

For Immediate Release

Royal China International Announces 2017 Interim Results

HIGHLIGHTS

HK\$ thousand (Unaudited)	Nine months ended 30 June	
	2017	2016
Revenue	74,412	94,623
Gross profit	28,410	41,729
Profit before taxation	5,770	28,049
Taxation	(2,574)	(4,460)
Profit and total comprehensive income for the period	3,196	23,589
Earnings per share: Basic and diluted (HK cents)	0.6	4.7

18 August 2017, Hong Kong - Royal China International Holdings Limited (the “**Company**”, and its subsidiaries collectively referred hereafter as the “**Group**”) is pleased to announce its interim results today. During the nine months ended 30 June 2017, the Group recorded a turnover of HK\$74.4 million and a consolidated net profit of HK\$3.2 million. Earnings per share of the Group was 0.6 HK cents.

The decrease in consolidated net profit was mainly attributable to: (i) the substantial decrease in revenue and gross profit of one-stop integrated interior design solutions arisen from intensive competition in the interior design industry; (ii) the increase of professional fees incurred for the mandatory unconditional cash offer for the shares of the Company; and (iii) the increase in the operating expenses for preparing new

businesses and general administrative purpose.

In order to broaden the Group's sources of income and to enhance its business development, after assessment of the Group's one-stop integrated interior design solutions business and various business opportunities available to the Group, the Board has decided to explore business opportunities in aviation and traveling business and financing services.

Design, Fit out, and Decoration Segment

During the nine months ended 30 June 2017, the revenue derived from the design, fit out and decoration (“**DFD**”) projects in Hong Kong amounted to HK\$45.3 million. The revenue derived from the DFD projects in Hong Kong decreased due to the Hong Kong market sentiment turned amid, the possibility for increase in US interest rate and uncertainty in the economic outlook resulting in a decline in the number of sizeable DFD projects in Hong Kong.

Financing Services Segment

Precious Metal Trading Business : On 29 June 2017, Hong Kong Exchanges and Clearing Limited and CGSE signed a Memorandum of Understanding. This event signifies a strategic partnership which aims to build a major gold and commodities trading center in Asia Pacific. On 9 May 2017, the Group purchased the membership of the Chinese Gold & Silver Exchange Society to conduct business of trading and exchange of precious metal. We are optimistic about the prospects of precious metal trading market in Hong Kong and the PRC and our precious metal trading business.

Aviation and Traveling Segment

- 1. Business Jet Management Business :** On 12 July 2017, the Group entered into subscription agreement with BAA Jet Management Limited (“**BAA**”), a top business jet management company in the PRC for establish a joint venture Himalaya Business Aviation Limited (the “**HBA**”). HBA and a lessee (the “**Lessee**”) of a Gulfstream model of G550 aircraft entered into an aircraft management agreement, pursuant to which the Lessee has agreed to engage HBA to manage an Aircraft. We believe that the Group can leverage on the reputation, expertise and extensive experience of BAA to expand our business jet management business and bring positive returns to the Group. The Group is actively looking for and negotiating for potential business opportunities for our business jet management service.
- 2. Service of Aircraft Sales Business :** On 27 July 2017, the Company and Royal China Group International Holdings Limited (“**RCG**”) entered into an agency agreement for the provision of agency service by the Company to act as an exclusive purchase agent for RCG in its purchase of a business jet. We believe that our agency service on business jet purchase would provide an opportunity for the Group to diversify our business into service of aircraft sales and broaden our sources of income.

Because of the downturn in both macro property market and construction & design industry, the Group’s business of design, fit out and decoration seems to be pessimistic. In accordance with initiative of “One belt, One road”, it aims to promote the connection of infrastructure construction, strengthen economic, trade and industrial cooperation, and boost the integration in financial and other industries among more than 60

economic entities along “One belt, One road”. The aviation industry will become the carrier and be benefited from the Air Silk Road, which brings tremendous development opportunities. The Group will combine its own resources and strive to explore other related business opportunities in order to create greater value for shareholders.

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General Enquiry

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