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## **STARCROSS GROUP LIMITED**

*(Incorporated in the British Virgin Islands with limited liability)*

### **ANNOUNCEMENT**

**(1) AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF  
SHARES OF ROYAL CHINA INTERNATIONAL HOLDINGS LIMITED;  
AND**

**(2) UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY  
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE  
ALREADY OWNED OR AGREED TO BE ACQUIRED BY STARCROSS  
GROUP LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**Financial Adviser to the Offeror**



**Guotai Junan Capital Limited**

#### **SALE AND PURCHASE AGREEMENT**

Pursuant to the Sale and Purchase Agreement entered into by the Offeror and the Vendor on 20 July 2018, the Vendor conditionally agreed to sell the Sale Shares and the Offeror conditionally agreed to acquire the Sale Shares for a consideration of HK\$337,500,000 (equivalent to HK\$0.90 per Sale Share). The Sale Shares collectively represent approximately 75% of the existing issued share capital of the Company as at the date of this announcement.

A supplemental agreement to the Sale and Purchase Agreement was entered into on 27 July 2018, pursuant to which the parties thereto agreed that the Offeror may in its absolute discretion at any time waive in writing any of the conditions. All conditions have been satisfied or waived, and the Sale and Purchase Completion took place on 27 July 2018.

## **UNCONDITIONAL MANDATORY CASH GENERAL OFFER FOR SHARES**

Immediately before the Sale and Purchase Completion, the Offeror and parties acting in concert with it did not hold any Shares in the share capital or voting rights of the Company. Immediately after the Sale and Purchase Completion and as at the date of this announcement, the Offeror and parties acting in concert with it are interested in a total of 375,000,000 Shares, representing 75% of the issued share capital of the Company.

As such, the Offeror is required to make an unconditional mandatory cash general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this announcement, the Company has 500,000,000 ordinary Shares of par value of HK\$0.01 each in issue and has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), based on the publicly available information.

Guotai Junan Securities will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer to acquire all the Offer Shares on the terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code on the following basis:

### **The Offer**

**For every Offer Share accepted under the Offer ..... HK\$0.90 in cash**

The Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor.

The total consideration of the Offer would be approximately HK\$112,500,000 based on the Offer Price, which will be the maximum amount payable by the Offeror under the Offer in the event that the Offer is accepted in full.

The Offeror intends to finance the consideration payable under the Offer from the Facility. Guotai Junan Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

### **WARNING:**

**SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITIONS, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.**

## **A. SALE AND PURCHASE AGREEMENT**

**Date:** 20 July 2018 (after trading hours)

**Parties:**

**Vendor:** The Vendor (as the vendor of the Sale Shares)

**Purchaser:** The Offeror (as the purchaser of the Sale Shares)

**Receivers:** The Receivers (as the receivers over certain assets of the Vendor)

**Number of Sale  
Shares:** 375,000,000

**Consideration:** HK\$0.90 per Sale Share

### **Subject of the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell the Sale Shares and the Offeror conditionally agreed to acquire the Sale Shares, free from all charges, liens, encumbrances, claims, equities or third party rights of whatsoever nature and with all rights now or hereafter becoming attached thereto (including, the right to receive all dividends and distributions declared, made or paid on or after the Sale and Purchase Completion).

The Offeror is a company incorporated in the British Virgin Islands and is beneficially owned by Mr. Leong and Ms. Chew. Mr. Leong is an executive Director and the spouse of Ms. Chew.

### **Consideration for the Sale Shares under Sale and Purchase Agreement**

The aggregate consideration for the Sale Shares is HK\$337,500,000, equivalent to HK\$0.90 per Sale Share, which was determined after arm's length negotiations between the Offeror and the Receivers (as agent of the Vendor), after taking into account of the latest closing price of the Shares prior to the entering into of the Sale and Purchase Agreement.

The consideration for the Sale Shares is payable by the Offeror to the Receivers (as agent of the Vendor) in cash as follows:

- (a) an amount of HK\$90,000,000 paid on the signing of the Sale and Purchase Agreement by way of a deposit; and
- (b) the balance of HK\$247,500,000 paid on Sale and Purchase Completion in cash in accordance with the terms and conditions of the Sale and Purchase Agreement.

### **Conditions precedent to the Sale and Purchase Agreement**

The Sale and Purchase Completion is subject to and conditional upon the satisfaction of the following conditions:

- (a) the SFC granting approval to the Offeror (or its nominee) becoming a substantial shareholder of all members of the Group which are licensed for carrying on any regulated activity under the SFO (either unconditionally or subject only to conditions to which the Offeror does not reasonably object), as a result of the sale and purchase of the Sale Shares;
- (b) the trading in the Shares on the Stock Exchange not having been suspended for more than 10 consecutive trading days, except for the purpose of clearing of the announcement in relation to the Sale and Purchase Agreement or any temporary suspension required by the relevant regulatory body in relation to the transaction contemplated under the Sale and Purchase Agreement or its related matters; and
- (c) the listing position of the Shares not having been cancelled or withdrawn.

The Offeror may in its absolute discretion at any time waive in writing any of the conditions (except condition (a) above).

A supplemental agreement to the Sale and Purchase Agreement was entered into on 27 July 2018, pursuant to which the parties thereto agreed that the Offeror may in its absolute discretion at any time waive in writing any of the conditions (including condition (a) above), and which the Offeror waived condition (a) accordingly.

### **The Sale and Purchase Completion**

All the conditions are satisfied or waived and the Sale and Purchase Completion took place on 27 July 2018, despite the approval from SFC as stipulated in condition (a) has not been applied for or obtained prior to the Sale and Purchase Completion. Under the SFO, prior SFC approval will be required before any change in new substantial shareholder of a licensed corporation under the SFO is to take place. However, before the Sale and Purchase Completion, no prior application was made and no SFC approval was granted in respect of such licensed corporation owned by the Group, as the Offeror wished to complete the transaction as soon as possible in order to clear the uncertainty as to the status of the Company's controlling shareholder and to restore the public and clients' confidence in the Company. As a result, the SFO has not been complied with. In the present circumstances, the SFO confers various powers to the SFC, including the power to direct the licensed corporation concerned as to its management and to restrict the voting power of the new substantial shareholder of such licensed corporation.

The relevant application will be made to the licensing division of the SFC as soon as practicable. In the meantime, the Offeror does not intend to procure such licensed corporation to conduct any business pending the grant of the SFC approval.

As this licensed corporation has never commenced any business and the principal business of the Group has always been construction and ancillary services, the Offeror considers that this will not have any material effect on the Group.

### **Shareholding structure of the Company**

The table below sets out the shareholding structure of the Company (i) immediately prior to the Sale and Purchase Completion; and (ii) immediately upon the Sale and Purchase Completion and as at the date of this announcement (but before the unconditional mandatory cash general offer was made), based on the publicly available information:

	<b>Immediately prior to the Sale and Purchase Completion</b>		<b>Immediately upon the Sale and Purchase Completion and as at the date of this announcement (but before the unconditional mandatory cash general offer was made)</b>	
	<i>Number of Shares</i>	<i>Percentage of shareholding (%)</i>	<i>Number of Shares</i>	<i>Percentage of shareholding (%)</i>
The Vendor	375,000,000	75.0	–	–
The Offeror	–	–	375,000,000	75.0
Public Shareholders	125,000,000	25.0	125,000,000	25.0
<b>Total</b>	<b>500,000,000</b>	<b>100.0</b>	<b>500,000,000</b>	<b>100.0</b>

### **B. UNCONDITIONAL MANDATORY CASH GENERAL OFFER FOR SHARES**

Immediately before the Sale and Purchase Completion, the Offeror and parties acting in concert with it (including Mr. Leong) did not hold any Shares in the share capital or voting rights of the Company. Immediately after Sale and Purchase Completion and as at the date of this announcement, the Offeror and parties acting in concert with it are interested in a total of 375,000,000 Shares, representing 75.00% of the issued share capital of the Company.

As such, the Offeror is required to make an unconditional mandatory cash general offer for all the issued Shares pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this announcement, the Company has 500,000,000 ordinary Shares of par value of HK\$0.01 each in issue and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), based on the publicly available information.

### **Principal terms of the Offer**

Guotai Junan Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer to acquire all the Offer Shares on the terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code on the following basis:

### **The Offer**

**For every Offer Share held..... HK\$0.90 in cash**

Based on the publicly available information, the Company does not have any outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company which are convertible or exchangeable into Shares as at the date of this announcement.

The Offer will be unconditional in all respects.

The Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor.

### **Total value of the Offer**

As at the date of this announcement, there are 500,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price at HK\$0.90 per Share, the entire issued share capital of the Company is valued at HK\$450,000,000.

The total consideration of the Offer would be approximately HK\$112,500,000, which will be the maximum amount payable by the Offeror under the Offer in the event that the Offer is accepted in full.

The Offer will extend to all Shares in issue other than those Shares held by the Offeror and persons acting in concert with it on the date on which the Offer is made, being the date of despatch of the Offer Document.

### **Comparison of value**

The Offer Price of HK\$0.90 represents:

- a premium of approximately 1.12% over the closing price of the Shares of HK\$0.89 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a premium of approximately 0.90% over the average closing price of the Shares of approximately HK\$0.892 per Share for the last 5 consecutive Trading Days up to and including the Last Trading Day; and
- approximately 3.06 times to the audited consolidated net asset value attributable to equity holders of the Company as at 31 December 2017 of approximately HK\$0.2943 per Share based on 500,000,000 Shares in issue as at the date of this announcement.

### **Highest and lowest Share price**

During the six-month period preceding the date of this announcement and the period up to and including the Last Trading Day:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.44 on 5 February 2018; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.75 on 18 April 2018.

### **Financial resources available to the Offeror**

The Offeror intends to finance the consideration payable under the Offer from the Facility. Guotai Junan Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

### **Effect of accepting the Offer**

By validly accepting the Offer, Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of posting of the offer document by or on behalf of the Offeror in respect of the Offer.

Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.



**Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

**Payment**

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the duly completed and valid acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

**Dealing and interests in the Company's securities**

The Offeror and parties acting in concert with it have not dealt in the Shares (if applicable, convertible securities, options, warrants or derivatives of the Company) during the six-month period preceding the date of this announcement and the period up to and including the date of this announcement save for the Sale and Purchase Agreement to which the Offeror or a party acting in concert with it is a party.

**Overseas Shareholders**

The Offeror intends to make the Offer available to all Shareholders of the Offer Shares, including the Overseas Shareholders. The availability of the Offer to the Overseas Shareholders may be subject to, or limited by, the laws and regulations of their respective jurisdictions. The Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).



If the receipt of the Offer Document by the Overseas Shareholders is prohibited by any applicable laws and regulations and may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Offer Document, subject to the Executive's consent, will not be despatched to such Overseas Shareholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

### **Other arrangements**

The Offeror confirms that as at the date of this announcement:

- (i) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;
- (iii) save for the Sale and Purchase Agreement (as amended by the supplemental agreement dated 27 July 2018) and the Facility, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Sale and Purchase Agreement and the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) save for the interest contemplated under the Sale and Purchase Agreement (as amended by the supplemental agreement dated 27 July 2018) and the Facility, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the Sale and Purchase Agreement (as amended by the supplemental agreement dated 27 July 2018) and the Facility, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Sale and Purchase Agreement and the Offer; and

- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with any of them has borrowed or lent.

Each of the Receivers (as agent of the Vendor), Mr. Leong, Ms. Chew and the Offeror confirms that as at the date of this announcement that save for the Sale and Purchase Agreement, (1) there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and the parties acting in concert with it (other than the Vendor) on one hand and the Vendor and parties acting in concert with it (including the Receivers) (other than the Offeror) on the other hand; and (2) each of the Vendor and parties acting in concert with it (including the Receivers) has not received and will not receive any other consideration and benefits in whatsoever form from the Offeror, Mr. Leong, Ms. Chew and parties acting in concert with any of them.

### **Offeror's intention on the Group**

The Offeror intends that the Group will continue to operate its existing business. After the close of the Offer, the Offeror will conduct a detailed review of the financial position and business operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the date of this announcement, the Offeror has not identified such investment or business opportunities.

The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for the proposed change of the Board composition as detailed in the section sub-headed "Proposed change to the Board composition of the Company" below) or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group other than those in its ordinary course of business of the Group.

### **Proposed Change to the Board Composition of the Company**

The Offeror nominated Ms. Chew and Mr. Shih Steven Chun Ning as new executive Directors, and Mr. Lee Frank King-ting, Mr. Ho Hin Yip and Mr. Chan Kwong Ming Johnny as new independent non-executive Directors. The Board approved such nomination and appointed them as Directors with effect from the earliest time as permitted under the Listing Rules, Takeovers Code and the applicable laws and regulations, which is the date immediately after the Offer Document is posted. Mr. Leong will remain to be a Director. Details of the Directors will be set out in the Offer Document. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcements will be made as and when appropriate.

### **Maintaining the listing status of the Company**

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

## **C. INFORMATION ON THE OFFEROR, MR. LEONG AND MS. CHEW**

### **Information on the Offeror, Mr. Leong and Ms. Chew**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 75% by Mr. Leong and as to 25% by Ms. Chew respectively. It had been the original controlling shareholder of the Company since its listing in September 2015 until the disposal of its controlling interest in December 2016.

Mr. Leong Hing Loong Rudoff, aged 50, was the co-founder of the Company. He was appointed as a Director on 19 January 2015, and was re-designated as an executive Director on 24 April 2015. Mr. Leong was also the chairman of the Company since its listing until 10 February 2017, and is primarily responsible for managing business operation and client relationship in the business of design, fit out and decoration of the Group.

Mr. Leong has over 28 years of experience in architectural design, and interior design and fit out with most of such experience gained in Hong Kong. Prior to the establishment of the Group, Mr. Leong had developed his career in architectural practices in both Australia and Hong Kong. Mr. Leong has worked for our Group for over 20 years since the commencement of business of LCL Architects Limited in 1996.

Mr. Leong obtained a Bachelor's Degree in Architecture from the University of Western Australia in Australia in December 1989. He has been a member of The Hong Kong Institute of Architects and an Overseas Member Level 1 of the Royal Australian Institute of Architects (formerly known as the Australian Institute of Architects) since April 1992. He has been a registered architect in Hong Kong since 1992. He was also a Chartered International Member of the Royal Institute of British Architects from 1992 to 2012. He is also currently a Hong Kong authorised person (architect).

Ms. Chew, aged 52, was appointed as a Director on 24 April 2015, and was re-designated as an executive Director on 24 April 2015 prior to her resignation on 10 April 2018. Ms. Chew is a director of certain subsidiaries of the Company and is primarily responsible for overseeing the daily operation of the Group's business of design, fit out and decoration ("DFD"), including generating and guiding design concepts, and supervising the sales department of our Group's DFD business. Ms. Chew is the spouse of Mr. Leong.

Ms. Chew has over 28 years of experience in architectural design, and interior design and fit out with most of such experience gained in Hong Kong. Prior to the establishment of the Group, Ms. Chew had developed her career in architectural practices in Australia and Hong Kong. Ms. Chew has worked for the Group for over 20 years since the commencement of business of LCL Architects Limited in 1996. Ms. Chew obtained a Bachelor's Degree in Applied Science (Architecture) and a Bachelor's Degree in Architecture in February 1988 and February 1990 respectively from Curtin University of Technology (Western Australia). She has been a member of The Hong Kong Institute of Architects since June 1994. She has also been an Overseas Member Level 1 of the Royal Australian Institute of Architects (formerly known as the Australian Institute of Architects) since April 1994, a Chartered International Member of the Royal Institute of British Architects since March 1995, a registered architect in Hong Kong and an authorised person (architect) in Hong Kong since January 1995.

As at the date of this announcement, Mr. Leong and Ms. Chew are the only directors and the only beneficial owners of the Offeror.

## **D. GENERAL**

### **Rule 8.2 of the Takeovers Code**

In accordance with Rule 8.2 of the Takeovers Code, the Offer Document is required to be posted by or on behalf of the Offeror within 21 days of the date of this announcement. Pursuant to the Takeovers Code, the Company is required to send a response document to the Shareholders within 14 days from the posting the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the first closing date.

## Dealing disclosure

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**WARNING: SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITIONS, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.**

## DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which the banks are generally open for business in Hong Kong, other than Saturdays, Sundays and public holidays and/or a day on which the Stock Exchange is open for the transaction of business
“Company”	Royal China International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares are listed on the Main Board of the Stock Exchange with the stock code 1683
“Director(s)”	the director(s) of the Company, from time to time
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility”	a loan facility in the amount of HK\$120,000,000 granted by Guotai Junan Securities in favour of the Offeror, which is guaranteed by Mr. Leong and secured by the charge of the Sale Shares and the Offer Shares to be acquired by the Offeror pursuant to the Offer
“Group”	the Company and its subsidiaries
“Guotai Junan Capital”	Guotai Junan Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO

“Guotai Junan Securites”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined in the SFO
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	20 July 2018, being the last trading day for the Shares immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Leong”	Mr. Leong Hing Loong Rudoff
“Ms. Chew”	Ms. Chew Christina Mooi Chong
“Offer Document”	the offer document to be issued by or on behalf of the Offeror to all Shareholders in accordance with the Takeovers Code containing, inter alia, details of the Offer
“Offeror”	Starcross Group Limited, a company incorporated in the British Virgin Islands, which is owned as to 75% by Mr. Leong and 25% by Ms. Chew
“Offer Period”	has the meaning given to it in the Takeovers Code, being the date of this announcement and will end on the date of close of the Offer, which is expected to be 21 days after the posting of the Offer Document
“Offer Price”	the price at which the Offer will be made, being HK\$0.90 per Share
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offer”	the possible unconditional mandatory cash general offer to be made by Guotai Junan Securities on behalf of the Offeror for all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code



“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China
“Receivers”	Wong Teck Meng, Chan Pui Sze and Mak Hau Yin, all of Briscoe Wong Advisory Limited, the joint and several receivers over certain assets of the Vendor
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 20 July 2018 entered into between the Vendor as vendor, the Offeror as purchaser and the Receivers as agents of the Vendor in respect of the sale and purchase of the Sale Shares by the Vendor to the Offeror (as amended by the supplemental agreement dated 27 July 2018)
“Sale and Purchase Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Sale Shares”	an aggregate of 375,000,000 Shares, beneficially owned by the Vendor
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shares”	the ordinary shares 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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong

“Vendor”	State Energy HK Limited (Receivers appointed pursuant to a share charge dated 12 February 2018 over the charged assets (as defined in the share charge) including the Sale Shares beneficially owned by State Energy HK Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the board of directors  
**Starcross Group Limited**  
**LEONG Hing Loong Rudoff**  
*Director*

Hong Kong, 1 August 2018

*As at the date of this announcement, Mr. LEONG Hing Loong Rudoff and Ms. Chew Christina Mooi Chong are the directors of the Offeror.*

*The directors of the Offeror accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*The information relating to the Company in this announcement has been extracted from or based on the published information relating to the Group, including its annual report for the fifteen months ended 31 December 2017. The only responsibility accepted by the directors of the Offeror in respect of such information is for the correctness and fairness of its reproduction or presentation.*