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- (1) THE PROPOSED RATIFICATION OF THE DISPOSAL OF UPRIGHT STRATEGY
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1. INTRODUCTION

The Board of Directors (the “**Board**”) of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to convene an extraordinary general meeting (“**EGM**”) to seek approval from shareholders of the Company (“**Shareholders**”) for the following transactions:

- (a) the Proposed Ratification of the Disposal of Upright Strategy;
 - (b) the Proposed Appointment of New Auditors;
 - (c) the Proposed Disposal of the Property; and
 - (d) the Proposed Adoption of the New Constitution of the Company,
- (collectively, the “**Proposed Transactions**”).

2. THE PROPOSED RATIFICATION OF THE DISPOSAL OF UPRIGHT STRATEGY

2.1 Background

2.1.1 The Board refers to the following announcements:

- (a) the Company’s announcement dated 31 December 2019 in relation to a wholly-owned indirect subsidiary of the Company, Bellanova Sdn Bhd (the “**Vendor of Upright Strategy**”) entering into a shares sale agreement on 31 December 2019 (the “**Shares Sale Agreement**”) with Twin Revenue Sdn Bhd (the “**Purchaser of Upright Strategy**”) in relation to the disposal of 1,000,000 ordinary shares (the “**Sale Shares**”) in the share capital of Upright Strategy Sdn Bhd (“**Upright Strategy**”) held by the Vendor of Upright Strategy to the Purchaser of Upright Strategy, representing the entire issued and paid-up share capital of Upright Strategy (the “**Disposal of Upright Strategy**”) (the “**Disposal Announcement**”);
- (b) the Company’s announcement dated 4 August 2020 in relation to its unaudited financial results for the financial year ended 31 December 2019 which states, *inter alia*, that the Company had completed the Disposal of Upright Strategy on 31 December 2019 for a cash consideration of RM2,500,000;
- (c) the Company’s announcement dated 8 February 2021 in relation to, *inter alia*, the Company’s annual report and the Company’s auditor’s comments of accounts for the financial year ended 31 December 2019 (the “**8 February 2021 Announcement**”); and
- (d) the Company’s announcement dated 18 February 2021 in relation to the Company’s responses to the queries issued by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on the 8 February 2021 Announcement (the “**18 February 2021 Announcement**”).

2.1.2 In the 18 February 2021 Announcement, the Company its responses to the queries issued by the SGX-ST on the 8 February 2021 Announcement. The Company announced, *inter alia*, that:



- (a) At the time the Disposal Announcement was made by the Company, Listing Rule 1007 stated, *inter alia*, that “If any of the relative figures computed pursuant to Rule 1006 is a negative figure, this Chapter may still be applicable to the transaction at the discretion of the Exchange, and issuers should consult the Exchange”. As the relative figures computed on the bases set out in Listing Rules 1006(a) and 1006(b) for the Disposal of Upright Strategy are negative, the Company consulted the SGX-ST and the SGX-ST has informed the Company that although the relative figures computed on the bases set out in Listing Rules 1006(a) and 1006(b) are negative and the relative figures computed on the bases set out in Listing Rule 1006(c) does not exceed 20%, Listing Rule 1014 is still applicable to the Disposal of Upright Strategy.
- (b) The Disposal of Upright Strategy was completed on 31 December 2019.
- (c) Twin Revenue Sdn Bhd is not an interested person as defined under Listing Rule 904(4)(a).

2.1.3 The Disposal of Upright Strategy is classified as a “major transaction” under Chapter 10 of the Listing Manual and accordingly, must be made conditional upon approval by Shareholders in general meeting pursuant to Listing Rule 1014(2). As the Disposal of Upright Strategy was completed on 31 December 2019, the Company will be convening the EGM to seek Shareholders’ approval for, *inter alia*, the ratification of the Disposal of Upright Strategy (the “**Proposed Ratification of the Disposal of Upright Strategy**”).

2.1.4 Prior to the completion of the Disposal of Upright Strategy on 31 December 2019, Upright Strategy was a wholly-owned subsidiary of the Vendor of Upright Strategy and a wholly-owned indirect subsidiary of the Group. Following the completion of the Disposal of Upright Strategy on 31 December 2019, Upright Strategy has ceased to be a subsidiary of the Group

2.1.5 Given the passage of time from the Disposal Announcement, the Company has set out in this announcement the information required in relation to the Disposal of Upright Strategy in accordance with Listing Rule 1010.

2.2 Information on the Purchaser of Upright Strategy

The information on the Purchaser of Upright Strategy provided below was provided to the Company by the Purchaser of Upright Strategy. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

2.2.1 At the time the Disposal Announcement was made by the Company, the Purchaser of Upright Strategy:

- (a) was a private company limited by shares incorporated in Malaysia on 16 May 2021, and had an issued and paid-up share capital of RM750,000 comprising 750,000 shares;
- (b) was principally in the business of investments, construction works and property development; and
- (c) was a substantial shareholder of the Company and was interested in 24,803,192 shares in the capital of the Company (“**Shares**”).

2.3 Information on Upright Strategy

2.3.1 Corporate Information

At the time the Disposal Announcement was made by the Company, Upright Strategy:

- (a) was a private company limited by shares incorporated in Malaysia on 17 July 2008, with a registered and paid-up capital of RM1,000,000, comprising 1,000,000 ordinary shares; and



(b) was principally in the business of construction and property development.

2.3.2 Financial Information

Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019, being the latest announced consolidated financial statements prior to the date of the Disposal Announcement:

- (a) the book value of the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy, was approximately negative RM15,440,000 as at 30 September 2019;
- (b) the NTL value represented by the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy, was approximately RM15,440,000 as at 30 September 2019; and
- (c) the net losses attributable to the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy, was approximately RM1,006,000 as at 30 September 2019.

Accordingly, at the time the Disposal Announcement was made by the Company, the estimated gain on disposal after completion of the Disposal of upright Strategy amounted to approximately RM17,940,000, based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”):

- (a) the book value of the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy, was approximately negative RM20,206,000 as at 31 December 2019;
- (b) the NTL value represented by the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy, was approximately RM20,206,000 as at 31 December 2019; and
- (c) the net losses attributable to the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy, was approximately RM7,720,000 as at 31 December 2019.

Accordingly, the gain on disposal after completion of the Disposal of Upright Strategy amounted to approximately RM22,706,000.

2.3.3 Valuation

Pursuant to Listing Rule 1014(5), the Company must appoint a competent and independent valuer to value the Sale Shares as one of the relative figures computed on the bases set out in Listing Rule 1006 for the Disposal of Upright Strategy exceeds 75%.

The Company has commissioned AVA Associates Limited (the “**Independent Valuer for Upright Strategy**”), to conduct an independent valuation of the market value of the Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy.

According to the valuation report issued by the Independent Valuer for Upright Strategy on 5 July 2021 (the “**Valuation Report**”):

- (a) The Sale Shares, representing the entire issued and paid-up share capital of Upright Strategy had nil market value as at a valuation date of 31 December 2019.
- (b) The Independent Valuer for Upright Strategy valued the Sale Shares using the cost approach as the primary method of valuation. The cost approach was adopted by preparing an adjusted balance sheet that excluded amounts owed to related parties to reflect an adjusted net asset/liability position of Upright Strategy. Despite the adjustments, Upright Strategy continued to be in a net liability



position due to past operating losses. The net liability position of Upright Strategy, coupled with no cash flows expected from Upright Strategy, led the Independent Valuer for Upright Strategy to determine that there is no market value to the Sale Shares as at the valuation date of 31 December 2019.

2.4 Rationale for the Disposal of Upright Strategy

2.4.1 Upright Strategy has been a loss-making company and based on its performance up to the date of the Disposal Announcement, the Board believes that it is unlikely to be able to turn profitable in the foreseeable future. The Board further believes that the Disposal of Upright Strategy will enable the Group to, *inter alia*, rationalise its financial and capital resources and allow the Group to concentrate on and align its resources on other ongoing and incoming projects and developments

2.5 Consideration for the Disposal of Upright Strategy

2.5.1 The consideration for the Disposal of Upright Strategy is RM2,500,000. The consideration for the Disposal of Upright Strategy shall be paid in cash and shall be satisfied in the following manner:

- (a) a sum of RM1,000,000 shall be paid by the Purchaser of Upright Strategy to the Vendor of Upright Strategy upon the signing of the Shares Sale Agreement (i.e. on 31 December 2019);
- (b) a sum of RM1,000,000 shall be paid within 6 months from the date of the Shares Sale Agreement; and
- (c) the final balance of RM500,000 shall be paid within 6 months from the date of the payment of item (b) above.

2.5.2 The consideration for the Disposal of Upright Strategy was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

- (a) The book value, NTL value and net losses attributable to the Sale Shares as at 30 September 2019.
- (b) The prevailing economic conditions.

2.5.3 As at the date of this announcement, the Vendor of Upright Strategy has received full payment of the consideration for the Disposal of Upright Strategy.

2.6 Intended Use of Net Proceeds from the Disposal of Upright Strategy

2.6.1 The consideration for the Disposal of Upright Strategy of RM2,500,000 represents an excess of approximately RM17,940,000 over the negative book value of the Sale Shares of RM15,440,000, based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019, being the latest announced consolidated financial statements prior to the date of the Disposal announcement.

2.6.2 The estimated costs and expenses incurred in connection with the Disposal of Upright Strategy is approximately RM16,000. Based on the consideration for the Disposal of Upright Strategy of RM2,500,000 and after deducting the estimated costs and expenses incurred in connection with the Disposal of Upright Strategy, the net proceeds from the Disposal of Upright Strategy is approximately RM2,484,000.

2.6.3 The net proceeds from the Disposal of Upright Strategy have been applied towards funding of the projects and business plans of the Group and the repayment of debts and borrowings of the Group.

2.6.4 As at the date of this announcement, the Company has fully utilised the net proceeds from the Disposal of Upright Strategy.



2.7 Principal Terms of the Shares Sale Agreement

2.7.1 Conditions Precedent

Completion of the Disposal of Upright Strategy is conditional upon the following conditions precedent:

- (a) all necessary approvals, consents and/or waivers from any third party and governmental or regulatory consents, approvals and waivers where required for the Disposal of Upright Strategy having been granted or obtained, and being in full force and effect and not having been withdrawn, amended or revoked, and if such approvals, consents and/or waivers are granted or obtained subject to any conditions, and where such condition(s) affect any of the Vendor of Upright Strategy or the Purchaser of Upright Strategy (each a “**Party**” and collectively the “**Parties**”), such condition(s) being acceptable to the Party concerned and if such condition(s) are required to be fulfilled before the completion of the Disposal of Upright Strategy (the “**Completion**”), such condition(s) being fulfilled before Completion;
- (b) the due diligence process for the Disposal of Upright Strategy having been carried out and the Purchaser of Upright Strategy being satisfied with the results thereof and having given the written confirmation of the same;
- (c) all warranties provided by the Purchaser of Upright Strategy and the Vendor of Upright Strategy under the Shares Sale Agreement being complied with, true, accurate and correct as at the date of the Shares Sale Agreement and each day up to and including the Completion Date (as defined below); and
- (d) the execution and performance of the Shares Sale Agreement by the Parties not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority.

2.7.2 Effect of Non-Fulfilment of Conditions Precedent

- (a) Each of the Parties undertakes to use its best endeavours to ensure the satisfaction of the conditions precedent set out in paragraph 2.7.1 of this announcement.
- (b) At any time on or before the Completion Date, the Purchaser and/or the Vendor may agree to waive any of the conditions precedent set out in paragraph 2.7.1 of this announcement by written notice to the other Party.
- (c) If any of the conditions precedents set out in paragraph 2.7.1 of this announcement are not fulfilled or waived on the Completion Date, the Shares Sale Agreement shall *ipso facto* cease and determine and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by a Party against the other arising from antecedent breaches of the terms of the Shares Sale Agreement and save that the Parties’ obligation in relation to confidentiality under the terms of the Shares Sale Agreement shall survive the termination of the Shares Sale Agreement.

2.7.3 Completion

- (a) Subject to the terms set out in paragraphs 2.7.1 and 2.7.2 of this announcement, the Sale Shares shall have been deemed to have been sold and transferred to the Purchaser of Upright Strategy on the agreed date of 31 December 2019 (“**Completion Date**”)
- (b) On or before the Completion Date, the Vendor of Upright Strategy shall deliver to the Purchaser of Upright Strategy the duly executed share transfer forms in respect of the Sale Shares in favour of the Purchaser of Upright Strategy.



(c) The Purchaser of Upright Strategy shall, against compliance by the Vendor of Upright Strategy with their obligations set out in paragraph 2.7.3(b) of this announcement:

- (i) on or before the Completion Date, deliver to the Vendor of Upright Strategy evidence reasonably satisfactory to the Vendor of Upright Strategy that the conditions precedent set out in paragraph 2.7.1 of this announcement to be fulfilled by the Purchaser of Upright Strategy have been complied with or satisfied and not breached (unless waived by the Vendor); and
- (ii) on such predetermined date, lodge the share transfer forms in respect of the Sale Shares in favour of the Purchaser of Upright Strategy, with the relevant share registry.

2.7.4 Payment of Professional Fees and Expenses

All legal and other costs and expenses incurred shall be borne equally by the Vendor of Upright Strategy and the Purchaser of Upright Strategy.

2.8 **Relative figures computed on the bases set out in Listing Rule 1006 for the Disposal of Upright Strategy**

2.8.1 The relative figures computed on the bases set out in Listing Rule 1006 for the Disposal of Upright Strategy are as follows:

Listing Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	(84.7)% ⁽²⁾
Listing Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	(36.0)% ⁽⁴⁾
Listing Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	18.1% ⁽⁵⁾
Listing Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁶⁾
Listing Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁷⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019, being the latest announced consolidated financial statements prior to the date of the Disposal Announcement, the net liability value of Upright Strategy was approximately RM15,440,000 as at 30 September 2019 which represents approximately (84.7)% of the Group's net asset value of approximately RM18,235,000 as at 30 September 2019.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

- (4) Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019, being the latest announced consolidated financial statements prior to the date of the Disposal Announcement, the net losses attributable to Upright Strategy was approximately RM1,006,000 as at 30 September 2019 which represents approximately (36.0)% of the Group's net profits of approximately RM2,798,000 as at 30 September 2019.
- (5) The consideration for the Disposal of Upright Strategy is RM2,500,000 which represents approximately 18.1% of the Company's market capitalisation of approximately S\$4,559,000 (equivalent to approximately RM13,825,000 based on an exchange rate of S\$1 : RM3.03233) on 30 December 2019, being the last full market day on which trades were done preceding the date of the Shares Sale Agreement. The Company's market capitalisation was determined by multiplying the number of Shares in issue (224,917,251 Shares) by the weighted average price of such Shares transacted on 30 December 2019 (S\$0.02027).
- (6) The Disposal of Upright Strategy is a disposal of assets not an acquisition of assets. No equity securities will be issued by the Company in connection with the Disposal of Upright Strategy.
- (7) The Company is not a mineral, oil and gas company.

2.8.2 At the time the Disposal Announcement was made by the Company, Listing Rule 1007 stated, *inter alia*, that "If any of the relative figures computed pursuant to Rule 1006 is a negative figure, this Chapter may still be applicable to the transaction at the discretion of the Exchange, and issuers should consult the Exchange". As disclosed in paragraph 2.1.2 of this announcement, the Company has consulted the SGX-ST and the SGX-ST has informed the Company that although the relative figures computed on the bases set out in Listing Rules 1006(a) and 1006(b) are negative and the relative figures computed on the bases set out in Listing Rule 1006(c) does not exceed 20%, Listing Rule 1014 is still applicable to the Disposal of Upright Strategy. Accordingly, the Company is seeking Shareholders' approval for the Proposed Ratification of the Disposal of Upright Strategy

2.9 Financial Effects

2.9.1 The financial effects of the Disposal of Upright Strategy on the net tangible assets or net tangible liabilities ("NTA" or "NTL") per Share and the earnings per Share or loss per Share ("EPS" or "LPS") of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2019, being the latest announced audited consolidated financial statements of the Group and the financial year that the Disposal of Upright Strategy was completed.

2.9.2 For the purpose of illustrating the financial effects of the Disposal of Upright Strategy, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per Share of the Group are computed assuming that the Disposal of Upright Strategy was completed on 31 December 2019;
- (b) the financial effects on the EPS of the Group are computed assuming that the Disposal of Upright Strategy was completed on 1 January 2019; and
- (c) the costs and expenses incurred or to be incurred in connection with the Disposal of Upright Strategy shall be disregarded.

2.9.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Disposal of Upright Strategy	After Completion of the Disposal of Upright Strategy
Consolidated NTA / (NTL) of the Group (RM)	(12,584,000)	10,122,000
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	224,917,251	224,917,251



NTA / (NTL) per Share (RM sens)	(5.5949)	4.5003
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2.9.4 Financial Effects on the EPS of the Group

	Before Completion of the Disposal of Upright Strategy	After Completion of the Disposal of Upright Strategy
Net Profit / (Net Loss) (RM)	(18,768,000)	3,938,000
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	224,917,251	224,917,251
EPS / (LPS) (RM sens)	(8.3444)	1.7509

2.9.5 The financial effects presented above are for illustrative purposes only and are not necessarily indicative of the actual results and/or financial position of the Company and/or the Group after completion of the Disposal of Upright Strategy. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

2.10 **Service Contracts in connection with the Disposal of Upright Strategy**

No person was proposed to be appointed as a Director in connection with the Disposal of Upright Strategy and no service contracts in relation thereto were entered into by the Company.

3. THE PROPOSED APPOINTMENT OF NEW AUDITORS

3.1 The Board refers to the Company's notice of annual general meeting dated 9 February 2021 in relation to, *inter alia*, the resignation of the Company's auditors, RSM Chio Lim LLP ("**RSM**") at the annual general meeting held on 24 February 2021.

3.2 As part of the ongoing efforts of the Company to manage its overall business costs and expenses amidst the challenging business climate, the audit committee of the Company ("**Audit Committee**") and the Board are of the view that it would be appropriate and timely to appoint new auditors of the Company. In addition, the Audit Committee and the Board believe that the appointment of new auditors will enable the Company to benefit from fresh perspectives and views of another professional audit firm and thereby enhance the value of the audit.

3.3 The Company is proposing to appoint Moore Stephens LLP ("**Moore Stephens**") as the new auditors of the Company in respect of the financial year ended 31 December 2020 (the "**Proposed Appointment of New Auditors**").

3.4 The Board, in consultation with the Audit Committee, in reviewing and deliberating on the suitability of other audit firms, had evaluated proposals from various audit firms and taken into consideration the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"), and various factors such as the adequacy of resources and experience of the audit firm to be selected and the audit engagement partner to be assigned to the audit, the audit firm's other engagements, the size and complexity of the Group, the number and experience of supervisory and professional staff to be assigned to the audit and the proposed audit fees. After evaluation, the Board is of the opinion that Moore Stephens will be able to meet the audit



requirements of the Group, and the quality and scope of audit services to be provided by Moore Stephens will be comparable to those provided by RSM.

- 3.5 RSM has confirmed to Moore Stephens, via its professional clearance letter dated 20 May 2021 (the “**Professional Clearance Letter**”), that save for its disclaimer of opinion dated 5 February 2021 in the Company’s FY2019 annual report, it is not aware of any professional or other reasons why Moore Stephens should not accept the appointment as auditors of the Company. Moore Stephens had on 9 June 2021 given its written consent to act as auditors of the Company, subject to the approval of Shareholders at an EGM to be convened for the Proposed Appointment of New Auditors.
- 3.6 Pursuant to Listing Rule 712(3), the appointment of Moore Stephens as the Company’s new auditors must be specifically approved by Shareholders at a general meeting. The appointment of Moore Stephens will therefore take effect upon obtaining the approval of Shareholders at the EGM, and if so appointed, will hold office until the conclusion of the next annual general meeting of the Company.
- 3.7 The Company will be seeking Shareholder approval for, *inter alia*, the Proposed Appointment of New Auditors at the EGM to be convened in due course.
- 3.8 In accordance with the requirements of Listing Rule 715 and subject to Shareholder approval for the Proposed Appointment of New Auditors, Moore Stephens will be appointed as the auditors of the Company and its Singapore-incorporated subsidiaries. The Company’s foreign-incorporated subsidiaries that are incorporated in Malaysia will be audited by Crowe Malaysia PLT for the purposes of preparing the consolidated financial statements of the Group.
- 3.9 In accordance with Listing Rule 1203(5):
- (a) RSM has confirmed to Moore Stephens, via the Professional Clearance Letter, that save for its disclaimer of opinion dated 5 February 2021 in the Company’s FY2019 annual report, it is not aware of any professional or other reasons why Moore Stephens should not accept the appointment as auditors of the Company;
 - (b) the Company confirms that there were no disagreements with RSM on accounting treatments within the last 12 months;
 - (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Appointment of New Auditors that should be brought to the attention of Shareholders;
 - (d) the specific reasons for the Proposed Appointment of New Auditors are disclosed in paragraphs 3.1 and 3.2 of this announcement; and
 - (e) the Company confirms that it complies with Listing Rules 712 and 715 in relation to the appointment of Moore Stephens as the new auditors of the Company.

4. THE PROPOSED DISPOSAL OF THE PROPERTY

4.1 Background

- 4.1.1 The Board wishes to announce that the Company’s wholly-owned indirect subsidiary, Bellanova Sdn Bhd (the “**Vendor of the Property**”) had on 7 July 2021, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Mr Wong Pak Kiong (the “**Purchaser of the Property**”), in relation to the proposed disposal of the property located at No. CP-5, 3rd & 4th Floors, Block C, The Tropics, off Jalan Song, 93350 Kuching (the “**Property**”) held by the Vendor of the Property to the Purchaser of the Property (the “**Proposed Disposal of the Property**”).



- 4.1.2 The Proposed Disposal of the Property is an interested person transaction under Chapter 9 of the Listing Manual which has a value of more than 5% of the Group's latest net tangible assets ("**NTA**") and accordingly, must be made conditional upon approval by Shareholders in general meeting pursuant to Listing Rule 906.
- 4.1.3 The Company will be seeking Shareholder approval for, *inter alia*, the Proposed Disposal of the Property at the EGM to be convened in due course.
- 4.1.4 The Proposed Disposal of the Property is also classified as a "discloseable transaction" under Chapter 10 of the Listing Manual. Accordingly, the Company has set out in this announcement the information required in relation to the Proposed Disposal of the Property in accordance with Listing Rule 1010

4.2 Information on the Property

4.2.1 Information on the Property

Location	: No. CP-5, 3 rd & 4 th Floors, Block C, The Tropics, off Jalan Song, 93350 Kuching
Parent Lot Number	: Lot 33, Block 11, Muara Tebas Land District, Kuching
Registered Owner	: Azizi Bin Morni
Beneficial Owner	: Bellanova Sdn Bhd
Type of Property	: The Property is the penthouse of a 4 storey building
Floor Area	: Approximately 340 square metres (approximately 3,660 square feet)
Use of Property	: Residential

4.2.2 Financial Information on the Property

Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2020, being the latest announced consolidated financial statements as at the date of this announcement:

- (a) the book value of the Property was approximately RM837,000 as at 30 September 2020;
- (b) the NTA value of the Property was approximately RM837,000 as at 30 September 2020; and
- (c) the net profits attributable to the Property was approximately RM413,000 as at 30 September 2020.

Accordingly, the estimated gain on disposal after completion of the Proposed Disposal of the Property amounts to approximately RM413,000.

4.2.3 Valuation on the Property

The Company had commissioned Jasaland Property Consultants Sdn Bhd (the "**Independent Valuer for the Property**"), to conduct an independent valuation on the market value of the Property.

According to the Valuation Report for the Property issued by the Independent Valuer for the Property on 30 March 2021:

- (a) The Property had a market value of RM1,200,000 as at a valuation date of 29 March 2021.



- (b) The Independent Valuer for the Property valued the Property using the comparison method. The comparison method comprises making a comparison of the sales and offers for sale of similar properties in the vicinity.

4.3 Rationale for the Proposed Disposal of the Property and Benefit to the Vendor of the Property

- 4.3.1 The rationale for the Proposed Disposal of the Property is to realise the value of the Property which part of the Group's inventory and to improve the cash flow position of the Vendor of the Property and the Group by reducing the outstanding balances of the Group (including the repayment of amounts due to Directors who are controlling shareholders of the Company).

4.4 Consideration for the Proposed Disposal of the Property

- 4.4.1 The consideration for the Proposed Disposal of the Property is RM1,250,000.

- 4.4.2 The consideration for the Proposed Disposal of the Property shall be paid in cash and shall be satisfied in the following manner:

- (a) a sum of RM125,000 shall be paid by the Purchaser of the Property to the Vendor of the Property upon signing of the Sale and Purchase Agreement;
- (b) the balance sum of RM710,090 shall be paid by the Purchaser of the Property to the Vendor of the Property within 3 months from (i) the date on which consent for the Proposed Disposal of the Property has been obtained by the Vendor of the Property from the Developer of the Property (the "**Developer Consent**"); or (ii) the date of the Sale and Purchase Agreement, whichever is later; and
- (c) the final balance of RM414,910 shall be paid by the Purchaser of the Property to the Vendor of the Property within 7 months from (i) the date of the Developer Consent; or (ii) the date of the Sale and Purchase Agreement, whichever is later.

- 4.4.3 The consideration for the Proposed Disposal of the Property was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

- (a) The market value of the Property based on the Valuation Report for the Property.
- (b) The prevailing economic conditions.

4.5 Intended Use of Net Proceeds from the Proposed Disposal of the Property

- 4.5.1 The consideration for the Proposed Disposal of the Property of RM1,250,000 represents an excess of approximately RM413,000 over the book value of the Property of RM837,000, based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2020, being the latest announced consolidated financial statements as at the date of this announcement.

- 4.5.2 The costs and expenses incurred in connection with the Proposed Disposal of the Property will be borne solely by the Purchaser of the Property and there are no costs and expenses incurred by the Group in connection with the Proposed Disposal of the Property. Accordingly, the net proceeds from the Proposed Disposal of the Property is equivalent to the Consideration for the Proposed Disposal of the Property i.e. RM1,250,000.

- 4.5.3 The Company intends to utilise the net proceeds from the Proposed Disposal of the Property towards reducing the outstanding balances of the Group, including the repayment of amounts due to Directors who are controlling Shareholders.



4.6 Principal Terms of the Sale and Purchase Agreement

- 4.6.1 The Proposed Disposal of the Property is conditional upon the approval of Shareholders being obtained at the EGM.
- 4.6.2 The Vendor of the Property shall obtain all necessary consents (including the Developer Consent) within one month from the date of the Sale and Purchase Agreement. However, in the event that the Purchaser of the Property is obtaining a loan to finance the Consideration for the Proposed Disposal of the Property, the Vendor of the Property shall obtain the Developer Consent within 14 days from the date of the Sale and Purchase Agreement.
- 4.6.3 In the event that the Purchaser of the Property is unable to make full payment of the Consideration for the Proposed Disposal of the Property in the manner and within the time stipulated in Section 4.4.2 above, the Vendor of the Property shall grant to the Purchaser of the Property an extension of one month to make such payment, subject to interest for late payment of 8% per annum during the such period of extension.
- 4.6.4 Subject to Shareholder approval being obtained, the Proposed Disposal of the Property shall be deemed to have been completed on the date on which the Consideration for the Proposed Disposal of the Property is paid in full by the Purchaser of the Property, within the time stipulated in Section 4.6.3 above (the "Completion Date").
- 4.6.5 Simultaneously upon the execution of the Sale and Purchase Agreement, the Vendor of the Property shall execute a deed of assignment to absolutely assign all of the Vendor of the Property's beneficial interest and rights in the Property in favour of the Purchaser of the Property (the "Deed of Assignment"). The Deed of Assignment shall be held in escrow until the Vendor of the Property has received full payment of the Consideration for the Proposed Disposal of the Property.
- 4.6.6 In the event that the Property is damaged or destroyed by fire or any other means before the Completion Date, the Purchaser of the Property shall be entitled to terminate the Sale and Purchase Agreement by notice in writing and the Vendor of the Property shall refund to the Purchaser of the Property within 14 days of such notice of termination, the Deposit and all other monies paid by the Purchaser of the Property under the Sale and Purchase Agreement, and upon such refund, the Sale and Purchase Agreement shall become null and void.
- 4.6.7 In the event that the Proposed Disposal of the Property is not completed before the Completion Date through no fault of the Purchaser of the Property, the Vendor of the Property shall refund all sums paid by the Purchaser of the Property under the Sale and Purchase Agreement and pay to the Purchaser of the Property a further sum equivalent to all sums paid by the Purchaser of the Property under the Sale and Purchase Agreement up to the date of Completion, without prejudice to the Purchaser of the Property's right to seek specific performance against the Vendor of the Property.
- 4.6.8 In the event that the Proposed Disposal of the Property is not completed before the Completion Date through no fault of the Vendor of the Property, the Deposit shall be forfeited to the Vendor of the Property, without prejudice to the Vendor of the Property's right to seek specific performance against the Purchaser of the Property.
- 4.6.9 All legal fees and stamp duties arising from the Sale and Purchase Agreement shall be borne solely by the Purchaser of the Property.

4.7 The Proposed Disposal of the Property as an interested person transaction under Chapter 9 of the Listing Manual

4.7.1 Entity at risk and interested person

The Vendor of the Property, Bellanova Sdn Bhd, is an indirect wholly-owned subsidiary of the Company which is not listed on the SGX-ST or an approved exchange. Accordingly, the Vendor of the Property is



considered an entity at risk for the purposes of Chapter 9 of the Listing Manual in relation to the Proposed Disposal of the Property.

The Purchaser of the Property, Mr Wong Pak Kiong, is a Director and a controlling shareholder of the Company, with an interest in 115,587,137 Shares, representing approximately 51.39% of the total issued Shares. Accordingly, the Purchaser of the Property is an interested person under Chapter 9 of the Listing Manual.

As the Proposed Disposal of the Property is a transaction between the Purchaser of the Property and the Vendor of the Property, it is an interested person transaction under Chapter 9 of the Listing Manual.

4.7.2 Shareholders' approval for the Proposed Disposal of the Property

Pursuant to Listing Rule 906, where an entity at risk proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the group's latest audited NTA, shareholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of the Group for FY2019, being the latest announced audited consolidated financial statements of the Group as at the date of this announcement, the Group's latest audited NTA is approximately RM7,925,000.

The Consideration for the Proposed Disposal of the Property is RM1,250,000, which amounts to approximately 15.14% of the latest audited NTA of the Group for FY2019. As the Consideration for the Proposed Disposal of the Property is more than 5% of the latest audited NTA of the Group for FY2019, the Proposed Disposal of the Property is conditional upon the approval by Shareholders at the EGM pursuant to Listing Rule 906(1)(a).

4.7.3 Applicable rules under Part IV of Chapter 9 of the Listing Manual

Pursuant to Listing Rule 910(2), an issuer is required to comply with Listing Rule 905 for a sale or proposed sale of any units of its non-local property projects, or those of its entity at risk, to its interested person. Pursuant to Listing Rule 905(1), an issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets.

Pursuant to Listing Rule 911, an announcement relating to any sale or proposed sale of units of the issuer or those of its entity at risk's property projects must state the name of the project, the name of each purchaser, the unit number, the sale price and the percentage discount given.

The information required under Listing Rule 911 is as follows:

Name of Project	:	The Tropics
Name of Purchaser	:	Wong Pak Kiong
Unit number	:	CP-5
Consideration for the Proposed Disposal of the Property	:	RM1,250,000
Percentage Discount	:	No discount was given to the Purchaser of the Property

Pursuant to Listing Rule 912, in deciding on any sale of units of its property projects to an issuer's interested persons or a relative of a director, chief executive officer or controlling shareholder, (a) an



issuer's board of directors must be satisfied that the terms of the sale(s) are not prejudicial to the interests of the issuer and its minority shareholders, and (b) the audit committee must review and approve the sale(s) and satisfy itself that the number and terms of the sale(s) are fair and reasonable and are not prejudicial to the interests of the issuer and its minority shareholders.

The Audit Committee has reviewed and approved the Proposed Disposal of the Property and is satisfied that the terms of the Proposed Disposal of the Property are fair and reasonable and are not prejudicial to the interests of the Company and its minority shareholders, taking into consideration, *inter alia*, (a) the rationale and benefits of the Proposed Disposal of the Property, (b) the financial effects of the Proposed Disposal of the Property, and (c) the market value of the Property based on the Valuation Report for the Property.

The Board concurs with the Audit Committee's assessment, and is satisfied that the terms of the Proposed Disposal of the Property are not prejudicial to the interests of the issuer and its minority shareholders, taking into consideration, *inter alia*, (a) the rationale and benefits of the Proposed Disposal of the Property, (b) the financial effects of the Proposed Disposal of the Property, and (c) the market value of the Property based on the Valuation Report for the Property.

4.7.4 Total value of interested person transactions

For the current financial year ending 31 December 2021 up to the date of this announcement, the total value of all transactions entered into by the Group with Mr Wong Pak Kiong and his associates (excluding the Proposed Disposal of the Property) is approximately RM234,000 and there are no transactions equal to or more than S\$100,000 entered into by the Group with Mr Wong Pak Kiong and his associates (excluding the Proposed Disposal of the Property).

For the current financial year ending 31 December 2021 up to the date of this announcement, the total value of all interested person transactions entered into by the Group (excluding the Proposed Disposal of the Property) is RM306,000 and there are no interested person transactions equal to or more than S\$100,000 entered into by the Group (excluding the Proposed Disposal of the Property).

4.8 **Independent Financial Adviser**

4.8.1 Pursuant to Listing Rule 921(4)(b)(ii), the opinion from an independent financial adviser is not required for the Proposed Disposal of the Property as (a) the Consideration for the Proposed Disposal of the Property is in cash; (b) an independent professional valuation has been obtained for the Proposed Disposal of the Property; and (c) the Valuation Report for the Property will be disclosed in the circular containing information on the Proposed Disposal of the Property ("**Circular**"). Instead, a statement from the Audit Committee in the form required in Listing Rule 917(4)(a) will be disclosed in the Circular.

4.9 **Statement by the Audit Committee**

The Audit Committee, having considered and reviewed, *inter alia*, the terms, rationale and benefits of the Proposed Disposal of the Property, is satisfied that the Proposed Disposal of the Property is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.



4.10 **Relative figures computed on the bases set out in Listing Rule 1006 for the Proposed Disposal of the Property**

4.10.1 The relative figures computed on the bases set out in Listing Rule 1006 for the Proposed Disposal of the Property are as follows:

Listing Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	5.23% ⁽²⁾
Listing Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	(12.34)% ⁽⁴⁾
Listing Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	1.73% ⁽⁵⁾
Listing Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁶⁾
Listing Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁷⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2020, being the latest announced consolidated financial statements as at the date of this announcement, the net asset value of the Property was approximately RM837,000 as at 30 September 2020 which represents approximately 5.23% of the Group's net asset value of approximately RM15,990,000 as at 30 September 2020.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2020, being the latest announced consolidated financial statements as at the date of this announcement, the net profits attributable to the Property was approximately RM413,000 as at 30 September 2020 which represents approximately (12.34)% of the Group's net losses of approximately RM3,347,000 as at 30 September 2020.
- (5) The Consideration for the Proposed Disposal of the Property is RM1,250,000 which represents approximately 1.73% of the Company's market capitalisation of approximately S\$23,639,000 (equivalent to approximately RM72,368,000 based on an exchange rate of S\$1 : RM3.06141) on 29 March 2021, being the last full market day on which trades were done preceding the date of the Sale and Purchase Agreement. The Company's market capitalisation was determined by multiplying the number of Shares in issue (224,917,251 Shares) by the weighted average price of such Shares transacted on 29 March 2021 (S\$0.1051).
- (6) The Proposed Disposal of the Property is a disposal of assets not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Disposal of the Property.
- (7) The Company is not a mineral, oil and gas company.



4.10.2 As the applicable figures computed under Listing Rule 1006(a) exceeds 5% but does not exceed 20%, the Proposed Disposal of the Property constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual.

4.11 Financial Effects of the Proposed Disposal of the Property

4.11.1 The financial effects of the Proposed Disposal of the Property on the NTA per Share and the EPS of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2019, being the latest announced audited consolidated financial statements of the Group as at the date of this announcement.

4.11.2 For the purpose of illustrating the financial effects of the Proposed Disposal of the Property, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per Share of the Group are computed assuming that the Proposed Disposal of the Property was completed on 31 December 2019;
- (b) the financial effects on the EPS of the Group are computed assuming that the Proposed Disposal of the Property was completed on 1 January 2019; and
- (c) the costs and expenses incurred or to be incurred in connection with the Proposed Disposal of the Property shall be disregarded.

4.11.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Disposal of the Property	After Completion of the Proposed Disposal of the Property
Consolidated NTA / (NTL) of the Group (RM)	10,122,000	10,535,000
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	224,917,251	224,917,251
NTA / (NTL) per Share (RM sens)	4.5003	4.6839

4.11.4 Financial Effects on the EPS of the Group

	Before Completion of the Proposed Disposal of the Property	After Completion of the Proposed Disposal of the Property
Net Profit / (Net Loss) (RM)	3,270,000	3,683,000
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	224,917,251	224,917,251
EPS / (LPS) (RM sens)	1.4539	1.6375



4.11.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group after completion of the Proposed Disposal of the Property. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

4.12 **Service Contracts in connection with the Proposed Disposal of the Property**

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal of the Property and no service contracts in relation thereto are proposed to be entered into by the Company.

5. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

5.1 Pursuant to Listing Rule 704(2), the Board wishes to announce that the Company is proposing to update its existing constitution by adopting a new constitution (the “**Proposed Adoption of the New Constitution of the Company**”). The new constitution will replace the existing constitution of the Company and will incorporate amendments to take into account the changes to the Companies Act introduced by the Companies (Amendment) Act 2017 and updated for consistency with the prevailing Listing Manual, in compliance with Listing Rule 730(2).

5.2 The Proposed Adoption of the New Constitution of the Company will be subject to the approval of Shareholders by way of special resolution at the EGM.

6. CIRCULAR

A circular containing information on the Proposed Transactions will be circulated to Shareholders in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Saved as disclosed in this announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Proposed Transactions, other than through their respective shareholdings in the Company, if any.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 63 Sungei Kadut Loop #02-01, Singapore 729484, during normal business hours for 3 months from the date of this announcement:

- (a) the Shares Sale Agreement;
- (b) the Valuation Report for Upright Strategy;
- (c) the Sale and Purchase Agreement;
- (d) the Valuation Report for the Property.



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Regal International Group

REGAL INTERNATIONAL GROUP LTD.

Company Registration No.: 200508585R

www.regalinternational.com.sg

9. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board of
Regal International Group Ltd

Su Chung Jye
Executive Chairman, Executive Director and Chief Executive Officer

7 July 2021