

RICH CAPITAL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Registration No. 199801660M)

A. DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

B. BOARD'S RESPONSE TO MATTERS BROUGHT UP BY INDEPENDENT AUDITOR

A. DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Pursuant to Rule 704(4) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited, the board of directors (the “**Board**” or “**Directors**”) of Rich Capital Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditors, Foo Kon Tan LLP (“**FKT**”) have issued a disclaimer of opinion on the consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 March 2020 (“**FY2020**”) (the “**Disclaimer Opinion**”). The basis of disclaimer is set out below

1 Goodwill on acquisition of Oxley Batam Pte. Ltd (“**OB**”). and its joint venture (“**Goodwill**”)

In respect of the Goodwill included in the Group’s carrying amount of the investment in a joint venture, FKT was unable to determine if the Goodwill of \$1.66 million on acquisition of the joint venture was fairly stated as FKT was unable to obtain sufficient appropriate audit evidence and no new evidence to ascertain the appropriateness of the fair value adjustment of the land development parcel due to the ongoing disputes with the joint venture partner.

2 Valuation of mining rights / recoverable amount of the cost of investment in subsidiary

The valuation of mining rights and the recoverable amount of the cost of investment in a subsidiary were recorded at \$nil respectively. FKT was not able to obtain sufficient appropriate or new audit evidence to support the fair value of the mining rights and the recoverable amount of the cost of investment in subsidiary, and accordingly whether they were measured appropriately in accordance with SFRS(I) 1-36 as at the reporting date.

3 Unaudited financial information of significant joint venture

The Group accounts for its investment in joint venture in PT Oxley Karya Indo Batam (“**PT OKIB**”) using the equity method. FKT was not able to obtain sufficient appropriate audit evidence on the accounts of PT OKIB due to the dispute between the shareholders of PT OKIB and a component audit of PT OKIB could not be carried out for the purposes of the consolidated financial statements of the Group. Accordingly, FKT was unable to determine if the share of losses of PT OKIB and the carrying value of PT OKIB are appropriately stated for the year ended 31 March 2020.

4. Legal issue faced by joint venture

A legal claim for unliquidated damages was commenced by PT Karya Indo Batam (“**PT KIB**”), the joint venture partner of PT OKIB against the Company and OB for their conduct in relation to the Batam Project.

There are no specific amounts of damages sought for in the statement of claims filed against the Company and OB. The lawyers for the Company are unable to quantify the financial impact to the Company and OB. Accordingly, FKT was unable to obtain sufficient appropriate audit evidence on the amount of the liability arising, or to quantify if the provision for contingent liability is appropriately stated in the accompanying financial statements, or whether the Company and the Group are able to pay their debts as and when they fall due and the going concern basis of preparation of financial statements as a result.

5. Recoverable amount of the cost of investment in a subsidiary and joint venture

The carrying values at 31 March 2020 of the Company’s investment in subsidiary, Rich Batam Private Limited and the Group’s investment in a joint venture, PT OKIB amounted to \$10,537,000 and \$12,780,000 respectively. At 31 March 2020, there were indicators of impairment in the subsidiary. Because of the various issues stated above, an impairment assessment could not be performed. FKT was unable to obtain sufficient appropriate evidence to determine carrying values of the subsidiary and joint venture recorded in the accounts of the Company and of the Group are appropriately stated due to the ongoing disputes with the joint venture partner as disclosed above.

The basis for the Disclaimer of Opinion is contained in the Independent Auditors’ Report for FY2020 (“**Independent Auditor’s Report**”), a copy of which is attached as an Appendix to this announcement. The Independent Auditor’s Report will be part of the annual report of the Company for FY2020 (“**Annual Report FY2020**”), which will be released on the SGXNET and dispatched to shareholders in due course.

B. BOARD’S RESPONSE TO MATTER BROUGHT UP BY INDEPENDENT AUDITOR

FKT also issued an except for the matters described in the basis for Disclaimer Opinion section of the report, the accounting records required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore of which they are the auditors have been properly kept in accordance with the provisions of the Act. However, the Board is of the view that it has complied with Section 199(1) of the Companies Act which stipulates that the accounting and other records to sufficiently explain the transactions and financial position of the company have been kept.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report and the Annual Report FY2020 in their entirety.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Oh Si Yang
Executive Director

12 September 2020

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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