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## NEWS RELEASE

### **RICH CAPITAL TO ACQUIRE TWO CONSTRUCTION FIRMS FOR UP TO S\$43.98M**

- **Proposed Acquisition to yield potential operational and commercial benefits**
- **Company to gain from cost synergies in development of its own properties**

**Singapore, 8 January 2019** – SGX-listed **Rich Capital Holdings Limited** (“**Rich Capital**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is poised to expand into the construction business with the proposed acquisition of two construction companies for up to S\$43.98 million (“**Proposed Acquisition**”).

#### ***Transaction Details***

The Company has entered into a conditional share purchase agreement (“**SPA**”) with Mr. Wang ZhenWen (“**Mr. Wang**”) and Rich-Link Group Pte. Ltd. (“**RLG**”) (collectively, the “**Sellers**”) to acquire 100% of the issued and paid-up capital of Rich-Link Construction Pte. Ltd. (“**RLC**”) and Rich-Link Builders Pte. Ltd. (“**RLB**”) (collectively, the “**Target Group**”). RLC is a registered contractor with the Building Construction Authority of Singapore (“**BCA**”) under General Building A1 and licensed as a General Builder Class 1 while RLB is registered with the BCA under General Building C3 and licensed as a General Builder Class 1. Both companies are effectively owned by Mr. Wang, who is also the controlling shareholder of the Company and the Non-Independent Non-Executive Chairman of Rich Capital.

The aggregate consideration of up to S\$43.98 million, was arrived at via arm’s length negotiation after taking into account of the operating and historical profits track record of the Target Group, profitability mainly from existing outstanding orders secured together with the business risks and prospects within the construction industry. The Target Group is valued within the range of S\$53.5 million to S\$62.9 million, based on an independent valuation conducted. The aggregate consideration is at a discount to approximately 17.8% to the lower bound of the valuation range. Rich Capital will pay the Sellers via the issuance of new shares at S\$0.006 apiece over two tranches. The second tranche payment may be adjusted depending on the level of cumulative net profit before tax of the Target Group for the period

from 1 January 2019 to 31 December 2019 and may also be paid by the Company in cash subject to mutual agreement between all parties.

***Transaction Rationale***

RLC and RLB are well-established, profitable companies with proven track record in construction and property management in Singapore for the last 14 and 3 years, respectively. Collectively, RLC and RLB have completed numerous projects spanning public and private, residential and industrial; RLC, in particular, has significant experience as a main contractor, as reflected in its BCA Grade A1 rating, which allows it to tender for projects of unlimited tendering value.

As at end-December 2018, RLC's construction projects involved a public residential project, Stars of Kovan, a private residential development at Upper Serangoon Road, and Oxley Convention City, in Batam, Indonesia whilst RLB's current projects include mainly private residential developments.

The Proposed Acquisition is expected to yield potential synergies for Rich Capital, enabling it to build another income stream through the provision of property construction products and services in the capacity as a main contractor which includes fitting-out services and general constructions services. The Proposed Acquisition will enable the Group to increase its asset base of resources and manpower to include expertise, manpower and resources for main contractor dealings, thereby allowing the Company to significantly expand its business scope and scale of operations.

In addition, leveraging the Target Group's experience in acting as main contractor and providing fitting-out and general construction services, Rich Capital will also be able to benefit from cost synergies in the development of its own properties without having to resource a new team to undertake the same capabilities.

Given the potential synergy and efficiencies which will be created by the addition of the Target Group, the Company believes that the Proposed Acquisition will enhance the long-term interests of the Company and its Shareholders.



**RICH CAPITAL**

Company Registration No. 199801660M

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The Proposed Acquisition is subject to, among others, the approval of the Singapore Exchange for the listing and quotation of the new shares and the shareholders of Rich Capital at an extraordinary general meeting (“**EGM**”) to be convened. On the back of share issue to Mr. Wang and RLG, both parties will collectively own approximately up to 64.74% of the enlarged share capital of Rich Capital upon completion of the transaction. As such, an approval on a whitewash resolution at the EGM will also be needed to waive the requirement for Mr. Wang and RLG to make a mandatory general offer for Rich Capital.

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**About Rich Capital Holdings Limited (SGX Stock Code: 5G4)**

Rich Capital Holdings Limited is a Singapore-based public-listed real estate company engaged in the development of residential and industrial properties in Singapore. Its core businesses include property development, investment and management, and the provision of specialist construction services.

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This press release has been prepared by Rich Capital Holdings Limited (“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 (“SGX-ST”). The Sponsor has not verified the contents of this press release.

This press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this press release.

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