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**海南美蘭國際機場股份有限公司**  
**HAINAN MEILAN INTERNATIONAL AIRPORT COMPANY LIMITED\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 357)**

**ANNOUNCEMENT**  
**ON**  
**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

**INDEPENDENT FINANCIAL ADVISER**

**GD Guangdong Securities Limited**

The Company has entered into the Agreements with Parent Company, Hainan Airlines, China Southern Airlines, HNA Group and their relevant associates, respectively, in respect of the Non-exempt Continuing Connected Transactions for the period from 1 January 2005 to 31 December 2007.

The Non-exempt Continuing Connected Transactions are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Certain non-exempt continuing connected transactions conducted in the financial year of 2004 were either (i) on the terms substantially changed from those under the Existing Waiver; or (ii) having exceeded the caps prescribed under the Existing Waivers. Therefore, disclosure is made herewith pursuant to the relevant requirements under the Listing Rules and the Revised 2004 Transaction is proposed by the Board for approval by the Independent Shareholders at the EGM.

The Independent Board Committee has been formed to consider the terms of the Agreements, the New Annual Caps and the Revised 2004 Transaction and GDS has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, inter alia, the terms of those Non-exempt Continuing Connected Transactions that are subjected to the Independent Shareholders' approval, the applicable New Annual Caps and the Revised 2004 Transaction.

A circular containing, among others, further details of the Non-exempt Continuing Connected Transactions and the New Annual Caps that are subject to Independent Shareholders' approval and the Revised 2004 Transaction, a letter from the Independent Board Committee, a letter of advice from the independent financial adviser and a notice of the EGM will be dispatched to the Shareholders within 21 days from the date of this announcement.

## **I. GENERAL BACKGROUND INFORMATION**

The Company has been engaged in certain transactions with connected persons and their respective associates during the Company's ordinary course of business, which constitute connected transactions for the Company under the Listing Rules. In relation to the IPO, the Existing Waivers have been granted by the Stock Exchange from strict compliance with the relevant provisions governing connected transactions under the Listing Rules, subject to compliance with certain caps for annual transaction volumes and other conditions. Details of those connected transactions were disclosed in the Prospectus. The Existing Waivers expired on the 31 December, 2004.

The Board has conducted a review of the non-exempt continuing connected transactions of the Group as to the substantial change of certain terms or surpassing of certain caps under the Existing Waivers, the new contracts and new annual caps to be proposed for those transactions for the years from 2005 to 2007. Announcement is hereby made for compliance with the relevant provisions under the Listing Rules in respect of non-exempt continuing connected transactions.

## **II. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

Both of Parent Company and HNA Groups are promoters and substantial shareholders of the Company, beneficially holding 50.2% and 20.62% interest in the total issued share capital of the Company, respectively. Both of Hainan Airlines and China Southern Airlines are promoters of the Company. Accordingly, each of Parent Company, HNA Group, Hainan Airlines and China Southern Airlines is a connected person of the Company under the Listing Rules, and transactions between the Group and those connected persons and their associates constitute connected transactions for the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **III. CERTAIN CONNECTED TRANSACTIONS FOR THE YEAR OF 2004**

Under the Existing Waivers, there have been in existence the following two connected transactions, the transactional terms of which have been substantially changed in 2004:

### **(a) Contractual management of cargo centre**

Date of

Agreement: 1 June 2002

Parties:

The Company  
Yangzi Express

Subject:

Yangzi Express is a company engaged principally in transportation business. Commencing from the date of the agreement, the Company agreed to delegate the management and operation of the cargo centre at Meilan Airport to Yangzi Express under a contractual management arrangement for a fixed fee to be paid by Yangzi Express to the Company.

Price:

The annual management fee to be paid by Yangzi Express to the Company was fixed at RMB18,000,000 per year which was determined based on the estimation of the profits to be generated by the cargo center operation.

Term:

The contractual term was of one and half year ending on 31 December 2003.

Following the expiration of the above-mentioned contract on the 31st December 2003 and despite no further agreement recorded in writing, the parties concerned thereof have been continually engaged in the transaction through out the year of 2004 on the same terms and conditions as those contained in the expired contract, except for the annual management fee.

The parties have been in negotiations on and off with a view to come to an agreed charge rate for the annual management fee. It was noted that due to the restructuring of the airline companies in the PRC conducted from September 2003, certain airlines which were previously customers using the cargo center service now are merged with one of the leading airline group company and have retained their group members rather than the Company to provide the cargo center service. As a result, the profits generated by the cargo center operation has substantially decreased in 2004. It was finally agreed and rectified between the Company and Yangzi Express by an agreement dated 17th December 2004 that the management fee for the year of 2004 was fixed at RMB9.9 million, which was determined based on estimated profits of the cargo center business.

The relevant Existing Waivers lapsed upon the expiration of the contractual term of the transaction, therefore, compliance with the relevant reporting, disclosure and approval requirement of the Listing Rules is necessary for the transaction conducted in 2004. Since the relevant percentage ratio is more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000, no independent shareholders' approval is required. The Company noted that pursuant to the relevant provisions under the Listing Rules, announcement should have been made upon agreement being reached on the aforesaid contractual terms and the Company has failed to make the announcement in a timely manner for compliance with the Listing Rules.

**(b) Catering Service**

Date of Agreement: 31 December 2000

Parties: The Company  
Hainan Food

Subject: Hainan Food is a company engaged principally in flight catering service business and has been retained by the Company to provide on-board catering services for certain airlines which do not have airport base at Meilan Airport. The agreement sets out the terms and conditions for the franchising of such services to Hainan Food.

Price: Pursuant to the agreement, the rate for the franchise fee payable by Hainan food to the Company is fixed at RMB4,380,000 based on the estimation of the profits to be generated from the relevant catering services.

Term: The catering service agreement is for a term of three years commencing from 1st January 2000 and ending on 31 December 2003.

Following the expiration of the above-mentioned contract on the 31st December 2003 and despite no further agreement recorded in writing, the parties concerned thereof have been continually engaged in the transaction through out the year of 2004 on the same terms and conditions as those contained in the expired contract, except for the annual franchise fee.

The parties have been in negotiations on and off with a view to come to an agreed charge rate for the annual franchise fee. It was noted that due to the restructuring of the airline companies in the PRC as abovementioned, the catering business has been adversely affected as those to the cargo center business. As a result, the profits generated by the catering business has substantially decreased in 2004. In light of the foregoing, it was finally agreed and rectified by an agreement dated 17th December 2004 between the Company and Hainan Food that the franchise fee for the year of 2004 was RMB2.0 per headcount multiplying the number of passengers retaining the relevant services, which was determined based on estimated profits of such catering services and a split of such profits equally between the Company and Hainan Food. The aggregate annual volume is around RMB2,100,000 for 2004.

The relevant Existing Waivers lapsed upon the expiration of the contractual term of the transaction, therefore, compliance with the relevant reporting, disclosure and approval requirement of the Listing Rules is necessary for the transaction conducted in 2004. Since the relevant percentage ratio is less than 2.5%, no independent shareholders' approval is required. The Company noted that pursuant to the relevant provisions under the Listing Rules, announcement should have been made upon agreement being reached on the aforesaid contractual terms and the Company has failed to make the announcement in a timely manner for compliance with the Listing Rules.

The above-mentioned transactions with the revised terms are conducted on normal commercial terms. Under Rule 14A.36 of the Listing Rules, compliance with the relevant reporting and disclosure requirement is necessary for the substantial change of the relevant terms of those transactions and since each of the relevant percentage ratio based on the changed terms is either less than 2.5% (as for the transaction with Hainan Food) or more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000 (as for the transaction with Yangzi Express), no independent shareholders' approval is required.

#### **IV. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR THE YEARS OF 2005-2007**

##### **Catering Service by Hainan Food**

Date of Agreement:	5 January 2005
Parties:	The Company Hainan Food
Subject:	Hainan Food has been retained by the Company to provide on-board catering services for certain airlines which do not have airport base at Meilan Airport. The agreement sets out the terms and conditions for the franchising of such services to Hainan Food.
Price:	Pursuant to the agreement, the rate for the franchise fee payable by Hainan food to the Company is RMB2.0 per headcount multiplying the number of passengers retaining the relevant services, which is determined based on estimated profits of such catering services and a split of such profits equally between the Company and Hainan Food.
Term:	The catering service agreement is for a term of three years commencing from 1st January 2005 and ending on 31 December 2007.

## Historical Figures

The parties to the agreement above have been engaged in the relevant transaction over the years. The following table shows the total sums paid in respect of the transaction between the Group and the counter party in the past three years ended on 31 December 2004:

	Year ended 31 December		
	2002	2003	2004
		("RMB")	
Catering services by Hainan Food	4,380,000	4,380,000	2,076,000

The above historical figures are audited and contained in the relevant annual and interim reports of the Company, which are within the caps prescribed under the Existing Waivers.

## New Annual Cap

The Board has considered and resolved that the following new annual cap be set for the annual volume of the relevant transaction for the period from 1 January 2005 to 31 December 2007:

	2007	2005	2006
		("RMB")	
Catering services by Hainan Food	2,400,000	3,050,000	4,000,000

## Basis of the New Annual Cap

The proposed cap is determined with reference to the current contractual price. The current contractual price is fixed without reference to the historical figures due to the fact that the customers of Hainan Food decreased substantially in 2004 since some of its major customers have now retained their internal group member instead of Hainan Food to provide the catering service and therefore, the fixed fee of RMB4,380,000 per year for 2002 and 2003 is no longer a realistic estimation of the profits of the relevant business for the future. The new cap set for 2005 is based on estimation of the profits to be generated in 2005, and it is estimated that there will be an increase in the annual franchise fee of the relevant transaction by 30% each year over the preceding year in 2006 and 2007.

## Listing Rules Requirements

The terms and conditions of the agreement above have been negotiated on an arm's length basis and are of normal commercial term. The relevant transaction will be conducted in the ordinary and usual course of business of the Company. The Board (including the independent non-executive Directors) considers that the transaction above is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

As the relevant percentage ratios (other than profit ratio) in respect of the transaction above are, on an annual basis, more than 2.5% but less than 25% and the annual consideration of the transaction is less than HK\$10,000,000, the transaction is only subject to the reporting and announcement requirements under the Listing Rules and no approval by Independent Shareholders is required.

**V. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR THE YEARS OF 2005-2007**

**(a) Transactions with Hainan Airlines**

*(i) Premises lease by Hainan Airlines*

*Terminal Lease*

Date of Agreement: 5 January 2005

Parties: The Company  
Hainan Airlines

Subject: Hainan Airlines is a company engaged principally in airlines operation business. The Company has been leasing office and commercial premises to Hainan Airlines for the latter's conduction of business at Meilan Airport. According to the agreement, the premises leased at the date of the agreement comprise office spaces, airport counters and other premises at the airport terminal and apron.

Price: charges for the rentals are set at different rates depending on the function and usage of those premises, which are applicable to all other customers of the Company including independent third parties. Those charge rates have been fixed by the Company by reference to prevailing local market rates. The fixed monthly rental set out in the agreement is RMB558,300, which is equivalent to RMB6,699,600 per year.

Term: The lease agreement is for a term of three years commencing from 1 January 2005 and ending on 31 December 2007.

*Cargo Centre Lease*

Date of Agreement: 5 January 2005

Parties: The Company  
Hainan Airlines

Subject: Commencing from 2005, the Company will take over the management and operation of the cargo centre at Meilan Airport which was previously delegated to Yangzi Express under a contractual management arrangement. Under the cargo center facilities and assets lease agreement, Hainan Airlines agreed to rent part of the premises, facilities and assets at the cargo centre from the Company for conduction of its own cargo handling and storage operation.

Price: Charges for the rentals are set at different rates depending on the function and usage of those premises and the book value of the movable assets. Those charge rates have been fixed by the Company by reference to the costs of depreciation on a 6-year basis for movable assets and rates of investment return of 5%-7% for immovable assets. The total annual rental is RMB2,230,000.

Term: The cargo centre facilities and assets lease agreement is for a term of three years commencing from 1 January 2005 and ending on 31 December 2007.

**(ii) Airport Ground Services with Hainan Airlines**

Date of Agreement: 5 January 2005

Parties: The Company  
Hainan Airlines

Subject: Pursuant to the agreement, the Company agreed to provide customary airport ground services including landing facilities, basic ground handling service, passenger and baggage services and other related services to Hainan Airlines and its subsidiaries.

Price: Various charge rates that are primarily fixed by the CAAC and applicable to all the customers including independent third parties.

Term: The ground handling service agreement is for a term of three years commencing from 1 January 2005 and ending on 31 December 2007.

**(b) Airport Ground Services with China Southern Airlines and its subsidiary Xiamen Airlines Company**

***Agreement with China Southern Airlines***

Date of Agreement: 1 February 2005

Parties: The Company  
China Southern Airlines

Subject: Pursuant to the agreement, the Company agreed to provide customary airport ground services including landing facilities, basic ground handling service, passenger and baggage services and other related services to China Southern Airlines.

Price: Various charge rates that are primarily fixed by the CAAC and applicable to all the customers including independent third parties.

Term: The ground handling service agreement is for a term of three years commencing from 1 January 2005 and ending on 31 December 2007.

### ***Agreement with Xiamen Airlines Company***

Date of Agreement: 1 February 2005

Parties: The Company  
Xiamen Airlines Company

Subject: Xiamen Airlines Company is a 60% subsidiary of China Southern Airlines and engaged principally in airline operation business. Pursuant to the agreement, the Company agreed to provide customary airport ground services including landing facilities, basic ground handling service, passenger and baggage services and other related services to Xiamen Airlines.

Price: Various charge rates that are primarily fixed by the CAAC and applicable to all the customers including independent third parties.

Term: The ground handling service agreement is for a term of three years commencing from 1 January 2005 and ending on 31 December 2007.

### **(c) Airport Composite Services by Parent Company**

Date of Agreement: 5 January 2005

Parties: The Company  
Parent Company

Subject: Parent Company is a company engaged principally in ancillary airport service business. Pursuant to the agreement, Parent Company agreed to provide to the Group with the following services:

- (i) security guard service;
- (ii) cleaning and environment maintaining;
- (iii) sewage and refuse processing;
- (iv) power and energy supply and equipment maintenance; and
- (v) passengers and luggage security inspection,

Price: The charge rates for the above various services are as follows:

- (i) the charges relating to the services of items (i)-(iv) above will be determined in accordance with the cost to Parent Company in providing such services plus a 5% mark-up as management fee, except for item (iv), the mark-up of which is 25% pursuant to the relevant pricing guideline set by CAAC.



- (ii) the charges relating to the service of item (v) will be determined in accordance with the rate prescribed by CAAC and charged to the airline customers directly. The Company will collect on behalf of Parent Company such fees receivable from airline customers.

Term: The airport composite services agreement is for a term of three years commencing from 1 January, 2005 and ending on 31 December, 2007.

**(d) Logistic Composite Service by HNA Group**

Date of Agreement: 5 January 2005

Parties: The Company  
HNA Group

Subject: HNA Group is a company engaged principally in aeronautical business. Pursuant to the agreement, HNA Group agreed to provide and procure its subsidiaries (if necessary) to provide the Group with the following logistic services:

- (a) staff training;
- (b) staff shuttle bus services;
- (c) staff cafeteria services;
- (d) vehicle maintenance; and
- (e) commodities and appliance procurement.

Price: Charges as to the service of item (a) will be at cost for providing such services as shared by HNA Group, the Company and other relevant companies on a pro rata basis with reference to the respective headcounts; and the charges as to items (b) and (c) will be at a fixed price with reference to relevant cost per headcount; and the charges as to items (d) will be the cost for providing such services plus a 5% mark-up as management fee; and item (e) will be 1% of total price of commodities and appliance procurement.

Term: The logistic composite services agreement is for a term of three years commencing from 1 January, 2005 and ending on 31 December, 2007.

## Historical Figures

The parties to the relevant agreements above have been engaged in the relevant transactions over the years before. The following table shows the total sums paid in respect of those transactions between the Group and the relevant contractual parties in the past three years ended on 31 December 2004:

		Year ended 31 December		
		2002	2003 (“RMB”)	2004
(a)	(i) Premises lease by Hainan Airlines	5,863,000	5,831,000	5,839,000
	(ii) Airport ground services with Hainan Airlines	57,700,000	65,540,000	75,037,000
(b)	Airport ground services with China Southern Airlines and Xiamen Airlines Company	38,980,000	43,120,000	41,460,000
(c)	Airport composite services by Parent Company	9,900,000	9,900,000	11,222,000
(d)	Logistic composite services by HNA Group	5,310,000	6,500,000	9,500,000

The above historical figures are audited and contained in the relevant annual and interim reports of the Company.

## Revised 2004 Transaction

The cap set for 2004 under the Existing Waivers in respect of item (a)(ii) above is RMB70,000,000. Due to the rapid growth of business in 2004, the relevant annual transaction volume for item (a) (ii) in 2004 has exceeded the said cap and is within the estimated range of RMB80,000,000. It was around the end of November 2004 that the aggregated amount of the transaction reached RMB70,000,000, and a Board meeting was thereafter held in mid December for review of the transaction and for proposal of an EGM approving, inter alia, the transaction which has exceeded the cap under the Existing Waivers in compliance with the relevant requirements under the Listing Rules. The Board is of the view that it is in the benefit of the Company to receive more than expected fees from the counter party and hence proposes a revised cap of RMB80,000,000 for the year of 2004. The relevant Existing Waivers lapsed upon the increase of the relevant cap and compliance with the relevant reporting, disclosure and approval requirement of the Listing Rules is necessary for the transaction conducted in 2004. Therefore, the transaction concerned and the revised 2004 cap thereof (together, the “**Revised 2004 Transaction**”) are proposed by the Board for the Independent Shareholders’ approval at the EGM pursuant to the Listing Rules. The Company noted that prior shareholders’ approval should have been obtained in a timely manner before the relevant cap under the Existing Waivers was exceeded and the Company has failed to comply with such requirement due to difficulties in practicality.

The cap set for 2004 under the Existing Waivers in respect of item (d) above is RMB6,500,000. Due to the rapid increase in the headcounts of the Company in the recent two years, the annual transaction volume of item (c) in 2004 was anticipated to be higher than the aforesaid cap. Accordingly, the parties to the relevant transaction have reached an agreement in writing on 17 December 2004 that the annual cap for 2004 will be increased from RMB6,500,000 to RMB9,500,000. The relevant Existing Waivers lapsed upon the increase of the relevant cap, therefore, compliance with the relevant reporting, disclosure and approval requirement of the Listing Rules is necessary for the transaction conducted in 2004. Since the relevant percentage ratio is more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000, no independent shareholders' approval is required. The Company noted that pursuant to the relevant provisions under the Listing Rules, announcement should have been made upon agreement being reached on the increased cap and the Company has failed to make the announcement in a timely manner for compliance with the Listing Rules.

### **New Annual Caps**

The Board has considered and proposed that the following caps be set for the annual volumes of the relevant transactions above for the period from 1 January 2005 to 31 December 2007:

	<b>2005</b>	<b>2006</b> ( <i>"RMB"</i> )	<b>2007</b>
(a) (i) Premises lease by Hainan Airlines	8,929,600	8,929,600	8,929,600
(a) (ii) Airport ground services with Hainan Airlines	105,000,000	136,000,000	190,000,000
(b) Airport ground services with China Southern Airlines and Xiamen Airlines Company	54,100,000	71,100,000	92,400,000
(c) Airport composite services by Parent Company	15,000,000	16,000,000	16,500,000
(d) Logistic composite services by HNA Group	12,200,000	13,000,000	13,500,000

### **Basis of the Caps**

The cap proposed for item (a)(i) above is determined with reference to the fixed rental in the agreement and based on the assumption that there will be no increase in the annual rental of the relevant transaction.

The cap proposed for item (a)(ii) is determined with reference to the historical figures and based on the estimation that there will be an increase in the volume of the airport ground services by 30% each year over the preceding year in the period from 2005 to 2006 and by 40% in 2007.

The cap proposed for item (b) is determined with reference to the historical figures and based on the estimation that there will be an increase in the volume of the airport ground services by 30% each year over the preceding year in the period from 2005 to 2007.

The cap proposed for item (c) is determined with reference to the historical figures and based on the estimation that there will be an increase in the volume of the airport composite services by 27% in 2005 over that in 2004 due to the expected substantially enlarged demand of the relevant services after the completion and commencement of commercial operation of the Phase II expansion project of Meilan Airport, and thereafter by 5% each year over the preceding year in 2006 and 2007.

The cap proposed for item (d) is determined with reference to the historical figures (in particular, the proposed and revised cap of RMB80,000,000 for year 2004, which is subject to Independent Shareholders' approval, was taken for reference when considering the cap for 2005 and 2006, respectively) and based on the assumption that there will be an increase in the headcounts and volumes of procurement of materials by 30% and 40% in 2005 over that in 2004, respectively, due to the completion and commencement of commercial operation of the Phase II expansion project of Meilan Airport, and thereafter by 5% each year over the preceding year in term of the aggregate amount under the relevant agreement in 2006 and 2007.

In determining the New Annual Caps, the Directors have taken into account the Company's projection and business plan for the coming three financial years. The Directors are of the view that the Group will have significant potential opportunities for further expansion and development of its business and operations. To adjust the New Annual Caps to a lower level based on the historical utilization of the Existing Waiver would limit the ability of the Group to seize future business opportunities in its ordinary and usual course, and may have adverse impact on the Group's potential growth.

## **VI. REASONS FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

The Non-exempt Continuing Connected Transactions are entered into for the necessity and benefits of the Company. As an airport management company, the Company's main business is to provide airport ground services and lease of office and commercial premises at the Meilan Airport to the airline companies, among which, each of China Southern Airlines and Hainan Airlines is one of the major customers of the Company. Further, to streamline its business operation and to procure cost reduction by bulk purchase, the Company has been outsourcing the ancillary airport services, employees' composite services and the procurement of office appliance and construction materials to Parent Company and HNA Group and their associates. There has been long term co-operation between the Company and those connected persons which have the expertise and experience required for provision of such services and are in a better position to meet the quality standard and efficiency of costs required by the Company in respect of the relevant services.

The Non-exempt Continuing Connected Transactions are and will be conducted in the ordinary and usual course of business of the Group. These transactions will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Group. Due to the long-term relationship between the Group and each of Hainan Airlines, China Southern Airlines, Xiamen Airlines Company, Parent Company, HNA Group and Hainan Food, the Board considers it beneficial to the Group to continue to enter into the Non-Exempt Continuing Connected Transactions as these transactions have facilitated and will continue to facilitate the operation and growth of the Group's business.

## **VII. INDEPENDENT SHAREHOLDERS' APPROVAL AND COMPLIANCE WITH LISTING RULES**

The Company will seek the approval of the Independent Shareholders at the EGM of the Agreements and the New Annual Caps in relation to the Non-exempt Continuing Connected Transactions set out in paragraph V above (the "**Transactions**") that:

- (a) The aggregate annual volume of the Transactions shall not exceed the applicable New Annual Caps:
- (b) (i) The Transactions will be entered into in the usual and ordinary course of businesses of the Group and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Group than terms available from independent third parties; and

- (ii) The Transactions will be entered into in accordance with the applicable Agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

The Company will comply with Rules 14A.36-14A.38 and Rule 14A.45 of the Listing Rules in respect of the Transactions.

The Company will also seek the approval of the Independent Shareholders at the EGM of the Revised 2004 Transaction .

## VIII. EGM

The EGM is to be held for consideration and approval of the Non-exempt Continuing Connected Transactions and the New Annual Caps set out in paragraph V above and the Revised 2004 Transaction. A circular containing, among other things, further details of the relevant Agreements, a letter from the independent board committee, a letter of advice from the independent financial adviser and a notice for an extraordinary general meeting to approve the aforesaid will be dispatched to the Shareholders within 21 days from the date of this announcement.

## IX. GENERAL INFORMATION

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

At the time of this announcement, there are nine directors on the Board. They are Wang Zhen, Huang Qiu and Kristian Bjerneboe as executive Directors; Chen Wenli, Zhang Han'an and Kjeld Binger as non-executive Directors; and Xu Boling, Xie Zhuang and Fung Ching Simon as non-executive independent Directors.

## X. DEFINITION

“Agreements”	the agreements referred to in paragraph IV and paragraph V of this announcement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CAAC”	中國民用航空總局 (General Administration of Civil Aviation of China), also know as Civil Aviation Administration of China
“China Southern Airlines”	中國南方航空股份有限公司 (China Southern Airlines Company Limited), a joint stock limited company incorporated in the PRC and listed on the Stock Exchange
“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 28th December, 2000
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to approve the Non-exempt Continuing Connected Transactions, the New Annual Caps and the Revised 2004 Transaction that set out in paragraph V of this announcement

“Existing Waivers”	the waiver granted by the Stock Exchange in November 2002 to the Company in respect of certain non-exempt continuing connected transactions between the Group and connected persons for a term ended on 31 December 2004, subject to the conditions set out in such waiver.
“Group”	the Company and its subsidiaries
“GDS”	Guangdong Securities Limited, the independent financial adviser retained in respect of the Non-exempt Continuing Connected Transaction that are subject to independent shareholders’ approval.
“Hainan Airlines”	海南航空股份有限公司 (Hainan Airlines Company Limited), a joint stock limited company incorporated in the PRC and one of the Promoters of the Company
“Hainan Food”	海南航空食品有限公司 (Hainan Airlines Food Company Limited), a company established in the PRC and 51% owned by Hainan Airlines
“HK\$” or “HK dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HNA Group”	海航集團有限公司 (HNA Group Company Limited), a company established in the PRC and one of the Promoters of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board for the purpose of reviewing the Non-exempt Continuing Connected Transactions, which comprises Mr. Xu Boling, Mr. Xie Zhuang and Mr. Fung Ching Simon, all of whom are independent non-executive Directors
“Independent Shareholders”	Shareholders other than Parent Company, Hainan Airlines and HNA Group
“IPO”	the initial public offering of the Company’s Shares in the year of 2002
“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
“New Annual Caps”	the proposed annual caps in respect of the Non-exempt Continuing Connected Transactions for the three years ending 31 December 2007 and set out in paragraph IV and V of this announcement
“Non-exempt Continuing Connected Transactions”	the non-exempt continuing connected transactions which are and will continually to be entered into between the Group and the relevant connected parties that set out in paragraphs IV and V of this announcement

“Parent Company”	海口美蘭國際機場有限責任公司 (Haikou Meilan International Airport Company Limited), a company established in the PRC and the controlling shareholder of the Company
“Promoters”	the parties to a promoters agreement dated 20th December, 2000 in relation to the promotion and incorporation of the Company including, inter alia, Parent Company, Hainan Airlines, China Southern Airlines and HNA Group
“Prospectus”	the prospectus issued by the Company on 6th November, 2002 in connection with the IPO
“Revised 2004 Transaction”	the transaction and the revised annual cap that proposed by the Board for the transaction referred to in paragraph V(a) of this announcement for the year of 2004
“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
“Yangzi Express”	揚子江航空快運有限公司 (Yangzijiang Air Express Company Limited), a limited liability company established in the PRC which is held as to 85% by HNA Group, 10% by Shanghai Airport (Group) Company Limited and 5% by Hainan Airlines

By Order of the Board  
**Hainan Meilan International Airport Company Limited**  
**Mr. Chen Wenli**  
*Chairman*

Haikou, People’s Republic of China  
24 March 2005

\* *For identification purpose only*

*Please also refer to the published version of this announcement in  
The Standard and Wen Wei Po Post.*