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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: PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY**

On 28 February 2019, the Lender, an indirect wholly-owned subsidiary of the Company, as lender and the Borrower as borrower entered into the Loan Agreement pursuant to which the Lender has agreed to grant the Loan to the Borrower for a term of twelve months from the Effective Date.

As the applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the amount of the financial assistance granted to the Borrower exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of the Loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

On 28 February 2019, the Lender, an indirect wholly-owned subsidiary of the Company, as lender and the Borrower as borrower entered into the Loan Agreement pursuant to which the Lender has agreed to grant the Loan in the amount of HK\$40,000,000 to the Borrower for a term of twelve months from the Effective Date. A summary of the principal terms of the Loan Agreement is set out below.

**THE LOAN AGREEMENT**

**Date:** 28 February 2019

**Parties:** (1) the Lender as lender; and  
(2) the Borrower as borrower

The Lender is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company.

The Borrower is a company incorporated in the Hong Kong with limited liability and is principally engaged in marketing of semifinished metal products and investments. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Borrower, the Guarantor and their ultimate beneficial owners are Independent Third Parties.

Pursuant to the Loan Agreement, the Lender has agreed to grant the Loan in the amount of HK\$40,000,000 to the Borrower subject to and conditional upon the terms and conditions set out in the Loan Agreement.

The Lender has assessed the relevant credit risk. Save for the Loan Agreement, there is no other business relationship between the Group and the Borrower. To the best of the Directors’ knowledge and information, the Directors are not aware of any default by the Borrower in the past.

**Principal:** HK\$40,000,000

**Interest rate:** 10% per annum

**Term:** Twelve (12) months commencing from the Effective Date

**Security:** Guarantee given by the Guarantor in favour of the Lender as security for the moneys, obligations and liabilities of the Borrower under the Loan Agreement. The Company is of the view that based on its risk assessment on the Borrower and the Guarantor, the Company considers that the credit risk relating to the entering into of the Loan Agreement is relatively low.

**Repayment:** The Borrower shall pay the interest accrued on the Loan on a six month's basis and shall repay the principal amount of the Loan together with any outstanding interest accrued thereon on the due date of the Loan.

**Prepayment:** The Borrower may at any time to repay the whole or part of the Loan after the Effective Date subject to the strict compliance of the following conditions:

- (i) giving the Lender one month's advance notice in writing; and
- (ii) Interest accrued on the Loan and charge in full even upon any early or partial prepayment of the Loan after the Effective Date.

**Purpose:** The proceeds of the Loan will be used by the Borrower towards its working capital.

### **Funding of the Loan**

The Group will finance the Loan with its internal resources.

### **INFORMATION ON THE BORROWER AND GUARANTOR**

The Borrower is a company incorporated in Hong Kong with limited liability and is principally engaged in marketing of semifinished metal products and investments. The Guarantor is an individual and a shareholder of the Borrower. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower, its ultimate beneficial owner(s) and the Guarantor are Independent Third Parties.

### **INFORMATION ON THE GROUP AND THE LENDER**

The principal activity of the Company is investment holding. The Group is principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses and financial services.

The Lender is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings and an indirect wholly-owned subsidiary of the Company.

### **REASONS FOR THE LOAN AGREEMENT**

The terms of the Loan Agreement are negotiated on an arm's length basis between the Lender, the Borrower and the Guarantor with regarding to, among others, prevailing commercial practices and, the security provided and the amount of the Loan. The terms of the Loan including the interest rate charged on the Borrower are determined with reference to the range of market interest rate after arm's length negotiations.

The Directors consider that the granting of the Loan constitutes provision of financial assistance by the Group under the Listing Rules. Taking into account of the cashflow stream from the expected interest income, the Directors consider that the entering into of the Loan Agreement and the terms and conditions of the Loan Agreement (including the interest rate and principal amount) are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the amount of the financial assistance granted to the Borrower exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of the Loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Borrower”	Royal International Trading Limited, the borrower under the Loan Agreement and a company incorporated in Hong Kong with limited liability
“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”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the effective date of the Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	the personal guarantor who provides personal guarantee in favour of the Lender as security for the moneys, obligations and liabilities under the Loan Agreement

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lender”	Sincere Sword International Limited, a company incorporated in the British Virgin Islands with limited liability
“Loan”	the loan in the principal amount of HK\$40,000,000 granted by the Lender to the Borrower under the Loan Agreement
“Loan Agreement”	the loan agreement dated 28 February 2019 and entered into between the Lender and the Borrower
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 28 February 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 and Mr. CHAN Kwong Ming Johnny and Mr. LU Zhuohui as independent non-executive Directors.*