

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim and liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 TRANSACTIONS  
NEW ANNUAL CAPS FOR THE TRANSACTIONS WITH  
TIANJIN AIR**

Reference is made to the announcement of the Company dated 17 April 2008.

The Company entered into the GCA Agreement with Tianjin Air (formerly known as Grand China Air Co., Ltd.) on 17 April 2008, pursuant to which the Company has agreed to provide airport ground services to Tianjin 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 services to safeguard Tianjin Air.

The Board proposes to adjust the original annual caps to RMB4,790,000 (equivalent to approximately HK\$5,443,000) and RMB5,260,000 (equivalent to approximately HK\$5,978,000) for the two years ending 31 December 2010 for the GCA Agreement. The terms and conditions of the GCA Agreement will remain unchanged.

HNA Group is a promoter of the Company. As HNA Group holds 83.15% equity interests in Tianjin Air, Tianjin Air is an associate (as defined in the Listing Rules) of HNA Group and is a connected person of the Company. Hence, the above transactions between the Company and Tianjin Air constitute continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.36, the Company needs to re-comply with rules 14A.35 (3) and (4) of the Listing Rules if the relevant cap in respect of the GCA Agreement is exceeded.

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Continuing Connected Transactions with Tianjin Air, based on the adjusted annual caps, as calculated in aggregation with the annual caps for the continuing connected transactions between the Company and Deer Air, in which HNA Group holds 100% equity interest, as disclosed in the Company's announcement dated 17 April 2008, 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.

## **A. Background Information**

Reference is made to the announcement of the Company dated 17 April 2008.

The Company entered into an agreement with Tianjin Air (formerly known as Grand China Air Co., Ltd.) on 17 April 2008 (the "**GCA Agreement**"), pursuant to which the Company has agreed to provide airport ground services to Tianjin 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 services to safeguard Tianjin Air.

The original annual caps for the annual volume of the relevant transactions with Tianjin Air under the GCA Agreement for the period from 1 January 2008 to 31 December 2010 were RMB1,090,000 (equivalent to approximately HK\$1,238,600), RMB1,200,000 (equivalent to approximately HK\$1,363,000) and RMB1,330,000 (equivalent to approximately HK\$1,511,000), respectively.

From the second half of 2008, Tianjin Air has used ERJ190 airplanes instead of Dornier 328 airplanes gradually, the former having larger seating capacity than the latter. In addition, the number of air routes from Haikou to other cities operated by Tianjin Air has been increased from 5 in 2008 to 30 in 2009. Therefore there has been a significant increase in the amount of passengers who take the flights of Tianjin Air of Meilan Airport for the first half of 2009 and the actual transaction amount was approximately RMB764,000 (equivalent to approximately HK\$868,200). The Board expects that the flights using Meilan Airport will be up to 1,100 for 2009. The flight number using Meilan Airport for the year 2010 will be up to 1,210 assuming that an average growth rate of 10% of the flight number increase in the year 2010 will be achieved. Generally the Company can generate an average revenue of about RMB4,350 from each flight.

Based on the above, the Board proposes to adjust the original annual caps to RMB4,790,000 (equivalent to approximately HK\$5,443,000) and RMB5,260,000 (equivalent to approximately HK\$5,978,000) for the two years ending 31 December 2010 for the GCA Agreement.

The terms and conditions of the GCA Agreement remain unchanged.

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of the GCA Agreement have been negotiated on arms' length basis and are on normal commercial terms; (ii) the adjusted annual caps for the two years ending 31 December 2010 are reasonable; (iii) the transactions under the GCA Agreement have been and will be conducted in the ordinary and usual course of business of the Company; and (iv) the terms of such transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **B. 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 can further expand the Company's business and revenue as an airport operator and are beneficial to the Company. The Board believes that the establishment of long-term cooperation relationships with Tianjin Air will provide a broader stream of revenue source and a relatively stable profits rate and are of commercial benefit to the Company as a whole.

## **C. Compliance with Listing Rules**

HNA Group is a promoter of the Company. As HNA Group holds 83.15% equity interests in Tianjin Air, Tianjin Air is an associate (as defined in the Listing Rules) of HNA Group and is a connected person of the Company. Hence, the above transactions between the Company and Tianjin Air constitute continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.36, the Company needs to re-comply with rules 14A.35 (3) and (4) of the Listing Rules if the relevant cap in respect of the GCA Agreement is exceeded.

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Continuing Connected Transactions with Tianjin Air, based on the adjusted annual caps, as calculated in aggregation with the annual caps for the continuing connected transactions between the Company and Deer Air, in which HNA Group holds 100% equity interest, as disclosed in the Company's announcement dated 17 April 2008, 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.

## **D. Details of the GCA Agreement**

- Date:** 17 April 2008
- Parties:** The Company  
Tianjin Air

3. **Services:** The Company has agreed to provide airport ground services to Tianjin 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 Tianjin Air.
4. **Service Standard:** The Company shall provide services according to the instructions of Tianjin 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 GCA Agreement.
6. **Payment:** The Company will send Tianjin Air an invoice indicating services provided and relevant fees incurred. Tianjin 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 Tianjin 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 GCA Agreement shall terminate if: (1) after the contract comes into effect, either party gives written notice to terminate 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 GCA Agreement may also be terminated by one party at any time if the other party is unable to pay its debt, or has transferred all its assets to others, or has been claimed bankruptcy.
9. **Dispute resolution:** The parties shall settle their disputes in relation to the GCA Agreement through negotiation. If the negotiation fails, the parties shall apply to CAAC for mediation; if the mediation fails, either party of the GCA Agreement can bring a lawsuit before the people's court in the place of GCA Agreement performance.

## **E. 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. Tianjin Air is principally engaged in airline operation business.

## **F. 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.
“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 GCA Agreement.
“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.
“HK\$”	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.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

“PRC”	People’s Republic of China.
“RMB”	Renminbi yuan, the lawful currency of the PRC.
“Tianjin Air”	天津航空有限責任公司 (Tianjin Air Co., Ltd.), formerly known as 大新華快運航空有限公司 (Grand China Air Co., Ltd.), a limited company incorporated in the PRC.

By the order of the Board  
**Hainan Meilan International Airport Company Limited**  
**Zhao Yahui**  
*Chairman and Executive Director*

Haikou, The PRC  
25 August 2009

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

\* *For identification purpose only*