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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)

**(1) DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION OF
ORDINARY MEMBERSHIP OF CGSE;
(2) CHANGE IN USE OF PROCEEDS;
AND
(3) BUSINESS UPDATES**

ACQUISITION OF ORDINARY MEMBERSHIP OF CGSE

The Board is pleased to announce that on 9 May 2017 (after trading hours), the Vendor and the Purchaser entered into the Agreement relating to the sale and purchase of the Membership.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the approval of the Committee of the transfer of the Membership from the Vendor to the Purchaser. There is no assurance that the Committee will approve such transfer. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

CHANGE IN USE OF PROCEEDS

Having considered the performance and requirements of the Group's one-stop integrated interior design solutions business and with a view to better deploy the resources of the Group, the Board has decided to re-allocate approximately HK\$15 million, representing approximately 15% of the net proceeds, for the payment of the Consideration, agency and professional fee of the Acquisition and for working capital of the precious metal trading business. The originally planned usage of such amount for promoting the Group's brand by strengthening marketing efforts will be withheld and/or financed by internally generated resources of the Group.

BUSINESS UPDATES

In order to broaden the Group's sources of income and to enhance its business development, after assessment of the Group's one-stop integrated interior design solutions business and various business opportunities available to the Group, the Board has decided to explore business opportunities in aviation and traveling business and financing services. The aviation and travel business includes but not limited to business jet management, service of aircraft sales and pilot training service. The financing services include but not limited to aircraft leasing, assets management and precious metal trading business. As at the date of this announcement, apart from the entering into of the Agreement for the acquisition of the Membership, the Group has negotiated with certain potential customers for business jet management and aircraft leasing.

ACQUISITION OF ORDINARY MEMBERSHIP OF CGSE

The Board is pleased to announce that on 9 May 2017 (after trading hours), the Vendor and the Purchaser entered into the Agreement relating to the sale and purchase of the Membership. Principal terms of the Agreement are as follows:

THE AGREEMENT

Date

9 May 2017

Parties

Vendor: Asian Pacific Capital Company Limited, a company incorporated in Hong Kong with limited liability.

Purchaser: Right Power Ventures Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties. As advised by the Vendor, the Vendor is principally engaged in investment holding.

Subject matter

The Purchaser (or its nominee) has agreed to acquire and the Vendor has agreed to sell the Membership free from all charges, pledges, liens or other third parties' rights, interests or indebtedness.

Consideration

The Consideration of HK\$10 million shall be paid in cash by the Purchaser as follows:

- (i) the Deposit, being HK\$2 million, shall be paid to a solicitor firm to hold in escrow upon the signing of the Agreement; and
- (ii) the balance of HK\$8 million shall be paid to the solicitor firm to hold in escrow on the date following the Committee approves the transfer of the Membership.

The Consideration shall be released by the solicitor firm to the Vendor upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser.

Completion

Completion shall take place within 3 business days following the approval of the transfer of the Membership by the Committee.

Termination

The transfer of the Membership shall be completed within the period of four meetings of the Committee from July 2017. If the transfer of Membership does not take place at or before the October Committee Meeting, the Vendor and the Purchaser agree as follows:

- (i) If the Committee does not approve the transfer of the Membership due to any reason on the part of the Vendor, the Vendor shall refund the Deposit to the Purchaser immediately after the October Committee Meeting. The Agreement shall then be terminated and neither party shall have any obligations and liabilities thereunder.
- (ii) If the Purchaser fails to satisfy the requirements of the Committee up to the October Committee Meeting, the Vendor shall refund the Deposit to the Purchaser immediately after the October Committee Meeting. The Agreement shall then be terminated and neither party shall have any obligations and liabilities thereunder.
- (iii) If CGSE unconditionally consent to and approve the transfer of the Membership from the Vendor to the Purchaser at any meeting of the Committee and the Vendor does not complete the transfer of the Membership, the Vendor shall refund the Deposit to the Purchaser immediately after the October Committee Meeting and pay the Purchaser HK\$2 million as compensation.
- (iv) If CGSE unconditionally consent to and approve the transfer of the Membership from the Vendor to the Purchaser at any meeting of the Committee and the Purchaser does not complete the transfer of the Membership, the Deposit shall be forfeited to the Vendor immediately. The Agreement shall then be terminated and neither party shall have any obligations and liabilities thereunder.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

The Membership allows its holder to provide trading services for gold, silver and precious metals to its customers and molding of physical gold/silver bullion under CGSE. Founded in 1910, CGSE is the sole exchange in Hong Kong which trades physical gold and silver. Run on a membership-based system, CGSE now has 171 members and is managed by the Committee. CGSE provides an exchange, facilities and related services to its members for transaction of precious metals. In 2015, CGSE and Shanghai Gold Exchange announced the launch of the Shanghai-Hong Kong Gold Connect, which allows Hong Kong investors to trade on the main board and international board of the Shanghai Gold Exchange and correspondingly mainland investors to trade on CGSE in Hong Kong.

The Board is optimistic about the prospects of precious metal trading market in Hong Kong and China. The Directors consider the Acquisition would provide an opportunity for the Group to diversify its business into trading and exchange of precious metal and enable the Group to broaden its source of revenue.

The Directors consider that the terms of the Acquisition are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the approval of the Committee of the transfer of the Membership from the Vendor to the Purchaser. There is no assurance that the Committee will approve such transfer. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

CHANGE IN USE OF PROCEEDS

Reference is made to section headed “Future plans and use of proceeds” of the Prospectus. The net proceeds from the Company’s share offer in September 2015 amounted to approximately HK\$100.0 million (after deducting underwriting commissions and all related expenses). As at the date of this announcement, the Company has not utilised any of the net proceeds and deposited the entire amount of the net proceeds in bank accounts.

Having considered the performance and requirements of the Group's one-stop integrated interior design solutions business and with a view to better deploy the resources of the Group, the Board has decided to re-allocate approximately HK\$15 million, representing approximately 15% of the net proceeds, for the payment of the Consideration, agency and professional fee of the Acquisition and for working capital of the precious metal trading business. The originally planned usage of such amount for promoting the Group's brand by strengthening marketing efforts will be withheld and/or financed by internally generated resources of the Group.

BUSINESS UPDATES

The Board has regularly reviewed the operations and business activities of the Group and strived to explore other business opportunities in order to enhance its growth. As disclosed in the annual report of the Company for the year ended 30 September 2016, the Group's one-stop integrated interior design solutions business is highly affected by the development and growth in the property development industry as well as the performance of property developers, and the demand for the Group services from the property developers could be volatile. It is expected that the uncertainty in Hong Kong property development industry is detrimental to the demand for the Group's services from the property developers.

In order to broaden the Group's sources of income and to enhance its business development, after assessment of the Group's one-stop integrated interior design solutions business and various business opportunities available to the Group, the Board has decided to explore business opportunities in aviation and traveling business and financing services. The aviation and travel business includes but not limited to business jet management, service of aircraft sales and pilot training service. The financing services include but not limited to aircraft leasing, assets management and precious metal trading business. As at the date of this announcement, apart from the entering into of the Agreement for the acquisition of the Membership, the Group has negotiated with certain potential customers for business jet management and aircraft leasing.

DEFINITIONS

In this announcement, the following expressions have the same meanings set out below unless the context otherwise requires:

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| “Acquisition” | the acquisition of the Membership by the Purchaser pursuant to the Agreement |
| “Agreement” | the agreement dated 9 May 2017 entered into between the Vendor and the Purchaser in relation to the Acquisition |
| “Board” | the board of directors of the Company |

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| “CGSE” | The Chinese Gold & Silver Exchange Society |
| “Committee” | the Executive and Supervisory Committees of the CGSE |
| “Company” | Royal China International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange |
| “Completion” | the completion of the Acquisition in accordance with the Agreement |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “Consideration” | HK\$10 million |
| “Deposit” | the amount of HK\$2 million paid by the Purchaser to the Vendor upon signing of the Agreement as deposit and partial payment of the Consideration |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) who is/are independent of and not connected with the Company and its connected persons and otherwise not a connected person of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Membership” | the ordinary membership of the CGSE held by the Vendor |
| “October Committee Meeting” | meeting of the Committee to be held in October 2017 |
| “PRC” or “China” | the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Special Administrative Region of Macau and Taiwan |
| “Prospectus” | the prospectus of the Company dated 21 August 2015 |

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| “Purchaser” | Right Power Ventures Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Asian Pacific Capital Company Limited, a company incorporated in Hong Kong with limited liability |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent |

By order of the Board.
Royal China International Holdings Limited
LIU Yong Sheng
Chairman and Chief Executive Officer

Hong Kong, 9 May 2017

As at the date of this announcement, the Company’s board of directors comprises 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.