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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 announcement of the Company dated 8 October 2007.

The Board announced that, on 18 November 2010, the Company has entered into the Agreement with Parent Company in respect of the Non-exempt Continuing Connected Transactions for the period from 1 January 2011 to 31 December 2013.

Parent Company holding 50.19% shares of the Company, is the holding company of, and therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the transactions contemplated under the Agreement on an annual basis are less than 5%, the Agreement is exempt from independent shareholders' approval requirements but is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the announcement of the Company dated 8 October 2007.

The agreement entered into by the Company with the Parent Company on 8 October 2007 will expire on 31 December 2010. After a review of the non-exempt continuing connected transactions thereunder by the Board, on 18 November 2010, the Company and Parent Company has entered into the Agreement which set out the framework for the Non-exempt Continuing Connected Transactions for a period from 1 January 2011 and ending on 31 December 2013.

II. CONTINUING CONNECTED TRANSACTIONS

Airport composite services by Parent Company

Date of Agreement: 18 November 2010

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 maintenance;
- (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 and payment: 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% 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% 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 by reference to the pricing standards prescribed by the relevant PRC government authorities (if any), or, in the absence of the same, the industry pricing standards or a cost plus mark-up fee basis.

The service fee shall be paid either on a quarterly or an annual basis and will be determined by the parties to the Agreement depending on the type of services to be provided by the Parent Company and in accordance with normal business practices.

Term: A term of three years commencing from 1 January 2011 and ending on 31 December 2013.

III. HISTORICAL AND ANNUAL CAPS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(i) Historical Figures

The following table shows the actual transaction amount in respect of the transactions between the Company and Parent Company for the two years ended 31 December 2009 and the expected transaction amount for the year ending 31 December 2010:

	Year ended 31 December		Year ending
	2008	2009	31 December
		(“RMB”)	2010
			(expected
			Transaction
			amount ¹)
Airport composite services	15,360,000	15,531,000	18,000,000
by Parent Company	(approximately	(approximately	(approximately
	HK\$17,917,000)	HK\$18,117,000)	HK\$20,997,000)

Note 1: the expected transaction amount for the year 2010 of the Non-exempt Continuing Connected Transactions contemplated in this announcement has been determined with reference to the actual transaction amount for the first ten months of 2010, which was RMB13,889,000. As disclosed in the announcement dated 8 October 2007, the annual caps were RMB16,500,000, RMB17,300,000 and RMB18,200,000 for the three years ending 31 December 2010, respectively.

(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 2011 to 31 December 2013:

	2011	2012	2013
		(“RMB”)	
Airport composite services	19,800,000	21,800,000	24,000,000
by Parent Company	(approximately	(approximately	(approximately
	HK\$23,097,000)	HK\$25,430,000)	HK\$27,996,000)

Basis of the New Annual Caps

The above New Annual Caps are determined with reference to various factors including but not limited to the historical transaction amounts recorded by the Company and, solely for the purposes of determination of the New Annual Caps, the anticipated increases in the business of the Company and the requirement for service under the Non-exempt Continuing Connected Transactions.

Specifically, The New Annual Caps was calculated based on the expected transaction amount for 2010 which is RMB18,000,000 with an annual growth rate of 10% for each year ending on 31 December 2013. Such growth rate is determined by reference to estimated annual growth rate of 10% for the cargo transportation determined by the independent air traffic consultants appointed by the Company at the time of the Company's initial public offering in the year 2002.

IV. 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 under the Agreement are necessary for and are beneficial to the Company and therefore is of commercial benefit to the Company and the Group 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.

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 an 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 2011, 2012 and 2013 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. The Directors confirm that they do not have any material interest in the Non-exempt Continuing Connected Transactions.

V. COMPLIANCE WITH THE LISTING RULES

Parent Company, holding 50.19% shares of the Company, is the holding company of, and therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the transactions contemplated under the Agreement on an annual basis are less than 5%, the Agreement is exempt from independent shareholders' approval requirements but is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

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. 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:

“Agreement”	the agreement referred to in paragraph II of this announcement
“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 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
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“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 2013 and set out in Paragraph III 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 Parent Company 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
“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 the order of the Board
Hainan Meilan International Airport Company Limited
Xing Zhoujin
Company Secretary

Haikou, Hainan Province, The PRC
18 November 2010

As at the date of this announcement, there are eleven directors on the Board. They are: Mr. Zhao Yahui, Mr. Liang Jun, Ms. Xing Xihong as executive directors; Mr. Hu Wentai, Mr. Zhang Han’an, Mr. Joseph Chan, Mr. Yan Xiang as non-executive directors; and Mr. Xu Bailing, Mr. Fung Ching Simon, Mr. George F Meng and Mr. Feng Da’an as independent non-executive directors.

* *For identification purpose only*