

Issuer: Regal International Group Ltd.

Security: Regal International Group Ltd.

Meeting details:

Date: 19 April 2018

Time: 11.00 a.m.

Venue: 63 Sungei Kadut Loop, Singapore 729484

Company Description

Regal International Group Ltd., an investment holding company, engages in the property development, investment, and construction activities in Malaysia and Singapore. Its property portfolio includes shop houses, landed residential properties, condominiums, and commercial and industrial units. The company also develops, constructs, and trades in construction materials; rents machineries; provides real estate and property management, real estate agency, and asset and portfolio management services; and undertakes steel and painting works. Regal International Group Ltd. is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=UV1)

1. The group reported an increase in revenue to RM168.6 million for FY2017 as more projects were completed. For the group's projects that were completed in FY2017, it was disclosed that the average sold-out rate was 60-90% (page 5 of the annual report).

(i) Can the company provide the actual sales figures of the completed projects as at 31 December 2017?

It was also mentioned that certain projects such as Tropics Bazaar, Million Gifted 2 and Regalia were deferred (page 5).

(ii) Would the board help shareholders understand the reasons for the delay in the projects?

(iii) Did the company update shareholders in a timely manner with regard to the projects being delayed/deferred?

In Note 22 (page 102 – Inventories), completed properties (as inventories) more than doubled to hit RM71.8 million as at 31 December 2017. The level of unsold property was RM31.2 million a year ago. The net realisable value of development properties is a key audit matter (KAM) highlighted in the Independent Auditor's Report (pages 47 – 48).

(iv) Can the audit committee help shareholders understand what were their individual and collective efforts at reviewing the net realisable value of development properties (as a KAM)? What were the methodologies and assumptions used to justify the net realisable value of the unsold properties?

2. As disclosed in Principle 14 of the Corporate Governance Report (page 36), the company is committed to making timely and accurate disseminate of information to its shareholders. The board also committed to making every effort to comply with the continuous disclosure obligations of the company under the SGX-ST Listing Rules and the Singapore Companies Act. All major developments that impact the group will be released via SGXNet.

Further to that, under Listing Rules 703 which governs the disclosure of material information by the issuer, the company must also observe the Exchange's Corporate Disclosure Policy set out in Appendix 7A.

Since the RTO, the company has made announcements related to the following projects:

- iBosses Pte Ltd in developing an Islamic Entrepreneurship program in Malaysia
- (Heads of Agreement) China - Malaysia Qinzhou Industrial Park Administrative Committee to develop property projects (related to halal certification and use)
- SINAD Sports Pte Ltd in asset management
- Three parties to own, develop and operate a resort cum master planned vacation community
- Malaysia Innovation Hub to develop new industries and new job opportunities, as well as the commercialisation of product research and development

(i) Would the board update shareholders what efforts were taken by management to reach a binding agreement with these potential partners?

(ii) In the spirit of making timely and accurate announcements, should the company update shareholders if the discussions have been terminated with no conclusion?

3. On 4 June 2017, the company announced that it has been informed that, pursuant to Listing Rule 1311(2), it would be placed on the watch-list due to the Minimum Trading Price (“MTP”) Entry Criterion with effect from 5 June 2017 specifically because the Company has recorded:

- (a) a volume weighted average price of less than S\$0.20 over the last 6 months; and
- (b) an average daily market capitalisation of less than S\$40 million over the last 6 months.

The company had also stated that “[t]he Board believes that the escalating financial performance will fortify shareholders’ and potential investors’ confidence in the Company which could eventually allow the Company to exit from the MTP watch-list”.

The market capitalisation of the company is approximately \$30 million.

- (i) **Can the board tell shareholders the group’s options to meet the requirements of Listing Rule 1314 (2) within 36 months from 5 June 2017?**
- (ii) **On what basis did the board conclude that it would not be beneficial to take any remedial actions now?**
- (iii) **Has the board evaluated the costs to the company of it being placed on the watch-list?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Regal%20International%20Group%20Ltd>

The company’s response could be found here: -----