

Rich Capital Holdings Limited

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

PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF FIRST CAPITAL PTE. LTD. – GRANT OF OPTION TO PURCHASE

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 25 November 2021, granted an option to purchase (the “**Option**”) to an independent third party, CK Chu Holdings Pte Ltd (the “**Purchaser**”) for the disposal of 100% of the issued and paid-up share capital of First Capital Pte. Ltd. (the “**Target**”) held by the Company, for an aggregate consideration of S\$14.5 million (the “**Consideration**”) subject to the terms and conditions of the Option (the “**Proposed Disposal**”). The Option shall remain valid up to 4.00 p.m. on 8 December 2021.
- 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 “major transaction”, and is subject to shareholders' approval at an extraordinary general meeting of the Company (“**EGM**”) to be convened.
- 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.

CK Chu Holdings Pte. Ltd. is incorporated and domiciled in Singapore with its registered office is at 51 Ubi Avenue 1, 02-17/18 Paya Ubi Industrial Park, Singapore 408933. The principal activities of the CK Chu Holdings Pte. Ltd. are that of an investment holding company, leasing and operating of food premises. The immediate holding corporation of CK Chu Holdings Pte. Ltd. is Entire Courage Limited, incorporated and domiciled in British Virgin Island. Entire Courage Limited is a wholly-owned subsidiary of K2 F&B Holdings Limited, incorporated in Cayman Islands with limited liability and listed on the Main Board of Stock Exchange of Hong Kong Limited.

3. Information on the Target

The Target, First Capital Pte. Ltd. (Company Registration Number 201810825G), is a company incorporated in Singapore on 29 March 2018 and as at the date of this announcement, has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares.

The Company currently holds 100 ordinary shares in the share capital of the Target, representing 100% 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.

The principal business activity of the Target is that of real estate developers. The Target owns a freehold proposed single-use light industrial development located at 6 Kim Chuan Terrace Singapore known as “Kim Chuan” Project (the “**Property**”).

4. Financial Information on the Target

4.1 Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 September 2021:

(a) the book value and the net tangible asset value of the Target was approximately S\$2,702,880; and

(b) net loss attributable to the Target was approximately S\$237,402.

5. Gain on Disposal and Use of Net Proceeds

5.1 The gain on disposal from the Proposed Disposal amounts to approximately S\$3,157,120 and is computed based on the excess of the consideration over the book value of the Target as at 30 September 2021 of approximately S\$2,702,880.

5.2 The net proceeds, after Loan Settlement (defined herein) of S\$8.64 million is approximately S\$5.86 million (the “**Net Proceeds**”), and is currently intended to be utilized in the following manner:-

	Allocation of Net Proceeds
Settlement of all related costs to be incurred in connection with the proposed disposal	S\$400,000
Identify and acquire new property	S\$2,930,000
General working capital to acquire new projects	S\$2,530,000

6. Rationale for the Proposed Disposal

The rationale for the Proposed Disposal is mainly to raise cash to support the Group’s existing construction activities and mitigate material uncertainty to operate as a going concern going forward whilst realizing a gain from the Proposed Disposal. Hence, the Proposed Disposal will not materially change the risk profile of the Group’s core business.

The Group remains optimistic on the Property Business as evident by the gains on disposal recognized from the Peak Court project and prospective gains from the Proposed Disposal. The Group believes that the Proposed Disposal is more beneficial to the Company than a redevelopment of the Target as it will allow the capital to be recycled. In addition, it will allow the Group to have sufficient reserves to identify and make new property acquisition or joint ventures that the management believes to have the potential for either redevelopment or capital gains to further enhance the Group profitability and enhance the shareholders’ value.

The Proposed Disposal will also improve the Group’s cash position to better combat any uncertainty due to the current Covid-19 situation as well as enable the Group to pursue larger construction or property related projects.

7. Principal Terms of the Proposed Disposal

Consideration

- 7.1 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 2021 of approximately \$2.94 million, and the Group's assessment of the prospective gains from the Proposed Disposal. As at 30 September 2021, the Property has a book value of \$11.3 million which has been mortgaged to a financial institution to secure the bank borrowing of \$8.64 million.
- 7.2 The Group is currently in the midst of appointing an independent valuer to conduct a valuation on the Target for the purpose of the Proposed Disposal.
- 7.3 In accordance with the terms of the Option, the Consideration shall be payable by the Purchaser to the Company in cash as follows:
- (a) the sum of S\$145,000 (the "**Option Fee**") upon the grant of the Option, equivalent to 1% of the Consideration and which has been paid by the Purchaser on 25 November 2021;
 - (b) the sum of S\$725,000 (equivalent to 5% of the Consideration) and less the Option Fee, together with GST thereon, which shall be payable by the Purchaser upon the exercise of the Option by the Purchaser; and
 - (c) the balance of the Consideration of S\$13,775,000, equivalent to 95% of the Consideration, which shall be payable by the Purchaser upon the completion of the Proposed Disposal ("**Completion**")

Terms and Conditions

- 7.4 The Option is intended to be legally binding on each of the Parties notwithstanding that the terms herein may be subsequently refined in the Sale and Purchase Agreement ("**SPA**"), The sale and purchase herein shall be subject to the following being obtained before the Completion Date: -
- (a) the approval from shareholders of the Company in relation to the Proposed Disposal;
 - (b) the clearance, waiver or approval from the SGX-ST and all such regulatory authorities as may be applicable;
 - (c) the approval from shareholders of the Purchaser ("**Purchaser Shareholders**") in relation to the Proposed Disposal, an undertaking letter from at least 51% of the Purchaser Shareholders should be furnished to the Company prior to the execution of this Option by the Purchaser;
 - (d) the approval from the Urban Redevelopment Authority (URA) on usage of part of the premises as a food factory / central kitchen.

In the event any of the aforesaid approval, clearance or waiver is not granted or obtained for whatever reasons this Agreement shall be deemed null and void and of no effect and all monies paid shall be refunded to the Purchaser forthwith free of interest and thereafter neither party shall have any claim against the other whatsoever.

Completion

- 7.5 The Proposed Disposal shall be completed within sixteen (16) weeks or any other dates mutually agreed between all parties in writing from the date of exercise of this Option (hereinafter called the "**Completion Date**"), whereupon the Purchaser shall pay the balance of the Consideration and the Company shall execute a proper and valid assurance of the Target's Shares in favour of the Purchaser at the cost and expense of the Purchaser.
- 7.6 The liabilities of the Target including, but are not limited to, bank borrowings of S\$8,640,000, shall be settled as at the Completion Date ("**Loan Settlement**") by the Company.

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

8.1 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	Basis of Calculation	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.	91.93% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	25.95% ⁽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.	98.74% ⁽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 for the financial period ended 30 September 2021 ("**Unaudited HY2022 FS**"), the net asset value of the Target was approximately S\$2,702,880 which represents approximately 91.93% of the Group's net asset value of approximately S\$2,940,000 as at 30 September 2021.
- (2) Based on the Unaudited HY2022 FS, the net losses attributable to the Target was approximately S\$237,402 which represents approximately 25.92% of the Group's net losses of approximately S\$916,000 as at 30 September 2021.
- (3) The Consideration of S\$14,500,000 which represents approximately 98.74% 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 trading 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) (being the last trading day of the Company's shares prior to the voluntary suspension on 27 June 2019).

(4) The Proposed Disposal is a disposal of assets.

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

As the relative figure computed on the bases set out in Rules 1006(a) and 1006(c) of the Catalist Rules for the Proposed Disposal exceeds 50%, the Proposed Disposal is classified as a "major transaction" under Catalist Rules 1014(1) and is accordingly subject to the approval of shareholders at an **EGM** to be convened pursuant to the Catalist Rule 1014(2).

Accordingly, in the event that the Purchaser exercises the Option, the Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular containing details thereof will be dispatched to the Shareholders in due course.

9. Financial Effects of the Proposed Disposal

9.1 The financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per share and the loss per share ("**LPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2021 ("**FY2021**").

9.2 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 2021;
- (b) the financial effects on the earnings per share of the Group are computed assuming that the Proposed Disposal was completed on 1 April 2020; and
- (c) the professional and other fees and expenses incurred by the Company in connection with the Proposed Disposal shall be disregarded.

9.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA ("S\$")	3,857,000	6,984,000
Number of issued shares (excluding treasury shares and subsidiary holdings)	7,342,671,467	7,342,671,467
NTA per share (Singapore cents)	0.05	0.10

9.4 Financial Effects on the LPS of the Group

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net loss attributable to owners for FY2021("S\$")	(14,747,000)	(11,620,000)
Weighted average number of issued shares (excluding treasury shares and subsidiary holdings)	7,342,671,467	7,342,671,467
LPS (Singapore cents)	(0.20)	(0.16)

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.

10. Interests of Directors and Controlling Shareholders

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.

11. Circular to Shareholders

- 11.1 The Company will be seeking specific approval of shareholders of the Company at the EGM for the Proposed Transactions.
- 11.2 A circular setting out amongst others, the terms of the Proposed Transactions, together with a notice of EGM, will be dispatched or disseminated by the Company to Shareholders in due course (“**Circular**”).

12. Documents for Inspection

A copy of the Option is available for inspection at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898, during normal business hours for three (3) months from the date of this announcement.

13. Further Announcements

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.

14. Cautionary Statement

- 14.1 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.
- 14.2 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.

15. Directors’ Responsibility Statement

The Directors of the Company (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for information relating to the Purchaser and confirm after making all reasonable enquiries), that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

By Order of the Board
Rich Capital Holdings Limited

Oh Siyang
Executive Director

25 November 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. The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210), 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.