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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 RELATING TO THE DISPOSAL OF ORDINARY MEMBERSHIP OF CGSE

DISPOSAL OF ORDINARY MEMBERSHIP OF CGSE

The Board is pleased to announce that on 5 July 2019 (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 Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Disposal 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 Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

DISPOSAL OF ORDINARY MEMBERSHIP OF CGSE

The Board is pleased to announce that on 5 July 2019 (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

5 July 2019 (after trading hours)

Parties

Vendor: Royal China Bullion Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

Purchaser:

The Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a Hong Kong resident and an Independent Third Party.

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 six meetings of the Committee from August 2019. If the transfer of Membership does not take place at or before the Committee Meeting in January 2020, the Vendor and the Purchaser agree as follows:

- (i) If the Committee does not approve the transfer of the Membership due to reason on the part of the Vendor, the Vendor shall refund the Deposit to the Purchaser immediately after the Committee Meeting in January 2020 and pay the Purchaser HK\$2 million as compensation. 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 Committee Meeting in January 2020, the Deposit is forfeited and not refundable to the Purchaser from the Vendor immediately after the Committee Meeting in January 2020. The Agreement shall then be terminated and neither party shall have any obligations and liabilities thereunder.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is incorporated in the Cayman Islands with limited liability and is an investment holding company. The Group is principally engaged in construction and ancillary services and financial services.

Having regard to the increasingly challenging business environment, the uncertainties of the prospect of the precious metal trading business and no revenue from the precious metal trading business since 2018, the Board considered that the Disposal will enable the Group to realise its investment in the Membership at fair value and better utilise its resources. The Disposal will only have limited impact on the business of the Group and would also streamline the Group's structure and allow the Group to realise its investment in the Membership and reallocate resources to other business segments of the Group. Upon completion of the Disposal, the Group will cease to carry out the precious trading business.

The book value of the Membership as at 31 December 2018 was HK\$10 million. The revenue of the Group in connection with the Membership for the fifteen months ended 31 December 2017 was approximately HK\$0.6 million and there was no revenue of the Group in connection with the Membership for the year ended 31 December 2018.

The Group does not expect to recognise any gain or loss from the Disposal, being the difference between the Consideration and the book value of the Membership. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and review to be performed by the Company's auditors.

It is expected that the net proceeds from the Disposal of approximately HK\$9.5 million shall be utilized towards general working capital of the Group.

The Directors consider that the terms of the Disposal are fair and reasonable and on normal commercial terms 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 Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of 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 the 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. Mr. Leong is an executive Director 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.

Completion of the Disposal 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 Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

DEFINITIONS

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

“Agreement”	the agreement dated 5 July 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of directors of the Company
“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, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$10 million payable under the Agreement
“Deposit”	the amount of HK\$2 million paid by the Purchaser upon signing of the Agreement as deposit and partial payment of the Consideration
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Membership by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“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 CGSE held by the Vendor
“The Committee Meeting in January 2020”	meeting of the Committee to be held in January 2020
“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Special Administrative Region of Macau and Taiwan
“Purchaser”	a Hong Kong resident and an Independent Third Party

“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”	Royal China Bullion Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Royal China International Holdings Limited
SHEN Jie
Chairman

Hong Kong, 5 July 2019

As at the date of this announcement, the Board of Directors of the Company comprises, Ms. SHEN Jie, Mr. LEONG Hing Loong Rudoff and Ms. GAO Jinyi as executive Directors; and Mr. HO Hin Yip, Mr. CHAN Kwong Ming Johnny and LU Zhuohui as independent non-executive Directors.