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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)

PROFIT UPDATE

DECREASE IN PROFIT BEFORE TAX AND TURNAROUND FROM PRE-TAX LOSS BEFORE GAIN ON DISPOSAL OF LANDS TO PRE-TAX PROFIT

This announcement is made by Royale Home Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review by the Board on the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2021, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, and taking into account the information currently available to the Board, it is estimated that the Group will record (i) a turnaround from loss before tax (without taking into account the Gain on Disposal of Lands (as defined below)) of approximately HK\$22 million for the year ended 31 December 2020 to profit before tax in the range of approximately HK\$70 million to HK\$100 million for the year ended 31 December 2021 (the “**Turnaround**”); and (ii) a decrease in profit before tax of approximately HK\$940 million to HK\$970 million for the year ended 31 December 2021, as compared to the profit before tax of approximately HK\$1,040 million for the year ended 31 December 2020.

The profit before tax for the year ended 31 December 2020 was primarily attributable to a one-off and non-recurring pre-tax net gain on the disposal of two parcels of land of the Group located at Baishigang, Jigang Cooperative Society, Hengling Village, Shitan Town* (石灘鎮橫嶺村基崗合作社白石崗) in the sum of approximately HK\$1,062 million (the “**Gain on Disposal of Lands**”). For details, please refer to the Company’s announcement dated 11

November 2020. Without taking into account the above-mentioned one-off and non-recurring Gain on Disposal of Lands, the Group would have recorded a loss before tax of approximately HK\$22 million for the year ended 31 December 2020. Therefore, the Company considers a comparison between the pre-tax profit and loss positions (without taking into account the Gain on Disposal of Lands recorded for the year ended 31 December 2020) for the years ended 31 December 2020 and 2021 may present a more comprehensive and meaningful picture regarding the performance of the Group for its Shareholders. The estimated Turnaround is primarily attributable to (i) an increase in the gross profit in respect of the manufacture and sale of furniture business of the Group; and (ii) a fair value gain on investment properties of the Group.

As the Company is still in the process of finalizing the unaudited consolidated final results of the Group for the year ended 31 December 2021, the information contained in this announcement is only based on the information currently available to the Board and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 December 2021, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company.

The actual financial results of the Group for the year ended 31 December 2021 may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the results of the Group for the year ended 31 December 2021, which is expected to be published in March 2022 in accordance with the requirements of the Listing Rules.

Shareholders and potential investors 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, 17 March 2022

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*