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皇中國際控股有限公司

ROYAL CHINA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

CONNECTED AND DISCLOSABLE TRANSACTION IN RELATION TO PROVISION OF BUSINESS JET PURCHASE SERVICE

CONNECTED TRANSACTION IN RELATION TO PROVISION OF BUSINESS JET PURCHASE SERVICE

On 27 July 2017, the Company and RCG entered into the Agency Agreement for the provision of Agency Service by the Company to act as an exclusive purchasing agent for RCG in its purchase of the Business Jet.

LISTING RULES IMPLICATIONS

As at the date of this announcement, RCG is an indirect subsidiary of National Business Holdings which is a controlling shareholder of the Company and as such, RCG is a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the transaction under the Agency Agreement are less than 25% and the maximum consideration in respect thereof is less than HK\$10,000,000, the transaction under the Agency Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transaction under the Agency Agreement are more than 5% but less than 25%, the transaction under the Agency Agreement constitutes a disclosable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

AGENCY AGREEMENT

On 27 July 2017, the Company and RCG have entered into the Agency Agreement in relation to the provision of the Agency Service by the Company to RCG.

Details of the Agency Agreement are set out below:

Date

27 July 2017 (after trading hours)

Parties

- (1) The Company, as an exclusive purchasing agent
- (2) RCG

Scope of Agency Service:

Under the Agency Agreement, the Company shall be responsible to provide the following Agency Services for RCG, including but not limited to:

- a) select an appropriate business jet for RCG;
- b) assist in transaction negotiations and execution with the potential business jet seller;
- c) assist in business jet registration with the relevant authorities;
- d) carry out inspection of business jet equipment; and
- e) facilitate handover of business jet from potential seller to RCG

Service Fee and payment term:

Pursuant to the Agency Agreement, RCG shall pay a Service Fee to the Company on a one-off basis equivalent to 1.5% of the purchase price of the Business Jet, which does not include miscellaneous expenses and business jet transportation fees incurred in relation to the purchase of the Business Jet. The Service Fee shall be paid within 20 working days upon the handover of the Business Jet by the potential seller to RCG. The amount of Service Fee in any event shall not exceed HK\$10,000,000.

The basis of the Service Fee is determined after the arm's length negotiations between RCG and the Company, having considered, among other things, (i) the scope of the Agency Service; (ii) the prevailing market service fee for business jet sales; (iii) the expected market price of the Business Jet; and (iv) the expected profit margin to be made by the Company in relation to the provision of Agency Service.

Termination:

The Agency Agreement shall be terminated on 30 June 2018 or the completion date of the purchase of Business Jet, whichever is earlier.

REASONS FOR THE CONNECTED TRANSACTION

The Company is incorporated in the Cayman Islands and is an investment holding company. The Group is principally engaged in one-stop integrated interior design solutions including design, fit out and decoration as well as overall project management. As disclosed in the announcement of the Company dated 9 May 2017, the Board has decided to explore business opportunities in aviation and traveling business and financing services. The aviation and travel business included but not limited to business jet management, service of aircraft sales and pilot training school. Whilst such Agency Service currently is not in the ordinary and usual course of the business of the Group, nonetheless, as mentioned above and in the previous announcement, the Directors consider that the Agency Service on business jet purchase would provide an opportunity for the Group to diversify its business into the service of aircraft sales and broaden its sources of income.

The terms and conditions of the Agency Agreement were negotiated between the parties thereto on an arm's length basis. Mr. Deng Kui, the chairman of the Board and an executive Director who is also a director of RCG, has abstained from voting on the relevant resolutions at the board meeting. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Director is interested in the Agency Agreement. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Agency Agreement are fair and reasonable and in the interests of the Shareholders as a whole, and the connected transaction contemplated under the Agency Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, RCG is an indirect subsidiary of National Business Holdings which is a controlling shareholder of the Company and as such, RCG is a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the transaction under the Agency Agreement are less than 25% and the maximum consideration in respect thereof is less than HK\$10,000,000, the transaction under the Agency Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transaction under the Agency Agreement are more than 5% but less than 25%, the transaction under the Agency Agreement constitutes a disclosable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The principal activity of the Company is investment holding. The Group is principally engaged in one-stop integrated interior design solutions including design, fit out and decoration as well as overall project management.

RCG is principally engaged in investment holding.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agency Agreement”	the agency agreement entered into between the Company as exclusive purchasing agent and RCG on 27 July 2017 in relation to the provision of Agency Service by the Company
“Agency Service”	the provision of services by the Company as exclusive purchasing agent to RCG for the purchase of Business Jet
“Business Jet”	a business jet for a price of no more than US\$70 million (equivalent to approximately HK\$546 million)
“Board”	the board of Directors

“Company”	Royal China International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“National Business Holdings”	National Business Holdings Group Co. Limited* (國能商業集團有限公司), a company incorporated in the PRC, a controlling shareholder of the Company and RCG
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RCG”	Royal China Group International Holdings Limited, a company incorporated in Hong Kong with limited liability
“Service Fee”	being 1.5% of the purchase price of the Business Jet pursuant to the Agency Agreement
“Share(s)”	Ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* *for identification purpose only*

For the purposes of this announcement, unless otherwise indicated, the exchange rate at US\$1= HKD 7.8 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

By order of the Board
Royal China International Holdings Limited
DENG Kui
Chairman

Hong Kong, 27 July 2017

As at the date of this announcement, the Company’s board of Directors comprises Mr. DENG Kui, Mr. LIU Yong Sheng, Mr. ZHOU Hucheng, Mr. LEONG Hing Loong Rudoff and Ms. CHEW Christina Mooi Chong as executive Directors; and Mr. LIU Gang, Mr. YU Haizong and Ms. AN Yiqing as independent non-executive Directors.