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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 45.0% to approximately RMB65.7 million in 2025 (2024: approximately RMB119.5 million)
- The Group recorded a gross profit of approximately RMB2.9 million in 2025 (2024: approximately RMB27.9 million)
- The Group's loss for the year decreased by approximately 0.3% to approximately RMB88.3 million in 2025 (2024: approximately RMB88.6 million)
- Basic loss per share was approximately RMB2.80 cents in 2025 as compared with basic loss per share of approximately RMB3.28 cents in 2024
- The Board did not recommend the payment of a final dividend (2024: RMBnil) for the year ended 31 December 2025

The board (the "**Board**") of directors (the "**Directors**") of Regal Partners Holdings Limited (the "**Company**") announces the consolidated final results (the "**Final Results**") of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025 ("**2025**" or the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2024 ("**2024**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	4	**65,749**	119,507
Cost of sales		**(62,846)**	(91,657)
Gross profit		**2,903**	27,850
Other income and gains, net	5	**5,201**	1,963
Gain on debt restructuring	5	**–**	54,090
Allowance for expected credit losses ("**ECL**") in respect of financial assets carried at amortised cost, net		**(421)**	(60,826)
Impairment loss on property, plant and equipment		**(1,296)**	–
Impairment loss on right-of-use assets		**(5,366)**	(6,292)
Loss arising on fair value change of financial asset at fair value through profit or loss ("**FVTPL**")		**–**	(1,616)
Selling and distribution expenses		**(9,008)**	(32,983)
Administrative expenses		**(37,487)**	(45,765)
Other expenses and losses		**(20,757)**	(5,173)
Finance costs	6	**(22,116)**	(19,891)
Loss before tax	7	**(88,347)**	(88,643)
Income tax credit	8	**–**	66
Loss for the year		**(88,347)**	(88,577)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		**1,716**	5,492
Other comprehensive income for the year, net of income tax		**1,716**	5,492
Total comprehensive loss for the year		**(86,631)**	(83,085)

	Notes	**2025** *RMB'000*	2024 *RMB'000*
Loss attributable to:			
Owners of the Company		**(87,152)**	(87,656)
Non-controlling interests		**(1,195)**	(921)
		(88,347)	(88,577)
Total comprehensive loss attributable to:			
Owners of the Company		**(85,475)**	(82,155)
Non-controlling interests		**(1,156)**	(930)
		(86,631)	(83,085)
Loss per share attributable to owners of the Company			
Basic *(RMB cents)*	9	**(2.80)**	(3.28)
Diluted *(RMB cents)*	9	**(2.80)**	(3.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	**31 December 2025** *RMB'000*	31 December 2024 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**–**	1,601
Right-of-use assets		**–**	22,789
Total non-current assets		**–**	24,390
CURRENT ASSETS			
Inventories		**4,406**	19,031
Trade receivables	11	**4,553**	16,734
Prepayments, deposits and other receivables		**8,959**	12,970
Amounts due from related companies		**117,375**	120,040
Pledged bank deposits		**21**	21
Restricted bank balances		**1,183**	165
Cash and cash equivalents		**3,170**	3,999
Total current assets		**139,667**	172,960
CURRENT LIABILITIES			
Trade payables	12	**29,394**	28,872
Contract liabilities		**2,907**	3,356
Other payables and accruals		**82,802**	40,179
Amounts due to related companies		**44,275**	45,281
Loan from shareholder		**115,479**	118,675
Interest-bearing bank and other borrowings		**68,485**	78,242
Warranty provision		**119**	459
Lease liabilities		**3,025**	11,406
Convertible loan		**29,325**	29,833
Income tax payables		**2,860**	2,932
Total current liabilities		**378,671**	359,235
NET CURRENT LIABILITIES		**(239,004)**	(186,275)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(239,004)**	(161,885)

	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**53,048**	53,696
Lease liabilities	**3,362**	19,143
Total non-current liabilities	**56,410**	72,839
Net liabilities	**(295,414)**	(234,724)
DEFICIT IN EQUITY		
Share capital	**23,156**	19,212
Reserves	**(316,590)**	(253,006)
Deficit in equity attributable to owners of the Company	**(293,434)**	(233,794)
Non-controlling interests	**(1,980)**	(930)
Total deficit in equity	**(295,414)**	(234,724)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

Regal Partners Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 3103, 31 Floor, Trendy Centre, 682 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 January 2017.

The Company is an investment holding company. During the year, the principal activities of the Group are the manufacture and sale of sofas and other furniture products.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Century Icon Holdings Limited, which is incorporated in the British Virgin Islands (the "**BVI**") and the ultimate controlling party is Mr. Tse Kam Pang.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Going concern

The Group incurred a loss attributable to owners of the Company of approximately RMB87,152,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB239,004,000 and RMB295,414,000 respectively. In addition, the Group had defaulted interest-bearing bank and other borrowings of approximately RMB68,485,000 and a defaulted convertible loan of approximately RMB29,325,000, whereas its cash and cash equivalents only amounted to approximately RMB3,170,000. 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 substantial 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 31 December 2025, the unutilised portion of this loan facility amounted to approximately HK$51,624,000.

    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 RMB115,479,000 as at 31 December 2025, for the next twelve months from the date of approval of the 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.

    On 25 February 2026, the Company completed the placing of 560,000,000 placing shares at the placing price of HK$0.05 per share, raising net proceeds (after deducting commission and other relevant costs and expenses) of approximately HK$27,709,000 (equivalent to RMB24,553,000);

(iii) The Group is currently negotiating with banks to restructure the repayment terms of certain defaulted interest-bearing bank borrowings with an aggregate amount of approximately RMB14,789,000;

(iv) The Group has appointed external legal counsel to handle recovery action in related to the amounts due from the related companies with carrying amount before allowance for expected credit loss of approximately RMB176,579,000. The Company will also continue to explore feasible solutions and make every effort to develop a viable recovery action plan; and

(v) 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 consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the 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, the substantial shareholder of the Company, to provide continuous financial support to the Group for the next twelve months from the date of approval of the consolidated financial statements;

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

(iii) the Group's success in entering agreement with banks to restructure the repayment terms of the defaulted interest-bearing bank borrowings;

(iv) the Group's success in recovery action of amounts due from related companies; and

(v) 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 consolidated statement of financial position. The effect of these adjustments have not been reflected in the consolidated financial statements.

2.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments[3]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clauses[3]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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 are as follows:

a. Retail segment

b. Manufacturing segment

Segment revenue and results

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

	Retail segment		**Manufacturing segment**		**Total**	
	2025	2024	**2025**	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue						
External sales	**4,335**	36,144	**61,414**	83,363	**65,749**	119,507
Segment loss	**(4,763)**	(16,792)	**(70,782)**	(47,191)	**(75,545)**	(63,983)
Interest income					**9**	22
Gain arising on fair value change of derivative financial instruments					**–**	76
Loss on deregistrations of a subsidiary					**(2)**	–
Loss arising on fair value change of financial asset at FVTPL					**–**	(1,616)
Unallocated corporate income					**345**	294
Unallocated corporate expenses					**(10,059)**	(20,059)
Unallocated finance costs					**(3,095)**	(3,377)
Loss before tax					**(88,347)**	(88,643)

Segment loss represents the loss from each segment without allocation of interest income, gain arising on fair value change of derivative financial instruments, loss on deregistration of a subsidiary, loss arising on fair value change of financial asset at FVTPL, unallocated corporate income, 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**	
	2025	2024	**2025**	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**203**	22,365	**105,462**	137,777	**105,665**	160,142
Unallocated corporate assets					**34,002**	37,208
Consolidated assets					**139,667**	197,350
Segment liabilities	**17,866**	38,433	**348,823**	326,376	**366,689**	364,809
Unallocated corporate liabilities					**68,392**	67,265
Consolidated liabilities					**435,081**	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 equivalent; and

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

Other segment information

	Retail segment		Manufacturing segment		Unallocated		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Addition of right-of-use assets	**–**	14,468	**443**	9,097	**23**	1,172	**466**	24,737
Addition of property, plant and equipment	**46**	39	**765**	741	**–**	56	**811**	836
Depreciation of property, plant and equipment	**60**	398	**696**	2,745	**–**	–	**756**	3,143
Depreciation of right-of-use assets	**1,134**	9,497	**2,049**	10,130	**411**	893	**3,594**	20,520
Provision against obsolete and slow-moving inventories	**63**	(13)	**3,941**	504	**–**	–	**4,004**	491
Allowance for/(reversal of) ECL in respect of trade receivables, net	**288**	(402)	**(1,023)**	1,594	**–**	–	**(735)**	1,192
Allowance for/(reversal of) ECL in respect of deposits and other receivables, net	**1,099**	(31)	**61**	1,438	**(4)**	3	**1,156**	1,410
Allowance for ECL in respect of amounts due from related companies, net	**–**	–	**–**	55,925	**–**	2,299	**–**	58,224
Impairment loss on property, plant and equipment	**9**	–	**1,287**	–	**–**	56	**1,296**	56
Impairment loss on right-of-use assets	**–**	6,292	**4,750**	–	**616**	–	**5,366**	6,292
Written off of property, plant and equipment	**4**	727	**–**	483	**–**	–	**4**	1,210
Loss on disposal of property, plant and equipment	**4**	2	**243**	235	**–**	–	**247**	237
Gain on termination of leases	**(2,210)**	–	**–**	(567)	**–**	(294)	**(2,210)**	(861)
Finance costs	**472**	1,470	**18,549**	15,044	**3,095**	3,377	**22,116**	19,891

Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers during the year and the Group's non-current assets.

(a) Revenue from external customers

The geographical locations of the customers are determined based on the locations of customer.

	2025	2024
	RMB'000	*RMB'000*
PRC (including Hong Kong)	**18,550**	42,311
The United States of America ("**U.S.**")	**9,008**	28,209
Europe *(Note)*	**21,514**	32,450
Others	**16,677**	16,537
	65,749	119,507

Note: Europe mainly include France, Norway, Spain, Ireland and the U.K..

(b) Non-current assets

	2025	2024
	RMB'000	*RMB'000*
PRC (including Hong Kong)	**–**	2,289
U.S.	**–**	17,900
Kingdom of Cambodia ("**Cambodia**")	**–**	4,201
	–	24,390

The non-current asset information above is presented 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:

	2025	2024
	RMB'000	*RMB'000*
Customer 1	**19,496**	14,243
Customer 2	**–**	16,476
Customer 3	**12,497**	N/A*

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

4. REVENUE

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

	2025	2024
	RMB'000	*RMB'000*
Revenue		
Recognised at a point of time:		
Manufacture and sales of sofas and other furniture products	**65,749**	119,507

As at 31 December 2025, the aggregate amount of the transaction price allocated to the remaining performance obligation under the Group's existing manufacture and sales of sofa and other furniture products is approximately RMB2,907,000 (2024: RMB3,356,000) and the Group will recognise this revenue in 2026.

5. OTHER INCOME AND GAINS, NET AND GAIN ON DEBT RESTRUCTURING

	2025	2024
	RMB'000	*RMB'000*
Other income and gains, net		
Interest income	**9**	22
Gain on termination of leases	**2,210**	861
Reversal of provision for litigation liabilities	**3,000**	–
Loss on disposal of property, plant and equipment	**(247)**	(237)
Gain on modification of lease	**16**	–
Government subsidies *(Note)*	**29**	714
Bad debt recovery	**–**	269
Others	**184**	334
	5,201	1,963

Note: During the year ended 31 December 2025, the Group recognised government grants from Innovation and Technology Fund under Hong Kong government of nil (2024: approximately RMB688,000) and industry subsidies from local governments in Zhejiang Province of nil (2024: approximately RMB10,000). There are no unfulfilled conditions or contingencies relating to these grants.

Gain on debt restructuring

In relation to the pre-restructuring applications filed by Zhejiang Apollo Leather Products Co., Ltd. (浙江阿波羅皮革製品有限公司) and Zhejiang Morris Fashion Home Co., Ltd. (浙江慕容時尚家居有限公司) (collectively, the "**Relevant Subsidiaries**") with the People's Court of Haining City (the "**Court**") on 19 January 2022 for the formulation of pre-restructuring plans to resolve their debt positions.

Upon the pre-restructuring application and the appointment of the provisional administrators by the Court, on 13 May 2022, the Court accepted the restructuring application of the Relevant Subsidiaries on a consolidated basis (the "**Restructuring**").

The proposal for the Restructuring of the Relevant Subsidiaries (the "**Restructuring Proposal**") would become effective and binding on the Relevant Subsidiaries and all creditors subject to (a) the approval by a simple majority in number of the creditors present and voting at each of the creditors' class meetings, and the amount of debts of which creditors representing more than two-thirds in the total amount of debts in each of the classes of creditors; (b) the entering into of the subscription agreement between the potential subscriber and the Company; and (c) the approval of the Court. If the Restructuring Proposal is not passed at the creditors' meeting, or the Restructuring Proposal passed at the creditors' meeting is not approved by the Court, the Court will terminate the Restructuring procedures and declare the Relevant Subsidiaries insolvent.

The Group's Restructuring Proposal was passed by the requisite majority of creditors of the Relevant Subsidiaries at the meeting. The Restructuring Proposal has been sanctioned by the People's Court of Haining City in the PRC on 5 August 2022. Since then, the Restructuring Proposal became effective on 5 August 2022. The Restructuring Proposal administrators have received the preference indication forms from all Restructuring Proposal creditors and the admitted claims have been allocated in the following manner:

Under the terms of the Restructuring Proposal ("**Option A**"), full repayment of admitted claims will be made to the Option A creditors and the repayment date will be extended for a period of eight years beginning from the effective date on 5 August 2022. The Company will repay the outstanding debt by the repayment schedule of the following: In the sixth year, the Company shall make a repayment of not less than 20% of the remaining debt. In the seventh year, the Company shall make a repayment of not less than 30% of the remaining debt. In the eighth year, the Company shall repay the remaining outstanding debt.

Under the terms of the Restructuring Proposal ("**Option B**"), (1) for each creditor with a debt amount of less than RMB30,000 will be fully repaid in cash within three months from the date of court approval of the Restructuring Proposal; (2) for creditors with a debt amount of RMB30,000 or more, 20% of the portion exceeding RMB30,000 (excluding the principal) will be repaid. The Company will repay this portion in cash, based on a 20% proportion, within three months from the date of court approval of the restructuring plan; (3) any remaining unpaid debts will be transferred to a designated third party, as agreed upon by the transferring creditors. The transferring creditors agreed to transfer their rights and interests related to the unpaid portion of debts (including related joint guarantee rights and other subsidiary rights) to the designated third party assigned by Mr. Zou Gebing. Mr. Zou Gebing and the designated third party are willing to pay 30% of the transfer amount as the purchase price for the transferred debts. The specific payment method, deadline, and other details will be governed by the agreement between the creditors and Mr. Zou Gebing, and it is not within the scope of the Restructuring Proposal.

Under the terms of the Restructuring Proposal ("**Option C**"), (1) for each creditor with a debt amount of less than RMB30,000 will be fully repaid in cash within three months from the date of court approval of the Restructuring Proposal; (2) for creditors with a debt amount of RMB30,000 or more, 20% of the portion exceeding RMB30,000 (excluding the principal) will be repaid. The Company will repay this portion in cash, based on a 20% proportion, within three months from the date of court approval of the restructuring plan.

Pursuant to the Restructuring Proposal, the liabilities of the Restructuring Proposal, amounted to approximately RMB54,090,000 have been discharged. Accordingly, a gain on debt restructuring of approximately RMB54,090,000 has been recognised for the year ended 31 December 2024.

For more details, please refer to the announcements of the Company dated 19 January 2022, 22 April 2022, 13 May 2022 and 18 August 2022.

	2024
	RMB'000
Liabilities discharged pursuant to the Restructuring Proposal:	
Other payables and accruals	54,090
Gain on debt restructuring	54,090

6. FINANCE COSTS

	2025 *RMB'000*	2024 *RMB'000*
Interest on bank and other borrowings and loan from shareholder	**16,771**	13,974
Default interest on bank borrowings	**1,885**	–
Default interest on convertible loan	**1,363**	201
Interest on convertible loan	**976**	2,951
Interest on lease liabilities	**1,121**	2,765
	22,116	19,891

7. LOSS BEFORE TAX

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

	2025 *RMB'000*	2024 *RMB'000*
Cost of inventories sold	**58,842**	91,166
Provision against obsolete and slow-moving inventories	**4,004**	491
Cost of sales	**62,846**	91,657
Depreciation of property, plant and equipment	**756**	3,143
Depreciation of right-of-use assets	**3,594**	20,520
Impairment loss on property, plant and equipment	**1,296**	56
Impairment loss on right-of-use assets	**5,366**	6,292
Expense relating to short-term lease	**2,732**	–
Written off of property, plant and equipment**	**4**	1,210
Auditors' remuneration:		
Audit services	**806**	1,260
Employee benefit expenses (excluding directors' and chief executives remuneration):		
Salaries, wages and benefits in kind	**20,125**	33,519
Share-based payment	**(265)**	469
Pension scheme contributions*	**1,312**	3,778
	21,172	37,766
(Reversal of)/allowance for ECL in respect of trade receivables, net	**(735)**	1,192
Allowance for ECL in respect of deposits and other receivables, net	**1,156**	1,410
Allowance for ECL in respect of amounts due from related companies, net	**–**	58,224
Product warranty additional provision	**121**	455
Loss on deregistration of a subsidiary**	**2**	–
Gain arising on fair value change of derivative financial instruments	**–**	(76)
Loss on sales of raw materials**	**–**	3,317
Provision for litigation liabilities	**19,276**	3,000
Exchange loss/(gain)**	**1,374**	(2,508)

* At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2024: nil).

** The above items are included in "Other expenses and losses" line item of the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX CREDIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (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 of Hong Kong Profits Tax, 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 year (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 years ended 31 December 2025 and 2024.

	2025	2024
	RMB'000	*RMB'000*
Current – Hong Kong		
– Over-provision in prior year	–	(66)
Tax credit for the year	–	(66)

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount for the year ended 31 December 2025 was based on the loss for the year attributable to owners of the Company of approximately RMB87,152,000 (2024: RMB87,656,000), and the weighted average number of ordinary shares of 3,108,161,000 after excluding treasury shares (2024: 2,674,188,000) in issue during the year.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2025 has been adjusted for the effects of placing of shares completed on 19 March 2025.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan since their assumed exercise would result in a decrease in loss per share for both years.

10. DIVIDEND

The board of directors did not recommend the payment of dividend for the year ended 31 December 2025 (2024: nil).

11. TRADE RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables from third parties	**40,230**	53,890
Less: allowance for ECL	**(35,677)**	(37,156)
	4,553	16,734

The Group's trading terms with its customers are mainly on credit. The credit period for customers of the manufacturing segment is generally one to two months, extending up to three to four months for major customers, the credit period for customers of the retail segment is within one month. The Group does not hold any collateral over its trade receivables 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:

	2025	2024
	RMB'000	*RMB'000*
Within 3 months	**3,832**	9,857
4 to 6 months	**643**	5,023
7 to 12 months	**78**	1,854
	4,553	16,734

12. TRADE PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables to third parties	**29,394**	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:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**1,564**	8,686
1 to 3 months	**1,097**	3,006
4 to 6 months	**2,728**	737
Over 6 months	**24,005**	16,443
	29,394	28,872

13. LITIGATION

(i) Pre-trial conference (“PTC”) against Zhejiang Premier Furniture Manufacture Co., Ltd.* (浙江慕華家居有限公司) (“Premier Furniture Manufacture”)

On 11 June 2024, Zhejiang Premier Furniture Manufacture Co., Ltd.* (浙江慕華家居有限公司) (“**Premier Furniture Manufacture**”), an indirect wholly-owned subsidiary of the Company, received a summons of the People’s Court of Haining City (海寧市人民法院) (the “**Haining Court**”) in the PRC returnable on 14 June 2024 for a pre-trial conference (the “**PTC**”), which has been adjourned to a later date to be fixed.

The PTC concerns a claim brought by Haining Morris International Fur Co., Ltd* (海寧慕容國際皮草有限公司) (“**Haining Fur**”) against Premier Furniture Manufacture for (1) RMB3,000,000 paid by Haining Fur to China Merchants Bank Co., Ltd., Hangzhou Branch (“**CM Bank**”) in its capacity as guarantor for two bank facilities (the “**Loans**”) in the principal amount of RMB30,000,000 each provided by CM Bank to Zhejiang Morris Fashion Home Co., Ltd. (浙江慕容時尚家居有限公司) (“**Fashion Home**”) and Zhejiang Apollo Leather Products Co., Ltd. (浙江阿波羅皮革製品有限公司) (“**Zhejiang Apollo**”), respectively; and (2) costs (the “**Claim**”).

Fashion Home and Zhejiang Apollo (the “**Relevant Subsidiaries**”) are companies established in the PRC with limited liability and indirect wholly-owned subsidiaries of the Company. Due to financial difficulties, the Relevant Subsidiaries initiated restructuring procedures, whereby a restructuring plan for the settlement of all the indebtedness of the Relevant Subsidiaries (the “**Restructuring Plan**”) was formulated and sanctioned by the Haining Court in 2022 (the “**Restructuring**”). Pursuant to the Restructuring Plan, 20% of total outstanding amount under the Loans has been paid to CM Bank discharging the Relevant Subsidiaries’ obligations.

CM Bank has sought a judgment from the People’s Court of Shangcheng District, Hangzhou City (杭州市上城區人民法院) against Morris Group Co., Ltd. (“**Morris PRC**”), Haining Fur, Zhejiang Morris Shijia Real Estate Co., Ltd.* (浙江慕容世家地產有限公司) (“**Shijia Real Estate**”), Zhejiang Murong Furniture Co., Ltd.* (浙江慕容家具有限公司) (“**Murong Furniture**”), an indirectly wholly-owned subsidiary of the Company, Zou Gebing and Wu Xiangfei (collectively, the “**Guarantors**”), as guarantors or security providers, for the remaining outstanding amount of the Loans.

As alleged in the statement of civil claim dated 10 May 2024 (the “**SOC**”) lodged by Haining Fur with the Haining Court, in view that both Premier Furniture Manufacture and the Relevant Subsidiaries are subsidiaries of the Company, the de facto controller of the Company before the Restructuring (i.e. Mr. Zou Gebing) and the investor introduced (i.e. the new controlling shareholder of the Company) after the Restructuring have reached a “consensus” that (i) the Loans shall remain a payment obligation of the Group as they were indebtedness of the Group; and (ii) Premier Furniture Manufacture shall provide a repayment undertaking to Haining Fur and the other Guarantors to such effect.

* *For identification purposes only*

A written document entitled "承諾書 (Undertaking)" (the "**Alleged Undertaking**"), onto which the official seal of Premier Furniture Manufacture and the "round chop" of the Company were affixed, was included in the case bundle supporting the Claim prepared by Haining Fur. As stated in the Alleged Undertaking, Premier Furniture Manufacture has voluntarily agreed to perform the repayment obligations under the Loans and has irrevocably undertaken to (i) following the fulfilment of any repayment obligations (including guarantee and security obligations) under the Loans by any of the Guarantors, Premier Furniture Manufacture shall repay to the Guarantors the entire sum paid by them and costs within five (5) working days; and (ii) after such repayment, Premier Furniture Manufacture shall have no claim against the Guarantors of the Loans. It is stated in the SOC that Haining Fur has paid RMB3,000,000 to CM Bank in its capacity as a guarantor of the Loans and seeks the repayment of such amount from Premier Furniture Manufacture.

Based on the above circumstance, and advice from legal advisor that there was a high likelihood that Premier Furniture Manufacture will be required to settle the Claim, the Group recognised provision for litigation liabilities of RMB3,000,000 in relation to the Claim during the year ended 31 December 2024.

On 15 September 2025, the Haining Court has rendered its judgment on the Claim. After considering the forensic appraisal and the evidence submitted by the parties, it was held that the authenticity of the Alleged Undertaking relied upon by Haining Fur was not established and Premier Furniture Manufacture had not signed or affixed its company seal thereto. Accordingly, the Haining Court ruled that Haining Fur had failed to meet the burden of proof that Premier Furniture Manufacture assumed any repayment obligation. The Claim was therefore dismissed in full. Accordingly, the Group recognised a reversal of provision for litigation liabilities of RMB3,000,000 during the year ended 31 December 2025.

(ii) Enforcement proceedings against Murong Furniture

CM Bank has filed an enforcement application against the Guarantors, including Murong Furniture, for their joint and several liabilities in relation to the remaining outstanding amount of the Loans.

During the year ended 31 December 2025, based on advice from legal advisor, the management estimated that Murong Furniture would be liable for a portion of the outstanding amount of the Loans and, accordingly, recognised a provision for litigation liabilities of approximately RMB19,276,000.

14. EVENTS AFTER THE REPORTING PERIOD

On 25 February 2026, the Company completed the placing of 560,000,000 placing shares to net less than six placees at the placing price of HK$0.05 per share to raise net proceeds (after deducting commission and other relevant costs and expenses) of approximately HK$27,709,000 (equivalent to RMB24,553,000).

15. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the furniture export environment was particularly challenging, driven principally by the United States (the "**U.S.**") tariff measures that created market uncertainty and disrupted procurement planning. Frequent tariff adjustments and the risk of reciprocal measures prompted overseas buyers to delay or scale back orders, undermining the modest recovery observed earlier in key U.S. and European markets.

The Group established its Cambodia manufacturing facility in mid of 2024 and received positive customer feedback and stable order flows. Despite ongoing tariff negotiations, orders and enquiries for the Cambodia export increased, especially during the peak export season (April–October 2025). As a result, management has decided to expand its production capacity from 2026 onwards. As an exporter, the group aims to improve tariff-exposure management and labour-cost competitiveness. Toward the end of 2025, management initiated capacity upgrades in Cambodia and invested in showrooms across Southeast Asia to meet growing demand and strengthen customer engagement.

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB65.7 million (2024: RMB119.5 million) and a net loss of approximately RMB88.3 million, an improvement of 0.3% from the loss of RMB88.6 million for 2024. The decrease in the turnover was mainly due to the closure of the Group's factory in Zhejiang Province which had incurred losses in prior years because of high operating costs and low margins.

Despite an unpredictable macro environment, the Group progressed its business transformation throughout 2025, focused on staying competitive and positioning for sustainable growth in a conservative approach. Following the change of its company name to Regal Partners Holdings Limited in 2024, the Group strengthened its management team in 2025 with experienced industry professionals to drive commercial expansion and product innovation. Repositioned as a sofa and furniture exporter with extensive supply-chain management in Southeast Asia, the Group helps existing and potential customers to diversify the geopolitical risks. The Group has invested significant effort in maintaining its reputation and customer trust and has been rewarded with inclusion on several major overseas buyers' approved-supplier lists and renewed interest from North American buyers after tariff negotiations concluded.

FINANCIAL REVIEW

For the year of 2025, the principal business activities of the Group comprise the manufacturing and sales of sofas and other furniture products.

During the year, the revenue of the Group amounted to approximately RMB65.7 million (2024: approximately RMB119.5 million), representing a decrease of approximately 45.0% as compared with last year. The decline in revenue was primarily attributable to the closure of the Group's factory in Zhejiang Province which had generated losses in previous years due to high operating costs and low margin; however, its closure resulted in the loss of certain customers' orders, which impacted the Group's sales volume in 2025. Besides, the implementation of U.S. tariff measures during the year restructured global trade flows and reduced overall demand through price shocks.

The Group recorded a net loss of approximately RMB88.3 million for the year, representing a decrease of approximately 0.3% compared with the net loss of RMB88.6 million in the prior year. The movement in net loss was mainly attributable to lower operating expenses, including selling and distribution expenses, which decreased from approximately RMB33.0 million in 2024 to approximately RMB9.0 million in 2025, as well as a reduction in administrative expenses from approximately RMB45.8 million in 2024 to approximately RMB37.5 million in 2025, primarily due to cost control measures and a reduction in related overheads. This improvement was partly offset by an increase in other expenses, mainly arising from provisions made for litigation relating to a subsidiary in the PRC that is currently facing liquidation.

In addition, the net loss for the current year of approximately RMB88.3 million included approximately RMB19.3 million of expenses provided in respect of litigation relating to the above-mentioned subsidiary in the PRC. If the effect of the approximately RMB19.3 million provision were excluded, the Group's net loss for the year would have been approximately RMB69.0 million, representing a decrease of approximately 22.1% as compared with the loss for the corresponding period in the prior year.

Cost of sales

The cost of sales of the Group decreased by approximately 31.5% from approximately RMB91.7 million in 2024 to approximately RMB62.8 million in 2025. The decrease in balance was mainly due to the decrease in revenue.

Gross profit

The Group's gross profit for the year amounted to approximately RMB2.9 million (2024: approximately RMB27.9 million), representing a decrease of approximately 89.6% as compared with last year. The gross profit margin decreased from 23.3% in 2024 to 4.4% in 2025. The decline in gross profit was primarily due to the Southeast Asian factory had only commenced production in the second quarter of 2025. As a result, certain fixed production costs had not yet begun to benefit from economies of scale. If gross profit margin attributable to the Southeast Asian factory were excluded, the Group's gross margin would have been approximately 10.8% which decreased compared with the last year, primarily due to the implementation of US tariffs during 2025 affecting the Southeast Asian countries.

Other income and gains, net and gain on debt restructuring

The other income and gains, net and gain on debt restructuring of the Group decreased from approximately RMB56.1 million in 2024 to approximately RMB5.2 million in 2025. Such decrease was mainly due to an one-off gain on debt restructuring in 2024.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately 72.7% from approximately RMB33.0 million in 2024 to approximately RMB9.0 million in 2025. This decrease primarily reflected the Group's strategic closure of the Zhejiang factory in the third quarter of 2025.

Administrative expenses

Administrative expenses of the Group decreased by approximately 18.1% from approximately RMB45.8 million in 2024 to approximately RMB37.5 million in 2025. The decrease was primarily attributable to reduced salaries and office-related expenses following the closure one of the Zhejiang factory. This enabled the Group to reallocate resources more efficiently to alternative channels, including collaboration with local distributors, rather than hiring local staff.

Finance costs

The Group's finance costs increased by approximately 11.2% from approximately RMB19.9 million in 2024 to approximately RMB22.1 million in 2025. Such increase was mainly due to the increase of interest expenses.

LIQUIDITY AND CAPITAL RESOURCES

Borrowing and pledge of assets

As at 31 December 2025, the Group's interest-bearing bank and other borrowings and loan from shareholder amounted to approximately RMB237.0 million, of which RMB115.5 million were unsecured shareholder loan repayable within one year or on demand. The bank and other borrowings and loan from shareholder's interest rates ranged between 4.2% to 8.0% per annum.

Gearing ratio

The gearing ratio of the Group is total debts (comprised of amounts due to related companies, lease liabilities, convertible loan, interest-bearing bank and other borrowings and loan from shareholder) divided by deficit in equity attributable to owners of the Company as at the end of the year and multiplied by 100%. Gearing ratio was not applicable as at 31 December 2025 and 2024.

Capital commitments

The Group did not have any capital commitment as at 31 December 2025 and 2024.

Contingent liabilities

Save as disclosed in this announcement, the Group did not have other significant contingent liabilities as at 31 December 2025.

Trade receivables

The Group's trade receivables decreased to approximately RMB4.6 million as of 2025, compared to approximately RMB16.7 million in 2024. The decrease in balance was in line with the decrease in revenue.

Trade payables

The Group's trade payables slightly increased from approximately RMB28.9 million in 2024 to approximately RMB29.4 million as of 31 December 2025. The increase was mainly attributable to the additional manufacturing factory on Southeast Asia.

Foreign exchange exposure

Revenue from major customers is mainly from the U.S. and U.K. while the production facilities of the Group are mainly located in Cambodia. Accordingly, most of the sales are denominated in U.S. dollar while the costs arising from the Group's operations are generally settled in RMB. As a result, fluctuations in the value of U.S. dollar against RMB could adversely affect the financial results of the Group. During 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during 2025.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2025.

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.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual financial statements for the year ended 31 December 2025:

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Scope limitation on balances with related companies

As disclosed in Note 30, included in amounts due from related companies and amounts due to related companies as at 31 December 2025 and 2024 were balances with entities which are controlled by Mr. Zou Gebing, a substantial shareholder of the Company who holds 24.24% of shareholding interests in the Company ("**Zou Entities**"). As at 31 December 2025 and 2024, the carrying amounts of amounts due from Zou Entities, net of allowance for expected credit loss, were approximately RMB117,375,000 and RMB120,040,000 respectively and the carrying amounts of amounts due to Zou Entities were approximately RMB44,275,000 and RMB45,281,000 respectively.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the carrying amounts of the balances with Zou Entities as at 31 December 2025 and 2024 referred to above were not materially misstated because we were unable to obtain direct confirmations from Zou Entities or have access to the management or relevant personnel of Zou Entities. There were no other alternative audit procedures that we could carry out to obtain sufficient and appropriate audit evidence to satisfy ourselves about the existence, accuracy and completeness of these balances as at 31 December 2025 and 2024.

Furthermore, the Group has recognised allowance for expected credit loss on amounts due from Zou Entities of approximately RMBnil and RMB58,224,000 in consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2025 and 2024 respectively. The allowance for expected credit loss on amounts due from Zou Entities in the consolidated statement of financial position amounted to approximately RMB59,204,000 and RMB59,891,000 as at 31 December 2025 and 2024 respectively. We were unable to obtain the necessary financial, corporate, operating and business information about the Zou Entities to support the impairment assessment of amounts due from Zou Entities as at 31 December 2025 and 2024.

As a result, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the (i) carrying amounts of the Group's balances with related companies as at 31 December 2025 and 2024; (ii) allowances for expected credit loss on amounts due from related companies recognised for the years ended and as at 31 December 2025 and 2024; and (iii) other elements and disclosures in the consolidated financial statements in relation to the balances with related companies and allowances for expected credit loss on amounts due from related companies included in the consolidated financial statements of the Group, were free from material misstatements. Any adjustments found to be necessary might have consequential significant impact on the profit or loss and other comprehensive income of the Group for the years ended 31 December 2025 and 2024, net liabilities of the Group as at 31 December 2025 and 2024 and the elements making up, and related disclosures in, the consolidated financial statements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Group incurred a loss attributable to owners of the Company of approximately RMB87,152,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB239,004,000 and RMB295,414,000 respectively. In addition, the Group had defaulted interest-bearing bank and other borrowings of approximately RMB68,485,000 and a defaulted convertible loan of approximately RMB29,325,000, whereas its cash and cash equivalents only amounted to approximately RMB3,170,000. As stated in Note 2.1, these conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Management's position and view

The auditors have requested a confirmation from the Zou Entities and related financial, corporate, operating and business information in respect of (i) the amounts due from Zou Entities and amounts due to Zou Entities as at 31 December 2025 of approximately RMB117.4 million and RMB44.3 million respectively; and (ii) the allowance for expected credit loss on the balances due from the Zou Entities of RMB59.2 million as at 31 December 2025. It was the Company's understanding that the auditors' requests were not satisfied due to the uncooperative attitude of the Zou Entities (over which the Company has no control). The auditors stated that there were no other alternative audit procedures that they could carry out to obtain sufficient and appropriate audit evidence to satisfy themselves about the existence, accuracy, valuation and completeness of these balances as at 31 December 2025 (the "**Audit Issue**").

There was no disagreement between the Company and its auditors. Despite the management's best effort in procuring necessary information from and facilitate access to the Zou Entities, the uncooperative attitude of the Zou Entities had led to the inability to satisfy the auditors' requests by providing sufficient appropriate audit evidence. In the circumstance, the management understands the qualified opinion issued by the auditors.

Audit committee's view

The Audit Committee understands that the qualified opinion was issued by the auditors as a result of their failure to obtain sufficient and appropriate audit evidence in respect of the amount due from and to the Zou Entities and the impairment assessment thereon. The Audit Committee, having considered the management's assessment and the auditors' view, concurred with the management's view.

The Company's plans to address the audit qualifications

The Company is working closely with its auditors with a view to resolving the Audit Issues as soon as practicable, including without limitation ascertaining the audit evidence required to satisfy the auditors. In addition, the Company is also taking steps to review and assess all the amount due from Zou Entities, with a view to formulating a recovery plan for all such amounts, including but not limited to commencing legal proceedings and/or other recovery actions against the Zou Entities.

The Company had bona fide discussions with the Zou Entities with a view to formulating a reasonable repayment plan in respect of the amount due from Zou Entities, including without limitation physical meetings, telephone conversations and formal meetings with the participation of the Company's legal advisors. A consensus had been reached on a repayment plan which was primarily based on the disposal of property assets held by the Zou Entities in the PRC. Throughout 2023 and in early 2024, the Company had diligently and repeatedly demanded payment of the amount due from Zou Entities from the Zou Entities and arranged meetings with the Zou Entities to follow up on the progress of repayment. The Company had also regularly and continuously enquired on the progress of the disposal of property assets held by the Zou Entities, being a key element of the repayment plan. The Company was given to understand that the Zou Entities have encountered continuing difficulties in disposing of the property assets in view of the gloomy sentiment in the PRC property market. However, 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 but failed to provide sufficient evidence to justify such set-off.

In view of the situation, the Group has been handling any recovery action carefully, with thorough consideration and deliberation of strategic, legal and financial issues, with the aid of professional advisers. The Company has conducted detailed analysis, balancing all relevant factors including but not limited to: (1) the availability and value of recoverable assets to obtain by recovery actions; (2) any viable alternative or indirect procedures to pursue the Group's claims; and (3) the cost-effectiveness of the procedures. To the knowledge and information of the Company, the Zou Entities do not have assets readily recoverable by the Company for the settlement of the amount due from Zou Entities. The Company has been using its best endeavour to recover such amount but such attempts have been frustrated by the lack of recoverable assets in reach and various legal and other obstacles.

The Company will use its best endeavour to formulate a feasible solution with a view to the final resolution of the Audit Issues.

HUMAN RESOURCES MANAGEMENT

The management of the Group believes that talent is the basis for long-term development of enterprises. The Group targets to enhance its corporate image through building up and solidifying the Company's brand name. With the Five Hearts of Regal Partners: ambition, confidence, determination, perseverance and loyalty, as core values, the Group targets to establish a distinctive corporate culture. Through regular trainings and promotion of its corporate culture, the Group provides its staff with opportunities for personal growth and enhances the employees' sense of belonging to the Group. In addition, the Group provides its employees with competitive remuneration packages and various benefits in line with industry practice. At the same time, the Group strives to create a good working environment, and cultivates teamwork spirit among employees. The Group carries out performance evaluation quarterly, and conducts "Regal Partners Artisans" evaluations, aiming at elevating the morale of the Group's technicians. The Group regularly reviews human resources policies to ensure that the policies align with market practice and comply with regulatory requirements. As of 31 December 2025, the Group employed 194 employees (31 December 2024: 220 employees). The total annual salary and related costs (excluding directors' remuneration) for 2025 were approximately RMB21.2 million (2024: approximately RMB37.8 million).

The Company operates a share option scheme which allows the Company to grant options to eligible persons as rewards for their contributions to the Group. The share option scheme has been adopted by the Company on 10 December 2016. The Company had also adopted a restricted share award scheme on 29 August 2019 for the purpose of incentivising selected participants.

OUTLOOK

Subsequent to two years of business restructuring, including the formation of a new management team, overseas production expansion, border customers outreach and resource reallocation, the Group has established a solid foundation for sustainable growth.

As an exporter, the Group aims to improve tariff-exposure management and labour cost competitiveness. Towards the end of 2025, the management initiated a capacity upgrade in Cambodia and showroom across Southeast Asia to meet the growing demand and strengthen customer engagement.

In February 2026, the Group completed a placement of 560,000,000 new shares at HK$0.05 per share, raising net proceeds of approximately HK$27.7 million. These funds will help accelerate its Southeast Asia expansion, including plans to double production capacity in Cambodia and strengthen regional supply-chain resilience by mid-2026. A portion of the proceeds will be utilized to finance regional showrooms that will serve as sales centres to engage local and overseas buyers, while additional investment will be directed to sales, marketing and brand-building, including participation in major trade shows domestically and overseas.

With a healthy order book in hand, the Group is prioritising product innovation and market development as two key growth pillars. In this era of advanced technology, the Group remains alert to shifting market trends and seek to develop value-added offerings to meet evolving consumer preferences, including antimicrobial and disinfectant materials and sofas with integrated features such as audio, AI capabilities and robotics. Leveraging the new management team's extensive network across Asia's furniture supply chain, the Group is also exploring expansion of product range beyond sofas into complementary home-furniture categories to offer customers a one-stop solution under the Group's brand "Regal Home".

While the macroeconomic outlook for 2026 is likely to remain uneven and geopolitical tensions may sustain near-term volatility, the Group's expanding offshore capacity, strengthened customer relationships and improved operational flexibility leave it cautiously optimistic. The Group is well positioned to capture new growth opportunities under a clarified strategic direction.

EVENTS AFTER THE REPORTING PERIOD

On 5 February 2026, the Company and the placing agent entered into the placing agreement pursuant to which the Company appointed the placing agent to place a maximum of 560,000,000 placing shares to not less than six independent placees at a price of HK$0.05 per placing share. The placing was completed on 25 February 2026. Further details were set out in the announcements of the Company dated 5 February 2026 and 25 February 2026.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including sale of treasury shares) during 2025.

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 CODE

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 2025 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.

EXCHANGE RATE

For the purpose of this announcement, unless otherwise indicated, translations of U.S. dollars to RMB have been made at the rate of US$1 to RMB7.02, translations of Hong Kong dollars to RMB have been made at the rate of HK$1 to RMB0.90 and translations of GBP to RMB have been made at the rate of GBP1 to RMB9.43. These translations are for the purposes of illustration only and no representation is made by the Company that any amounts in U.S. dollars and RMB or Hong Kong dollars and RMB can be or could have been converted at the above rate or any other rates or at all.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control system and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Members of the Audit Committee are Prof. Kwan Pun Fong Vincent (Chairman), Ms. Chen Jianhua, Prof. Lee Chack Fan and Prof. Sit Wing Hang Alfred. They are all independent non-executive Directors.

The Audit Committee reviewed, among other things, the audited financial statements for 2025 with recommendations to the Board for approval and discussed with the management and the external auditors the accounting policies and practices which may affect the Group, the report prepared by the external auditors covering major findings in the course of the audit and the accounting and financial reporting matters.

DIVIDEND

The board of directors did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: RMB nil).

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by the Group's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 2025 Annual Report will be despatched to the shareholders of the Company and published on the website of the Company and the Stock Exchange in due course.

APPRECIATION

The Company would like to take this opportunity to thank the Directors, as well as the management and all employees for the contribution they have made towards the Group's continued progress, and to thank all the Shareholders, customers and business partners for their support.

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

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors are Mr. Chong Tsz Ngai, 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 Chack Fan, Professor Kwan Pun Fong Vincent and Ms. Chen Jianhua.