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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares of Royale Furniture Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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)**

- (1) PROPOSED REFRESHMENT OF 10% GENERAL LIMIT  
ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME;  
(2) PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE BY THE COMPANY  
OF ITS OWN SHARES;  
(3) PROPOSED RE-ELECTION OF DIRECTORS;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of the Company to be held at the Room 607, 6/F, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 25 May 2018 at 3:00 p.m. is set out on pages 18 to 22 of this circular. A form of proxy for use at the annual general meeting is also enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk).

Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed refreshment of 10% general limit on grant of options under Share Option Scheme, the proposed grant of the General Mandate and its extension and the Repurchase Mandate and the proposed re-election of Directors
“Articles of Association”	the articles of association of the Company as amended from time to time, and “Article” shall mean an article of the Articles of Association
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Royale Furniture 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
“Directors”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot, issue, grant, distribute and otherwise deal with additional Shares up to a maximum of 20% of the total number of the Shares of the Company in issue at the date of the passing of such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	13 April 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Old Scheme”	the old share option scheme of the Company expired on 25 April 2012
“Option(s)”	options granted or to be granted by the Company under a share option scheme of the Company
“Proposed Refreshment”	the proposed refreshment of the 10% general limit on the grant of Options under the Share Option Scheme
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to a maximum of 10% of the total number of the Shares of the Company at the date of passing such resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 18 May 2012
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share buy-backs issued by the Hong Kong Securities and Futures Commission
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Tse Kam Pang

*(Chairman and Chief Executive Officer)*

Mr. Tse Hok Kan

Mr. Chan Wing Kit

Mr. Chen Hao

*Registered office:*

Century Yard, Cricket Square

Hutchins Drive

P.O. Box 2681 GT

Grand Cayman

Cayman Islands

British West Indies

*Independent Non-executive Directors:*

Dr. Donald H. Straszheim

Mr. Lau Chi Kit

Mr. Yue Man Yiu Matthew

*Head office and principal place of  
business in Hong Kong:*

Room 607, 6/F. Tsim Sha Tsui Centre

66 Mody Road Tsim Sha Tsui East

Kowloon

Hong Kong

19 April 2018

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED REFRESHMENT OF 10% GENERAL LIMIT  
ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME;  
(2) PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE BY THE COMPANY  
OF ITS OWN SHARES;  
(3) PROPOSED RE-ELECTION OF DIRECTORS;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### INTRODUCTION

At the AGM to be held at Room 607, 6/F, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 25 May 2018 at 3:00 p.m., resolutions will be proposed, among other matters:

- (a) to refresh the 10% general limit on the grant of Options under the Share Option Scheme;
- (b) to grant the General Mandate to the Directors;
- (c) to grant the Repurchase Mandate to the Directors;
- (d) to grant an extension to the Directors to extend the General Mandate to include the Shares repurchased under the Repurchase Mandate; and
- (e) to re-elect the Directors.

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the AGM regarding the above and to give you the notice of the AGM.

### PROPOSED REFRESHMENT

At the annual general meeting on 18 May 2012, the Company adopted the Share Option Scheme to replace the Old Scheme in order to continue to advance the interests of the Company and Shareholders by enabling the Company to grant Options to attract, retain and reward the eligible participants.

As at the Latest Practicable Date, the outstanding Options that had been granted pursuant to the Old Scheme would entitle the holders thereof to subscribe for 7,398,913 Shares (representing approximately 0.37% of the Shares in issue as at the Latest Practicable Date) and no further options have been offered or granted under the Old Scheme. All the outstanding Options previously granted but unexercised under the Old Scheme will remain valid and exercisable in accordance with their terms.

As at 18 May 2012, being the date on which the Share Option Scheme was being adopted, the maximum number of Shares which might be issued upon exercise of all Options to be granted under the Share Option Scheme was 68,362,341 Shares, being 10% of the total number of the Shares in issue on such date.

As at 5 June 2017, being the date of the last refreshment of the scheme mandate limit of the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme was 176,237,701 Shares, being 10% of the Shares in issue on the date of the last refreshment of the scheme mandate limit of the Share Option Scheme. There are in aggregate 17,200,000 Share Options granted under the last refreshed scheme mandate limit.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the total number of the Options granted by the Company was 330,687,951 Options of which 138,201,847 Options were exercised to subscribe for Shares, 60,690,782 Options were cancelled/lapsed and 131,795,322 remained outstanding (representing approximately 6.62% of the total issued share capital of the Company as at the Latest Practicable Date). None of the grantee has been granted with Options which exceed the limit of 1% of the issued share capital of the Company in the 12 months period up and including the respective dates of grant. As such, the Company has complied with Rule 17.03(4) of the Listing Rules for the Share Option Scheme and Old Scheme.

The Directors consider that the Proposed Refreshment is in the interests of the Group and the Shareholders as a whole as it will enable the Company to grant further Options to eligible participants of the Share Option Scheme who, at the sole discretion of the Board, will contribute or has contributed to the Group as incentives or rewards.

### **Proposal**

It is therefore proposed that subject to the approval of the Shareholders at the AGM and such other requirements as prescribed under the Listing Rules being fulfilled, the general limit on the grant of Options under the Share Option Scheme will be refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the AGM and Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

As at the Latest Practicable Date, there were 1,991,426,081 Shares in issue. Assuming that no further Shares will be issued prior to the AGM, the maximum number of Shares of Options that can be granted by the Company under the refreshed limit would be 199,142,608.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No Options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. The total number of Shares which may be issued upon exercise of the refreshed limit of 199,142,608 Shares together with all outstanding Options as at the Latest Practicable Date carrying the right to subscribe 131,795,322 Shares is 330,937,930 Shares, representing approximately 16.62% of the total number of Shares in issue as at the date of AGM (assuming no further Shares will be issued prior to the AGM from the Latest Practicable Date).

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## LETTER FROM THE BOARD

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### Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the AGM to approve the Proposed Refreshment.

The Proposed Refreshment is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Proposed Refreshment at the AGM; and
- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any Options granted under the Proposed Refreshment.

### Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of any Options that may be granted under the Proposed Refreshment.

## GENERAL MANDATE AND ITS EXTENSION AND REPURCHASE MANDATE

### General Mandate and its Extension

At the last annual general meeting of the Company held on 5 June 2017, a general mandate was granted to the Directors to allot, issue and deal with additional Shares. Such mandate will lapse at the conclusion of the AGM. Two ordinary resolutions will accordingly be proposed at the AGM for the Shareholders to consider and, if thought fit, grant, respectively, the General Mandate and an extension of the General Mandate by adding any Shares representing the nominal amount of the Shares repurchased by the Company after the granting of the Repurchase Mandate. The Company had in issue an aggregate of 1,991,426,081 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 398,285,216 Shares, representing 20% of the total number of the issued shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM. Details of the General Mandate and its extension are set out in Resolutions 5 and 7 in the notice of the AGM set out on pages 18 to 22 of this circular.

The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the Share Option Scheme adopted by the Company on 18 May 2012 or any scrip dividend scheme as may be approved by the Shareholders.



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## LETTER FROM THE BOARD

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### Repurchase Mandate

Under the Listing Rules, the Company is required to give Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution to grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix I to this circular.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are to be issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 199,142,608 Shares.

The General Mandate and its extension and the Repurchase Mandate will expire upon until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

### RE-ELECTION OF DIRECTORS

According to Article 87 of the Articles of Association, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election.

In accordance with Article 87 of the Articles of Association, Mr. Tse Hok Kan, Mr. Chan Wing Kit and Mr. Lau Chi Kit shall retire from their offices as Directors but shall be eligible for re-election.

Particulars relating to Mr. Tse Hok Kan, Mr. Chan Wing Kit and Mr. Lau Chi Kit are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### AGM

A notice of the AGM is set out on pages 18 to 22 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the annual general meeting shall be voted by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the AGM or adjournment thereof in person if you so wish.

### RECOMMENDATION

The Directors believe that the proposed refreshment of 10% general limit on grant of options under Share Option Scheme, the proposed grant of the General Mandate and the Repurchase Mandate, the extension of the General Mandate to the Shares repurchased pursuant to the Repurchase Mandate and the proposed re-election of Directors are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the above resolutions to be proposed at the AGM.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for and/or as a means of payment by the Company.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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## LETTER FROM THE BOARD

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### GENERAL

Your attention is drawn to the information set out in the appendixes to this circular.

Yours faithfully

For and on behalf of the board of Directors of

**Royale Furniture Holdings Limited**

**Tse Kam Pang**

*Chairman and Chief Executive Officer*

*This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.*

## **1. REPURCHASE OF SECURITIES FROM CONNECTED PERSONS**

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

None of the Directors and, to the best of the knowledge of the Directors having made all reasonable enquiries, their respective close associates have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company. None of the core connected persons of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is granted to the Directors.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,991,426,081 Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are to be issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 199,142,608 Shares.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

## **4. FUNDING OF REPURCHASE**

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company for such purpose.

The laws of the Cayman Islands provide that the amount of capital repaid in connection with a share repurchase may only be paid out of those funds legally permitted to be utilised in

this connection, including capital paid up on the relevant Shares, or out of funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of funds of the Company otherwise available for dividend or distribution or out of the share premium account of the Company.

## 5. FINANCIAL EFFECT OF REPURCHASES

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company (as compared with the position disclosed in its latest published audited accounts as at 31 December 2017). The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company which in the opinion of the Directors are from time to time appropriate.

## 6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2017</b>		
April	0.570	0.490
May	0.510	0.435
June	0.480	0.450
July	0.495	0.444
August	0.580	0.475
September	0.570	0.490
October	0.560	0.480
November	0.600	0.480
December	0.710	0.570
<b>2018</b>		
January	0.860	0.670
February	0.810	0.650
March	0.760	0.660
April (up to the Latest Practicable Date)	0.720	0.650

## 7. MINIMUM PUBLIC HOLDING AND TAKEOVERS CODE IMPLICATIONS

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM and exercised.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the Company had been notified that the following Shareholders were interested in more than 10% of the Shares then in issue:

Name	Number of Shares	Approximate percentage of the shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Mr. Tse Kam Pang*	722,138,489	36.26%	40.29%
Crisana International Inc.*	185,840,120	9.33%	10.37%
Charming Future Holdings Limited*	209,768,922	10.53%	11.70%
Great Diamond Developments Limited**	259,540,000	13.03%	14.48%

\* Of these 722,138,489 Shares, 305,179,775 Shares are held by Mr. Tse Kam Pang (an executive Director) personally and 185,840,120 Shares are held by Crisana International Inc., and 209,768,922 Shares are held by Charming Future Holdings Limited, both are companies wholly and beneficially owned by Mr. Tse Kam Pang, who is deemed to be interested in the aggregate 395,609,042 Shares held by these companies. Mr. Tse Kam Pang also holds 21,349,672 Options.

\*\* Great Diamond Developments Limited, a company incorporated in the British Virgin Islands, whose ultimate beneficial owners are Mr. Wong Shu Yui (as to 35%), Ms. Chan Siu Ying (as to 25%), Mr. Wong Kai Kei (as to 20%) and Mr. Wong Yim (as to 20%).

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of Mr. Tse Kam Pang would be increased to approximately the percentage shown in the last column above and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as disclosed above, the Directors are not aware of any other consequences which may arise under the Takeovers Code as consequences of any purchase made under the Repurchase Mandate.

The Directors do not intend to exercise the power to purchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Company will also not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

#### **8. SHARES REPURCHASE MADE BY THE COMPANY**

No repurchase of Shares were made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

#### **9. DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they would exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

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## **APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM**

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*The details of the Directors who will retire from office by rotation at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:*

### **MR. TSE HOK KAN (“MR. TSE”) – EXECUTIVE DIRECTOR**

#### **Experience**

Mr. Tse, aged 34, holds a Master of Science in Accounting from The Hong Kong Polytechnic University and a Bachelor of Business Administration – joint major in accounting and finance from Simon Fraser University in Canada. Mr. Tse had worked for an international accounting firm before joining the Company in 2010. Mr. Tse has worked in the production department and is now taking a leading role in the development and marketing department of the Group. Mr. Tse is the director/legal representative of certain subsidiaries of the Company, including Guangzhou Yufa Furniture Limited, Guangzhou Fuli Furniture Company Limited and Wanlibao (Guangzhou) Furniture Limited.

#### **Length of service**

Mr. Tse has not entered into any service contract with the Company. He will have no fixed term of service with the Company. His appointment will be subject to normal retirement every three years and re-election by the Shareholders pursuant to the Articles of Association.

#### **Director’s emoluments**

The remuneration payable to Mr. Tse is HK\$2,220,000 per year, which is determined by the Board with reference to his duties and responsibilities within the Company, the Company’s remuneration policy and the prevailing market conditions.

#### **Relationships**

Mr. Tse is a son of Mr. Tse Kam Pang, being the Chairman and Chief Executive Officer of the Company. Apart from being an Executive Director and saved as disclosed above, Mr. Tse did not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company, or their respective associates as at the Latest Practicable Date.

#### **Interests in Shares**

Except that Mr. Tse held holding options to subscribe for 9,200,000 Shares, he did not have any other interests in the securities of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.



**Others**

There is no information relating to Mr. Tse that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

**MR. CHAN WING KIT (“MR. CHAN”) – EXECUTIVE DIRECTOR****Experience**

Mr. Chan, aged 46, holds a bachelor of commerce degree from Monash University in Australia. He has over twenty years of business and financial experience in overseas and in China. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of CPA Australia. He was the company secretary and financial controller of the Company from October 2001 to May 2011. Mr. Chan is also the independent non-executive director of Zhi Sheng Holdings Limited (stock code: 8370), a company whose shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited since 17 December 2016.

**Length of service**

Mr. Chan has not entered into any service contract with the Company. He will have no fixed term of service with the Company. His appointment will be subject to normal retirement every three years and re-election by the Shareholders pursuant to the Articles of Association.

**Director’s emoluments**

The remuneration payable to Mr. Chan is HK\$2,220,000 per year, which is determined by the Board with reference to his duties and responsibilities within the Company, the Company’s remuneration policy and the prevailing market conditions.

**Relationships**

Apart from being the Executive Director, Mr. Chan did not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company, or their respective associates as at the Latest Practicable Date.

**Interests in Shares**

Mr. Chan is interested in 36,538 Shares of the Company, of which 1,579 Shares are held by him personally and 34,959 Shares are held by World Partner Development Limited, a company whose entire issued share capital is owned by Mr. Chan. He is also deemed to be interested in 1,510,000 Shares of the Company held by his spouse. Mr. Chan is also holding options which entitle him to subscribe for 15,014,538 Shares. Mr. Chan did not have any other interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

**Others**

There is no information relating to Mr. Chan that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

**MR. LAU CHI KIT (“MR. LAU”) – INDEPENDENT NON-EXECUTIVE DIRECTOR****Experience**

Mr. LAU, aged 73, a member of Audit Committee and the chairman of Remuneration Committee and Nomination Committee, retired from The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) in December 2000 after more than 35 years of service. Among the major positions in HSBC, he was the assistant general manager and head of Personal Banking Hong Kong and assistant general manager and head of Strategic Implementation, Asia-Pacific Region. He is a fellow of the Hong Kong Institute of Bankers (“**Institute**”). He was the chairman of the Institute’s Executive Committee (from January 1999 to December 2000) and is currently the honorary advisor of the Institute’s Executive Committee. He served as a member on a number of committees appointed by the Government of the Hong Kong Special Administration Region, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission’s Privacy Sub-committee (from February 1990 to March 2006). He also served as chairman of the Business Environment Council Limited (from September 1998 to December 2001). Currently, he is an executive director of Chinlink International Holdings Limited (stock code: 997), he also is an independent non-executive director of Century Sunshine Group Holdings Limited (stock code: 509), Leoch International Technology Limited (stock code: 842), Hin Sang Group (International) Holding Company Limited (stock code: 6893) and Janco Holdings Limited (stock code: 8035). Mr. Lau was also an independent non-executive director of Hua Long Jin Kong Company Limited (stock code: 1682) from September 2010 to September 2017.

**Length of service**

Mr. Lau has not entered into any service contract with the Company. He will have no fixed term of service with the Company. His appointment will be subject to normal retirement every three years and re-election by the Shareholders pursuant to the Articles of Association.

**Director's emoluments**

The remuneration payable to Mr. Lau is HK\$240,000 per year. He is also entitled to share options under the Company's share option scheme and other benefits. All his emoluments are determined by the Board with reference to his duties and responsibilities within the Company, the Company's remuneration policy and the prevailing market conditions.

**Relationships**

Apart from being an independent non-executive Director, Mr. Lau did not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company, or their respective associates as at the Latest Practicable Date.

**Interests in Shares**

As at the Latest Practicable Date, save for the 5,265,096 Options granted to Mr. Lau, Mr. Lau did not have any interests in the securities of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

**Others**

There is no information relating to Mr. Lau that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders. Mr. Lau has been serving the Company as an independent non-executive Director since 6 September 2011. In the process of assessing his independence, each of the factors referred to in Listing Rule 3.13(1) to (8) has been confirmed. In line with this, the Company recognizes the continued independence of Mr. Lau under Rule 3.13 of the Listing Rules. Serving as an independent non-executive Director, Mr. Lau has brought high standards of corporate governance to the Company and contributed objectively in advising, as well as monitoring and mentoring the management of the Company. Being familiar with the corporate values of the Company, the presence of Mr. Lau has enhanced these values by his sustained development of a strong advisory relationship with the Company. The Board therefore believes that Mr. Lau should be re-elected to enable the Company to continue to benefit from his experience and advice to the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Royale Furniture Holdings Limited (the “**Company**”) will be held at the Room 607, 6/F, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 25 May 2018 at 3:00 p.m. to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2017;
2. (a) to re-elect Mr. Tse Hok Kan as an executive director;  
(b) to re-elect Mr. Chan Wing Kit as an executive director;  
(c) to re-elect Mr. Lau Chi Kit as an independent non-executive director;  
(d) to authorise the board of Directors to fix the Directors’ remuneration;
3. to re-appoint auditors and to authorise the board of Directors to fix their remuneration;

and, as special business and, if thought fit, passing the following resolutions as ordinary resolutions:

4. “**THAT:**

subject to and conditional upon the listing sub-committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of share options which may be granted under the New Scheme Limit (as defined below), the refreshment of the

\* *For identification purposes only*

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## NOTICE OF ANNUAL GENERAL MEETING

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existing limit in respect of the granting of share options under the Share Option Scheme, up to 10 per cent of the number of the Shares in issue (the “**New Scheme Limit**”) as at the date of passing of this resolution be and is hereby approved and the Directors be and are hereby authorised to do such acts and execute such documents to effect the New Scheme Limit and to exercise all powers of the Company to allot, issue and deal with the Shares to be issued pursuant to the exercise of such options.”

5. “**THAT:**

- (a) subject to paragraph (c) below, pursuant and subject to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue, grant, distribute and deal with new shares of the Company (the “**Shares**”) and to make, issue or grant offers, agreements, options (including bonds, warrants and debentures convertible into Shares) and rights of exchange or conversion, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make, issue or grant offers, agreements, options (including bonds, warrants and debentures convertible into Shares) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of the Shares allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to options, conversion or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme or similar arrangement of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
  - (aa) 20 per cent. of the total number of the Shares of the Company in issue on the date of the passing of this resolution; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(bb) (provided that resolution no. 7 is passed) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the total number of the Shares of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

6. “**THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase the Shares at a price determined by the Directors;
  - (c) the total number of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the total number of the Shares of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (d) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable law of the Cayman Islands to be held; and
    - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
7. “**THAT** subject to the ordinary resolutions nos. 5 and 6 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue, grant, distribute and deal with new Shares pursuant to resolution no. 5 above be and is hereby extended by the addition thereon of an amount representing the total number of the Shares of the Company repurchased by the Company under the authority granted pursuant to resolution no. 6, provided that such amount shall not exceed 10% of the total number of the issued Shares on the date of the passing of resolution no. 6.”

By order of the Board  
**Royale Furniture Holdings Limited**  
**Tse Kam Pang**  
*Chairman and Chief Executive Officer*

Hong Kong, 19 April 2018

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered office:*  
Century Yard, Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
Grand Cayman  
Cayman Islands  
British West Indies

*Head office and principal place  
of business in Hong Kong:*  
Room 607, 6/F.  
Tsim Sha Tsui Centre  
66 Mody Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.

The Register of Members of the Company will be closed from 21 May 2018 to 25 May 2018, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at annual general meeting. In order to be eligible to attend and vote at the forthcoming annual general meeting to be held on 25 May 2018, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 18 May 2018.

3. In relation to proposed resolution no. 2 above, Mr. Tse Hok Kan, Mr. Chan Wing Kit and Mr. Lau Chi Kit will retire from their offices of Directors at the above meeting pursuant to article 87 of the articles of association of the Company. Mr. Tse Hok Kan, Mr. Chan Wing Kit and Mr. Lau Chi Kit being eligible, will offer themselves for re-election.
4. In relation to proposed resolutions nos. 5 and 7 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under The Rules ("**Listing Rules**") Governing the Listing of Securities on the Stock Exchange. The Directors have no immediate plans to issue any Shares other than the Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme as may be approved by shareholders.
5. In relation to proposed resolution no. 6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the circular.
6. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions proposed at the annual general meeting shall be voted by poll.