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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
THE RENEWED LEASE AGREEMENT**

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 12 March 2018. According to the aforesaid announcement, Meilan Freight, a non-wholly owned subsidiary of the Company, and the Parent Company entered into the Old Lease Agreement, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to passengers for a term commencing on 12 March 2018 and ending on 11 March 2019 (both days inclusive).

The Board is pleased to announce that on 12 March 2019, Meilan Freight and the Parent Company entered into the Renewed Lease Agreement, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to passengers for a term commencing on 12 March 2019 and ending on 11 March 2021 (both days inclusive).

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Parent Company holds 50.19% of the total issued Shares of the Company and is a substantial shareholder of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect the Continuing Connected Transactions is more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 12 March 2019, Meilan Freight, a non-wholly owned subsidiary of the Company, and the Parent Company entered into the Renewed Lease Agreement, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to passengers for a term commencing on 12 March 2019 and ending on 11 March 2021 (both days inclusive).

THE RENEWED LEASE AGREEMENT

The material terms of the Renewed Lease Agreement are set out as follows:

- 1. Date:** 12 March 2019
- 2. Parties:**
 - (i) the Parent Company, as the leaser; and
 - (ii) Meilan Freight, a non-wholly owned subsidiary of the Company, as the lessee.
- 3. Term:** The term of the Renewed Lease Agreement is commencing on 12 March 2019 and ending on 11 March 2021 (both days inclusive).
- 4. Purpose:** The Leased Assets shall be used only for the purpose of providing ground services to passengers or other services within the business scope of Meilan Freight.
- 5. Subject matter:** the Leased Assets, comprising of:
 - (i) the Land Use Rights of the New Cargo Terminal with a total area of approximately 128,540 sq.m.;
 - (ii) the Property of the New Cargo Terminal with a total gross floor area of approximately 25,980 sq.m.; and
 - (iii) the Equipment, including, among others, storehouses, low-voltage power distribution boxes (低壓配電櫃), high-voltage power distribution boxes (高壓配電櫃), air conditioners, luggage carousels and cameras.

6. Rental and payment: The annual rental for the Leased Assets payable by Meilan Freight to the Parent Company under the Renewed Lease Agreement shall be RMB10,000,000 in aggregation (including the annual rental for the Land Use Rights of RMB4,500,000, the annual rental for the Property of RMB3,200,000 and the annual rental for the Equipment of RMB2,300,000), which is determined based on arm's length negotiations between the two parties with reference to (i) the total area of the New Cargo Terminal under the Land Use Rights and the total gross floor area of the Property; (ii) the prevailing market rental for the land use rights and properties located at similar locations, i.e. approximately RMB35 per sq.m. per year for the land use rights and approximately RMB125 per sq.m. per year for the properties; and (iii) the depreciation of the Equipment.

The Directors confirmed that the annual rental for the Leased Assets agreed between Meilan Freight and the Parent Company is fair and reasonable and constitutes a normal commercial term.

Meilan Freight shall pay the rental, on a monthly basis, to the bank account designated by the Parent Company within fifteen (15) business days after receipt of the invoices issued by the Parent Company. A penalty of 0.04% per day on the overdue rental will be charged for the late payment.

7. Deposit: Meilan Freight shall pay a deposit of RMB20,000 to the Parent Company within ten (10) days upon the execution of the Renewed Lease Agreement for deduction of overdue rental, penalty and other expenses (if any).

8. Historical amount: The historical transaction values and the annual caps under the Old Lease Agreement for the period from 12 March 2018 to 11 March 2019 are as follows:

	For the period from 12 March 2018 to 31 December 2018	For the period from 1 January 2019 to 11 March 2019
Historical transaction values (<i>RMB</i>)	6,667,000	1,334,000
Annual caps (<i>RMB</i>)	6,667,000	1,334,000

9. Annual Caps: Set out below are the Annual Caps of the rental estimated to be payable by Meilan Freight to the Parent Company under the Renewed Lease Agreement for the period from 12 March 2019 to 11 March 2021:

	For the period from 12 March 2019 to 31 December 2019	For the financial year ending 31 December 2020	For the period from 1 January 2021 to 11 March 2021
Annual Caps (<i>RMB</i>)	8,334,000	10,000,000	1,667,000

The Annual Caps for the period from 12 March 2019 to 11 March 2021 are determined with reference to the annual rental for the Leased Assets, i.e. RMB10,000,000 in aggregation. The increase in the Annual Caps under the Renewed Lease Agreement as compared to the annual caps under the Old Lease Agreement is due to the increase in the annual rental for the Leased Assets, which is a result of increase in the prevailing market rental for the land use rights and properties located at similar locations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED LEASE AGREEMENT

To satisfy the business needs of Meilan Freight, Meilan Freight and the Parent Company entered into the Renewed Lease Agreement, through which, Meilan Freight can use the Leased Assets to provide better ground services and other services to the passengers in Meilan Airport and expand its operating area as well as increase its operational efficiency.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms and conditions of the Renewed Lease Agreement and the Continuing Connected Transactions contemplated thereunder have been negotiated on an arms' length basis and are on normal commercial terms; (ii) the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Company; (iii) the Annual Caps are reasonable; and (iv) terms of the Continuing Connected Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Each of Mr. Wang Zhen, Mr. Liao Hongyu, Mr. Tu Haidong, Mr. Yu Yan and Mr. Xing Zhoujin is interested in the Continuing Connected Transactions as they are delegates from the connected shareholder of the Company and therefore had abstained from voting on the relevant resolution of the Board approving the same.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Parent Company holds 50.19% of the total issued Shares of the Company and is a substantial shareholder of the Company, and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect the Continuing Connected Transactions is more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the Continuing Connected Transactions are in accordance with the terms of the Renewed Lease Agreement and in compliance with the Listing Rules:

- (1) the finance department of the Company shall conduct monthly checks and review, and ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the Renewed Lease Agreement and the Annual Caps are not exceeded;
- (2) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (3) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions and the Annual Caps in accordance with the requirements of the Listing Rules.

GENERAL INFORMATION

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

Meilan Freight is principally engaged in the sale agency business of international, regional and domestic air cargo transportation; the business of delivery, booking and transfer of cargo; and the agency business of cargo import and export at Meilan Airport.

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

DEFINITIONS

“Annual Caps”	the proposed annual caps for the Continuing Connected Transactions contemplated under the Renewed Lease Agreement for the period from 12 March 2019 to 11 March 2021
“Board”	the board of Directors
“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
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Renewed Lease Agreement
“Directors”	the directors of the Company
“Equipment”	the equipment owned by the Parent Company, including, among others, storehouses, low-voltage power distribution boxes (低壓配電櫃), high-voltage power distribution boxes (高壓配電櫃), air conditioners, luggage carousels and cameras
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land Use Rights”	the land use rights of the New Cargo Terminal (with a total area of approximately 128,540 sq.m.) owned by the Parent Company
“Leased Assets”	the subject matter under the Renewed Lease Agreement, comprising of the Land Use Rights, the Property and the Equipment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange

“Meilan Airport”	the civil airport known as Haikou Meilan International Airport (海口美蘭國際機場) located in Haikou City, Hainan Province, the PRC
“Meilan Freight”	Hainan Meilan International Airport Freight Co., Ltd.* (海南美蘭國際機場貨運有限責任公司), a limited liability company established in the PRC on 24 February 2010, a non-wholly owned subsidiary of the Company, of which 51% equity interests were held by the Company and 49% equity interests were held by VeloX Express Co., Ltd.* (神行速運有限公司) as at the date of this announcement
“New Cargo Terminal”	the new cargo terminal of Meilan Airport
“Old Lease Agreement”	the lease agreement entered into between Meilan Freight and the Parent Company on 12 March 2018, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2018 and ending on 11 March 2019 (both days inclusive)
“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 on 25 August 1998, which is the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Property”	the property of the New Cargo Terminal (with a total gross floor area of approximately 25,980 sq.m.) owned by the Parent Company
“Renewed Lease Agreement”	the lease agreement entered into between Meilan Freight and the Parent Company on 12 March 2019, pursuant to which the Parent Company agreed to lease the Leased Assets to Meilan Freight for use of providing ground services to passengers or other services within the business scope of Meilan Freight for a term commencing on 12 March 2019 and ending on 11 March 2021 (both days inclusive)

“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares issued by the Company
“Shareholders”	registered holder(s) of the Shares
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Haikou, the PRC
12 March 2019

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*