



6 December 2018

Singapore Exchange Securities Trading Limited

11 North Buona Vista Drive

#06-07 The Metropolis Tower 2

Singapore 138589

Attention: Gladys Tay / Jenn Ho

Listing Compliance

Dear Sir,

RESPONSE TO QUERY FROM SGX-ST ON DISPOSAL OF 50 PER CENT OF THE ENTIRE ISSUED SHARE CAPITAL OF RICH CAPITAL REALTY PTE. LTD. AND NOVATION OF INTERCOMPANY LOAN

The Board of directors (the “**Board**” or the “**Directors**”) of Rich Capital Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) would like to provide the following information in response to the query from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) dated 21 November 2018 in respect of the Company’s announcement dated 20 November 2018 on the disposal of 50% of the entire issued share capital of Rich Capital Realty Pte. Ltd. and novation of intercompany loan:

Query 1 of the SGX-ST

The Company had a 30% effective interest in the TSRC Novena Pte Ltd (the “**JV Co**”) and in the acquisition and redevelopment of all the strata lots and the common property in the freehold development located at 333 Thomson Road, Singapore 307675 known as “Peak Court” (the “**Property**”) (collectively, the “**Redevelopment Project**”) prior to the Disposal. Subsequent to the Disposal, the Company will only have an effective interest of 15%.

Given that the acquisition of the Redevelopment Project was completed in August 2018 and the Property was acquired at a purchase price of S\$118.9 million, why is the disposal of 15% effective interest in the JV Co and in the Re-development Project valued at S\$50, considering the business potential of the Redevelopment Project?

Company’s Response

The valued at S\$50 represented the disposal of 50% of the issued share capital of S\$100 in the Rich Capital Realty Pte. Ltd. (the “**RCR**”) which effectively hold 30% effective interest in the JV Co and in the Redevelopment Project.

Query 2 of the SGX-ST

Why was an independent valuation not performed on the Disposal? What are the Board and/or Management’s considerations on not performing an independent valuation?

Company’s Response

The aggregate consideration of S\$4,405,780.46 comprises (a) a sum of S\$50 representing the Sale Shares, which is 50% shareholding of the RCR, and (b) the transfer of S\$4,405,730.46 which represents the 50% novation of inter-company loan from the Company, at cost. Independent valuation is not performed on the Disposal considering the timeframe of 3 months from acquisition to disposal, the valuation of the transaction was set at cost and as it was transferred at the intercompany loan value.

Query 3 of the SGX-ST

How did the Group get introduced to the Purchaser?

Company's Response

The Group get introduced to the Purchaser via our Non-Executive Chairman, Mr. Wang Zhenwen's business network.

Query 4 of the SGX-ST

The intercompany loan of S\$4.4 million due to the Company was provided to Rich Capital Realty Pte Ltd as an equity investment in the JV Co. The Company has in its FY2018 Annual Report announced on 12 July 2018 (the "**Annual Report**") stated that the Management had prepared a 12-months cash flow projection for the Group and the Company, taking into consideration the business plans (the Peak Court, No. 6 Kim Chuan Terrace and Oxley Convention City) and the working capital needs of the Group.

In the announcement on Disposal, the rationale for the disposal is to re-allocate financial resources to its existing and/or new property projects.

What are the Board and Management's plans with regards the various property development projects? Is the 12-months cash flow projection for the Group and the Company still valid and the working capital needs of the Group still viable?

Company's Response

The Board and Management's plans with regards the various property development projects are to working forwards completing the development of our Oxley Convention City, Peak Court joint venture and the Kim Chuan project as part of our efforts to build a sustainable property development business.

The 12-months cash flow projection for the Group and the Company still valid and the working capital needs of the Group still viable. The Group is exploring other sources of funding for working capital purposes and future expansion projects.

Query 5 of the SGX-ST

In the Annual Report, it was stated that the Group's share of consideration payable for the Property was approximately S\$35.7 million. Subsequent to the Disposal, what is the Group's share of consideration payable for the Property and what is the expected timeline of such capital outlay?

Company's Response

Subsequent to the Disposal, the Group's share of consideration payable for the Property was approximately S\$17.8 million, of which the Group had paid the 20% down payment of approximately S\$3.6 million and the balance 80% of S\$14.2 million is on bank loan financing, of which the JV Co. had secured a banking facility on July 2018. No capital outlay thereon as the JV Co. would be serving the loan interest till obtaining Temporary Occupation Permit ("**TOP**") and the land loan would be fully repaid upon TOP with sale proceeds.

Query 6 of the SGX-ST

What other projects or business activities is RCR involved in?

Company's Response

There is no other projects or business activities is RCR involved in.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Oh Sikai
Executive Director