

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)

Final Results Announcement as of 31 December 2014

FINANCIAL HIGHLIGHTS

- Total revenue was RMB882.01 million (2013: RMB760.28 million)
- Revenue from aeronautical business was RMB493.99 million (2013: RMB433.64 million)
- Revenue from non-aeronautical business was RMB388.02 million (2013: RMB326.64 million)
- Net profit attributable to shareholders was RMB333.87 million (2013: RMB342.03 million)
- Earnings per share was RMB0.71 (2013: RMB0.72)

BUSINESS HIGHLIGHTS

- The passenger throughput recorded 13.8539 million
- Aircraft takeoff and landing reached 105,861 times
- Cargo throughput was 217,714.10 tons

* For identification only

RESULTS

The Board of Directors (the “**Board**”) of HNA Infrastructure Company Limited (formerly known as “Hainan Meilan International Airport Company Limited”) (the “**Company**” or “**HNA INFRA**” or “**Meilan Airport**”) is pleased to announce the financial position and operating results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2014, together with the comparative figures for the corresponding period of 2013.

The selected consolidated financial information prepared according to China Accounting Standards for Business Enterprises is as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note(s)</i>	2014 RMB	2013 RMB
Revenue	2	882,013,345	760,276,774
Less: Operating costs	3	(325,892,795)	(280,221,602)
Taxes and surcharges		(16,404,275)	(21,871,094)
General and administrative expenses	3	(54,950,682)	(42,984,268)
Finance expenses – net	4	(82,855,339)	(50,228,086)
Provision for asset impairment losses		(443,883)	(538,712)
Add: Investment income	5	31,442,666	26,931,664
Including: Share of profit of associates		31,472,638	26,931,664
Operating profit		432,909,037	391,364,676
Add: Non-operating income		9,023,869	2,628,132
Including: Gains on disposal of non-current assets		75,200	–
Less: Non-operating expenses		(3,227,287)	(219,301)
Including: Losses on disposal of non-current assets		(3,134,964)	(183,536)
Total profit		438,705,619	393,773,507
Less: Income tax expenses	6	(101,104,753)	(46,662,142)
Net profit		337,600,866	347,111,365
Attributable to shareholders of the Company		333,868,533	342,034,354
Minority interest		3,732,333	5,077,011
Earnings per share			
– Basic and diluted earnings per share	7	0.71	0.72
Other comprehensive income after tax		–	–
Total comprehensive income		337,600,866	347,111,365
Dividends	8	83,285,500	86,104,800

CONSOLIDATED BALANCE SHEET

	31 December	31 December
	2014	2013
<i>Note(s)</i>	RMB	RMB
ASSETS		
Current assets		
Cash at bank and on hand	1,884,557,387	2,998,410,937
Accounts receivable	9 120,702,313	82,122,118
Advances to suppliers	1,763,323	1,194,222
Other receivables	4,560,931	3,686,441
Interest receivable	2,269,667	5,293,245
Inventories	36,417	7,187
Other current assets	785,832	1,196,386
	<hr/>	<hr/>
Total current assets	2,014,675,870	3,091,910,536
	<hr/>	<hr/>
Non-current Assets		
Long-term receivable	380,000,000	–
Long-term equity investments	1,128,146,862	1,127,739,146
Fixed assets	1,040,314,740	1,086,631,921
Construction in progress	122,543,328	6,772,310
Intangible assets	181,681,666	185,653,430
Deferred tax assets	13,156,516	9,066,924
Other non-current assets	841,228,194	159,454,570
	<hr/>	<hr/>
Total non-current assets	3,707,071,306	2,575,318,301
	<hr/>	<hr/>
Total assets	5,721,747,176	5,667,228,837
	<hr/>	<hr/>

		31 December	31 December
		2014	2013
	<i>Note(s)</i>	RMB	RMB
LIABILITIES			
Current liabilities			
Accounts payable	10	15,234,088	12,010,624
Advances from customers		9,290,271	9,435,102
Employee benefits payable		24,119,398	20,779,889
Taxes payable		44,688,696	16,739,167
Interest payable		50,416,960	51,746,763
Dividends payable		499,500	666,000
Other payables		114,236,355	161,190,876
Current portion of non-current liabilities		<u>444,673,972</u>	<u>138,326,172</u>
Total current liabilities		<u>703,159,240</u>	<u>410,894,593</u>
Non-current liabilities			
Long-term borrowings	11	1,245,963,758	1,688,801,518
Corporate bonds	12	793,619,030	792,365,219
Long-term payables		66,295,336	87,488,063
Long-term employee benefits payable		2,273,043	–
Other non-current liabilities		<u>19,082,600</u>	<u>18,336,331</u>
Total non-current liabilities		<u>2,127,233,767</u>	<u>2,586,991,131</u>
Total liabilities		<u>2,830,393,007</u>	<u>2,997,885,724</u>
EQUITY			
Shareholders' equity			
Share capital		473,213,000	473,213,000
Capital surplus		668,585,780	699,650,702
Surplus reserve		246,394,231	246,394,231
Undistributed profits		<u>1,487,909,356</u>	<u>1,233,993,923</u>
Total capital and reserves attributable to shareholders of the Company		<u>2,876,102,367</u>	<u>2,653,251,856</u>
Minority interest		<u>15,251,802</u>	<u>16,091,257</u>
Total equity		<u>2,891,354,169</u>	<u>2,669,343,113</u>
Total liabilities and equity		<u>5,721,747,176</u>	<u>5,667,228,837</u>
Net current assets		<u>1,311,516,630</u>	<u>2,681,015,943</u>
Total assets less current liabilities		<u>5,018,587,936</u>	<u>5,256,334,244</u>

Notes:

1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard of Accounting Standards for Business Enterprises, specific accounting standards and other relevant regulations (hereafter collectively referred to as the “**Accounting Standards for Business Enterprises**” or “**CAS**”) issued by the Ministry of Finance of the People’s Republic of China (the “**PRC**”) on or after 15 February 2006.

In 2014, the Ministry of Finance issued eight accounting standards, including CAS 39 “Fair Value Measurement”, CAS 40 “Joint Arrangement”, CAS 41 “Disclosure of Interest in Other Entity”, CAS 2 “Long-term Equity Investment” (revised), CAS 9 “Employee Benefit” (revised), CAS 30 “Presentation of Financial Statements” (revised), CAS 33 “Consolidated Financial Statements” (revised) and CAS 37 “Presentation of Financial Instruments” (revised). Except for CAS 37 “Presentation of Financial Instruments” (revised) being effective for the preparation of financial statements for the year ended 31 December 2014, other new or revised standards are effective on 1 July 2014 and the Ministry of Finance encourages companies listed outside the Mainland China to early adopt these new or revised standards.

As the Company is listed on The Stock Exchange of Hong Kong Limited, the Group has already adopted the CAS 39 “Fair Value Measurement”, CAS 40 “Joint Arrangement”, CAS 9 “Employee Benefit” (revised), CAS 30 “Presentation of Financial Statements” (revised), and CAS 33 “Consolidated Financial Statements” (revised), which were issued before 24 March 2014 (the date of the consolidated financial statements for the year ended 31 December 2013 being approved) in preparing the consolidated financial statements for the year ended 31 December 2013.

The remaining three new standards, including CAS 2 “Long-term Equity Investment” (revised), CAS 37 “Presentation of Financial Instruments” (revised), and CAS 41 “Disclosure of Interest in Other Entity” are adopted in preparing the consolidation financial statements for the year ended 31 December 2014, which has no significant impact on the Group’s result or financial position.

2. REVENUES AND SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) of the Group has been identified as the executive directors, and senior management led by the chairman of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports. The CODM considers the Group conduct its business within one business segment – the business of operating an airport and provision of related services in the PRC and the Group also operates within one geographical segment because its revenues are primarily generated from and its assets are located in the PRC.

Analysis of revenue (by nature)	2014 RMB	2013 <i>RMB</i>
Aeronautical:		
Passenger service charges	190,328,469	174,616,062
Refund of civil aviation development fund	160,621,367	138,593,584
Fees and related charges on aircraft takeoff and landing	68,139,298	59,571,701
Ground handling service income	74,901,249	60,853,790
	<u>493,990,383</u>	<u>433,635,137</u>
Non-aeronautical:		
Franchise income	208,534,299	159,177,174
Freight and packing income	74,381,508	67,893,912
Rental income	37,819,516	33,713,717
VIP room income	19,843,357	29,067,147
Parking income	16,055,393	13,312,073
Other income	31,388,889	23,477,614
	<u>388,022,962</u>	<u>326,641,637</u>
Total Revenue	<u>882,013,345</u>	<u>760,276,774</u>

3. COST/EXPENSES BY NATURE

Operating costs and general and administrative expenses include the following items:

	2014	2013
	RMB	RMB
Depreciation of fixed assets	58,650,942	51,694,955
Amortisation of land use rights	3,971,764	3,500,094

4. FINANCIAL EXPENSES-NET

	2014	2013
	RMB	RMB
Interest expenses	171,493,536	78,911,770
Including: Bank borrowings	101,870,797	12,485,727
Corporate bonds	63,307,145	63,511,284
Finance lease	6,315,594	2,914,759
Net foreign exchange losses/(gains)	7,924,283	(10,553,440)
Less: Interest and exchange losses capitalisation	(80,959,848)	–
Interest income	(15,968,485)	(18,904,641)
Others	365,853	774,397
	82,855,339	50,228,086

5. INVESTMENT INCOME

	2014	2013
	<i>RMB</i>	<i>RMB</i>
Share of profit of investees under equity method – Hainan Airlines Airport Holding (Group) Company Limited (“ HNA Airport Holdings ”)	31,472,991	26,931,664
Share of profit of investees under equity method – Haikou Decheng Industrial and Development Co., Ltd. (“ Haikou Decheng ”)	(353)	–
Disposal of equity interest – Haikou Meilan International Airport Advertising Co., Ltd. (“ Meilan Advertising ”)	(29,972)	–
	<u>31,442,666</u>	<u>26,931,664</u>

No significant restrictions on the repatriation of investment income.

Investment income derived from unlisted companies in 2014 amounted to RMB31,442,666 (2013: RMB26,931,664).

6. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for as the Group had no assessable profits arising in Hong Kong during the year (2013: nil). Income tax expenses in the consolidated income statement represent provision for the PRC corporate income tax (“**CIT**”).

	2014	2013
	<i>RMB</i>	<i>RMB</i>
Current income tax	105,194,345	51,856,386
Deferred income tax	(4,089,592)	(5,194,244)
	<u>101,104,753</u>	<u>46,662,142</u>

Pursuant to the relevant tax regulations of the PRC, the Company was entitled to the exemption of CIT from 2004 to 2008, and 50% deduction of CIT from 2009 to 2013. This tax preference treatment was expired on 31 December 2013, thus the effective tax rate of the Company in 2014 is 25% (2013: 12.5%). The applicable tax rate of the other group companies in 2014 is 25% (2013: 25%).

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding:

	2014	2013
Consolidated net profit attributable to ordinary shareholders of the Company (<i>RMB</i>)	<u>333,868,533</u>	<u>342,034,354</u>
Weighted average number of outstanding ordinary shares of the Company (<i>share</i>)	<u>473,213,000</u>	<u>473,213,000</u>
Basic earnings per share (<i>RMB</i>)	<u>0.71</u>	<u>0.72</u>

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares in this year (2013: nil), diluted earnings per share equal to basic earnings per share.

8. DIVIDENDS

	2014	2013
2014 interim dividend paid of RMB0.085 per share (2013: RMB0.098 per share)	40,223,100	46,374,800
Proposed to distribute 2014 final dividend of RMB0.091 per share (2013: RMB0.084 per share)	<u>43,062,400</u>	<u>39,730,000</u>
	<u>83,285,500</u>	<u>86,104,800</u>

During the year, 2014 interim cash dividend of RMB0.085 per share, totaling RMB40,223,100 (2013 interim cash dividend: RMB0.098 per share, totaling RMB46,374,800) was declared to the shareholders of the Company.

An final dividend of RMB0.091 per share, totaling RMB43,062,400 was proposed by the Board of Directors on 30 March 2015 (2013 final dividend: RMB0.084 per share, totaling RMB39,730,000). This dividend has not been recognized as a liability in this financial information. It will be recognized as profit appropriation in the consolidated financial statements for the year ending 31 December 2015.

9. ACCOUNTS RECEIVABLE

	31 December 2014 RMB	31 December 2013 RMB
Accounts receivables	124,541,339	86,238,267
Less: provision for bad debts	<u>(3,839,026)</u>	<u>(4,116,149)</u>
	<u>120,702,313</u>	<u>82,122,118</u>

Credit terms granted to customers are determined on an individual basis by the management with a general range from 1 to 3 months. As at 31 December 2014, the ageing analysis of accounts receivable, based on the dates of recognition, is set out as follows:

	31 December 2014 RMB	31 December 2013 RMB
Within 90 days	104,971,482	69,513,807
91 to 180 days	5,790,303	3,432,256
181 to 365 days	6,200,229	1,898,418
Over 365 days	<u>7,579,325</u>	<u>11,393,786</u>
	<u>124,541,339</u>	<u>86,238,267</u>

10. ACCOUNTS PAYABLE

The ageing analysis of accounts payable, based on the dates of recognition, is as follows:

	31 December 2014 RMB	31 December 2013 RMB
Within 90 days	9,249,894	9,732,312
91 to 180 days	2,478,336	1,492,839
Over 180 days	3,505,858	785,473
	<u>15,234,088</u>	<u>12,010,624</u>

11. LONG-TERM BORROWINGS

	31 December 2014 RMB	31 December 2013 RMB
Secured borrowings	1,662,055,758	1,798,545,718
Less: current portion of long-term borrowings	<u>(416,092,000)</u>	<u>(109,744,200)</u>
	<u>1,245,963,758</u>	<u>1,688,801,518</u>

As at 31 December 2014, the weighted average interest rate of long-term borrowings is 5.86% (31 December 2013: 3.74%) per annum.

As at 31 December 2014, bank borrowings of USD250,000,000, equivalent to RMB1,529,750,000, (31 December 2013: USD250,000,000, equivalent to RMB1,524,225,000) are secured by the 51% interest in Hainan Meilan International Airport Cargo Co., Ltd. held by the Company and the Group's land use rights with a carrying amount of RMB8,717,183 (original cost: RMB11,852,138). Interest is payable every quarter and the principal is due for repayment on installment before 30 December 2016.

As at 31 December 2014, bank borrowings of USD26,993,475, equivalent to RMB165,173,074, (31 December 2013: USD44,993,475, equivalent to RMB274,320,718) are secured by the 24.5% interest of HNA Airport Holdings held by the Company. Interest is payable every quarter and the principal is due for repayment on installment before 26 January 2016.

12. CORPORATE BONDS

	31 December 2013	Amortization	31 December 2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Long-term corporate bonds	<u>792,365,219</u>	<u>1,253,811</u>	<u>793,619,030</u>

Related information is as follows:

	Par value	Issuance date	Maturity	Issuance amount
	<i>RMB</i>			<i>RMB</i>
Corporate bonds	<u>800,000,000</u>	<u>13 March 2012</u>	<u>7 years</u>	<u>800,000,000</u>

Interest accrued of the bonds is analysed as below:

	Interest accrued			
	31 December 2013	Interest accrued in current year	Interest paid in current year	31 December 2014
Corporate bonds	<u>49,746,667</u>	<u>62,400,000</u>	<u>(62,400,000)</u>	<u>49,746,667</u>

Pursuant to Zheng Jian Xu Ke [2011] No. 2082 approved by the China Securities Regulatory Commission, the Company issued corporate bonds of RMB800,000,000 on Shanghai Stock Exchange on 13 March 2012. The maturity of the bonds is 7 years, the fixed interest rate is 7.8% per annum, interest is repayable annually on 15 March of each of the years and the principal is repayable upon maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Revenue Review

Overview of Aviation Business

In 2014, boosted by the overall stable growth of civil aviation industry, and benefited from certain favourable policies as well as the construction of the Hainan International Tourism Island and offshore duty free policy, the passenger throughput of Meilan Airport continued to experience substantial growth, enabling it to be ranked the 19th among all airports having passenger throughput exceeding 10 million, which was two ranks higher than that of last year.

Given the steady growth in passenger throughput, the Group had made dedicated effort to strengthen its marketing strategies. Through better communication with local government, the Group actively fine-tuned and adjusted incentives to attract investments and participations from more airlines. It also joined force with airport stationed vendors to launch promotion campaigns so as to secure sources of customers. The Group participated the development of tourism in northern Hainan and integrated resources from peripheral cities and counties of Haikou in order to attract more customers offshore. These efforts helped moving the civil aviation industry forward.

For the year ended 31 December 2014, Meilan Airport opened 65 new routes, operated a total of 194 originating routes, including 174 domestic routes, 17 international routes and 3 regional routes. It had extended its reach to 96 cities, including 80 domestic cities, 13 international cities and 3 regional cities; and attracted 41 airlines to operate at Meilan Airport, including 27 domestic airlines, 10 international airlines and 4 regional airlines.

Details of the aviation traffic throughput of Meilan Airport in 2014 and comparison figures of last year are set out below:

	2014	2013	Change
Aircraft takeoff and landing (flights)	105,861	94,434	12.10%
in which: Domestic	100,570	90,227	11.46%
International and regional	5,291	4,207	25.77%
Passenger throughput (headcount in ten thousand)	1,385.39	1,193.55	16.07%
in which: Domestic	1,330.71	1,146.09	16.11%
International and regional	54.68	47.46	15.21%
Cargo throughput (tons)	217,714.10	196,300.60	10.91%
in which: Domestic	208,350.60	189,678.80	9.84%
International and regional	9,363.50	6,621.80	41.40%

The Group's revenue from aviation business for 2014 was RMB493,990,383, representing an increase of approximately 13.92% as compared to that of the corresponding period of 2013. A breakdown of the Group's revenue from aviation business is as follows:

	Amount (RMB)	Change over 2013
Passenger service charges	190,328,469	9.00%
Refund of civil aviation development fund	160,621,367	15.89%
Fees and related charges on aircraft takeoff and landing	68,139,298	14.38%
Ground handling service income	74,901,249	23.08%
Total revenue from aviation business	493,990,383	13.92%

Overview of Non-aviation Business

In 2014, the non-aviation business of the Group maintained growth momentum and achieved annual revenue of RMB388,022,962, representing an increase of 18.79% year-on-year. Its proportion to the Group's total revenue hit record high at 44%. The continuous growth was mainly due to the rapid increase in sales from the franchise operation of Meilan Airport Offshore Duty-Free Shop in Meilan Airport. Meanwhile, through rational planning on the terminals and enhancement on its business position, the Group ensured steady growth in the revenue of its non-aviation business. In 2014, the Group recorded accrued franchise fee of RMB208,534,299 and rental fee of RMB37,819,516, representing year-on-year increases of 31.01% and 12.18% respectively. And airport parking income also reached RMB16,055,393, representing a significant year-on-year increase of 20.61%. However, other individual non-aviation businesses such as VIP room income recorded year-on-year drop as affected by government policies.

	Amount (RMB)	Change over 2013
Franchise income	208,534,299	31.01%
Freight and packaging income	74,381,508	9.56%
Rental income	37,819,516	12.18%
VIP room income	19,843,357	-31.73%
Parking income	16,055,393	20.61%
Other income	31,388,889	33.70%
Total revenue from non-aviation businesses	388,022,962	18.79%

Franchise Income

In 2014, the franchise income of the Group amounted to RMB208,534,299, representing a year-on-year growth of 31.01%, which was mainly attributable to factors such as expansion of the business area of Meilan Airport Offshore Duty-Free Shop, diversified duty-free commodities and innovative promotion means, resulting in the substantial growth. In 2014, revenue from offshore duty-free franchise of the Group amounted to RMB137,056,043.

Rental Income

In 2014, the rental income of the Group amounted to RMB37,819,516, representing a year-on-year growth of 12.18%, which was because the Group made full use of the existing venue resources of the terminal and increase the rental income from leasing of the terminal through re-planning, enhancing investment attraction and appropriately increasing the rental rate.

Freight and Packaging Income

In 2014, the Group maintained sustainable growth in freight income through various measures like active market exploration and improved freight packaging. Throughout the year of 2014, the total freight and packaging income of the Group amounted to RMB74,381,508, representing a year-on-year growth of 9.56%.

Parking Income

In 2014, the parking income of the Group amounted to RMB16,055,393, representing a year-on-year growth of 20.61%, which was mainly because the Group strengthened the management of the parking lot and its surrounding areas and fully utilized the existing parking resources. The opening of the new international terminal parking lot and the increase in passenger throughput have also boosted income growth.

FINANCIAL REVIEW

Asset Analysis

As of 31 December 2014, the total assets of the Group amounted to RMB5,721,747,176, representing an increase of 0.96% over last year, among which, current assets amounted to RMB2,014,675,870, representing 35.21% of the total assets, non-current assets amounted to approximately RMB3,707,071,306, representing approximately 64.79% of the total assets.

Costs Analysis

The operation cost and administrative expenses of the Group were RMB380,843,477 in 2014, representing an increase of RMB57,637,607 or 17.83% as compared to that of 2013, mainly because:

- (1) Staff cost increased by RMB22,478,474 due to the raised remuneration level and increased headcount in October 2013.
- (2) The costs of the contract labour increased by RMB11,301,090 as the Group raised the level of remuneration of the contract labour.
- (3) The depreciation charge of the year increased by RMB6,955,987, which was mainly due to the commencement of operation of the international terminal and the auxiliary facilities.

In 2014, the finance expenses of the Group increased by RMB32,627,253 from last year to RMB82,855,339. It was mainly due to the increase in the interests and the related expenses of a loan of US\$250,000,000 raised at the end of 2013 and the loss from translation of US currency.

Cash Flow

In 2014, the Group's net cash inflow from operating activities was RMB419,871,850, representing a decrease of 16.85% over last year. The decrease was mainly due to the increase in labour costs and taxation.

In 2014, the Group's net cash outflow from investing activities was RMB1,118,469,220, which was mainly attributable to payments for the terminal expansion construction, terminal complex project construction and the entrusted loan.

In 2014, the Group's net cash outflow from financing activities was RMB413,854,320, which represented mainly the repayment of borrowings, payment of interests on borrowings and dividends.

Pledge of the Group's Assets

The long-term borrowing of US\$72,500,000 from China Development Bank was secured by 24.5% equity interest in HNA Airport Holdings held by the Group. As of 31 December 2014, the outstanding balance of the borrowing was US\$26,993,475 (equivalent to RMB165,173,074).

The Group's long-term borrowing of US\$250,000,000 from Taiwan syndication was secured by the 51% equity interest in Hainan Meilan International Airport Cargo Co., Ltd. held by the Group and certain land use rights of the Group with book value amounting to RMB8,717,183. As of 31 December 2014, outstanding balance of the borrowing was US\$250,000,000 (equivalent to RMB1,529,750,000). Please refer to the Company's announcement published on 4 December 2013 for further details of the loans.

Certain land use rights for the construction of the West Gallery and the international terminal have been pledged to secure a long-term borrowing of RMB291,000,000 granted to the Group and Haikou Meilan International Airport Company Limited (being the joint borrowers) by China Development Bank.

Gearing Ratio

As of 31 December 2014, current assets of the Group were RMB2,014,675,870, total assets were RMB5,721,747,176, current liabilities were approximately RMB703,159,240 and total liabilities were RMB2,830,393,007. The gearing ratio (total liabilities/total assets) of the Group was 49.47%, representing a decrease of 3.43% over last year, which was attributable to decrease in borrowings.

Foreign Exchange Risks

The businesses of the Group are principally conducted in RMB, except certain aviation revenue, purchase of equipment and consulting service fee which are denominated in US\$ or HK\$. The dividends to H-share holders are declared in RMB but paid in HK\$. According to the overall arrangement in relation to the acquisition of 24.5% equity interests in HNA Airport Holdings, the Group has raised a US\$ denominated borrowing from China Development Bank to finance the said acquisition, the balance of the borrowing amounted to US\$26,993,475 as at 31 December 2014; the Group has also raised a US\$ denominated syndicated borrowing of US\$250,000,000 from Taiwan investors to finance the construction of the terminal complex project of Meilan Airport; the principals and interests of these two borrowings should be settled in US\$. Thus, the exchange fluctuation of RMB against US\$ will affect the financial performance of the Group. The Group has not entered into any forward contract to hedge its exposure to foreign exchange risk.

Interest Rate Risks

The Group is obliged to repay the principal and interests of the bank borrowings of US\$26,993,475 (equivalent to RMB165,173,074) and US\$250,000,000 (equivalent to RMB1,529,750,000) granted by China Development Bank and Taiwan syndication respectively. Any changes in London Inter-Bank Offer Rate ("LIBOR") and interest rate adjustment by the PBOC will affect the interest expenses and results of the Group.

Financial Instruments

As at 31 December 2014, financial instruments of the Group mainly comprised bank loans, corporate bonds, entrusted loan, cash and bank deposits. The purpose of those financial instruments is to finance the Group's operations. Besides, the Group had other financial instruments in relation to daily operations, such as receivables excluding prepayment and payables excluding statutory liabilities.

Contingent Liability

As at 31 December 2014, neither the Group nor the Company had any significant contingent liability.

Purchase, Sale or Redemption of the Shares

As at 31 December 2014, neither the Group nor the Company had purchased, sold or redeemed any of the shares of the Company.

Employment, Remuneration Policy and Training

As at 31 December 2014, the Group had a total of 728 employees, representing an increase of 19 employees over the last year, it is within the scope of normal employment. Employees are remunerated based on their performance, experience and prevailing industry practices. The Group will review the remuneration policy and related packages on a regular basis. Performance-based bonuses and commissions may be awarded to employees. The Group provided adequate trainings based on the requirement of its employees, in order to upgrade the talent of its staffs. A total of 163 courses under the training scheme were completed, and 6,794 staffs participated in.

Retirement Pension

The Company and its subsidiaries shall participate in the retirement scheme operated by the relevant local government of the PRC. The PRC government shall be responsible for the pension of the retired employees. The Group has to make a contribution at a rate of 20% of the salary of the employees with permanent residence in the PRC. For the year ended 31 December 2014, the pension contribution of the Group was approximately RMB8,073,806 (2013: RMB6,666,516).

Other Information

In 2014, there is no significant change in other information in relation to the matters set out in Section 32 of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

OUTLOOK

The global economy in 2015 remains challenging. Driven by various factors such as the recovery of real estate and financial industries, the US economy is expected to maintain strong growth momentum. Undergoing critical transition period from recession to rebound, structural reform is inevitable in the European economy. Strengthened economic reform of the emerging economies is expected. In 2015, it is anticipated that the global inflation will remain steady.

2015 is a critical year of deepened economic reform of China. Given the new economic development, the current financial situation and inflation, it is expected that the PRC government will continue its cautious macro-economic policies and pertinent monetary easing policies so as to achieve steady growth, and fine tune structure, facilitate reform, prevent risk and benefit people's livelihood. It will strive to minimize adverse effect of unstable factors on the economy of China. Adhering to the idea of "seeking improvement in stability", it is expected that the development pace of the economy of China will remain relatively stable in 2015.

Compared to the complex and uncertain international environment and the new domestic environment, the construction of the Hainan International Tourism Island will continue to maintain a good and healthy momentum. In 2015, driven by the accelerated transformation and upgrading of the tourism industry, the local government of Hainan will further standardize and integrate the resources of the tourism industry of the whole province, promote the attractive and differentiated development thereof and fully explore the development potential of this industry. It will also further optimize transportation infrastructure. It is expected that the number of domestic and overseas travellers visiting Hainan will continue to increase, laying a solid foundation for the development of Meilan Airport in 2015. In addition, affected by various factors including crowds of travellers visiting the tourist spots during the Spring Festival Golden Week, Hainan Island achieved aggregate offshore duty-free sales amounted to RMB316 million, attracted 77,600 shopping travellers and recorded sales of duty-free commodities of 301,000, representing increases of 39.8%, 37% and 25.2% respectively. The sales amount of over RMB15 million recorded on 24 February by Meilan Airport Offshore Duty-Free Shop once again hit the new single day record. The current trends of operation and sales revenue of Meilan Airport Offshore Duty-Free Shop are believed to bring better profits to the Group.

Opportunities and challenges co-exist in 2015. Facing the business needs brought by the full swing development of the Hainan International Tourism Island and the further easing of the offshore duty-free policies, the Group will grasp every opportunity to continue strict implementation of its strategic plans, full exploration of the potential of aviation and non-aviation markets, active optimization of capital structure and effective reduction of gearing ratio. Its aim is to become an investment management group focusing on asset management by integrating investment with development, complementing development with sound strategies and maintaining good industrial clusters. It will strive to achieve healthy and sustainable development of Meilan Airport so as to bring better return to all shareholders.

DEEPLY EXPLORE MARKET POTENTIAL AND OPTIMIZE FINANCIAL STRUCTURE

In 2015, the Group will continue to seek government support and strive to enhance aviation incentives. Through which, the Group will expand its aviation market, especially deploying much more effort in the second and third tier cities. It will try its endeavor to increase its investment in Haikou market and further improve its network of route distribution. While trying to increase new domestic navigation points, the Group will attract airlines to set up overnight base in Haikou, and further promote the main tourist spots and routes in the northern area of Hainan by fully leveraging on the traditional media and electronic media including the official website of the airport, Weibo and Weixin, so as to increase its share in the air transportation market and turning Meilan Airport to become a regional aviation hub in southern China.

The Group will further improve its budget control, continue to implement the management system of accountability center, strictly conduct cost control, integrate resources and increase profitability in 2015. At the same time, the Group will analyze national and industrial policies through multi-channels and to seek support from the government in terms of both policy and fund. It will capture opportunities arising from the economic transformation and the construction of Hainan International Tourism Island and explore the possibility of obtaining government subsidy. Meanwhile, the Group will optimize capital structure and reduce its gearing ratio.

ENHANCE OPERATIONAL EFFICIENCY AND FURTHER IMPROVE SAFETY MANAGEMENT

With year-on-year increase in the business volume of the core aviation segment, the issues including single route and low capacity during peak hours have seriously hindered the growth of Meilan Airport. As such, in 2015, the Group will spare no effort to assess the capacity of Meilan Airport, striving to expand capacity during peak hours. It will start coordination respecting flight release, and formulate effective incentives to encourage active coordination by the heads of all military and civil aviation departments, thereby releasing restriction on traffic and increase efficiency of flight operation. The Group will optimize the flight routes of Hainan region and implement arrival and departure separation in Meilan Airport to increase airspace capacity of the airport and alleviate route congestion problem. The Group will increase its route security capability, set up information sharing platform based on its operation system and realize effective coordination and decision making by sharing operational information with the airport stationed units. It will also build supervisory and inspection system as well as accountability system in respect of the flight operation based on the wireless station site. Through stringent flight security and quality control, the Group targets to implement refined management on flight operation.

In 2015, aiming at “further improving safety management”, the Group will deploy much more effort on three aspects, i.e. “debt repayment, capability enhancement and position advancement”. Firstly, aligning the industrial standards with its own security need, the Group will inspect and exam any deficiency in staff and equipment, hardware facilities and management system of Meilan Airport so as to improve safety management. Secondly, based on the results of several external reviews conducted in 2014, the Group will continue to strengthen its safety management system and build up internal control system in respect of safety and security, aiming at increasing the effectiveness of the internal control system. Thirdly, the Group will conduct study on specific aspect and problem solving, which addresses difficulties and obvious problems incurred by restrictive operation, in order to enhance quality.

BUILD UP TOP AIRPORT BRAND, FACILITATE IMPLEMENTATION OF KEY PROJECTS

In 2015, the Group will try its best endeavor to realize the aim of becoming a SKYTRAX five-star airport. To gain qualified rating in terms of five categories including “infrastructure, environment, culture, technology and management”, the Group will upgrade both its software and hardware by stages and with particular focus. Building on the success of obtaining five-star certification of SKYTRAX by the international terminal of Meilan Airport, it is hoped that Meilan Airport can be ranked SKYTRAX five-star airport in 2015. At the same time, to achieve its aim of becoming SKYTRAX five-star airport, the Group will further build up its SKYTRAX and ASQ (Airport Service Quality) brands and to create brands on specialized aspects such as the world’s best first class cabin, the best shopping experience and the best security inspection.

In 2015, the Group will accelerate the second expansion phase of Meilan Airport, the expansion of West Gallery and the renovation of current terminal buildings; will adhere to the intelligent airport construction blueprint with “happy e-travel, efficient e-use, e-control security and e-earning efficiency” as the theme, strengthen airport security capability, improve passengers’ experience, increase the overall operational efficiency of Meilan Airport, and build up the corporate image of environmental friendly by continuous implementation of the green, low-carbon strategies and insisting in “green airport” project.

ISSUE OF CORPORATE BONDS

As disclosed in the announcement dated 19 March 2012 of the Company, the Company announced completion of the issue of domestic corporate bonds with an aggregate principal amount of RMB800 million. According to the “Listing Prospectus of Corporate Bonds of Hainan Meilan International Airport Company Limited in 2011” published by the Company on the Shanghai Stock Exchange on 19 April 2012, the coupon rate of the corporate bonds was 7.8%. The interests accrued from March 2014 to March 2015, amounting to RMB62,400,000, have been paid on 16 March 2015.

WEST GALLERY EXTENSION PROJECT, WEST APRON CONSTRUCTION PROJECT AND SECOND PHASE OF EXPANSION

The main civil work and the facade construction of the West Gallery expansion project, which covers an area of 28,000 square meters, has been completed and is now undergoing final stage of decoration. The west apron construction project with a road area of 110,000 square meters has been inspected, approved and commenced operation on 13 February 2015, which brought an addition of 11 aprons for Meilan Airport. Besides, the feasibility report for the second expansion phase of Meilan Airport has been reviewed and commented by CAAC on 12 December 2014 and has been submitted to the National Development and Reform Commission for approval.

TERMINAL COMPLEX PROJECT

Currently, the construction of the terminal complex project with a total investment of approximately RMB1,903,874,000 is being processed as planned by a relevant professional construction company engaged by the Company and Yangpu Guoxing Construction Co., Ltd.. It is expected that the main civil work of the hotel portion will be completed by the end of 2015.

ACQUISITION PROGRESS

According to the announcement of the Company dated 8 April 2010, the circular issued on 13 May 2010 as well as Page 8 of 2012 Interim Report and Page 13 of 2013 Interim Report, the Company announced that it entered into a conditional share transfer agreement (“**Acquisition Agreement**”) with HNA Group Company Limited (“**HNA Group**”) and Qihe Investment Limited (“**Qihe Investment**”) respectively for the acquisition of their 30% and 24.5% equity in HNA Airport Holdings at a total consideration of RMB2,199,900,000. HNA Group and Qihe Investment respectively held 30% and 24.5% of the equity proposed to acquire/acquired by the Group in HNA Airport Holdings. In early 2011, the Company completed the said acquisition of 24.5% equity in HNA Airport Holdings from Qihe Investment by using its own funds and bank loans and all the preconditions of the acquisition had been met.

The Company originally intended to finance the acquisition of the 30% equity interest in HNA Airport Holdings held by HNA Group with the proceeds from the proposed issue of A shares in the PRC. One of the conditions precedents to such acquisition was that the Company had obtained the official approval for the issuance of A shares from the relevant authority or department and such issuance of A shares had been completed.

In the event that not all of the above precedent conditions are satisfied or fulfilled within two years after the passing of the resolution relating to the issue of A shares at the extraordinary general meeting and class general meetings, the Acquisition Agreement shall be terminated automatically unless the Company and HNA Group agree on such other date to satisfy or fulfill the above conditions, and neither the Company nor HNA Group shall assume any responsibility under the Acquisition Agreement. On 31 May 2010, the Company held the H shareholders class meeting, domestic shareholders class meeting and extraordinary general meeting in relation to the above matters.

Currently, the two year term of the agreement entered into between the Company and HNA Group in 2010 has been expired. Since there is no substantial progress on the issue of A Shares, upon friendly negotiation, the Company and HNA Group has agreed to terminate the relevant agreement in respect of the acquisition of 30% equity interest in HNA Airport Holdings held by HNA Group.

The Board hereby informs the shareholders and the potential investors of the Company that should there be any new progress or any new agreement be reached in relation to the issue of A shares in the future, the Company will report such agreement to the Board and at the general meeting for consideration, and make a timely disclosure to the market pursuant to the Listing Rules after the unanimous consent about the acquisition agreement.

INTELLIGENTIZED AIRPORT CONSTRUCTION

In 2014, according to the overall plan of the intelligentized airport construction of Meilan Airport, insisting on the idea of “happy e-travel, efficient e-use, e-control security and e-earning efficiency”, the Group further facilitated the construction of the intelligentized airport. During 2014, Meilan Airport had inspected, accepted and officially started the operation of 13 projects. Up to now, the intelligentized airport construction of Meilan Airport has extended its reach to three aspects including security, service quality and operation.

In respect of security, the viaduct auxiliary monitoring system, facility operational surveillance system and airfield lighting surveillance system were launched, which enabled coverage of the fade zones in the airport and warning of any facility malfunction. As regard service system, the customer services had been further improved with the launch of 8 projects such as self baggage system, self check-in system, updated WIFI in the terminals, etc. Besides, 5 projects including EAI (Enterprise Application Integration) platform, scheduling system of wireless station sites and operation and management platform had come to service this year, which optimised the operational procedures.

GREEN AIRPORT PROJECT

In 2014, in order to implement green low-carbon strategy and actively discharge social responsibilities, the Group commenced the construction of “Green Airport”. The Group made considerable improvement in energy saving and emission reduction, which enabled it to be awarded “Annual Social Responsibility Award in respect of Green Low Carbon Airport” by China Airport Development Summit. The construction work for the improvement of lighting in the security check area of the quarantine zone of the lounge has been completed, which enabled energy saving of approximately 435,000 kilowatt annually. The reclaimed water reuse system, which is expected to complete and commence operation in April 2015, will enable sewage disposal and reuse for toilet flushing, plants irrigation and road cleaning. It will help saving nearly 300,000 tonnes of irrigating water. In addition, the project of replacement of APU (Auxillary Power Unit) with bridge containing equipment and the project of changing fuel-driven vehicles with electric-driven vehicles are also processing as planned.

FINAL DIVIDEND

The Board has passed the resolution to recommend the payment of a final dividend on or before Tuesday, 14 July 2015 of RMB0.091 per share (tax inclusive) to shareholders of the Company whose names appear on the Company’s Register of Members on Wednesday, 27 May 2015 (“**2014 Final Dividend**”). 2014 Final Dividend shall be subject to approval by shareholders at the forthcoming annual general meeting to be held by the Company on Monday, 18 May 2015.

According to the Enterprise Income Tax Law of the People's Republic of China, which took effect on 1 January 2008, and its implementation rules and the relevant interpretation by tax authorities in the PRC, when a company makes distribution to non-resident enterprise shareholders whose names appear on the H-share register of the company, such company is required to withhold and pay on behalf of such shareholders an enterprise income tax at a rate of 10% in general (except as required otherwise by the laws, regulations and tax treaties regarding tax revenue). Any shares registered in the name of a non-individual shareholder, including HKSCC Nominees Limited, other nominee or trustee, or other organisation and group, are deemed as shares held by non-resident enterprise shareholders. As such, the dividends that such shareholder is entitled to are subject to the enterprise income tax.

The Company will strictly comply with the laws and/or requirements of relevant government departments, and will withhold and pay the enterprise income tax on behalf of its non-resident enterprise shareholders whose names appear on the H-share register of the Company on the record date. The Company will take no responsibility and will not deal with any request in relation to any delay or error in ascertaining the identities of shareholders, nor will the Company handle any disputes arising from the arrangement of withholding tax. However, the Company may provide assistance within its capability.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Saturday, 18 April 2015 to Monday, 18 May 2015, both days inclusive, during which no transfer of shares will be registered. In order to be qualified for attending and vote at the annual general meeting of the Company, all share transfer instruments, accompanied by the relevant share certificates and forms of transfer, shall be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 17 April 2015.

The Company's Register of Members will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015, both days inclusive, during which time no transfer of shares will be registered. In order to be qualified for the 2014 Final Dividend, all share transfer instruments, accompanied by the relevant share certificates and forms of transfer, shall be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 21 May 2015. The Company will pay the final dividend on or before 14 July 2015 upon approval at the annual general meeting.

MATERIAL LITIGATION OR ARBITRATION

The Group had no material litigation or arbitration for the year ended 31 December 2014.

SHARE CAPITAL STRUCTURE

As at 31 December 2014, the total number of issued share capital of the Company was 473,213,000, of which:

	Number of Shares	Percentage of total issued shares
Domestic shares	246,300,000	52%
H shares	226,913,000	48%
Total	<u>473,213,000</u>	<u>100%</u>

SUBSTANTIAL SHAREHOLDERS, INTERESTS IN SHARES

As at 31 December 2014, so far as known to the directors, supervisors or chief executive of the Company, the following persons (other than a director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”), or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital, or would be required to be recorded in the register to be kept by the Company under section 336 of the SFO.

DOMESTIC SHARES

Number of Shareholders	Capacity	Class of shares	Number of ordinary shares	Percentage of domestic shares issued	Percentage of total issued shares capital
Haikou Meilan International Airport Company Limited (Note 1)	Beneficial Owner	Corporate	237,500,000 (L)	96.43%	50.19%

H SHARE

Name of Shareholders	Type of interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
Zhang Gaobo (<i>Note 2</i>)	Interest of controlled corporations	94,343,000 (L)	41.58%	19.94%
Zhang Zhiping (<i>Note 2</i>)	Interest of controlled corporations	94,343,000 (L)	41.58%	19.94%
Oriental Patron Financial Services Group Limited (<i>Note 2</i>)	Interest of controlled corporations	94,343,000 (L)	41.58%	19.94%
Oriental Patron Financial Group Limited (<i>Note 2</i>)	Interest of controlled corporations	94,343,000 (L)	41.58%	19.94%
Oriental Patron Resources Investment Limited (<i>Note 2</i>)	Beneficial interest	94,343,000 (L)	41.58%	19.94%
UBS AG (<i>Note 3</i>)	Beneficial owner	29,476,400 (L)	12.99%	6.30%
	Security interest in shares and interest of controlled corporations	8,000 (S)	0.00%	0.00%
UBS Group AG (<i>Note 4</i>)	Security interest in shares	29,476,400 (L)	12.99%	6.30%
	Interest of controlled corporations	8,000 (S)	0.00%	0.00%
ARC Capital Holdings Limited (<i>Note 5</i>)	Interest of controlled corporations	32,788,500 (L)	14.45%	6.93%
ARC Capital Partners Limited (<i>Note 5</i>)	Investment manager	32,788,500 (L)	14.45%	6.93%

Name of Shareholders	Type of interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
Pacific Alliance Asia Opportunity Fund L.P (<i>Note 5</i>)	Interest of controlled corporations	32,788,500 (L)	14.45%	6.93%
Pacific Alliance Equity Partners Limited (<i>Note 5</i>)	Interest of controlled corporations	32,788,500 (L)	14.45%	6.93%
Pacific Alliance Group Asset Management Limited (<i>Note 5</i>)	Investment manager	32,788,500 (L)	14.45%	6.93%
PAG Holdings Limited (<i>Note 5</i>)	Interest of controlled corporations	32,788,500 (L)	14.45%	6.93%
Pacific Alliance Group Limited (<i>Note 5</i>)	Interest of controlled corporations	32,788,500 (L)	14.45%	6.93%
Pacific Alliance Investment Management Limited (<i>Note 5</i>)	Interest of controlled corporations	32,788,500 (L)	14.45%	6.93%
Walden Ventures Limited (<i>Note 5</i>)	Beneficial owner	32,788,500 (L)	14.45%	6.93%
Greenwoods Asset Management Limited (<i>Note 6</i>)	Investment manager	13,844,000 (L)	6.10%	2.90%
JPMorgan Chase & Co. (<i>Note 7</i>)	Beneficial owner and custodian corporation/approved lending agent	13,607,488 (L)	5.99%	2.88%
Deutsche Bank Aktiengesellschaft (<i>Note 8</i>)	Beneficial owner Security interest in shares	15,934,508 (L)	7.02%	3.40%

Notes:

1. Haikou Meilan International Airport Company Limited is a company established in the PRC and is the controlling shareholder of the Company.
2. Zhang Gaobo and Zhang Zhiping held 49% and 51% interest in Oriental Patron Financial Group Limited, respectively. Oriental Patron Financial Group Limited held 95% interest in Oriental Patron Financial Services Group Limited. Oriental Patron Resources Investment Limited was wholly-owned by Oriental Patron Financial Services Group Limited.
3. Among the 29,476,400 shares in the Company, UBS AG was deemed to hold 6,833,000 shares through its security interest in those shares and held 8,000 shares as beneficial owner. In addition, UBS AG was deemed to have equity interest in 22,635,400 shares (UBS Fund Services (Luxembourg) S.A., UBS Global Asset Management (Singapore) Ltd and UBS Global Asset Management (Hong Kong) Limited were all wholly-owned by UBS AG, and were beneficially holding 17,569,100 Shares, 2,164,300 Shares and 2,902,000 Shares in the Company, respectively).
4. PAG Holdings Limited held 99.17% interest in Pacific Alliance Group Limited, which in turn held 90% interest in Pacific Alliance Investment Management Limited.

Pacific Alliance Investment Management Limited held 52.53% interest in Pacific Alliance Equity Partners Limited. Pacific Alliance Equity Partners Limited held 100% interest in ARC Capital Partners Limited. ARC Capital Partners Limited was deemed to be interested in 32,788,500 shares in its capacity as investment manager. ARC Capital Holdings Limited is a corporation controlled by ARC Capital Partners Limited for the purpose of Part XV of the SFO. ARC Capital Holdings Limited was holding 46.67% interest in Walden Ventures Limited which in turn held 32,788,500 H shares of the Company in its capacity as a beneficial owner.

Pacific Alliance Investment Management Limited held 100% interest in Pacific Alliance Group Asset Management Limited. Pacific Alliance Group Asset Management Limited was deemed to be interested in 32,788,500 shares in its capacity as investment manager. Pacific Alliance Asia Opportunity Fund L.P. is a corporation controlled by Pacific Alliance Group Asset Management Limited for the purpose of Part XV of the SFO. Pacific Alliance Asia Opportunity Fund L.P. held 36.67% interest in Walden Ventures Limited which was in turn held 32,788,500 H shares of the Company.

5. UBS Group AG held 96.64% equity interest in UBS AG. For further details, please refer to Note 3 above.
6. Greenwoods Asset Management Limited was wholly owned by Greenwoods Asset Management Holdings Limited, which in turn was held 81% by Jiang Jinzhi. Greenwoods Asset Management Limited holds 13,844,000 in the capacity of investment manager.
7. Among the 13,607,488 shares in the Company, JPMorgan Chase & Co. was deemed to hold 12,963,588 Shares as custodian corporation/approved lending agent and held 643,900 Shares as beneficial owner.
8. Among the 15,934,508 shares in the Company, Deutsche Bank Aktiengesellschaft was deemed to hold 15,931,000 Shares as person having a security interest in shares and held 3,508 Shares as beneficial owner.
9. (L) and (S) represent long position and short position respectively.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2014, no Directors, Supervisors and chief executive of the Company have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

DIRECTORS, SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES

No directors, supervisors and chief executive of the Company or their spouses or children under the age of 18 were granted any rights to subscribe any share in the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 12 months ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company was established with terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to assess matters related to the financial statements and to provide recommendations and advices thereon, including review of the relationship with external auditors, the Company's financial reporting, the internal control and risk management system. There were no disagreement between the audit committee and the external auditors on the accounting policies adopted by the Company. The audit committee has reviewed the annual results for the year ended 31 December 2014.

PARTICULARS ON COMPLIANCE WITH RULES 3.10(1), 3.10(2) AND 3.21 OF THE LISTING RULES

As of 31 December 2014, the Board of the Company comprised four independent non-executive directors. As of 31 December 2014, the audit committee of the Company comprised three independent non-executive directors, one of whom has obtained accounting qualification and is a member of the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Board has always recognized the importance of good corporate governance to the healthy and sustainable development of the Group. The Company has adopted a code of conduct for securities transactions by directors with terms no less exacting than those set out in the Model Code in Appendix 10 to the Listing Rules. After making specific enquiries, all directors of the Company confirmed that they have complied with the Model Code and standards governing the securities transactions of directors according to the code of conduct during the 12 months ended 31 December 2014.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has endeavored to comply with all requirements of the CSRS and the Stock Exchange and other authorities. During the 12 months ended 31 December 2014, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules, and met reasonable governance and disclosure requirements. The Company will further improve the corporate governance and the transparency to shareholders.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk as well as the Company's website www.mlairport.com. The 2014 annual report of the Company containing all information required under the Listing Rules will be dispatched to the shareholders of the Company and will be made available on the websites of the Stock Exchange and the Company on or before 24 April 2015.

BOARD OF DIRECTORS

As at the date of this announcement, the members of the Board of the Company include:

Executive Directors

WANG Zhen (*Chairman*)
YANG Xiaobin (*President*)
ZHANG Peihua
ZHANG Hao

Independent Non-executive Directors

XU Bailing
FUNG Ching, Simon
George F. MENG
DENG Tianlin

Non-executive Directors

HU Wentai
CHAN Nap Kee, Joseph
YAN Xiang

By Order of the Board
HNA Infrastructure Company Limited
Wang Zhen
Chairman and Executive Director

Haikou, the PRC
30 March 2015