

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



REGAL PARTNERS HOLDINGS LIMITED

皇庭智家控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1575)

INTERNAL CONTROL REVIEW

Reference is made to the news release published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 January 2025 in relation to the Stock Exchange’s disciplinary action against Regal Partners Holdings Limited (the “**Company**”) and two of its former directors (namely, Mr. Zou Gebing and Mr. Wu Yueming) for breaches of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in connection with a guarantee provided by Zhejiang Morris Fashion Home Co., Ltd. (浙江慕容時尚家居有限公司) (a subsidiary of the Company) for the benefit of Morris Group Co., Ltd. (a private company held by Mr. Zou Gebing).

Pursuant to the Statement of Disciplinary Action published by the Stock Exchange dated 9 January 2025, an independent review of the Company’s internal controls for procuring compliance with the Corporate Governance Code and Chapters 14 and 14A of the Listing Rules was directed by the Stock Exchange.

In view of the above and as part of the remedial measures implemented by the Company to improve its internal control system, the Company has appointed APAC Compliance Consultancy and Internal Control Services Limited, an independent external adviser satisfactory to the Stock Exchange (the “**Independent External Adviser**”) to conduct a thorough review of and make recommendations to improve the Company’s internal controls and to procure compliance with the Corporate Governance Code and Chapters 14 and 14A of the Listing Rules (the “**Internal Control Review**”).

INTERNAL CONTROL REVIEW

A summary of the Independent External Adviser's findings and recommendations contained in the Internal Control Review are set out as follows:

Scope

The Independent External Adviser was engaged by the Company to perform procedures in connection with risk management process; connected transaction and notifiable transaction management process; corporate governance code management process; and corporate governance report disclosure process from 1 January 2024 to 31 December 2024 in connection with the Company's operation in Hong Kong and the People's Republic of China (the "PRC").

Methodology

The Independent External Adviser's engagement was undertaken in accordance with "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Findings in the Internal Control Review

As a result of performing relevant procedures in connection with the aforementioned scope, gaps and exceptions were identified based on control guidelines, the Independent External Adviser's understanding of normal practice, and the existing controls of the operation.

For the gaps and exceptions identified, the Independent External Adviser has suggested recommendations for the management's consideration. The following summary illustrates the key findings together with the Independent External Adviser's observation, risk or impact associated, and the relevant recommendations:

A. *Risk Management*

1. *Recording and documenting risk management process*

Description

Risk register and risk management meeting minutes have not been prepared to formally record and document the risk management process.

Risk (Risk level: low)

If risk register and risk management meeting minutes are not prepared, the management may not carry out risk management in a comprehensive manner.

Recommendation

The Company should prepare risk register and risk management meeting minutes to formally record and document the risks identification, assessment, evaluation, treatment of risks and management action plans discussed during the risk management process.

Management response and action plan

The Company agrees with the recommendation and will adopt the practice in the future.

2. *Involvement of junior and senior staff from different operation levels; regular trainings and guidance*

Description

Meetings related to risk management do not involve junior and senior staff from different operation levels for discussion on identification, assessment and management of risks.

Regular trainings and guidance on risk management provided to the management and employees are not available.

Risk (Risk level: low)

If meetings related to risk management do not involve junior and senior staff from different operation levels, risk register prepared may not comprehensively reflect the situation of the Company and the best treatment of each risk.

If regular trainings and guidance on risk management provided to the management and employees are not available, they may not possess sufficient knowledge and skills on risks awareness, identification, assessment, evaluation and treatment.

Recommendation

The Company can consider that meetings related to risk management can involve junior and senior staff from different operation levels for discussion on identification, assessment and management of risks.

The Company can consider providing regular trainings and guidance to the directors and employees on risk management in order to enhance their risk awareness and improve risk management. Besides, the Company can arrange workshops for them to identify, analyse, prioritize and respond to risks, so that risk management practice can be embedded into the Company's culture.

Management response and action plan

The Company agrees with the recommendation and will adopt the practice in the future.

B. Connected Transaction and Notifiable Transaction Management Process; Corporate Governance Code Management Process; Corporate Governance Disclosure Process

According to the information received from the Company and the agreed upon procedures, with regard to the Corporate Governance Code (Appendix C1 to the Listing Rules), Chapter 14A connected transactions and Chapter 14 notifiable transactions, save as the above two recommendations, there was no other recommendation, and the Independent External Adviser is of the view that the risk management and internal control systems during the review period were in compliance, appropriate and effective.

Opinions of the Audit Committee and the Board of Directors

Having considered the findings and recommendations of the Internal Control Review and the response and action of the Company, both the audit committee and the board of directors are of the view that the Company's proposed measures are adequate and sufficient to address the findings of the Internal Control Review and that the Group will develop adequate internal control systems to procure compliance with the Corporate Governance Code and Chapters 14 and 14A of the Listing Rules.

By order of the Board
Regal Partners Holdings Limited
Tse Kam Pang
Chairman

Hong Kong, 7 April 2025

As at the date of this announcement, the executive Directors are Mr. Tse Kam Pang and Mr. Chong Tsz Ngai; the non-executive Director is Mr. Tse Hok Kan; and the independent non-executive Directors are Professor Alfred Sit Wing Hang, Professor Lee Chack Fan, Professor Kwan Pun Fong Vincent and Ms. Chen Jianhua.