

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

**QUALIFIED OPINION BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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 qualified opinion on the consolidated financial statements of the Group for the financial year ended 31 March 2021 (“**FY2021**”) (the “**Qualified Opinion**”).

The basis of qualified opinion is set out below:-

Loss of joint control over joint venture

On 18 May 2018, the Group announced the completion of the acquisition of an 80% equity interest in Oxley Batam Pte. Ltd. (“**OB**”) by its wholly-owned subsidiary, Rich Batam Private Limited (“**Rich Batam**”). OB in turn has a 50% equity interest in PT Oxley Karya Indo Batam (“**PT OKIB**”), which is the property developer of the Group’s Oxley Convention City Project in Batam (the “**Batam Project**”).

From the acquisition date to 31 March 2020, management has evaluated its investment in PT Oxley Karya Indo Batam (“**PT OKIB**”) to be a joint venture in accordance with SFRS(I) 11 – Joint Arrangements on the basis that the shareholders’ agreement stipulates that the parties to the joint arrangements have rights over the net assets of PT OKIB.

Arising from the acquisition, the Group recorded a goodwill of \$1.66 million in the carrying amount of its investment in the joint venture, which arose primarily from the fair value adjustment on the land parcel with an estimated land area of approximately 20,000 square metres pursuant to a purchase price allocation exercise conducted by the Group’s appointed external valuer. The auditors were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the fair value adjustment of the land parcel and accordingly, they were unable to determine if the goodwill of \$1.66 million on acquisition of OB and PT OKIB is appropriately stated, including if any impairment is required for the financial years ended 31 March 2020.

The Group accounted for its investment in joint venture in PT OKIB using the equity method from acquisition date to 31 March 2020. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor’s share of the investee’s net assets less impairment. The Group’s profit or loss include its share of the PT OKIB’s profit or loss and the Group’s other comprehensive income or loss includes its share of the PT OKIB’s other comprehensive income or loss. Losses of the investee in excess of the investor’s interest in the investee are not recognised except to the extent that the investor has an obligation for further commitment in the investment.

The Group determined that it lost joint control over PT OKIB on 1 April 2020, when the Group’s employee was barred from entering PT OKIB’s premises, loss of access to bank

tokens and was unable to appoint a representative on the board of directors of PT OKIB for the financial year ended 31 March 2021. The loss of joint control led to the cessation of equity accounting of the joint venture on 1 April 2020. The investment was reclassified to financial asset, at fair value through other comprehensive income (FVOCI) on that date.

An independent professional valuer was appointed as management's expert to determine the fair value of the investment as at 1 April 2020 and 31 March 2021. The fair value so determined was \$Nil on both dates. Consequently, the investment in Rich Batam was also determined to be \$Nil. This resulted in the Group recognising the impairment on loss of joint control over the joint venture amounting to \$12,940,000 on 1 April 2020 and in the consolidated statement of comprehensive income for the financial year ended 31 March 2021.

Management had not determined if the joint venture had been appropriately classified and impaired in the prior years. Hence, the auditors were unable to ascertain if the entire loss of \$12,940,000 should be recognised in the consolidated statement of comprehensive income for the financial year ended 31 March 2021 or in prior financial years.

The basis for the qualified audit opinion is contained in the Independent Auditors' Report for FY2021, a copy of which is attached as an Appendix to this announcement. The Independent Auditors' Report will be part of the annual report of the Company for FY 2021 ("Annual Report FY2021"), which will be released on SGXNET and dispatched to shareholders in due course.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Annual Report FY2021 in their entirety.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Oh Si Yang
Executive Director

13 July 2021

This announcement has been reviewed by the Company's sponsor SAC Capital Private 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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