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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

RESULTS

The board of directors (the "Board") of Royale Home Holdings Limited (the "Company") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 (the "Period") together with the comparative figures for the corresponding period in 2022. The interim results for the Period had been reviewed by the audit committee of the Company and approved by the Board.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

	Notes	**Six months ended 30 June** **2023** ***HK$'000*** **(Unaudited)**	 2022 *HK$'000* (Unaudited)
REVENUE	4	**573,424**	710,995
Cost of sales		**(459,706)**	(588,837)
Gross profit		**113,718**	122,158
Other income and gains	4	**27,859**	41,770
Selling and distribution expenses		**(89,193)**	(86,775)
Administrative expenses		**(68,837)**	(87,355)
Finance costs	6	**(81,510)**	(72,584)
Share of profits and losses of:			
Associates		**12,579**	3,697
LOSS BEFORE TAX	5	**(85,384)**	(79,089)
Income tax expense	7	**–**	(178)
LOSS FOR THE PERIOD		**(85,384)**	(79,267)
Attributable to:			
Owners of the parent		**(82,603)**	(73,781)
Non-controlling interests		**(2,781)**	(5,486)
		(85,384)	(79,267)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**HK(3.324) cents**	HK(2.966) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(85,384)**	(79,267)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**(98,864)**	(126,793)
Total comprehensive loss for the period	**(184,248)**	(206,060)
Attributable to:		
Owners of the parent	**(175,273)**	(194,079)
Non-controlling interests	**(8,975)**	(11,981)
	(184,248)	(206,060)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	**30 June 2023 *HK$'000* (Unaudited)**	31 December 2022 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**855,359**	930,294
Investment properties		**680,897**	680,897
Right-of-use assets		**286,529**	307,823
Goodwill		**34,482**	34,482
Intangible assets		**250**	834
Investments in associates		**1,503,234**	1,475,668
Deferred tax assets		**29,994**	31,389
Prepayments		**137,005**	143,379
Contract assets		**13,914**	14,561
Restricted cash		**73,332**	113,821
Total non-current assets		**3,614,996**	3,733,148
CURRENT ASSETS			
Inventories		**277,299**	281,910
Trade receivables	10	**232,418**	228,745
Prepayments, deposits and other receivables		**377,640**	376,432
Contract assets		**2,172**	2,274
Financial assets at fair value through profit or loss		**–**	5,408
Amounts due from associates		**950,712**	964,546
Restricted cash		**161,755**	132,202
Cash and cash equivalents		**15,267**	403,863
Total current assets		**2,017,263**	2,395,380
CURRENT LIABILITIES			
Trade payables	11	**119,843**	142,833
Other payables and accruals		**148,894**	198,548
Interest-bearing bank and other borrowings		**1,256,611**	1,243,638
Loan from an associate		**92,245**	169,967
Loan from the immediate holding company		**–**	163,543
Loan from the ultimate holding company		**109,027**	–
Loan from non-controlling interests		**5,820**	5,999
Dividend payables		**25,986**	–
Tax payable		**133,507**	144,031
Total current liabilities		**1,891,933**	2,068,559
NET CURRENT ASSETS		**125,330**	326,821

	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,740,326**	4,059,969
NON-CURRENT LIABILITIES		
Medium term bonds	**39,699**	38,768
Interest-bearing bank and other borrowings	**1,058,507**	1,303,360
Loan from non-controlling interests	**40,320**	40,947
Loan from the immediate holding company	**101,721**	–
Loans from a director	**55,985**	–
Lease liabilities	**43,669**	51,043
Deferred tax liabilities	**158,938**	166,332
Deferred government grant	**36,271**	38,709
Total non-current liabilities	**1,535,110**	1,639,159
Net assets	**2,205,216**	2,420,810
EQUITY		
Equity attributable to owners of the parent		
Share capital	**259,856**	259,856
Reserves	**1,814,999**	2,021,618
	2,074,855	2,281,474
Non-controlling interests	**130,361**	139,336
Total equity	**2,205,216**	2,420,810

NOTES TO FINANCIAL STATEMENTS

At 30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements for the Period do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. No cumulative effect was recognised as an adjustment to the balance of retained profits or other component of equity at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

The adoption of amendments to HKAS 12 did not have any impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

(d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

The chief operating decision-makers mainly include executive directors of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports. Segment results are evaluated based on reportable gross profit margin.

The Group has four reportable segments as follows:

(a) The furniture products segment, engaging in the manufacture and sale of home furniture.

(b) The development properties for sales and property investments segment, engaging in property investment and development.

(c) The hotel operations segment, engaging in hotel operation.

(d) The trading segment, engaging in the trading of aluminium ingots and bars.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2023 (Unaudited)

	Manufacture and sale of furniture	**Development properties for sales and property investments**	**Hotel operations**	**Trading**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Sale to external customers	**513,261**	**–**	**5,862**	**54,301**	**573,424**
Reconciliation:					
Revenue from continuing operations					**573,424**
Segment results	**23,535**	**(76,155)**	**(19,646)**	**1,560**	**(70,706)**
Reconciliation:					
Reportable segment profit/(loss) before taxation	**23,535**	**(76,155)**	**(19,646)**	**1,560**	**(70,706)**
Unallocated expenses					**(32,019)**
Share of profit of associates					**17,341**
Loss before tax from continuing operations					**(85,384)**

For the six months ended 30 June 2022 (Unaudited)

	Manufacture and sale of furniture *HK$'000*	Development properties for sales and property investments *HK$'000*	Hotel operations *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Segment revenue					
Sale to external customers	408,166	–	16,389	286,440	710,995
Reconciliation:					
Revenue from continuing operations					710,995
Segment results	9,613	(63,665)	(7,160)	1,759	(59,453)
Reconciliation:					
Reportable segment profit/(loss) before taxation	9,613	(63,665)	(7,160)	1,759	(59,453)
Unallocated expenses					(35,580)
Share of profit of associates					15,944
Loss before tax from continuing operations					(79,089)

No analysis of the Group's assets and liabilities is disclosed as such information is not regularly provided to the chief operating decision-makers for review.

Information about a major customer

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the period (2022: Revenue from continuing operations of approximately HK$154,313,000 was derived from trading segment to a single customer, which amounted to 10% or more of the Group's revenue during the period).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**512,200**	660,333
Decoration services, installation and other ancillary services	**55,362**	34,273
Hotel operation income	**5,862**	16,389
	573,424	710,995
Other income and gains		
Bank and other interest income	**24,501**	32,882
Sales of scraps	**184**	183
Rental income	**1,738**	2,500
Government subsidy	**840**	5,593
Others	**596**	612
	27,859	41,770
	601,283	752,765

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**459,706**	588,837
Depreciation of property, plant and equipment	**30,981**	33,326
Amortisation of intangible assets	**547**	1,539

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings (including medium term bonds), loans from related parties and lease liabilities	**81,510**	72,584

7. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – PRC corporate income tax	**–**	178
Total tax charge for the period	**–**	178

8. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year of HK1 cent per ordinary share (2022: Final dividend in respect of the previous financial year of HK1 cent per ordinary share and a special dividend of HK4 cents per ordinary share)	**25,986**	129,928

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue less shares held under share award scheme during the Period of 2,484,746,575 (six months ended 30 June 2022: 2,487,885,834).

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2023 and 2022.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parents, used in the basic and diluted loss per share calculations	**(82,603)**	(73,781)

	Number of shares Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less shares held under the share award scheme during the period used in the basic and diluted loss per share calculation	**2,484,746,575**	2,487,885,834
Effect of dilution – weighted average number of ordinary shares	**N/A**	N/A

10. TRADE RECEIVABLES

Trade receivables are mainly from hotel operations and sales of goods including furniture and trading. For sales of furniture, the Group's trading terms with its customers are mainly on credit, except for some new customers, where payment in advance is normally required. The credit period is generally 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. For hotel operations and trading, payment is generally received in advance. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balance. Trade receivables are non-interest-bearing.

Trade receivables of HK$12,107,000 (2022: HK$55,176,000) which are due from related parties, are unsecured, interest-free and repayable on demand.

An aged analysis of the trade receivables as at the end of the reporting Period, based on the invoice date, and net of provisions, is as follows:

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**152,414**	137,090
1 to 3 months	**52,132**	58,224
3 to 6 months	**23,020**	27,729
Over 6 months	**4,852**	5,702
	232,418	228,745

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting Period, based on invoice date, is as follows:

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Within 1 month	**59,622**	68,491
1 to 3 months	**43,839**	51,665
3 to 6 months	**9,647**	11,800
6 to 12 months	**4,382**	8,658
More than 1 year	**2,353**	2,219
	119,843	142,833

12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting Period:

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Contracted, but not provided for:		
Acquisition of equity investments	**52,453**	54,892
Property, plant and equipment	**10,815**	11,318
Construction in progress	**3,289**	3,851
	66,557	70,061

13. CONTINGENT LIABILITIES

At the end of the reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Guarantees given to banks in connection with facilities granted to an associate	**346,080**	362,179

During the Period, the Group has pledged 40% (31 December 2022: 40%) equity interest in an associate, Gangke, to secure general banking facilities granted to Gangke. In the opinion of the directors, the fair value of the guarantees and the ECL allowance are not significant as at 30 June 2023 and 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Despite the consumer momentum in the post-pandemic era has yet to see improvement during the first half of 2023, the economy and society have gradually returned to normalcy. The central government has introduced a series of policies aimed at boosting consumer spending, which has enabled the gradual stabilization and improvement of economic performance. By seizing market opportunities in the post-pandemic period, the Group deepened sustainable development of its home furnishing business divisions, including: sofa, custom-made furniture, high-end finished furniture and sleep products divisions, etc.. This strategic move aims to provide diversified products to the public, thereby facilitating the development of the Group's core business operations.

During the period under review, the Group continued to optimize its physical franchise network in response to market demands by recruiting superior franchisees and eliminate inferior ones. Given that the consumer demand currently is in the phase of recovery and coupled with the sluggish real estate industry, the Group is committed to focusing on the development of one-stop comprehensive product offerings to capture the demand in the market.

By increasingly deepening its cooperation with its strategic controlling shareholder, Science City (Guangzhou) Investment Group Co., Ltd.* (科學城(廣州)投資集團有限公司) ("Science City", together with its subsidiaries, "Science City Group"), the Group continued to explore and develop new revenue channels, achieving impressive mutually beneficial results. The Group achieved significant growth in home furnishing projects during the Period, partially alleviating the pressure on the franchise business caused by the pandemic. In addition, the Group has further promoted project collaborations with commercial clients, so as to expand the scale of home furnishing projects. Being one of Huawei Group's designated furniture suppliers, the Group has provided high-quality custom-made furniture, sofas, and movable furniture, along with comprehensive and thoughtful after-sales services, to multiple Huawei parks, including the Songshan Lake park in Dongguan. This provides Huawei Group employees at all levels with ideal working and living spaces.

During the first half of the year, the Group restored its leisure resort hotel in Xiancun, Guangdong from a pandemic hotel with renovations and facility upgrades. The Group plans to reintroduce the hotel to the market in the second half of the year under an entirely new brand image, embracing the recovery of the domestic tourism industry.

During the six months ended 30 June 2023, revenue decreased by 19.3% to approximately HK$573.4 million, while gross profit margin increased from 17.2% to 19.8%. The Group recorded loss for the period attributable to the owners of the parent company of HK$82.6 million, as compared to loss for the period attributable to the owners of the parent company of HK$73.8 million for the same period of last year.

* *For identification purposes only*

FINANCIAL REVIEW

Inventory and Prepayments, Deposits and Other Receivables

During the Period, the Group's inventory decreased by 1.6% to HK$277.3 million (31 December 2022: HK$281.9 million).

Prepayments, deposits and other receivables decreased by 1.0% to HK$514.6 million (31 December 2022: HK$519.8 million).

Working Capital

The Group had net current assets of HK$125.3 million as at 30 June 2023 (31 December 2022: net current assets of HK$326.8 million). The Group will continue to take initiatives to manage its cash flow and capital commitments. As of mid-August 2023, the Group's cash and cash equivalents was approximately HK$320 million. In addition, the Group had restricted cash of approximately HK$230 million. As such, there are sufficient funds to effectively support the operations of the Group.

PROSPECTS

In July 2023, the National Development and Reform Commission released 20 measures to promote the recovery and expansion of consumption. These measures aim to deepen the implementation of the strategy to expand domestic demand and fully leverage the fundamental role of consumption in economic development. The Group will continue to optimize its business operation quality, enrich the sales network of furniture products, accelerate the pace of store expansion and enhance scalability.

The Group will continue to integrate the franchisee operation model, optimize the management by region, and encourage cooperation with superior franchisees to set up integrated one-stop home services stores, targeting the convenience-seeking younger generation market. This approach will drive regional resource sharing, and assist franchisees in curtailing operating costs, thereby enhancing the overall efficiency, market competitiveness and profitability of the sales network.

Looking into the future, the Group will vigorously promote project collaborations with commercial clients, as part of our efforts to expand the scope of the home furnishing project business. We are actively exploring the engagement opportunities in various home furnishing projects, demonstrating our ongoing commitment to enhance the Group's revenue.

In response to the complex and ever-changing market conditions, the Group keeps close track of favorable policies introduced by the China government. By strengthening our internal system, the Group will focus on implementing the central procurement system in the second half of the year, which enabling more effective management and optimization of manufacturing costs. Simultaneously, the Group will optimize its fixed asset mixture and revitalize its assets to increase asset returns. As of mid-August 2023, the Group's cash and cash equivalents was approximately HK$320 million. In addition, the Group had restricted cash of approximately HK$230 million. As such, there are sufficient funds to effectively support the operations of the Group.

Looking forward, the home furnishing industry is facing various challenges. Leveraging on the "Royal" brand that has been established over the years and adopting a prudent operation model, the Group will continue to effectively operate the Group's businesses and capture market opportunities to enhance its overall strength and maximize shareholder value.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained cash and cash equivalents amounted to HK$15.3 million as at 30 June 2023 (31 December 2022: HK$403.9 million). The significant decrease in cash and cash equivalents was mainly due to additional investment in an associate, repayment of short-term borrowings, interests paid and net cash flows used in operating activities during the Period.

As at 30 June 2023, the interest-bearing bank and other borrowings amounted to HK$2,315.1 million (31 December 2022: HK$2,547.0 million), the Group had loan from an associate, loan from the ultimate holding company, loan from the immediate holding company, loan from non-controlling interests, loans from a director and medium term bonds in the total amount of HK$444.8 million (31 December 2022: loan from an associate, loan from the immediate holding company, loan from non-controlling interests and medium term bonds were in the total amount of HK$419.2 million).

As at 30 June 2023, the current ratio (current assets/current liabilities) was 1.07 times (31 December 2022: 1.16 times) and the net current assets amounted to HK$125.3 million (31 December 2022: HK$326.8 million).

EMPLOYMENT AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2023 was approximately 1,459 (31 December 2022: 1,490). The Group's remuneration policies are in line with local market practices where the Group operates and are normally reviewed on an annual basis. In addition to salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share awards may be granted to eligible employees and persons of the Group as the Company sees fit as an incentive to eligible participants to contribute to the business development and growth of the Group.

The Group adopted the Performance Share Award Plan on 14 May 2021. The purpose of the Performance Share Award Plan is to recognise and reward the contribution of certain eligible persons (i.e. any full-time employee of the Group, including directors, executive, officers or senior management of the Group (but excluded directors or the chief executive officer of the Company)) towards the growth and development of the Group through an award of shares. Details of the Performance Share Award Plan has been disclosed in the announcement dated 14 May 2021. As at 30 June 2023, no Shares have been awarded to any eligible persons pursuant to the Performance Share Award Plan.

CORPORATE GOVERNANCE CODE

The Company has complied with all of the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Period, except for the deviation explained below:

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company notes that following the taking effect of the appointment of Mr. Yang Jun ("Mr. Yang") as chairman of the Board (the "Chairman") with effect from 9 June 2023, Mr. Yang has since then taken both the positions as Chairman and chief executive officer of the Company (the "CEO"). Mr. Yang, in addition to his duties as Chairman, will also be responsible for the corporate strategic planning and overall business development of the Group as CEO. Mr. Yang has extensive experience and his duties of overseeing the Group's operations are considered to be beneficial to the Group. The Company considers having Mr. Yang acting as both Chairman and CEO will provide strong and consistent leadership to the Group and facilitate the efficient execution of business strategies within the Group. Since the Directors will meet regularly to consider major matters affecting operations of the Company, the Directors and the management of the Company believe that this structure will enable the Company to make and implement decisions promptly and efficiently. As a result, the Company currently does not propose to separate the functions of Chairman and CEO. The Board will continue to review and consider splitting the roles of Chairman and CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

EVENTS AFTER THE PERIOD

No significant events affecting the Group had occurred after the Period and up to the date of this announcement.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

AUDIT COMMITTEE REVIEW

The accounting information in the interim results for the Period has not been audited by the auditors of the Company but the audit committee of the Company has reviewed the financial results of the Group for the six months ended 30 June 2023 and discussed with internal audit executives in relation to matters on internal control and financial reports of the Group. The audit committee of the Company has not undertaken external independent audit checks regarding the interim results for the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted for compliance by the directors the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (the "Model Code").

Having made specific enquiry to all the directors of the Company, the directors confirmed that they had complied with the Model Code for the period ended 30 June 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities for the period ended 30 June 2023.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the directors of the Company, it is confirmed that there is sufficient public float of more than 25 per cent of the Company's issued shares during the Period and as at the date of this announcement.

AMENDMENTS TO ARTICLES OF ASSOCIATION

The Company proposed to amend the Articles of Association for the purpose of establishing and facilitating the dual-chairmen structure of the Company by way of the adoption of the second amended and restated Articles of Association. The special resolution on the proposed amendments to the Articles of Association was passed by the Shareholders at the extraordinary general meeting of the Company held on 9 June 2023 (the "EGM").

CHANGES IN INFORMATION OF DIRECTORS

Following the passing of the special resolution approving the amendments to the Articles of Association at the EGM held on 9 June 2023, the appointment of Mr. Yang as Chairman and the re-designation of Mr. Tse Kam Pang from Chairman to Co-Chairman has become effective.

Save as disclosed, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.

PUBLICATION OF INTERIM REPORT

The 2023 interim report for the Period of the Company, which contains condensed consolidated financial statements for the six months ended 30 June 2023, and all other information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://royale.todayir.com) in due course.

By order of the Board
Royale Home Holdings Limited
Yang Jun
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 31 August 2023

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