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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 Cayman Islands with limited liability)*

*(formerly known as Chitaly Holdings Limited)*

(Stock code: 1198)

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES  
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;  
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND  
(3) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of the Company to be held at the Kowloon Shangri-la, 64 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 5 June 2008 at 10:30 a.m. is set out on pages 14 to 18 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.hkex.com.hk](http://www.hkex.com.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 offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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.

2 May 2008

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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 grant of the General Mandate and the Repurchase Mandate, and the proposed re-election of Directors
“Articles of Association”	the articles of association of the Company, 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 and otherwise deal with additional Shares up to a maximum of 20% of the aggregate nominal share capital 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”	30 April 2008, 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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“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 aggregate nominal amount of the issued share capital 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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	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 Cayman Islands with limited liability)*

*(formerly known as Chitaly Holdings Limited)*

(Stock code: 1198)

*Executive Directors:*

Mr. Tse Kam Pang (*Chairman*)

Mr. Ma Gary Ming Fai

Mr. Lam Toi

*Independent non-executive Directors:*

Dr. Donald H. Straszheim

Mr. Chang Chu Fai J. Francis

Mr. Yau Chung Hong

*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 204, 2/F.

Wing On Plaza

62 Mody Road

Tsimshatsui East

Kowloon

Hong Kong

2 May 2008

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES  
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;**

**(2) PROPOSED RE-ELECTION OF DIRECTORS; AND**

**(3) NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

At the AGM to be held at the Kowloon Shangri-la, 64 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 5 June 2008 at 10:30 a.m., resolutions will be proposed, among other matters:

- (a) to re-elect the Directors;

\* For identification purposes only

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## LETTER FROM THE BOARD

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- (b) to grant the General Mandate to the Directors;
- (c) to grant the Repurchase Mandate to the Directors; and
- (d) to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, and the re-election of Directors, and to give you the notice of the AGM.

### **GENERAL MANDATE AND REPURCHASE MANDATE**

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (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.

### **General Mandate**

The Company has in issue an aggregate of 311,174,000 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 62,234,800 Shares, representing 20% of the aggregate nominal amount 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.

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 of the Company 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 to the 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 renew the 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.

### **RE-ELECTION OF DIRECTORS**

According to Article 87, 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, Mr. Ma Gary Ming Fai and Mr. Chang Chu Fai J. Francis shall retire from their offices as Directors. Being eligible, Mr. Ma Gary Ming Fai will offer himself for re-election as executive Director and Mr. Chang Chu Fai J. Francis will offer himself for re-election as independent non-executive Director. At the AGM, an ordinary resolution will be proposed to re-elect Mr. Ma Gary Ming Fai as executive Director and Mr. Chang Chu Fai J. Francis as independent non-executive Director.

Particulars relating to Mr. Ma Gary Ming Fai and Mr. Chang Chu Fai J. Francis are set out in Appendix III to this circular.

### **ACTION TO BE TAKEN**

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 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.

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## LETTER FROM THE BOARD

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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.

### **GENERAL**

Your attention is drawn to the information set out in the appendices to this Circular.

Yours faithfully  
For and on behalf of  
the board of Directors of  
**Royale Furniture Holdings Limited**  
**Tse Kam Pang**  
*Chairman*



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 parties**

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.

No connected person 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 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 311,174,000 fully paid 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 31,117,400 fully paid 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 repurchases**

Pursuant to the Repurchase Mandate, repurchases 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.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2007, being the date of its latest published audited consolidated accounts. 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.

## 5. 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>2007</b>		
April	1.57	1.25
May	1.93	1.18
June	1.71	1.48
July	3.29	1.44
August	2.88	1.60
September	2.93	1.90
October	1.93	1.32
November	1.65	1.28
December	1.39	1.13
<b>2008</b>		
January	1.60	1.24
February	1.79	1.36
March	1.72	1.16
April (up to the Latest Practicable Date)	1.54	1.26

## 6. Disclosure of interests and minimum public holding

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.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will 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.

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, the following Shareholders are interested in more than 10% of the Shares then in issue:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage holding</b>
Mr. Tse Kam Pang ( <i>Note 1</i> )	76,602,000	24.62%
Crisana International Inc. ( <i>Note 1</i> )	71,450,000	22.96%
Mr. Huang Wai Jei ( <i>Note 2</i> )	32,272,000	10.37%
Assetbest Limited ( <i>Note 2</i> )	32,272,000	10.37%

*Notes:*

- These 76,602,000 Shares represent (i) 71,450,000 held by Crisana International Inc., a company wholly and beneficially owned by Mr. Tse Kam Pang who is therefore deemed to be interested in these Shares and (ii) 5,152,000 Shares directly owned by Mr. Tse Kam Pang.*
- Mr. Huang Wai Jei is taken to be interested in the Shares in which Assetbest Limited, a company wholly-owned by him, holds an interest.*

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

<b>Name</b>	<b>Percentage holding</b>
Mr. Tse Kam Pang	27.35%
Crisana International Inc.	25.51%
Mr. Huang Wai Jei	11.52%
Assetbest Limited	11.52%

On the basis of the current shareholding of the above Shareholders, an exercise of the Repurchase Mandate in full will not result in any of them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

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

The Company will not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

**7. Shares repurchase made by the Company**

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

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## **APPENDIX II      PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL AT THE AGM PURSUANT TO THE ARTICLES OF ASSOCIATION**

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The procedures by which the Shareholders may demand a poll at the AGM are set out in this Appendix.

According to Article 66, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded. A poll may be demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

*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. Ma Gary Ming Fai**

Mr. Ma Gary Ming Fai, aged 44, is the executive Director and Chief Executive Officer of the Company. He is the founder or early investor in a number of technology projects both in the PRC and Hong Kong, is a member of the Institute of Chartered Accountants of Ontario in Canada and has worked for several years with an international accounting firm. Mr. Ma received his bachelor of commerce degree from the University of Calgary, Canada in 1985. Mr. Ma is presently the Executive President of Guangdong Furniture Chamber of Commerce and a committee member of International Furniture Association. Mr. Ma joined the Group in 2002. Mr. Ma was the executive director of China Information Technology Development Limited, a company listed on the Stock Exchange from May 2001 to April 2006. Save as disclosed, Mr. Ma did not hold any directorships in other listed company in the last three years.

Mr. Ma has entered into a service contract with the Company commencing from 21 January 2005 for an initial term of two years and shall be renewed automatically unless and until terminated by either the Company or Mr. Ma giving to the other 2 months' prior notice in writing to terminate the service contract. His appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. During 2007, he received a total emolument of HK\$3,362,000 including a discretionary bonus, which was determined by the Board with reference to his duties and responsibilities with the Company, in which HK\$2,160,000 was covered by his service contract. In addition, Mr. Ma Also received options to subscribe for 2,900,000 Shares. Apart from being an executive Director, Mr. Ma does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Mr. Ma is interested in an aggregate 3,582,000 Shares, of which 1,784,000 Shares are directly held by Mr. Ma and 1,798,000 Shares are held through Upwise Investment Limited, a company wholly-owned by Mr. Ma. Mr. Ma is also holding options which entitle him to subscribe for 2,900,000 Shares. Save as disclosed, as at the Latest Practicable Date, Mr. Ma did not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no information relating to Mr. Ma 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. Chang Chu Fai J. Francis**

Mr. Chang Chu Fai J. Francis, aged 53, an independent non-executive Director, is a registered person under the SFO. Since 2000, Mr. Chang has been the managing director of Ceres Capital Limited, a licensed corporation under the SFO engaged in the provision of corporate finance advisory services. Mr. Chang has over 30 years of experience in banking, corporate finance, investment and management. He holds a Bachelor's Degree in Commerce from Concordia University in Montreal, Canada since 1976 and a Master's Degree in Business Administration from York University in Toronto, Canada since 1977. Currently, he is the deputy chairman and an independent non-executive director of Quality HealthCare Asia Limited; and an independent non-executive director of Tian An China Investments Company Limited and APAC Resources Limited, all are companies listed on the Stock Exchange. He was an executive director of Golden 21 Investment Holdings Limited (now known as China Financial Leasing Group Limited) from May 2002 to April 2007 and Trasy Gold Ex Limited from January 2006 to November 2007, both are companies listed on the Stock Exchange. Mr. Chang joined the Group in 2005.

Mr. Chang has entered into a letter 8 appointment with the Company for a term of three years commencing after the AGM taken place in May 2006. His appointment is subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. During 2007, he received an emolument of HK\$240,000, which was determined by the Board with reference to his duties and responsibilities with the Company, pursuant to his letter of appointment. In addition, Mr. Chang received options to subscribe for 400,000 Shares. Apart from being an independent non-executive Director, Mr. Chang does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders. Mr. Chang is also the chairman of the remuneration committee and a member of the audit committee of the Company.

Except that Mr. Chang was holding options to subscribe for 600,000 Shares, as at the Latest Practicable Date, Mr. Chang did not have any interest in the Shares within the meaning of Part XV of the SFO. Mr. Chang has met the independence guidelines on set out in Rule 3.13 of the Listing Rules.

There is no information relating to Mr. Chang 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.

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## NOTICE OF AGM

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### ROYALE FURNITURE HOLDINGS LIMITED

#### 皇朝傢俬控股有限公司\*

*(Incorporated in Cayman Islands with limited liability)*

*(formerly known as Chitaly Holdings Limited)*

(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 Kowloon Shangri-la, 64 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 5 June 2008 at 10:30 a.m. to transact the following ordinary business:

1. to receive and consider the audited combined financial statements and reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2007;
2. to declare a final dividend for the year ended 31 December 2007 of HK2.5 cents per share (each a “**Share**”) of HK\$0.10 each in the capital of the Company;
3. to re-elect Directors and to authorise the board of Directors to fix the Directors’ remuneration;
4. 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:

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 and deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, 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 or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

\* For identification purposes only



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## NOTICE OF AGM

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options 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 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 aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(bb) (provided that resolution no. 6 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 aggregate nominal amount of the share capital 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, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the **“Companies Law”**) 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;

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## NOTICE OF AGM

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“**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 “**Securities and Futures Commission**”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital 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
- (c) 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, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands 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.”

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## NOTICE OF AGM

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7. “**THAT** subject to the ordinary resolutions nos. 5 and 6 above being duly passed, the unconditional general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no. 5 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital 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 aggregate nominal amount 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*

Hong Kong, 2 May 2008

*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 204, 2/F.  
Wing On Plaza  
62 Mody Road  
Tsimshatsui East  
Kowloon  
Hong Kong

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## NOTICE OF AGM

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*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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The board of Directors has recommended a final dividend for the year ended 31 December 2007 of HK2.5 cents per Share and, if such dividend is declared by the members passing resolution no. 2, it is expected to be paid on or about Thursday, 12 June 2008 to those shareholders whose names appeared on the Company's register of members on Wednesday, 4 June 2008.
4. The register of members of the Company will be closed from, Thursday, 29 May 2008 to Wednesday, 4 June 2008 (both days inclusive), during which period no transfer of shares in the Company was effected. In order to qualify for the proposed final dividend and attending the annual general meeting, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch registrar and transfer office in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Wednesday, 28 May 2008.
5. In relation to proposed resolution no. 3 above, Mr. Ma Gary Ming Fai and Mr. Chang Chu Fai J. Francis will retire from his office of Directors at the above meeting pursuant to article 87 of the articles of association of the Company. Mr. Ma Gary Ming Fai and Mr. Chang Chu Fai J. Francis, being eligible, will offer themselves for re-election.
6. 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.
7. 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 this circular.