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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)**

### **CONNECTED TRANSACTION LEASE AGREEMENT**

#### **LEASE AGREEMENT**

On 6 May 2026, Qingyuan Yuyuan (an indirect wholly-owned subsidiary of the Company) (as lessee) and Hengcheng (an indirect subsidiary of Science City Group, the controlling shareholder of the Company) (as lessor) entered into the Lease Agreement, pursuant to which and subject to the terms and conditions set out therein, Hengcheng agreed to lease the Property to Qingyuan Yuyuan for a term of three years commencing on 1 January 2026 and ending on 31 December 2028 (both days inclusive).

#### **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the lease of the Property under the Lease Agreement will be recognised as a right-of-use asset of the Group, with a value of approximately RMB5,393,158.52. As Hengcheng is an indirect subsidiary of Science City Group, the controlling shareholder of the Company, it constitutes an associate of the controlling shareholder of the Company under Chapter 14A of the Listing Rules; therefore, Hengcheng is also a connected person of the Company. Accordingly, the lease of the Property under the Lease Agreement constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the lease of the Property under the Lease Agreement (calculated based on the value of the right-of-use asset to be recognised by the Group) exceeds 0.1% but is less than 5%, the Lease Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular, independent financial advice, and independent shareholders' approval requirements.

## INTRODUCTION

Reference is made to the Disposal Circular, which contains, among other matters, details of the sale by Ocean Concept Limited, an indirect wholly-owned subsidiary of the Company, of the entire equity interest in Hengcheng to Hengcheng to SC Development (the “**Hengcheng Disposal**”). In the Disposal Circular, the Company has disclosed its intention, following completion of the Hengcheng Disposal, to discuss with SC Development the establishment of a lease arrangement in respect of Hengcheng’s original production facilities, and has undertaken that such lease will comply with the relevant reporting and announcement requirements under Chapter 14A of the Listing Rules at the time of entering into the lease.

The Board hereby announces that on 6 May 2026, Qingyuan Yuyuan (an indirect wholly-owned subsidiary of the Company) (as lessee) and Hengcheng (an indirect subsidiary of Science City Group, the controlling shareholder of the Company) (as lessor) entered into the Lease Agreement, pursuant to which and subject to the terms and conditions set out therein, Hengcheng agreed to lease the Property to Qingyuan Yuyuan for a term of three years commencing on 1 January 2026 and ending on 31 December 2028 (both days inclusive).

## LEASE AGREEMENT

The principal terms of the Lease Agreement are set out as follows:

<b>Date:</b>	6 May 2026
<b>Parties:</b>	(i) Hengcheng (as lessor)  (ii) Qingyuan Yuyuan (as lessee)
<b>Property:</b>	Production plant at No. 4, 20 Huangchao Avenue, Yingde, Qingyuan, Guangdong Province, the PRC (中國廣東省清遠市英德皇朝大道20號之4號生產廠房)  The Property has a gross floor area of 17,363 sqm
<b>Term:</b>	Three years, commencing on 1 January 2026 and ending on 31 December 2028 (both days inclusive)
<b>Use:</b>	The Property will be used as a production plant of Qingyuan Yuyuan

**Rent and Total  
Consideration:**

- (i) From 1 January 2026 to 31 December 2026, the monthly rent shall be approximately RMB166,337.54 (inclusive of tax), comprising:
  - (a) RMB152,603.25 per month as base rent (exclusive of tax); and
  - (b) RMB13,734.29 per month as VAT at 9%.
- (ii) From 1 January 2027 to 31 December 2028, the monthly rent shall be approximately RMB174,654.42 (inclusive of tax), comprising:
  - (a) RMB160,233.41 per month as base rent (exclusive of tax); and
  - (b) RMB14,421.01 per month as VAT at 9%.

The total consideration payable under the Lease Agreement is RMB6,187,756.56 (inclusive of tax). Pursuant to the Lease Agreement, property management shall be undertaken by Qingyuan Yuyuan, and no property management fee shall be payable to Hengcheng. Utilities, maintenance and other shared facility expenses incurred during the lease term shall be borne by Qingyuan Yuyuan.

Pursuant to HKFRS 16, the lease of the Property under the Lease Agreement will be recognised as a right-of-use asset of the Group, with a value of approximately RMB5,393,158.52. Payments to be made under the Lease Agreement are expected to be funded by the internal resources of the Group.

The consideration payable by Qingyuan Yuyuan under the Lease Agreement was determined after arm's length negotiations with reference to the prevailing market rent in the vicinity where the Property is located.

**Payment Arrangement:**

Qingyuan Yuyuan shall pay the monthly rent to Hengcheng on or before the 15th day of each month (or the next business day if it falls on a public holiday), and Hengcheng shall issue the rent invoice to Qingyuan Yuyuan on or before the 10th day of each month (or the next business day if it falls on a public holiday).

**Lease Deposit:** Qingyuan Yuyuan shall pay to Hengcheng, within five (5) business days from the signing of the Lease Agreement, a lease deposit equivalent to three months' rent for the first year, being RMB499,012.62. The lease deposit is interest-free and shall be refunded by Hengcheng within ten (10) business days after the expiry of the lease term or early termination not due to Qingyuan Yuyuan's default, provided that all amounts due have been paid and the Property is returned in good condition, upon submission of the receipt of the lease deposit by Qingyuan Yuyuan.

**Delivery of the Property:** Hengcheng delivered the Property to Qingyuan Yuyuan on 1 January 2026.

**Termination:** Except as otherwise provided in the Lease Agreement, if either party fails to perform its obligations under the Lease Agreement or violates applicable real estate leasing laws and regulations, the other party shall have the right to terminate the lease in advance, with the defaulting party bearing the resulting losses.

Hengcheng shall have the right to terminate the Lease Agreement and repossess the Property and forfeit the lease deposit if: (i) Qingyuan Yuyuan breaches any term or condition of the Lease Agreement, including failure to pay rent; (ii) Qingyuan Yuyuan changes the agreed use of the Property without Hengcheng's prior written consent; or (iii) the Property is destroyed due to force majeure events, including natural disasters.

During the lease term, if either party is unable to perform under the Lease Agreement and seeks to terminate the lease unilaterally, a three-month prior written notice shall be given to the other party.

## **VALUE OF RIGHT-OF-USE ASSET**

Pursuant to HKFRS 16, the total value of the right-of-use asset to be recognised by the Group in respect of the lease of the Property under the Lease Agreement is approximately RMB5,393,158.52.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

As disclosed in the Disposal Circular, Hengcheng was formerly the main production facility for the Group's furniture manufacturing business. Following the completion of the Hengcheng Disposal, in order to ensure that the Group's production and operations would not be disrupted as a result of the change in equity, the Group needed to negotiate a lease arrangement with Science City Group in respect of the Property. Entering into the Lease Agreement provides a legal basis for the Group to continue using production facilities essentially identical to those previously held by Hengcheng for furniture manufacturing and sales, thereby avoiding relocation costs and production interruptions and helping to maintain the stability of the Group's day-to-day operations.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the transaction under the Lease Agreement is entered into in the ordinary and usual course of the Group's business on normal commercial terms or better, and that the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As Mr. Lin Ruhai, an executive Director, and Mr. Wu Zhongming, Mr. Tao Ying, Ms. Yang Ying and Mr. Yan Weihao, all non-executive Directors, hold positions in or are appointed by Science City Group, they are deemed to have a material interest in the Lease Agreement and have abstained from voting on the relevant Board resolution approving the Lease Agreement. Other than as disclosed above, no other Director has any material interest in the lease of the Property under the Lease Agreement that would require abstention from voting on the relevant Board resolution.

## **INFORMATION ON THE CONTRACTING PARTIES**

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1198), and acts as an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the manufacturing and sale of furniture, as well as the development of properties held for sale and property investment, and the hotel business.

Qingyuan Yuyuan (formerly known as Guangzhou Yuyuan Property Development Company Limited) is a company incorporated in China with limited liability and an indirect wholly-owned subsidiary of the Company. Qingyuan Yuyuan is principally engaged in the production and sale of furniture.

Hengcheng is a company incorporated in China with limited liability and a wholly-owned subsidiary of SC Development. Hengcheng primarily holds the Property and related land assets.

SC Development is a company incorporated in China with limited liability and a non-wholly-owned subsidiary of Science City Group, with 82.81% equity held by Science City Group and the remaining 17.19% held by Knowledge City (Guangzhou) Investment Group Limited. SC Development is principally engaged in the development, operation, and management of industrial parks.

Science City Group is a company incorporated in China with limited liability, whose ultimate beneficial owner is the Management Committee of Guangzhou Economic and Technological Development Zone, and is principally engaged in investment management, industrial park development and operation, and related businesses. As at the date of this announcement, Science City Group, through its wholly-owned subsidiary Science City (Hong Kong) Investment Limited (which directly holds approximately 47.52% of the issued share capital of the Company) and parties acting in concert with it, has an aggregate interest of approximately 74.86% of the issued share capital of the Company, making it the controlling shareholder of the Company. Accordingly, for the purposes of the Listing Rules, Science City Group and its subsidiaries (including SC Development and Hengcheng) are connected persons of the Company.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the lease of the Property under the Lease Agreement will be recognised as a right-of-use asset of the Group, with a value of approximately RMB5,393,158.52. As Hengcheng is an indirect subsidiary of Science City Group, the controlling shareholder of the Company, it constitutes an associate of the controlling shareholder of the Company under Chapter 14A of the Listing Rules; therefore, Hengcheng is also a connected person of the Company. Accordingly, the lease of the Property under the Lease Agreement constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the proposed lease of the Property under the Lease Agreement (calculated based on the value of the right-of-use asset to be recognised by the Group) exceeds 0.1% but is less than 5%, the Lease Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular, independent financial advice, and independent shareholders' approval requirements.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Royale Home Holdings Limited, a company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange (Stock Code: 1198)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Disposal Circular”	the circular of the Company dated 10 November 2025
“Group”	the Company and its subsidiaries
“Hengcheng”	Guangdong Hengcheng Furniture Co., Ltd.* (廣東恒誠傢俬有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of SC Development
“Hengcheng Disposal”	the disposal by Ocean Concept Limited, an indirect wholly-owned subsidiary of the Company, of the entire equity interest in Hengcheng to SC Development, the details of which are set out in the Disposal Circular
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement entered into between Qingyuan Yuyuan and Hengcheng on 6 May 2026 in respect of the leasing of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of China and Taiwan
“Property”	the production factory at No. 4, 20 Huangchao Avenue, Yingde, Qingyuan City, Guangdong Province, the PRC (中國廣東省清遠市英德皇朝大道20號之4號生產廠房)
“Qingyuan Yuyuan”	Qingyuan Yuyuan Home Ltd.*(清遠御園家居有限公司) (formerly known as Guangzhou Yuyuan Real Estate Development Co., Ltd.* (廣州御園地產發展有限公司)), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC

“SC Development”	Science City (Guangzhou) Development Group Co., Ltd.* (科學城（廣州）發展集團有限公司), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of Science City Group
“Science City Group”	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 and the controlling shareholder of the Company
“Share(s)”	ordinary share(s) of the Company of nominal value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the three-year period commencing on 1 January 2026 and ending on 31 December 2028 (both days inclusive)
“%”	per cent.

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

Hong Kong, 6 May 2026

*As at 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. Tao Ying, 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