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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 FRAMEWORK COOPERATION AGREEMENT IN RELATION TO PROPOSED EXPANSION INTO HOME TEXTILE PRODUCTS E-COMMERCE BUSINESS

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 1 December 2021, Guangzhou Royal Furniture Company Limited (廣州皇朝傢具有限公司) (“**Guangzhou Royal Furniture**”), an indirect wholly-owned subsidiary of the Company, has entered into a framework cooperation agreement (the “**Framework Cooperation Agreement**”) with Yu Jiuyi (于九一) and Chen Nan (陳南) (collectively, the “**JV Partners**”), in relation to the establishment of a joint venture enterprise (the “**JV**”) focusing on e-commerce relating to home textile products under the Group’s “Royal Furniture” and “ROYAL” brand names.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the JV Partners is independent of and not connected with the Company or its connected persons.

The equity interest in the JV will be held as to 60% by Guangzhou Royal Furniture and 40% by the JV Partners, and contribution to the initial registered capital of the JV will also be made in such proportion.

Pursuant to the Framework Cooperation Agreement, Guangzhou Royal Furniture shall authorise the JV’s e-commerce operations in respect of home textile products under the Group’s “Royal Furniture” and “ROYAL” brand names. The JV Partners have undertaken to (i) inject into the JV all online stores launched on e-commerce platforms (including but not limited to Tmall (天貓), JD.com (京東), vip.com (唯品會) and PDD (拼多多) etc. (the “**E-commerce Platforms**”)) controlled and operated by them and engaged in home textile products operations; (ii) protect and use the “Royal Furniture” and “ROYAL” brand names in

good faith, and to refrain from any actions that may cause damage to such brand names; (iii) fully support and cooperate with Guangzhou Royal Furniture in respect of its due diligence and relevant works before the establishment of the JV.

The establishment of the JV and the cooperation contemplated thereunder are subject to necessary state-owned assets and listed company supervisory approval procedures and a formal agreement to be negotiated and entered into by the parties.

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 Group holds the well-known brand name “Royal Furniture” in the PRC and is a reputable supplier, seller and designer of branded home products in the PRC. The JV Partners possess vast experience in e-commerce and specialise in the operations of home textile bedding products. The management team of business operated by the JV Partners and their controlled entities on the E-commerce Platforms have ample experience in the sale and supply chain management of home textile products. The Board considers the cooperation under the Framework Cooperation Agreement represents an opportunity for the Group to diversify its home and interior decoration products business. The Group is expected to benefit from a wider market coverage of home textile products to be marketed and sold under its brand names through e-commerce channels. Accordingly, the Board is of the view that the Framework Cooperation Agreement and the cooperation contemplated thereunder are 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 definitive 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 necessary state-owned assets and listed company supervisory approval procedures and a formal agreement and therefore 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, 1 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*