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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)

**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**

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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 approximately six months for the Company to obtain the CSRC approval for the New H Shares Issue and two to three months to complete the closing work of the Parent Company Subscription and the New H Shares Issue (including but not limited to obtaining the approval from the Stock Exchange). 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 reasonably required and is in the best interests 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 will expire on 25 September 2019, in order to enable the Board to complete the Parent Company Subscription 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 September 2019 to 25 June 2020 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, 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 Parent Company Subscription Extension Resolutions at the EGM and the Domestic Shareholders Class Meeting.

A circular containing, among other things, (i) further details of 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 Parent Company Subscription Extension Resolutions; (iii) the letter from the Independent Board Committee to the Independent Shareholders in relation to 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 17 October 2019.

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, the circular of the Company dated 6 March 2018, the poll results announcement of the Company dated 20 March 2018, the circular of the Company dated 18 April 2019 and the poll results announcement of the Company dated 3 June 2019 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 of the Company dated 28 April 2017 and the poll results announcement of the Company 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 of the Company dated 6 March 2018 and the poll results announcement of the Company 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 the 2018 Class Meetings.

As disclosed in the circular of the Company dated 18 April 2019 and the poll results announcement of the Company dated 3 June 2019, the Company and the Parent Company had entered into the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement, pursuant to which, the Company and the Parent Company agreed in writing that except for the amendment made to the total amount of the Subscription Shares I to be subscribed by the Parent Company, other terms and conditions of the Parent Company Subscription, including, among others, the terms and conditions of the acquisition of the Phase I Runway Assets, in 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 AGM and the 2019 Class Meetings.

The Parent Company has issued a letter to the Company, confirming in writing that the Parent Company Domestic Shares Subscription Agreements will 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 Agreements remain valid and legally binding on the parties thereto.

The Company has made an application to CSRC regarding 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 four 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:

Date	Event
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.

Date	Event
1 August 2019	CSRC provided 4th round verbal comments to the Company, requesting the governmental department of the place of domicile of the Company to express its opinion on whether it supports the New H Shares Issue.

As at the date of this announcement, the Company is still in the process of proactively liaising with the relevant governmental department on the issuance of the aforementioned relevant supporting letters. It is currently expected that it will take approximately six months for the Company to obtain the CSRC approval for the New H Shares Issue and two to three months to complete the closing work of the Parent Company Subscription and the New H Shares Issue (including but not limited to obtaining the approval from the Stock Exchange). 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 reasonably required and is in the best interests 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 will expire on 25 September 2019, in order to enable the Board to complete the Parent Company Subscription 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 September 2019 to 25 June 2020 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.

The Company intends to seek further independent Shareholders' approval on the extension of validity period of Shareholders' resolutions and authorization granted to the Board in relation to the Parent Company Subscription and the New H Shares Issue if the Parent Company Subscription and the New H Shares Issue are not completed within the further extended period of nine (9) months, i.e. from 26 September 2019 to 25 June 2020.

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 RMB1.00 each.

(b) Time of issuance

The Company will select an appropriate time and issuance window 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

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.

If any investor of the New H Shares becomes a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the completion of the New H Shares Issue, the Company will ensure compliance with the public float requirement under Rule 8.08(1) of the Listing Rules upon completion of the New H Shares Issue. 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, 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. RMB1.00).

(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 subscription agreement(s) to be entered into between the Company and the placee(s) and/or 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 September 2019 to 25 June 2020.

The Board will also seek the Shareholders’ authorization and, where relevant, ratification at each of the EGM and the Class Meetings for 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 September 2019 to 25 June 2020. Such authorization and ratification 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 proposed Extension Resolutions are approved by the Shareholders at the forthcoming EGM and Class Meetings; (ii) the Board exercises the proposed Specific Mandate in full; (iii) all conditions for the proposed New H Shares Issue have been satisfied; (iv) the maximum of 200,000,000 New H Shares are issued pursuant to the proposed Specific Mandate; and (v) the Parent Company subscribes the 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 (%)
Domestic Share				
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
H Shares				
H Shares in issue				
Soaring Eagle Industrial Limited ¹	50,920,650	10.76	50,920,650	5.82
Public	175,992,350	37.19	175,992,350	20.10
New H Shares	<u>0</u>	<u>0</u>	<u>200,000,000</u>	<u>22.84</u>
Total Number of Issued Shares	<u><u>473,213,000</u></u>	<u><u>100</u></u>	<u><u>875,700,125</u></u>	<u><u>100</u></u>

Note 1: According to the disclosure of interest on the website of the Stock Exchange, Oriental Patron Resources Investment Ltd. previously held 94,343,000 H shares of the Company and agreed to transfer 50,920,650 H shares to Soaring Eagle Industrial Limited. Upon completion of such transfer, Oriental Patron Resources Investment Ltd. will hold 42,647,350 H shares of the Company and will become one of the public Shareholders of the Company.

The Company would undertake to comply with the public float requirement under Rule 8.08(1) of the Listing Rules after completion of the New H Shares Issue and the Parent Company Subscription.

The Company confirms that it will comply with Rule 7.27B of the Listing Rules in respect of the Parent Company Subscription and New H Shares Issue.

REASONS FOR AND BENEFITS OF THE EXTENSION RESOLUTIONS

As the Company is still in the process of obtaining the approval from CSRC in relation to the New H Shares Issue, 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.

The Directors are of the view that notwithstanding that it would be more than three years since the Company first proposed the Parent Company Subscription and New H Shares Issue, the terms of the Parent Company Subscription and New H Shares Issue remain fair and reasonable as the market condition and the financials of the Company have no material change at relevant times. The reason for further extending the 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 that the Company has not yet obtained the relevant approval from CSRC.

For illustration purpose only, the closing prices of the Company's H Shares at relevant times are set out below.

Date	Event	H Shares closing price
30 December 2016	The Company initially published the announcement in relation to, among others, the Parent Company Subscription and New H Shares Issue.	HK\$7.70
28 April 2017	The Company despatched the initial circular in relation to, among others, the Parent Company Subscription and New H Shares Issue.	HK\$6.50
1 February 2018	The Company published the extension announcement in relation to, among others, 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.	HK\$7.92

Date	Event	H Shares closing price
6 March 2018	The Company despatched the extension circular in relation to, among others, 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.	HK\$8.30
21 December 2018	The Company published the announcement in relation to, among others, the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement 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.	HK\$6.30
18 April 2019	The Company despatched the circular in relation to, among others, the 2018 Supplemental Parent Company Domestic Shares Subscription Agreement 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.	HK\$6.60
24 September 2019	The date of this announcement	HK\$5.17

As indicated in the above, the closing price of the Company's H Shares on 24 September 2019 (i.e. HK\$5.17) is lower than that on 28 April 2017 (i.e. HK\$6.50), and the market condition of the Company's H Shares as at the date of this announcement does not have any material adverse change as compared with that when the Company first proposed the Parent Company Subscription and New H Shares Issue. The Company confirms that the share capital of the Company remained unchanged during the past three years.

The key financial indicators of the Group during the past three years are set out below.

	Total equity (RMB)	Earnings per share (RMB)
For the year ended 31 December 2016	3,727,668,399	0.83
For the six months ended 30 June 2017	3,982,100,593	0.66
For the year ended 31 December 2017	4,091,993,288	1.02
For the six months ended 30 June 2018	4,404,277,983	0.79
For the year ended 31 December 2018	4,571,939,621	1.31
For the six months ended 30 June 2019	4,852,336,726	0.58

As indicated in the above, there was no material change in the key financials of the Group in the past three years.

Based on the above, the Company is of the view that the terms of the Parent Company Subscription and New H Shares Issue (including the issue price and number of the New H Shares to be issued) remain fair and reasonable.

In relation to the acquisition of the Phase I Runway Assets, the Company confirms that there was no material change in the market condition or financials of the Phase I Runway Assets as at the date of this announcement, as compared to those when the Company first proposed the acquisition of the Phase I Runway Assets on 30 December 2016. Furthermore, there is no valid period specified in the valuation report contained in the circular of the Company dated 28 April 2017 and therefore, the Board is of the view that it still can be used as the reference for the consideration of the then acquisition of the Phase I Runway Assets. The Phase I Runway Assets mainly consist of three parts: (i) the land with a total area of approximately 1,956,800 m²; (ii) the relevant constructions, including but not limited to the runway, the taxiway and the fences; (iii) the equipment, including but not limited to machinery equipment, transportation equipment and office equipment in relation to the Phase I Runway Assets. According to the benchmark land price in Haikou City promulgated by the people's government of Haikou City recently, the benchmark price of land for airport increased by approximately 2.86% as compared to that in January 2017. On the other hand, the net book value of the constructions and equipment of the Phase I Runway Assets decreased by approximately 6.5% as compared to that in January 2017, mainly due to normal depreciation. As the value of the land is much more than the value of the constructions and equipment of the Phase I Runway Assets, the Company is of the view that the value of the Phase I Runway Assets remains stable in the past two years.

Based on the above, the Company is of the view that the terms of the acquisition of the Phase I Runway Assets (including the amount of consideration) remain fair and reasonable and the Extension Resolutions are in the interests of the Company and the Shareholders as a whole.

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).

The net proceeds from the Parent Company Subscription and the proposed New H Shares Issue, after deducting relevant expenses, are expected to be used as follows:

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 New 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 Meilan Airport and to improve safety operation of 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 (基礎雲平台), 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 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 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 AND THE PARENT COMPANY

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.

GENERAL

Each of Mr. Wang Zhen, Mr. Wang Hong, Mr. Yu Yan and Mr. Xing Zhoujin is interested in the Parent Company Subscription Extension Resolutions as they are nominated to the Board by the Parent Company, and therefore had abstained from voting on the relevant resolutions of the Board approving the same.

The EGM and Class Meetings will be convened to consider and, if thought fit, approve, among other things, 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 Parent Company Subscription Extension Resolutions at the EGM and the Domestic Shareholders Class Meeting.

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 Extension Resolutions, and no Shareholder is required to abstain from voting on the Extension Resolutions 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 Parent Company Subscription Extension Resolutions, has been established to advise the Independent Shareholders in relation to their voting on 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 Parent Company Subscription Extension Resolutions.

A circular containing, among other things, (i) further details of 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 Parent Company Subscription Extension Resolutions; (iii) the letter from the Independent Board Committee to the Independent Shareholders in relation to the Parent Company Subscription Extension Resolutions; and (iv) the notices of the EGM and the Class Meetings will be despatched to the Shareholders as soon as practicable and currently expected to be on or before 17 October 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
“2019 Class Meetings”	the respective class meetings of the Domestic Shareholders and the H Shareholders of the Company held on 3 June 2019
“AGM”	the annual general meeting of the Company held on 3 June 2019
“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”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“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, the Extension Resolutions, including any adjournment in respect thereof

“Company”	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 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)
“Date of New H Shares Issue”	the date on which: (a) the subscription agreement(s) in respect of the New H Shares Issue is entered into between the Company and the placee(s); and/or (b) the placing agreement(s) in respect of the New H Shares Issue is entered into between the Company with the placing agent(s)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the domestic ordinary share(s) with a nominal value of RMB1.00 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, 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 RMB1.00 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
“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 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 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
“NDRC”	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission of the People’s Republic of China)
“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 entering into the subscription agreement(s) with the placee(s) and/or the entering into the placing agreement(s) with the placing agent(s) in relation to the issue of the maximum number of 200,000,000 H Shares by way of private placing, subject to fulfilment of certain relevant conditions (including but not limited to the approval from CSRC)

“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 September 2019 to 25 June 2020
“Parent Company”	海口美蘭國際機場有限責任公司 (Haikou Meilan International Airport Co., Ltd.*), 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 September 2019 to 25 June 2020
“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
“%”	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

24 September 2019

As at the date of this announcement, the Board comprises (i) five executive directors, namely Mr. Wang Zhen, Mr. Wang Hong, Mr. Wang Hexin, Mr. Yu Yan and Mr. Xing Zhoujin; (ii) two non-executive directors, namely 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