

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

RECEIPT OF NO-OBJECTION NOTIFICATION LETTER FROM SGX REGCO ON THE RESUMPTION OF TRADING PROPOSAL AND RESUMPTION OF TRADING

The Board of Directors ("**Board**") of Rich Capital Holding Limited ("**Company**") refers to the Company's announcement dated 8 December 2021 and 18 July 2022 ("**Previous Announcements**") in relation to, *inter alia*, the Company's submission of the trading resumption proposal to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") pursuant to Rule 1304 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST ("**Catalist Rules**") and wishes to provide updates in relation to the same.

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meanings ascribed to them in the Previous Announcements.

1. RESUMPTION OF TRADING PROPOSAL

Further to the Previous Announcements, the Company is pleased to announce that it has, on 30 November 2022, received a letter of no-objection from SGX RegCo to the Company on the Resumption Proposal, subject to the following:

- (a) disclosure of the Board's opinion on the Group's ability to operate as a going concern and the bases for such opinion;
- (b) disclosure of the Board's and Sponsor's confirmations, with supporting bases, that the working capital available to the Group is sufficient for its present requirements and for at least 12 months after the date of resumption of trading of the Company's shares; and
- (c) disclosure of the Board's confirmation that sufficient information has been disclosed to enable trading of the Company's shares to continue in a fair and orderly manner upon lifting of the trading suspension, and bases for its views,

(collectively, the "**Trading Resumption Conditions**").

For avoidance of doubt, the Company is required to seek separate concurrence from the SGX-ST on the date for resumption of trading when the Trading Resumption Conditions have been fulfilled.

The requisite disclosures pursuant to the Trading Resumption Conditions are set out below.

2. GROUP'S ABILITY TO OPERATE AS A GOING CONCERN

The Board is of the opinion that the Group is able to continue operating as a going concern, grounds for which are set out below:

(a) Steady performance of the Group's existing core businesses

The Group's existing core businesses comprise (i) the development, investment,

management of residential, commercial and industrial properties in Singapore ("**Property Development Business**"), and (ii) provision of specialist construction services ("**Construction Services Business**").

The Group has a proven track record for its Property Development Business. Since its business diversification into the Property Development Business in 2018, the Group realised its investment in the 333 Thomson Road project ("**Peak Court Project**") (achieving a gain on disposal of approximately S\$0.6 million) in June 2020. More recently, with the unanimous approval of the Company's shareholders at its extraordinary general meeting held on 12 April 2022, as announced on 6 May 2022, the Group proceeded to successfully complete the disposal of the freehold proposed single-use light industrial development located at 6 Kim Chuan Terrace, Singapore ("**Kim Chuan Project**") (which allowed the Group to record a gain on disposal of approximately S\$3.2 million).

For the Group's Construction Services Business, the Group has incorporated a wholly-owned subsidiary, Merco Pte. Ltd. to pursue potential construction projects in both the Public & Private sectors. As mentioned in the unaudited financial results of the Group for the half year ended 30 September 2022 ("**HY 2023**"), as at 10 November 2022, the Group has ongoing projects with contract value of S\$12.84 million of which approximately S\$6 million has been completed.

(b) Group's improved financial performance

Review of Income Statements

The Group has shown improvement in its financial performance for financial year ended 31 March ("**FY**") 2022 and 6-month financial period ended 30 September 2022 ("**HY 2023**").

Based on the audited financial statements of the Group for FY 2022, the Group reported a lower net loss attributable to equity holders of approximately S\$1.90 million in FY 2022 compared to S\$12.42 million respectively in FY 2021. As announced by the Company on 24 May 2022, this took into consideration, *inter alia*, the following:

- (i) the revenue of approximately S\$2.16 million was mainly generated from the work performed for three ongoing and three completed construction projects in Singapore during FY 2022. Accordingly, there was cost of sales of approximately S\$2.04 million and gross profit of approximately S\$0.12 million recorded in FY 2022;
- (ii) other income decreased by approximately S\$1.10 million, from S\$1.18 million in FY 2021 to S\$0.08 million in FY 2022 mainly due to the absence of gain on disposal of a subsidiary in connection with the Peak Court Project which was completed in FY 2021;
- (iii) general and administrative expenses decreased by approximately S\$0.66 million, from approximately S\$2.44 million in FY 2021 to approximately S\$1.78 million in FY 2022 mainly due to lower legal fees incurred in connection with the dispute with the Indonesian joint venture partner on the project at the Oxley Convention City, Batam ("**Batam Project**") following the discontinuance of legal suit (HC/S 104/2020) against the Company and its indirect subsidiary; and

- (iv) the impairment on loss of joint control over joint venture of approximately S\$12.94 million was recognised in FY 2021 in relation to Batam Project based on the valuation by an independent valuer in the previous FY. For avoidance of doubt, this was a full impairment of the Group's investments in the Batam Project, and any recovery would result in a reversal of its impairment.

Based on the unaudited financial statements of the Group for HY 2023, the Group reported a net profit attributable to equity holders of approximately S\$2.25 million in HY 2023 compared to a net loss of S\$0.92 million in the 6-month financial period ended 30 September 2021 (“HY 2022”). As announced by the Company on 24 May 2022, this took into consideration, *inter alia*, the following:

- (i) the Group has recorded revenue of S\$4.21 million in HY 2023 against S\$0.28 million in HY 2022 as more construction contracts were secured during the period. Cost of sales and gross profit increased from S\$0.26 million and S\$0.02 million in HY 2022 to S\$4.06 million and S\$0.15 million in HY 2023 in tandem with the increase in revenue. The gross profit margin decreased from 8.10% in HY 2022 to 3.68% in HY 2023. In HY 2022, while the Group achieved a higher margin, the contract value for the job that was completed by the Group in HY 2022 was significantly lower as compared to HY 2023;
- (ii) the distribution and marketing expense of S\$0.29 million in HY 2023 arises from the sales commission paid in relation to disposal of the Kim Chuan Project; and
- (iii) profit from discontinued operations in HY 2023 of S\$3.15 million compared to a loss of \$0.18 million was due to the gain on disposal of the Kim Chuan Project.

Review of Financial Position

The Group has positive net current assets of S\$5.3 million as at 30 September 2022 and positive equity attributable to shareholders of S\$4.23 million as at 30 September 2022.

The Group's cash and cash equivalents amounted to S\$5.26 million as at 30 September 2022.

(c) Weaknesses identified in Independent Review Report addressed

The Company has implemented appropriate measures to address the weaknesses identified in the Independent Review Report, as briefly outlined in the Company's announcement dated 8 December 2021.

(d) Concerns arising from subsequent developments in a joint venture entity, PT Oxley Karya Indo Batam (“PT OKIB”), and the Batam Project

The Group has fully impaired its investments in the Batam Project and it is pursuing a legal claim in Jakarta to recover its investment. Any recovery would result in a reversal of the impairment loss.

(e) Future plans

The Group will continue to build on the foundations set in place and leverage on its core expertise in property investment and development to actively identify and pursue suitable accretive business opportunities that are accretive to earnings and shareholder value. The Group is closely monitoring several new and growing trends in the real estate sector with a view to reposition its businesses to these changing environments and seize any new opportunities that may arise to enhance the Group profitability and enhance the shareholders' value.

The Group is concurrently actively focusing on and seeking new property acquisitions or joint ventures to establish its presence in the property development industry and to bolster its property portfolio with new projects, with a view to continue to leverage on its track record and expertise and enhance the shareholders' value. The Company aims to fund an organic expansion of the Group's business through acquisition and/or development of properties identified by the Group as well as to pursue larger construction related projects by the Group in its ordinary course of business.

The impact of the prolonged COVID-19 pandemic and the resurgence of infections led by the Delta and Omicron variants may have caused slower recognition of profits progressively for projects due to slower construction progress. The Group will nonetheless continue to identify opportunities to pursue potential construction projects in both the public and private sector and will strive to strengthen its order book in the upcoming year.

In view of the foregoing, the Board is of the opinion that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and to discharge its liabilities in the normal course of business. It is further supported by the fact that the Company's independent auditors, Foo Kon Tan LLP, has not modified its audit opinion in this regard for the Group's audited financial statements for FY 2022, and did not raise any issue pertaining to material uncertainty as to the Company's ability to continue as a going concern.

3. SUFFICIENCY OF WORKING CAPITAL AVAILABLE TO THE GROUP

The Board is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the factors set out in paragraph 2 above on the Group's ability to continue operating as a going concern, the working capital available to the Group as at the date of this Announcement is sufficient for its present requirements and for at least 12 months after the date of resumption of trading of the Company's shares.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the above Board's view in this paragraph 3 and the factors set out in paragraph 2 above on the Group's ability to continue operating as a going concern, the working capital available to the Group as at the date of this announcement is sufficient for its present requirements and for at least 12 months after the date of resumption of trading of the Company's shares.

4. BOARD'S CONFIRMATION ON DISCLOSURE

The Board confirms after having all reasonable enquiries that to the best of their knowledge and belief:

(a) this Announcement discloses all material facts relevant to the Company's proposal to resume

trading of its shares under Rule 1304 of the Catalist Rules; and

- (b) the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading,

and accordingly, this Announcement, read together with publicly available information relating to the Group (including without limitation, the audited financial statements for FY 2022 as well as the unaudited financial results of the Group for HY 2023), constitutes sufficient disclosure of information to enable trading of the Company's shares to continue in a fair and orderly manner upon lifting of the trading suspension on the Company's shares.

As and when there are material developments, the Board will make appropriate announcements on SGXNet in a timely manner to update all Shareholders.

5. REQUEST FOR RESUMPTION OF TRADING

Following the satisfaction of the Trading Resumption Conditions by way of this Announcement, the Company will seek separate concurrence from SGX-ST on the date for resumption of trading and will update shareholders via publishing an announcement on SGXNet accordingly.

Notwithstanding that the trading of the Company's shares is suspended, stakeholders are advised to read this Announcement and any further announcements by the Company carefully. Stakeholders are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
RICH CAPITAL HOLDINGS LIMITED

Oh Siyang
Executive Director

6 December 2022

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

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210), 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.