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Royal China International Holdings Limited

皇中國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

ANNOUNCEMENT PURSUANT TO RULE 3.2 OF THE TAKEOVERS CODE IN RELATION TO UNCONDITIONAL MANDATORY CASH OFFER AND RESUMPTION OF TRADING

This announcement is made by Royal China International Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 3.2 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”).

THE OFFER

On 20 July 2018 (after trading hours), the board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of the Company was informed by Starcross Group Limited (the “**Offeror**”) that State Energy HK Limited (Receivers appointed pursuant to a share charge dated 12 February 2018 over the charged assets including the Sale Shares beneficially owned by State Energy HK Limited (the “**Vendor**”) as vendor and the Offeror as purchaser entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Vendor agreed to sell 375,000,000 shares of HK\$0.01 each in the issued share capital of the Company (the “**Sale Shares**”) and the Offeror agreed to acquire the Sale Shares for a consideration of HK\$337,500,000 (equivalent to HK\$0.90 per Sale Share) in accordance with the terms and conditions of the Sale and Purchase Agreement. A supplemental agreement to the Sale and Purchase Agreement has been entered into on 27 July 2018. The Sale Shares collectively represent 75% of the existing issued share capital of the Company as at the date of this announcement. As informed by the Offeror, the sale and purchase of the Sale Shares has been completed on 27 July 2018.

On 1 August 2018, the Offeror published an announcement (the “**Offer Announcement**”) in respect of (i) the Sale and Purchase Agreement; and (ii) the unconditional mandatory cash general offer (the “**Offer**”) to be made by Guotai Junan Securities (Hong Kong) Limited on behalf of the Offeror for all the share(s) of the Company (each a “**Share**”) in issue, other than those Shares 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.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

It is intended that the Offeror will nominate new Directors to the Board 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 Hing Loong Rudoff will remain to be a Director. Set out below are the biographical details of new Directors to be appointed 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:

Executive Directors

Ms. CHEW Christina Mooi Chong, 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 directors 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 Hing Loong Rudoff, an executive Director of the Company.

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.

Mr. SHIH Steven Chun Ning, aged 54, has rejoined as the general manager of LCL Architects Limited, a indirect wholly subsidiary of the Company which engages in design, fit out and decoration since July 2017. He is mainly responsible for business development for our Group in the PRC, managing client relationship and exploring new business opportunities of design, fit out and decoration. He also coordinates drafting services for our Group. Mr. SHIH joined our Group in 2011 to develop our Group's business of design, fit out and decoration in Hong Kong and the PRC and later provided drafting work service to our Group. He was appointed as our Director on 24 April 2015, and was re-designated as our executive Director on 24 April 2015 and resigned on 10 February 2017. Mr. SHIH has over 10 years of banking experience with a number of investment banks in Hong Kong from 1988 to 1999. Mr. SHIH left the banking field in 1999 and invested a majority stake in a listed company that was principally engaged in the telephone handset design and manufacturing in July 1999 which was formerly listed on the Stock Exchange and he became the chairman in September 1999. He later disposed of his shareholding interests of that company in 2000. He is currently a director of each of Tung Mei Design (H.K.) Holding Co. Limited (“**TM Design**”) and 深圳市美刻設計工程有限公司 (Shenzhen Meike Design and Construction Company Limited*) (“**SZ Meike**”), and a 50% shareholder of TM Design and a legal representative of SZ Meike. TM Design and SZ Meike are principally engaged in providing design and fit out work for retail shops and a number of commercial offices, and providing drafting services, respectively. The business of TM Design and SZ Meike may compete with business of the Group and the potential competing interests have been disclosed in the section headed “Directors and Senior Management – Potential Competing Interests” in the prospectus of the Company dated 21 August 2015. Mr. SHIH obtained his Bachelor's degree in Science from the University of British Columbia in 1986 and his Master's degree in Business Administration from the same university in 1988.

Independent non-executive Directors

Mr. LEE Frank King-ting, aged 61, has over 12 years of experience in production, design, test, product management and marketing in the specialised industry of digital telecommunication semiconductors/integrated circuits. He joined Tom Lee Music Company Limited as the Director of Marketing in April 1994. He is currently the president and a director of Tom Lee Music Co., Ltd. in Hong Kong as well as a director of Tom Lee Music Foundation Limited. He had been appointed as an independent non-executive Director of the Company from 13 August 2015 to 10 February 2017. Mr. LEE graduated from the Faculty of Electrical Engineering at the University of British Columbia in Canada in May 1979. He was previously a member of the Consumer Council, Chairman of the Board of Trustees of the Hong Kong Jockey Club Music and Dance Fund, Member of the Telecommunications (Competition Provisions) Appeal Board, President of the Rotary Club of Kowloon, Chairperson of Hong Kong General Chamber of Commerce Retail & Tourism Committee, appointed member of the Quality Tourism Services Association Governing Council, a member of the eleventh Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference. At present, his major public services are a member of the Advisory Committee on Arts Development, a member of Hong Kong General Chamber of Commerce Retail &

Tourism Committee, an adviser of the Quality Tourism Services Association Governing Council, a member of the council of the Hong Kong Academy for Performing Arts.

Mr. HO Hin Yip, aged 44, has more than 20 years of financial and auditing experience. Since April 2012, he is the financial controller and joint company secretary of Dukang Distillers Holdings Limited (stock code: BKV), a company listed on the Singapore Exchange Limited, where he is responsible for the finance and accounting functions, statutory compliance and corporate governance affairs. He had been appointed as an independent non-executive Director of the Company from 13 August 2015 to 10 February 2017. He was also appointed as an independent non-executive director of each of China Ever Grand Financial Leasing Group Co., Ltd (formerly known as PME Group Limited) (stock code: 379), Xinhua News Media Holdings Limited (stock code: 309), and Jiayi Household International Holdings Limited (stock code: 1495), all are companies listed on the Main Board of the Stock Exchange, since December 2012, December 2014 and October 2015 respectively. Mr. HO received his bachelor's degree in business administration from the Chinese University of Hong Kong in December 1997. He was admitted as a member and a fellow member of The Association of Chartered Certified Accountants in August 2000 and August 2005, respectively. He has also been registered as a certified public accountant (Practising) of the Hong Kong Institute of Certified Public Accountants since February 2005.

Mr. CHAN Kwong Ming Johnny, aged 47, has founded Titan Works Limited, a private equity investments company specializing in products trade, financial technologies (online payment platform) and immigration. He received his Bachelor of Arts degree from the University of Toronto in 1994. He has been serving as Founding Director of University of Toronto (HK) Foundation since 1996. He was elected as Standing Director of Hong Kong Chinese General Chamber of Commerce and appointed as Chairman of External Affairs Committee in year 2016. He had been appointed as part-time member from January 2009 to December 2010 and associate member from February 2014 to June 2017 of Central Policy Unit of the HKSAR Government. He had been appointed a member of sub-committee on promotion of corporate volunteering of Social Welfare Department the HKSAR Government from April 2012 to March 2014 and from April 2016 to March 2018.

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.

NUMBERS OF RELEVANT SECURITIES IN ISSUE

As at the date of this announcement, the Company has 500,000,000 ordinary Shares of HK\$0.01 each in issue. The Company has no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent board committee (the “**Independent Board Committee**”) comprising all the independent non-executive Directors has been formed to make a recommendation to the independent shareholders of the Company other than the Vendor, the Offeror and parties acting in concert with it and their respective associates and parties acting in concert with them (the “**Independent Shareholders**”) whether the Offer is fair and reasonable for acceptance or not.

The independent financial adviser (the “**Independent Financial Adviser**”) will be approved and appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance, will be included in the response document.

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Offer Document containing, amongst other things, the terms and conditions of the Offer and the form(s) of acceptance and transfer in respect of the Offer, to the Independent Shareholders within 21 days of the date of the Offer Announcement. In response, a response document, which will contain, amongst other things, the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser to the Independent Board Committee on the Offer, will be issued and despatched by the Company to the Shareholders within 14 days after the posting of the Offer Document by the Offeror in relation to the Offer, or as permissible pursuant to the Takeovers Code.

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 of the Takeovers Code 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 of the Takeovers Code. 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 HK\$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 THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has been halted from 9:00 a.m. on 23 July 2018 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 2 August 2018.

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

Hong Kong, 2 August 2018

As at the date of this announcement, the Board comprises Mr. DENG Kui and Mr. LEONG Hing Loong Rudoff as executive Directors; and Mr. LIU Gang, Mr. YU Haizong and Ms. AN Yiqing as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement 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.