

INDEPENDENT REVIEW REPORT

relating to



Rich Capital Holdings Limited

(Company Registration Number: 199801660M)
(Incorporated in the Republic of Singapore)

prepared by



Provenance Capital Pte. Ltd.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)

As the Independent Reviewer

26 January 2021

CONTENTS

	Page
Definitions	3
Cover Letter	10
Executive Summary	12
Terms of Reference	41
<u>Section:</u>	
1. Background and overview	43
2. Award of S\$125 million construction contract to RLC	55
3. Advance payment of S\$2 million to RLC	82
4. Resignation of Mr Kuek Tee Meng as Executive Director	89
5. Due diligence carried out by the Company on the Batam Project and Project Success	102
6. Salient points on the internal control policies and procedures of the Company	108
<u>Appendix:</u>	
A. RCH Organization Chart	112
B. Relevant Directors and Management of the Company	113
C. List of persons interviewed	114

DEFINITIONS

Entities

“BDO Advisory”	:	BDO Advisory Pte Ltd, the independent valuer engaged by the Company to conduct the independent valuation in relation to Project Success
“CKR”	:	PT CKR Construction Engineering Indo
“Company” or “Rich Capital”	:	Rich Capital Holdings Limited (UEN: 199801660M), a company incorporated in the Republic of Singapore and listed on Catalist
“EHE”	:	Eversheds Harry Elias LLP, now known as Harry Elias Partnership with effect from 1 July 2020
“Foo Kon Tan” or “External Auditors”	:	Foo Kon Tan LLP, external auditors of the Company
“HLC”	:	Homeland Construction Pte. Ltd.
“OBPL”	:	Oxley Batam Pte. Ltd., a 80%-owned subsidiary of the RCH Group, held through RBPL
“OHL”	:	Oxley Holdings Limited, a company whose shares are listed and quoted on the Mainboard of the SGX-ST
“Oxley Group”	:	OHL and its subsidiaries
“Oxley International”	:	Oxley International Holdings Pte. Ltd., a wholly-owned subsidiary of OHL
“Prime Partners” or “Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd., the continuing sponsor of the Company since 21 December 2017. The registered professional and contact person for the Sponsor is Mr Joseph Au, Associate Director. Prime Partners also acted as the Financial Adviser to the Company in relation to certain of the Company’s corporate actions including Project Success. Prime Partners ceased as the Sponsor of the Company with effect from 1 November 2020
“Provenance Capital” or “Independent Reviewer”	:	Provenance Capital Pte. Ltd., the Independent Reviewer for the purpose of this Report
“PT KIB”	:	PT Karya Indo Batam, the Indonesian joint venture partner for the Batam Project that owns 50.0% of the share capital of PT OKIB
“PT OKIB”	:	PT Oxley Karya Indo Batam, the joint venture entity undertaking the Batam Project
“Qingjian”	:	Qingjian International (South Pacific) Group Development Co., Pte. Ltd.
“RBPL”	:	Rich Batam Private Limited, a wholly-owned subsidiary of the Company

DEFINITIONS

“RCH Group”	: The Company and its subsidiaries
“RLB”	: Rich-Link Builders Pte. Ltd., a wholly-owned subsidiary of RLG
“RLC”	: Rich-Link Construction Pte. Ltd.
“RLG”	: Rich-Link Group Pte. Ltd.
“RLK”	: Rich-Link Konstruksi, the designee of RLC in Indonesia, to run the Batam Project as the contractor
“RCRPL”	: Rich Capital Realty Pte. Ltd.
“SGX RegCo”	: Singapore Exchange Regulation Pte. Ltd., a wholly-owned independent regulatory subsidiary of Singapore Exchange Limited
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“SJC”	: Surbana Jurong Consultants Pte. Ltd.
“Tuan Sing Group”	: Tuan Sing Holdings Limited and its subsidiaries
“Xandar Capital”	: Xandar Capital Pte. Ltd., the independent financial adviser appointed by the Company on 11 June 2018 for the purpose of the IPT Circular dated 13 July 2018

Individuals

“Mr Aldrin Tai”	: Mr Tai Kok Kit Aldrin, Project Manager of the Company
“Mr Bryan Lim”	: Mr Lim Soon Fang, the second largest Controlling Shareholder of the Company
“Mr Chang Chi Hsung”	: Mr Chang Chi Hsung, Independent Director of the Company (appointed on 23 June 2020)
“Mr Chong Chou Yuen”	: Mr Chong Chou Yuen, Adviser of the Company from 2 January 2019 to 10 June 2019, and Board Special Projects Executive of the Company from 11 June 2019 to 10 November 2019
“Mr Chow Wen Kwan”	: Mr Chow Wen Kwan, Independent Director of the Company from 22 January 2018 to 18 January 2019
“Mr Chris You”	: Mr Chris You Wan Biao, former senior management of RLC
“Mr Freddy Lim”	: Mr Lim Chin Huat, Deputy General Manager for Sales and Marketing of the Company, who has since left the Company on 20 July 2020
“Mr Giang Sovann”	: Mr Giang Sovann, Independent Director of the Company. He was also appointed as Interim Chairman of the Board on 23 December 2019
“Mr James Kho”	: Mr James Kho Chung Wah, Independent Director of the Company

DEFINITIONS

“Mr Jeffrey Wong”	:	Mr Wong Quee Quee, Jeffrey, Independent Director of the Company from 28 September 2019 to 1 April 2020
“Mr Kam Tin Seah”	:	Mr Kam Tin Seah, Senior Manager of the Company from 9 July 2018 to 30 April 2019
“Mr Kelvin Soong”	:	Mr Soong Kar Leong, Executive Director of the Company from 22 January 2018 to 14 August 2018
“Mr Kuek Tee Meng” or “Mr Kuek”	:	Mr Kuek Tee Meng, Senior Finance Manager of the Company from 20 April 2018 to 2 January 2019, and Executive Director, Finance of the Company from 3 January 2019 to 20 June 2019
“Mr Loi Teck Han”	:	Mr Loi Teck Han, former General Manager of RLC
“Mr Oh Si Kai”	:	Mr Oh Si Kai, Assistant Marketing Manager of the Company from 1 July 2018 to 14 August 2018, and Executive Director of the Company from 15 August 2018 to 25 December 2018
“Mr Oh Siyang”	:	Mr Oh Siyang, appointed as Executive Director of the Company as approved at the EGM held on 10 July 2020. Mr Oh Siyang is the son of the substantial shareholder of the Company, Mr Oh Keh Yew, and the brother of the former Executive Director, Mr Oh Si Kai
“Mr Poni”	:	Mr Poni Madjukie, shareholder and director of PT KIB
“Mr Simon Ong”	:	Mr Simon Ong Eng Hock, appointed as Chief Financial Officer of the Company on 28 August 2020
“Mr Thomas Leow”	:	Mr Leow Quek Kien, Financial Controller of the Company from 2 January 2020 to 6 August 2020
“Mr Victor Zhang”	:	Mr Zhang Qi, Senior Vice President – Operations of the Company from 8 July 2019 to 21 July 2020
“Mr Wang Zhen Wen”	:	Mr Wang Zhen Wen, Non-Independent Non-Executive Chairman of the Company from 5 January 2018 to 13 November 2019. He was also a Controlling Shareholder of the Company since 13 December 2017 and had ceased to be a Shareholder on 13 January 2020 when he transferred all his Shares to Ms Bai Fengmei, his ex-wife, by court order on that date
“Mr Winston Madjukie”	:	Mr Winston Madjukie, director of PT OKIB and son of Mr Poni
“Ms Bai Fengmei”	:	Ms Bai Fengmei, the single largest shareholder of the Company since 13 January 2020 and ex-wife of Mr Wang Zhen Wen
“Ms Sara Hou”	:	Ms Hou Jing, Group Finance Manager of the Company. She joined the Company as Group Accountant on 1 September 2018 and was promoted to Group Finance Manager on 1 September 2019
“Ms Shirley Lu”	:	Ms Lu Ji Rong, Financial Controller of the Company from 15 February 2019 to 16 September 2019, and was also designated

DEFINITIONS

as the Compliance Officer of the Company in June 2019 until her resignation

General

“AC Paper”	:	Audit Committee paper dated 2 August 2018 in relation to the appointment of RLC as the main contractor for the Batam Project
“Advance Payment”	:	Advance payment of S\$2 million to RLC under the Letter of Award
“AGM”	:	Annual general meeting
“Ann on 16/3/2018”	:	Company’s announcement dated 16 March 2018 in relation to the OBPL Acquisition
“Ann on 18/5/2018”	:	Company’s announcement dated 18 May 2018 in relation to the completion of the OBPL Acquisition
“Audit Committee” or “AC”	:	The audit committee of the Company
“Batam Project”	:	The joint venture project to construct, develop and manage the Oxley Convention City, an integrated development in the heart of Batam’s financial district in Indonesia
“BCA”	:	Building and Construction Authority
“Board”	:	The board of directors of the Company
“Catalist”	:	Catalist board of the SGX-ST
“Catalist Rules”	:	Listing Rules in Section B of the SGX-ST Listing Manual
“CFO”	:	Chief Financial Officer
“CG(2012)”	:	Code of Corporate Governance dated 2 May 2012
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Controlling Shareholder”	:	A person who:- (a) holds directly or indirectly 15% or more of the total voting rights in the company. SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Directors”	:	Directors of the Company
“EGM”	:	Extraordinary general meeting
“Executive Director” or “ED”	:	An executive director of the Company
“Executive Officers”	:	The management team (excluding directors) of an issuer, including its chief executive officer, chief financial officer, chief operating officer and any other individual, regardless of title, who

DEFINITIONS

	(a) performs or has the capacity to perform any function or responsibility equivalent to that of the foregoing persons or (b) is responsible for ensuring that the issuer complies with its obligations under the SGX-ST's listing rules
"Express Commitment"	: The express commitment to vote in favour of the appointment of RLC as the main contractor for the Batam Project, so long as the terms of such appointment are reasonable and comply with applicable laws and the Catalist Rules as set out in the shareholders' agreement with the Oxley Group dated 18 May 2018
"Independent Director" or "ID"	: An independent non-executive director of the Company
"IFA"	: Independent financial adviser
"Initial Tender"	: The initial tender exercise which commenced in July 2017 to select the main contractor for the Batam Project
"Interested Person"	: A director, chief executive officer or controlling shareholder of the Company or an associate of any such director, chief executive officer or controlling shareholder
"Interested Person Transaction" or "IPT"	: A transaction between the Company and an Interested Person
"IPT Checklist"	: The IPT checklist on compliance with the IPT Processes for the award of the construction contract to RLC
"IPT Circular"	: The circular to Shareholders dated 13 July 2018 for the purpose of seeking Shareholders' approval for, <i>inter alia</i> , the IPT General Mandate
"IPT General Mandate"	: The general mandate which was approved by Shareholders at the EGM on 30 July 2018 to facilitate the Company to enter into certain IPTs, including engaging Interested Persons as the main contractor to the Company's property development projects
"IPT Processes"	: The IPT processes in relation to the IPT General Mandate
"Kim Chuan Project"	: The Company's purchase of a freehold industrial land at No. 6 Kim Chuan Terrace Singapore 537029 to be re-developed
"Letter of Award"	: The award of the construction contract of S\$125 million to RLC and/or its designee on 15 October 2018
"M&A"	: Mergers and acquisitions
"Mainboard"	: Mainboard of the SGX-ST
"Management"	: Management of the Company
"Mandated Transactions"	: The transactions which the Company are allowed to enter into with certain classes of Interested Persons pursuant to the IPT General Mandate as approved by Shareholders at the EGM on 30 July 2018

DEFINITIONS

“NAV”	:	Net asset value
“Nominating Committee”	:	The nominating committee of the Company
“NTA”	:	Net tangible assets
“OBPL Acquisition”	:	The acquisition of 80% shareholding interest in OBPL by the RCH Group from the Oxley Group, which would give the RCH Group an effective interest of 40% in PT OKIB, and hence the Batam Project
“OBPL SPA”	:	The conditional sale and purchase agreement dated 16 March 2018 in relation to the OBPL Acquisition
“OCC”	:	Oxley Convention City
“Peak Court Project”	:	The Company’s joint venture project with the Tuan Sing Group to re-develop the freehold residential site at No. 333 Thomson Road Singapore 307675
“Project Success”	:	The proposed acquisition of 100% equity interest in RLC and RLB
“Report”	:	This report dated 26 January 2021
“Report Cut-Off Date”	:	30 June 2020, being the cut-off date for the purpose of this Report. As part of the Maxwellisation exercise, we had continued to consider and incorporate relevant comments and clarifications received from relevant persons after the Report Cut-Off Date prior to the finalisation of this Report
“Review” or “Independent Review”	:	The scope of our review as approved by the SGX RegCo and which includes <i>inter alia</i> : (a) the award of the S\$125 million construction contract to RLC; (b) advance payment of S\$2 million to RLC in relation to the Batam Project; (c) the resignation of Mr Kuek Tee Meng as the Executive Director; and (d) due diligence carried out on the Batam Project and Project Success
“Revised Tender”	:	The revised tender offer exercise which had opened on 1 June 2018 and closed on 8 June 2018 to seek revised tender pricings from the Singapore-based contractors
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with the Shares

DEFINITIONS

“Shares” : Ordinary shares in the issued and paid-up capital of the Company

Financials

“FY2018” : Financial year ended 31 March 2018

“FY2019” : Financial year ended 31 March 2019

“FY2020” : Financial year ended 31 March 2020

“1H2020” : Half-year ended 30 September 2019

“%” : Percentage or per centum

“sq m” : Square meters

“Rp” : Indonesian Rupiah, the lawful currency of Indonesia

“S\$” : Singapore dollars, the lawful currency of Singapore

“US\$” : United States dollars, the lawful currency of United States of America

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing a specific gender shall, where applicable, include the other genders. Reference to person shall, where applicable, include corporations.

Any reference in this Report to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Catalist Rules or any statutory modification thereof and not otherwise defined in this Report shall have the same meaning ascribed to that word under the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Report shall be a reference to Singapore time and date unless otherwise stated.

COVER LETTER

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

26 January 2021

To: The Board of Directors of Rich Capital Holdings Limited

Mr Giang Sovann	(Interim Chairman and Independent Director)
Mr James Kho Chung Wah	(Independent Director)
Mr Chang Chi Hsung	(Independent Director)
Mr Oh Siyang	(Executive Director)

Dear Sirs,

INDEPENDENT REVIEW REPORT RELATING TO RICH CAPITAL HOLDINGS LIMITED

We have been appointed by the Company on 8 August 2019 as the Independent Reviewer to carry out the Review, as announced by the Company on 14 August 2019, and a “kick-off” meeting on the Review with the Company was held on that day.

The scope of our Review, and terms of reference, have been cleared by the SGX RegCo. In brief, our Review includes *inter alia* the following subject matters which occurred during the period from January 2018 to June 2019:

- (a) the award of S\$125 million construction contract to RLC in relation to the Batam Project;
- (b) the advance payment of S\$2 million to RLC;
- (c) the resignation of Mr Kuek Tee Meng as the Executive Director; and
- (d) due diligence carried out by the Company on the Batam Project and Project Success.

At the time of our appointment as the Independent Reviewer, the Board of Directors comprised Mr Wang Zhen Wen, Mr Giang Sovann and Mr James Kho Chung Wah.

Mr Wang Zhen Wen was the former Non-Independent Non-Executive Chairman and the Interested Person in relation to certain of the subject matters under our Review. He resigned from the Board as the Non-Independent Non-Executive Chairman on 14 November 2019 and ceased to be a substantial Shareholder on 13 January 2020, as he had transferred all his Shares to his ex-wife, Ms Bai Feng Mei, by court order on that date.

Following Mr Wang Zhen Wen’s resignation, Mr Giang Sovann was appointed as Interim Chairman of the Board on 23 December 2019.

As at the date of this Report, the Board of Directors comprises:

- Mr Giang Sovann;
- Mr James Kho;
- Mr Chang Chi Hsung (appointed as Independent Director on 23 June 2020); and
- Mr Oh Siyang (appointed as Executive Director on 10 July 2020).

The Company had assisted us by providing the relevant information for our Review and/or clarifications and explanations on various matters during the process of our Review. The Company had also facilitated our interviews with the relevant past and present Directors and Management, professional advisers of the Company and other relevant persons.

COVER LETTER

Our findings as set out in this Report are based on our review of the above relevant documents relating to the subject matters as made available to us, as well as the various interviews that we have conducted with certain relevant persons. Where findings, information, comments, inferences and conclusions from these persons have been included in this Report, wherever reasonably practicable, these persons have been given the opportunity to comment on the said findings, information, comments, inferences and conclusions (i.e. "Maxwellisation"). We have incorporated their comments in our Report, where relevant. However, where we have not been able to ascertain the factual accuracy and/or completeness of such information (e.g. if there was no definitive supporting evidence) or where the information was not directly relevant to our Report and our findings, we have not included the same.

We had substantially completed our review and interviews on 17 October 2019, and the Maxwellisation exercise with the relevant persons as at 6 December 2019. However, further clarifications and comments from various parties on our draft report continued in the ensuing months. Arising from these comments and clarifications, further draft copies and/or extracts of our draft Report, as amended from time to time, were circulated to the Company, relevant parties and the SGX RegCo for their comments.

For the purpose of this Report, as the subject matters under our Review are past events, we have set the Report Cut-Off Date on 30 June 2020. Notwithstanding this, where appropriate as part of the Maxwellisation exercise, we had continued to consider and incorporate relevant comments and clarifications received from the relevant parties after the Report Cut-Off Date up to 10 December 2020.

This Report is dated and issued on 26 January 2021.

As mentioned above, while the subject matters under our Review are past events, there continue to be legal disputes in relation to the Batam Project and these are on-going and the effects may be material and significant to the Company, the RCH Group and its Shareholders. Accordingly, readers of this Report should take note of any further announcements which may be released by the Company subsequent to the Report Cut-Off Date.

This Report is prepared for the purpose of the Review and is addressed to the present Board of Directors of the Company as at the date of the Report. A copy of this Report has been given to the Company and the SGX RegCo.

For your easy reference only, we have included in this Report an Executive Summary which gives an overview of our key findings. However, for a more complete understanding of our findings and the comments from various parties arising from the Maxwellisation process on this Report, it is recommended that this Executive Summary be read together with the details set out in this full Report.

As a term of our engagement, we take instructions solely from and report directly to the SGX RegCo. The SGX RegCo and the Company may at their own discretion decide to publish certain portions or the whole of this Report. Notwithstanding the above, neither the Company, the Directors, any Shareholder nor any other party may reproduce, disseminate or quote this Report (or any part thereof) for any other purpose, at any time and in any manner, or use or rely on it for any other purposes without the prior written consent of Provenance Capital in each separate instance.

We would like to express our thanks to the Board and Management of the Company, and the relevant persons whom we have interviewed, for their co-operation throughout the course of our Review and preparation of this Report.

Yours faithfully

For and on behalf of

PROVENANCE CAPITAL PTE. LTD.



Wong Bee Eng
Chief Executive Officer

Executive Summary

This Executive Summary sets out an overview of our Report dated 26 January 2021 and covers the key findings following our review of the specified subject matters which occurred during the period from January 2018 to June 2019. For a more complete understanding of our findings and the comments from various parties arising from the Maxwellisation process on the Report, it is recommended that this Executive Summary be read together with the details set out in the full Report.

Background

1. Mr Wang Zhen Wen became the new Controlling Shareholder

The Company (formerly known as Infinio Group Limited) is listed on the Catalist board of the SGX-ST.

On 12 December 2017, Mr Wang Zhen Wen extended an interest-free loan of S\$2.95 million to the Company to settle some of the Company's past obligations as well as to fund the Company's working capital needs. Mr Wang Zhen Wen also became a substantial Shareholder on 12 December 2017.

On 13 December 2017, Mr Wang Zhen Wen became the new Controlling Shareholder after he acquired a controlling stake in the Company from mainly off-market purchases. On 21 December 2017, Prime Partners became the new Sponsor of the Company. Prime Partners ceased as the Sponsor of the Company with effect from 1 November 2020*.

* The Company appointed another continuing sponsor with effect from 17 November 2020.

Mr Bryan Lim became a substantial Shareholder on 12 January 2018 and a Controlling Shareholder on 24 January 2018. He was the second largest Controlling Shareholder after Mr Wang Zhen Wen. Mr Bryan Lim does not hold any directorship or employment with the RCH Group.

During the financial year ended 31 March 2018 ("FY2018"), the RCH Group was dormant and did not have any operating business.

The Company had significant changes to its Board members and Management team by 22 January 2018.

Mr Wang Zhen Wen was appointed as the Non-Executive Chairman of the Company on 5 January 2018. Mr Wang Zhen Wen was the owner and director of the Rich-Link group of companies (including Rich-Link Construction Pte. Ltd. ("RLC")) which were involved in construction, property development and property management services.

Mr Kelvin Soong, who was previously the Development Manager at RLC, left RLC and became an Executive Director of the Company on 22 January 2018. He then became the only Executive Director of the Company following the resignation of Mr Lim Yeow Sun on 31 March 2018.

Three new Independent Directors were also appointed in January 2018, namely Mr James Kho (5 January 2018), Mr Giang Sovann (22 January 2018) and Mr Chow Wen Kwan (22 January 2018). Mr Chow Wen Kwan has since resigned from the Company, with effect from 19 January 2019. The previous IDs and Non-Executive Director had all resigned by 22 January 2018, namely Mr Andy Kun Swee Tiong (former ID who had resigned on 22 January 2018), Mr Hong Seong Soo (former Non-Executive Director who had resigned on 22 January 2018) and Mr Chng Hee Kok (former ID who had resigned much earlier on 26 September 2017).

The Company completed significant equity fundraising exercises in February 2018 (by way of a private placement which raised net proceeds of S\$2.24 million) and May 2018 (by way of a rights

EXECUTIVE SUMMARY

issue which raised net proceeds of S\$21.60 million after, *inter alia*, offsetting the loan repayment of S\$2.95 million to Mr Wang Zhen Wen) to strengthen its balance sheet and took on a new corporate identity with the change of its name to Rich Capital on 2 May 2018. The Company obtained Shareholders' approval at the extraordinary general meeting ("**EGM**") on 28 March 2018 to venture into property development business as its new core business. These potential property development projects were the Kim Chuan Project, the Batam Project and the Peak Court Project.

The market capitalisation of the Company increased significantly from S\$4.8 million on 14 December 2017 to a high of S\$80.8 million in mid-May 2018.

As a background, in March 2017, the SGX-ST had required the Company to, *inter alia*, demonstrate that it has a viable business to maintain its listing status, failing which the SGX-ST may suspend trading of the Company's listed securities under Catalist Rule 1303. Following the above entry of Mr Wang Zhen Wen as the new Controlling Shareholder, approval of Shareholders at the EGM for the business diversification into property development as a new core business and fundraising exercises, the Company was able to, *inter alia*, demonstrate that it has a viable business to maintain its listing status. On 28 June 2018, the Company received the "no-objection" ruling from the SGX-ST to maintain its listing status on Catalist.

2. In addition to property development business, the Company had proposed the diversification into the construction business

In addition to the property development business, the Company had contemplated the diversification into the construction business, as none of the above property development projects had commenced revenue contribution to the RCH Group in FY2018 and FY2019 as they were in their initial development stages. On 8 January 2019, the Company announced Project Success, which was the proposed acquisition by the Company of Mr Wang Zhen Wen's construction businesses. Project Success was subject to various conditions precedent, including seeking Shareholders' approval at an EGM. However, following, *inter alia*, the receipt of a poison pen letter in June 2019 pertaining to certain projects undertaken by one of Mr Wang Zhen Wen's construction companies, namely RLC, Project Success was not proceeded with further after the expiry of the long-stop date on 31 July 2019.

Issues on the Batam Project

3. The Batam Project involves the construction and development of the proposed Oxley Convention City ("**OCC**"), an integrated commercial and residential project in Batam, Indonesia.

The Company had, on 16 March 2018, announced the proposed acquisition of an effective interest of 40% in the Batam Project, through the acquisition of an 80% equity interest in OBPL from the Oxley Group ("**OBPL Acquisition**"). The Oxley Group retains the remaining 20% interest in OBPL. OBPL, in turn, owns 50% equity interest in PT OKIB, which is the entity engaged in the development of the Batam Project. The remaining 50% equity interest in PT OKIB is owned by the Indonesian joint venture partner, PT KIB.

The Batam Project would have been the RCH Group's largest development project. The Company had budgeted a construction cost of S\$125 million for the Batam Project.

On 18 May 2018, the Company completed the OBPL Acquisition.

4. On 15 October 2018, PT OKIB awarded the construction contract of S\$125 million for the Batam Project ("**Letter of Award**") to RLC and/or its designee. Mr Wang Zhen Wen owns 80% interest and is a director of RLC prior to 31 May 2018. On 31 May 2018, Mr Wang Zhen Wen became the sole shareholder and sole director of RLC.

EXECUTIVE SUMMARY

On 28 November 2018, RLC requested for a partial cash advance payment of S\$2 million (“**Advance Payment**”) to be made under the Letter of Award via a letter of request. The Company made the Advance Payment in cash directly to RLC.

RLC breached the terms of the Letter of Award as a result of not providing the performance bond and the advance payment guarantee to PT OKIB in accordance with the terms of the Letter of Award.

5. From May to July 2019, the Company received legal letters from its Indonesian joint venture partner, PT KIB, on the Batam Project, expressing its concerns over the management and payment in relation to the Batam Project.

On 29 May 2019, the Company’s Audit Committee discovered the lapse in its internal governance process in respect of the Advance Payment.

On 20 June 2019, the Company’s then only Executive Director, Mr Kuek Tee Meng, resigned with no notice period, citing managerial differences with the Board as the reason for his resignation.

On 24 June 2019, the Company called for a trading halt on the Shares which was subsequently converted to a trading suspension. By this time, the market capitalisation of the Company had declined to S\$22.0 million.

On 14 August 2019, the Company announced our appointment as the Independent Reviewer to carry out the Review on, *inter alia*, the following subject matters which had occurred during the period from January 2018 to June 2019:

- (a) the award of S\$125 million construction contract to RLC, an Interested Person, in relation to the Batam Project;
- (b) the advance payment of S\$2 million to RLC, an Interested Person;
- (c) the resignation of Mr Kuek Tee Meng as the Executive Director; and
- (d) due diligence carried out by the Company on the Batam Project and Project Success.

The subject matters of (a) and (b) are in relation to the Batam Project. For the subject matter of (c), Mr Kuek’s cited reasons in his cessation announcement were also related to the Batam Project. The subject matter of (d) on Project Success involves the proposed injection of Mr Wang Zhen Wen’s construction businesses into the RCH Group as part of the Company’s plan to diversify into the construction business.

RLC, which was awarded the construction contract for the Batam Project, was one of Mr Wang Zhen Wen’s construction entities to be injected into the RCH Group under Project Success.

6. At the time of our Review, the Company had 2 Controlling Shareholders, namely:
- (i) Mr Wang Zhen Wen with a 29.54% shareholding interest in the Company, and who was also the Chairman of the Company. Mr Wang Zhen Wen became a Controlling Shareholder on 13 December 2017; and
 - (ii) Mr Bryan Lim with a 17.99% shareholding interest in the Company. He was neither a Director nor an employee of the RCH Group. Mr Bryan Lim became a Controlling Shareholder on 24 January 2018.

EXECUTIVE SUMMARY

Mr Wang Zhen Wen has since resigned from the Board, with effect from 14 November 2019 and ceased to be a Shareholder on 13 January 2020, as he had transferred all his Shares to Ms Bai Fengmei, his ex-wife, by court order on that date.

Mr Bryan Lim had disclosed at the Company's AGM on 28 September 2019 during the shareholders' question and answer session with the Board that he is a substantial Shareholder and was interested to see how the Batam Project was progressing as he was instrumental in bringing the Batam Project deal to the Company.

7. Our Report

Our findings are based on our review of, *inter alia*, information provided by the Company and interviews which we have conducted with relevant past and present Directors and Management, professional advisers of the Company and other relevant persons. We have also carried out the Maxwellisation process with these relevant parties. We have incorporated their comments in our Report, where relevant. However, where we have not been able to ascertain the factual accuracy and completeness of such information (e.g. if there was no definitive supporting evidence) or where the information was not directly relevant to our Report and our findings, we have not included the same.

Our Report is dated and issued on 26 January 2021.

A copy of the final Report has been given to the Company and the SGX RegCo. This Executive Summary provides an overview of our key findings for your easy reference only. For a more complete understanding, it is recommended that this Executive Summary be read together with the details set out in the full Report.

Our Report is addressed to the Board of Directors of the Company. As a term of our engagement as the Independent Reviewer, we have taken instructions solely from and reported directly to the SGX RegCo. Pursuant to the terms of our engagement, the SGX RegCo and the Company may at their own discretion decide to publish certain portions or the whole of this Report.

Batam Project

8. The proposed development of the Batam Project had already started in May 2015, some 3 years before the Company had invested in the Batam Project in May 2018. The Oxley Group had, on 6 May 2015, announced the Batam Project as a proposed joint development project between the Oxley Group and the Indonesian joint venture partner, PT KIB.

PT KIB owned the land and the development project was to be undertaken by the newly incorporated joint venture company, PT OKIB, which was jointly owned by PT KIB and OBPL. OBPL was then wholly-owned by the Oxley Group.

Pursuant to the joint venture arrangement inked in August 2016, PT KIB was to contribute the land and the Oxley Group was responsible for, *inter alia*, providing a shareholders' loan of up to S\$21 million to partly fund the construction cost of the project. The construction cost of the project was expected to be funded by sales proceeds, shareholders' loan and lastly external financing, in the event that sales proceeds and shareholders' loan were insufficient. We understand from the Company that the Batam Project, under the Oxley Group and prior to the Company's proposed investment in 2018, had then stalled for a while and the site was empty save for a few piles bored into the ground.

9. In July 2017, an initial tender exercise ("**Initial Tender**") was carried out to select a main contractor for the Batam Project. PT OKIB had appointed the independent professional consultant, Surbana Jurong Consultants Pte. Ltd. ("**SJC**"), to manage the tendering process and to make its recommendation. 8 contractors were invited to submit their tender, including RLC. Of

EXECUTIVE SUMMARY

these 8 contractors, 4 did not submit their tenders and the remaining 4 (including RLC) submitted their tenders by the closing date of 30 November 2017.

As part of the role of managing the tendering process, SJC had set out its evaluation and recommendation of the tender submissions in its final tender report dated 6 April 2018. Among the 4 tenderers, SJC had recommended the Indonesian contractor, PT PP Persero, for the award of the contract, as it had submitted the most comprehensive and lowest tender offer for both the base tender and alternative tender, compared to the other 3 tenderers. SJC had ranked the 4 tenderers based on pricing, with PT PP Persero ranked first as it had submitted the lowest tender, followed by PT CKR Construction Engineering Indo ("**CKR**"), Qingjian International (South Pacific) Group Development Co., Pte. Ltd. ("**Qingjian**") and RLC (all Singapore-based contractors). RLC was ranked 4th as its tender quotations were approximately 31% and 23% higher than the quotations from PT PP Persero for the base tender and alternative tender respectively.

Following subsequent clarification with PT PP Persero, SJC issued its supplementary tender report dated 14 May 2018 and maintained its recommendation to award the construction contract to PT PP Persero based on pricing returns and analysis.

However, PT OKIB held back the awarding of the main construction contract for the Batam Project in May 2018 in view of the imminent completion of the Company's acquisition of interest in the Batam Project on 18 May 2018.

10. During the material time, the Company had carried out the following:

- (a) On 13 February 2018, it announced the intention to diversify into the Property Business.
- (b) On **16 March 2018**, it announced the proposed investment in the Batam Project and the entering of the conditional sale and purchase agreement ("**OBPL SPA**") after obtaining unanimous approval from the Board, both dated 16 March 2018. The proposed investment in the Batam Project was made via the acquisition of an 80% shareholding interest in OBPL from the Oxley Group, i.e. the OBPL Acquisition, which would give the RCH Group an effective interest of 40% in PT OKIB, and hence the Batam Project ("**Ann on 16/3/2018**").

The OBPL SPA had set out as a condition the execution of a shareholders' agreement with the Oxley Group in respect of OBPL to be effective on completion date which shall include the key terms as set out in Schedule 10 of the OBPL SPA, and other provisions as is usual and customary for transactions of a similar nature.

The Company's Board paper dated 16 March 2018 in relation to the OBPL Acquisition had disclosed a budgeted construction cost of S\$125 million for the Batam Project.

The Company's Board resolution dated 16 March 2018 had noted that *"Each of the Directors confirms by signing these resolutions that he has disclosed all his interests in the subject of these resolutions in accordance with the Company's Constitution and Section 156 of the Companies Act of Singapore (Cap.50)."*

We note that Mr Wang Zhen Wen did not disclose in the Board resolution his interest in the Batam Project i.e. that RLC (in which Mr Wang Zhen Wen was a controlling shareholder and director) was one of the tenderers in the on-going tender exercise for the construction contract to be awarded by PT OKIB in connection with the Batam Project.

In the Ann on 16/3/2018 under the header captioned "Interests of Directors and Substantial Shareholders", it was disclosed that *"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 Proposed Acquisition."* Accordingly, we note

EXECUTIVE SUMMARY

that Mr Wang Zhen Wen's interest in the Batam Project was also not disclosed in the Ann on 16/3/2018.

- (c) On 28 March 2018, the Company obtained Shareholders' approval at the EGM to diversify into the Property Business.
- (d) On **18 May 2018**, it announced the completion of the OBPL Acquisition ("**Ann on 18/5/2018**"). The RCH Group also entered into various agreements on that date, including the shareholders' agreement with the Oxley Group, as shareholders of OBPL.

The shareholders' agreement with the Oxley Group dated 18 May 2018 included an express commitment to vote in favour of the appointment of RLC as the main contractor for the Batam Project, so long as the terms of such appointment are reasonable and comply with applicable laws and the Catalist Rules ("**Express Commitment**").

The then Executive Director, Mr Soong Kar Leong, had signed-off the shareholders' agreement on behalf of the Company, under the authorisation approved by the Company's board resolution dated 16 March 2018.

We note that this Express Commitment was not one of the key terms set out in Schedule 10 of the OBPL SPA.

Similarly, we note that in the Ann on 18/5/2018, Mr Wang Zhen Wen's interest in the Batam Project was also not disclosed – that RLC (in which Mr Wang Zhen Wen was a controlling shareholder and director) was one of the tenderers in the on-going tender exercise for the construction contract to be awarded by PT OKIB in connection with the Batam Project. In addition, the above Express Commitment and accordingly Mr Wang Zhen Wen's interest arising from the Express Commitment were not disclosed.

- (e) RLC purportedly signed and accepted the Letter of Intent dated 18 May 2018 offered by PT OKIB which set out the intention of PT OKIB to appoint RLC as the main contractor for the Batam Project at an agreed price of S\$125 million, subject to, *inter alia*, the completion of the OBPL Acquisition by the Company and approval from its Shareholders for the Letter of Intent and the transactions contemplated by the Letter of Intent. It also contained a clause where PT OKIB will not entertain or engage in any discussions with any other parties on the construction works for the Batam Project, other than RLC during the exclusivity period of 6 months from the date of acceptance of the Letter of Intent. The Letter of Intent was intended to be legally binding on PT OKIB and RLC, and was governed under Singapore law.

On the premise and assumption that the Letter of Intent was duly executed on 18 May 2018 (see paragraphs 11(a), (b) and (c)), we note that in the Ann on 18/5/2018, the terms of the Letter of Intent and accordingly Mr Wang Zhen Wen's interest in the Batam Project were not disclosed.

- (f) Subsequent email correspondence between the Company (Mr Kam Tin Seah, Senior Manager) and the Oxley Group (Mr Nicholas Beetsma, General Counsel of Oxley Group) in September 2018 also suggested that these parties had a pre-determined commercial intent for a "packaged deal", that is, the award of the construction contract at the contract sum of S\$125 million and the Company's investment in the Batam Project (which Oxley was prepared to divest) as a "packaged deal". Quoted extracts of the above email correspondence are as follows:

EXECUTIVE SUMMARY

Email from Mr Kam Tin Seah to Mr Nicholas Beetsma on 11 September 2018:

"Our commercial intent for OCC stems from the packaged deal of construction contract and investment in an integrated project in Batam which Oxley was prepared to divest."

Email from Mr Nicholas Beetsma to Mr Kam Tin Seah and Mr Bryan Lim on 12 September 2018:

"As matters currently stand, we have already allowed Rich Capital to set the main contract sum at S\$125 million, which is S\$5 million higher than what parties previously discussed."

Paragraphs (d), (e) and (f) create a strong inference (absent evidence to the contrary) that consensus may have been reached among the relevant parties to award the main construction contract to RLC, an Interested Person of the Company, at or around the time when the Company invested in the Batam Project via the OBPL Acquisition as a "packaged deal".

- (g) On 1 June 2018, Mr Kelvin Soong, as Executive Director of the Company and director of OBPL, instructed SJC to request for revised tender offers from only the 3 Singapore-based contractors (including RLC) ("**Revised Tender**") on the stated basis that the Company was of the view that a Singapore-based contractor would be more reliable to successfully complete the project on time with high quality standards. PT PP Persero was therefore excluded. The Revised Tender request was to seek revised pricings from the Singapore-based contractors, and was not a re-tendering exercise as clarified by SJC during our interview with them on 20 February 2020.

Mr Wang Zhen Wen's comments

Following Mr Kelvin Soong's instruction to SJC of 1 June 2018, PT KIB had organised a press conference on 18 July 2018 (*in Batam*), attended by Batam government officials and purchasers, which made clear that the Batam Project would be helmed by Singapore developers and a Singapore-based contractor would be appointed as the main contractor.

The Revised Tender exercise had closed on 8 June 2018. The Schedule of Tenders Received with respect to the Revised Tender exercise was dated 8 June 2018 and signed-off by SJC representatives and Mr Kelvin Soong, representing the Company.

RLC submitted a revised tender offer of S\$125 million for the alternative tender and no change in the tender quotation of S\$157 million for the base tender, while the other 2 Singapore-based contractors did not revise their quotations for both the base tender and alternative tender. We understand from the Company that the focus of the developer in the selection of the contractor for the Batam Project was on the revised quotation for the alternative tender which was the relevant criteria.

RLC's revised tender offer of S\$125 million appeared to be the same amount as budgeted in the Company's Board paper dated 16 March 2018 and the same amount as purportedly agreed in the Letter of Intent. RLC's revised tender offer was lower than its earlier quotation in the Initial Tender. RLC's revised tender offer was also the lowest among the 3 Singapore-based contractors who were invited to submit revised tender offers.

Even though PT PP Persero, as a non-Singapore based contractor would not be eligible in the Revised Tender exercise based on the Company's criteria to invite only the Singapore-based contractor for the Revised Tender exercise, PT PP Persero was included in the listing of contractors in the Schedule of Tenders Received as the 4th contractor but

EXECUTIVE SUMMARY

without any information on its revised tender offer. Instead, a remark was made next to PT PP Persero's name: *"Not required to submit revised price as per Employer's instruction."*

PT PP Persero's tender pricing for the contract in the Initial Tender was S\$109 million.

The Revised Tender exercise had closed on 8 June 2018. We noted from subsequent email correspondence between the Company and SJC that the Company had requested SJC's recommendation report on the revised tender offers but SJC had responded that it was not necessary as it was just a revision in price, and all technical matters remained the same. The post-supplementary tender report was eventually issued by SJC on 20 July 2018 without SJC's statement of recommendation on which tenderer should be awarded the construction contract.

- (h) On **13 July 2018**, the Company issued the circular to seek Shareholders' approval to adopt the IPT General Mandate ("**IPT Circular**"), which facilitated, *inter alia*, the Company to engage with Interested Persons in the future, including RLC, as the main contractor to the Company's property development projects, without the need to seek prior Shareholders' approval for each of these appointments. The Company obtained Shareholders' approval for the IPT General Mandate at its EGM on 30 July 2018.

We note that in the IPT Circular, Mr Wang Zhen Wen's interest in the Batam Project was also not disclosed - that RLC (in which Mr Wang Zhen Wen was a controlling shareholder and director) was one of the tenderers in the on-going tender exercise for the construction contract to be awarded by PT OKIB in connection with the Batam Project, and the Express Commitment.

- (i) Pursuant to the IPT processes ("**IPT Processes**") in the IPT General Mandate, Management circulated the AC Paper dated 2 August 2018 to the Independent Directors and had the sign-off of all the non-conflicted Audit Committee members approving the appointment of RLC as the main contractor for the Batam Project. Mr Wang Zhen Wen had abstained from approving the AC Paper as an Audit Committee member as he was the Interested Person. On 15 October 2018, PT OKIB awarded the construction contract for the Batam Project to RLC and/or its designee via the Letter of Award.

11. Letter of Intent / Specific IPT vs IPT General Mandate

There appeared to be some discrepancy as to whether the Letter of Intent was validly executed on and legally binding with effect from 18 May 2018. Hence, we had sought clarifications to ascertain (i) whether there was in existence a duly executed copy of the Letter of Intent; (ii) whether the Letter of Intent was in fact duly executed on or around 18 May 2018; (iii) whether the Company was aware of it; and (iv) if the Company was aware of it, the reason for not making the necessary disclosures and seeking Shareholders' approval at an EGM for the award of the contract to RLC as an Interested Person Transaction under Catalist Rules 905 / 906, as at that time the Company was completing the OBPL Acquisition.

Our key findings are as follows:

- (a) The Company confirmed that the original duly executed copy of the Letter of Intent could not be found. The photocopy of the same was only discovered on or around 15 November 2019 by Mr Aldrin Tai, the Company's Project Manager and Employer Representative for the Batam Project.
- (b) Certain email correspondence on 18 May 2018 provided to us by the Company showed that the Letter of Intent was indeed signed-off but left undated by Mr Winston Madjukie, as the director of PT OKIB. Mr Winston Madjukie is the son of Mr Poni (shareholder and director of PT KIB) and a representative of PT KIB on the board of PT OKIB. Parties who appeared to be aware of the existence of the draft Letter of Intent at that time included

EXECUTIVE SUMMARY

EHE (Company's legal adviser), Messrs Kelvin Soong (Executive Director), Freddy Lim (Deputy General Manager of Sales and Marketing) and Wang Zhen Wen (Non-Executive Chairman) (from the Company) and Mr Loi Teck Han (from RLC). At this juncture, the Letter of Intent was partially signed i.e. the Letter of Intent would have been deemed offered to RLC but had not yet been acknowledged and accepted by RLC.

- (c) Mr Loi Teck Han, who was the former General Manager of RLC, had confirmed to us on 17 March 2020 that he had signed and dated the acceptance of the Letter of Intent on 18 May 2018 on the cover page and the last page of the Letter of Intent, on behalf of RLC. As a contractor, Mr Loi Teck Han said RLC was interested to lock-in the contract price of S\$125 million with the developer. However, he could not remember any person who was present as a witness when he signed the Letter of Intent.

Mr Wang Zhen Wen was a controlling shareholder and director of RLC but he did not sign the Letter of Intent representing RLC. Mr Wang Zhen Wen became the sole shareholder and director of RLC on 31 May 2018.

Based on the above points (a), (b) and (c), it would have seemed that the Letter of Intent was duly executed on 18 May 2018.

- (d) We went on to seek confirmation with the Management - to confirm if the Letter of Intent was in fact duly executed on 18 May 2018 and if so, the reason for not disclosing and announcing the legally binding agreement at that time. We have sought clarification from the relevant personnel who were with the Company during the material time, Mr Kelvin Soong (former Executive Director), Mr Freddy Lim (Deputy General Manager for Sales and Marketing) and Mr Wang Zhen Wen (former Non-Executive Chairman) and their responses are as follows:

Mr Kelvin Soong – He was aware of the draft Letter of Intent, but such letter of intent was not to be used as they realised that it would constitute an IPT as the tendering process for the construction contract was still in progress. As far as he was aware, there was no duly executed Letter of Intent signed in May 2018. Sometime in June 2018, the Company had decided not to proceed with the draft Letter of Intent but instead had commenced preparation, including the appointment of an IFA, on the circular to Shareholders for the purpose of seeking Shareholders' approval for the IPT General Mandate.

Mr Freddy Lim – As far as he was aware, there was no duly executed Letter of Intent signed in May 2018. (Mr Freddy Lim was previously a Business Development Executive at RLC before he joined the Company on 1 January 2018.)

Mr Wang Zhen Wen – As far as he could recall, he became aware of Mr Loi Teck Han's acceptance of the Letter of Intent on RLC's behalf in or around September 2018. Please see further comments from Mr Wang Zhen Wen below.

(In response to the above and many of the subject matters under our review in this Report, Mr Wang Zhen Wen had emphasized to us that he was not involved in the day-to-day operational matters of the Company. Instead, he said he had relied on the Company's Management, who in turn had the benefit of advice from EHE as its legal advisors and Prime Partners as its Sponsor.)

Mr Wang Zhen Wen's comments

Mr Wang Zhen Wen said that EHE was involved in the preparation of the Letter of Intent and the OBPL Acquisition, had advised the Company on the IPT obligation, as well as the preparation of the announcements concerning the proposed acquisition and its completion.

EXECUTIVE SUMMARY

Mr Wang Zhen Wen is also of the view that the Letter of Intent could not come into effect at that point in time (on or around 18 May 2018) as the conditions precedent had not been fulfilled, and neither PT OKIB nor RLC had acted in accordance with the Letter of Intent, which would have granted RLC an exclusivity period of up to 6 months, but both PT OKIB and RLC continued to participate in the tender process in respect of the Batam Project after 18 May 2018.

RLC was eventually awarded the construction contract through the Audit Committee based on the AC Paper prepared by the Company's Management and independent tender evaluation. Mr Wang Zhen Wen reiterated that he had abstained from approving the IPT as an Audit Committee member.

- (e) We also sought clarification with the then Independent Directors, Mr Giang Sovann, Mr James Kho and Mr Chow Wen Kwan.

In this regard, the 3 Independent Directors have notified us that they were not aware of the Letter of Intent and the award of the contract to RLC as a "packaged deal" with the investment in the Batam Project. Each of these 3 Independent Directors had signed their respective statutory declarations on 11 May 2020 declaring that the existence of the Letter of Intent only came to their personal knowledge in February 2020. In addition, they pointed out that Mr Wang Zhen Wen has obligations to disclose his interest to the Board under Section 156 of the Companies Act.

The 2 Independent Directors, Mr Giang Sovann and Mr James Kho, who were the only members of the Board in May 2020 had declared in their respective statutory declarations in May 2020 that the discovery of the Letter of Intent had led them to suspect that the award of the construction contract to RLC had been pre-arranged from the beginning without their knowledge, and had therefore lodged a police report on 16 March 2020 with the Commercial Affairs Department of the Singapore Police Force.

- (f) We sought further clarification from EHE, who was the Company's legal adviser in respect of the Batam Project and had assisted in preparing, *inter alia*, the Letter of Intent. Based on our findings, there appears to be a strong case that the Letter of Intent could not have been signed on 18 May 2018 or in May 2018 for the following reasons:

- (i) EHE had, on 31 May 2018, circulated a draft announcement to be made by the Company in the event that the Letter of Intent was signed by the parties, and had advised the Company that this was an IPT which requires specific shareholders' approval. This email dated 31 May 2018 from EHE was addressed to Messrs Loi Teck Han, Wang Zhen Wen, Kelvin Soong and Freddy Lim, and the Sponsor.
- (ii) Draft announcements would typically have to be approved by the Board prior to the Company's public release. Following from point (e) above, it is apparent that the Independent Directors were not shown the Letter of Intent nor the draft announcement on the Letter of Intent for their clearance.
- (iii) On 8 June 2018, EHE was informed by the Company that they were going to appoint Xandar Capital Pte. Ltd. ("**Xandar Capital**") as the IFA for an IPT General Mandate. On 11 June 2018, Mr Freddy Lim sent an email to the Directors (copying EHE) to inform them of the intention to put forth an IPT General Mandate at the Company's AGM on 30 July 2018, and that related party could be invited to bid for the tender and be awarded if the process was favourable.

Xandar Capital was appointed as the IFA for the IPT General Mandate on 11 June 2018.

EXECUTIVE SUMMARY

- (iv) On 24 July 2018, EHE received an email from Mr Freddy Lim who had attached the purported duly executed Letter of Intent as well as PT OKIB shareholders' resolution and board of commissioner resolution approving *inter alia* PT OKIB's entry into the Letter of Intent with RLC and the appointment of Mr Poni to act for and on behalf of PT OKIB to execute the Letter of Intent. This is the earliest time EHE said they were aware of the duly executed Letter of Intent.

We noted that only the Letter of Intent was dated 18 May 2018 and the above PT OKIB shareholders' resolution and board of commissioner resolution were not dated. Mr Freddy Lim had earlier confirmed (as set out in paragraph 11(d)) that as far as he was aware, there was no duly executed Letter of Intent signed in May 2018. Hence, the above email from Mr Freddy Lim to EHE on 24 July 2018 would mean that the purported duly executed Letter of Intent is unlikely to be signed in May 2018.

- (v) The Company had proceeded with the preparation of the IPT General Mandate in June 2018 and obtained Shareholders' approval on 30 July 2018. It also obtained Audit Committee's approval via the AC Paper dated 2 August 2018 for the award of the contract to RLC.
- (g) Subsequent to the Ann on 16/3/2018, email correspondences from EHE on 28 March 2018 and 27 April 2018 to, *inter alia*, the Company had disclosed the intention of the Company for PT OKIB to appoint RLC as the main contractor for the Batam Project as an IPT, the Company's intention to hold an EGM to approve this IPT transaction and to obtain a recurring IPT mandate at the same EGM. The proposed resolutions to be passed at the EGM had included (a) Specific IPT Mandate (for the appointment of RLC as the main contractor for the Batam Project); and (b) Recurring IPT Mandate (for recurring transactions involving the Interested Person, including RLC) i.e. the IPT General Mandate.

The email from EHE dated 4 May 2018 had contained, *inter alia*, a list of issues in relation to the obtaining of the IPT mandate for RLC to be appointed as the main contractor for the Batam Project, for discussion at a proposed meeting to be held on 7 May 2018. The list of issues had identified that under Indonesian law, a construction tender for a project in Indonesia cannot be awarded to a foreign entity, even on a temporary basis, and the proposed structure to deal with this restriction was for RLC to enter into a binding Letter of Intent with PT OKIB whereby it was understood that an Indonesian associate of RLC would be the one that enters into the Letter of Award for the construction contract. In addition, in connection with the obtaining of the IPT mandate for RLC to be appointed as the main contractor for the Batam Project, the Company will need to appoint an IFA to opine on the Letter of Award.

Following from the above, it would appear that the proposal at the time of the email on 4 May 2018 was to obtain specific shareholders' approval for the award of the contract to RLC at an EGM, if the Letter of Intent was executed.

- (h) Our observation of the flow of events is that the Company had initially, since late March 2018 to early June 2018, considered seeking specific shareholders' approval for the award of the contract to RLC at an EGM, if the Letter of Intent was signed. However, by 8 to 11 June 2018, the Company had decided to change course, and instead proceeded with the general IPT mandate for the purpose of awarding the contract to RLC.

At that material time in May 2018, the Company's audited NTA of the RCH Group was negative as at 31 March 2017 and 31 March 2018 (audited financial statements for FY2018 was issued on 9 July 2018). The market capitalisation of the Company in mid-May 2018 was approximately S\$80.8 million. The Letter of Intent in relation to the award of the contract to RLC at the contract sum of S\$125 million, if signed, would have been a material

EXECUTIVE SUMMARY

Interested Person Transaction which is discloseable and subject to specific shareholders' approval at an EGM and the opinion of an IFA under Catalist Rules 905 and 906.

Instead, the Company proceeded with the preparation of the IPT General Mandate and the appointment of Xandar Capital, as the IFA, on 11 June 2018. The IPT Circular to Shareholders dated 13 July 2018 was issued and Shareholders' approval was obtained for the adoption of the IPT General Mandate on 30 July 2018.

Under the Catalist Rules, an issuer may seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations. The IPT General Mandate would have catered for any potential appointment of the Interested Persons, including RLC, as a contractor for the Batam Project, so long as the Company complies with the IPT Processes as set out in the IPT General Mandate.

In seeking approval for transactions with Interested Persons, the material difference between seeking (a) specific shareholders' approval under Catalist Rules 905 and 906 and (b) approval for mandated transactions under IPT General Mandate ("**Mandated Transactions**") is that the former approval process would be subjected to more public disclosures as the material terms of the transaction and the evaluation process are required to be disclosed in the circular to shareholders and opined by the IFA, whereas under the IPT General Mandate, the IFA would opine on the general procedures and processes for Mandated Transactions and not on the specific terms of the IPT transaction, and the award of contract to RLC, as a Mandated Transaction, would be internally approved by the Audit Committee and such details of the award would not be required to be disclosed publicly.

Accordingly, with the IPT General Mandate in place, the Company would not need to seek specific IPT approval from Shareholders to award the construction contract to RLC, an Interested Person, nor the opinion of the IFA on the terms of the Letter of Award.

12. Non-disclosure of Mr Wang Zhen Wen's interest in the Batam Project

As mentioned above, Mr Wang Zhen Wen's interest in the Batam Project was not disclosed in the Company's relevant public documents, i.e. the Ann on 16/3/2018, the Ann on 18/5/2018 and the IPT Circular dated 13 July 2018.

Mr Wang Zhen Wen's interests in relation to the Batam Project were as follows:

- RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers for the main construction contract for the Batam Project in the tender exercise which was then on-going; and
- The Express Commitment under the shareholders' agreement dated 18 May 2018 between the Oxley Group and the RCH Group i.e. to vote in favour of the appointment of RLC as the main contractor for the Batam Project, so long as the terms of such appointment are reasonable and comply with applicable laws and the Catalist Rules.

We sought clarification from the then Directors of the Company, EHE and the Sponsor on the above non-disclosures. The relevant Directors throughout the period from 16 March 2018 to 13 July 2018 were Mr Kelvin Soong (Executive Director), Mr Wang Zhen Wen (Non-Executive Chairman) and the 3 Independent Directors, Mr Giang Sovann, Mr James Kho and Mr Chow Wen Kuan. Mr Lim Yeow Sun was an Executive Director until 31 March 2018.

Our findings are as follows:

- (i) **Mr Lim Yeow Sun** – we were not successful in reaching out to Mr Lim Yeow Sun as he had not responded to our emails.
- (ii) **Mr Giang Sovann, Mr James Kho and Mr Chow Wen Kuan** – On 16 March 2018 when the Company announced the proposed OBPL Acquisition, Mr Giang Sovann, Mr James Kho and Mr Chow Wen Kuan said they were not aware that RLC was one of the tenderers for the main construction contract for the Batam Project in the Initial Tender. They were only informed on matters relating to the Initial Tender and Revised Tender when they were provided with the AC Paper dated 2 August 2018 to seek the Audit Committee's approval for the appointment of RLC as the main contractor for the Batam Project pursuant to the IPT General Mandate.

They were aware of the key terms of a proposed shareholders' agreement with the Oxley Group as set out in Schedule 10 of the OBPL SPA, and that the entry into the shareholders' agreement was one of the conditions precedent to the OBPL SPA at the time of the Ann on 16/3/2018. The key terms did not include the Express Commitment.

The execution and completion of the OBPL Acquisition was handled by Management and professionals, and Management also did not bring to the attention of the Independent Directors any changes in or inclusion of the key terms in the shareholders' agreement including the Express Commitment.

Also, Mr Wang Zhen Wen did not declare his interest, under the Express Commitment and his interest as an initial tenderer in March 2018 when the OBPL SPA was signed, as well as at the closing date of the OBPL Acquisition, pursuant to Section 156 of the Companies Act. Neither did Mr Wang Zhen Wen disclose his interest at the verification meeting for the IPT Circular.

- (iii) **Sponsor** – they were not aware that RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers for the main construction contract for the Batam Project.

They were also not aware of the shareholders' agreement between the Oxley Group and the RCH Group nor the Express Commitment contained therein.

- (iv) **EHE** – they were not aware and did not receive evidence that the tender had closed and that RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers for the main construction contract for the Batam Project in the Initial Tender until 30 May 2018, when they received from Mr Kelvin Soong copies of SJC's initial tender report dated 6 April 2018 and the supplementary report dated 14 May 2018.

EHE was the legal adviser to the Company on the OBPL Acquisition and assisted the Company in drafting *inter alia* the shareholders' agreement with the Oxley Group which had included the Express Commitment as set out in Clause 4.2 of the shareholders' agreement. In relation to the Express Commitment, EHE said they received last minute instructions from the Company to change the reference from Rich Batam (a subsidiary of Rich Capital) to RLC as the preferred contractor in this clause.

As the Express Commitment to appoint RLC was subject to conditions*, EHE felt that it would be presumptuous to make any disclosure of such intentions, as they are, at best, a "reasonable efforts" commitment by the RCH Group and the Oxley Group as shareholders of OBPL. Appointment of RLC was also subject to the respective board approvals at Oxley Group and RCH Group, as a board reserve matter, and these were outstanding matters at the time of the completion of the OBPL Acquisition and the issuance of the IPT Circular to Shareholders on 13 July 2018.

EXECUTIVE SUMMARY

* i.e. on the basis that the terms of the appointment are reasonable and subject to compliance with applicable laws and the Catalyst Rules.

At the time of the preparation of the IPT Circular and the issuance of the IPT Circular, EHE was aware that RLC would be one of the tenderers in the Revised Tender but was not aware of the details or criteria of the Revised Tender. They were given the understanding from the Company that the tender award was not concluded yet and was still in progress at that time. EHE had minuted her telephone conversation with Mr Wang Zhen Wen and Mr Freddy Lim on 8 June 2018, who had informed her that *“Surbana has confirmed Rich Link is now second lowest after re-tender other than the Indonesian company. But as discussed at meeting the tender will only be awarded after general IPT approval by shareholders.”*

(Based on our findings, the Indonesian contractor’s tender offer pricing for the construction contract was S\$109 million compared to RLC’s tender offer pricing of S\$125 million.)

As RLC was not awarded the contract then, EHE was of the view that there was no triggering of any obligation by the Company to make the disclosure of Mr Wang Zhen Wen’s interest in the Batam Project.

- (v) **Mr Kelvin Soong** – After he joined the Company on 22 January 2018 as the Executive Director and became involved in the proposed OBPL Acquisition, he came to know that RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers for the main construction contract for the Batam Project in the Initial Tender prior to the Ann on 16/3/2018. He was also aware of the shareholders’ agreement with the Oxley Group dated 18 May 2018 which set out the Express Commitment at the time of the Ann on 18/5/2018. He had initiated the Revised Tender exercise on 1 June 2018 and had signed-off the Schedule of Tenders Received when the Revised Tender closed on 8 June 2018.

However, he was of the view that as at the 3 key dates, the tendering process was still in progress and there was no concrete decision on the tenderer to be awarded. RLC was only one of the tenderers and not the confirmed tenderer to be awarded, there was therefore no disclosure of Mr Wang Zhen Wen’s interest in the Batam Project.

In respect of the Revised Tender, he was of the view that RLC was the second lowest tenderer after the Indonesian contractor and not the lowest tenderer.

(As mentioned in paragraph 10(g) above, the Indonesian contractor (i.e. PT PP Persero) as a non-Singapore based contractor would not be eligible in the Revised Tender exercise based on the Company’s criteria to invite only the Singapore-based contractor for the Revised Tender exercise. Hence, RLC was in effect the lowest tenderer in the Revised Tender.)

- (vi) **Mr Wang Zhen Wen** – we had sought clarification from Mr Wang Zhen Wen on his non-disclosure of his interest in the Batam Project.

He maintained that as a Non-Executive Chairman of the Company, he was not involved in the day-to-day management and operational matters of the Company and had relied on the advice of the Company’s management team, who in turn had the benefit of advice from its Sponsor and EHE as its legal adviser, to ensure relevant compliance in relation to, amongst others, the OBPL Acquisition. He said that this is especially when he did not understand English well and only completed secondary education.

He reiterated that the management and professional teams who were involved in the preparation of the Ann on 16/3/2018, Ann on 18/5/2018 and the IPT Circular were already

EXECUTIVE SUMMARY

aware of the circumstances at the material time. He said management of the Company including Mr Kelvin Soong and Mr Freddy Lim were already aware that RLC was one of the tenderers of the main construction contract for the Batam Project in the Initial Tender.

He said that EHE, who was the legal adviser of the Company appointed to assist in the drafting of the announcements concerning the proposed OBPL Acquisition and its completion, was also present in various negotiations with Oxley Group and/or PT KIB on the Letter of Intent and the OBPL Acquisition, was also involved in the preparation of the documentation relating to the Letter of Intent, shareholders' agreement and the OBPL Acquisition, advised on the IPT obligation, as well as the drafting of the announcements concerning the proposed acquisition and its completion.

Mr Wang Zhen Wen reiterated that the Management and EHE were already aware that RLC was one of the tenderers of the main construction contract for the Batam Project in the Initial Tender. In addition, Mr Wang Zhen Wen's position was that the Board of Directors had never questioned him in his interest in the Batam Project. Therefore, Mr Wang Zhen Wen believes that such information was already made known to the Board of Directors by the Management and thus he did not specifically bring these matters up to the Board of Directors.

In relation to the shareholders' agreement with the Oxley Group dated 18 May 2018, Mr Wang Zhen Wen said he could not recall when he was informed about the signed shareholders' agreement. When he was informed about it, he was aware of the Express Commitment which had conditions attached to it i.e. the terms of such appointment are reasonable and remain subject to compliance with applicable laws and the Catalyst Rules. *(See Mr Kelvin Soong's comments below.)*

In relation to the Revised Tender which had closed on 8 June 2018, Mr Wang Zhen Wen said that as far as he could recall, he was not aware when he was informed that RLC was the second lowest tenderer after the Indonesian contractor.

(As set out in point (iv) above, EHE had minuted her telephone conversation with Mr Wang Zhen Wen and Mr Freddy Lim on 8 June 2018, who had informed her that "Surbana has confirmed Rich Link is now second lowest after re-tender other than the Indonesian company. But as discussed at meeting the tender will only be awarded after general IPT approval by shareholders.")

Mr Kelvin Soong's comments to Mr Wang Zhen Wen's comments on the Express Commitment

The Express Commitment added to the shareholders' agreement was requested by Mr Wang Zhen Wen. Mr Wang Zhen Wen was well aware of the shareholders' agreement with the Oxley Group dated 18 May 2018.

Following from the above, it appears that:

- (a) On 16 March 2018, the Executive Director, Mr Kelvin Soong was aware of Mr Wang Zhen Wen's interest in the Batam Project that RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers for the main construction contract for the Batam Project which was then on-going.
- (b) On 18 May 2018, Mr Kelvin Soong, Mr Wang Zhen Wen and EHE were aware of the Express Commitment.

By 30 May 2018, EHE was aware of RLC's participation in the Initial Tender. By 31 May 2018, Mr Wang Zhen Wen was the sole shareholder and director of RLC.

EXECUTIVE SUMMARY

- (c) On 13 July 2018, Mr Kelvin Soong, Mr Wang Zhen Wen and EHE were aware of RLC's participation in the Initial Tender, Revised Tender and the Express Commitment.

Based on our findings including paragraph 10(b), we note that Mr Wang Zhen Wen did not disclose his interest in the Batam Project (as described above) to the Board of Directors (absent evidence to the contrary).

Mr Wang Zhen Wen's interest in the Batam Project was not disclosed in the Company's relevant public documents, i.e. the Ann on 16/3/2018, the Ann on 18/5/2018 and the IPT Circular dated 13 July 2018.

As set out in points (iv) and (v) above, both Mr Kelvin Soong and EHE held the view that as the tendering process was not concluded yet and was still in progress, there was therefore no obligation to disclose Mr Wang Zhen Wen's interest in the Batam Project. In addition, EHE held the view that as the Express Commitment was subject to conditions, it would be presumptuous to make any disclosure of such intentions.

Award of the S\$125 million contract to RLC

13. Pursuant to the IPT General Mandate, the appointment of RLC as the main contractor for the Batam Project was to be approved by the Audit Committee. The key IPT procedures under the IPT General Mandate include, *inter alia*:
- (a) the appointment of an Independent Project Team;
 - (b) obtaining at least 2 unrelated third-party quotations as a comparison with the quote from the Interested Person; and
 - (c) the approval of the Audit Committee.
14. The Company represented that it had (i) appointed the Independent Project Team to make the recommendation of the award of the construction contract to RLC and had prepared the Tender Evaluation Report setting out the recommendation; (ii) obtained at least 2 unrelated third-party quotations as a comparison to the quote from RLC (the Interested Person); (iii) obtained the approval of the non-conflicted members of the Audit Committee to award the construction contract to RLC (via the AC Paper dated 2 August 2018); and (iv) completed the IPT Checklist to show compliance with the processes and procedures under the IPT General Mandate in the award of the contract to RLC.
15. Our findings in relation to the Company's IPT Processes in approving the award of the construction contract to RLC under the IPT General Mandate are as follows:
- (a) The Company had represented that (i) the Independent Project Team comprises independent employees of the Company and SJC; and (ii) the Independent Project Team had managed the entire tender process, prepared the Tender Evaluation Report and made the recommendation.

As a reference, an extract from paragraph 4.5.1(a) of the IPT Circular on the appointment and responsibilities of the Independent Project Team is reproduced below:

"At the commencement of each property development project, the Group will appoint a project team which may be an independent multi-discipline professional property development project company or form an independent project team which may comprise independent third-party professionals such as quantity surveyors, consultants, architects and engineers (the "Independent Project Team")."

EXECUTIVE SUMMARY

The responsibilities of the Independent Project Team include, inter alia:

- (i) nominating and shortlisting main contractors;*
- (ii) preparing tender documents and inviting the shortlisted main contractors to provide quotations based on the tender documents provided; and*
- (iii) evaluating the quotations submitted by the main contractors.*

In the event that the Independent Project Team recommends the award of the main contractor contract to a Mandated Interested Person, the Company will seek the prior approval of the Audit Committee before awarding the contract to the Mandated Interested Person.”

We note that the definition of Independent Project Team as set out in the IPT General Mandate did not state that the Independent Project Team would comprise independent employees of the Company, as represented by the Company above. The definition of Independent Project Team was therefore unclear. In addition, the definition had words like “may be” and “may comprise” which leave room for interpretation e.g. the Independent Project Team could comprise only independent employees or only independent professional parties or a combination of both.

The Revised Tender exercise had closed on 8 June 2018. We noted from email correspondence between the Company and SJC that the Company had requested SJC’s recommendation report on the revised tender offers but SJC had responded that it was not necessary as it was just a revision in price, and all technical matters remained the same. The post-supplementary tender report was eventually issued by SJC on 20 July 2018 but without its statement of recommendation on which tenderer should be awarded the construction contract.

The Independent Project Team had assessed that based solely on pricing in the revised tender offers as set out in the post-supplementary tender report, among the Singapore-based contractors, RLC had offered the lowest tender offer of S\$125 million compared to CKR and Qingjian. In addition, the Independent Project Team noted that there were no technical issues raised by SJC in their tender reports. Accordingly, the Independent Project Team had recommended the award of contract to RLC.

- (b) The Tender Evaluation Report was addressed to and approved by Mr Wang Zhen Wen, as Chairman of the Company. Mr Wang Zhen Wen was an Interested Person.

The Tender Evaluation Report dated 2 August 2018 was prepared by Mr Aldrin Tai (Project Manager of the Company and Employer Representative for the Batam Project) and had recommended the award of the construction contract to RLC. The above report was submitted through Mr Kam Tin Seah (Senior Manager of the Company and overall in-charge of the Batam Project) to Mr Wang Zhen Wen (Non-Executive Chairman of the Company) for his approval. Both Mr Kam Tin Seah and Mr Wang Zhen Wen had signed and approved the Tender Evaluation Report.

Mr Aldrin Tai admitted that he was not familiar with IPTs and had not worked in a company which had such IPT compliance processes, and therefore had made the mistake of seeking the approval from Mr Wang Zhen Wen on the Tender Evaluation Report. The Tender Evaluation Report should rightfully be addressed to Mr Kelvin Soong for his approval but as Mr Kelvin Soong, who was the only Executive Director, was then serving his notice of resignation and was on leave at the material time, Mr Aldrin Tai had sought the approval from Mr Wang Zhen Wen instead.

EXECUTIVE SUMMARY

Mr Wang Zhen Wen's comments

Mr Wang Zhen Wen said he was the only director present then, and even though the Tender Evaluation Report had been mistakenly presented to him for his signature, he had subsequently abstained from the Audit Committee's approval of the AC Paper prepared by Mr Kuek. He also emphasized that he was not fluent in English and had relied on Mr Aldrin Tai's confirmation and Mr Kam Tin Seah's support on the Tender Evaluation Report before signing off on the Tender Evaluation Report.

- (c) The revised tender offers from the contractors had expired on 28 July 2018. The Company therefore had to request from these contractors their consents to extend their tender validity period to 30 September 2018. However, the other 2 Singapore-based contractors had declined the request and did not agree to the extension request. Only RLC and PT PP Persero had agreed to extend the tender validity period. However, PT PP Persero is an Indonesian contractor and therefore would not be considered under the new criteria for the Revised Tender exercise.

Therefore, in reality, the Company did not have at least 2 valid unrelated third-party quotations to compare against the quotation from RLC at the time of the AC Paper dated 2 August 2018, and RLC was the only valid tender offer on the table.

In reaction to our findings above, the non-conflicted Audit Committee members had responded that the comparison with the 2 other unrelated quotes was still valid for price discovery purposes, their quotes expiring on 28 July 2018 was not a significant distant date from the date of the AC Paper; and as these quotes were higher than RLC's, it would not have made a difference in selecting RLC as the contractor as RLC had provided the lowest tender offer among the Singapore-based contractors.

- (d) The AC Paper was prepared by Mr Kuek Tee Meng, the then Senior Finance Manager of the Company. The content of the AC Paper was largely similar to that of the Tender Evaluation Report prepared by Mr Aldrin Tai.

Mr Kuek had circulated the AC Paper, the Tender Evaluation Report and the IPT Checklist to the Audit Committee members. Mr Kuek did not appear to have identified and/or rectified the mistake of Mr Wang Zhen Wen (an Interested Person) approving the Tender Evaluation Report, and did not appear to have highlighted this mistake to the Audit Committee members in the AC Paper when circulating the documents to them.

The Audit Committee also did not appear to have noticed the mistake and/or rectified the mistake of Mr Wang Zhen Wen's involvement in approving the Tender Evaluation Report then, although Mr Wang Zhen Wen had abstained from approving the AC Paper. Mr Wang Zhen Wen was also a member of the Audit Committee then.

16. The Company had awarded the construction contract to RLC pursuant to the IPT Processes set out in the IPT General Mandate which was approved at its EGM on 30 July 2018, which only required the Company's internal approvals and ultimately approval by the non-conflicted Audit Committee members.

The Company should follow-up on our findings as set out in paragraph 15 above to improve on its IPT Processes, including the following:

- (a) Clearer definition of the Independent Project Team;
- (b) Interested Person should abstain from deliberating, approving and/or signing on the IPT related documents including the Tender Evaluation Report;

EXECUTIVE SUMMARY

- (c) Comparison with independent third-party quotes should be based on valid quotes i.e. quotes which have not expired, otherwise the deliberation on the rationale for using such expired quotes as a basis of comparison should be minuted; and
- (d) Material mistakes in IPT related documents or processes should be rectified expediently e.g. obtaining approval and sign-off by Interested Person.

Advance Payment of S\$2 million to RLC, an Interested Person

17. Shortly after the Letter of Award was issued by PT OKIB to RLC and/or its designee on 15 October 2018, RLC had on 28 November 2018 requested for the Advance Payment of S\$2 million pursuant to Clause 5 of the Letter of Award via a letter of request. Even though the Letter of Award was issued by PT OKIB (and not jointly by PT OKIB and/or the Company), the letter of request for the Advance Payment was addressed to PT OKIB and/or the Company, attention to Mr Aldrin Tai.

RLC had cited that the reason for the request for the Advance Payment was “*mainly due to the site work is under progress and most of the set up cost and preliminary expenses incurred for this project will require a fund to run for the operational cost*”.

The Company made the payment promptly to RLC on 28 November 2018 with the internal checks and sign-offs. We noted the following internal payment approval processes for the S\$2 million Advance Payment:

- (a) Mr Aldrin Tai, as Employer Representative of PT OKIB, said that he had checked that the Advance Payment was legitimate. Mr Oh Si Kai, as Director of PT OKIB, had approved the payment on the request letter. This was then passed on to “head office”, the finance department of the Company for their handling.
- (b) The payment voucher was prepared by the finance department of the Company, verified by Mr Kuek Tee Meng (Senior Finance Manager) and approved by Mr Oh Si Kai, as Executive Director of the Company. It also had notations that the payment was for partial advance payment of quasi-equity loan for the Batam Project.
- (c) The cheque payment was signed by Mr Wang Zhen Wen and Mr Oh Si Kai, and issued promptly to RLC on 28 November 2018, the same date as the letter of request.
- (d) The Company had recorded the Advance Payment as inter-company quasi-equity loans ultimately to PT OKIB, through the intermediate holding companies namely RBPL and OBPL, and PT OKIB had recorded it as Advance Payment due from RLC. No actual cash had flowed out from PT OKIB, as the cash was paid from the Company directly to RLC.

The Company had informed us that it was of the view that the Advance Payment to RLC was not an IPT as it was made pursuant to the Letter of Award, which was a Mandated Transaction already approved under the IPT General Mandate. Hence, the Company was of the view that any payments made under the Letter of Award were not subject to the approval of the Audit Committee.

Mr Wang Zhen Wen's comments

Mr Wang Zhen Wen commented that the Advance Payment was recorded in SJC's interim certificates and would have been repaid through equal monthly deductions in subsequent payment claims. Similarly, when RLC returned the first S\$1.75 million after the discovery of the lapse, this was also recorded in SJC's August 2019 interim certificate.

To see further comments in paragraph 18(e) below.

EXECUTIVE SUMMARY

18. We found several lapses and oversights in relation to the Advance Payment. Our salient findings are as follows:

- (a) The Company had made the Advance Payment without complying with the terms under Clause 5 of the Letter of Award, that is, no advance payment shall be made unless the Employer (i.e. PT OKIB) receives the advance payment guarantee.

The Company had made the payment without being provided with the advance payment guarantee from RLC. This is a breach of the terms of the Letter of Award.

- (b) The Advance Payment should have been processed and disbursed by PT OKIB as the Employer and as the party to the Letter of Award, which would have required PT OKIB's prior approval for such payment, in accordance with the payment approval chart of PT OKIB dated 12 November 2018. Instead, the Advance Payment was processed and disbursed directly by the Company, hence apparently by-passing the approval processes in PT OKIB.

As the payment was not made in accordance with the terms under Clause 5 of the Letter of Award, the payment of S\$2 million could be deemed as a credit extended to RLC, and if deemed as a credit, such payment to RLC would be a reserve matter that requires PT OKIB shareholders' approval.

- (c) The Company's Delegation of Authority Policy (effective on 12 November 2018) requires, *inter alia*, signing personnel to abstain from authorizing procurements or payments when they are the direct or indirect beneficiaries, and to seek approval from the next higher authority.

The cheque payment for the S\$2 million was dated 28 November 2018 and signed by Mr Wang Zhen Wen and another Director, Mr Oh Si Kai. At that time, both of these Directors were the only 2 authorised bank signatories for the Company, and all cheques required 2 authorised bank signatories, one from Group A and one from Group B. Mr Wang Zhen Wen was the only authorised signatory from Group A. Mr Wang Zhen Wen was the Interested Person and the cheque was made to RLC, an Interested Person.

Mr Wang Zhen Wen's comments

In response to the above, Mr Wang Zhen Wen commented that he was not involved in the preparation or approval of the Advance Payment.

He reiterated that he signed-off on the cheque as he was the only authorized signatory of Group A and hence all cheque payments would have to be signed by him. He said he only signed the cheque after Mr Oh Si Kai had signed the cheque, with the support of the Company's internal approval: (i) Mr Aldrin Tai's check of the Advance Payment; (ii) Mr Oh Si Kai's approval of the payment on the request letter; (iii) Mr Kuek Tee Meng's verification of the payment voucher as Senior Finance Manager; and (iv) Mr Oh Si Kai's approval of the payment voucher as Executive Director. There were no other signatories from Group A capable of signing off on the cheque. This was an administrative act and should not be characterized as an approval.

Mr Wang Zhen Wen emphasized that he had relied on the Company's Management to prepare and process payment and satisfied himself that the payment is supported within the Company.

- (d) In our interview with SJC on 20 February 2020, SJC said that SJC, as the cost manager and quantity surveyor for the Batam Project, was supposed to assess and make

EXECUTIVE SUMMARY

recommendation on payments, including the need for any advance payment to the contractor. However, SJC said that it was informed of the Advance Payment to RLC only after the payment had already been made directly from the Company to RLC.

- (e) SJC had issued a total of six interim certificates dated January 2019, February 2019, March 2019, April 2019, May 2019 and August 2019, to *inter alia* certify the value of work done by the contractor for each of the respective months from December 2018 to May 2019, and make recommendation on payments to the contractor.

In each of these interim certificates, SJC had footnote remarks on the outstanding advance payment guarantee for the Advance Payment. However, despite the repeated footnote remarks, the breach of the terms of the Letter of Award as a result of the non-provision of the advance payment guarantee had continued throughout this period. The monthly interim certificates were addressed to PT OKIB through the Company (attention to Mr Aldrin Tai), and copied to RLC (Mr Dara Rok Ing and Ms Loo Zheng Rong).

Mr Wang Zhen Wen's comments

In these monthly interim certificates since January 2019, SJC had accounted for the Advance Payment, and in accordance with the agreed terms, the Advance Payment was to be recognised as repaid through equal monthly deductions (S\$50,000 each) in subsequent payment claims. When RLC returned S\$1.75 million out of the S\$2 million Advance Payment in July 2019, this was also reflected in the August 2019 interim certificate.

Since the first interim certificate dated January 2019 and until the interim certificate issued in August 2019, SJC had recorded value of work done by RLC as the contractor exceeding the S\$2 million Advance Payment. However, RLC remains unpaid for any of its works in 2019.

- (f) Mr Aldrin Tai, as Employer's Representative of PT OKIB, informed us that notwithstanding SJC's recommendation on payment to the contractor in the monthly interim certificates, he had withheld the approval for payment to the contractor due to the outstanding performance bond from RLC.

Mr Aldrin Tai also informed us that from time to time, he had verbally reminded Mr Wang Zhen Wen and Mr Kuek Tee Meng about the outstanding performance bond and the advance payment guarantee but was given assurance by Mr Wang Zhen Wen that he would follow-up on the outstanding matters.

Mr Wang Zhen Wen's comments

In response to the above, Mr Wang Zhen Wen commented that he has no recollection of the alleged communication. Mr Aldrin Tai dealt with the issue of the outstanding performance bond and advance payment guarantee with RLC's personnel, including Mr Loi Teck Han. He reiterated that he was not the primary person in charge of the day-to-day management and operational matters of the Company and RLC.

- (g) The Company had made the cash payment to RLC directly and accounted for the payment as inter-company quasi-equity loans ultimately to PT OKIB, and PT OKIB had recorded it as advance payment due from RLC. No actual cash had flowed out from PT OKIB as the cash was paid out from the Company directly to RLC.

Such an approach had resulted in the apparent by-passing of the various approvals required for the Advance Payment by PT OKIB to RLC, in particular, the approval of PT

EXECUTIVE SUMMARY

KIB and SJC's assessment and recommendation, as pointed out in paragraphs (b) and (d) respectively.

- (h) The cash payment of S\$2 million by the Company is substantial and falls under Matters Reserved for the Board, which requires the approval of the Board of the Company. At that time, the Company had 5 Directors on the Board, including Mr Wang Zhen Wen (an Interested Person), Mr Oh Si Kai (Executive Director) and the 3 Independent Directors. The Board's approval was not sought for this payment.

The above findings show the lack of compliance with existing internal controls and disbursement procedures, and possibly also a lack of adequate effective internal controls and disbursement procedures which had contributed to the lapses, as explained below. This is a potential breach of Catalyst Rule 719(1) and Code of Corporate Governance (2012) – Principle 11 (“**CG(2012) – Principle 11**”).

As set out in paragraph 17 above, the Company was of the view that any payments made under the Letter of Award are not subject to the approval of the Audit Committee, as the Letter of Award was a Mandated Transaction already approved under the IPT General Mandate. Hence, this had also contributed to the lapse in making the Advance Payment as such payment could be made without the Audit Committee's knowledge and approval. Please see paragraph 28 on our recommended additional guidelines for Interested Person Transactions.

The non-provision of performance bond and advance payment guarantee were material breaches by RLC under the Letter of Award. As a Director, Mr Wang Zhen Wen has fiduciary or statutory duties to act in the interest of the Company. The non-provision of the performance bond and the advance payment guarantee by RLC (in which Mr Wang Zhen Wen was the sole shareholder and sole director) are matters which may be prejudicial and may not be in the interest of the Company.

- 19. The Audit Committee came to know of the Advance Payment at its Audit Committee meeting on 29 May 2019, some 6 months after the Advance Payment was made on 28 November 2018.

On the next day, 30 May 2019, the Company also received a legal letter from PT KIB raising concerns on the wrongful payment by the Company to RLC.

On 4 June 2019, the Company announced the lapse in internal governance process with respect to the Advance Payment to RLC.

In June and July 2019, the Company chased RLC for the advance payment guarantee and, eventually, received the return of the full amount in cash. RLC returned S\$1.75 million on 22 July 2019 and the remaining S\$0.25 million on 7 August 2019. Accordingly, the entire S\$2 million has been returned to the Company and the advance payment guarantee was no longer necessary.

Project Success

- 20. Preparation for Project Success which is in relation to the proposed acquisition by the Company of Mr Wang Zhen Wen's construction businesses, including RLC, had started as early as September 2018 with the appointment of professionals. The Company announced Project Success on 8 January 2019, slightly more than one year after Mr Wang Zhen Wen became the Controlling Shareholder of the Company on 13 December 2017.
- 21. The maximum consideration for the acquisition of the companies under Project Success as announced on 8 January 2019 was S\$43.98 million, which represented 99.83% of the Company's then market capitalisation.

EXECUTIVE SUMMARY

22. Legal due diligence on Project Success in March 2019 had flagged out the outstanding overdue performance bond from RLC, which was a breach of the terms of the Letter of Award. However, RLC did not proceed to provide the performance bond to PT OKIB.
23. In June 2019, the Company received a poison pen letter in relation to certain construction projects undertaken by RLC. Prime Partners, in its capacity as the Financial Adviser for Project Success, also advised the Company that they were of the view that it would not be feasible to proceed further with Project Success.

On 31 July 2019, the supplemental agreement for Project Success had lapsed as the conditions precedent for the completion of Project Success were not fulfilled or waived, and there was no further agreement to extend the long-stop date for Project Success.

Hence, Project Success was not proceeded with further and the Company was of the view that the poison pen letter was now irrelevant.

Resignation of Mr Kuek Tee Meng as Executive Director

24. Mr Kuek had joined the Company as Senior Finance Manager on 20 April 2018 and was appointed as Executive Director, Finance on 3 January 2019. He was responsible for the accounting and finance functions of the RCH Group. He was then the only Executive Director on the Board.

He resigned voluntarily with no notice period with effect from 20 June 2019 but the announcement of his resignation was made only 2 weeks later on 5 July 2019. The delay was due to some deliberations between the Sponsor, Mr Kuek and the Independent Directors on the disclosure of the reasons for his resignation.

The main point of contention arose from Mr Kuek's earlier email confirmation to the Board on 20 June 2019 that he had "no unresolved differences in opinion with the board of directors". However, following Mr Kuek's interview with the Sponsor, Mr Kuek's reason for his resignation was changed to "due to managerial differences with the Board" and the disclosure of the "unresolved differences".

As a result, the Audit Committee and the Board had to state its rebuttal in the cessation announcement to Mr Kuek's "unresolved differences".

25. The Independent Directors had expected Management, in particular, Mr Kuek, as the most senior finance personnel, to inform them of the outstanding performance bond and advance payment guarantee, which were material breaches by RLC under the Letter of Award.
26. On 2 January 2019, the Company appointed Mr Chong Chou Yuen as an Adviser and from 11 June 2019 to 10 November 2019 as the Board Special Projects Executive on various operational matters, including financial matters.

The Company also recruited Ms Shirley Lu as Financial Controller on 15 February 2019. She was also made the compliance officer on 4 June 2019. She resigned on 16 September 2019.

With the above appointments, there were new reporting protocols in the Company which had affected Mr Kuek.

27. Our salient findings on the matter of Mr Kuek's resignation based on our interview with Mr Kuek on 24 September 2019, are as follows:
- (a) Mr Kuek was unhappy with the new appointments and reporting protocols.

EXECUTIVE SUMMARY

- (b) Mr Kuek also believed that it was not his duty to inform the Board of the lapses and breaches with respect to the contract with RLC on the Batam Project.

By the time Mr Kuek had raised these matters to the Board and the Sponsor, the Company already had full knowledge of these matters from the legal letters received from PT KIB.

- (c) Mr Kuek had regarded Mr Wang Zhen Wen as his boss, even though Mr Wang Zhen Wen was a non-executive Director and was conflicted out as an Interested Person in the relevant IPTs.
- (d) Mr Kuek believed that he had done right so long as transactions have been approved by his bosses (including Mr Wang Zhen Wen and whoever was the Executive Director at that time), including the Advance Payment of the S\$2 million to RLC.

Inappropriate practices and weak management in the Company

28. In the course of our Review, we have noted the following weaknesses, inappropriate practices and areas for improvement in the Company:

- (a) Interested Person Transactions

Based on our observations in our Review, we recommend the Company to consider incorporating the following guidelines in its Interested Person Transaction Policy in respect of Mandated Transaction under the Company's IPT General Mandate:

- (i) Set specific guidelines and thresholds of amount which requires the prior approval of the Audit Committee for subsequent payments to Interested Person(s) made pursuant to the approved Mandated Transaction.

With the above guideline, the S\$2 million Advance Payment to RLC would have potentially required the Audit Committee's prior approval before the payment, even though the Advance Payment was made pursuant to a Mandated Transaction approved under the IPT General Mandate. In addition, the Audit Committee would have knowledge of these payments to Interested Persons.

- (ii) Implement periodic reporting on a regular basis to the Audit Committee on the progress of the IPT, including compliance and fulfilment of conditions under the IPT, in particular IPTs that are to be carried out over a period of time.

With the above guideline, the Audit Committee would be informed of non-compliance and non-fulfilment of conditions under the IPT including the non-provision of performance bond and non-provision of advance payment guarantee under the Letter of Award. More importantly, in view of the need to provide such a periodic report to the Audit Committee, Management would be alerted to ensure fulfilment and compliance prior to the due date for making the periodic report to the Audit Committee.

- (b) Inappropriate practices

We note that a senior management of RLC, Mr Chris You Wan Biao ("**Mr Chris You**"), was made an authorised bank signatory for the Company on 11 December 2017. On 12 December 2017, Mr Wang Zhen Wen, who became a substantial Shareholder, extended an interest-free loan of S\$2.95 million to the Company, and on 13 December 2017, Mr Wang Zhen Wen became a Controlling Shareholder of the Company. The Company had then required cheques to be jointly signed by 2 authorised bank signatories, one each from Group A and Group B, and Mr Chris You was the only authorised bank signatory in Group A. Mr Chris You was not an employee or a director of the Company. Mr Chris You remained

EXECUTIVE SUMMARY

as an authorised bank signatory of the Company until he was replaced by Mr Wang Zhen Wen on 14 February 2018.

Further, the senior management of RLC was also involved in interviewing potential appointments of Management of the Company.

We find that the above arrangement to utilise management from RLC on the affairs of the Company is inappropriate as these persons, not being a director or an employee of the Company, do not owe any duty of care to the Company and do not have any fiduciary duties or responsibilities to the Company. In addition, these persons may have access to the Company's inside information. This is a potential breach of Catalist Rule 719(1) and CG(2012) – Principle 11.

Mr Wang Zhen Wen's comments

Mr Wang Zhen Wen pointed out that the appointment of Mr Chris You as an authorised bank signatory predated Mr Wang's involvement in the Company.

In response to Mr Wang Zhen Wen's comments, we noted that Mr Chris You's appointment as bank signatory was approved by the previous board of directors of the Company all of whom had resigned between January and March 2018. Mr Wang Zhen Wen was not a director of the Company then. The previous board of directors comprised Mr Lim Yeow Sun (Executive Director), Mr Andy Kun Swee Tiong (Independent Director) and Mr Hong Seong Soo (Non-Executive Director).

However, we note that Mr Chris You was one of the 2 directors and shareholders of RLC besides Mr Wang Zhen Wen at that material time, and as mentioned above, Mr Chris You was made the authorised bank signatory on 11 December 2017, one day before Mr Wang Zhen Wen became a substantial Shareholder and extended the loan to the Company (on 12 December 2017) and 2 days before Mr Wang Zhen Wen became a Controlling Shareholder of the Company (on 13 December 2017).

(c) IPT Processes

The Company should follow-up on our recommendations set out in paragraph 16 above to improve on its IPT Processes under the IPT General Mandate.

(d) Weak management

As pointed out in paragraph 18 above, the lapses and oversight in internal control in approving payments had led to the Company's wrongful payment of S\$2 million to RLC. We also observed that Management team was relatively weak and unfamiliar with the requirements of the Company as a SGX-ST listed company, and staff turnover was also high. The Company may wish to strengthen its Management team to ensure that key appointment holders are suitably experienced and qualified personnel, and that the Company's policies and procedures are duly complied with.

(e) Access to Company's premises and documents

We note that Mr Bryan Lim, second largest Shareholder but otherwise not an employee or director of the Company, had been allowed access to the Company's office premises and interaction with its staff. He had disclosed that he was instrumental in bringing the Batam Project deal to the Company and was keenly interested to see how the Batam Project was progressing.

EXECUTIVE SUMMARY

The Company should look into this matter and establish guidelines on restrictions on access to the Company's office premises and its staff, and confidentiality of information to unauthorized personnel.

29. As part of his Maxwellisation process, Mr Wang Zhen Wen had provided his comments relating to the involvement and perceived influence of, and possible arrangements with, other parties, including shareholders, counterparties and professional advisers of the Company. He had also strongly requested for us to include such comments in this Report. Where we have felt it was relevant or appropriate, we have done so. However, where such comments were, in our view, irrelevant to the subject matter of our Report and our terms of reference, and/or where we have not been able to substantiate or verify information that would affect our findings and/or conclusion, we have declined to do so.

While these comments fall outside the scope of our Report, we note that the Company may seek further clarification from Mr Wang Zhen Wen to establish if his comments require any further action to be taken by the Company.

Potential breaches of the Catalist Rules, applicable laws and regulations

30. Set out below is a summary of the potential breaches of the Catalist Rules, applicable laws and regulations:

Potential breaches by the Company

Listing Rules / Laws / Regulations	Description
Catalist Rule 719 Code of Corporate Governance (2012) – Principle 11	Inadequate effective internal controls: ▪ in the disbursement process in relation to the Advance Payment of S\$2 million; and ▪ inappropriate involvement of non-employee/non-director as an authorised bank signatory of the Company and involvement in the affairs of the Company. The personnel who were involved in the disbursement process in relation to the Advance Payment were Mr Aldrin Tai (Project Manager of the Company and Employer Representative of PT OKIB), Mr Kuek Tee Meng (Senior Finance Manager), Mr Oh Si Kai (Executive Director) and Mr Wang Zhen Wen (Non-Executive Chairman). The then directors of the Company namely Mr Lim Yeow Sun, Mr Andy Kun Swee Tiong and Mr Hong Seong Soo, had approved the appointment of Mr Chris You as an authorised bank signatory of the Company. The above personnel may be held accountable for the Company's potential breach of Catalist Rule 719 and CG(2012) – Principle 11.
Catalist Rule 703(4) read with Catalist Rule 1010(11) in relation to the Ann on 16/3/2018 and the Ann on 18/5/2018 with respect	Catalist Rule 703(4) – an issuer must observe the Corporate Disclosure Policy set out in Appendix 7A. Catalist Rule 1010(11) – Discloseable Transactions – whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests.

EXECUTIVE SUMMARY

to the OBPL Acquisition	In the Ann on 16/3/2018, the Company had disclosed that <i>“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 Proposed Acquisition.”</i> In the Ann on 18/5/2018, the Company had not made any disclosure of Directors or Controlling Shareholders’ interests in relation to the completion of the OBPL Acquisition. Notwithstanding that the tender exercise was still in progress and the construction contract had not been awarded to RLC at the material time, the Company may have breached the relevant Catalist Rules on the inaccurate and/or non-disclosure of Mr Wang Zhen Wen’s interest in the Batam Project in connection with the OBPL Acquisition that: ▪ RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers in the Initial Tender which was on-going; and ▪ the Express Commitment under the shareholders’ agreement dated 18 May 2018 between the Oxley Group and the RCH Group to vote in favour of the appointment of RLC as the main contractor for the Batam Project, so long as the terms of such appointment are reasonable and comply with applicable laws and the Catalist Rules. Mr Kelvin Soong, as the Executive Director, and Mr Wang Zhen Wen, were aware of RLC’s participation in the Initial Tender and the Express Commitment. As Mr Kelvin Soong and Mr Wang Zhen Wen were the only Directors who were aware of Mr Wang Zhen Wen’s interest in the Batam Project, they may be held accountable for the Company’s potential breach of Catalist Rule 703(4) read with Catalist Rule 1010(11).
Catalist Rule 1203(1) in relation to the IPT Circular dated 13 July 2018	Catalist Rule 1203(1) – circular to shareholders must contain all information necessary to allow shareholders to make a properly informed decision or, if no decision is required, to be properly informed. Notwithstanding that the tender exercise was still in progress and the construction contract had not been awarded to RLC at the material time, the Company may have breached Catalist Rule 1203(1) on the non-disclosure of Mr Wang Zhen Wen’s interest in the Batam Project in the IPT Circular that: ▪ RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers in the Initial Tender and subsequently in the Revised Tender which was on-going; and ▪ the Express Commitment under the shareholders’ agreement dated 18 May 2018 between the Oxley Group and the RCH Group to vote in favour of the appointment of RLC as the main contractor for the Batam Project, so long as the terms of such

EXECUTIVE SUMMARY

	appointment are reasonable and comply with applicable laws and the Catalist Rules. By the time of the IPT Circular, Mr Kelvin Soong and Mr Wang Zhen Wen were aware of RLC's participation in the Revised Tender and the Express Commitment. As Mr Kelvin Soong and Mr Wang Zhen Wen were the only Directors who were aware of Mr Wang Zhen Wen's interest in the Batam Project, they may be held accountable for the Company's potential breach of Catalist Rule 1203(1).
--	---

Potential breach by Mr Wang Zhen Wen

Listing Rules / Laws / Regulations	Description
Section 156 of the Companies Act	As a Director of the Company, Mr Wang Zhen Wen did not disclose his interest in the Batam Project to the board of directors in connection with the OBPL Acquisition that: ▪ RLC (in which Mr Wang Zhen Wen was the controlling shareholder and director) was one of the tenderers in the Initial Tender and subsequently in the Revised Tender which was on-going; and ▪ Under the Express Commitment, the Oxley Group and the RCH Group will vote in favour of the appointment of RLC as the main contractor for the Batam Project, so long as the terms of such appointment are reasonable and comply with applicable laws and the Catalist Rules. The Company may wish to seek legal advice to ascertain the above on whether Mr Wang Zhen Wen had breached Section 156 of the Companies Act.
Section 157 of the Companies Act	Potential breach of fiduciary duty of Mr Wang Zhen Wen to act in the interests of the Company. The non-provision of the performance bond and the advance payment guarantee by RLC (in which Mr Wang Zhen Wen was the sole director and sole shareholder) are matters which may be prejudicial and may not be in the interest of the Company. It is not clear as to Mr Wang Zhen Wen's actual involvement in the non-provision of the performance bond and the advance payment guarantee by RLC, and the circumstances why Mr Wang Zhen Wen did not disclose this to the Independent Directors. Accordingly, the Company may wish to seek legal advice to ascertain the above and as to whether Mr Wang Zhen Wen had breached any fiduciary or statutory duties to the Company under Section 157 of the Companies Act.

EXECUTIVE SUMMARY

Mr Wang Zhen Wen's comments

With reference to the above, Mr Wang Zhen Wen denies any potential breach of his director's duties and allegation of wrongdoings and breaches on his part, and has the following comments:

- (i) There were Executive Directors in the Company responsible for its day-to-day management. He (Mr Wang Zhen Wen) did not hold any executive position in the Company, and should not be treated as an executive director. As Non-Executive Chairman of the Company, he had relied on the advice of the Company's Management team to ensure relevant compliance and operations as they were primarily responsible for the day-to-day management and operations of the Company. He had also relied on the Sponsor as a second-layer check of compliance in accordance with the Catalist Rules. This is especially when he did not understand English well, and only completed secondary education.
- (ii) His main expertise is in building and construction and not in listing- and compliance-related matters.
- (iii) He has been committed to the financial success of the Company, providing funds to the Company in the form of loan and share subscription.
- (iv) It has not been proven that the non-provision of the performance bond and the advance payment guarantee by RLC are matters which are prejudicial to the successful completion of the Batam Project and not in the interests of the Company. In any case, the Company had taken the position that the release of payment was in the best interest of the Company and the Batam Project, to enable RLC to commence site preparation, mobilisation, setting up of office and organize the project team to set up site activities and site presence, to regain public confidence ahead of the grand launch for sales on 8 December 2018. (See the Company's announcement dated 17 June 2019 on its responses to the SGX queries.) The completion of the Batam Project could instead have been beneficial to the Company, instead of the conundrum the Company is now faced with.
- (v) The delay in providing the performance bond was caused in part by the disagreement between the parties as to the format of the performance bond, which was being resolved by email correspondence between PT OKIB, RLK and SJC between March and May 2019.
- (vi) He had assisted the Company in taking steps to rectify lapses in the Company's compliance.

He had acted honestly and used his reasonable diligence, to the best of his abilities and expertise, in the context of his own general knowledge and background on compliance matters.
- (vii) He had not made improper use of his position or any information acquired from the Company, to gain an advantage for himself or for any other person, or to cause detriment to the Company.

~~~~~

**END OF EXECUTIVE SUMMARY**