



REGAL INTERNATIONAL GROUP LTD.

(Company Registration No. 200508585R)

Condensed interim financial statements

For the nine months ended 30 September 2021

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 September 2021

	Note	Quarter Ended		Change %	Year-To-Date Ended		Change %
		30.09.2021 RM'000	30.09.2020 RM'000		30.09.2021 RM'000	30.09.2020 RM'000	
Revenue	4	18,002	16,379	10%	47,272	33,521	41%
Cost of sales		(12,451)	(11,139)	12%	(30,837)	(21,856)	41%
Gross profit		5,551	5,240	6%	16,435	11,665	41%
Interest income		670	2	33400%	672	8	8300%
Other gains		2,367	165	1335%	2,515	291	764%
Marketing and distribution costs		(463)	(179)	159%	(1,955)	(561)	248%
Administrative expenses		(3,935)	(3,482)	13%	(11,877)	(10,763)	10%
Finance costs		(3,441)	(1,269)	171%	(6,417)	(4,153)	55%
Share of profit from equity accounted associate		32	30	7%	67	166	-60%
Profit/(Loss) before tax		781	507	54%	(560)	(3,347)	-83%
Income tax expenses		(360)	(394)	-9%	(1,283)	(394)	226%
Profit/(Loss), net of tax		421	113	273%	(1,843)	(3,741)	-51%
Profit/(Loss) attributable to:							
Owners of the parent		587	214	174%	(1,515)	(3,337)	-55%
Non-controlling interests		(166)	(101)	64%	(328)	(404)	-19%
		<u>421</u>	<u>113</u>	<u>273%</u>	<u>(1,843)</u>	<u>(3,741)</u>	<u>-51%</u>
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations, net of tax		(151)	65	N.M.	(304)	40	N.M.
Other comprehensive (loss)/income for the period, net of tax		<u>(151)</u>	<u>65</u>	<u>N.M.</u>	<u>(304)</u>	<u>40</u>	<u>N.M.</u>
Total comprehensive income/(loss) for the period		<u>270</u>	<u>178</u>	<u>52%</u>	<u>(2,147)</u>	<u>(3,701)</u>	<u>-42%</u>
Total comprehensive income/ (loss) attributable to:							
Owners of the parent		436	276	58%	(1,818)	(3,299)	-45%
Non-controlling interests		(166)	(98)	69%	(329)	(402)	-18%
		<u>270</u>	<u>178</u>	<u>52%</u>	<u>(2,147)</u>	<u>(3,701)</u>	<u>-42%</u>

N.M. – Not meaningful

B. Condensed interim statements of financial position as at 30 September 2021

	Note	Group		Company	
		30.09.2021 RM'000	31.12.2020 RM'000	30.09.2021 RM'000	31.12.2020 RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	10	7,389	10,541	2	4
Development rights	11	11,276	11,276	-	-
Investment in subsidiaries		-	-	26,732	26,732
Investment in associate		3,748	3,681	-	-
Investment properties	12	25,057	21,399	-	-
Deferred tax assets		507	1,015	-	-
Other assets		360	360	-	-
Total non-current assets		48,337	48,272	26,734	26,736
<u>Current assets</u>					
Inventories		126,462	135,353	-	-
Trade and other receivables		76,186	91,432	4,424	4,337
Other assets		29,420	20,573	89	84
Cash and cash equivalents		4,059	4,802	232	343
Total current assets		236,127	252,160	4,745	4,764
Total assets		284,464	300,432	31,479	31,500
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	14	144,552	144,552	381,051	381,051
Accumulated losses		(144,692)	(143,177)	(434,412)	(433,996)
Share option reserve		2,708	2,708	2,708	2,708
Foreign currency translation reserve		2,522	2,826	70,163	70,268
Merger reserve		1,563	1,563	-	-
Other reserve		1,495	1,495	-	-
Equity attributable to owners of the parent		8,148	9,967	19,510	20,031
Non-controlling interest		(2,596)	(2,152)	-	-
Total equity		5,552	7,815	19,510	20,031
<u>Non-current liabilities</u>					
Deferred tax liability		9	9	-	-
Other payables		-	8,178	-	-
Other financial liabilities	13	36,607	37,034	-	-
Total non-current liabilities		36,616	45,221	-	-
<u>Current liabilities</u>					
Income tax payable		19,152	19,764	-	-
Trade and other payables		199,711	207,748	6,559	6,142
Other payables		2,174	2,315	-	-
Other financial liabilities	13	21,259	17,569	5,410	5,327
Total current liabilities		242,296	247,396	11,969	11,469
Total liabilities		278,912	292,617	11,969	11,469
Total equity and liabilities		284,464	300,432	31,479	31,500

C. Condensed interim statements of changes in equity for the financial period ended 30 September 2021

	Share capital	(Accumulated losses)/ Retained earnings	Share option reserve	Foreign currency translation reserve	Merger reserve	Other reserve	Attributable to owners of the parent subtotal	Non-controlling interests	Total equity
<u>Group</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	144,552	(143,177)	2,708	2,826	1,563	1,495	9,967	(2,152)	7,815
Loss for the period	-	(1,515)	-	-	-	-	(1,515)	(328)	(1,843)
Other comprehensive (loss)/income, net of tax	-	-	-	(304)	-	-	(304)	1	(303)
Total comprehensive loss	-	(1,515)	-	(304)	-	-	(1,819)	(327)	(2,146)
Additional shares allotment by NCI	-	-	-	-	-	-	-	(117)	(117)
At 30 September 2021	144,552	(144,692)	2,708	2,522	1,563	1,495	8,148	(2,596)	5,552
At 1 January 2020	144,552	(131,942)	2,933	2,797	1,563	1,495	21,398	(2,197)	19,201
Loss for the period	-	(3,337)	-	-	-	-	(3,337)	(404)	(3,741)
Other comprehensive loss, net of tax	-	-	-	38	-	-	38	2	40
Total comprehensive (loss)/income	-	(3,337)	-	38	-	-	(3,299)	(402)	(3,701)
Additional shares allotment by NCI	-	-	-	-	-	-	-	490	490
At 30 September 2020	144,552	(135,279)	2,933	2,835	1,563	1,495	18,099	(2,109)	15,990

**D. Condensed interim statements of changes in equity
for the financial period ended 30 September 2021 (CONT'D)**

Company	Share capital	(Accumulate d losses)/ Retained earnings	Share option reserve	Foreign currency translatio n reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	381,051	(433,996)	2,708	70,268	20,031
Loss for the period	-	(416)	-	-	(416)
Other comprehensive loss, net of tax	-	-	-	(105)	(105)
Total comprehensive loss	-	(416)	-	(105)	(521)
At 30 September 2021	381,051	(434,412)	2,708	70,163	19,510
At 1 January 2020	381,051	(432,022)	2,933	70,268	22,230
Loss for the period	-	(1,702)	-	-	(1,702)
Other comprehensive loss, net of tax	-	-	-	-	-
Total comprehensive loss	-	(1,702)	-	-	(1,702)
At 30 September 2020	381,051	(433,724)	2,933	70,268	20,528

**E. Condensed interim consolidated statement of cash flows
for the financial period ended 30 September 2021**

	Year-To-Date Ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(560)	(3,347)
Adjustments for:		
Accrued tax penalties	-	36
Depreciation of property, plant and equipment	1,751	1,969
Interest expenses	4,912	4,153
Interest income	(672)	(8)
Loss/(Gain) on disposal of property, plant and equipment	68	(1)
Redeemable preference share dividend	(1,506)	
Reversal of impairment on trade and other receivables, net	(604)	-
Share of profit from equity-accounted associates	(67)	(166)
Operating cash flow before changes in working capital	3,322	2,636
Inventories	8,891	(3,298)
Trade and other receivables	(19,361)	3,554
Other assets	(8,847)	4
Trade and other payables	(7,521)	(1,230)
Other liabilities	(8,319)	(1,342)
Net cash flows used in/(generating from) operations before tax	(31,835)	324
Income tax paid	(1,387)	(601)
Net cash flows used in operating activities	(33,222)	(277)
Cash flows from investing activities		
Allotment of additional shares in subsidiary by NCI	(117)	-
Interest received	672	8
Redeemable preference share dividend	1,506	
Proceeds from disposal of property, plant and equipment	2,027	1
Purchase of investment properties	(3,658)	-
Purchase of property, plant and equipment	(694)	(37)
Net cash flows used in investing activities	(264)	(28)
Cash flows from financing activities		
Proceed from/(Repayment to) borrowings	3,635	(2,095)
Cash restricted in use	53	1
Proceeds from substantial shareholder, net	25,305	496
Proceeds from/(Repayment to) related parties, net	9,203	(64)
Proceed from associate, net	140	529
Repayment to directors of subsidiaries, net	(304)	(47)
Proceed from directors who are controlling shareholders of Company, net	352	791
Interest paid	(4,912)	(573)
Net cash flows from/(used in) financing activities	33,472	(962)
Net decrease in cash and cash equivalents	(14)	(1,267)
Cash and cash equivalents, statement of cash flows, beginning balance	1,648	3,891
Effect of exchange rate changes on cash and cash equivalents	(206)	(3)
Cash and cash equivalents, statement of cash flows, ending balance	1,428	2,621
Cash and cash equivalents comprised of:		
Cash and bank balances	4,059	5,850
Bank overdraft	(1,167)	(1,594)
Cash restricted in use	(1,464)	(1,635)
	1,428	2,621

F. Notes to the condensed interim consolidated financial statements 30 September 2021

1. Corporate information

Regal International Group Ltd (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are property development, construction, trading of construction materials, real estate and property management, property investment.

2. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysia Ringgit which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The adoption of these standards did not have significant impact on the condensed consolidated interim financial statements of the Group.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last audited consolidated financial statements as at and for the year ended 31 December 2019.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.3. Basis for going concern

The Group incurred a net loss of RM1,843,000 for the reporting period ended 30 September 2021. The Company incurred a net loss of RM416,000 for the reporting period ended 30 September 2021. The Group did not fully pay instalments for borrowings as stated in Note 13.

Notwithstanding the above, the Group had net current liabilities of RM6,168,000 and net assets position of RM5,553,000 respectively as at 30 September 2021. The Company had a net current liabilities position of 7,224,000 and net assets of RM19,510,000 respectively as at 30 September 2021.

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)

2. Basis of preparation (Cont'd)

2.3. Basis for going concern (Cont'd)

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet their obligations as and when they fall due in the next 12 months from the financial period end based on the following factors:

- (a) the Group being able to manage their working capital and generate sufficient cash flows from its operations;
- (b) the Group being able to work closely with authorities and creditors in relation to the repayment or restructuring plans for its obligations;
- (c) the directors who are the controlling shareholders not demanding repayment of the balances owed to them for the foreseeable future; and
- (d) the Group and the Company were able to continue as a going concern in the financial year ended 31 December 2020 in spite of the COVID-19 pandemic.

Based on the above, the Board is of the opinion that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 December 2020:

	Group		Company	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Financial assets at amortised cost:</u>				
Trade and other receivables	76,546	91,792	4,424	4,337
Cash and cash equivalents	4,059	4,802	232	343
	<u>80,605</u>	<u>96,594</u>	<u>4,656</u>	<u>4,680</u>
Financial liabilities				
<u>Financial liabilities at amortised cost:</u>				
Other financial liabilities	57,866	54,603	5,410	5,327
Other liabilities	2,174	10,493	-	-
Trade and other payables	199,711	207,748	6,559	6,142
	<u>259,751</u>	<u>272,844</u>	<u>11,969</u>	<u>11,469</u>

5. Segment and revenue information

For management purposes, the Group is organised into the following major strategic operating segments that offer different products and services as follows:

- The property development segment is involved in developing and sale of residential and commercial properties;
- The construction segment is involved in construction works;
- The trading segment is involved in trading of construction materials and providing painting works; and
- The others segment is engaged in rental of machines and properties, real estate and property management, sales commissions and other services.

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)

5. Segment and revenue information (Cont'd)

These operating segments are reported in a manner consistent with internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

The management reporting system evaluates performances based on a number of factors. The primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes ("EBITDA"); and (2) operating results before income tax and other unallocated items ("ORBIT").

5.1. Reportable segments

Group	Property development	Construction	Trading	Others	Total
1 January 2021 to 30 September 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue by segment	30,523	12,331	10,923	5,248	59,025
Inter-segment sales	-	-	(8,677)	(3,076)	(11,753)
Revenue from external parties	<u>30,523</u>	<u>12,331</u>	<u>2,246</u>	<u>2,172</u>	<u>47,272</u>
EBITDA	7,109	(454)	(149)	236	6,742
Depreciation	(337)	(259)	(108)	(1,047)	(1,751)
Finance costs	(2,203)	(4)	(241)	(3,969)	(6,417)
ORBIT	4,569	(717)	(498)	(4,780)	(1,426)
Gain on disposal of subsidiary					799
Share of profit from equity-accounted associate	67				<u>67</u>
Loss before tax					(560)
Income tax expense					<u>(1,283)</u>
Loss after tax					<u>(1,843)</u>
Segment assets	203,238	47,610	11,648	17,890	280,386
Investment in associate	3,748	-	-	-	3,748
	<u>206,986</u>	<u>47,610</u>	<u>11,648</u>	<u>17,890</u>	<u>284,134</u>
<u>Unallocated:</u>					
Property, plant and equipment					2
Other assets					90
Cash and cash equivalents					238
Total assets per statement of financial position					<u>284,464</u>
Expenditures for segment non- current assets					
- Additions to investment properties	3,658	-	-	-	3,658
- Capital expenditure	26	339	4	325	694
	<u>3,684</u>	<u>339</u>	<u>4</u>	<u>325</u>	<u>694</u>
Segment liabilities	152,307	62,094	22,238	28,793	265,432
<u>Unallocated:</u>					
Trade and other payables					8,070
Other financial liabilities					<u>5,410</u>
Total liabilities per statement of financial position					<u>278,912</u>

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)

5. Segment and revenue information (Cont'd)

5.1. Reportable segments (Cont'd)

	Property development	Construction	Trading	Others	Total
<u>Group</u>	RM'000	RM'000	RM'000	RM'000	RM'000
1 January 2020 to 30 September 2020					
Total revenue by segment	17,795	9,822	4,135	1,769	33,521
Inter-segment sales	-	-	-	-	-
Revenue from external parties	17,795	9,822	4,135	1,769	33,521
EBITDA	6,834	(3,227)	390	(1,388)	2,609
Depreciation	(324)	(262)	(239)	(1,144)	(1,969)
Finance costs	(2,129)	(85)	(250)	(1,689)	(4,153)
ORBIT	4,381	(3,574)	(99)	(4,221)	(3,513)
Gain on disposal of subsidiary					
Share of profit from equity-accounted associate	166	-	-	-	166
Loss before tax					(3,347)
Income tax expense					(394)
Loss after tax					(3,741)
Segment assets	247,778	20,821	13,613	11,423	293,635
Investment in associate	3,974	-	-	-	3,974
	251,752	20,821	13,613	11,423	297,609
<u>Unallocated:</u>					
Property, plant and equipment					4
Trade and other receivables					4,318
Other assets					90
Cash and cash equivalents					282
Total assets per statement of financial position					302,303
Expenditures for segment non-current assets					
- Additions to investment properties	1,085	-	-	-	1,085
- Capital expenditure	8	7	1,003	658	1,676
Segment liabilities	195,983	29,685	25,782	21,951	273,401
<u>Unallocated:</u>					
Trade and other payables					7,594
Other financial liabilities					5,318
Total liabilities per statement of financial position					286,313

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)

5. Segment and revenue information (Cont'd)

5.2. Disaggregation of revenue

Group	Property development	Construction	Trading	Others	Total
1 January 2021 to 30 September 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Types of goods or service:					
Sale of development properties	30,523	-	-	-	30,523
Sale of goods	-	-	2,246	-	2,246
Revenue from construction contracts	-	12,331	-	-	12,331
Revenue from rendering of services	-	-	-	1,035	1,035
Rental income	-	-	-	608	608
Others	-	-	-	529	529
Total revenue	30,523	12,331	2,246	2,172	47,272
Timing of revenue recognition:					
At a point in time	-	-	2,246	280	2,526
Overtime	30,523	12,331	-	1,892	44,746
Total revenue	30,523	12,331	2,246	2,172	47,272
Geographical information:					
Singapore	-	-	-	705	705
Malaysia	30,523	12,331	2,246	1,467	46,567
Total revenue	30,523	12,331	2,246	2,172	47,272
1 January 2020 to 30 September 2020					
Types of goods or service:					
Sale of development properties	17,795	-	-	-	17,795
Sale of goods	-	-	4,135	-	4,135
Revenue from construction contracts	-	9,822	-	-	9,822
Revenue from rendering of services	-	-	-	920	920
Rental income	-	-	-	546	546
Others	-	-	-	303	303
Total revenue	17,795	9,822	4,135	1,769	33,521
Timing of revenue recognition:					
At a point in time	-	-	4,135	148	4,283
Overtime	17,795	9,822	-	1,621	29,238
Total revenue	17,795	9,822	4,135	1,769	33,521
Geographical information:					
Singapore	-	-	-	601	601
Malaysia	17,795	9,822	4,135	1,168	32,920
Total revenue	17,795	9,822	4,135	1,769	33,521

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)

6. Profit (Loss) before tax

6.1. Significant items

	Group Quarter Ended		Group Year-To-Date Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Income				
Interest income	670	2	672	8
Government grants	-	-	24	-
Foreign exchange (gains)/losses, net	(1,480)	5	(1,514)	20
(Loss)/Gains on disposal of PPE	68	-	68	1
Expenses				
Interest expenses	3,441	1,269	6,417	4,153
Depreciation of PPE	579	660	1,751	1,969
Allowance for impairment loss for trade and other receivables, net	(233)	-	(604)	-

6.2. Related party transactions

	Group Quarter Ended		Group Year-To-Date Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
<u>Substantial shareholder</u>				
Notional interest expenses	(84)	(78)	(252)	(233)
Revenue from construction contracts	923	3,598	5345	7,631
Revenue from rendering of services	14	138	67	138
Sale of construction materials	11	-	11	-
<u>Related parties</u>				
Notional interest expenses	(2)	(1)	(6)	(5)
Rental expenses	-	(14)	-	(41)
Revenue from construction contracts	379	1,752	2,343	1,752
Revenue from rendering of services	4	-	4	-
Sale of construction materials	-	-	-	51
<u>Associate</u>				
Sale of construction materials	-	1	-	1
Notional interest expenses	(62)	(57)	(185)	(171)
<u>Directors of the Company</u>				
Rental expenses	-	(63)	-	(225)
Notional interest expenses	3	(48)	(99)	(142)
<u>Directors of subsidiaries</u>				
Notional interest expenses	(14)	(13)	(41)	(38)

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)**7. Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group Quarter Ended		Group Year-To-Date Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Current income tax expense	497	747	774	747
Deferred income tax expense related to origination and reversal of temporary differences	(137)	(353)	509	(353)
	360	394	1,283	394

8. Earnings/(Losses) per share

	Group Quarter Ended		Group Year-To-Date Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit/(Loss) attributable to the owners of the parent during the financial period (RM'000)	587	214	(1,515)	(3,337)
Weighted average number of ordinary shares in issue	224,917,251	224,917,251	224,917,251	224,917,251
Basic and diluted/(losses) earnings per share for profit attributable to owners of the parent during the financial period (Sen)	0.26	0.10	(0.67)	(1.48)

9. Net asset value

	Group		Company	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Net asset value attributable to the owners of the parent (RM'000)	8,148	9,967	19,510	20,031
Number of ordinary shares in issue	224,917,251	224,917,251	224,917,251	224,917,251
New asset value per ordinary share (Sens)	3.62	4.43	8.67	8.91

10. Property, plant and equipment

During the nine months ended 30 September 2021, the Group acquired assets amounting to RM694,000 (30 September 2020: RM1,676,000) and disposed of assets amounting to RM Nil (30 September 2020: RM1,153,000).

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)**11. Development rights**

	Group	
	30.09.2021	31.12.2020
	RM'000	RM'000
Cost:		
At beginning and end of the period	11,276	11,276

This relates to the rights to develop, construct and complete the buildings to be built on parcels of land totalling approximately 1.35 hectares in the Samarahan District in Sarawak, Malaysia with a total of 515 units comprising of two blocks of residential/retail units (the "Project").

There has been no amortisation for the development rights as the construction of the project has not commenced yet.

11.1. Valuation

The value in use was measured by management in December 2020 based on discounted cash flow method. The fair value of the Group's development rights is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy.

12. Investment properties

	Group	
	30.09.2021	31.12.2020
	RM'000	RM'000
Under construction, at cost:		
At beginning of the period	21,399	13,680
Additions	3,658	7,719
At end of the period	25,057	21,399

The investment properties consist of 5 (31 December 2020: 5) blocks of commercial and office spaces that are still under construction as at period end.

The investment properties are pledged by the substantial shareholder to obtain financing.

12.1. Valuation

The fair value of each investment property was measured in December 2020 based on the highest and best use method to reflect the actual market state and circumstances as of end of the reporting year. The fair value for disclosure purposes was based on a valuation made by Management on a systematic basis at least once yearly. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

F. Notes to the condensed interim consolidated financial statements 30 September 2021 (Cont'd)**13. Other financial liabilities**

	Group		Company	
	30.09.2021 RM'000	31.12.2020 RM'000	30.09.2021 RM'000	31.12.2020 RM'000
<u>Amount repayable within one year or on demand</u>				
Secured	21,259	17,569	5,410	5,327
<u>Amount repayable after one year</u>				
Secured	36,607	37,034	-	-
Total	57,866	54,603	5,410	5,327

The borrowings and credit facilities of the Group are covered by:

- i. Joint and several guarantees of certain directors of the Company;
- ii. Joint and several guarantee by directors of certain subsidiaries of the Group;
- iii. Assignment over the rights, title and interest or legal charges and/or power of attorney the properties held for sale and/or leasehold property;
- iv. Corporate guarantees provided by certain subsidiaries of the Group;
- v. Legal charge or deed of assignment and/or power of attorney over certain subsidiaries' or associate's properties held for sale;
- vi. Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under the Working Capital Guarantee Scheme (WCGS);
- vii. Pledged of cash and cash equivalents of subsidiary.
- viii. Deed of assignment of development properties units of the Group;
- ix. Personal guarantees provided by certain directors of the Company;
- x. Deed of assignment of properties units by associate and related parties of the Group; and
- xi. Corporate guarantees provided by certain subsidiary of the Group.

At the end of the reporting period, there were defaults in payment of instalments of RM100,000 (31 December 2020: RM169,000) on the borrowings of RM2,615,000 (31 December 2020: RM2,921,000). Due to callable clauses in the borrowing agreements, Management has classified the affected borrowings as current. However, the lenders have not recalled these facilities. The Group has paid the defaults at the date of this financial statements.

14. Share Capital

	Group		Company	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<u>Ordinary shares issued and fully paid</u>				
At beginning and end of the period	224,917	144,552	224,917	381,051

The Company did not hold any treasury shares as at 30 September 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 31 December 2020.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

G. Other information required by Listing Rule Appendix 7.2 for the financial period ended 30 September 2021**Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The condensed consolidated statement of financial position of Regal International Group Ltd. and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

1. Applicable to companies that have received modified audit opinions (excludes material uncertainty relating to going concern if it is the only reason for the modified opinion):

- (a) Updates on the efforts taken to resolve each outstanding audit issue; and**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

- (a) The Company has approached Foo Kon Tan LLP to be appointed as incoming auditor.

The Audit Committee of the Company has, in consultation with SGX RegCo, appointed Deloitte & Touche Financial Advisory Services Pte Ltd as the special auditor of the Company on 28 July 2021 to conduct an independent review into the Disposal of Upright Strategy Sdn Bhd as well as all transactions involving the Company and Twin Revenue Sdn Bhd as highlighted in FY2019 audit report. The special audit was completed on 29 September 2023.

The Group will endeavour its ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate as well as to produce the outstanding quarterly unaudited results and rectify the internal control weaknesses highlighted in the report.

- (b) The Board confirmed that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

2. Review of performance of the Group**Statement of profit or loss and other comprehensive income for the nine months ended 30 September 2021 (9M2021)**

Revenue has increased by RM13.8 million or 41% from RM33.5 million in 9M2020 to RM47.3 million in 9M2021. This was mainly attributed by the increases in revenue from construction contracts and sales of development properties by approximately RM2.5 million and RM12.7 million respectively. Such increase was partially offset by the decrease in sale of construction materials by approximately RM1.9million.

The gross profit margins of the Group remained comparable as 34.8% in both 9M2020 and 9M2021.

Other gains increased by RM2.2 million, primarily due to the rise in foreign exchange differences by RM1.5 million resulting from the weakening of the MYR, as well as an increase of RM0.8 million from the gain on the disposal of investment in the subsidiary, HJ Lai Concrete Cement Sdn Bhd.

Marketing and distribution costs has increased by RM1.4 million mainly contributed by the higher amortisation of contract costs in 9M2021.

Administrative expenses increased by RM1.1 million in 9M2021 were mainly resulted by the penalty charges of late payments for redeemable preference share of Koperasi Jayadiri Malaysia Berhad (KOJADI).

Finance costs has increase by RM2.3 million. The increase in finance costs were mainly due to increase in interest on other financial liabilities and notional interest expenses by RM0.7 million and RM 1.5 million respectively.

Increase in income tax expense for 9M2021 was mainly arising from the deferred tax expense during the period.

G. Other information required by Listing Rule Appendix 7.2 for the financial period ended 30 September 2021 (Cont'd)**2. Review of performance of the Group (Cont'd)**Statement of financial position

Non-current assets of the Group remained comparably as RM48.3 million in both FY2020 and 30 September 2021.

Current assets of the Group decreased by RM16.1 million from RM252.2 million as at FY2020 to RM236.1 million as at 30 September 2021 was mainly due to decrease in trade and other receivables by RM15.2 million.

Non-current liabilities of the Group decreased by RM8.6 million from RM45.2 million as at FY2020 to RM36.6 million as at 30 September 2021 was mostly due to reclassification of other payables and other financial liabilities from non-current to current.

Current liabilities of the Group have decreased by RM5.1 million from RM247.4 million as at FY2020 to RM242.3 million as at 30 September 2021. The decrease was mostly due to the net impact of decrease in trade and other payables by approximately RM8.0 million and the increase in other financial liabilities by RM3.7 million.

Overall, the Group's net asset stood at RM5.6 million as at 30 September 2021 as compared to RM7.8 million as at FY2020.

Statement of cash flows for the nine months ended 30 September 2021

Net cash and cash equivalents held by the Group were RM1.6 million as at FY2020 and RM1.4 million as at 30 September 2021. There was approximately RM33.2 million used in operating activities while RM33.5 million was generated from financing activities during the period.

3. 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.

4. 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.

This year continues to be a recovery year for the property market as it attempted to shake off the fall-out from the adverse impact of the pandemic of the past couple of years. The slowdown in investments and economic activities translated into the market's unwillingness to purchase properties of a certain market pricing, and purchasers who purchased for investment purposes were far more wary and less likely to do so because of high interest rates imposed on financing.

Nonetheless, the Group persevered on and continued on with the completion of key projects. Recovery of our business activities and sustainability remain the Group's key focus.

G. Other information required by Listing Rule Appendix 7.2 for the financial period ended 30 September 2021 (Cont'd)**5. Dividend information****5a. Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

No.

5b. Corresponding Period of the Immediate Preceding Financial Year

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

No.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

5e. If no dividend has been declared/recommended, a statement to that effect.

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

6. Interested person transactions

The Group has obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation pursuant to Rule 705(5)

The board of directors of the Company confirmed to the best of its knowledge that nothing has come to its attention which may render the interim financial results for the nine months ended 30 September 2021 to be false or misleading in any material aspect.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Acquisition and realisations pursuant to Rule 706A

There is no acquisition or disposal for the period.

BY ORDER OF THE BOARD

Su Chung Jye
Chairman and Chief Executive Officer

Wong Pak Kiong
Executive Director

6 June 2024