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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**

Reference is made to the announcements of the Company dated 24 March 2005 and 26 August 2005 respectively.

The Company has entered into the Agreements with Parent Company, Hainan Airlines, China Southern Airlines, HNA Group and their relevant associates, respectively, in respect of the Non-exempt Continuing Connected Transactions for the period from 1 January 2008 to 31 December 2010.

As certain percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to some of the Non-exempt Continuing Connected Transactions are each more than 2.5%, the same transactions are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules.

The Independent Board Committee has been established to consider the terms of the Agreements, the New Annual Caps and First Shanghai Capital 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.

\* For identification purposes only

A circular containing, among others, further details of the Non-exempt Continuing Connected Transactions and the New Annual Caps , a letter from the Independent Board Committee, a letter of advice from First Shanghai Capital and a notice of EGM will be dispatched to the Shareholders as soon as practicable.

## **I. GENERAL BACKGROUND INFORMATION**

Reference is made to the announcements of the Company dated 24 March 2005 and 26 August 2005, respectively.

The Company has been engaged in certain transactions with connected persons and their respective associates during the Company's ordinary course of business, which constitute 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 2005 will expire on 31 December 2007 and the Board has conducted a review of the Non-exempt Continuing Connected Transactions as to the Agreements and New Annual Caps to be proposed for the Non-exempt Continuing Connected Transactions for a period from 1 January 2008 and ending on 31 December 2010.

Announcement is hereby made for compliance with the relevant provisions under the Listing Rules in respect of the Non-exempt Continuing Connected Transactions.

## **II. CONTINUING CONNECTED TRANSACTION**

### **(I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR THE YEARS 2008 TO 2010**

#### *Catering Service by Hainan Food*

Date of Agreement: 8 October 2007

Parties:                   The Company  
                                  Hainan Food

- Subject:** The Company franchises to Hainan Food its on-board catering services for airlines with flights landing at Meilan Airport. The agreement sets out the terms and conditions for the franchising of such services to Hainan Food.
- Price:** Pursuant to the agreement, the amount of the franchise fee payable by Hainan food to the Company for each year is RMB2.00 (equivalent to approximately HK\$2.00) per passenger multiplied by the number of passengers arriving at Meilan Airport less the number of arriving passengers carried by Hainan Airlines and other airlines which it operates, China Southern Airlines and China Southern Airlines Group Co., Ltd. which can provide the catering services by themselves on an annual basis.
- Term:** A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

### ***Historical Figures***

The original agreements with Hainan Food has been announced in the announcement of the Company dated 24 March 2005. The actual transaction amounts for the two years ended on 31 December 2006 are RMB1,855,800 (equivalent to approximately HK\$1,855,800), and RMB1,986,400 (equivalent to approximately HK\$1,986,400) and the transaction amount for the year ending on 31 December 2007 is expected to be RMB2,249,800 (equivalent to approximately HK\$2,249,800) <sup>1</sup> respectively.

*Note 1:* the expected transaction amount for the year 2007 of all the Non-exempt Continuing Connected Transactions contemplated in this announcement has been determined based on the actual transaction amount for the first half year of 2007 multiplied by two (i.e. including the Non-exempt Continuing Connected Transactions set out in paragraph IV of this announcement).

### ***New Annual Cap***

The Board has considered and resolved that the proposed new annual cap for the annual volume of the relevant transaction for the period from 1 January 2008 to 31 December 2010 be RMB2,470,000 (equivalent to approximately HK\$2,470,000), RMB2,720,000 (equivalent to approximately HK\$2,720,000) and RMB2,990,000 (equivalent to approximately HK\$2,990,000), respectively.

### ***Basis of the New Annual Cap***

The Company shall provide catering services to relevant airlines which use Meilan Airport and have such catering service requirements. For now the Company will devote itself to its core business and franchise ancillary service to other companies. The Company would like to continue to franchise to Hainan Food the provision of the catering services under the same terms and conditions with the original agreement entered into in the year 2005 by the Company and Hainan Food.

The proposed cap is determined with reference to the actual transaction amounts for the two years ended on 31 December 2006 and the expected transaction amount for the year ending on 31 December 2007 which are RMB1,855,800 (equivalent to approximately HK\$1,855,800), RMB1,986,400 (equivalent to approximately HK\$1,986,400) and RMB2,249,800 (equivalent to approximately HK\$2,249,800), respectively. Based on an annual growth rate of approximately 9% as derived from the three transaction amounts above, the Directors think it is reasonable to set an annual growth rate of 10% for the three years of 2008, 2009 and 2010. The New Annual Caps set for the three years of 2008, 2009 and 2010 are calculated based on such growth rate.

### ***Listing Rules Requirements***

Hainan Airline, being a promoter of the Company, is a connected person of the Company under the Listing Rules. As Hainan Airline holds 51% equity interest in Hainan Food, Hainan Food is an associate (as defined in the Listing Rules) of Hainan Airline and a connected person of the Company, and the above transaction between the Company and Hainan Food constitutes continuing connected transaction of the Company under the Listing Rules.

As each of certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the above continuing connected transaction, on an annual basis, is higher than 0.1% but less than 2.5% and the annual consideration is less than HK\$10,000,000, it is only subject to the requirements of reporting and announcement set out in Rules 14A.45 to 14A.47 of the Listing Rules, and is exempt from the independent shareholders' approval requirement.

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of the agreement have been negotiated on arms' length basis and are on normal commercial terms; (ii) the annual caps for the years 2008, 2009 and 2010 are reasonable (iii) the transaction will be conducted in the ordinary and usual course of business of the Company; and (iv) the terms of the same transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**(II) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR THE YEARS OF 2008 to 2010**

**(a) *Transactions with Hainan Airlines***

**(1) *airport ground services with Hainan Airlines***

Date of Agreement: 1 October 2007

Parties: The Company  
Hainan Airlines

Subject: Pursuant to the agreement, the Company has agreed to provide customary airport ground services to Hainan Airlines, including basic agency services, container equipment management services, passenger and baggage services, cargo and mail processing, relevant transportation services, cleaning services, security safeguard services and other services related to Hainan Airlines and its subsidiaries.

Price: Various charge standards are primarily determined by or make reference to relevant regulations of the CAAC applicable to all the customers including independent third parties .

Term: A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

(2) *cargo mail and luggage service agreement*

Date of Agreement: 8 October 2007

Parties: the Company  
Hainan Airlines

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

Price: Various charge standards are primarily determined by relevant applicable regulation of the CAAC and the standards agreed in this agreement.

Term: A term commencing from the effective date of the agreement to 31 December 2009.

***(b) airport ground services with China Southern Airlines and its subsidiary  
Xiamen Airlines Company***

*Agreement with China Southern Airlines*

Date of Agreement: 1 October 2007

Parties: The Company  
China Southern Airlines

Subject: Pursuant to the agreement, the Company has agreed to provide customary airport ground services to China Southern Airlines, including basic agency services, passenger and baggage services, cargo and mail processing, relevant transportation service, cleaning services, security safeguard services and other services related to China Southern Airlines.

Price: Various charge standards as are primarily determined by the relevant regulations of CAAC applicable to all the customers including independent third parties and the standards agreed in this ground handling service agreement.

Term: A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

*Agreement with Xiamen Airlines Company*

Date of Agreement: 8 October 2007

Parties: The Company  
Xiamen Airlines Company

Subject: Pursuant to the agreement, the Company has agreed to provide customary airport ground services to Xiamen Airlines, including basic agency services, loading documentation and communication services, passenger and baggage services, cargo and mail processing, relevant transportation services, cleaning services, security safeguard services and other services related to Xiamen Airlines Company.

Price: Various charge standards as are primarily determined by or with reference to the relevant regulation of CAAC applicable to all the customers including independent third parties.

Term: A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

***(c) logistic composite service by HNA Group***

Date of Agreement: 8 October 2007

Parties: The Company  
HNA Group



**Subject:** Pursuant to the agreement, HNA Group has agreed to provide or procure any third party if necessary with the Company's consent to provide the Group with the following logistic services provided that the Company retains the right to terminate certain services if such services can be obtained from any third party on a preferential basis:

- (a) staff training;
- (b) staff shuttle bus service;
- (c) staff cafeteria service;
- (d) vehicle maintenance;
- (e) commodities and appliance procurement; and
- (f) other services required by the Company.

**Price:** Subject to the annual cap for the year of 2008 and no more than 5% of annual growth thereafter, charges as to the service in item (a) above will be the costs for providing such services; the charges as to the service in items (b) above shall be RMB10 (equivalent to approximately HK\$10) multiplied by the number of employees of the Company on a monthly basis; charges as to the service in item (c) above will be RMB924,000 (equivalent to approximately HK\$924,000) per

year; charges as to the service in item (d) above will be the cost for providing such service plus a 5% mark-up fee as management fee; charges as to the service in item (e) above will be the actual cost for the commodity procurement plus 1% mark-up fee as management fee; and charges as to other services in item (f) above shall be calculated in accordance with national pricing standards, the industry pricing standards or a cost plus mark-up fee basis.

Term: A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

***(d) airport composite services by Parent Company***

Date of Agreement: 8 October 2007

Parties: The Company  
Parent Company

Subject: Pursuant to the agreement, Parent Company has agreed to provide or procure any third party if necessary with the Company's consent to provide to the Company the following services:

- (a) security guard service;
- (b) cleaning and environment maintaining;
- (c) sewage and refuse processing;
- (d) power and energy supply and equipment maintenance ;
- (e) passengers and luggage security inspection;  
and
- (f) other services required by the Company.

Price: charges as to the service in items (a) to (c) above will be determined in accordance with the cost incurred by Parent Company in providing such services plus a 5% mark-up fee as management fee; charges as to the service in item (d) above will be determined in accordance with the cost incurred by Parent Company in providing such service plus a 25% mark-up fee as management fee; charges as to the service in item (e) above shall be calculated in accordance with the standards prescribed by CAAC and collected by the Company on behalf of Parent Company from the relevant airlines; and charges as to other services in item (f) above shall be calculated in accordance with the national pricing standards, the industry pricing standards or a cost plus mark-up fee basis.

Term: A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

### **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 Non-exempt Continuing Connected Transactions contemplated in this announcement 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 these companies 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 .

In addition, the Company would like to concentrate on its core business related to the airport operation and outsource ancillary airport services to those who have the expertise and experience required for provision of such services and be in a better position to meet the quality standard and efficiency of costs required by the Company in respect of the relevant services .

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of The Non-exempt Continuing Connected Transactions contemplated in this announcement 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 2008, 2009 and 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.

#### **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 the relevant contractual parties for the two years ended 31 December 2007 and the year ending 31 December 2007:

		<b>Year ended 31 December</b>		<b>Year ending 31 December 2007 (expected transaction amount<sup>2</sup>)</b>
		<b>2005</b>	<b>2006</b>	
		<i>("RMB")</i>		
(a)	1. Airport ground services with Hainan Airlines	73,355,000	59,762,000	61,002,000
(a)	2. Cargo Mail and Luggage Service Agreement with Hainan Airline	6,000,000 <sup>3</sup>	6,000,000 <sup>3</sup>	6,546,000

(b) Airport ground services with China Southern Airlines and Xiamen Airlines Company (in aggregation)	44,893,000 <sup>4</sup>	39,164,000 <sup>4</sup>	45,466,000 <sup>4</sup>
(c) Airport composite services by Parent Company	12,600,000	15,230,000	15,700,000
(d) Logistic composite services by HNA Group	10,740,000	10,190,000	11,690,000

*Note 2:* the expected transaction amount for the year 2007 of all the Non-exempt Continuing Connected Transactions contemplated in this announcement has been determined based on the actual transaction amount for the first half year of 2007 multiplying two.

*Note 3:* the Company entered into a Business Handover Agreement (as referred in the announcement dated 26 August 2005) with Hainan Airlines on 26 August 2005 under which a monthly rate of RMB500,000 (equivalent to approximately HK\$500,000) shall be paid by the Hainan Airlines to the Company for the period from 1 August 2005 to the date immediately before the Assets Transfer Closing Date. The Company confirms that the Assets Transfer has been completed in March 2007 therefore the actual transaction amount shall be RMB6,000,000 (equivalent to approximately HK\$6,000,000) for year of 2005 and 2006.

*Note 4:* the actual transaction amounts with China South Airlines are RMB42,900,000 (equivalent to approximately HK\$42,900,000), RMB36,900,000 (equivalent to approximately HK\$36,900,000) and RMB42,720,000 (equivalent to approximately HK\$42,720,000) respectively for the two years ended 31 December 2006 and the year ending 31 December 2007. The actual transaction amounts with China Xiamen Airlines Co., Ltd are RMB1,993,000 (equivalent to approximately HK\$1,993,000), RMB2,264,000 (HK\$2,264,000) and RMB2,746,000 (equivalent to approximately HK\$2,746,000) respectively for the two years ended 31 December 2006 and the year ending 31 December 2007.

**(ii) New Annual Caps**

The Board has considered and proposed that the following caps be set for the annual volumes of the relevant transactions above for the same period from 1 January 2008 to 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
		<i>(“RMB”)</i>	
(a) (1) Airport ground services with Hainan Airlines	66,500,000	72,500,000	79,000,000
(a) (2) Cargo Mail and Luggage Service Agreement with Hainan Airline	3,633,000 <sup>5</sup>	4,033,000 <sup>5</sup>	N/A
(b) Airport ground services with China Southern Airlines and Xiamen Airlines Co., Ltd	49,110,000 <sup>6</sup>	53,040,000 <sup>6</sup>	57,290,000 <sup>6</sup>
(c) Airport composite services by Parent Company	16,500,000	17,300,000	18,200,000
(d) Logistic composite services by HNA Group	12,500,000	13,000,000	13,500,000

*Note 5:* the Cargo Mail and Luggage Service Agreement will be with a term commencing from the effectiveness date of the agreement to 31 December 2009. The annual caps shall be the three years for 2007, 2008 and 2009 accordingly.

*Note 6:* the annual caps for the airport ground services with China Southern Airlines and Xiamen Airlines Co., Ltd are calculated in aggregation with the annual caps with China Southern Airlines of RMB46,140,000 (equivalent to approximately HK\$46,140,000), RMB49,830,000 (equivalent to approximately HK\$49,830,000) and RMB53,820,000 (equivalent to approximately HK\$53,820,000) for the year 2008, 2009 and 2010 and the annual caps with Xiamen Airlines Co., Ltd of RMB2,970,000 (equivalent to approximately HK\$2,970,000), RMB3,210,000 (equivalent to approximately HK\$3,210,000) and RMB3,470,000 (equivalent to approximately HK\$3,470,000) for the year 2008, 2009 and 2010.

### ***Basis of the New Annual Caps***

The above New Annual Caps are estimated with reference to various factors including but not limited to (1) the historical transaction amounts recorded by the Company respectively; (2) the anticipated increases in the business to be conducted by the Company under the Non-exempt Continuing Connected Transactions. The followings set out the basic factors taken into consideration by the Board for the New Annual Caps:

- (a) (1) Terms and conditions under the agreement are the same with the agreements entered into by the Company and Hainan Airline in the year 2005. The proposed caps for item (a)(1) for the year 2008, 2009 and 2010 are estimated by the Company's according to the estimation of the passengers' annual growth rate of approximately 8% made by the independent air traffic consultants appointed by the Company at the time of the Company's initial public offering in the year 2002 and the increase in the number of large-scale planes which use Meilan Airport with an annual growth rate of 3.3%. Based on the aforesaid data, the Company think it is reasonable to calculate the new cap on an approximately 11% growth rate.
  
- (a) (2) The caps proposed for item (a)(2) is determined with reference to estimation of an annual growth rate of 10% for the cargo transportation made by the independent air traffic consultants appointed by the Company at the time of the Company's initial public offering in the year 2002. Hainan Airline has no cargo centre at Meilan Airport and it needs to entrust an 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 by its cargo centre is comparatively small if there is no business income arising from the rent paid by Hainan Airline and if the Company can not obtain the business to process Hainan Airline's cargo, then it will have an adverse effect on the Company's business income in respect of cargo processing. In order to establish a long-term cooperation relationship with Hainan Airline and keep it as one of the Company's major customers, the Company has given a 50% discount for the cargo, mail and luggage service rendered to Hainan Airline by the Company.

- (b) Terms and conditions under the agreement are the same with the agreements entered into between the Company and Hainan Airline in the year 2005. The cap proposed for item (b) is determined with reference to the actual transaction amounts for the three years ending on 31 December 2007 with an average growth rate of approximately 8% annually.
- (c) Terms and conditions under the agreement are the same with the agreements entered into between the Company and Hainan Airline in the year 2005. The cap proposed for item (c) is determined with reference to the actual transaction amounts for the three years ending on 31 December 2007 with an average growth rate of approximately 12.1% annually. The growth rate for the transaction amounts for the three years ending 31 December 2007 mainly arises from the company's increase of areas of the waiting hall. The Directors and the management of the Company believe that the cost increase rate can be controlled lower than 5% and take it as the calculation basis for the proposed caps for the year 2008, 2009 and 2010.
- (d) Terms and conditions under the agreement are the same with the agreements entered into between the Company and HNA Group in the year 2005. The Directors think the Company can control the cost increase rate no higher than 7% for the year 2008 and within an increase of RMB500,000 (equivalent to approximately HK\$500,000) for each year of 2009 and 2010.

## **V. COMPLIANCE WITH THE LISTING RULES**

Parent Company, HNA Group, Hainan Airlines and China Southern are promoters of the Company. Accordingly, each of Parent Company, HNA Group, Hainan Airlines and China Southern Airlines is a connected person of the Company under the Listing Rules, and transactions between the Company and those connected persons and their associates, including the cargo mail and luggage service agreement with Hainan Airline and the airport ground services with Xiamen Airlines Co., Ltd as calculated in aggregation, 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 cargo mail and luggage service agreement with Hainan Airline, the applicable percentage ratios computed pursuant to Rule 14.04(9) of the Listing Rules are more than 2.5% but the consideration is less than HK\$10,000,000. However, such transaction, when aggregated with the relevant connected transactions with Hainan Airlines in the preceding twelve months, constitutes a Non-Exempt Continuing Connected Transaction and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In relation to the airport ground services with Xiamen Airlines Co., Ltd, the applicable percentage ratios computed pursuant to Rule 14.04(9) of Listing Rules are more than 2.5% but the consideration is less than HK\$10,000,000. However, such transaction, when aggregated with the relevant connected transactions with China Southern Airlines in the preceding twelve months, constitutes a Non-Exempt Continuing Connected Transaction and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to consider the terms of the Agreements, the New Annual Caps and First Shanghai Capital 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 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 Agreements and the New Annual Caps in relation to the Non-exempt Continuing Connected Transactions set out in paragraph II(II) ("Transaction") above that:

- (a) The aggregate annual volume of the Transactions shall not exceed the applicable New Annual Caps;
- (b) (i) The Transactions will be entered into in the usual and ordinary course of businesses of the Group and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Group than terms available from independent third parties; and
  - (ii) The Transactions will be entered into in accordance with the applicable Agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

## **EXTRAORDINARY GENERAL MEETING**

The EGM will be held for consideration and approval of the Nonexempt Continuing Connected Transactions and the New Annual Caps as set out in paragraphs IV(ii). A circular containing, among other things, further details of the relevant Agreements, a letter from the Independent Board Committee, a letter of advice from First Shanghai Capital and a notice for the EGM to approve the aforesaid will be dispatched to the Shareholders as soon as practicable.

## **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, China Southern Airlines and Xiamen Airlines Co., Ltd are principally engaged in airline operation business and Xiamen Airlines Co., Ltd is a 60% subsidiary of China Southern Airlines. HNA Group is principally engaged in aeronautical business. Parent Company is principally engaged in ancillary airport service business.

## **DEFINITIONS**

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

“Agreements”	the agreements referred to in paragraph II of this announcement
“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
“Cargo Center”	the cargo center at the Meilan Airport
“China Southern Airlines”	中國南方航空股份有限公司 (China Southern Airlines Company Limited), a joint stock limited company incorporated in the PRC and listed on the Stock Exchange
“Company”	海南美蘭國際機場股份有限公司 (Hainan Meilan International Airport Company Limited), a joint stock limited company incorporated in the PRC on 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 that set out in paragraph II(II) and IV(II) of this announcement
“First Shanghai Capital”	第一上海融資有限公司 (First Shanghai Capital Ltd), 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
“Hainan Food”	海南航空食品有限公司 (Hainan Airlines Food Company Limited), a company established in the PRC and 51% owned by Hainan Airlines
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HNA Group”	海航集團有限公司 (HNA Group Company Limited) a company established in the PRC and one of the Promoters of the Company, which was previously named 海航控股(集團)有限公司 (HNA Holdings (Group) Company Limited) or 海南海航控股有限公司 (Hainan HNA Holdings Company Limited)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board for the purpose of reviewing the Non-exempt Continuing Connected Transactions, which comprises Mr. Xu Bailing, Mr. Xie Zhuang and Mr. Fung Ching Simon, all of whom are independent non-executive Directors

“Independent Shareholders”	Shareholders other than Parent Company, HNA Group and Hainan Airlines
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Meilan Airport”	the civil airport known as 海口美蘭國際機場 (Haikou Meilan International Airport) located in Haikou City, Hainan Province, PRC
“New Annual Caps”	the proposed annual caps in respect of the Non-exempt Continuing Connected Transactions for the three years ending 31 December 2010 and set out in Paragraph II of this announcement
“Non-exempt Continuing Connected Transactions”	the non-exempt continuing connected transactions which are and will continually to be entered into between the Company and the relevant connected parties set out in Paragraph II of this announcement
“Parent Company”	海口美蘭機場有限責任公司 (Haikou Meilan Airport Co., Ltd.), a limited liability company established in the PRC which is the controlling shareholder of the Company
“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, Parent Company, the Hainan Airlines, China Southern Airlines and the HNA Group

“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

By Order of the Board  
**Hainan Meilan International Airport Company Limited**  
**Zhang Cong**  
*Chairman*

8 October 2007

Haikou, the PRC

*As at the date of this announcement, the Board comprises seven Directors, Mr. Zhang Cong, Mr. Dong Zhanbin, Mr. Dong Guiguo as executive Directors; Mr. Zhang Han'an as non-executive Director; and Mr. Xu Bailing, Mr. Xie Zhuang and Mr. Fung Ching Simon as independent non-executive Directors.*

*Unless otherwise defined, an exchange rate of HK\$1.00 = RMB1.00 is adopted in this announcement, for illustration purposes only.*

*This Announcement will be published on the website of the Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk> and on the Company's website at <http://www.mlairport.com>.*