



**RECEIPT OF EXECUTIVE SUMMARY OF SPECIAL AUDIT REPORT
FROM DELOITTE & TOUCHE FINANCIAL ADVISORY SERVICES PTE. LTD.**

The Board of Directors (the “**Board**”) of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following:

- a) the notice of compliance issued by Singapore Exchange Regulation (“**SGX RegCo**”) on 29 March 2021 (the “**2021 NOC**”);
- b) the announcement made by the Company on 2 April 2021 titled “Announcement in relation to Notice of Compliance issued by Singapore Exchange Regulation on 29 March 2021”;
- c) the announcement made by the Company on 28 July 2021 in relation to the appointment of Deloitte & Touche Financial Advisory Services Pte. Ltd. (“**Deloitte**”) as special auditor of the Company pursuant to the 2021 NOC;
- d) the notice of compliance dated 8 November 2022 issued by SGX RegCo to the Company;
- e) the outcome of application for extension of time for the publication of special audit report announcement dated 24 May 2023; and
- f) the monthly updates of the special audit in the form of announcements on SGXNET from May 2022 to September 2023.

The Board wishes to announce that it has been informed that the special audit in relation to the Company’s disposal of Upright Strategy Sdn Bhd and transactions involving the Company and Twin Revenue Sdn Bhd has been completed and the report on Deloitte’s findings (the “**Special Audit Report**”) has been submitted to SGX RegCo. An executive summary of the Special Audit Report (“**Executive Summary**”) is attached to this announcement as **Annex A** for the reference of shareholders.

The Board is cognisant of the control weaknesses identified by Deloitte in the Special Audit Report. The Company is in the process of reviewing the contents of the Special Audit Report to assess the findings and will take steps to implement Deloitte’s recommendations in the best interests of the Group and the shareholders of the Company.

The Company will make further announcement(s) to update shareholders when there are any material developments. Shareholders are advised to read this announcement (including the Executive Summary) and any further announcements by the Company carefully.

By Order of the Board of
Regal International Group Ltd.

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

29 September 2023

ANNEX A

EXECUTIVE SUMMARY OF THE SPECIAL AUDIT REPORT



Independent Review Report

Regal International Group Ltd

Prepared by: Deloitte & Touche Financial Advisory Services Pte. Ltd.

Date: 29 September 2023

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Glossary

Abbreviation	Description
28 September Letter	A letter dated 28 September 2020 sent by Twin Revenue to Bellanova which stated that in consideration of the sale of Upright Strategy, there was a mutual agreement and understanding that Bellanova would enter a joint venture agreement with Upright Strategy to develop Phases 2 and 3
AC	Audit Committee of Regal International Group Ltd
Advance Limit	An amount Management would agree to provide (as an advance), up to a certain percentage of Twin Revenue’s estimated project revenue
AFS	Audited Financial Statements
Airtrollis Project	Project awarded by Bellanova to Upright Strategy which was the construction of building and infrastructure works for Bellanova’s mixed residential project in Seremban, Negiri Sembilan, West Malaysia in 2012
ARLs	Advance Request Letters dated 3 January 2019, 2 January 2020, and 2 March 2020
AVA	AVA Associates Limited
AWSB	Arena Wiramaju Sdn Bhd
BCSB	Beaches & Coastlines Sdn Bhd
Bellanova	Bellanova Sdn Bhd
BOD	Board of directors of Regal International Group Ltd during the Review Period
CASA	Consultation Advisory Services Agreement dated 15 May 2020 whereby Twin Revenue provided consultancy services to OMSB for rent-to-own scheme
Companies Act	Companies Act 1967 in Singapore
Company or Regal International	Regal International Group Ltd
Contra Arrangement	The arrangement between the Group and its suppliers whereby parties agreed for payment of supplies and services to be paid by way of properties to its suppliers in lieu of cash
Development Rights	Development rights of Phases 2 and 3 of Airtrollis Project
Disposal	Disposal of 100% of Upright Strategy’s shares, owned by Bellanova to Twin Revenue on 31 December 2019
Draft JVA	Undated and Unsigned Joint Venture Agreement between Bellanova and Upright Strategy for the development of Phases 2 and 3 of Airtrollis Project.
DTFAS or we	Deloitte & Touche Financial Advisory Services Pte. Ltd.
EGM	Extraordinary General Meeting
ESOS	Employee Share Option Scheme
FY2017	Financial year ended 31 December 2017
FY2018	Financial year ended 31 December 2018
FY2019	Financial year ended 31 December 2019
FY2020	Financial year ended 31 December 2020
FY2021	Financial year ended 31 December 2021
Group	Regal International Group Ltd and its subsidiaries
HVSB	Harbour Venture Sdn Bhd

Abbreviation	Description
Initial Board Papers	Board Papers dated 23 December 2019, which documented the Disposal for a cash consideration of RM 5,000,000
IPT	Interested Person Transaction
KASB	Kenyalang Avenue Sdn Bhd
KMP	Key Management Personnel
KSSB	Kota Sarjana Sdn Bhd
LAD	Liquidated Ascertained Damages
LMA	Letter of Mutual Agreement dated 20 August 2017 between Twin Revenue and Temasek Regal Capital Sdn Bhd
LOA	Letter of Award between Twin Revenue and subsidiaries of the Group
Management	Management of Regal International Group Ltd, namely, Su Chung Jye, and Wong Pak Kiong
MoU	Memorandum of Understanding dated 16 March 2017 between Twin Revenue and Temasek Regal Capital Sdn Bhd
Mr. Ahmad Faez	Ahmad Faez Bin Abdul Razak
Mr. Azizi	Azizi Bin Morni
Mr. Azmi	Azmi Bin Karim
Mr. Goon	Goon Kok Loon
Mr. Hwang	Francis Hwang Huat Kuong
Mr. Lau	Lau Kay Heng
Mr. Low	Low Yew Shen
Mr. Su	Su Chung Jye
Mr. Wong	Wong Pak Kiong
MRSB	Midas Residences Sdn Bhd
Ms. Arni Yusnita	Arni Yusnita Binti Kachi
Ms. Kong	Kong Mei Yen
Ms. Lee	Lee Yien Sze
OMSB	Ocean Megalink Sdn Bhd
Phase 1	Development of Phase 1 of Airtrollis Project comprises 348 units of residential properties
Phases 2 and 3	Development of Phases 2 and 3 of Airtrollis Project comprises 400 units of apartments in Phase 2 and 323 units of apartments and 286 units of commercial properties in Phase 3 respectively
POB by the Group	Payment made by the Group on behalf of Twin Revenue to third parties
RASB	Regal Advantage Sdn Bhd
Review Period	1 January 2019 to 8 February 2021
Revised Board Papers	Board Papers dated 31 December 2019, which documented the Disposal for a cash consideration of RM 2,500,000
RMSB	Regal Materials Sdn Bhd
ROB by Twin Revenue	Receipt by Twin Revenue on behalf of the Group from third parties
RSM	RSM Chio Lim LLP
RTO	Reverse takeover
SGX	The Singapore Exchange Limited
SGX RegCo	Singapore Exchange Regulation Pte Ltd

Abbreviation	Description
SGX Rules	Rules issued by SGX which can be found within the 7 SGX Rulebooks which governed the companies listed on SGX Mainboard
SOPs	Standard Operating Procedures
SSA	Shares Sale Agreement dated 31 December 2019
TCSB	Temasek Cartel Sdn Bhd
Transactions related to Twin Revenue	All transactions involving the Company and Twin Revenue
TRCSB	Temasek Regal Capital Sdn Bhd
Tropics Plus Collaboration	MRSB entered a collaboration agreement with Twin Revenue for a residential/commercial development project as well as a private medical and specialist centre
Twin Revenue	Twin Revenue Sdn Bhd
Upright Strategy	Upright Strategy Sdn Bhd
WMSB	Wisma Majuniaga Sdn Bhd

Executive Summary

1.1 Background

- 1.1.1 Regal International Group Ltd (the “Company” or “Regal International”, and together with its subsidiaries, collectively the “Group”) is in the business of constructing and/or developing property projects in Kuching and the Kota Samarahan areas of East Malaysia. With over 18 years of experience, the Group has further expanded into Nilai (Negeri Sembilan, West Malaysia) and Bintulu (Sarawak, East Malaysia) for its property development business portfolio, which entails shop houses, landed residential properties, condominiums, commercial and industrial units. The Company’s subsidiaries are the main contractors for constructing the buildings and supplying building materials such as paints, steel fabrication, and concrete and act as sales and marketing agents for the property development projects of its main customer, Twin Revenue Sdn Bhd (“Twin Revenue”).¹
- 1.1.2 On 31 December 2019, the Group announced, *inter alia*, that its indirect wholly owned subsidiary, Bellanova Sdn Bhd (“Bellanova”), had executed a Shares Sale Agreement dated 31 December 2019 (“SSA”) for the disposal by Bellanova of the entire issued and paid-up share capital of its subsidiary, Upright Strategy Sdn Bhd (“Upright Strategy”) to Twin Revenue (the “Disposal”). In the same announcement, the Group disclosed that, as the ratios calculated under Rule 1006(a) and Rule 1006(b) of the SGX Rules were negative, the Group “*will consult and seek the advice of the Singapore Exchange Regulation Pte Ltd.*”
- 1.1.3 On 4 August 2020, the Group announced in its FY2019 unaudited financial results that the Group had completed the Disposal for a cash consideration of RM 2,500,000 and that the Disposal was completed on the same day as the entry into the SSA.
- 1.1.4 On 8 February 2021, the Group announced its 2019 Annual Report. A separate announcement was released on the disclaimer of opinion on the FY2019 financial statements by the statutory auditors of the Group, RSM Chio Lim LLP (“RSM”). The basis for the disclaimer of opinion was in relation to the Disposal and the payments made/transactions with Twin Revenue and its director.
- 1.1.5 On 29 March 2021, Singapore Exchange Regulation Pte Ltd (“SGX RegCo”) issued a notice of compliance and directed the Company’s Audit Committee (“AC”) to appoint a special auditor to investigate into the Disposal, as well as all transactions involving the Company and Twin Revenue (“Transactions related to Twin Revenue”) as highlighted in its FY2019 Annual Report.
- 1.1.6 In view of the above, the Group appointed Deloitte & Touche Financial Advisory Services Pte Ltd (“DTFAS”, “we”) to assist with the review on the Disposal and Transactions related to Twin Revenue, as directed by SGX RegCo.

1.2 Scope of work

- 1.2.1 Pursuant to the letter of engagement dated 21 July 2021, the Company appointed DTFAS to assist in conducting a review on the Disposal and to perform an analysis on the transactions involving the Group and Twin Revenue from 1 January 2019 to 8 February 2021 (the “Review Period”).
- 1.2.2 Our scope of work includes but is not limited to the following:
- (i) The circumstances and events relating to the Disposal, background checks on the parties involved, and other transactions with Twin Revenue;

¹ Refer to Appendix 1 – Business Relationships of the Group’s subsidiaries with Twin Revenue

- (ii) Nature of the business relationships between the Group and Twin Revenue as defined in the SGX Mainboard Rules (“SGX Rules”) in order to identify potential Interested Person Transactions (“IPT”) and/or related party transactions that were not disclosed to the public, if any;
- (iii) An assessment of whether the Disposal and the transactions between the Group and Twin Revenue were entered into on normal commercial terms and were not prejudicial to the interests of the Group and their minority shareholders; and
- (iv) Any non-compliance with relevant rules, regulations, and laws in Singapore in relation to the Disposal and transactions between the Group and Twin Revenue.

1.3 Methodology

1.3.1 We have performed the following procedures:

- (i) Disposal
 - (a) Obtained an understanding of the circumstances and events relating to the Disposal and the nature of the business relationship between Upright Strategy and Twin Revenue prior to the Disposal.
 - (b) Reviewed the circumstances leading to the Disposal, in particular the business rationale for doing so.
 - (c) Obtained and reviewed the underlying supporting documents such as minutes of the BOD meetings from 1 December 2019 to 27 January 2022, due diligence reports, the Board Papers, discussion papers (if any) and email correspondence discussing and approving the Disposal.
 - (d) Obtained and considered the business rationale and if the relevant approvals were obtained for the Disposal.
 - (e) Obtained and reviewed the SSA between Bellanova and Twin Revenue.
 - (f) Performed an analysis on the terms of the SSA for the Disposal to ascertain if these terms appear to be normal commercial terms and not prejudicial to shareholders.
 - (g) Reviewed the relevant documents to ascertain how the Group determined and agreed on the cash consideration of RM 2,500,000 in respect of the Disposal and obtained an understanding on how these proceeds were utilized by the Group.
 - (h) Obtained and reviewed the Audited Financial Statements (“AFS”) of the Company and its subsidiaries for FY2019 and the accounting treatment for the Disposal and related presentation in relation to the computation of the gain on disposal stated in the FY2019 AFS.
 - (i) Reviewed and considered the adequacy and effectiveness of the Group’s internal policies, standard operating procedures (“SOPs”) and controls relating to (a) disposals, (b) release of announcements, (c) compliance with SGX Rules, and (d) payments and collaboration agreements.
 - (j) Considered if the relevant announcements on the Disposal were accurate, factual, complete, clear, and succinct, and if there was any potential non-compliance with SGX Rules and/or laws in Singapore.

- (ii) Transactions related to Twin Revenue during the Review Period
- (a) Obtained an understanding on the concerns raised by RSM on payments made to a director of Twin Revenue and the other transactions with Twin Revenue as below:
- Reviewed the circumstances surrounding the collaboration agreement with Twin Revenue on 10 August 2015 and all payments made to the directors of Twin Revenue in connection with this collaboration agreement (not limited to the Review Period).
 - Reviewed the circumstances surrounding the Memorandum of Understanding with Twin Revenue dated 16 March 2017 (“MoU”) to jointly collaborate and explore potential of entering into joint development and/or construction activities and letter of mutual agreement dated 20 August 2017 (“LMA”) which parties agreed that the subsidiaries of Temasek Regal Capital Sdn Bhd (“TRCSB”)² would provide advances to Twin Revenue to fulfil its own obligation under the MoU.
- (b) Reviewed the internal controls relating to the payments and collaboration agreements involving Twin Revenue and identified any control weaknesses noted during the review and provide recommendations where relevant.
- (c) Reviewed the credit terms and customer onboarding process performed by the Group and identified any unusual or preferential terms extended to Twin Revenue as a major customer of the Group.
- (d) Reviewed the transactions³ between the Group and Twin Revenue together with the relevant underlying supporting documents to understand the business rationale (or the lack thereof) of the transactions and ascertained that the transactions were on normal commercial terms and the necessary approvals have been obtained, if applicable.
- (e) Reviewed the transactions involving the Group and Twin Revenue for accuracy and compliance with the relevant rules, regulations, and laws in Singapore. In the event of any non-compliance, we have identified the parties involved and specific contravention of any rules, regulations, and laws in Singapore.
- (f) Any reference in this Report to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SGX Rules, or any relevant laws of the Republic of Singapore⁴ or any statutory modification thereof and used in this Report shall have the same meaning assigned to it under the Companies Act, the SGX Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be.
- (iii) Relationship Mapping
- (a) Obtained and reviewed the information of the directors and Key Management Personnel (“KMP”) of the Group and Twin Revenue.

² TRCSB is a wholly owned subsidiary of the Company.

³ In respect of the Group’s transactions with Twin Revenue, as the transactions during the Review Period were voluminous, we adopted sample testing approach. In total, we vouched the total number of transactions which represented about 90% of the total value of the transactions recorded in the books of the Group during the Review Period.

⁴ Any reference in this Report is limited to relevant laws of the Republic of Singapore and not the Federation of Malaysia, where the majority of the Group’s operations are located.

- (b) Performed background searches on the board of directors, KMP and controlling shareholders of Twin Revenue and the Group by checking public databases in Singapore and Malaysia, as well as other identified countries of incorporation and places in which the entities operate in, or places where the individuals were born and/or any other places which may have raised concerns arising from DTFAS’s review to the extent possible.
- (c) Performed network analysis to identify potential relationships (i.e. undisclosed related parties relating to the Disposal and transactions with Twin Revenue) between KMP, directors, controlling shareholders and substantial shareholders of the Group and Twin Revenue,⁵ to the extent possible.
- (iv) Interviews
- (a) We interviewed the Board of Directors of the Company (“BOD”), management of the Company, Mr. Su Chung Jye (“Mr. Su”) and Mr. Wong Pak Kiong (“Mr. Wong”) (collectively, “Management”) and the financial controller, Ms. Kong Mei Yen (“Ms. Kong”). Table 1.1 summarises the personnel who were involved in the Disposal and the Transactions related to Twin Revenue during the Review Period, and who attended our interviews. The table also states their respective positions and appointment periods:

Table 1.1

No.	Name	Position at the Company (Unless Otherwise Stated)	Appointment Period
Parties that attended interview			
1	Low Yew Shen (“Mr. Low”)	Non-Executive Director	29 October 2014 – 24 February 2021
2	Goon Kok Loon (“Mr. Goon”)	Lead Independent Director	4 March 2008 – 11 March 2021
3	Francis Hwang Huat Kuong (“Mr. Hwang”)	Independent Director	29 October 2014 – 11 March 2021
4	Lau Kay Heng (“Mr. Lau”)	Independent Director/Lead Independent Director ⁶	10 August 2019 - Present
5	Mr. Su	(i) Executive Chairman and CEO (ii) Director of Bellanova	(i) 29 October 2014 - Present (ii) 23 June 2010 - Present
6	Mr. Wong	(i) Executive Director and Director of Sales and Marketing (ii) Director of Bellanova	(i) 29 October 2014 – Present (ii) 23 June 2010 - Present
7	Ms. Kong	(i) Finance Manager (ii) Financial Controller	(i) 2 Feb 2016 – 19 March 2017 (ii) 20 March 2017 - Present

- (v) Reporting and Maxwellisation
- (a) We showed extracts of a draft of this report to the BOD, Management, and Ms. Kong for their comments, if any. Insofar as we have accepted their comments, we have made the necessary amendments to this report. Insofar as we did not agree with their comments or have already dealt with them, we have left the relevant parts of the report intact.
- (b) Where relevant, we have included in this report their comments and our responses to those comments.

⁵ We understand that KMP of Twin Revenue are the same as the directors of Twin Revenue.

⁶ According to the Company’s announcement dated 11 March 2021, Mr. Lau was re-designated from Independent Director to Lead Independent Director on the same day.

1.4 Review of the Disposal

Background

- 1.4.1 The BOD announced on 31 December 2019 that Bellanova, one of the subsidiaries of the Group, and Twin Revenue entered into the SSA for the Disposal. Upright Strategy was incorporated in Malaysia on 17 July 2008 and became a wholly owned subsidiary of Bellanova in 2010.⁷ It was principally engaged in the business of property development and construction and was the main contractor for Bellanova’s construction projects. The main project awarded by Bellanova to Upright Strategy was the construction of building and infrastructure works for Bellanova’s mixed residential project in Seremban, Negiri Sembilan, West Malaysia in 2012 (the “Airtrollis Project”). The Airtrollis Project comprised three different phases. We understand that Phase 1 of the Airtrollis Project (“Phase 1”) commenced in quarter four of 2012. We understand Phase 1 was supposed to be completed in the third quarter of 2016 but eventually was completed on 12 October 2021.⁸ Based on an unsigned and undated draft Joint Venture Agreement of the Airtrollis Project between Bellanova and Upright Strategy (“Draft JVA”), Phases 2 and 3 of the Airtrollis Project (“Phases 2 and 3”) have yet to commence.
- 1.4.2 Based on the Draft JVA, Upright Strategy would act as the main developer and contractor for Phases 2 and 3. Phase 2 comprises 400 units of apartments whereas, Phase 3 comprises 323 units of apartments and 286 units of commercial properties. Based on the terms stated in the Draft JVA, Bellanova would be entitled to all rights, titles, shares and interest in 20 properties that have a total value of RM 5,000,000. The entitlement to the remaining balance units of apartments and commercial properties would be transferred to Upright Strategy. The estimated profit⁹ of Phases 2 and 3 was approximately RM 48,569,327.
- 1.4.3 The directors of Bellanova at the time of the Disposal were Mr. Su and Mr. Wong who were also Management of the Group. We understand that Management commenced their discussion with Twin Revenue concerning the Disposal around the end of the third quarter of 2019. Based on our interviews with the BOD and Management, the main reason for the Disposal was due to Upright Strategy being a loss-making company. Upright Strategy was liable to pay Liquidated Ascertained Damages (the “LAD”) arising from the delay in the completion and hand over of Phase 1.¹⁰ The amount of LAD that Upright Strategy provided as of FY2019 was RM 16,664,516. Further, the Group wanted to focus on its businesses and expansion in East Malaysia. We were informed by Management during their interview that the Group was concerned about the LAD payment as it would affect the cashflow of

⁷ We understand from Management that prior to its acquisition, Upright Strategy was a dormant company since its incorporation and the Company bought its shares from the corporate secretary.

⁸ Phase 1 was originally scheduled to be completed on 13 August 2016, but the completion date was extended to 20 June 2018 and was finally completed on 12 October 2021.

⁹ During maximisation, the Company explained “The estimated profit is based on the assumption that there will be capital injection and cash flow approximately of RM177.5 million. The estimates are only rough approximations that were intended to attract potential buyers. These figures were based on an ideal scenario of strong sales and there being no delay in construction and no unforeseen costs incurred. These figures, in particular the costs stated therein, were rough calculations and any liabilities or costs overruns were yet to be accounted for. If the calculation was intended to be the Company’s profit estimate or profit forecast, a more detailed analysis would have been conducted.”

¹⁰ Based on the Letter of Award (“LOA”) of Phase 1 dated 27 October 2012 between Bellanova and Upright Strategy, it was stated in the said LOA that in the event that Upright Strategy fails to complete the work within mutually agreed or extended timeline, Upright Strategy was required to pay liquidated damages to the developer, Bellanova, at a rate of RM 2,000 per day. Bellanova on the other hand was required to pay LAD to end purchasers at 10% of the purchase price per annum in the event if there was a delay in the handover of the properties. On 6 July 2021, Bellanova and Upright Strategy entered into a covenant which states that the LAD owing by Upright Strategy to Bellanova would be waived and Upright Strategy would be responsible for LAD owed to individual end purchasers.

the Group. Further, Upright Strategy's FY2019 balance sheet would be in a net liability position,¹¹ which would indirectly affect the financial results of the Group for FY2019.

- 1.4.4 At the material time of the Disposal, Twin Revenue was a substantial shareholder of the Company (holding 11.03% shareholdings in Regal International as at FY2019). Twin Revenue owns several native reclassified lands in Sarawak, Malaysia and is in the business of land investment, construction, and property development of the native lands. Twin Revenue has been collaborating and working together with the Group exploring potential construction activities since its incorporation on and around 16 May 2012.¹² The subsidiaries of the Company are the sub-developers, contractors and/or sales and marketing agent of the projects developed by Twin Revenue.
- 1.4.5 We noted that the Company has a simple BOD protocol in relation to acquisitions and disposals which merely states that the AC is required to review the executive summary for the proposed transactions where they are "*...transactions that are not within the ordinary course of business or require commitments from the Group. Examples include: ... (iii) acquisitions and realization of investments ... AC to review if it is a major transaction Where possible, Management to prepare an executive summary, including cost and benefit analysis relating to the proposed transactions for the AC/Board to make an informed decision.*" The Company does not have any policies and SOPs governing the disposal of subsidiaries/assets generally. Mr. Su and Mr. Wong, the main point-of-contact with the BOD, instructed Ms. Kong to communicate to the members of the BOD the terms of the Disposal via email.
- 1.4.6 Ms. Kong shared the board papers in relation to the Disposal of Upright Strategy for a cash consideration of RM 5,000,000 ("Initial Board Papers") with the BOD via email for the first time on 23 December 2019. The Initial Board Papers also stated that "*In turn, Bellanova will transfer the development rights of remaining phases of Airtrollis [Phases 2 and 3] to Twin Revenue.*" Therefore, it was clearly stated in the Initial Board Papers that the intention was for Bellanova to transfer the development rights of Phases 2 and 3 (the "Development Rights") to Twin Revenue. She subsequently sent the draft announcement on the Disposal to the BOD for their approval on 31 December 2019. We noted that the said draft announcement was sent together with revised board paper (the "Revised Board Papers") which included the following changes:
- (i) the reduction of cash consideration from RM 5,000,000 to RM 2,500,000
 - (ii) the addition of a clause (under section A – Salient Points) which stated, "*The terms and consideration will be further determined upon agreement by both parties.*"
 - (iii) the addition of a clause (under section C – Recommendations) which stated, "*The development rights of the remaining phases of Airtrollis is subject to further negotiation between both parties.*"

¹¹ Upright Strategy had recognized a provision for the LAD due to the delay of completion of Phase 1 in its FY2017, FY2018 and FY2019 financial statements. Based on the AFS of Upright Strategy, it had reported a net loss of RM 1,197,338, RM 8,390,386 and RM 5,771,929 in FY2017, FY2018 and FY2019 respectively. The net loss reported in the financial statements of FY2018 and FY2019 were mainly due to the provision for LAD of RM 9,374,412 and RM 7,290,104 respectively, with the aggregated LAD provision amounting to RM 16,664,516 as at 31 December 2019. We understand from Ms. Kong that subsequent to the Disposal, as the LAD affects the purchasers of the properties who entered in the sales and purchase agreement with Bellanova, i.e., it was the back-to-back arrangement whereby the LAD recovered from Upright Strategy were to be passed on to the purchasers of Bellanova, Bellanova has been working closely with Upright Strategy to negotiate with its purchasers to reduce the LAD amount. As a result, Upright Strategy has agreed and entered into agreements to replace Bellanova as the party assuming the responsibilities for the LAD during FY2020, FY2021 and 9-months period ended September 2022 with individual purchasers of the properties for Phase 1 to the tune of RM 6,110,660. We were informed by Management that the negotiations are still ongoing with remaining purchasers.

¹² We understand from Management that the Group has been working with the directors of Twin Revenue (prior to the incorporation of Twin Revenue) whereby they were sourcing for the development rights of the lands from the native landowners and the Group was acted as the sub-developer and contractors to the housing projects. After the incorporation of Twin Revenue, instead of working with the directors of Twin Revenue in their individual capacity, this arrangement continues with Twin Revenue.

- 1.4.7 We noted that Mr. Low in his email dated 31 December 2019 highlighted “*Actually rules indicate that exchange should be consulted if there are negative figures. Have you spoken with them? We can sign the agreement for disposal first and wait for clearance on announcement if necessary.*” Only Mr. Goon responded to say that he agreed with Mr. Low on this approach.
- 1.4.8 On the same date, Ms. Lee Yien Sze (“Ms. Lee”), the secretary of Mr. Su and Mr. Wong, informed the BOD that the announcement on the Disposal needed to be announced after the trading hours of 31 December 2019 as the SSA and the Share Transfer Form were also dated¹³ 31 December 2019. In addition, she also informed the BOD that as the relative figures for both Rules 1006 (a) and (b) were negative, she had added a condition in the announcement that the Group would consult and seek the advice of SGX RegCo and would seek shareholders’ ratification for the Disposal if the Company was required to do so by SGX RegCo.¹⁴ We noted that the completion date stipulated in the SSA is 31 December 2019. For completeness, the Company was not contractually obliged to complete the Disposal pending all necessary approvals. In this regard, Clause 4.1.1 of the SSA states that the Disposal is conditional upon and completion shall not take place until all necessary approvals, consents and/or waivers from any third party and governmental or regulatory consents, approvals, and waivers where required for the transactions be granted or obtained. Notwithstanding Clause 4.1.1, and that the consultation with SGX RegCo had not concluded, the Company completed the Disposal.
- 1.4.9 The directors' resolution in writing dated 30 December 2019 in relation to the sale of Upright Strategy to Twin Revenue was approved by all the directors of Bellanova. The Disposal was approved by all directors of the Company by way of emails dated 31 December 2019. The directors of Bellanova and the Company who approved the Disposal are as follows:

Table 1.2

No.	Name	Position at the Company unless otherwise stated
1	Mr. Su	(i) Executive Chairman & CEO (ii) Director of Bellanova
2	Mr. Wong	(i) Executive Director and Director of Sales and Marketing (ii) Director of Bellanova
3	Mr. Hwang	Independent Director
4	Mr. Low	Non-Executive Director
5	Mr. Goon	Lead Independent Director
6	Mr. Lau	Independent Director

¹³ During maxwellisation, the Company informed “*What Ms. Lee meant was that the SSA and the Share Transfer Form “were to be dated” (this should be a grammar mistake in the email).*”

¹⁴ The Company informed us that it noted that there were companies listed on the SGX Mainboard, namely Eons Global Holdings Pte Ltd., whose announcement dated 6 February 2017, and Interra Resources Limited, whose announcement dated 17 Nov 2015, also proceeded with their disposal transactions notwithstanding the computed relative figures under 1006(b) were negative and included in their announcements that the transactions were pending SGX RegCo’s consultation. In view of this, the Company also proceeded with its announcement following these precedents. However, based on our review of the announcements of Eons Global Holdings Pte Ltd and Interra Resources Limited, the disposals appear to be proposed disposals which were yet to be completed subject to certain conditions to be satisfied.

- 1.4.10 As the sale of Upright Strategy to Twin Revenue was a significant transaction, it would have been good corporate governance for the directors to conduct an in-depth evaluation and discussion on the Disposal at a board meeting or a group call, and to have a formal board resolution approving the Disposal. However, this was not done.
- 1.4.11 We sought confirmation from Mr. Goon, Mr. Hwang, Mr. Lau and Mr. Low in their respective interviews as to whether they were aware of the Disposal before receiving the Initial Board Papers on 23 December 2019. They informed us that they were not aware of the Disposal and no prior discussion¹⁵ was held. In addition, Mr. Low informed us during his interview that when he received Ms. Kong's request for approval email with Revised Board Papers on 31 December 2019, he was made aware that the SSA had already been signed.¹⁶ Hence, he agreed to the Disposal and highlighted to the Company that it needed to consult SGX RegCo due to the Disposal involving a subsidiary with negative net asset value. He was of the view that it was the best way to deal with the situation at that time. Based on their understanding from Management, the rationale for the Disposal to be completed on 31 December 2019 was mainly due to the financial statement of Upright Strategy for FY2019 being in a net liability position which would have a severe impact on the financial results of the Group for FY2019. In addition, they also claimed that they were not aware of the reason for the reduction of the cash consideration from RM 5,000,000 to RM 2,500,000 and did not consider the value of Development Rights as part of the consideration for the Disposal given that Phases 2 and 3 were in an early development stage and subject to further negotiation. Further, they were given a very short period by Management to approve the Disposal.
- 1.4.12 According to our interview with Mr. Su and Mr. Wong, the initial discussions regarding the Disposal commenced in mid-2019 after they faced challenges in the construction of Phase 1. These challenges included delays due to the high-speed railway project in Seremban, changes in statutory requirements and more stringent building controls, lack of strong local networks and customer base, as well as Upright Strategy's ability to continue as a going concern, as flagged by the auditors due to high amount of LAD. These challenges led them to consider that this venture would not be as rewarding as they initially expected it to be. Therefore, it was a collective decision from both Mr. Su and Mr. Wong to pull out from Seremban, West Malaysia and to focus on development projects in Sarawak, where the Group has a strong network and customer base.
- 1.4.13 Mr. Wong informed us during the interview that he explored the opportunities and talked to some parties who showed interest in taking over Upright Strategy. Unfortunately, no one expressed serious interest apart from Twin Revenue, which led to further negotiations and discussions. Mr. Su confirmed that Mr. Wong was the person who mainly discussed with Twin Revenue, and he provided required support to Mr. Wong and oversaw the entire process.

¹⁵ During maxwellisation, the Company explained "The directors had provided their verbal consent via individual phone calls to proceed with the Disposal. This was subsequent to the circulation of the Revised Board Papers explaining the transaction to the directors. It must be noted that prior to the Covid pandemic, the Board did not have the practice of having group calls and board meetings were mostly conducted face to face."

¹⁶ During maxwellisation, the Company informed that the SSA was "...presigned, but undated. It was only dated and stamped upon obtaining the BOD's approvals."

- 1.4.14 Mr. Su explained to us during his interview that the Initial Board Papers with expected cash consideration of RM 5,000,000, an amount Management deemed a premium which had yet to be agreed by Twin Revenue, was circulated to the BOD on 23 December 2019. Subsequently, Twin Revenue negotiated with Management to reduce the cash consideration to below RM 2,000,000. Parties finally agreed to a compromise and agreed to the Disposal for a cash consideration of RM 2,500,000. Mr. Su informed us that he was of the view that RM 2,500,000 was still very attractive as the Group would then no longer be required to set aside or look for funds to settle the LAD and would also receive cash consideration of RM 2,500,000 for the Disposal. Management also explained to us during their interviews that, to their understanding Twin Revenue was keen to acquire Upright Strategy, because one of the directors of Twin Revenue was from Seremban and well-connected locally, and therefore saw the acquisition as a business opportunity.
- 1.4.15 Consequently, Mr. Su agreed to the cash consideration of RM 2,500,000 for the Disposal, and instructed Ms. Kong to send the Revised Board Papers to the BOD on 31 December 2019. Mr. Su explained that the Disposal was concluded in such a rushed manner mainly due to the net liability position of Upright Strategy which would have a severe impact on the financial results of the Group for FY2019 and cashflow of the Group for FY2020.
- 1.4.16 The SSA between Bellanova and Twin Revenue was executed and dated the same date that the Group obtained the approval from the BOD. The Disposal was also concluded on the same date. The Disposal resulted in a gain on disposal to the Group of RM 22,706,000 in its FY2019 AFS. Although it was stated in the Revised Board Papers that the Development Rights were to be transferred by Bellanova to Twin Revenue and the terms and consideration will be further determined upon agreement by both parties, this was not eventually reflected in the SSA. Management explained that initially Twin Revenue had not decided whether to hold the Development Rights under Twin Revenue or Upright Strategy.¹⁷ Therefore, both parties agreed to enter the SSA without reference to the Development Rights, with the mutual understanding that the terms in relation to the transfer of the Development Rights were to be agreed in the future.¹⁸
- 1.4.17 The announcement on the Disposal dated 31 December 2019 also did not disclose the transfer of the Development Rights to Twin Revenue as one of the terms of the Disposal. However, in the subsequent announcement dated 8 February 2021, the Company revealed that the reason Twin Revenue agreed to acquire Upright Strategy was mainly due to the opportunity/offer to enter into a joint venture agreement on the subsequent development of Phases 2 and 3 (i.e., the Development Rights). In addition, we were provided with a letter dated 28 September 2020 sent by Twin Revenue to Bellanova which stated that in consideration of the sale of Upright Strategy, there was a mutual agreement and understanding that Bellanova would enter a joint venture agreement with Upright Strategy to develop Phases 2 and 3 (the "28 September Letter"). The 28 September Letter also acknowledged that Twin Revenue had reviewed the Draft JVA and the financial assessment of the project and looked forward to the expeditious execution. The 28 September Letter is also inconsistent¹⁹ with the term in the Initial

¹⁷ During maxwellisation, we understand from the Company "It was not because Twin Revenue could not decide which entity to hold the Development Rights. Parties decided that they will negotiate the transfer of the Development Rights separately. As such, the consideration did not cover the Development Rights. In the end, negotiations were not carried out and the Development Rights were eventually not transferred. As such, parties had entered into the SSA without including the Development Rights and that no JVA [joint venture agreement] has been signed and no Power of Attorney has been granted to Twin Revenue and the existing Power of Attorney granted to Bellanova is still valid to date."

¹⁸ As at the date of this report, we were informed by Management that the Development Rights have not been transferred nor have the Draft JVA been signed due to the changes in business environment, market dynamics and the impact from Covid-19 outbreak.

¹⁹ During maxwellisation, we understand from the Company "The reason why the 28 September Letter appears to be inconsistent with the board papers is because in the board papers, there was the idea of transferring the Development Rights but that was eventually not part of the deal in the SSA with Twin Revenue. Therefore, the Development Rights are still residing with Bellanova and a joint venture will still be required to further develop phases 2 and 3. In fact, this 28 September Letter is consistent with the fact that the Development Rights were not transferred." Notwithstanding the explanation given by the Company, we remain of the view that 28 September Letter, Initial Board Papers and Revised Board Papers are inconsistent.

Board Papers and Revised Board Papers which stated that one of the terms of the Disposal was that Bellanova would transfer the Development Rights to Twin Revenue. However, the 28 September Letter stated that Bellanova would be involved in developing Phases 2 and 3 with Twin Revenue jointly.

- 1.4.18 Based on our review of the various documents stated above, the Development Rights appear to have been a material condition for the Disposal. In the announcement dated 8 February 2021, the Company stated that the reason Twin Revenue agreed to acquire Upright Strategy was mainly due to the opportunity to enter into a joint venture on the subsequent development of Phases 2 and 3. This implies that there is some form of agreement/working arrangement in relation to the Development Rights, which differs from an outright transfer of Development Rights to Twin Revenue. Whether there are legal rights that bind parties may turn on whether the circumstances surrounding the negotiations in Malaysia give rise to such rights under Malaysian law, which is out of the scope of the Report.
- 1.4.19 When we questioned the Independent Directors on the BOD's approval of the Disposal within the short period of time, i.e. 8 days and without any in-depth discussion, they explained that they were of the view that it would be a good opportunity to dispose of the loss-making entity while Twin Revenue was considering to acquire Upright Strategy, which had high LAD provision of RM 16,664,516 as at 31 December 2019. We have not had sight of any minutes of meeting(s), in-depth discussions and/or evaluation carried out by Management/BOD in relation to the Disposal and details of negotiations between the Company and Twin Revenue.²⁰
- 1.4.20 Management indicated in the announcement on 31 December 2019 that it would consult and seek advice from SGX RegCo. While the Company sent a consultation email to SGX RegCo on 31 December 2019,²¹ the Company did not submit a consultation application until 8 January 2020.²² On 5 February 2021, the Company withdrew its consultation application,²³ as the consultation should have been done before completing the Disposal. The Independent Directors informed us during their interviews that the BOD did not communicate with SGX RegCo directly as they left it to Management to do so. The Board then decided to initiate the Extraordinary General Meeting ("EGM") for the ratification of the Disposal in conjunction with the appointment of statutory auditors. We understand from the Company and the draft circular that the Company engaged a legal advisor in March 2021, and was advised, amongst others, that (a) the Disposal should be subject to Rule 1014, (b) the Disposal needed to be ratified and (c) an independent valuer must be appointed pursuant to Rule 1014(5) to provide an independent value to be included in the shareholders' circular. As such, the Company engaged AVA Associates Limited ("AVA") to perform a valuation of Upright Strategy subsequent to the conclusion of the Disposal and execution of the SSA on 31 December 2019. According to the AVA engagement letter dated 20 May 2021, we understand that AVA was appointed to assist Management *"to estimate the value of a 100% interest in Upright Strategy Sdn Bhd ("Upright Strategy" or the "Target") as at 31 December 2019 ("Valuation Date") in relation to a proposed disposal by the Company. Our work will be for the Company's use to comply with the listing rules of Singapore Exchange ("SGX"), under SGX-ST Listing Rule 1014(5), and possible inclusion into a shareholder's circular in relation to the proposed disposal by the Company."* Based on AVA's valuation report dated 5 July 2021, we noted that the value of equity interest of Upright Strategy was estimated at nil and stated, *"The net liability position, coupled with no cash flows expected from operation would necessarily lead to no commercial value for*

²⁰ We understand from Management that the negotiations were all conducted verbally as this has been the way how they conducted their business with Twin Revenue.

²¹ During maxwellisation, the Company explained that it *"...did attempt to contact the SGX RegCo officer during office hours but was not able to reach the officer. Eventually, the Company sent the email dated 31 December 2019 to seek a consultation."*

²² SGX RegCo sent an email to the Company to inform the Company to set up its account on SGX RegCo's portal in early 2019 but the account was only set up in January 2020. During maxwellisation, the Company explained that *"...it was in the process of setting up their account on SGX RegCo's portal before they could submit the consultation application. The employee who had set up the account on SGX RegCo's portal in early 2019 had left the Company soon after. Hence, the Company required some time to retrieve the account information and responded to the said email in early January 2020."*

²³ During maxwellisation, the Company explained *"... SGX [SGX RegCo] had advised the Company that this consultation should have been done prior to the Company completing the transaction and the Company was advised to withdraw the consultation."*

the economic interest in the Upright Strategy.” We noted that the valuation report by AVA did not take into account the value of the Development Rights. We were informed that the reason why the valuation did not take into consideration the Development Rights as there was no formal agreement between Bellanova and Upright Strategy as at the valuation date.

- 1.4.21 The Company, in a corrigendum announcement dated 12 July 2021, stated that it was making arrangements to convene an EGM to seek approval from shareholders for the ratification of the Disposal. We understand from Ms. Kong that the Company will be seeking the shareholders’ ratification of the Disposal subsequent to the release of the special audit report.

Utilisation of sales proceeds from the Disposal

- 1.4.22 Based on the SSA, the aggregate cash consideration of RM 2,500,000 for the Disposal was payable in three instalments by Twin Revenue as follows:

- (i) RM 1,000,000 upon signing of the SSA;
- (ii) RM 1,000,000 6 months after signing the SSA; and
- (iii) Remaining balance of RM 500,000 to be payable within 6 months from the date of payment of (ii) above.

- 1.4.23 We noted that RM 2,500,000 from Twin Revenue was deposited into the bank accounts of Bellanova and two wholly owned subsidiaries of the Company between 31 December 2019 and 14 February 2020 as follows:

Table 1.3

Subsidiaries	Amount (RM)
Bellanova	1,803,000
Ocean Megalink Sdn Bhd (“OMSB”)	42,000
Kenyelang Avenue Sdn Bhd (“KASB”)	655,000
Total	2,500,000

- 1.4.24 Ms. Kong explained that while the cash consideration of RM 2,500,000 should have been deposited into the bank account of Bellanova, the payments or cashflows were handled at the Group level. As there were several ongoing projects under OMSB and KASB, Management had verbally requested Twin Revenue to deposit part of the cash consideration of RM 2,500,000 to the bank accounts of OMSB and KASB. Management represented that this is in line with the intended use of the sales proceeds announced on 31 December 2019 whereby the proceeds were to fund the projects of Bellanova and the Group, future business plans, repayment of debts and borrowings.
- 1.4.25 Based on our review, we noted that RM 2,500,000 received from the Disposal had been fully utilised for payments to contractors, staff cost, repayment of borrowings and purchase of machinery and equipment for the construction projects of the various subsidiaries within the Group.

Inaccurate announcement made by the Group

- 1.4.26 We reviewed the announcement dated 31 December 2019 regarding the Disposal and the other announcements and responses to queries raised by SGX RegCo within the Review Period to establish whether they appear actual, factual, complete and clear and succinct, and in compliance with the relevant SGX Rules, which were relevant and in force during the period of the Disposal.
- 1.4.27 As defined in Rule 1004 of the SGX Rules, the Group was required to classify and announce the transaction according to whether it is a disclosable or a major transaction, depending on the size of the relative figures computed under bases defined in Rules 1006 (a) to (e). We noted that the figures computed according to Rules 1006 (a) and (b) were negative as Upright Strategy was in a net loss and negative net asset position. The Group classified the transaction as a disclosable transaction in its announcement dated 31 December 2019 and also stated in the said announcement that it would consult and seek advice from SGX RegCo.
- 1.4.28 Set out in the table below are the relative figures presented by the Group under Rules 1006 (a) to (c) in the announcement(s) and figures calculated by us:

Table 1.4

Rule 1006	(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	(b) The net profits attributable to the assets acquired, compared with the Group's net loss	(c) The aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares
Figures stated in the Announcement (31 December 2019)	-84.7%	-36.0%	18.1%
Figures Calculated by DTFAS	-84.7%	-36.0%	29.8%

- 1.4.29 Table 1.4 depicts the relative values/ amount disclosed in the announcement dated 31 December 2019 for Rule 1006 (a) and 1006 (b). We performed the calculations independently and noted that the relative values/amount for Rules 1006(a) and (b) computed by the Company were in line with our computation. However, we noted that the relative value we calculated under Rule 1006 (c) is different from the value disclosed by the Company as computed by Ms. Kong. Please see the table below for the detailed computation of Rule 1006 (c):

Table 1.5

Description	Figures stated in the Announcement (31 December 2019)	Figures calculated by DTFAS
Adjusted 6-month volume weighted average price per share dated 30 December 2019 (in SGD)	0.02027	-
Weighted average price per share on latest market day preceding date of SSA dated 26 December 2019 (in SGD)	-	0.01230
Number of shares in issue excluding treasury shares	224,917,251	224,917,251
Aggregate value of the consideration (in RM)	2,500,000	2,500,000
Exchange Rate (RM/SGD)	0.33	0.33
Equivalent aggregate value of the consideration (in SGD)	825,000	825,000
Relative figure computed under Rule 1006 (c)	18.1%	29.8%

- 1.4.30 Based on the announcement dated 31 December 2019, the Company stated in footnote 4 that *“the market capitalisation of the company of approximately S\$ 4,559,000 (equivalent to RM 13,825,000) 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.”* The Group computed relative figure of 18.1% based on the adjusted 6-month volume weighted average price of SGD 0.02027 per share dated 30 December 2019²⁴ multiplying by number of shares in issue excluding treasury shares, i.e., 224,917,251 ordinary shares. However, Rule 1002(5) states that *“market capitalisation” of the issuer is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.* Based on the above, if the weighted average price of SGD 0.0123²⁵ per share transacted on the latest market day preceding the date of the SSA was used, the relative value would have risen to 29.8%.
- 1.4.31 Therefore, the Company inaccurately computed and announced the relative figure computed under Rule 1006 (c) in its announcement in relation to the Disposal dated 31 December 2019.

Past and present relationship between the directors of Twin Revenue and the Group

- 1.4.32 Based on our corporate intelligence search, we noted that certain directors of Twin Revenue have connections with the directors of the Group or the subsidiaries of the Group. These connections were due to the Group having worked with the directors/shareholders of Twin Revenue in their own individual capacity prior to the incorporation of Twin Revenue in 2012. The working arrangements continued after the incorporation of Twin Revenue in 2012. However, we have not been able to obtain from publicly available searches any other information as to whether there have been any other relationships and connections between these directors of Twin Revenue and the directors of the Company or the subsidiaries of the Group. Owing to the limited available information we have obtained that discloses a close relationship between the directors of Twin Revenue and Management, this may raise potential concerns as to whether the Disposal was conducted on an arm’s length basis, but we are unable to make conclusive findings.

Azizi Bin Morni (“Mr. Azizi”)

- 1.4.33 Mr. Azizi was appointed as a director of Twin Revenue on 8 June 2012, shortly after its incorporation date on 16 May 2012. He is a shareholder and owns 50% shareholdings in Twin Revenue.
- 1.4.34 His connections with the Group are as follows:
- (i) Mr. Azizi was a shareholder²⁶ of Midas Residences Sdn Bhd (“MRSB”),²⁷ a wholly owned subsidiary of the Company, and a director of MRSB for the period from 21 December 2009 to 1 June 2014.
 - (ii) He was also a director of Bellanova for the period from 23 June 2010 to 11 March 2013.

²⁴ During maxwellisation, the Company explained that it *“wrongly interpreted the calculation of the weighted average price as being the 6-month volume weighted average price on 30 December 2019 instead of the one-day volume weighted average price on 30 December 2019.”*

²⁵ It refers to the extracted weighted average price per share transacted on the latest market day preceding the date of the SSA from Capital IQ.

²⁶ Mr. Azizi transferred out his entire 10% shareholdings in MRSB on 5 June 2014, a few days after he resigned.

²⁷ During maxwellisation, the Company explained *“This has been disclosed in the RTO Circular.”*

- (iii) He also holds 0.5% shareholdings in Ikram Mahawangsa Sdn Bhd, which in turn holds 39.58% shareholdings in Regal International. Mr. Su and Mr. Wong own 50% and 20% shareholdings in Ikram Mahawangsa Sdn Bhd respectively. Management explained that before Reverse Takeover (“RTO”) and the consolidation of the Group, the group consisted of several companies simply working together and which did not have any parent-subsidary relationship between them. Mr. Azizi was a shareholder of some of those companies (for example MRSB) which are now the wholly owned subsidiaries of the Company. As part of the arrangement under the RTO, Mr. Azizi received shares in Ikram Mahawangsa Sdn Bhd for his shares in companies that were injected into the Group pursuant to a share swap agreement. Ikram Mahawangsa Sdn Bhd is essentially an investment holding company for shareholders who had injected their assets into the Group.
- (iv) Moreover, we noted that he also holds 30% shareholdings in Kuching IT Sdn Bhd²⁸ whereas 70% of its shareholdings are held by Rich Innovasi Sdn Bhd. Mr. Su and Mr. Wong hold 77% shareholdings in Rich Innovasi Sdn Bhd. We understand from Management that Malaysian government encourages collaboration between bumiputra, or native Malaysians, and non-bumiputras, or non-Malaysians. Mr. Azizi happened to be a bumiputra who was familiar to Mr. Su and Mr. Wong and was keen to invest in Kuching IT Sdn Bhd.²⁹

Arni Yusnita Binti Kachi (“Ms. Arni Yusnita”)

1.4.35 Ms. Arni Yusnita has been a director of Twin Revenue since 8 June 2012, shortly after its incorporation date on 16 May 2012, and she is also a shareholder who owns 50% shareholdings in Twin Revenue.

1.4.36 Her connections with the Group are as follows:

- (i) Ms. Arni Yusnita was appointed as a director of Wisma Majuniaga Sdn Bhd (“WMSB”),³⁰ a wholly owned subsidiary of the Company since 19 April 2016, but resigned on 13 November 2017.
- (ii) She is also one of the landowners of Tropics City, a project of OMSB, a subsidiary of Regal International, with Twin Revenue.
- (iii) She was a director of Upright Strategy since 31 December 2019.³¹
- (iv) She was a director of Temasek Cartel Sdn Bhd (“TCSB”) a wholly owned subsidiary of the Company, until her resignation on 23 June 2014. She was also a shareholder of TCSB until 5 June 2014.^{32 33}

²⁸ Kuching IT Sdn Bhd is a company that operates an educational college providing IT training courses and accounting courses.

²⁹ During maxwellisation, the Company explained “Mr. Su and Mr. Wong came together with Mr. Azizi to invest in educational projects. This was a separate business from the Regal Group.”

³⁰ During maxwellisation, the Company explained “WMSB was a company that Regal Group had acquired from Twin Revenue in 2017.”

³¹ During maxwellisation, the Company explained “She was appointed a director after the Disposal.”

³² Based on our background search, her appointment date as director was not stated and she has ceased to be a shareholder on 5 June 2014.

³³ During maxwellisation, the Company explained “As part of the RTO, TCSB was injected into the Regal Group.”

- (v) In addition, Ms. Arni Yusnita owns 50% shareholdings in Trillion Vista Sdn Bhd,³⁴ a company where Mr. Su and Mr. Wong are the directors.³⁵ She also owns 60% shareholdings in Zeditave Sdn Bhd,³⁶ a company which she and Mr. Su are the directors of this company.

Azmi Bin Karim (“Mr. Azmi”)

1.4.37 Mr. Azmi was appointed as a director of Twin Revenue³⁷ on 24 March 2015.

1.4.38 His connections with the Group are as follows:

- (i) Mr. Azmi was a dispatch clerk³⁸ at the Company as stated in its Employee Share Option Scheme (“ESOS”).³⁹ ⁴⁰ He resigned on 30 January 2017.
- (ii) Mr. Azmi is a director of Ara Asiapark Sdn Bhd.⁴¹ Mr. Su and Mr. Wong hold 51% and 49% shares in Ara Asiapark Sdn Bhd respectively.

Ahmad Faez Bin Abdul Razak (“Mr. Ahmad Faez”)

1.4.39 Mr. Ahmad Faez was appointed as a director of Twin Revenue⁴² on 13 April 2016.

1.4.40 His connections with the Group are as follows:

- (i) Based on an ESOS listing provided by the Company which documented the Company’s shares allocated to its employees for the years 2015–2019, Mr. Ahmad Faez was stated as a business development manager⁴³ and was allocated 180,000 shares annually, prior to his appointment as director of Twin Revenue on 13 April 2016. We understand from the Company that Mr. Ahmad Faez did not exercise the said options.
- (ii) According to Mr. Wong, Mr. Ahmad Faez’s major role in the Company was assisting the Company in dealing and handling matters in relation to the sub-development/ construction projects which required approvals from the local authorised officials and government.

³⁴ During maxwellisation, the Company explained “It was started by Ms. Arni Yusnita and Mr. Raymond Thong in 2013. In 2016, Ms. Arni Yusnita and Mr. Raymond Thong resigned as directors while Mr. Su and Mr. Wong became directors. It was intended that Mr. Su and Mr. Wong will take control over the company, but that did not happen. The company is dormant and the shareholders are Ms. Arni Yusnita and Mr. Raymond Thong.”

³⁵ During maxwellisation, the Company explained “At the time, there was an intention of Mr. Su and Mr. Wong to also partner with Ms. Arni Yusnita to undertake businesses that were completely unrelated to real estate development. However, the businesses never commenced and as far as Mr. Su and Mr. Wong are aware, the two companies (Trillion Vista Sdn Bhd and Zeditave Sdn Bhd) are currently dormant.”

³⁶ During maxwellisation, the Company explained “This company was incorporated in September 2019. It was intended that Mr. Su will take over Ms. Arni Yusnita’s shares in the company, but it did not happen. The company is dormant and the shareholders are Kadir, Akasar, and Ms. Arni Yusnita. The directors are Akasar, Kadir, Ms. Arni Yusnita and Mr. Su.”

³⁷ During maxwellisation, the Company explained “Mr. Su and Mr. Wong had no involvement in the appointment of Mr. Azmi as a director in Twin Revenue.”

³⁸ According to RSM’s report to the Audit Committee dated 18 November 2020.

³⁹ During maxwellisation, the Company explained “Mr. Azmi was a person which Mr. Su and Mr. Wong believed had good government connections and therefore, he was employed by the Company for which he had received some option shares in the Company.”

⁴⁰ We understand from Management that he is well connected with the personnel in the local land office and the Company would require his assistance in handling the sub-development/ construction projects with Twin Revenue which required the approvals from the local land office.

⁴¹ During maxwellisation, the Company explained “Mr. Azmi was appointed to the board of Ara Asiapark Sdn Bhd to represent the company in dealings with government agencies. Ara Asiapark Sdn Bhd has been dormant since Regal International became listed in 2014. Ara Asiapark was set up to be involved in a project in Taman Cahaya Indah which was completed in 2010. As there were no more projects in this company thereafter, it was not added to Regal Group.”

⁴² During maxwellisation, the Company explained “The Company was not involved in Mr. Azmi’s and Mr. Ahmad Faez’s appointment as directors in Twin Revenue.”

⁴³ According to RSM’s queries dated 24 July 2020. However, during maxwellisation, the Company informed “Mr. Ahmad Faez was never an employee of the Company. He is an independent consultant contracted under a letter of appointment/ contract for service to provide certain agreed services for the Company. He was called with the title of ‘Business Development Manager’ because it is more dignified and respectful, as compared to calling him ‘runner’ when he is procuring and networking for contacts and projects. At that time, even though he was not an employee, the Company wanted to give him an incentive to perform well and lobby for good and suitable lands/projects, and the idea was to give him a reward to purchase company shares should he do well. It was an oversight on the part of the Company then, that the Company thought that the ESOS would be a good incentive to be given at that time.”

- (iii) On 1 September 2011, Upright Strategy entered into a service contract agreement⁴⁴ to engage Mr. Ahmad Faez as a “runner.”⁴⁵ The contracting party for this service contract was subsequently changed to OMSB with the effective date of 1 July 2019 for the same role. The expiry date of this service contract with OMSB was on 31 August 2021. However, this arrangement was terminated earlier on 29 February 2020 mutually by both parties. Mr. Su and Mr. Wong also confirmed during the interview that the Company no longer uses his services. It has also been disclosed that Mr. Ahmad Faez was not an official employee of the Group and therefore did not receive any remuneration; instead, he was paid an allowance.
- (iv) Mr. Ahmad Faez was appointed as a director of Upright Strategy on 31 December 2019, post the Disposal.

⁴⁴ The initial service contract agreement was signed with Upright Strategy on 1 September 2011 and later in 2019, there was a notification (with reference to initial service contract) which stated that the service contract was assigned to OMSB with the effective date of 1 July 2019.

⁴⁵ Mr. Ahmad Faez's hometown is Seremban, and he has a good relationship with the local government officers and business community in the construction industry. Hence, he was engaged to liaise with local government officials and assist in handling matters for the Airtrollis Project.

1.5 Review of transactions involving the Group and Twin Revenue for the Review Period

- 1.5.1 Twin Revenue was a major customer of the Group. The revenue from construction contracts of RM 23,018,000 contributed to 28% of the total revenue for FY2019. Revenue derived from transactions related directly and indirectly with Twin Revenue for both direct and indirect construction contracts and non-construction contracts, contributed to about 53% of total revenue of the Group, amounting to RM 42,458,000 and RM 30,197,000 for FY2019 and FY2020 respectively.
- 1.5.2 On 16 March 2017, TRCSB entered a MoU to jointly collaborate and work together to explore potential joint development and/or construction activities between Twin Revenue, and TRCSB's subsidiaries. The purpose of the MoU was to undertake development projects, source for land investments, to identify and contribute resources and explore the potential of entering into construction activities for mutual benefits. Twin Revenue and TRCSB's subsidiaries were required to execute formal agreements separately pertaining to the respective projects to be undertaken together.
- 1.5.3 The key responsibilities of Twin Revenue were (a) to identify the native lands which were suitable for property development purposes and entering into sub-development agreements with landowners (for the lands of which Twin Revenue is not the legal owner) which allowed Twin Revenue to develop the lands; and (b) thereafter handled all approval processes required prior to the commencement of the development activities. On the other hand, the key responsibilities of TRCSB were to provide necessary resources to carry out planning work, to provide consultancy services and to act as a working partner/ joint developer/main contractor to the property development projects.
- 1.5.4 During the Review Period, as a result of the execution of the MoU, the Group worked/collaborated with Twin Revenue through its subsidiaries in various forms of arrangements as stated below:
- (i) Group's subsidiaries were appointed as main contractors by Twin Revenue for the property development projects and suppliers of building materials.
 - (ii) Group's subsidiaries entered into project management and construction agreement with Twin Revenue whereby the subsidiaries were engaged to work as a sole project manager and main contractor to manage and construct buildings/properties for the property development projects and thereafter acted as sales and marketing agent for those projects.
 - (iii) Group's subsidiaries entered into collaboration/ development agreement with Twin Revenue whereby the Group's subsidiaries secured the right and thereafter acted as sub-contractor and/or sub-developer for property development projects.
- 1.5.5 Based on the working arrangements/collaboration stated in paragraph 1.5.4 above, the following are the key categories of transactions with Twin Revenue which were recorded in the books of the Group:
- (i) Advances made to Twin Revenue to secure the first right of refusal for potential/ future construction projects and subsequent repayments/refunds by Twin Revenue.
 - (ii) Progress billings, payments and receipts of funds between the Group and Twin Revenue in relation to the construction/sub-development projects which included the following:
 - (a) payments made to third parties by the Group on behalf of Twin Revenue;
 - (b) receipts from third parties on behalf of the Group by Twin Revenue;
 - (c) progress billings issued / accrued to Twin Revenue; and
 - (d) settlement of progress billings by Twin Revenue.

- 1.5.6 Based on the discussion with Management, we understand that the cashflow and/or payments of the Group are managed at the Group level based on the availability of funds at each subsidiary. This resulted in voluminous fund movements and intercompany transactions within the Group.

Advances made to Twin Revenue to secure potential/future construction projects and subsequent repayment/ refund by Twin Revenue

- 1.5.7 As a result of the MoU referred to at paragraph 1.5.2, Twin Revenue and TRCSB subsequently entered into a Letter of Mutual Agreement dated 20 August 2017 (“LMA”), whereby both parties agreed that the subsidiaries of TRCSB would provide advances to Twin Revenue to fulfil its own obligations under the MoU. According to the LMA, the advances were “to enable TRSB [Twin Revenue] to meet and/or make their necessary obligations for the ongoing construction/project works being carried out on TRSB’s [Twin Revenue’s] lands and/or project sites.”⁴⁶ Notwithstanding what was stated on the face of the LMA, based on our understanding from Management and our review of the relevant documents, the purpose of the advances was to secure the first right of refusal for the potential/future construction projects.
- 1.5.8 From our review of the documents and discussion with Management, we understand that Twin Revenue typically requested the estimated advances by way of sending request letters at the beginning of the year, and advances were withdrawn throughout the year. Management did not necessarily accede to the amount of advances requested by Twin Revenue. Instead, Management would only agree to provide advances of up to 50% - 55% of Twin Revenue’s estimated project revenue from the executed project management and construction agreement and collaboration/development agreement (“Advance Limit”).⁴⁷ There was neither any SOP nor discussions/deliberations at board level in relation to the deployment of the advances.
- 1.5.9 Based on our review, we noted that there were three Advance Request Letters (“ARLs”) submitted in 2019 and 2020, which requested for cash advances in aggregate of RM 32,500,000. However, the total amount disbursed was RM 29,520,996. As stated on the ARLs, the Group would be given the “first choice of refusal” to be the main contractors for the associated projects in return for giving these advances to Twin Revenue. We noted that advances were made to secure the right to be awarded as main constructors of the future projects before Twin Revenue considered any other third parties. We summarise in the table below the details in relation to these advances:

Table 1.6

Year	ARLs Date	Amount as per ARLs (RM)	Amount disbursed (RM)	Unutilised Amount (RM)	Associated Projects ⁴⁸
2019	3 January 2019	20,000,000	18,275,654	1,724,346	Lot 4107 under KASB
2020	2 January 2020	6,500,000	11,245,342	1,254,658	Lot 2429 under KASB Lot 1954 under KASB Lot 2817 under KASB Lot 743 under KASB
	2 March 2020	6,000,000			Proposed Medical Center/ Apartment Development at Tabuan Dayak under MRSB The Cheers under OMSB
		32,500,000	29,520,996	2,979,004	

⁴⁶ Paragraph 2 of the LMA

⁴⁷ It represents the advance limit which the Group were prepared to pay in cash to Twin Revenue. The upper threshold of advance limit was set at RM 30,000,000 per annum.

⁴⁸ All the projects except for the Proposed Medical Center/Apartment Development at Tabuan Dayak under MRSB were eventually awarded to the Group.

- 1.5.10 These total advances of RM 29,520,996 were paid to Twin Revenue by various subsidiaries of the Group as follows:

Table 1.7

Subsidiaries	Advances paid as per ARLs dated 3 January 2019 (RM)	Advances paid as per ARLs dated 2 January and 2 March 2020 (RM)	Total Amount (RM)
OMSB	3,849,750	3,934,200	7,783,950
Harbour Venture Sdn Bhd (“HVSb”)	1,446,743	2,150	1,448,893
KASB	12,605,291	7,308,992	19,914,283
Regal Materials Sdn Bhd (“RMSb”)	331,270	-	331,270
TCSB	41,800	-	41,800
Regal Advantage Sdn Bhd (“RASb”)	800	-	800
Total	18,275,654	11,245,342	29,520,996

- 1.5.11 Twin Revenue had fully repaid the advances of RM 18,275,654 and RM 11,245,342⁴⁹ in FY2019 and during the period from 1 January 2020 to 8 February 2021 respectively.

Progress billings, payments and receipts of funds between the Group and Twin Revenue in relation to the construction/sub-development projects

- 1.5.12 Apart from the advances made by the Group to Twin Revenue as per the ARLs, there were payments made by the Group on behalf of Twin Revenue to third parties (“POB by the Group”) and receipts on behalf of the Group by Twin Revenue from third parties (“ROB by Twin Revenue”). We understand from Management that these were mainly related to ad-hoc transactions for the construction projects which were first agreed via verbal communication, with the necessary documentation following after.⁵⁰
- 1.5.13 The Group recorded progress billings based on the invoices issued to the customers upon receiving the quality surveyor certificates for each stage. Revenue relating to the work completed as per percentage of completion was progressively accrued before issuing invoices to the customers.
- 1.5.14 Subsidiaries with ongoing projects with Twin Revenue issued progress billings invoices relating to their respective projects and Twin Revenue made the payment for construction costs as per progress billings invoices. The payments for construction costs were mainly made in three ways: (a) direct payments made to the Group via cash or bank payment, (b) payments made by Twin Revenue to the Group’s suppliers or associated parties on behalf of the Group and (c) contra-arrangements, where the payment to the suppliers for the supplies and services were paid in lieu of cash, by way of properties (“Contra Arrangements”).⁵¹

⁴⁹ The repayment of the advances was largely through offsetting of the project progress billings owed by Twin Revenue to certain subsidiaries of the Group. We noted that RM 5,000,000 of total advances of RM 11,245,342 paid during the period from 1 January 2020 to 8 February 2021 was reclassified to “option deposit” for securing the construction project for Lot 4107 under KASB. This amount will be utilized to offset part of the project development cost if the project materializes in the future. In the event that the project is not going ahead, the RM 5,000,000 would have to be refunded to the Group. The remaining balance of RM 6,245,342 was fully refunded in FY2020 and period between 1 January 2020 to 8 February 2021.

⁵⁰ The Company provided documents that showed these transactions.

⁵¹ The price quoted for the properties through Contra Arrangements was based on the price per unit of property listed on the brochure. Delivery of the properties upon completion of the development served as payment made under the Contra Arrangements. In the event the amount owing to the suppliers exceeded the aggregate purchase price of the properties, the Group paid the difference in cash. However, if the aggregated purchase price of the properties exceeded the total outstanding amount, the Group recorded the residual balance as receivable from the suppliers.

- 1.5.15 As discussed in paragraph 1.5.6, as the cashflow of each of the subsidiary within the Group was managed at the Group level, a subsidiary under the Group may pay or receive funds from Twin Revenue on behalf of another subsidiary. Based on the review of the transactions and discussion with Management, we noted that subsidiaries with no ongoing projects with Twin Revenue paid or received funds to/from Twin Revenue on behalf of subsidiaries with ongoing projects with Twin Revenue, namely KASB, OMSB and HVSB. At each year end of the Review Period, adjustments were made to reclassify the balances recorded in the entities with no ongoing projects with Twin Revenue as amount owing to/from KASB and OMSB.
- 1.5.16 The Group recorded a net receivable balance of RM 30,820,840 due from Twin Revenue in its consolidated balance sheets as at 31 December 2019. This net receivable balance was made up from trade and other receivables of RM 35,295,000 and trade and other payables of RM 4,474,160 due from/to Twin Revenue as follows:

Table 1.8

Descriptions	Balance as of 31 December 2019 (RM)
Trade and other receivables – Twin Revenue	35,295,000
Trade and other payables – Twin Revenue	(4,474,160)
Net receivables from / (payables to) – Twin Revenue	30,820,840

- 1.5.17 The table below summarises the net transactions between the subsidiaries within the Group with Twin Revenue during the Review Period.

Table 1.9

Subsidiaries	Opening balance as at 1 January 2019 Receivable/ (Payable) (RM)	Net transactions amount during FY2019 (RM)	Balance as at 31 December 2019 Receivable/ (Payable) (RM)	Net transactions amount from 1 January 2020 to 8 February 2021 (RM)	Closing balance as at 8 February 2021 Receivable/ (Payable) (RM)
Subsidiaries with ongoing projects					
KASB	14,481,602	(9,092,448)	5,389,154	(6,065,475)	(676,321)
HVSB	(975,064)	3,055,494	2,080,430	(10,306,894)	(8,226,464)
HVSB – Audit adjustment ⁵²	-	-	4,714,927	-	-
OMSB	6,450,160	10,406,122	16,856,282	(8,771,542)	8,084,740
Subtotal	19,956,698	4,369,168	29,040,793	(25,143,911)	(818,045)⁵³
Subsidiaries with no ongoing projects					
MRSB – Amount paid/(received) to/from Mr. Azizi	1,155,796	246,247	1,402,043	(1,402,043)	-
MRSB – Audit adjustment ⁵⁴	-	-	2,883	-	-
Subtotal	1,155,796	246,247	1,404,926	(1,402,043)	-
Bellanova ⁵⁵		950,000	950,000	(950,000)	-
Other subsidiaries	73,396	(648,774)	(575,378)	530,107	(45,271)
Unreconciled amount	-	-	499⁵⁶	-	-
Net Receivables from/ (Net Payables to) Twin Revenue	21,185,890	4,916,641	30,820,840	(26,965,847)	(863,316)⁵⁷

1.5.18 Net transactions between 1 January 2020 and 8 February 2021 included the subsequent receipts and payments of RM 23,777,600 and RM 10,334,860 respectively⁵⁸ for the FY2019 trade receivables and trade payables balances between the Group and Twin Revenue.

1.5.19 Table 1.10 below summarises the breakdowns of subsequent receipts of RM 23,777,600 received from Twin Revenue between 1 January 2020 and 8 February 2021.

⁵² Audit adjustment of RM 4,714,927 as at 31 December 2019 relates to the consolidated audit adjustment made by the Group auditor with regards to receivables from customers on long-term contracts of Treetops Bintulu. We noted that the adjustment was not recorded in HVSB's books due to the different opinions of auditors in Singapore and Malaysia. Therefore, the amount could not be cast across the table.

⁵³ Closing balance as at 8 February 2021 did not take into account audit adjustments under HVSB.

⁵⁴ Audit adjustment of RM 2,883 as at 31 December 2019 was not recorded in MRSB's books. Therefore, the amount could not be cast across the table.

⁵⁵ Out of the cash consideration for the Disposal of RM 2,500,000, a total of RM 1,803,000 was received by Bellanova. Out of the RM 1,803,000, RM 1,550,000 was paid by Twin Revenue on 31 December 2019 and the remaining balance of RM 253,000 was received by Bellanova on 14 February 2020. As the table only shows the net transactions amount, these cash receipts were knocked off against the receivables.

⁵⁶ There is a difference of RM 499 which we are unable to reconcile when compared to net trade receivables from Twin Revenue of RM 30,820,840 recorded in the Group FY2019 AFS. Since the unreconciled amount is immaterial, we did not perform further work.

⁵⁷ Closing balance as at 8 February 2021 did not take into account audit adjustments under HVSB and MRSB and unreconciled difference.

⁵⁸ Based on our review, these subsequent receipts and payments were only captured transactions up to in and around August 2020.

Table 1.10

Subsidiaries	Amount (RM)
KASB	4,957,400
HVSB	8,831,700
OMSB	9,735,500
Bellanova ⁵⁹	253,000
Total	23,777,600

1.5.20 Table 1.11 below summarises the breakdowns of subsequent payments made to Twin Revenue between 1 January 2020 and 8 February 2021.

Table 1.11

Subsidiaries	Amount (RM)
KASB	6,520,660
OMSB	3,814,200
Total	10,334,860

1.5.21 As stated in the earlier paragraph, during the Review Period, only KASB, HVSB and OMSB had ongoing projects with Twin Revenue and the transactions recorded between these entities and Twin Revenue were as follows:

- (i) KASB had 10 construction agreements as well as 2 collaboration/ development agreements with Twin Revenue. The transactions recorded in the books of KASB with Twin Revenue were mainly related to (i) progress billings of the construction projects; (ii) advances; and (iii) proceeds from the Disposal.
- (ii) HVSB entered a project management and construction agreement, which was subsequently amended to a Letter of Award (“LOA”) for project Treetops Bintulu. The majority of the transactions were related to (i) progress billings for this project; and (ii) advances paid to and received from Twin Revenue.
- (iii) OMSB mostly collaborated with Twin Revenue by entering into a project management and construction agreement, under which OMSB acted as sole project manager and contractor and Twin Revenue as a developer/ landowner. Per the project management and construction agreement, the project manager and contractor is responsible to construct the building works at its owned cost and expense during the agreed timeline. There were two ongoing projects which were Tropics City and The Cheers. All the transactions between OMSB and Twin Revenue were related to the Tropics City project (mainly progress billings). There were no transactions except for advances relating to The Cheers.⁶⁰ In addition, a rent-to-own scheme was rolled out for Tropics City project.⁶¹ This allowed the tenants to enter into long leasing agreement to initially lease the properties and to obtain an option to purchase

⁵⁹ On 31 December 2019, Bellanova received RM 1,550,000 of sales proceeds from the Disposal and RM 253,000 was received on 14 February 2020. The remaining amount of sales proceeds of RM 697,000 were received through OMSB and KASB. Out of the amount of RM 697,000, RM 42,000 was received by OMSB on 8 January 2020. The remaining balance of RM 655,000 was received by KASB as follows: (a) RM 57,000 was received on 8 January 2020, (b) RM 150,000 on 9 January 2020, (c) RM 128,000 on 10 January 2020, (d) RM 50,000 on 11 January 2020, and (e) RM 270,000 on 16 January 2020.

⁶⁰ The Cheers was a relatively new project which the project was commenced on 20 August 2019. Due to Covid-19, the progress of this project was delayed significantly.

⁶¹ As the sub-developer of the Tropics City, OMSB rolled out a rent-to-own scheme for the unsold property units. Under this arrangement OMSB and Twin Revenue entered into a Consultation and Advisory Services Agreement dated 15 May 2020 (“CASA”) whereby Twin Revenue provided consultancy services (liaised and engaged with the financial institutions and legal firms on the structure and agreement on rent-to-own scheme) to OMSB and OMSB’s role was to execute the rent-to-own scheme. The lessee entered into a tenancy with option to purchase agreement with Twin Revenue (who was the main developer) to lease the property and was given an option to purchase the property at the end of the lease term. The lessee obtained a loan from financial institution to finance the rental for the entire lease term. Under the terms of the CASA, Twin Revenue was entitled to receive consultation fees of 5% of the agreed purchase price. Twin Revenue was also entitled to receive and collect on behalf of OMSB the rental released by the financial institutions and deducted the relevant costs and disbursed the balance to OMSB. Twin Revenue received RM 6,648,000 during the period from 1 January 2020 to 8 February 2021 on behalf of OMSB for the rent-to-own scheme. Out of RM 6,648,000, RM 1,134,049 has been paid to Twin Revenue as consultation fees and other relevant cost such as legal fees and stamping fees and RM 1,390,000 had been repaid to OMSB during the Review Period.

the properties at the end of the lease period. Twin Revenue received and collected the lumpsum rental released by the financial institutions on behalf of OMSB and repaid OMSB progressively.

- 1.5.22 On 10 August 2015, MRSB entered into a collaboration agreement with Twin Revenue for a residential/commercial development project as well as a private medical and specialist centre, (collectively named as “Tropics Plus Collaboration”) on the land parcels owned by Twin Revenue. Pursuant to the said agreement, both parties agreed that MRSB takes on the role as the project manager and contractor. According to the terms of the Tropics Plus Collaboration, MRSB was required to pay a Commitment Fee of RM 1,600,000 to a nominated director of Twin Revenue, Mr. Azizi as an authorized recipient of the said Commitment Fee on behalf of Twin Revenue to fund the expenses in relation to the Tropics Plus Collaboration for the purposes of obtaining the necessary government approvals prior to the commencement of the project.
- 1.5.23 From the date of Tropics Plus Collaboration in 2015 until 2019, the Commitment Fee was paid in tranches by various subsidiaries within the Group on behalf of MRSB to Mr. Azizi. As at 31 December 2019, the total amount paid to Mr. Azizi was RM 1,402,043⁶² and it was recorded under MRSB’s account with Mr. Azizi notwithstanding that the contracting party for the Tropics Plus Collaboration was Twin Revenue, not Mr. Azizi, who was only a nominee to receive the Commitment Fee. We understand from the Company that it was an oversight to record these payments under amount owing by Mr. Azizi.⁶³ However, due to non-fulfillment of the conditions precedent stated in the Tropics Plus Collaboration, the project was terminated on 15 January 2020. Notwithstanding that Tropics Plus Collaboration had been terminated, a total sum of RM 147,435 was paid to Mr. Azizi during the period from January 2020 to May 2020. Management explained that RM 147,435 was wrongly recorded under MRSB’s account. The payment was intended for KASB’s potential project, Haziiq Gembira – Lot 2429.
- 1.5.24 On 10 December 2020, we noted that RM 1,402,043 had been repaid by Mr. Azizi and RM 147,435 was transferred from account with Mr. Azizi to account with Twin Revenue for the Haziiq Gembira – Lot 2429 project.

⁶² As of 31 December 2019, the cumulative amount of the Commitment Fee disbursed to Mr. Azizi amounted to RM 1,402,043 despite the Commitment Fee specified in the preceding paragraph being RM 1,600,000. The outstanding balance of RM 200,000 remains unpaid to Mr. Azizi due to the project was terminated.

⁶³ During maximisation, the Company explained “This is at MRSB company level. It was recorded as Twin Revenue balance at Group level.”

1.6 Policies and SOP

- 1.6.1 Based on our review of the terms and circumstances of the Disposal and the nature and processes of the transactions involving the Group and Twin Revenue in the Review Period, our view is that the Group has a lack of proper policies and SOPs to guide the decision-making and conduct in relation to the transactions.
- 1.6.2 We noted that Mr. Su and Mr. Wong, who were both executive directors, were the sole two individuals who made decisions in relation to the Disposal. We also noted that the major decisions of the Group, not limited to projects, advances, payments, etc, were decided by them. This suggests a lack of systematic controls over approval and payment processes. To ensure good corporate governance and controls, appropriate check and balance should be put in place (for example, the Group should set up sub-committee that would assist in reviewing Management’s decision on significant matters, for matters above certain thresholds, the BOD should be formally consulted).
- 1.6.3 We obtained and reviewed the Group’s SOPs that were used as guidelines to conduct its day-to-day operations. Based on our review, the SOPs provided were simple, brief, and only stated general descriptions of parameters to be met. The absence of comprehensive policies and SOPs is likely to have compromised the quality of internal controls and governance which resulted in higher risk for the Group.
- 1.6.4 Management explained that they have some SOPs to evaluate the potential projects by assessing feasibility of the projects including cost analysis. However, there was no specific committee to assess the development of potential projects. In practice, only Mr. Su and Mr. Wong made the final decisions with regards to the project development and construction activities. The rest of the BOD did not independently consider the merits of the development of these projects and activities.
- 1.6.5 Management explained that there were no standardised approval process, formal policy, or documentation with regards to customer onboarding. The process is mainly performed through verbal discussion/decision with Management. Management confirmed that the customer onboarding process between Twin Revenue and the third parties was the same.
- 1.6.6 Based on the information shared by Management, we noted that there are no fixed terms of credit limit and period for the transactions with Twin Revenue. Management explained that even though there were no fixed terms, the outstanding balance with Twin Revenue was closely monitored on a weekly basis to manage the Group’s cashflow.

1.7 Potential breaches of the SGX Rules and Laws in Singapore

1.7.1 Based on our review of the terms and circumstances of the Disposal and the nature and processes of the transactions involving the Group and Twin Revenue in the Review Period, our view is that the conduct of the Company and the BOD may potentially constitute potential breaches of the SGX Rules and laws in Singapore.

Potential Breaches of the SGX Rules

1.7.2 We reviewed the announcements in relation to the Disposal as to whether they appear actual, factual, complete, clear and in compliance with Chapter 10 (Significant Transactions) and Rule 719 (Suspected Fraud or Irregularity) of the SGX Rules and /or the laws of Singapore. Our findings are as stated below.

Table 1.12

No.	Rule	Potential Breaches
1	Rule 719(1) requires that companies should have adequate and effective systems of internal controls (including financial, operational, compliance, and information technology controls) and risk management systems. The audit committee may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management.	<p>Management notified the BOD about the Disposal through the email on 23 December 2019 on the basis of a cash consideration of RM 5,000,000. Subsequently on 31 December 2019, Management informed the BOD that the agreed cash consideration was reduced to RM 2,500,000. The detailed discussion with Twin Revenue and consideration of the pricing negotiation was not documented and shared with the BOD. No in-depth evaluation and discussion on the Disposal were carried out by the BOD. In addition:</p> <ul style="list-style-type: none"> • There is no disposal policy nor SOP developed by the Company for the disposal of subsidiaries or assets. • Although the Disposal was a significant transaction, the approvals from the board members were given via email. No formal board resolution from the BOD was obtained as a matter of good practice. • Management represented that the negotiations with Twin Revenue were finalised via phone calls and/or face to face meetings without recorded any formal documentations / negotiations between both parties. <p>There were no adequate and proper procedures for assessment of the Disposal and the approval process for decision making. This indicates a general lack of adequate and effective systems of internal controls and risk management systems, which led to subsequent identified breaches of certain listing rules.</p>

No.	Rule	Potential Breaches
2	<p>Rule 703(4) provides that in complying with the Exchange’s disclosure requirements, an issuer must (a) observe the Corporate Disclosure Policy set out in Appendix 7.1 of the Manual. Paragraph 25 of Appendix 7.1 stipulates, <i>inter alia</i>, that the content of a press release or other public announcement should be factual, clear and succinct, contain sufficient quantitative information to allow investors to evaluate its relative importance to the activities of the issuer and be balanced and fair.</p> <p>Rule 1006(c), which relates to the categorisation of a transaction depending on the size of the relative figures, states that the <i>“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.”</i> Based on Rule 1002(5), <i>““market capitalisation” of the issuer is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.”</i></p>	<p>Based on the announcement dated 31 December 2019, the Company stated in footnote 4 that <i>“the market capitalisation of the company of approximately S\$ 4,559,000 (equivalent to RM 13,825,000) 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.”</i> In this regard, we noted that the Company’s estimated relative figure of 18.1% as computed by Ms. Kong was based on the adjusted 6-month volume weighted average price of SGD 0.02027 prior to the date of the Disposal⁶⁴ multiplying by 224,917,251 number of ordinary shares. However, the share price considered for the calculation of market capitalisation is not aligned with the guideline given under Rule 1002(5) which required the weighted average price of the share transacted on the latest market day preceding the date of the Disposal. The Company’s closing price of SGD 0.0123 (being the weighted average price of the shares transacted on the latest market day preceding the date of the SSA on 26 December 2019) should be used as per Rule 1006(c) and it would have resulted in a surge of relative value to 29.8%.</p>

⁶⁴ During the investigation, the Company explained that it *“wrongly interpreted the calculation of the weighted average price as being the 6-month volume weighted average price on 30 December 2019 instead of the one day volume weighted average price on 30 December 2019.”*

No.	Rule	Potential Breaches
3	Rule 1007(1) requires <i>“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.”</i>	The Company disclosed in the announcement dated 31 December 2019 that as the relative figures for both Rules 1006(a) and (b) are negative, the Company would consult and seek advice of the SGX RegCo. However, the formal consultation application was submitted on 8 January 2020, after the Disposal was concluded. ⁶⁵
4	<p>Based on the relative figure under Rule 1006(c) computed by the Company, where any of the relative figures computed on the bases set out in Rule 1006 exceeds 5% but does not exceed 20%</p> <p>(i) Rule 1010(3) requires an issuer to, after terms have been agreed, immediately announce the aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment.</p> <p>(ii) Rule 1010(4) requires an issuer to, after terms have been agreed, immediately announce whether there are any material conditions attaching to the transaction including a put, call, or other option and details thereof.</p> <p>(iii) Rule 1010(6) requires an issuer to, after terms have been agreed, immediately announce the following: in the case of a disposal, the excess or deficit of the proceeds over the book value and the intended use of the sale proceeds should be immediately announced.</p>	<p>(i) The consideration stated in the SSA was RM 2,500,000. The announcement on the Disposal dated 31 December 2019 did not provide any basis for the RM 2,500,000 i.e. failed to state the factors taken into account in arriving at it.</p> <p>(ii) The announcement on the Disposal dated 31 December 2019 did not disclose the potential transfer of Development Rights to Twin Revenue,⁶⁶ which was a material condition attaching to the transaction and should therefore have been disclosed.</p> <p>(iii) The Company did not state the amount in excess of the proceeds over book value in the announcement on the Disposal dated 31 December 2019.</p>

⁶⁵ SGX RegCo sent an email to the Company to inform the Company to set up its account on SGX RegCo’s portal in early 2019 but the account was only set up in January 2020. During maximisation, the Company explained that *“...it was in the process of setting up their account on SGX RegCo’s portal before they could submit the consultation application. The employee who had set up the account on SGX RegCo’s portal in early 2019 had left the Company soon after. Hence, the Company required some time to retrieve the account information and responded to the said email in early January 2020.”*

⁶⁶ Please refer to footnote 17.

No.	Rule	Potential Breaches
	(iv) Rule 1010(7) requires an issuer to, after terms have been agreed, immediately announce the following: The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal should be immediately announced.	(iv) The Company did not disclose such information in the announcement dated 31 December 2019. It was only included in the announcement made on 8 February 2021 with regards to the Company's response to auditor's disclaimer.
5	Rule 1014(2) states that a major transaction must be made conditional upon approval by shareholders in general meeting. A circular containing the information in Rules 1010, 1011, 1012 and 1013 must be sent to all shareholders. If no valuation is available for an acquisition or disposal of assets (other than shares), the issuer must provide an explanation on why it did not commission a valuation.	If the Company had properly consulted SGX RegCo under Rule 1007(1) and SGX RegCo deems that the Disposal should be subject to Rule 1014, the Disposal would have to be made conditional upon shareholders' approval. We understand from Ms. Kong that the Company will be seeking the shareholders' ratification of the Disposal subsequent to the release of the special audit report.

Potential Breaches of the laws of Singapore

- 1.7.3 The conduct of the BOD also potentially constitutes a breach of directors' duties under the Companies Act 1967 ("Companies Act") and under common law.
- 1.7.4 Under Section 157(1) of the Companies Act, a director must at all times act honestly and use reasonable diligence in the discharge of the duties of his or her office. Under Section 157(3) of the Companies Act, an officer or agent who commits a breach of any of the provisions of this section shall be (a) liable to the company for any profit made by him or her or for any damage suffered by the company as a result of the breach of any of those provisions; and (b) guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 12 months. To be clear, an offence under Section 157(3) of the Companies Act does not require a finding of dishonesty – an offence may be committed so long as the director fails to use reasonable diligence in the discharge of the duties of his or her office.
- 1.7.5 At common law, a director also owes fiduciary duties to a company to act in its best interest and also owes an equitable duty to exercise due care and skill. A breach of such duties may result in the director being liable to account for profits gained by the director or to compensate the company for any losses caused by the breach.

- 1.7.6 The BOD is entitled to delegate day-to-day operations of the Company to Management and is entitled to exercise their business judgment without attracting any legal liability. However, our review disclosed various control weaknesses. Practically, only Mr. Su and Mr. Wong, the executive directors, made the final decisions with regards to the project development and construction activities. The rest of the BOD did not independently consider the merits of the projects and activities, and had largely left Management to make decisions, including in relation to the Disposal. This is especially given that the rest of the BOD did not appear to question or consider the apparent change in consideration for the Disposal. This potentially exceeds the degree of delegation that the BOD can reasonably do. Accordingly, there may be a breach of their duties to use reasonable diligence in the discharge of their duties under Section 157(1) of the Companies Act and their equitable duty to exercise due care and skill at common law.

1.8 Conclusions and Recommendations

- 1.8.1 Our primary conclusion based on our review is that there may be lapses on the part of the Company and its BOD in the deliberation and approval process for the Disposal, failure to obtain shareholders' approvals and disclosures made pursuant to the Disposal, including the failure to disclose the potential transfer of Development Rights, which was a material condition.
- 1.8.2 We noted that certain directors of Twin Revenue have connections with the directors of the Company or the subsidiaries of the Group. However, owing to the limited available information we have obtained that discloses a close relationship between the directors of Twin Revenue and Management, while this may raise potential concerns as to whether the Disposal was conducted on an arm's length basis, we are unable to make conclusive findings.
- 1.8.3 More generally, we also reviewed the policies and SOPs of the Company (as set out at section 1.6 above) and note the following concerns in relation to the circumstances surrounding the Disposal and the transactions with Twin Revenue. In order to strengthen the Company's internal policies and procedures, the table below also contains our recommendations in consequence of each finding:

Table 1.13

No.	Findings	Recommendations
1	The Company has a simple BOD protocol in relation to acquisitions and disposals for certain transactions but no policies and SOPs governing the general disposal of assets.	There should be proper policies and SOPs set up for disposal of assets and the relevant controls should be put in place.
2	The BOD and Bellanova did not discuss the Disposal at length and there were no board meetings or group calls ⁶⁷ held among the BOD to approve the Disposal. No formal minutes of the meetings were documented in relation to the Disposal, including but not limited to the justification of the agreed consideration of RM 2,500,000, the potential transfer of the Development Rights and purpose of the Disposal.	The BOD should conduct robust and in-depth discussion prior to approving any significant disposals and these discussions should be documented.

⁶⁷ During maximisation, the Company explained "The directors had provided their verbal consent via individual phone calls to proceed with the Disposal. This was subsequent to the circulation of the Revised Board Papers explaining the transaction to the directors. It must be noted that prior to the Covid pandemic, the Board did not have the practice of having group calls and board meetings were mostly conducted face to face."

No.	Findings	Recommendations
3	The BOD approval was obtained via email. Even though the Disposal was a significant transaction, the BOD did not conduct an in-depth evaluation and discussion at a board meeting or over a group call, and there was no formal board resolution of the Company in writing.	Management should ensure that approvals of significant transactions are properly documented by executing formal board resolutions.
4	Despite the ratios calculated under Rule 1006(a) and Rule 1006(b) being negative, the Company did not consult with SGX RegCo and obtain SGX RegCo's determination prior to concluding the Disposal. The Company did not establish clear definition on steps and assessment procedures that should be complied with to ensure the Company adheres to the SGX Rules.	The Company should establish clear SOPs which include steps that need to be taken to assess/determine if the disposal transactions comply with the SGX Rules. These SOPs should have periodic checks, which should be performed by the internal audit department.
5	There is no documentation related to the negotiations with Twin Revenue. Management represented that the negotiations were conducted over phone calls and/or face to face meetings.	Detailed evaluation and negotiations should be performed and documented prior to concluding the Disposal. These documents/ information ought to be disclosed and discussed with BOD and thereafter disclosed to the public if they are material information.
6	As part of the transaction arrangement, the Development Rights should be transferred from Bellanova to Twin Revenue subject to further negotiation between the two parties. However, there were no meeting minutes or documents which documented the discussions between Management with the BOD and Twin Revenue in respect of this matter. There was also no disclosure made by the Company relating to it on the announcement dated 31 December 2019.	All the detailed arrangements as part of the transaction with counter parties should be properly documented. These documents/ information ought to be disclosed and discussed with BOD and thereafter disclosed to the public if they are material information.

- 1.8.4 Finally, based on our review of the internal control policies and supporting documents provided in relation to the transactions relating to receipts and payments made from/to Twin Revenue and payments to directors within the Review Period, we are also of the view that there are various weaknesses in the control of payments and/or fund flows. We set out below the areas of weakness we have identified and our corresponding recommendations.

Table 1.14

No.	Findings	Recommendations
1	We noted that all the business decisions of the Group were made by Mr. Su and Mr. Wong. These included but were not limited to decisions in relation to the disposal, acquisition, collaborations and construction projects.	The Company should set up proper policies and SOPs to govern how the BOD should evaluate and assess the risk of the material and important business decisions.
2	We noted that the Group has some brief SOPs for payment made for materials supplies, contractor's expense, and petty cash requisition. However, there is also no comprehensive SOPs relating to on boarding of customers/counterparties, evaluation of projects and internal fund transfer.	There should be proper policies and SOPs set up for (a) onboarding of the customers (b) pre-project analysis and approval process prior to entering any collaborating agreements for projects development and (c) payment approval and fund transfer process to third parties or within the Group.
3	Based on our review of the transactions, we noted that the Company does not keep/maintain all required documents for associated transactions recorded in the ledger at the same folder to support the nature and underlying reason of the transactions occurred with Twin Revenue. In addition, the description on internal documents such as debit/ credit memos or payment/receipt memos are not sufficient to reflect the nature and purpose of each relevant transactions.	The Group should maintain adequate and sufficient supporting documents in proper file/folders to evaluate the underlying nature and purposes of the transactions recorded in the books.

- 1.8.5 Given our conclusion that there may have been potential breaches of the SGX Rules and directors' duties under the Companies Act and at common law, we recommend that the Company and its BOD seek further legal advice on these matters.

1.9 Disclaimer and Limitations

- 1.9.1 Our work has been limited by the time available within which to complete the tasks, the agreed scope of the engagement and nature of the information made available to us during the engagement. We are unable to verify the authenticity, correctness and integrity of any information provided to us.
- 1.9.2 Our work has been limited by access to information sources. In such circumstances, our ability to report adequately may be materially prejudiced and you should not rely on our work and our report as being comprehensive, as we may not become aware of all facts or information that may be regarded as relevant. Some of the documents we requested were given to us by Management as pdf soft copies and we could not verify the authenticity of these documents. We accept no responsibility for matters not covered by our report or omitted due to the limited nature of our review.
- 1.9.3 In carrying out the engagement, DTFAS has assumed that all information made available is complete and reliable for our purposes. We have relied upon the records and representations provided by the Group up to 8 August 2023. In some cases, documentation was not made available to DTFAS for our consideration and inclusion in this document. Our observations may subject to change if additional information is provided at a later date after the issuance of this report. Any statements provided may result from the subjects' recollection and memory. DTFAS is not responsible for any inaccuracy thereof.
- 1.9.4 For the avoidance of doubt, our work has not included:
- (i) Any statutory audit on the information provided to us and we will not accept responsibility for the accuracy of the information provided to us.
 - (ii) An internal audit on the internal control system of the Group and will not be assessing the adequacy and effectiveness of the internal control system.
 - (iii) The provision of legal advice on the legal implications/consequences.
 - (iv) Any representation or substitution of company management.
- 1.9.5 Our work or procedures performed may not have necessarily resulted in any conclusive findings and / or the uncovering of irregularities such as fraud or corrupt practices. We do not warrant as to the adequacy or sufficiency of the methodology or procedures to be employed.
- 1.9.6 The procedures performed do not and will not constitute an audit, review compilation or attestation services as described in the pronouncements on professional standards issued by the American Institute of Certified Public Accountants or any successor standards setting body nor an evaluation of the Group's internal control systems or an evaluation of compliance with laws, regulations, or other matters.

Limitations of our background searches

- 1.9.7 In carrying out corporate intelligence into individuals or entities, we use our professional judgment to identify the online sources that are searched in our work, taking into consideration the requested scope and purpose of the scope, the location of the subjects, and budgetary and time considerations. While we have access to numerous potential data sources, we cannot possibly search all of them in the course of anyone-research assignment. We caution that other professional services firms might reach different judgments about the databases to be searched or produce different findings. In addition, we note that online records can be incomplete or inaccurate, and that there may be considerable additional information which has either not been reported or is not available through

online sources. Since coverage periods may vary depending upon any database provider, the type of information sought, and the source of the information, the possibility exists that the coverage provided by these databases will not yield the information sought. Accordingly, we assume no responsibility for the accuracy of the information obtained from online sources, nor do we guarantee that we have located all relevant information that might exist regarding a certain subject.

- 1.9.8 Save where indicated to the contrary, it should be assumed that information provided has been obtained from an outside source. Whilst we will endeavor, if requested, to provide you as far as possible with information on the type of source from which the information we gather has come, this may not be possible in all cases, and we retain the right to refuse to identify any such source. We may not be in a position to test the accuracy or completeness of information from an outside source. The source which we use may itself not have direct information and may rely upon another party. We therefore accept no responsibility for, and do not warrant the accuracy or completeness of, any information, or any inference that you draw from that information. Save as specifically provided, we will not analyze the information received and provided to you.
- 1.9.9 Information is provided to you on the basis that the recipient will not rely upon it as the sole basis for any action or decision. Where necessary, should you so wish, you should seek to confirm our findings through an alternative source. You agree that we will not audit or otherwise test or verify the information given to us, in writing or orally, during the course of the Services.

Limitations of Maxwellisation

- 1.9.10 Our work and/or procedures performed have been limited by the fact that we are not conferred any statutory or coercive powers to compel the co-operation of the relevant parties to participate in the review process, maxwellisation process or the disclosure of documents, information, and/or devices for the purposes of this report. Should any party reject our invitation to participate in the review process, we will have no alternative but to proceed with the information that we are able to gather and finalize the report without the input of such parties and shall not be responsible for any incompleteness and/or inaccuracies arising therefrom and shall not be liable for any damages and/or losses incurred by any party as a result of our findings.

Appendix

Appendix 1 - Business Relationships of the Group's subsidiaries with Twin Revenue

No.	Abbreviation	Company Name	Business Relationship
Malaysian Entities			
1	Bellanova	Bellanova Sdn Bhd	Disposal of Upright Strategy to Twin Revenue on 31 December 2019
2	HVSB	Harbour Venture Sdn Bhd	Contractor of Twin Revenue's project, Treetops Bintulu
3	KASB	Kenyalang Avenue Sdn Bhd	Contractor/Sub-developer of several Twin Revenue's projects
4	MRSB	Midas Residences Sdn Bhd	Tropics Plus Collaboration dated 10 August 2015, which subsequently terminated in January 2020.
5	OMSB	Ocean Megalink Sdn Bhd	Project Manager and Contractor of Tropics City
6	RLSB	Regal Lands Sdn Bhd	Memorandum of Understanding on medical centre to complement Tropics City
7	RMSB	Regal Materials Sdn Bhd	Supply of construction materials to Twin Revenue
8	TCSB	Temasek Cartel Sdn Bhd	Sales and marketing agent for Twin Revenue's projects
9	TRCSB	Temasek Regal Capital Sdn Bhd	MoU with Twin Revenue to undertake development projects, sourcing for land investments and/or any other to-be-approved project(s) with each other and the subsidiaries of TRCSB
10	WMSB	Wisma Majuniaga Sdn Bhd	Acquired WMSB (to obtain development rights of a project) from Twin Revenue by way of issuance of Regal International's shares in 2017. Consequently, Twin Revenue became one of the shareholders of Regal International.
11	Upright Strategy	Upright Strategy Sdn Bhd	Acquired by Twin Revenue from Bellanova on 31 December 2019
12	AWSB	Arena Wiramaju Sdn Bhd	None
13	BCSB	Beaches & Coastlines Sdn Bhd	None
14	BNCB	Beneworld Sdn Bhd	None
15	BKSB	Benua Kenyalang Sdn Bhd	None
16	HLCC	HJ Lai Concrete Cement Sdn Bhd	None
17	KSSB	Kota Sarjana Sdn Bhd	None
18	LPSB	Luminous Paints Sdn Bhd	None
19	MSSB	Million Sunray Sdn Bhd	None
20	RASB	Regal Advantage Sdn Bhd	None
21	RCSB	Regal Concrete Sdn Bhd	None

No.	Abbreviation	Company Name	Business Relationship
22	RHSB	Regal Hospitalities Sdn Bhd	None
23	ROSB	Regal Opulences Sdn Bhd	None
24	RSSB	Regal Steelink Sdn Bhd	None
25	SKRSB	Sang Kanchil Rising Sdn Bhd	None
26	TDSB	Tiya Development Sdn Bhd	None
Singaporean Entities			
27	RIGL	Regal International Group Limited	None
28	RPPL	Regalia Properties Pte. Ltd.	None
29	RUBPL	Regal Universe Builders Pte. Ltd.	None
30	RIHGL	Regal International Holding Pte. Ltd.	None
31	RIIGL	Regal International Investment Pte. Ltd.	None
32	RGLPL	Regal Global Logistics Pte. Ltd.	None