

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Rich Capital Holdings Limited (formerly known as Infinio Group Limited)

Report on the Audit of the Financial Statements

We have audited the financial statements of Rich Capital Holdings Limited (formerly known as Infinio Group Limited) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis of Qualified Opinion

Our audit report dated 12 July 2017 on the financial statements for the previous financial year ended 31 March 2017 contained a disclaimer of opinion on the following matters that have a continuing relevance to the 2018 financial statements:

1. Valuation of non-current assets classified as held-for-sale (mining rights); and
2. Recoverable amount of the cost of investment in a subsidiary

1. Valuation of mining rights

The Group is the sole legal owner of certain mining rights in respect of the Birthday Mine located in Western Australia. During the current financial year, certain corporate actions took place within the Company, which led to (i) a change in the controlling shareholder; and (ii) a change in the Company's name and the diversification of the Group's business to include property business, following the approval by the Company's shareholders at the Extraordinary General Meeting held on 28 March 2018.

As at 31 March 2018, management reclassified the mining rights from "non-current asset held-for-sale" to "asset held for use" as the sale of the mining rights is no longer highly probable, following the change in management at the end of the financial year and there was no active marketing of the mining rights by the new management, following the resignation of the then Executive Director, who was solely in charge of the marketing of the mining rights.

Following the reclassification of the mining rights to asset held for use, management carried out an impairment assessment on the mining rights (also known as "cash generating unit or CGU") since there are indicators of impairment due to delays in the exploration and evaluation activities in respect of the mining rights. Following the assessment, management made full impairment on the mining rights amounting to \$1.78 million in the statement of comprehensive income for the financial year ended 31 March 2018 based on its value-in-use.

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Basis for Qualified Opinion (Cont'd)

1. Valuation of mining rights (Cont'd)

FRS 36 – *Impairment of Assets* states that the recoverable amount of the CGU is based on the higher of its fair value less costs of disposal and value-in-use. The use of the value-in-use methodology to determine the recoverable amount of the CGU as at 31 March 2018 is not appropriate because management does not intend to incur further costs in the exploration works for the mining rights and future cash flows will not be expected to be derived from the CGU from continuing use. In the absence of information from management on the fair value of the mining rights, we are not able to obtain sufficient appropriate audit evidence to ascertain whether the mining rights are measured appropriately in accordance with FRS 36.

2. Recoverable amount of the cost of investment in a subsidiary

Following the reclassification of the mining rights from "non-current asset held-for-sale" to "asset held for use" as described in the above paragraph, management has also reclassified its cost of investment in Summit Light Ventures Ltd ("Summit Light"), who is the legal owner of the mining rights, from "non-current asset held-for-sale" to "asset held for use" as at 31 March 2018. The recoverable amount of the Company's investment in Summit Light is dependent on the measurement basis of the mining rights as described in the preceding paragraph since Summit Light is the sole legal owner of the mining rights. In the absence of information from management on the fair value of the Mining Rights, we are not able to obtain sufficient appropriate audit evidence to determine the recoverable amount of the investment in Summit Light in accordance with FRS 36.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis of Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Going Concern

The Group and the Company remained dormant and did not have any operating business in the current financial year as there was no material operation work carried out on the Birthday Mine due to funding constraints. In the last quarter of FY 2017/18, the Company underwent a period of consolidation and restructuring, which saw an entire change to the Company's Board of Directors and the senior management team, following the emergence of the new controlling shareholder, who has previously extended an interest-free loan of approximately \$2.95 million, to provide the necessary funding to settle the Group's and the Company's past obligations as well as to fund its working capital needs.

The new management has successfully obtained an extension of time from the Singapore Exchange Securities Trading Limited ("SGX-ST") till 30 June 2018 to demonstrate that it has a viable business to maintain its listing status. The Company has successfully completed a private placement of 1.26 billion new ordinary shares at \$0.0018 each with 8 investors and successfully raised \$2.27 million in February 2018.

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Key Audit Matters (Cont'd)

1. Going Concern (Cont'd)

Despite the above initiatives and fund-raising exercises undertaken, the Group incurred losses of \$3.52 million (2016/17: \$1.25 million) and total comprehensive loss of \$3.52 million (2016/17: \$1.26 million) for the financial year ended 31 March 2018. As of that date, the Group and the Company reported deficiencies in net current assets of \$1.07 million and \$0.82 million (2016/17: \$2.31 million and \$2.06 million) and deficiencies in net assets of \$1.07 million and \$0.82 million (2016/17: \$4.22 million and \$3.96 million), respectively.

These factors, including the recent acquisitions and the expected cash outflows required for the next 12 months, indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as a going concern. Notwithstanding these conditions, management has prepared the financial statements on a going concern basis.

As at the date of this audit report, the Group has successfully completed or is in the process of completing the acquisitions of various property projects as disclosed in Notes 7 and 23 respectively, following the approval from the Company's shareholders on 28 March 2018 to diversify the Group's business to include property business. The operating cycle of a property development company, being the new business model of the Group, is typically longer between the acquisition of assets for processing and their realisation into cash and cash equivalents, which makes our assessment of the Group's and the Company's ability to continue as a going concern more challenging.

Management has assessed the Group's and the Company's ability to continue as going concern, taking into consideration the Group's and the Company's liquidity situation, which includes the proceeds from the Rights Issue and the proceeds from bank borrowings already obtained/or in the process of application/approval, the expected cash outflows required for the various property development projects for the next twelve months from the date of this audit report and approval from SGX-ST on continual listing on the Catalist of SGX-ST. Furthermore, the Company has obtained an undertaking from the controlling shareholder to provide the necessary financial support to the Group and the Company in respect of the property development projects so that the Group is able to pay its debts as and when they fall due. Due to the significance of this matter, we determined this as a key audit matter.

Our response and work performed:

We have inquired with management on the Group's business plans, funding and working capital needs for the next 12 months. We have also obtained the 12-month cash flow projections and assessed the reasonableness of the key assumptions and estimates prepared by management to monitor and manage the liquidity position of the Group and the Company. In addition, the Company has obtained a letter of financial support from the controlling shareholder and we have assessed the financial ability of the controlling shareholder in providing such financial support to the Company.

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Key Audit Matters (Cont'd)

2. Transactions with Shareholders

During the current financial year, the Company entered into debt conversion agreements dated 12 May 2017 with certain creditors of the Company for the proposed conversion of debts owed by the Company into new shares ("debt conversion shares") at a conversion price of \$0.0012 per debt conversion share. These liabilities, totalling \$1,547,352, include (i) directors' fees owed to current and past Executive Directors of the Company which are not equity transactions; (ii) remaining unsettled amounts due to vendors arising from the acquisition of Summit Light who are now the shareholders of the Company; and (iii) outstanding borrowings due to shareholders and third parties. A total of 1,289,459,580 conversion shares were subsequently issued on 6 July 2017, pursuant to the completion of the debt conversion exercise. The debt conversion price represented a premium of approximately 20% to the volume weighted average price of the Company's shares on 12 May 2017, when the debt conversion agreements were signed. Management recorded \$0.26 million, being the difference between the carrying amount of the liabilities owing to existing shareholders of the Company and the fair value of the debt conversion shares issued, as transactions with shareholders, in the Group's and the Company's statement of changes in equity as at 31 March 2018.

On 12 December 2017, the Company entered into a loan agreement with the new controlling shareholder, where he agreed to grant an unsecured interest-free loan of \$2.95 million to the Company, repayable on 12 December 2020. The Company subsequently utilised the loan proceeds to discharge the Group's liabilities. Management recorded a day-one adjustment amounting to \$0.85 million, being the difference between the interest-free loan received and fair value of the interest-free loan computed, as a transaction with the controlling shareholder, in the Group's and the Company's statement of changes in equity as at 31 March 2018.

There is a risk that the gains or losses arising from debt conversion and the receipt of a non-current interest-free loan from the controlling shareholder are recorded incorrectly by management (i.e. through profit or loss or directly in equity when it should have been recorded in equity and profit or loss, respectively instead).

Our response and work performed:

We read the debt conversion agreements and its related Circular dated 17 May 2017 entered with certain creditors of the Company and assessed the appropriateness of classification of those transactions. For the amounts of liabilities subsequently converted to debt conversion shares, we agreed the respective amount of the liabilities as disclosed in the Circular to the accounting records and relevant supporting documentation proofs. We performed re-computation of the fair value of the debt conversion shares issued to existing shareholders of the Company and checked that the difference between the fair value of the said debt conversion shares and the carrying amount of the financial liabilities owing to the existing shareholders of the Company at the date of conversion, has been appropriately recorded in the Group's and the Company's statement of changes in equity in accordance with FRS 1 – *Presentation of Financial Statements*.

In respect of the accounting for non-current interest-free loan that was extended by the new controlling shareholder, we read the terms stipulated in the loan agreement and performed a re-computation of the mathematical accuracy of the fair value of the interest-free loan, including a review of the appropriateness of the interest rate used by management to determine its fair value. We checked the mathematical accuracy of the "day-one adjustment" arising from the fair value of the interest-free loan computed and the interest-free loan received and ascertained that it has been appropriately recorded in equity in accordance with FRS 1.

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Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report the fact. We were unable to obtain sufficient appropriate evidence about the matters as described in the Basis for Qualified Opinion section above. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to the matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Matter

Independent auditor's report for the financial year ended 31 March 2017

We highlighted that the audit report dated 12 July 2017 on the financial statements for the previous financial year ended 31 March 2017 contained a disclaimer opinion on several matters, including the material uncertainty on going concern assumption, which was resolved during the financial year ended 31 March 2018.

We have considered and taken into account the debt restructuring as well as the various fund raising exercises carried out by the Company and external financing obtained from financial institution during the current financial year and post year-end, which are summarised below:-

- On 12 May 2017, the Company entered into debt conversion agreements with 13 creditors for the proposed conversion of debts owing by the Company into new ordinary shares of the Company at a conversion price of \$0.0012 per debt conversion share. Liabilities of approximately \$1.55 million were subsequently converted into 1,289,459,580 conversion shares in the capital of the Company on 6 July 2017;
- On 12 December 2017, the Company and the new controlling shareholder entered into a \$2.95 million interest-free loan agreement to repay outstanding liabilities;
- On 1 February 2018, the Company completed the private placement of 1,260,381,900 new ordinary shares at \$0.0018 each with 8 investors and the Company raised an aggregated amount of \$2.27 million;
- On 3 May 2018, the Company completed the renounceable non-underwritten Rights Issue of 3,561,525,737 new ordinary shares at an issue price of \$0.007 for each Rights share on the basis of one Rights share for every one existing ordinary share in the capital of the Company. Total net proceeds raised from the Rights Issue was \$21.6 million after deducting the outstanding loan due to the controlling shareholder of \$2.95 million and related Rights Issue expenses of \$0.38 million;
- On 25 May 2018, the Company obtained a loan facility amounting to \$12.4 million to finance the acquisition and the redevelopment of a property located at No. 6 Kim Chuan Terrace, Singapore 537029 into a 7-storey industrial building. The loan is repayable 37 months from the date of first drawdown of the loan facility or on 30 June 2021 or 6 months after the issuance of the temporary occupation permit of the property or whichever is earlier; and
- On 28 June 2018, SGX-ST has advised that it has no objection to the continued listing of the Company on the Catalist of the SGX-ST after the expiry of the extension on 30 June 2018, having considered (i) the successful fund-raising exercise done by the Company, which raised approximately \$26.8 million; (ii) the shareholders' approval obtained for business diversification into property development and specialist construction services; and (iii) the Company having secured the acquisition of 3 property development projects in Singapore and Indonesia.

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Report on Other Legal and Regulatory Requirements

Except for the matter described in the Basis for Qualified Opinion section of the report, the accounting and other records required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Kong Chih Hsiang Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
9 July 2018