

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

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**PROPOSED ACQUISITION OF 100% OF THE SHARES IN RICH-LINK CONSTRUCTION PTE.  
LTD. AND RICH-LINK BUILDERS PTE. LTD. – SUPPLEMENTAL SALE AND PURCHASE  
AGREEMENT**

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**1. INTRODUCTION**

- 1.1. The Board of Directors (the “**Board**”) of Rich Capital Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement by the Company dated 8 January 2019 in relation to, *inter alia*, the Proposed Acquisition (“**Proposed Acquisition Announcement**”) and the announcement dated 31 January 2019 in relation to the receipt of whitewash waiver from the Securities Industry Council (“**SIC**”) (“**Receipt of Waiver Announcement**”), and collectively with the Proposed Acquisition Announcement, the “**Previous Announcements**”).
- 1.2. *Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Previous Announcements.*
- 1.3. The Board wishes to announce that the Company and the Sellers had on 7 May 2019 entered into a supplemental agreement (“**Supplemental Agreement**”) to the SPA to amend and/or vary certain terms and conditions of the SPA.

**2. SALIENT TERMS OF THE SUPPLEMENTAL AGREEMENT**

The salient terms of the Supplemental Agreement are summarised as follows:

**2.1 Revised Consideration**

- 2.1.1 The revised consideration for the Sale Shares shall be up to S\$33,700,000 (“**Revised Consideration**”) instead of S\$43,980,000. The Revised Consideration was arrived on a willing-buyer and willing-seller basis after the conduct of negotiations on an arm’s length basis between the Sellers and the Company, taking into account, *inter alia*, the revised Valuation Report issued by an independent valuer, BDO Advisory Pte Ltd, dated 29 April 2019 in respect of the value of the Target Group (“**Revised Valuation Report**”) following the finalisation of the respective Target Group Company’s audited financial statements ended 31 December 2018 (“**Audited FY2018 Financial Results**”) together with the existing outstanding orders secured and prevailing business risks and prospects within the construction industry.
- 2.1.2 It is recorded in the Revised Valuation Report that the Target Group has an indicative equity value between the range of S\$41.1 million and S\$49.8 million (“**Revised IEV Range**”). Based on the Revised Valuation Report, the Revised Consideration is at a 18.0% discount to the low end of the Revised IEV Range and a 32.3% discount to high end of the Revised IEV Range.
- 2.1.3 Based on the Audited FY2018 Financial Results, the net tangible asset value and the profit before tax of Rich-Link Construction, together with its subsidiary, Homeland Construction Pte. Ltd. (collectively the “**RLC Group**”) and RLB are as follows:

<b>Target Group Company</b>	<b>Net Tangible Asset Value</b>	<b>Profit Before Tax</b>
RLC Group	\$20.6 million	\$7.2 million*
RLB	\$2.5 million	\$0.3 million

\* Includes a fair value gain on investment property of S\$2.6 million

- 2.1.4 Following the Revised Consideration for the Sale Shares, with the Issue Price remaining at S\$0.006 as per the SPA dated 8 January 2019, the 1<sup>st</sup> Tranche Consideration Shares and the

2<sup>nd</sup> Tranche Consideration Shares have also been revised as follows:

- (a) on the Completion Date, the Company shall issue and allot an aggregate of 4,493,333,333 new Shares (“**Revised 1<sup>st</sup> Tranche Consideration Shares**”) at the Issue Price of S\$0.006 for each new Share, with the aggregate value of the Revised 1<sup>st</sup> Tranche Consideration Shares being approximately S\$26,960,000 (“**Revised 1<sup>st</sup> Tranche Payment**”). Each Seller is to be issued such number of Revised 1<sup>st</sup> Tranche Consideration Shares as set out below:

<b>Seller</b>	<b>Revised 1<sup>st</sup> Tranche Consideration Shares</b>
WZW	3,992,410,060
RLG	500,923,273

- (b) subject to the Alternative Payment Option (as defined below), on the 2<sup>nd</sup> Tranche Payment Date the Company shall issue and allot an aggregate of up to 1,123,333,334 new Shares (“**Revised 2<sup>nd</sup> Tranche Consideration Shares**”) at the Issue Price of S\$0.006 for each new Share, with the aggregate value of the Revised 2<sup>nd</sup> Tranche Consideration Shares being up to a maximum of approximately S\$6,740,000 (“**Revised 2<sup>nd</sup> Tranche Payment**”). Each Seller may be issued a maximum of up to such number of Revised 2<sup>nd</sup> Tranche Consideration Shares as set out below:

<b>Seller</b>	<b>Maximum Number of Revised 2<sup>nd</sup> Tranche Consideration Shares</b>
WZW	998,102,516
RLG	125,230,818

In total, an aggregate of up to 5,616,666,667 new Shares (the “**Revised Consideration Shares**”) may be issued by the Company to the Sellers, subject to any adjustments in accordance with (i) the adjustment mechanism for the Revised 2<sup>nd</sup> Tranche Payment as set out in paragraph 2.1.5 below, and/or (ii) the Alternative Payment Option (as defined below). The maximum number of Revised Consideration Shares that may be issued represent approximately 76.49% and 43.34% of the existing and enlarged share capital of the Company respectively. Upon the issuance of the Revised 1<sup>st</sup> Tranche Consideration Shares to the Sellers, the Sellers will own 56.29% of the enlarged share capital of the Company. Upon the issuance of the Revised 2<sup>nd</sup> Tranche Consideration Shares, subject to (i) any adjustments in accordance with (i) the adjustment mechanism for the Revised 2<sup>nd</sup> Tranche Payment as set out in paragraph 2.1.5 below, and/or (ii) the Alternative Payment Option (as defined below), the Sellers may in the maximum scenario own up to 60.08% of the enlarged share capital of the Company.

- 2.1.5 The adjustment mechanism for the Revised 2<sup>nd</sup> Tranche Payment has been amended as follows after taking into account the lower NPBT of the Target Group’s Audited FY2018 Financial Results:

The Revised 2<sup>nd</sup> Tranche Payment may be adjusted depending on the level of the Cumulative NPBT, as defined below, for the period from 1 January 2019 to 31 December 2019 (“**FY2019**”) in accordance with the formula below:

$$A = [B / C] \times D$$

where:

**A** = the adjusted Revised 2<sup>nd</sup> Tranche Payment (capped at 100% of the 2<sup>nd</sup> Tranche Payment) (“**Adjusted Revised 2<sup>nd</sup> Tranche Payment**”)

**B** = the Cumulative NPBT for the period from 1 January 2019 to 31 December 2019 (“**2<sup>nd</sup> Tranche Reference Period**”)

**C** = S\$6,000,000

**D** = the Revised 2<sup>nd</sup> Tranche Payment

2.1.6 For illustrative purposes only:

If the Cumulative NPBT for the 2<sup>nd</sup> Tranche Reference Period is S\$2,000,000, the Adjusted 2<sup>nd</sup> Tranche Payment shall be:

$$\frac{\text{S\$2,000,000}}{\text{S\$6,000,000}} \times \text{S\$6,740,000} = \text{S\$2,246,667}$$

For the avoidance of doubt, the Revised 2<sup>nd</sup> Tranche Payment will be capped at S\$6,740,000.

2.1.7 The Revised Consideration Shares shall be credited as fully paid-up and ranking *pari passu* in all respects with all the other then existing Shares.

2.2 Alternative Payment Option for Revised 2nd Tranche Payment

Subject to mutual agreement between the Parties and the Group having sufficient working capital to meet its operational requirements and debt repayment obligations for the following 12 months after the 2nd Tranche Payment Date, the Revised 2nd Tranche Payment may be satisfied by the Purchaser in cash up to an amount equivalent to the Adjusted Revised 2nd Tranche Payment. In such an event, the Company intends to fund the Revised 2nd Tranche Payment through a combination of bank borrowings, internal cash resources and/or other sources of funding (the “**Alternative Payment Option**”).

2.3 Longstop Date

In view of the additional time in completing the finalisation of the Audited FY2018 Financial Results and Revised Valuation Report, the Company and the Sellers have also mutually agreed to extend the Longstop Date from 7 May 2019 to 31 July 2019 as the parties are still in the process of fulfilling, among others, the conditions precedent set out in the SPA and the application for extension of time to fulfil the condition of the Whitewash Waiver as detailed in paragraph 4 below.

2.4 Event of Termination

The clause providing that the SPA may be terminated by the Company in the event that the Cumulative NPBT for the audited accounts of the Target Group Companies for FY2018 is less than S\$8,800,000 (excluding non-recurring items) has been deleted.

2.5 Save as expressly provided for in the Supplemental Agreement, the other clauses in the SPA remain unchanged. The SPA and the Supplemental Agreement shall be read and construed as one document, and references to the SPA shall be read and construed as references to the SPA as varied or amended and supplemented by the Supplemental Agreement.

**3. RATIONALE FOR AMENDMENT OF SPA**

Pursuant to the SPA, the Company has the right to terminate the SPA if the Target Group’s audited Cumulative NPBT for the financial year ended 31 December 2018 is less than \$8.8 million (excluding non-recurring items). Following the release of the Audited FY2018 Financial Results, the Cumulative NPBT of the Target Group (excluding non-recurring items) was approximately S\$4.9 million. This variance was mainly due to the adoption of the FRS 115 Revenue from Contracts with Customers which is effective for annual periods beginning on or after 1 January 2018, cost prudence in adopting non-recovery of certain potential cost items and inclusion of cost inflation for materials.

Notwithstanding the above, the Company has not exercised its rights to terminate the SPA. Upon further negotiation with the Sellers, the Company, has decided to proceed with the Proposed Acquisition, after taking into consideration the following:-

- (a) the Revised Consideration represents a downward revision of 23.4% or S\$10.3 million to S\$33.7 million from the initial Consideration of S\$43.98 million. The Revised Consideration of S\$33.7 million represents a 18.0% discount to the low end of the Revised IEV Range and a 32.3% discount to high end of the Revised IEV Range of S\$41.1 million and S\$49.8 million respectively, as indicated in the Revised Valuation Report;
- (b) the Issue Price for each new Share to be issued remains unchanged at S\$0.006, which will be less dilutive, compared to S\$0.0025 being the volume-weighted average price of the Shares as at 7 May 2019;
- (c) the increase in the aggregate order book since the Proposed Acquisition Announcement; and
- (d) the rationale as previously disclosed in paragraph 2 of the Proposed Acquisition Announcement.

#### 4. SIC WHITEWASH WAIVER

- 4.1 As announced in the Receipt of Waiver Announcement, the SIC had on 30 January 2019 granted the Whitewash Waiver to Mr. Wang. Amongst others, the Whitewash Waiver is subject to the condition that, to rely on the Whitewash Resolution, the approval of the Whitewash Resolution from Shareholders must be obtained within three (3) months from the grant of waiver by SIC on 30 January 2019. In this regard, the Company had on 29 April 2019 submitted an application to SIC for an extension of the period of time by which Shareholders' approval has to be obtained for the Whitewash Resolution.

#### 5. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION

- 5.1 Pursuant to the Revised Consideration, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to 1006(e) of Catalist Rules as set out below are computed based on the latest announced unaudited consolidated half-year financial statements of the Group ended 30 September 2018 ("HY2019") and the audited financial statements of the Target Group for the financial year ended 31 December 2018 adjusted to reflect the financial performance of the Target Group pro-rata over a six-month period ("HY2018").

Rule 1006 of the Catalist Rules	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable <sup>(2)</sup>
(b)	The net profit <sup>(1)</sup> to the assets to be acquired, compared with the Group's net loss	(189.78) <sup>(3)</sup>
(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	76.49% <sup>(4)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the	76.49% <sup>(5)</sup>

	number of equity securities previously in issue	
(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	Not applicable <sup>(6)</sup>

**Notes:**

- (1) "net profit" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Not applicable, as the Proposed Acquisition is in relation to the acquisition of assets.
- (3) The Group's unaudited net loss in HY2019 was approximately S\$1,293,882 and the net profit attributable to the Target Group was approximately S\$2,455,500 in HY2018 (excluding non-recurring items in the Target Group of a fair value gain of an investment property of approximately S\$2,550,000) on a pro-rata basis.
- (4) The Company's market capitalisation was approximately S\$44,056,029 as calculated by multiplying 7,342,671,467 ordinary shares in issue by the volume-weighted average price per share of S\$0.006 as at 3 January 2019 (being the last full market day preceding the date of the SPA). The Revised Consideration is S\$33,700,000.
- (5) The number of new ordinary shares to be issued by the Company as consideration for the Proposed Acquisition is in aggregate up to 5,616,666,667 shares. The number of ordinary shares in issue as at the date of this Announcement is 7,342,671,467 shares.
- (6) Not applicable as the Proposed Acquisition is not a disposal of mineral, oil and gas assets.

5.2 As the relative figure under Rule 1006 (c) and (d) of the Catalist Rules exceed 75% but are less than 100%, the Proposed Acquisition constitutes a "Major Transaction" as defined under Chapter 10 of the Catalist Rules and will be subject to the approval of the Shareholders at an EGM to be convened.

5.3 Notwithstanding that the relative figure under Rule 1006(b) of the Catalist Rules is a negative figure, being attributable to the Group's net loss whilst acquiring profitable assets, the Proposed Acquisition, read with Practice Note 10A, Part IV (10) of the Catalist Rules, will be subject to the approval of the Shareholders.

## 6 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 The financial effects of the Proposed Acquisition on the Group as set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Acquisition.

6.2 The following financial effects of the Proposed Acquisition are computed based on the Group's audited consolidated financial statements for the financial year ended 31 March 2018 and the following bases and assumptions:

- 6.2.1 the net tangible asset ("**NTA**") is computed based on the assumption that the (i) issuance of 3,561,525,737 rights shares as announced on 3 May 2018; (ii) acquisition of the Kim Chuan property as set out in the announcement dated 28 June 2018; (iii) acquisition of 80% of the entire issued share capital of Oxley Batam Pte. Ltd. and the novation of loan in the announcements dated 16 March 2018 and 18 May 2018; (iv) en-bloc acquisition of Peak Court in the announcements dated 11 May 2018 and 10 August 2018; (v) disposal of 50% of the entire issued share capital of Rich Capital Realty Pte. Ltd. and the novation of loan in the announcement dated 20 November 2018 (collectively, the "**Previous Transactions**") had been completed

or had taken place as at 31 March 2018 and (vi) the audited NTA of the Target Group for the financial year ended 31 December 2018; and

6.2.2 the financial effect on the earning per share (“**EPS**”) is computed based on the assumption that the Proposed Acquisition and the Previous Transactions were completed on 1 April 2017 including the audited profit after tax for the financial year ended 31 December 2018 of the Target Group.

### 6.3 NTA

As at 31 March 2018	Before the Completion of the Proposed Acquisition	After the Completion of the Proposed Acquisition
NTA (S\$'000)	20,443	43,587
Number of shares	7,342,671,467	12,959,338,134 <sup>(1)</sup>
NTA per share (Singapore cents)	0.28	0.34

### 6.4 EPS

FY2018	Before the Completion of the Proposed Acquisition	After the Completion of the Proposed Acquisition
Earnings/(Loss) attributable to owners of the Company (S\$'000)	(3,557)	2,614 <sup>(2)</sup>
Number of shares	7,342,671,467	12,959,338,134 <sup>(1)</sup>
Earnings/(Loss) per share (Singapore cents)	(0.05)	0.02

**Note:**

(1) Assuming up to 5,616,666,667 new shares have been issued as consideration for the Proposed Acquisition and that the Alternative Payment Option for the Revised 2<sup>nd</sup> Tranche Payment had not been exercised.

(2) Including non-recurring fair value gain on investment property of S\$2,550,000 in the Target Group.

## 7 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Announcement and in the Previous Announcements, and save for any shares held in the capital of the Target Group, none of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or Shareholders of the Company) have any interests (direct or indirect) in the Supplemental Agreement.

## 8 FURTHER INFORMATION

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Acquisition.

A circular together with the notice of EGM, Revised Valuation Report, the opinion and the recommendation of the IFA, will also be despatched to the Shareholders in due course to seek Shareholders' approval for, *inter alia*, the Proposed Acquisition.

## 9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Supplemental Agreement and the Revised Valuation Report will be made available for inspection during normal business hours at the Company's registered office at 80 Robinson Road, #02-00 Singapore 068898, for a period of three (3) months from the date

of this announcement.

## 10 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 Sellers and the Target Group) 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 Corporate Actions and the Group (and such other transactions as contemplated in the SPA and Supplemental Agreement). The Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

## 11 CAUTION STATEMENT

The Board would like to advise Shareholders that completion of the Proposed Acquisition is subject to conditions precedent under the SPA to be fulfilled and there is no assurance that completion of the Proposed Acquisition will take place. The Company will make the necessary announcements as and when there are further developments to the Proposed Acquisition.

Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the shares of the Company. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. In the event of any doubt, Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD  
**RICH CAPITAL HOLDINGS LIMITED**

Kuek Tee Meng  
Executive Director, Finance

8 May 2019

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*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") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, 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)*