REGAL PARTNERS

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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

- Revenue decreased by approximately 44.2% to approximately RMB41.9 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB75.1 million)
- Gross profit in the amount of approximately RMB11.2 million was recorded for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB20.3 million)
- The loss for the period decreased by approximately 67.1% to approximately RMB30.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB92.3 million)
- Basic loss per share was approximately RMB0.97 cents for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB3.45 cents)
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil)

UNAUDITED INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Regal Partners Holdings Limited (the "**Company**" or "**Regal Partners**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 (the "**Reporting Period**") together with the comparative figures for the six months ended 30 June 2024 (the "**Comparative Period**"). This condensed consolidated interim financial information for the six months ended 30 June 2025 was unaudited, but has been reviewed by the audit committee (the "**Audit Committee**") of the Company.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	4	**41,915**	75,092
Cost of sales		**(30,719)**	(54,831)
Gross profit		**11,196**	20,261
Other income and gains	4	**436**	106
Allowance for expected credit losses in respect of financial assets carried at amortised cost, net		**(217)**	(61,111)
Selling and distribution expenses		**(8,399)**	(20,977)
Administrative expenses		**(22,050)**	(22,328)
Other expenses and losses		**(346)**	(233)
Finance costs		**(10,973)**	(8,029)
Loss before tax	5	**(30,353)**	(92,311)
Income tax	6	**–**	–
Loss for the period		**(30,353)**	(92,311)
Other comprehensive income:			
Item may be reclassified to profit or loss			
Exchange differences on translation of financial statements		**324**	716
Other comprehensive income for the period, net of income tax		**324**	716
Total comprehensive loss for the period		**(30,029)**	(91,595)

		Six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Loss attributable to:			
Owners of the Company		**(28,886)**	(92,311)
Non-controlling interests		**(1,467)**	–
		(30,353)	(92,311)
Total comprehensive loss attributable to:			
Owners of the Company		**(28,571)**	(91,595)
Non-controlling interests		**(1,458)**	–
		(30,029)	(91,595)
		RMB cents	*RMB cents*
Loss per share attributable to owners of the Company	7		
Basic (Unaudited)		**(0.97)**	(3.45)
Diluted (Unaudited)		**(0.97)**	(3.45)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	**30 June 2025 RMB'000 (Unaudited)**	31 December 2024 RMB'000 (Audited) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,872**	1,601
Right-of-use assets		**19,776**	22,789
Total non-current assets		**21,648**	24,390
CURRENT ASSETS			
Inventories		**14,961**	19,031
Trade receivables	9	**9,916**	16,734
Prepayments, deposits and other receivables		**9,385**	12,970
Amounts due from related companies		**119,542**	120,040
Pledged bank deposits		**21**	21
Restricted bank balances		**119**	165
Cash and cash equivalents		**4,778**	3,999
Total current assets		**158,722**	172,960
CURRENT LIABILITIES			
Trade payables	10	**30,797**	28,872
Contract liabilities		**2,487**	3,356
Other payables and accruals		**53,915**	40,179
Amounts due to related companies		**45,093**	45,281
Loan from shareholder		**108,497**	118,675
Interest-bearing bank and other borrowings		**68,252**	78,242
Warranty provision		**60**	459
Lease liabilities		**8,384**	11,406
Convertible loan		**29,608**	29,833
Income tax payables		**2,888**	2,932
Total current liabilities		**349,981**	359,235
NET CURRENT LIABILITIES		**(191,259)**	(186,275)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(169,611)**	(161,885)

	Notes	**30 June 2025** *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited) (Restated)
NON-CURRENT LIABILITIES			
Lease liabilities		**15,209**	19,143
Interest-bearing bank and other borrowings		**53,696**	53,696
Total non-current liabilities		**68,905**	72,839
Net liabilities		**(238,516)**	(234,724)
DEFICIT IN EQUITY			
Share capital	11	**23,156**	19,212
Reserves		**(259,290)**	(253,006)
Deficit in equity attributable to owners of the Company		**(236,134)**	(233,794)
Non-controlling interests		**(2,382)**	(930)
Total deficit in equity		**(238,516)**	(234,724)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements (the "**unaudited interim results**") is prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Hong Kong Companies Ordinance. These unaudited interim results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

The accounting policies and the basis of preparation adopted in the preparation of this unaudited interim report are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the amendments to HKFRS Accounting Standards as disclosed in note 2 below.

This unaudited condensed consolidated interim financial statements is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated. This unaudited condensed consolidated interim financial statements has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's Audit Committee.

Going concern

The Group incurred a loss attributable to owners of the Company of approximately RMB28,886,000 for the six months ended 30 June 2025 and as at 30 June 2025, the Group had net current liabilities and net liabilities of approximately RMB191,259,000 and RMB238,516,000 respectively. These conditions may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to deal with these conditions and to mitigate the liquidity position and improve the financial position of the Group. These plans and measures include, but are not limited to, the followings:

(i) The controlling shareholder of the Company, Mr. Tse Kam Pang, has provided to the Company an unsecured loan facility in the principal amount of up to HK$200,000,000 to provide funds to the Group in order to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due. As at 30 June 2025, the unutilised portion of this loan facility amounted to approximately HK$61,424,000.

    Mr. Tse Kam Pang has undertaken to provide continuous financial support to the Group to enable it to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations and will not demand repayment of his loans granted to the Group, which amounted to approximately RMB108,497,000 as at 30 June 2025, for the next twelve months from the date of approval of the unaudited condensed consolidated financial statements;

(ii) The Group will take steps to obtain external sources of funding in order to improve the working capital and liquidity and cash flow position of the Group; and

(iii) The Group is taking measures to tighten cost controls and speed up collection of trade and other receivables with an aim to attain positive cash flows from its operations.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the unaudited condensed consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements using the going concern basis on the assumption that the plans and measures described above will be successfully implemented.

Notwithstanding the above, since the execution of the above plans and measures is in progress and their eventual outcome is uncertain, material uncertainties exist as to whether management of the Group will be able to carry out its plans and measures as described above. Therefore, there is a material uncertainty related to events or conditions described above that may cast significant doubt on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Group to continue as a going concern would depend upon the following:

(i) the financial capacity of Mr. Tse Kam Pang, a controlling shareholder of the Company, to provide continuous financial support to the Group for the next twelve months from the date of approval of the unaudited condensed consolidated financial statements;

(ii) the Group's success in obtaining additional external funding to improve cashflow position of the Group; and

(iii) the Group's success to tighten cost controls and speed up collection of trade and other receivables to generate positive operating cashflows.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the unaudited condensed consolidated statement of financial position. The effect of these adjustments have not been reflected in the unaudited condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of amendments to HKFRS Accounting Standards effective as of 1 January 2025.

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and managed.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

a. Retail segment

b. Manufacturing segment

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Retail segment		**Manufacturing segment**		**Elimination of intersegment sales**		**Total**	
	Six months ended 30 June 2025	Six months ended 30 June 2024	**Six months ended 30 June 2025**	Six months ended 30 June 2024	**Six months ended 30 June 2025**	Six months ended 30 June 2024	**Six months ended 30 June 2025**	Six months ended 30 June 2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenues								
– External sales	**4,166**	22,205	**37,749**	52,887	**–**	–	**41,915**	75,092
– Internal sales	**–**	–	**–**	44,966	**–**	(44,966)	**–**	–
	4,166	22,205	**37,749**	97,853	**–**	(44,966)	**41,915**	75,092
Segment loss	**(7,767)**	(5,805)	**(16,112)**	(81,828)	**–**	–	**(23,879)**	(87,633)
Interest income							**6**	4
Fair value change on derivative component of convertible loan							**–**	76
Unallocated corporate expenses							**(4,455)**	(3,491)
Unallocated finance costs							**(2,025)**	(1,267)
Loss before tax							**(30,353)**	(92,311)

Segment loss represents the loss from each segment without allocation of interest income, fair value change on derivative component of convertible loan, unallocated corporate expenses and unallocated finance costs. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

	Retail segment		Manufacturing segment		Consolidated	
	30 June 2025	31 December 2024	**30 June 2025**	31 December 2024	**30 June 2025**	31 December 2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**13,573**	22,365	**129,566**	137,777	**143,139**	160,142
Unallocated corporate assets					**37,231**	37,208
Consolidated assets					**180,370**	197,350
Segment liabilities	**35,980**	38,433	**316,031**	326,376	**352,011**	364,809
Unallocated corporate liabilities					**66,875**	67,265
Consolidated liabilities					**418,886**	432,074

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, certain prepayments, deposits and other receivables, certain amounts due from related companies and certain cash and cash equivalents; and

- all liabilities are allocated to operating segments other than certain other payables and accruals, certain amounts due to related companies, certain loan from shareholder, certain lease liabilities and convertible loan.

Other segment information

	Retail segment		Manufacturing segment		Unallocated		Total	
	30 June 2025	30 June 2024	**30 June 2025**	30 June 2024	**30 June 2025**	30 June 2024	**30 June 2025**	30 June 2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Addition of property, plant and equipment	**–**	35	**1,129**	86	**–**	–	**1,129**	121
Depreciation of property, plant and equipment	**55**	233	**449**	2,128	**–**	–	**504**	2,361
Depreciation of right-of-use assets	**1,516**	4,227	**1,212**	6,739	**201**	–	**2,929**	10,966
(Reversal of provision)/provision against obsolete and slow-moving inventories	**–**	(12)	**–**	333	**–**	–	**–**	321
(Reversal of allowance for)/allowance for expected credit losses on financial assets at amortised cost, net	**(53)**	288	**244**	60,823	**26**	–	**217**	61,111
Finance costs	**640**	661	**8,308**	6,101	**2,025**	1,267	**10,973**	8,029

Geographical information

(a) ***Revenue from external customers***

	30 June 2025 *RMB'000* **(Unaudited)**	30 June 2024 *RMB'000* (Unaudited)
The People's Republic of China (including Hong Kong)	**7,867**	25,022
Europe *(Note (a))*	**13,349**	15,305
The United States of America ("**US**" or "**U.S.**")	**6,361**	25,353
Others *(Note (b))*	**14,338**	9,412
	41,915	75,092

Notes:

(a) Europe mainly includes France, Norway, Spain, Ireland and United Kingdom ("**U.K.**").

(b) Others mainly include Mexico, Canada, Australia and Dubai.

(b) ***Non-current assets***

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
PRC (including Hong Kong)	**5,517**	2,289
U.S.	**11,830**	17,900
U.K.	**–**	–
Cambodia	**4,301**	4,201
	21,648	24,390

The non-current asset information above is based on the locations of the assets.

Information about major customers

Revenue from major customers which did not consist any related parties of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2025 *RMB'000* **(Unaudited)**	2024 *RMB'000* (Unaudited)
Customer 1[1]	**10,232**	N/A*
Customer 2[1]	**N/A***	15,764
Customer 3[1]	**13,215**	N/A*

* Revenue from the customer is less than 10% of the total revenue of the Group.

[1] Manufacturing segment

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax.

An analysis of revenue, other net income and gains is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Recognised at a point of time:		
Manufacturing and sales of sofas, sofa cover and other furniture products	**41,915**	75,092
Other income and gains		
Interest income	**6**	4
Government subsidies	**29**	13
Exchange gain	**208**	–
Others	**193**	89
	436	106

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**30,719**	54,510
Depreciation of property, plant and equipment	**504**	2,361
Depreciation of right-of-use assets	**2,929**	10,966
Salaries, wages and benefits in kind	**13,847**	22,510
Pension scheme contributions	**2,032**	2,076
Equity-settled share-based payment expense	**555**	337
Provision against obsolete and slow-moving inventories	**–**	321
Allowance for expected credit losses on financial assets at amortised cost, net	**217**	61,111
Reversal of provision for product warranty, net	**(399)**	(613)
Interest for convertible loan	**1,645**	1,267
Interest for lease liabilities	**1,044**	1,494
Exchange losses	**–**	277

6. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two- tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% during the period (six month ended 30 June 2024: 25%).

Taxation in other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

No provision for tax has been made as no assessable profit arose during the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong	**–**	–
Deferred tax	**–**	–
Tax credit for the period	**–**	–

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(28,886)**	(92,311)
	'000	*'000*
Weighted average number of ordinary shares after excluding treasury shares for the purpose of basic and diluted loss per share	**2,990,210**	2,674,188

Note: Diluted loss per share for the period ended 30 June 2025 and 2024 were the same as basic loss per share.

8. DIVIDENDS

No interim dividend was paid, declared or proposed during the six months ended 30 June 2025 (2024: Nil).

9. TRADE RECEIVABLES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Trade receivables from third parties	**47,082**	53,890
Less: allowance for expected credit losses	**(37,166)**	(37,156)
	9,916	16,734

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to two months, extending up to three to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the Reporting Period, based on the invoice date and net of provision, is as follows:

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Within 3 months	**5,505**	9,857
4 to 6 months	**3,327**	5,023
7 to 12 months	**1,084**	1,854
	9,916	16,734

10. TRADE PAYABLES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Trade payables to third parties	**30,797**	28,872

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**3,234**	8,686
2 to 3 months	**6,370**	3,006
4 to 6 months	**4,935**	737
Over 6 months	**16,258**	16,443
	30,797	28,872

The trade payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 180 days.

11. SHARE CAPITAL

	30 June 2025		31 December 2024	
	US$'000	***RMB'000 equivalent***	*US$'000*	*RMB'000 equivalent*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Authorised:				
10,000,000,000 ordinary shares of US$0.001 each	**10,000**		10,000	
Issued and fully paid:				
3,300,000,000 ordinary shares of US$0.001 each (2024: 2,750,000,000 ordinary shares of US$0.001 each)	**3,300**	**23,156**	2,750	19,212

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Throughout the Reporting Period, our key markets, spanning Europe, China and the United States (the "**U.S.**"), experienced fluctuating consumer sentiment, primarily driven by tariff uncertainties and inflationary pressures. In Europe, consumer confidence remained low but stable with inflation stabilizing and the economy showing resilience. Meanwhile, China continued to experience deflationary pressures, with consumers adopting a more conservative approach to spending amid economic uncertainties and shifting preferences toward cost-effective and value-oriented products. In the U.S., consumer confidence deteriorated notably, influenced by ongoing trade tensions and fluctuating interest rates that resulted in tighter household budgets and restrained spending. These macroeconomic challenges and evolving consumer behaviors significantly impacted the global furniture industry by reducing overall demand and complicating market dynamics across these major regions.

The complex global consumer sentiment contributed to a year-on-year decline in orders across major markets. For the six months ended 30 June 2025, the Group's total revenue decreased by 44.2% year-on-year to approximately RMB41.9 million, which was mainly attributed to persistent inflation and the impact of U.S. tariff policies, which suppressed demand and led to more cautious order placements by customers. The net loss of the Group decreased by 67.1% to approximately RMB30.4 million.

To address these challenges, the Group adopted a more agile production strategy by strategically diversifying its manufacturing footprint beyond China, inaugurating a new facility in Southeast Asia during the Reporting Period. This initiative enhanced supply chain resilience to meet the evolving demands of international customers. Operationally, the Group aligned with the industry shift from traditional offline furniture retail to online sales platforms, optimizing supply chain, logistics, and cost structures. It also cultivated close collaboration with the clients' design teams to ensure seamless integration of product design into the production process. Internally, the Group strengthened efforts on prudent cost management, enhanced operational efficiency, and recruited specialized talent to support its expansion in e-commerce sector. These measures aim to mitigate macroeconomic headwinds and strengthen the Group's competitive position.

Business development in Europe, the U.S. and other potential markets

Europe was our largest market, contributing 31.8% of total revenue. During the Reporting Period, the Group received the orders mainly from France, Norway, Spain, Ireland and United Kingdom. European Customers remained cautious when placing orders due to the uncertain market environment. However, as the rate of inflation continued to slow, the customers felt slightly more optimistic and were willing to maintain the spending.

For the U.S. market, it became our third-largest market contributing 15.2% of total revenue, comparing to its 33.8% revenue contribution during the same period in 2024. During the Period, the reciprocal tariffs proposed by the U.S. have caused worries in the market. Some orders have been accumulated while awaiting market stabilization, leading to lower revenue contribution from this market compared to last year. In response to the dynamic market situation, the Group proactively diversified the manufacturing plants and optimized the product offering. It has continuously invested efforts and resources in the U.S. market, maintaining its market presence through participating in prominent offline furniture exhibitions, such as the High Point Market in the U.S., the largest trade show in the home furnishings industry, to grasp emerging market opportunities effectively.

Beyond Europe and the U.S., the Group has expanded sales to other regions such as Mexico, Canada, Australia and Dubai, which contributed 34.2% of total revenue, representing a year-on-year increase of 52.3% in revenue contribution from other regions. It also joined the domestic furniture exhibitions in mainland China to approach more potential customers. These concerted efforts enhanced the Group's product visibility and facilitated the pursuit of new business opportunities despite challenging market conditions. In addition, the Group has established a team in the first half of 2025 for developing the online business and participating in the well-known export online platforms.

Retail business development on China and Hong Kong

During the Reporting Period, the Group strategically reallocated resources to prioritize its furniture export business, transferring its self-operated retail store in Hong Kong to a prominent local distributor, which continued to market the Group's sofa products. As of June 2025, the Group ceased all retail operations in China and Hong Kong, focusing entirely on its export-oriented business model to enhance operational efficiency and capitalize on international market opportunities.

FINANCIAL REVIEW

During the six months ended 30 June 2025, the Group's principal business activities primarily consisted of the manufacturing and sales of sofas, sofa covers and other furniture products.

For the Reporting Period, the Group generated revenue amounting to approximately RMB41.9 million (2024: approximately RMB75.1 million), reflecting a decrease of approximately 44.2% compared to the corresponding period in last year. The decline in revenue was due to impact of macroeconomic factors such as inflation and rising interest rates, which has led to a decline in consumer disposable income and demand for furniture.

The gross profit for the Reporting Period reached approximately RMB11.2 million (2024: approximately RMB20.3 million). The overall gross profit margin dropped to approximately 26.7% for the first half of 2025 from approximately 27.0% for the same period last year.

During the Reporting Period, the net loss of the Group amounted to approximately RMB30.4 million (2024: net loss approximately RMB92.3 million). The decrease in net loss was mainly attributable to the provision for amounts due from related companies of the Group of approximately RMB60.6 million made during the six months ended 30 June 2024, which was one-off and did not recur during the Relevant Period.

References are made to the 2023 annual report of the Company and the announcements of the Company dated 27 June 2024, 19 June 2024, 19 March 2024 and 9 February 2024 in relation to, amongst others, the amount due from entities which are controlled by Mr. Zou Gebing (the "**ZOU entities**"). The auditors of the Company issued a qualified opinion in the 2023 annual report of the Company in respect of carrying amounts of the balances due from and to the ZOU entities as at 31 December 2023 on the basis of inability to obtain sufficient appropriate audit evidence due to the uncooperative attitude of the ZOU entities. In March 2024, the ZOU entities denied the existence of and refused to repay the amount due from ZOU entities claiming that such amount had been fully set off without providing sufficient and satisfactory evidence or justification. In view of the above, and taking into account the principle of prudence, provision of approximately RMB60.6 million has been made for the amounts due from the ZOU entities. The Company is dedicated to and will take all appropriate actions to recover and/or resolve the amount due from ZOU entities and relevant issues, in order to safeguard the legitimate interest of the Company and its shareholders.

If the one-off provision on the amounts due from related companies of the Group is excluded, the net loss would have decreased from approximately RMB31.7 million in 2024 to approximately RMB30.4 million in 2025.

The basic loss per ordinary share of the Company for the six months ended 30 June 2025 was approximately RMB0.97 cents (2024: approximately RMB3.45 cents). This calculation is based on the loss for the period attributable to owners of the Company, which amounted to approximately RMB28.9 million (2024: approximately RMB92.3 million), and the weighted average number of ordinary shares which stood at 2,990,210,000 after excluding treasury shares for the six months ended 30 June 2025 (30 June 2024: 2,674,188,000).

Cost of sales

The cost of sales for the Group experienced a decrease of approximately 44.0%, decreasing from approximately RMB54.8 million for the six months ended 30 June 2024 to approximately RMB30.7 million for the corresponding period in 2025. This decrease in balance was in line with the decrease in revenue.

Gross profit

The Group's gross profit experienced a substantial decline of approximately 44.8%, decreasing from approximately RMB20.3 million for the six months ended 30 June 2024 to approximately RMB11.2 million for the six months ended 30 June 2025.

Additionally, the gross profit margin slightly decreased from approximately 27.0% for the six months ended 30 June 2024 to approximately 26.7% for the six months ended 30 June 2025.

Other income and gains

The other income and gains of the Group increased from approximately RMB0.1 million for the six months ended 30 June 2024 to approximately RMB0.4 million for the six months ended 30 June 2025. Such increase was mainly due to the increase in net exchange gains amounted approximately RMB0.2 million during the reporting period.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately 60.0% from approximately RMB21.0 million for the six months ended 30 June 2024 to approximately RMB8.4 million for the six months ended 30 June 2025. The balance primarily consisted of the sales representative salaries and commissions, freight out cost and advertisement and promotion expenses. The notable reduction in the balance was primarily attributed to the downsizing of the retail segment in Hong Kong. This includes a decrease in depreciation of right-of-use assets associated with the retail shops and a decline in salaries for sales representatives and delivery costs resulting from the closure of these retail shops.

Administrative expenses

The administrative expenses of the Group in the amount of approximately RMB22.1 million for the six months ended 30 June 2025 (2024: approximately RMB22.3 million). The balance primarily consisted of salary, legal and professional fees.

Finance costs

The finance costs of the Group increased by approximately 37.5% from approximately RMB8.0 million for the six months ended 30 June 2024 to approximately RMB11.0 million for the six months ended 30 June 2025. The increase in finance costs was mainly due to the increase in interest on bank and other borrowings and loan from shareholder amounted to approximately RMB8.3 million for the six months ended 30 June 2025 (30 June 2024: approximately RMB5.3 million).

LIQUIDITY AND FINANCIAL RESOURCES

Borrowing and pledge of assets

As at 30 June 2025, the Group's interest-bearing bank and other borrowings and loan from shareholder amounted to approximately RMB121.9 million and RMB108.5 million (31 December 2024: approximately RMB131.9 million and RMB118.7 million). The borrowings' interest rates ranged from 5.0% to 8.0% (31 December 2024: 5.0% to 8.0%) per annum.

Capital structure

During the year under review, the capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

Gearing ratio

The gearing ratio of the Group, which is the ratio of the total debts (comprised of amounts due to related companies, lease liabilities, convertible loan, loan from shareholder and interest-bearing bank and other borrowings) to the equity attributable to owners of the Company. The gearing ratio of the Group was not applicable, as the Company has run into net liabilities as at 30 June 2025 and 31 December 2024.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2025.

Foreign exchange exposure

Revenue from major customers is mainly from Europe and the U.S. while the production facilities of the Group are mainly located in the PRC. Accordingly, most of the sales are denominated in U.S. dollars while the costs arising from the Group's operations are generally settled in RMB. As a result, fluctuations in the value of U.S. dollars against RMB could adversely affect the financial results of the Group. During the six months ended 30 June 2025, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in the future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk if and when appropriate.

GOING CONCERN

The Group incurred a loss attributable to owners of the Company of approximately RMB28,886,000 for the six months ended 30 June 2025 and as at 30 June 2025, the Group had net current liabilities and net liabilities of approximately RMB191,259,000 and RMB238,516,000 respectively. These conditions may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to deal with these conditions and to mitigate the liquidity position and improve the financial position of the Group. These plans and measures include, but are not limited to, the followings:

(i) The controlling shareholder of the Company, Mr. Tse Kam Pang, has provided to the Company an unsecured loan facility in the principal amount of up to HK$200,000,000 to provide funds to the Group in order to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due. As at 30 June 2025, the unutilised portion of this loan facility amounted to approximately HK$61,424,000.

    Mr. Tse Kam Pang has undertaken to provide continuous financial support to the Group to enable it to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations and will not demand repayment of his loans granted to the Group, which amounted to approximately RMB108,497,000 as at 30 June 2025, for the next twelve months from the date of approval of the unaudited condensed consolidated financial statements;

(ii) The Group will take steps to obtain external sources of funding in order to improve the working capital and liquidity and cash flow position of the Group; and

(iii) The Group is taking measures to tighten cost controls and speed up collection of trade and other receivables with an aim to attain positive cash flows from its operations.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the unaudited condensed consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements using the going concern basis on the assumption that the plans and measures described above will be successfully implemented.

Notwithstanding the above, since the execution of the above plans and measures in progress and their eventual outcome is uncertain, material uncertainties exist as to whether management of the Group will be able to carry out its plans and measures as described above. Therefore, there is a material uncertainty related to events or conditions described above that may cast significant doubt on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Group to continue as a going concern would depend upon the following:

(i) the financial capacity of Mr. Tse Kam Pang, a controlling shareholder of the Company, to provide continuous financial support to the Group for the next twelve months from the date of approval of the unaudited condensed consolidated financial statements;

(ii) the Group's success in obtaining additional external funding to improve cashflow position of the Group; and

(iii) the Group's success to tighten cost controls and speed up collection of trade and other receivables to generate positive operating cashflows.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the unaudited condensed consolidated statement of financial position. The effect of these adjustments have not been reflected in the unaudited condensed consolidated financial statements.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, the employees are able to obtain on-going training and development in the sofa manufacturing industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure that they are in line with market practice and regulatory requirements. As at 30 June 2025, the Group employed a work force of 270 (31 December 2024: 220). The total salaries and related costs excluding the directors' remuneration for the six months ended 30 June 2025 amounted to approximately RMB15.9 million (six months ended 30 June 2024: approximately RMB24.6 million).

SHARE SCHEMES

Share Option Scheme

The share options scheme (the "**Share Option Scheme**") was adopted by the Company on 10 December 2016 ("**Adoption Date**"). The Share Option Scheme allows the Company to grant options to the following eligible person(s) (the "**Eligible person(s)**"), namely, any fulltime or part-time employee of the Company or any member of the Group, including any executive Director, non-executive Director and independent non-executive Director, adviser and consultant of the Group. The purpose of the Share Option Scheme is to enable the Company to grant options to the Eligible Persons as incentives or rewards for their contribution to the Group.

No share options were granted by the Company under the Share Option Scheme during the period from the Adoption Date to 30 June 2025 and there were no outstanding share options under the Share Option Scheme as at 1 January 2025 and 30 June 2025. No share options were exercised, vested, lapsed or cancelled during the Reporting Period. The number of share options available for grant under the scheme mandate of the Share Option Scheme was 100,000,000 as at 1 January 2025 and 30 June 2025.

Restricted Share Award Scheme

The Restricted Share Award Scheme (the "**Share Award Scheme**") was adopted by the Company on 29 August 2019 as an incentive to retain and encourage employees for the continual operation and development of the Group. The trustee of the Share Award Scheme did not acquire any Shares during the first half of 2025. As at 30 June 2025, 75,812,000 Shares acquired and held by the trustee under the Share Award Scheme were deemed to be held in treasury, representing 2.30% of the Shares in issue as at 30 June 2025.

OUTLOOK AND PROSPECTS

Looking ahead to the second half of 2025, the furniture market is expected to face ongoing uncertainties and challenges. Despite this backdrop, the Group remains prudent and well-prepared, capitalising on a robust multi-channel sales strategy that integrates online and offline platforms. The Group is enhancing its online presence to demonstrate their sofa products, facilitating seamless engagement with customers and buyers. Through participation in several B2B e-commerce platforms, the Group has registered as an online exhibitor to showcase its product designs and quality to potential customers globally, promoting its offerings 24/7 with significantly greater intensity than in the past. Additionally, the Group has been working closely with existing home furnishing brand customers on its venture into online platforms. It communicated with the customers continuously and flexibly adjusted production lines, logistics, and pricing strategies to meet the demands from online orders, thereby ensuring product adaptability to evolving online market demands.

Central to the strategy is the revitalized management team, instilled with fresh perspectives and dynamism. This reinvigorated leadership cohort is steering the Group through uncertain waters, ensuring agility and adaptability in the face of evolving market landscapes.

Moreover, by streamlining production and operations, the Group is strategically positioned to maintain financial stability while embracing a cautious stance towards forthcoming challenges. Emphasis on optimizing cost control, sustaining healthy cash flow, and strengthening its research and development capabilities underscores the Group's commitment to sustainable growth.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENTS

As at 30 June 2025, the Group did not hold any significant investments save as those disclosed in this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no plan authorised by the Board for material investments or additions of capital assets at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry with its incumbent Directors regarding compliance with the Model Code during the Reporting Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code regarding directors' securities transactions throughout the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The principle of the Company's corporate governance is to promote effective internal control and risk management measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects, and to ensure that its affairs are conducted in accordance with applicable laws and regulations. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value and formulate its business strategies and policies. The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions ("**Code Provisions**") and, where applicable, the recommended best practices of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period and up to the date of this announcement.

Code Provision D.1.2 of the Corporate Governance Code provides that management should provide members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient details to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors of the Company.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED INTERIM RESULTS

During the Reporting Period and up to the date hereof, the Audit Committee of the Company comprised of four independent non-executive Directors, with at least one member possessing recognised professional qualifications in accounting and/or having wide experience in audit and accounting. Currently, the members of the Audit Committee are Professor Kwan Pun Fong Vincent *(Chairman)*, Professor Lee Chack Fan, Professor Sit Wing Hang Alfred and Ms. Chen Jianhua. The Audit Committee has reviewed with the management of the Company the unaudited interim results and interim report of the Group for the six months ended 30 June 2025 and is of the opinion that it complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

EVENT AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period up to the date of this announcement.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This unaudited interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.theregalpartners.com. The unaudited interim report of the Company for the Reporting Period will be disseminated to the shareholders of the Company and published on the aforesaid websites in due course on or before 30 September 2025.

APPRECIATION

The Board would like to express our heartfelt gratitude towards the management team and staff for their commitment and diligence, and would like to thank our shareholders and business associates for their strong support to the Group.

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

Hong Kong, 29 August 2025

As at the date of this announcement, the executive Directors are Mr. Chong Tsz Ngai (Chairman), Mr. Tse Wun Cheung, Mr. Tse Hok Kan and Mr. Chan Wing Kit; 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.