Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Rich Capital Holdings Limited

Stock code: 5G4

Meeting details:
Date: 28 July 2023
Time: 3.30 p.m.
Venue: Training Room 2-2, Level 2, Lifelong Learning Institute, 11 Eunos Road 8, Singapore 408601

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Q1. Trading of the company's shares on SGX resumed on 8 December 2022 more than three years after a trading halt on 24 June 2019 which was followed by a voluntary suspension on 27 June 2019.

The resumption of trading came after the company obtained SGX's approval and upon assurance from the board that, inter alia, the group is able to operate as a going concern, which was mainly due to the performance of the construction services business under Merco Pte. Ltd. (Merco).

As stated in the corporate profile, the group's core businesses include property development, investment, project management and the provision of specialist construction services. As at 31 March 2023, the group has total assets of $9.7 million and equity attributable to shareholders of $4.0 million as at 31 March 2023.

(i) **Can the board provide additional details regarding the group's strategic growth plans and clarify if property development and investment remain core businesses? If so, how does the group plan to finance such activities?**

(ii) **Are there plans to carry out any equity fund raising in the near term to further strengthen the financial position of the company?**

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Q2. As stated in the message to shareholders, Merco continued to spearhead the group's development in the construction services segment through the provision of specialist services. The projects on hand have residual contract value of $3.2 million.

Management has also stated that Merco will continue to identify opportunities, including acquisitions, to pursue potential construction projects in both the public and private sectors.

(i) **Can management provide clarification on whether the focus is on acquiring companies that have secured projects or on acquiring companies to enhance technical/specialist capabilities in order to secure new projects?**

(ii) **How is the group searching for potential acquisitions?**

(iii) **What are the efforts by management to secure new contracts organically? Are there any major opportunities in the next 12-18 months?**

(iv) **Can management provide further elaboration on Merco's business plans and clearly articulate how it generates long-term, sustainable value for shareholders? How much of the business is the provision of labour and if so, how does Merco supply the labour?** As at 31 March 2022, the group has a workforce of 6 full-time employees[1].

As noted in the key audit matter section in the independent auditor's report, the group's contract assets and trade receivables amounted to $3.2 million (Note 9) and $2.4 million (Note 10) respectively as at 31 March 2023. The group has concentration of credit risk on the outstanding trade receivable from a customer amounting to $4.2 million arising from various construction contracts involving the provision of labour to the customer, which represented 43% of the group's total assets.

(v) **Has management been successful in collecting trade receivables within reasonable industry norms?**

(vi) **Since the end of the financial year, has the group issued invoices to its customers (in order to decrease contract assets) and made efforts to collect outstanding trade receivables?**

[1] https://links.sgx.com/FileOpen/RCH%20Sustainability%20Report%202022%20-%20Final.ashx?App=Announcement&FileID=730508

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Q3. The group lost control over PT Oxley Karya Indo Batam ("PT OKIB") and has written down the carrying value of the investment to $Nil in FY2021.

As at 31 March 2023, PT Wiwoa Miti Karya Batam ("PT Wiwoa") has taken over the construction and marketing of the Batam Project and has renamed it as "One Avenue Batam".

The group is currently in consultation with its legal advisors in Singapore and Indonesia to protect the group's interests in respect of the claim against its indirect subsidiary, two former directors of the subsidiary and PT OKIB in relation to the Batam Project.

(i) **Who is spearheading and overseeing the group's efforts in the lawsuits in Indonesia? To what extent is the board overseeing the efforts?**

(ii) **In FY2023, what was the total amount of legal fees incurred in relation to PT OKIB?**

(iii) **Can the board elaborate further on the implications of the legal advice that there is no bilateral or reciprocal enforcement regime between Singapore and Indonesia?**

(iv) **Can the board provide shareholders with a clearer understanding of the most favourable outcome the group can anticipate given the current challenges?**

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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