



RESPONSE TO QUERIES ISSUED BY SGX REGCO IN RELATION TO MONTHLY UPDATES ON SPECIAL AUDIT ANNOUNCEMENTS

The Board of Directors (the “**Board**”) of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company on 1 June 2022, 1 July 2022, and 1 August 2022 in relation to the monthly updates on special audit (“**Monthly Updates on Special Audit Announcements**”).

The Singapore Exchange Regulation (“**SGX RegCo**”) has issued queries on the 1 June 2022, 1 July 2022, and 1 August 2022 Announcements. The Company sets out below the queries issued by the SGX Regco and the Company’s responses to the queries.

All capitalised terms used herein, which are not defined, shall have the meanings ascribed to them in the NOC, 28 July 2021 Announcement and Monthly Updates on Special Audit Announcements. Shareholders are advised to refer to the NOC, 28 July 2021 Announcement and Monthly Updates on Special Audit Announcements, which are available on SGXNet, for further details.

Query 1:

We have noted that in the monthly updates on 1 July 2022 and 1 August 2022, the Company has pushed back its envisaged end date of the special audit from “by end of the third quarter of 2022” in the update of 1 June 2022 to “by end of the fourth quarter of 2022” in the update of 1 July 2022, and to “by the second quarter of 2023” in the update of 1 August 2022. Please explain the following:

- a. Reasons for the Company continually pushing back the expected end date of the special audit. Please also explain (i) the basis for pushing back the completion by three months in each of the three monthly updates thus far and (ii) the limitations in available resources and operational issues faced by the Company;*
- b. Whether the Audit Committee has been apprised of the reasons for the delays and efforts made to avoid these delays; and*
- c. Whether there were further requests from the Special Auditor which resulted in the delay.*

Response to Query 1:

- a. (i) Notwithstanding the easing of pandemic and associated social restrictions, the Group is still affected by constant COVID cases and the rise in many common infectious diseases such as influenza. These common diseases/health issues have inadvertently and unavoidably interrupted the progress of works. As indicated in previous announcements, the Group still faces substantial difficulty in locating and converting the relevant supporting documents and there are often ancillary technical issues such as mixed up of documents, corruption of digital files, malfunction of devices, etc. Additional time is expended to sort out and rescan the documents. In addition, some required information/documents were previously in charge by personnel who has left the Group, requiring further additional time for the new/other personnel to work on/provide the detailed information/supporting documents. The Group has been and still targets to complete the Special Audit as soon as possible. Unfortunately, due to these unanticipated circumstances, the Group has to consider the challenges/difficulties faced by the existing employees, who are also surviving with pandemic issues, and accept the fact that additional time required by the employees as they are not only having to cope with delivering their routine tasks/work at the relevant expected standards and time frames as well as work on the Special Audit requirements at the same time. Therefore, the Board has to push back the envisaged end date of the Special Audit.

(ii) Apart from the limitations mentioned in 11 May 2022 Announcement and above, the Group was trying to increase the resources for the Special Audit. However, in the current challenging work environment



it has failed to get new manpower of sufficient quality and calibre who can efficiently contribute to the Special Audit within the tight timeline. Currently, the Group has to rely on its existing available employees, who are also coping with their daily operational works at the same time, to work on the Special Audit.

- b. The Audit Committee has been apprised of the reasons for the delays and efforts made to avoid these delays.
- c. There have been some minor queries seeking clarifications and/or further details from the Special Auditors on the information/documents that have already been provided, and the Group does have to take time to look into these queries and work on/compile the information to provide responses/clarifications on these further queries. Nevertheless the major outstanding items are mainly those contained in Appendix A which require more time and effort to compile or produce.

Query 2:

With reference to the Company's announcement posted on SGXNet on 18 May 2022, please provide an update on the status of the Company's submission of the documents requested by the special auditor. For documents that have not been submitted, please also provide the reasons for the delay and the target timeline together with the original timeline.

Response to Query 2:

With reference to the Company's announcement posted on SGXNet on 18 May 2022, please refer to Appendix A for the update on status of the Company's submission of the documents requested by special auditor.

Query 3:

How has the Audit Committee ensured that the Company has cooperated with the special auditor in the special audit? Please provide details of the steps taken by the Audit Committee, including whether an Executive Officer has been appointed to oversee the process and how it satisfies itself on whether the Company has cooperated with the special auditor.

Response to Query 3:

Audit Committee has enquired the progress of special audit regularly and ensured that the Company has cooperated with the special auditors in the Special Audit. Audit Committee also considers the various challenges encountered by the Group when prioritising the Special Audit as well as ensuring the Group's long term business sustainability, project progression and cash flow generation. Audit Committee has appointed the Financial Controller to oversee the process and to ensure the Company has cooperated with the special auditor.

Query 4:

Please provide details of the Audit Committee's plan to ensure there is no further delay in the completion of the special audit.

Response to Query 4:

The Audit Committee will follow up with the Group for the progress of Special Audit. The executive directors will also work closely with the team to ensure the completion of the Special Audit.



Query 5:

Starting with the reply to this set of queries from the Exchange, please include a confirmation statement that the Audit Committee has reviewed the monthly updates or responses to the Exchange's queries on the special audit as the case may be.

Response to Query 5:

The Audit Committee has reviewed the monthly updates or responses to the Exchange's queries on the Special Audit as the case may be.

The Company will make further announcements to update shareholders of the Company on any material developments in connection with the Special Audit as and when necessary or appropriate.

The trading in the shares of the Company remain suspended and that the SGX-ST will consider resumption of trading only upon its concerns being fully addressed through the findings of the Special Audit.

By Order of the Board of
Regal International Group Ltd.

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

10 August 2022

Appendix A

Date on which Deloitte requested for documents	Brief description of the requested documents	Date on which Regal provided the requested documents (<i>Deloitte is to indicate if the documents were provided in full or partial</i>)	If not already provided in full, expected date on which Regal will be able to produce the documents	If not already provided in full, Regal's reasons for delay	Deloitte's comments (if any)
<u>Phase 2 - Analysis on Regal and Twin Revenue</u>					
14 January 2022	All general ledger entries and all underlying supporting documents for payments to Directors as mentioned in FY2019 audit report.	30 April 2021; 14 March 2022 (partial)	By end of September 2022	There were a number of transactions, the Group has converted most of the physical accounting documents to digital copies. However, as there were a large number of the underlying supporting documents, the Group would like to go through the supporting documents again after completing the schedule of general ledger.	-
14 January 2022	All general ledger entries, all underlying supporting documents and monthly bank statements for transactions with Twin Revenue from 1 January 2019 to 8 February 2021	14 March 2022; 23 March 2022; 22 April 2022; 30 April 2022 (partial)	By end of September 2022		-
22 April 2022	Schedule of general ledger transactions for each subsidiary for transactions with Twin Revenue from 1 January 2019 to 8 February 2021	Pending	By mid of September 2022	There were a number of general transactions and details of the schedule, the Group requires more time to work on the schedule. The Group will aim to provide the documents by the expected date.	-
4 April 2022	Project wise schedule between Regal and Twin Revenue for the eligible projects under Review Period.	Pending	By mid of September 2022	As some of the information required in this schedule is in relation to the schedule of general ledger, the Group would like to work on this schedule with the schedule of general ledger. The Group requires more time and will aim to provide the documents by the expected date.	-
4 April 2022	Documents including detailed collaboration agreements, letter of	22 April 2022; 1 July 2022;	-	-	-

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	awards and project management contracts of other projects (which are eligible within the Review Period) for similar terms related to project management, construction and land	31 July 2022 (full)			
4 April 2022	Bank (or) cash books which were recorded for transactions with Twin Revenue and its directors (Period: 1 January 2019 to 8 February 2021)	Pending	By mid of September 2022	The Group is working and compiling the information and will aim to provide the documents by the expected date.	-
11 April 2022	List of receivables and payables breakdown of each Regal's subsidiary (as at December 2018, 2019, 2020 and as at 8 February 2021)	23 June 2022	-	-	-
20 April 2022	Internal control, policies and approval process of transactions in relation to Twin Revenue and its director	31 May 2022	-	-	-
26 April 2022	1) Detailed customer onboarding procedures and policies 2) Relevant approval process or documents containing approvals during Review Period	31 May 2022	-	-	-
2 May 2022	List of Regal's top customers including Twin Revenue (top 10 - 15 customers)	31 July 2022 (full)	-		-