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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)

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

This announcement is made by the Company for the purpose of complying with the disclosure requirements under Rules 13.13 and 13.16 of the Listing Rules in respect of the Shareholder's Loan and the Pledge which constitute advances to an entity and/or financial assistances to affiliated company of the Group.

INTRODUCTION

This announcement is made by the Company for the purpose of complying with the disclosure requirements under Rules 13.13 and 13.16 of the Listing Rules in respect of the Shareholder's Loan and the Pledge which constitute advances to an entity and/or financial assistances to affiliated company of the Group and exceed 8% of the Group's total assets as at 30 June 2021 recorded in the interim financial statements of the Group for the six months ended 30 June 2021.

Reference is made to the announcements of the Company dated 27 October 2020, 11 November 2020 and 29 September 2021, and the Circular in relation to, among other things, the formation of the JV by Wanlibao and Huizhou Gangjie in accordance with the terms and conditions of the JV Agreement and the provision of the Pledge by Wanlibao as pledgor under the Pledge Agreement.

As disclosed in the Circular, the maximum commitment of Wanlibao to the JV, determined based on the shareholding percentage of Wanlibao in the JV (i.e. 40%), amounts to RMB1.532 billion (the "**Maximum Commitment**").

The Board announces that on 5 January 2022, Wanlibao entered into the Letter of Confirmation with the JV, pursuant to which the parties have agreed and confirmed that (i) the Maximum Commitment shall be satisfied by (a) contributions in the total amount of RMB800 million as registered capital of the JV (the “**Paid-in Registered Capital**”); and (b) the Shareholder’s Loan in the principal amount of up to RMB732 million; and (ii) the previous contributions made in satisfaction of the Maximum Commitment (other than and in addition to the Paid-in Registered Capital) shall be deemed to be and construed as advances provided by Wanlibao to the JV under the Shareholder’s Loan (the “**Advances Deemed to be Made**”).

As at the date of this announcement, (i) the Paid-in Registered Capital has been contributed in full by Wanlibao; and (ii) the total outstanding principal amount under the Shareholder’s Loan, taking into account the previous Advances Deemed to be Made which remain outstanding, is RMB667.6 million.

SHAREHOLDER’S LOAN

The Shareholder’s Loan in the principal amount of up to RMB732 million is to be provided by Wanlibao to the JV out of the Group’s internal resources and bank and other borrowings. The Advances Deemed to be Made were funded with the Group’s internal resources and bank and other borrowings.

The principal terms of the Shareholder’s Loan (which shall, pursuant to the Letter of Confirmation, be deemed to have and construed as having taken effect from the date of each of the Advances Deemed to be Made) are set out below:

Principal amount:	Up to RMB732 million.
Drawdown:	More than one drawdown may be made under the Shareholder’s Loan. The Shareholder’s Loan is a revolving loan.
Interest Rate:	8% per annum.
Repayment:	Repayable on demand.
Collateral:	The Shareholder’s Loan is not secured by any collateral.

As at 31 December 2021, the total interest income arising from the Advances Deemed to be Made is approximately RMB60.7 million.

INFORMATION OF THE JV

The JV is a company established in the PRC with limited liability and a joint venture entity the equity interest in which is held as to 60% and 40% by Jiangsu Ganglong and Wanlibao. It is principally engaged in the development of the property project on a parcel of land situated at Hengling Village, Shitan Town, Zengcheng District, Guangzhou* (廣州市增城區石灘鎮橫嶺村) of residential (and commercial) uses with a total land area of approximately 196,435.11 square metres.

Jiangsu Ganglong is an indirect wholly-owned subsidiary of Ganglong China Property Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6968). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Jiangsu Ganglong and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company or its connected persons.

LISTING RULES IMPLICATIONS

The Shareholder's Loan is a part of the Maximum Commitment provided by Wanlibao to fulfil the Group's commitment under the JV Agreement to make contribution to the JV. As disclosed in the Circular, the JV Agreement and the transactions contemplated thereunder were approved by a closely allied group of Shareholders in accordance with Rule 14.44 of the Listing Rules. Therefore, it is considered that the Shareholder's Loan does not constitute a new transaction under Chapter 14 of the Listing Rules.

Pursuant to Rules 13.13 and 13.16 of the Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Group or the financial assistance to affiliated companies of the Group exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

As the Shareholder's Loan and the Pledge constitute advances to an entity and/or financial assistances to affiliated company of the Group which exceed 8% of the Group's total assets as at 30 June 2021 recorded in the interim financial statements of the Group for the six months ended 30 June 2021, the Company is under a general disclosure obligation under Rules 13.13, 13.15 and 13.16 of the Listing Rules to disclose the details of the Shareholder's Loan and the Pledge.

The Company will comply with the relevant disclosure requirements under Rules 13.20 and 13.22 of the Listing Rules for so long as circumstances giving rise to such disclosure obligation continue to exist.

DEFINITIONS

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

“Advances Deemed to be Made”	the previous contributions made in satisfaction of the Maximum Commitment (other than and in addition to the Paid-in Registered Capital), which shall be deemed to be and construed as advances provided by Wanlibao to the JV under the Shareholder’s Loan
“Board”	the board of Directors
“Circular”	the circular of the Company dated 14 December 2020 in relation to, amongst others, the formation of the JV
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huizhou Gangjie”	Huizhou Gangjie Real Estate Co., Ltd.* (惠州市港傑置業有限公司), a company established in the PRC with limited liability, being the initial joint venture partner under the JV Agreement. Huizhou Gangjie has transferred all the equity interest in the JV held by it (i.e. 60% of the equity interest in the JV) to Jiangsu Ganglong. Hence, it holds no interest in the JV as at the date of this announcement
“Jiangsu Ganglong”	Jiangsu Ganglong Huayang Real Estate Co., Ltd.* (江蘇港龍華揚置業有限公司), a company established in the PRC with limited liability. It is the joint venture partner in respect of the JV and the owner of 60% of the equity interest in the JV as at the date of this announcement

“JV”	Guangzhou Gangke Real Estate Co., Ltd.* (廣州港科置業有限公司), a company established in the PRC with limited liability, and a joint venture entity formed by Wanlibao and Huizhou Gangjie in accordance with the terms and conditions of the JV Agreement. The JV is held as to 40% and 60% of its equity interest by Wanlibao and Jiangsu Ganglong as at the date of this announcement
“JV Agreement”	the joint venture agreement dated 27 October 2020 entered into between Wanlibao and Huizhou Gangjie in relation to the formation of the JV
“Lender”	Industrial and Commercial Bank of China Limited, Xintang, Guangzhou Branch (中國工商銀行股份有限公司廣州新塘支行). Industrial and Commercial Bank of China Limited is a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398), respectively
“Letter of Confirmation”	a letter of confirmation entered into between Wanlibao and the JV on 5 January 2022
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of up to RMB800 million provided by the Lender to the JV
“Pledge”	the pledge over 40% of the equity interest in the JV held by Wanlibao provided by Wanlibao in favour of the Lender pursuant to the terms of the Pledge Agreement to secure the repayment of the maximum Loan amount of RMB320 million, representing 40% of the principal amount of the Loan, and the performance of the obligations thereunder
“Pledge Agreement”	the pledge agreement dated 29 September 2021 entered into between Wanlibao as pledgor and the Lender as pledgee in relation to the Pledge
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares

“Shareholder’s Loan”	the shareholder’s loan in the principal amount of up to RMB732 million provided by Wanlibao to the JV pursuant to the Letter of Confirmation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wanlibao”	Guangzhou Wanlibao Industries Holdings Co., Ltd.* (廣州萬利寶實業控股有限公司) (formerly known as Guangzhou Wanlibao Investment Co., Ltd.* (廣州萬利寶投資有限公司)), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Royale Home Holdings Limited
Tse Kam Pang
Chairman and Executive Director

Hong Kong, 5 January 2022

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

* *for identification purpose only*