhancing its corporate governance standard and transparency to shareholders.

Audit Committee

The audit committee of the Company was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices including review of relationships with external auditors, the Company's financial reporting, the internal control and risk management system, and there were no disagreement by the audit committee or the external auditors on the accounting policies adopted by the Company. The audit committee of the Company has reviewed the annual results for the year ended 31 December 2010.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by the directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the directors of the Company (the "Directors"), all of the Directors have complied with the required standard set out in the Model Code regarding directors' securities transaction during the time of the accounting period.

Publication of Annual Results and Annual Report

This results announcement is published on the website of the Stock Exchange at www.hkex.com.hk. as well as the Company's website www.mlairport.com. The 2010 annual report of the Company containing all information required under the Listing Rules will be dispatched to the shareholders of the Company and will be made available on the websites of the Stock Exchange and the Company in due course.

As at the date of this announcement, there are eleven directors on the Board. They are: Mr. Liang Jun, Mr. Dong Zhanbin, Ms. Xing Xihong as executive directors; Mr. Hu Wentai, Mr. Zhang Han'an, Mr. Chan Nap Kee Joseph, Mr. Yan Xiang as non-executive directors; and Mr. Xu Bailing, Mr. Fung Ching Simon, Mr. George F Meng and Mr. Feng Da'an as independent non-executive directors.

By Order of the Board
Hainan Meilan International Airport Company Limited
Liang Jun
Chairman

Haikou, China, the PRC
28 March 2011