

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

皇中國際控股有限公司

ROYAL CHINA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

BUSINESS UPDATE RELATING TO (1) THE SUBSCRIPTION AGREEMENT AND (2) THE AIRCRAFT MANAGEMENT AGREEMENT AND CHANGE IN USE OF PROCEEDS

Reference is made to the announcement of Royal China International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 7 July 2017 (the “**Announcement**”) in relation to the entering of the Strategic Cooperation Framework Agreement. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board is pleased to provide an up-date on the development of the business jet management business of the Group.

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 12 July 2017 (after trading hours), Smart Empire Global Limited (“**Smart Empire**”), an indirect wholly-owned subsidiary of the Company, BAA Jet Management Limited (the “**BAA**”) and Himalaya Business Aviation Limited (“**HBA**”), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement (the “**Subscription Agreement**”). The principal terms of the Subscription Agreement are summarized as follows:

Date

12 July 2017

Parties

1. Smart Empire;
2. BAA; and
3. HBA.

Subject matter

Smart Empire and BAA shall subscribe for, and HBA shall allot and issue, 5,099,999 shares and 4,900,000 shares, respectively, at the aggregate subscription price of HK\$5,099,999 and HK\$4,900,000, respectively (the “**Subscription**”). Upon completion of the Subscription, Smart Empire and BAA will own 5,100,000 shares and 4,900,000 shares of HBA, respectively, representing 51% and 49% of the issued share capital of HBA, respectively.

The subscription price to be paid by Smart Empire and BAA is determined after arm’s length negotiations between Smart Empire and BAA, taking into account factors including industry development prospects and operation needs of HBA.

Completion of the Subscription

The completion of the Subscription shall take place after fulfillment of certain conditions precedent including the authorization for signing the Subscription Agreement by the respective board of directors of Smart Empire and BAA and within 14 days from the date of the Subscription Agreement.

INFORMATION ABOUT BAA

BAA, a top business jet management company in PRC, is mainly engaged in business jet management business, providing service to customers including flight scheduling, aircraft maintenance and crew management.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, BAA and its ultimate beneficial owners are independent third parties of the Company and its connected persons (has the meaning ascribed to it under the Listing Rules) and not otherwise connected persons of the Company.

INFORMATION ABOUT HBA

HBA is a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company before the completion of the Subscription. HBA is principally engaged in business jet management business.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company. The Group is principally engaged in one-stop integrated interior design solutions including design, fit out and decoration as well as overall project management. As disclosed in the announcement of the Company dated 9 May 2017, the Board has decided to explore business opportunities in aviation and traveling business and financing services. The aviation and travel business includes but not limited to business jet management, service of aircraft sales and pilot training service.

The Directors hold a positive view towards the business jet management business and believe that such business would bring positive returns to the Group in the long run. Following the completion of the Subscription, the Group can leverage on the reputation, expertise and extensive experience of BAA to expand its business jet management business. The Directors consider that the Subscription Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

AIRCRAFT MANAGEMENT AGREEMENT

On 12 July 2017 (after trading hours), HBA and a lessee (the “**Lessee**”) of a Gulfstream model G550 aircraft (the “**Aircraft**”) entered into an aircraft management agreement, pursuant to which the Lessee has agreed to engage HBA to manage the Aircraft for an initial term of one year commencing from the date HBA takes delivery of the Aircraft.

CHANGE IN USE OF PROCEEDS

Reference is made to the section headed “Future plans and use of proceeds” of the prospectus of the Company dated 21 August 2015 and the announcement of the Company dated 9 May 2017.

Having considered the performance and requirements of the Group’s one-stop integrated interior design solutions business and with a view to better deploy the resources of the Group, the Board has decided to re-allocate approximately HK\$5.1 million from HK\$10 million among the net proceeds totally approximately HK\$100.0 million raised in the share offer by the Company in September 2015, which is originally planned to be used for recruiting high caliber talents in management, design, decoration, finance, sales and marketing and enhance internal training to support future growth (the “**Original Plan**”), for the payment of the subscription price under the Subscription Agreement. The Original Plan, if implemented, will be financed by internally generated resources of the Group.

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

Hong Kong, 12 July 2017

As at the date of this announcement, the Company’s board of directors comprises Mr. DENG Kui, Mr. LIU Yong Sheng, Mr. ZHOU Hucheng, Mr. LEONG Hing Loong Rudolf and Ms. CHEW Christina Mooi Chong as executive Directors; and Mr. LIU Gang, Mr. YU Haizong and Ms. AN Yiqing as independent non-executive Directors.