

*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.*

**瑞港國際機場集團股份有限公司**

**Regal International Airport Group Company Limited\***

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

**(Stock Code: 357)**

**MAJOR AND CONNECTED TRANSACTION  
THE 2018 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES  
SUBSCRIPTION AGREEMENT,  
TERMINATION OF THE HAINAN HNA SUBSCRIPTION, AND  
EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' RESOLUTIONS  
AND AUTHORISATION GRANTED TO THE BOARD  
IN RELATION TO THE PARENT COMPANY SUBSCRIPTION AND  
THE NEW H SHARES ISSUE**

**THE 2018 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES  
SUBSCRIPTION AGREEMENT**

The Board announces that on 21 December 2018, the Company and the Parent Company entered into the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement after negotiation, pursuant to which, the Company and the Parent Company mutually agreed to make the following amendment to the Parent Company Domestic Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement:

The Parent Company agreed to subscribe for the Subscription Shares I, which include: (i) 189,987,125 new Domestic Shares as consideration for the transfer of the Phase I Runway Assets by the Parent Company to the Company; and (ii) 12,500,000 new Domestic Shares by cash at an aggregate subscription price of RMB100,000,000 (equivalent to approximately HK\$111,632,061), at the subscription price of RMB8.00 (equivalent to approximately HK\$8.93) per Subscription Shares I.

## **TERMINATION OF HAINAN HNA SUBSCRIPTION**

The Board announces that on 21 December 2018, the Company and Hainan HNA entered into the Termination Agreement after negotiation, pursuant to which, the Company and Hainan HNA mutually agreed to terminate the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement with immediate effect from the effective date of the Termination Agreement. Both parties have confirmed that there are no unsettled matters, disputes or potential disputes in relation to the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement.

## **EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' RESOLUTIONS AND AUTHORISATION GRANTED TO THE BOARD IN RELATION TO THE PARENT COMPANY SUBSCRIPTION AND THE NEW H SHARES ISSUE**

As at the date of this announcement, CSRC is still reviewing the application submitted by the Company. It is currently expected that it will take three to five months for the Company to obtain the CSRC approval for the New H Shares Issue, two to three months to approach and negotiate with potential investors and complete the New H Shares Issue (including but not limited to signing the placing agreement and obtaining the approval from the Stock Exchange) and one month to complete the closing work of the Parent Company Subscription and the New H Shares Issue. Such timetable is based on the assumption that the Company can obtain the CSRC approval of the New H Shares Issue as expected and will be subject to adjustment based on the then market conditions. Therefore, the Company believes that a further nine-month extension is required and is in the best interest of the Shareholders. Considering that the validity period of the resolutions relating to each of the Parent Company Subscription and the New H Shares Issue which were approved by the Shareholders at the 2017 EGM and the 2017 Class Meetings, will expire on 25 December 2018, in order to enable the Board to complete the Parent Company Domestic Shares Subscription Agreements and the Parent Company Subscription contemplated thereunder and the New H Shares Issue, the Board proposed to convene the EGM and the Class Meetings for the Shareholders to consider, among other things, the Extension Resolutions (including the Parent Company Subscription Extension Resolutions and the New H Shares Issue Extension Resolutions) to extend the validity period of the Shareholders' resolutions and the authorisation granted to the Board to deal with and complete the Parent Company Subscription and the New H Shares Issue for a further period of nine (9) months, i.e. from 26 December 2018 to 25 September 2019 by way of special resolutions. The Parent Company and its associates will abstain from voting on the Parent Company Subscription Extension Resolutions. The New H Shares Issue is subject to the approval by CSRC.

## **GENERAL**

The EGM and Class Meetings will be convened to consider and, if thought fit, approve, among other things, (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; (ii) the Termination Agreement and the termination of the Hainan HNA Subscription; and (iii) the Extension Resolutions (including the Parent Company Subscription Extension Resolutions and the New H Shares Issue Extension Resolutions). The Parent Company, which controls over the voting right in respect of its shares in the Company, will abstain from voting on the resolutions to be proposed at the EGM and the Domestic Shareholders Class Meeting for approving (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; and (ii) the Parent Company Subscription Extension Resolutions.

A circular containing, among other things, (i) further details of the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder, the Termination Agreement and the termination of the Hainan HNA Subscription as well as the Extension Resolutions; (ii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions; (iii) the letter from the Independent Board Committee to the Independent Shareholders in relation to the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions; and (iv) the notices of the EGM and the Class Meetings will be despatched to the Shareholders on or before 16 January 2019.

## **THE 2018 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES SUBSCRIPTION AGREEMENT**

Reference is made to the announcements of the Company dated 30 December 2016 and 27 April 2017 and the circular of the Company dated 28 April 2017 in relation to, among other things, the Parent Company Domestic Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement, pursuant to which the Parent Company agreed to subscribe for the Subscription Shares I, which include: (i) 189,987,125 new Domestic Shares as consideration for the transfer of the Phase I Runway Assets by the Parent Company

to the Company; and (ii) 250,000,000 new Domestic Shares by cash at an aggregate subscription price of RMB2,000,000,000 (equivalent to approximately HK\$2,232,641,214.56), at the subscription price of RMB8.00 (equivalent to approximately HK\$8.93) per Subscription Shares I.

The Company has received a letter from the Parent Company where the Parent Company asks to negotiate with the Company about reducing the scale of the Parent Company Subscription as it has made adjustment to its fund allocation on the Parent Company Subscription according to its latest investment plan for the year 2019 considering that it takes more time than expected to get approval from CSRC in respect of the New H Shares Issue.

The Board announces that on 21 December 2018, the Company and the Parent Company entered into the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement after negotiation, pursuant to which, the Company and the Parent Company mutually agreed to make the following amendment to the Parent Company Domestic Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement:

The Parent Company agreed to subscribe for the Subscription Shares I, which include: (i) 189,987,125 new Domestic Shares as consideration for the transfer of the Phase I Runway Assets by the Parent Company to the Company; and (ii) 12,500,000 new Domestic Shares by cash at an aggregate subscription price of RMB100,000,000 (equivalent to approximately HK\$111,632,061), at the subscription price of RMB8.00 (equivalent to approximately HK\$8.93) per Subscription Shares I.

#### **TERMINATION OF THE HAINAN HNA SUBSCRIPTION**

Reference is made to the announcements of the Company dated 30 December 2016 and 27 April 2017 and the circular of the Company dated 28 April 2017 in relation to, among other things, the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement, pursuant to which Hainan HNA agreed to subscribe for the Subscription Shares II, being 50,000,000 new Domestic Shares by cash at an aggregate subscription price of RMB400,000,000 (equivalent to approximately HK\$446,528,242.91), at the subscription price of RMB8.00 (equivalent to approximately HK\$8.93) per Subscription Shares II.

The Company has received a letter from Hainan HNA where Hainan HNA asks to negotiate with the Company about adjusting the Hainan HNA Subscription as it has made adjustment to its long-term financial plan considering that it takes more time than expected to get approval from CSRC in respect of the New H Shares Issue and relevant conditions for the Hainan HNA Subscription have changed.

The Board announces that on 21 December 2018, the Company and Hainan HNA entered into the Termination Agreement after negotiation, pursuant to which, the Company and Hainan HNA mutually agreed to terminate the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement with immediate effect from the effective date of the Termination Agreement. Both parties have confirmed that there are no unsettled matters, disputes or potential disputes in relation to the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement.

Upon signing the Termination Agreement, all the rights and obligations of the parties under the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement have been terminated and neither party shall be responsible for any matters including but not limited to breach of contract or tort arising from the execution, performance or termination of the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement. As a result, the Hainan HNA Subscription would not proceed.

The Board considers that the termination of the Hainan HNA Subscription and entering into the Termination Agreement do not and will not have any material adverse effect on the existing operation, business and financial position of the Group as a whole.

#### **EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' RESOLUTIONS AND AUTHORISATION GRANTED TO THE BOARD IN RELATION TO THE PARENT COMPANY SUBSCRIPTION AND THE NEW H SHARES ISSUE**

Reference is made to the circular of the Company dated 28 April 2017 and the poll results announcement of the Company dated 26 June 2017 in relation to, among other things, the Parent Company Subscription and the New H Shares Issue and the circular of the Company dated 6 March 2018 and the poll results announcement of the Company dated 20 March 2018 in relation to, among other things, the extension of validity period of Shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue.

As disclosed in the circular dated 28 April 2017 and the poll results announcement dated 26 June 2017, the Board was authorized to deal with and complete the Parent Company Subscription and the New H Shares Issue within nine (9) months following the passing of the relevant resolutions at the 2017 EGM and the 2017 Class Meetings. The Parent Company Subscription and the New H Shares Issue will be completed on the same day. It is also disclosed in the circular of the Company dated 28 April 2017 that unless the parties otherwise agree in writing, the Parent Company Domestic

Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement will automatically terminate to ensure that the completion of the Parent Company Subscription will happen on the same date as the completion of the New H Shares Issue.

As disclosed in the circular dated 6 March 2018 and the poll results announcement dated 20 March 2018, the Parent Company had issued a letter to the Company, confirming in writing that the Parent Company Domestic Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement would continue to remain valid and legally binding on the parties thereto and the extension of validity period of Shareholders' resolutions and authorisation granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue was approved by the Shareholders at the 2018 EGM and 2018 Class Meetings.

As mentioned above, the Company and the Parent Company have entered into the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement, pursuant to which, the Company and the Parent Company agreed in writing that the Parent Company Domestic Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement which are amended by the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement would continue to remain valid and legally binding on the parties thereto. Based on the above, the Company's PRC legal advisors advised that the Parent Company Domestic Shares Subscription Agreement and the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement which are amended by the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement remain valid and legally binding on the parties thereto.

The Company has already made an application to CSRC in respect of the New H Shares Issue on 10 July 2017. As at the date of this announcement, the Company received one round of written comments and three rounds of verbal comments from CSRC, including, among other things,

- (i) the relationship among the Shareholders;
- (ii) whether the business and operation of the Group are in compliance with the relevant PRC laws and regulations;
- (iii) whether the shareholding structure of the Company after the New H Shares Issue would be in compliance with relevant policies relating to access of foreign investment;

- (iv) whether the target places of the New H Shares Issue would satisfy the requirements of the relevant PRC laws and regulations;
- (v) the approval procedures in relation to the Airport Project; and
- (vi) the subsequent key work conducted in relation to the Airport Project since the Feasibility Study Report was approved by NDRC.

The chronological events in respect of the CSRC application for the New H Shares Issue are set out below:

<b>Date</b>	<b>Event</b>
10 July 2017	The Company submitted the application for the New H Shares Issue to CSRC.
20 July 2017	CSRC notified the Company of receipt of the application for the New H Shares Issue.
8 August 2017	CSRC provided the 1st round written comments to the Company.
8 September 2017	The Company submitted responses to CSRC's comments and supplemental PRC legal opinions.
15 September 2017	CSRC verbally requested additional information/documents and the Company made submission to CSRC on the same day.
26 October 2017	Representative of the Company met with relevant staff of CSRC. After the meeting, CSRC issued a letter to CAAC in respect of the New H Shares Issue.
20 November 2017	CAAC replied to CSRC in writing.
24 November 2017	CSRC provided 1st round verbal comments to the Company.
28 November 2017	The Company submitted responses to CSRC's comments and supplemental PRC legal opinions.
1 December 2017	CSRC provided 2nd round verbal comments to the Company.
5 December 2017	The Company submitted supplemental PRC legal opinions.
25 December 2017	CSRC provided 3rd round verbal comments to the Company.
5 January 2018	The Company submitted responses to CSRC's comments and supplemental PRC legal opinions.

As at the date of this announcement, CSRC is still reviewing the application submitted by the Company. It is currently expected that it will take three to five months for the Company to obtain the CSRC approval of the New H Shares Issue, two to three months to approach and negotiate with potential investors and complete the New H Shares Issue (including but not limited to signing the placing agreement and obtaining the approval from the Stock Exchange) and one month to complete the closing work of the Parent Company Subscription and the New H Shares Issue. Such timetable is based on the assumption that the Company can obtain the CSRC approval for the New H Shares Issue as expected and will be subject to adjustment based on the then market conditions. Therefore, the Company believes that a further nine-month extension is required and is in the best interest of the Shareholders. Considering that the validity period of the resolutions relating to each of the Parent Company Subscription and the New H Shares Issue which were approved by the Shareholders at the 2017 EGM and the 2017 Class Meetings, will expire on 25 December 2018, in order to enable the Board to complete the Parent Company Domestic Shares Subscription Agreements and the Parent Company Subscription contemplated thereunder and the New H Shares Issue, the Board proposed to convene the EGM and the Class Meetings for the Shareholders to consider, among other things, the Extension Resolutions (including the Parent Company Subscription Extension Resolutions and the New H Shares Issue Extension Resolutions) to extend the validity period of the Shareholders' resolutions and the authorisation granted to the Board to deal with and complete the Parent Company Subscription and the New H Shares Issue for a further period of nine (9) months, i.e. from 26 December 2018 to 25 September 2019 by way of special resolutions. The Parent Company and its associates will abstain from voting on the Parent Company Subscription Extension Resolutions. The New H Shares Issue is subject to the approval by CSRC.

Details of the Specific Mandate are set out below.

(a) *Class of Shares to be issued*

Shares to be issued are H Shares with nominal value of RMB 1.00 each.

(b) *Time of issuance*

The Company will select an appropriate time and issuance window within the validity period of the resolutions to be passed at the EGM and the Class Meetings to proceed with the New H Shares Issue. The specific time of issue will be determined by the Board with reference to the international capital market



conditions, as well as the progress of review by the domestic and foreign administrative and/or regulatory authorities. It is currently expected that the proposed New H Shares Issue will be completed on the same day as the Parent Company Subscription.

(c) ***Size of issuance***

The proposed New H Shares to be issued shall not exceed 200,000,000 Shares, representing not more than 42.27% of the total share capital of the Company before the Parent Company Subscription and the New H Shares Issue, and 22.84% of total share capital of the Company after the Parent Company Subscription and the New H Shares Issue; and representing not more than 88.14% of share capital of H Shares of the Company before the New H Shares Issue, and 46.85% of share capital of H Shares of the Company after the completion of the New H Shares Issue.

(d) ***Ranking of New H Shares***

Unless otherwise required by the applicable PRC laws and regulations and the Articles of Association, the New H Shares proposed to be issued should rank *pari passu* with the existing issued Domestic Shares and H Shares in all respects.

(e) ***Listing***

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the proposed New H Shares to be allotted and issued.

(f) ***Method of issuance***

The proposed New H Shares Issue will be carried out by way of private placement.

(g) ***Target placees***

Upon the approval of the New H Shares Issue Extension Resolutions, the Board may proceed to place the New H Shares to qualified institutional, corporate and individual and other investors, who will be independent of and not connected with any Director, supervisor, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates.

It is expected that none of the placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the completion of the New H Shares Issue. It is also expected that the number of the placees shall be not less than six (6) and if the number of the placees is less than six (6), the Company will comply with the disclosure requirements under Rule 13.28(7) of the Listing Rules.

(h) ***Pricing mechanism***

The New H Shares will be issued at a price to be determined by the Board after taking into account the interests of existing Shareholders, investors' capabilities and the potential issuance risks, as well as the market practice and applicable regulatory requirements, and with reference to the capital market conditions and the valuations of comparable companies at the time when the Company issues the New H Shares, provided that the issue price will be not lower than 90% of the highest among the followings:

- (i) the closing price of H Share as quoted on the Stock Exchange at the date of New H Shares Issue;
- (ii) the average closing price of H Shares as quoted on the Stock Exchange over the last five (5) trading days prior to the date of New H Shares Issue;
- (iii) the average closing price of H Shares as quoted on the Stock Exchange over the last ten (10) trading days prior to the date of New H Shares Issue; and
- (iv) the average closing price of H Shares as quoted on the Stock Exchange over the last twenty (20) trading days prior to the date of New H Shares Issue.

In any event, the issue price will be not lower than the nominal value of H Share (i.e. RMB 1.00).

(i) ***Method of subscription***

The New H Shares are to be subscribed by the investors in cash, and issued and allotted in accordance with the terms of the placing agreement(s) to be entered into between the Company and the placing agent(s) in relation to the proposed New H Shares Issue.

(j) *Accumulated profits*

Any accumulated profits of the Company which remain undistributed immediately before the proposed New H Shares Issue shall be for the benefit of all the Shareholders (including the subscriber(s) of the New H Shares) as a whole.

(k) *Use of proceeds*

Please refer to the section headed “Use of Proceeds” in this announcement for details.

(l) *Validity period of the resolutions*

The resolutions relating to the Specific Mandate to be set out in the notices of the EGM and Class Meetings will be valid for a further period of nine (9) months, from 26 December 2018 to 25 September 2019.

The Board will also seek the Shareholders’ authorization at each of the EGM and the Class Meetings to authorize the Board and the persons delegated by the Board to deal with all the matters in relation to the New H Shares Issue with full authority for a further period of nine (9) months, from 26 December 2018 to 25 September 2019. Such matters include but are not limited to:

- (a) execute and submit all the relevant applications, reports and other documents to the relevant PRC and overseas regulatory departments or authorities and deal with all the relevant approvals, registration, filing, sanction and permission;
- (b) determine the terms of the proposed New H Shares Issue, including the determination of the actual size, issue price (including the price range and final price), timing, method and target placee(s) of the proposed New H Shares Issue, the execution, implementation, modification and termination of any agreement, contract or other documents in relation to the exercise of the Specific Mandate to issue the New H Shares, making adjustment to the use of proceeds of the proposed New H Shares Issue, and any other relevant matter;
- (c) negotiate and enter into subscription agreements with the placees and/or the placing agreement with the placing agent(s) in relation to the proposed New H Shares Issue, and approving any revision or amendments to such agreement(s);

- (d) deal with all the matters in relation to obtaining all the approvals and permissions from the relevant authorities including but not limited to CSRC, the Stock Exchange and/or any other relevant PRC and overseas authorities in relation to the proposed New H Shares Issue;
- (e) depending on the requirements at the time of the issuance, engage and appoint financial advisor, the placing agent(s), PRC and overseas legal advisers and other relevant agencies in relation to the proposed New H Shares Issue and enter into engagement or appointment letters and other relevant legal documents;
- (f) make appropriate amendments to the terms of the proposed New H Shares Issue in light of the specific circumstances and pursuant to the approval(s) by the relevant regulatory authorities;
- (g) execute, implement, amend and complete any document and do any act as necessary and appropriate in relation to the proposed New H Shares Issue;
- (h) approve the publication of relevant announcement(s), circular(s) and notice(s) in relation to the proposed New H Shares Issue on the websites of the Stock Exchange and the Company, respectively, and the submission of relevant forms, files or other documents to the Stock Exchange; and
- (i) obtain the approval from the Stock Exchange for listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the New H Shares Issue on the Main Board of the Stock Exchange.

## **POSSIBLE CHANGES IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE**

Solely for illustration purposes, assuming that: (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement is approved by the Shareholders at the forthcoming EGM and Class Meetings; (ii) the proposed Extension Resolutions are granted by the Shareholders at the forthcoming EGM and Class Meetings; (iii) the Board exercises the proposed Specific Mandate; (iv) all conditions for the proposed New H Shares Issue have been satisfied; (v) the maximum of 200,000,000 New H Shares are issued pursuant to the proposed Specific Mandate; and (vi) the Parent

Company subscribes Subscription Shares I pursuant to the Parent Company Subscription, the possible changes in the share capital and shareholding structure of the Company will be as follows:

Class of Shares	As at the date of this announcement		Immediately after issuance of Subscription Shares I and the New H Shares	
	No. of Shares	Percentage of total issued Shares (%)	No. of Shares (maximum)	Percentage of total issued Shares (%)
<b>Domestic Share</b>				
Parent Company	237,500,000	50.19	439,987,125	50.24
Hainan Airlines Holding Co., Ltd.* (海南航空控股股份有限公司)	5,287,500	1.12	5,287,500	0.60
HNA Group Co., Ltd.* (海航集團有限公司)	3,512,500	0.74	3,512,500	0.40
<b>H Shares</b>				
H Shares in issue				
Oriental Patron	94,343,000	19.94	94,343,000	10.77
Public	132,570,000	28.01	132,570,000	15.14
New H Shares <sup>1</sup>	<u>0</u>	<u>0</u>	<u>200,000,000</u>	<u>22.84</u>
<b>Total Number of Issued Shares</b>	<u>473,213,000</u>	<u>100</u>	<u>875,700,125</u>	<u>100</u>

*Note 1:* It is expected that none of the placees will become a substantial shareholder (as defined in the Listing Rules) of the Company upon completion of the New H Shares Issue and the H Shares to be held by all such placees would be considered to be held “in public hands”.

The Company considers that it can comply with the public float requirement under Rule 8.08(1) of the Listing Rules after completion of the New H Shares Issue.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2018 SUPPLEMENTAL PARENT COMPANY DOMESTIC SHARES SUBSCRIPTION AGREEMENT AND THE TERMINATION AGREEMENT AND THE EXTENSION RESOLUTIONS**

As it takes more time than expected to get approval from CSRC in respect of the New H Shares Issue and the Company has received a letter from the Parent Company where the Parent Company asks to negotiate with the Company about reducing the scale of the Parent Company Subscription as it has made adjustment to its fund allocation on the Parent Company Subscription according to its latest investment plan for the year 2019, the Company and the Parent Company entered into the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement after negotiation to make amendment to the Parent Company Domestic Shares Subscription Agreement and 2017 Supplemental Parent Company Domestic Shares Subscription Agreement. The Directors consider that the terms and conditions of the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement have been negotiated on an arm's length basis, and are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As it takes more time than expected to get approval from CSRC in respect of the New H Shares Issue and relevant conditions for the Hainan HNA Subscription have changed and the Company has received a letter from Hainan HNA where Hainan HNA asks to negotiate with the Company about adjusting the Hainan HNA Subscription as it has made adjustment to its long-term financial plan, the Company and Hainan HNA entered into the Termination Agreement after negotiation to terminate the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement. The Directors consider that the termination of the Hainan HNA Subscription and entering into the Termination Agreement do not and will not have any material adverse effect on the existing operation, business and financial position of the Group and that the terms and conditions of the Termination Agreement have been negotiated on an arm's length basis, and are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Company is still in the process of obtaining the approval from CSRC in relation to the New H Shares Issue, it is uncertain whether the Company would be able to complete the Parent Company Subscription and the New H Shares Issue before the expiry of the validity period of the Shareholders' resolutions related thereto. As such, the Board is of the view that it is necessary and in the interests of the Company and its Shareholders as a whole to propose the Extension Resolutions.

Each of Mr. Wang Zhen, Mr. Liao Hongyu, Mr. Tu Haidong, Mr. Yu Yan and Mr. Xing Zhoujin is interested in (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; and (ii) the Parent Company Subscription Extension Resolutions as they are delegates from the connected shareholder of the Company, and therefore had abstained from voting on the relevant resolutions at the Board meeting approving the same.

## USE OF PROCEEDS

Solely for illustration purposes, assuming the New H Shares are fully placed at the price of RMB5.73 (equivalent to approximately HK\$6.40), as disclosed in the circular of the Company dated 28 April 2017, the gross proceeds from the Parent Company Subscription and the proposed New H Shares Issue will be approximately RMB1,246,000,000 (equivalent to approximately HK\$1,390,935,000) and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately RMB1,204,000,000 (equivalent to approximately HK\$1,344,050,000).

Taking into consideration of the amendment made to the Parent Company Subscription by the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement, the Board has resolved to make the following adjustments to the use of net proceeds from the Parent Company Subscription and the proposed New H Shares Issue (after deducting relevant expenses):

1. **Approximately 29% shall be used for expansions, upgrades, improvements and maintenance of existing terminal buildings and other areas of Meilan Airport**

(a) *Investment in the Airport Project of Meilan Airport*

Reference is made to the announcement of the Company dated 23 August 2015 and the circular of the Company dated 7 October 2015 in relation to the Airport Project. As disclosed in the said announcement and circular, the Company intends to fund the construction of the Airport Project through, among others, a long-term project loan from the Hainan Branch of China Development Bank Limited (國家開發銀行股份有限公司海南省分行). It was estimated at the time that approximately RMB4.16 billion would be available to fund the portion of the construction responsible by the Company. Pursuant to the loan agreement entered into among the Company, the Parent Company, China Development Bank Limited (國家開發銀行股份有限公司), the Hainan Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司海南省分行) and the Hainan Branch of Agricultural Bank of China Limited (中國農業銀行股

份有限公司海南省分行) on 1 February 2018 and the loan allocation agreement entered into between the Company and the Parent Company on 1 February 2018, the Company only obtained RMB3.9 billion funding from the loan. Accordingly, approximately RMB0.2 billion of the proceeds from the Parent Company Subscription and the proposed H Shares Issue will be allocated to fund the short-fall.

(b) *Investment in the maintenance of the terminal buildings of Meilan Airport*

The terminal buildings of Meilan Airport have been in use for over seventeen years. In order to consolidate existing operation level of the Meilan Airport and to improve safety operation of the Meilan Airport, it is expected that the Company will invest approximately RMB0.15 billion in maintenance of the terminal buildings of Meilan Airport in 2019.

As at the date of this announcement, the Company has not entered into any agreement, arrangement, understanding or undertaking for the maintenance of the terminal buildings of Meilan Airport.

2. **Approximately 33% shall be used for introducing innovative technology and upgrading Meilan Airport to a “smart airport”**

Since 2013, the Company has launched the “smart airport” project with remarkable achievements. The Company expects to invest approximately RMB0.4 billion in construction projects in relation to “smart airport” including but not limited to the basic cloud platform (基礎雲平臺), GIS (geographic information system), the information exchange platform and the data warehouse.

As at the date of this announcement, the Company has not entered into any agreement, arrangement, understanding or undertaking for investment in innovation technology.

3. **Approximately 29% shall be used for acquisition of staff quarters and other associated facilities**

The size and amount of the existing office buildings and staff quarters are far from sufficient to support the needs of the rapidly increasing number of staff required to be stationed at the Meilan Airport. Accordingly, the Company intends to acquire office buildings, conference centres, amenities centres, training centres and staff quarters and other associated facilities which are currently being constructed by the Parent Company on phase II of the Meilan Airport (“**Phase II Building Project**”). According to the construction planning of the Phase II Building Project, the estimated construction costs of the nine (9) staff



quarters in the phase I project of the Phase II Building Project were approximately RMB0.34 billion. The consideration for acquisition of such staff quarters is estimated to be approximately RMB0.35 billion, including the construction costs, consideration for relevant lands and relevant taxation costs.

As at the date of this announcement, the Company has not entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking for the Phase II Building Project.

As at the date of this announcement, the Parent Company has completed the filing with Hainan Development and Reform Commission (海南省發展和改革委員會) and the Parent Company has confirmed that it is not aware of any issue which may lead to the non-materialization of the Phase II Building Project.

The Company will make further disclosure in relation to such acquisition of the Phase II Building Project in accordance with the Listing Rules as and when appropriate.

**4. Approximately 9% shall be used to replenish the working capital of the Company**

To guarantee the smooth operation and to reduce the financing cost of the Company, approximately 9% of the proceeds (approximately RMB0.1 billion) shall be used to replenish the working capital of the Company (including but not limited to operation cost of the Company, such as tax, labour cost, cost of water and electricity, environmental handling fee and afforestation fee).

**EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has not conducted any equity fund raising activity or any issue of equity securities in the 12 months preceding the date of this announcement.

**INFORMATION OF THE COMPANY, THE PARENT COMPANY AND HAINAN HNA**

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

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

Hainan HNA is principally engaged in investment, construction and management of properties and infrastructures.

## GENERAL

The EGM and Class Meetings will be convened to consider and, if thought fit, approve, among other things, (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; (ii) the Termination Agreement and the termination of the Hainan HNA Subscription; and (iii) the Extension Resolutions (including the Parent Company Subscription Extension Resolutions and the New H Shares Issue Extension Resolutions). The Parent Company, which controls over the voting right in respect of its shares in the Company, will abstain from voting on the resolutions to be proposed at the EGM and the Domestic Shareholders Class Meeting for approving (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; and (ii) the Parent Company Subscription Extension Resolutions.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder has a material interest in the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement, the Termination Agreement and the Extension Resolutions, and no Shareholder is required to abstain from voting to approve the relevant resolution(s) at the EGM and the Class Meetings.

The votes to be taken at the EGM and the Class Meetings in relation to the above proposed resolutions will be taken by poll.

The Independent Board Committee comprising four independent non-executive Directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F Meng and Mr. He Linji, none of whom has any direct or indirect interest in the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions, has been established to advise the Independent Shareholders in relation to their voting on the resolutions relating to the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions.

Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions.

A circular containing, among other things, (i) further details of the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder, the Termination Agreement and the termination of the Hainan HNA Subscription as well as the Extension Resolutions; (ii) the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions; (iii) the letter from the Independent Board Committee to the Independent Shareholders in relation to the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder as well as the Parent Company Subscription Extension Resolutions; and (iv) the notices of the EGM and the Class Meetings will be despatched to the Shareholders on or before 16 January 2019.

## **DEFINITIONS**

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

“2017 Class Meetings”	the respective class meetings of the Domestic Shareholders and the H Shareholders of the Company held on 26 June 2017
“2017 EGM”	the extraordinary general meeting of the Company held on 26 June 2017
“2017 Supplemental Parent Company Domestic Shares Subscription Agreement”	the supplemental agreement dated 27 April 2017 entered into between the Company and the Parent Company in relation to the Parent Company Subscription
“2018 Class Meetings”	the respective class meetings of the Domestic Shareholders and the H Shareholders of the Company held on 20 March 2018
“2018 EGM”	the extraordinary general meeting of the Company held on 20 March 2018
“2018 Supplemental Parent Company Domestic Shares Subscription Agreement”	the supplemental agreement dated 21 December 2018 entered into between the Company and the Parent Company in relation to the Parent Company Subscription

“Airport Project”	the airport project under the investment and construction agreement dated 21 August 2015 entered into between the Company and the Parent Company
“Articles of Association”	articles of association of the Company and its appendices
“Board”	the board of Directors
“Business Day(s)” or “business day(s)”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
“CAAC”	Civil Aviation Administration of China (中國民用航空局)
“Class Meetings” and each as “Class Meeting”	the respective class meetings of the Domestic Shareholders and the H Shareholders to be convened by the Company immediately following the conclusion of the EGM or any adjournment thereof for the purposes of considering and, if thought fit, approving, among other things, (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; (ii) the Termination Agreement and the termination of the Hainan HNA Subscription; and (iii) the Extension Resolutions, including any adjournment in respect thereof
“Company”	Regal International Airport Group Company Limited* (瑞港國際機場集團股份有限公司), a joint stock company incorporated in the PRC with limited liability
“connected person(s)”	shall have the meaning as defined in the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the domestic ordinary share(s) with a nominal value of RMB 1.00 each in the registered share capital of the Company, which is/are subscribed for in RMB

“Domestic Shareholder(s)”	holders of Domestic Shares
“EGM”	the extraordinary general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving, among other things, (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; (ii) the Termination Agreement and the termination of the Hainan HNA Subscription; and (iii) the Extension Resolutions, including any adjournment in respect thereof
“Extension Resolutions”	the Parent Company Subscription Extension Resolutions and the New H Shares Issue Extension Resolutions
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares of RMB 1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“Hainan HNA”	HNA Infrastructure Investment Group Company Limited* (海航基礎設施投資集團股份有限公司), formerly known as Hainan HNA Infrastructure Investment Group Company Limited* (海南海航基礎設施投資集團股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Hainan HNA Domestic Shares Subscription Agreement”	the domestic shares subscription agreement dated 30 December 2016 entered into between the Company and Hainan HNA
“Hainan HNA Subscription”	the subscription of the Subscription Shares II contemplated under the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee of the Company comprising of all the independent non-executive Directors to advise the Independent Shareholders on (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; and (ii) the Parent Company Subscription Extension Resolutions
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on (i) the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement and the Parent Company Subscription contemplated thereunder; and (ii) the Parent Company Subscription Extension Resolutions
“Independent Shareholders”	Shareholders who do not have any material interests and are not required to abstain from voting at the EGM and the Class Meetings pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meilan Airport”	the civil airport known as 海口美蘭國際機場 (Haikou Meilan International Airport*) located in Haikou City, Hainan Province, the PRC
“New H Shares”	the maximum number of 200,000,000 H Shares proposed to be issued upon the exercise of the Specific Mandate
“New H Shares Issue”	the issue of the maximum number of 200,000,000 H Shares by way of private placing upon the exercise of the Specific Mandate, if granted, subject to fulfilment of certain conditions stated in the announcements of the Company dated 30 December 2016 and 27 April 2017

“New H Shares Issue Extension Resolutions”	the proposed resolutions (i) to extend the validity period of the Specific Mandate in relation to the New H Shares Issue and (ii) to authorize the Board and the persons delegated by the Board to deal with and complete the New H Shares Issue within a term of nine (9) months, from 26 December 2018 to 25 September 2019
“NDRC”	National Development and Reform Commission of the People’s Republic of China (中華人民共和國國家發展和改革委員會)
“Parent Company”	Haikou Meilan International Airport Co., Ltd.* (海口美蘭國際機場有限責任公司), a limited liability company established in the PRC and the controlling shareholder of the Company
“Parent Company Domestic Shares Subscription Agreement”	the domestic shares subscription agreement dated 30 December 2016 entered into between the Company and the Parent Company in relation to the Parent Company Subscription
“Parent Company Domestic Shares Subscription Agreements”	the Parent Company Domestic Shares Subscription Agreement, the 2017 Supplemental Parent Company Domestic Shares Subscription Agreement and the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement
“Parent Company Subscription”	the subscription of the Subscription Shares I contemplated under the Parent Company Domestic Shares Subscription Agreements
“Parent Company Subscription Extension Resolutions”	The proposed resolutions (i) to extend the validity period of the resolutions in relation to the Parent Company Subscription and (ii) to authorize the Board and the persons delegated by the Board to deal with and complete the Parent Company Subscription within a term of nine (9) months, from 26 December 2018 to 25 September 2019
“Phase I Runway Assets”	the Phase I runway of Meilan Airport and other auxiliary facilities as more particularly described in the Parent Company Domestic Shares Subscription Agreements

“PRC”	the People’s Republic of China and for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the Domestic Shareholders and the H Shareholders
“Shares”	Domestic Shares and H Shares
“Specific Mandate”	the specific mandate granted by the Shareholders to the Board in relation to the New H Shares Issue on 26 June 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares I”	the new Domestic Shares proposed to be subscribed pursuant to the Parent Company Domestic Shares Subscription Agreements
“Subscription Shares II”	50,000,000 new Domestic Shares in aggregate proposed to be subscribed pursuant to the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement
“Supplemental Hainan HNA Domestic Shares Subscription Agreement”	the supplemental domestic shares subscription agreement dated 27 April 2017 entered into between the Company and Hainan HNA
“Termination Agreement”	the termination agreement dated 21 December 2018 entered into between the Company and Hainan HNA to terminate the Hainan HNA Domestic Shares Subscription Agreement and the Supplemental Hainan HNA Domestic Shares Subscription Agreement



“%” per cent.

*For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.8958 has been used for currency translation, where applicable. Such exchange rate is for illustrative purpose only and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.*

By order of the Board  
**Regal International Airport Group Company Limited\***  
**Wang Zhen**  
*chairman*

Haikou, the PRC  
21 December 2018

*As at the date of this announcement, the Board comprises of (i) four executive directors, namely Mr. Wang Zhen, Mr. Tu Haidong, Mr. Xing Zhoujin and Mr. Yu Yan; (ii) three non-executive directors, namely Mr. Liao Hongyu, Mr. Chan Nap Kee, Joseph and Mr. Yan Xiang; and (iii) four independent non-executive directors, namely Mr. Deng Tianlin, Mr. Fung Ching, Simon, Mr. George F Meng and Mr. He Linji.*

*\* For identification purposes only*