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## **ROYALE HOME HOLDINGS LIMITED**

**皇朝家居控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1198)**

### **BUSINESS UPDATE MEMORANDUM OF UNDERSTANDING**

This is an announcement made by Royale Home Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company and potential investors that on 10 December 2021, Chitaly Furniture (HK) Limited (“**Chitaly Furniture (HK)**”), an indirect wholly-owned subsidiary of the Company, has entered into a memorandum of understanding (the “**MOU**”) with Suzhou Haibo Smart System Co., Ltd.\* (蘇州海博智能系統有限公司) (“**Haibo Smart System**”), in relation to the establishment of a joint venture enterprise (the “**JV**”) focusing on the research and development of smart home technologies and systems.

#### **MEMORANDUM OF UNDERSTANDING**

##### **Date**

10 December 2021

##### **Parties**

1. Chitaly Furniture (HK) Limited; and
2. Suzhou Haibo Smart System Co., Ltd.\* (蘇州海博智能系統有限公司)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Haibo Smart System and its ultimate beneficial owner(s) are independent of and not connected with the Company or its connected persons.

## **Subject Matter**

Chitaly Furniture (HK) and Haibo Smart System shall jointly establish the JV in Guangzhou, the PRC, the equity interest of which will be held as to 51% by Chitaly Furniture (HK) and 49% by Haibo Smart System. It is agreed that the registered capital of the JV would be RMB10 million.

The JV would establish a smart home laboratory focusing on the research and development of smart home technologies and systems, which shall then be applied to home products to be used in various scenarios such as elderly household care, digital assets, household medical and home office uses etc..

Chitaly Furniture (HK) is primarily responsible for the design of home products, household interior and lifestyle experience, promotion and marketing of the JV's products, manufacturing and supply chain management in respect of the JV's products and financial management of the JV. Haibo Smart System is primarily responsible for the research and development of smart home technologies and systems, recruitment of and making arrangement for technical personnel for the research and development function of the JV and supply chain arrangements for technological products.

Pursuant to the MOU, each of the parties has undertaken to the other that it will not conduct any operations that directly or indirectly compete (or may possibly compete) with the JV.

The provisions set out in the MOU are subject to a formal agreement to be negotiated and entered into by the parties (the **"Formal Agreement"**) and are not legally binding.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU**

As disclosed in the interim report of the Company published on 29 September 2021, the Group will continue to deepen its commitments in the market of home products. It has been the aim of the Group to diversify its operations and further expand its business scale. The Board considers the cooperation under the MOU represents an opportunity for the Group to diversify its business. Under the MOU, each of the parties to the JV will exert their respective advantages and contribute to the successful development of the JV. The Group understands that the research and development function of the smart home laboratory of the JV will be led by Dr. Xie Taoling (謝濤令), who is the chairman of Haibo Smart System, and an expert in the areas of digital and finance security and artificial intelligence. The establishment of the JV is conducive to the expansion of the Group's furniture business into an integrated platform for home products as it would optimize the variety of products offered by the Group and revitalize the product catalogue of the Group to meet the modern demand for smart home in the PRC. Accordingly, the Board is of the view that the terms of the MOU are fair and reasonable, and the cooperation contemplated under the MOU is in the interest of the Company and its shareholders as a whole.

The Company will keep shareholders and potential investors of the Company informed and make further announcement(s) as and when appropriate in compliance with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**As at the date of this announcement, no legally binding agreement has been entered into between the parties in respect of the establishment of the JV and the cooperation contemplated thereunder, which are subject to the Formal Agreement and relevant conditions precedent thereunder. Therefore, the establishment of the JV and the cooperation contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Royale Home Holdings Limited**  
**Tse Kam Pang**  
*Chairman and Executive Director*

Hong Kong, 10 December 2021

*As at the date of this announcement, the Board comprises two executive directors, namely, Mr. Tse Kam Pang (Chairman) and Mr. Yang Jun; four non-executive directors, namely, Mr. Wu Zhongming, Mr. Wu Dingliang, Ms. Qin You and Mr. Chen Yisheng; and three independent non-executive directors, namely, Mr. Lau Chi Kit, Mr. Yue Man Yiu Matthew and Mr. Chan Wing Tak Kevin.*

\* *For identification purposes only*