



FINANCIAL ENTRY CRITERIA

The Board of Directors of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to draw investors' attention on the subject matter which is currently pending reply from Singapore Exchange Limited (the “**SGX-ST**”).

Rule 1311(1) of the Listing Manual states that the SGX-ST will place an issuer on a watch-list if it records pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts), and an average daily market capitalisation of less than S\$40 million over the last 6 months.

According to the latest audited financial statements for the financial year ended 31 December 2016 (“**FY2016**”), the Group recorded a profit before tax of approximately RM3.5 million from its continuing operations, despite the pre-tax losses of RM71.3 million and RM12.9m respectively for the financial years ended 31 December 2015 (“**FY2015**”) and 31 December 2014 (“**FY2014**”). However, after taking in the RM21.7 million loss from its discontinued operations, the Group recorded a loss after tax of RM21.3 million for FY2016. The pre-tax loss for FY2014 was a result of one-off expenses of RM30 m relating to the completion of the reverse takeover in 2014. The pre-tax loss for FY2015 was contributed by a one-off goodwill impairment of RM39.3 million on the operations which have been discontinued in FY2016.

Although the Company had recorded a positive pre-tax profit for FY2016, it has written to the SGX-ST to explain that the Group should be considered as having fulfilled the financial requirements in respect of Rule 1311(1), notwithstanding the negative after tax profit which resulted from the disposal of discontinued operations.

The Company will make further announcements once it has been informed by SGX-ST pertaining to the above issue, as and when necessary and/or appropriate.

By Order of the Board

Su Chung Jye
Executive Chairman and Chief Executive Officer
7 April 2017