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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 TRANSACTION THE LOAN AGREEMENT

Reference is made to the Company's announcement dated 31 December 2014 in relation to the Entrusted Loan.

The Board is pleased to announce that on 5 September 2016, the Company and Meilan Airport Duty-Free Shop entered into the Loan Agreement, pursuant to which, the Company shall advance the investment funds in relation to refurbishment and pre-opening of the Duty-Free Shop Project amounted to approximately RMB400,000,000 for Meilan Airport Duty-Free Shop and Meilan Airport Duty-Free Shop shall repay the principal amount of approximately RMB400,000,000 and accrued interests to the Company within five years upon the execution of the Loan Agreement.

According to Rule 14.22 and Rule 14.23 of the Listing Rules, the Entrusted Loan and the Loan will be aggregated. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the aggregation of the Entrusted Loan and the Loan exceed 5% but are less than 25%, the Loan Agreement and transaction contemplated thereunder constitute a discloseable transaction for the Company, and are therefore subject to disclosure by way of an announcement under Chapter 14 of the Listing Rules.

INTRODUCTION

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THE LOAN AGREEMENT

1. **Date:** 5 September 2016
2. **Parties:** the Company, as the lender; and
Meilan Airport Duty-Free Shop, as the borrower.
3. **Principle amount:** Pursuant to the Loan Agreement, the principle amount of the Loan was approximately RMB400,000,000, which was determined with reference to the feasibility report of the terminal complex project of Meilan Airport and is subject to any further adjustment or supplemental agreement to be entered into between the Company and Meilan Airport Duty-Free Shop.
4. **Interest:** Unless otherwise agreed, the interest rate for the Loan provided to the Company by Meilan Airport Duty-Free Shop shall be determined with reference to the lending interest rate of banks during the corresponding period of the People's Bank of China and will not exceed 7.63% per annum.
5. **Repayment:** Unless otherwise agreed, Meilan Airport Duty-Free Shop shall repay the principal amount of RMB400,006,680 and accrued interests to the Company within five years upon the execution of the Loan Agreement. In the first three years, 50% of the net profit of Meilan Airport Duty-Free Shop shall be used for repayment of the Loan. In the last two years, an increasing portion of the net profit of Meilan Airport Duty-Free Shop shall be used as repayment based on its operation performance of Meilan Airport Duty-Free Shop.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The Company and Meilan Airport Duty-Free Shop have been maintaining good cooperation relationship. The increase of sales of goods of Meilan Airport Duty-Free Shop year-by-year brings significant franchise income to the Company.

Currently, the construction of the Duty-Free Shop Project is close to completion. The large expenditure in relation to refurbishment and pre-opening of duty-free business area is expected to have material adverse impact on the capital balance of Meilan Airport Duty-Free Shop. In order to ensure the successful completion and operation of the Duty-Free Shop Project, the Company decided to advance the investment funds of the Duty-Free Shop Project for Meilan Airport Duty-Free Shop to facilitate the completion and operation of the Duty-Free Shop Project, which will bring franchise income to the Company earlier.

The terms of the Loan Agreement including the interest rate were agreed by the Company and Meilan Airport Duty-Free Shop after arm's length negotiations. The Directors are of the view that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

According to Rule 14.22 and Rule 14.23 of the Listing Rules, the Entrusted Loan and the Loan will be aggregated. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the aggregation of the Entrusted Loan and the Loan exceed 5% but are less than 25%, the Loan Agreement and transaction contemplated thereunder constitute a discloseable transaction for the Company, and are therefore subject to disclosure by way of an announcement under Chapter 14 of the Listing Rules.

GENERAL

The Company is principally engaged in aeronautical and non-aeronautical businesses at Meilan Airport.

Meilan Airport Duty-Free Shop is principally engaged in sales of duty-free commodities including cosmetics, perfume, watches, bags, clothing, chocolate, glasses, etc.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Meilan Airport Duty-Free Shop is not a connected person (as defined under the Listing Rules) of the Company.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	HNA Infrastructure Company Limited* (海航基礎股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Directors”	the directors of the Company
“Duty-Free Shop Project”	the duty-free business area of the terminal complex project of Meilan Airport
“Entrusted Loan”	the entrusted loan in the principal amount of RMB380,000,000 advanced by the Company to Hainan Haidao Commercial Management Co., Ltd.* (海南海島商業管理有限公司) through HNA Group Finance Co., Ltd.* (海航集團財務有限公司), which has been fully repaid by Hainan Haidao Commercial Management Co., Ltd.* (海南海島商業管理有限公司) as of 17 May 2016
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Loan”	the loan in the principal amount of RMB400,006,680 advanced by the Company for Meilan Airport Duty-Free Shop
“Loan Agreement”	the loan agreement entered into between the Company and Meilan Airport Duty-Free Shop on 5 September 2016
“Meilan Airport Duty-Free Shop”	Haimian Haikou Meilan Airport Duty-Free Shop Co., Ltd.* (海免海口美蘭機場免稅店有限公司), a company established in the PRC with limited liability on 1 November 2011, which was owned as to 49% by Hainan Haidao Commercial Management Co., Ltd.* (海南海島商業管理有限公司) and 51% by Hainan Province Duty Free Co., Ltd* (海南省免稅品有限公司) as of the date of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Haikou, the PRC
5 September 2016

As at the date of this announcement, the Board comprises of (i) four executive Directors, namely Mr. Wang Zhen, Mr. Yang Xiaobin, Mr. Zhang Peihua and Mr. Liu Shanbin; (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.

* *For identification purposes only*