

Rich Capital Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 199801660M)

PROPOSED DISPOSAL OF 50% OF THE ENTIRE ISSUED SHARE CAPITAL OF RICH CAPITAL REALTY PTE. LTD. - ENTRY INTO SALE AND PURCHASE AGREEMENT

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Rich Capital Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 20 January 2020, entered into a sale and purchase agreement (the “**SPA**”) with Mr Qiu Jinzhang (the “**Purchaser**”) in relation to a disposal (the “**Proposed Disposal**”) of 50 ordinary shares in the share capital of Rich Capital Realty Pte. Ltd. (the “**Target**”) held by the Company (the “**Sale Shares**”), representing 50% of the total issued and paid-up share capital of the Target for a cash consideration of S\$6,582,741 (the “**Consideration**”).
- 1.2 Based on the relative figures computed on the applicable bases set out in Rule 1006 of the Catalist Rules, the Proposed Disposal is classified as a “discloseable transaction” under Chapter 10 of the Catalist Rules.
- 1.3 The Proposed Disposal is not an “interested person transaction” under Chapter 9 of the Catalist Rules.

2. Information on the Purchaser

The information on the Purchaser provided below was provided to the Company by the Purchaser. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Company’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

- 2.1 The Purchaser, Mr Qiu Jinzhang, is a Chinese national individual who invests in various businesses. The Purchaser is an independent third-party who is unrelated to the Company, its directors and controlling shareholders, or their associates.

3. Information on the Introducer

The information on the Introducer provided below was provided to the Company by the Introducer. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Company’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

- 3.1 The introducer to the Proposed Disposal (the “**Introducer**”) is Mr Wang Yaozong. Mr Wang Yaozong is a Singaporean individual and an independent third-party who is unrelated to the Company, its directors and controlling shareholders, or their associates.

4. Commission Payable to the Introducer

- 4.1 The commission payable to Mr Wang Yaozong for acting as the Introducer is approximately 1.5% of the Consideration (as defined below) amounting to S\$98,741, which shall be paid to Mr Wang Yaozong by the Company in cash by way of telegraphic transfer within seven (7) business days from the date of completion of the SPA.

5. Information on the Target

- 5.1 The Target, Rich Capital Realty Pte. Ltd. (Company Registration Number 201815475N), is a company incorporated in Singapore on 7 May 2018 and as at the date of this announcement, has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares.
- 5.2 The Company holds 50 ordinary shares in the share capital of the Target, representing 50% of the total issued and paid-up share capital of the Target. Following the completion of the Proposed Disposal, the Company will cease to hold any ordinary shares in the share capital of the Target and the Target will cease to be a subsidiary of the Company.
- 5.3 The principal business activity of the Target is that of investment holding. The Target has a 30% shareholding interest in TSRC Novena Pte. Ltd. which owns the strata lots and the common property in a freehold development located at 333 Thomson Road Singapore 307675 known as "Peak Court".

6. Financial Information on the Target

- 6.1 Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019:
- (a) the book value and the net tangible asset value of the Target was approximately S\$6,277,142; and
- (b) net loss attributable to the Target was S\$12,144.
- 6.2 The Company has commissioned Savills Valuation and Professional Services (S) Pte. Ltd., an independent professional valuer, (the "**Valuer**") to conduct an independent valuation on the Target. According to the independent valuation report dated 20 January 2020 (the "**Valuation Report**"), the market value of the Sale Shares as at 30 November 2019 ranges between approximately S\$2.32 million and S\$2.98 million (the "**Market Value**") based on a summation method under the cost valuation approach which is used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings. As the Target is not directly income generating which makes the income approach inappropriate, the Valuer has adopted a market approach to cross-check the market value, with the implied Price-to-Book multiple of the Target ranges between 0.4x and 0.5x, which falls within the trading range of the identified comparables between 0.3x and 1.2x.

7. Intended Use of Net Proceeds

- 7.1 The excess from the Proposed Disposal amounts to approximately S\$305,599 and is computed based on the excess of the Consideration over the book value of the Target as at 30 September 2019 of S\$6,277,142.

7.2 The net proceeds, after deducting estimated costs and expenses incurred or to be incurred in connection with the Proposed Disposal is approximately S\$135,741, is approximately S\$6,447,000 (the “**Net Proceeds**”).

7.3 The Net Proceeds is currently intended to be utilised as follows:

Intended Use of Net Proceeds	Allocation of Net Proceeds
Other existing property development projects	62%
Retiring debt obligation to JV partner in relation to Peak Court	10%
General working capital purposes	28%

8. Rationale for the Proposed Disposal

8.1 The rationale for the Proposed Disposal is mainly to raise cash to support the Group’s existing property development activities as detailed in paragraph 7.3 and mitigate material uncertainty to operate as a going concern going forward whilst realising a gain from the disposal. Hence, the Proposed Disposal will not materially change the risk profile of the Group’s core business.

9. Principal Terms of the SPA

Conditions Precedent

9.1 The obligations of the Company and the Purchaser (collectively, the “**Parties**” and each a “**Party**”) under the SPA are conditional upon, and completion shall not take place until, all the following conditions precedent have been fulfilled on or before the completion date:

- (a) the Company having obtained such approval(s) from its board of directors, its shareholders, its sponsor, the SGX-ST and/or any other regulatory authority in connection with the SPA and the transactions contemplated therein as may be necessary;
- (b) the Company having obtained such approval(s) from the board of directors and/or shareholders of the Target in connection with the SPA and the transactions contemplated therein as may be necessary, including but not limited to:
 - (i) the transfer of the Sale Shares to the Purchaser;
 - (ii) the cancellation of old share certificate(s) in the name of the Company, and the issuance of new share certificate(s) in favour of the Purchaser in respect of the Sale Shares; and
 - (iii) the lodgement of the required statutory returns with the relevant regulatory authority and the registration of the Purchaser in the register of members of the Target as holder of the Sale Shares;
- (c) the Company, CRF Land Pte. Ltd. and the Target having executed the termination and recession agreement in relation to the shareholders’ agreement dated 11 February 2019 (the “**Shareholders’ Agreement**”) entered into between the Company, CRF Land Pte. Ltd. and the Target to, *inter alia*, regulate the relationship and the respective rights of the Company and CRF Land Pte. Ltd. *inter se* as shareholders of the Target;

- (d) the Company having procured the waiver of any right of pre-emption or any other restriction on the transfer of the Sale Shares conferred on CRF Land Pte. Ltd. under the Company's constitution and the Shareholders' Agreement;
 - (e) the Company having procured the written confirmation from Ipomoea Land Pte. Ltd. that it will not exercise its default call option to require the Target to sell all of the Target's shares in TSRC Novena Pte. Ltd. to Ipomoea Land Pte. Ltd. pursuant to clause 15.3(c) of the joint venture and subscription agreement dated 31 December 2018 entered into between Ipomoea Land Pte. Ltd. and the Target in relation to, *inter alia*, TSRC Novena Pte. Ltd.
 - (f) all representations and warranties of the Company given under the SPA remaining true and accurate in all material respects on the completion date (by reference to the facts and circumstances then subsisting), as if repeated on the completion date; and
 - (g) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated herein having been obtained by the Parties, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Parties and being fulfilled on or before the completion date.
- 9.2 If any of the conditions precedent is not fulfilled on or before the Long Stop Date (as defined below), the SPA shall *ipso facto* cease and determine. In that event, the Parties shall be released and discharged from their respective obligations under the SPA, and no Party shall have any claim against the other Party for costs, damages, compensation or otherwise under the SPA, save for any claim by any Party against the other Party in respect of any antecedent breach of the SPA.

Long Stop Date

- 9.3 "**Long Stop Date**" means 45 days from the date of the SPA (being 5 March 2020) with an option to extend the Long Stop Date by up to another 45 days, or such other date as the Parties may agree in writing. The option to extend the Long Stop Date shall be exercisable by the Company at any time prior to the initial Long Stop Date by written notice to the Purchaser.

Consideration

- 9.4 The Parties have agreed that the consideration for the sale and purchase of the Sale Shares shall be S\$6,582,741 (the "**Consideration**") and be wholly satisfied through cash.
- 9.5 On the date of the SPA, the Purchaser shall pay 20% of the Consideration amounting to S\$1,316,548.20 in cash by way of cashier's order made in favour of the Company or such other payment method as prescribed by the Company in writing as a refundable deposit (the "**Refundable Deposit**"). For the avoidance of doubt, if the Refundable Deposit is paid by way of cheque and/or telegraphic transfer, the Refundable Deposit must be credited into the Company's bank account on or before the date of the SPA. The Refundable Deposit shall not accrue any interest. As of this date, the Purchaser has already paid the Refundable Deposit by telegraphic transfer and is already credited into the Company's bank account. The Purchaser shall be entitled to use the Refundable Deposit to partially offset against the Consideration. For the avoidance of doubt, the balance 80% of the Consideration (the "**Balance Consideration**") payable by the Purchaser on the completion date shall be S\$5,266,192.80. The Parties further agree that:

- (a) In the event that the SPA is terminated prior to completion at the election of the Company due to a breach by the Purchaser of its obligations under the SPA, the Refundable Deposit shall be immediately forfeited to the Company.
 - (b) In the event that all of the conditions precedent under the SPA is fulfilled on or before the Long Stop Date but the SPA is terminated prior to completion by the Purchaser without reasonable cause, the Refundable Deposit shall be immediately forfeited to the Company.
 - (c) In the event that the SPA is terminated prior to completion at the election of the Purchaser due to a breach by the Company of its obligations under the SPA, the Refundable Deposit shall be immediately returned to the Purchaser in cash by way of cashier's order made in favour of the Purchaser or such other payment method as prescribed by the Purchaser in writing.
 - (d) In the event that the SPA *ipso facto* cease and determine due to the non-fulfilment of any of the conditions precedent on or before the Long Stop Date without fault of either Party, the Company shall immediately transfer the Refundable Deposit into a bank account to be opened under the Company's name with a representative from the Company and a representative from the Purchaser being named as joint signatories to such bank account, and the Parties shall discuss in good faith the apportionment of the Refundable Deposit to be released to each Party.
- 9.6 On the completion date, the Balance Consideration shall be paid to the Company in cash by way of cashier's order made in favour of the Company or such payment method as prescribed by the Company in writing. For the avoidance of doubt, if the Balance Consideration is paid by way of cheque and/or telegraphic transfer, the Balance Consideration must be credited into the Company's bank account on or before the completion date.

Costs and Expenses

- 9.7 Each Party shall bear and be responsible for its respective costs and expenses incurred in relation to the negotiation, preparation, finalisation, execution and performance of the SPA and the transactions contemplated therein.
- 9.8 The Purchaser shall bear all relevant taxes and stamp duties (including penalties, if any) payable in connection with the SPA, and the sale and purchase of the Sale Shares, if any.

Governing Law and Jurisdiction

- 9.9 The SPA shall be governed by, and construed in accordance with, the laws of Singapore.
- 9.10 In relation to any legal action or proceeding arising out of or in connection with the SPA and the transactions contemplated therein, the Parties hereby irrevocably submit to the exclusive jurisdiction of the courts of Singapore.

10. The Consideration

- 10.1 The Consideration was arrived at on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the unaudited net tangible asset value of the Target as at 30 September 2019 and the Valuation Report.

11. Relative Figures computed on the bases set out in Rule 1006 of the Catalyst Rules

11.1 For the purposes of Chapter 10 of the Catalyst Rules, the relative figures computed on the bases set out in Rule 1006 of the Catalyst Rules for the Proposed Disposal are as follows:

Rule 1006 of the Catalyst Rules	Description	Relative Figure
(a)	The 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.	33.63% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	0.69% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	44.82% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁴⁾
(e)	The 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. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁵⁾

Notes:

- (1) Based on the latest announced consolidated financial statements of the Group as at the date of this announcement (i.e. the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2019) ("**Unaudited HY2020 FS**"), the net asset value of the Target was S\$6,277,142 as at 30 September 2019 which represents approximately 33.63% of the Group's net asset value of S\$18,668,000 as at 30 September 2019.
- (2) Based on the **Unaudited HY2020 FS**, the net losses attributable to the Target was S\$12,144 as at 30 September 2019 which represents approximately 0.69% of the Group's net losses of S\$1,751,000 as at 30 September 2019.
- (3) The Consideration for the Proposed Disposal is S\$6,582,741 which represents approximately 44.82% of the Company's market capitalisation of approximately S\$14,685,340 on 21 June 2019, being the last full market day on which trades were done prior to the trading halt and the suspension of the securities of the Company. The Company's market capitalisation was

determined by multiplying the number of shares in issue (7,342,671,467 shares) by the weighted average price of such shares transacted on 21 June 2019 (S\$0.002).

(4) The Proposed Disposal is a disposal of assets not an acquisition of assets.

(5) The Company is not a mineral, oil and gas company.

11.2 As the relative figures computed on the bases set out in Rules 1006(a) and (c) of the Catalist Rules for the Proposed Disposal is more than 5% but does not exceed 50%, Proposed Disposal is classified as a “discloseable transaction” under Chapter 10 of the Catalist Rules. Notwithstanding that the relative figure used in the computation of the Rule 1006(b) involves negative figures, the Rule 1006(b) relative figure is insignificant and less than 5% whilst the Proposed Disposal will result in a gain on disposal.

12. Financial Effects of the Proposed Disposal

12.1 The financial effects of the Proposed Disposal on the net tangible asset (“NTA”) per share and the earnings per share of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2019 (“FY2019”).

12.2 For the purpose of illustrating the financial effects of the Proposed Disposal, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Disposal was completed on 31 March 2019;
- (b) the financial effects on the earnings per share of the Group are computed assuming that the Proposed Disposal was completed on 1 April 2018; and
- (c) the professional and other fees and expenses incurred by the Company in connection with the Proposed Disposal shall be disregarded.

12.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA	S\$20,367,000	S\$21,207,000
Number of issued shares (excluding treasury shares and subsidiary holdings)	7,342,671,467	7,342,671,467
NTA per share (Singapore cents)	0.28	0.29

12.4 Financial Effects on the Earnings per Share of the Group

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net loss attributable to owners for FY2019	S\$(2,660,000)	S\$(1,820,000)

Weighted average number of issued shares (excluding treasury shares and subsidiary holdings)	7,029,570,303	7,029,570,303
Loss per share (Singapore cents)	(0.04)	(0.03)

12.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group upon completion of the Proposed Disposal. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

13. Interests of Directors and Controlling Shareholders

13.1 None of the directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company, if any.

14. Service Contracts

14.1 No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal and no service contracts in relation thereto is proposed to be entered into by the Company.

15. Documents for Inspection

15.1 A copy of the SPA and Valuation Report is available for inspection at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 ("**Registered Office**"), during normal business hours for three (3) months from the date of this announcement.

16. Further Announcements

16.1 The Company will make further announcements to update its shareholders when there are material updates to the matters set out above as may be necessary or appropriate.

17. Cautionary Statement

17.1 **Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed.**

17.2 **Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board
Rich Capital Holdings Limited

Giang Sovann
Interim Chairman and Independent Non-Executive Director

21 January 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).