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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)

PROFIT WARNING

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

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review by the Board on the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2022, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, and taking into account the information currently available to the Board, it is estimated that the Group will record a profit for the year of approximately HK\$12 million, as compared to the profit for the year of approximately HK\$88 million for the year ended 31 December 2021.

The decrease in profit for the year ended 31 December 2022 was primarily attributable to (i) the disruption to the production and sales activities of the Group resulting from COVID-19 lockdown and other social distancing measures during the year ended 31 December 2022; (ii) a drop in overall gross profit margin mainly due to sales discount promotion and the increase in cost of production of our furniture products; (iii) decrease in gain in fair value of investment properties during the year ended 31 December 2022; (iv) an increase in operating expenses; (v) provision for estimated loss from legal proceedings; and (vi) the reversal of the provision for tax in land resumption, partially offsetting the factors (i) to (v) above.

As the Company is still in the process of finalizing the unaudited consolidated final results of the Group for the year ended 31 December 2022, the information contained in this announcement is only based on the information currently available to the Board and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 December 2022, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company.

The actual financial results of the Group for the year ended 31 December 2022 may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the results of the Group for the year ended 31 December 2022, which is expected to be published on 31 March 2023 in accordance with the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 March 2023

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, 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.

* *For identification purposes only*