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海航基礎股份有限公司
HNA Infrastructure Company Limited*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 357)

DISCLOSEABLE AND CONNECTED TRANSACTION — EQUITY TRANSFER AGREEMENT PROPOSED NON-PUBLIC ISSUANCE OF RENMINBI CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS

Independent Financial Adviser

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 13 November 2015, the Parent Company, as the transferor, and the Company, as the transferee, entered into an equity transfer agreement (the "**Equity Transfer Agreement**"), pursuant to which, the Parent Company agreed to transfer, and the Company agreed to acquire, 100% of the equity interests in Hainan Meilan Airport Assets Management Co., Ltd.* (海南美蘭機場資產管理有限公司) (the "**Target Company**") at a consideration of RMB604,800,000.

* *For identification purpose only*

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the transaction contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Parent Company, holding 50.19% shareholding interest of the Company, is the holding company of, and therefore a connected person of the Company under the Listing Rules, the transaction contemplated under the Equity Transfer Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Therefore, such transaction is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Such transaction will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

PROPOSED NON-PUBLIC ISSUANCE OF RENMINBI CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS

The Board is also pleased to announce that on 13 November 2015, the Board has approved and resolved to submit to the Shareholders at the EGM to be held on 30 December 2015 for considering and, if thought fit, approving (i) the proposed non-public issuance of the Renminbi Corporate Bonds with an aggregate principal amount of not more than RMB3 billion in the PRC (the "**Non-public Issuance of Renminbi Corporate Bonds**"); and (ii) the proposed non-public issuance of the Debt Financing Instruments with an aggregate amount of not more than RMB1 billion in the PRC (the "**Non-public Issuance of Debt Financing Instruments**").

GENERAL

An independent board committee, comprising four independent non-executive Directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. He Linji, who have no direct or indirect interest in the Equity Transfer Agreement and the transaction contemplated thereunder, has been established to advise the Independent Shareholders on the terms of such transaction. First Shanghai Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders on the terms of the Equity Transfer Agreement and the transaction contemplated thereunder.

CIRCULAR

It is currently expected that a circular containing, among other things, information relating to the Equity Transfer Agreement and the transaction contemplated thereunder, the proposed Non-public Issuance of Renminbi Corporate Bonds and the proposed Non-public Issuance of Debt Financing Instruments, and a letter of advice from First Shanghai Capital Limited to advise the independent board committee and the Independent Shareholders will be despatched to the Shareholders on or before 4 December 2015.

THE EQUITY TRANSFER AGREEMENT

1. Principal Terms and Conditions of the Equity Transfer Agreement

Date:	13 November 2015
Parties:	the Parent Company as the transferor; and the Company as the transferee
Subject matter:	The Parent Company agreed to transfer, and the Company agreed to acquire, 100% of the equity interests in the Target Company, subject to and upon the terms and conditions of the Equity Transfer Agreement. As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Parent Company. Upon completion of the Equity Transfer Agreement, the Company will directly hold 100% of the equity interests in the Target Company and thus become the sole shareholder of the Target Company.
Consideration:	RMB604,800,000, which was determined with reference to the valuation of the total assets of the Target Company as at 30 September 2015, being the base date of evaluation, conducted by Vigers Appraisal & Consulting Limited.

Conditions of consideration: The payment of the entire Consideration of the Equity Transfer by the Company is due to the fulfillment of the capital contribution obligation by the Parent Company to the Target Company,

Payment terms: The consideration shall be paid in two installments as follows:

(i) RMB574,560,000 (being 95% of the total consideration) shall be payable within 60 business days from the date of approval of the Equity Transfer Agreement and the transaction contemplated thereunder by the EGM; and

(ii) RMB30,240,000 (being 5% of the total consideration) shall be payable within 15 business days from the date of completion of the necessary industrial and commercial registrations and filings relating to the Equity Transfer Agreement and the transaction contemplated thereunder in the Industrial and Commercial Bureau of Hainan Province.

Other terms and conditions:

(i) Both parties unanimously confirmed that based on the consideration of the Equity Transfer Agreement, although the Parent Company agreed to transfer 100% of the equity interests in the Target Company to the Company, the Parent Company shall at all events undertake and perform its capital contribution obligation of the registered capital of RMB500,000,000 to the Target Company;

(ii) Both parties unanimously agreed that in case that the Parent Company could not transfer all the contributed assets to the Target Company before 30 September 2016, or any later date as agreed by the Company in written (the "**Contribution Expiration Date**"), the Equity Transfer Agreement shall be void. The Parent Company shall make a full refund of the transfer payment to the Company within 30 business days from the Contribution Expiration Date, and the Parent Company shall pay the interest calculated at benchmark lending rate for the same period to the Company from the date of payment of the transfer consideration to the date of refunding the transfer payment in full to the Company by the Parent Company. The Company shall return 100% of equity interests held in the Target Company to the Parent Company;

(iii) Both parties unanimously agreed that in case that the Parent Company could not transfer part of the contributed assets to the Target Company before the Contribution Expiration Date, the Equity Transfer Agreement shall not be canceled. However, the Parent Company shall, within 30 business days from the Contribution Expiration Date, make a refund equal to the corresponding evaluation value of the non-contributed assets to the Company and such non-contributed assets will not be served as assets to be contributed by the Parent Company any more; and

(iv) Both parties unanimously agreed that all profits and losses of the Target Company incurred during the period from the base date of evaluation to the date when Industrial and Commercial Bureau of Hainan Province approved the industrial and commercial registrations and filings under the Equity Transfer Agreement, shall be owned and undertaken by the Company.

Completion: Completion of the Equity Transfer Agreement will take place upon the completion of the necessary industrial and commercial registrations and filings in relation to the equity interests transferred under the Equity Transfer Agreement in Industrial and Commercial Bureau of Hainan Province.

2. Reasons for and Benefits of entering into the Equity Transfer Agreement

The Directors consider that the Equity Transfer Agreement will benefit the Company for the following reasons:

To ensure the future right to earnings of advertisements on both sides of the airport entrance road

The entrance road of Meilan Airport is one of the contributed assets of the Parent Company to the Target Company. Such entrance road is currently the only way connecting Meilan Airport and the urban area of Haikou City, and thus influences the first impression of visitors to Meilan Airport. Currently the ownership of the entrance road has been held by the Parent Company. In order to make good use of the management experience and business resources of the Company, the Company plan to acquire it to ensure the future right to earnings of advertisements on both sides of the airport entrance road. Besides, the entrance road is adjacent to the business area of terminal complex (站前綜合體) in Meilan Airport and thus such entrance road will have a broader business prospects with unique geographical location. Meanwhile, upon the commencement of operation of terminal complex in the future, advertisements on both sides of the entrance road will have more demands.

Therefore, clarification of the ownership of the entrance road of Meilan Airport and the rights to its earnings could strengthen the Company's management of the important area in Meilan Airport and improve the profitability of the Company in the future.

To support the aeronautical business of Meilan Airport and to increase revenues of aeronautical business of the Company

Haikou, capital of Hainan Province, is one of the outstanding tourism cities in the PRC. Along with the increasing development of the tourism industry in Hainan Province, its aeronautical business also grows rapidly. Such high-speed growth of business thus requires the concurrent development of the Company's infrastructure facilities, e.g. the construction and operation of more parking spaces for flights. The contributed assets to be owned by the Target Company include 12 flight parking positions in the apron project of west distant parking (西遠機位停機坪). Upon completion of the transaction contemplated under the Equity Transfer Agreement, the Company will then become owners of such 12 flight parking positions under the Equity Transfer Agreement.

Therefore, the Company will be able to speed up the construction progress and ensure the construction quality of the apron project of west distant parking, reduce the operational pressure of Meilan Airport, earn operation profits by operating in advance and thus provide the Company with great benefits on its revenues growth of aeronautical business.

To solve the shortage of duty rooms for overnight staff and to increase revenues of non-aeronautical business

With the expansion of the Company's business, the amount of night flights is increasing rapidly, which in turn, requires more overnight staff to be on duty as well as more buildings of duty rooms to be available for them. Meanwhile, upon commencement of operation of the West Gallery (西指廊) and the terminal complex, the business area of Meilan Airport will be further expanded and thus there will be more demands on office space.

Currently, there are three buildings of duty rooms near Meilan Airport, which are all contributed assets to be owned by the Target Company. Upon completion of the transaction contemplated under the Equity Transfer Agreement, the Company can operate and utilize the buildings of duty rooms at its own discretion and thus the Company will be able to strengthen the logistic support and improve the working conditions for its staff, obtain ownership of the buildings by a fair price, better manage such buildings and receive rentals of these buildings, and therefore increase its revenue of non-aeronautical business.

The Directors (excluding the independent non-executive Directors who reserve their rights pending receipt of advice from the independent financial adviser) are satisfied that (i) the terms and conditions of the Equity Transfer Agreement have been negotiated on an arm's length basis and are on normal commercial terms; (ii) the transaction contemplated under the Equity Transfer Agreement will be conducted in the ordinary and usual course of business of the Company; and (iii) the terms of such transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Each of Mr. Wang Zhen, Mr. Hu Wentai, Mr. Yang Xiaobin, Mr. Gao Jian and Mr. Zhang Peihua is interested in the above transaction as they are delegates from the connected shareholder of the Company, and therefore had abstained from voting on the relevant resolution of the Board approving the same.

3. Listing Rules Implications

As one or more of the applicable percentage ratios for the transaction contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Parent Company, holding 50.19% shareholding interest of the Company, is the holding company of, and therefore a connected person of the Company under the Listing Rules, the transaction contemplated under the Equity Transfer Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Therefore, such transaction is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Such transaction will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

An independent board committee, comprising four independent non-executive Directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. He Linji, who have no direct or indirect interest in the Equity Transfer Agreement and the transaction contemplated thereunder, has been established to advise the Independent Shareholders on the terms of such transaction. First Shanghai Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders on the terms of the Equity Transfer Agreement and the transaction contemplated thereunder.

The Parent Company and its associates will abstain from voting on the resolution to approve the Equity Transfer Agreement and the transaction contemplated thereunder at the EGM.

4. 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.

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

The Target Company is principally engaged in asset management, investment management and property and real estate rental business in the PRC. Particulars of assets to be held by the Target Company are set forth as below:

No.	**Name of Asset**	**Use of Asset**	**Area** *(m^2)*	**appraised price** *(RMB)*
1.	Functional zone 4#	civil airport (airport entrance road)	186,385.27	121,700,000
2.	Building of duty room	civil airport	15,663.75	9,700,000
3.	Base area 1#	civil airport	161,315.83	92,400,000
4.	Functional zone 3#	civil airport (land use for west distant apron)	108,737.53	62,300,000
5.	Terminal zone 3#	civil airport (land use for east distant apron of the international terminal)	261,070.31	175,700,000
6.	Employee dormitory 1#	office	3,605.26	7,100,000
7.	Building of duty room 2#	office	4,728.80	12,900,000
8.	Building of duty room 3#	office	14,833.23	24,700,000
9.	Apron project of west distant parking	apron	200,900.00	98,300,000
			Total:	604,800,000

PROPOSED NON-PUBLIC ISSUANCE OF RENMINBI CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS

1. Proposed Non-public Issuance of Renminbi Corporate Bonds

Particulars of the proposed Non-public Issuance of Renminbi Corporate Bonds are set forth below:

Issue target: Not more than 200 qualified investors, scope of which shall be determined by the relevant regulations promulgated by the CSRC, the stock exchanges and the SAC.

Aggregate principal amount:	Not more than RMB3 billion (inclusive).
Maturity:	Not more than five years (inclusive); the varieties of the Renminbi Corporate Bonds shall be single maturity period, mixed maturity periods, guaranteed, non-guaranteed or mixture of guaranteed and non-guaranteed.
Issue price:	Par value of RMB100 of each corporate bond.
Interest rate:	The nominal rate and the method of payment of interest shall be negotiated between the Company and the main underwriter with reference to the market conditions.
Use of proceeds:	All the proceeds from the Non-public Issuance of Renminbi Corporate Bonds will be used by the Company to finance the construction of the terminal complex project and the Phase II expansion project of Meilan Airport (美蘭機場二期擴建項目) and to repay the bank loans.
Issue method:	Non-public issuance.
Guarantee:	In the event that the Company expects to fail to repay any amounts of principal or interest of the Renminbi Corporate Bonds on schedule or when such amounts fall due, the Company shall at least take the following measures to guarantee the repayment, including but not limited to: (i) not to declare any profit distribution to the Shareholders; (ii) to postpone the implementation of capital expenditure projects such as material investment, merger or acquisition; (iii) to reduce or discontinue the payment of salaries and bonuses of Directors and members of senior management; and (iv) not to approve any transfer or secondment of the primarily responsible staff.
Term of validity of resolution:	The Shareholders' resolutions in respect of the Non-public Issuance of Renminbi Corporate Bonds, if passed, shall be valid for 24 months from the date of approval by the Shareholders at the EGM.

2. Proposed Non-public Issuance of Debt Financing Instruments

Particulars of the proposed Non-public Issuance of Debt Financing Instruments are set forth below:

Issue target:	Qualified investors in the national inter-banks debt market, excluding purchasers prohibited by laws and regulations.
Size of issue:	Not more than RMB1 billion (inclusive).
Maturity:	Not more than five years (inclusive).
Interest rate:	The interest rate shall be negotiated between the main underwriter and the Company with reference to the debt market conditions in the national inter-banks and be ultimately determined through book building.
Use of proceeds:	All the proceeds from the Non-public Issuance of Debt Financing Instruments will be used by the Company to finance the construction of the terminal complex project and the Phase II expansion project of Meilan Airport, to repay the bank loans and to supplement working capitals.
Issue method:	Non-public issuance.
Term of validity of resolution:	The Shareholders' resolution in respect of the Non-public Issuance of Debt Financing Instruments, if passed, shall come into effect from the date of approval by the Shareholders at the EGM and remains valid within the effective register and duration period of the Debt Financing Instruments.

3. Authorization to the Board

It shall be submitted to the Shareholders at the EGM to consider and, if thought fit, approve to authorize the Board and the authorized person of the Board to deal with (including but not limited to) the following matters in relation to the Non-public Issuance of Renmibi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments according to the applicable laws and regulations and the market conditions prevailing at the time of issuance:

(i) to formulate, to the extent permitted by laws and regulations and according to the Company's specific circumstances and the market conditions, the specific terms and arrangements of the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments, and to make any changes and adjustments to such terms and arrangements, including but not limited to, size of specific issue, interest rate or the calculation method, timing of issue, offer tranche (if any), redemption and repurchase mechanism (if any), duration and method of repayment of the principal and the interests, placing arrangement and any other matters in relation to the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments;

(ii) to make relevant adjustments to the relevant matters of the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments and to determine whether to proceed with the issuance with reference to the opinions from relevant regulatory authorities and the changes in policies and market conditions, provided that such adjustments and decision shall be within the scope of authorization of the general meeting and shall be subject to re-voting at a general meeting of the Company if otherwise required by the relevant laws and regulations and the articles of association;

(iii) to deal with all relevant matters in relation to the issuance and listing of the Non-public Issuance of Renminbi Corporate Bonds and the register and issuance of the Non-public Issuance of Debt Financing Instruments; and

(iv) to appoint relevant professional parties involved in the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments.

The Board shall, under the condition of obtaining the above authorization from the Shareholders at the EGM, delegate such authorization to the chairman of the Board, to implement the above authorized issues relating to the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments on behalf of the Company pursuant to the authorization from the Shareholders at the EGM.

The above mentioned authorization, if granted, shall be valid from the date of approval of the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments by the Shareholders at the EGM to the date on which the above issues authorized to the Board to deal with are completed.

4. Reasons for and Benefits of the Non-public Issuance of Renminbi Corporate Bonds and the Non-public Issuance of Debt Financing Instruments

Upon issuing the proposed Renminbi Corporate Bonds and the proposed Debt Financing Instruments, it will help the Company to raise funds for projects construction, repayment of the bank loans and to improve the capital structure so as to strengthen the Company's risk resistance ability in the tighter capital market.

CIRCULAR

It is currently expected that a circular containing, among other things, information relating to the Equity Transfer Agreement and the transaction contemplated thereunder, the proposed Non-public Issuance of Renminbi Corporate Bonds and the proposed Non-public Issuance of Debt Financing Instruments, and a letter of advice from First Shanghai Limited to advise the independent board committee and the Independent Shareholders will be despatched to the Shareholders on or before 4 December 2015.

DEFINITIONS

For the purposes of this announcement, capitalized terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Company"	HNA Infrastructure Company Limited* (海航基礎股份有限公司), a joint stock limited company incorporated in the PRC on 28 December 2000
"Contribution Expiration Date"	30 September 2016, or any later date as agreed by the Company in written
"CSRC"	China Securities Regulatory Commission* (中國證券監督管理委員會)

"Debt Financing Instruments"	the financing instruments to be issued and offered by the Company to qualified investors in the national inter-banks debt market with an aggregate amount of not more than RMB1 billion (inclusive)
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting to be convened by the Company on 30 December 2015 for the purposes of considering and, if thought fit, among other things, approving the Equity Transfer Agreement and the transaction contemplated thereunder, the proposed Non-public Issuance of Renminbi Corporate Bonds and the proposed Non-public Issuance of Debt Financing Instruments
"Equity Transfer Agreement"	the equity transfer agreement dated 13 November 2015 entered into between the Company and the Parent Company
"Independent Shareholders"	Shareholders who are not involved or interested in the transaction contemplated under the Equity Transfer Agreement
"Industrial and Commercial Bureau of Hainan Province"	the Industrial and Commercial Administration Bureau of Hainan Province* (海南省工商行政管理局)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Meilan Airport"	the civil airport known as Haikou Meilan International Airport* (海口美蘭國際機場) located in Haikou City, Hainan Province, the PRC
"Non-public Issuance of Debt Financing Instruments"	the non-public issuance of the Debt Financing Instruments in the PRC

"Non-public Issuance of Renminbi Corporate Bonds"	the non-public issuance of the Renminbi Corporate Bonds in the PRC
"Parent Company"	Haikou Meilan International Airport Company Limited* (海口美蘭國際機場有限責任公司), a limited liability company established in the PRC and the controlling shareholder of the Company
"PRC"	the People's Republic of China
"Renminbi Corporate Bonds"	Renminbi corporate bonds to be issued by the Company to qualified investors with an aggregate principal amount of not more than RMB3 billion (inclusive)
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAC"	The Securities Association of China* (中國證券業協會)
"Shareholder(s)"	the holder(s) of the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Hainan Meilan Airport Assets Management Co., Ltd.* (海南美蘭機場資產管理有限公司), a limited liability company incorporated in November 2015 in the PRC and a wholly-owned subsidiary of the Parent Company
"%"	per cent.

By order of the Board
HNA Infrastructure Company Limited*
Wang Zhen
Chairman

Haikou, the PRC, 13 November 2015

As at the date of this announcement, the Board comprises of (i) four executive Directors, namely Mr. Wang Zhen, Mr. Yang Xiaobin, Mr. Gao Jian and Mr. Zhang Peihua; (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. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F. Meng and Mr. He Linji.