
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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) CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED;
- (2) PROPOSED REFRESHMENT OF 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEME;
- (3) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
- (4) PROPOSED RE-ELECTION OF DIRECTORS; AND
- (5) NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of the Company to be held at the Room 204, 2/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 5 June 2009 at 10:30 a.m. is set out on pages 16 to 21 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.

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.

30 April 2009

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
Proposed Cancellation of Options Granted but not Exercised	4
Proposed Refreshment	6
General Mandate and Repurchase Mandate	8
Re-election of Directors	8
Action to be taken	9
Recommendation	9
General	9
Appendix I – Explanatory statement	10
Appendix II – Details of Directors proposed to be re-elected at the AGM	14
Notice of AGM	16

DEFINITIONS

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 cancellation of the Options granted but not exercised, the Proposed Refreshment, 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, grant, distribute 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”	27 April 2009, 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

DEFINITIONS

“Open Offer”	open offer of the Company on the basis of one offer Share for every two existing Shares held on record date, details of which are set out in the prospectus of the Company dated 11 February 2009
“Option(s)”	options granted by the Company under the Share Option Scheme
“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 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
“Share Option Scheme”	the share option scheme adopted by the Company on 26 April 2002
“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.

LETTER FROM THE BOARD



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*)
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

30 April 2009

To the Shareholders

Dear Sir or Madam,

- (1) CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED;
(2) PROPOSED REFRESHMENT OF 10% GENERAL LIMIT ON GRANT OF OPTIONS
UNDER SHARE OPTION SCHEME;
(3) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(4) PROPOSED RE-ELECTION OF DIRECTORS; AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the AGM to be held at Room 204, 2/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 5 June 2009 at 10:30 a.m., resolutions will be proposed, among other matters:

* For identification purpose only

LETTER FROM THE BOARD

- (a) to cancel the Options granted but not exercised under the Share Option Scheme;
- (b) to refresh the 10% general limit of the grant of Options under the Share Option Scheme;
- (c) to grant the General Mandate to the Directors;
- (d) to grant the Repurchase Mandate to the Directors;
- (e) 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; and
- (f) 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 CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED

As at the Latest Practicable Date, the total number of Shares which might be issued upon exercise of all Options granted and yet to be exercised was 20,614,736 Shares, representing approximately 4.42% of the existing issued share capital of 466,761,000 Shares as at the Latest Practicable Date and approximately 4.23% of the enlarged issued share capital of 487,375,736 Shares if all outstanding Options are exercised.

Details of the outstanding Options granted but not yet exercised are set out below:

Name or category of participant	Exercisable Period	Number of Options outstanding as at the Latest Practicable Date	Exercise price of Options
Donald H. Straszheim	29 September 2004 to 28 September 2014	858,947	HK\$4.540
	3 May 2007 to 2 May 2017	858,947	HK\$1.257
Yau Chung Hong	9 April 2005 to 8 April 2015	214,737	HK\$6.939
Chang Chu Fai, Johnson Francis	7 September 2005 to 6 September 2015	214,737	HK\$4.256
	3 May 2007 to 2 May 2017	429,474	HK\$1.257
Ma Gary Maing Fai	3 May 2007 to 2 May 2017	3,113,684	HK\$1.257

LETTER FROM THE BOARD

Name or category of participant	Exercisable Period	Number of Options outstanding as at the Latest Practicable Date	Exercise price of Options
Members of senior management and other employees	29 September 2004 to 28 September 2014	107,368	HK\$4.540
	10 January 2006 to 9 January 2016	1,610,526	HK\$3.353
	16 November 2006 to 15 November 2016	8,589,474	HK\$1.028
	10 July 2007 to 9 July 2017	4,616,842	HK\$1.412
		<hr/> 20,614,736 <hr/>	

Pursuant to the provisions governing cancellation of the Options, cancellation of the Options granted but not exercised must be approved by the Shareholders, by way of poll, with the Option holders and their associates abstaining from voting. Option Holders that have exercised part of the Options granted to become Shareholder and who continue to be the Option holders at the date of the AGM, together with their associates, will be abstained from voting at the AGM.

As at the Latest Practicable Date, the Board had resolved to cancel all the Options to subscribe for an aggregate of 20,614,736 Shares which have been granted but not exercised, subject to the approval of the Shareholders at the AGM. In the event that the cancellation is not approved by the Shareholders of the Company at the AGM, all the outstanding Options shall remain valid and exercisable at their respective terms and exercise prices, subject to adjustment.

At the AGM, an ordinary resolution will be proposed that the Options to subscribe for an aggregate of 20,614,736 Shares which have been granted but not exercised be cancelled.

LETTER FROM THE BOARD

REASONS FOR CANCELLATION AND EFFECT ON THE COMPANY

The purpose of the Share Option Scheme is to provide incentives or rewards to the Option holders for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which any member of the Group holds any equity interest. As the exercise prices of the Options granted but not exercised are comparatively high when compared with the recent market prices of the Shares, which deters the Option holders from exercising the Options to subscribe for the Shares, the Directors consider that it will be in the interests of the Company as well as the Option holders to cancel all the outstanding Options granted but not exercised.

The relevant Option holders whose Options are subject to cancellation shall not be entitled to any compensation or any consequential loss as a result of such cancellation. Therefore, there will not be any adverse financial effect as a result of the cancellation of the outstanding Options granted but not exercised.

PROPOSED REFRESHMENT

As at 26 April 2002, 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 23,000,000 Shares, being 10% of the total number of the Shares in issue on such date.

As a result of the completion of the Open Offer, the number of the Options granted was adjusted and increased by 1,414,736 Options to 20,614,736 Options (including exercised, outstanding, cancelled or lapsed). The maximum number of Shares which might be issued upon exercise of all Options to be granted under the 10% general limit of the Share Option Scheme was also adjusted.

As at the Latest Practicable Date, the number of the Options granted was 20,614,736 Options of which nil Options were exercised to subscribe for Shares, nil Options were lapsed and 20,614,736 Options remained outstanding under the current 10% general limit on grant of Options under the Share Option 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.

LETTER FROM THE BOARD

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 466,761,000 Shares in issue. Assuming that no further Shares will be issued prior to the AGM, the maximum number of Options that can be granted by the Company under the refreshed limit would be 46,676,100.

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 aggregate maximum number of the Shares that can be issued pursuant to the grant of Options by the Company under the Share Option Scheme under the refreshed limit of 46,676,100 Shares and the existing number of Shares subject to the outstanding Options granted and yet to be exercised under the Share Option Scheme was 20,614,736 Shares, representing approximately 14.42% of the total issued share capital of the Company as at the Latest Practicable Date.

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 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.

LETTER FROM THE BOARD

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 had in issue an aggregate of 466,761,000 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 93,352,200 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 or any scrip dividend scheme as may be approved by the Shareholders.

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 DIRECTOR

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 Kam Pang and Dr. Donald H. Straszheim shall retire from their offices as Directors. Being eligible, Mr. Tse Kam Pang and Dr. Donald H. Straszheim will offer themselves for re-election at the AGM.

LETTER FROM THE BOARD

Particulars relating to Mr. Tse Kam Pang and Dr. Donald H. Straszheim are set out in Appendix II to this circular.

ACTION TO BE TAKEN

A notice of the AGM is set out on pages 16 to 21 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 AGM shall be voted by poll.

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 cancellation of Options granted but not exercised, the Proposed Refreshment, 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.

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 466,761,000 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 46,676,100 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 (as compared with the position disclosed in its latest published audited accounts as at 31 December 2008). 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:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
April	1.117	0.930
May	1.023	0.857
June	0.937	0.677
July	0.790	0.643
August	0.810	0.563
September	0.603	0.403
October	0.423	0.270
November	0.327	0.263
December	0.347	0.290
2009		
January	0.383	0.273
February	0.350	0.270
March	0.420	0.280
April (up to the Latest Practicable Date)	0.400	0.320

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, 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 (Note 1)	116,403,000	24.94%	27.71%
Crisana International Inc. (Note 1)	107,175,000	22.96%	25.51%
Mr. Huang Wai Jei (Note 2)	48,408,000	10.37%	11.52%
Assetbest Limited (Note 2)	48,408,000	10.37%	11.52%

Notes:

- These 116,403,000 Shares represent (i) 107,175,000 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) 9,228,000 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 shall exercise in full the Repurchase Mandate, the total interests of the above Shareholders would be increased to approximately the percentages 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 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 had been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

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 Kam Pang, aged 54, Chairman

Experience

Mr. Tse Kam Pang, aged 54, is the chairman of the Company. He founded the Group in 1997 and is responsible for the overall strategic planning and formulation of corporate policies of the Group. Prior to the founding of the Group, Mr. Tse previously held the position of deputy managing director in a public listed company in Hong Kong. Mr. Tse has over 19 years of experience in the international trade and China trade business. Mr. Tse is also a fellow member of the Hong Kong Institute of Certified Public Accountants. He had no other directorships in listed companies in the past three years (including listed companies both within and outside Hong Kong).

Length of service

Mr. Tse has entered into a service contract with the Company for acting as an executive Director for an initial term of two years commencing from 1st May 2002. The service contract shall continue unless and until terminated by either the Company or Mr. Tse giving to the other party not less than 2 months' prior notice in writing to terminate the service contract.

Relationships

Mr. Tse does not have any relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company, or their respective associates.

Interests in Shares

Mr. Tse and Crisana International Inc., which was wholly and beneficially owned by Mr. Tse were together interested in an aggregate of 116,403,000 Shares, representing approximately 24.94% of the issued share capital of the Company as at the Latest Practicable Date.

Director's emoluments

The remuneration payable to Mr. Tse is HK\$3,550,000 per year, which is determined by reference to prevailing market conditions and his job responsibilities.

Others

Save as disclosed, Mr. Tse has no information to be disclosed pursuant to sub-paragraphs (h) to (v) under Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders.

Dr. Donald H. Straszheim, aged 67, Independent Non-executive Director*Experience*

Dr. Donald H. Straszheim, aged 67, is Managing Principal of Straszheim Global Advisors, Inc., an economics, business, financial markets and public policy consultancy founded in 2001. His firm focuses on China and the US and global economies, and the growth, change, development and interaction of China's economy with the rest of the world. He holds a B.S., M.S. and Ph.D. from Purdue University, is a visiting Scholar at UCLA's Anderson School of Management, and a regular writer and commentator on economic, business and financial issues in the global media. He has testified before the U.S. Congress on various economic issues. From 1985 to 1997, Dr. Straszheim was the Chief Economist of Merrill Lynch and Co. ("Merrill Lynch"), in New York, guiding its world-wide economic research effort and its economic spokesperson. He has also been Vice Chairman of Roth Capital Partners, Chief Economist at Wharton Econometrics at the University of Pennsylvania, and Chief Economist of Weyerhaeuser Company. He has no other directorships in listed companies in the past three years (including listed companies both within and outside Hong Kong).

Length of service

Dr. Straszheim joined the Group in 2004. Dr. Straszheim's service as an independent non-executive Director is not for a fixed term but is subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

Relationships

Dr. Straszheim does not have any relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company, or their respective associates.

Interests in Shares

Except that Dr. Straszheim was holding Options to subscribe for 1,600,000 Shares, he had no interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Director's emoluments

The remuneration payable to Dr. Straszheim is US\$40,000 per year which is determined by reference to prevailing market conditions and his job responsibilities.

Others

Dr. Straszheim has no information to be disclosed pursuant to sub-paragraphs (h) to (v) under Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



皇朝傢俬

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 IS HEREBY GIVEN that the annual general meeting of Royale Furniture Holdings Limited (the “**Company**”) will be held at the Room 204, 2/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 5 June 2009 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 2008;
2. to declare a final dividend for the year ended 31 December 2008 of HK1.0 cent 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** the cancellation of all outstanding share options which have been granted under the share option scheme of the Company adopted on 26 April 2002 (the “**Share Option Scheme**”) but not exercised be and is hereby approved.”

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

6. “**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 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;”

7. “**THAT:**

- (a) subject to paragraph (c) below, pursuant and subject to The Rules Governing the Listing of Securities on 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 unissued 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 aggregate nominal amount of share capital 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:

NOTICE OF ANNUAL GENERAL MEETING

- (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. 8 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 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).”

NOTICE OF ANNUAL GENERAL MEETING

8. “**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;
- (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 aggregate nominal amount 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 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 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.”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT** subject to the ordinary resolutions nos. 7 and 8 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 unissued Shares pursuant to resolution no. 7 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. 8, 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. 8.”.

By order of the Board
Royale Furniture Holdings Limited
Tse Kam Pang
Chairman

Hong Kong, 30 April 2009

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

NOTICE OF ANNUAL GENERAL MEETING

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 2008 of HK1.0 cent per Share and, if such dividend is declared by the members passing resolution no. 2, it is expected to be paid on or about Friday, 12 June 2009 to those shareholders whose names appeared on the Company's register of members on Friday, 5 June 2009.
4. The register of members of the Company will be closed from, Friday, 29 May 2009 to Friday, 5 June 2009 (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 attend 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, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Wednesday, 27 May 2009.
5. In relation to proposed resolution no. 3 above, Mr. Tse Kam Pang and Dr. Donald H. Straszheim will retire from his office of Directors at the above meeting pursuant to article 87 of the articles of association of the Company. Mr. Tse Kam Pang and Dr. Donald H. Straszheim, being eligible, will offer themselves for re-election.
6. In relation to proposed resolutions nos. 7 and 9 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. 8 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.
8. 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.