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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)

CONNECTED TRANSACTION

JOINT VENTURE AGREEMENT

On 5 June 2008, the Company entered into a joint venture agreement with Hainan Hangcheng Industrial and Development to promote the harmonious development of the Company, reserve and co-develop the land resources near the Meilan airport.

The Parent Company, being a promoter and controlling shareholder of the Company, constitutes a connected person of the Company under the Listing Rules. The Parent Company holds a 95.84% equity interest in Haikou New City Construction. Hainan Hangcheng Industrial and Development is a wholly-owned subsidiary of Haikou New City Construction. Therefore, Hainan Hangcheng Industrial and Development is an associate (as defined in the Listing Rules) of the Parent Company and is a connected person of the Company. Hence, the above transaction between the Company and Hangcheng Industrial and Development constitutes connected transaction 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 Connected Transaction with Hangcheng Industrial and Development are higher than 0.1% but less than 2.5%, the Connected Transaction is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

* For identification purposes only

CONNECTED TRANSACTION

I. The joint venture agreement

Date

5 June 2008

Parties to the Joint Venture Agreement

1. The Company
2. Hainan Hangcheng Industrial and Development

Proposed Name of the Joint Venture Company (“JV Company”)

Haikou Decheng Industrial and Development Co., Ltd. (subject to approval by relevant PRC authorities)

Purpose of the JV Company

The purpose of the JV Company is to promote the harmonious development of the Company, reserve and co-develop the land resources near the Meilan airport.

Capital Contribution

The total registered capital of the JV Company is RMB101,681,100. Such registered capital was determined with reference to the appraised value of the land use right owned by Hainan Hangcheng Industrial and Development. The capital contribution and the equity interests of each joint venture party is as follows:

Joint venture party	Capital contribution	Equity interests
	<i>RMB</i>	
The Company	30,504,300	30%
Hainan Hangcheng Industrial and Development	71,176,800	70%

Hainan Hangcheng Industrial and Development shall make its capital contribution in the form of land use right in association with a parcel of state-owned land with a total area of approximately 395,431.45 square meters. The Company shall make its capital contribution in cash. Hainan Hangcheng Industrial and Development shall transfer the land use right mentioned above within 30 days after the JV Company obtains its business licence. The Company shall make its contribution to registered capital within 5 days after the JV Company opens its temporary bank account. There is no other capital commitment provision contained in the joint venture agreement. The proposed term of the JV Company is 30 years from the date of issue of its business license.

Scope of Business of the JV Company

The proposed scope of the JV Company shall include: development and operation of agricultural tourism and agricultural tourism related industry, recreational industry, exploitation of ecological agriculture and green gardening.

Board of Directors of the JV Company

The board of directors of the JV Company shall be comprised of three directors, two of whom shall be nominated by Hainan Hangcheng Industrial and Development and one by the Company. The Chairman shall be appointed by way of election by the Board. The directors shall have a term of office for three years and may be reappointed.

Pre-emptive Rights

Any transfer of interest in the JV Company by its shareholders is subject to the pre-emptive rights of the other shareholders.

Consequences for not making capital contributions on time

Besides making full capital contribution, any party who fails to make sufficient capital contribution as agreed shall be subject to liquidated damages at a daily rate of 0.05% of the portion of deficiency to the other party. However, the total amount of such liquidated damages shall not exceed 2.5% of the party's agreed amount of capital contribution.

II. Reasons for the connected transaction

The Company is principally engaged in the management and operation of the aeronautical and the non-aeronautical businesses at Meilan Airport. Hangcheng Industrial and Development is principally engaged in the development and operation of agricultural tourism and agricultural tourism related industry, recreational industry and decoration and construction related business. The establishment of the JV Company can help to promote the harmonious development of the Company and can provide land resource reservation and co-development near the Meilan airport.

III. Compliance with the Listing Rules

The Parent Company, being a promoter and controlling shareholder of the Company, constitutes a connected person of the Company under the Listing Rules. The Parent Company holds a 95.84% equity interest in Haikou New City Construction. Hainan Hangcheng Industrial and Development is a wholly-owned subsidiary of Haikou New City Construction. Therefore, Hainan Hangcheng Industrial and Development is an associate (as defined in the Listing Rules) of the Parent Company and is a connected person of the Company. Hence, the above transaction between the Company and Hangcheng Industrial and Development constitutes connected transaction 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 Connected Transaction is higher than 0.1% but less than 2.5%, the Connected Transaction is 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 the terms and conditions of the connected transaction contemplated in this announcement have been negotiated on arms' length basis and are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

IV. 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. Hangcheng Industrial and Development is principally engaged in the development and operation of agricultural tourism and agricultural tourism related industry, recreational industry and decoration and construction related business.

V. 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.
“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.
“Connected Transaction”	The connected transaction contemplated under the agreement entered into between the Company and Hangcheng Industrial and Development on 5 June 2008.
“connected person(s)”	shall have the meaning as defined in the Listing Rules.
“Directors”	The directors of the Company.
“Haikou New City Construction”	海口新城區建設開發有限公司 (HaiKou New City Construction and Development Co., Ltd.) a company incorporated in the PRC with limited liability.
“Hainan Hangcheng Industrial and Development”	海南航城實業開發有限公司 (Hainan Hangcheng Industrial and Development Co., Ltd.), a company incorporated in the PRC with limited liability.
“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.
“Parent Company”	海口美蘭機場有限責任公司 (Hainan Meilan Airport Company Limited), a company incorporated in the PRC with limited liability and the controlling shareholders of the Company.

“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

5 June 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.