



DISPOSAL OF UPRIGHT STRATEGY SDN BHD

1. Introduction

The Board of Directors of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly owned subsidiary under the Group, Bellanova Sdn Bhd (“**Bellanova**”), has on 31 December 2019 entered into a sale and purchase of shares agreement (the “**Shares Sale Agreement**”) with Twin Revenue Sdn Bhd (“**Twin Revenue**”) for the disposal of Bellanova’s entire issued and paid-up share capital of Upright Strategy Sdn Bhd (“**Upright Strategy**”) to Twin Revenue (the “**Disposal**”).

2. Information on the asset to be disposed of

Upright Strategy is a private company limited by shares incorporated in Malaysia on 17th July 2008. Upright Strategy has a registered and paid-up capital of RM1,000,000, comprising 1,000,000 ordinary shares. As at the date of this announcement, Upright Strategy is a wholly owned subsidiary of Bellanova.

Upright Strategy is also the main contractor appointed by Bellanova for its project at Bukit Ara Perdana located in Seremban, Negeri Sembilan, Malaysia (the “**Project**”).

As at the date of this announcement, Twin Revenue is a substantial shareholder of the Company.

Following the completion of the Disposal (the “**Completion**”), Upright Strategy will cease to be a subsidiary of the Group.

Based on the latest unaudited financial statements of Upright Strategy for the financial period ended 30 September 2019 (“**3Q2019**”), the book value and net tangible liability value attributable to Bellanova was RM15,440,000.

3. Rationale for the Disposal and intended use of proceeds

The Company believes that as Upright Strategy has been a loss-making company, and with the past and current performance, it is unlikely to be able to turn profitable in the foreseeable future. The Company further believes that with the Disposal, it will enable Bellanova and the Group to, amongst others, rationalize its financial and capital resources and allow the Group to concentrate on and align its resources on other ongoing and incoming projects and developments.

The proceeds can be deployed towards funding the Bellanova’s and the Group’s projects and future business plans and/or repayment of debts and borrowings.

4. Consideration and material terms relating to Purchase Consideration

Under the terms of the Shares Sale Agreement, the consideration payable by Twin Revenue to Bellanova for the Disposal is to be valued at RM2,500,000 (the “**Purchase Consideration**”).

The Purchase Consideration will be payable in the following manner:

- (a) the sum of RM1,000,000 shall be paid upon the signing of the Shares Sale Agreement;



- (b) the next RM1,000,000 shall be paid within 6 months from the date of the Shares Sale Agreement, notwithstanding the receipt of this payment Bellanova shall execute the completion documents and cause the same to be lodged at the relevant registry subject to Twin Revenue giving the undertaking to pay the same; and
- (c) the final balance of RM500,000.00 shall be paid within 6 months from the date of the payment of Item (b) hereinabove.

The abovementioned sale shall be subject always to the Company, Bellanova, Upright Strategy and/or Twin Revenue receiving all the necessary third party, governmental and regulatory consents, approvals and waivers if and where required. All fees, costs, charges, disbursements, duties, taxed and expenses (including stamp duty) in relation to the Sale Shares Agreement shall be borne by Bellanova and Twin Revenue equally.

5. Relative figures for the Disposal

The relative figures computed on the bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”), and based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019 (“**3Q2019**”), are as follows:

Rule 1006		Relative Figures
(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.	N.M ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits.	N.M ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization ⁽⁴⁾ based on the total number of issued shares excluding treasury shares.	18.1%
(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.	N.A ⁽⁵⁾
(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.	N.A ⁽⁶⁾

Notes:

- (1) The net liabilities value of Upright Strategy for 3Q2019 was RM15,440,000. The net asset value of the Group was RM18,235,000 as at 3Q2019. This relative figure is not meaningful of the significance of the Disposal as Upright Strategy was in net liabilities position for 3Q2019.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (3) The net loss attributable to Upright Strategy for 3Q2019 was RM1,006,000. The net profits of the Group were RM 2,798,000. This relative figure is not meaningful of the significance of the Disposal as Upright Strategy was loss-making for 3Q2019.
- (4) The market capitalisation of the Company of approximately S\$4,559,000 (equivalent to RM13,825,000) as at 30 December 2019 (being the full market day immediately preceding the date of the SPAs). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 224,917,251 ordinary shares, and the volume weighted average price of S\$0.02027 per share on 30 December 2019.
- (5) Not applicable. This is not an acquisition.



(6) Not applicable. The Company is not a mineral, oil and gas company.

As the relative figures for both Rules 1006 (a) and (b) are negative, the Company will consult and seek the advice of the SGX-ST. If required by the SGX-ST, the Company will seek shareholders' ratification for the Disposal.

As the relative figure computed pursuant to Rule 1006(c) in respect of the Disposal exceed 5% but do not exceed 20%, the Disposal falls under the definition of a discloseable transaction under Rule 1010 of the Listing Manual, and therefore does not require the approval of shareholders of the Company.

6. Financial effects of the Disposal

The pro forma financial effects below have been prepared based on the audited financial statements of the Group for the financial year ended 31 December 2018 ("FY2018"), do not necessarily reflect the actual results and financial position and performance of the Group following completion of the Disposal, and are strictly for illustration purposes.

Net Tangible Assets ("NTA") Per Share

For the purposes of illustration only, the pro forma financial effects which the Disposal would have on the NTA per share of the Group for FY2018, are as follows:

	Before the Disposal	After the Disposal
NTA (Ringgit Malaysia)	6,880,000	23,814,000
Number of shares	224,917,251	224,917,251
NTA per share (Sens)	3.0589	10.5879

Earnings Per Share

For the purposes of illustration only, the pro forma financial effects which the Disposal would have on the earnings (losses) per share of the Group for FY2018, are as follows:

	Before the Disposal	After the Disposal
Losses attributable to Shareholders (Ringgit Malaysia)	(35,759,000)	(19,825,000)
Number of shares	224,917,251	224,917,251
Losses per share (Sens)	(15.8987)	(8.8144)

7. Material terms and conditions of the Disposal

The salient terms and conditions relating to the Disposal as set out the Shares Sale Agreement have all been duly complied with.

8. Interests of Directors and Controlling Shareholders

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.



9. Service Contracts

There is no person who is proposed to be appointed as Director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any person.

10. Further Updates

The Company will release such further announcements in due course as and where may be necessary in compliance with the listing manual.

11. Documents available for inspection

A copy of the Shares Sale Agreement is available for inspection during normal business hours at the registered office of the Company at 63 Sungei Kadut Loop #02-01 Singapore 729484 for a period of three (3) months from the date of this announcement.

12. Caution in trading

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their own stockbrokers, solicitors or other professional advisors if they have any doubts about the actions that they should take.

By Order of the Board

Su Chung Jye

Executive Chairman and Chief Executive Officer

31 December 2019