

[For Immediate Release]



**Hainan Meilan International Airport Announces 2007 Interim Results  
Profit Attributable to Shareholders rises 9.4% to RMB87,095,000**

**Financial Highlights**

	For the six months ended 30 June		Change (%)
	2007 RMB '000	2006 RMB '000	
Total Revenue	<b>174,889</b>	176,554	(1%)
- Aeronautical	<b>126,123</b>	122,730	2.8%
- Non-aeronautical	<b>48,766</b>	53,824	(9.4%)
Operating profit	<b>92,883</b>	84,287	10.2%
Profit Attributable to Shareholders	<b>87,095</b>	79,642	9.4%
Earnings Per Share (RMB)	<b>18 cents</b>	17 cents	5.9%

(29 August 2007 – Hong Kong) Hainan Meilan International Airport Company Limited ("Meilan Airport" or the "Company"; Stock code: 0357) together with its subsidiaries (the "Group") announced today its interim results for the six months ended 30 June 2007.

For the six months ended 30 June 2007, the Group's total revenue amounted to approximately RMB174,889,000, representing a decrease of 1% as compared to the corresponding period last year. Profit attributable to shareholders increased by 9.4% to RMB87,095,000 as compared with the corresponding period of previous year. Earnings per share were RMB18 cents (First half of 2006: RMB 17 cents). The Board of Directors announced the payment of an interim dividend of RMB20 cents per share for the six months ended 30 June 2007.

Commenting on the interim results, Mr. Zhang Cong, Chairman of Meilan Airport, said, "In the first half of 2007, in order to overcome the unfavorable market conditions in the domestic aeronautical business for the past two years, we have introduced a series of preferential policies and guarantee measures, bringing a strong rebound in our domestic aeronautical business after two consecutive years of recession. The revival measures implemented in three aspects; firstly, we conducted market research by obtaining reliable data on flights schedules, passengers, airlines etc., so as to formulate a comprehensive flight schedule, resulting in a steady growth in its passenger load factor. Secondly, with an aim to achieve robust growth of domestic private airlines and budget airlines, we formulated low-cost guarantee measures. Thirdly, in order be in line with Hainan tourism publicizing carried out by Hainan local government, we have actively promoted Hainan's extensive tropical tourism resources."

For the six months ended 30 June 2007, the Group's total revenue generated from its aeronautical business amounted to RMB126,123,000, representing an increase of 3% over same period last year. During the period under review, the accumulative passenger throughput totaled 3,592,900 persons, representing an increase of 2.2% as compared to the corresponding period last year. Aircraft movement decreased by 7% to 30,629, in which transport aircraft movement rose 0.5% to 28,764 as compared to the corresponding period last year. Cargo throughput was 60,348 tonnes, representing an increase of 12.1% from 2006.

In the first half of 2007, the international flights business continues to maintain a steady growth mainly because the route issue was settled. During the period, the aviation rights was further opened, as a result the flights between Hainan province and Southeast Asia no longer need to detour via Hong Kong or Guangxi, which greatly improved the situation of long flight distance and time and high cost arising, attracting more international airlines to operate Hainan international route, and effectively speeded up the development of international routes of the Group. In March 2007, the Group successfully organized the 2007 Asian Route Development Forum and promoted to global airlines the open-up of aviation rights of Hainan and its flight subsidy arrangement as well as the affluent tropical tourism resources of Hainan in the forum, which largely enhanced the profile and reputation of Meilan Airport in the international market.

For the six months ended 30 June 2007, Meilan Airport has opened seven regular international routes. During the period, the passenger throughput of Hainan Meilan International Airport reached 109,700 persons and aircraft movement was 1,008, representing a growth of 64.2% and 76.0% respectively over the corresponding period last year.

As for the non-aeronautical business, revenue decreased by 9.4% to RMB48,766,000. It was mainly attributable to the outsourcing of travel agency business to Luckyway International Travel Service Co., Ltd. at the end of 2006 and the Group switched to charge fixed outsourcing fee plus a share of profit after tax in respect of this business. Nevertheless, revenue from the Company's other principal non-aeronautical business all recorded remarkable results during the first half of year. The Group's duty-free company and advertising company achieved revenue of RMB8,057,000 and RMB6,433,000 respectively, representing a 44.6% and 13.4% increase over the corresponding period last year. Our achievement in these businesses is mainly attributable to the adoption of franchising and outsourcing management mode using successful formula of overseas airports as reference. After outsourcing the travel agency business of the airport last year, the duty free shop business was also franchised to Hainan HNA China Duty Free Merchandise Co. Ltd in the first half of 2007. Under such arrangement, operating risk was significantly reduced and the Group can ensure a steady income. The Group has accelerated the establishment of a joint venture for its advertising business throughout the period.

Meilan Airport has long been highly recognized for its excellent service. It was accredited a number of honors by the central government and provincial government. During the first half of 2007, the Group established a corporate brand building task group to plan carefully a well-organised flow of service, striving to achieve operational advancement. The Company showed its outstanding performance when coordinating the supporting services for a number of major events like the Bo'ao Forum for Asia and the conference of development of Regional Routes. The smooth operation of the airport and its efficient and comprehensive services during the Spring Festival and the Golden Week of May Holiday was highly appreciated by all sectors.

The inauguration of Terminal II of Meilan Airport in 2006 laid a solid foundation for the Company's business expansion, service enhancement and future development. In view of the obsolescence and inefficiency of Terminal I, the Group is currently improving and developing the relevant infrastructure and ancillary facilities so as to upgrade Meilan Airport's overall capability.

Mr. Zhang concluded, "Looking ahead, the Board of the Company anticipates that the throughput of Meilan Airport will rebound and grow steadily. As the route issues obtained breakthrough, we expect international aeronautical business will maintain its growth momentum. The Company successfully restructured its internal organization and resulting in a more rational and clearly defined organization structure in the first half of 2007. The management efficiency and effectiveness was further improved. We also strengthened its cost control with expense reduced during the period. The Group will continue to enhance its budget management and cost control in order to upgrade Meilan Airport's quality of security, management and services. The Group will keep on expanding the international and domestic aeronautical business and the transformation of the operation of non-aeronautical business. We will also extend to the businesses of Hainan tourism promotion and charter flights to gradually realize throughput growth, and strive to become a regional airport management company through various plans and preparation, with an aim to further enhance the Company's revenue level and shareholders' returns."

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***About Hainan Meilan International Airport:***

The Company is currently engaged in both aeronautical and non-aeronautical businesses at the Meilan Airport in Hainan Province, China. Its aeronautical businesses consist of the provision of terminal facilities, ground handling services, and passenger and cargo handling services. Its non-aeronautical businesses include leasing of commercial and retail spaces at the Hainan Meilan International Airport, airport-related business franchising, advertising, car parking, tourism services and the sale of duty-free and consumer goods.

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