
RESPONSE TO QUERIES ISSUED BY SGX-ST IN RELATION TO ENTRY INTO DEVELOPMENT AGREEMENT ANNOUNCEMENT

The Board of Directors (the “**Board**”) of Regal International Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company on 16 January 2023 in relation to the entry into development of Lot 188 Block 16 Seduan Land District and Lot 973 Block 16 Seduan Land District by Harbour Venture Sdn Bhd, a subsidiary of the Company.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has issued queries on the 16 January 2023 Announcement. The Company sets out below the queries issued by the SGX-ST and the Company’s responses to the queries.

All capitalised terms used herein, which are not defined, shall have the meanings ascribed to them in the 16 January 2023 Announcement. Shareholders are advised to refer to the 16 January 2023 Announcement, which is available on SGXNet, for further details.

Query 1:

Please disclose the due diligence conducted in respect of the said Lands. If no due diligence was conducted, please explain why.

Response to Query 1:

The Company conducted an informal in-house due diligence whereby the assessments of the value and current status of the said Lands, details of the landowners, and the feasibility analysis yielded the following results:-

- (a) The physical condition of the said Lands were deemed suitable for developing into a small scale development with no major earth work or ground treatment needed.
- (b) The said Lands are strategically located in a relatively popular residential area and is accessible.
- (c) The properties built on the said Lands are deemed marketable on the basis of the location.
- (d) The Company is confident that, though the said Lands are relatively small, the development would be able to attract the attention of other interested landowners in the vicinity towards developing their own parcels.
- (e) The said Lands are free from encumbrances.
- (f) The landowners are not bankrupt.

There are several abortive clauses in the Development Agreement (“**DA**”) which enable the Company to opt to abort the DA if any of the following events occur:

- (a) The landowners become bankrupt; and/or
- (b) The discovery of an adverse condition and/or negative changes to the said Lands and hence affecting the development; and/or
- (c) The conditions precedent and/or the necessary approvals are not fulfilled and/or obtained on time.



Query 2:

In the Announcement, it is disclosed that "In return for the development rights on the said Land, the considerations to the respective landowners are in the form of provision of sub-divided units upon completion of the project." Please disclose (i) when the project would be considered completed; (ii) the expected timeline; and (iii) the milestones for generating revenue for the Company.

Response to Query 2:

- (i) Completion of the project is when the landowners' entitlements are completed and handed over to them, and also the completion of the properties that the Company decides to build on the said Lands.
- (ii) The major stages of the proposed development are as follows:-
 - (a) Planning, engineering assessment, seeking authority approval;
 - (b) Construction and sale;
 - (c) Handover of completed units.
- (iii) Project revenue may be expected later when construction has commenced and there are sales of the properties to be constructed. Progressive revenue is claimable based on percentage of work done and scope of work as construction works progress.

Query 3:

Please disclose whether any valuation has been performed on the said Lands. If yes, please disclose further information on the valuation performed.

Response to Query 3:

It is not practical to carry out any valuation by an external valuer at the current stage as the development and business elements which will be factored into the said Lands' value when the development is executed in due course are still incomplete.

The Company however, carried out an in-house valuation of the said Lands and also made an assessment comparing the indicative value based on market knowledge of the said Lands. This was done in November/December 2022.

The Company will make further announcements of material updates in relation to the DA, as and when necessary and/or appropriate.

By Order of the Board of
Regal International Group Ltd

Su Chung Jye
Executive Chairman and Chief Executive Officer

1 February 2023