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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)

LETTER OF INTENT IN RELATION TO POSSIBLE FORMATION OF JOINT VENTURE AND LETTER OF INTENT IN RELATION TO POSSIBLE INVESTMENT IN THE TARGET COMPANY

This announcement is made by Royale Home Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep shareholders of the Company (the “**Shareholders**”) and potential investors abreast of the business development of the Company.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the Shareholders that on 6 May 2022, the Company has entered into (i) a letter of intent (the “**LOI(A)**”) with Avalon Biomedical (Management) Limited (“**Avalon Biomedical Management**”, together with its subsidiaries, the “**Target Group**”) in relation to a possible formation of joint venture (the “**Possible Formation of JV**”) and (ii) a letter of intent (the “**LOI(B)**”) with Avalon Steritech (BVI) Limited, a subsidiary of Avalon Biomedical Management, the “**Target Company**”), in relation to a possible investment (the “**Possible Investment**”) in the equity interest of the Target Company. The investments shall be made by way of capital injection. If the investment sum is not received by the Target Group and/or the Target Company on or before 30 June 2022, the LOI(A) and LOI(B) shall lapse.

LETTER OF INTENT IN RELATION TO THE POSSIBLE FORMATION OF JOINT VENTURE

On 6 May 2022, the Company has entered into the LOI(A) with Avalon Biomedical Management in relation to the Possible Formation of JV.

* *For identification purposes only*

Principal terms of the LOI(A)

The Company and Avalon Biomedical Management agreed to form a joint venture (the “**JV**”) in the People’s Republic of China (the “**PRC**”) through their subsidiaries. The JV is expected to be engaged in promoting and expanding operations in relation to professional knowledge and advance technical know-how in respect of nanofibre filter and antimicrobial textiles, including but not limited to research and development of relevant products and technical know-how, production and sales of relevant products and provision of relevant services.

The preliminary total investment amount under the Possible Formation of JV and the Possible Investment is US\$10 million subject to adjustment and the Formal Agreement (A) (as defined below).

Except for the provisions in relation to confidentiality, binding effect and counterparts, other provisions set out in the LOI(A) shall not be binding upon the parties thereto. The LOI(A) records the preliminary commercial intent of the parties in respect of the Possible Formation of JV, which is subject to further negotiation and a formal agreement (the “**Formal Agreement (A)**”) to be negotiated and entered into by the parties to the LOI(A).

Information of Avalon Biomedical Management

Avalon Biomedical Management is a company incorporated in Hong Kong with limited liability. The Target Group is dedicated in developing and delivering new biomedical technologies. Its businesses include public health, infection control, diagnostic platforms, medical device, and pharmaceutical, with the goal of addressing the world’s pressing public health and medical needs.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, Avalon Biomedical Management and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

As at the date of this announcement, no definitive agreement has been entered into in respect of the Possible Formation of JV, which is subject to the entering into of the Formal Agreement (A). As such, the Possible Formation of JV may or may not proceed.

LETTER OF INTENT IN RELATION TO THE POSSIBLE INVESTMENT IN THE TARGET COMPANY

On 6 May 2022, the Company has entered into the LOI(B) with the Target Company in relation to the Possible Investment.

Principal terms of the LOI(B)

The Company intends to invest in the equity interest of the Target Company by way of capital injection.

The preliminary total investment amount under the Possible Formation of JV and the Possible Investment is US\$10 million subject to adjustment and the Formal Agreement (B) (as defined below).

The Possible Investment shall be subject to the Company having completed its internal procedures (including due diligence results and valuation to the satisfaction of the Company) and relevant regulatory approvals (if required).

The Target Company shall at its best effort maintain its current management and facilitate the internal approval procedures of the Company by providing relevant information of the Target Company and its subsidiaries (including but not limited to due diligence).

The Company (or its subsidiary(ies)) and the Target Company (or its subsidiary(ies)) have agreed to form a joint venture, which is expected to be owned as to 51% and 49% of its equity interest by the Company and the Target Company, respectively. The joint venture is expected to be engaged in the production of disinfection and sterilization products in Mainland China and development of relevant operations in the PRC (including but not limited to the Guangdong-Hong Kong-Macau Greater Bay Area).

Except for the provisions in relation to confidentiality, binding effect and counterparts, other provisions set out in the LOI(B) shall not be binding upon the parties thereto. The LOI(B) records the preliminary commercial intent of the parties in respect of the Possible Investment, which is subject to further negotiation and a formal agreement (the “**Formal Agreement (B)**”) to be negotiated and entered into by the parties to the LOI(B).

Information of the Target Company

The Target Company is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. The Target Company, a subsidiary of Avalon Biomedical Management, strives to provide next-generation cleaning, disinfection and sterilization technology infrastructure for public spaces. Focusing on public health and infection control, it offers a full suite of services that include consultation, tailor-made solution and technical training to mass transportation and commercial sectors.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

As at the date of this announcement, no definitive agreement has been entered into in respect of the Possible Investment (including the investment sum, shareholding percentage and arrangement in respect of the capital injection). The Possible Investment is subject to regulatory and/or internal approvals and due diligence results and valuation to the satisfaction of the Company and the entering into of the Formal Agreement (B). As such, the Possible Investment may or may not proceed.

The Company will keep shareholders and potential investors of the Company informed of the Possible Formation of JV and the Possible Investment 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.

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, 6 May 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.