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## **REGAL PARTNERS HOLDINGS LIMITED**

**皇庭智家控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1575)**

### **UPDATE ON AN INVESTMENT OF THE COMPANY**

References are made to the announcements of Regal Partners Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 May 2023 and 7 July 2023 in relation to the subscription of Series Angel Preferred Stock of Charme Inc. (“**Charme**”) under the Stock Purchase Agreement (the “**Announcements**”). Capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements, unless the context requires otherwise.

The Company would like to provide an update on the latest status of the Company’s investment in Charme. As disclosed in the Announcements and as at the date of this announcement, the Company holds 423 shares of Series Angel Preferred Stock of Charme, representing approximately 15.9804% of shares in the share capital of Charme.

The Company has been continuously monitoring the performance and results of Charme, including requesting financial and other information of Charme for the Company’s assessment and for preparation of the financial results of the Group.

The Company has recently been unable to contact the responsible person(s) of Charme (in particular, Mr. Zou Gebing). Despite various requests for financial and other information of Charme, the Company has received no response or feedback from Charme and hence is currently unable to ascertain the financial and operational conditions of Charme. The Company, through its communications with the other minority shareholders of Charme, understands that such shareholders have also been encountering the lack of information and response from the management and ultimate beneficial owner of Charme.

To the knowledge, information and belief of the Company having made all reasonable enquiries, as at the date of this announcement, Morris International (a company the shares of which are wholly owned by Mr. Zou Gebing) holds 70% of the issued share capital of the Charme. As at the date of this announcement, Mr. Zou Gebing is (through Morris Capital) indirectly interested in 666,500,000 Shares (representing approximately 24.24% of the issued Shares) and is therefore a substantial shareholder of the Company.

The Company considers that the aforementioned incidents would not have material effect on the financial position of the Group given that the Company's limited investment in Charme, which is recognised as financial asset at fair value through profit or loss, has been substantially impaired in the Group's consolidated financial statements for the year ended 31 December 2023.

While the Company has been seeking clarification from and directing information requests at Mr. Zou Gebing in relation to the Company's investment in Charme, Mr. Zou Gebing and his controlled entities (the "**Zou Entities**") are concurrently involved in various other incidents.

References are also made to the announcements of the Company dated 27 June 2024, 19 June 2024, 19 March 2024 and 9 February 2024 in relation to, amongst others, amounts due from Mr. Zou and his controlled entities (the "**Amount due from Zou Entities**") in the total amount of approximately RMB136.7 million.

As a part of the Group's internal investigation in respect of the Amount due from Zou Entities, the Company has engaged a qualified accounting firm in the PRC to report on (the "**Auditor's Report on Fund Dealings**") the fund dealings between (i) the key subsidiaries of the Company in the PRC (including Fashion Home, Zhejiang Apollo Leather Products Co., Ltd.\* (浙江阿波羅皮革製品有限公司), Zhejiang Muhua Home Furnishing Co., Ltd.\* (浙江慕華家居有限公司) and Zhejiang Morris Furniture Co., Ltd.\* (浙江慕容傢具有限公司)) (collectively, the "**Key PRC Subsidiaries**") on one hand; and (ii) Mr. Zou Gebing and Morris PRC on the other hand, from 1 January 2018 to 31 December 2022 (the "**Review Period**"). The Auditor's Report on Fund Dealings revealed that during the Review Period (i) the total amount of fund outflow from the Key PRC Subsidiaries to Mr. Zou Gebing's personal bank account was RMB62,293,616.00; and (ii) the total amount of fund outflow from the Key PRC Subsidiaries to Morris PRC was RMB1,313,641,527.96 (the "**Aggregate Fund Outflows**"). There were also fund inflows from Mr. Zou Gebing and Morris PRC in the amount of RMB61,970,000.00 and RMB1,276,567,229.60 (the "**Aggregate Fund Inflows**"), respectively, during the Review Period. The difference of the Aggregate Fund Outflows and the Aggregate Fund Inflows is RMB37,397,914.36, representing the net outstanding balance of fund outflow (the "**Net Fund Outflows**"). From audited accounts of the Group and information currently available to the Directors, it would appear that the net positions of the inflow and outflow of funds between the Group and Mr. Zou Gebing and his controlled entities have been reflected in the published financial statements of the Group during the Review Period. The Board could not locate any valid and effective authorisation or approval from the Company in respect of the underlying transactions constituting the Aggregate Fund Outflows, which involved the drawing away of a very substantial amount of funds from the Group (despite as a whole a majority of such funds have been netted off by the Aggregate Fund Inflows). In addition, the Board noticed that the

underlying transactions in respect of the Aggregate Fund Outflows (which were connected transactions of the Company) had not been approved by the independent shareholders of the Company under the applicable requirements under Chapter 14A of the Listing Rules. In view of the seriousness of the findings in the Auditor's Report on Fund Dealings, the Company has reported the aforementioned incidents to relevant law enforcement agencies and regulatory authorities in Hong Kong.

The Company will keep the shareholders of the Company and potential investors updated in relation to, amongst others, the Company's investment in Charme and the Amount due from Zou Entities.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 20 December 2024

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

\* *For identification purpose only*