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## **ROYALE FURNITURE HOLDINGS LIMITED**

**皇朝傢俬控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1198)**

### **INSIDE INFORMATION STRATEGIC COOPERATION AGREEMENT**

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

The Company has been informed by China Construction Third Bureau First Engineering Co., Ltd.\* (中建三局第一建設工程有限責任公司) (“**First Engineering**”) that it will enter into a strategic cooperation agreement (“**Agreement**”) with the Company to foster future cooperation between the parties. The Agreement is to be entered into at a ceremony being arranged by the parties.

#### **STRATEGIC COOPERATION AGREEMENT**

##### **Principal terms of the Strategic Cooperation Agreement (the “Agreement”)**

###### **A. Content of cooperation**

###### *(i) Cooperation in procurement of furniture products*

In light of the large number of construction projects undertaken by First Engineering as a state-owned enterprise, it has a high demand for office furniture from time to time. As a result, First Engineering and the Company intend to initiate cooperation in the procurement of office furniture products.

The Company will provide office furniture that satisfies the corporate and project needs of First Engineering pursuant to national and industry standards, including the design and manufacturing of the furniture, ensuring the quality and timely delivery of the products, and the provision of on-site assembling, warranty and after-sale maintenance services etc.

\* For identification purposes only

First Engineering will specify its demand for furniture and confirm with the Company on the models of furniture. It will also, among others, allow a normal production cycle, pay procurement sums in accordance with the payment schedule and conduct inspection of end furniture products upon delivery.

The principles of fair price determination and reasonable return are applicable to the cooperation in procurement of furniture. First Engineering will procure a certain quantity of furniture orders from the Company and the Company will offer a corresponding fair and reasonable price in view of the strategic cooperation between the parties.

*(ii) Initiate cooperation relating to construction projects*

In order to grasp the development trend and opportunities in recent years, the Company has introduced the strategic investment of Science City (Guangzhou) Investment Group Co., Ltd.\* (科學城(廣州)投資集團有限公司), which is ultimately owned by 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).

The Company agrees to, on the basis of equality principles, provide preferential support to First Engineering in relation to its participation in the relevant investments, financing, and development and construction of projects carried out by the Company.

Such projects include development of headquarter projects, development and construction of real properties and reconstruction and redevelopment of old towns, factories and villages. The aggregated total investment sum may reach RMB10 billion. The proposed projects include the redevelopment of the Shitan Town and Xiancun Town properties of the Group, and related projects. The parties will further negotiate and enter into specific agreements in respect of each of the cooperative projects.

**B. Confidentiality**

Except where required by law, each party shall keep strictly confidential any materials, information or commercial secrets received or obtained by it in connection with the participation and implementation of the Agreement which relate to the business and operations of the other party and which have not been disclosed to the public in any newspapers, publications, the media, the internet, any publicly transmitted advertisements and other disclosures to the public. Each party shall not, without the prior written consent of the other party, disclose the business and operation information of the other to any third parties.

### **C. Others**

The Agreement, which is non-binding in nature, will be made to record the preliminary consensus of the parties in respect of the project cooperation and to facilitate further negotiations of both parties. The parties intend to and may enter into further memoranda and agreements in respect of matters covered in the Agreement.

The cooperation mentioned in the Agreement will be subject to detailed and legally binding agreement(s), contract(s) or other applicable agreement(s) or contract(s) to be entered into by both parties.

### **REASON FOR THE COOPERATION**

The Company believes that the Agreement will be entered into in the long-term interest of the Company and its shareholders as a whole. The Company and its subsidiaries (the “**Group**”) are principally engaged in the manufacturing and sales of furniture in the PRC, while First Engineering is a leading state-owned enterprise principally engaged in the construction business having a large capacity in operations and corporate development. The directors of the Company consider the transactions contemplated under the Agreement, if materialised, are expected to bring along favourable development opportunities to the business operations of the Group. The Agreement would enable the parties to benefit from the respective competitive advantages of each other and bring synergy effect to the business operations of the parties.

### **INFORMATION OF THE PARTIES**

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of furniture.

First Engineering is a leading entity within the group of China State Construction, a world “top 500” enterprise. As a state-owned large-scale construction enterprise, First Engineering has made significant achievements in completing famous construction projects over the last few decades.

### **GENERAL**

**The Board wishes to emphasise that the transactions under the Agreement may or may not proceed and that the parties have not entered into any specific legally binding agreements in relation to the transactions under the Agreement as at the date of this announcement. If the transactions under the Agreement materialise, the Company will make appropriate disclosures as and when appropriate under the Listing Rules and abide by the relevant requirements contained therein.**

**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 Furniture Holdings Limited**  
**Tse Kam Pang**  
*Chairman*

Hong Kong, 7 April 2020

*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. Liu Zhijun; and three independent non-executive Directors, namely, Mr. Lau Chi Kit, Mr. Yue Man Yiu Matthew and Mr. Chan Wing Tak Kevin.*