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ROYALE FURNITURE HOLDINGS LIMITED

皇朝傢俬控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1198)

(1) MAJOR TRANSACTION LAND RESUMPTION AGREEMENTS AND (2) RESUMPTION OF TRADING

THE LAND RESUMPTIONS

On 18 June 2020:

1. the Land Reserve Centre, the Planning Bureau, Shitan Town Government and Yufa Furniture entered into the Land Resumption Agreement A in accordance with relevant PRC laws and regulations, pursuant to which it was agreed that Land Use Right A of Land Parcel A will be resumed by the government; and
2. the Land Reserve Centre, the Planning Bureau, Shitan Town Government and Fuli Furniture entered into the Land Resumption Agreement B in accordance with relevant PRC laws and regulations, pursuant to which it was agreed that Land Use Right B of Land Parcel B will be resumed by the government.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption Agreements and the transactions contemplated thereunder exceed 25%, but do not exceed 75%, the Land Resumptions constitute a major transaction for the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval for the Land Resumptions may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

The Company has obtained written approvals for the Land Resumptions in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising SCHK, Mr. Tse, Leading Star, Crisana and Charming Future, which are beneficially interested in an aggregate of 2,095,991,280 Shares (representing approximately an aggregate of 80.66% of the entire issued share capital of the Company as at the date of this announcement). SCHK, Mr. Tse, Leading Star, Crisana and Charming Future are parties acting in concert pursuant to the Concert Group Agreement and thus are a closely allied group of Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the bidders for the Land Parcels following the Land Resumptions would not include connected persons of the Company and no Shareholders or any of their respective close associates have any material interest in the Land Resumptions and therefore none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Land Resumptions. As such, no general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) the details of the Land Resumptions, the Land Resumption Agreements and the transactions contemplated thereunder; and (ii) other information required to be included in the circular under the requirements of the Listing Rules will be despatched on or before 14 August 2020 as additional time is required for the Company to prepare and finalise certain information relating to indebtedness statements and working capital sufficiency for inclusion in the circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules to delay the despatch of the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Thursday, 18 June 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Friday, 19 June 2020.

The Board announces that:

1. the Land Reserve Centre, the Planning Bureau, Shitan Town Government and Yufa Furniture entered into the Land Resumption Agreement A on 18 June 2020 in accordance with relevant PRC laws and regulations, pursuant to which it was agreed that Land Use Right A of Land Parcel A will be resumed by the government; and
2. the Land Reserve Centre, the Planning Bureau, Shitan Town Government and Fuli Furniture entered into the Land Resumption Agreement B on 18 June 2020 in accordance with relevant PRC laws and regulations, pursuant to which it was agreed that Land Use Right B of Land Parcel B will be resumed by the government.

Upon the completion of the Land Resumption Agreements, the state-owned land use right certificates of Land Parcel A and Land Parcel B held by Yufa Furniture and Fuli Furniture respectively shall be cancelled.

LAND RESUMPTION AGREEMENT A

The principal terms of the Land Resumption Agreement A are as follows:

Date

18 June 2020

Parties

1. the Land Reserve Centre;
2. the Planning Bureau;
3. Shitan Town Government; and
4. Yufa Furniture.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Land Reserve Centre, the Planning Bureau, Shitan Town Government and each of their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Land Parcel A

Land Parcel A comprises of one parcel of land with a total land area of 77,478.70 square metres, of which 68,645.25 square metres are recognised as Modification Area and 8,833.45 square metres are not recognised as Modification Area. Land Parcel A is located at Baishigang, Jigang Cooperative Society, Hengling Village, Shitan Town* (石灘鎮橫嶺村基崗合作社白石崗), the PRC, which has been approved for industrial use.

The total building area as confirmed in the land planning conditions under the Business Letter of Resources Planning〔2020〕No. 5899* (穗規劃資源業務函〔2020〕5899號) of Land Parcel A is 195,225 square metres and the total area of land to be resumed under the Land Resumption Agreement A for consolidation and modification is 77,478.70 square metres. Therefore, the Gross Plot Ratio of Land Parcel A exceeds 2.0.

As at 31 December 2019, the audited net book value of Land Parcel A was approximately RMB9,868,000, and the net book value of the buildings erected thereon was approximately RMB92,581,000.

Compensation

Pursuant to the Land Resumption Agreement A, the Compensation payable to Yufa Furniture for Land Parcel A will be determined in accordance with the mechanism set out below:

1. The total Compensation for Land Parcel A shall be the sum of (1) the compensation for the part of Land Parcel A recognised as Modification Area (the “**Recognised Land Parcel A Area**”); and (2) the compensation for the part of Land Parcel A not recognised as Modification Area;
2. Compensation for the part of the Recognised Land Parcel A Area representing Gross Plot Ratio of 2.0 or lower:

$$\frac{\text{Recognised Land Parcel A Area (i.e. 68,645.25 square metres)}}{\text{Total area of Land Parcel A resumed for consolidation and modification (i.e. 77,478.70 square metres)}} \times \frac{2.0}{\text{Gross Plot Ratio of Land Parcel A}} \times \text{Consideration determined by bidding at the public auction x 60\% (inclusive of the Compensation Bonus of 10\%)}$$

3. Compensation for the part of the Recognised Land Parcel A Area representing Gross Plot Ratio higher than 2.0:

<u>Recognised Land Parcel A Area (i.e. 68,645.25 square metres)</u>	<u>Gross Plot Ratio of Land Parcel A -2.0</u>	<u>Consideration determined by bidding at the public auction x 10%</u>
Total area of Land Parcel A resumed for consolidation and modification (i.e. 77,478.70 square metres)	x	x
	Gross Plot Ratio of Land Parcel A	

4. The compensation for the part of Land Parcel A not recognised as Modification Area (i.e. 8,833.45 square metres) shall be calculated with reference to the market valuation of Land Parcel A based on its original use at the time when the modification project is approved.

The Compensation for Land Parcel A was negotiated by the parties on an arms' length basis and will be determined with reference to a bidding process in respect of the public auction mentioned above.

During the negotiations between the parties to the Land Resumption Agreement A, it was understood that the base price for the public auction of Land Parcel A would possibly be around RMB7,197 per square metre by total building area. The base price for the public auction of Land Parcel A will be finally determined and announced by the government in the tender document.

Payment Terms

Upon completion of the transfer of Land Parcel A, the Planning Bureau shall inform Shitan Town Government in writing of the Compensation calculated in accordance with the Land Resumption Agreement A. Shitan Town Government shall then apply to the Land Reserve Centre (who would apply to the finance bureau on a district level) for funds to be utilized for payment of the Compensation for Land Resumption A.

Upon the satisfaction of all the conditions (i), (ii) and (iii) listed below, Shitan Town Government shall within three (3) months pay the Compensation for Land Resumption A (after retaining a contingency sum in view of leftover problems of Land Parcel A calculated by the area stated in the land certificate of Land Parcel A multiplied by RMB200,000 per Mou (亩) (the “**Contingency Sum A**”)) to a designated account of Yufa Furniture:

- (i) Yufa Furniture having delivered Land Parcel A to Shitan Town Government and signed a land delivery confirmation;
- (ii) Land Parcel A having been successfully transferred and a state-owned land use right transfer agreement having been entered into; and

(iii) the soil and environmental investigation and assessment in respect of Land Parcel A having been completed and corresponding filing(s) having been obtained (if rectification and restoration of land is involved, the filings in respect of the restoration implementation plan and restoration effect assessment having been obtained).

The Contingency Sum A shall be settled and paid to a designated account of Yufa Furniture within one (1) year after all the conditions (i), (ii) and (iii) listed above are satisfied.

LAND RESUMPTION AGREEMENT B

The principal terms of the Land Resumption Agreement B are as follows:

Date

18 June 2020

Parties

1. the Land Reserve Centre;
2. the Planning Bureau;
3. Shitan Town Government; and
4. Fuli Furniture.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Land Reserve Centre, the Planning Bureau, Shitan Town Government and each of their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Land Parcel B

Land Parcel B comprises of one parcel of land with a total land area of 110,097.10 square metres, of which 105,053.57 square metres are recognised as Modification Area and 5,043.53 square metres are not recognised as Modification Area. Land Parcel B is located at Baishigang, Jigang Cooperative Society, Hengling Village, Shitan Town* (石灘鎮橫嶺村基崗合作社白石崗), the PRC, which has been approved for industrial use.

The total building area as confirmed in the land planning conditions under the Business Letter of Resources Planning〔2020〕No. 5900* (穗規劃資源業務函〔2020〕5900號) of Land Parcel B is 314,010 square metres and the total area of land to be resumed under the Land Resumption B for consolidation and modification is 110,097.10 square metres. Therefore, the Gross Plot Ratio of Land Parcel B exceeds 2.0.

As at 31 December 2019, the audited net book value of Land Parcel B was approximately RMB14,214,000, and the net book value of the buildings erected thereon was approximately RMB120,345,000.

Compensation

Pursuant to the Land Resumption Agreement B, the Compensation payable to Fuli Furniture for Land Parcel B will be determined in accordance with the mechanism set out below:

1. The total Compensation for Land Parcel B shall be the sum of (1) the Compensation for Land Parcel B for the part of Land Parcel B recognised as Modification Area (the “**Recognised Land Parcel B Area**”); and (2) the compensation for the part of Land Parcel B not recognised as Modification Area;
2. Compensation for the part of the Recognised Land Parcel B Area representing Gross Plot Ratio of 2.0 or lower:

$$\frac{\text{Recognised Land Parcel B Area (i.e. 105,053.57 square metres)}}{\text{Total area of Land Parcel B resumed for consolidation and modification (i.e. 110,097.10 square metres)}} \times \frac{2.0}{\text{Gross Plot Ratio of Land Parcel B}} \times \text{Consideration determined by bidding at the public auction x 60\% (inclusive of the Compensation Bonus of 10\%)}$$

3. Compensation for the part of the Recognised Land Parcel B Area representing Gross Plot Ratio higher than 2.0:

$$\frac{\text{Recognised Land Parcel B Area (i.e. 105,053.57 square metres)}}{\text{Total area of Land Parcel B resumed for consolidation and modification (i.e. 110,097.10 square metres)}} \times \frac{\text{Gross Plot Ratio of Land Parcel B}}{-2.0} \times \text{Consideration determined by bidding at the public auction x 10\%}$$

4. The compensation for the part of Land Parcel B not recognised as Modification Area (i.e. 5,043.53 square metres) shall be calculated with reference to the market valuation of Land Parcel B based on its original use at the time when the modification project is approved.

The Compensation for Land Parcel B was negotiated by the parties on an arms’ length basis and will be determined with reference to a bidding process in respect of the public auction mentioned above.

During the negotiations between the parties to the Land Resumption Agreement B, it was understood that the base price for the public auction of Land Parcel B would possibly be around RMB7,171 per square metre by total building area. The base price for the public auction of Land Parcel B will be finally determined and announced by the government in the tender document.

Payment Terms

Upon completion of the transfer of Land Parcel B, the Planning Bureau shall inform Shitan Town Government in writing of the Compensation calculated in accordance with the Land Resumption Agreement B. Shitan Town Government shall then apply to the Land Reserve Centre (who would apply to the finance bureau on a district level) for funds to be utilized for payment of the Compensation for Land Resumption B.

Upon the satisfaction of all the conditions (i), (ii) and (iii) listed below, the Shitan Town Government shall within three (3) months pay the Compensation for Land Resumption B (after retaining a contingency sum in view of leftover problems of Land Parcel B calculated by the area stated in the land certificate of Land Parcel B multiplied by RMB200,000 per Mou (畝) (the “**Contingency Sum B**”)) to a designated account of Fuli Furniture:

- (i) Fuli Furniture having delivered Land Parcel B to the Shitan Town Government and signed a land delivery confirmation;
- (ii) Land Parcel B having been successfully transferred and a state-owned land use right transfer agreement having been entered into; and
- (iii) the soil and environmental investigation and assessment in respect of Land Parcel B having been completed and corresponding filings having been obtained (if rectification and restoration of land is involved, the filings in respect of the restoration implementation plan and restoration effect assessment having been obtained).

The Contingency Sum B shall be settled and paid to a designated account of Fuli Furniture within one (1) year after all the conditions (i), (ii) and (iii) listed above are satisfied.

Common Terms of the Land Resumptions under the Land Resumption Agreements

1. Yufa Furniture/Fuli Furniture shall carry out investigation and assessment on the soil and environmental conditions of Land Parcel A/Land Parcel B in accordance with the relevant regulations in relation to modification of old factories. All costs arising from the relevant assessment, rectification and treatment of the polluted land shall be borne solely by Yufa Furniture/Fuli Furniture.
2. Yufa Furniture/Fuli Furniture has agreed to appoint the Land Reserve Centre as its representative for the cancellation of land title registrations and the property title registrations in connection with the Land Resumption A/Land Resumption B and

transfer Land Parcel A/Land Parcel B to the government for reserve. Yufa Furniture/Fuli Furniture shall deliver original copies of the aforementioned title documents and relevant information to the Planning Bureau within three (3) business days after the date of the Land Resumption Agreement A/Land Resumption Agreement B.

3. Yufa Furniture/Fuli Furniture shall at its own costs remove all constructions erected on Land Parcel A/Land Parcel B and conduct land formation within 90 days from the date of the Land Resumption Agreement A/Land Resumption Agreement B. A land transfer confirmation shall be entered into between Yufa Furniture/Fuli Furniture and Shitan Town Government upon on-site inspection by Shitan Town Government. In the event that Yufa Furniture/Fuli Furniture has not deliver Land Parcel A/Land Parcel B in accordance with the time stipulated under the Land Resumption Agreement A/Land Resumption Agreement B, 10% of the Compensation for Land Resumption A/Land Resumption B shall be deducted on an annual basis.
4. Yufa Furniture/Fuli Furniture shall be responsible for handling unforeseeable problems in respect of Land Parcel A/Land Parcel B, including historical leftover problems relating to land resumption from farmers, problems of removal of plantations and other objects attached to the land etc., at its own costs. Shitan Town Government is entitled to utilize the Contingency Sum A/Contingency Sum B in the amount of RMB23,243,600/RMB33,029,200 for the resolution of the abovementioned problems.
5. The Planning Bureau shall within one (1) year after the delivery of Land Parcels (if rectification and treatment of pollution of land is involved, the one (1) year-period shall commence from obtaining the filings on rectification implementation plan and rectification effect assessment) organise the transfer of Land Parcel A/Land Parcel B (whether in phases or all together) under the Land Resumption Agreement A/Land Resumption Agreement B. If the transfer is not organised within one (1) year (except where the Planning Bureau has organised the transfer but completion has not occurred), Shitan Town Government shall pay to Yufa Furniture/Fuli Furniture an amount of 60% by reference to the new use under urban planning and benchmark price of the planned saleable area of Land Parcel A/Land Parcel B, which shall later be deducted from the Compensation for Land Resumption A/Land Resumption B.
6. The actual details and scope as to Land Parcel A/Land Parcel B are subject to approvals for conditions of land use plans. If completion shall not occur after the Planning Bureau's organisation of transfer of Land Parcel A/Land Parcel B, the Planning Bureau is entitled to adjust and resubmit the conditions of plans and transfer proposal for the professional committees for architecture, environment, transportation and municipal services and the land committee for review and decision.

FINANCIAL EFFECTS

The Group expects to have a gain of approximately RMB1,349,716,000 before tax if and upon successful completion of the Land Resumptions, taking into account the audited net book value of the Land Parcels as at 31 December 2019 and the estimated base prices of the public auction of the Land Parcels. The actual amount of gain is subject to audit and will take into account any costs and expenses incurred relating to the Land Parcels, and accordingly it may be different from the amount above.

REASONS FOR AND BENEFITS OF THE LAND RESUMPTIONS

The Directors believe that the Land Resumptions would represent an excellent opportunity for the Group to realise the value of the Land Parcels and will enable the Group to free up capital for its business operations. The Group has observed an increase in the value of lands in the vicinity of the Land Parcels and is of the view that the Land Resumptions would enable the Group to optimise the usage of its resources. The Directors believe that the Land Resumptions would strengthen the Group's financial position and benefit the future business development of the Group in the long run.

The cash proceeds from the Land Resumptions will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreements are on normal commercial terms and on an arm's length basis, and the Land Resumptions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on Yufa Furniture

Yufa Furniture is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the manufacturing and sale of furniture.

Information on the Fuli Furniture

Fuli Furniture is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the manufacturing and sale of furniture.

Information on the Land Reserve Centre

The Land Reserve Centre is a government authority in Zengcheng District, Guangzhou, the PRC, which is mainly responsible for resumption of collective lands within the administrative area, resumption of buildings erected on state-owned lands, urban planning of government reserve lands and implementation and preparation of plans on supply of government reserve lands.

Information on the Shitan Town Government

Shitan Town Government is a government authority in Shitan Town, Zengcheng District, Guangzhou, the PRC, which is mainly responsible for enhancing economic development within the administration area, strengthening community management and optimizing public services.

Information on the Planning Bureau

The Planning Bureau is a government authority in Zengcheng, Guangzhou, the PRC, which is mainly responsible for evaluation and monitoring of natural resources, centralised registration of natural resources and urban planning.

Information on the Group

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the manufacturing and sales of furniture.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption Agreement and the transactions contemplated thereunder exceed 25%, but do not exceed 75%, the Land Resumptions constitute a major transaction for the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, written shareholders' approval for the Land Resumptions may be obtained by way of shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

The Company has obtained written approvals for the Land Resumptions in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising SCHK, Mr. Tse, Leading Star, Crisana and Charming Future, which are beneficially interested in an aggregate of 2,095,991,280 Shares (representing approximately an aggregate of 80.66% of the entire issued share capital of the Company as at the date of this announcement). SCHK, Mr. Tse, Leading Star, Crisana and Charming Future are parties acting in concert pursuant to the Concert Group Agreement and thus are a closely allied group of Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the bidders for the Land Parcels following the Land Resumptions would not include connected persons of the Company and no Shareholders or any of their respective close associates have any material interest in the Land Resumptions and therefore none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Land Resumptions. As such, no general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) the details of the Land Resumptions, the Land Resumption Agreements and the transactions contemplated thereunder; and (ii) other information required to be included in the circular under the requirements of the Listing Rules will be despatched on or before 14 August 2020 as additional time is required for the Company to prepare and finalise certain financial information relating to indebtedness statements and working capital sufficiency for inclusion in the circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules to delay the despatch of the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Thursday, 18 June 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Friday, 19 June 2020.

DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“Board”	the board of directors of the Company
“Charming Future”	Charming Future Holdings Limited, a beneficial owner of 209,768,922 Shares, representing 8.07% of the issued share capital of the Company as at the date of this announcement and is wholly-owned by Mr. Tse. It is deemed to be interested in 2,095,991,280 Shares, representing 80.66% of the issued share capital of the Company pursuant to the Concert Group Agreement
“Company”	Royale Furniture Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Compensation”	the compensation for the Land Resumption(s), as appropriate
“Compensation Bonus”	10% of the consideration determined by bidding at the public auction in respect of the part of land parcels with a Gross Plot Ratio of 2.0 or lower, representing additional compensation(s) payable to the transferor of Land Parcel(s) if the transferor cooperate in the completion of the cancellation of land use rights and physical delivery of Land Parcel(s) within the prescribed time under the Land Resumption Agreement(s)
“Concert Group Agreement”	the concert group agreement dated 24 May 2019 entered into amongst SCHK, Mr. Tse, Leading Star, Crisana and Charming Future
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Crisana”	Crisana International Inc., a beneficial owner of 185,840,120 Shares, representing 7.15% of the issued share capital of the Company as at the date of this announcement, and is wholly-owned by Mr. Tse. It is deemed to be interested in 2,095,991,280 Shares, representing 80.66% of the issued share capital of the Company pursuant to the Concert Group Agreement
“Directors”	the directors of the Company

“Fuli Furniture”	Guangzhou Fuli Furniture Co., Limited* (廣州富利家具有限公司), a wholly-owned subsidiary of the Company
“Gross Plot Ratio”	the total building area as confirmed in the land planning conditions divided by the total area of land resumed for consolidation and modification
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Parcel A”	a parcel of land situated at Baishigang, Jigang Cooperative Society, Hengling Village, Shitan Town* (石灘鎮橫嶺村基崗合作社白石崗) with a total land area of 77,478.70 square metres
“Land Parcel B”	a parcel of land situated at Baishigang, Jigang Cooperative Society, Hengling Village, Shitan Town* (石灘鎮橫嶺村基崗合作社白石崗) with a land area of 110,097.10 square metres
“Land Parcels”	Land Parcel A and Land Parcel B
“Land Reserve Centre”	Guangzhou City Zengcheng District Land Development Reserve Centre* (廣州市增城區土地開發儲備中心)
“Land Resumption(s)”	Land Resumption A and Land Resumption B
“Land Resumption A”	the resumption of Land Parcel A by the Land Reserve Centre pursuant to the terms and conditions of the Land Resumption Agreement A
“Land Resumption B”	the resumption of the Land Parcel B by the Land Reserve Centre pursuant to the terms and conditions of the Land Resumption Agreement B
“Land Resumption Agreement A”	the state-owned land use right resumption agreement* (收回國有土地使用權協議) entered into between Yufa Furniture, the Planning Bureau, Shitan Town Government and the Land Reserve Centre in respect of the resumption of Land Parcel A

“Land Resumption Agreement B”	the state-owned land use right resumption agreement* (收回國有土地使用權協議) entered into between Fuli Furniture, the Planning Bureau, Shitan Town Government and the Land Reserve Centre in respect of the resumption of Land Parcel B
“Land Resumption Agreements”	Land Resumption Agreement A and Land Resumption Agreement B
“Land Use Right A”	the land use right in respect of Land Parcel A
“Land Use Right B”	the land use right in respect of Land Parcel B
“Leading Star”	Leading Star Global Limited, a company wholly-owned by Mr. Tse as at the date of this announcement and the direct beneficial owner of 51,971,227 Shares, representing 2.00% of the issued share capital of the Company as at the date of this announcement. It is deemed to be interested in 2,095,991,280 Shares, representing 80.66% of the issued share capital of the Company pursuant to the Concert Group Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Modification Area(s)”	area(s) of modification recognised under the Three Olds Renovation Plan
“Mou”	Mou* (畝)
“Mr. Tse”	Mr. Tse Kam Pang, being the chairman of the Company and an executive Director, and the direct beneficial owner of 348,948,047 Shares, representing 13.43% of the issued share capital of the Company as at the date of this announcement. He is also deemed to be interested in the 2,095,991,280 Shares, representing 80.66% of the issued share capital of the Company pursuant to the Concert Group Agreement
“Planning Bureau”	Guangzhou City Planning and Natural Resources Bureau (Zengcheng branch)* (廣州市規劃和自然資源局增城區分局)
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“SCHK”	Science City (Hong Kong) Investment Co. Limited, a direct wholly-owned subsidiary of Science City and the direct beneficial owner of 1,299,462,964 Shares, representing 50.01% of the issued share capital of the Company as at the date of this announcement. It is deemed to be interested in 2,095,991,280 Shares, representing 80.66% of the issued share capital of the Company pursuant to the Concert Group Agreement
“Science City”	Science City (Guangzhou) Investment Group Co., Ltd.* (科學城(廣州)投資集團有限公司), a company established in the PRC with limited liability on 21 August 1984 and a controlling Shareholder. The ultimate beneficial owner of Science City is the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shitan Town Government”	the People’s Government of Shitan Town, Zengcheng District of Guangzhou City* (廣州市增城區石灘鎮人民政府)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Three Olds Renovation Plan”	the “Three Olds Renovation Plan” (i.e. a plan on the renovation of the old urban areas, old villages and old plants) promulgated by the Guangzhou Government of the PRC
“Yufa Furniture”	Guangzhou Yufa Furniture Co., Limited* (廣州裕發家具有限公司), an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 18 June 2020

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. Liu Zhijun; and three independent non-executive Directors, namely, Mr. Lau Chi Kit, Mr. Yue Man Yiu Matthew and Mr. Chan Wing Tak Kevin.

** for identification purpose only*