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## PROPOSED ACQUISITION OF WISMA MAJUNIAGA SDN BHD

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### 1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 21 July 2017, through its wholly-owned subsidiary, Temasek Regal Capital Sdn Bhd (the “**Purchaser**”), entered into a conditional agreement for sale of shares (the “**Agreement**”) with Twin Revenue Sdn Bhd (the “**Vendor**”) to acquire the entire issued and paid up share capital of Wisma Majuniaga Sdn Bhd (the “**Target**”) (the “**Acquisition**”) at the consideration of RM11,500,000 (or equivalent to S\$3,720,479 based on the exchange rate of S\$1 : RM3.091) (the “**Consideration Amount**”), which shall be satisfied by way of allotment and issuance of new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to the Vendor upon the completion of the Acquisition.

The Consideration Amount was arrived at after arms’ length negotiations and on a willing buyer and willing seller basis, taking into consideration the following factors:

- (a) the latest available unaudited net tangible assets value of the Target of approximately RM224,000, despite of the audited net tangible liabilities value of the Target of approximately RM6,000 as at 31 December 2016 (“**FY2016**”);
- (b) existing and future contracts of the Target; and
- (c) the results of the feasibility study commissioned by the Purchaser for internal management purposes, prepared by Jasaland Property Consultants Sdn Bhd on the Project (as defined below) as at 13 July 2017.

Each of the Vendor, its directors and shareholders are independent third parties and are not related to the Company, its Directors and substantial shareholders and are not persons set out in Rule 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The issue price for the Consideration Shares shall be S\$0.15 for each Consideration Share and 24,803,192 Consideration Shares will be issued to the Vendor upon completion of the Acquisition. The Consideration Shares represent (i) approximately 12.39% of the existing issued share capital of the Company; and (ii) approximately 11.03% of the Company’s enlarged issued share capital immediately following the completion of the issuance of the Consideration Shares.

The Consideration Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 21 April 2017, which has not been used since granted (the “**General Mandate**”). The maximum number of Shares which may be allotted and issued under the General Mandate is 40,022,811 shares. Upon issuance of the Consideration Shares, the balance number of shares or instruments which may be issued by the Company pursuant to the General Mandate is 15,219,619 shares, or approximately 38.03% of the General Mandate. The Company will submit an additional listing application to the SGX-ST for the listing and quotation of the Consideration Shares in connection with the Acquisition.

The Vendor is the registered proprietor and beneficial owner of a number of native reclassified lands in Sarawak, Malaysia and is in business of land investment, construction and development. The Target is a private company incorporated in Malaysia with its main business as property development, construction and investment. The Target has acquired, by way of a project joint-development agreement with the Vendor, the rights to develop, construct and complete the buildings to be built on parcels of land totaling approximately 1.35 hectares in the Samarahan District in Sarawak, Malaysia (the “**Project Land**”) with a total of 515 units comprising of two blocks of residential/retail units (the “**Project**”). The Project’s construction and sales are expected to commence in 2017 and targeted for completion by 2020. Upon completion of the Acquisition, the Target will become a wholly-owned subsidiary of the Company. The audited net liabilities value of the Target is approximately RM6,000 for FY2016. The audited net loss of the Target for FY2016 is RM2,000.



The Board is of the view that the Acquisition is in the interests of the Group as the Acquisition allows the Group to generate value for the Group through the Target's development rights over the Project Land in Sarawak, Malaysia, which although at this stage is not reflected in the target's net tangible asset value, is expected to be realised in due course when the development rights held by the Target are realised and the properties are sold to end buyers.

The Acquisition is subject to the following conditions precedent for its completion (the "**Completion**"), *inter alia*:

- (a) the approval-in-principle of the SGX-ST being obtained and not revoked or amended as at the date of Completion (the "**Completion Date**") for the issuance and allocation of the Consideration Shares, including the listing of and the quotation of the Consideration Shares to be allotted and issued pursuant thereto, and where such approval is subject to any conditions, such conditions being acceptable to the Vendor and the Purchaser, and where such conditions are required to be fulfilled on or before the Completion Date, such conditions having been so fulfilled;
- (b) all necessary approvals, consents and/or waivers from any third party and governmental or regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been granted or obtained, and being in full force and effect and not having been withdrawn, amended or revoked, and if such approvals, consents and/or waivers are granted or obtained subject to any conditions, and where such condition(s) affect any of the parties, such condition(s) being acceptable to the party concerned and if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion;
- (c) all warranties provided by the Purchaser, the Vendor and the Company under the Agreement being complied with, true, accurate and correct as at the date of the Agreement and each day up to and including the Completion Date; and
- (d) the execution and performance of the Agreement by the parties not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority.

There are no Directors who are proposed to be appointed as a director of the Company in connection with the Acquisition.

## 2. RELATIVE FIGURES FOR THE ACQUISITION

The relative figures computed on bases as set out in Rule 1006 of the Listing Manual of the SGX-ST, and based on the audited consolidated financial statements of the Group for FY2016 and the audited financial statements of the Target as at 31 December 2016, are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	Net loss attributable to the assets acquired or disposed of, compared with the Group's net profits. <sup>(1)</sup>	0.009%
(c)	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. <sup>(2)</sup>	14.80%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. <sup>(3)</sup>	12.39%
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable



**Notes:**

- (1) Derived based on the audited net loss of the Target of approximately RM2,000 for FY2016 and the audited net loss of the Group of RM21,320,000 for FY2016.
- (2) The Company's market capitalisation is derived by multiplying the existing 200,114,059 shares in issue by the weighted average price of such shares transacted on 18 July 2017 being the full market day preceding the date on which the Agreement was signed. The Consideration Amount for the Acquisition is RM11,500,000 (or equivalent to S\$3,720,479 based on the exchange rate of S\$1 : RM3.091).
- (3) The number of Consideration Shares to be issued by the Company is 24,803,192 shares while the existing issued share capital of the Company prior to the issuance of the Consideration Shares comprises 200,114,059 shares.

As two of the relative figures computed on the bases set out in Rule 1006 exceed 5% but do not exceed 20% as at the date of this Announcement, the Acquisition is a disclosable transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Acquisition will not be subject to the shareholders' approval in a general meeting.

### 3. FINANCIAL EFFECTS OF THE ACQUISITION

For illustrative purposes only, the financial effects of the Acquisition on the net tangible assets per share and earnings per share of the Group, based on the audited consolidated financial statements of the Group for FY2016 and the audited financial statements of the Target for FY2016 are set out below.

Effects on net tangible assets per share

Had the Acquisition been effected on 31 December 2016, the financial effect on the net tangible assets of the Group is as follows:

	<b>Before Acquisition</b>	<b>After Acquisition</b>
Net tangible assets (RM'000)	52,832	52,826
Number of issued shares	200,114,059	224,917,251
Net tangible assets per share (RM cents)	26.40	23.49

Effects on earnings per share

Had the Acquisition been effected on 1 January 2016, the financial impact on the Company's earnings per share for FY2016 is as follows:

	<b>Before Acquisition</b>	<b>After Acquisition</b>
Loss attributable to equity holders of the Company (RM'000)	(21,320)	(21,320)
Weighted average number of issued shares	200,114,059	224,917,251
Loss per share (RM cents)	(10.65)	(9.48)

The above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Acquisition. No representation is made as to the actual financial position and/or results of the Group after completion of the Acquisition.



#### 4. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest in the Acquisition, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

	Before the Acquisition					After the Acquisition				
	Direct interest		Deemed interest		Total Interest	Direct interest		Deemed interest		Total Interest
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>		Number of Shares	% <sup>(2)</sup>	Number of Shares	% <sup>(2)</sup>	
<b>Directors</b>										
Su Chung Jye <sup>(3)</sup>	16,138,381	8.07	109,424,076	54.68	62.75	16,138,381	7.18	109,424,076	48.65	55.83
Wong Pak Kiong <sup>(4)</sup>	10,060,320	5.03	105,526,817	52.73	57.76	10,060,320	4.47	105,526,817	46.92	51.39
Low Yew Shen	6,389,000	3.19	-	-	3.19	6,389,000	2.84	-	-	2.84
Goon Kok Loon	-	-	-	-	-	-	-	-	-	-
Chong Weng Hoe	-	-	-	-	-	-	-	-	-	-
Francis Hwang Huat Kuong	-	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>										
Ikram Mahawangsa Sdn Bhd <sup>(5)</sup>	89,026,817	44.49	16,500,000	8.25	52.74	89,026,817	39.58	16,500,000	7.34	46.92
Stratland Properties Sdn Bhd	20,397,259	10.19	-	-	10.19	20,397,259	9.07	-	-	9.07

**Notes:**

- (1) The percentages have been calculated based on the Company's issued and paid-up share capital of 200,114,059 shares prior the issuance of Consideration Shares.
- (2) The percentages have been calculated based on the Company's enlarged issued and paid-up share capital of 224,917,251 shares after the issuance of Consideration Shares.
- (3) Su Chung Jye holds 50% of the shares in Ikram Mahawangsa Sdn Bhd and is deemed interested in the shares that Ikram Mahawangsa Sdn Bhd has an interest in. Su Chung Jye holds 99% of the shares in Stratland Properties Sdn Bhd and is deemed interested in the shares that Stratland Properties Sdn Bhd has an interest in.
- (4) Wong Pak Kiong holds 20% of the shares in Ikram Mahawangsa Sdn Bhd and is deemed to be interested in the shares that Ikram Mahawangsa Sdn Bhd has an interest in.
- (5) Ikram Mahawangsa Sdn Bhd is deemed to be interested in 16,500,000 shares which were lent to Su Chung Jye, of which 10,000,000 of such shares are held by Stratland Properties Sdn Bhd.

#### 5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement are available for inspection during normal business hours at the Company's registered office at 45 North Canal Road, #04-01, Singapore 059301 for a period of three (3) months from the date of this announcement.

By Order of the Board

Su Chung Jye  
Executive Chairman and Chief Executive Officer  
21 July 2017