

HAINAN AIRLINES COMPANY LIMITED

HAINAN AIRLINES COMPANY LIMITED 2015 ANNUAL REPORT SUMMARY

1. Important Notice

1.1 The full text of the annual report of the Hainan Airlines Company Limited (hereinafter referred to as the Company) shall be referred on the website of the SSE or other designated websites by the CSRC.

1.2 The Company and entire members of its board of directors ("BoD") hereby guarantee the truthfulness, accuracy and completeness of the annual report and would take responsibilities for significant omission, fictitious description or serious misleading of it.

1.3 The entire members of the board of directors participated the meeting of the BoD.

1.4 The PricewaterhouseCoopers issued the standard unqualified auditor's report for the Company.

1.5 Company profile

A Share	Stock Name	海南航空
	Stock Code	600221
B Share	Stock Listed at	Shanghai Stock Exchange
	Stock Name	HH B share
	Stock Code	900945
	Stock Listed at	Shanghai Stock Exchange
Contact Method Name	Secretary of the BoD Li Rui	Representative of the BoD on Security Affairs Zhang Dawei
Tel.	0898-6673 9961	0898-6673 9961
Fax	0898-6673 9960	0898-6673 9960
E-mail	hhgfdshmsbgs@hnaic.com	hhgfdshmsbgs@hnaic.com

1.6 Subject to the auditor's report issued by the Price Waterhouse Coopers, the parent company of the Company achieved net profit of RMB 2,027,203 thousand yuan in 2015. The Company would withdraw the amount of RMB 202,720 thousand yuan as the statutory public fund. Therefore the actual profit available for distribution accounts for RMB 1,824,483 thousand yuan. As of Dec. 31 of 2015, the accumulated profit available for distribution accounted for RMB 6,975,057 thousand yuan.

The Company has been paying attention to reasonable return on investment and endeavoring to keep the consistency and stability of its profit distribution policy. In 2016, the Company would be in great demand for capitals to meet its operation expansion and industrial distribution plan. In order to improve the future development and profit-earning ability of the Company and maximize shareholders' interest and the Company itself, the board of directors would propose neither to distribute profit for the year of 2015, nor to capitalize the common reserves and any other type of distribution.

2. Main Business or Products in the Report Period

The Company is the sole airlines enterprise of mainland China which has been appraised as the SKYTRAX Five Star airlines enterprise. There're more than 700 domestic and international air routes owned by the Company and its subsidiaries (including domestic air routes covering Hainan province, Northeast China, Northern China, Northwest China, South Central Region, Southwest China, Eastern China and Taiwan Region). The international airlines owned by it mainly involve in the flights of Asia, Europe and America. Presently, it has opened more than 40 international air routes which involves in 19 overseas cities and Taipei & Marco.

The Company endeavors to build up quality air-route network at the medium & high-end markets, explores the intercontinental quality air-routes in European and American region by closely integrating with the national strategy and achieves scale-operation model through forming boutique domestic commercial air-route network. It has realized high-efficiency network interaction between the international and domestic networks in major regional markets. It has formed the profit-earning business model which generates its principal income & profit from air passenger & cargo transportation step by step in the period of more than twenty years since its establishment. In the report period, there's no significant change to its principal business of the Company which had been kept up to the standard.

The Company constantly provides overall and seamless air service to the passenger. Its target is to become a world-class outstanding airlines enterprise and brand of China. In the future, it would strive to achieve the strategic target of sustainable development through further improving its operation scale and market rate, enhancing its profit-earning ability and upgrade the industry competitive advantages.

As the most modern means of transportation, civil aviation is the most important fundamental industry of national economy. It takes its unique advantages to vigorously promote the development of the country. The development level of civil aviation symbolizes the prosperity of an economic society and to some extent represents the comprehensive strength and competitiveness of a country. Presently, the function of civil aviation in international economic cooperation becomes increasingly outstanding. Its development cycle closely connected to the economic cycle. In recent years, the development of the civil aviation showed some fluctuation influenced by the fluctuation of aviation fuel price, macro economy, political situation and major natural disasters. However, the development of civil aviation industry has been showing good trend of growth. The growth of macro economy of our country provides excellent market demand and steady environment conditions for the rapid growth of the industry.

3. Brief of Financial Indexes

Monetary Unit: In RMB1,000 yuan

Item	2015	2014	Increase/Decrease (%)	2013
Total assets	125,381,227	121,982,041	2.79	112,617,088
Operation income	35,225,439	36,043,771	-2.27	33,276,254
Net profit belongs to shareholders of the listed enterprise	3,002,694	2,591,173	15.88	2,158,660
Net profit belongs to shareholders of the listed enterprise after non-recurring profit and loss	2,206,849	2,028,576	8.79	1,721,447
Net assets belongs to shareholders of the listed enterprise	33,481,556	28,651,635	16.86	27,120,865
Net cash flow from operating activities	12,536,467	6,004,642	108.78	10,747,616
Total share capital at period end	12,182,182	12,182,182		12,182,182
Basic earnings per share (yuan per share)	0.246	0.213	15.49	0.177
Diluted earnings per share (yuan per share)	0.246	0.213	15.49	0.177
Weighted average ROE (%)	10	9	1	8

4. Financial Highlights in Quarters

Monetary Unit: In RMB 1,000 yuan

Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operation income	9,122,153	7,499,866	10,002,439	8,600,981
Net profit belongs to shareholders of the listed enterprise	921,019	681,448	887,332	512,895
Net profit belongs to shareholders of the listed enterprise after non-recurring profit and loss	872,657	450,033	735,518	148,641
Net cash flow from operating activities	3,540,475	3,523,141	2,875,181	2,597,670

5. Share Capital and Shareholders

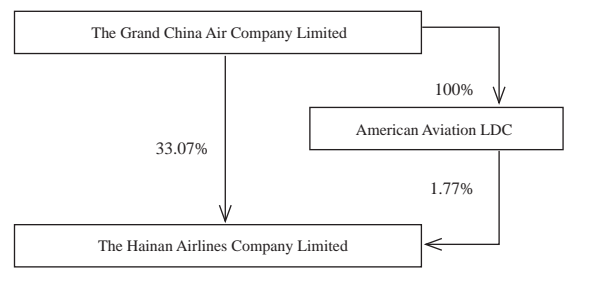
5.1 Particulars about top 10 shareholders

Unit: In Share

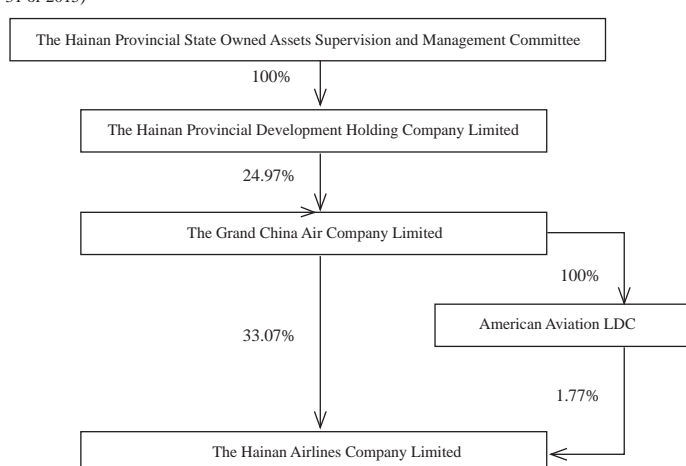
Total amount of shareholders at end of report period	564,464
Total amount of shareholders at the end of last month before the disclosing day of the annual report	569,677

Shareholder	Increase/Decrease	Shareholding Amount at Period End	Shareholding Percentage (%)	Shareholding Amount of Shares with Trading Restriction	Amount of Pledged or Frozen Shares		Nature of Shareholders
					Share Status	Amount	
Grand China Air Co., Ltd.	596,378,094	4,029,167,580	33.07	0	Pledged	3,584,000,000	Others
Haikou Meilan International Airport Co., Ltd.	0	862,848,902	7.08	0	Pledged	812,000,000	Others
HNA Group Company Limited	-1,296,700	593,941,394	4.88	0	Pledged	593,941,365	Others
Changjiang Leasing Co., Ltd.	0	517,671,098	4.25	0	Pledged	394,125,818	Others
China Securities Finance Corporation Limited	324,618,487	324,618,487	2.66	0	No		State Legal Person
ICBC Ruixin Fund Corporation					No		Others
ICBC-Zhonghai Trust Company Limited	328,000,000	261,700,000	2.15	0	No		Others
AMERICAN AVIATION LDC	0	216,086,402	1.77	0	No	170,000,000	Others
Central Huijin Assets Management Corporation Limited	142,860,500	142,860,500	1.17	0	No		State Legal Person
Hua'an Property Insurance Company Limited (self-owned capital)	-5,625,269	62,546,196	0.51	0	No		Others
ICBC-Southern Consumption Hybrid Securities Investment Fund	0	50,889,311	0.42	0	No		Others
Note to relationship or "action in concert" among the top ten shareholders	Among the top ten shareholders, there's connected relationship among the Grand China Air Co., Ltd., Haikou Meilan International Airport Co., Ltd and HNA Group Co., Ltd. However, there's no action in concert among them as described by the Administrative Rules on Information Disclosure about Changing of Shareholding Status. The Changjiang Leasing Co., Ltd is the indirect subsidiary of the HNA Group Co., Ltd. The AMERICAN AVIATION LDC is the fully-owned subsidiary of the Grand China Air Co., Ltd.						
Specifications on amount of preferred shareholders with restoration of voting rights and shareholding amount	Not applicable						

5.2 Chart of the property right and controlling relationship between the controlling shareholder and the Company (As of Dec. 31 of 2015)



5.3 Chart of the property right and controlling relationship between the actual controller and the Company (As of Dec. 31 of 2015)



6. Discussion and Analysis of the Managements

In 2015, the Company realized total income from principal business for amount of RMB 33,077 million yuan, increased 2.04%, in which the income from passenger transportation business accounted for RMB 32,067 million yuan, 96.95% of the main business of the Company, cargo & mail and excess luggage for RMB 971 million yuan, 2.93% of the main business, other income for RMB 39 million yuan, 0.12% of the main business. The total net profit belongs to the shareholders accounted for RMB 3,003 million yuan.

In 2015, the total passenger transportation volume reached 6,819,840,000 person* times, increased by 11.63% comparing with the same period of last year. The total passenger transportation volume reached 38,600,000 persons, 8.43% increase. The average seating rate reached 88.19%, 1.39% increase.

In 2015, the Company introduced 39 aircraft and threw the lease of 6 aircraft. As of Dec. 31 of 2015, the Company operated a fleet of 202 aircraft. Following is the fleet details:

Aircraft Type	B737-700	B737-800	B767-300	B787	A320	A319	A330-200	A330-300	Total
Aircraft Quantity	16	144	3	10	4	3	9	13	202

Brief operation indexes:

Index	2015	2014	Increase/Decrease (%)
ASK (Available Seat Kilometers)	7,511,215	6,826,028	10.04
Total Turnover of Transportation (In 10,000 ton*kilometers)	681,984	610,945	11.63
Total Turnover of Passenger Transportation (In 10,000 ton*kilometers)	584,152	523,529	11.58
Total Turnover of Cargo & Mail Transportation (In 10,000 ton*kilometers)	97,832	87,415	11.92
Total Flying Kilometers (In 10,000 kilometers)	41,315	38,268	7.96
Total Flying Hours (In hour)	636,824	594,341	7.15
Flying Flights (In flight)	268,527	260,499	3.08
Flight Using Rate per Day (In hour)	9.67	10.26	-5.75
Volume of Passenger Transportation (In 10,000 person*times)	3,860	3,560	8.43
Volume of Cargo & Mail Transportation (In 10,000 tons)	38.47	36.07	6.65
Average Seating Rate (%)	88.19	86.80	1.39
Average Loading Rate (%)	87.54	83.60	3.94

7. Items Concerning the Financial Report

7.1 Specifications on changes in accounting policies & estimates comparing with last year's financial report: No

7.2 Specifications on correction of significant accounting errors which would need retrospective restatement: No

7.3 Specifications on changes in consolidation scope of the financial statements comparing with last year's financial report:

List of the subsidiary which was newly established and consolidated into the financial report in 2015

Name	Main Operation Location	Registered Address	Business	Shareholding Percentage (%)		Registered Capital
				Direct	Indirect	
Hainan Aviation Commerce & Trade	Hong Kong	Hong Kong	Investment	100%	-	HKS 1

7.4 Specifications on unqualified auditor's report of the annual financial report: No

Chairman: Xin Di
Hainan Airlines Company Limited
Mar. 25, 2016

ANNOUNCEMENT OF RESOLUTIONS OF BOARD OF DIRECTORS HAINAN AIRLINES COMPANY LIMITED

The Hainan Airlines Company Limited and the entire members of its board of directors ("BoD") hereby guarantee the truthfulness, accuracy and completeness of the announcement and would take responsibilities for significant omission, fictitious description or serious misleading of it.

The annual meeting, the 48th session of the seventh board of directors of the Hainan Airlines Company Limited (hereinafter referred to as "the Company"), was convened in the method of communication on Mar. 24 of 2016. The entire board of directors (seven directors) participated the meeting, which conforms to the regulations of the Company Law and Articles of Association. During the meeting, following proposals were deliberated and passed through:

- The 2015 Work Summary and 2016 Work Outline of the Company
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.
- The 2015 Financial Report and 2016 Financial Plan
The proposal would be submitted to the general meeting for approval.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.
- The 2015 Work Summary of the Board of Directors
The proposal would be submitted to the general meeting for approval.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.
- The 2015 Annual Report and 2015 Annual Report Summary
The proposal would be submitted to the general meeting for approval.
The full text was published on the website of the SSE (<http://www.sse.com.cn>)
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.
- The 2015 Profit Sharing Preplan
Subject to the auditor's report issued by the Price Waterhouse Coopers, the parent company of the Company achieved net profit of RMB 2,027,203 thousand yuan in 2015. The Company would withdraw the amount of RMB 202,720 thousand yuan as the statutory public fund. Therefore the actual profit available for distribution accounts for RMB 1,824,483 thousand yuan. As of Dec. 31 of 2015, the accumulated profit available for distribution accounted for RMB 6,975,057 thousand yuan.

The Company has been paying attention to reasonable return on investment and endeavoring to keep the consistency and stability of its profit distribution policy. In 2016, the Company would be in great demand for capitals to meet its operation expansion and industrial distribution plan. In order to improve the future development and profit-earning ability of the Company and maximize shareholders' interest and the Company itself, the board of directors would propose not to distribute profit for the year of 2015, nor capitalizing the common reserves and any other type of distribution.

The above proposal would be submitted to the general meeting for approval.
Opinions of independent directors: The preplan is made according to the regulations of the Articles of Association. It reflects the actual operation situation and interest of both the Company and shareholders. It's favorable for maintaining the stable and healthy development of the Company. It's agreed to pass through the profit distribution preplan. The report would be submitted to the general meeting for approval.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.
6. The Report on the Payroll Solution for the Directors, Supervisors and Senior Managers
The production and operation indexes of the Company increased substantially. Its brand construction work realized significant breakthrough and internationalization strategy progressed rapidly. The Company's operation realized successful achievements in 2015. Therefore it plans to pay the yearly remuneration to the directors, supervisors and senior managements for total amount of RMB 4,664,900 yuan in comprehensive consideration of their work achievements of the managements.
The proposal would be submitted to the general meeting for approval.
Opinions of independent directors: The payroll solution is in accordance with the payroll examination system of the Company. The deliberation procedure is legal and effective.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.

7. The Report on Continuous Engagement of the Accounting Firm and Payment
In 2016, the Company will continue to engage the Price Waterhouse Coopers Consulting China to carry out financial statements auditing work for a term of one year. The Company would pay the auditing fee of RMB 5.65 million yuan for the 2015 annual auditing work.

The proposal would be submitted to the general meeting for approval.
The Opinions of Independent Directors: The decision of continuous engagement of the accounting firm and confirmation of its payments are fully based on the No. 6 Questions and Answers of the Information Disclosing Regulations on the Enterprises Issuing Stocks by Public Offering—Payment to the Accounting Firm and its Disclosing. The decision-making procedure is legal and effective.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.

8. The Report on Signing the Routine Productive Connected Transaction Agreements with Related Parties
In 2015, the total amount of the routine productive connected transactions accounted for RMB 5,882 million yuan. Its' estimated that the 2016 total amount of the routine productive connected transactions would account for RMB 10,018 million yuan. The related directors had abstained from voting. For details, please refer to the announcement on the routine productive connected transactions.
The proposal would be submitted to the general meeting for approval.

Opinions of the independent directors: The above connected transactions are routine connected transactions. The pricing basis is fair and reasonable, which is in conformity with the related regulations. The related directors had abstained from voting on above transactions. The deliberation procedure is legal and effective.
No damage to the interest of the entire shareholders exists.
Voting result: 3 affirmative votes, 0 dissenting vote, 0 abstention vote and 4 avoiding votes.

9. The Report on Applying the General Meeting to Approve the 2016 Mutual Guarantee Quota between the Company and its Controlled Subsidiaries
The Company would submit the proposal to the 2015 annual general meeting to approve the 2016 mutual guarantee quota of RMB 22 billion yuan to the Company and its controlled subsidiaries of the China Xinhua Airlines Group Company Limited, Chang'an Airlines Company Limited, Shanxi Airlines Company Limited and Beijing Kehang Investment Company Limited, Yunnan Xiangpeng Airlines Company Limited, Xinjiang Urumqi Airlines Company Limited and Fuzhou Airlines Company Limited, and authorize the management level of the Company to handling with the guarantee procedures. Within the guarantee quota, any single guarantee would not be submitted to the board of directors and shareholders' general meeting for deliberation. For details, please refer to the announcement of mutual guarantees.

The proposal would be submitted to the general meeting for approval.
Opinions of Independent Directors: The entity qualification and credit standings of the Company and its controlled subsidiaries are in conformity with the relative guarantee regulations. The mutual guarantee between the Company and its controlled subsidiaries would provide a sound capital security for the Company's operation. It also conforms to the interest of investors and development of the Company.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.

10. The Report on Applying the General Meeting to Approve the 2016 Mutual Guarantee Quota between the Company and Related Parties
In order to co-share credit awarding resources of the financial institute, control the total amount of connected transactions and maintain the interest of the Company, it plans to sign the 2016 Credit Mutual Guarantee Framework Agreement with the HNA Group Company Limited. According to the agreement, the 2016 total guarantee quota to the Company and its subsidiaries accounts for RMB 44 billion yuan to be provided by the HNA Group Company Limited and its related enterprises. The board of directors of the Company would apply to the general meeting to approve the proposal that the Company and its subsidiaries would provide the 2016 guarantee quota of RMB 13.2 billion yuan to the HNA Group Company Limited and its related enterprises. Meanwhile, the actual guarantee quota provided by the Company and its subsidiaries shall not exceed 30% of the actual guarantee quota provided by the HNA Group Company Limited and its related enterprises at any given point in time, and the management level would be authorized to deal with the related guarantee procedure within the set scope, any single guarantee within such quota would not be submitted to the board of directors and general meeting for deliberation. The related directors had been abstained from voting. For details, please refer to the announcement of mutual guarantees.

The proposal would be submitted to the general meeting for approval.
Opinions of Independent Directors: The signing of the mutual guarantee agreement between the HNA Group Company Limited & its related enterprises and the Company & its subsidiaries would effectively improve the financing ability of the Company and its subsidiaries and provide sound financial security for them. It also conforms to the interest of all shareholders and the Company. The related directors had abstained from voting on above transactions. The deliberation procedure is legal and effective. No damage to the interest of the entire shareholders exists.

Voting result: 4 affirmative votes, 0 dissenting vote, 0 abstention vote and 3 avoiding votes.
11. The Report on the Aircraft Importation in 2016
In 2016, the Company plans to import 40 aircrafts, which includes one A330-300 liners, three A330-200 liners, twenty-five B737-800 liners, eight B787-8 liners and three B737-700 liners.

The proposal would be submitted to the general meeting for approval.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.

12. The 2015 Self-evaluation Report on Internal Control of the Company
The board of directors deliberated and passed through the 2015 Self-evaluation Report on Internal Control

of the Company. The internal control auditors presented the Report on Internal Control. The full text could be referred to on the website of the SSE (<http://www.sse.com.cn>)

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

13. The 2015 Working Report of Independent Directors
The board of directors deliberated and passed through the 2015 Working Report of Independent Directors. The full text could be referred to on the website of the SSE (<http://www.sse.com.cn>)

The proposal would be submitted to the general meeting for approval.

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

14. The 2016 Management Plan on Investor Relations
The board of directors deliberated and passed through the 2016 Management Plan on Investor Relations. The full text could be referred to on the website of the SSE (<http://www.sse.com.cn>)

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

15. The Special Report on Risk Evaluation of the HNA Group Finance Company Limited
The board of directors deliberated and passed through the Special Report on Risk Evaluation of the HNA Group Finance Company Limited

The full text could be referred to on the website of the SSE (<http://www.sse.com.cn>)

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

16. The Report on Engaging the Internal-control Auditor
In 2016, the Company will continue to engage the Price Waterhouse Coopers Consulting China as its internal-control auditor to carry out the auditing work on the internal control system for a term of one year. The Company would pay the auditing fee of RMB 1.6 million yuan for its work in 2015.

The proposal would be submitted to the general meeting for approval.

Opinion of independent directors: The 2015 annual auditor's report on the internal control was issued by the Price Waterhouse Coopers who showed professional ethics and skills. It's agreed to engage the Price Waterhouse Coopers Consulting China as its internal-control auditor to carry out the auditing work on the internal control system for a term of one year in 2016. The auditing expenses shall be confirmed subject to the actual auditor's workload by the Company's management level with the authorization the general meeting. No damage to the interest of the Company and entire shareholders exists (especially the interest of the minority shareholders) during the internal-control audit which was carried out by the engaged auditing institute.
Voting result: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.

17. The 2015 Work Summary of the Committee on Public Accounts
The board of directors deliberated and passed through the 2015 Work Summary of the Committee on Public Accounts. For details, please refer to the full text of the 2015 Work Summary of the Committee on Public Accounts

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

18. The Report on Convening the 2015 Annual General Meeting of Shareholders
The board of directors agreed to convene the 2015 annual general meeting of shareholders on April 15, 2016.

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

Board of Directors
Hainan Airlines Company Limited
Mar. 25, 2016

ANNOUNCEMENT OF ENGAGEMENT OF ACCOUNTING FIRM HAINAN AIRLINES COMPANY LIMITED

The Hainan Airlines Company Limited and the entire members of its board of directors ("BoD") hereby guarantee the truthfulness, accuracy and completeness of the announcement and would take responsibilities for significant omission, fictitious description or serious misleading of it.

On Mar. 24 of 2016, the 48th session of the seventh board of directors of the Hainan Airlines Company Limited (hereinafter referred to as "the Company") deliberated and passed through the Report on Continuous Engagement of the Accounting Firm and Payment:

In 2015, the Price Waterhouse Coopers had performed its work fairly, independently and objectively. The Company plans to engage it to carry out auditing works on the financial statements of the Company for a service term of one year in 2016.

The Company would pay RMB 5.6