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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 FOLLOW-UP REVIEW

Reference is made to (i) 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; and (ii) the announcement of the Company dated 7 April 2025 in relation to a summary of the thorough review conducted and recommendations made by the Independent External Adviser 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 “**Announcement**”).

Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement, unless the context otherwise requires.

As disclosed in the Announcement, the Independent External Adviser appointed by the Company has conducted the Internal Control Review, a summary of which has been disclosed in the Announcement.

INTERNAL CONTROL FOLLOW-UP REVIEW

The Independent External Adviser has conducted a follow-up review (the “**Internal Control Follow-up Review**”) in respect of their recommendations made in the Internal Control Review and issued an internal control follow-up review report. Details of the Independent External Adviser’s findings contained in the Internal Control Follow-up Review are set out as follows:

Findings in the Internal Control Follow-up Review

1. *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*

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.

Follow up review

The Company has already implemented the above recommendation.

2. *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. Besides, the Company can consider providing regular trainings, workshops and guidance to the management and employees on risk management in order to enhance their risk awareness and improve risk management skills.*

Description

Meetings related to risk management are not involved by 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 by 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.

Follow up review

The Company has already implemented the above recommendation.

Opinions of the Independent External Adviser

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, saved as the above two recommendations which have already been implemented, 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 are in compliance, appropriate and effective.

Opinions of the Audit Committee and the Board of Directors

The Company has fully adopted and implemented the recommendations of the Independent External Adviser raised in the Internal Control Review, as concluded in the Internal Control Follow-up Review. The Group will continue to implement those recommendations in the future and develop adequate internal control systems to ensure compliance with the Corporate Governance Code and Chapters 14 and 14A of the Listing Rules.

By order of the Board
Regal Partners Holdings Limited
Chong Tsz Ngai
Executive Director

Hong Kong, 14 May 2025

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