

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



**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 2015**

### **FINANCIAL HIGHLIGHTS**

- Total revenue was RMB1,063.43 million (2014: RMB882.01 million)
- Revenue from aeronautical business was RMB580.05 million (2014: RMB493.99 million)
- Revenue from non-aeronautical business was RMB483.38 million (2014: RMB388.02 million)
- Net profit attributable to shareholders was RMB438.77 million (2014: RMB333.87 million)
- Earnings per share was RMB0.93 (2014: RMB0.71)

### **BUSINESS HIGHLIGHTS**

- The passenger throughput recorded 16.1670 million
- Aircraft takeoff and landing reached 121,827 times
- Cargo throughput was 246,787.50 tons

\* For identification proposes only

## RESULTS

The board of directors of HNA Infrastructure Company Limited (the “**Company**” or “**Meilan Airport**”) (the “**Board**”) is pleased to announce the financial position and operating results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015, together with the comparative figures for the corresponding period of 2014:

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

### CONSOLIDATED INCOME STATEMENT

	<i>Note(s)</i>	<b>2015</b> <b>RMB</b>	2014 <b>RMB</b>
<b>Revenue</b>	2	<b>1,063,430,885</b>	882,013,345
Less: Operating costs	3	<b>(405,913,389)</b>	(325,892,795)
Taxes and surcharges		<b>(20,534,997)</b>	(16,404,275)
General and administrative expenses	3	<b>(57,923,244)</b>	(54,950,682)
Finance expenses-net	4	<b>(73,935,712)</b>	(82,855,339)
Provision for asset impairment losses		<b>(1,828,230)</b>	(443,883)
Add: Investment income	5	<b>67,616,735</b>	31,442,666
Including: Share of profit of associates		<b>67,616,735</b>	31,472,638
<b>Operating profit</b>		<b>570,912,048</b>	432,909,037
Add: Non-operating income		<b>16,329,901</b>	9,023,869
Including: Gains on disposal of non-current assets		<b>–</b>	75,200
Less: Non-operating expenses		<b>(8,437,774)</b>	(3,227,287)
Including: Losses on disposal of non-current assets		<b>(7,970,513)</b>	(3,134,964)
<b>Total profit</b>		<b>578,804,175</b>	438,705,619
Less: Income tax expenses	6	<b>(133,843,714)</b>	(101,104,753)
<b>Net profit</b>		<b>444,960,461</b>	337,600,866
Attributable to shareholders of the Company		<b>438,771,138</b>	333,868,533
Minority interest		<b>6,189,323</b>	3,732,333
<b>Earnings per share</b>			
– Basic and diluted earnings per share	7	<b>0.93</b>	0.71
<b>Other comprehensive income after tax</b>		<b>–</b>	–
<b>Total comprehensive income</b>		<b>444,960,461</b>	337,600,866
<b>Dividends</b>	8	<b>113,571,120</b>	83,285,500

## CONSOLIDATED BALANCE SHEET

		31 December 2015 <i>RMB</i>	31 December 2014 <i>RMB</i>
	<i>Note(s)</i>		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and on hand		1,023,267,032	1,884,557,387
Accounts receivable	9	303,184,304	120,702,313
Advances to suppliers		1,936,434	1,763,323
Interest receivable		1,122,387	2,269,667
Other receivable		23,965,933	4,560,931
Inventories		174,758	36,417
Other current assets		388,331,072	785,832
<b>Total current assets</b>		<b>1,741,981,920</b>	<b>2,014,675,870</b>
<b>Non-current Assets</b>			
Long-term receivable		–	380,000,000
Long-term equity investments		1,210,687,572	1,128,146,862
Fixed assets		1,598,841,660	1,040,314,740
Construction in progress		568,551,255	122,543,328
Intangible assets		177,709,903	181,681,666
Deferred tax assets		7,816,592	13,156,516
Other non-current assets		1,656,654,004	841,228,194
<b>Total non-current assets</b>		<b>5,220,260,986</b>	<b>3,707,071,306</b>
<b>Total assets</b>		<b>6,962,242,906</b>	<b>5,721,747,176</b>

		31 December 2015 RMB	31 December 2014 RMB
	<i>Note(s)</i>		
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	10	19,064,006	15,234,088
Advances from customers		10,840,253	9,290,271
Employee benefits payable		27,881,900	24,119,398
Taxes payable		45,807,492	44,688,696
Interest payable		49,952,295	50,416,960
Dividends payable		499,500	499,500
Other payable		283,759,288	114,236,355
Non-current liabilities due within one year		1,461,412,354	444,673,972
<b>Total current liabilities</b>		<b>1,899,217,088</b>	<b>703,159,240</b>
<b>Non-current liabilities</b>			
Long-term borrowings	11	932,955,163	1,245,963,758
Corporate bonds	12	794,952,116	793,619,030
Long-term payable		62,177,707	66,295,336
Long-term employee benefits payable		1,244,453	2,273,043
Other non-current liabilities		20,305,734	19,082,600
<b>Total non-current liabilities</b>		<b>1,811,635,173</b>	<b>2,127,233,767</b>
<b>Total liabilities</b>		<b>3,710,852,261</b>	<b>2,830,393,007</b>
<b>Shareholders' equity</b>			
Share capital		473,213,000	473,213,000
Capital surplus		683,509,755	668,585,780
Surplus reserve		246,394,231	246,394,231
Undistributed profits		1,826,832,534	1,487,909,356
<b>Total capital and reserves attributable to shareholders of the Company</b>		<b>3,229,949,520</b>	<b>2,876,102,367</b>
Minority interest		21,441,125	15,251,802
<b>Total equity</b>		<b>3,251,390,645</b>	<b>2,891,354,169</b>
<b>Total liabilities and equity</b>		<b>6,962,242,906</b>	<b>5,721,747,176</b>
<b>Net current (liabilities)/assets</b>		<b>(157,235,168)</b>	<b>1,311,516,630</b>
<b>Total assets less current liabilities</b>		<b>5,063,025,818</b>	<b>5,018,587,936</b>

## 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 and after 15 February 2006.

The Group’s long-term bank borrowings of US\$200,000,000 (equivalent to RMB1,298,720,000) is due for repayment by installments in June 2016 and December 2016 (Note 11) and classified as current liabilities as at 31 December 2015, which led to the Group recorded a net current liabilities of RMB157,235,168 (31 December 2014: net current assets of RMB1,311,516,630). The Group has planned refinancing arrangement for these borrowings, including but not limited to issue corporate bonds and obtain facility lines from other domestic financial institutions. The Company has obtained the approval from Shenzhen Stock Exchange (“**Shenzhen Stock Exchange**”) for private placement of corporate bonds to qualified investors with maximum principal of RMB3 billion and maturity of not more than 5 years in February 2016. Management has prepared the Group’s cash flow forecast for the year ending 31 December 2016, by taking into accounts the operating cash inflows and funds raised from bonds issuance, management is of the view that the Group would have sufficient funds to settle the debts when they fall due. As a result, the consolidated financial statements of the Group for the year ended 31 December 2015 have been prepared on a going concern basis.

### 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 president 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 conducts 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.

	2015 <i>RMB</i>	2014 <i>RMB</i>
<b>Analysis of revenue (by nature)</b>		
Aeronautical:		
Passenger service charges	229,766,658	190,328,469
Refund of Civil Aviation Development Fund	184,693,275	160,621,367
Fees and related charges on aircraft takeoff and landing	79,972,831	68,139,298
Ground handling service income	85,616,611	74,901,249
	<u>580,049,375</u>	<u>493,990,383</u>
Non-aeronautical:		
Franchise income	256,458,436	208,534,299
Freight and packaging income	104,666,441	74,381,508
Rental income	38,486,680	37,819,516
VIP room income	17,788,387	19,843,357
Parking income	17,023,384	16,055,393
Other income	48,958,182	31,388,889
	<u>483,381,510</u>	<u>388,022,962</u>
Total Revenue	<u>1,063,430,885</u>	<u>882,013,345</u>

### 3. COST/EXPENSES BY NATURE

Depreciation and amortization expenses are analysed as follows:

	2015 <i>RMB</i>	2014 <i>RMB</i>
Depreciation of fixed assets	62,440,507	58,650,942
Amortisation of land use rights	3,971,763	3,971,764
	<u>66,412,270</u>	<u>62,622,706</u>

### 4. FINANCIAL EXPENSES-NET

	2015 <i>RMB</i>	2014 <i>RMB</i>
Interest expenses	223,705,344	171,493,536
Including: Bank borrowings	155,317,856	101,870,797
Corporate bonds	63,733,086	63,307,145
Finance lease	4,654,402	6,315,594
Net foreign exchange losses	73,044,238	7,924,283
Less: Interest expenses and exchange losses capitalisation	(180,955,372)	(80,959,848)
Interest income	(43,802,977)	(15,968,485)
Others	1,944,479	365,853
	<u>73,935,712</u>	<u>82,855,339</u>

## 5. INVESTMENT INCOME

	2015 <i>RMB</i>	2014 <i>RMB</i>
Share of profit of an associate-Hainan Airlines Airport Holding (Group) Company Limited (“ <b>HNA Airport Holdings</b> ”)	66,505,445	31,472,991
Share of profit of an associate-Haikou Decheng Industrial and Development Co., Ltd. (“ <b>Haikou Decheng</b> ”)	1,111,290	(353)
Disposal of equity interest in Haikou Meilan International Airport Advertising Co., Ltd. (“ <b>Meilan Advertising</b> ”)	—	(29,972)
	<u>67,616,735</u>	<u>31,442,666</u>

No significant restrictions on the repatriation of investment income.

Investment income derived from unlisted companies in 2015 amounted to RMB67,616,735 (2014: RMB31,442,666).

## 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 ended 31 December 2015 (2014: nil). Income tax expenses in the consolidated income statement represent provision for the PRC corporate income tax (“**CIT**”).

	2015 <i>RMB</i>	2014 <i>RMB</i>
Current income tax	128,411,994	105,194,345
Deferred income tax	5,431,720	(4,089,592)
	<u>133,843,714</u>	<u>101,104,753</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. The effective tax rate of the Company in 2015 was 25% (2014: 25%).

The applicable tax rate of the other group companies in 2015 was 25% (2014: 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:

	2015	2014
Consolidated net profit attributable to ordinary shareholders of the Company ( <i>RMB</i> )	<u>438,771,138</u>	<u>333,868,533</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><u>0.93</u></u>	<u><u>0.71</u></u>

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company adjusted the profit and lose impact of the dilutive potential ordinary shares, if any, by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares in this year (2014: nil), diluted earnings per share equal to basic earnings per share.

## 8. DIVIDENDS

	2015	2014
2015 interim dividend paid of RMB0.120 per share (2014 interim dividend: RMB0.085 per share)	<b>56,785,560</b>	40,223,100
Proposed to distribute 2015 final dividend of RMB0.120 per share (2014 final dividend: RMB0.091 per share)	<u><b>56,785,560</b></u>	<u>43,062,400</u>
	<u><b>113,571,120</b></u>	<u><b>83,285,500</b></u>

During the year, 2015 interim cash dividend of RMB0.120 per share, totaling RMB56,785,560 (2014 interim cash dividend: RMB0.085 per share, totaling RMB40,223,100) was declared to the shareholders of the Company.

A final dividend of RMB0.120 per share, totaling RMB56,785,560 was proposed by the Board on 29 March 2016 (2014 final dividend: RMB0.091 per share, totaling RMB43,062,400). This dividend has not been recognized as a liability in this financial information for the year ended 31 December 2015. It will be recognized as profit appropriation in the consolidated financial statements for the year ending 31 December 2016.



## 9. ACCOUNTS RECEIVABLE

	31 December 2015 RMB	31 December 2014 RMB
Accounts receivable	305,012,534	124,541,339
Less: provision for bad debts	(1,828,230)	(3,839,026)
	<b>303,184,304</b>	<b>120,702,313</b>

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 2015, the ageing analysis of accounts receivable, based on the dates of recognition, is set out as follows:

	31 December 2015 RMB	31 December 2014 RMB
Within 90 days	178,533,954	104,971,482
91 to 180 days	38,807,796	5,790,303
181 to 365 days	82,037,452	6,200,229
Over 365 days	5,633,332	7,579,325
	<b>305,012,534</b>	<b>124,541,339</b>

## 10. ACCOUNTS PAYABLE

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

	31 December 2015 RMB	31 December 2014 RMB
Within 90 days	14,282,146	9,249,894
91 to 180 days	4,444,660	2,478,336
Over 180 days	337,200	3,505,858
	<b>19,064,006</b>	<b>15,234,088</b>

## 11. LONG-TERM BORROWINGS

	<b>31 December 2015 RMB</b>	31 December 2014 RMB
Secured borrowings	<b>2,354,574,627</b>	1,662,055,758
Less: current portion of long-term borrowings	<b><u>(1,421,619,464)</u></b>	<u>(416,092,000)</u>
	<b><u>932,955,163</u></b>	<u>1,245,963,758</u>

As at 31 December 2015, the weighted average interest rate of long-term borrowings is 6.74% (31 December 2014: 5.86%) per annum.

As at 31 December 2015, bank borrowings of US\$200,000,000 (equivalent to RMB1,298,720,000) (31 December 2014: US\$250,000,000, equivalent to RMB1,529,750,000) are secured by the 51% interest of Hainan Meilan International Airport Cargo Co., Ltd. held by the Company and the Group's land use rights with a carrying amount of RMB8,469,301 (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 2015, bank borrowings of US\$8,993,475 (equivalent to RMB58,400,030) (31 December 2014: US\$26,993,475, equivalent to RMB165,173,074) 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. The Company has settled such borrowings in January 2016.

As at 2 July 2015, the Company raised a loan of RMB1,100,000,000 from CITIC Trust Co., Ltd., which is secured by the right of receipt of aviation services fee of the Company from 1 May 2015 to 30 April 2020, interest and principal should be due for repayment on installment in the next 5 years. As at 31 December 2015, the balance of the loan is RMB1,030,000,000 (31 December 2014: nil).

## 12. CORPORATE BONDS

	31 December 2014 RMB	Amortization RMB	31 December 2015 RMB
Long-term corporate bonds	<u>793,619,030</u>	<u>1,333,086</u>	<u>794,952,116</u>

Related information is as follows:

	Par value RMB	Issuance date	Maturity	Issuance amount RMB
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 2014 RMB	Interest accrued in current year RMB	Interest paid in current year RMB
Corporate bonds	<u>49,746,667</u>	<u>62,400,000</u>	<u>(62,400,000)</u>

Pursuant to Zheng Jian Xu Ke [2011] No. 2082 approved by the China Securities Regulatory Commission (“CSRC”), the Company issued real-name and book-keeping corporate bonds of RMB800,000,000 on Shanghai Stock Exchange (“**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.

## 13. EVENTS AFTER THE BALANCE SHEET

At the extraordinary general meeting of the shareholders of the Company held on 30 December 2015, the Company was approved for private placement of Renminbi corporate bonds with a maximum principal amount of RMB3 billion and maturity of not more than 5 years before 31 December 2017. The Company submitted application to Shenzhen Stock Exchange in January 2016 and has obtained the approval in February 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Revenue Review

#### *Overview of Aviation Business*

In 2015, boosted by the overall rapid growth of the PRC 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, and recorded a debut of exceeding 16 million of visits, enabling it to continue to be ranked the 19th among all airports having passenger throughput exceeding 10 million.

Given the steady growth in passenger throughput, the Group had made dedicated efforts to strengthen its marketing on aviation business. Through better communication with local government, the Group actively fine-tuned and adjusted airlines incentives policies to attract and encourage investments and participations from more airlines. The Group promoted the implementation of the tax protection policy of aviation fuel and effectively improve the competitiveness of the existing international routes for Meilan Airport. The Group took the lead to the establishment of Haikou City Air Travel Association, jointly built a mutual resources sharing platform with several airlines travelling enterprises to strive for attracting passengers, launched market development projects on mid-small airport and basically constructed a “first-tier cities of the transit, second-tier cities of the fast lane, third and forth-tier cities accessibility” route networks.

For the year ended 31 December 2015, Meilan Airport operated a total of 211 originating routes, including 194 domestic routes, 13 international routes and 4 regional routes. It had extended its reach to 95 cities, including 84 domestic cities, 7 international cities and 4 regional cities; and attracted 46 airlines to operate at Meilan Airport, including 33 domestic airlines, 9 international airlines and 4 regional airlines.

Details of the aviation traffic throughput of Meilan Airport in 2015 and comparative figures of last year are set out below:

	2015	2014	Changes
<b>Passenger throughput</b>			
<b>(headcount in ten thousand)</b>	<b>1,616.70</b>	1,385.39	16.7%
in which: Domestic	<b>1,562.01</b>	1,330.71	17.4%
International and regional	<b>54.69</b>	54.68	0.0%
<b>Aircraft takeoff and landing (flights)</b>	<b>121,827</b>	105,861	15.1%
in which: Domestic	<b>116,938</b>	100,570	16.3%
International and regional	<b>4,889</b>	5,291	-7.6%
<b>Cargo throughput (tons)</b>	<b>246,787.50</b>	217,714.10	13.4%
in which: Domestic	<b>237,466.00</b>	208,350.60	14.0%
International and regional	<b>9,321.50</b>	9,363.50	-0.5%

The Group's revenue from aviation business for 2015 was approximately RMB580,094,375, representing an increase of approximately 17.42% as compared to that of 2014. A breakdown of the Group's revenue from aviation business is as follows:

	<b>Amount (RMB)</b>	<b>Changes over 2014</b>
Passenger service charges	229,766,658	20.72%
Refund of Civil Aviation Development Fund	184,693,275	14.99%
Fees and related charges on aircraft takeoff and landing	79,972,831	17.37%
Ground handling service income	85,616,611	14.31%
<b>Total revenue from aviation business</b>	<b>580,049,375</b>	<b>17.42%</b>

According to the “Notice Regarding the Grant of Subsidy of Civil Aviation Development Fund to Haikou Meilan Airport (《關於下達海口美蘭機場民航發展基金補貼的通知》)” issued by Civil Aviation Administration of China (“CAAC”) on 11 April 2012, the refund of Civil Airport Construction Fee granted to the Group was correspondingly superseded by the refund of Civil Airport Development Fund. The refund rate was determined by CAAC. Owing to the fact that the nature and way of refund of Civil Aviation Development Fund are consistent with the former Civil Airport Construction Fee, and the Group has not received any notification on the changes of the ratio on the Civil Aviation Development Fund attributable to the Group in this year, the actual return ratio of the Civil Airport Construction Fee on Civil Aviation Development Fund to the Group has been 48% since 2008. With the best estimation of the management, the Group recognised that subsidy income from Civil Aviation Development Fund is based on the return ratio of 48%.

As the implementation of “Interim Measures for the Collection, Use and Management of the Civil Aviation Development Fund (《民航發展基金徵收使用管理暫行辦法》)” ended on 31 December 2015, the Group actively applied for the extension of such policy for the purpose of continuing enjoy the refund policy under the Civil Aviation Development Fund. On 31 December 2015, the Group received “Notice by Ministry of Finance over the Issues regarding the Civil Aviation Development Fund and the Tourism Development Fund (《財政部關於民航發展基金和旅遊發展基金有關問題的通知》)” (Finance and Tax [2015] No. 135 Paper) issued by the Ministry of Finance on 9 December 2015, which stipulates that collection of Civil Aviation Development Fund and Tourism Development Fund will continue from 1 January 2016 to 31 December 2020, and the refund policy that the Group enjoys under the Civil Aviation Development Fund remains unchanged till 31 December 2020.

### **Overview of Non-aviation Business**

In 2015, the non-aviation business of the Group maintained growth momentum and achieved annual revenue of RMB483,381,510, representing a year-on-year increase of 24.58%. Its proportion to the Group's total revenue hit record high at 45.45%. The continuous growth of non-aviation business was mainly due to the continuous increase in sales from the franchise operation of Meilan Airport Offshore Duty-Free Shop franchising in Meilan Airport and the substantial growth of the freight and packaging income. Meanwhile, with the flexible adjustment of the business model, and actively utilising the area-effectiveness for commercial use, the Group ensured steady growth in the revenue of its non-aviation business. In 2015, the Group recorded franchise income accumulated to RMB256,458,436, representing a significant year-on-year increase of 22.98%, where freight and packaging income reached RMB104,666,441, representing a year-on-year remarkable increase of 40.72%; and rental income reached RMB38,486,680, representing a year-on-year slight increase of 1.76%. In addition, parking income also reached RMB17,023,384, representing a year-on-year increase of 6.03%. Meanwhile, VIP room income, recorded a continuous drop owing to the influence of the government policies.

	Amount (RMB)	Changes Over 2014
Franchise income	256,458,436	22.98%
Freight and packaging income	104,666,441	40.72%
Rental income	38,486,680	1.76%
VIP room income	17,788,387	-10.36%
Parking income	17,023,384	6.03%
Other income	48,958,182	55.97%
<b>Total revenue from non-aviation business</b>	<b>483,381,510</b>	<b>24.58%</b>

#### *Franchise Income*

In 2015, the franchise income of the Group aggregated to RMB256,458,436, representing a year-on-year growth of 22.98%, which was mainly attributable to factors such as continuous 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 sales in offshore duty-free shop. In 2015, revenue from offshore duty-free franchise of the Group amounted to RMB171,797,204, representing a year-on-year growth of 25.35%.

#### *Freight and Packaging Income*

In 2015, the Group maintained significant growth in freight income through various measures including active market exploration and freight service contracting with Hainan Airlines Company Limited. Throughout the year of 2015, the accumulated total freight and packaging income of the Group amounted to RMB104,666,441, representing a year-on-year substantial growth of 40.72%.

#### *Rental Income*

In 2015, owing to the impact over Phase I terminal building reconstruction project, the rental income of the Group amounted to RMB38,486,680, representing a slight increase of 1.76% compared to last year. However, by utilizing space resources, together with the flexible adjustment of the business model, enhancement of the area-effectiveness for commercial use, thus the Company is able to guarantee a continuous growth of rental income.

#### *Parking Income*

In 2015, the parking income of the Group amounted to RMB17,023,384, representing a year-on-year growth of 6.03%, which was mainly due to the fact that the Group strengthened the management of the parking lot and its surrounding areas to fully utilise the existing parking resources, and as such, it also created growth in parking income.

## **FINANCIAL REVIEW**

### *Asset Analysis*

As at 31 December 2015, the total assets of the Group amounted to RMB6,962,242,906, representing an increase of 21.68% over last year, among which, current assets amounted to RMB1,741,981,920, representing 25.02% of the total assets, non-current assets amounted to approximately RMB5,220,260,986, representing approximately 74.98% of the total assets.

## *Costs Analysis*

The operation cost and administrative expenses of the Group were RMB463,836,633 in 2015, representing an increase of RMB82,933,156 or 21.79% as compared to that of 2014, mainly attributed to:

- (1) staff cost increased by RMB39,841,426 due to the raised remuneration level and normal increased headcount in the year;
- (2) the costs of the contract labour increased by RMB9,421,424 due to the raised remuneration level and increased contract labour in the year; and
- (3) the depreciation charge of the year increased by RMB3,789,565, which was mainly due to the commencement of operation of the West Gallery and the auxiliary facilities.

In 2015, the finance expenses of the Group decreased by RMB8,919,627 from last year to RMB73,935,712. The decrease was mainly due to more interest expenses have been capitalised by the Group according to the construction progress of the on-going projects.

## *Cash Flow*

In 2015, the Group's net cash inflow from operating activities was RMB434,340,572, representing an increase of 3.45% over last year. The increase was mainly due to the increase in operating income.

In 2015, the Group's net cash outflow from investing activities was RMB1,587,513,964, which was mainly attributable to payments for the West Gallery expansion construction, Phase II terminal expansion construction and terminal complex project.

In 2015, the Group's net cash inflow from financing activities was RMB292,025,502, which was mainly attributable to the borrowings from CITIC Trust Co., Ltd., repayment of borrowings, and 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 at 31 December 2015, the outstanding balance of the borrowing was US\$8,993,475 (equivalent to RMB58,400,030).

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 RMB8,469,301. As at 31 December 2015, outstanding balance of the borrowing was US\$200,000,000 (equivalent to RMB1,298,720,000). Please refer to the Company's announcement published on 4 December 2013 for further details of the borrowings.

Certain land use rights of the West Gallery and the international terminal and part of the ground-level buildings have been pledged to secure a long-term borrowing granted to the Group and Haikou Meilan International Airport Company Limited (the "**Parent Company**") (being the joint borrowers) by China Development Bank. As at 31 December 2015, the outstanding balance of the borrowing was RMB560,000,000.

On 2 July 2015, the Company borrowed loans from CITIC Trust Co., Ltd., which is amounted to RMB1,100,000,000, pledged by the right of receipt of aviation services fee of the Company for the period from 1 May 2015 to 30 April 2020. As at 31 December 2015, the loan balance amounted to RMB1,030,000,000 (31 December 2014: nil).



### ***Gearing Ratio***

As at 31 December 2015, current assets of the Group were RMB1,741,981,920, total assets were RMB6,962,242,906, current liabilities were RMB1,899,217,088, total liabilities were RMB3,710,852,261, and net current liabilities were RMB157,235,168. The gearing ratio (total liabilities/total assets) of the Group was 53.30%, representing an increase of 3.83% over last year, which was mainly attributable to the increase in borrowings. The Group's bank borrowings of US\$200,000,000 (equivalent to RMB1,298,720,000) is due for repayment by installments in June 2016 and December 2016 and thus classified as current liabilities, which led to the Group to record a net current liabilities this year. The Group has planned refinancing arrangement for settlement of the borrowings that are due. Please refer to Note 1 for details.

### ***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\$. 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 and the balance of the borrowing amounted to US\$8,993,475 (equivalent to RMB58,400,030) as at 31 December 2015; the Group has also raised a US\$ denominated borrowing from Taiwan syndication to finance the construction of the terminal complex project of Meilan Airport. As at 31 December 2015, the borrowing amounted to US\$200,000,000 (equivalent to RMB1,298,720,000). The principals and interests of the aforementioned 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\$8,993,475 (equivalent to RMB58,400,030) and US\$200,000,000 (equivalent to RMB1,298,720,000) granted by China Development Bank and Taiwan syndication respectively. Any changes in London Inter-Bank Offer Rate (“**LIBOR**”) and interest rate adjustment by the People's Bank of China will affect the interest expenses and results of the Group.

### ***Financial Instruments***

As at 31 December 2015, financial instruments of the Group mainly comprised bank loans, corporate bonds, cash and bank deposits. The purpose of these financial instruments is to finance the Group's operations. Besides, the Group had other financial instruments in relation to daily operations, such as excluding prepayment receivable and excluding statutory liabilities payable.

### ***Contingent Liability***

As at 31 December 2015, neither the Group nor the Company had any significant contingent liability.



### ***Purchase, Sale or Redemption of the Shares***

As at 31 December 2015, 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 2015, the Group had a total of 733 employees, representing an increase of 5 employees over the last year, which 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 197 courses under the training scheme were completed, and 5,828 staff participated in such courses.

### ***Retirement Pension***

The Company and its subsidiaries shall participate in the retirement scheme operated by the relevant local governmental institutions. 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 2015, the pension contribution of the Group was approximately RMB9,497,804 (2014: RMB8,073,806).

### ***Other Information***

In 2015, there was 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 2016 remains challenging. Driven by various factors such as interest rate increase of the Federal Reserve and continuous growth of real estate industry, the United States economy is expected to tend to further recover. Under the easing monetary policy environment, the European economy will have a weak recovery and structural reform will be inevitable. The economic growth of the emerging economies will keep differentiated. In 2016, it is anticipated that the global inflation will remain steady.

2016 is the beginning year of the “Thirteenth Five-Year Plan” of China and a revolutionary, innovative and transformational year of economic and social development. Given the severe economic downward pressure and under the current financial situation and inflation circumstance, it is expected that the PRC government will continue its cautious macro-economic policies and pertinent monetary easing policies, and actively deal with the relationship between steady growth, structure adjustment, reform facilitation, risk prevention and people’s livelihood benefits. It will fully promote structural reform of the supply, and strive to minimize external 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 2016.

Compared to the complex international environment and the new domestic environment, the construction of Hainan International Tourism Island will continue to maintain a good and healthy momentum. In 2016, driven by the accelerated transformation and upgrading of the tourism industry, the local government of Hainan will continue to standardize and integrate the resources of the tourism industry of the whole province, spare no effort to propel the pattern transformation of tourism industry in Hainan from “spots-type tourism” to “comprehensive tourism”, keep promotion of key tourism projects in Hainan Province 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 2016.

In addition, affected by various factors including further liberalization of offshore duty-free policy, during the Spring Festival “Golden Week” in 2016, Hainan Island recorded sales of duty-free commodities of 321,300 items and achieved aggregate sales amounted to RMB340,000,000, representing increases of 9.69% and 8.36%, respectively. The turnover of over RMB16,000,000 recorded on 13 February 2016 by Meilan Airport Offshore Duty-Free Shop once again hit the new single day record. According to the current trends of operation and sales revenue of Meilan Airport Offshore Duty-Free Shop, it is believed that it will incur better profits to the Group.

Opportunities outweigh challenges in 2016. The Group will grasp every development opportunity to continue strict implementation of its strategic development plans, full exploration of the potential of aviation and non-aviation markets, further optimize capital structure, improve market value and keep 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 of the Company.

## **PROMOTION OF TRANSFORMATION AND UPGRADING FOR WIN-WIN SITUATION OF “PRODUCTION QUANTITY” AND “OPERATION QUALITY”**

In 2016, in order to adapt to the new trend of development of aviation market, the Group will expand its markets of medium, small and new airlines as well as small and medium-sized un navigable airports, and focus on improvement of route network distribution of Meilan Airport. It will launch “peak load shifting” and preferential programs for large aircrafts so as to attract more airlines to put large aircrafts in Meilan Airport, and increase new flights or make the flights compact during “off-peak” hours so as to promote the utility of Meilan Airport resources. It will continue to seek the government’s policy support, strive to improve the standards of airlines incentives, and further consolidate the foundation of development of Haikou aviation market. Focusing on strategy layout of “Belt and Road Initiative”, relying on the favourable policies such as bonded aviation oil and offshore duty-free, the Group will fully implement the development strategy of Southeast Asian hub airport, so as to turn Meilan Airport to become regional aviation hub in southern China.

## **STICK TO CORE CAPABILITY CONSTRUCTION, CONSTANTLY CLUTCH ATTENTION OF SAFETY**

Aiming at consolidating safety fundamentals in 2016, the Group will continue strengthening integrated construction of safety performance, risk control and emergency management to consistently perfect the safety management system. Meanwhile, it will commence management process of prevention and contingency reserve, monitoring and early warning, field management and control, information distribution and recovery after event, etc. to build a more completed emergency response and guarantee system. The Group will complete normalization of inner security management by further intensifying access administration in the control zone, practically improve security management efficiency by rationally integrating existing security resources, and strengthen the whole control of hazard article transport by establishing and improving supervisory mechanism of hazard articles. To perfect management of business training, it will organize to formulate a plan to establish training systems and commence training effective transformation practically.

## **FIRMLY DEEPEN EFFICIENCY PROMOTION, SOLIDLY DEVELOP BRAND IMPROVEMENT**

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 2016, the Group will spare no effort to continuously assess the capacity of Meilan Airport, striving to expand capacity during peak hours. It will continue implementing arrival and departure separation in Meilan Airport to increase airspace capacity of the airport and relieve alleviate route congestion problem. To improve the operational environment and flight on-time performance, the Group will optimize flight schedule, enhance the rate that flight successfully relies on bridge and improve the model of airport parking position assignment, etc. It will carry out grid partitioning support management on airport apron operation to perfect regional monitoring system and increase the overall efficiency of airport apron. It will also build supervisory and inspection system as well as strengthening accountability system in respect of the flight operation based on the wireless station site. Through strengthening flight security and quality control, the Group targets to implement refined management on flight operation.

In 2016, the Group will keep carrying forward the construction of a SKYTRAX five-star airport. Building on consolidation of the success of existing brands, the Group will accelerate the upgrading of both its software and hardware to realize the aim of becoming a five-star airport entirely in 2016. At the same time, it will formulate tailor-made development plan for brands of Meilan Airport based on “brand building” so as to improve the value and effect of the brands of Meilan Airport.

In 2016, the Group will continue conducting the strategy of sustainable development and stick to construction of “Green Airport” project by means of “high-efficient resource utilization and low influence on environment”, striving to pass ACA (Airport Carbon Accreditation) certification of Airports Council International.

## **PROMOTE INFRASTRUCTURE WITH ALL STRENGTH**

In 2016, the Group will keep carrying forward Meilan Airport Phase I terminal building reconstruction project and Phase II expansion project, etc. It will grasp the national strategic development opportunity of “Belt and Road Initiative” and vigorously promote construction and planning of GTC (Ground Transportation Center) in Meilan Airport. The Group targets to turn Meilan Airport into a comprehensive three-dimensional transportation center based in northern Hainan with coverage of the whole Hainan province and Southeast Asia within 5 years.

## **INTEREST PAYMENT OF CORPORATE BONDS**

According to the announcement of the Company dated 19 March 2012, the Company announced to complete domestic issuance of corporate bonds with the principal amount of RMB800 million. Pursuant to the Listing Announcement of 2011 Corporate Bonds of Hainan Meilan International Airport Co., Ltd. (《海關美蘭國際機場股份有限公司2011年公司債券上市公告書》) released by Shanghai Stock Exchange on 19 April 2012, our coupon rate of corporate bonds was 7.8%, whose interests from March 2014 to March 2015 had been paid on 16 March 2015, in total RMB62,400,000.

## **WEST GALLERY EXTENSION PROJECT, WEST REMOTE BOARDING APRON CONSTRUCTION PROJECT AND PHASE II EXPANSION PROJECT**

The newly built West Gallery and the West Remote Boarding Apron have been commenced operation on 25 October 2015. So far, Meilan Airport has a gross area of approximately 150,000 square meters and the aprons have been increased to 78 from 65 in Meilan Airport. In addition, the Phase II expansion project of Meilan Airport with a total investment amount of approximately RMB13,838,000,000 has also broken ground for laying a cornerstone on 18 November 2015. The preliminary design of project has proceeded in an all-around way.

## **TERMINAL COMPLEX PROJECT**

Since its start, the construction of the terminal complex project with a total investment of approximately RMB1,903,874,000 has been orderly processing as planned by Yangpu Guoxing Construction Co., Ltd. The main work of the hotel portion has been accomplished. The work of commercial parking building portion has also sped up, which is expected to be completed by the end of 2016.

## **ACQUISITION PROGRESS**

According to the announcement of the Company dated 13 November 2015 and the circular of the Company dated 4 December 2015:

On 13 November 2015, the Company and the Parent Company entered into an equity transfer agreement, pursuant to which, the Company agreed to acquire 100% of the equity interest in Haikou Meilan Airport Assets Management Co., Ltd. (“**Meilan Airport Assets Management**”), a wholly-owned subsidiary of the Parent Company, at a consideration of RMB604,800,000 (the “**Equity Transfer Agreement**”).

The consideration of the acquisition was determined with reference to the valuation of the total assets of Meilan Airport Assets Management as at 30 September 2015, being the base date of evaluation, conducted by Vigers Appraisal & Consulting Limited. The payment of the entire consideration of the equity transfer by the Company is subject to the fulfillment of the capital contribution obligation by the Parent Company to Meilan Airport Assets Management.

The consideration shall be paid by 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 extraordinary general meeting; 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.

As at the date of this announcement, the Company has paid the first installment of the consideration to the Parent Company in accordance with the Equity Transfer Agreement. Upon the fulfillment of the capital contribution obligation by the Parent Company, the Company will pay the second installment of the consideration in accordance with the Equity Transfer Agreement.

As at the date of this announcement, the Parent Company is conducting the assets transferring procedure upon the approval of respective government department in accordance with relevant provisions. The Company will notify the shareholders of the Company and potential investors with the information on the latest progress under the Equity Transfer Agreement in the future, and make disclosure timely to the public according to the provisions of the Listing Rules.

## **INTELLIGENTIZED AIRPORT CONSTRUCTION**

In 2015, 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, e-earning efficiency and e-enjoyment low carbon”, the Group kept further construction of the intelligentized airport. It has extended its reach to three main aspects including security, service and operation. Among them, 119 fire control system was launched, which effectively promoted the fire accurate command and rapid response ability of Meilan Airport. The scheduling system of wireless station sites has come to service normally, which will gradually enable real-time monitoring of each support unit, so as to efficiently integrate the support resources of airport apron and improve production monitoring ability and operation efficiency. The self-service equipment such as CUSS (Common Use Self Service), self baggage system, self check-in system, free wifi and multifunctional charge point has come to service, which enables full self-service of Meilan Airport in travel process, and the honorary title of “Golden Logo Certification” was awarded by IATA (International Air Transport Association). The alternate flight system, digital intercom system, 4G private network system and new VIP system have come to service, which further optimise the operational procedures.

## **FINAL DIVIDEND**

The Board has passed the resolution, at the forthcoming annual general meeting of the Company on Wednesday, 18 May 2016, to recommend the payment of a final dividend on or before Thursday, 14 July 2016 of RMB0.120 per share (tax inclusive) to shareholders of the Company whose names appear on the Company’s register of members on Sunday, 29 May 2016 (the “**2015 Final Dividend**”). The 2015 Final Dividend shall be subject to approval by shareholders at the forthcoming annual general meeting to be held by the Company.

The dividends to H-shareholders are declared in RMB but paid in HK\$. The exchange rate of RMB to HK\$ to be adopted shall be the average middle exchange rate of the five business days preceding and including the date of declaration of such dividends at the forthcoming annual general meeting on Wednesday, 18 May 2016 as announced by the People’s Bank of China.



According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), 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 Monday, 18 April 2016 to Wednesday, 18 May 2016 (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, 15 April 2016.

The Company's register of members will be closed from Tuesday, 24 May 2016 to Sunday, 29 May 2016 (both days inclusive), during which no transfer of shares will be registered. In order to be qualified for the 2015 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 Monday, 23 May 2016. The Company will pay the 2015 Final Dividend on or before Thursday, 14 July 2016 upon approval at the annual general meeting of the Company.

## **MATERIAL LITIGATION OR ARBITRATION**

The Group had no material litigation or arbitration for the year ended 31 December 2015.

## SHARE CAPITAL STRUCTURE

As at 31 December 2015, 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 2015, 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

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

## H SHARES

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 Zhi Ping ( <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 owner	94,343,000 (L)	41.58%	19.94%
UBS AG ( <i>Note 3</i> )	Beneficial owner, security interests in shares and interests of controlled corporations	27,174,400 (L)	11.98%	5.74%
	Beneficial owner	15,000 (S)	0.01%	0.00%
UBS Group AG ( <i>Note 4</i> )	Security interest in shares and interest of controlled corporations	26,817,400 (L)	11.82%	5.67%
	Interest of controlled corporations	83,000 (S)	0.04%	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%
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%



Name of shareholders	Type of interest	Number of ordinary shares	Percentage of H shares issued	Percentage of total issued share capital
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%
Deutsche Bank Aktiengesellschaft ( <i>Note 6</i> )	Beneficial owner and security shares interest in shares	18,164,508(L)	8.01%	3.84%
Greenwoods Asset Management Limited ( <i>Note 7</i> )	Investment manager	13,844,000 (L)	6.10%	2.93%
JP Morgan Chase & Co. ( <i>Note 8</i> )	Beneficial owner and custodian corporation/ approved lending agent	13,607,488 (L)	5.99%	2.88%
Svenska Handelsbanken AB Publ. ( <i>Note 9</i> )	Investment manager	11,387,747 (L)	5.02%	2.41%

*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 Zhi Ping 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. According to the disclosure of interest filed by UBS AG on the website of the Stock Exchange, among the 27,174,400 shares in the Company, UBS AG was deemed to hold 8,896,000 shares through its security interest in those shares and held 15,000 shares as beneficial owner. 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 14,194,100 shares, 2,164,300 shares and 1,905,000 shares in the Company, respectively.

4. UBS Group AG held 100% equity interest in UBS AG, which, according to the disclosure of interest filed by UBS Group AG on the website of the Stock Exchange, was deemed to hold 8,896,000 shares through security interest and held 115,000 long position shares and 83,000 short position shares as beneficial owner. UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Singapore) Ltd, UBS Fund Management (Luxembourg) S.A. and UBS Fund Management (Switzerland) AG, all indirectly wholly-owned by UBS Group AG, were beneficially holding 1,170,000 shares, 2,164,300 shares, 14,468,100 shares and 4,000 shares in the Company, respectively.
5. 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.
6. Among the 18,164,508 shares in the Company, Deutsche Bank Aktiengesellschaft was deemed to hold 18,161,000 shares as person having a security interest in shares and held 3,508 shares as beneficial owner.
7. 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 shares of the Company in the capacity of investment manager.
8. Among the 13,607,488 shares in the Company, JP Morgan Chase & Co. was deemed to hold 12,963,588 shares as custodian corporation/approved lending agent and held 643,900 shares as beneficial owner.
9. Svenska Handelsbanken AB Publ. held 11,387,747 shares in the Company by virtue of its capacity as investment manager.
10. (L) and (S) represent long position and short position respectively.

Save as disclosed above, as at 31 December 2015, so far as known to the directors, supervisors and chief executives of the Company, no other person (not being the directors, supervisors, and 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 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.

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

As at 31 December 2015, none of the directors, supervisors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that is required to be recorded in the register to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions (“**Model Code**”) by directors of the Company 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 2015, 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, risk management and internal control system. There was no disagreement between the audit committee and the external auditors on the accounting policies adopted by the Company. The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2015.

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

As at 31 December 2015, the Board is comprised of four independent non-executive directors. As at 31 December 2015, the audit committee of the Company is comprised of 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 2015.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has endeavored to comply with all requirements of the CSRC and the Stock Exchange and other authorities. During the 12 months ended 31 December 2015, the Company had 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](http://www.hkexnews.hk) as well as the Company's website at [www.mlairport.com](http://www.mlairport.com). The 2015 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 18 April 2016.

## **BOARD OF DIRECTORS**

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

### *Executive Directors*

WANG Zhen (*Chairman*)  
YANG Xiaobin (*President*)  
GAO Jian  
ZHANG Peihua

### *Independent Non-executive Directors*

DENG Tianlin  
FUNG Ching, Simon  
George F MENG  
HE Linji

### *Non-executive Directors*

HU Wentai (*Vice Chairman*)  
CHAN Nap Kee, Joseph  
YAN Xiang

By order of the Board  
**HNA Infrastructure Company Limited\***  
**Wang Zhen**  
*Chairman and Executive Director*

Haikou, the PRC  
29 March 2016