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**Issuer:** Rich Capital Holdings Limited

**Stock code:** 5G4

**Meeting details:**

Date: 30 July 2021

Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** The group's equity decreased from \$16.3 million to \$3.9 million during the year under review, mainly due to the "impairment on loss of joint control over the joint venture" for the joint venture in relation to the Batam Project.

As at 31 March 2021, cash and cash equivalents was \$2.6 million and net debt was \$6.7 million. Accordingly, the net debt to total equity ratio increased to 174% as at 31 March 2021.

- (i) **What are the efforts to protect the group's interests and to recover its investments in PT Oxley Karya Indo Batam ("PT OKIB")?** PT OKIB was previously classified as a joint venture and has been reclassified as financial assets, at fair value through other comprehensive income following a loss of joint control and significant influence over PT OKIB. The carrying value of \$12.94 million was fully impaired.
- (ii) **What is the current working relationship with the former joint venture partner, PT Karya Indo Batam ("PT KIB")?** It was disclosed that, on 5 May 2021, PT KIB obtained leave of court to discontinue the Singapore lawsuit and, on 7 May 2021, filed a Notice of Discontinuance to wholly discontinue the Singapore Action against the company.
- (iii) **Does the board have visibility on the progress of the Convention City Project in Batam?**
- (iv) **Has the board considered its option to strengthen the financial position? Does the group have sufficient working capital to support its growth plans?**

**Q2.** Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

- (i) **Kim Chuan: Can management elaborate on the long-term plans for 6 Kim Chuan Terrace?** The property is leased out with a base rent of \$10,000/month for a two-year rental period with an additional one-year option effective from 1<sup>st</sup> February 2021. **Has the tenant been prompt with the monthly payment?**
- (ii) **Specialist construction services:** The group's wholly-owned subsidiary, Merco Pte Ltd ("Merco"), has been granted contractor registration status under category CR01 for Minor Construction Works Single Grade. It is now able to tender for government construction assignments called under the CR01 Workhead relating to Minor building and civil engineering works. **What is Merco's competitive advantage that would allow it to create and capture value for shareholders? How does it address the manpower shortage which resulted from COVID-19 related restrictions? What is the order book? Is Merco expected to become a major revenue contributor?**

- (iii) **Bank borrowings:** The group accepted an offer of extension on its bank borrowings to repay the outstanding sums under the loan in full on or before 31 January 2022. **Would the group be able to secure additional funding/refinancing to repay the existing loans of \$8.64 million?** As at 31 March 2021, cash and cash equivalents amounted to just \$2.6 million.

**Q3.** In an regulatory announcement dated 26 January 2021, following the Singapore Exchange Regulation's (SGX RegCo) review of the independent reviewer's report by Provenance Capital Pte. Ltd, SGX RegCo stated that the company would be suspended until it submits a trading resumption proposal that addresses:

- (a) the findings highlighted in the Provenance Report;
- (b) concerns arising from subsequent developments in PT OKIB and the Batam Project;
- (c) the company's ability to operate as a going concern;
- (d) viability of its remaining business; and
- (e) adequacy and effectiveness of its internal controls.

In addition, the company announced on 10 February that it has further appointed PricewaterhouseCoopers Consulting (Singapore) Pte Ltd. as the independent reviewer to carry out a second independent review based on the approved scope of work by the Singapore Exchange Securities Trading Limited.

- (i) **When does the board expect PricewaterhouseCoopers Consulting to complete the second independent review? What prompted the second independent review?**
- (ii) **What is the progress by the group on (a) to (e) above?**
- (iii) **In particular, please update shareholders on the improvements made to the group's internal controls and risk management framework.**
- (iv) **Has the board set a target date to submit a trading resumption proposal to SGX?**

<sup>^</sup>On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

<sup>^</sup> Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

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