

To the Independent Board Committee and the Independent Shareholders

31 December 2025

Dear Sirs,

**(1) THE UNCONDITIONAL MANDATORY CASH OFFER BY
HAINAN AIRPORT INFRASTRUCTURE CO., LTD.
TO ACQUIRE ALL OF THE DOMESTIC SHARES IN
HAINAN MEILAN INTERNATIONAL AIRPORT COMPANY LIMITED
(OTHER THAN THOSE DOMESTIC SHARES ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
HAINAN AIRPORT INFRASTRUCTURE CO., LTD.)
AND
(2) THE UNCONDITIONAL MANDATORY CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED ON BEHALF OF HAINAN AIRPORT
INFRASTRUCTURE (HONGKONG) CO., LIMITED
TO ACQUIRE ALL OF THE H SHARES IN
HAINAN MEILAN INTERNATIONAL AIRPORT COMPANY LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in relation to the Offers, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document of the Company dated 31 December 2025 (the “**Composite Document**”). Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

Reference is made to the Joint Announcement, the Seller entered into the SPA with the Domestic Share Offeror on 30 April 2025. Pursuant to the SPA, the Domestic Share Offeror conditionally agreed to purchase, and the Seller conditionally agreed to sell, the Sale Shares, representing approximately 50.19% of the entire issued share capital of the Company as at the date of the Joint Announcement, for an aggregate consideration of RMB2,339,375,000.00 (HK\$2,520,525,141.95 based on the Exchange Rate) (equivalent to RMB9.85 (HK\$10.62) per Share).

SPA Completion is subject to satisfaction and/or waiver of the Conditions (where applicable). As disclosed in the announcement dated 10 December 2025 jointly issued by the Offerors and the Company, all the Conditions had been satisfied. As disclosed in the SPA Completion Announcement, SPA Completion took place on 24 December 2025.

Immediately after SPA Completion and as at the Latest Practicable Date, the Offerors and parties acting in concert with them (including presumed concert parties) were interested in a total of 246,300,000 Domestic Shares, representing approximately 52.05% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Domestic Share Offeror is required to extend an unconditional mandatory general offer in cash for all the Shares not already owned or agreed to be acquired by the Offerors in accordance with the Takeovers Code.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Fung Ching, Simon, Mr. Ye Zheng and Ms. Liu Hongbin as independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Mr. Wu Jian, Mr. Li Zhiguo and Mr. Wen Zhe, being all the non-executive Directors, are not considered independent for the purpose of giving advice or recommendation to the Independent Shareholders due to their respective interest in the Offers as follows and therefore will not form part of the Independent Board Committee:

1. Mr. Wu Jian has served as the vice president of the Seller since July 2023;
2. Mr. Li Zhiguo has served as the vice president of the Seller since September 2020 and a director of the Seller since June 2022; and
3. Mr. Wen Zhe has served as the director of the airport safety committee office (安委辦) of the Domestic Share Offeror since December 2021.

We, Octal Capital Limited, have been appointed as the independent financial adviser to the Independent Board Committee in relation to the Offers and in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. Our appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

As at the Latest Practicable Date, we were not connected with the Group, the Seller and the Offerors and their concert parties (including presumed concert parties) or, where applicable, any of their respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates pursuant to Rule 13.84 of the Listing Rules. In the two years immediately preceding the date of the SPA, we were engaged by the Company as an Independent Financial Adviser to the Company in respect of (i) the major and connected transaction in relation to the subscription of a maximum of 140,926,000 new Domestic Shares by the Seller (details as contained in the circular of the Company dated 16 November 2023); (ii) the major and connected transaction in relation to the loan in the principal amount of RMB6.36327 billion granted by the new lenders to the Company and the Seller on a joint and several liability basis (details as contained in the circular of the Company dated 28 January 2025); (iii) the Special Deals (details as contained in the circular of the Company dated 30 September 2025); and (iv) the major and connected transaction in relation to the renewed lease agreement dated 3 November 2025 and entered into between the Company and the Seller (details as contained in the supplementary circular of the Company dated 12 December 2025) (the “**Previous Engagements**”).

Under the Previous Engagements, we were required to express our opinion on and give recommendations to the independent board committee of the Company in respect of the relevant transactions. Apart from normal professional fee payable to us by the Company in connection with this appointment and the Previous Engagements, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group, the Seller and the Offerors and their concert parties (including presumed concert parties), or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. We are therefore considered independent and suitable to give independent advice to the Independent Board Committee regarding the Offers.

In formulating our opinion, we have relied on the information and facts supplied by the Company, and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed by the Directors to us are true, accurate and complete in all material aspects. We have also relied on our discussion with the Board and/or the management of the Company, given in writing or orally, regarding the Company and the Offers, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Board and the management of the Company in the Composite Document were reasonably made after due enquiry. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete in all material respects and not misleading or deceptive up to the time of the Latest Practicable Date, and there are no other matters the omission of which would make any statement herein or the Composite Document misleading.

We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offers (as the case may be) since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offers and, if in any doubt, should consult their own professional advisers. Shareholders will be notified of any material changes to such statements, information, opinions and/or representation as soon as possible in accordance with Rule 9.1 of the Takeovers Code if there arises any material changes of information previously provided to us by the Company or of our opinion in which event this letter shall be amended and updated.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION ON THE OFFERS

In assessing the Offers and in giving our recommendations to the Independent Board Committee, we have taken into account the following principal factors and reasons:

1. Background of the Offers

On 24 December 2025, the Offerors and the Company published the SPA Completion Announcement that SPA Completion took place on 24 December 2025 and upon SPA Completion, the Offerors and parties acting in concert with them (including presumed concert parties) held a total of 246,300,000 Domestic Shares, representing approximately 52.05% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Domestic Share Offeror is required to extend an unconditional mandatory general offer in cash for all the Shares not already owned or agreed to be acquired by the Offerors in accordance with the Takeovers Code.

The Domestic Share Offeror makes the Domestic Share Offer, and CICC, on behalf of the H Share Offeror, makes the H Share Offer, on the terms set out in the Composite Document in compliance with the Takeovers Code on the following terms:

For each Domestic Share.....RMB9.85 in cash

For each H Share.....HK\$10.62 in cash

The H Share Offer Price of HK\$10.62 per Offer Share under the H Share Offer is equal to RMB9.85, which was the price payable by the Domestic Share Offeror for each Sale Share under the SPA and the Domestic Share Offer Price, based on the Exchange Rate. The Exchange Rate of RMB0.92813 to HK\$1 was the median exchange rate on 30 April 2025, being the latest available rate prior to the issue of the Joint Announcement, as announced by the People's Bank of China on the China Foreign Exchange Trading System of the PRC.

2. Background of the Group

The Group is principally engaged in both aviation and non-aviation businesses. Its aviation business mainly consists of provision of terminal facilities, ground handling services and passenger services, and its non-aviation business mainly includes leasing of the commercial and retail outlets at Meilan Airport, franchising of the airport-related business, advertising, car parking, cargo handling and sales of consumable goods.

3. Financial information of the Group

Set out below is a summary of the audited consolidated financial information of the Group for the three years ended 31 December 2022 (“FY2022”), 2023 (“FY2023”) and 2024 (“FY2024”) as extracted from the annual reports of the Company for FY2023 (the “2023 Annual Report”) and for FY2024 (the “2024 Annual Report”) respectively and the unaudited consolidated financial information of the Group for the six months ended 30 June 2024 (“1H2024”) and 2025 (“1H2025”) as extracted from the interim report of the Company for 1H2025 (the “2025 Interim Report”) respectively:

	FY2022 <i>(audited)</i> RMB'000	FY2023 <i>(audited)</i> RMB'000	FY2024 <i>(audited)</i> RMB'000	1H2024 <i>(unaudited)</i> RMB'000	1H2025 <i>(unaudited)</i> RMB'000
Aviation business	361,137	974,620	1,081,103	603,635	575,602
Non-aviation business	780,325	1,111,060	1,089,885	545,642	503,661
Total revenue	1,141,462	2,085,680	2,170,988	1,149,277	1,079,263
Net loss for the year/period					
attributable to Shareholders	(155,299)	(136,009)	(381,444)	(248,045)	(70,202)
Add: Compensation for the Arbitration					
Case (as defined below)	—	—	205,929	272,780	—
Adjusted net (loss)/profit for the year/period attributable to Shareholders	(155,299)	(136,009)	(175,515)	24,735	(70,202)

FY2023 as compared to FY2022

The revenue of the Group from aviation business increased from approximately RMB361.1 million for FY2022 to approximately RMB974.6 million for FY2023, representing an increase of approximately 169.88%. Such increase was mainly due to the recovery of the PRC aviation industry where the passengers throughput had experienced a growth of approximately 118.06% from approximately 11.16 million headcounts in FY2022 to approximately 24.34 million headcounts in FY2023, the aircraft takeoff and landing increased by approximately 63.19% from 105,675 flights in FY2022 to approximately 172,454 flights in FY2023 and the cargo and mail throughput increased by approximately 40.63% from approximately 124,000 tons in FY2022 to approximately 175,000 tons in FY2023.

The revenue of the Group from non-aviation business increased from approximately RMB780.3 million for FY2022 to approximately RMB1,111.1 million for FY2023, representing an increase of approximately 42.38%. Such increase was mainly due to (i) the increase in franchise income by approximately 37.11% as a result of the significant growth of sales of duty-free shops at Meilan Airport; (ii) the increase of hotel income by approximately 53.26% due to the increase in passengers throughput of Meilan Airport; and (iii) the increase of freight and packaging income by approximately 33.15% due to the increase in cargo and mail throughput of Meilan Airport.

The Group recorded net loss attributable to Shareholders of approximately RMB136.01 million for FY2023, representing a decrease in net loss of approximately 12.42% as compared to that of approximately RMB155.30 million for FY2022. The net loss attributable to Shareholders reduced to a lower level in FY2023 with the Group achieving its highest revenue in the past five years due to recovered passenger throughput and enhanced utilisation of both Phase II facilities and additional revenue contributed from the relevant assets of Phase I and Phase II of Meilan Airport leased from the Seller (the “**Leased Assets**”). Despite the revenue growth, the Group continued to record net loss in FY2023, which was mainly attributed to the increased depreciation expenses from the Leased Assets as right-of-use assets, alongside higher operating costs from increased airport traffic and visitor volumes.

FY2024 as compared to FY2023

The revenue of the Group from aviation business demonstrated continued growth in FY2024 from approximately RMB974.6 million for FY2023 to approximately RMB1,081.1 million for FY2024, representing an increase of approximately 10.93%. Such increase was mainly due to the increase in passenger throughput as well as cargo and mail throughput resulting from the intensification of the layout of route network, and constant improvement of the domestic and overseas route network at Meilan Airport. The passenger throughput had grown by approximately 10.48% from approximately 24.34 million headcounts in FY2023 to approximately 26.89 million headcounts in FY2024, especially for the international and regional passengers, the passenger throughput increased by approximately 148.1% in FY2024 compared to that in FY2023. Meanwhile, the aircraft takeoff and landing and the cargo and mail throughput had also grown by approximately 7.92% and 19.69%, respectively.

The revenue of the Group from non-aviation business slightly decreased from approximately RMB1,111.1 million for FY2023 to approximately RMB1,089.9 million for FY2024, representing a decrease of approximately 1.91%. Such decrease was mainly due to the decrease in franchise income by approximately 18.49% as a result of the slowdown of consumption willingness which was offset by the increase in freight and packaging income and VIP room income due to the increase in passenger throughput and cargo and mail throughput at Meilan Airport.

The Group recorded net loss attributable to Shareholders of approximately RMB381.4 million for FY2024, representing an increase in net loss of approximately 180.45% as compared to that of approximately RMB136.01 million for FY2023. The increase in net loss was mainly due to the one-off expense in relation to the compensation payable by the Company for an arbitration case (the “**Arbitration Case**”) of approximately RMB205.9 million. As disclosed in the announcement of the Company dated 25 October 2024, the Company received the second phase award of the Arbitration Case (being the final award of the case), it was determined that the Company should pay the damages and relevant arbitration fees of approximately HK\$298.8 million (equivalent to approximately RMB272.5 million), and the interest from the hand-down date of the arbitration award of the second phase to the date of full payment of the arbitrated amount. After the amicable negotiation between the Company and Aero Infrastructure Holding Company Limited, the parties finally reached a settlement amount of HK\$225 million (before tax) and waived the interest payable (equivalent to approximately RMB205.9 million). After excluding the one-off expense in relation to the Arbitration Case, the Group would have recorded an adjusted net loss attributable to Shareholders of approximately RMB175.5 million for FY2024, with an increase in net loss of approximately 29.05% as compared to that of FY2023.

1H2025 as compared to 1H2024

The revenue of the Group from aviation business was approximately RMB575.6 million for 1H2025, representing a decrease of approximately RMB28.0 million or approximately 4.64% as compared to approximately RMB603.6 million for 1H2024. Such decrease was mainly due to the decrease in aircraft takeoff and landing throughput and passenger throughput resulting from continuous improvement of various modes of transportation in Haikou, passengers now have more diverse travel options. The aircraft takeoff and landing throughput had decreased by approximately 3.43% from 98,929 flights in 1H2024 to 95,537 flights in 1H2025. Meanwhile, the passenger throughput was approximately 13.91 million headcounts in 1H2025, representing a decrease of approximately 4.05% as compared to approximately 14.49 million headcounts in 1H2024.

The revenue of the Group from non-aviation business decreased from approximately RMB545.6 million for 1H2024 to approximately RMB503.7 million for 1H2025, representing a decrease of approximately 7.69%. Such decrease was mainly due to the decrease in hotel income and VIP room income as a result of the weakening in passenger spending intentions and the decrease in passenger throughput at Meilan Airport.

The Group recorded net loss attributable to Shareholders of approximately RMB70.2 million for 1H2025, representing a decrease in net loss of approximately 71.7% as compared to that of approximately RMB248.0 million for 1H2024. The decrease in net loss was mainly due to the one-off expense in relation to the Arbitration Case of approximately RMB272.8 million recognised in 1H2024. However, if the Arbitration Case expenses were excluded, the Company would have recorded an adjusted net profit attributable to Shareholders of approximately RMB24.7 million for 1H2024, the net loss of the Group for 1H2025 would represent an increase of approximately RMB94.9 million as compared to the adjusted net profit for 1H2024. The increase in net loss was mainly due to the decrease in revenue as discussed above.

Set out below is a summary of consolidated financial position of the Group as at 31 December 2023 and 2024 as extracted from the 2024 Annual Report and as at 30 June 2025 as extracted from the 2025 Interim Report:

	As at 31 December 2023 (audited) RMB'000	As at 31 December 2024 (audited) RMB'000	As at 30 June 2025 (unaudited) RMB'000
Total Assets	11,360,952	10,982,577	10,623,864
Total Liabilities	7,123,059	6,931,325	6,615,336
Net Assets	4,237,893	4,051,252	4,008,528
Gearing ratio ¹	62.70%	63.11%	62.27%

Note 1: The gearing ratio was calculated by dividing the Group's total liabilities by its total assets.

The total assets of the Group mainly consisted of fixed assets, investment properties and intangible assets, which in total amounted to approximately RMB9,185.3 million, representing approximately 83.64% of the total assets of the Group as at 31 December 2024. The total assets of the Group decreased by approximately 3.33% to approximately RMB10,982,577 million as at 31 December 2024 compared to that as at 31 December 2023 which was mainly attributable to the depreciation of the fixed assets and right-of-use assets and the decrease in accounts receivable and was partially offset by the increase in cash at bank and on hand.

The total liabilities of the Group mainly consisted of construction payments payable for the Airport Project, lease liabilities, other payable and long-term borrowings, which in total amounted to approximately RMB5,142.4 million, representing approximately 74.19% of the total liabilities of the Group as at 31 December 2024. Total liabilities of the Group decreased by approximately 2.69% from approximately RMB7,123.1 million as at 31 December 2023 to approximately RMB6,931.3 million as at 31 December 2024, which was mainly attributable to the decrease in lease liabilities due to the settlement of lease payment and the settlement of the construction fee payables.

The total assets of the Group mainly consisted of fixed assets, investment properties and intangible assets, which in total amounted to approximately RMB9,057.3 million, representing approximately 85.25% of the total assets of the Group as at 30 June 2025. The total assets of the Group decreased by approximately 3.27% to approximately RMB10,623.9 million as at 30 June 2025 compared to that as at 31 December 2024 which was mainly attributable to the depreciation of the fixed assets and right-of-use assets.

The total liabilities of the Group mainly consisted of construction payments payable for the Airport Project, lease liabilities, other payable and long-term borrowings, which in total amounted to approximately RMB5,013.2 million, representing approximately 75.78% of the total liabilities of the Group as at 30 June 2025. Total liabilities of the Group decreased by approximately 4.56% from approximately RMB6,931.3 million as at 31 December 2024 to approximately RMB6,615.3 million as at 30 June 2025, which was mainly attributable to the decrease in lease liabilities due to the settlement of lease payment.

4. Industry overview and prospects of the Group

As of 2025, China's air and airport services industry has shown signs of steady recovery, supported by a rebound in domestic travel and ongoing infrastructure investment. According to the Civil Aviation Administration of China ("CAAC"), aircraft daily utilisation improved to 8.9 hours in 2024, compared to 8.1 hours in 2023, suggesting a gradual return to pre-pandemic operating efficiency. While forecasts of CAAC in 2025 indicate that the airport services segment which includes passenger services and ground services could experience notable growth over the coming years, estimates should be viewed with caution and remain subject to evolving market conditions.

According to the 2025 Interim Report, as at 30 June 2025, the entire industry achieved a total transportation turnover of 78.35 billion ton kilometers, passenger transport volume of 370 million person-times and cargo and mail transport volume of 4.784 million tons, representing an increase of 11.4%, 6% and 14.6% of the corresponding period last year, respectively, with transportation scale reaching a new high.

On 23 July 2025, the State Council Information Office of China announced that the Hainan Free Trade Port (the "**Hainan Free Trade Port**") will officially commence its independent customs operation on 18 December 2025. This operation will implement a "first-line opening, second-line control, in-island free movement (一線放開、二線管住、島內自由)" regulatory model. "First-line opening" designates the boundary between Hainan and other countries/regions outside China as the "first line", implementing a series of free and facilitated entry-exit measures to ensure smoother global connectivity for Hainan "Second-line control" manages precisely the flow of goods between Hainan and Mainland China; and "In-island free movement" ensures the relatively free flow of various production factors within Hainan Province. This milestone initiates a new phase in Hainan's opening-up, aligning with CPC Central Committee and State Council directives to refine policies, establish a new open economic regime, and position Hainan as a key gateway for China's opening-up in the new era.

Following the announcement, several supporting measures were issued, including the People's Government of Hainan Province issued the Measures for the Recognition and Management of "Zero-Tariff" Imported Goods Benefit-Eligible Entity of the Hainan Free Trade Port (Trial) (《海南自由貿易港「零關稅」進口貨物享惠主體認定管理辦法(試行)》) and several measures in relation to the tax on goods and customs supervision. These policies expand "zero-tariff" coverage, extend preferential treatment to nearly all Hainan-based entities with import needs, and relax entry-exit restrictions for foreign personnel, including lenient temporary visas, work visas, and residence system improvements. As various policies and supporting measures in respect of the independent customs operation are implemented in detail, Hainan will be able to better gather global elements, allocate global resources, promote industrial development, and demonstrating its firm confidence and significant opportunities for higher-level opening up through the actual results of policy implementation.

In addition, Hainan Province has been actively developing its tourism sector. In the first half of 2025, several major events took place in Hainan, including the Lantern Festival Fireworks Gala, the WATERBOMB Music Festival, and the Hainan Free Trade Port Global Industry Investment Conference. During the six months period ended 30 June 2025, Hainan received a total of approximately 55.2 million domestic and international tourists, representing a year-on-year increase of approximately 8.1% and total tourism revenue reached approximately RMB118.9 billion.

As reported by Hainan International Communication Network, a new air freight development policy has already been implemented by Hainan at the beginning of 2025, aiming to foster the opening up of the island. 20 specific measures have been issued by the Hainan Province Open Skies Working Group Office as well, accelerating the development of all provincial airports to reach a total of 320,000 tons of cargo throughputs and establish ten international cargo routes by the end of 2025, 350,000 tons and twelve routes by the end of 2027.

Construction of intelligent airport will remain a one major focus for the Group in the coming years. The Group has launched the data center on 24 December 2024 and rolled out the smart service platform, the harbours stands management system and the smart energy management and control system. These initiatives aim to connect business and data application scenarios, complete the in-depth mining of flight operations and enhance the efficiency of production and operation. Meilan Airport will continue its research and deployment of advanced technologies, utilising natural language processing, deep learning, and data analysis and reasoning capabilities of the DeepSeek platform to provide technical support for the digital transformation of the airport.

Having considered the above, the airport services industry is expected to continue its steady recovery, supported by rebounding domestic travel and infrastructure investments. The Hainan's Free Trade Port policies enhance global connectivity, zero-tariff benefits, and tourism growth. Furthermore, the supportive measures for Hainan's independent customs operations will accelerate industrial development and resource allocation. Accordingly, we are of the view that the prospects and outlook of the Group remain positive, with opportunities to capture growth from the evolving aviation and tourism markets in the PRC.

5. Information of the Offeror

The Domestic Share Offeror is a company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange, with stock code 600515. The Domestic Share Offeror is principally engaged in airport management, duty free and commercial property operation, real estate, property management and hotel businesses. As at the Latest Practicable Date, the substantial shareholders of the Domestic Share Offeror are Hainan Airport Group (which is the single largest shareholder of the Domestic Share Offeror) and HNA Foundation Holding Group Co., Ltd.* (海航基礎控股集團有限公司) (holding approximately 24.87% and 19.69% interests respectively). Hainan Airport Group is wholly owned by Hainan Development Holdings Co., Ltd.* (海南省發展控股有限公司), which is in turn controlled by the Hainan SASAC.

The H Share Offeror is a limited liability company incorporated in Hong Kong and is a direct wholly-owned subsidiary of the Domestic Share Offeror. The H Share Offeror is primarily engaged in investment holding, focusing on airport operations management and ground services related to PRC domestic and international air transport sectors.

6. Principal terms of the Offers

Comparison of Domestic Share Offer Price and the H Share Offer Price

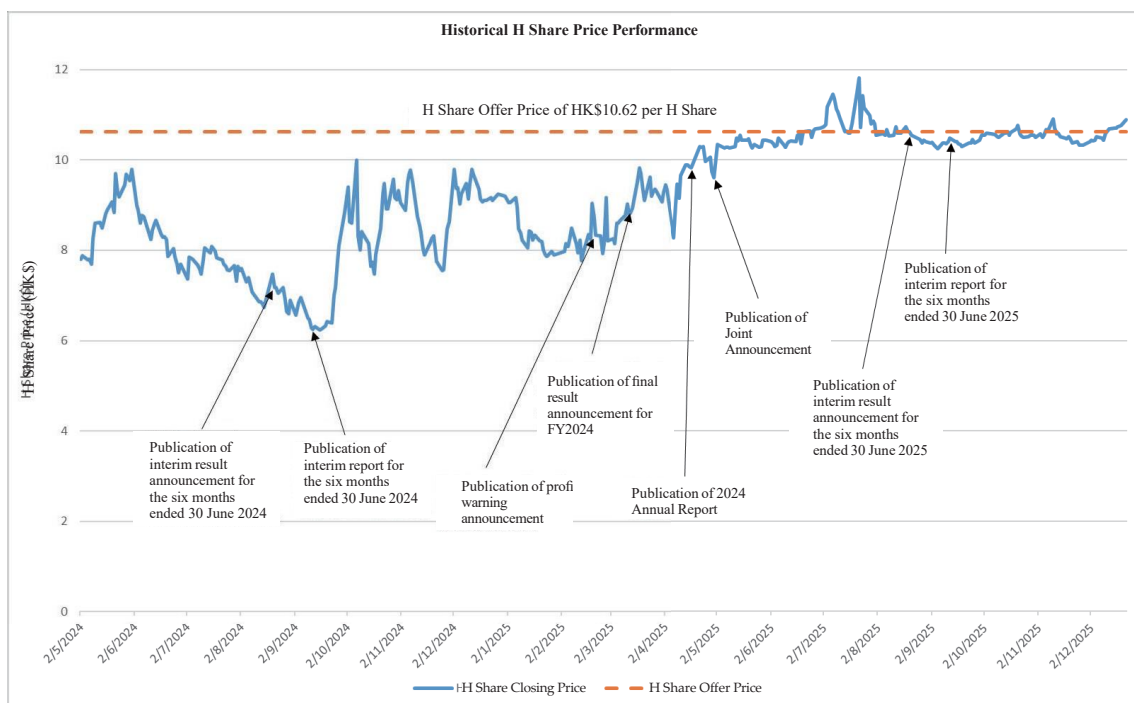
The Domestic Share Offer Price of RMB9.85 and the H Share Offer Price of HK\$10.62 represent:

- (i) a discount of approximately 1.21% or HK\$0.13 per H Share to the closing price of HK\$10.75 per H Share on the Latest Practicable Date;
- (ii) a premium of approximately 10.63% or HK\$1.02 per H Share over the closing price of HK\$9.60 per H Share on the Last Trading Date;
- (iii) a premium of approximately 6.84% or HK\$0.68 per H Share over the average closing price of approximately HK9.94 per H Share for the last five trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 6.41% or HK\$0.64 per H Share over the average closing price of approximately HK9.98 per H Share for the last 10 trading days up to and including the Last Trading Date;
- (v) a premium of approximately 11.20% or HK\$1.07 per H Share over the average closing price of approximately HK9.55 per H Share for the last 30 trading days up to and including the Last Trading Date;

- (vi) a premium of approximately 14.69% or HK\$1.36 per Share over the audited net asset value attributable to Shareholders (the “NAV”) per Share of approximately HK\$9.26 as at 31 December 2024 (the “**2024 Annual NAV per Share**”) based on 473,213,000 Shares in issue as at the date of the Joint Announcement based on RMB to HK\$ exchange rate of RMB0.92604 to HK\$1 (being the median exchange rate as quoted by the People’s Bank of China on 31 December 2024);
- (vii) a premium of approximately 14.32% or HK\$1.33 per Share over the unaudited net asset value per Share of approximately HK\$9.29 per Share as at 30 June 2025 (the “**2025 Interim NAV per Share**”) based on 473,213,000 Shares in issue as at 30 June 2025, based on RMB to HK\$ exchange rate of RMB0.91195 to HK\$1 (being the median exchange rate as quoted by the People’s Bank of China on 30 June 2025); and
- (viii) a premium of approximately 11.44% or HK\$1.09 per Share over the adjusted unaudited net asset value (the “**Adjusted NAV**”) per Share of approximately HK\$9.53 as at 30 June 2025 (the “**Adjusted NAV per Share**”) based on 473,213,000 Shares in issue as at 30 June 2025, after taking into account of the property valuation as at 30 September 2025 (the “**Valuation**”) (details of which are set out in Appendix III to the Composite Document) and the related tax effects, based on RMB to HK\$ exchange rate of RMB0.91195 to HK\$1 (being the median exchange rate as quoted by the People’s Bank of China on 30 June 2025).

Historical price performance of the H Shares

We have reviewed the movement of the daily closing price of the H Shares as quoted on the Stock Exchange during the period commencing from 1 May 2024 up to 30 April 2025, i.e. the Last Trading Date (both days inclusive) (the “**Pre-announcement Period**”) and from 1 May 2025 to the Latest Practicable Date (the “**Post-announcement Period**”) (the Pre-announcement Period and the Post-announcement Period are collectively referred to as the “**Review Period**”). We consider that the duration of the Review Period of approximately one year prior to the date of the SPA would be a reasonable and sufficient period to illustrate the recent closing price movement of the H Shares. The daily closing prices of the H Shares are illustrated as follows:



Source: The website of the Stock Exchange (www.hkex.com.hk)

(i) Pre-announcement Period

The H Shares were generally traded within a band of HK\$6 to HK\$10 per H Share during the Pre-announcement Period. The highest closing price of the H Shares was HK\$10.30 per H Share on 22 April 2025 and 24 April 2025 and the lowest closing price of the Shares was HK\$6.24 per H Share on 16 September 2024. The H Shares were traded below the H Share Offer Price throughout the Pre-announcement Period. The H Share Offer Price represents (i) a premium of approximately 26.84% over the average closing price of approximately HK\$8.37 per H Share; (ii) a premium of approximately 70.19% over the lowest closing price of HK\$6.24 per H Share; and (iii) a premium of approximately 3.11% to the highest closing price of HK\$10.30 per H Share during the Pre-announcement Period.

During the period from 2 May 2024 to 31 May 2024, the closing price of the H Shares exhibited an increasing trend and rose to a closing price of HK\$9.8 per H Share. We have enquired with the management of the Company regarding the possible reasons for the share price movement in May 2024 and were advised that the management was not aware of any specific reasons for the increase in the closing price of the H Shares during that period. Subsequently, the closing price of the H Shares dropped gradually and the closing price on the date of publication of interim results for the six months ended 30 June 2024 (i.e. 23 August 2024) was HK\$7.05 per H Share. The closing price of H Shares further dropped to its lowest closing price during the Pre-announcement Period of HK\$6.24 per H Share on 16 September 2024, being the date immediately after the publication of the interim report for the six months ended 30 June 2024. Thereafter, the closing price of the H Shares increased sharply to HK\$9.99 per H Share on 7 October 2024. We have enquired with the management of the Company and were advised that, except for Mr. Xie Lichao being proposed to be appointed as non-executive Director, they are not aware of any particular reason for the price movement. From mid-October 2024 to mid-April 2025, the closing price of the H Shares was fluctuating within a range between approximately HK\$7.5 and HK\$9.8 per H Share. The H Shares price was closed at HK\$9.88 on 14 April 2025, being the date of publication of 2024 Annual Report and hovered around HK\$10 thereafter. The closing price of H Share on the date of the Joint Announcement was HK\$9.6.

(ii) Post-announcement Period

During the Post-announcement Period, the H Shares traded generally above their pre-announcement levels and within a range of HK\$10.25 to HK\$11.82 per H Share. Immediately following the Joint Announcement on 20 May 2025, which confirmed partial satisfaction of offer-related conditions and a delay in the despatch of the composite document, the closing price hovered slightly below the H Share Offer Price of HK\$10.62, ranging between HK\$10.26 and HK\$10.54 with moderate trading volume. On 29 May 2025, following a further Joint Announcement regarding additional condition satisfaction and reinforcing the potential unconditional mandatory cash offers, there was no abrupt change in price, but the H Shares continued to trade within the HK\$10.26 to HK\$10.44 range throughout the end of May 2025. Starting in mid-June 2025, the H Share closing price gradually moved above the Offer Price, reaching HK\$10.62 on 20 June 2025. From late June 2025 onwards, the H Share closing prices maintained an upward trajectory. After reaching its peak at HK\$11.82 on 22 July 2025, the H Share closing price gradually moved downward to reach the range between HK\$10.25 and HK\$10.90 from 1 August 2025 to the Latest Practicable Date. The trading volume during this phase remained relatively stable, though elevated around notable price advances, suggesting market anticipation and positive investor sentiment following the continued progress of the proposed Offers and the resolution of certain transactional conditions.

As mentioned in the paragraph headed “Comparison of Domestic Share Offer Price and the H Share Offer Price” above, the H Share Offer Price of HK\$10.62 represents (i) a premium of approximately 10.63% or HK\$1.02 over the closing price of HK\$9.60 per H Share on the Last Trading Date; (ii) a premium of approximately 6.84% or HK\$0.68 over the average closing price of approximately HK\$9.94 per H Share for the five consecutive trading days up to and including the Last Trading Date; (iii) a premium of approximately 6.41% or HK\$0.64 over the average closing price of approximately HK\$9.98 per H Share for the ten consecutive trading days up to and including the Last Trading Date; and (iv) a premium of approximately 11.20% or HK\$1.07 over the average closing price of approximately HK\$9.55 per H Share for the thirty consecutive trading days up to and including the Last Trading Date. Moreover, the H Shares were traded below the H Share Offer Price for the entire Pre-announcement Period. Based solely on the historical H Share prices, we consider the Offer Price of HK\$10.62 to be fair and reasonable. Nevertheless, Independent Shareholders should assess the Offers in light of all relevant information and factors discussed in various sections of this letter before deciding whether to accept the Offers.

However, we noted that the closing prices of the H Shares surpassed the H Share Offer Price occasionally during the Post-announcement Period, with the closing prices ranging from HK\$10.25 to HK\$11.82 per H Share. Accordingly, Independent Shareholders are reminded to closely monitor market prices and consider selling their H Shares on the open market during the Offer Period, if net proceeds from such sale exceeds the amount receivable under the Offers, rather than accepting the Offers.

Comparison of the H Share price against the net assets value attributable to owners of the Company per Share

The H Share Offer Price of HK\$10.62 represent (i) a premium of approximately 14.69% over the 2024 Annual NAV per Share; (ii) a premium of approximately 14.32% over the 2025 Interim NAV per Share; and (iii) a premium of approximately 11.44% over the Adjusted NAV per Share.

Pursuant to Rule 11.1(e) of the Takeovers Code, valuations of assets must not be prepared or presented on a selective basis unless the Executive accepts that special circumstances justify it. The H Share Offeror has applied for, and the Executive has granted, a waiver from strict compliance with Rule 11.1(e) of the Takeovers Code to exclude the Group’s property interests relating to highly airport-specific structures and infrastructure of Meilan Airport, comprising Terminal 1, Terminal 2 and the supporting facilities (the “**Excluded Assets**”).

According to the property valuation report set out in Appendix III to the Composite Document, we noted that the property interests that are subject to the Valuation are attributable to the buildings and properties comprising the structure at the Meilan Airport known as the Terminal Complex, being a mixed-use complex providing carparking, catering, accommodation, retail and other ancillary services for inbound and outbound passengers at the Meilan Airport. The Group’s property interests that relate to the highly airport-specific structures and infrastructure of the Meilan Airport, comprising: (i) assets in relation to Terminal 1 and 2 of Meilan Airport and (ii) the supporting facilities that are essential and/or ancillary to the operation of the Meilan Airport (e.g. the aircraft parking aprons, customs building, fire rescue centre, emergency medical centre) of the Group were excluded from the Valuation.

Having considered that (i) the carrying value of the Excluded Assets has been properly reflected in the unaudited net asset value of the Group attributable to the Shareholders as at 30 June 2025, being the latest published financial information of the Group; (ii) it is unlikely that the Group will dispose of the Excluded Assets to realise any gain or loss as they are essential to the Group's principal business and disposing of them would prevent the Group from continuing its operations; and (iii) as set out in the Letter from the Board, the Offerors intend that the Company will maintain its existing principal business and the employment of the employees of the Company and of its subsidiaries, the exclusion of the valuation of the Excluded Assets would not affect the underlying capital value of the property interests in the Group to enable the Independent Shareholders to make an informed decision regarding the Offers and as such, we confirm that the exclusion of the Excluded Assets from the Valuation would not affect our recommendation to the Independent Shareholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

By taking into account the effect of fair value gain attributable to Shareholders arising from the valuation of the property interests of the Group as set out in Appendix III to the Composite Document, set out below is the calculation of the adjusted unaudited consolidated net asset value attributable to Shareholders as at 30 June 2025 as extracted from the section headed "5. Property Interest and Adjusted Net Asset Value" in Appendix II to the Composite Document:

RMB

Unaudited consolidated net asset value attributable to owners of the Company as at 30 June 2025	4,008,727,779
Adjustment: Fair value gain attributable to owners of the Company arising from the valuation of the property interests of the Group as at 30 September 2025 based on the property valuation report set out in Appendix III to the Composite Document	105,387,247
Adjusted unaudited consolidated net asset value attributable to Shareholders as at 30 June 2025	4,114,115,026
Adjusted unaudited consolidated net asset value attributable to Shareholders per Share as at 30 June 2025	8.69 (equivalent to approximately HK\$9.53 based on RMB to HK\$ exchange rate of RMB0.91195 to HK\$1 (being the median exchange rate as quoted by the People's Bank of China on 30 June 2025))

Set out below is a table illustrating the historical average market capitalisation of the Company against the Company's published NAV/Adjusted NAV for the previous three financial years and up to the Latest Practicable Date.

Period	Latest published NAV per Share/Adjusted NAV per Share ¹ (HK\$)	Closing price per Share			Premium/(Discount) over/to NAV/Adjusted NAV per Share		
		Highest	Lowest	Average	Highest	Lowest	Average
		(HK\$)	(HK\$)	(HK\$)	Approx. %	Approx. %	Approx. %
26/08/2022 – 28/03/2023	10.48	26.00	12.20	19.60	148.09	16.41	87.02
29/03/2023 – 25/08/2023	10.22	19.56	8.70	13.19	91.39	(14.87)	29.06
26/08/2023 – 28/03/2024	10.1	8.20	5.37	6.83	(18.81)	(46.83)	(32.38)
29/03/2024 – 23/08/2024	9.9	9.80	6.19	7.81	(1.01)	(37.47)	(21.11)
24/08/2024 – 20/03/2025	9.33	9.99	6.24	8.35	7.07	(33.12)	(10.5)
21/03/2025 – 20/08/2025	9.41	11.82	8.28	10.35	25.61	(12.01)	9.99
21/08/2025 – the Latest Practicable Date	9.29	10.90	10.25	10.51	17.33	10.33	13.13
21/08/2025 – the Latest Practicable Date	9.53 ²	10.90	10.25	10.51	14.38	7.56	10.28

Source: The website of the Stock Exchange (www.hkex.com.hk)

Note:

1. The NAV per Share represents the latest published NAV of the Company divided by the number of issued Shares prior to the respective months based on the exchange rate of HK\$1=RMB0.91195 for illustrative purpose. The respective latest published NAVs of the Company were extracted from the Company's annual results announcement for FY2022, FY2023 and FY2024 published on 28 March 2023, 28 March 2024 and 20 March 2025, respectively and the Company's interim results announcements for the six months ended 30 June 2022 and 2023, 1H2024 and 1H2025 published on 8 August 2022, 25 August 2023, 23 August 2024 and 20 August 2025, respectively.
2. The Adjusted NAV per Share in HK\$.

As shown in the table above, the average premium/(discount) of the average closing price of the respective period in between the publication of latest NAV of the Company over/to the then latest published NAV/Adjusted NAV per Share in the corresponding period ranged from a discount of approximately 32.38% to a premium of approximately 87.02%. For a long period of time since 26 August 2023 (i.e. the date after the publication of the interim results for the six months ended 30 June 2023) up to 20 March 2025 (i.e. the date prior to the publication of the annual results for the year ended 31 December 2024), the average closing price of the H Shares represents a discount to the then latest published NAV per Share with discounts ranging from approximately 10.5% to approximately 32.38%.

For the period from 21 August 2025 (i.e. the date after the publication of the interim results for the six months ended 30 June 2025 in August 2025) up to the Latest Practicable Date, we noted there had been improvement in the average closing price per Share to NAV per Share ratio as the average closing price of the H Shares represented a premium of approximately 13.13% over the then latest NAV per Share and the comparison of the average closing price of the H Shares over the Adjusted NAV per Share for the period from 21 August 2025 (i.e. the date after the publication of the interim results of the Group for the six months ended 30 June 2025) up to the Latest Practicable Date also indicated a premium of approximately 10.28%.

In view of the fluctuation in the ratio of the closing price per H Share to the then published NAV per Share during the previous three financial years and up to the Latest Practicable Date, we observed that over the past three years, the investors in the stock market may not have valued the H Shares primarily based on the NAV per Share of the Company. Instead, they likely focused on other fundamentals, such as financial performance metrics of the Company (including revenue growth and profit margin), the industry trends, the market position and the Company's future prospects when determining the trading price of the H Shares. Nevertheless, as the H Share Offer Price represents premia over 2024 Annual NAV per Share, 2025 Interim NAV per Share and the Adjusted NAV per Share of approximately 14.69%, 14.32% and 11.44% respectively, we consider that it is favourable to the Independent Shareholders.

Liquidity of the Shares

The table below sets out the trading volume of the Shares of the Pre-announcement Period and the Post-announcement Period:

Month	Total trading volume of the Shares	Number of trading days	Average daily trading volume <i>(Note 1)</i>	Approximately % of average daily trading volume to the then total number of issued Shares held by the public as at the end of the period/month <i>(Note 2)</i>
Pre-announcement Period				
2024				
May	29,600,000	21	1,409,524	0.62%
June	15,865,940	19	835,049	0.37%
July	26,654,000	22	1,211,545	0.53%
August	19,047,815	22	865,810	0.38%
September	36,683,562	19	1,930,714	0.85%
October	65,186,401	21	3,104,114	1.37%
November	37,813,077	21	1,800,623	0.79%
December	44,334,100	20	2,216,705	0.98%
2025				
January	24,660,150	19	1,297,903	0.57%
February	55,961,000	20	2,798,050	1.23%
March	48,824,800	21	2,324,990	1.02%
April	63,180,200	19	3,325,274	1.47%
Post-announcement Period				
2025				
May	54,667,350	20	2,733,368	1.20%
June	35,309,466	21	1,681,403	0.74%
July	86,413,104	22	3,927,868	1.73%
August	40,513,000	21	1,929,190	0.85%
September	26,559,200	22	1,207,236	0.53%
October	35,047,000	20	1,752,350	0.77%
November	31,137,400	20	1,556,870	0.69%
December (from 1 December up to the Latest Practicable Date)	49,169,003	19	2,587,842	1.14%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.
2. The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company held by the public at the end of each month or each period, as applicable, whereas the total issued share capital of the Company held by the public during the Review Period was 226,913,000 Shares.

During the Pre-announcement Period, the average daily trading volume of the H Shares ranged from approximately 835,049 shares to approximately 3,325,274 shares, representing approximately 0.37% to 1.47% of the total number of issued H Shares held by the public. While trading activity varied amongst the months, overall liquidity remained moderate, with occasional upticks in volume observed in specific months such as October 2024 and April 2025.

During the Post-announcement Period, we noted that the average daily trading volume of the H Shares remained generally comparable to that during the Pre-announcement Period, ranging between approximately 1,207,236 shares and approximately 3,927,868 shares, representing approximately 0.53% to 1.73% of the total number of issued H Shares held by the public. Such trading volumes indicate that while there were market reactions to the Joint Announcements published, the increase in liquidity was not sustained over an extended period.

Taking into consideration that the trading volume of the H Shares was moderate during both the Pre-announcement Period and the Post-announcement Period, it is uncertain whether the overall liquidity of the H Shares could be maintained in the near future. It also remains uncertain whether there would be sufficient liquidity in the H Shares for the Independent Shareholders to dispose of a significant number of H Shares in the open market, particularly for those holding a relatively large block of H Shares, without exerting downward pressure on the market price. The Offers represent exit alternatives for the Independent Shareholders who would like to realise their investments in the H Shares, especially for those who are holding a large number of H Shares, at the H Share Offer Price.

Nonetheless, Independent Shareholders should also take into account their individual risk preferences and tolerance levels before making any investment decision in relation to the H Shares. If any Independent Shareholders who, after reviewing the Composite Document and this letter, would like to realise their investments in the H Shares and are able to dispose of their H Shares in the open market and/or identify potential purchasers to acquire their H Shares at a price higher than the H Share Offer Price, and the net proceeds from the sale of their H Shares would exceed the net amount receivable under the Offers, those Independent Shareholders may consider not accepting the Offers but selling their H Shares in the open market and/or to such potential purchasers (either in full or in part), as they deem appropriate having regard to their own circumstances and the relevant risks and uncertainties.

Market comparable analysis

To evaluate the fairness and reasonableness of the H Share Offer Price, we have considered price-to-earnings multiple (the “**P/E Ratio**”) analysis and price-to-book multiple (the “**P/B Ratio**”) analysis, which are commonly adopted approaches in the investment community when assessing valuation benchmarks for listed companies, particularly within capital-intensive industries such as airport management and operation services. In light that the Company recorded a net loss for the financial year ended 31 December 2024, we consider that the use of P/E Ratio would not be meaningful in this context. As such, the P/B Ratio has been selected as the appropriate parameter for our analysis.

Given that the Group is principally engaged in airport management and operation services in the PRC, we have conducted a search for comparable companies which are (i) listed in Hong Kong and/or the PRC; and (ii) are principally involved in airport-related operational businesses. Based on the above-mentioned selection criteria, we have identified an exhaustive list of five companies (the “**Industry Comparables**”) which we consider to be representative of the broader market sector in which the Group operates.

Set out below is a summary of our findings based on the P/B Ratio analysis of the Industry Comparables:

Company name	Principal business	Market capitalisation as at the Last Trading Date	Net asset value attributable to the shareholders of the company	P/B ratio as at the Last Trading Date
		(Note 1) (HK\$' million)	(Note 2) (HK\$' million)	(Note 3) (times)
Beijing Capital International Airport Co., Ltd. (694.HK)	Principally engaged in operating and managing aeronautical and non-aeronautical businesses at Beijing Capital Airport	12,821.70	14,497.84	0.88
Guangzhou Baiyun International Airport Company Limited (600004.SH)	Principally engaged in aviation services such as aircraft takeoff and landing, parking, passenger services, security checks, and aviation ground support services for aircraft, passengers, cargo, and mail at Guangzhou Baiyun International Airport	23,026.37	19,767.19	1.16

Company name	Principal business	Market capitalisation as at the Last Trading Date (Note 1) (HK\$' million)	Net asset value attributable to the shareholders of the company (Note 2) (HK\$' million)	P/B ratio as at the Last Trading Date (Note 3) (times)
Shanghai International Airport Co., Ltd. (600009.SH)	Principally engaged in aeronautical services which directly associated with aircraft, passengers, and cargo services, and non-aeronautical businesses such as commercial leasing, office space rental, check-in counter rental, and freight station operations at Shanghai Pudong International Airport and Shanghai Hongqiao International Airport	86,065.80	44,879.04	1.92
Xiamen International Airport Co., Ltd (600897.SH)	Principally engaged in aeronautical services which directly associated with aircraft, passengers, and cargo services, and non-aeronautical businesses such as commercial leasing, office space rental, check-in counter rental, parking lot operations at multiple airports in Fujian province	6,333.99	4,812.48	1.32
Shenzhen Airport Co., Ltd. (000089.SZ)	Principally engaged in aeronautical services which refer to providing aviation ground support and ground handling agency services, and nonaeronautical businesses including aviation logistics, aviation value-added services, and advertising services at Shenzhen Baoan International Airport	14,958.80	12,230.57	1.22

The P/B ratio analysis of the Industry Comparables

Maximum	1.92
Minimum	0.88
Average	1.30
Median	1.22

The P/B ratio analysis of the Shortlisted Industry Comparables (as defined below)

Maximum	1.32
Minimum	0.88
Average	1.15
Median	1.19

the Company	5,025.52 (Note 4)	4,395.8 (Note 5)	1.14 (Note 7)
	5,025.52 (Note 4)	4,511.3 (Note 5)	1.11 (Note 6)

Source: The website of the Stock Exchange (www.hkex.com.hk), Shanghai Stock Exchange (www.sse.com.cn) and Shenzhen Stock Exchange (www.szse.cn)

Notes:

1. The market capitalisation is calculated based on the closing share price and number of issued shares of the respective companies as at the Last Trading Day.
2. The net asset value attributable to the shareholders of the company refers to the net asset value attributable to the shareholders of the company as disclosed in their respective latest published annual reports or interim reports of the Industry Comparables and those of the Company.
3. The P/B Ratio of the Industry Comparables are calculated based on their respective market capitalisation divided by the net asset value attributable to the shareholders of the company as disclosed in their respective latest published annual reports or interim reports.
4. The implied market capitalisation of the Company (“**Implied Market Capitalisation**”) is calculated based on the Offer Price and the number of issued shares of the Company as at the Latest Practicable Date (i.e. 473,213,000 Shares).
5. It represents the NAV of approximately RMB4,008.7 million as at 30 June 2025 and based on RMB to HK\$ exchange rate of RMB0.91195 to HK\$1 (being the median exchange rate as quoted by the People’s Bank of China on 30 June 2025).
6. It represents the Adjusted NAV of approximately RMB4,114.1 million as disclosed in Appendix II and based on RMB to HK\$ exchange rate of RMB0.91195 to HK\$1 (being the median exchange rate as quoted by the People’s Bank of China on 30 June 2025).
7. The P/B Ratio of the Company is calculated based on the Implied Market Capitalisation divided by the NAV as at 30 June 2025 (the “**Implied P/B Ratio**”).
8. The adjusted P/B Ratio of the Company is calculated based on the Implied Market Capitalisation divided by the Adjusted NAV (the “**Adjusted Implied P/B Ratio**”).

Upon comparison with the Industry Comparables, we noted that the Implied P/B Ratio implied by the H Share Offer Price based on the NAV as at 30 June 2025 of approximately 1.14 times and the Adjusted Implied P/B Ratio implied by the H Share Offer Price based on the Adjusted NAV as at 30 June 2025 of 1.11 times, are both within the range of the P/B Ratios as presented by the Industry Comparables as at the Last Trading Day ranging from 0.88 time to 1.92 times and below the average and median P/B Ratios of approximately 1.30 times and 1.22 times respectively as presented by the Industry Comparables as at the Last Trading Day.

We further noted that the market capitalisation of Shanghai International Airport Co., Ltd. as at the Last Trading Date was exceptionally high among the Industry Comparables which could distort the overall results. Therefore, we have attempted to shortlist the Industry Comparables by excluding Shanghai International Airport Co., Ltd. from them (the “**Shortlisted Industry Comparables**”). Upon comparison, we noted that the Implied P/B Ratio and the Adjusted Implied P/B Ratio are within the range of the P/B Ratios as presented by the Shortlisted Industry Comparables as at the Last Trading Day ranging from 0.88 time to 1.32 times and are slightly below the the average and median P/B Ratios of approximately 1.15 times and 1.19 times respectively as presented by the Shortlisted Industry Comparables as at the Last Trading Day.

While the Implied P/B Ratio and the Adjusted Implied P/B Ratio are not the highest within the peer group, we wish to highlight that the Company’s Implied P/B Ratio and the Adjusted Implied P/B Ratio exceed that of Beijing Capital International Airport Co., Ltd., being the only company among the Industry Comparables that is also listed on the Stock Exchange. In our view, this demonstrates that the H Share Offer Price reflects a valuation that is consistent with market levels and may be considered reasonable when viewed against its most direct listed peer. Accordingly, we consider that the level of the H Share Offer Price is fair and reasonable from this perspective.

RECOMMENDATIONS

Having considered the principal factors discussed above and in particular the following:

- (i) the premium of the H Share Offer Price over the closing price of the H Shares on the Last Trading Date and the average closing prices for the last 5, last 10 and last 30 consecutive trading days immediately prior to and including the Last Trading Date are approximately 10.63%, 6.84%, 6.41%, and 11.20% respectively;
- (ii) the H Share Offer Price has been above the closing price of the H Shares for the vast majority of the Pre-announcement Period, representing a premium of approximately 26.84% over the average closing price of approximately HK\$8.37 per H Share during that period;
- (iii) the trading volume of the H Shares was generally thin during the Review Period, whereas the Offers provide a viable liquidity event and an exit alternative for the Independent Shareholders who wish to realise their investments, particularly those with relatively large holdings, at a price that reflects a market premium;
- (iv) the H Share Offer Price represents premia of approximately 14.69%, 14.32% and 11.44% over the 2024 Annual NAV per Share, the 2025 Interim NAV per Share and the Adjusted NAV per Share respectively;
- (v) the Implied P/B Ratio of 1.14 is within the range of the P/B Ratios of the Industry Comparables and close to the average P/B Ratios of the Shortlisted Industry Comparables, and is higher than the only company among the Industry Comparables that is also listed on the Stock Exchange; and
- (vi) while the airport management and services industry in the PRC exhibits signs of recovery, future developments may remain subject to macroeconomic factors, policy direction and evolving domestic travel demand;

we are of the opinion that the Offers, including the H Share Offer Price (which is equivalent to the Domestic Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offers.

Having mentioned in the paragraph headed “Historical price performance of the H Shares” in this letter, the price of the H Shares has been traded higher than the H Share Offer Price occasionally during the Post-announcement period. As such, we recommend the Independent Board Committee to advise the Independent Shareholders that for those who wish to dispose of all or part of their shareholding, they are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and to dispose of their Shares in the market should there be sufficient liquidity of the Shares and the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offers.

For those Independent Shareholders who are optimistic about the future prospects and operating performance of the Group and/or have a relatively long term investment horizon, they may retain their investment in the Shares by not accepting the Offers and are reminded to monitor the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer Period.

Yours faithfully,
For and on behalf of
Octal Capital Limited


Alan Fung

Managing Director


Louis Chan

Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

* For identification purposes only