

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



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 18 November 2010.

The Board announced that, on 28 November 2013, 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 2014 to 31 December 2016.

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 18 November 2010.

The agreement entered into by the Company with Parent Company on 18 November 2010 will expire on 31 December 2013. After a review of the non-exempt continuing connected transactions thereunder by the Board, on 28 November 2013, 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 2014 and ending on 31 December 2016. The terms and conditions of the Agreement were basically the same with the previous agreement.

II. CONTINUING CONNECTED TRANSACTIONS

Airport composite services by Parent Company

Date of Agreement: 28 November 2013

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 Parent Company and in accordance with normal business practices.

Term: A term of three years commencing from 1 January 2014 and ending on 31 December 2016.

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

(i) Historical Figures

The following table shows the actual transaction amounts in respect of the transactions between the Company and Parent Company for the two years ended 31 December 2012 and the expected transaction amount for the year ending 31 December 2013:

	Year ended 31 December		Year ending
	2011	2012	31 December 2013
		(“RMB”)	(expected
			Transaction
			amount ¹)
Airport composite services by Parent Company	18,640,000 (approximately HK\$23,595,000)	18,461,000 (approximately HK\$23,368,000)	19,500,000 (approximately HK\$24,684,000)

Note 1: the expected transaction amount for the year 2013 of the Non-exempt Continuing Connected Transactions contemplated in this announcement has been determined with reference to the actual transaction amount for the first half of the year 2013, which was RMB9,988,000. As disclosed in the announcement dated 18 November 2010, the annual caps were RMB19,800,000, RMB21,800,000 and RMB24,000,000 for the three years ending 31 December 2013, 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 2014 to 31 December 2016:

	2014	2015 ("RMB")	2016
Airport composite services by Parent Company	21,450,000 (approximately HK\$27,152,000)	23,600,000 (approximately HK\$29,873,000)	25,960,000 (approximately HK\$32,861,000)

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 2013 which is RMB19,500,000 with an annual growth rate of 10% for each year ending on 31 December 2016. 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 2014, 2015 and 2016 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.

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, the PRC. Parent Company is principally engaged in ancillary airport service business.

Mr. Liang Jun, Mr. Hu Wentai, Mr. Wang Zhen, Mr. Yang Xiaobin and Mr. Yang Xuqiang, being Directors, are nominated to the Board by Parent Company, and are deemed to have material interests in the continuing connected transactions. Therefore, they have abstained from voting at the meeting of the Board convened for the purpose of approving such transactions. Save as disclosed above, none of the Directors has a material interest in such transactions.

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”	海口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
“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 2016 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”	海口美蘭國際機場有限責任公司 (Haikou Meilan International 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

28 November 2013

As at the date of this announcement, the Board comprises of (i) four executive Directors, namely Mr. Liang Jun, Mr. Wang Zhen, Mr. Yang Xiaobin and Mr. Yang Xuqiang; (ii) three non-executive Directors, namely Mr. Hu Wentai, Mr. Chan Nap Kee Joseph and Mr. Yan Xiang; and (iii) four independent non-executive directors, namely Mr. Xu Bailing, Mr. Fung Ching Simon, Mr. George F Meng and Mr. Feng Da’an.

* *For identification purpose only*