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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)

DISCLOSEABLE TRANSACTION:

DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A SUBSIDIARY

On 23 January 2019, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share for an aggregate consideration of approximately HK$13,579,000. The Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed "Conditions" below.

As the percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but all below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date:	23 January 2019 (after trading hours)		
Parties:	(1)	Vendor:	the Vendor
	(2)	Purchaser:	the Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief, the Purchaser is a special purpose vehicle wholly and beneficially owned by a PRC citizen.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is third party independent of and not connected with the Company, its connected persons (as defined under the Listing Rules) and their respective associates (as defined in the Listing Rules) (including the outgoing controlling shareholders and their associates).

The Vendor is a company incorporated in the British Virgin Islands with limited liabilities and a wholly-owned subsidiary of the Company.

Asset to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Share, which represents the entire issued share capital of the Target Company.

Consideration

The consideration for the sale and purchase of the Sale Share shall be approximately HK$13,579,000, which shall be satisfied by the Purchaser in the following manner (or such other manner as the parties thereto may agree in writing):

(a) as to HK$10,000 shall be payable by the Purchaser in cash to the Vendor (or as it may direct in writing) upon Completion; and

(b) as to approximately HK$13,569,000 shall be payable by the Purchaser by assuming all the Assumed Liabilities payable by the Remaining Group to the Target Group.

As at the date hereof, the Remaining Group owes the Target Group in the sum of approximately HK$13,569,000. Such Assumed Liabilities shall be taken and borne by the Purchaser upon Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the current financial situation and business operation of the Target Group. As at the date hereof, the Target Group is in a net asset value of approximately HK$1,362,000 as at 30 November 2018 and no revenue had been recorded for the Target Group since August 2018. Taking into account of the Assumed Liabilities, the Target Group would be in a net liabilities position (excluding the Assumed Liabilities).

There was no revenue of the Group recorded in connection with the Target Group since August 2018. After taking into consideration of various factors, including the dormant position of the Target Group and the net liabilities position of the Target Group (excluding the Assumed Liabilities), the Directors consider the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Disposal is conditional upon the satisfaction of the following:

(1) all necessary consents and approvals required to be obtained on the part of the Vendor and the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained; and

(2) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained.

Each party shall use its best endeavours to satisfy and fulfill the conditions. If the conditions set out above have not been satisfied on or before 28 February 2019, or such other date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

Completion

Completion is expected to take place within three Business Days after the fulfillment (or waiver) of the conditions (or such later date as the parties may agree) mentioned above.

Upon Completion, the Target Company will cease to be an indirect wholly-owned subsidiary of the Company and the Company will cease to have any interests in the Target Company and the results of the Target Group will no longer be consolidated with the results of the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability. The Target Group is principally engaged in the provision of aircraft management services.

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the fifteen months ended 31 December 2017 and the eleven months ended 30 November 2018:

	Eleven months ended 30 November 2018	**Fifteen months ended 31 December 2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	36,482	20,041
Profit before taxation	1,240	437
Profit after taxation	1,022	345

The total assets and net assets of the Target Group as at 30 November 2018 were approximately HK$20,308,000 and HK$1,362,000, respectively.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the unaudited consolidated net asset value of the Target Group as at 30 November 2018, it is estimated that upon Completion, the Group will record a gain of approximately HK$12,217,000 upon the Disposal for the year ending 31 December 2019 and a corresponding increase in the net assets of the Group. The actual amount of the gain or loss on the Disposal to be recognized in the consolidated financial statements of the Company will depend upon the financial position of the Target Group upon the Completion and shall be subject to review and confirmation by auditors.

REASONS FOR THE DISPOSAL

The Group is principally engaged in (i) construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, (ii) aviation and traveling services and (iii) financial services.

There was no revenue of the Group recorded in connection with the Target Group since August 2018 and relevant staff with expertise in the aviation business had left the Group. With the leave of those staff with relevant expertise in the aviation business, it is difficult for the Group to reactivate the business carried by the Target Group. As such, it is foreseeable that the Target Company will no longer contribute to the business of the Group.

After having taken into account of the current financial position and business operation of the Target Group, the Directors consider it is in the interests of the Group to dispose the entire issued share capital of the Target Company pursuant to the terms and conditions of the Sale and Purchase Agreement. The Company considers that the Disposal will have limited impact on the businesses of the Group, and can also streamline the Group's structure and allow the Group to reallocate resources to other business segments of the Group. In addition, after the Disposal, the management can focus on the development of the other businesses of the Group.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, it is expected that there will not be any net proceeds from the Disposal.

The Directors are of the view that the Disposal will not have any material adverse impact on the business operations and financial position of the Group.

LISTING RULES IMPLICATION

As the percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but all below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to announcement and reporting requirements under the Listing Rules.

Pursuant to Rule 14.92 of the Listing Rules, a company may not dispose of its existing business for a period of 24 months after a change in control (as defined in the Hong Kong Code on Takeovers and Mergers). Reference is made to the announcement of Starcross Group Limited (the "**Offeror**") dated 1 August 2018 and the joint announcement of the Company and the Offeror dated 26 September 2018. With completion of the acquisition of 375,000,000 Shares on 27 July 2018, the Offeror, a company incorporated in the British Virgin Islands with limited liability and owned as to 75% by Mr. Leong Hing Loong Rudoff ("**Mr. Leong**") and as to 25% by Ms. Chew Christina Mooi Chong ("**Ms. Chew**"), became the controlling shareholder of the Company. Both Mr. Leong and Ms. Chew are executive directors of the Company as at the date of this announcement. For further information, please refer to the offer document of the Offeror dated 27 August 2018 and the response document of the Company dated 4 September 2018.

The Company has applied and obtained a waiver from strict compliance with Rule 14.92 of the Listing Rules on the basis that, among others, (i) there had not been any injection of asset from the Offeror, Mr. Leong, Ms. Chew or any of their respective associates; (ii) the Disposal was proposed for legitimate reasons and not to circumvent the reverse takeover requirements under the Listing Rules; (iii) the Disposal will have limited impact on the business of the Group, and it could also streamline the Group's structure and allow the Group to reallocate resources to other business segments of the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

"associates"	has the meaning ascribed to this term under the Listing Rules
"Assumed Liabilities"	all obligations, liabilities and debts owing or incurred by the Remaining Group and its associates to the Target Group and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 23 January 2019, amounted to approximately HK$13,569,000 and will be assumed and be borne by the Purchaser upon Completion
"Company"	Royal China International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
"Directors"	directors of the Company
"Disposal"	the disposal of the entire issued share capital of the Target Company by the Group pursuant to the Sale and Purchase Agreement
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Purchaser"	Shine Success Development Holdings Limited, the purchaser to the Sale and Purchase Agreement and an Independent Third Party
"Remaining Group"	the Group excluding the Target Group
"Sale and Purchase Agreement"	the sale and purchase agreement dated 23 January 2019 and made between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Share and the assumption of the Assumed Liabilities by the Purchaser
"Sale Share"	One (1) share of US$1.00 in the share capital of the Target Company representing the entire issued share capital of the Target Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Smart Empire Global Limited, a company incorporated in the British Virgin Islands with limited liabilities and the target company under the Sale and Purchase Agreement
"Target Group"	together the Target Company and its subsidiaries
"Vendor"	Thousand Profit International Limited, a company incorporated in the British Virgin Islands with limited liabilities and the vendor under the Sale and Purchase Agreement

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

By order of the Board
Royal China International Holdings Limited
LEONG Hing Loong Rudoff
Chairman

Hong Kong, 23 January 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LEONG Hing Loong Rudoff, Ms. CHEW Christina Mooi Chong, Mr. SHIH Steven Chun Ning and Ms. GAO Jinyi as executive Directors; and Mr. HO Hin Yip, Mr. CHAN Kwong Ming Johnny and Mr. LU Zhuohui as independent non-executive Directors.