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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 15 June 2023 in relation to, among other things, the 2023 Master Product Sales Agreement; and (ii) the announcement of the Company dated 15 June 2023 in relation to, among other things, the 2023 Master Decoration Services Agreement.

For reasons set forth in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES”, it came to the attention to the Board that the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement have expired on 31 December 2025 and the member of the Group has continued to sell furniture products (together with ancillary services) and provide the Decoration Services to members of the Science City Group. Accordingly, on 22 October 2026, the Company entered into the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement with Science City to renew the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement respectively, each for a term commencing on 22 October 2026 or the date on which its conditions precedent are satisfied (whichever is later) and ending on 31 December 2028 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Science City is through SCHK and parties acting in concert with it interested in an aggregate of 1,945,391,280 Shares (representing approximately 74.86% of the issued Shares). Therefore, Science City is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement with Science City and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the respective highest applicable percentage ratio in respect of the Proposed Sales Caps and the Proposed Services Caps is more than 5%, the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RECTIFICATION OF BREACH OF THE LISTING RULES

From 1 January 2026 up to 30 September 2026, the transaction amount of the Early Transactions amounted to approximately RMB9.0 million. As the respective highest applicable percentage ratio in respect of the transaction amount of the Early Transactions is more than 0.1% but all the applicable percentage ratios are less than 5%, the Early Transactions should be subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules. As the Company had not complied with the announcement requirement prior to conducting the Early Transactions, this constituted a breach of Chapter 14A of the Listing Rules.

As disclosed in the section headed "Reasons for Failure to Identify the Continuing Connected Transactions" in this announcement, the Board wishes to emphasize that such breach was due to unintentional and an inadvertent oversight, and the Board reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

GENERAL

The Company will convene and hold the EGM for the purpose of, among other things, considering, and, if thought fit, approving the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps).

A circular containing, among others, (i) further details of terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding its advice on the terms of 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder; (iii) the recommendations from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM to be convened and held to approve, *inter alia*, terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder will be despatched to Shareholders in accordance with the Listing Rules on or before 12 November 2026.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 15 June 2023 in relation to, among other things, the 2023 Master Product Sales Agreement; and (ii) the announcement of the Company dated 15 June 2023 in relation to, among other things, the 2023 Master Decoration Services Agreement.

For reasons set forth in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES”, it came to the attention to the Board that the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement expired on 31 December 2025 and the member of the Group has continued to sell furniture products (together with ancillary services) and provide the Decoration Services to members of the Science City Group. Accordingly, on 22 October 2026, the Company entered into the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement with Science City to renew the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement respectively, each for a term commencing on 22 October 2026 or the date on which its conditions precedent are satisfied (whichever is later) and ending on 31 December 2028 (both days inclusive).

PRINCIPAL TERMS OF THE 2026 MASTER PRODUCT SALES AGREEMENT AND 2026 MASTER DECORATION SERVICES AGREEMENT

The 2026 Master Product Sales Agreement

Date

22 October 2026

Parties

- (i) the Company; and
- (ii) Science City.

Principal terms

Pursuant to the 2026 Master Product Sales Agreement, the Group will sell furniture products (together with ancillary services) to members of the Science City Group on a non-exclusive basis, subject to the entering into of individual contracts as agreed between members of the Group and the Science City Group.

Under the 2026 Master Product Sales Agreement, the Science City Group shall purchase furniture products (together with ancillary services) on a non-exclusive basis, and such purchase(s) shall be subject to the internal approval procedures and procurement policies and conditions of the Science City Group.

Conditions precedent

The 2026 Master Product Sales Agreement is conditional upon the fulfilment of the following conditions:

- (1) the 2026 Master Product Sales Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps) having been approved by the Independent Shareholders at the general meeting to be duly convened by the Company (if required); and
- (2) the Company having complied with all other applicable requirements under the Listing Rules, or imposed by the Stock Exchange, in relation to the 2026 Master Product Sales Agreement and the transactions contemplated thereunder, or (where applicable) having obtained from the Stock Exchange a waiver from strict compliance with such requirements.

Term

The 2026 Master Product Sales Agreement shall be effective for a term commencing from 22 October 2026 or the date on which the conditions precedent of the 2026 Master Product Sales Agreement are satisfied (whichever is later) and ending on 31 December 2028 (both days inclusive).

Payment

The purchase price payable under the 2026 Master Product Sales Agreement will be settled in cash.

The time of payment will be negotiated, determined and agreed between the parties in the individual contracts to be entered into by the parties pursuant to the 2026 Master Product Sales Agreement.

Pricing principles

Pursuant to the terms of the 2026 Master Product Sales Agreement, the Product Sales shall be conducted on normal commercial terms, in particular: (i) the Product Sales will be on terms no less favourable to the Group than terms available to Independent Third Parties based on its internal control measures; (ii) the Product Sales will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amount of the Product Sales will not exceed the Proposed Sales Caps.

The prices of the products (together with ancillary services) to be sold by the Group to the Science City Group shall be determined by reference to (and in any event no less favourable to) the prices of relevant comparable products (together with ancillary services) of similar quality, type and quantity in the trading database of the Group from time to time and are generally applicable to all Independent Third Parties on arm's length basis and normal commercial terms.

The 2026 Master Decoration Services Agreement

Date

22 October 2026

Parties

- (i) the Company; and
- (ii) Science City.

Principal terms

Pursuant to the 2026 Master Decoration Services Agreement, the Group will provide the Decoration Services to members of the Science City Group on a non-exclusive basis, subject to the entering into of individual contracts as agreed between respective members of the Group and the Science City Group.

Under the 2026 Master Decoration Services Agreement, the Science City Group shall procure the Decoration Services on a non-exclusive basis, and such procurement(s) shall be subject to the internal approval procedures and procurement policies and conditions of the Science City Group.

Conditions precedent

The 2026 Master Decoration Services Agreement is conditional upon the fulfilment of the following conditions:

- (1) the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Services Caps) having been approved by the Independent Shareholders at the general meeting to be duly convened by the Company (if required); and
- (2) the Company having complied with all other applicable requirements under the Listing Rules, or imposed by the Stock Exchange, in relation to the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder, or (where applicable) having obtained from the Stock Exchange a waiver from strict compliance with such requirements.

Term

The 2026 Master Decoration Services Agreement shall be effective for a term commencing from 22 October 2026 or the date on which the conditions precedent of the 2026 Master Decoration Services Agreement are satisfied (whichever is later) and ending on 31 December 2028 (both days inclusive).

Payment

The price payable under the 2026 Master Decoration Services Agreement will be settled in cash.

The time of payment will be negotiated, determined and agreed between the parties in the individual contracts to be entered into by the parties pursuant to the 2026 Master Decoration Services Agreement.

Pricing principles

Pursuant to the terms of the 2026 Master Decoration Services Agreement, the Decoration Services shall be conducted on normal commercial terms, in particular: (i) the Decoration Services will be on terms no less favourable to the Group than terms available to Independent Third Parties based on its internal control measures; (ii) the Decoration Services will be conducted in the ordinary and usual course of business of the Group and after arm's length negotiations; and (iii) the transaction amount of the Decoration Services will not exceed the Proposed Services Caps.

The prices of the Decoration Services to be provided by the Group to the Science City Group shall be determined with reference to the costs of the Group in providing the relevant Decoration Services plus a profit margin. The terms (including the profit margin) will be determined after arm's length negotiation between the Group and the Science City Group and will in any event be no less favourable to those offered to Independent Third Parties for comparable services of similar quality, scope and nature.

HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

The historical annual caps and the historical transaction amounts in respect of the Product Sales and the Decoration Services for each of the years ended 31 December 2023, 2024 and 2025 and the nine months ended 30 September 2026 are set out as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2023	2024	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Historical cap amount in respect of the				
Product Sales	74,000	74,000	74,000	–
Actual transaction amount in respect of the				
Product Sales	69,735	14,159	5,162	8,980
Historical cap amount in respect of the				
Decoration Services	74,000	74,000	74,000	–
Actual transaction amount in respect of the				
Decoration Services	8,679	1,787	4,639	1,696

The actual transaction amounts for the Product Sales were approximately RMB69.7 million, RMB14.2 million and RMB5.2 million for the years ended 31 December 2023, 2024 and 2025 respectively, representing utilisation rates of approximately 94.2%, 19.1% and 7.0% of the relevant historical annual caps. The actual transaction amounts for the Decoration Services were approximately RMB8.7 million, RMB1.8 million and RMB4.6 million for the same years, representing utilisation rates of approximately 11.7%, 2.4% and 6.3% of the relevant historical annual caps.

The furniture products sold by the Group to the Science City Group are principally used for the furnishing of property projects developed by the Science City Group. The decoration services provided by the Group mainly comprise the interior decoration and fit-out of such property projects, as well as the industrial parks, residential, commercial and office properties, hotels and serviced apartments owned or operated by the Science City Group. The Science City Group's demand for the Group's furniture products and decoration services is therefore closely correlated with the level of its property development and property operation activities.

The overall decrease in the historical transaction amounts for the Product Sales and the Decoration Services was in line with the contraction of the Science City Group's property development business over the same period. Based on publicly available financial information of Science City, the revenue of the Science City Group's property development segment decreased from approximately RMB857.8 million for the year ended 31 December 2023 to approximately RMB335.1 million for the year ended 31 December 2024, representing a decrease of approximately 60.9%, and further decreased to approximately RMB171.2 million for the year ended 31 December 2025, representing a decrease of approximately 48.9%. Against the backdrop of the continued adjustment of the PRC property market, the number of property projects delivered by the Science City Group decreased, and its demand for furniture products and decoration services for such projects reduced accordingly. The transaction amount for the Decoration Services increased to approximately RMB4.6 million for the year ended 31 December 2025, notwithstanding the further decrease in the revenue of the Science City Group's property development segment for the same year. Such increase was mainly attributable to the rising demand for Decoration Services within the property segment, which enabled the Group to capture a higher proportion of business opportunities, coupled with a relatively low baseline in prior years.

The Science City Group's property-related businesses recorded a notable recovery in the first half of 2026. For the six months ended 30 June 2026, the revenue of the Science City Group's property development segment increased by approximately 267.4% to approximately RMB244.3 million, as compared with approximately RMB66.5 million for the corresponding period in 2025. In line with such recovery, the actual transaction amounts for the Product Sales for the nine months ended 30 September 2026 amounted to approximately RMB9.0 million, representing an increase of approximately 115.1% over the corresponding period in 2025. The Directors consider that the recovery of the Science City Group's property development business indicates a renewed demand for the Group's furniture products and Decoration Services in the coming years.

PROPOSED ANNUAL CAPS

The Proposed Sales Caps and the Proposed Services Caps for each of the years ending 31 December 2026, 2027 and 2028 are set out as follows:

	For the year ending 31 December		
	2026	2027	2028
	(RMB'000)	(RMB'000)	(RMB'000)
Proposed cap amount for the Product Sales under the 2026 Master Product Sales Agreement	25,000	50,000	70,000
Proposed cap amount for the Decoration Services under the 2026 Master Decoration Services Agreement	10,000	50,000	70,000

Shareholders and potential investors of the Company should note that the above annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability. Shareholders or potential investors of the Company should not rely on the annual caps in deciding how or whether or not to deal in the Shares.

Basis of the Proposed Sales Caps and the Proposed Services Caps

The Proposed Sales Caps

The Proposed Sales Caps are determined with reference to the internal projection on the demand of members of the Science City Group for internal consumption and sale of the furniture products (together with ancillary services) of the Group and the Group's estimated production capacity, particularly (i) the projected average price estimated by the Group for furniture products (together with ancillary services) to be used in different types of property projects of the Science City Group based on the Group's historical average selling prices of the furniture products (together with ancillary services); (ii) the estimated purchase quantities of the furniture products (together with ancillary services) by the Science City Group for its property development projects based on the progress of each of the property project with reference to its expected completion date; (iii) the historical transaction amounts in respect of the Product Sales and the expected increase in transaction amounts in view of the expected recovery of the property market and the regaining of momentum in the development of property projects of the Science City Group; and (iv) a buffer catering for among others, potential inflation and potential additional demand for furniture products (together with ancillary services) by the Science City Group during the term of the 2026 Master Product Sales Agreement.

The Proposed Services Caps

The Proposed Services Caps are determined with reference to the (i) internal projection on the demand of members of the Science City Group for the Decoration Services and the Group's estimated capacity, based on the quantity and specifications of property projects of the Science City Group; (ii) the expected specifications and nature of the decoration work to be performed; (iii) the costs of providing the Decoration Services, including the costs of decoration materials, labour and other relevant expenses; (iv) the historical transaction amounts in respect of the Decoration Services and the expected increase in transaction amounts in view of the expected recovery of the property market and the regaining of momentum in the development of property projects of the Science City Group; and (v) a buffer catering for among others, potential inflation and potential additional demand for the Decoration Services by the Science City Group during the term of the 2026 Master Decoration Services Agreement.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company is incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the design, sale and manufacture of furniture and trading of commodities.

Information on Science City

Science City is a company established in the PRC with limited liability on 21 August 1984 and is a direct wholly-owned subsidiary of Guangzhou Economic Technology Development Zone Management Committee* (廣州經濟技術開發區管理委員會). 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). Science City is principally engaged in construction, real estate development and property management businesses in the PRC and is a controlling shareholder of the Company.

REASONS FOR AND BENEFITS OF THE PRODUCT SALES AND THE DECORATION SERVICES

The Product Sales and the Decoration Services are consistent with the principal business of the Group and would allow the Group to leverage its production capacity for furniture products (together with ancillary services), boost its turnover and diversify its sales channel in the PRC. The Product Sales and the Decoration Services would also expand the sources of income of the Group and thereby benefiting the operations of the Group.

The Directors (excluding the independent non-executive Directors whose views will be contained in the Circular after considering the advice of the Independent Financial Adviser) are of the view that the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms (which were arrived at after arm's length negotiations) and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

Given the incident described in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES” below, the Group has the following general internal control procedures to ensure all continuing connected transactions contemplated under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement are conducted in accordance with the requirements under Chapter 14A of the Listing Rules:

- (i) the Group maintains a trading database containing selling prices of its products and services and relevant terms and conditions of such transactions. The information in the trading database is obtained in the course of the Group’s operations and from the Group’s internal sources. The Company will continue to develop and maintain the trading database so as to include pricing information in relation to products sold and services provided by the Group in the future. Designated personnel of the sales department of the Group are responsible for the maintenance of the trading database, and the trading database is generally updated on an instantaneous (or as soon as practicable) basis after the materialisation or consummation of a transaction. The Group will monitor and supervise the maintenance of the trading database to ensure that up-to-date records of the terms, prices and transaction records for products sold and services provided by the Group are properly kept. The Company will also conduct random checks on the trading database so as to ensure that effective and sound internal control measures are in place so that the Product Sales and the Decoration Services are conducted on normal commercial terms with reference to prevailing market terms and are fair and reasonable;
- (ii) the Group has established a series of measures and policies to ensure that the transactions will be conducted in accordance with the terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement, including but not limited to: (a) the relevant business units and departments of the Group will monitor and review the prices and terms in respect of the Product Sales and the Decoration Services regularly in order to ensure that the Product Sales and the Decoration Services are conducted on normal commercial terms, in accordance with the annual caps set by the Company and the terms are no less favourable to the Group than those available to Independent Third Parties; (b) the Company will designate specific personnel from the internal control department to monitor the transactions under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and will report to the management of the Company regularly in relation to such transactions; and (c) the Group will also conduct random internal checks on a quarterly or more frequent basis to ensure that the internal control measures in respect of the transactions under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement remain intact and effective;
- (iii) the Company will review the transactions with the Science City Group to identify any continuing connected transaction that may be at risk of exceeding the annual caps, and any measures to be taken in respect of such transaction(s);

- (iv) the Company will report the transactions under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement to the independent non-executive Directors during each of the audit committee meetings (if necessary) according to the audit committee meeting agenda;
- (v) the transactions contemplated under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement will be reviewed by the independent non-executive Directors every year and reported in the annual reports of the Company, which provides a check and balance to ensure that the transactions were conducted in accordance with the terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement, on normal commercial terms (or terms no less favourable than terms available to the Independent Third Parties), and in accordance with the pricing principles of the Company and the annual caps pursuant to the Listing Rules; and
- (vi) the Company's independent auditor will be engaged to report on the continuing connected transactions under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement, which would, for the purpose of Rule 14A.56 of the Listing Rules, assist the Board in ensuring that the transactions under the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement:
 - (a) have proper Board approval;
 - (b) have in all material respects, been conducted in accordance with the pricing policies of the Group;
 - (c) were entered into, in all material respects, in accordance with the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement; and
 - (d) have not exceeded the annual caps set by the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Science City is through SCHK and parties acting in concert with it interested in an aggregate of 1,945,391,280 Shares (representing approximately 74.86% of the issued Shares). Therefore, Science City is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement with Science City and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the respective highest applicable percentage ratio in respect of the Proposed Sales Caps under the 2026 Master Product Sales Agreement and the Proposed Services Caps under the 2026 Master Decoration Services Agreement is more than 5%, the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RECTIFICATION OF BREACH OF THE LISTING RULES

Reasons for Failure to Identify the Continuing Connected Transactions

As the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement expired on 31 December 2025 and the member of the Group has continued to sell furniture products (together with ancillary services) and provide the Decoration Services to members of the Science City Group, the products sold and services provided by the Group to the Science City Group from 1 January 2026 up to the date of this announcement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

From 1 January 2026 up to 30 September 2026, the transaction amount of the Early Transactions amounted to approximately RMB9.0 million. As the respective highest applicable percentage ratio in respect of the transaction amount of the Early Transactions is more than 0.1% but all the applicable percentage ratios are less than 5%, the Early Transactions should be subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules. As the Company had not complied with the announcement requirement prior to conducting the Early Transactions, this constituted a breach of Chapter 14A of the Listing Rules.

In the course of preparing the Group's interim report for the six months ended 30 June 2026, the finance department of the Group conducted a review of the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement, along with the underlying individual contracts. It was discovered that the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement had already expired. Due to inadvertent oversight of certain personnel of the Group in monitoring connected transactions, the Company failed to renew the 2023 Master Product Sales Agreement and the 2023 Master Decoration Services Agreement before their expiration. The Board wishes to emphasize that such breach was due to unintentional and an inadvertent oversight, and the Board reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

To safeguard the interests of the Group, the Group has adopted and will continue to adhere to the following internal control procedures in respect of its continuing connected transactions with the connected person(s) of the Group:

- (i) maintaining a list of connected persons and circulating such list together with copies of the relevant extracts of the Listing Rules to the relevant personnel and senior management of the Group, and such connected persons list shall be updated by personnel/senior management of the relevant subsidiary from time to time;
- (ii) examining all existing agreements and transactions of the Group and to ensure that such agreements and transactions are in full compliance with the Listing Rules;

- (iii) monitoring the expiry dates of all framework agreements with connected persons, so that renewal procedures and compliance with Chapter 14A of the Listing Rules are started no later than three months before the relevant agreement expires;
- (iv) tracking each connected transaction order by its expected delivery date and revenue recognition date, so that threshold calculations under Chapter 14A of the Listing Rules are updated promptly whenever the delivery schedule changes;
- (v) reporting any potential connected transaction to the relevant personnel and senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules;
- (vi) enhancing the filing and recording of all the connected transaction agreements and assigning a higher level of management to centralise the management of connected transactions, therefore the company secretary of the Company will be responsible for the filing of connected transaction agreements and the maintenance of the connected transactions database;
- (vii) providing regular internal trainings on the relevant requirements of connected transaction under Chapter 14A of the Listing Rules to all relevant personnel, accounting staff, internal auditor and senior management in all business departments of the Group to reinforce the importance of the compliance with the Listing Rules;
- (viii) regularly reviewing, monitoring and verifying the existing database relating to continuing connected transactions (including identity of connected persons, annual cap amount, monthly transaction amount and cumulated amount etc.) to ensure accuracy. In particular, the Company has adopted a threshold reporting system to monitor the utilisation of the proposed annual caps in a timely manner. The finance department of the Company will assign additional personnel to closely monitor the actual amount of connected transactions incurred pursuant to the framework agreements and submit to the management of the Company the utilisation of the proposed annual caps on a monthly basis to ensure the annual caps would not be exceeded. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the management of the Company would initiate the procedures for recomplying with the relevant requirements under Chapter 14A of the Listing Rules based on the revised annual cap;

- (ix) examining the pricing of continuing connected transactions regularly to ensure such transactions under the relevant framework agreements are conducted in accordance with the pricing terms thereof. The relevant operating departments of the Company will, on a quarterly basis, review the prices obtained from or offered to Independent Third Parties and the prevailing market prices for the same type of products and services, as the case may be, and compare such prices with those of the continuing connected transactions under the framework agreements. The terms of the transactions shall be no less favourable to the Group than prices offered to or received from Independent Third Parties and the prevailing market prices for the same types of products or services. In the event that any revisions to the prices under the continuing connected transactions are needed, a meeting shall be held within relevant operating departments of the Company and the proposed revised price shall be reviewed and approved by the management of the Company. The continuing connected transactions shall be in line with the market pricing principle and shall be carried out on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole; and
- (x) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting such transaction(s).

The Directors believe that the implementation of the above enhanced internal control measures will strengthen and reinforce the knowledge of the responsible staff, management and Directors in relation to connected transactions under the Listing Rules, improve the regulatory compliance abilities of the Company, and help prevent the recurrence of the similar incidents of non-compliance.

GENERAL

As Mr. Lin Ruhai, Mr. Wu Zhongming, Mr. Liang Junfeng, Ms. Yang Ying and Mr. Yan Weihao hold positions within the Science City Group, each of them is deemed to have material interest in and has therefore abstained from voting on the resolutions of the Board approving the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps).

Save as disclosed above, none of the Directors has a material interest in the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps). No other Director is required to abstain from voting on the Board resolution approving the entering into of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps).

The Company will convene and hold the EGM for the purpose of, among other things, considering, and, if thought fit, approving the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps). Voting at the EGM will be conducted by way of poll.

Any Shareholders or their respective associates with a material interest in the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM. As at the date of this announcement, Science City is through SCHK and parties acting in concert with it interested in an aggregate of 1,945,391,280 Shares (representing approximately 74.86% of the issued Shares). Thus, the SCHK and parties acting in concert with it shall abstain from voting in respect of the resolution for approving the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, as at the date of this announcement, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps).

INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps).

A circular containing, among others, (i) further details of terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding its advice on the terms of 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder; (iii) the recommendations from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM to be convened and held to approve, *inter alia*, terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder will be despatched to Shareholders in accordance with the Listing Rules on or before 12 November 2026.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“2023 Master Decoration Services Agreement”	the master decoration services agreement dated 15 June 2023 entered into between the Company and Science City, pursuant to which members of the Group will provide Decoration Services to members of the Science City Group
“2023 Master Product Sales Agreement”	the master product sales agreement dated 15 June 2023 entered into between the Company and Science City, pursuant to which the Group will sell furniture products (together with ancillary services) to members of the Science City Group
“2026 Master Decoration Services Agreement”	the master decoration services agreement dated 22 October 2026 entered into between the Company and Science City, pursuant to which members of the Group will provide Decoration Services to members of the Science City Group
“2026 Master Product Sales Agreement”	the master product sales agreement dated 22 October 2026 entered into between the Company and Science City, pursuant to which the Group will sell furniture products (together with ancillary services) to members of the Science City Group
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Charming Future”	Charming Future Holdings Limited, a beneficial owner of 209,768,922 Shares, representing 8.07% of the issued Shares as at the date of this announcement and is wholly-owned by Mr. Tse. It is deemed to be interested in 1,945,391,280 Shares, representing 74.86% of the issued Shares pursuant to the Concert Group Agreement
“Company”	Royale Home 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

“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 in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Crisana”	Crisana International Inc., a beneficial owner of 165,840,120 Shares, representing 6.38% of the issued Shares as at the date of this announcement, and is wholly-owned by Mr. Tse. It is deemed to be interested in 1,945,391,280 Shares, representing 74.86% of the issued Shares pursuant to the Concert Group Agreement
“Decoration Services”	the decoration services to be provided by members of the Group to members of the Science City Group, including undertaking interior design, decoration, refurbishment, installation and fittings works as contractor in property development projects of the Science City Group
“Director(s)”	the director(s) of the Company
“Early Transactions”	the Product Sales conducted by the Group to the Science City Group from 1 January 2026 to 30 September 2026
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Yue Man Yiu Matthew and Mr. Chan Wing Tak Kevin, established to advise the Independent Shareholders on the terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps)
“Independent Financial Adviser”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement and the transactions contemplated thereunder (including the Proposed Sales Caps and the Proposed Services Caps)
“Independent Shareholders”	the Shareholders who are not interested in or involved in the 2026 Master Product Sales Agreement and the 2026 Master Decoration Services Agreement
“Independent Third Party(ies)”	party who is a third party independent of the Company and its connected person(s)
“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 Shares as at the date of this announcement. It is deemed to be interested in 1,945,391,280 Shares, representing 74.86% of the issued Shares pursuant to the Concert Group Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tse”	Mr. Tse Kam Pang, being the direct beneficial owner of 282,948,047 Shares, representing 10.89% of the issued Shares as at the date of this announcement. He is also deemed to be interested in 1,945,391,280 Shares, representing 74.86% of the issued Shares pursuant to the Concert Group Agreement

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“Product Sales”	the sales of furniture products (together with ancillary services) by the Group to the Science City Group
“Proposed Sales Caps”	the proposed annual caps for the Product Sales under the 2026 Master Product Sales Agreement for each of the years ending 31 December 2026, 2027 and 2028
“Proposed Services Caps”	the proposed annual caps for the Decoration Services under the 2026 Master Decoration Services Agreement for each of the years ending 31 December 2026, 2027 and 2028
“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 1,234,862,964 Shares, representing 47.52% of the issued Shares as at the date of this announcement. It is deemed to be interested in 1,945,391,280 Shares, representing 74.86% of the issued Shares 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 of the Company. 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)
“Science City Group”	Science City together with its subsidiaries but excluding the Group
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”

the Code on Takeovers and Mergers

“%”

per cent.

By order of the Board
Royale Home Holdings Limited
Lin Ruhai
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 22 October 2026

As of the date of this announcement, the Board comprises one executive Director, namely, Mr. Lin Ruhai (Chairman); four non-executive Directors, namely, Mr. Wu Zhongming, Mr. Liang Junfeng, Ms. Yang Ying and Mr. Yan Weihao; 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*