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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)

CONTINUING CONNECTED TRANSACTION

GROUND SERVICES AGREEMENTS

On 17 April 2008, the Company entered into a ground services agreement with Deer Air under which the Company has agreed to provide airport ground services to Deer Air, 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 Deer Air. The Company also entered into an agreement with Grand China Air on 17 April 2008, pursuant to which the Company has agreed to provide airport ground services to Grand China Air, including basic agency services, container equipment management services, passenger and baggage services, cargo and mail processing, relevant transportation services, cleaning services, airport ramp services, supervision and management and security safeguard services to Grand China Air.

HNA Group, being a promoter of the Company, constitutes a connected person of the Company under the Listing Rules. As HNA Group holds 95% and 96.83% equity interests in Deer Air and Grand China Air respectively, Deer Air and Grand China Air are associates (as defined in the Listing Rules) of HNA Group and are connected persons of the Company. Hence, the above transactions between the Company, Deer Air and Grand China Air constitute continuing connected transactions of the Company under the Listing Rules.

* For identification purposes only

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Continuing Connected Transactions with Deer Air and Grand China Air as calculated in aggregation are higher than 0.1% but less than 2.5% annually, the Continuing Connected Transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

I. CONTINUING CONNECTED TRANSACTION

A. Agreement with Deer Air

1. **Date:** 17 April 2008
2. **Parties:** The Company
Deer Air
3. **Services:** Pursuant to the agreement, the Company has agreed to provide airport ground services to Deer Air, 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 Deer Air.
4. **Service Standard:** The Company shall provide the above airport ground services according to the instructions of Deer Air. In case there is no such instruction, the company shall provide services according to the PRC laws, regulations, CAAC regulations and the Company's own standards. The company shall ensure that the quality of the services meets the PRC National Standards "Quality standards of public air transport service" or its newest substitute standards.
5. **Price:** Various charge standards as stipulated by the relevant regulations of CAAC which the Company is required by law to comply or as determined with reference to the relevant pricing guidelines issued by CAAC, from time to time, both of which standards are as set out in Annex II of the agreement.

6. **Payment:** The Company will send Deer Air an invoice indicating services provided and relevant fees incurred. Deer Air shall pay by way of electronic transfer within 30 days from the next day of receiving such invoice. An overdue fine will be charged to Deer Air at a daily rate of 0.05% if it fails to pay on time.
7. **Term:** A term of three years commencing from 1 January 2008 and ending on 31 December 2010.
8. **Termination:** The agreement shall terminate if: (1) after the contract comes into effect, either party intends to terminate the agreement by giving written notice to the other party at any time and the other party does not make written objections within 60 days from the receipt of such notice; and (2) either party's business licence is revoked, deregistered or suspended and a written notice is given to the other party within 24 hours. The agreement may be terminated by one party at any time if the other party is unable to pay its debt, or has transferred all the assets to others, or has been claimed bankruptcy.
9. **Dispute resolution:** The parties shall settle their disputes in relation to the agreement through negotiation. If the negotiation fails, the parties shall apply to CAAC for mediation; if the mediation fails, either party of the agreement can bring a lawsuit before the people's court in the place of agreement performance.

B. Agreement with Grand China Air

1. **Date:** 17 April 2008
2. **Parties:** The Company
Grand China Air

3. **Services:** Pursuant to the agreement, the Company has agreed to provide airport ground services to Grand China Air, including basic agency services, container equipment management services, passenger and baggage services, cargo and mail processing, relevant transportation services, cleaning services, airport ramp services, supervision and management and security safeguard services to Grand China Air.
4. **Service Standard:** The Company shall provide services according to the instructions of Grand China Air. In case there is no such instruction, the company shall provide services according to the PRC laws, regulations, CAAC regulations and the Company's own standards. The company shall ensure that the quality of the services meets the PRC National Standards "Quality standards of public air transport service" or its newest substitute standards.
5. **Price:** Various charge standards as stipulated by the relevant regulations of CAAC which the Company is required by law to comply or as determined with reference to the relevant pricing guidelines issued by CAAC, from time to time, both of which standards are as set out in Annex II of the agreement.
6. **Payment:** The Company will send Grand China Air an invoice indicating services provided and relevant fees incurred. Grand China Air shall pay by way of electronic transfer within 30 days from the next day of receiving such invoice. An overdue fine will be charged to Grand China Air at a daily rate of 0.05% if it fails to pay on time.
7. **Term:** A term of three years commencing from 1 January 2008 and ending on 31 December 2010.

8. **Termination:** The agreement shall terminate if: (1) after the contract comes into effect, either party intends to terminate the agreement by giving written notice to the other party at any time and the other party does not make written objections within 60 days from the receipt of such notice; and (2) either party's business licence is revoked, deregistered or suspended and a written notice is given to the other party within 24 hours. The agreement may be terminated by one party at any time if the other party is unable to pay its debt, or has transferred all the assets to others, or has been claimed bankruptcy.
9. **Dispute resolution:** The parties shall settle their disputes in relation to the agreement through negotiation. If the negotiation fails, the parties shall apply to CAAC for mediation; if the mediation fails, either party of the agreement can bring a lawsuit before the people's court in the place of agreement performance.

II. REASONS FOR THE 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 Continuing Connected Transactions contemplated in this announcement can further expand the company's business and revenue as a airport operator and are beneficial to the Company. The Board believes that the establishment of long-term cooperation relationships with Deer Air and Grand China Air will provide a broader stream of revenue source and a relatively stable profits rate and are of commercial benefit to the Company and the Group as a whole.

III. ANNUAL CAPS OF THE CONTINUING CONNECTED TRANSACTIONS

The historical actual transaction amounts in respect of those transactions between the Company and the Deer Air for the three years ended 31 December 2007 were approximately RMB 175,000 (equivalent to approximately HK\$175,000), RMB 32,000 (equivalent to approximately HK\$32,000) and RMB 39,000 (equivalent to approximately HK\$ 39,000) respectively. There are no actual transaction amounts with Grand China Air for the two years ended 31 December 2006 and the actual transaction amount for the year 2007 was approximately RMB370,000 (equivalent to approximately HK\$370,000) and such transaction started from August 2007.

The Board has considered and resolved that the proposed new annual caps for the annual volume of the relevant transactions with Deer Air for the period from 1 January 2008 to 31 December 2010 be RMB2,700,000 (equivalent to approximately HK\$2,700,000), RMB2,970,000 (equivalent to approximately HK\$2,970,000) and RMB3,270,000 (equivalent to approximately HK\$3,270,000), respectively.

The proposed caps are determined with reference to the passenger source and the future airplane amount of Deer Air. Deer Air currently owns around five B737-300 planes. There will be around 365 flights annually using the Meilan airport. An average revenue of RMB7,400 can be derived by the Company from each flight. The annual caps for the year 2008 is determined on such basis. The Directors of the Company currently expect that the business between the Company and Deer Air will be increased by approximately 10% annually. The annual caps for the two years ending on 31 December 2009 and 2010 are calculated on such annually growing rate.

The Board has considered and resolved that the proposed new annual caps for the annual volume of the relevant transactions with Grand China Air for the period from 1 January 2008 to 31 December 2010 be RMB1,090,000 (equivalent to approximately HK\$1,090,000), RMB1,200,000 (equivalent to approximately HK\$1,200,000) and RMB1,330,000 (equivalent to approximately HK\$1,330,000), respectively.

The proposed caps are determined with reference to the passenger source and the future airplane amount of China Grand Air. There will be around 15 flights each week using the Meilan airport. An average revenue of RMB1,400 can be derived by the Company from each flight. The annual caps for the year 2008 is determined on such basis. The Directors of the Company currently expect that the business between the Company and Grand China Air will be increased by approximately 10% annually. The annual caps for the two years ending on 31 December 2009 and 2010 are calculated on such annually growing rate.

IV. COMPLIANCE WITH THE LISTING RULES

HNA Group, being a promoter of the Company, constitutes a connected person of the Company under the Listing Rules. As HNA Group holds 95% and 96.83% equity interests in Deer Air and Grand China Air respectively, Deer Air and Grand China Air are associates (as defined in the Listing Rules) of HNA Group and are connected persons of the Company, hence, the above transactions between the Company, Deer Air and Grand China Air constitute continuing connected transactions of the Company under the Listing Rules.

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Continuing Connected Transactions are higher than 0.1% but less than 2.5% annually, the Continuing Connected Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The Directors (including the independent non-executive directors) are satisfied that (i) the terms and conditions of the continuing connected transaction contemplated in this announcement have been negotiated on arms' length basis and are on normal commercial terms; (ii) such transaction 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 such transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

V. 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. Deer Air and Grand China Air are principally engaged in airline operation business.

VI. DEFINITIONS

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

“Board”	The board of directors of the Company.
“CAAC”	中國民用航空總局 (General Administration of Civil Aviation of China), also known as Civil Aviation Administration of China
“Company”	海南美蘭國際機場股份有限公司 (Hainan Meilan International Airport Company Limited), a joint stock company incorporated in the PRC with limited liability.
“Continuing Connected Transactions”	The continuing connected transactions contemplated under the agreements entered into between the Company, Deer Air and Grand China Air on 17 April 2008.
“connected person(s)”	shall have the meaning as defined in the Listing Rules.
“Deer Air”	金鹿航空有限公司 (Deer Air Co., Ltd.), a limited company incorporated in the PRC.
“Directors”	The directors of the Company.
“Grand China Air”	大新華快運航空有限公司 (Grand China Air Co., Ltd.), a limited company incorporated in the PRC.
“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.

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“PRC”	People’s Republic of China.
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

17 April 2008

Haikou, the PRC

As at the date of this announcement, the Board comprises eleven directors, Mr. Zhang Cong, Mr. Dong Zhanbin, Mr. Dong Guiguo, Mr. Bai Yan as executive directors; Mr. Zhang Han’an, Mr. Joseph Chan, Mr. Yan Xiang as non-executive directors; and Mr. Xu Bailing, Mr. Xie Zhuang, Mr. Fung Ching Simon and Mr. George F Meng 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.