

Rich Capital Holdings Limited

Independent Review Report

14 October 2021



1. Executive Summary

1.1. Background

- 1.1.1. Listed on the Catalist Board of Singapore Exchange ("SGX"), Rich Capital Holdings Limited ("RCHL") is engaged in the development of residential and industrial properties in Singapore and the region. SAC Capital Private Ltd (the "Sponsor") was appointed as RCHL's continuing sponsor with effect from 17 November 2020.
- 1.1.2. The core businesses of RCHL include property development, investment and management, as well as the provision of specialist construction services. RCHL's current projects include the redevelopment of freehold sites at No. 6 Kim Chuan Terrace into industrial properties and the development of mixed residential and commercial units known as Oxley Convention City ("OCC Project") in Batam, Indonesia.
- 1.1.3. In May 2018, RCHL acquired an 80% stake in Oxley Batam Pte Ltd ("OBPL") through Rich Batam Private Limited ("RBPL") (the "OBPL Acquisition") from Oxley International Holdings Pte Ltd ("Oxley"). OBPL was engaged in a joint venture project to construct, develop and manage the OCC Project. OBPL and PT Karya Indo Batam ("PT KIB") equally own PT Oxley Karya Indo Batam ("PT OKIB"), the joint venture that is responsible to operate the OCC Project. RCHL's effective interest in the joint venture project is 40% while PT KIB's interest is 50%. The remaining 10% of PT OKIB is effectively held by Oxley.
- 1.1.4. PT KIB is a private company incorporated in Batam, Indonesia and is beneficially owned¹ by PT KIB Executive 1, PT KIB Executive 2, son of PT KIB Executive 1 and spouse of PT KIB Executive 1
- 1.1.5. On 12 August 2020, OBPL received an email from PT KIB Executive 2, in his capacity as the director of PT OKIB, stating that, with effect from 27 July 2020², PT KIB's entire 50% shareholding in PT OKIB was transferred to PT Batam Citi Moto Karya ("PT BCMK")³, a company owned by PT KIB Executive 1 and PT KIB Executive 2. The shareholders of PT BCMK are PT KIB Executive 1 (concurrently the sole director) and PT KIB Executive 2 (concurrently the sole commissioner).

¹ Based on the company profile of PT KIB

² RCHL's legal counsel in Indonesia advised that the transfer of shares was conducted based on notarised deed on 27 July 2020. The Ministry of Law and Human Rights of Indonesia ("MOLHR") received the notification regarding the transfer of shares on 12 August 2020

³ Based on the company profile of PT BCMK

- 1.1.6. On 31 August 2020, it was announced that RCHL and OBPL⁴ were unable to access the Maybank bank accounts of PT OKIB (the “Maybank Accounts”) as RCHL discovered that the Maybank internet banking tokens (“Maybank Tokens”) in its possession, which granted it access to the Maybank Accounts, were no longer usable, resulting in its access to the Maybank internet banking portal being denied.
- 1.1.7. Even though the Maybank Tokens were no longer usable, RCHL and OBPL were still able to access the BCA internet banking portal using the BCA internet banking token (“BCA Token”) which allowed them to access the BCA bank account of PT OKIB (the “BCA Account”). On 7 September 2020, RCHL discovered that a payment of IDR417,059,965 (approximately SGD38,562)⁵ was made from the BCA Account on 2 September 2020. This transaction from the BCA Account was not approved by RCHL or OBPL (the “Unauthorised Transaction”). Representatives from OBPL and PT KIB are supposed to be required to jointly authorise payments of amounts above IDR 100 million (approximately SGD9,207).
- 1.1.8. In this respect, on 10 February 2021, RCHL appointed PwC to conduct an independent review covering the scope of work stated in Section 1.2.

1.2. Scope of work

- 1.2.1. Due to the ongoing dispute with PT KIB, we were informed that limited documentation is available to RCHL in Singapore. As such, our scope is restricted to the following, based on the documents available to us:
- a) Review of the shareholders agreement between OBPL and PT KIB (the “Shareholders Agreement”) in relation to the operation of PT OKIB’s bank accounts;
 - b) Obtain an understanding of the events leading to the transfer of PT KIB’s 50% stake in PT OKIB to PT BCMK;
 - c) Review the bank mandates for the five bank accounts in Batam, Indonesia to confirm the authorised signatories, including the PT OKIB resolution that was sent to the banks to set

⁴ See Company Announcement dated 11 September 2020

⁵ See Company Announcement dated 11 September 2020

up the bank mandate, and to obtain an understanding of the events leading to the cessation of the Maybank Tokens held by RCHL and OBPL;

- d) Review the payment authorisation procedure for PT OKIB including any changes after February 2020 and to obtain an understanding of the events leading to the Unauthorised Transaction.

1.3. Work done

1.3.1. In performing our work, we conducted discussions with the personnel of RCHL, the former employee of RCHL as well as the Independent Directors present during the Review Period, to better understand the sequence of events and circumstances surrounding the cessation of the Maybank Tokens and the Unauthorised Transaction as well as to obtain an understanding of the payment processes related to the expenses of PT OKIB.

1.3.2. In the course of our work, we were provided with the following:

- a) Email correspondence between PT OKIB, PT KIB and RCHL;
- b) Agreements between PT KIB and PT OKIB and OBPL. These include the Shareholders Agreement, Joint Operation Agreement between PT KIB and PT OKIB dated 12 August 2016 ("Joint Operation Agreement"), Joint Operation Deed between PT KIB and PT OKIB dated 1 November 2016 ("Joint Operation Deed") and an undated Supplemental Agreement to the Joint Operation Agreement ("Supplemental JOA");
- c) Sale and Purchase Agreement between Oxley and RBPL dated 16 March 2018 ("OBPL SPA") and Supplemental Letter to Sale and Purchase Agreement between Oxley and RBPL dated 18 May 2018 ("Supplemental OBPL SPA");
- d) Completed or partially completed bank account forms for Maybank and BCA for the purposes of updating bank signatories and opening of a bank account; and
- e) Shareholders' Circular resolutions, Board of Directors' resolutions and Articles of Association ("AoA") of PT OKIB that were made available to RCHL.

1.3.3. In order to obtain an understanding of the events leading to the transfer of PT KIB's 50% stake in PT OKIB to PT BCMK, we also reviewed the notices of Extraordinary General Meeting ("EGM"), the relevant correspondence and corporate profile of PT OKIB, PT KIB and PT BCMK available to us.

1.3.4. We also carried out the following work to obtain an understanding of the events leading to the cessation of the Maybank Tokens held by RCHL and the Unauthorised Transaction:

- a) Reviewed the available Letter of Authorisation (“LoA”)⁶ and Statement Letter (“SL”)⁷ together with the specimen signatures which are forms submitted to the bank for the change in authorised signatories (collectively the “Bank Mandates Forms”) and bank account opening form to determine the bank signatory approval matrix;
- b) Obtained information if the bank authorised signatories nominated by Oxley were changed to individuals nominated by RCHL when RCHL purchased an 80% stake in OBPL;
- c) Reviewed the company announcements that were released by RCHL (the “Company Announcements”);
- d) Reviewed the payment approval policies and procedures; and
- e) Performed transactions testing on a sample basis for the period from 1 July 2019 to 31 August 2020 (“Review Period”) to ascertain if the payments were approved in accordance with the applicable policies and procedures and payment authority matrix.

1.3.5. We also made inquiries by telephone with customer service officers of BCA and Maybank in Indonesia to understand the general approval requirements and standard procedures related to opening of bank accounts, registration of bank tokens, as well as the process for the update of bank authorised signatories and registered users of bank tokens.

1.3.6. On 18 March 2021, we requested an interview with PT KIB Executive 1 and PT KIB Executive 2 through RCHL. A second reminder was sent by RCHL to PT KIB Executive 1 and PT KIB Executive 2 on 30 March 2021. As of the date of this Report, we understand RCHL has not received a response from PT KIB Executive 1 or PT KIB Executive 2.

1.3.7. We also requested RCHL for access to the PT OKIB Finance Manager’s email as she is the key finance person based in Batam, Indonesia. However, we were informed by RCHL that even though the email domain was originally set up by Oxley, control over the domain was subsequently handed over to PT OKIB and as such RCHL does not have access to it.

⁶ Letter of Authorisation (also known as “Surat Kuasa” in Bahasa Indonesia, which can also be interpreted as Power of Attorneys)

⁷ Statement Letter (also known as “Surat Pernyataan” in Bahasa Indonesia). SL is similar to a letter of undertaking

1.4. Limitation of scope

1.4.1. We completed our work to the extent reasonably practicable. Our scope was limited by the following circumstances:

- a) From our discussion with RCHL, we understand that PT OKIB has a separate finance team based in Batam, Indonesia that maintains the books and records of the company. The documents submitted to RCHL were limited to the documents which required approval from RCHL or for financial reporting purposes. Such documents include payment vouchers and management accounts. These documents that were provided for our review are scanned copies, as the original documents and accounting records of PT OKIB are kept at PT OKIB's office in Batam, Indonesia. Due to the ongoing dispute, RCHL no longer has access to the office premises in Batam, and our review is based on the scanned copies of the documents made available to us by RCHL.
- b) The account statements for the Maybank Accounts provided to us are incomplete. In particular, the account statements for the months of July and August 2020 for the four Maybank Accounts were incomplete because the account statements were downloaded from the Maybank internet banking portal as at 6 July 2020 and 17 August 2020 respectively. The remaining period of July and August 2020 were not available. As an alternative, we relied on PT OKIB's weekly cash flow report⁸ prepared by RCHL to identify the transactions for the months of July and August 2020 and reconciled it to the ending balance recorded in PT OKIB's summary of bank balances.
- c) The Shareholders Agreement, Shareholders' Circular Resolution and the BCA Bank Account Opening Form provided to us were incomplete as there were missing pages and RCHL is unable to locate the original copies of such documents.

1.4.2. The following sections set out the detailed work performed and our findings subject to the limitations described above.

⁸ The weekly cash flow report is a spreadsheet containing the records of weekly transactions for the five bank accounts of PT OKIB

1.5. Findings

1.5.1. We set out below a timeline of what we consider to be relevant key events from the Company Announcements and documents provided to us:

Date	Events
May 2018	RCHL completed the acquisition of 80% of Oxley stake in OBPL.
June 2018	Oxley physically handed over the cheque book, bank tokens and forms for the change of bank signatories as well as the general ledger, journals and management accounts for the financial years of 2013 to 2018 in an email exchange between Oxley and RCHL.
17 July 2018 ⁹	Appointment of RCHL Executive 1 ¹⁰ and RCHL Executive 2 ¹¹ as the President Director and Director of PT OKIB respectively.
18 December 2018 ¹²	Resignation of RCHL Executive 1 and RCHL Executive 2 and appointment of RCHL Executive 3 ¹³ as the President Director of PT OKIB and RCHL Executive 4 ¹⁴ as the Director of PT OKIB.
26 December 2018	Resignation of RCHL Executive 4 as Executive Director of RCHL. He also gave notice of his resignation as the Director of PT OKIB to take effect on the same date, however, the Shareholders' Circular Resolution of PT OKIB was not passed and as a result, his name remains in the corporate registry as Director of PT OKIB.
14 November 2019	Resignation of RCHL Executive 3 as Non-Independent and Non-Executive Chairman of RCHL. On the same date, he also gave notice of his resignation as the President Director of PT OKIB, however, the Shareholders' Circular Resolution of PT OKIB was not passed and as a result, his name remains in the corporate registry as President Director of PT OKIB.
3 February 2020	OBPL received a letter from PT OKIB informing it that PT KIB has temporarily revoked the power of attorney granted to PT OKIB and revoked the Joint Operation Deed.

⁹ This is based on date reflected in the PT OKIB company profile

¹⁰ Former Deputy General Manager of RCHL from 1 January 2018 to 20 July 2020

¹¹ Former Executive Director of RCHL from 3 January 2019 to 20 June 2019

¹² This is based on date reflected in the PT OKIB company profile

¹³ Former Non-independent and Non-Executive Chairman of RCHL from 5 January 2018 to 14 November 2019

¹⁴ Former Executive Director of RCHL from 15 August 2018 to 26 December 2018

Date	Events
7 February 2020	Several days later, OBPL received a letter from PT OKIB. PT KIB Executive 1, in his capacity as Commissioner of PT OKIB, stated in the letter that OBPL has breached its obligations under the Shareholders Agreement and Joint Operation Agreement because PT OKIB had entered into Sale and Purchase Agreement ¹⁵ ("SPA") with buyers before the building construction progress reached at least 20%.
18 February 2020	OBPL objected to the termination of the power of attorney, Joint Operation Deed and Joint Operation Agreement.
18 February 2020	PT KIB sent a letter to express its intent to terminate the Shareholders Agreement.
25 February 2020	OBPL denied the termination of the Shareholders Agreement.
4 March 2020	PT KIB Executive 1 in his capacity as the President Director of PT KIB sent an email titled " <i>Refund all buyers' money</i> " to OBPL and RCHL. PT KIB Executive 1 also requested OBPL and RCHL to sign a cheque on behalf of PT OKIB to refund the monies to the list of buyers attached within the email.
6 March 2020	OBPL replied and gave PT KIB up to 13 March 2020 to inform them if PT KIB wished to mutually terminate the Joint Venture ("JV") and transfer the 50% ownership of the property at HGB 3240/Sungai Panas, being the property in which the OCC Project is constructed and developed, to OBPL or OBPL's appointed assignee as required under the Joint Operation Agreement. In the same letter, OBPL also indicated its agreement with the interpretation of the relevant Indonesian laws that it is illegal to enter into pre-sale and purchase agreement with buyers for the OCC Project before the construction progress reaches at least 20% and requested PT OKIB to seek legal advice under Indonesian law.
10 March 2020	PT KIB replied to OBPL that PT OKIB " <i>must immediately return all buyers' monies</i> ".

¹⁵ The letter dated 7 February 2020 makes reference to Perjanjian Pengikatan Jual Beli ("PPJB"), which has been translated as SPA in English

Date	Events
13 March 2020	Oxley sent a letter to PT KIB and PT OKIB to deny that the SPAs or the sales transactions with the purchasers of the OCC Project are illegal.
13 March 2020	PT KIB Executive 1 issued an email titled "Letter of Warning" to the Deputy General Manager and Project Manager of RCHL demanding they immediately cease and desist from any further unauthorised actions in relation to PT OKIB and the OCC Project.
17 March 2020	PT KIB Executive 1, in his capacity as the commissioner of PT OKIB, requested RCHL/OBPL to approve the issuance of cheques from PT OKIB to refund the buyers.
26 March 2020	OBPL replied to PT KIB and PT OKIB that due to the varying assertions between PT KIB and Oxley on the SPAs, OBPL has requested PT OKIB to obtain independent Indonesian legal advice and engage a legal expert to investigate the facts and circumstances surrounding the SPAs and refunds for OCC Project.
1 April 2020	PT OKIB Finance Manager sent a request to the bank signatory (former Senior Vice President - Operation) ¹⁶ to request cheque books which were intended to be used for the refund to buyers.
14 May 2020	PT KIB Executive 2, in his position as Director of PT OKIB, requested that OBPL provides " <i>in writing, a clear and unequivocal position on [the] demand (as supported by PT KIB) for PT OKIB to reimburse all purchasers immediately</i> ".
19 May 2020	OBPL responded to PT OKIB and requested (1) PT OKIB first exhaust all available financing options before seeking contribution from OBPL; (2) clarification on the reasons and quantum of refunds; and (3) a copy of a formal legal opinion rendered to PT OKIB on the applicable Indonesian law in respect of the refunds.
10 -11 June 2020	On 10 June 2020, OBPL and PT KIB received a letter from the legal counsel of PT KIB Executive 1, being the commissioner of PT OKIB, effectively reiterating its previous requests regarding the refunds for

¹⁶ Former Senior Vice President - Operation of RCHL from 8 July 2019 to 22 July 2020 and former Director of OBPL

Date	Events
	the OCC Project and RCHL/OBPL provided its reply on 11 June 2020 effectively reiterating its previous responses.
29 June 2020	RCHL received a letter of invitation from PT OKIB to an EGM on 13 July 2020 (the "First EGM"). The agenda of the First EGM was to approve the transfer of all PT KIB's shares in PT OKIB to PT BCMK, an affiliated company PT KIB.
11 July 2020	OBPL responded to PT OKIB requesting the First EGM be adjourned. OBPL also requested PT KIB provide the share transfer notice to OBPL and requested clarification from PT KIB in respect of its plan to transfer the shares to PT BCMK.
20 July 2020	OBPL received a second letter of invitation from PT OKIB for another EGM to be held on 23 July 2020 ("Second EGM"). The agenda for the Second EGM was the same as the First EGM. OBPL replied to PT OKIB on 22 July 2020 requesting the minutes of the First EGM and that RCHL would attend the Second EGM through tele-conference as its representatives were unable to attend in person due to the COVID-19 travel restrictions implemented in Singapore. RCHL reportedly did not receive any response from PT OKIB.
22 July 2020	Resignation of former Senior Vice President - Operation from RCHL. All PT OKIB bank authorised signatories appointed by RCHL (RCHL Executive 3, RCHL Executive 4 and former Senior Vice President - Operation) have given notices of resignation.
12 August 2020	Transfer of PT KIB's shares in PT OKIB to PT BCMK completed.
27 August 2020	PT KIB filed a lawsuit against PT OKIB at the District Court of Batam.
31 August 2020	Access to the Maybank Accounts denied. The Maybank Tokens could no longer be used to access the Maybank internet banking portal.
4 September 2020	The Board was advised by Indonesian counsel that PT KIB had filed a lawsuit in tort against PT OKIB at the District Court of Batam on 27 August 2020.
7 September 2020	RCHL discovered an Unauthorised Transaction made on 2 September 2020 from the BCA Account.

Date	Events
9 September 2020	PT KIB and PT OKIB, represented by PT KIB Executive 1 and PT KIB Executive 2 respectively, attended a court-mandated mediation meeting and reached a settlement agreement on 9 September 2020.
16 September 2020	The Indonesian court issued a court order which ruled that PT KIB and PT OKIB had entered into a mediation and had reached a settlement agreement.
21 September 2020	PT KIB commenced an action in the Batam District Court against OBPL as defendant and against PT OKIB as the co-defendant seeking a declaration that the Shareholders Agreement is invalid and does not have any binding legal force or is null and void by law (the “Batam Action”).
22 September 2020	PT KIB commenced another action in the Central Jakarta District Court against OBPL and RCHL Executive 3 as 1st and 2nd defendants and against RCHL, Rich Link Construction, Oxley and RBPL as co-defendants (the “Jakarta Action”). PT KIB alleges that OBPL and RCHL Executive 3 have committed an unlawful act and seeks in addition a declaration that the Shareholders Agreement is null and void by law or at least not having any binding legal force.
4 November 2020	OBPL issued a letter of demand to PT KIB for return of advance payments for the property cost of the OCC Project and development licenses that had been made conditional on various events.
13 November 2020	OBPL filed a summons in the Singapore High Court to apply for an injunction to restrain PT KIB from continuing with the Batam Action and the Jakarta Action (“Anti-Suit Injunction Application”).
4 February 2021	A notice of EGM was sent by OBPL to the shareholders of PT OKIB (“Third EGM”). The Third EGM was to be held on 12 March 2021 regarding the resignation of RCHL Executive 4 as Director and the appointment of a replacement Director. However, the EGM did not proceed as planned on 12 March 2021 as PT KIB Executive 1 and PT KIB Executive 2 refused to conduct the meeting in English and hence, the EGM was adjourned sine die.

Date	Events
15 February 2021 – 8 March 2021	OBPL was successful in the Anti-Suit Injunction Application on 15 February 2021. PT KIB filed for appeal ¹⁷ , however it was dismissed by the Singapore High Court on 8 March 2021.

1.5.2. Based on our scope of work, our observations are set out in the following sections:

- a) Appointment / Resignation of Directors to PT OKIB not effected;
- b) Handover from Oxley to RCHL;
- c) Loss of access to the Maybank Accounts and the Unauthorised Transaction;
- d) Requirements to change bank authorised signatories and bank token application;
- e) PT KIB transfer of shares in PT OKIB to PT BCMK;
- f) Termination of Joint Operation Agreement and Joint Operation Deed between PT KIB and PT OKIB; and
- g) Payment approval process.

Appointment / Resignation of Directors to PT OKIB not effected

1.5.3. The Board of Directors of PT OKIB consisted of representatives from RCHL and PT KIB. PT KIB is represented by PT KIB Executive 2 as the Director of PT OKIB and PT KIB Executive 1 as the Commissioner of PT OKIB since the date of incorporation of PT OKIB.

1.5.4. Subsequent to the OBPL Acquisition, the representatives from Oxley on the Board of Directors of PT OKIB were removed and replaced with representatives from RCHL, namely, RCHL Executive 1 as the President Director of PT OKIB and RCHL Executive 2 as the Director of PT OKIB from 17 July 2018 to 18 December 2018¹⁸. With effect from 18 December 2018¹⁹, RCHL Executive 3 was appointed as the President Director and RCHL Executive 4 was appointed as the Director of PT OKIB.

1.5.5. On 26 December 2018²⁰, a few days later after RCHL Executive 4 was appointed as the Director of PT OKIB, RCHL announced that RCHL Executive 4 ceased to be the Executive Director of

¹⁷ See Company Announcement dated 23 February 2021

¹⁸ Based on company profile of PT OKIB

¹⁹ Based on company profile of PT OKIB

²⁰ See Company Announcement dated 26 December 2018

RCHL on the same date, citing health issues as the reason for his resignation. Almost one year later, on 14 November 2019,²¹ RCHL announced that RCHL Executive 3 ceased to be the Non-Independent and Non-Executive Chairman of RCHL with effect from the same day. According to the signed resignation letters of RCHL Executive 4 and RCHL Executive 3 to PT OKIB, RCHL Executive 3 and RCHL Executive 4 also tendered their resignations from PT OKIB with effect from the same date as their resignation letters, being 26 December 2018 and 14 November 2019 respectively. It is stated in a response to the query from SGX on 17 June 2019, that the Board of Directors' resolution for RCHL Executive 4's replacement was submitted to PT KIB for approval in December 2018 but according to RCHL no response was received from PT KIB²².

- 1.5.6. We were provided with two versions of a Shareholders' Circular Resolution prepared for the resignations of RCHL Executive 3 and RCHL Executive 4 that were undated and unsigned. One version shows RCHL Executive 3 as the representative of OBPL and PT KIB Executive 2 as the representative of PT KIB. It also included the appointment of the former Senior Vice President - Operation as the President Director and RCHL Executive 1 as the Director of PT OKIB. Another version of the Shareholders' Circular Resolution has missing pages and it shows the former Senior Vice President - Operation as the representative of OBPL and PT KIB Executive 1 as the representative of PT KIB. As the Shareholders' Circular Resolutions were undated, it is unclear whether either version was eventually signed and approved by the shareholders of PT OKIB or which was intended to be the prevailing version.
- 1.5.7. Based on the email correspondence between the RCHL Finance Manager, PT OKIB's legal team and the appointed Indonesia Public Notary dated between 28 June 2019 to 16 July 2019, the draft Shareholders' Circular Resolution to replace RCHL Executive 3 and RCHL Executive 4 with the former Senior Vice President - Operation and RCHL Executive 1 had been prepared. It is unclear whether there was any follow up by the relevant RCHL staff after the documents were sent to the former Senior Vice President - Operation to arrange for the signatures of RCHL Executive 3 and RCHL Executive 1. We understand from the former Senior Vice President - Operation that the draft Shareholders' Circular Resolution to replace RCHL Executive 3 and RCHL Executive 4 was communicated to PT KIB through RCHL's legal counsel.
- 1.5.8. However, in an announcement in response to SGX queries on 28 May 2020, PT KIB rejected RCHL's Directors nominees during PT OKIB's EGM held on 26 November 2019 on the grounds

²¹ See Company Announcement dated 14 November 2019

²² See Company Announcement dated 4 July 2019 (Response dated 17 June 2019 to the query from SGX-ST in relation to the Company's Announcement of 4 June 2019)

that the nominees lacked experience in construction projects in Indonesia and were unable to communicate in Bahasa Indonesia²³.

- 1.5.9. We understand that another PT OKIB's EGM was convened on 3 February 2020 and the approval of the resignation of RCHL Executive 3 and RCHL Executive 4, as well as the appointment of replacement directors, were included in the agenda. However, based on the EGM meeting minutes, the agenda was not discussed in detail and there was no conclusion or follow up on the resignation of RCHL Executive 3 and RCHL Executive 4 or the appointment of replacement directors. We further understand from the Audit Committee Chairman²⁴, who attended PT OKIB's EGM, that there was limited cooperation from PT KIB to approve the resignation of RCHL Executive 3 and RCHL Executive 4 during the meeting.
- 1.5.10. Based on our corporate searches conducted on 19 February 2021, RCHL Executive 3 and RCHL Executive 4 are still reflected in the corporate registry as the directors of PT OKIB even though they had tendered their resignation letters from their positions and no longer act on behalf of RCHL or OBPL.

Handover from Oxley to RCHL

- 1.5.11. After the OBPL Acquisition, Oxley arranged with RCHL to hand over the documents related to PT OKIB. Based on the email correspondence between Oxley and RCHL, Oxley handed over the cheque book, bank tokens and forms for the change of bank signatories physically as well as the general ledger, journals and management accounts for the financial years of 2013 to 2018 via email.
- 1.5.12. As most of the existing employees of RCHL joined RCHL after the OBPL Acquisition, they do not have any direct knowledge of the documents that were handed over to RCHL. Notwithstanding the above, we have been provided a bundle of documents which we were informed by RCHL to be the documents received during the handover from RCHL (the "Handover Documents").
- 1.5.13. Included in the Handover Documents are what appears to be the forms for the change of authorised signatories for the bank accounts. These bank signatory forms appear to be completed for the update of the authorised signatories nominated by Oxley for the Maybank Accounts but the forms provided to us are not dated, and are incomplete. It is not clear if the originals of these

²³ See Company Announcement dated 28 May 2020

²⁴ Not re-elected at the Annual General Meeting held on 30 July 2021

bank signatory forms were sent to the banks for processing as the forms provided to us were not endorsed by the banks.

- 1.5.14. Even though PT OKIB appears to have placed Fixed Deposits of IDR 21 billion with Maybank prior to the OBPL Acquisition, we were not able to locate any documents in this respect within the Handover Documents. It was only on 16 March 2021 that the CFO requested the Fixed Deposit certificates from Oxley at our request but it only had copies of some documentation from prior to the OBPL Acquisition.
- 1.5.15. From our discussions with the RCHL Finance Manager, she represented that she was not able to view the Fixed Deposit balances via the Maybank internet banking portal. We were also informed that as part of the weekly cash flow reporting, it was assumed by RCHL that the Fixed Deposits would be rolled forward upon maturity as RCHL noted Fixed Deposit interest being deposited into the Maybank Accounts every month²⁵.
- 1.5.16. While the Maybank Tokens were handed over from Oxley to RCHL in 2018, the names of the bank token users were not changed and remained as representatives of Oxley for a period of time. The request to change the name of the token users was only made by the RCHL Finance Manager in June 2020, more than two years later after the OBPL Acquisition. Shortly afterwards, one of the nominated replacement users, the former Senior Vice President - Operation , resigned on 22 July 2020. The RCHL Finance Manager explained that the request to change was put on hold because there was no replacement after the former Senior Vice President - Operation resigned.
- 1.5.17. There appears to be poor record management in RCHL in relation to the handover process from Oxley to OBPL which may have arisen as a result of the changes in key management and the lack of handover. As a result, we are not able to ascertain the number of bank tokens that were issued, as well as the rights associated with each token, due to the lack of documentation made available to us.

²⁵ Based on the bank statement of Maybank for August 2020, the latest bank statement available, it shows the receipt of interest from Fixed Deposits with transaction references that correspond with the transaction references in the Fixed Deposit certificate made available to us. As the Maybank's August 2020 is incomplete, there were only interest from Fixed Deposit that correspond to the first three Fixed Deposit certificates. We traced the remaining transaction to the cash weekly report maintained by RCHL

Loss of access to Maybank accounts and the Unauthorised Transaction

- 1.5.18. We have been provided with the BCA bank account opening form and several undated Maybank Bank Mandate Forms for the update of the authorised signatories for the bank accounts. From our review of both forms, the authorised limits were intended to be as follows:
- a) Two Group A signatories for amounts up to IDR 100 million;
 - b) One signatory from Group A and one signatory from Group B for amounts more than IDR 100 million.
- 1.5.19. Group A signatories are individuals nominated by RCHL and the Group B signatory consists of PT KIB Executive 2 from PT KIB. Based on the available Maybank Bank Mandate Forms and BCA bank account opening form, there were to be at least two Group A signatories.
- 1.5.20. There were several changes in the Maybank Group A authorised signatories as a result of the resignation of personnel from RCHL. The change in authorised signatories were requested subsequent to the departure of the personnel. Approval of the last request made by RCHL to PT KIB was made conditional by PT KIB upon RCHL's agreement of certain conditions set by PT KIB.
- 1.5.21. As at 5 March 2020, the Group A signatories of Maybank were RCHL Executive 3 and the former Senior Vice President - Operation. The RCHL Executive 3 announced his resignation from RCHL on 14 November 2019, however, his resignation as President Director in PT OKIB has not been approved. Subsequent to the former Senior Vice President - Operation's resignation on 22 July 2020, all Group A signatories for the Maybank Accounts had left RCHL.
- 1.5.22. As for the BCA Account, the Group A signatories nominated by RCHL or OBPL were RCHL Executive 3 and RCHL Executive 4 and this has remained unchanged since the opening of the BCA Account. Even though RCHL Executive 4 and RCHL Executive 3 resigned from RCHL with effect from 26 November 2018 and 14 November 2019, and gave notice of their resignations from PT OKIB on the same date, their names remain in the corporate registry as the Director and President Director of PT OKIB respectively.
- 1.5.23. It is unclear whether PT OKIB has made any request to change the authorised signatories for the Maybank Accounts. However, based on an assumption that PT OKIB has not requested any change in the authorised signatories, the only authorised signatory for the Maybank Accounts, still associated with PT OKIB, is PT KIB Executive 2. There are no longer any authorised signatories nominated by RCHL in its employ. RCHL therefore lost the ability to authorise cheques from the Maybank Accounts when its designated signatories resigned from RCHL.

- 1.5.24. As for the Unauthorised Transaction made from the BCA Account, the payment was made via internet banking. As the amount exceeded IDR 100 million, Group A and Group B signatories' approval were required before the Unauthorised Transaction ought to have been processed by BCA.
- 1.5.25. It appears from the accounting books that there were three bank tokens issued for the BCA Account and only one is currently in the possession of RCHL. However, due to the lack of documentation available in Singapore and restricted access to PT OKIB's finance department, it is unclear how many bank tokens were in fact issued by BCA and the access rights granted to each token. It does not however appear that the BCA Tokens were assigned authorisation limits in line with the bank signatory matrix as RCHL was able to authorise payments under IDR 100 million using only one BCA Token when the bank signatory matrix required two Group A signatories.
- 1.5.26. We understand from the CFO that on or around 4 May 2021, RCHL finance team was no longer able to access the BCA Account through the internet banking portal.

Requirements to change bank authorised signatories and bank token application

- 1.5.27. Representatives of BCA and Maybank informed us that the authority limit of bank tokens may differ from the authorised signatories indicated in the bank forms.
- 1.5.28. The application form for bank tokens has to be approved by the authorised representative of the company and would be processed in accordance with the AoA of the company. We understand from our conversation with the bank representatives that in normal circumstances, the President Director of a company would be considered to be authorised to act on behalf of the company and, in the absence of the President Director, the bank would refer to the AoA to identify the authorised representative of the company.
- 1.5.29. According to the AoA of PT OKIB dated 9 May 2016, clause 3b of Article 12 on Duty and Authority of Directors states that in the absence of the President Director for whatsoever reason, that does not have to be proven to third parties, any of the Directors is authorised to represent the Board of Directors and take actions on behalf of the company. The AoA does not indicate the minimum number of Directors required to sign documents on behalf of the company.
- 1.5.30. It appears that PT OKIB has not set specific requirements for the change of bank authorised signatories, as in an email dated 7 August 2019 from PT OKIB Finance Manager to RCHL Finance Manager discussing the request to add former Financial Controller as a bank authorised signatory, PT OKIB Finance Manager indicated that "[w]e missed on signature of Director ([RCHL Executive 4]). But It can be replaced by Commissioner ([PT KIB Executive 1]), I will ask his signature on this Friday, and update you soon."

1.5.31. In the same email, the PT OKIB Finance Manager also confirmed that “[PT KIB Executive 1] *have signed the Maybank form.*” It therefore appears that in the absence of a Director, the signatories can be replaced by the commissioner. It also appears that there were no specific requirements on the number of approvals required in order to effect a change in the bank authorised signatories or bank tokens.

PT KIB transfer of shares in PT OKIB to PT BCMK

1.5.32. RCHL was not made aware of the intention of PT KIB to transfer its shares in PT OKIB to PT BCMK until the First EGM. We understand that from the response by RCHL to the queries from SGX on 22 September 2020, *“Under Indonesian company law, a transfer of shares requires the approval of the General Meeting of Shareholders (“GMS”) and the quorum for a GMS is the presence or representation at the GMS of more than half of the total number of shares with voting rights. In the event that a quorum is not met at a first GMS and a second GMS shall be lawful and entitled to adopt resolutions if at least one third of the total number of shares with voting rights are present or represented at the second GMS”.* It is unclear whether the First EGM and the Second EGM were convened from the documentation provided as, for instance, no meeting notes were provided to us. However, the subsequent registration of the transfer of the shares of PT OKIB from PT KIB to PT BCMK, as noted below, implies the First and Second EGM may have been convened. Requests from RCHL to PT KIB for the minutes of the First and Second EGM reportedly went unanswered.

1.5.33. On 12 August 2020, PT KIB Executive 2, in his capacity as the Director of PT OKIB, sent an email to the Vice President - Business Development and the former Senior Vice President - Operation to inform them that with effect from 27 July 2020, PT KIB had transferred 100% of its share in PT OKIB to PT BCMK through an EGM. RCHL consulted its legal counsel and confirmed that the transfer of shares was conducted based on Deed No. 28 dated 27 July 2020 and reported to the Ministry of Law and Human Rights on 12 August 2020. Based on the company profile of PT OKIB, PT BCMK became a shareholder of PT OKIB with effect from 12 August 2020.

Termination of Joint Operation Agreement and Joint Operation Deed between PT OKIB and PT KIB

1.5.34. On 11 September 2020, RCHL announced that the Board of Directors of RCHL was advised by Indonesian counsel on 4 September 2020 that PT KIB had filed a lawsuit in tort against PT OKIB at the District Court of Batam on 27 August 2020, registered under case no. 230/Pdt.G/2020/PN.Btm (“Suit 230”).

1.5.35. On 17 September 2020, RCHL announced that PT KIB and PT OKIB attended the court-mandated mediation meeting on 8 September 2020 and reached a settlement agreement the next

day on 9 September 2020. A hearing had taken place on 15 September 2020, in which the parties reported to the panel of judges regarding the successful mediation between PT KIB and PT OKIB.

1.5.36. RCHL also announced that OBPL received a reply from PT KIB Executive 1 in his capacity as the Director of PT KIB on 14 September 2020. While there were various reasons stated for the commencement of Suit 230, there was no information on the settlement agreement between PT KIB and PT OKIB. OBPL replied to PT OKIB and PT KIB on 15 September 2020 expressing concerns over the mediation of Suit 230.

1.5.37. On 16 September 2020, the Indonesian court issued a court order regarding the settlement decision which ruled that PT KIB and PT OKIB had entered into a mediation and had reached a settlement agreement. The terms of the settlement agreement include:

- a) termination of Joint Operation Agreement and Joint Operation Deed;
- b) annulment of all power of attorney granted by PT KIB to PT OKIB;
- c) PT OKIB to refund the customers' money and to immediately annul all conditional sale and purchase agreements; and
- d) PT KIB will provide a loan, to a maximum of 50%, to refund the customers' money; the loan carries an interest rate of 6% per annum or 0.5% per month, in addition to a penalty of 7% per month which accrues 15 days from the due date of the loan.

1.5.38. The court documentation show that PT KIB was represented by PT KIB Executive 1 and PT OKIB was represented by PT KIB Executive 2. We understand from the CFO that prior to receiving this court order, neither RCHL nor OBPL was aware of this mediation.

Payment approval process

1.5.39. From the transactions testing and review of the payment approval policy related to PT OKIB set out by RCHL ("PT OKIB Payment Approval Policy"), we note the following:

- a) Inconsistencies noted between payment approval matrix set in the PT OKIB Payment Approval and the bank authorised signatory matrix

The payment approval matrix was different from the bank authorised signatory matrix. The authorised signatory matrix states that at least two Group A signatories were required for a payment amount of less than IDR 100 million, while the payment approval matrix states

that only one HQ Management²⁶ was required to approve a payment amount of less than IDR 100 million.

b) Variances between HQ Management and bank authorised signatories

Furthermore, the HQ Management may not necessarily be the bank authorised signatories. Therefore, the approver of payment summaries may not necessarily be the bank authorised signatories. Accordingly, the bank authorised signatories may not have reviewed the payments before the payments were released.

c) Lack of oversight from HQ management and bank authorised signatory before release of payments

In addition, we noted that in the absence of a Financial Controller, the payment summaries were approved by the RCHL Finance Manager, who was not part of the HQ Management. We understand from her that she acted in accordance with the instructions from the former Senior Vice President - Operation. The former Senior Vice President - Operation was one of the bank authorised signatories and one of the HQ Management authorised to approve the payment summaries. In our interviews with the former Senior Vice President – Operation, , the Audit Committee Chairman and RCHL Independent Director, they each informed us that the RCHL Finance Manager was to oversee the finance operation while RCHL sought a replacement Financial Controller (the “Interim Period”). The RCHL Finance Manager, who was not part of the HQ Management, so not a designated payment approver according to the relevant policy or a bank authorised signatory, would approve the payment summaries. With the approved payment summaries, the Accounts Executive then proceeded to release the payment using the bank tokens in her custody.

In our view, while the PT OKIB Payment Approval Policy indicates that the former Senior Vice President - Operation is one of the approvers of payment summaries as well as the bank signatories, the payment summaries were not approved by him. As we note from the payment summaries, it was approved by the RCHL Finance Manager who was

²⁶ We understand that from the PT OKIB Payment Approval Policy, the HQ Management refers to former Financial Controller of RCHL or former Senior Vice President - Operation. We were informed that HQ Management defined in the PT OKIB Payment Approval Policy refers to the Non-Independent directors, Executive Officers and Key Management Personnel of RCHL disclosed in the annual report of RCHL

overseeing the finance operations in RCHL during the Interim Period and not the HQ Management as what the policy sets out.

In our interview, the former Senior Vice President - Operation stated that even though he did not approve the payment summaries, he was made aware of the PT OKIB payments from the weekly updates provided by RCHL Finance after the payments had been made. It would therefore appear that, during the Interim Period, there was insufficient oversight from the HQ Management and bank signatories prior to the release of payments.

d) The custodian of the bank tokens was not a bank authorised signatory

The bank authorised signatories did not hold the bank tokens required to approve and release payments. We were informed that the Accounts Executive had always been the custodian of all bank tokens and that the individual would proceed to approve and release payments via the internet banking portal after receiving the payment summaries approved and signed by the HQ Management, or a delegate as noted above. In our interview with the former Senior Vice President - Operation, he confirmed that he was never the custodian of the bank tokens of PT OKIB bank accounts. He further explained that he was informed that the bank tokens of PT OKIB were held by the RCHL Finance team as they were used for the release of PT OKIB payments purposes.

While the approver of the payment summaries may not necessarily be a bank authorised signatory, had the bank authorised signatories held the bank tokens, the bank authorised signatories would have been aware of the payments. In this case, the bank tokens were held by the Account Executive and she approved the payments after the payment summaries were approved.

As a mitigation of the control weakness, we were further informed that the RCHL Finance team would regularly send the weekly RCHL group bank balances via email to the HQ Management for their information. We understand that information relating to payments were also included in those weekly updates.

While the PT OKIB Payment Approval Policy does not mandate that the bank authorised signatories must also be the approvers of the payment documents, it does not appear to be appropriate for the authorised approvers to delegate the payment approval process to the verifier, in this case, the RCHL Finance Manager. Further, the final payment approval is delegated to the Accounts Executive who would then approve the release of payments using the bank tokens in her possession. Therefore, oversight of payments by the HQ Management does not appear to be in line with the PT OKIB Payment Approval Policy or the bank authorised signatory matrix.

e) Use of bank tokens in payment approval inconsistent with bank authorised signatory matrix

Even though the bank authorised signatory matrix set with Maybank and BCA required dual signatories to approve and release payments, it appears that PT OKIB only adopted this matrix when payments were made via cheque.

Payments made by way of the internet banking portals follow the PT OKIB Payment Approval Policy, where only a single signatory was required to approve and release the payments. The bank tokens were not held by the bank authorised signatories as the bank tokens were all held by the Accounts Executive and Finance Manager of RCHL.

Despite the payments made from the Maybank Accounts requiring a combination of two Maybank Tokens to approve and release the payments below IDR 100 million, all bank tokens were held and operated by the same personnel. This circumvented the bank authorised signatory matrix established with Maybank. For payments made from the BCA Account, RCHL has only used one BCA Token to approve and release payments below IDR 100 million. This does not correspond with the requirement set out in the bank account opening form where two Group A signatories were required for payments amounting to less than IDR 100 million.

1.6. Overall observation

- 1.6.1. Notwithstanding the changes to the bank authorised signatories appointed by RCHL, and RCHL's attempt to update the bank authorised signatories that was made conditional by PT KIB upon RCHL agreeing to certain conditions, ultimately, the loss of control over the Maybank Accounts and the Unauthorised Transaction were caused by the actions of PT KIB, including PT KIB obtaining a court order, and the AoA of PT OKIB permitting another Director to represent the company vis a vis the banks in the absence of PT OKIB's President Director.

1.7. Disclaimer

- 1.7.1. PwC has not been asked to comment on, review or assess the validity or enforceability of the documents provided to PwC, and nor has it done so. The procedures that PwC performed under this engagement do not constitute an audit or a review in accordance with generally accepted auditing or attestation standards, and accordingly no such assurance will be provided in our report.
- 1.7.2. PwC's findings are based on documents and information relevant to its scope of work that were made available to PwC up to 8 July 2021. Documents or information provided to PwC after the

date of the Report may have an impact on the Report. PwC reserves its right to correct any part of its findings as and when such documents or information emerge.

- 1.7.3. Some documents provided to us are in Bahasa Indonesia and there are no English translated versions available. Although we are able to interpret the documents for the purpose of this engagement, we do not assume any responsibility with respect to the accuracy of the interpretation to the standard of a professional translator.
- 1.7.4. The emails we reviewed during our work were provided to us by RCHL. We did not capture, process, and review data / communication threads in any forensic manner.
- 1.7.5. While all reasonable care has been exercised in the preparation of this report, we have assumed the accuracy of information given to us without having had the opportunity to perform any detailed verification. We have also assumed that all the documents provided to us as originals are authentic, that copies provided to us conform to the originals and the signature and seals, if any, on the documents are genuine. We do not assume any responsibility and make no representations with respect to the accuracy or completeness of any information provided to us by RCHL.
- 1.7.6. Our procedures did not constitute an audit or review under generally accepted auditing principles in Singapore, an examination of internal controls or other attestation or review services in accordance with standards established by the Singapore Accounting and Corporate Regulatory Authority. Accordingly, we do not express an opinion or any form of assurance on the financial statements of the client or any financial or other information or operating and internal controls of the client.
- 1.7.7. Our Services do not include the provision of legal advice and/or opinion and we make no representations regarding questions of legal interpretation. Accordingly, this report must not be construed as expressing opinions on matters of law.
- 1.7.8. We are not handwriting or document examination experts. We have therefore assumed that the dates on the documentation provided to us is representative of the dates the documents were prepared and that the signatures on the documents are those of the purported signatories.
- 1.7.9. Accordingly, except as indicated otherwise in the report, we assumed that the underlying accounting and other records, the documents and representations presented by the RCHL's management were complete, accurate and reliable for the purposes intended. We generally do not seek to carry out independent verification of the same. Appropriate warranties should be obtained on the authenticity and accuracy of the information provided.
- 1.7.10. This report is intended for, and only for, the benefit of the Audit Committee, SGX and the Sponsor, and for no other purpose. Our work was not planned or conducted in contemplation of reliance by

any third party. Therefore, items of possible interest to a third party may not be specifically addressed and existing matters may be assessed differently by a third party.