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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
WITH HAINAN AIRLINES**

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



**FIRST SHANGHAI CAPITAL LIMITED**

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A letter from the Independent Board Committee is set out on page 10 of this Circular.

A letter from First Shanghai Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 18 of this Circular.

A notice convening the extraordinary general meeting of Hainan Meilan International Airport Company Limited (the "Company") to be held at 9:00 a.m. on 28 December 2009 in the meeting room of the Company on 3rd Floor, Meilan Airport Complex at No. 6 Haikou City, Hainan Province, the People's Republic of China (the "PRC") is set out on pages 24 to 26 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon, and in both cases in any event not later than 24 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

9 November 2009

\* For identification purpose only

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## DEFINITIONS

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

|  |  |
|--|--|
| “associate”  | has the meaning ascribed to it in the Listing Rules  |
| “Board”  | the board of Directors of the Company  |
| “CAAC”   | 中國民用航空總局 (General Administration of Civil Aviation of China), also known as Civil Aviation Administration of China   |
| “Company”  | 海南美蘭國際機場股份有限公司 (Hainan Meilan International Airport Company Limited), a joint stock limited company incorporated in the PRC on 28 December 2000  |
| “connected person”                                     | shall have the meaning as defined in the Listing Rules   |
| “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 and the New Annual Caps in relation to the New Hainan Airlines Agreement  |
| “First Shanghai” or<br>“Independent Financial Advisor” | 第一上海融資有限公司 (First Shanghai Capital Limited), the independent financial adviser retained in respect of the Non-exempt Continuing Connected Transactions that are subject to Independent Shareholders’ approval                                    |
| “Group”  | the Company and its subsidiaries   |
| “Hainan Airlines”                                      | 海南航空股份有限公司 (Hainan Airlines Company Limited), a joint stock company incorporated in the PRC with Limited liability and one of the Promoters of the Company   |
| “Hong Kong”  | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Board<br>Committee”                       | an independent committee of the Board for the purpose of reviewing the Non-exempt Continuing Connected Transaction, which comprises Mr. Xu Bailing, Mr. Xie Zhuang and Mr. Fung Ching Simon, all of whom are independent non-executive Directors |
| “Independent Shareholders”                             | Shareholders other than parent company of the Company, HNA Group Company Limited and Hainan Airlines   |

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## DEFINITIONS

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|  |   |
|--|---|
| “Latest Practicable Date”                      | 6 November 2009, being the latest practicable date for ascertaining certain information for inclusion in this circular before the printing of the Circular  |
| “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 set out in Paragraph IV(ii) of this Circular  |
| “New Hainan Airlines Agreement”                | the mail cargo and luggage service agreement entered into between the Company and Hainan Airlines on 30 October 2009  |
| “Non-exempt Continuing Connected Transactions” | the non-exempt continuing connected transactions which are and will continually to be entered into between the Company and Hainan Airlines set out in paragraphs II of this circular  |
| “Old Hainan Airlines Agreement”                | the mail cargo and luggage service agreement entered into between the Company and Hainan Airlines on 8 October 2007 and will expire on 31 December 2009   |
| “PRC”  | People’s Republic of China  |
| “Promoters”                                    | the parties to a promoters’ agreement dated 20 December, 2000 in relation to the promotion and incorporation of the Company including, inter alia, the Company’s parent company, the Hainan Airlines, China Southern Airlines Joint Stock Company Limited and the HNA Group Company Limited |
| “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   |

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Zhao Yahui  
Liang Jun  
Xing Xihong

*Registered Office:*

Meilan Airport Complex  
Haikou City  
Hainan Province, PRC

*Non-executive Director:*

Hu Wentai  
Zhang Han'an  
Joseph Chan  
Yan Xiang

*Principal Place of Business  
in Hong Kong:*

28/F, Bank of East Asia  
Harbour View Centre  
56 Gloucester Road  
Hong Kong

*Independent Non-executive Directors:*

Xu Bailing  
Fung Ching Simon  
Xie Zhuang  
George F Meng

*To the Shareholders*

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH HAINAN AIRLINES

Dear Sir/Madam,

#### I. GENERAL BACKGROUND INFORMATION

Reference is made to the announcement of renewal of continuing connected transactions dated 30 October 2009.

The Company has been engaging in certain transactions with connected persons and their respective associates during the Company's ordinary course of business, which constitute continuing connected transactions for the Company under the Listing Rules. Some of these non-exempt continuing connected transactions entered into by the Company in the year 2007 will expire on 31 December 2009 and the Board has conducted a review of the Non-exempt Continuing Connected Transactions contained in the Letter from the Board in this circular.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The Independent Board Committee has been formed to consider the terms of the New Hainan Airlines Agreement and the Annual Caps, and First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, inter alia, the terms of the Non-exempt Continuing Connected Transactions that are subject to the Independent Shareholders' approval and the applicable New Annual Caps contained in the Letter from the Board in this circular.

This Circular gives you further information in relation to the Non-exempt Continuing Connected Transactions, the applicable New Annual Caps, contains the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps and gives the Shareholders the notice of the EGM and other information in accordance with the requirements of the Listing Rules.

### II. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

#### The New Hainan Airlines Agreement

1. Date: 30 October 2009
2. Parties: The Company  
Hainan Airlines
3. Services: The Company has agreed to provide flights of Hainan Airlines with cargo mail and luggage services, including container equipment management services, luggage services, cargo and mail services, uploading and loading services and land transportation services to Hainan Airlines and its subsidiaries.

According to the New Hainan Airlines Agreement, Hainan Airlines will not enjoy the preferential charges for the cargo mail and luggage services rendered by the Company<sup>1</sup>. Also Hainan Airlines will not provide the cargo packing services to the customers of the Company<sup>2</sup>.

Hainan Airlines has agreed to sell packing materials to the Company at a price not exceeding the fair market price and the Company will provide packing services to its customers.

4. Fees: Various charge standards are primarily determined by relevant applicable regulation of the CAAC and the standards agreed in the New Hainan Airlines Agreement.

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## LETTER FROM THE BOARD

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5. Payment : The Company will issue an invoice indicating services rendered and relevant fees incurred on a monthly basis to Hainan Airlines. The fees shall be paid within forty five (45) days of receiving the invoice.
6. Term: A term commencing from the effective from 1 January 2010 to 31 December 2010.

*Note 1:* A preferential 50% discount on the said services is enjoyed by Hainan Airlines under the Old Hainan Airlines Agreement, the details of which have been disclosed in the announcement made by the Company on 8 October 2007.

*Note 2:* The Company is planning to expand its business to cover packing services from January 1 2010. The Company will purchase packing materials from Hainan Airlines.

### III REASONS FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company is principally engaged in the management and operation of the aeronautical and the non-aeronautical businesses at Meilan Airport. The Company provides services such as air tickets sales, security checks and boarding process management to a variety of airlines. The Non-exempt Continuing Connected Transactions contemplated in this circular are entered into because they are necessary for and are beneficial to the Company. The Board believes that the establishment of long-term cooperation relationship with Hainan Airlines will stabilize the Company's operation, ensure a broaden stream of revenue source and a relatively stable profits rate and is of commercial benefit to the Company and the Group as a whole.

### IV. ANNUAL CAP OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### (i) Historical Figures

The following table shows the actual transaction amount in respect of those transactions between the Company and Hainan Airlines for the two years ending 31 December 2009:

|   | <b>Year ended<br/>31 December<br/>2008</b> | <b>Year ending<br/>31 December<br/>2009<br/>(Expected<br/>Transaction<br/>Amount<sup>1</sup>)</b> |
|---|--|---|
|   | (“RMB”)                                    |   |
| Cargo Mail and Luggage Service Agreement with Hainan Airlines | 4,705,000 <sup>2</sup>                     | 4,600,000 <sup>2</sup>  |

*Note 1:* The expected transaction amount for the year 2009 of the Non-exempt Continuing Connected Transactions contemplated in the circular is calculated based on the actual figure for the first half of the year 2009 i.e. the expected transaction amount for the year 2009 = the actual transaction amount for the first half of year 2009 x 2. The transaction amount for the nine months ended on 30 September 2009 was RMB3,080,000 under the Old Hainan Airlines Agreement.

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## LETTER FROM THE BOARD

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*Note 2:* The original annual caps for the two years ending on 31 December 2009 under the Old Hainan Airlines Agreement were RMB5,000,000 and RMB5,500,000, respectively. The Old Hainan Airlines Agreement is for a term of two years. The outbreak of the global financial crisis in the year of 2008 has a serious impact on airlines, and the transaction amounts for the two years 2008 and 2009 were affected negatively accordingly.

### (ii) New Annual Caps

The Board has considered and proposed that the following caps be set for the annual volumes of the relevant transactions for the period from 1 January 2010 to 31 December 2010:

|                                   | <b>2010</b><br>(RMB)  |
|-----------------------------------|---|
| the New Hainan Airlines Agreement | 10,120,000 <sup>1</sup><br>(for cargo mail and<br>luggage services) |
|                                   | 31,900,000 <sup>2</sup><br>(for packing materials purchase)         |

*Note 1:* The New Hainan Airlines Agreement is for a term of one (1) year ending on 31 December 2010. Therefore, only the annual cap for the year 2010 is provided.

*Note 2:* The Company will purchase packing materials from Hainan Airlines and provide packing services to its customers of the Company in accordance with the packing requirements provided by relevant airlines companies.

### (iii) Basis of New Annual Caps

The above annual cap for cargo mail and luggage services has been determined on the basis of estimated volume of services required by Hainan Airlines with reference to historical transaction value with it and the potential growth in demand generally in the market for such services with reference to contractual service fees.

The followings set out the basic factors taken into account by the Board for the New Annual Caps:

The Company offers the same cargo mail and luggage services to Hainan Airlines as those under the Old Hainan Airlines Agreement in 2007. The cap estimated is determined with reference to or taking into account of the actual transaction and estimated amounts for the two years ending 2009 with an annual growth rate of 10% and the termination of the preferential service charges previously given to Hainan Airlines. As to the New Annual Cap for the purchase of packing materials by the Company from Hainan Airlines under the New Hainan Airlines Agreement, it is estimated based on the sales income of Hainan Airlines for the sales of packing materials to its relevant customers with an annual growth rate of 10%. The actual sales income for the year 2007 and 2008 were RMB23,532,000 and RMB24,532,000 and estimated amount for the year 2009 is RMB29,000,000 based on the actual amount of RMB14,500,000 for the first half of 2009.



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## LETTER FROM THE BOARD

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### V. COMPLIANCE WITH THE LISTING RULES

Hainan Airlines, being a promoter of the Company, is a connected person of the Company under the Listing Rules. Accordingly, transactions between the Company and Hainan Airlines constitute connected transactions of the Company under the Listing Rules and are subject to the reporting and announcement requirements and independent shareholders' approval set out in Rules 14A.45 to 14A.48 of the Listing Rules.

In relation to the New Hainan Airlines Agreement, the applicable percentage ratios computed pursuant to Rule 14.04(9) of the Listing Rules are less than 2.5%. However, such transactions, when aggregated with the relevant connected transactions with Hainan Airlines in the preceding twelve months, including the ground service transactions and terminal lease transactions, constitutes Non-Exempt Continuing Connected Transactions and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Please refer to the Company's announcements dated 8 October 2007 and 16 October 2008 for further detailed information.

The Directors are satisfied that (i) the terms and conditions of the Non-Exempt Continuing Connected Transactions contemplated in this circular have been negotiated on arms' length basis and are on normal commercial terms; (ii) such transactions will be conducted in the ordinary and usual course of business of the Company; (iii) the annual caps for the year 2010 are reasonable and (iv) terms of the same transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Entering into the Non-Exempt Continuing Connected Transaction has facilitated and will continue to facilitate the operation and growth of the Group's business.

The Independent Board Committee has been formed to consider the terms of the New Hainan Airlines Agreement, the applicable New Annual Caps and First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, inter alia, the terms of the Non-exempt Continuing Connected Transactions under the New Hainan Airlines Agreement and the applicable New Annual Caps.

### VI. INDEPENDENT SHAREHOLDERS' APPROVAL AND COMPLIANCE WITH LISTING RULES

The Company will seek the approval of the Independent Shareholders at the EGM for the Hainan Airlines Agreement and the applicable New Annual Caps above that:

- (a) The aggregate annual volume of the transactions under the New Hainan Airlines Agreement shall not exceed the applicable New Annual Caps;
- (b) (i) The New Hainan Airlines Agreement 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 New Hainan Airlines Agreement and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Company will comply with Rules 14A.36 to 14A.38 and Rule 14A.45 of the Listing Rules in respect of the transactions under the New Hainan Airlines Agreement.

### VII. EXTRAORDINARY GENERAL MEETING

The EGM will be held for consideration and approval of the Non-Exempt Continuing Connected Transactions under the New Hainan Airlines Agreement and the applicable New Annual Caps. A circular containing, among other things, further details of the New Hainan Airlines Agreement, a letter from the Independent Board Committee, a letter of advice from First Shanghai and a notice for the EGM to approve the aforesaid will be dispatched to the Shareholders as soon as practicable.

Set out on pages 24 to 26 of this circular is a notice convening an EGM to be held at held at 9:00 a.m. on 28 December 2009 (Monday) in the meeting room of the Company on the 3rd Floor, Meilan Airport Complex, Haikou City, Hainan Province, the PRC. At the EGM, ordinary resolutions will be proposed to consider and, if thought fit, to approve the Non-exempt Continuing Connected Transactions, the relevant Annual Caps contained in the Letter from the Board in this circular. As at the Latest Practicable Date, each of the parent company of the Company, Hainan Airlines and HNA Group Company Limited which holds, directly and indirectly, 50.19%, 1.12% and 0.74% voting rights at a general meeting of the Company respectively and has controls over the voting right in respect of their shares, and is interested in the Non-exempt Continuing Connected Transactions, will abstain from voting at the EGM for aforesaid resolutions pursuant to the Listing Rules. Other than the parent company of the Company, Hainan Airlines and HNA Group Company Limited, there is no other Shareholder who has a material interest in the Non-exempt Continuing Transactions.

### VIII. PROCEDURES FOR DEMANDING A POLL

Pursuant to article 73 of the articles of association of the Company, at any general meeting resolutions put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded:

- (i) the chairman of the meeting;
- (ii) at least two shareholders with voting rights or their proxies; or
- (iii) any shareholder or shareholders (including proxies) holding separately or in aggregate 10 percent or more of the shares carrying the right to vote at the meeting.

In accordance with Rule 13.39(4), any vote of shareholders taken at a general meeting to approve the connected transactions pursuant to Chapter 14A must be taken on a poll.

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## LETTER FROM THE BOARD

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### IX. GENERAL INFORMATION

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

### X. RECOMMENDATION

The Board, including the Independent Board Committee, is of the opinion that the terms of the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the Independent Board Committee) recommends that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM for approval of the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps.

### XI. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee which contains its recommendation to the Independent Shareholders as to the voting at the EGM regarding the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps, and the letter from the Independent Financial Adviser containing among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps, both of which are set out on pages 10 and 11 respectively of this circular. None of the members of the Independent Board Committee has any material interest relating to the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps.

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

Yours faithfully,

By order of the Board

**Hainan Meilan International Airport Company Limited**

**Zhao Yahui**

*Chairman of the Board*

Hainan PRC, 9 November 2009

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

9 November 2009

*To the Shareholders*

Dear Sir/Madam,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH HAINAN AIRLINES**

We have been appointed as members of the Independent Board Committee to advise the Shareholders in respect of Non-exempt Continuing Connected Transactions that are subject to the Independent Shareholders' approval and the applicable New Annual Caps, details of which are set out in the letter from the Board in this circular to the Shareholders. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this circular.

First Shanghai has been appointed to advise us regarding the Non-exempt Continuing Connected Transactions and the applicable New Annual Caps that are subject to the Independent Shareholders' approval. We wish to draw your attention to the letter from First Shanghai which contains advice to us in relation to the Non-exempt Continuing Connected Transactions that are subject to the Independent Shareholders' approval and the applicable New Annual Caps, together with the principal factors and reasons taken into consideration in arriving at such advice. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to this circular.

Having taken into account the advice of, and the principal factors and reasons considered by First Shanghai in relation thereto as stated in its letter, we consider the terms and conditions of the Non-exempt Continuing Connected Transactions that are subject to the Independent Shareholders' approval, the applicable New Annual Caps and the New Hainan Airlines Agreement to be fair and reasonable so far as the interests of the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the Non-exempt Continuing Connected Transactions that are subject to the Independent Shareholders' approval and the applicable New Annual Caps.

Yours faithfully,

Independent Board Committee

**Xu Bailing**  
*Independent*  
*non-executive director*

**Xie Zhuang**  
*Independent*  
*non-executive director*

**Fung Ching Simon**  
*Independent*  
*non-executive director*

\* For identification purpose only

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## LETTER FROM FIRST SHANGHAI

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*The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to (i) the renewal of Non-exempt Continuing Connected Transactions pursuant to the New Hainan Airlines Agreement; and (ii) the proposed New Annual Caps contemplated thereunder for the purpose of inclusion in this circular.*



### FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House  
71 Des Voeux Road Central  
Hong Kong

9 November 2009

*To the Independent Board Committee and  
the Independent Shareholders*

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

Dear Sirs,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH HAINAN AIRLINES**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders with respect to (i) the renewal of the Non-exempt Continuing Connected Transactions contemplated under the New Hainan Airlines Agreement; and (ii) the proposed New Annual Caps contemplated thereunder entered into between the Company and Hainan Airlines, details of which are set out in the “Letter from the Board” in the circular issued to the Shareholders dated 9 November 2009 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context requires otherwise.

Hainan Airlines, being a promoter of the Company, is a connected person of the Company under the Listing Rules. As certain percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the Non-exempt Continuing Connected Transactions with Hainan Airlines are each more than 2.5%, they are subject to the reporting, announcement and independent shareholders’ approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules.

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## LETTER FROM FIRST SHANGHAI

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The Shareholders and its associates, namely Haikou Meilan International Airport Company Limited, HNA Group Company Limited and Hainan Airlines will be required to abstain from voting in relation to the resolution(s) to approve the New Hainan Airlines Agreement.

The Independent Board Committee, comprising three out of the four independent non-executive Directors, namely Mr. Xu Bailing, Mr. Xie Zhuang and Mr. Simon, Fung Ching has been formed to consider and advise the Independent Shareholders in respect of (i) the renewal of the Non-exempt Continuing Connected Transactions contemplated under the New Hainan Airlines Agreement; and (ii) the proposed New Annual Caps contemplated thereunder (comprising the provision of cargo mail and luggage services and purchase of packing materials) entered into between the Company and Hainan Airlines. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to (i) whether the New Hainan Airlines Agreement between the Company and Hainan Airlines is entered into in the ordinary and usual course of business of the Group, and the terms of the New Hainan Airlines Agreement and the proposed New Annual Caps for the year ending on 31 December 2010 are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; (ii) whether the New Annual Caps contemplated thereunder (comprising the provision of cargo mail and luggage services and the purchase of packing materials) are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) to advise the Independent Shareholders on how to vote at the forthcoming EGM.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied to a considerable extent on the information, statements, opinions and representations supplied to us by the Company and the Directors and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true and accurate and, unless otherwise stated, complete at the time they were made and continue to be true at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the "Letter from the Board" in the Circular were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

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

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## LETTER FROM FIRST SHANGHAI

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation relating to the terms of the Non-exempt Continuing Connected Transactions pursuant to the New Hainan Airlines Agreement and the proposed New Annual Caps contemplated thereunder, we have taken into consideration, inter alia, the following principal factors and reasons:

#### **1. Background of the Group and Hainan Airlines**

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

Hainan Airlines is principally engaged in airline operation business.

#### **2. Reasons for and benefits of the Non-exempt Continuing Connected Transactions**

The Company is principally engaged in the management and operation of the aeronautical and the non-aeronautical businesses at Meilan Airport. The Company provides services such as air tickets sales, security checks and boarding process management to a variety of airlines. The Non-exempt Continuing Connected Transactions contemplated under the New Hainan Airlines Agreement are entered into because they are necessary for and are beneficial to the Company. The Board believes that the establishment of long-term cooperation relationship with Hainan Airlines will stabilize the Company's operation, ensure a broader stream of revenue source and a relatively stable profits rate and is of commercial benefit to the Company and the Group as a whole.

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of the Non-exempt Continuing Connected Transactions have been negotiated on arms' length basis and are on normal commercial terms; (ii) such transactions will be conducted in the ordinary and usual course of business of the Company; (iii) the proposed New Annual Caps for the year ending 31 December 2010 are reasonable; and (iv) the terms of the same transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The entering into of the Non-Exempt Continuing Connected Transactions has facilitated and will continue to facilitate the operation and growth of the Group's business.

We noted that the Group has been operating the Meilan Airport, the main gateway to Hainan Island, Hainan Province, the PRC since May 1999, and has basically been experiencing a smooth operation and satisfactory growth in terms of aircraft movement, passenger throughput and cargo throughput since then. In the course of the Group's history of business development, the business co-operation relationship between the Group and Hainan Airlines has been well established since its commencement of operations in 1999.

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## LETTER FROM FIRST SHANGHAI

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Given that there is a long history of cooperation between the Group and Hainan Airlines, the Non-exempt Continuing Connected Transactions are consistent with the Group's established relationship with it. In order for the Group to continue to maintain the mutual and well-established relationship with Hainan Airlines, it is important that the Group is able to accommodate stable revenue sources and operational support from it. We believe that the New Hainan Airlines Agreement and the proposed New Annual Caps contemplated thereunder are necessary to facilitate this and is in the interest of the Group and fair and reasonable to the Shareholders as a whole.

### **3. Major terms of the New Hainan Airlines Agreement**

Date: 30 October 2009

Parties: The Company and Hainan Airlines

Services: The Company has agreed to provide flights of Hainan Airlines with cargo mail and luggage services, including container equipment management services, luggage services, cargo and mail services, uploading and loading services and land transportation services to Hainan Airlines and its subsidiaries.

According to the New Hainan Airlines Agreement, Hainan Airlines will not enjoy the preferential charges for the cargo mail and luggage services rendered by the Company. Also Hainan Airlines will not provide the cargo packing services to the customers of the Company. *(See notes 1 & 2 below)*

Hainan Airlines has agreed to sell packing materials to the Company at a price not exceeding the fair market price and the Company will provide packing materials to its own customers.

Service fees: Various charge standards are primarily determined by relevant applicable regulations of the CAAC and the standards agreed in the New Hainan Airlines Agreement.

Payment: The Company will issue an invoice indicating services rendered and relevant fees incurred on a monthly basis to Hainan Airlines. The fees shall be paid within forty five (45) days of receiving the invoices.

Term: A term commencing from the effective date from 1 January 2010 to 31 December 2010.



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## LETTER FROM FIRST SHANGHAI

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*Notes:*

1. A preferential 50% discount on the said services is enjoyed by Hainan Airlines under the previous service arrangements, the details of which have been disclosed in the announcement made by the Company on 8 October 2007.
2. The Company is planning to expand its business to cover its own cargo packing services from 1 January 2010. The Company will purchase packing materials from Hainan Airlines.

Except for the new terms stipulated for purchase of packing materials from Hainan Airlines which shall not exceed the fair market price, we have compared the major terms of the New Hainan Airlines Agreement with those of the Old Hainan Airlines Agreement entered into between the Company and Hainan Airlines dated 8 October 2007 and note that the major terms (e.g. service scope, charge standards, settlement terms, termination clauses, etc.) set out therein are basically the same in material respects between the two and on normal commercial terms; while the charge rates are determined on arm's length basis and according to the relevant fee standards fixed by the CAAC. We are of the view that the terms of the New Hainan Airlines Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the New Hainan Airlines Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

#### 4. Historical figures and the New Annual Caps

The following table shows (1) the actual transaction amount in respect of the transactions contemplated under the Old Hainan Airlines Agreement between the Company and Hainan Airlines in the past one year ended 31 December 2008 and the expected transaction amount for the year ending 31 December 2009; and (2) the proposed New Annual Caps contemplated under the New Hainan Airlines Agreement to be set for the year ending 31 December 2010:

| Transactions   | Year ended/ending 31 December                                 |   |   |   |                               |
|--|---|---|---|---|-------------------------------|
|  | Actual<br>transaction<br>amount<br>for 2008<br><i>RMB'000</i> | Expected<br>transaction<br>amount<br>for 2009<br><i>RMB'000</i> | (Decrease)<br>/increase<br>from 2008<br>% | New<br>Annual<br>Caps<br>for 2010<br><i>RMB'000</i> | Increase<br>from<br>2009<br>% |
| 1. Provision of cargo mail and luggage services ( <i>Notes a &amp; b</i> ) | 4,705   | 4,600   | (2.2)                                     | 10,120  | 120.0                         |
| 2. Purchase of packing materials ( <i>Note c</i> )                         | 24,532  | 29,000  | 18.2                                      | 31,900  | 10.0                          |

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## LETTER FROM FIRST SHANGHAI

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*Notes:*

- (a) The expected transaction amount of the Non-exempt Continuing Connected Transactions contemplated for the year ending 31 December 2009 is calculated based on the actual transaction amount for the first half of 2009 x 2. The New Annual Cap for 2010 is estimated with an annual growth rate of 10% and the termination of the 50% discount of service charges previously allowed by the Company to Hainan Airlines (i.e. RMB4,600,000 x 2 x 110%).
- (b) The outbreak of the global financial crisis in 2008 had a serious impact on airlines, and the transaction amount for 2008 was affected negatively accordingly.
- (c) The actual transaction amount recorded in Hainan Airlines was approximately RMB24,532,000 for the year ended 31 December 2008; while the expected transaction amount for the year ending 31 December 2009 is based on the actual transaction amount of approximately RMB14,500,000 for the first half of 2009 x 2.

### **5. Basis for determination of the New Annual Caps**

The followings set out the basic factors taken into account by the Board for the New Annual Caps:

On 8 October 2007, the Company entered into the Old Hainan Airlines Agreement with Hainan Airlines, pursuant to which the Company agreed to provide flights of Hainan Airlines with cargo mail and luggage services, including container equipment management services, luggage services, cargo and mail services, uploading and loading services and land transportation services to Hainan Airlines and its subsidiaries. Hainan Airlines has no cargo centre at Meilan Airport and therefore it needs to entrust a third party to process its cargo or lease relevant assets from the Company for operation. The Company has its own cargo centre, but the business conducted thereby is comparatively small if without the business income arising from the rent paid by Hainan Airlines. In addition, in an event of failure of obtaining the business to process Hainan Airlines' cargo operations, the Company's business income in respect of cargo processing operations would be adversely affected. In order to establish a long-term cooperation relationship with Hainan Airlines and maintain it as one of the Company's major customers, the Company had given a 50% discount of the cargo mail and luggage services rendered to Hainan Airlines by the Company.

The Company offers the same cargo mail and luggage services to Hainan Airlines as those under the Old Hainan Airlines Agreement entered into between the Company and Hainan Airlines in 2007. The New Annual Cap for the provision of cargo mail and luggage services estimated thereunder is determined with reference to or taking into account of the actual transaction amount for the year ending 31 December 2009 with an annual growth rate of 10% and the termination of the preferential service charges previously given to Hainan Airlines.

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## LETTER FROM FIRST SHANGHAI

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According to the New Hainan Airlines Agreement, Hainan Airlines will not enjoy the preferential charges for the cargo mail and luggage services rendered by the Company. Also Hainan Airlines will not provide the cargo packing services to the customers of the Company. Nevertheless, the Company is planning to expand its business to cover packing services from 1 January 2010, and will be sourcing the requisite packing materials from Hainan Airlines and provide packing services to its own customers in accordance with the packing requirements stipulated by the relevant airlines companies. The New Hainan Airlines Agreement is for a term of one year ending on 31 December 2010.

As to the New Annual Cap for the purchase of packing materials by the Company from Hainan Airlines, it is estimated based on the historical sales income of Hainan Airlines for the sales of packing materials to its relevant customers with an annual growth rate of 10%. The actual sales income recorded in Hainan Airlines amounted to approximately RMB23,532,000 and RMB24,532,000 for each of the two years ended 31 December 2008; while the estimated sales income for the year ending 31 December 2009 is RMB29,000,000 based on the actual amount of RMB14,500,000 involved for the first half of 2009.

For the purpose of making further analysis for the basis for determination of the New Annual Caps, we have also noted the following statistical information in the PRC as extracted from the websites of 中華人民共和國國家統計局 (The National Bureau of Statistics of China) and 中華人民共和國海南省人民政府 (The People's Government of Hainan Province, the PRC) for determining the annual growth rate of 10% implied by the New Annual Caps (i.e. after the termination effect for the 50% discount of cargo mail and luggage service charges previously allowed by the Company to Hainan Airlines):

- the real gross domestic products (the “GDP”) growth rate of the PRC for the full year of 2008, the third quarter and the first three quarters of 2009 had increased by approximately 9.0%, 8.9% and 7.7% respectively when compared to that in 2007 and the corresponding third quarter and first three quarters of 2008;
- the GDP of Hainan Province, the PRC for the full year of 2008 and the first three quarters of 2009 amounted to approximately RMB145.9 billion and RMB102.9 billion, representing the same growth rate of approximately 9.8% when compared to that in 2007 and the corresponding first three quarters of 2008;
- tourism in Hainan Province, the PRC had been growing rapidly over the past years, it recorded over 20.6 million tourists visiting Hainan Province and bringing gross revenue of approximately RMB19.2 billion in 2008, representing respective increases of approximately 10.0% and 9.1% over that in 2007. Of the total gross revenue in 2008, the revenue generated from domestic and overseas tourists amounted to approximately RMB16.5 billion and RMB2.7 billion, representing respective increases of approximately 10.3% and 4.4% over that in 2007; and

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## LETTER FROM FIRST SHANGHAI

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- tourism in Hainan Province, the PRC had still been stable following the severe global economic recession as a consequence of the financial tsunami occurred in late 2008, it recorded over 1.7 million tourists visiting Hainan Province and bringing gross revenue of approximately RMB1.55 billion for August 2009, representing respective increases of approximately 13.4% and 17.1% over that in August 2008.

Based on the above statistical figures and information, we are of the view that the annual growth of 10% implied by the New Annual Caps (i.e. after the termination effect for the 50% discount of cargo mail and luggage service charges previously allowed by the Company to Hainan Airlines) when compared to that of 2009 is prudent, appropriate, fair and reasonable due to the stable economic growth of and increase in tourism in Hainan Province, the PRC. Moreover, the Directors believe that the aeronautical business of the Company has been developing rapidly and is expected to experience steadier growth in 2009 and thereafter.

In light of the above, we consider that the basis for determination of the New Annual Caps is prudent, appropriate, fair and reasonable so far as the Company and the Shareholders, including the Independent Shareholders, are concerned.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the renewal of the Non-exempt Continuing Connected Transactions (including the New Annual Caps) contemplated under the New Hainan Airlines Agreement is conducted in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole and the terms of the New Hainan Airlines Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the forthcoming EGM to approve the Non-exempt Continuing Connected Transactions (including the New Annual Caps) contemplated under the New Hainan Airlines Agreement to be entered into between the Company and Hainan Airlines.

Yours faithfully,

For and on behalf of

**First Shanghai Capital Limited**

**Helen Zee**

**Eric Lee**

*Managing Director*

*Deputy Managing Director*

**1. STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**2. DISCLOSURE OF INTERESTS****(a) Director's interest and short position**

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

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

None of the Directors has any material interest, directly or indirectly, in any asset which, since 31 December 2008, being the date to which the latest audited consolidated financial statements of the Group have been made up, had been acquired or disposed of by or leased to any member of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group.

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

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

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

### 3. SUBSTANTIAL SHAREHOLDERS

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

#### Long position in shares

##### *Domestic shares*

| <b>Name of Shareholders</b>                                     | <b>Type of Interest</b> | <b>Number of shares</b> | <b>Percentage of domestic share</b> | <b>Percentage of issued share capital</b> |
|---|-------------------------|-------------------------|-------------------------------------|---|
| Haikou Meilan International Airport Company Limited<br>(Note 1) | Beneficial              | 237,500,000             | 96.43%                              | 50.19%                                    |

*H shares*

| <b>Name of Shareholders</b>  | <b>Type of Interest</b>                                  | <b>Number of shares</b>            | <b>Percentage of H share</b> | <b>Percentage of issued share capital</b> |
|--|--|------------------------------------|------------------------------|---|
| Zhang Gaobo ( <i>Note 2</i> )                                      | Interest of controlled corporations                      | 94,343,000(L)                      | 41.58%                       | 19.94%                                    |
| Zhang Zhiping ( <i>Note 2</i> )                                    | Interest of controlled corporations                      | 94,343,000(L)                      | 41.58%                       | 19.94%                                    |
| Oriental Patron Financial Services Group Limited ( <i>Note 2</i> ) | Interest of controlled corporations                      | 94,343,000(L)                      | 41.58%                       | 19.94%                                    |
| Oriental Patron Resources Investment Limited ( <i>Note 2</i> )     | Beneficial   | 94,343,000(L)                      | 41.58%                       | 19.94%                                    |
| Oriental Patron Financial Group Limited ( <i>Note 2</i> )          | Interest of controlled corporations                      | 94,343,000(L)                      | 41.58%                       | 19.94%                                    |
| UBS AG ( <i>Note 3</i> )   | Beneficial owner and interest of controlled corporations | 36,192,179(L)                      | 15.95%                       | 7.65%                                     |
| Utilico Emerging Markets Utilities Limited                         | Investment manager                                       | 11,629,000(L)<br>( <i>Note 4</i> ) | 5.12%                        | 2.46%                                     |

*Notes:*

1. Haikou Meilan International Airport Company Limited is a company established in the PRC and is the controlling shareholder of the Company.
2. Zhang Gaobo and Zhang Zhiping were holding 49.19% and 49.92% interest, respectively, in Oriental Patron Financial Group Limited. Oriental Patron Financial Group Limited was holding a 95% interest in Oriental Patron Financial Services Group Limited, which was in turn holding 100% interests in Oriental Patron Resources Investment Limited.
3. Among the 36,192,179 shares in the Company, UBS AG was holding 225,000 shares as a beneficial owner, holding 200,779 shares as a person having a security interest in shares and holding 35,546,400 as interest of corporation controlled by the substantial shareholder (UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Singapore) Ltd and UBS Global Asset Management (Hong Kong) Ltd were all wholly-owned by UBS AG, and were beneficially holding 21,143,400 shares, 8,321,000 shares and 6,082,000 shares in the Company, respectively).
4. (L) represent long position.

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

#### **4. MATERIAL ADVERSE CHANGES**

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2008, the date to which the latest audited financial statements of the Group were made up.

#### **5. LITIGATION**

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

#### **6. CONSENT AND EXPERT**

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

| <b>Name</b>                    | <b>Qualification</b>   |
|--------------------------------|--|
| First Shanghai Capital Limited | A licenced corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO. |

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

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



**7. MISCELLANEOUS**

- (a) The secretary of the Company is Mr. Xing Zhoujin. Mr. Xing Zhonjin, age 44, an economist, has engaged in corporate governance of listed companies for years and participated in relevant trainings provided by Securities regulatory authorities at home and abroad.
- (b) The qualified accountant of the Company is Mr. Fung Ching Simon. Mr. Fung graduated from the Queensland University of Technology, Australia and obtained a bachelor's degree in Accountancy. Mr. Fung is a Hong Kong resident. He is a senior member of the Australia Society of Institute of Certified Public Accountants and an associate member of the Hong Kong Society of Institute of Certified Public Accountants.
- (c) The registered address of the Company is at Meilan Airport Complex, Haikou City Hainan Province, PRC.
- (d) The Hong Kong Branch Share Registrar and Transfer Office of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular and form of proxy shall prevail over the Chinese text.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) the New Hainan Airlines Agreement, the Old Hainan Airlines Agreement entered into between the Company and Hainan Airlines;
- (b) the letter from First Shanghai to the Independent Board Committee, the text of which is set out on pages 11 to 18 of this circular;
- (c) the written consent from First Shanghai as referred to in the section headed "Expert" in this appendix; and
- (d) the letter from the Independent Board Committee to the Independent Shareholders as set out on page 10 in this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
ANNUAL CAPS FOR THE TRANSACTIONS WITH  
HAINAN AIRLINES**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Hainan Meilan International Airport Company Limited (the “**Company**”) will be held at 9:00 a.m. on 28 December 2009 (Monday) in the meeting room of the Company on the 3rd Floor, Meilan Airport Complex, Haikou City, Hainan Province, the People’s Republic of China (the “**PRC**”), to consider and, if thought fit, approve the following resolutions:

By way of ordinary resolution:

- (a) the Hainan Airlines cargo mail and luggage agreement dated October 30, 2009 entered into between the Company and Hainan Airlines Company Limited (“**Hainan Airlines**”) and the non-exempt continuing connected transactions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the “**Listing Rules**”) between the Company and Hainan Airlines contemplated thereunder and applicable New Annual Caps for the year ending 31 December 2010 be and are hereby approved;

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

Hainan, the PRC  
9 November 2009

\* For identification purpose only

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (A) The H share register of the Company will be closed from 28 November 2009 (Saturday) to 28 December 2009 (Monday) (both days inclusive), during which no transfer of H shares will be effected. Holders of the H shares of the Company whose names appear on the Company's register of members at the close of business on 27 November 2009 (Friday) are entitled to attend and vote at the EGM (or any adjournment thereof).

In order to be entitled to attend and vote at the EGM (or any adjournment thereof), share transfer documents should be lodged with the Company's H shares share registrar not later than 4:30 p.m. on 27 November 2009 (Friday).

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

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

- (B) Holders of H shares and domestic shares of the Company, who intend to attend the EGM, must complete and return the reply slips for attending the EGM to the Secretary Office to the board of directors of the Company not later than 20 days before the date of the EGM. i.e. on or before 8 December 2009 (Tuesday).

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

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

Meilan Airport Complex  
Haikou City  
Hainan Province  
PRC

Tel: (86-898) 6576 2009

Fax: (86-898) 6576 2010

- (C) Each holder of H shares who has the right to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint in writing one or more proxies, whether a shareholder of the Company or not, to attend and vote on his behalf at the EGM. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified. The instrument appointing a proxy of any holder of H shares (being a body corporate) must be affixed with the corporate seal of such holder of H shares or duly signed by the chairman of its board of directors or by its authorised attorney.
- (D) For holders of H shares of the Company, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a certified copy of that power of attorney or other authority (such certification to be made by a notary public), must be delivered to the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (E) Each holder of domestic shares of the Company is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the EGM. Note (C) also applies to holders of domestic shares of the Company, except that the proxy form or other documents of authority must be delivered to Secretary Office to the board of directors of the Company, the address of which is set out in Note (B) above, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.
- (F) If a proxy attends the EGM on behalf of a shareholder, he should produce his ID card and the instrument signed by the proxy or his legal representative, which specifies the date of its issuance. If the legal representative of the holder of legal person shares attends the EGM, such legal representative should produce his ID card and valid documents evidencing his capacity as such legal representative. If a holder of legal person shares appoints a representative of a company other than its legal representative to attend the EGM, such representative should produce his ID card and an authorization instrument affixed with the seal of the holder of legal person shares and duly signed by its legal representative.
- (G) Set out below is the procedure by which shareholders of the Company and the chairman of any shareholders' meeting of the Company may demand a poll pursuant to the articles of association of the Company:

“At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is required in accordance with the Listing Rules or is demanded before or after any vote by show of hands by:

- (i) the chairman of the meeting;
- (ii) at least two shareholders with voting rights or their proxies; or
- (iii) any shareholder or shareholders (including proxies) holding separately or in aggregate 10 percent or more of the shares carrying the right to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman of the shareholders' meeting that a resolution has on a show of hands been carried and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, that the resolution has been carried.

A demand for a poll may be withdrawn by the person who made the demand.”

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

### BOOK CLOSURE NOTICE

The H share register of the Company will be closed from 28 November 2009 (Saturday) to 28 December 2009 (Monday) (both days inclusive), during which period no transfer of H shares will be effected.

In order to be entitled to attend and vote at the EGM (or any adjournment thereof) on 28 December 2009 (Monday), share transfer documents should be lodged with the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 November 2009 (Friday).

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