

Unaudited Financial Statements and Related Announcement for the Full Year Ended 31 December 2019

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income	Group		Change %
	2019 RM'000	2018 RM'000	
Revenue	88,521	62,609	41%
Cost of sales	(73,910)	(61,062)	21%
Gross profit	14,611	1,547	844%
Interest income	33	536	-94%
Other gains	22,890	146	15578%
Marketing and distribution costs	(2,115)	(4,186)	-49%
Administrative expenses	(18,984)	(25,157)	-25%
Other losses	(2,568)	(3,857)	-33%
Finance costs	(5,793)	(6,205)	-7%
Share of profit (loss) from equity-accounted associates	366	(487)	N.M.
Profit (Loss) before tax	8,440	(37,663)	N.M.
Income tax (expenses) benefits	(1,391)	762	N.M.
Profit (Loss), net of tax	7,049	(36,901)	N.M.
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations, net of tax	(29)	(76)	-62%
Other comprehensive loss for the year, net of tax	(29)	(76)	-62%
Total comprehensive income (loss) for the year	7,020	(36,977)	N.M.
Profit (Loss) attributable to owners of the parent, net of tax	7,777	(35,759)	N.M.
Loss attributable to non-controlling interests, net of tax	(728)	(1,142)	-36%
Profit (Loss), net of tax	7,049	(36,901)	N.M.
Total comprehensive profit (loss) attributable to owners of the parent	7,748	(35,835)	N.M.
Total comprehensive loss attributable to non-controlling interests	(728)	(1,142)	-36%
Total comprehensive income (loss) for the year	7,020	(36,977)	N.M.

N.M. – Not meaningful

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

1(a)(ii) Notes to statement of comprehensive income

Loss before tax is stated after (charging) / crediting:

	Group		
	2019 RM'000	2018 RM'000	Change %
Interest income	33	536	-93.8%
Interest expense	(5,793)	(6,205)	-6.6%
Depreciation of property, plant and equipment	(2,773)	(2,868)	-3.3%
Allowance for impairment of trade and other receivables	(1,290)	(1,093)	18.0%
Reversal for impairment of trade and other receivables	251	28	796.4%
Allowance for impairment of land held for property development	-	(219)	-100.0%
Allowance for impairment of leasehold property	(623)	(1,624)	-61.6%
Allowance for impairment of inventories	(115)	(70)	64.3%
Plant and equipment written off	(96)	-	N.M.
Loss on disposal of property, plant and equipment	(1)	-	N.M.
Gain on disposal of subsidiary	22,142	-	N.M.
Foreign exchange loss, net	(77)	(70)	10.0%
Underprovision of tax in respect of prior years	(81)	(1,827)	-95.6%

N.M. - Not meaningful

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position	Group		Company	
	As at	As at	As at	As at
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	12,475	14,663	6	-
Development rights	11,276	11,276	-	-
Investment in subsidiaries	-	-	54,859	54,859
Investment in associate	3,913	4,342	-	-
Investment properties	13,931	11,286	-	-
Deferred tax assets	354	417	-	-
Other assets	490	2,045	-	1,551
Total non-current assets	42,439	44,029	54,865	56,410
<u>Current assets</u>				
Inventories	141,385	128,919	-	-
Trade and other receivables	122,401	89,968	5,233	4,364
Other assets	14,698	14,689	47	62
Cash and cash equivalents	6,952	6,090	564	569
Total current assets	285,436	239,666	5,844	4,995
Total assets	327,875	283,695	60,709	61,405
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	144,552	144,552	381,051	381,051
Accumulated losses	(127,435)	(135,677)	(403,717)	(405,677)
Share option reserve	2,933	3,398	2,933	3,398
Foreign currency translation reserve	2,797	2,826	70,268	70,268
Merger reserve	1,563	1,563	-	-
Other reserve	1,030	1,495	-	-
Equity, attributable to owners of the parent	25,440	18,157	50,535	49,040
Non-controlling interests	(2,224)	(1,496)	-	-
Total equity	23,216	16,661	50,535	49,040
<u>Non-current liabilities</u>				
Deferred tax liabilities	9	-	-	-
Other payables	9,792	8,979	-	-
Other liabilities	-	55	-	-
Other financial liabilities	11,062	21,284	-	-
Total non-current liabilities	20,863	30,318	-	-
<u>Current liabilities</u>				
Income tax payable	20,195	19,948	-	-
Trade and other payables	200,837	159,132	4,825	3,990
Other liabilities	3,835	2,680	-	-
Other financial liabilities	58,929	54,956	5,349	8,375
Total current liabilities	283,796	236,716	10,174	12,365
Total liabilities	304,659	267,034	10,174	12,365
Total equity and liabilities	327,875	283,695	60,709	61,405

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Borrowings and Debt Securities	Group	
	As at 31.12.2019	As at 31.12.2018
	RM'000	RM'000
<u>Amount repayable in one year or less, or on demand</u>		
- secured	11,062	21,284
	11,062	21,284
<u>Amount repayable after one year</u>		
- secured	58,929	54,956
	58,929	54,956

Details of any collateral:

The banking facilities of the Group comprised of bank overdrafts, term loans, finance leases and trade lines.

The bank overdrafts are covered by:-

1. Fixed deposit of RM100,000 and interest;
2. Joint and several guarantees of certain directors of the Company;
3. Joint and several guarantee by directors of one of the subsidiaries of the Company
4. Corporate guarantees provided by certain subsidiaries of the Company;
5. Assignment over the rights, title and interest to the properties held for sale;
6. Legal charge or deed of assignment and power of attorney over properties held for sale; and

The term loans are covered by the following:

1. Joint and several guarantee by certain directors of the Company;
2. Joint and several guarantee by directors of certain subsidiaries of the Company;
3. Corporate guarantees provided by certain subsidiaries of the Company;
4. Assignment over the rights, titles and interest or legal charges and/or power of attorney over the project lands, properties held for sale and leasehold property; and
5. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS);

The preference shares are covered by the following:-

1. Deed of assignment of development properties units; and
2. Personal guarantees provided by certain directors of the Company.

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows	2019 RM'000	2018 RM'000
<u>Cash flows from operating activities</u>		
Profit (Loss) before tax	8,440	(37,663)
Adjustments for:		
Depreciation of property, plant and equipment	2,773	2,868
Interest expense	5,793	6,205
Interest income	(33)	(536)
Written off of property, plant and equipment	96	-
Loss on disposal of property, plant and equipment	1	-
Gain on disposal of subsidiary	(22,142)	-
Allowance for impairment on leasehold property	623	1,624
Allowance for impairment on trade and other receivables - net	1,039	1,065
Allowance for impairment on land held for property development	-	219
Allowance for impairment on inventories	115	70
Provision for liquidated and ascertained damages	7,413	9,671
Accrued tax penalties	134	1,331
Share of (profit) loss from equity-accounted associates	(366)	487
Operating cash flows before changes in working capital	3,886	(14,659)
Inventories	(13,406)	2,846
Trade and other receivables	(50,106)	976
Other assets	1,568	3,713
Trade and other payables	67,697	12,267
Other liabilities	1,100	430
Net cash flows from operations before tax	10,739	5,573
Income tax paid	(1,235)	(128)
Net cash flows from operating activities	9,504	5,445
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(299)	(265)
Investment properties	(2,645)	(2,821)
Disposal of subsidiary, net of cash acquired	488	-
Dividends from associate	900	-
Interest received	33	20
Net cash flows used in investing activities	(1,523)	(3,066)
<u>Cash flows from financing activities</u>		
Net movements in amounts due to shareholders	3,907	4,397
Net movements in amounts due to associate	1,562	2,672
Proceeds from borrowings	920	-
Repayment of borrowings	(6,505)	(5,630)
Cash restricted in use	(330)	(45)
Interest paid	(5,152)	(5,588)
Net cash flows used in financing activities	(5,598)	(4,194)
Net increase (decrease) in cash and cash equivalents	2,383	(1,815)
Cash and cash equivalents, statement of cash flows, beginning balance	1,512	3,319
Effect of exchange rate of changes on cash and cash equivalents	(1)	8
Cash and cash equivalents, statement of cash flows, ending balance	3,894	1,512
<u>Cash and cash equivalents comprised of :</u>		
Cash and cash equivalents, statement of financial position	6,952	6,090
Bank overdrafts	(1,422)	(3,272)
Restricted in use	(1,636)	(1,306)
	3,894	1,512

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity									
	Total equity	Attributable to owners of the parent subtotal	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign currency translation reserve	Merger reserve	Other reserve	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Current year:									
Opening balance at 1 January 2019	16,661	18,157	144,552	(135,677)	3,398	2,826	1,563	1,495	(1,496)
Changes in equity:									
Total comprehensive income (loss) for the year	7,020	7,748	-	7,777	-	(29)	-	-	(728)
Share options forfeited	-	-	-	465	(465)	-	-	-	-
Other reserve reversed	(465)	(465)	-	-	-	-	-	(465)	-
Closing balance at 31 December 2019	23,216	25,440	144,552	(127,435)	2,933	2,797	1,563	1,030	(2,224)
Previous year:									
Opening balance at 1 January 2018	54,293	54,648	144,552	(97,969)	3,600	2,902	1,563	-	(355)
Effect on adoption of SFRS (I) 9	(2,151)	(2,151)	-	(2,151)	-	-	-	-	-
Restated opening balance at 1 January 2018	52,142	52,497	144,552	(100,120)	3,600	2,902	1,563	-	(355)
Changes in equity:									
Total comprehensive loss for the year	(36,977)	(35,835)	-	(35,759)	-	(76)	-	-	(1,142)
Transfer of shares to non-controlling interests	1	-	-	-	-	-	-	-	1
Share options forfeited	-	-	-	202	(202)	-	-	-	-
Other reserve	1,495	1,495	-	-	-	-	-	1,495	-
Closing balance at 31 December 2018	16,661	18,157	144,552	(135,677)	3,398	2,826	1,563	1,495	(1,496)

	Total equity	Share capital	(Accumulated losses) Retained earnings	Share option reserve	Foreign currency translation reserve
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Current year:					
Opening balance at 1 January 2019	49,040	381,051	(405,677)	3,398	70,268
Changes in equity:					
Total comprehensive income for the year	1,495	-	1,495	-	-
Share option forfeited	-	-	465	(465)	-
Closing balance at 31 December 2019	50,535	381,051	(403,717)	2,933	70,268
Previous year:					
Opening balance at 1 January 2018	431,764	381,051	(23,155)	3,600	70,268
Changes in equity:					
Total comprehensive loss for the year	(382,724)	-	(382,724)	-	-
Share option forfeited	-	-	202	(202)	-
Closing balance at 31 December 2018	49,040	381,051	(405,677)	3,398	70,268

Note : The Foreign Exchange Reserve and Merger Reserve are not available for distribution as cash dividends.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the Company's share capital since the end of the previous period reported on.

As at 31 December 2019 and 31 December 2018, the Company did not hold any treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.12.2019	As at 31.12.2018
Total number of issued shares excluding treasury shares	<u>224,917,251</u>	<u>224,917,251</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There are no treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There are no subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited financial statements as at 31 December 2018, except as explained in item 5 below.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

SFRS(I) 16 Leases

The Group has applied SFRS(I) 16 Leases that is effective from 1 January 2019.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease, and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group and the Company have applied the changes in accounting policies using the modified retrospective approach. The impact of adoption is adjusted against the opening balance of retained earnings on 1 January 2019, which is the date of initial application. Comparatives are not restated.

As a result of the application of SFRS(I) 16, the Group recorded the right-of-use assets under other assets and lease liabilities under other payables. Depreciation of right-of-use assets and interest expenses of lease liabilities were charged to profit or loss accordingly.

IAS 23

On 6 March 2019, the International Financial Reporting Standards ("IFRS") Interpretation Committee has finalised the agenda decision on IAS 23 Borrowing Costs – Revenue recognised over time. It was concluded that borrowing costs would not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time. The Group has ceased capitalisation of certain borrowing costs on development properties and construction contracts in FY2018.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.
- (a) Based on the weighted average number of ordinary shares on issue;

Earnings Per Share	Group	
	2019	2018
Profit (Loss) attributable to owners of the parent during the financial year (RM'000)	7,777	(35,759)
Weighted average number of ordinary shares on issue	224,917,251	224,917,251
Basic earnings (losses) per share for profit attributable to owners of the parent during the financial year (sen)	3.46	(15.90)

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Diluted earnings per share is not presented as there is no potential dilutive ordinary share existing during the relevant financial years presented.

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -
- (a) current financial period reported on; and
 - (b) immediately preceding financial year.

Net Asset Value	Group		Company	
	As at 31.12.2019	As at 31.12.2018	As at 31.12.2019	As at 31.12.2018
Net asset value (RM'000)	25,440	18,157	50,535	49,040
Number of issued shares excluding treasury shares	224,917,251	224,917,251	224,917,251	224,917,251
Net asset value per ordinary share (sens)	11.31	8.07	22.47	21.80

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Revenue increased by RM25.9 million or 41% from RM62.6 million in FY2018 to RM88.5 million in FY2019. This was mainly due the increase in sale of development properties and revenue from construction contracts by RM28.4 million in FY2019. Such increase was partially offset by the sale of development land in FY2018 where there was none in FY2019.

The gross profit margin of the Group increased from 2.5% in FY2018 to 16.5% in FY2019. This was mainly arising from the sale of development properties and completed units in FY2019. In FY2018, the Group incurred higher indirect costs, which cannot be capitalised, for projects initiation and implementation.

Other gains increased by RM22.8 million from RM0.1 million in FY2019 to RM22.9 million in FY2019. This was mainly due to the gain on disposal of subsidiary and reversal of impairment on trade and other receivables.

Decrease in marketing and distribution costs by RM2.1 million was mainly due to the decrease in amortisation of contract costs in FY2019 if compared to prior year.

Administrative expenses decreased by RM6.2 million from RM25.2 million in FY2018 to RM19.0 million in FY2019 was resulted by the decrease in employee benefits expense, accrued tax penalties and rental expenses.

The decrease in other losses was mainly due to lower of allowance for impairment on leasehold property and trade and other receivables as compared to prior year.

Decrease in finance costs was mainly due to the decrease in borrowings.

The share of profit or loss from equity-accounted associate was the recognition of results in the Group's associate, Tiya Development Sdn Bhd. The share of profit in FY2019 was arising from the net profit for the year.

Income tax expense in FY2019 was mainly due to the provision of tax for certain subsidiaries with taxable profits in FY2019.

Statements of Financial Position

Group

Non-current assets of the Group decreased by RM1.6 million from RM44.0 million as at FY2018 to RM42.4 million as at FY2019. This was mainly due to decrease in property, plant and equipment as a result of depreciation of property, plant and equipment and allowance for impairment on leasehold property, and decrease in other assets as a consequence of the redemption of keyman life insurance policy. Such decrease was partially offset by increase in investment properties by RM2.6 million.

The current assets of the Group increased by RM45.7 million from RM239.7 million as at FY2018 to RM285.4 million as at FY2019. The increase was mainly due to increase in trade and other receivables by RM32.4 million and increase in inventories by RM12.5 million for the completed units and property development in progress.

Non-current liabilities of the Group decreased by RM9.4 million from RM30.3 million as at FY2018 to RM20.9 million as at FY2019 was mainly due to the decrease in other financial liabilities resulting from the reclassification of borrowings, which due within 12 months, to current liabilities

Current liabilities of the Group increased by RM47.1 million from RM236.7 million as at FY2018 to RM283.8 million as at FY2019. The increase was mainly due to increase in trade and other payables by RM41.7 million mainly for development and construction projects and increase in other financial liabilities by RM3.9 million arising from reclassification of borrowings which due within following 12 months from non-current liabilities. Such increase in other financial liabilities was partially offset by the repayment of borrowings.

Overall, the Group's net asset stood at RM24.1 million as at FY2019 as compared to RM16.7 million as at FY2018.

Statement of Cash Flows

Net cash and cash equivalents held by the Group increased from RM1.5 million as at FY2018 to RM3.9 million as at FY2019. The increase was mainly due to the net cash flows from operating activities.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement have been previously disclosed.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's construction and property business has been severely impacted by the Covid-19 pandemic which resulted in the Malaysian government's implementation of the Movement Control Order (MCO). Within the next 12 months, the Group will continue its efforts in structural financial planning and cost efficiency, as well as focus on growth through strategic restructuring and collaborations in new business segments.

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year?

Nil

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

After considering the Group's condition, no dividend has been declared.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative confirmation pursuant to Rule 705(5).

Not applicable. Not required for full year results.

15 Undertaking Confirmation Statement from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

16 Acquisition and realisations pursuant to Rule 706A

On 31 December 2019, the Company has disposed of a wholly-owned subsidiary, Upright Strategy Sdn. Bhd., in Malaysia for a cash consideration of RM2,500,000.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business Segment

For management purposes the Group is organised into the following major strategic operating segments that offer different products and services: property development, construction, trading and others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

1. The property development segment is in the business of developing and sale of residential and commercial properties;
2. The construction segment is in the business of construction work;
3. The trading segment is in the business of trading of construction materials and providing painting works, and
4. The others segment is in the business of investment holding, rental of machines and properties, real estate and property management, sales commissions and other services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: earnings from operations before depreciation, interests and income taxes ("Recurring EBITDA") and operating results before income tax and other unallocated items ("ORBIT").

	Property development	Construction	Trading	Others	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	46,723	31,570	8,038	2,190	88,521
Recurring EBITDA	(3,627)	(663)	256	20,674	16,640
Depreciation	(512)	(375)	(233)	(1,653)	(2,773)
Finance costs	(2,660)	(228)	(553)	(2,352)	(5,793)
ORBIT	(6,799)	(1,266)	(530)	16,669	8,074
Share of loss from equity-accounted associate	366	-	-	-	366
Profit before tax from continuing operations					8,440
Income tax expenses					(1,391)
Profit before tax from continuing operations					7,049

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

	Property development	Construction	Trading	Others	Total
31 December 2018	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	30,720	22,637	7,829	1,423	62,609
Recurring EBITDA	(35,395)	10,215	21	(2,944)	(28,103)
Depreciation	(433)	(509)	(222)	(1,704)	(2,868)
Finance costs	(2,300)	(391)	(579)	(2,935)	(6,205)
ORBIT	(38,128)	9,315	(780)	(7,583)	(37,176)
Share of loss from equity-accounted associate	(487)	-	-	-	(487)
Loss before tax from continuing operations					(37,663)
Income tax benefit					762
Loss for the year from continuing operations					(36,901)

(b) Geographical Segment

	2019	2018
	RM'000	RM'000
Revenue		
Continuing operations		
- Singapore	902	359
- Malaysia	87,619	62,250
	88,521	62,609

The Group operated in two geographical regions namely Singapore and Malaysia. The contribution by the property development segment and construction segment relates mainly to Malaysia.

18 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Majority of the revenue of the Group was contributed by property development segment and construction segment in Malaysia. The fluctuation of turnover and earnings is mainly contributed by property development segment and construction segment in Malaysia.

REGAL International Group Ltd.

(Company Registration No. 200508585R)

- Unaudited Financial Statements and Related Announcement for the full year ended 31 December 2019

19 A breakdown of sales.

BREAKDOWN OF SALES	2019 RM'000	2018 RM'000	% Increase / (Decrease)
(a) Sales reported for first half year	29,674	48,645	-39.0%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	1,241	1,118	11.0%
(c) Sales reported for second half year	58,847	13,964	321.4%
(d) Operating profit (loss) after tax before deducting non-controlling interests reported for second half year	5,808	(38,019)	N.M.

20 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

No dividends were proposed/declared for the years ended 31 December 2019 and 31 December 2018.

21 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Serena Su Chung Wen	46	Sister of substantial shareholder and CEO, Su Chung Jye	Director of Operations and Human Resources of the Regal Group. Position held since October 2013. She is in charge of the operations and HR matters of the Property division.	Resigned from Regal Group on 13 December 2019
Chai Shao Ping	49	Wife of substantial shareholder and CEO, Su Chung Jye.	Director of certain subsidiaries	Nil

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

3 August 2020